



# ADVANCING RESPONSIBLY

Annual Integrated Report  
2022



# THIS REPORT DETAILS OUR JOURNEY TO

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# 15<sup>TH</sup>

**ANNUAL GENERAL  
MEETING**



**Tuesday, 20 June 2023**



**11:00 a.m.**



**<https://meeting.boardroomlimited.my>**  
(virtual meeting platform)

# WE ARE ADVANCING **RESPONSIBLY**

FGV is progressing with confidence towards being a global agribusiness company while creating value in a responsible and sustainable way. Our business foresight and responsible practices have led us to triumphantly establish our presence in nine countries across the globe, ensuring our communities prosper economically, environmentally and socially as we safeguard the interests of our stakeholders.

As we are Advancing Responsibly, we are aligned with our purpose of building an integrated value chain advantage. Our business is growing beyond our core Sectors to include opportunities which will drive our global agribusiness ambitions.



# CREATE GREATER VALUE

## VALUE CREATION IS THE BEDROCK OF OUR BUSINESS

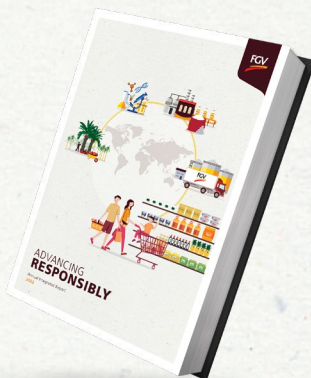
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The illustration we have created shows the sustainable cycle of our presence at various levels of the value chain. The final touch point is represented by a retail store where we connect with people by supplying everyday essential. Our optimism, enthusiasm and commitment are expressed by the warm colour tone, as we want to evoke feelings of happiness, comfort and positive encouragement to our stakeholders.

# GUIDED BY **GLOBAL BEST PRACTICES**

3 Basis of This Report



## BASIS OF THIS REPORT

“

**FGV'S 8<sup>TH</sup> ANNUAL INTEGRATED REPORT SERVES AS AN IMPORTANT TOOL IN COMMUNICATING OUR FINANCIAL AND NON-FINANCIAL PERFORMANCE FOR THE YEAR. THIS REPORT IS GUIDED BY THE PRINCIPLES OF INTEGRATED REPORTING AS OUTLINED BY THE INTERNATIONAL INTEGRATED REPORTING COUNCIL.**

”

Through our continuous efforts in improving our reporting disclosures and practices, we aim to help investors and businesses gain a deeper understanding of the value FGV Holdings Berhad (FGV) creates, preserves and shares with our stakeholders.

FGV adheres to various reporting guidelines and standards including the Malaysian Code on Corporate Governance 2021 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, in the production of this Annual Integrated Report. We also continue to ensure that we work towards meeting the Global Reporting Initiative Standards with regard to sustainability reporting.

### REPORTING SCOPE AND BOUNDARIES

This Report covers our value creation activities from 1 January 2022 to 31 December 2022. Unless stated otherwise, it includes all of FGV's businesses in Malaysia and other countries involving operations that we are in full control of, subsidiaries and joint ventures. We also report on various developments that may go beyond our reporting boundaries but are highly material to the Group's performance.

The Report is designed to provide information in a comparative format to make it easier for readers to review. We have also embedded sustainability disclosures throughout the report, demonstrating our commitment to sustainability and its importance in the value creation process.

### 2022 REPORTING SUITE



For a better understanding, this Report should be read together with the other reports in our Reporting Suite above and other information made available on our website.



[www.fgvholdings.com](http://www.fgvholdings.com)

We support the United Nations Sustainable Development Goals (UN SDGs) by aligning our sustainability approach and initiatives with the 14 goals where possible. We strive to contribute to a sustainable future for all, in line with the UN SDGs' aim of leaving no one behind.

#### UN SDGs

- |  |   |
|--|---|
|    | End hunger, achieve food security and improved nutrition, and promote sustainable agriculture   |
|    | Ensure healthy lives and promote well-being for all at all ages   |
|    | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all  |
|    | Achieve gender equality and empower all women and girls   |
|   | Ensure access to affordable, reliable, sustainable and modern energy for all  |
|  | Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all   |
|  | Reduce inequality within and among countries  |
|  | Make cities and human settlements inclusive, safe, resilient and sustainable  |
|  | Ensure sustainable consumption and production patterns  |
|  | Take urgent action to combat climate change and its impacts   |
|  | Conserve and sustainably use the oceans, seas and marine resources for sustainable development  |
|  | Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss |
|  | Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels         |
|  | Strengthen the means of implementation and revitalise the global partnership for sustainable development  |

## Basis of This Report

### DETERMINING OUR MATERIAL MATTERS

This Report has been developed based on the material matters identified in 2021 and revalidated in 2022 to ensure that our reporting provides a fair, accurate and comprehensive account of our strategy, performance and prospects. These material matters were mapped against our three sustainability pillars to provide a more inclusive and informed view to our stakeholders.

 More information on Material Matters can be found on pages 36 to 37.

### REPORTING INTEGRITY

In safeguarding the integrity of this Report, we ensured that information provided is reliable, consistent and complete. The reviewing process and approval by the Reporting Committee ensures compliance with the International Integrated Reporting Council Framework and is fair representation of FGV's performance and operations.

This Report was also reviewed by the Audit Committee and submitted to the Board for final approval together with the Audited Financial Statements as part of our stringent governance practice.


The review of this Report is further supported by our external auditors who conducted assurance on our Audited Financial Statements. The external auditors also provided a limited assurance review on our Statement on Risk Management and Internal Control.

### FORWARD-LOOKING STATEMENTS

Forward-looking statements are used throughout this Report to describe FGV's plans, objectives, strategies, future operations and performance. Such statements should not be considered as guarantees of the Group's future performance as it is subject to risks, uncertainties and assumptions. Actual results and outcomes may differ from those described in the forward-looking statements. FGV does not make any representation or warranty, whether explicit or implied, that forward-looking statements will be realised.

### OPPORTUNITIES FOR FEEDBACK

We welcome the feedback of our stakeholders and the public on our reporting to continuously assist us in elevating our reporting practices and standards. Please reach out to our Investor Relations team by phone or email via the following contact details:

 03-2789 0000

 [fgv.investors@fgvholdings.com](mailto:fgv.investors@fgvholdings.com)

### NAVIGATING THROUGH THIS REPORT

All icons featured here are Navigation Icons that will be consistently featured within our Report as a guide towards better integration and presentation of information.





# WE REMAIN **AN ESTABLISHED BUSINESS**

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## OUR STORY

“

FGV is a Malaysian-based agribusiness and is one of the world's largest producers of Crude Palm Oil (CPO), accounting for 4% of global and 16% of Malaysian CPO production. Since its listing on the Main Market of Bursa Malaysia in 2012, FGV has remained committed to achieve its strategic goals and leveraging synergies to create value for its stakeholders.

”

### OUR VISION



**Delivering Sustainable Foods and Agriproducts to the World**

### OUR WORKFORCE



**51,919**

### OUR MISSION



Developing and producing high-quality products sustainably that are both good for the people and the environment

Practicing a healthy and innovative working environment and culture within the Group whilst promoting the same to our suppliers

Establishing an integrated value chain business ecosystem

The embodiment of governance and compliance

Cultivating diversification in products and geographies

### OUR PRIDE VALUES

**P**

#### PARTNERSHIP

Best solutions and ideas come from working with both internal and external parties.

**R**

#### RESPECT

Our sustained success and achievements can only come from respect for people as well as the environment, which is the main source of our business.

**I**

#### INTEGRITY

It means being responsible and accountable for one's own actions and behaviours. Each employee is responsible for the Group's success and business reputation.

**D**

#### DYNAMISM

Strive to discover, create ideas and identify growth potential from uncharted opportunities and beyond traditional boundaries, all done in the best interest of our stakeholders.

**E**

#### ENTHUSIASM

We are enthusiastic about what we do, committed to the growth and future of our agribusinesses, while propagating sustainable development around the world.

### CONSUMER PRODUCT BRANDS





## Our Story

## OUR BUSINESSES



## PLANTATION

The Plantation Sector forms the core of the Group and focuses on all aspects of the supply chain, including Upstream, Downstream, Research & Development (R&D), Marketing and Trading, as well as Renewable Energy.

**Total Landbank**  
(including Malaysia and Indonesia)

**439,051 Ha**

**CPO Production**

**2.90 million MT**

**Planted Area**

Oil palm

**334,075 Ha**

Rubber

**7,204 Ha**

Other crops

**3,435 Ha**

**FFB Processed**

**14.25 million MT**

FGV Estates

**28% (3.99 million MT)**

Third Parties

**27% (3.85 million MT)**

**Unplanted area**

**94,337 Ha**

FELDA Settlers

**45% (6.41 million MT)**

**67 Mills**

**100%** MSPO-certified & **45%** RSPO-certified

## R&amp;D

**>12,000 Ha**

of oil palm plantations for R&D purposes

**69** highly qualified researchers

**15** agronomists

Producer of Yangambi ML161, an award-winning planting material with

**>40%** domestic seed market share

Malaysia's leading fertiliser manufacturer with

**>700,000 MT** annual production capacity



## SUGAR

Our Sugar Sector operates mainly through our 51% owned subsidiary, MSM Malaysia Holdings Berhad (MSM). MSM is Malaysia's leading refined sugar producer and one of the largest standalone sugar refiners in Asia. MSM manufactures, markets and sells refined sugar products ranging from refined sugars to sugar sucralose and stevia mix, promoting healthier options for our consumers.

**Sugar Refining Capacity**

**2.05 million MT**



**GULA PRAI**

**>60%** domestic refined sugar market share



## LOGISTICS &amp; OTHERS

Our Logistics arm strengthens the core of FGV's business entities with the nation's largest liquid bulking installation and dedicated fleets to drive growth in Logistics through innovation and technology. Other supporting businesses under this Sector include Information Technology and Hospitality.

**Total Storage Capacity**

(including Malaysia and Pakistan)

**1.07 million MT**

**Liquid**

**948,990 MT**

**Dry Cargo**

**123,000 MT**

**Mixed Fleet Vehicles**

**>600 units**



## CONSUMER PRODUCTS &amp; INTEGRATED FARMING

Consumer Products & Integrated Farming leverage on synergies within FGV to diversify into other forms of agriculture products, in bringing additional revenue to the Group.



**#1** refined cooking oil brand in Malaysia with market share of

**45.7%**



**#1** margarine brand in Malaysia with market share of

**43.9%**



More information on Business Performance for each Sector can be found in the Group Business Review on pages 55 to 72.

## 2022 HIGHLIGHTS



### NATURAL CAPITAL



Completed **10,858 Ha** of felling and **3,232 Ha** of planting work.

Applied **240,448 MT** of fertiliser, equivalent to **75%** coverage.



### INTELLECTUAL CAPITAL



Updated **FGV's e-Wallet mobile application** with a remittance feature which allows our migrant workers to send remittances to their families in their country of origin.

Launched **FGV e-Productivity mobile application** for our estate workers to effectively manage their administrative matters and engage with the workers on-site.

### Expanded **Intelligent Robotic Process Automation's**

scope to improved efficiency and productivity of the finance shared services function.



Awarded the **Jendela Project (Phase 1)** for 91 sites across Malaysia.

### Implemented **Audit Command Language Analytics**

which enables the extraction of data, manages risk and detects and prevents fraud.



### SOCIAL & RELATIONSHIP CAPITAL



Established the **Sustainability Framework** to manage Environmental, Social and Governance risks and opportunities.

Collaborated with **Yayasan Didik Negara**, to educate 120 primary school students on wildlife conservation.



Invested around **RM17.18 million** in various initiatives under Corporate Social Responsibility.



Collaborated with **The Malaysian Trades Union Congress** and **The International Labour Organization (ILO) Malaysia** to raise awareness on child labour and forced labour.

Launched the **Independent Smallholders Consultation Programme** to engage with smallholders in accordance with FGV's responsible sourcing commitment.

### Partnered with **Project Liber8**

to conduct multiple workshops with 117 students and teachers to raise awareness of child trafficking.





## 2022 Highlights

FINANCIAL  
CAPITAL

Collaborated with **Bank Simpanan Nasional** to launch **a Shariah-compliant** financing facility for Umrah, Hajj and packaged tours.

HUMAN  
CAPITAL

Conducted **230,626 hours** of training across all levels to upskill employees.



Recruited **more than 10,000 plantation workers** which reduced the Group's labour shortage to 13%.



Scored **81%** in the **FGV Employee Engagement Survey**, placing us in the top quartile of the Malaysian norm.

MANUFACTURED  
CAPITAL

Increased **Saji refined cooking oil** and **Seri Pelangi margarine market share to 45.7% and 43.9%** respectively.



Launched a total of nine Stock Keeping Units (SKUs):

- **Five SKUs under Oils & Fats segment**
  - Saji 3 Kg Cooking Oil, Saji Beras Basmathi & Aroma, Adela Tub Sunflower Oil and Non-Hydrogenated Margarine.
- **Four SKUs under Integrated Farming segment**
  - Horeca Malaysian Fragrant Rice (under Ladang'57), Native Chicken Feed, Cat Food and Cat Litter (under ALMA).

Supplied olein and other palm-based products to **Cambodia** and **Vietnam**, and palm-based shortening to the **North American market**.



Commissioned **a new warehouse** with **a capacity of 15,000 MT** in Pasir Gudang.

Awarded **a three-year transportation contract** with **Tabung Haji** to handle Hajj pilgrims' baggages.



Expanded Linggi's fresh milk processing capacity to **30,000 litres per day**.

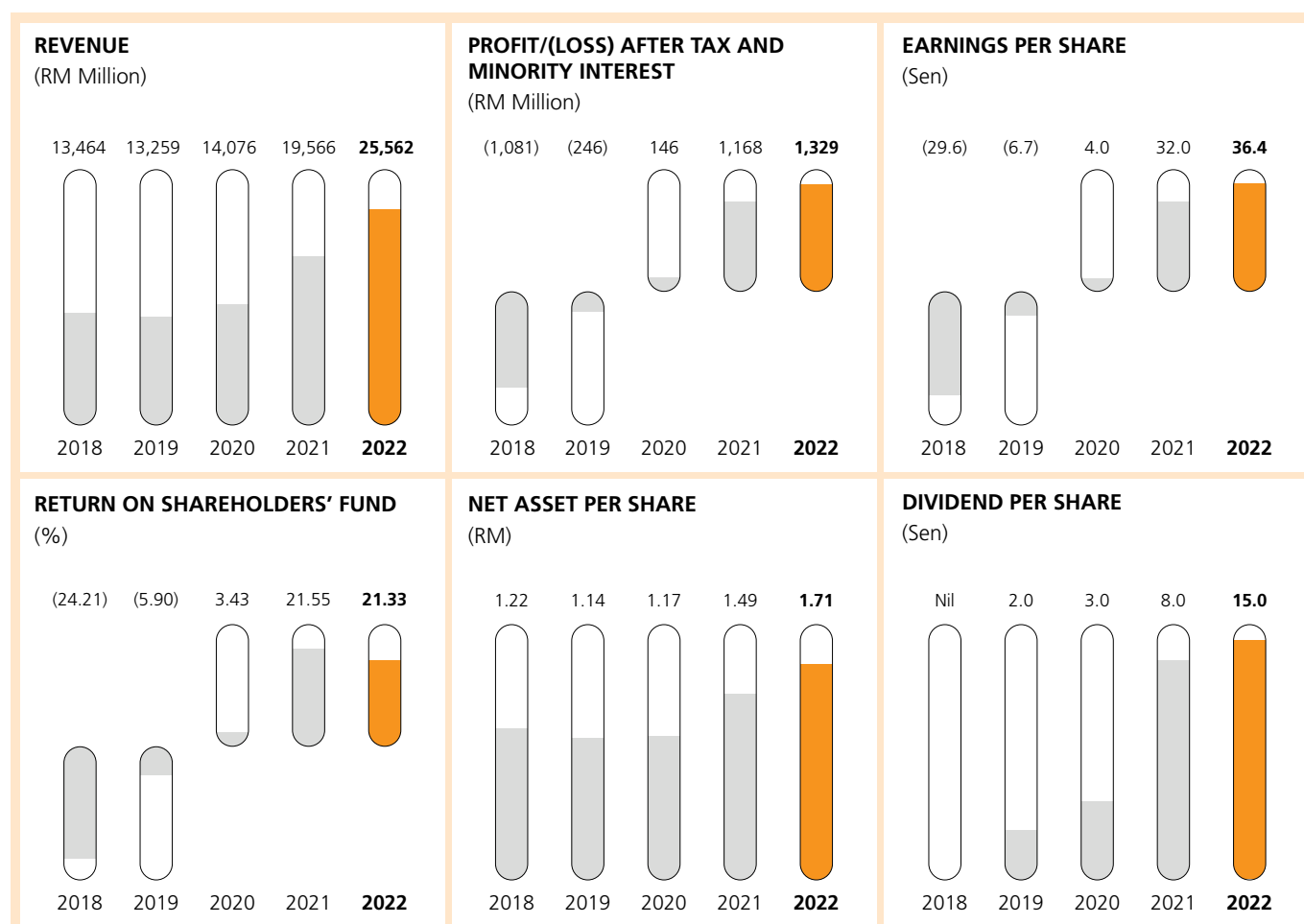


Signed **a conditional shareholders' agreement** with Baladna Q.P.S.C. and Touch Group Holdings Sdn Bhd to support the National Food Security Agenda.

## 5-YEAR FINANCIAL HIGHLIGHTS

	2022	2021	2020	2019	2018
<b>Operating Results (RM Million)</b>					
Revenue	<b>25,562</b>	19,566	14,076	13,259	13,464
Operating profit/(loss)	<b>1,907</b>	1,779	445	(194)	(815)
Profit/(Loss) before taxation and zakat	<b>1,955</b>	1,714	346	(339)	(1,025)
Profit/(Loss) attributable to owners of the Company	<b>1,329</b>	1,168	146	(246)	(1,081)
<b>Key Balance Sheet Data (RM Million)</b>					
Property, plant and equipment	<b>7,728</b>	7,674	7,810	8,190	8,501
Total assets	<b>18,111</b>	17,956	17,180	17,702	18,992
Total borrowings	<b>3,059</b>	3,998	4,293	4,907	5,403
Total liabilities	<b>10,226</b>	10,770	11,079	11,601	12,388
Shareholders' equity	<b>6,232</b>	5,421	4,262	4,173	4,465
<b>Share Information</b>					
Earnings per share (sen)	<b>36.4</b>	32.0	4.0	(6.7)	(29.6)
Dividend per share (sen)	<b>15.0</b>	8.0	3.0	2.0	Nil
Net asset per share (RM)	<b>1.71</b>	1.49	1.17	1.14	1.22
Share price as at 31 December (RM)	<b>1.32</b>	1.48	1.28	1.52	0.71

Note: Financial highlights in previous years are based on latest restated amounts in accordance to changes in accounting policy and application of new MFRS.





## SUSTAINABILITY HIGHLIGHTS

### Signed 16 Collective Agreements

with our workers' unions for the period of 2022 to 2024.



Demonstrated our commitment to gender equality as **the first agribusiness company** in Malaysia to be a signatory of the **Women's Empowerment Principles (WEPs)**, established by the United Nations Global Compact and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women).



Maintained **100% Traceability to Mills** and achieved **99% Traceability to Plantations**.



Received the **National Energy Awards (NEA) 2022** under the Renewable Energy on Grid National Grid category for Triang Biogas Power Plant.

Organised a **Fun Run** for our management, plantation management and migrant workers to commemorate **International Migrants Day**.



Revised and strengthened the **Guidelines and Procedures for Responsible Recruitment and Employment of Migrant Workers** to align our practices with international standards, and ensure the application of **No Recruitment Fees** policy.



Obtained the **2022 Malaysia Sustainable Palm Oil Developments Market Leadership Award** from Frost & Sullivan's Best Practices.



Received the **Corporate Excellence in the Commodities Sector for Sustainable Value Chain Award 2022** from International Business Review ASEAN.

## OUR APPROACH TO SUSTAINABILITY

### SUSTAINABILITY FRAMEWORK

FGV is guided by a robust Sustainability Framework that allows us to integrate sustainable practices into our business management and operations while ensuring continuous value creation for our stakeholders and promoting positive social and environmental impacts. We are committed to upholding human rights in our operations and supply chain, and will continue to enhance our labour practices in line with labour standards and regulatory frameworks.

Our Sustainability Framework encapsulates key aspects of the Environmental, Social and Governance (ESG) agenda.

#### OUR SUSTAINABILITY FRAMEWORK GUIDES THE WAY WE APPROACH ESG ASPECTS

#### AND PROVIDES THE CATALYST FOR



##### Economic Growth

Profitability and economic growth as the main output of a holistic sustainability approach.



##### Governance

Integration of sustainability objectives and targets into the Company's core business strategy, model and governance structure.



##### Social

Integration of a responsible approach to social and human rights issues.



##### Environment

Integration of environmental protection and sustainable food production in becoming a zero environmental impact business.



##### Innovation & Transformation

Linking innovation and transformation to promote incremental and disruptive sustainability-oriented innovations and progress.

Our priority is to fully employ a holistic sustainability approach that encompasses all sustainability programmes and targets to create positive economic, environmental and social impacts. The approach is anchored on three phases – Rethink, Repurpose and Redesign, and is being rolled out from 2022 to 2024:

#### CROSSING THE CHASM 2022 - RETHINK

- Revision of policies and standards
- Resolving resistance and lack of integration
- Feasibility study and re-assessment of existing and new business strategies
- Enhancement of existing sustainability programmes
- Strengthening governance for a holistic approach
- Promoting sustainability-related innovation management





## Our Approach to Sustainability

### SUSTAINABILITY GOVERNANCE

The Board has oversight of sustainability-related matters and leads the Group's sustainability direction. Supported by the Board Sustainability Committee, which receives reports from the Group Management Committee, the Board ensures strategic development and execution of the Group Sustainability Policy (GSP), and is responsible for the approval of the Group's sustainability disclosures.



More information on FGV's Sustainability Governance can be found in the Corporate Governance Overview Statement on pages 126 to 160.

### OUR SUSTAINABILITY STRATEGIES

#### BRIDGING AT PEAK 2024 - REDESIGN

- Redesign processes and products to close the loop
- Full and continuous compliance with sustainability regulations and standards at national and global levels
- Continuous engagement and materiality assessment
- Continuous improvement on policies and internal standards
- Branding of FGV as a sustainability-based commerce

#### TAKING THE LEAP 2023 - REPURPOSE

- Adoption and integration of a holistic sustainability approach at the operational level
- Management of negative impacts throughout operations
- Building a culture that integrates sustainability principles into improving profitability and livelihood
- Commitment to zero-impact business operations through circularity (closed-loop)
- Full ethical investment and sourcing

### WHICH ARE SUPPORTED BY OUR SUSTAINABILITY POLICIES

The GSP, which was first introduced in 2016, embodies commitment to contribute to the achievement of the United Nations Sustainable Development Goals (SDGs) by having positive impacts on the economy, environment and people. The GSP is reviewed and refreshed periodically to align with the latest sustainability-related legislation and standards and stakeholder demands, as well as ESG indices. In 2020, we introduced an enhanced GSP 4.0 as an updated policy to emphasise on the Company's ongoing commitment to sustainability.

Comprising three pillars, namely Promoting Economic Growth, Respecting Human Rights and Protecting the Environment, the GSP serves as an overarching framework for FGV's sustainability agenda. It is applicable to all our portfolios and entities, including our listed and non-listed subsidiaries worldwide, in which FGV has management control. This includes contractors, consultants, suppliers and all other third parties, who work for them.

### GROUP SUSTAINABILITY POLICY



#### Promoting Economic Growth

- Enhancing livelihood
- Profitability and efficient use of resources
- Obligation of value chain partners



#### Respecting Human Rights

- Equality and non-discrimination
- Upholding labour standards
- Respecting rights of indigenous peoples and local communities
- Health and safety
- Preventing harassment and abuse



#### Protecting the Environment

- Efficient use of natural resources
- Managing environmental impacts
- No deforestation and planting on peat
- Protect high biodiversity value and high conservation value areas
- Limitations on the use of hazardous chemicals and agrochemicals
- No open burning/use of fire
- Water and waste management
- Addressing climate change

## GLOBAL PRESENCE

# FGV OPERATES IN 9 COUNTRIES ACROSS

### North America



#### USA

- 1 Oleochemical plant

### Europe



#### FRANCE

- 1 Trading office\*

#### SPAIN

- 1 Trading office\*

#### TURKEY

- 1 Vegetable oil refinery\*

## FGV's Assets

### ● Plantation

- 219 Estates
- 67 Mills
- 8 Vegetable oil refineries  
(3 are JVs)\*
- 6 Rubber processing facilities
- 4 Kernel crushing plants
- 3 R&D centres
- 3 Seed production centres
- 3 Fertiliser manufacturing plants
- 3 Trading offices\*
- 2 Oleochemical plants  
(1 is JV)\*
- 1 Biodiesel plant
- 1 Green rubber processing facility

### ▲ Sugar

- 2 Sugar refineries
- 1 Refined sugar warehouse

### ◆ Logistics & Others

- 12 Bulking terminals  
(1 is JV)\*
- 10 Transportation hub and spoke
- 8 Warehouses  
(1 is JV)\*
- 4 Transportation depots
- 2 Jetty operations
- 1 Hotel

### ■ Integrated Farming

- 2 Collection, Processing and Packaging Centres (CPCC)
- 1 Agro food valley
- 1 Paddy farming
- 1 Animal feed plant
- 1 Fresh milk processing facility
- 1 Integrated cattle dairy farm

\* Joint Venture



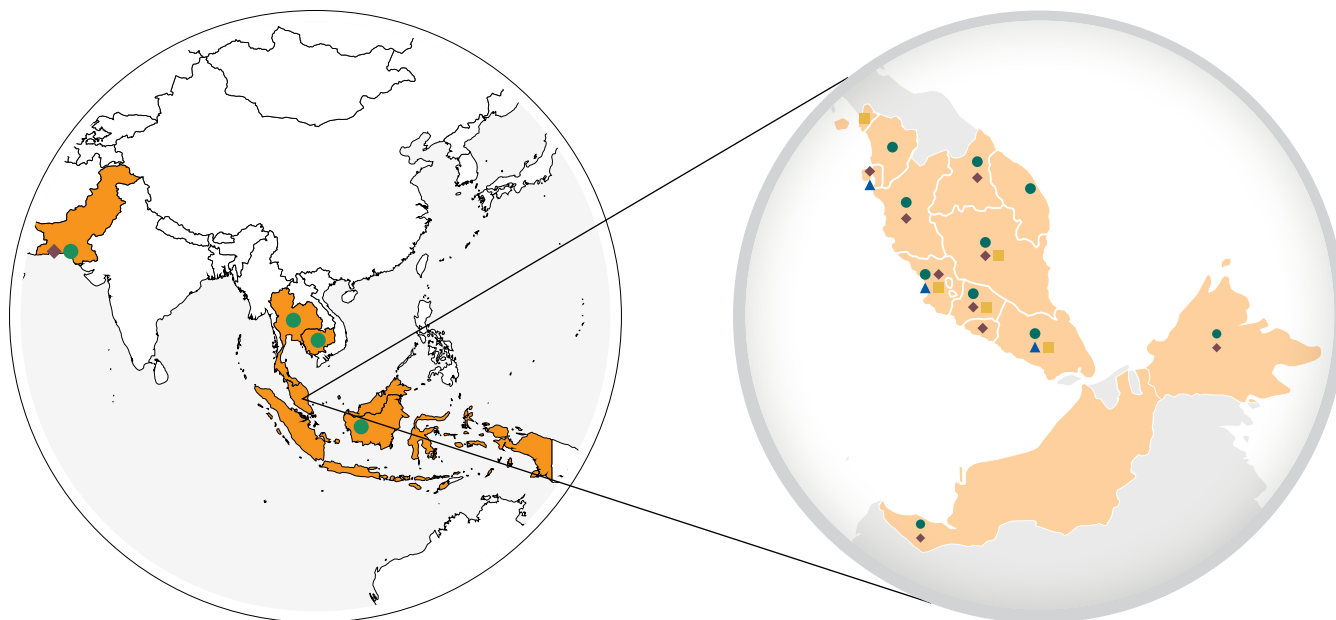
More information on the assets owned by FGV can be found on our website, [www.fgvholdings.com](http://www.fgvholdings.com).



## Global Presence

## NORTH AMERICA, EUROPE AND ASIA

## Asia



## INDONESIA

- 5 Estates

## THAILAND

- 1 Rubber processing facility

## CAMBODIA

- 1 Rubber processing facility

## PAKISTAN

- 1 Vegetable oil refinery
- 1 Trading office\*
- ◆ 2 Bulking terminals (1 is JV)\*
- ◆ 1 Warehouse
- ◆ 1 Jetty operation

## MALAYSIA

- 214 Estates
- 67 Mills
- 6 Vegetable oil refineries (2 are JVs)\*
- 4 Rubber processing facilities
- 4 Kernel crushing plants
- 3 R&D centres
- 3 Seed production centres
- 3 Fertiliser manufacturing plants
- 1 Biodiesel plant
- 1 Oleochemical plant\*
- 1 Green rubber processing facility
- ▲ 2 Sugar refineries
- ▲ 1 Refined sugar warehouse
- ◆ 10 Bulking terminals
- ◆ 10 Transportation hub and spoke
- ◆ 7 Warehouses
- ◆ 4 Transportation depots
- ◆ 1 Jetty operation
- ◆ 1 Hotel
- 2 Collection, Processing and Packaging Centres (CPCC)
- 1 Fresh milk processing facility
- 1 Agro food valley
- 1 Animal feed plant
- 1 Paddy farming
- 1 Integrated cattle dairy farm

FGV's Total Workforce<sup>1</sup>

51,919

(Male) 86%      

(Female) 14%  

## Permanent Employees

16,812

(Male) 84%      

(Female) 16%  

## Operational Labour

35,107

(Male) 87%      

(Female) 13%  

<sup>1</sup> FGV's total workforce as at 31 December 2022 including permanent employees and operational labour



## CORPORATE DETAILS

### BOARD OF DIRECTORS

**Dato' Shahrol Anuwar Sarman**

Chairman (Interim)

Non-Independent Non-Executive Director

**Dato' Mohd Rafik Shah Mohamad**

Senior Independent Non-Executive Director

**Nik Fazila Nik Mohamed Shihabuddin**

Independent Non-Executive Director

**Dato' Amiruddin Abdul Satar**

Non-Independent Non-Executive Director

**Dato' Nonee Ashirin Dato' Mohd Radzi**

Independent Non-Executive Director

**Azmin Che Yusoff**

Independent Non-Executive Director

**Datuk Yatimah Sarjiman**

Non-Independent Non-Executive Director

**Kasmuri Sukardi**

Independent Non-Executive Director

**GROUP CHIEF EXECUTIVE OFFICER****Dato' Mohd Nazrul Izam Mansor****COMPANY SECRETARY****Azni Ariffin**

LS0010610

Appointed on 13 July 2022

**REGISTERED OFFICE**

Level 21, Wisma FGV

Jalan Raja Laut

50350 Kuala Lumpur

Malaysia

**Tel** : +603 2789 0000

**Fax** : +603 2789 0001

**Website** : [www.fgvholdings.com](http://www.fgvholdings.com)

**PLATFORM FOR SHAREHOLDERS/  
STAKEHOLDERS TO CONVEY  
CONCERNS****Dato' Mohd Rafik Shah Mohamad**

(Senior Independent Non-Executive Director)

**Email** : [sid@fgvholdings.com](mailto:sid@fgvholdings.com)

**INVESTOR RELATIONS AND  
ENQUIRIES****Nurul Syazatul Aiman Taifor**

Head of Investor Relations

Level 20, Wisma FGV

Jalan Raja Laut

50350 Kuala Lumpur

Malaysia

**Tel** : +603 2789 0000

**Email** : [fgv.investors@fgvholdings.com](mailto:fgv.investors@fgvholdings.com)

**SHARE REGISTRAR****Boardroom Share Registrars Sdn Bhd**

Registration No: 199601006647 (378993-D)

11<sup>th</sup> Floor, Menara Symphony

No 5, Jalan Prof. Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya

Selangor Darul Ehsan

Malaysia

**Tel (Help Desk)** : +603 7890 4700

**Fax** : +603 7890 4670

**Website** : [www.boardroomlimited.com](http://www.boardroomlimited.com)

**Email** : [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

**AUDITORS****PricewaterhouseCoopers PLT**

(LLP0014401-LCA & AF 1146)

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**STOCK EXCHANGE LISTING**

Listed on Main Market of Bursa Malaysia

Securities Berhad

**Listing Date** : 28 June 2012

**Stock Name** : FGV

**Stock Code** : 5222

**Stock Sector** : Plantation



@fgvholdings



@fgvholdings



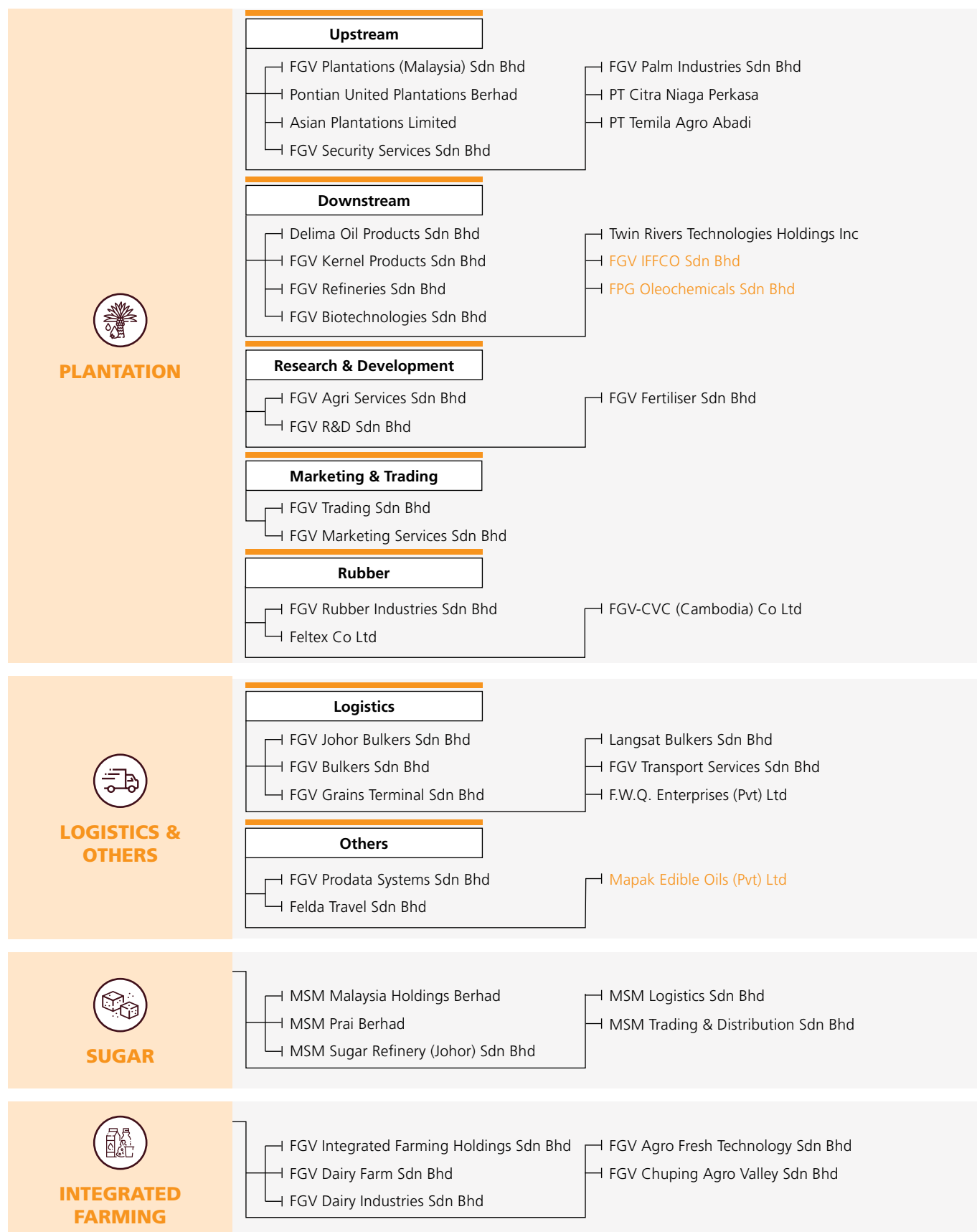
FGV Holdings Berhad



FGV Holdings Berhad



## FGV'S KEY BUSINESSES



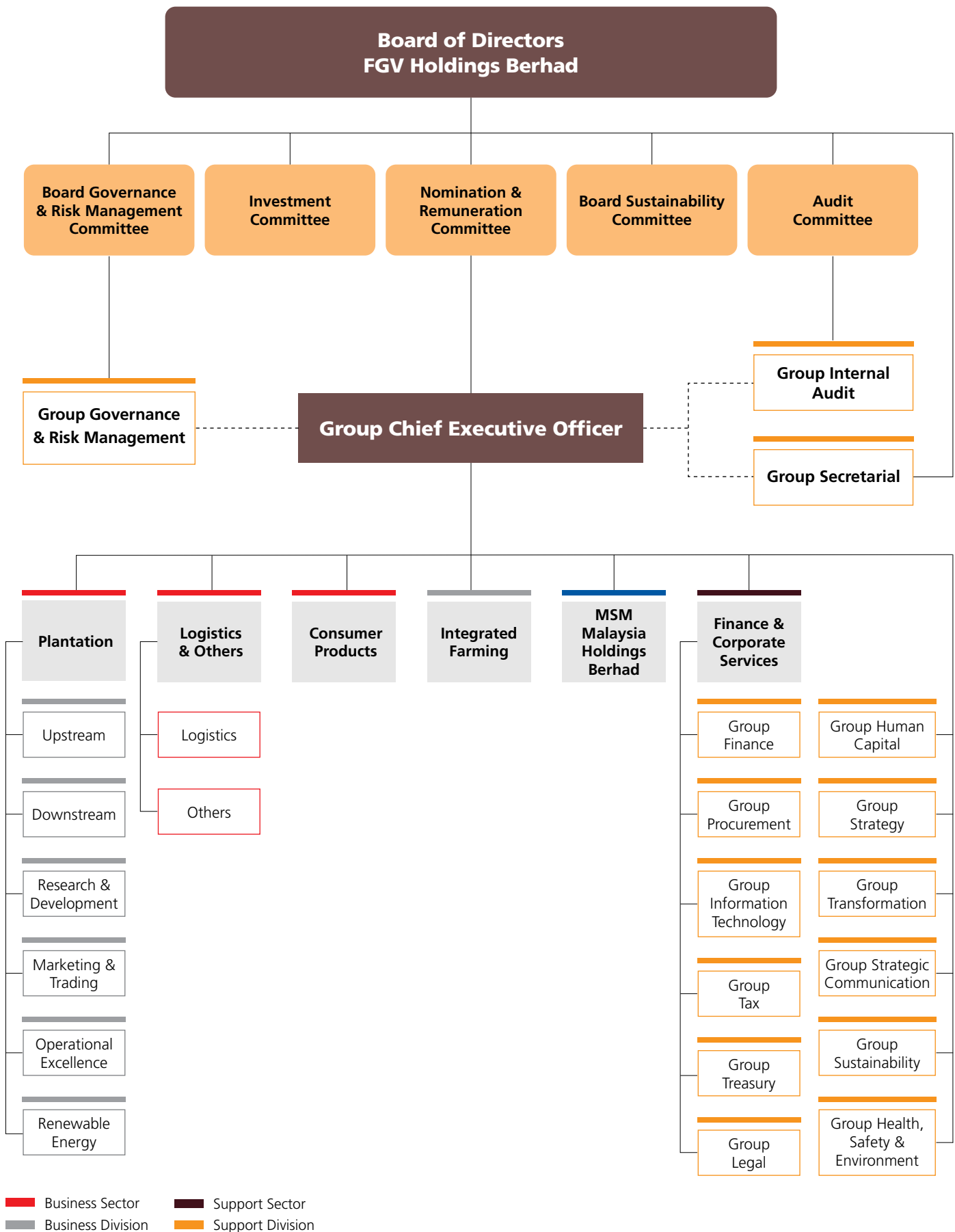
■ Subsidiaries ■ Joint Ventures

🔍 More information can be found in the Audited Financial Statements 2022.



Scan the QR code  
to view our Audited  
Financial Statements.

## ORGANISATIONAL STRUCTURE





# OUR STRONG **LEADERSHIP PAVES THE WAY**

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## CHAIRMAN'S STATEMENT



**Dato' Shahrol Anuwar Sarman**  
Chairman (Interim)

“

It was an impressive year for FGV as we delivered our best-ever financial performance since our listing and made further headway in our sustainability journey. We continue to position ourselves for long-term sustainable growth as we advance responsibly to the next level, investing resources in our people and crystallising the strategies needed to deliver sustainable agriproducts to the world. This year's achievement was the result of the unwavering and tireless efforts put forth by our Management Team and employees.

”

### NAVIGATING THE POST-PANDEMIC RECOVERY

In 2022, the world saw a broader return to normalcy for economies, businesses and societies following two full years of pandemic-led disruptions as lockdowns were lifted. This also marked the return to more normal levels of consumption which caught many off-guard due to the pace of the rebound. As a result, prices of energy and commodities escalated and even reached decade-high levels in the first half of 2022. This was further aggravated by the Russia-Ukraine conflict which set off a chain of events that pushed food and fertiliser prices higher and disrupted supply chains. The price of Crude Palm Oil (CPO) per MT, which had already been tracking upward in 2021 was pushed even higher in 2022.

The effect of the price rises increased inflation significantly and led to central banks globally tightening monetary policy with most countries, including Malaysia, seeing interest rates back to pre-pandemic levels. Although the world's Gross Domestic Product (GDP) grew steadily in 2022, it is expected to moderate going forward as high interest rates start to dampen spending and demand<sup>1</sup>.

### FGV'S AVERAGE CPO PRICE REACHED A HISTORICAL HIGH OF RM4,832 PER MT IN 2022.

#### FINANCIAL HIGHLIGHTS

With the elevated palm oil price environment supporting our Plantation Sector's higher CPO production, the Group delivered record revenues and profits in 2022, delivering our best results since FGV was listed. This was further supported by robust results from our Logistics & Others Sector but was partially offset by the losses in the Sugar Sector due to higher input costs.

Based on our commendable results, the Board approved an interim dividend of 4 sen per share in the second quarter of 2022 and declared a final dividend of 11 sen per share, for a total dividend payout of RM547 million for the year.



#### TOTAL DIVIDEND

**15 sen per share**

<sup>1</sup> Source: International Monetary Fund (IMF), January 2023 World Economic Outlook Update



## Chairman's Statement

### SETTING THE STAGE FOR SUSTAINABLE GROWTH

In the year under review, the Group's focus was on developing new strategies to support its aspiration of advancing responsibly and creating long-term sustainable value for our shareholders. Going forward, the Group's Business Plan 2025 (BP25) contains specific initiatives that will enable us to expand beyond the traditional Upstream and Downstream spaces in which FGV operates, as well as in our Logistics and Sugar businesses.

Broadly, the Plantation Sector remains committed to implement good labour and agricultural practices, innovate, and maximise production to mitigate any potential setbacks. Despite the ongoing challenge of high input costs in the Sugar Sector, we are determined to adopt a proactive approach to manage risk. We plan to employ strategic hedging practices for raw sugar, currency, and crude oil, while also prioritising efforts to increase production and enhance reliability. In the Logistics & Others Sector, our businesses will have greater opportunities for growth as economies continue to recover.

However, beyond the products and services that we will bring to the market, what happens behind the scenes is equally important. In this context, we will need a mindset shift within FGV to one that embraces lifelong learning and an entrepreneurial culture to explore the potential capabilities of the Group. Here, employees should embrace continuous learning not only for the benefit of the Company, but also to uplift their professional and personal lives. This is why we continue to invest significantly in upskilling and training across all levels of our employees.

As part of our ongoing efforts to foster a culture of innovation and inculcate PRIDE values among our employees, we launched the inaugural edition of the Chairman's Innovation Award, which received an impressive total of 34 entries from our subsidiaries. These entries were evaluated based on a range of criteria,

including productivity, Environmental, Social and Governance (ESG) and safety, scalability, presentation and concept. After careful consideration, FGV Palm Industries Sdn Bhd stood out with its Rotary Drum Oil Skimmer (RODOS) and Automated Steriliser, which demonstrated significant potential to enhance our operations and drive sustainable growth. Meanwhile, FGV R&D Sdn Bhd introduced its innovative Fortified Organic Fertiliser, which has the potential to revolutionise our approach to sustainable agriculture.

Their ideas and initiatives are a testament to the creativity and ingenuity that underpins our success, and we look forward to building on this momentum to drive further innovation and growth in the future.

### ADVANCING RESPONSIBLY

At FGV, we remain fully committed to advance the business in a responsible, sustainable and ethical manner. This is where ESG considerations take centre stage, providing us with the tools and frameworks to take FGV and the palm oil industry forward sustainably. In the year under review, we continued to build on our ESG agenda, especially in the context of responsible labour practices and gained considerable recognition domestically and regionally for our sustainability practices.

In recognition of our ESG efforts, FGV received two significant awards in 2022. These were the 2022 Malaysia Sustainable Palm Oil Development Market Leadership Award from Frost & Sullivan's Best Practices Awards and the Corporate Excellence in the Commodities Sector for Sustainable Value Chain Award 2022 from International Business Review ASEAN Awards. These awards serve as a massive encouragement for us to continue strengthening our ESG efforts together with our stakeholders.



Celebrating our Chairman's Innovation Award winners, inspiring us to innovate and grow towards a brighter future.

## Chairman's Statement



### Environmental

From an environmental perspective, we have continued our conservation efforts with the launch of the Sun Bear Management Guidelines with our partners; *PERHILITAN*, Malaysian Nature Society (MNS) and *Universiti Kebangsaan Malaysia*. FGV is also looking forward to expand the circularity approach to sustainability by strengthening our waste-to-wealth initiatives. In this regard, we are actively seeking collaborations with local manufacturers to convert our Empty Fruit Bunches (EFB) into EFB pellets that can serve as an alternative renewable energy solution.

Seeking alternative renewable energy is one of our efforts in combatting climate change, which is currently the most pressing issue in the world. The negative effects of global warming due to human activities have intensified and impacted all industries and global supply chains. Plantation, which is our core business, is one of the industries that has been significantly affected by the effects of climate change.

In view of the urgent need to combat climate change, we committed to the Science-Based Targets initiative (SBTi) and net zero ambition in 2021 to accelerate our transition to a low-carbon economy. Going forward, we aspire to embark on the Task Force on Climate-related Financial Disclosures in the coming financial year to identify our climate-related risks and opportunities.



### Social

This year, FGV revised and strengthened its Guidelines and Procedures for Responsible Recruitment and Employment of Migrant Workers to align its practices with international standards, including committing to No Recruitment Fees for its migrant workers. By eliminating these fees, our migrant workers will not be required to pay recruitment fees to third parties. This is a commendable initiative as it aims to protect and respect the rights of migrant workers and ensure fair and ethical employment practices. We also continued to work closely with labour-related non-profit organisations such as the Fair Labor Association (FLA), Project Liber8, the International Labour Organization (ILO) Malaysia and the Malaysian Trades Union Congress (MTUC) to promote greater recognition and understanding of the issue of child labour and forced labour among plantation workers.

The Group has also successfully negotiated 16 Collective Agreements with its workers' unions, comprising internal unions and the National Union of Petroleum and Chemical Industry Workers Peninsular Malaysia, covering the period 2022 to 2024. These agreements, which are renegotiated every three years, will ensure that our workers continue to have salaries and benefits commensurate with the market.

For our smallholders, we launched the Independent Smallholders Consultation Programme which focuses on creating awareness on the role of smallholders in the sustainable palm oil industry and understanding the industry's challenges and ways forward. In giving back to society, FGV has invested around RM17.18 million in corporate social responsibility activities for underprivileged groups and educational initiatives that have benefitted students all around the country.

**FGV IS THE FIRST AGRIBUSINESS COMPANY IN MALAYSIA TO BE A SIGNATORY OF THE WOMEN'S EMPOWERMENT PRINCIPLES (WEPs), A SET OF GUIDELINES DEVELOPED BY THE UNITED NATIONS GLOBAL COMPACT AND UNITED NATIONS WOMEN, IN LINE WITH OUR AGENDA ON GENDER EQUALITY AND WOMEN'S EMPOWERMENT.**



### Governance

At FGV, our commitment to governance is unwavering, and we strive to cultivate a culture that aligns with our PRIDE values. To embed best practices in corporate governance and foster a culture that upholds it, we keep ourselves abreast of the latest developments and practices in the field. Our framework sets clear boundaries and defines the various committees that govern different aspects of the business. Throughout the year, we reaffirmed and communicated the FGV Governance Framework to set clear expectations and alignment of conduct by our subsidiaries with the Board's risk appetite, where certain reserved matters for FGV have been spelt out for adherence by the subsidiaries.

At the Board level, we deliberated on many issues including strategy, risk and sustainability. This included continuous monitoring of FGV governance arrangements and ensuring that all of our people acted with openness, honesty and transparency. We recognise that as we continue to grow, it is crucial to maintain a strong culture that aligns with our vision, strategy and values.

We pay particular attention to Anti-Bribery and Anti-Corruption initiatives as we have a zero-tolerance stance against bribery and corruption. In 2022, we further reinforced our Corruption Risk Management (CRM) programme, extending coverage to 32 companies, compared to 28 in 2021, and conducted an Anti-Bribery Internal Audit on FGV-identified sites.

Additionally, we engaged third-party experts to evaluate our performance. We achieved a score of 91% on documentation and 85% on implementation for compliance with the Malaysian Anti-Corruption Commission's (MACC) Section 17A Adequate Procedures and successfully underwent SIRIM Berhad's 2<sup>nd</sup> Surveillance Audit. We also took proactive steps to strengthen our integrity efforts by appointing two former officers from the MACC to lead our Whistleblowing and Grievance initiatives.

As a result of our strong commitment to uphold good governance, we received several awards and recognitions as a testament to our efforts in good practices.





## Chairman's Statement

**ASEAN Corporate Governance Disclosure Award 2021** and **ASEAN Asset Class Award 2021** based on the Minority Shareholder Watch Group ASEAN Corporate Governance Scorecard



**Strongest Adherence to Corporate Governance 2021**

category at Alpha Southeast Asia's 12<sup>th</sup> Annual Institutional Investor Awards



Bronze medal in **Integrity, Governance & Anti-Bribery Award 2022** from Institut Integriti Malaysia



### BUILDING A SUSTAINABLE FUTURE

Looking ahead, we are cautiously optimistic about the global outlook, especially with a recession looming, persistent inflationary effects and ongoing geopolitical uncertainties. Global GDP is expected to moderate to 2.7% in 2023, while Malaysia's GDP growth is forecast at 4% to 5%, according to the Ministry of Finance. The palm oil sector is, however, expected to remain resilient despite expectations of the CPO price softening to around RM4,000 per MT in 2023.

For the Group, besides ongoing productivity and efficiency improvements in the Upstream business, we will continue to leverage our research and development capabilities to enhance existing processes, create new revenue streams and product offerings. Our Downstream and Sugar businesses will prioritise operational excellence initiatives while penetrating new markets and business channels. Meanwhile, our Logistics business will continue to expand capacity and utilise technology to serve customers effectively. Lastly, we will explore other segments which we believe hold great potential for FGV, especially given the existing capabilities and assets that we possess.

We also have a strong pipeline of ESG initiatives lined up which include developing a Greenhouse Gas (GHG) inventory and reduction plan in line with our net zero ambition, alongside other programmes to reduce our impact on the environment. In the social context, we will formally adopt policies on respecting and protecting child rights as well as gender equality and women's empowerment. We will also strive to have the Withhold Release Order (WRO) issues by the United States (US) Customs and Border Protection (CBP) modified. Our independent assessor has concluded its on-site assessment, and we are currently implementing its recommendations and anticipate submitting the final report to the US CBP soon.

Effective governance practices are critical for the success and sustainability of FGV. The formation of a Risk Management Committee is one of the steps towards achieving this goal, as it provides oversight and assistance in identifying and managing potential risks as well as promoting greater transparency and accountability. In addition, we continuously review our policies to ensure compliance with current laws and guidelines. We are also set to conduct a recertification audit for SIRIM Berhad's ISO 37001. These measures demonstrate a commitment to responsible and effective governance, which can ultimately benefit both the Company and its stakeholders.

From an overall sustainability perspective, we will advocate shared responsibility in promoting sustainability. We believe that all stakeholders have a role to play, especially the government, which can facilitate the creation of an enabling environment for sustainability to be embedded in business operations. This is where FGV will continue engaging with the government to introduce more ESG-friendly incentives and policies, while forging new relationships with relevant parties to address environmental, social and other sustainability issues.

### IN APPRECIATION

As we advance responsibly, our achievements are attributed to the efforts of many, including the past and present Board of Directors. On behalf of *Warga FGV*, I would like to extend our heartfelt gratitude to our former Chairman, Dato' Dzulkifli Abd Wahab, who handed over the reins to me on 1 April 2023, after two years of exceptional service at FGV. We wish him every success in his future endeavours and appreciate his unwavering commitment and dedication to the growth and success of FGV. Dato' Dzulkifli's visionary strategies and insightful guidance have played a crucial role in shaping our corporate culture, fostering innovation and driving sustainable growth. It has been an immense honour for all of us at FGV to have had the opportunity to work with Dato' Dzulkifli. I am deeply grateful to have been entrusted with the responsibility of continuing the invaluable legacy left by Dato' Dzulkifli, and will devote my utmost commitment to lead and steer FGV forward.

I would like to take this opportunity to express my gratitude to our Non-Executive Director, Datuk Dr. Zunika Mohamed, who served with us until 11 March 2022. I also warmly welcome two new Non-Executive Directors who have joined the Board, Datuk Yatimah Sarjiman who joined us on 8 April 2022, and Encik Azmin Che Yusoff on 13 September 2022. The Board now has a total of eight Directors, three of whom are women, upholding the best practices outlined in the Malaysian Code on Corporate Governance. Our Board members bring a wide range of skills, capabilities and depth of experience that will hold FGV in good stead going forward.

I would also like to extend my sincere appreciation to my fellow Board Members for their immeasurable support, guidance and foresight. To the FGV Management Team and employees, thank you for your relentless dedication and commitment towards achieving our vision, and your efforts to reflect our PRIDE values. It is you, our employees, who have enabled FGV to record its historic achievement this year and I hope that you will continue to execute your duties to the best of your abilities.

Lastly, I would like to extend my appreciation to the Federal Land Development Authority (FELDA) and its settlers, and our valued stakeholders; Thank you for your trust, loyalty and belief in us. We look forward to achieving more and capitalising on present opportunities to pave a brighter tomorrow for everyone.

**Dato' Shahrol Anuwar Sarman**

Chairman (Interim)

## A THANK YOU TO FGV'S FORMER CHAIRMAN



### A Thank You To **Dato' Dzulkifli Abd Wahab**

*Warga FGV* bids a heartfelt farewell to Dato' Dzulkifli Abd Wahab, a committed leader who devoted two fulfilling years to the organisation as our Chairman. As a well-respected veteran of the plantation industry, his outstanding leadership skills, combined with his vast experience in the plantation industry, have been instrumental in advancing the organisation responsibly, creating value for our stakeholders, and transforming FGV's performance.

Dato' Dzulkifli's strategic direction has been crucial in guiding us to remain competitive and relevant in today's ever-changing business landscape. He instilled a culture of learning within FGV, encouraging us to embrace new ideas and technologies, and his invaluable contributions to our organisation will be deeply missed.

We express our highest regard and appreciation to him for his unwavering dedication and remarkable commitment to FGV and the plantation industry. We wish him the very best in his future endeavours, knowing that he will continue to make a positive impact wherever he goes.

We are honoured to have had him as our Chairman, and his dedication and leadership have left an indelible mark on FGV. We thank him for his exceptional service and for inspiring us to be the best that we can be.



## GROUP CHIEF EXECUTIVE OFFICER'S REVIEW



**Dato' Mohd Nazrul Izam Mansor**  
Group Chief Executive Officer

“

In what has been yet another challenging year, FGV has once again stepped up, creating value not only for the business, but also for our employees and the nation. We have advanced our strategies responsibly by bolstering our labour practices, strengthening our commitments to conserve the environment and exploring ways to support the National Food Security Agenda. We did all this, while also delivering our best set of financial results as we capitalised on strong palm oil prices.

”

While it was certainly a buoyant environment for our Upstream business, we continued to be affected by labour challenges which weighed on palm oil production. However, this issue became less severe towards the end of the year due to aggressive recruitment efforts as the flow of migrant workers resumed, hence putting us in a stronger position heading into the next year.

This was further supported by steady Trading and Logistics performance and the efforts to make ourselves more resilient by optimising our operations across the entire supply chain. The elevated commodity prices were conversely negative for our Sugar Sector which operated within a high input cost environment and therefore impacted our financial performance.

Above all, we advanced our value creation journey in a responsible way, embedding ESG considerations in all our endeavours. I am optimistic that all of our 51,919 employees are enthusiastic and resolute in our journey to deliver sustainable agriproducts to the world.

### DELIVERING VALUE

Overall, the Group delivered historic highs, recording its best revenue and profits since FGV became a public listed company in 2012. Revenue was at RM25.56 billion, 31% higher than RM19.57 billion the year before, while Profit After Tax and Minority Interest (PATAMI) in 2022 increased by 14% to RM1.33 billion from RM1.17 billion recorded in 2021.

The Group's solid financial performance was largely driven by the contribution from higher palm products margins as a result of higher average CPO and Processed Palm Oil (PPO) prices realised in 2022. This was also attributed to the higher throughput and tonnage carried by the Logistics & Others Sector. The performance, however, was hampered by the losses in the Sugar Sector due to higher production costs recorded during the year.



#### REVENUE

**RM25.56 billion**



#### PATAMI

**RM1.33 billion**



## Group Chief Executive Officer's Review

### ADVANCING OUR STRATEGIES RESPONSIBLY

In the year under review, the Group focused on the execution of its four strategic thrusts of Operational Improvement, Product & Market Penetration, New Growth Areas and Financial & Capability Building. Our efforts yielded tangible results that positively impacted our bottom line, increased our efficiency as well as strengthened our growth potential.



#### Operational Improvement

We made good progress in our recruitment efforts as the Upstream business significantly reduced the labour shortage it had been experiencing since the pandemic hit in 2020. By the end of 2022, we managed to bring in more than 10,000 plantation workers, reducing our labour shortage from 32% in 2021 to 13% in 2022. During the year, our FFB production rose to 3.99 million MT and we improved our FFB yield to 14.57 MT per Ha as a result of better yield from our palm trees and higher labour productivity from the increased number of workers received at the end of 2022.

Our Upstream estate and mill operations are currently being reviewed, and several initiatives, such as the Good Agricultural Practices (GAP) and mechanisation programmes, are being implemented to improve estate and mill practices. We remain clear that our estate operations are the mainstay of the business and must be well managed for us to leverage our many inherent strengths. The Downstream business, meanwhile, drove operational improvements to increase efficiency and mitigated the impact of increased packaging costs with inventory management strategies.

Throughout the year, our Sugar Sector was focused on improving the reliability of its refineries in pursuit of higher productivity. Boiler rectification works are also ongoing and expected to be completed soon in MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor). The refinery in MSM Prai Berhad has also commenced rejuvenation works for long-term sustainability.



#### Product & Market Penetration

The Downstream Division continued to grow market share of FGV's flagship products, where Saji cooking oil achieved 45.7% and Seri Pelangi margarine achieved 43.9% in 2022, both higher than the year before. We launched five new Stock Keeping Units during the year which were Saji Cooking Oil 3 Kg, Saji Beras Basmathi & Aroma, Adela Tub Sunflower Oil and Non-Hydrogenated Margarine to sustain the visibility of our brands and meet consumers' needs. In addition, we made significant strides in penetrating Cambodia, Vietnam, and the North American markets with our olein and palm-based products.

Our Sugar Sector also expanded its sales channels in 2022, forging partnerships to supply sugar to convenience stores as well as the Food & Beverage sector.



#### New Growth Areas

In the year under review, we explored further opportunities for the foods business. For example, we advanced our dairy business by entering into a conditional Joint Venture Agreement to develop an integrated dairy farm business in Chuping, Perlis. This move complements our existing Linggi fresh milk processing plant, which was recently upgraded to increase its processing capacity to 30,000 litres per day.

FGV also launched a new high-quality feed for native chickens, produced in collaboration with *Padiberas Nasional Bhd* (BERNAS), to reduce the country's dependence on imported chicken feed and improve the circularity of paddy by-products. We also took the lead in collaborating with FELDA via *Projek Pembangunan Peneroka* and *Program Pembasmian Kemiskinan Tegar* to establish contract farming arrangements for the supply of native chickens in the market.



At the launch of the Sun Bear Management Guidelines with our partners; PERHILITAN, MNS and UKM.





## Group Chief Executive Officer's Review



### Financial & Capability Building

In the year under review, we progressed our capabilities in the human capital, digital and sustainability contexts.



### Human Capital

In 2022, we increased the average training hours per employee to 11 hours compared to three hours in 2021 and conducted programmes such as Executive Coaching for C-Suites, Middle Management Development Programme and Women in Leadership Programme. These programmes complement our ongoing succession plan where we have identified candidates to succeed in senior management and critical positions.

Furthermore, the Women in Leadership programme embodies FGV's commitment to improve gender equality as it prepares future female leaders to lead with impact and confidence while providing a safe space to have open discussions.

The Group also prioritised the establishment of a winning Employee Value Proposition (EVP) by conducting a job evaluation and total compensation review benchmarking exercise in 2022. Undertaken by external consultants, the benchmarking exercise helped facilitate the formulation of a competitive total reward system which is a critical component of a strong EVP and necessary to attract and retain key talents.

During the year under review, we conducted an Employee Engagement Survey (EES) to determine the satisfaction level of our employees. With a 92% response rate, we achieved an 81% satisfaction score, placing us in the top quartile when benchmarked against the Malaysian norm. This achievement reflects the employees' appreciation for the Company's efforts to support and engage with them. As we move forward, we will continue to prioritise our employees' well-being and job satisfaction while maintaining our commitment to a positive and supportive work environment.



### Digitalisation

Throughout FGV, we are leveraging digitalisation and technology to improve productivity, increase automation and add convenience to everyday tasks. In 2022, we introduced several digital initiatives in the Plantation Sector, including the Geographical Information System (GIS), piloting a central monitoring system for our mills, rolling out the e-Productivity mobile application and updating our e-Wallet application with added features that benefited more than 25,000 plantation workers.

The implementation of GIS is an important step forward in the data-driven approach we are taking in managing our plantations. Meanwhile, the e-Productivity application has made administration easier while the e-Wallet application enables our workers to manage their salaries and make remittances conveniently.

We have also automated repetitive and time-consuming business processes with intelligent Robotic Process Automation, saving significant time for our customer relationship managers and in processes related to payment transactions. In addition, the Group is utilising Audit Command Language Analytics for fraud detection, prevention and risk management in its business processes. This tool automates the extraction of financial data for consolidation and reporting purposes and helps identify irregularities within large amounts of data files.



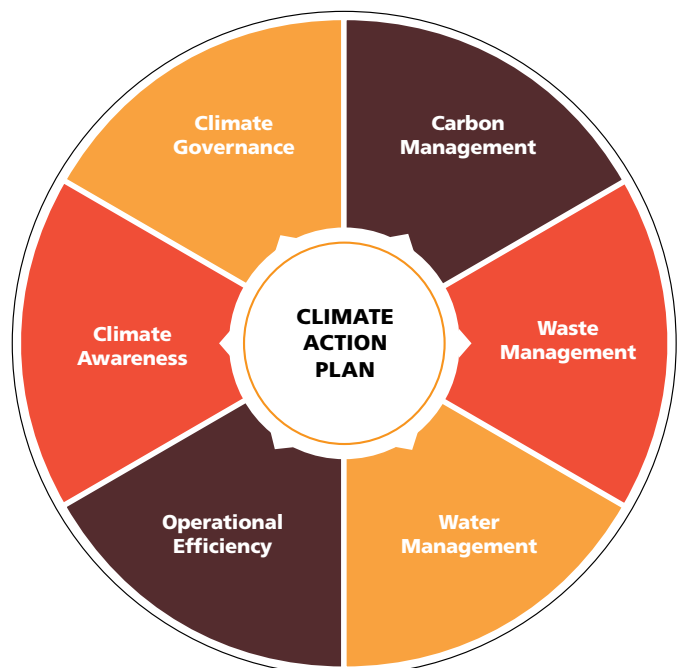
FGV's quarterly results delivered to the audience by the Group CEO and Group CFO.



### Climate Action

Climate change poses one of the greatest threats to humanity. As one of the largest palm oil producers in Malaysia, FGV is committed to play its part to combat global warming. We believe that we will be able to contribute to the climate action agenda through the sustained implementation of our Sustainability Framework which clearly describes our commitments to the environment. At FGV, we believe that sustainability comes first, and that profit and growth will follow.

An important part of our sustainability journey includes the development and implementation of FGV's Group-wide Climate Action Plan which comprises six focus areas:



## Group Chief Executive Officer's Review

### STEPPING INTO A NEW FUTURE

As we look ahead to 2023, I am cautiously optimistic regarding FGV's performance as we have built good momentum over the past two years with many of our ongoing initiatives already yielding results. While the global economic outlook remains uncertain, Malaysia's economy is anticipated to record moderate growth of 4% to 5%, supported by palm oil prices that are expected to remain rangebound.

### THE MOST IMPORTANT DEVELOPMENT FOR FGV GOING FORWARD IS TO STRENGTHEN AND IMPROVE OUR CORE PLANTATION BUSINESS AND, AT THE SAME TIME, TO BEGIN MAKING INROADS DOWNSTREAM IN PARTICULAR CONSUMER BUSINESS.

The plan outlines a strategy that combines both organic and inorganic growth initiatives, aimed at safeguarding our core business while seizing new opportunities in all the businesses we are present in. This strategy is also underpinned by several key commitments, including modification of WRO issued by the US CBP, striving for RSPO certification of all 67 of FGV's mills and its supply base, and our ambition to achieve net zero emissions. We are fully committed to achieve our goal of becoming a leader in research and development, continuously striving to improve our products and enhance our technologies, while also pioneering gender equality and diversity in the plantation industry.

With regards to the outlook for our various business sectors, it will be both an exciting and demanding time for our employees as we implement the various strategies under BP25. Our Upstream business will be focused on improving yields, mill modernisation, bringing our manpower back to full strength and beyond, as well as accelerating replanting which fell behind during the pandemic.

Also, in support of BP25, the Research & Development (R&D) Division will help create innovations to generate new revenue streams through agriproducts, high-value crops and consumer products beyond oils and fats.

The Downstream and Sugar businesses will continue their market growth and product expansion both domestically and internationally, while focusing on driving operational improvements. Our Sugar Sector in particular, is expected to achieve a greater utilisation factor as MSM Johor ramps up its production in 2023. Our Logistics business will capitalise on new growth opportunities while we continue to explore opportunities present in Malaysia's expanding food market.

In terms of our ESG efforts, our Renewable Energy Division continues to search for more ways to contribute towards FGV's decarbonisation efforts such as the circular economy and waste-to-wealth initiatives. We will also strive to modify the WRO issued

by the US CBP as we are currently implementing a remediation plan based on the independent assessor's assessment. We anticipate submitting the final report to the US CBP soon. Furthermore, we will continue to obtain RSPO certification for our uncertified mills, which have completed all necessary preparations and are ready to commence the certification audit.

### ACKNOWLEDGEMENTS

In conclusion, I would like to extend my gratitude to the Board of Directors for their wisdom and guidance, which have contributed to FGV's outstanding performance this year. I would also like to sincerely thank Dato' Dzulkifli Abd Wahab for his leadership and dedication during his tenure as Chairman of FGV.

I express my gratitude to FELDA and other shareholders, customers, supplier, state governments and ministries for their loyalty, trust and support, which have made our achievements possible. To all FELDA settlers, suppliers and independent smallholders, thank you for your continued commitment to our long-standing partnership. It is our ability to work together and support each other that will help to produce win-win outcomes for the benefit of all stakeholders.

I would also like to thank our dedicated employees and my Management Team, who have worked hard to meet our targets and drive our business forward. None of this would have been possible without your dedicated and sustained efforts. *Terima Kasih!* Looking ahead, we are advancing responsibly and we remain committed to future-proof our business by embedding all aspects of sustainability to build a better tomorrow.



**Dato' Mohd Nazrul Izam Mansor**  
Group Chief Executive Officer



# TURNING **STRATEGY INTO OUTCOMES**

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## OPERATING LANDSCAPE

**The market environment under which FGV operated in 2022 was one characterised by volatility and uncertainty as a result of a host of factors, including a surge in commodity prices, supply chain disruptions and the normalisation of interest rates. Fuelled by strong demand as the pandemic loosened its grip on the world, prices of energy and food increased to record levels, exacerbated by the Russia-Ukraine conflict and its impact on the agriculture sector and supply chains.**

Global economic growth slowed to 3.2% in 2022 from 6% in 2021, while in Malaysia, Gross Domestic Product growth hit 8.7% in 2022 compared to the 3.1% recorded in 2021<sup>1</sup>. Nevertheless, inflationary pressures were felt, albeit mildly in comparison to other developed and developing nations worldwide. This was primarily due to Malaysia's strong macroeconomic policies and resource management, which enabled Malaysia to effectively manage inflationary pressures. On the other hand, *Bank Negara Malaysia* raised its interest rates to be *pari passu* with the United States' (US) interest rates to minimise the impact on the Malaysian currency, which brought the Overnight Policy Rate back to its initial level.

Inflationary pressures resulting from higher input costs not only impacted consumers but also affected businesses. For example, FGV's plantation business was impacted by the rise in fertiliser prices, mainly due to the Russia-Ukraine conflict, which crippled the supply of key fertiliser ingredients.

We discuss the main macroeconomic trends that affected the world in 2022 in further detail below:



### The Surge in Commodity Prices

Commodity prices remained elevated throughout the first half of 2022 but lost some ground towards the end of the year. The average fertiliser price increased by more than double in 2022 as compared to 2021 due to the soaring input costs and reduced production. However, Crude Palm Oil (CPO) prices normalised from record highs, falling from RM8,077 per MT in March 2022 to RM3,808 per MT in December 2022 due to the reversal of Indonesia's palm oil export ban and the easing of the migrant worker shortage<sup>2</sup>. Cumulatively, this meant that FGV's higher earnings were affected by the spike in fertiliser prices resulting in a 21% increase in CPO production cost in 2022 compared to the prior year.



### Global Trade Disruptions

Pre-existing supply disruptions due to the pandemic were exacerbated by the prolonged Russia-Ukraine conflict, leading to severe physical and logistical bottlenecks. Global trade hit a record of USD32 trillion in 2022, but the 2023 outlook is expected to worsen due to tight financial conditions along with high transport costs amid the disruption of the global value chain<sup>3</sup>. Fortunately, the trade disruption is expected to ease over time as movement restrictions are lifted and borders are reopened.



### High Inflation amid Challenging Fiscal and Monetary Policy Conditions

The global inflation rate in 2022 accelerated to 8.8% compared to 4.7% in 2021, while in Malaysia, it rose to 3.3% in 2022 compared to 2.5% in 2021<sup>4</sup>. The inflation in Malaysia was mainly driven by higher prices of agriproducts, supply chain disruptions and the weakening of the Malaysian Ringgit against the US Dollar (USD), similar to other currencies in most parts of the world as a result of the increase in interest rates by the US to curb inflation. Inflation prompted aggressive monetary tightening measure where the US Federal Reserve increased interest rates seven times in 2022 from a near 0% to 4.5%<sup>5</sup>. The aggressive tightening measures, although well-intended, will likely impact economic growth, with experts forecasting a recession in 2023. Overall, the available fiscal space to manoeuvre remains tight, especially in developing countries, as governments face high debt burdens following their unprecedented response to managing the COVID-19 pandemic.



### Widespread Food Security Concerns

In 2022, many governments responded to supply disruptions by imposing temporary export bans or restrictions on critical agricultural products as a means to prevent food shortages in their respective countries. For example, India curbed the export of wheat and sugar, while Indonesia banned the export of palm oil and imposed a domestic market obligation on palm oil. Malaysia also banned the export of chickens following shortages caused by a lack of chicken feed. To put this in context, Malaysia's food import bill has accumulated to RM482.8 billion over the last decade<sup>6</sup>. With the government looking into strengthening its food security, future opportunities may emerge that can be gradually capitalised on.

<sup>1</sup> World Economic Outlook - International Monetary Fund, October 2022, and Ministry of Finance, February 2023

<sup>2</sup> Malaysian Palm Oil Board (MPOB), December 2022

<sup>3</sup> United Nations Conference on Trade and Development, December 2022

<sup>4</sup> World Economic Outlook - International Monetary Fund, October 2022, and Department of Statistics Malaysia, March 2023

<sup>5</sup> US Federal Reserve, December 2022

<sup>6</sup> Department of Statistics Malaysia, January 2023

## Operating Landscape

### 2023 OUTLOOK



#### PLANTATION

The palm oil sector is set to see less volatility in 2023 relative to 2022. The MPOB, as well as domestic research houses, see the price of palm oil staying rangebound at an average of RM3,800 per MT in 2023<sup>1</sup>. Although this is lower than the RM5,100 per MT average price in 2022, a number of factors could increase demand, such as the ongoing Russia-Ukraine conflict which has reduced sunflower oil production. Higher demand would also be supported by Indonesia's announcement to increase its biofuel blending ratio from January 2023 and continued demand from India.

However, challenges remain in the form of unfavourable weather caused by the prolonged La Nina phenomenon that may affect Fresh Fruit Bunch (FFB) production. The higher cost of fertiliser will also weigh on the industry, although labour shortages will likely stabilise, resulting in higher production in 2023 compared to 2022. This is likely to lead palm oil stocks ending 2023 at close to 2 million MT, higher than the 19.01 million MT recorded at the end of 2022<sup>2</sup>.

The plantation industry, in general, would stand to benefit from the advantages of embracing the Industry 4.0 which would enhance overall operational efficiency through precision agriculture, estate modernisation and digital milling practices.



#### SUGAR

The price of raw sugar is expected to remain high in 2023, with the benchmark NY11 expected to reach USD22.90 cents per pound in 2023 compared to USD20.50 cents per pound in 2022<sup>3</sup>. Additionally, the global sugar production is estimated to increase to 183.2 million MT in 2023 as higher production in Brazil, China, and Russia is expected to offset the decline in the European Union, India, and Ukraine<sup>4</sup>. In terms of refined sugar, demand remains high amid food security concerns and pent-up demand following the growing food and beverage industry, as well as the increase in global population.

Other factors that will impact the industry include the ongoing Russia-Ukraine conflict and the diversion of cane to ethanol production instead of sugar production. Ethanol prices are closely correlated with crude oil prices and higher crude oil prices will certainly drive greater profitability of crop-based ethanol production. In the longer term, however, sugar remains a highly traded product with imports representing 35% of global consumption and no major changes are expected in the distribution of raw or refined sugar imports.



#### LOGISTICS & OTHERS

The retreating pandemic has boosted the outlook for the Logistics & Others Sector as demand for fuel, services and travel has improved. In terms of bulking and storage, palm oil production growth, coupled with improved demand, has catalysed exports, therefore improving the utilisation of oil storage facilities. The Logistics business also expects better growth prospects as a result of the economic recovery, supported by cross-border trade, higher domestic demand and a rise in e-commerce and last-mile delivery.

The Travel business continues to see a steady recovery as tourism and travel pick up once again following the transition to endemicity. Many countries have reopened their borders, leading to a gradual increase in demand for travel.

From the information & technology perspective, the adoption of digital technologies in many sectors is expected to drive growth in areas such as cloud computing, artificial intelligence, cyber security and the Internet of Things. These technologies have the potential to transform many industries and create new opportunities for businesses.



#### CONSUMER PRODUCTS & INTEGRATED FARMING

Countries around the world are ramping up their food security measures amid supply chain disruptions, higher input costs of agricultural products and an increasing world population which crossed the eight billion mark in 2022. In Southeast Asia, the food industry is expected to chart an annual growth rate of 18.3% from 2023 to 2027, with revenue projected to reach USD12.18 billion in 2023 and market volume projected to expand to 23.83 billion by 2027<sup>5</sup>.

In Malaysia, the food industry generated revenue of close to USD50 billion in 2022, where main segments like cooking ingredients, fresh produce and dairy continue to demonstrate robust growth potential.

<sup>1</sup> Malaysian Palm Oil Board, January 2023

<sup>2</sup> The Malaysian Oil Palm Industry Performance, March 2023

<sup>3</sup> Trading Economics, March 2023

<sup>4</sup> US Department of Agriculture, November 2022

<sup>5</sup> Statista, February 2023





## STAKEHOLDERS ENGAGEMENT

Stakeholders are groups of people who can impact and be impacted by our decisions, initiatives and business operations. It is important for us to proactively engage with our stakeholders to identify and meet their needs, as well as address their key concerns. This approach not only helps to foster positive relationships with our stakeholders, but also allows FGV to manage potential issues effectively.

CUSTOMERS		KEY RELATED MATERIAL MATTERS				
WHY IT MATTERS		AREAS OF CONCERN				
<ul style="list-style-type: none"><li>• Create demand for our products and services</li><li>• Drive revenue for FGV</li></ul>		<ul style="list-style-type: none"><li>• Product quality, safety, delivery and services</li><li>• Product pricing</li><li>• Traceability of products</li><li>• Environmental harm, social injustice or exploitation</li><li>• Product innovation and development</li></ul>				
ENGAGEMENT APPROACH		OUR RESPONSE				
<ul style="list-style-type: none"><li>• Company website and social media updates</li><li>• Meetings, engagements and dialogues (virtual, face-to-face)</li><li>• Company events and activities such as roundtables and gatherings</li><li>• External surveys and feedback</li></ul>		<ul style="list-style-type: none"><li>• Provide a traceability system for our customers to obtain details such as certification, geolocation and production</li><li>• Collaborate and work closely with customers to maximise resources and productivity</li><li>• Continue to introduce sustainable and innovative products and services</li><li>• Provide competitive pricing and fair terms</li></ul>				
SUPPLIERS		KEY RELATED MATERIAL MATTERS				
WHY IT MATTERS		AREAS OF CONCERN				
<ul style="list-style-type: none"><li>• Provide the feedstock or materials required for the production of goods and services</li><li>• Play an important role within the value chain of the business</li></ul>		<ul style="list-style-type: none"><li>• Supply chain disruption and market volatility</li><li>• Awareness and compliance with FGV's policies, where applicable</li><li>• Supplier Code of Conduct and Non-Compliance Protocol</li><li>• Safe working conditions</li></ul>				
ENGAGEMENT APPROACH		OUR RESPONSE				
<ul style="list-style-type: none"><li>• Company website and social media updates</li><li>• Meetings, engagements and dialogues (virtual, face-to-face)</li><li>• Company events and activities such as roundtables and gatherings</li><li>• Site visits and inspections</li><li>• External surveys and feedback</li></ul>		<ul style="list-style-type: none"><li>• Improve procurement process to ensure responsible and sustainable practices in conducting business</li><li>• Ensure good management and sufficient support during pre- and post-engagement with suppliers</li></ul>				
REGULATORS & GOVERNMENT		KEY RELATED MATERIAL MATTERS				
WHY IT MATTERS		AREAS OF CONCERN				
<ul style="list-style-type: none"><li>• Enforce industry rules and regulations to keep our operations in compliance</li><li>• Protect stakeholders' interests</li></ul>		<ul style="list-style-type: none"><li>• Support for government policies and initiatives in the industry</li><li>• Contribution to national sustainability goals</li><li>• Compliance with statutes and regulations</li><li>• Relevant issues and updates in the industry</li></ul>				
ENGAGEMENT APPROACH		OUR RESPONSE				
<ul style="list-style-type: none"><li>• Company website updates</li><li>• Meetings, engagements and dialogues (virtual, face-to-face)</li><li>• Site visits, audits and inspections</li><li>• External surveys and feedback</li></ul>		<ul style="list-style-type: none"><li>• Ensure business units comply with all regulatory requirements while pursuing business objectives</li><li>• Continuous engagement with the regulators to provide updates and developments on FGV's initiatives across the business</li><li>• Continuous review and enhancement of our compliance and risk management monitoring tools, systems and processes</li></ul>				

## Stakeholders Engagement

### BOARD OF DIRECTORS AND EMPLOYEES

#### KEY RELATED MATERIAL MATTERS



#### WHY IT MATTERS

##### Board of Directors

- Manages the organisation at a strategic level
- Oversees the conduct of the Group's business
- Manages risks and ensure the implementation of the appropriate internal control framework and mitigation measures

##### Employees

- Possess knowledge and technical expertise to drive our business operations
- Represent FGV in communicating with our customers and suppliers
- Handle and manage daily operations of the organisation

#### ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements and dialogues (virtual, face-to-face, hybrid)
- Annual appraisal
- Company events and activities such as town halls, mentoring, roundtables and gatherings
- Company intranet and newsletter
- Internal surveys and feedback

#### AREAS OF CONCERN

- Employee development and job satisfaction
- Welfare and remuneration
- Talent acquisition
- Safety and health practices

#### OUR RESPONSE

- Conduct Employee Engagement Survey for better engagement in the future
- Competitive benchmarking and market positioning analysis for all employees in terms of welfare and salary
- Ensure FGV's grievance mechanism is accessible to FGV workforce
- Upskill and reskill employees through learning and development programmes
- Prepare for the development of leadership roles and succession planning.

### FIELD WORKERS

#### KEY RELATED MATERIAL MATTERS



#### WHY IT MATTERS

- Plantation workers perform field work and harvest crops that may influence FGV's productivity and efficiency

#### ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements and briefings (virtual, face-to-face)
- Company events and activities such as town halls and roundtables
- Site visits, audits and inspections
- Internal surveys and feedback

#### AREAS OF CONCERN

- Fair wages and health & welfare benefits
- Safe working conditions
- Protection from exploitation and discrimination

#### OUR RESPONSE

- Conduct onboarding and awareness sessions to ensure field workers understand their rights
- Ensure the welfare of field workers and comply with laws and regulations in relation to human rights and labour standards
- Revised and strengthened the Guidelines and Procedures for Responsible Recruitment and Employment of Migrant Workers to align our practices with international standards
- Ensure FGV's grievance mechanism is accessible to FGV workforce

### FELDA

#### KEY RELATED MATERIAL MATTERS



#### WHY IT MATTERS

- The key stakeholder of FGV

#### ENGAGEMENT APPROACH

- Meetings, engagements and dialogues (virtual, face-to-face)
- Company events and activities such as town halls and briefings

#### AREAS OF CONCERN

- Strategic planning and business growth
- Company's performance including achieving financial and operational targets

#### OUR RESPONSE

- Conduct regular sessions between FGV and FELDA on the palm oil industry's development, challenges and regulatory requirements
- Provide report and updates on business performance and progress



## Stakeholders Engagement

### FELDA SETTLERS

#### KEY RELATED MATERIAL MATTERS



#### WHY IT MATTERS

- 112,638 settlers surrounding FGV estates and mills that benefit from plantation income through FELDA
- Provide 45% of FGV's FFB supply

#### ENGAGEMENT APPROACH

- Meetings, engagements and dialogues (virtual, face-to-face)
- Company events and activities such as roundtables
- Annual General Meetings
- Internal feedback

#### AREAS OF CONCERN

- Fair FFB Pricing
- Environmental and social responsibility
- Community engagement

#### OUR RESPONSE

- Improve the livelihoods of the local communities around the areas we operate in through corporate social responsibility and investing in various educational programmes
- Launched the Independent Smallholders Consultation Programme to create awareness on the smallholders' role in sustainable palm oil industries
- Community outreach to foster positive relationships and demonstrate FGV's commitment to the welfare of FELDA settlers

### INVESTORS & CAPITAL PROVIDERS

#### KEY RELATED MATERIAL MATTERS



#### WHY IT MATTERS

- Steady financial capital input indicates confidence in FGV to grow its business

#### ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements and dialogues (virtual, face-to-face, hybrid)
- Annual General Meetings
- Company briefings
- Roadshows and site visits
- External surveys and feedback

#### AREAS OF CONCERN

- Maximisation of shareholder value
- Progress and compliance with sustainability standards
- Relevant issues and updates in the industry
- Financial performance of the Company

#### OUR RESPONSE

- Embed sustainable approach across the value chain to ensure business continuity
- Implement internal controls and monitor for any instances of non-compliance
- Ensure productivity and efficiencies within business operations
- Provide timely and accurate information for investors to make informed decisions

### JOINT VENTURE & BUSINESS PARTNERS

#### KEY RELATED MATERIAL MATTERS



#### WHY IT MATTERS

- Collaborative partnership with industry experts to create products and services for the market

#### ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements and briefings (virtual, face-to-face, hybrid)
- Company events and activities such as mentoring and roundtables
- Company intranet and newsletter
- Site visits, audits and inspections
- External surveys and feedback

#### AREAS OF CONCERN

- Company strategy and business growth
- Implementation of cost efficiency
- Combination of expertise and skills

#### OUR RESPONSE

- Develop a model with FGV's joint ventures and business partners to identify sustainability risks associated with specific geographical areas in order to ensure better traceability of our products
- Conduct workshops and knowledge-sharing sessions to improve overall capabilities that can lead to enhanced performance and innovation

## Stakeholders Engagement

### MEDIA

#### KEY RELATED MATERIAL MATTERS



#### WHY IT MATTERS

- Provide insights from the public
- Responsible for the reporting of news and updates within the business industry

#### ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements and media briefings (virtual, face-to-face, hybrid)
- Company events and activities such as gatherings
- Media press releases
- External surveys and feedback

#### AREAS OF CONCERN

- Relevant issues and updates by the Company
- Clarification on misinformation concerning the palm oil industry

#### OUR RESPONSE

- Prepare a communication plan to develop messaging and responses that are transparent and consistent
- Proactively engage with media outlets to build relationships and establish trust
- Monitor media coverage to identify potential issues or negative coverage that could impact FGV's reputation

### NON-GOVERNMENTAL ORGANISATIONS

#### KEY RELATED MATERIAL MATTERS



#### WHY IT MATTERS

- Promote social values, civics and local initiatives
- Keep us abreast of socioeconomic developments that can impact our business

#### ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements and dialogues (virtual, face-to-face)
- Collaborations and project partnerships
- External surveys and feedback

#### AREAS OF CONCERN

- Sustainability-related and socioeconomic concerns
- Challenges faced by FGV and the palm oil industry as a whole

#### OUR RESPONSE

- Engage in dialogues with NGOs to better understand their concerns and perspectives
- Build partnerships with NGOs that share the same values, leading to project collaborations, increase understanding and mutual support
- Address the specific concerns raised by NGOs and offer solutions where possible



More information on the Key Related Material Matters can be found under How We Define our Material Matters on page 37.



## MATERIAL MATTERS

### MATERIALITY ASSESSMENT

Materiality assessment forms an important part of our sustainability journey and allows us to create long-term value for our business and our stakeholders. Identifying and reviewing the sustainability issues that matter most to us and to our stakeholders is crucial in managing our sustainability impacts. We can mitigate risks and determine opportunities of the key economic, environmental and social issues, as well as upholding human rights. This also helps us align our sustainability approach and strategy with industry peers, besides staying relevant with current sustainability developments and global trends.

In 2021, we conducted a materiality assessment with the support of an external independent consultant and gathered views and responses from both internal and external stakeholders. The exercise resulted in 16 material matters, seven of which were categorised as high priority material matters. Climate action was also added as a priority matter due to the importance of greenhouse gas (GHG) emissions, which impact FGV's operations.

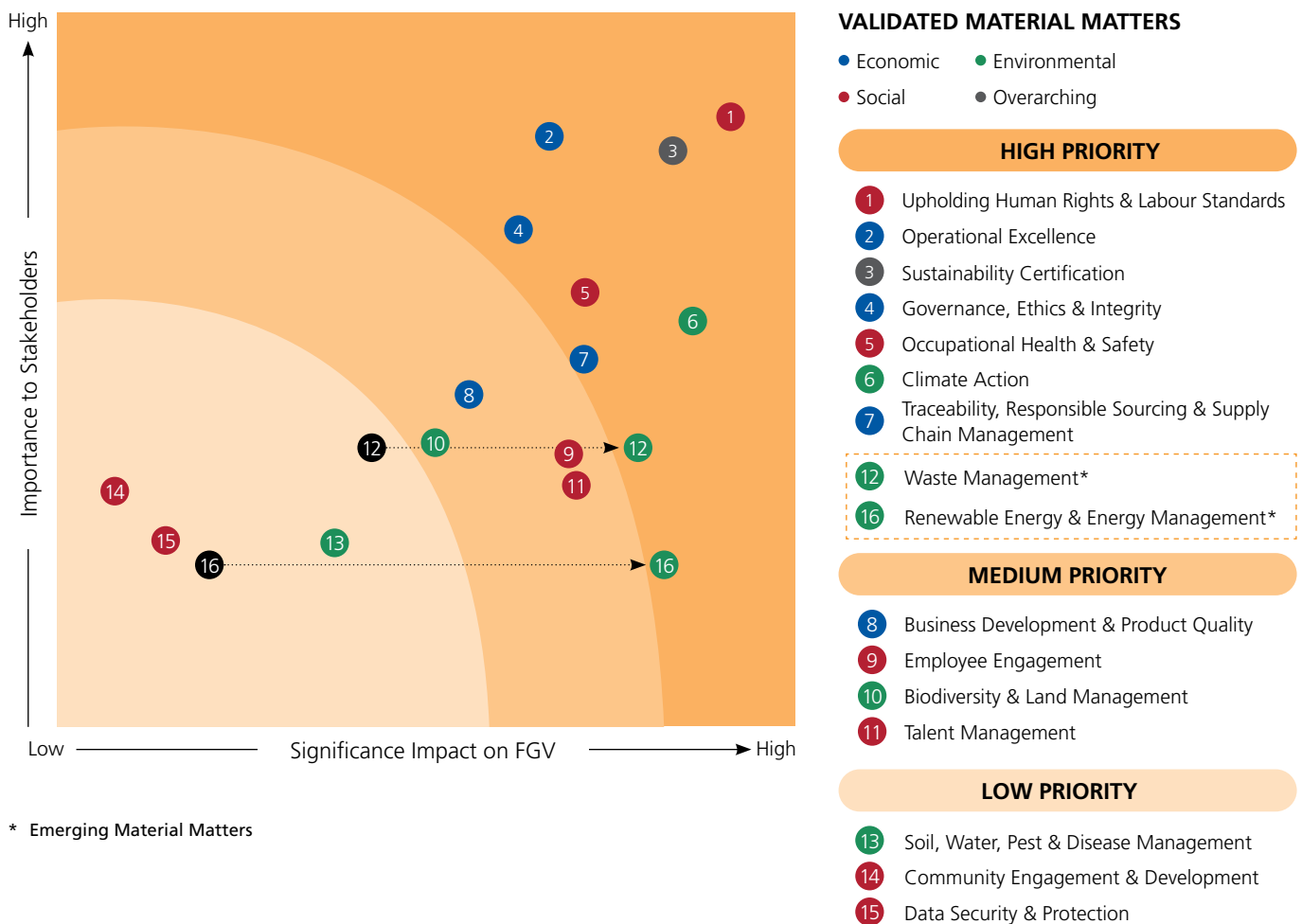
### Validation

This year, we conducted an internal review to validate the material matters against the latest national disclosure requirements and global sustainability reporting standards, such as the GRI Standards, Sustainability Accounting Standards Board (SASB) and the Global Union Report. The matters were also mapped against local and international peers. This comprehensive approach reflected a dynamic view of materiality that allow us to respond to internal and external changes while remain relevant and avoid process repetition. The exercise showed that our materiality matrix that was concluded in 2021 remained relevant and reflected stakeholder interests.

During its review, the Board identified Waste Management and Renewable Energy & Energy Management as two emerging material matters. As a responsible company, it is imperative that we address emerging material risks, as they have the potential to impact both the environment and our business. For the year under review, these emerging matters were addressed in our Sustainability Review. Our goal is to demonstrate our commitment to tackle these issues and contribute positively to the wider community and environment.



More information about FGV's full materiality assessment in 2021 can be found in FGV Sustainability Report 2020/2021 on our website, [www.fgvholdings.com](http://www.fgvholdings.com).





## Material Matters

### HOW WE DEFINE OUR MATERIAL MATTERS

Material Matter	In FGV's Context and Application
<b>HIGH PRIORITY</b>	
 <b>Upholding Human Rights &amp; Labour Standards</b>	Respecting and protecting the rights of our workforce by ensuring fair treatment and upholding established international labour standards.
 <b>Operational Excellence</b>	Improving of production yield and enhancing operations by leveraging innovation and research and development, as well as sustainable environmental and climate conscious policies and practices without compromising human rights & labour standards.
 <b>Sustainability Certification</b>	Complying with recognised sustainability standards such as the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria and Malaysian Sustainable Palm Oil (MSPO) Certification Scheme for purposes of certification and alignment of practices with the most widely accepted sustainability standards for the palm oil industry.
 <b>Governance, Ethics &amp; Integrity</b>	Practicing of good corporate governance and compliance with regulatory requirements.
 <b>Occupational Health &amp; Safety</b>	Initiatives to ensure a safe and healthy working environment for our workforce and external stakeholders such as suppliers, vendors and service providers.
 <b>Climate Action</b>	Initiatives to mitigate and adapt to the adverse impacts of climate change to business operations, and implementing best climate governance measures to ensure business continuity.
 <b>Traceability, Responsible Sourcing &amp; Supply Chain Management</b>	Establishing of traceability system and procurement process to ensure responsible and sustainable practices in palm oil value chain.
 <b>Waste Management*</b>	Managing of waste generated from operations and leveraging on circularity opportunities to repurpose waste materials for alternative effective use.
 <b>Renewable Energy &amp; Energy Management*</b>	Sustainability conscious consumption and management of energy usage with specific attention to leveraging opportunities to generate and use clean energy.
<b>MEDIUM PRIORITY</b>	
 <b>Business Development &amp; Product Quality</b>	Broadening and embedding market presence, penetrating new markets, diversifying revenue streams and reinforcing market positioning.
 <b>Employee Engagement</b>	Giving employees a voice and soliciting their views to promote closer and tighter collaboration and reinforce a symbiotic and mutually beneficial relationship.
 <b>Biodiversity &amp; Land Management</b>	Conscious and responsible operations to preserve the sustainability of nature's endowments, including active conservation of biodiversity and preservation of the natural habitat.
 <b>Talent Management</b>	Creating and sustaining a high-performing workforce embedded with agility and flexibility to adapt, deliver and keep pace with changing workplace demands.
<b>LOW PRIORITY</b>	
 <b>Soil, Water, Pest &amp; Disease Management</b>	Sustainable management of soil, water, pest and disease control to minimise negative impacts on the environment.
 <b>Community Engagement &amp; Development</b>	Leveraging our capacity to do good for the betterment of our communities and society at large.
 <b>Data Security and Protection</b>	Keeping data secure at all times from all forms of intrusions to ensure business operations are shielded from harm and stakeholders' trust is preserved.



# OUR VALUE CREATION MODEL

## OUR STRATEGIC VALUE PROPOSITIONS



## Operational Improvement

### KEY CAPITALS



#### Financial Capital

- Shareholders Equity **RM6.23 billion**
- Total Assets **RM18.11 billion**
- Deposits, Cash and Bank Balances **RM1.40 billion**



#### Natural Capital

- Landbank **439,051 Ha**
- Mechanised Area **115,000 Ha**
- Total Replanted Area:
  - Felling **10,858 Ha**
  - Replanted **3,232 Ha**
- Planted Area:
  - Oil Palm **334,075 Ha**
  - Rubber **7,204 Ha**
  - Other Crops **3,435 Ha**



#### Manufactured Capital

- 67** Mills
- 12** Bulking terminals
- 8** Vegetable oil refineries
- 1.07 million MT** Storage capacity
- >600** Mixed fleet vehicles
- 2** Sugar refineries
- 9** Warehouses (including refined sugar warehouse)



#### Intellectual Capital

- 69** Highly qualified researchers
- 15** Agronomists
- 3** Seed production centres
- 3** R&D centres
- Development of premium planting materials and best mechanisation practices, as well as digitalisation for estate and mill operations
- Integrated pest and disease management
- Food and non-food technology



#### Human Capital

FGV's Total Workforce

**51,919**

(Male)

**86%**



(Female)

**14%**



#### Social & Relationship Capital

- Partnering with **112,638** FELDA settlers and supporting communities
- 100% MSPO-certified mills
- 45% RSPO-certified mills

### OUR BUSINESS

#### PLANTATION

##### Upstream



##### Renewable Energy

##### Marketing & Trading



#### SUGAR

##### Refining

##### Sales and Distribution



##### Information Technology

##### Travel



#### NEW FOCUS AREA

##### Integrated Farming

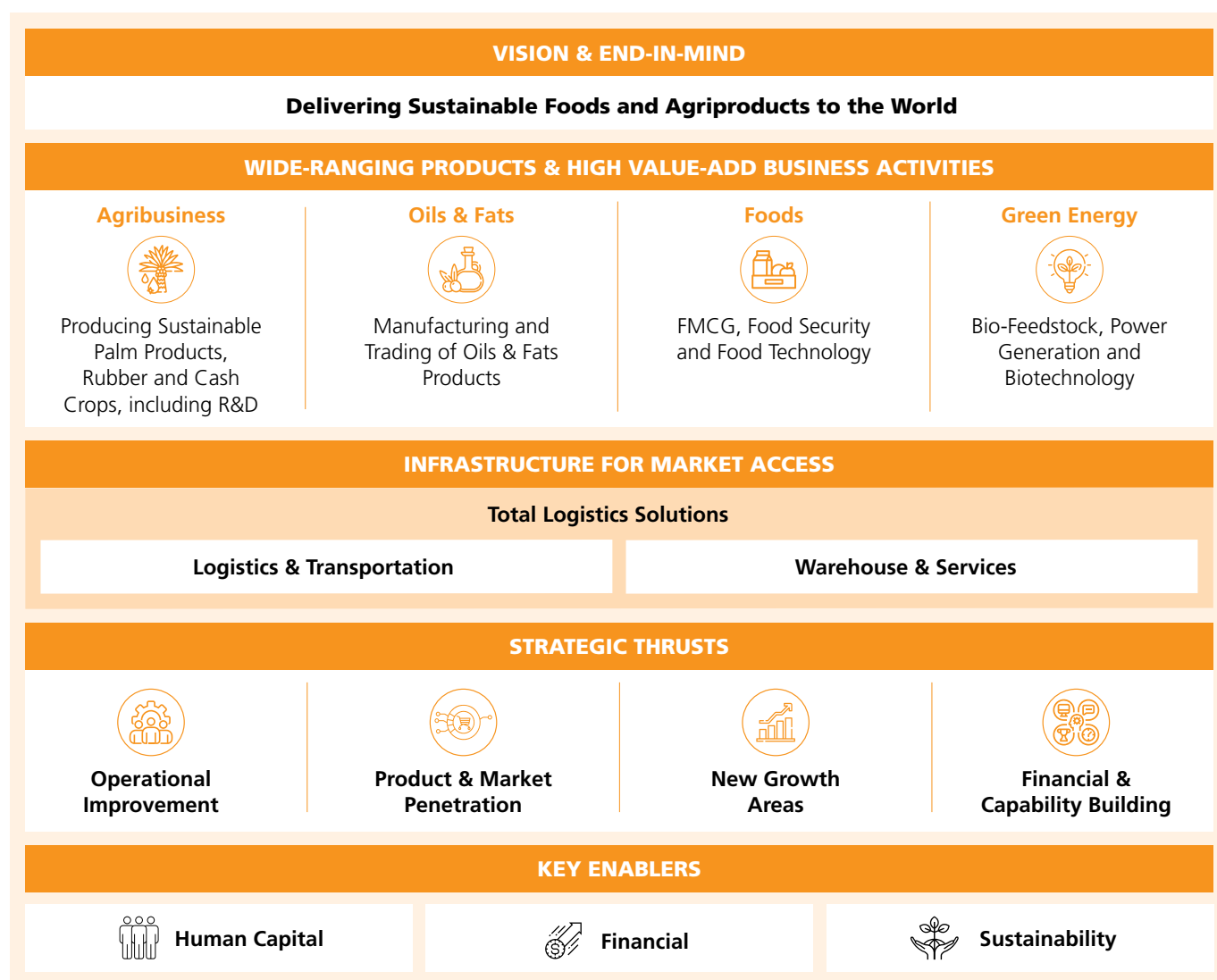


## Our Value Creation Model



## BUSINESS STRATEGY

FGV is driving its new ambition of being a Global Foods and Agribusiness Company and has formulated a high-level business plan aligned with its Strategic Thrusts that are specific to each of the business segments. Our Business Plan, known as BP25, sets annual milestones for FGV to achieve over a three-year period through a combination of both organic and inorganic growth initiatives. FGV will continue to adjust and adapt its implementation plan every year to ensure that the Group remains competitive in today's constantly changing environment.



The Group has begun to structurally embark on building a new core that expands beyond palm oil-related businesses but is still within the agribusiness segment. We also acknowledge the structural challenges that exist within the Group's current core businesses and the undue influence of commodity price changes towards palm oil which limits value creation possibilities.

Two-thirds of FGV's processed FFB are purchased from external parties such as FELDA settlers and smallholders. FGV's mill coverage per one million MT of mill capacity is comparatively low in contrast to its peers, due to FGV's contractual obligation to process FFB from FELDA settlers.

Currently, FGV is focused on crude palm products, which is different from our peers who have shifted their focus towards

downstream products. Over the last decade, FGV's integrated margin for its palm oil value chain has been heavily influenced by the fluctuation of commodity prices.

At present, we have multiple ongoing initiatives aimed at expanding FGV's global presence and strengthening our core business. These include collaborating with reputable partners, identifying new opportunities in more sophisticated destinations, establishing marketing offices overseas through organic growth or mergers & acquisitions, and conducting destination trading in consumer countries that includes local bulking, pricing, repacking and a distribution network. International presence is crucial for FGV to achieve its aspiration of delivering sustainable foods and agriproducts to the world.

## Business Strategy

### STRATEGIC BUSINESS PLAN

#### INTRODUCING BP25

To achieve our aspirations, our Strategic Thrusts are supported by the Group's Key Strategic Initiatives (KSIs) that will be implemented between 2023 and 2025. For 2023, we have set the theme for the Group as 'Expand', reflecting our aim to grow our business activities and enhance our range of products in the market while increasing revenue and profitability over time. The establishment of our KSIs, aligned with Operational Improvement, Product & Market Penetration, New Growth Areas and Financial & Capability Building, will shape the direction of our upcoming approach.



#### Operational Improvement

- Improve operational efficiency through enhanced modernisation and mechanisation, and replanting efforts
- Reinforce process controls in mills
- Boost capabilities in Logistics through external opportunities
- Increase sustainability engagements and intensify Environmental, Social and Governance initiatives
- Uphold human rights and fair labour practices
- Strengthen brand equity and presence
- Tighten governance practices and risk management



#### Product & Market Penetration

- Improve refineries' utilisation factor and plant capacity
- Maximise renewable energy potential and intensify waste-to-wealth initiatives
- Grow value-add products by focusing on higher-value markets and by-products
- Develop a large-scale farming area



#### New Growth Areas

- Explore higher-value markets and product segments
- Establish a distribution centre and commission new Logistics business



#### Financial & Capability Building

- Enhance labour strategy to Recruit and Retain
- Promote cost optimisation throughout business operations
- Improve talent management and develop internal capabilities

The BP25 has been established based on a comprehensive assessment of where we stand now, understanding our current and future challenges as well as identifying the opportunities that are present now and in the future.

In the Plantation Sector, the business and its operations are subject to a range of external factors that can significantly impact performance, as the events of the past two years have demonstrated. Nevertheless, we remain committed to get the basics right, innovate and ensure good labour and agricultural practices to maximise production, which will help mitigate any potential headwinds.

In the Sugar Sector, the high input cost environment is expected to persist. Besides the strategic hedging of raw sugar, currency and crude oil, the main focus will be on ramping up the productivity of the refinery at MSM Sugar Refinery (Johor) Sdn Bhd and ensuring the reliability of other refineries, while also growing our sales channels.

As for the Logistics & Others Sector, each of FGV's businesses will be supported with greater opportunities for growth going forward as economies are now operating at more robust levels compared to the pandemic period.

Regarding the food industry, we recognise its significance, durability and opportunities, especially as populations continue to grow and countries seek to establish greater levels of food security. In Southeast Asia, the foods segment is expected to grow at a CAGR of 18.3% up to 2027, while in Malaysia, growth will be at a CAGR of 7.9% up to 2027, reaching a value of USD51.1 billion in 2023. The focus will therefore be on the fresh produce, animal feed, dairy and cooking ingredients categories<sup>1</sup>.

<sup>1</sup> Source: Statista, March 2023





## Business Strategy

### BUILDING A NEW CORE

As part of our business strategy, FGV has begun exploring a new focus area driven by our aim to Deliver Sustainable Foods and Agriproducts to the World. We are building up our capabilities in the food value chain to create higher value-add products and unlock synergies present within the Group. Through this endeavour, FGV will be able to grow, deliver value to its stakeholders and set the foundation for more sustainable growth.

In this context, we have set our sights on two domains, Consumer Products & Integrated Farming. Within these two areas, we have narrowed down our interest to three segments, namely FMCG, Fresh Produce and Industrial Products. While we already have certain products on the market, we believe that there are still many opportunities to meet the needs of consumers. There is also an element of national interest in what we do as we seek to support the country's National Agrofood Policy 2.0 (NAP 2.0) and help to increase self-sufficiency rates for selected food items.



In the year under review, we continued to build and expand our capabilities in dairy products, fresh produce, and animal feed segments. For instance, we are harnessing the potential of our flagship brands such as Saji, Bright Cow, Ladang'57, and ALMA, as we seek to expand our product range and market position. In prioritising these key segments, we are helping to secure FGV's future and also expanding our influence across the agribusiness value chain by providing locals with opportunities to participate in the food supply chain. Moreover, we are optimising margins via circular economy business activities within the Group and value chain.

### Consumer Products

At FGV, our priority is to lay the foundation for a strong commercial business while exploring new opportunities to expand and grow within domestic and export markets. We aim to be an innovative consumer product player that creates high-value products for all walks of life. Furthermore, we are exploring the possibility of creating new brands in new market segments.

In the high-demand household products and cooking ingredients segment, we conduct ongoing research and development while staying attuned to our customer's evolving needs. These engagements will help us determine the optimal distribution strategy to increase the visibility and availability of our products in the market.

In 2022, we launched Saji Beras Basmathi & Aroma and tested our presence in key hypermarkets to ascertain how receptive consumers were to our products. We have plans to aggressively expand our market distribution and we are confident that by extending our reach and building greater awareness and brand equity for our products, we can grow this business further and position ourselves as a leading consumer products player in the market.



Introducing Saji Beras Aroma, FGV's latest product on the market that was launched in 2022.

More information on the Saji brand can be found under Plantation Business Review on page 59.

### Integrated Dairy Farming

We take great pride in the production of fresh and high-quality dairy products, which are crafted under the Bright Cow brand. Our fully integrated dairy production facilities enable us to specialise in the production of fresh milk, cheese, yoghurt, and kefir, ensuring that our customers receive only the finest dairy products. Our milk comes from Holstein Friesian and Jersey breeds, which we carefully manage and breed. Our commitment to excel in dairy farming practices and product quality has helped us establish ourselves as a reputable and trustworthy dairy producer.

## Business Strategy



*Treat your taste buds to a delectable experience with our wide range of rich and creamy dairy products.*

In the year under review, FGV has grown its dairy business to a level that will allow us to compete effectively from both a production and distribution viewpoint. Firstly, we completed the expansion of the Linggi fresh milk processing plant, increasing its production capacity from 4,200 litres per day to 30,000 litres per day. To support this increase in production, FGV has also expanded its market reach by distributing its products to 369 additional retail outlets, mainly stores under the Giant and Mydin supermarket chains.

We have also grown our partnerships through a collaboration with Gigi Coffee, a local coffee company, to supply 40,000 litres of fresh milk per month. This partnership aligns with FGV's strategic plan to expand its presence in the Hotel, Restaurant, and Cafe (HORECA) sector.

To further strengthen our capabilities, FGV has entered into a conditional shareholders' agreement with Baladna Q.P.S.C. and Touch Group Holdings Sdn Bhd to establish an integrated dairy farm business within an area of 3,259 Ha in FGV Chuping Agro Valley (FCAV) located in Chuping, Perlis. This venture is a springboard for FGV to become one of the world's leading integrated and sustainable agribusinesses, positioning the Company in a growing milk and dairy industry and strengthening its presence in the food segment.

The project is also aligned with FGV's long-term plan to position FCAV as one of the leading agro-valley hubs in Malaysia. It aims to deliver sustainable value for stakeholders and improve living conditions for the local community while addressing food security concerns in the country.

### Fresh Produce

Through our Ladang'57 brand, we produce fresh and high-quality agricultural products on a large scale through intercropping farming and contract farming. Our range of products comprises MD2 pineapples, Cavendish bananas, Harumanis mangoes, and sweet corn. In addition to our fruit and vegetable products, we also specialise in large-scale fragrant rice paddy farming via a Fortified Field contract farming model. Our fully integrated, high-tech rice production system ensures that we produce the best quality Malaysian Fragrant Rice (MRQ76), from seed to processing, for our customers.

Throughout the year, we continued to strengthen our position by expanding our fresh produce business. To complement our current offerings, we successfully introduced imported potatoes, frozen meat, and artichokes. Despite being a trial import, the higher sales volume of 711 MT compared to 186 MT in 2021 has encouraged us to expand our reach and explore new markets further.





## Business Strategy



*Experience the freshness of our products that are nurtured through internal development and strong partnerships.*

To harness the full potential of the agricultural land that FGV owns, we have expanded the planting area and developed new areas for MD2 pineapples, Cavendish bananas, and grain corn. We have also increased the supply of MD2 pineapples and sweet corn through the appointment of five contract farmers. In addition, we have established two Collection, Processing and Packaging Centres (CPCC) in Selayang and Glenmarie, catering for cash crop trading, processing, and production.

In terms of livestock products, we collaborated with FELDA via *Projek Pembangunan Perneroka* and *Program Pembasmian Kemiskinan Tegar* to establish contract farming arrangements for the supply of native chickens to the market. We distribute the chicken products under the Ladang'57 brand to Mydin outlets in the Klang Valley and AEON BiG outlets nationwide. AEON BiG is also onboard as one of our marketing and distribution partners to help make the National Food Security Agenda a success.

For our rice products, FGV introduced its Horeca Malaysian Fragrant Rice for restaurants, cafes, hotels, and caterers. We understand that in the HORECA industry, the quality of the food is of utmost importance, which is why we strive to provide the best quality rice. In the year under review, we also improved Standard Operating Procedures (SOPs) and optimised costs in the upstream and milling operations of the paddy business.

### Animal Feed

The animal feed, minerals and additives produced under the ALMA brand for livestock and poultry utilise Palm Kernel Expeller (PKE), a by-product of the palm oil industry, as our main ingredient to ensure responsible and sustainable use of this resource. Our products are formulated for beef and dairy cattle, goats, poultry, and rabbits, providing essential nutrients for optimal growth and health. This commitment to sustainability and quality has helped us develop a reputation as the preferred choice for farmers and livestock producers.

In the year under review, FGV launched high-quality native chicken feed to support the National Food Security Agenda and NAP 2.0. The feed was formulated together with BERNAS and uses by-products from local paddy and rice factories as part of the waste-to-wealth initiative. This will reduce production costs by about 10% through the replacement of imported grain corn components. An estimated 30,000 MT of by-product materials will be used annually to produce ALMA native chicken feed.



*FGV produces quality animal feed and additives for healthy livestock.*

## Business Strategy

Meanwhile, our *Kilang Makanan Ternakan* facilities in Kapar and Bukit Sagu have been commissioned and are equipped to support our PKE business by offering repackaging and jumbo packaging services. These facilities are particularly useful during peak periods between March and September when demand from the livestock and poultry industry is high. Our team of professionals is dedicated to ensure efficient and timely processing of PKE, and meeting the specific requirements of our customers in the industry.

### Outlook

Looking ahead, it will be a challenging year for the FMCG industry in Malaysia, as the impact of high inflation and the potential for further interest rate hikes may curtail consumer spending confidence. As such, it is imperative to implement strategic marketing initiatives that emphasise a deep understanding of both customers and consumers in meeting their demands and needs. In addition, to expand our customer base and ensure that our products are accessible to a wider audience, we will continue to develop a variety of distribution channels to test the market's responsiveness to our products.













































For our animal feed business, we will be introducing products such as PKE-modified, aquaculture feed and fodder, to help improve volumes and meet the evolving needs of our customers. These new products will be produced with the same commitment to quality and innovation that our customers have come to expect from us. We are also excited to venture into a new business using Black Soldier Fly larvae as an alternative source of protein.


Our dairy segment will focus on producing healthier products, such as acerola yoghurt, and diversifying into new products with a longer shelf life, such as Ultra High Temperature (UHT) milk and single-serve milk products. We are committed to using only the best quality ingredients and state-of-the-art production techniques to ensure that our products meet the highest standards of quality and freshness.

For our paddy business, we have implemented a plan to not only maintain our Fortified Field contract farmers, but also extend our agreements with them. This will help us to ensure a reliable source of rice and maintain a strong relationship with our farming partners. We are also focused on driving greater productivity through the enforcement of SOPs, equipping our farmers with the tools and resources they need and implementing best practices. We are committed to obtaining the MyGAP certification, which is a certification that ensures agricultural products are grown, harvested, and handled in a safe and sustainable manner. This certification will help us improve the quality of our products and also open up more opportunities in the international market.



## LINKING MATERIAL MATTERS TO RISKS AND STRATEGY

Material Matters	SDGs Alignment	Link to Key Risks	How We Responded in 2022
 <p><b>Upholding Human Rights &amp; Labour Standards</b></p>	   	 Labour Risk  Sustainability Risk	<ul style="list-style-type: none"> <li>Enhance stakeholder engagement by developing an effective and efficient communication plan.</li> <li>Revise and strengthen the Guidelines and Procedures for Responsible Recruitment and Employment of Migrant Workers by aligning our practices to international standards.</li> </ul>
 <p><b>Operational Excellence</b></p>	 	 Trading Risk  Market Risk  Sustainability Risk  Cyber Security Risk	<ul style="list-style-type: none"> <li>Strengthen the implementation of Good Agriculture Practices and Moisture Conservation Practices during replanting activities.</li> <li>Collaborate with educational institutions to provide upskilling and reskilling programmes for estate operations.</li> </ul>
 <p><b>Sustainability Certification</b></p>	   	 Sustainability Risk  Trading Risk	<ul style="list-style-type: none"> <li>Strengthen traceability information, aiming for 100% Traceability to Plantations.</li> <li>Develop and monitor RSPO certification action plan to be aligned with standard requirements.</li> </ul>
 <p><b>Governance, Ethics &amp; Integrity</b></p>		 Corruption Risk	<ul style="list-style-type: none"> <li>Enhance the Group's governance practices by instituting comprehensive and more stringent policies and procedures across the value chain.</li> <li>Promote a high integrity work culture.</li> </ul>
 <p><b>Occupational Health &amp; Safety</b></p>	 	 Regulatory Risk  Health & Safety Risk	<ul style="list-style-type: none"> <li>Reduce the rate of occupational accidents and diseases by adopting the latest National Occupational Safety and Health Master Plan.</li> <li>Provide effective communication on health and safety procedures to internal and external stakeholders.</li> </ul>
 <p><b>Climate Action</b></p>	   	 Climate Risk	<ul style="list-style-type: none"> <li>Pledge to reduce GHG emissions in accordance with the SBTi and net zero ambition.</li> <li>Conduct Energy Audits by analysing energy patterns and utilisation rates.</li> </ul>
 <p><b>Traceability, Responsible Sourcing &amp; Supply Chain Management</b></p>	   	 Trading Risk  Market Risk  Sustainability Risk  Cyber Security Risk	<ul style="list-style-type: none"> <li>Improve the efficiency of supply chain management, aiming at reducing operating costs.</li> <li>Strategic sourcing with better negotiated transactions and improved internal processes.</li> </ul>

 More information on the Group's Key Risks (indicated by red icons) can be found in the Statement on Risk Management and Internal Control on pages 161 to 169.



## Linking Material Matters to Risks and Strategy

	Link to Strategic Thrusts	Capitals Impacted
<ul style="list-style-type: none"> <li>Establish one-stop centres in Malaysia, India and Indonesia to strengthen our recruitment of migrant workers.</li> <li>Conduct due diligence on the appointment of recruitment agencies through a pre-sourcing mechanism to evaluate the agencies' commitment to labour and human rights.</li> <li>Continue to monitor FGV's operations to address any risk of forced labour practices through the grievance and whistleblowing mechanisms.</li> </ul>	 Financial & Capability Building  Operational Improvement	 Human  Social & Relationship
<ul style="list-style-type: none"> <li>Replication of model estates, mills and rubber factories that promote 5S practices among our workforce at the operations.</li> <li>Employed Lean Six Sigma which provides a comprehensive approach to process improvement.</li> <li>Improve the collection process and ensure plants and mills are managed efficiently</li> <li>Hedges on forward sales and purchases of raw materials to mitigate price risk exposures.</li> </ul>	 Operational Improvement  Product & Market Penetration  New Growth Areas	 Natural  Manufactured  Intellectual
<ul style="list-style-type: none"> <li>Engagement and collaboration with key stakeholders to address issues related to sustainability.</li> <li>Enforce and monitor supplier compliance following the Group Sustainability Policy requirements.</li> <li>Promote sustainable growth and income generation through our ISCC compliant operations.</li> </ul>	 Operational Improvement  Product & Market Penetration	 Social & Relationship  Manufactured  Human
<ul style="list-style-type: none"> <li>Conduct training and raise awareness on governance, integrity and ethics to heighten governance standard, such as:               <ul style="list-style-type: none"> <li>Governance and Integrity Training and Awareness.</li> <li>Anti-Bribery Internal Audit.</li> <li>Enhancement of Integrity Awareness Modules.</li> <li>Enhancement of Corporate Governance and Business Integrity to FGV Anti-Corruption Plan.</li> </ul> </li> </ul>	 Financial & Capability Building	 Financial  Social & Relationship  Human
<ul style="list-style-type: none"> <li>Conduct Health and Safety Audits such as incorporating Safety Culture Maturity Model into our business framework.</li> <li>Promote OSH Vision Zero to cultivate an injury-free workplace and its #GOHOMESAFE Programme to reduce the number of incidents in FGV's operations.</li> <li>Organise HSE training for FGV employees, particularly for those with higher exposure to hazardous risk to embed a safety culture within FGV operations.</li> </ul>	 Financial & Capability Building  Operational Improvement	 Human  Social & Relationship
<ul style="list-style-type: none"> <li>Developed a Groupwide Climate Action Plan to promote sustainability efforts and execute climate action programmes at the operational level.</li> <li>Identify and develop action plans to improve transparency and disclosures on sustainable and responsible practices.</li> </ul>	 Financial & Capability Building  Operational Improvement	 Natural  Social & Relationship
<ul style="list-style-type: none"> <li>Conduct familiarisation sessions with suppliers to align with the Group Sustainability Policy's requirements and practices.</li> <li>Ensure all raw materials are procured from sustainable sources aligned with our Group Sustainability Policy commitments.</li> <li>Introduce a series of supplier agreements to ensure that our suppliers comply with the Supplier Code of Conduct policies.</li> <li>Implement the required monitoring mechanism to achieve complete traceability throughout the supply chain.</li> </ul>	 Financial & Capability Building	 Natural  Manufactured  Intellectual



# VALUE CREATION **IS THE BEDROCK OF OUR BUSINESS**

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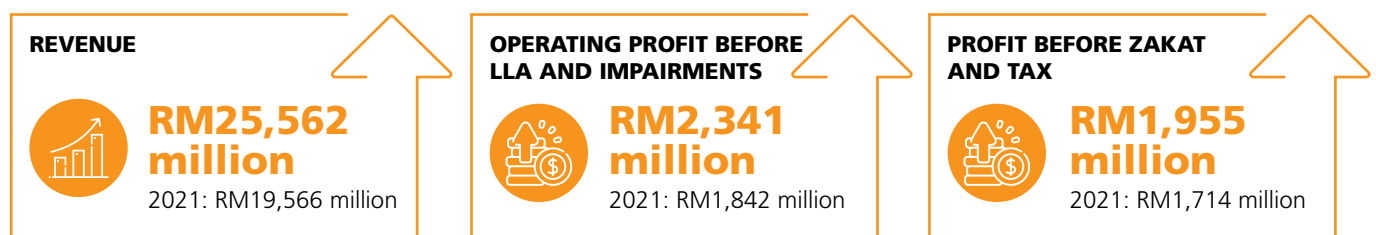
## GROUP FINANCIAL REVIEW

### PERFORMANCE SUMMARY

The Group achieved another historic high revenue and profit for the financial year ended 2022, beating our performance in 2021 thus, delivering our best results since our listing. Revenue surged by 31% to RM25.56 billion in 2022 from RM19.57 billion in 2021, while Profit After Tax and Minority Interest (PATAMI) increased by 14% to RM1.33 billion compared to RM1.17 billion in 2021. The stellar performance came on the back of higher average Crude Palm Oil (CPO) price realised and increased palm product prices.

The strong results were also contributed by the increase in throughput and tonnage carried by our Logistics & Others (LO) Sector, and increased contribution from joint ventures as a result of improved performance and a one-time gain from a disposal of its subsidiary. The results, however, were partially offset by losses incurred in the Sugar Sector, stemming from higher production costs.

The average CPO selling price achieved by the Group was RM4,832 per MT compared to RM3,671 per MT in 2021. This increase was driven by various factors, including the prolonged Russia-Ukraine conflict, labour shortages, lower palm production and softer supplies of other vegetable oils.



### SECTOR FINANCIAL POSITION



Our plantations are where it all begins, from seed to harvest.



#### Plantation

Our Plantation Sector recorded significant improved profit of RM2,118 million compared to RM1,602 million in 2021. The stronger performance was mainly attributable to higher average CPO price realised, improved margins in downstream and fertiliser businesses as well as improved share of profit from a joint venture. The increase was partially offset by a higher fair value charge of the Land Lease Agreement (LLA) amounting to RM352.87 million compared to RM3.98 million registered in 2021.

#### Revenue

**RM22,573 million**

2021: RM16,920 million

#### Profit Before Tax

**RM2,118 million**

2021: RM1,602 million



Gula Prai, the flagship brand for our sugar products.



#### Sugar

Our Sugar Sector registered a loss of RM177 million compared to RM86 million profit in 2021. The Sector's performance was adversely affected by margin compression, mainly due to high input costs and the weakening of the Malaysian Ringgit despite higher revenue recorded on the back of higher overall average selling price.

#### Revenue

**RM2,566 million**

2021: RM2,260 million

#### Profit/(Loss) Before Tax

**(RM177 million)**

2021: RM86 million



The LO Sector keeps our operations running smoothly.



#### Logistics & Others

Our LO Sector's profit continued to improve to RM104 million from RM90 million registered in 2021. The increase was mainly contributed by the higher volume of premium oils and throughput handled, as well as higher tonnage carried in 2022. However, the profit was offset by losses incurred by the Others Division due to impairments.

#### Revenue

**RM389 million**

2021: RM363 million

#### Profit Before Tax

**RM104 million**

2021: RM90 million



## Group Financial Review

The Group's total assets in 2022 increased marginally to RM18,111 million from RM17,956 million registered in 2021. The increase was attributed to a 23% rise in inventories resulting from higher prices and volumes. Total liabilities reduced by 5% due to the decrease in total borrowings by 24%, but was partially offset by a 36% increase in payables. Included in the payables was a provision for compensation of recruitment fees amounting to RM112 million. The provision was part of the Group's remediation plan for its existing and former migrant workers. The effort is also done to ensure that FGV's workers are free from forced labour and exploitative practices and is aligned with the Group's No Recruitment Fees policy.

Total equity for the Group in 2022 stood at RM7,885 million, an increase of 10% from RM7,187 million registered in the previous year. The Group's total cash balance as at 31 December 2022 decreased by 31% to RM1,397 million from RM2,032 million recorded in 2021. This was due to higher net cash used in investing and financing activities of RM724 million and RM2,173 million respectively which included payment of dividends to shareholders and non-controlling interests of RM549 million, loan and LLA repayment to FELDA of RM777 million.

In 2022, the gearing ratio improved to 0.39 times from 0.56 times in 2021 due to lower borrowings and improved total equity as a result of higher profits. Meanwhile, the liquidity ratio decreased to 1.17 in 2022 from 1.22 recorded in 2021 due to increase in payables and reclassification of loan due to FELDA to current liability. This is in relation to final settlement to be made in 2023.

The Group recorded a better net asset per share of RM1.71 compared to RM1.49 in 2021, while earnings per share also increased to 36.4 sen from 32.0 sen in the previous year, in tandem with the Group's improved results.

The Group registered a higher effective tax rate due to provisions for *Cukai Makmur* (Prosperity Tax) of approximately RM107 million and lower utilisation of business losses brought forward in 2022.

In light of FGV's improved performance, the Board of Directors approved a total dividend payout of 15 sen per share for 2022 amounting to RM547 million, the highest payout since 2014. The interim dividend of 4 sen was paid on 29 September 2022, while the final dividend of 11 sen per share was paid on 13 April 2023.

### Key Financial Highlights

	2022	2021
Cash and Cash Equivalents (RM million)	<b>1,397</b>	2,032
Total Borrowings (RM million)	<b>3,059</b>	3,998
Liquidity Ratio (times)	<b>1.17</b>	1.22
Gearing Ratio (times)	<b>0.4</b>	0.6
Earnings Per Share (sen)	<b>36.4</b>	32.0
Dividend (sen)	<b>15</b>	8



From left • Chew Tong Lai - Head, Group Procurement • Daniel VC Lee - Group Information Officer • Aznur Kama Azmir - Group Financial Controller • Dato' Mohd Hairul Abdul Hamid - Group Chief Financial Officer • Manvinder Singh - Group Tax Controller • Shahrul Azman Mohd Mokhtar - Group Treasurer • Nor Marhamah Yahya - General Counsel

## Group Financial Review



### FINANCIAL OPERATIONAL HIGHLIGHTS

FGV Shared Service Centre Sdn Bhd implemented Finance Business Process Re-Engineering for estates and regions, which aims to standardise and digitalise invoice and payment processing. This will help to accelerate the closing process, allowing subsidiaries to streamline their financial operations and achieve greater efficiency, accuracy and consistency in financial reporting.

In addition, the scope of intelligent Robotic Process Automation (iRPA) is expanded to include medical invoice verification and Personnel Administration processing, seamlessly integrating these tasks to improve the efficiency and productivity of the finance shared services function. The iRPA process aims to reduce repetitive tasks to increase operational capabilities and create a more efficient workflow.

### PROCUREMENT

FGV has become more vigilant in procurement spending and has introduced measures to minimise leakages since 2021, resulting in improved processes and negotiation strategies. The Group continued with this effort in 2022 and exceeded the 2022 stretch target by achieving 131% or RM157.27 million in savings, despite the COVID-19 pandemic that reduced procurement activities. Moving forward, we will continue to rigorously monitor our procurement expenditures as part of our approach to lower our operating costs.

**THE REALISED SAVINGS OF RM157.27 MILLION REPRESENTED A COST REDUCTION OF 16% COMPARED TO THE BUDGET.**



### OPERATIONAL EXCELLENCE

- **Procurement Process Digitalisation**

We implemented several eProcurement system improvements, process governance and control, and database integration within the existing Enterprise Resource Planning (ERP) system. This digitalisation initiative was to enable automation, improve turnaround time, enhance data quality and increase process transparency, which helps streamline the end-to-end procurement paperless cycle.

### OUTLOOK

Looking ahead, from a global perspective, the balance of risks is tilted to the downside as geopolitical tensions and elevated inflation weigh on growth prospects. Domestically, the Malaysian economy is expected to record moderate growth of 4.5% in 2023, supported by domestic demand. However, inflation is expected to remain elevated and exports are expected to slow down. In addition, CPO prices are forecaste to remain high as a result of the tight labour market and the prolonged Russia-Ukraine conflict, which could benefit FGV.

Overall, the Group will continue to seek ways to improve its operational efficiency and will implement cost optimisation initiatives to manage rising costs across all Sectors. The Plantation Sector, in particular, will continue to mechanise and drive its replanting programme to ensure higher productivity in the estates and mills. We also anticipate that revenue will start flowing in from the new focus area in the next few years.

On the labour practices front, we expect our Withhold Release Order (WRO) suspension to be modified in due course, having initiated all the necessary steps to address the matter and expect to submit a final report to the United States (US) Customs and Border Protection (CBP) in the near future.





## Group Financial Review

### EXTRACT OF STATEMENT OF PROFIT OR LOSS

	2022 RM'000	2021 RM'000
Revenue	25,561,543	19,565,891
Operating profit	1,906,655	1,778,776
Profit before zakat and taxation	1,955,223	1,713,980
Profit for the financial year	1,268,601	1,175,578
Profit Attributable to:		
Owners of the Company	1,329,226	1,167,874
Non-Controlling Interests	(60,625)	7,704
	1,268,601	1,175,578

### EXTRACT OF STATEMENT OF FINANCIAL POSITION

	2022 RM'000	2021 RM'000
Property, Plant and Equipment	7,727,964	7,674,392
Interests in Joint Ventures and Associates	631,043	519,788
Other Non-Current Assets	3,690,187	3,885,779
<b>Non-Current aAssets</b>	<b>12,049,194</b>	<b>12,079,959</b>
Current Assets Excluding Cash	4,664,326	3,844,769
Deposits, Cash and Bank Balances	1,397,106	2,031,666
<b>Current Assets</b>	<b>6,061,432</b>	<b>5,876,435</b>
<b>Total Assets</b>	<b>18,110,626</b>	<b>17,956,394</b>
<b>Capital and Reserves</b>		
Equity Attributable to Owners of the Company	6,231,657	5,420,601
Non-Controlling Interests	1,653,028	1,765,917
<b>Total Equity</b>	<b>7,884,685</b>	<b>7,186,518</b>
Borrowings	3,058,960	3,998,162
LLA Liability	3,680,354	3,804,790
Other Non-Current Liabilities	951,749	976,566
Other Current Liabilities	2,534,878	1,990,358
<b>Total Liabilities</b>	<b>10,225,941</b>	<b>10,769,876</b>
<b>Total Equity and Liabilities</b>	<b>18,110,626</b>	<b>17,956,394</b>

## Group Financial Review

### EXTRACT OF STATEMENT OF CASH FLOWS

	2022 RM'000	2021 RM'000
Operating Profit Before Working Capital Changes	3,249,029	2,554,567
Changes in Working Capital	(504,310)	(401,901)
<b>Cash Generated from Operation</b>	<b>2,744,719</b>	<b>2,152,666</b>
Finance Income	26,256	22,728
Taxation and Zakat Paid	(538,821)	(229,419)
Retirement Benefit Paid	(5,646)	(4,089)
<b>Net Cash Generated from Operating Activities</b>	<b>2,226,508</b>	<b>1,941,886</b>
<b>Net Cash Used in Investing Activities</b>	<b>(723,853)</b>	<b>(569,263)</b>
<b>Net Cash Used in Financing Activities</b>	<b>(2,173,340)</b>	<b>(1,087,941)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(670,685)</b>	<b>284,682</b>
Effect of Foreign Exchange Rate Changes	32,777	17,052
Cash and Cash Equivalents at Beginning of Financial Year	1,967,191	1,665,457
<b>Cash and Cash Equivalents at End of Financial Year</b>	<b>1,329,283</b>	<b>1,967,191</b>
<b>Deposits, Cash and Bank Balances</b>	<b>1,397,106</b>	<b>2,031,666</b>
Less: Restricted cash	(67,823)	(64,475)
<b>Cash and Cash Equivalents at End of Financial Year</b>	<b>1,329,283</b>	<b>1,967,191</b>



## Group Financial Review

### STATEMENT OF VALUE ADDED

	2022 RM'000	2021 RM'000
Revenue	25,561,543	19,565,891
Direct & Indirect cost	(14,281,053)	(10,140,761)
Purchase of FFB from settlers	(6,770,968)	(5,333,216)
<b>Value Added from Operations</b>	<b>4,509,522</b>	<b>4,091,914</b>
Other Operating Income	152,783	95,113
Other (Losses)/Gains	(39,267)	87,959
Share of Results of Joint Ventures & Associates	148,822	39,409
Finance Income	26,256	22,728
<b>Total Value Added</b>	<b>4,798,116</b>	<b>4,337,123</b>

### STATEMENT OF VALUE DISTRIBUTED

	2022 RM'000	2021 RM'000
<b>Employees</b>	<b>1,985,493</b>	<b>1,720,201</b>
<b>Government and Society</b>	<b>699,365</b>	<b>549,141</b>
<b>Providers of Capital</b>		
Dividends to Owners of the Company	437,778	109,445
Finance Cost	126,510	126,933
Non-Controlling Interest	(60,625)	7,704
Reinvestment	1,609,595	1,823,699
<b>Total Value Distributed</b>	<b>4,798,116</b>	<b>4,337,123</b>

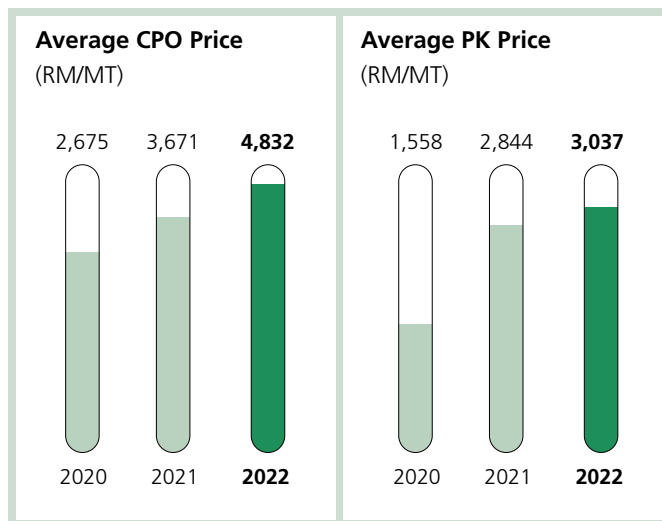
## GROUP BUSINESS REVIEW

### PLANTATION

FGV's Plantation Sector delivered a very strong year of financial performance on the back of record high palm product prices in 2022. Despite the increase in overall production costs across the Sector and further exacerbated by the shortage of plantation workers, the Sector has managed to deliver a remarkable result in 2022, recording a profit of RM2.12 billion, denoting a 33% increment as compared to RM1.60 billion in 2021.



*Straight from the plantation, our fresh fruit bunches are ready for processing.*



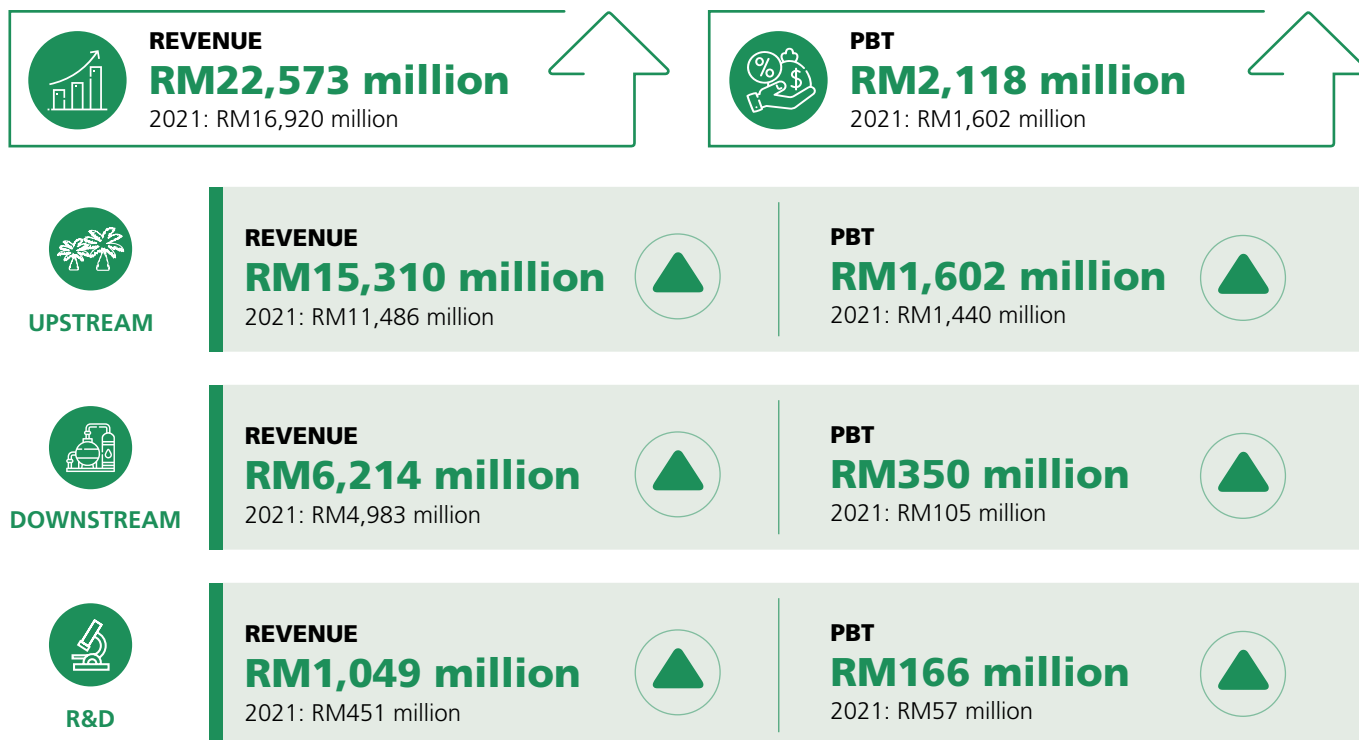
In the year under review, we amplified our focus on strengthening Upstream operations to achieve our operational targets in tandem with replanting and mechanisation initiatives to improve productivity. In addition, we intensified recruitment activities to address the labour shortages hampering the plantation industry.

Our Downstream business continued to grow in strength, making headway in international markets, reaffirming its market leadership in the Saji and Seri Pelangi brands and launching new Stock Keeping Units (SKUs) to meet market needs. The research arm strengthens the Sector by fully committing to develop and improve technologies and innovative approaches, to be applied in our operations through our Research & Development (R&D) Division. We are actively focused on growing operational robustness as well as creating new opportunities. The other Divisions in the Sector continued to implement the Group's strategies and contributed positively to our performance this year.



## Group Business Review

### FINANCIAL PERFORMANCE



During the year under review, the Plantation Sector witnessed a remarkable surge in profitability, with profits soaring from RM1,602 million in 2021 to RM2,118 million in 2022. The principal driver of this impressive growth was the substantial 32% increase in the average CPO price realised at RM4,832 per MT from RM3,671 per MT in the previous year. In addition, the Sector recorded a notable 19% increase in sales volume, further contributing to the rise in profits. However, the impressive performance was partially offset by the increase in CPO cost ex-mill, which rose from RM1,801 per MT to RM2,182 per MT, mainly due to the increase in the price of fertiliser as well as energy and manpower costs.

The Downstream Division reported higher overall margins from all businesses, including the oleochemical segment, which saw increased demand in the personal care industry and further penetration in higher margin accounts. The increase in commodity prices and the higher sales volumes in the oils & fats and biodiesel businesses also contributed to the higher margins. Contributions from the R&D Division continued to improve, driven by higher margins from the fertiliser and seed businesses, together with a higher volume sold.



Standing first rows from left • Anuar Abdul Talib - CEO, FGV Rubber Industries Sdn Bhd • Hj Abu Samah Sulaiman - Head, Renewable Energy Division • Mohd Aris Omar - Head, Plantation Engineering • **Mohd Sarian Md Shahid - Group Divisional Director, Plantation Sector & Head, Upstream Division** • Roslizam Shaari - Head, HR Plantation Sector • Mazatul Aishah Aziz - Head, Corporate Affairs • Shahril Ibrahim - Group Accountant, Plantation Sector  
Standing second rows from left • Mohd Azam Si Rajab - CEO, FGV Trading Sdn Bhd • Zarif Zainul - Head, Field Workforce & Settlers Engagement • Rahimi Hissan Wahid - CEO, FGV Plantations (Malaysia) Sdn Bhd (FGVPM) • Abdul Malik Sekak - CEO, FGV Palm Industries Sdn Bhd • Zulkifli Othman - Head, Downstream Division & Business Development and Officer-In-Charge of Head, Marketing & Trading Division • Romzi Ishak - Head, R&D Division



## Group Business Review

### OPERATIONAL PERFORMANCE

#### UPSTREAM

##### Overview

In our Upstream Division, we manage a total landbank of 439,051 Ha with a planted area of 334,075 Ha across Malaysia and Indonesia. We are among the world's leading global CPO producers, accounting for 4% of world production from our 67 mills, all located in Malaysia. The Division also has ready access to Yangambi ML161, a good planting material with high yield potential.

Landbank (Ha)	2020	2021	2022
<b>Malaysia</b>			
• Peninsular	252,543	252,451	<b>252,606</b>
• Sabah & Sarawak	164,154	163,856	<b>163,866</b>
<b>Indonesia</b>			
• Subsidiary	22,578	22,578	<b>22,578</b>
• Joint Ventures (JVs)	42,824	–	–
<b>Total landbank (excluding JVs)</b>	<b>439,275</b>	<b>438,885</b>	<b>439,051</b>
Planted areas (oil palm)			
• Immature	59,842	56,660	<b>51,268</b>
• Mature	275,562	279,655	<b>282,807</b>
<b>Total planted areas (oil palm)</b>	<b>335,404</b>	<b>336,315</b>	<b>334,075</b>



<sup>1</sup> Based on the mature area following the completion of the rehabilitation.

\* Based on the latest restated amounts.



## Group Business Review

During the year under review, we achieved total FFB production of 3.99 million MT, representing a slight increase from the previous year, while our FFB yield improved from 14.40 MT per Ha to 14.57 MT per Ha. The improvement was contributed by the better yield from our old and prime areas and increased labour productivity as a higher number of workers arrived at the end of 2022. The yield was also calculated based on the mature area after completing rehabilitation.

FFB processed during the year jumped by 9% to 14.25 million MT, contributed by higher crop production from Federal Land Development Authority (FELDA) settlers and external sources. Of the total FFB processed of 14.25 million MT, 28% was produced internally, while 45% and 27% were sourced from FELDA settlers and third parties, respectively. This led CPO production to increase by 8% to 2.90 million MT in 2022.

Although production improved, our CPO cost ex-mill stood at RM2,182 per MT, an increase of 21% mainly due to the global increase in material costs such as fertiliser, as a result of the Russia-Ukraine conflict, the implementation of minimum wages in May 2022 and additional costs associated with the recruitment of new migrant workers.

The Oil Extraction Rate (OER) for 2022 experienced a slight decline, dropping to 20.35% caused by the labour shortages in the early part of the year, resulting in longer harvesting intervals and inadequate collection of loose fruits. This also led to an increase in overripe bunches. Nevertheless, it was still above the industry average of 19.70%. Meanwhile, our Kernel Extraction Rate (KER) increased slightly to 5.06% from 5.04% recorded in the previous year.

Replanting continues to be the Group's main priority as it helps to maintain productivity at an optimal level and the sustainability of our plantations. During the year under review, the Group completed felling of 10,858 Ha. The total replanted, however, stood at 3,232 Ha only due to the rescheduling of planting to match seedling readiness and the retendering of the contract to new vendors for a long-term replanting project. The labour shortages faced by the estate and contractors further exacerbated the situation. In improving our replanting programme, we will use new planting materials and implement new technology and modernisation in replanting during the immature stage.



### Total Replanted Area

**3,232 Ha**

2021: 5,342 Ha

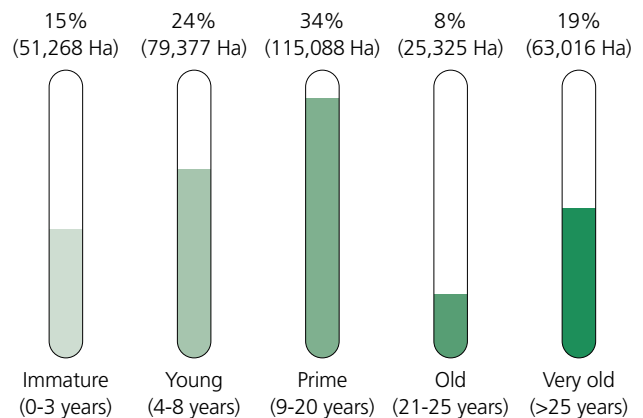


### Average Oil Palm Age Profile

**13.65 years**

2021: 14.25 years

### Oil Palm Area by Age Profile



Mechanisation is a key component in FGV's productivity improvement initiatives as it helps to reduce costs and dependency on migrant workers. In 2022, 21,403 Ha were mechanised using Mechanical Assisted Collection Transport (MACT) which were originally under the contract area and managed by external transports. This year, we expanded the Mechanical Assisted Infield Collection (MAIC) programme to cover the hilly terrace area, which spans 4,309 Ha by implementing the use of a power barrow to assist the carriers in crop evacuation, in contrast to the previous year when we focused on flat and undulating areas.

### Mechanisation Areas



#### MACT Total Areas:

**21,403 Ha**

2021: 7,320 Ha

#### MAIC Total Areas:

**4,309 Ha**

2021: 30,391 Ha

FGV continues to intensify its recruitment of plantation workers as labour shortages remain a key risk in plantation operations. Our Recruit, Retain and Repatriate labour strategy will focus on expanding our recruitment hubs in Indonesia for migrant workers, ensuring better livelihoods for our plantation workers and striving for stronger retention rates. In 2022, the Group's efforts to recruit plantation workers were fruitful, with an influx of more than 10,000 workers of whom 8% were local recruitment. This brought the plantation workforce to 29,929 workers at the end of 2022 in comparison to the requirement of 34,000 workers, bringing our labour shortage down to 13% from 32% the year before.

## Group Business Review

### Outlook

The outlook for the plantation industry is driven by global demand for agricultural commodities which is expected to heighten over the coming years as the population and incomes grow, thereby increasing demand for food, feed, and bioenergy. However, the industry also faces challenges such as climate change, resource constraints, and shifting consumer preferences for sustainable and responsible products.

Looking ahead, FGV's Upstream Division has well-defined targets and strategies that it aims to achieve in 2023 covering improvements in FFB yield, labour strategy, mechanisation, replanting and sustainability. In implementing the 25:23 (Yield:OER) project, we target a yield improvement of around 18% in 2023 by monitoring crop harvesting and mill efficiency at our estates, ensuring planting material is suitable for the respective planting sites, reducing pest and disease damage as well as implementing Good Agricultural Practices. We will also focus on maximising mill throughput to more than 95% by strengthening preventive maintenance programmes and replacing machines with new technology. Maximising oil recovery by increasing the recovery of oil in sludge collection pits and installing laminar tanks to improve the skimming of oil from Empty Fruit Bunch (EFB) juice will also help to improve oil yield.

In terms of labour, we will expand our recruitment hubs with the aim of achieving 110% worker strength in 2023. In addition to continuously improving living standards for our workers as stipulated in the regulations, we will be allocating an additional RM121 million for upgrading purposes.

We will also embarking further on mechanisation initiatives with the aim of improving the man-to-land ratio from 1:12 to 1:15 in the future. In strengthening our mechanisation efforts, we plan to take over an additional 20,000 Ha of external contract transport area for MACT and expand MAIC in hilly FFB areas with power barrows for FFB evacuation. The plan is to expand MAIC to an area of 104,244 Ha within a six-year spread and MACT to an area of 98,054 Ha within a five-year spread.

We will also be accelerating replanting to correct the age profile of our plantations with a target to replant around 20,000 Ha. We expect the age profile of our trees to be 10.2 years by 2025.

### DOWNSTREAM

#### Overview

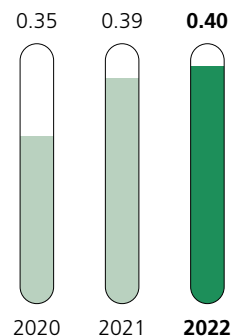
FGV's Downstream Division is primarily involved in the refining and manufacturing of palm-based food products and oleochemical operations. We offer a range of products in categories such as cooking oil, margarine, creamer, coconut milk and rice. We are a market leader in the palm cooking oil and margarine segments through our flagship brands; Saji and Seri Pelangi. Our operations are strategically located across Malaysia and in the US and we leverage the direct access we have with the Upstream Division to obtain our palm oil supply.

In 2022, we registered a higher sales volume in the oil & fats segment of 2% to 0.40 million MT, contributed by our competitive pricing strategy and the impressive growth of packed product volumes as we expanded our distribution network into new markets in Cambodia, Vietnam and North America. The decline in CPO prices towards the end of 2022 helped to improve the sales volume as well.

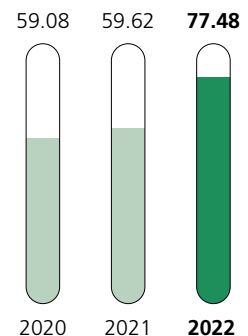
Based on independent market research conducted in 2022, our flagship brand, Saji, continued to be the most trusted brand in the cooking oil category as well as the Fastest Growing Brand of the decade. Our market share for refined palm cooking oil increased to 45.7% from 42.1% previously, while, Seri Pelangi also made improvements in its market share for the margarine category, standing at 43.9% from 41.3% in 2021. We commercialised five new SKUs during the year, including Saji 3 Kg Cooking Oil, Saji Beras Basmati & Aroma, Adela Tub with Sunflower Oil and Non-hydrogenated Margarine.

The sales volume for the biodiesel segment has also increased significantly by 30% to 77,479 MT from the surge in demand as the economy returned to normalcy. During the year, the Division actively focused on high-margin product portfolios in the oils & fats and oleochemical segments while driving operational efficiency through various inventory management strategies to cushion our margins from the impact of supply chain disruptions.

**Oils & Fats Sales Volume**  
(Million MT)



**Biodiesel Sales Volume**  
(000 MT)



**Saji Cooking Oil Market Share**

**45.7%**

2021: 42.1%



**Seri Pelangi Margarine Market Share**

**43.9%**

2021: 41.3%



## Group Business Review

### Outlook

Both challenges and opportunities exist in the oils & fats business as a result of competition from alternative oils, consumers becoming more health and sustainability conscious amid rising populations and increased demand overall for processed foods.

While the Malaysian economy is expected to record moderate growth in 2023, we expect it to be a tough year for the Fast-Moving Consumer Goods (FMCG) sector in Malaysia as inflationary pressures persist. Nevertheless, we will persevere with our market growth and product expansion initiatives, as well as operational excellence initiatives. This will include expanding our distribution networks by pursuing a regional distribution model in the Northern, Southern and Central areas of Peninsular Malaysia. We will also be introducing new cooking oil and premium cooking oil products.

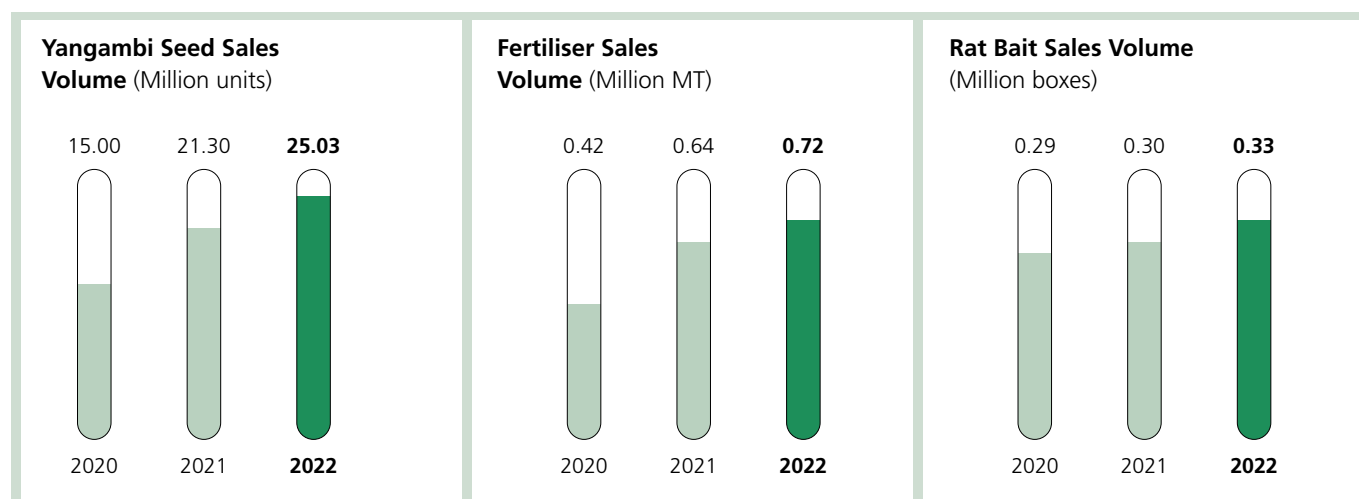
Globally, we will expand further into the Middle East and North Africa, as well as into North America, in line with the demand outlook and healthy margins in these markets. Operationally, we have determined a range of initiatives to drive better operational efficiency and increase operational cost savings to mitigate the ever-increasing costs of raw materials and utilities.

## RESEARCH & DEVELOPMENT

### Overview

FGV's R&D arm continues to be an important component of the Group's operations as it provides us with innovations and new technologies that help to improve productivity and efficiency. The secondary outcome of its activities is the commercialisation of the various applications and products it has created which add value to the Group from a revenue perspective. We own one of the largest oil palm research facilities in the region and we produce Yangambi ML161, an award-winning planting material that holds over 40% of domestic seed market share. Additionally, we have a fertiliser manufacturing capacity of 700,000 MT annually.

The R&D Division's products, which include Yangambi ML161 seeds, fertiliser and rat bait experienced a surge in demand in 2022, resulting in higher volumes sold. This boost in demand was supported by strong CPO prices and the plantation industry's shift towards more frequent and sustainable replanting activities. For instance, our fertiliser sales saw significant growth with a total of 0.72 million MT sold as we secured additional contracts in 2022.



In line with the broadening of FGV's focus, the R&D Division's efforts are being extended to support product development across the value chain and provide solutions for operational improvements and increased productivity. Our R&D focus areas include estate and mill modernisation and mechanisation, high-quality planting materials, crop diversification and the development of food and non-food products. Additionally, we have undertaken research initiatives aimed at supporting FGV's sustainability agenda, such as renewable energy, drought-tolerant planting materials, irrigation and slow-release fertilisers. To accelerate our research initiatives, we have formed partnerships with educational institutions with the objective of providing upskilling and reskilling training programmes for estate operations.

## Group Business Review

### Outlook

Moving forward, the R&D Division will continue to focus on ongoing initiatives, several of which have the potential to be commercialised, as well as adopting advanced technology to address labour shortages. The overarching aim is to maximise profitability and to generate new revenue streams through agriproducts, high-value crops and consumer products beyond oils & fats. The Division will also focus on introducing advanced technologies to address labour shortages, adapt automation and incorporate green and sustainable processes into our operations. Driven by FGV's three-year strategic plan that will take us to 2025, we are also committed to improve FGV's overall productivity through the 25:23 (Yield:OER) initiative where we target FFB yield of 25 MT per Ha and 23% OER for all mills by 2026.

### MARKETING & TRADING

#### Overview

In the Marketing & Trading Division, FGV's sales and trading of bulk oils business is one of the leading revenue contributors to the Plantation Sector. We are a one-stop centre for the sale of bulk products, providing end-to-end supply chain services and having an experienced team of traders that sell and trade over 2 million MT of CPO annually. We are experienced in managing shipments to an extensive list of ports globally in addition to facilitating ground transport for local buyers.

The Division recorded excellent sales of 3.83 million MT across all its products on the back of elevated commodity prices as a result of global concerns regarding supply in 2022. Although there was further volatility during the year, especially with the onset of the Russia-Ukraine conflict and Indonesia's policy changes, a higher trading margin was achieved as a result of a cohesive sales and trading strategy, and supply chain management.

#### Outlook

Trading in palm oil goods is expected to experience growth in the coming years due to increasing demand as populations grow. However, evolving government policies in response to food security needs or demand and supply concerns can pose a risk going forward. Consumers, who are the end users in the value chain, are also demanding more sustainable and eco-friendly products and are concerned about whether the products they buy are produced in an environmentally responsible manner.

To navigate this landscape, the Marketing & Trading Division will continue to strengthen its value chain and supply chain spectrum, as well as exploring capacity growth in destination markets. We will also continue to focus on enhancing our traceability practices to meet the market's growing concerns regarding sustainability.

### RUBBER

#### Overview

Our Rubber Division is a key player in Malaysia with 50 years of experience in the rubber business and a market share of about 18% backed by a production volume of 90,000 MT to 125,000 MT per annum. We are one of the top Technical Standard Rubber producers with five rubber processing facilities and one Latex Concentrate plant across ASEAN, as well as the sole producer of Green Rubber products in Malaysia.

Our major customers are tyre manufacturers and we also sell spot to traders. The Division has a total of six factories with four in Malaysia, one in Thailand and one in Cambodia, with a total combined installed capacity of 236,000 MT per annum.

Our rubber business is currently diversifying into the production of Green Rubber materials. Green Rubber is a modified Natural Rubber which has properties that can replace Synthetic Rubber in all types of tyres and engineering applications. This is in line with FGV's ambition of advancing into sustainable businesses and helps to reduce the usage of synthetic rubber, which is petroleum-based material. To boost this business, we are currently undertaking R&D processes for product quality improvements.

#### Outlook

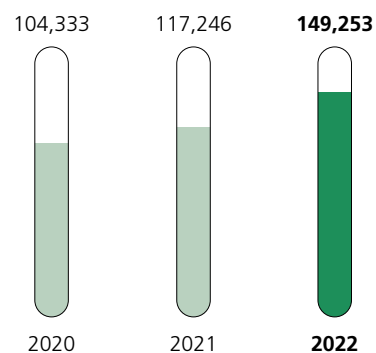
The outlook for the Rubber business is generally positive, as the demand for rubber continues to grow in a variety of industries, including automotive and healthcare. However, several headwinds remain, including the Russia-Ukraine conflict, the global economic slowdown and the shortage of semiconductors, which could dampen the recovery in the automotive and tyre industries, the largest consumers of rubber. As such, we have strategic initiatives in place that prioritise operational excellence, cost control, risk management, as well as market expansion through new collaborations and potential joint ventures.

### RENEWABLE ENERGY

#### Overview

The Renewable Energy Division is the key driver of the Group's waste-to-wealth business whereby biomass from our mills is used to produce biogas fuel for Feed-in-Tariff (FiT), local and rural grid connections, and Bio-Compressed Natural Gas (Bio-CNG) plant. As part of the FGV Group, we are the world's only palm oil plantation company with 28 biogas power plants and the first in the world to develop a commercial-scale palm-based Bio-CNG plant via a collaboration with the Malaysian Palm Oil Board.

**Total Carbon Emissions Avoidance**  
(MT CO<sub>2</sub>e)





## Group Business Review

In the year under review, the Renewable Energy Division continued to support the Group's commitment to the Science-Based Targets initiative (SBTi) and net zero ambition. Our biogas FiT power plants offer an efficient form of renewable energy through the conversion of biogas to bioenergy from Palm Oil Mill Effluent (POME), which reduces the emission of harmful methane gas to the atmosphere.

Besides its circular characteristics, this process embodies an ideal example of waste-to-wealth. In 2022, our total carbon emissions avoidance from our biogas power plants improved from 117,246 MT CO<sub>2</sub>e to 149,253 MT CO<sub>2</sub>e as a result of upgraded monitoring systems at the plants which were able to measure carbon emissions more accurately. A total of 53,025 MWh of electricity was exported to *Tenaga Nasional Berhad (TNB)* from our eight biogas FiT power plants. In addition, we completed the commissioning of the 2.0 MW Keratong 9 plant in Pahang which is now pending approval by the Sustainable Energy Development Authority (SEDA). The plant is expected to be commercially operated in 2023.

As part of the renewable energy initiative, we are currently negotiating with local manufacturers to supply EFB and shredded EFB as raw materials to produce EFB pellets. EFB pellets are an alternative renewable energy solution that converts agricultural waste into sustainable energy while reducing coal consumption, as well as carbon dioxide and methane emissions.

FGV has also embarked on producing Fortified Organic Fertiliser, which utilises our compost to produce higher value, less polluting fertiliser that could potentially contribute to saving in plantation fertiliser cost as well as reducing carbon emissions.

### Outlook

Overall, the outlook for renewable energy using plantation by-products is positive, as there is growing interest in renewable energy sources and a need to reduce dependence on fossil fuels. FGV has solidified its position as a leader in the Malaysian palm oil industry by effectively managing its by-products and developing a sustainable and efficient method for producing bioenergy. Through its Renewable Energy Division, FGV is committed in contributing to a cleaner and more sustainable future.

Going forward, the Division will continue to drive efforts to maximise the utilisation of waste products from our mills. We will also support FGV Group's decarbonisation efforts through secondary product sales and supplying biogas fuel to FiT and Bio-CNG projects, as well as EFB oil recovery projects via Build, Own, Operate (BOO) arrangements with the ultimate goal of increasing our revenue over the long run.



More information on Renewable Energy and Energy Management can be found in the Sustainability Review on pages 101 to 104.






## NAVIGATING CHALLENGES

Challenge	Response	Outcome
<b>Manpower shortages at estates, particularly for harvesting and upkeep works</b>	<ul style="list-style-type: none"> <li>Intensifying ethical recruitment exercises</li> <li>Increase collaboration with recruitment agencies in various source countries such as India, Bangladesh and Indonesia</li> </ul>	<ul style="list-style-type: none"> <li>In 2022, the percentage of labour shortage decreased to 13% from 32% in 2021</li> </ul>
<b>WRO issued by the US CBP on the allegation of labour rights continues to affect access to the international market</b>	<ul style="list-style-type: none"> <li>Deploying the Remediation Plan as recommended by the appointed Independent Reviewer</li> <li>Focusing on additional measures and improvements to existing policies and procedures on the welfare and rights of workers</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing, as this matter is subject to the discretion of the US CBP in modifying the WRO</li> </ul>
<b>Increased prices and shortages of raw materials raising logistic and production costs</b>	<ul style="list-style-type: none"> <li>Alternative sourcing of suppliers for raw materials</li> <li>Deploying trading initiatives to minimise the global impact</li> </ul>	<ul style="list-style-type: none"> <li>Raw materials were secured affordably, and supplies were maintained without disruptions to operations</li> </ul>

## Group Business Review

Challenge	Response	Outcome
<b>Fluctuations in the global price of vegetable oils</b>	<ul style="list-style-type: none"> <li>Hedging mechanism on forward sales and FFB purchases</li> <li>Revision of allocation for committed buyers to allocate sales based on calculated margin between export and local CPO versus processed palm oil</li> </ul>	<ul style="list-style-type: none"> <li>Minimised variation between budgeted and actual sales records</li> </ul>
<b>Increased competition in the consumer and industrial marketplace</b>	<ul style="list-style-type: none"> <li>Continuous market monitoring of Indonesian policy, CPO price and margin spread</li> <li>Intensive engagement with customers to understand and meet their requirements and expectations</li> <li>Enhancement of the Distributorship Business Model to expand the number of distributors locally and globally</li> </ul>	<ul style="list-style-type: none"> <li>Minimised gaps with targeted sales of products requirements</li> </ul>

### STRATEGY IN CREATING VALUE

<p>Enhance the labour strategy to Recruit and Retain</p>		<p>Productivity improvements through mechanisation and modernisation</p>		<p>Accelerate replanting programme</p>	
<p>Improvement in FFB Yield &amp; OER improvement through the 25:23 project</p>	<p>Incorporation of ESG initiatives at mills</p>	<p>Maximise renewable energy potential &amp; waste-to-wealth initiatives</p>		<p>PPPTR as a Centre of Excellence for sustainable plantations</p>	
<p>Enhance the research and development of Downstream consumer products for commercialisation</p>		<p>Venture into Rubber Downstream products and increase rubber premium buyers</p>	<p>Improve export market growth in oils &amp; fats</p>		<p>Enhance traceability for procured FFB</p>



## Group Business Review

# SUGAR

FGV's Sugar Sector operates mainly through its 51% owned subsidiary, MSM Malaysia Holdings Berhad (MSM), the nation's top sugar producer with one of the largest sugar refineries in the world. It operates two refineries in Penang and Johor with a total refining capacity of 2.05 million MT. As sugar continues to be an essential commodity across economic segments, we continue to strive in increasing market penetration and explore diversification opportunities while improving our operating efficiencies.



MSM Malaysia Holdings Berhad is the leading sugar refiner in Malaysia.

Our Sugar business faced a highly challenging year in 2022. The world's benchmark contract for raw sugar, NY11, fluctuated between USD17 cents per pound to USD20 cents per pound<sup>1</sup> causing higher average prices in comparison to the previous year, in which raw sugar made up 80% of our production cost. As a result of the inflationary pressures and global headwinds, we have experienced a rise in the overall operational costs which led to margin compression and affected our Sugar Sector's profits.

In mitigating these challenges, we moved to protect our margins, optimise cost and utilisation capacity. MSM revised its industry and export prices while continuing to engage with the Malaysian government to revise the wholesale ceiling price or consider a subsidy in lieu, given that retail prices remained unchanged for the past decade. We took additional steps to manage high operational costs and continued to hedge Brent crude oil in mitigating the rising gas prices.

### FINANCIAL PERFORMANCE



#### REVENUE

**RM2,566 million**

2021: RM2,260 million



#### P/(L)BT

**(RM177 million)**

2021: RM86 million

The Sector recorded total revenue of RM2.57 billion in 2022, a 14% increase from RM2.26 billion last year. This growth in revenue was primarily driven by the higher average selling price of refined sugar across the wholesale, industry and export segments. Additionally, the Sector experienced an increase in sales volume in line with market demand. Despite these positive developments, the Sector recorded a Loss Before Tax (LBT) of RM177 million in 2022, in contrast with a PBT of RM86 million in 2021. This unfavourable outcome was mainly attributable to increased production costs resulting from rising raw sugar costs driven by higher NY11 and freight, higher fuel costs, and the weakening of the Malaysian Ringgit.

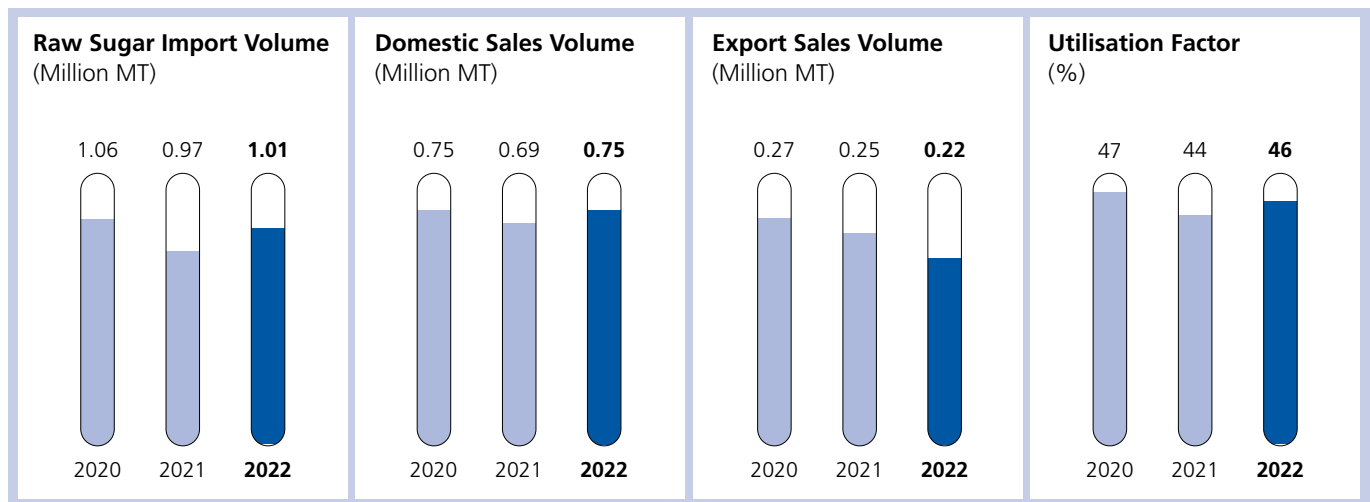
<sup>1</sup> <https://www.nasdaq.com/market-activity/commodities/yo:nmx>

## Group Business Review



From left • Ahmad Fer-Rouse Ahmad Khairuddin - Head, Corporate Governance & Risk Management • Cheah Poh Lye - Head of Operations, MSM Prai Berhad • Abdul Hadi Karim - Head, Corporate Strategy & Investor Relations • Hasni Ahmad - Group Chief Operating Officer • **Syed Feizal Syed Mohammad - Group Chief Executive Officer** • Dr Mazatul 'Aini Shahar Abdul Malek Shahar - Chief Financial Officer • Mohd Bakhtiar Mohd Pahroraji - Head, Group People & Culture • Sanuri Saari - Head of Operations, Sungai Buloh Warehouse • Wan Anniza S.M. Jamaluddin - Head, Legal Affairs • Mohd Amir Redzuan - Head of Operations, MSM Sugar Refinery (Johor) Sdn Bhd

### OPERATIONAL PERFORMANCE



During the year under review, the volume of raw sugar imports increased by 4%, to 1.01 million MT from 0.97 million MT last year, following the ramp up plan at our sugar refineries in MSM Prai Berhad (MSM Prai) and MSM Johor Sdn Bhd (MSM Johor). However, export sales volume reduced by 12% to 0.22 million MT as we focused on the delivery of local orders to prevent domestic sugar shortages. Despite the lower sales volume in the export segment, we increased our domestic sales volume to 0.75 million MT as the domestic market started recovering from the impact of the COVID-19 pandemic in 2021. This increase was also due to higher purchases from our wholesale and industry customers.

To ensure that MSM Johor achieves better output, we have accelerated our boiler rectification progress to prepare for higher utilisation and long-term sustainability, while MSM Prai commenced a rejuvenation programme which would enable the plant to operate for another 30 years. Overall, the total Utilisation Factor (UF) for the year increased to 46% from 44%. We continue to make improvements in our refinery at MSM Johor with the rectification of Boiler 2 and we expect Boiler 1 to be recommissioned in 2023 following its breakdown in January 2022. We are working on getting a new boiler for redundancy and flexibility to suit changing production levels.

Throughout the MSM Group, we have implemented cost savings, cash flow conservation and revenue generation (C2R) initiatives such as lowering procurement and financing costs, as well as savings in operational and capital expenditure. These have led the Group to maximise cost savings and increase revenue in 2022.

In terms of sales expansion, in 2022 we commenced a two-year contract with The Coca-Cola Company worth about RM300 million. We also expanded our sales channels through the Last Mile initiative by onboarding the largest retail outlets in Malaysia, totalling around 2,293 stores nationwide. In addition, we are in talks with other retail chain outlets and expanding into Singapore with negotiations currently taking place. We also relaunched small SKU packaging via Cuppack, which is suitable for cafes and restaurants, and secured our first Food & Beverage (F&B) customer in Johor recently.





## Group Business Review

Apart from operational and sales strategies, we continue to invest in our people. The Human Resource Department has been rebranded to People & Culture to provide a clear expression of the Management's appreciation for our people as an important resource and driving force of the Company. We also undertook two initiatives to boost employee morale, by implementing the minimum wage increase and hosting inaugural quarterly town hall meetings to improve communication between Management and all employees, keep everyone informed and updated on the Company's directions and progress, as well as encourage feedback from our employees.

### Outlook





Refined sugar consumption is expected to grow year-on-year. As the country's economy recovers, we foresee an upward trend in 2023 towards pre-pandemic levels. We are focused on increasing market share through our regional presence and expanding our exports. MSM expects to export 30% of its total production, which will contribute to the growth of its regional market footprint from the present 8% to approximately 12% to 15% in the Asia Pacific region. Our plans also include expanding our Value-Added Products business of liquid sugar and premix into major markets such as China.

In addition, our Sugar business is aligned with our direction towards integrating into the FMCG sector by going beyond sugar. MSM will strengthen its downstream value-added business by furthering research and development towards product diversification.

### NAVIGATING CHALLENGES

Challenge	Response	Outcome
<b>Rising raw sugar NY11 and freight costs</b>	<ul style="list-style-type: none"> <li>Hedging NY11 based on MSM's policy and budget</li> <li>Revision of selling prices upward to maintain margins</li> <li>Implementing a strategy to reduce freight costs</li> </ul>	<ul style="list-style-type: none"> <li>MSM recorded higher revenues in 2022 compared to 2021 due to the revision of prices and mitigation of high freight costs via long-term charters</li> </ul>
<b>Low UF and yield in MSM Johor's refinery operations</b>	<ul style="list-style-type: none"> <li>Intensifying focus on improving MSM Johor's refinery's UF in 2022 in terms of addressing production efficiencies and capabilities to ensure future sustainable performance</li> </ul>	<ul style="list-style-type: none"> <li>By May 2023, we expect to have two boilers in full operation, which will then allow us to increase production beyond its breakeven point</li> </ul>
<b>Rising natural gas cost</b>	<ul style="list-style-type: none"> <li>Hedging the rising cost of natural gas with Brent-linked derivatives like options and futures contracts</li> </ul>	<ul style="list-style-type: none"> <li>The risk of rising energy prices was partly reduced with prudent hedging on Brent-linked derivatives contracts</li> </ul>

### STRATEGY IN CREATING VALUE

<b>Increase the sustainability performance of our refineries</b>	<b>Improve sales performance</b> 	<b>Promote energy planning and green energy for sustainable operations</b> 
<b>Improve market penetration through strategic partnerships, especially for the export segment</b> 	<b>Cost optimisation and strategic capital management</b>	<b>Intensify digital transformation towards Industry 4.0</b> 



## Group Business Review

# LOGISTICS & OTHERS

The Logistics & Others (LO) Sector has experienced significant benefits from the ongoing economic recovery as the pandemic continues to recede. This has been reflected in the performance of various divisions within the Sector. The Bulking & Storage Division has recorded higher throughput and better revenue in line with the increased CPO production. Additionally, the Transport Division has experienced higher tonnage carried as economic activities returned to normal. The Information Technology (IT) Division has been participating in external tenders focusing on government contracts. Lastly, the Travel Division has seen a strong rebound in travel demand as borders reopened in 2022.



FGV aims to become a total logistic solutions provider in Malaysia.

## FINANCIAL PERFORMANCE



### REVENUE

**RM389 million**

2021: RM363 million



### PBT

**RM104 million**

2021: RM90 million



## Group Business Review



### BULKING & STORAGE

#### REVENUE\*

**RM254 million**

2021: RM210 million



#### PBT

**RM110 million**

2021: RM80 million



### TRANSPORT

#### REVENUE\*

**RM307 million**

2021: RM245 million



#### PBT

**RM9 million**

2021: RM11 million



\* The revenue in the Bulking and Transport Divisions included both external and internal revenues.

During the year, the LO Sector's profit increased by 16% to RM104 million from the RM90 million recorded in the previous year. The Bulking and Transport Divisions played a significant role in driving the Sector's growth, as both Divisions contributed 31% growth in profits. This was due to the higher volume of premium oils and higher throughput handled by the Bulking & Storage Division, as well as the higher tonnage carried by the Transport Division, in line with higher CPO production. Another factor that contributed to the Sector's improved profitability was its intensified Cost Control Programme (CCP), that has resulted in significant cost savings.



From left • Abdul Halim Ab Wahid - Senior General Manager (Special Projects), LO Sector • Omar Affan - Head, Strategy & Business Development, LO Sector • Abdul Rasheed JanMohammed - CEO, FWQ Enterprises PVT (LTD) • Jainal Ismail - CEO, FGV Transport Services Sdn Bhd • Fakhrunniam Othman - Group Divisional Director, LO Sector & Officer-In-Charge, FGV Prodata Systems Sdn Bhd • Kamaradin Selamat - CEO, FGV Johor Bulkiers Group of Companies • Mohd Izam Pariz Zamri - Group Accountant, LO Sector • Amirul Hadi - CEO, Felda Travel Sdn Bhd

## OPERATIONAL PERFORMANCE

### BULKING & STORAGE

#### Overview

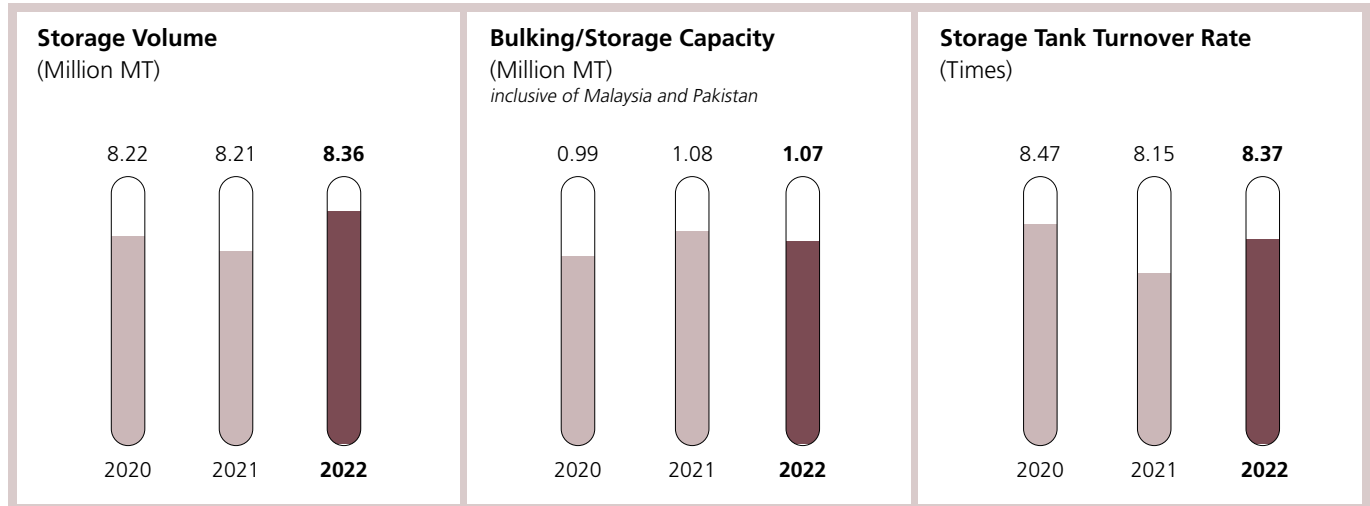
Our Bulking & Storage Division has over 45 years of experience in storage operation and operates one of the largest and most advanced storage facilities for edible oils and dry cargo globally, with a total capacity exceeding 1 million MT. Additionally, the Division has 12 strategically located terminals throughout Malaysia and Pakistan. Our storage facilities have also been approved by Bursa Malaysia Securities Berhad to manage Port Tank Installations in Pasir Gudang and Port Klang for CPO, and Crude Palm Kernel Oil (CPKO) and extended CPO futures trading in Lahad Datu.

In the year under review, through our subsidiary, FGV Johor Bulkiers (FGVJB Group), we have recorded a total throughput handled of 8.36 million MT, 2% higher than the 8.21 million MT in 2021, which was contributed by higher long-term throughput from external customers, in line with the higher volume of CPO produced as crop production recovered nationwide. Additionally, the higher volume of premium oils handled, such as oleochemicals also contributed to this positive improvement. As a result, the storage tank turnover rate rose to 8.37 times, as compared to 8.15 times the year before.



## Group Business Review

Despite challenges resulted from the closure of our Indonesia facility, we were able to maintain a total storage capacity of more than 1 million MT in 2022. Furthermore, we have partially offset this reduction by commissioning a new 15,000 MT warehouse facility in Pasir Gudang. This new facility was established to meet the growing demand for storage space and further solidify our position as the market leader in Malaysia.



### Outlook

Looking ahead, the Division continues to explore more efficient and sustainable ways of doing business. This includes paying greater attention to our impact on the environment and leveraging on technology to optimise our operations and costs. We also anticipate that Malaysia's CPO production will increase further in 2023, resulting in higher revenue for our bulking business. While we are ready to seize opportunities for expansion through acquisitions or investments, our priority is to enhance the existing operations and ensure long-term profitability.



FGV is one of the world's largest and state-of-the-art storage facilities for edible oils.



## Group Business Review

### TRANSPORT

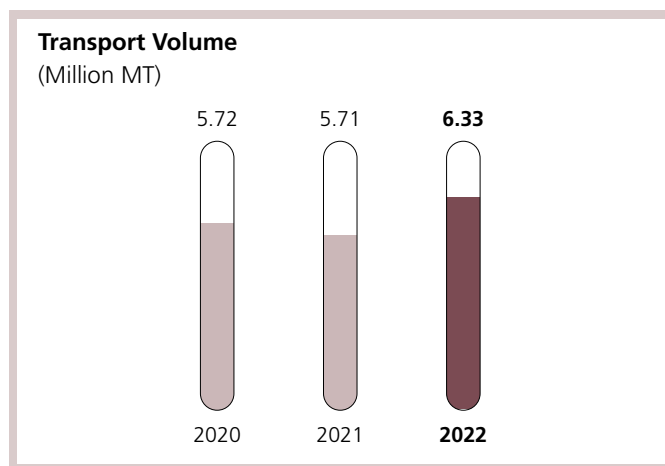
#### Overview

Our Transport Division is instrumental in the Group's aim of becoming a total logistics solutions provider in Malaysia. With a history of over 47 years and currently equipped with more than 600 units of mixed fleet vehicles, we have expertise in Inland Transportation (liquid tankers, cargo trucks, cold chain trucks, side curtains, ro-ro, haulage), Contract Logistics (3PL), Multimodal Transport Operator (MTO), Freight Forwarding, and Special Projects (handling of Hajj pilgrims' baggages).

In 2022, through our subsidiary, FGV Transport Services Sdn Bhd (FGVTS), we increased our transportation volume to 6.33 million MT from the 5.71 million MT reported last year. The improved tonnage carried was in tandem with the increase in CPO and PK productions and higher tonnage of FFB and FMCG products.

During the year, we secured new contracts with *Padiberas Nasional Berhad* (BERNAS), TNB, Johor Port and others that strengthened our portfolio and expanded our reach. These contracts have not only bolstered our bottom line but also opened up new opportunities to enhance our operations and service offerings.

We launched a mobile application named *Angkut.asia* as a value-added service that functions as a baggage tracker for Hajj pilgrims.



#### Outlook

Looking ahead, the global logistics market is projected to grow at a Compound Annual Growth Rate (CAGR) of 6.8% from 2022 to 2030, driven by the increase in cross-border trades and the booming e-commerce sector. This presents numerous opportunities for growth in areas such as inland transport, MTO, haulage, Oil & Gas (O&G), 3PL, cold chain, and courier services. However, to capitalise on this growth, we will need to adopt the latest technologies to maintain operational efficiency, especially in warehousing, where innovative solutions will be required.

We plan to redevelop our current warehouse in Shah Alam into a Central Distribution Centre. In addition, we plan to expand 3PL into external markets and seek out synergistic acquisitions as part of our strategic growth plans. In the MTO space, we will intensify our approach involving Project Logistics, specialised products and O&G distribution. We will also increase our focus on supply chain operations through ancillary logistics including cold chain, haulage, e-commerce, side curtains and baggage handling for the Hajj & Umrah segment.

### INFORMATION TECHNOLOGY

#### Overview

Our IT Division contributes to the development of our reputation as one of the leading system integrators and solution providers in Malaysia. Over the years, we have established a successful track record in managing end-to-end IT solutions that are suited to the requirements of our clients. Based on our status as a Value-Added Reseller and SAP Gold Partner, as well as the numerous Intellectual Property (IP) rights and patents that we own, we are able to meet our customers' needs effectively.

Through our IT arm, FGV Prodata Systems Sdn Bhd (FGV Prodata), we have intensified our momentum in IT advancement to meet the growing demand for digital solutions. FGV Prodata creates and maintains its own IPs to support FGV's upstream and downstream businesses, as well as its logistics and supply chain operations. These solutions, including the Warehouse Management System (WMS), Palm Oil Mill Integrated Automation System (POMIS), and Integrated Logistics & Distribution System (ILDS), are tailored specifically to meet the needs of FGV's ecosystem. Additionally, our weighbridge system, PROWEIGHER, has been officially recognised and certified by the National Metrology Institute of Malaysia (SIRIM-NMIM) for meeting Malaysia's standard requirements. FGV Prodata has also been appointed as one of the Designated Universal Service Providers (DUSPs) by the Malaysian Communications and Multimedia Commission (MCMC) to provide and implement the Phase One *Jalan Digital Negara (JENDELA)* nationwide.

#### Outlook

The IT industry is expected to make significant advancements in the near future, particularly in areas such as Artificial Intelligence (AI), big data, cloud computing and the Internet of Things (IoT). The Division aspires to add value to FGV and FELDA Groups and external customers by driving the implementation of new technologies, applications and innovations. To achieve this goal, it will strive to serve as a central technology architect and implementer for key business segments such as telecommunications, defence and public sector. Furthermore, the Division seeks to expand into cyber security in response to the growing concerns over data privacy and protection, while strengthening our change management capabilities.

## Group Business Review

### TRAVEL

#### Overview

FGV's Travel Division offers expert knowledge, a wide range of travel products and services, as well as excellent customer service that is widely recognised in the market. Although we were significantly impacted by the COVID-19 pandemic, 2022 was a better year as we have successfully adapted to the endemic phase that has brought the travel industry back to life.

In 2022, our travel business recovered from the pandemic's lows, as tickets sold increased by 81% through our wholly owned subsidiary, Felda Travel Sdn Bhd (Felda Travel). The reopening of borders also supported the resumption of the flow of migrant workers to Malaysia, where we facilitated the travel arrangements of more than 10,000 migrant workers from their country of origin to our respective estates.

Throughout the year, we managed 121 Hajj and 1,211 Umrah pilgrims who were unable to travel in 2021 due to the pandemic. Felda Travel has collaborated with *Bank Simpanan Nasional (BSN)* to launch a new shariah-compliant financing facility worth up to RM200,000 for the government and selected private organisations' employees to finance their Umrah and Hajj expenses. This was a significant milestone that we believe will strengthen our position in the Malaysian tourism market.

We have also collaborated with the Saudi Tourism Association (STA) which has offered sponsorship of RM166,000 for Felda Travel to promote Saudi Arabia tourism. This allocation will be spent on promotional activities involving websites, digital platforms, bot automation, commercial advertisements and content marketing.

As for our hospitality business, we have completed the first and second phases of room renovations at Hotel Seri Costa in Melaka. With this completion, we have renovated a total of 61 rooms out of the 88 rooms that were initially identified for renovation. To improve occupancy rates, we have established the Costa Club to enhance customer engagement and retention, as well as organised more seminars and meetings.

#### Outlook

Going forward, we will continue to focus on the Hajj segment, since Malaysia's pilgrim quota has returned to the pre-pandemic level of 31,600 pilgrims in 2023. For corporate ticketing, we will continue to venture into bigger market segments and provide excellent services to our new and existing customers. We anticipate a significant increase in tourists from China, which will be a positive development for our hospitality business.

### NAVIGATING CHALLENGES

Challenge	Response	Outcome
<b>Lack of presence of bulking business in international ports</b>	<ul style="list-style-type: none"> <li>Ongoing local and overseas business expansion initiatives to increase our presence in bulking business</li> <li>Collaborating with established partners to expand market share</li> </ul>	<ul style="list-style-type: none"> <li>Continue exploring business collaborations with local and overseas key palm oil players and traders to be the main off-takes of the bulking space</li> <li>Increased renewable energy throughput</li> </ul>
<b>Refineries with direct access to jetties have less dependency on independent bulking terminals</b>	<ul style="list-style-type: none"> <li>Providing flexibility to customers through customised bulking packages, by offering competitive rate</li> </ul>	<ul style="list-style-type: none"> <li>Increased external revenue contribution by 24% against the previous year and added six new customers with an additional throughput of 30,000 MT</li> </ul>
<b>Heavy reliance on organic growth initiatives</b>	<ul style="list-style-type: none"> <li>Chart growth plans through potential Merger &amp; Acquisition (M&amp;A)</li> </ul>	<ul style="list-style-type: none"> <li>Continuous engagements with key industry players for potential M&amp;As and collaborations</li> </ul>









## Group Business Review

Challenge	Response	Outcome
<b>Low margins and highly competitive IT environment</b>	<ul style="list-style-type: none"> <li>Managing project costs effectively by strengthening project management capabilities</li> <li>Leveraging on value-added services to gain competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>Developing a project management tool that enable project managers to track and manage projects in real-time</li> </ul>
<b>Challenges related to Umrah flight availability and increasing cost</b>	<ul style="list-style-type: none"> <li>Clear communication with customers on the current Umrah's market conditions and challenges pertaining to price fluctuations</li> </ul>	<ul style="list-style-type: none"> <li>Minimised the cancellation of Umrah trips</li> </ul>

## STRATEGY IN CREATING VALUE

<b>Construction of new facilities to cater for the demand for various oils and chemicals</b>		<b>Establish a central distribution centre and commencement of haulier business</b>	<b>Increase handling of high-value products</b>	
<b>Procure logistics assets to strengthen our capacity for external businesses</b>		<b>Renovation of our hotel under the Travel Division</b>		

## SUSTAINABILITY REVIEW



*Our nursery is the heart of our sustainable practices, nurturing the next generation of healthy and robust crops.*

### OVERVIEW

At FGV, we embed sustainability in our policies, which are implemented throughout the Group. We place great emphasis in growing our business responsibly, taking into account our environmental and social impacts. Sustainability is the cornerstone of our business and crucial to ensure the longevity of the Company. This means that we will continue to integrate sustainability into our DNA to make it a norm when we carry out our daily tasks. Our endeavours will only deepen our commitment to create positive Economic, Social and Governance (ESG) impacts for the business and our stakeholders. We believe that sustainability can be a key driver in fostering innovation, efficiency and profitability. We are committed to generating value for our stakeholders through significant efforts to uphold sustainable practices. Our sustainability commitments are highlighted in our Group Sustainability Policy (GSP), which covers three pillars:



**Pillar 1:  
Promoting  
Economic Growth**



**Pillar 2:  
Respecting  
Human Rights**



**Pillar 3:  
Protecting the  
Environment**



## Sustainability Review

### PILLAR 1: PROMOTING ECONOMIC GROWTH

#### OPERATIONAL EXCELLENCE

##### WHY IT IS IMPORTANT

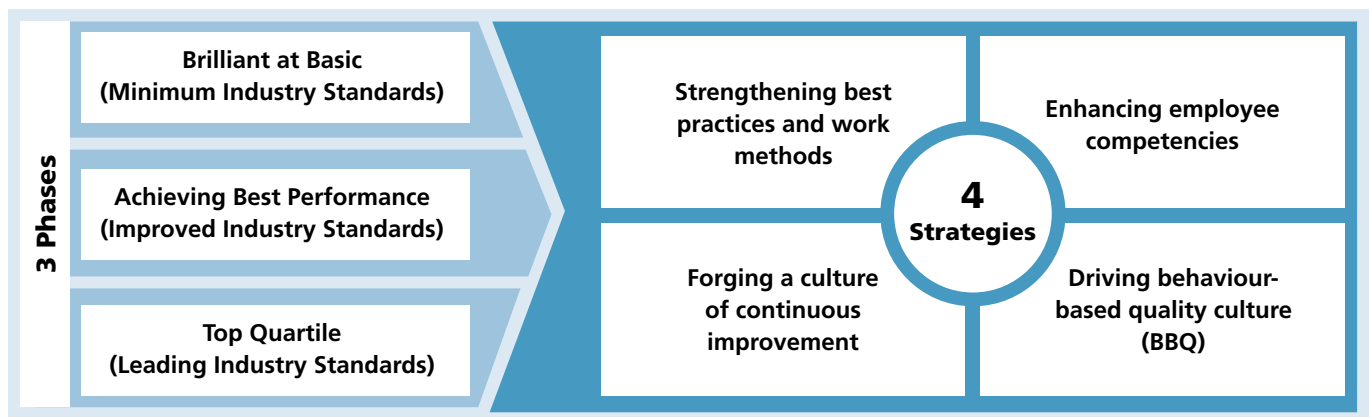
Our business is founded on operational excellence. This entails not only improving productivity and efficiency to reduce costs, but also embracing technology and positioning FGV as a leader in integrated operations. Our operational excellence enables us to cultivate a high-performing workforce that embodies our internal culture of PRIDE. Additionally, we safeguard our workers' welfare and occupational health and safety. We remain steadfast in our commitment to research and development, creating solutions that enhance yield, increase automation, promote sustainability and the circular economy and bolster our financial performance.



##### PROGRESS AND ACHIEVEMENTS

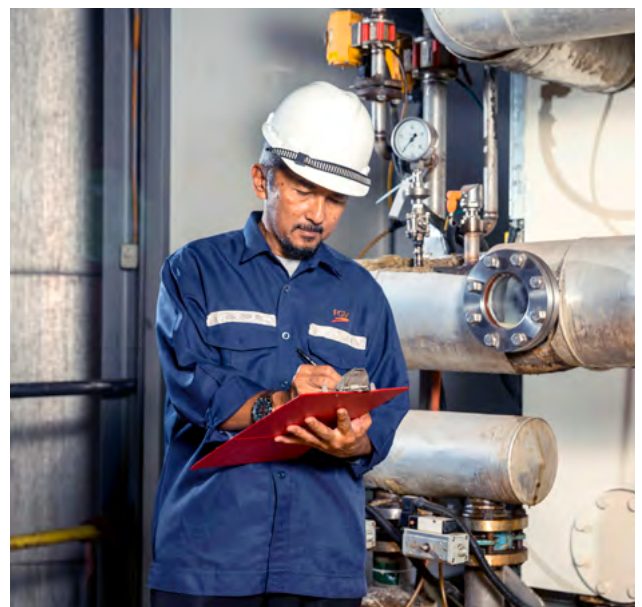
#### BUSINESS OPERATIONAL EXCELLENCE ROADMAP

FGV is guided by a long-term Business Operational Excellence Roadmap that focuses on our plantation operations. The Roadmap will be implemented in three phases and is driven by four strategies:



Since the Roadmap's establishment in 2019, there has been significant progress at the model sites that were selected to pilot the Roadmap's implementation. The model sites act as incubators for a range of operational excellence initiatives that will be replicated in other locations. The current model sites are spread across Perak, Pahang, Negeri Sembilan, Johor and Sabah. They include three oil palm estates, three palm oil mills, one rubber factory and one refinery. In 2022, we managed to replicate four estates, eight mills and three rubber factories, which received certification from the QE/5S Internal Certification Programme (ICP). This certification promotes 5S practices among our workforce in our operations to provide a conducive environment and reduce the likelihood of accidents.

To ensure we achieve 'Best in Class'-status operations, we established an integrated partnership between the 'pilot' sites and the operations team (replicate sites) by pairing operations and subject matter experts within FGV to address key areas. Suitable and structured methodologies and approaches are employed throughout the project duration with specific deliverables and timelines. The projects are overseen by the Steering Committee and the Working Group is in charge of carrying out all operational aspects of the initiatives.



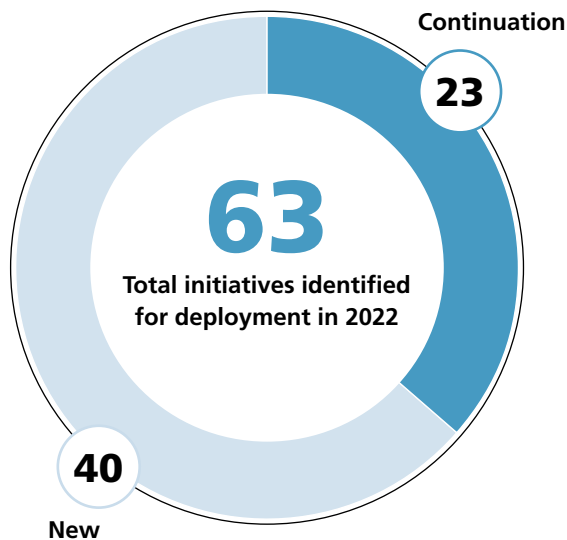
Our committed team goes above and beyond, conducting thorough inspections to ensure quality and performance.

## Sustainability Review

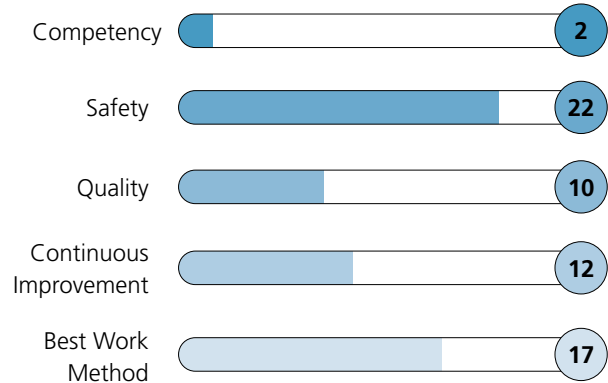
### 2022 INITIATIVES



#### Operational Excellence Initiatives



#### Initiatives Distribution by Categories



Our operations continue to employ Lean Six Sigma (LSS), which provides a comprehensive approach to our continuous improvement initiative. During the year, we conducted a variety of LSS training as well as Autonomous Maintenance training for 697 employees at different levels, covering White Belt and Green Belt. The LSS approach, which is an ongoing initiative, enabled us to save about RM45.55 million in 2022 by reducing waste, improving quality and increasing productivity.

#### Total Number of LSS Training Participants

Capacity Building (Year)	2020	2021	2022
Grand Total	2,513	480	697

#### Total Financial Saving based on Statistical Data Analysis

Project and Financial Savings	2021	2022
Financial Savings (RM Million)	8.91	45.55

### GOING FORWARD

Moving forward, FGV will continue to improve operational excellence by adopting new technologies that automate processes, increase productivity and improve crop management. We will also continue to use statistical data analysis to provide insights into yield, quality and cost to enable us to identify areas to improve and implement corrective actions. We will continue to implement initiatives and best practices as well as capacity building programmes to increase performance and productivity.



More information on Plantation Sector Performance can be found in the Group Business Review on pages 55 to 63.





## Sustainability Review

### PILLAR 1: PROMOTING ECONOMIC GROWTH

#### TRACEABILITY, RESPONSIBLE SOURCING AND SUPPLY CHAIN MANAGEMENT



##### WHY IT IS IMPORTANT

Ensuring a responsible and sustainable supply chain is crucial for our long-term growth in the highly regulated palm oil industry that is subject to global scrutiny. Traceability and responsible sourcing enable us to fulfil our commitment to sustainable business practices, which encompass environmental protection and respect for human rights.

Tracing the sources of our supply and the origins of raw materials allows us to be transparent in upholding good business ethics across our supply chain. We are able to identify and mitigate sustainability risks with the implementation of robust systems and processes to ensure sustainability in our operations. In addition, traceability can provide FGV with access to bigger markets by demonstrating our commitment to deliver products that are sourced responsibly. We will continue to communicate with our suppliers to better understand their operations and challenges in order to make informed decisions and grow responsibly.

##### PROGRESS AND ACHIEVEMENTS

Traceability is paramount in our Plantation Sector. It allows us to trace and track our suppliers and assess them against our sustainability commitments, especially our No Deforestation, No Planting on Peat and No Exploitation (NDPE) policy. It will also enable us to identify high-risk suppliers and work closely with them to implement strategic mitigation measures.

As a leading palm oil producer, FGV's commitment to traceability is an essential element of our business. We operate with high levels of traceability and transparency to ensure our products do not come from sources that pose any risk of sustainability-related non-compliances such as exploitation of workers and violation of human rights, deforestation, planting on peat or open burning. To achieve our goal of complete traceability throughout the supply chain, we continue to implement the necessary monitoring mechanisms. We have rolled out a new set of supplier agreements for our FFB suppliers to disclose all their sources of FFB and to ensure compliance with FGV's Supplier Code of Conduct (SCOC). To this end, we will continue to conduct the socialisation of FGV's GSP to suppliers who work with us. At the same time, our Trading team is dedicated to ensuring that only suppliers who comply with our policies are used by FGV.

##### TRACEABILITY IN OUR PLANTATION BUSINESS

As part of our efforts to ensure that our products are not linked to any risk of sustainability-related non-compliances including exploitation of workers and human rights, deforestation, planting on peat or open burning, FGV has implemented a strong traceability system, backed by appropriate policies and procedures. This transparency helps us identify potential risks and resolve them immediately through continuous improvements.

We started to trace our raw materials in 2017. Our traceability covers Traceability to Mills (TTM) and Traceability to Plantations (TTP), and this information is communicated to the general public through the Company website and FGV's Traceability of Products (ToP) platform.



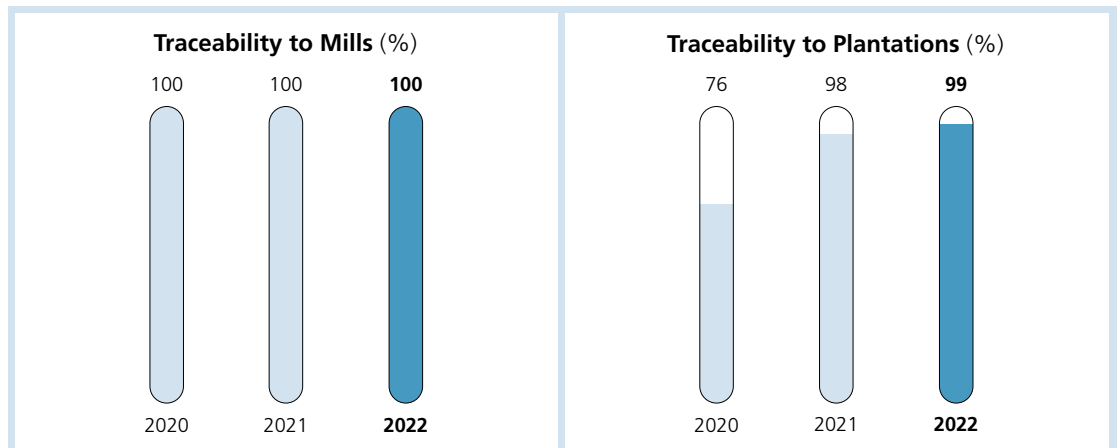
More information on FGV's Traceability of Products can be found on our website, [www.fgvholdings.com](http://www.fgvholdings.com).



## Sustainability Review

In 2022, 28% of our FFB supply was sourced internally from our own estates, 45% came from Federal Land Development Authority (FELDA) settlers and another 27% was received from private estates that supplied directly to our mills as well as from dealer networks, mainly coming from smallholder farms. We recognise the critical role played by smallholders in the palm oil industry and are committed to providing them with the support they need to grow their businesses sustainably. We have built strong partnerships with these communities, supporting them with technical assistance and resources to improve their productivity and livelihoods.

“  
Since 2019,  
we have  
maintained  
100%  
Traceability to  
Mills.  
”



We recognise that traceability is a challenge given the complexity of the FFB dealers' networks and our third-party suppliers. Nevertheless, FGV is committed to maintaining strict and transparent supply chain practices. To mitigate this issue, we collaborate extensively with our value chain partners to ensure that traceability and transparency are also ingrained in their procedures. Our Sustainability and Trading teams work with our FFB suppliers to ensure continuous improvement and adherence to our sustainability commitments.

### GOING FORWARD

Traceability is an essential part of the plantation business, as consumers and stakeholders demand more transparency and accountability in supply chains. Moving forward, we will implement digital systems to trace products from estates to the market. This will enable us to identify potential bottlenecks and inefficiencies in the supply chain. We will also enhance our data collection to identify potential risks or issues and employ proactive measures to improve our collaboration with other plantation businesses, suppliers and customers. Furthermore, we will engage with stakeholders to identify areas for improvement and to build trust with them.



Through R&D and commitment to responsible practices, FGV is advancing towards a better future.



## Sustainability Review

### PILLAR 1: PROMOTING ECONOMIC GROWTH

#### SUSTAINABILITY CERTIFICATIONS



##### WHY IT IS IMPORTANT

FGV is committed to attaining national and international certifications as well as globally recognised industry sustainability standards to continue to have access to premium markets. Achieving certifications is crucial for us to minimise the organisation's exposure to various risks such as regulatory, operational and reputational risks. This is in addition to minimising disruptions to daily operations and assuring customers on the quality of our products and services. Benchmarking against the highest industry standards and best practices underpins our commitment to operate and advance responsibly, enabling us to ensure that our operations and business practices mitigate and minimise adverse social and environmental impacts.

#### PROGRESS AND ACHIEVEMENTS

##### RSPO CERTIFICATION

Since 2010, we have made a commitment to strive for full certification of all 67 of FGV's mills and its supply base by the Roundtable on Sustainable Palm Oil (RSPO), which is the most widely recognised global standard for oil palm sustainability. The RSPO certification is premised on principles and criteria that promote sustainable palm oil cultivation, oil processing and product manufacturing based on a variety of economic, environmental and social indicators. As of the end of 2022, 30 out of FGV's 67 mills and its supply base have been RSPO-certified, while the rest of the uncertified mills have undergone and completed all required preparation and are ready to commence the certification audit.

##### MSPO CERTIFICATION

Malaysian Sustainable Palm Oil (MSPO) is Malaysia's national certification scheme for Malaysian palm oil plantations, independent and organised smallholders, as well as other palm oil processing facilities. MSPO sets out a comprehensive set of sustainability-focused criteria and indicators, many of which are recognised internationally by environmental and ethical standards bodies.

In 2022, we maintained the MSPO certification for all of FGV's 67 mills and its supply base, and we will continue to ensure we comply with sustainable practices through regular monitoring, evaluation and performance improvement.

##### INTERNATIONAL SUSTAINABILITY AND CARBON CERTIFICATION

FGV aspires to promote sustainable growth and income generation through our International Sustainability and Carbon Certification (ISCC)-compliant operations. We have eight ISCC-certified mills, which reflect our commitment to sustainability and responsible business practices. We adhere to the stringent standards established by the ISCC and ensure that our operations meet the ESG criteria to respect the rights of the communities in areas where we operate, engaging with these communities and investing in their development needs.

##### GOING FORWARD

We will keep striving to attain national and international certifications to benchmark the quality of our products and services against the highest industry standards. Elevating our standards will demonstrate our commitment to operating and growing responsibly, enabling us to build trust with consumers and stakeholders.

## Sustainability Review

### GOVERNANCE, ETHICS AND INTEGRITY



#### WHY IT IS IMPORTANT

**Upholding good corporate governance is vital for the sustainability of any business organisation. The practice of good corporate governance through policies and processes will enable an organisation to continuously navigate towards business excellence.**

#### PROGRESS AND ACHIEVEMENTS

FGV is committed to the highest levels of corporate governance by adopting best practices and upholding our standards at all levels of leadership and operations in the organisation. To this end, FGV has established a Group Governance and Integrity Framework, which serves as the overarching system by which we are governed.

Supporting the Group Governance and Integrity Framework is a myriad of policies, including the Code of Ethics and Conduct which sets the expected standards for the Board and employees, establishes terms of reference and limits of authority that delineate the roles and authority of the Board and the Management and contains statements of expected values, policies and procedures for key routine activities, processes and subject matter.

Various enhancements to the policy documents forming the Group Governance and Integrity Framework were undertaken during the year to maintain its relevance to FGV's business operations. Efforts were also focused on strengthening governance in areas related to sustainability through which higher standards were adopted in FGV's policies and procedures on related matters.

Established in 2021, the Board Sustainability Committee continues to support the Board's focus and emphasis on FGV's sustainability agenda. The Board Sustainability Committee assists the Board in fulfilling its oversight responsibilities in relation to the Group's sustainability objectives, policies and practices.

FGV continues its drive to enhance ethics and integrity by constantly keeping ourselves abreast with the latest updates and practices. This is materialised by adhering to compliance, engaging the right expertise, evaluating and enhancing our policies to stay relevant. We are also committed to engaging with our employees to strengthen awareness, especially through FGV's Integrity Pledge.



More information on Sustainability Governance and Board Sustainability Committee Report can be found in the Corporate Governance Overview Statement on pages 126 to 160.

#### GOING FORWARD

FGV will continue to emphasise good governance to provide the overarching guidance that will manage the environmental, social and economic risks and opportunities associated with our business operations. We will ensure integrity is ingrained and upheld in all that we do to continue to build trust among our stakeholders.



## Sustainability Review

### PILLAR 1: PROMOTING ECONOMIC GROWTH

#### COMMUNITY ENGAGEMENT AND DEVELOPMENT



##### WHY IT IS IMPORTANT

Consistent engagement with local communities enables us to identify and address their needs. We acknowledge that productive engagement results in empowered communities and concurrent growth for our business. Our approach to community engagement and development comprises both one-off initiatives and long-term programmes that generate lasting positive impacts on the community. At FGV, we believe that our responsibility to the communities goes beyond providing aid and cash contributions. That is why we strive to collaborate with strategic partners to implement impactful initiatives that will benefit these communities over the long term. One way is to improve the access to education and provide them with the necessary resources and knowledge to boost their income and promote sustainable agricultural practices.

##### PROGRESS AND ACHIEVEMENTS

In line with government directive of mandatory MSPO Certification for all palm oil players including independent smallholders and dealers, FGV had taken initiatives by launching the Independent Smallholders Consultation Programme in 2022. This programme enables us to engage with smallholders in accordance with FGV's responsible sourcing commitment. Besides acquainting our stakeholders with the latest update on FGV's sustainability commitments, the consultation also gathers feedback from them for continuous improvement on our operation. FGV conducted two sessions in Johor Bahru and Kuching, respectively, which were attended by a total of 129 participants. We plan to hold an additional seven sessions in 2023 with 800 participation from independent smallholders and dealers.

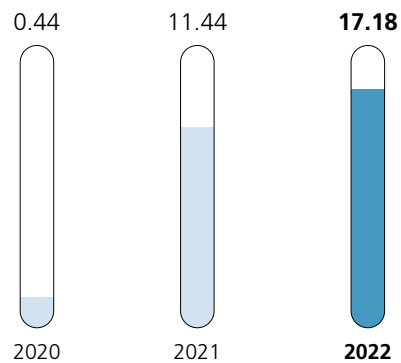
##### REACHING OUT TO COMMUNITIES IN NEED

In 2022, we invested RM17.18 million in various Corporate Social Responsibilities (CSR) initiatives to help reduce the financial burden of communities in need and create awareness about sustainability and the oil palm industry.

We believe that our contributions to society are an important aspect of sustainability while also providing opportunities for community engagement. We are committed to empowering local communities in the areas where we operate to support their long-term success.

The year under review saw us engaging with various communities to promote awareness about ESG, environmental conservation and the palm oil industry, besides contributing to the national disaster fund.

Total amounts invested for CSR activities (RM Million)



#### TABUNG BANTUAN BENCANA NEGARA

FGV contributed to *Tabung Bantuan Bencana Negara* under the National Disaster Management Agency's (NADMA) supervision as part of our commitment to provide immediate support to disaster-stricken communities.



#### MARI KENALI SAWIT

In line with the government's efforts to expose and educate students about the oil palm industry, we collaborated with the Ministry of Plantation and Commodities and engaged with 100 schools. Students were exposed to information about palm oil such as its nutritional value and benefits through talks, workshops and briefings as part of the initiative to produce young ambassadors for promoting Malaysian palm oil.

## Sustainability Review



### YAYASAN FELDA

- i) Global Digital Leadership (GDL)** – through Yayasan FELDA, FGV supported the GDL Programme of the Asia Pacific University of Technology & Innovation (APU). The programme encompasses a wide range of technological specialisations and seeks to raise students' level of digital preparedness through realistic and practical exposure, resulting in high-quality human capital. In line with Industry 4.0, the GDL programme offers 18 technology-based courses such as Information Technology (IT), System Security and Digital Transformation. This year, 13 outstanding students from the FELDA community received sponsored technology-based tertiary education, forming the initial cohort to pursue programmes up to the bachelor's degree level.
- ii) Kolej Komuniti FELDA** – our annual contribution to Yayasan FELDA was used to fund vocational courses at three colleges under its management in Pahang, Negeri Sembilan and Perak. Students are taught in areas such as cooking, pastry making, catering, event management, sewing, office management, health and intensive English courses.



### PROGRAM EKSPLORASI ALAM

In collaboration with *Yayasan Didik Negara*, this programme aimed to instil awareness and an understanding of environmental sustainability in primary schoolchildren. The programme took place in several locations, including the National Zoo, Paya Indah Wetlands, Wildlife Conservation Centre, National Elephant Conservation Centre and Tanjung Piai National Park. Approximately 500 students from 26 schools participated in this programme.



### ADVOCATING ESG AWARENESS

We actively take part in ESG awareness activities to advocate for the importance of sustainable practices. In 2022, we participated in the following ESG-related events:

#### **i) Science-Based Target Initiative Symposium – The Race to Zero**

FGV is the first agribusiness company in Malaysia to commit to the Science-Based Targets initiative (SBTi) and net zero ambition. This year also saw Malaysia as the host country for the first SBTi Symposium, organised by UNGC Malaysia & Brunei, in which we participated to showcase FGV's commitment to corporate responsibility and leadership in climate action.

#### **ii) ESG Corporate Summit – Driving Sustainability & Sustainable Transformation**

In February 2022, FGV participated in the ESG Corporate Summit, which was organised to encourage the corporate sector to play its role in driving transformational change with clear and achievable net zero targets in place. Our participation was aligned with our efforts to manage regulatory compliance and effectively respond to stakeholders' ESG concerns.

#### **iii) Intersociety Malaysia Public Policy Advocacy Competition (myIMPACT)**

myIMPACT is a national-level competition organised by Youthcare Malaysia to encourage students in higher education institutions to participate in the development of recommendations for environmental and climate policies. FGV was one of the sponsors of this competition. The competition covers five out of 17 United Nations Sustainable Development Goals (UN SDGs), namely SDG 6 (Clean water and sanitation), SDG 11 (Sustainable cities and communities), SDG 12 (Responsible consumption and production), SDG 13 (Climate action) and SDG 15 (Life on land). Participants are given the opportunity to identify significant gaps in Malaysia's existing policies so that recommendations can be made to address these gaps.

## GOING FORWARD

We will continue exploring social initiatives that will positively impact our communities, customers and other stakeholders. We intend to engage with our stakeholders to build trust and establish positive relationships. In turn, we will be able to improve our reputation and branding, which will attract new customers and help drive talent retention and employee branding.





## Sustainability Review

### PILLAR 2: RESPECTING HUMAN RIGHTS

#### UPHOLDING HUMAN RIGHTS & LABOUR STANDARDS



##### WHY IT IS IMPORTANT

FGV strives to respect human rights in every aspect of its business and operations, as well as comply with emerging legislation on human rights due diligence. The Group respects the human rights of all stakeholders across its business and operations, including its plantation workers and the indigenous communities in the areas where it operates. In the Group's endeavour to establish a sustainable and socially responsible palm oil industry, it is committed to ensuring that its operations are free from any exploitation, be it forced or child labour, human trafficking or modern slavery. FGV has a zero-tolerance stance against human rights violations, which is enforced across its operations.

#### PROGRESS AND ACHIEVEMENTS

As a responsible organisation, the Group has an unwavering commitment to uphold and abide by internationally-recognised human rights principles and standards. In addition, FGV complies with applicable laws and regulations to ensure that labour standards are met to safeguard the rights of its diverse workforce. FGV is also committed to respecting the rights of all, and to treating them with dignity and fairness in line with the principles of equality and non-discrimination. In this context, we are guided by the second pillar of our GSP on respecting human rights. We have also made compliance to the GSP mandatory for FGV's vendors, suppliers, consultants and contractors.

The following have been established within the GSP under the Respecting Human Rights pillar:



#### AFFILIATION WITH FAIR LABOR ASSOCIATION

As a participating company of the FLA since October 2019, FGV has been implementing a long-term programme to align its labour practices with FLA's Workplace Code of Conduct (WCOC), which is derived from international labour standards.

FGV has been subject to three labour compliance assessment by the FLA. Following FGV's second year of affiliation, the FLA conducted an Independent External Assessment (IEA) between November 2021 and January 2022, which involved a review of our management systems and field operations. In total, the FLA assessed nine sites comprising three mills and six estates. The FLA did not identify non-compliances to the FLA forced labour benchmarks and found no evidence of child labour. Furthermore, the IEA report indicated that FGV had made progress in its Top Management's commitment, policy alignment with international and national standards and engagement with civil society organisations, particularly at the headquarters level.

FGV has implemented various programmes to strengthen its labour practices, including capacity building and awareness-raising among workers on human rights, strengthening mechanisms to facilitate the enjoyment of the right to freedom of association and collective bargaining, enhancing controls and systems on labour standard compliance, enhancing workers' housing and facilities in line with legal requirements and strengthening procedures for the recruitment of migrant workers which include the introduction of a pre-sourcing assessment on labor standards compliance for recruitment agencies.

## Sustainability Review

### APPROACH TO PREVENT CHILD LABOUR

FGV is part of the National Pledge against Child Labour Campaign initiated by the Ministry of Human Resources of Malaysia, the Human Rights Commission of Malaysia (SUHAKAM) and the International Labour Organization (ILO) Malaysia. As part of the pledge, FGV is implementing the following activities to prevent and address child labour issues in Malaysia:

- Embarking on a child protection programme to minimise the risk of child labour in FGV's operations and supply chain
- Promoting the empowerment of children under FGV's duty of care by implementing programmes that can help them realise their full potential
- Intensifying awareness-raising and capacity building programmes on child rights for FGV's personnel and supply chain partners

In 2022, FGV, together with the Malaysian Trades Union Congress (MTUC) and the ILO Malaysia, co-organised a workshop that was attended by approximately 90 participants, including the Group Chief Executive Officer (CEO), the CEO of FGVPM, the MTUC Deputy President, estate management and workers. The workshop's objective was to increase knowledge and awareness of issues pertaining to child and forced labour among our plantation workers. In Lahad Datu, FGV and Project Liber8, a Non-Governmental Organisation (NGO) aimed at raising public awareness of human trafficking, co-organised a workshop to promote greater awareness and understanding on the issues of child trafficking and child labour among students from public schools and FGV's Community Learning Centres for our migrant workers' children.

### APPROACH TO MIGRANT WORKERS

FGV is committed to respecting and fulfilling the rights of all of its workers, including migrant workers. We recognise their significant role in our operations and in 2022, FGV revised and strengthened its Guidelines and Procedures for Responsible Recruitment and Employment of Migrant Workers (GPRRMW) to align its practices with international standards and best practices, such as the No Recruitment Fees policy for its migrant workers, which prohibits any party to charge recruitment fees to migrant workers. Additionally, FGV reinforced its due diligence on the appointment of recruitment agencies through a pre-sourcing mechanism to evaluate prospective recruitment agencies on their commitment to human rights and labour standards. This was followed by a due diligence exercise in the source countries where recruitment agencies were further evaluated on their operational processes and facilities. We interviewed workers on their recruitment experience in the source countries upon their arrival in Malaysia. Besides that, we conducted training for the recruitment agencies on responsible and ethical recruitment. In 2022, three recruitment agencies were suspended for failing to comply with FGV's ethical recruitment requirements.



### UPHOLDING HUMAN RIGHTS

The Group has implemented several initiatives as part of efforts to uphold human rights and labour standards. For instance, One-Stop-Centres were established in Bukit Rokan, Malaysia, Chennai and Kolkata, India and Lombok, Indonesia to further strengthen our procedures for the recruitment of migrant workers. At these One-Stop Centres, migrant workers undergo an orientation session during which they receive their second briefing on their rights and responsibilities, terms of employment, job scope and nature of work, as well as an induction on the FGV e-Wallet application.

A human rights capacity building programme was also initiated with workers within its plantations. Through a strategic collaboration with an NGO, FGV developed a human rights training module for plantation workers.



## Sustainability Review

### PILLAR 2: RESPECTING HUMAN RIGHTS



#### NO FORCED LABOUR

In line with our commitment to uphold labour standards, FGV continues to monitor its operations to address any risk of forced labour practices. Among other initiatives, we have intensified efforts to raise greater awareness and understanding of the 11 ILO Indicators of Forced Labour among our personnel, including our operational labour. For example, 48 training sessions on the 11 ILO Indicators of Forced Labour were conducted for more than 1,200 security personnel in 2022.

In addition, FGV's grievance mechanism provides important insights into the realities on the ground, enabling FGV to better implement continuous improvements in our labour practices. FGV's grievance mechanism allows workers to submit grievances anonymously through various channels, including the e-Grievance function on FGV's e-Wallet application, FGV's Careline, complaint boxes, the grievance book or through their appointed representatives.



#### WORKERS' WELL-BEING

To improve access to healthcare for our workers, FGV has established 13 clinics at our own expense in our plantations that are located in remote areas, with the guidance and approval of the Ministry of Health. FGV also provides Personal Protective Equipment (PPE) at no cost to the workers and allocates funds for medical treatment of the workers.

In relation to the payment of workers' salaries, FGV has in place an e-Wallet application that facilitates secure and convenient cashless wage transactions. Workers are paid directly to their e-Wallet and they can conduct cashless transactions as well as send remittances to their families in their country of origin.

The e-Wallet application is also equipped with four value-added features including e-attendance, e-SOS, e-grievance, e-productivity and a bulletin board for FGV to disseminate information directly to workers via the application. Our workers are given the freedom to anonymously report any grievances, either through text or audio recording in the language of their preference via the e-Grievance feature of the FGV e-Wallet application at any time.



*PRIDE values are embedded in the hearts of FGV employees.*

## Sustainability Review



### WITHHOLD RELEASE ORDER ISSUED BY THE UNITED STATES CUSTOMS AND BORDER PROTECTION

The United States (US) Customs and Border Protection (CBP) issued a Withhold Release Order (WRO) on palm oil and palm oil products produced by FGV, its subsidiaries and joint ventures. To address this, FGV has taken steps to have the WRO modified by the US CBP. As of 31 December 2022, FGV has implemented the following measures:

- Appointed Crowell and Moring, a US-based legal counsel
- Appointed ELEVATE to conduct an independent assessment of FGV's operations against the 11 ILO Indicators of Forced Labour
- Developed a Remediation Plan in consultation with ELEVATE and Crowell and Moring
- Established a Steering Committee comprising members of FGV's Top Management and chaired by the Group CEO to oversee efforts to modify the WRO
- Established a WRO Remediation Task Force to oversee and monitor the implementation of the WRO Remediation Plan
- Implemented continuous communication with the US CBP
- Engaged with stakeholders including with the Minister of Plantation Industries, the Ministry of Human Resources, the Ministry of Foreign Affairs, the US Embassy in Malaysia, the Malaysian Embassy in Washington DC, the Malaysian Palm Oil Association (MPOA) and the Malaysian Palm Oil Board (MPOB).

ELEVATE has completed its on-site assessment, which comprised unannounced visits and audits of 25 estates and three mills across FGV's operations in Malaysia. Based on the outcomes of ELEVATE's assessment, FGV is currently implementing a remediation plan that covers the following focus areas:

Management of workers	Reimbursement of recruitment fees	Salary and wages	Overtime and hours of work
Human resource matters	Workers' welfare	Health, safety and environment	Facilities
Contractor management	Grievance mechanism	Management systems	Workers undergoing regularisation

### COLLECTIVE BARGAINING AGREEMENT

We recognise and respect our employees' right to join trade unions and any association of their choice as well as their right to collective bargaining. As of 2022, approximately 41% of our employees are covered under Collective Agreements (CAs).

Our non-executive staff members are provided with the opportunity to join workers' unions, enabling them to express their opinions and concerns. We have signed 16 CAs with workers' unions that cover the period from 2022 to 2024, 14 of which are internal union agreements and two external agreements with the National Union of Petroleum and Chemical Industry Workers (NUPCIW) and the National Union of Commercial Workers (NUCW). Our CAs cover our workers in the plantations, mills, factories, refineries, bulking and logistics facilities, which encompass almost our entire range of operations.

Our in-house and national unions represent employees in various segments. We have meetings with each union twice a year, and more frequently when urgent issues arise. The welfare and rights of employees are addressed through routine engagements with union representatives that help to speed up the timely resolution of issues raised. Additionally, we have in place Joint Consultative Committees in our estates for the benefit of all workers, including migrant workers, to address issues and concerns affecting them.

### DIVERSITY, EQUITY AND INCLUSION

We recognise that having a diverse workforce helps the organisation to become more dynamic and resilient. It introduces fresh perspectives and experiences, and enhances motivation and competition among employees to foster greater innovation and work productivity. We have a zero-tolerance stance against all forms of discrimination and diversity is the considerations made into account during the processes of hiring and promotion.

As a progressive employer, we embrace the principle of non-discrimination and provide equal opportunities for every employee to grow professionally. Regardless of their gender, age, nationality, religion, political opinion, social group, ethnic origin or any other form of discrimination. All employees receive fair remuneration that is commensurate with their seniority, job and experience. We comply with the applicable country's minimum wage order as part of our commitment to offering fair and dignified employment.



## Sustainability Review

### PILLAR 2: RESPECTING HUMAN RIGHTS

#### FGV'S WORKFORCE PROFILE<sup>1</sup>

##### Total FGV Workforce



**51,919**

(Male)  
**86%**



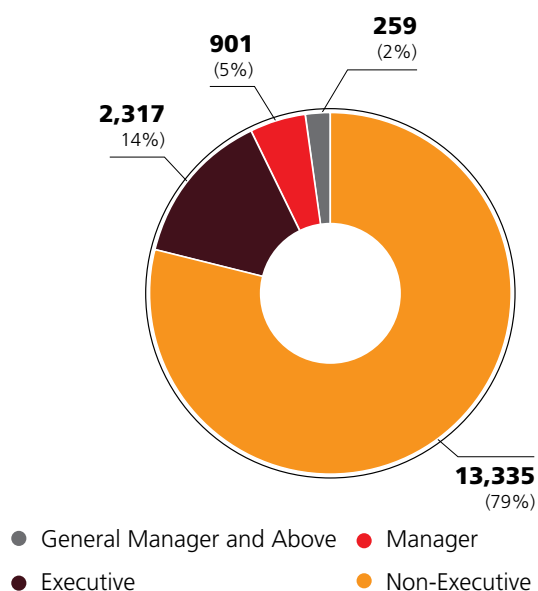
(Female)  
**14%**



##### Permanent Employees

**16,812**

##### Breakdown by Job Category



##### Average Age\*

**38** years old



##### Average Length of Service\*

**14.5** years



##### Total Number of New Hires

**1,081**



##### Total Number of Turnovers

**707**

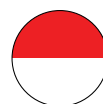
##### Operational Labour

**35,107**

##### Breakdown by Country of Origin



Malaysia  
**5,353**



Indonesia  
**12,442**



India  
**9,269**



Bangladesh  
**5,822**



Philippines  
**2,162**



Thailand  
**56**



Nepal  
**2**



Sri Lanka  
**1**

<sup>1</sup> Information as at 31 December 2022.

\* Excluding overseas companies



## Sustainability Review



### GENDER EQUALITY

As part of our commitment to diversity, equity and inclusion, we value gender equality and acknowledge that all genders are equally capable of providing unique and progressive views, enabling them to contribute equally to FGV's sustainable growth. We became a signatory of the Women's Empowerment Principles (WEPs), a set of guidelines developed by the UNGC and United Nations Women, in April 2022.

As part of our efforts to further deepen our commitment to gender equality and women's empowerment, we have in place a Gender Equality and Women's Empowerment (GEWE) Committee that champions women's rights in the workplace. Established in 2021 and chaired by the Group Chief Human Capital Officer, the GEWE underscores our zero-tolerance approach to all forms of discrimination and allows us to better incorporate a gender perspective policies and practices. We recognise the importance of gender equality and are taking concrete steps to introduce initiatives and programmes throughout the Group that will support this agenda. These actions will help to integrate gender equality throughout our business operations and support women empowerment within the Group.

During the year, we also introduced the Women in Leadership Programme to improve and prepare future women leaders. The programme also encourages leaders to be self-aware and socially conscious, as well as to understand how to lead with impact and confidence, while also providing a safe space for open discussions. The two-day training programme was attended by 81 participants at the Manager and Senior Executive levels.

Going forward, we will strengthen our practices by developing a Gender Equality Policy, which will further guide us in designing action plans for enhancing gender equality and women's empowerment.



*Breaking barriers and building success, FGV celebrates women and embraces equity for a stronger and more inclusive world.*



### GRIEVANCE AND WHISTLEBLOWING

The well-being of our workforce is integral to our talent retention efforts, and we take any issues they may encounter seriously. In light of this, we have a Grievance Management Unit in place, which allows our workforce or any other party to express their concerns or submit complaints and grievances. The Unit is responsible for receiving all complaints through all grievance channels and will analyse them, conduct investigations, produce reports, demand action plans from related parties to remedy the grievance and provide feedback to the complainants.

Anyone can have access to FGV's grievance channels. A digital database will act as a centralised system to manage complaints from our workforce through these channels. We conduct awareness sessions with our workforce and other stakeholders from time to time that serve as a platform for FGV to provide them with the necessary knowledge and skills to understand the issues and challenges faced by the industry. By doing so, we empower them to make informed decisions and contribute to our collective efforts towards a more sustainable future. The sessions also aim to engage participants and foster open communication channels to build stronger relationships and create a shared understanding of our sustainability goals. In 2022, we conducted 44 sessions across Malaysia.

Beyond that, we have in place a whistleblowing mechanism for our workforce and other stakeholders to report abuse of power, corruption, unethical behaviour or breach of FGV's code of conduct. This mechanism enables our workforce and other stakeholders to anonymously report any misconduct or unethical behaviour through officially recognised channels without fear of retaliation. An evaluation process and the necessary measures will be undertaken after a reported incident has been validated and proven true.

### GOING FORWARD

Overall, upholding human rights and labour standards requires a multifaceted approach that involves collaboration, education, monitoring, reporting and accountability. By working together and promoting these principles, we can help create a just and sustainable world for everyone. Going forward, we will continue to work with all stakeholders to safeguard human rights in our business operations in line with the United Nations Guiding Principles on a Business and Human Rights (UNGPs). We will continue to comply with all the relevant laws, rules and regulations, and align our practices and principles with international human rights standards.



## Sustainability Review

### PILLAR 2: RESPECTING HUMAN RIGHTS

#### EMPLOYEE ENGAGEMENT



##### WHY IT IS IMPORTANT

Our employees are our most valuable assets, and an engaged workforce is crucial to achieving tangible business growth. We believe that building a positive connection with our employees is essential to boosting productivity and retaining top talent. As a result, we are committed to constantly engaging with our employees to identify and meet their needs, ensuring job satisfaction and shaping a high-performing workforce to drive business success.

#### PROGRESS AND ACHIEVEMENTS

In 2022, we implemented the following initiatives to keep our employees engaged and obtain feedback to gain a better understanding of the needs of our workforce:



##### PRIDE INITIATIVES

The PRIDE campaign was introduced in 2020 to promote PRIDE values across the workforce and integrate the values into their day-to-day work.

In 2022, the campaign was further intensified by introducing a physical platform called PRIDE Corner in all workplaces across the Group. Promotional materials were uploaded to FGV Hub, an internal online platform, and emailed to respective employees on a monthly basis. Monitoring of the PRIDE Corner implementation is conducted every three months.



##### EMPLOYEE ROUNDTABLES

FGV initiated a Workplace Communications (WPC) Framework in 2020 to enhance employee engagement, communication and well-being. The Employee Roundtable Sessions are an ongoing initiative and continued to be the main engagement platform in 2022.

Through this platform, employees express their thoughts and opinions on issues that could be improved in open discussions. Each workplace is required to conduct at least four roundtable sessions per year, and the sessions are chaired by the CEOs or Heads of the Divisions or Heads of the Workplace. Issues raised during the sessions must be resolved within 60 days. Unresolved problems will be referred to Top Management for resolution.



##### PRE-RETIREMENT PLANNING PROGRAMME

The Pre-Retirement Planning Programme helps FGV employees transition smoothly to retirement. It covers financial literacy in areas such as retirement savings, balancing expenses, mortgages and debts to ensure financial sustainability. The programme also provides healthcare and wellness information to prepare employees for retirement in all aspects. Employees can share ideas and exchange information about retirement plans through the programme. In 2022, we conducted 16 sessions, which were participated by 661 employees.



##### EMPLOYEE ENGAGEMENT SURVEY

Our Employee Engagement Survey (EES) is designed to provide us with insights into the needs of our human capital by determining the level of communication and engagement required to cultivate a robust corporate culture and dedicated teams. The EES's evaluation is based on our employee engagement activities organised throughout the year and is research-backed by an independent third-party organisation.

In 2022, our EES results recorded 81% of the top quartile as compared to the Malaysian norm. This year's survey revealed that our employees consistently spoke positively of the organisation, had a strong desire to be a part of the Group and were willing to go above and beyond to ensure the success of the business.

#### GOING FORWARD

Going forward, we will continue to engage closely with our employees and maintain an inclusive and diverse workforce. We will continue to maintain open communication channels and promote a holistic approach that enhances recognition, talent development, work-life balance, inclusion, diversity, health, wellness and empowerment.

## Sustainability Review

### TALENT MANAGEMENT



#### WHY IT IS IMPORTANT

Talent management is essential for us to attract and retain the best talents to shape a high-performing workforce and ensure sustainable business growth. In managing our talents, selecting suitable candidates and hiring the best people in the industry is a top priority for us. Our recruitment efforts are focused on finding qualified, responsible and competent employees who will go above and beyond to work together to fulfil the Company's business objectives and targets.

We aim to cultivate a workforce that is agile, competent and resilient by investing in the development of our pool of talents. This includes investing in the learning and development of our people, providing fair salaries and competitive benefits and offering mentorship programmes. In addition, we compensate and reward our employees with various benefits and provide them with an equitable remuneration package to motivate and retain our talents. This is in alignment with our strategic human capital approach to rewards and recognition, which ensures that our employees are fairly compensated on a competitive salary scale that is benchmarked against best industry practices.

#### PROGRESS AND ACHIEVEMENTS

We strive to meet industry standards in our talent management initiatives by offering competitive compensation structures as well as sustainable career progressions.

#### TOTAL REWARD MANAGEMENT

Group Human Capital (GHC) develops and implements an effective reward system that enables the organisation to attract, grow and retain the required talents needed for the business. Starting in 2023, GHC will also take part in the yearly Mercer Malaysia Salary Survey and collaborate with an external consultant to conduct a Total Compensation Review for the organisation, with guidance from the Nomination and Remuneration Committee.

These benefits enable the Group to reward, attract, engage with and retain talented employees.

#### Key Employee Welfare Benefits



##### Healthcare Coverage

Group Hospitalisation and Surgical coverage which includes outpatient and specialist treatment, hospitalisation and maternity treatment including child delivery cost for employees and dependents, as well as health screening for employees only



##### Insurance Coverage

Includes Group Term Life, Group Personal Accident and Overseas Travel Insurance for employees only



##### Leave

Annual leave, medical leave, prolonged illness leave, paid Hajj leave, compassionate leave, examination leave and various other forms of leave



##### Subsidies and Allowances

Parking claim subsidy, living allowance, mobile phone bill and device, long service awards and professional membership fees



##### Education Assistance

For employees who want to pursue higher education or professional qualifications



##### Employees Provident Fund (EPF) Contribution Provision

Higher employer EPF contributions



##### Gym Facility

In order to promote physical and mental health among employees, the Group launched a gym at Wisma FGV in February 2023. The gym is fully equipped with facilities for employees to work out during their lunch break or after work



##### Parental Leave/Maternity Leave (from 2023 onwards)

98 days and limited to five pregnancies

##### Paternity Leave

Seven days



##### Taska Facility

Started in 2019, it is located at the head office in Kuala Lumpur, and could accommodate up to 162 children aged two months to four years. Today, this facility is available at several FGV office locations







## Sustainability Review

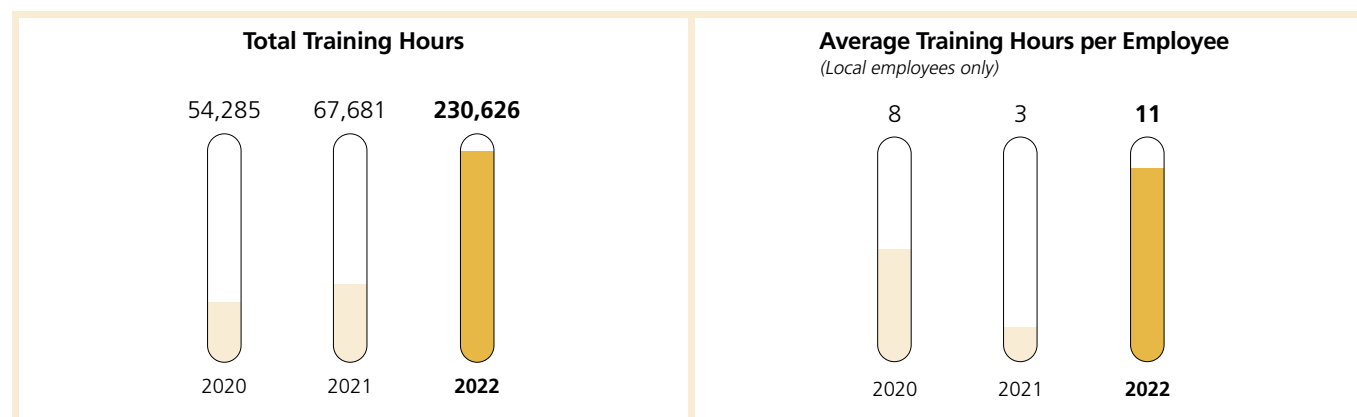
### PILLAR 2: RESPECTING HUMAN RIGHTS

#### LEARNING AND DEVELOPMENT PROGRAMMES

We continue to invest in the ongoing education of our employees as it is one of the most important aspects of talent management. Our learning and development programmes support our operational goals and also enable our employees to excel professionally and personally. The following is a list of some of our flagship learning and development programmes during the year.

 <b>PRIDE LEADERSHIP COMPETENCIES WORKSHOP</b>	 <b>FGV ACCOUNTANT CERTIFICATION PROGRAMME</b>	 <b>MIDDLE MANAGEMENT DEVELOPMENT PROGRAMME</b>
<p>Aimed at enhancing the leadership skills of our senior executives and non-executives, the goal of this training is to improve participants' ability to articulate the global changes and commercial issues that the organisation is currently facing.</p>	<p>The FGV Accountant Certification (ACE) Programme is a professional accounting programme that commenced in 2020. This is a three-year programme created to improve FGV employees' finance-based and accounting competencies and increase their knowledge in financial management and discipline in the conduct of business. In 2022, 11 employees from the Group participated in this programme, which allowed them to broaden their skills and experience through job rotations within the Group and its subsidiaries. We are proud to report that two* of these employees have graduated from the programme, demonstrating their commitment to personal growth and development.</p> <p><i>* as at December 2022</i></p>	<p>Launched in November 2022, the Middle Management Development Programme (MMDP) is a six-month programme designed to sharpen the leadership competencies of mid-level managers. Attended by 34 mid-level managers, the programme focuses on building a culture of coaching, empowerment and accountability to drive a high-performance organisation.</p>
 <b>TRAINING PROGRAMMES</b>		
<p>FGV provides continuous training for its employees to enhance job-specific skills and soft skills to strengthen their overall performance and strive for excellence for the organisation. These training programmes are crucial in enabling our workforce to keep up with the constant changes in the commercial and operational environments, as well as in enhancing their soft skills such as people management and efficient communication. In 2022, we conducted various training programmes covering five skill categories, namely management, leadership, interpersonal, functional and technical, as well as team building. This training was conducted throughout the Group with a total participation of 12,729 employees.</p> <p>Moving forward, we will continue to provide training and upskilling to fill gaps to ensure our employees remain competent in the evolving business landscape.</p>		<p><b>EXECUTIVE COACHING FOR C-SUITE</b></p> <p>In May 2022, a comprehensive executive coaching programme was initiated for a select group of 15 business leaders, including potential successors, to equip them with the mental and emotional resilience to tackle the challenges of leading and managing businesses. The programme also aims to provide individual development interventions to prepare these individuals to navigate complex business environments with confidence and skill.</p>

#### Average Hours of Training per Year per Employee

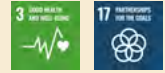


#### GOING FORWARD

Our focus in 2023 will be on the development of leaders at all levels within the organisation, both at the strategic and tactical levels. Collaborations with established business schools will be pursued to create and deliver programmes to produce future-ready leaders who are committed, agile and outcome-driven. As part of our talent development strategy, we will also formulate career pathways and competency development frameworks that provide opportunities for growth within the Group. It is envisioned, that with the right planning and implementation, FGV will emerge and be recognised as an Employer of Choice by Malaysian as well as international talents.

## Sustainability Review

### OCCUPATIONAL HEALTH & SAFETY



#### WHY IT IS IMPORTANT

FGV prioritises the health and safety of its employees and embeds a culture of safety across its operations. We are committed to implement consistent measures to safeguard our workers, ensuring that everyone will go home safely. Due to the nature of our operations, which expose our workers to high safety risks, it is crucial to establish health and safety protocols to protect our workforce and provide a safe and conducive workplace. We believe that enforcing safety measures and mechanisms will not only go a long way towards safeguarding our employees' health and well-being, but will also provide comfort and peace of mind for our workforce.

#### PROGRESS AND ACHIEVEMENTS

We remain guided by our Health and Safety Policy and adopt the National Occupational Safety and Health Master Plan 2021-2025 (OSHMP25) to reduce the rate of occupational accidents and illnesses, which will ultimately enhance the quality of life for Malaysians.

In pursuing our target to reduce the number of accidents and the exposure of workers to Occupational Safety & Health (OSH) hazards within the Group, we have consistently improved the health and safety measures in our business operations. Our Group Health, Safety and Environment (HSE) Division is responsible for driving a safety culture at our workplace. Apart from that, we continue executing safety audits and workplace inspection programmes, as well as incorporating the Safety Culture Maturity Model (SCMM) into our business framework. We are taking steps to embed OSH at all levels by emphasising shared health and safety responsibility, ensuring employees integrate good practices into their daily operations.

Over the past years, we have been recognised by various organisations for our commitment to upholding occupational health and safety standards, especially in our estates. These accolades are a testament to our unwavering dedication to providing safe and secure work environments for our employees.

#### Winner at the Occupational Safety and Health 4<sup>th</sup> ASEAN-OSHNET Awards in 2022

- Excellence Awards - FGV Ladang Sahabat 11



#### Winner at the National Council Occupational Safety and Health (NCOSH) Awards in 2021\*

- FGV Ladang Sahabat 11 - Agriculture Category
- Independent Power Producer (IPP) Sahabat - Utility Category



\* The award ceremony was conducted in 2022.

#### OUR APPROACH TO HEALTH AND SAFETY

We have in place a Safety Management System comprising six elements, which cover all of our operations:

Management Commitment	Regulatory Compliance	System Conformance
Incident Prevention	Operational Control	Awareness Level





## Sustainability Review

### PILLAR 2: RESPECTING HUMAN RIGHTS

FGV has adopted a distinct vision for its Occupational Health and Safety from the International Social Security Association (ISSA), known as 'OSH Vision Zero', which is established to cultivate an injury-free workplace. Through OSH Vision Zero, we instil the following values in our workforce:



#### ACCIDENT PREVENTION

Health and safety awareness in the performance of duties, backed by strict compliance with all Occupational Health and Safety protocols and measures that are put in place.



#### HEALTH AND SAFETY CULTURE

Fostering and inculcating a health and safety culture in our workforce to complement and go beyond Occupational Health and Safety measures and protocols.



#### THE RIGHT APPROACH

The workforce is mandated to adopt the right approach in the performance of their work in conformance with set operating procedures to ensure the proper and appropriate use of equipment.

To keep our employees engaged in this crucial matter, we encourage worker participation, consultation and communication on Occupational Health and Safety matters. All of FGV's employees and workers can convey their views, feedback, queries and complaints in this regard via email or through the Safety and Health Committee representatives.

### INCREASING OSH AWARENESS WITH HSE TRAINING

Every year, FGV organises HSE training for its employees, particularly for those with higher exposure to hazardous risks. We make every effort to provide a safe and healthy work environment, as many of our business activities are labour-intensive, by encouraging employees and relevant stakeholders to participate in customised training programmes. Additionally, all employees are required to attend training, be it generic, job-related or hazard-related, to embed a safety culture within our operations and to attain OSH Vision Zero. For instance, prior to commencing fieldwork, employees receive training on general health and safety, hazards at the workplace and PPE to allow them to carry out their work efficiently and safely.

During the year, we continued to focus on improving our HSE training programmes. These training modules are used to educate employees on the various hazards and risks, provide remedial measures and take actions such as reporting near misses. We rolled out several training sessions on various aspects, such as chemical safety, scheduled waste management and Emergency Response Team (ERT). In total, we conducted 25 training sessions for 883 employees.

#### Programme:

##### Occupational Health & Wellness Programme

27 - 28 October 2022, Wisma FGV

#### Description:

Featured a blood donation drive, Cardiopulmonary Resuscitation (CPR) demonstration and health screening.

#### Programme:

##### Ageing Plant Information System (APIS) – DOSH

29 November 2022, Kuantan

#### Description:

Introduced the Ageing Plant Information System to implement site operation self-assessment.

#### Programme:

##### Health Screening Corner

30 May 2022, FGV Group of Companies

#### Description:

Provided health screening for employees.

#### Programme:

##### Group CEO HSE Award

Initiated in September 2022 (currently ongoing), FGV Group of Companies

#### Description:

Employees conduct HSE audits to ensure our compliance with the award requirements.



*We are firmly dedicated to our mission to provide a healthy and secure environment for everyone.*

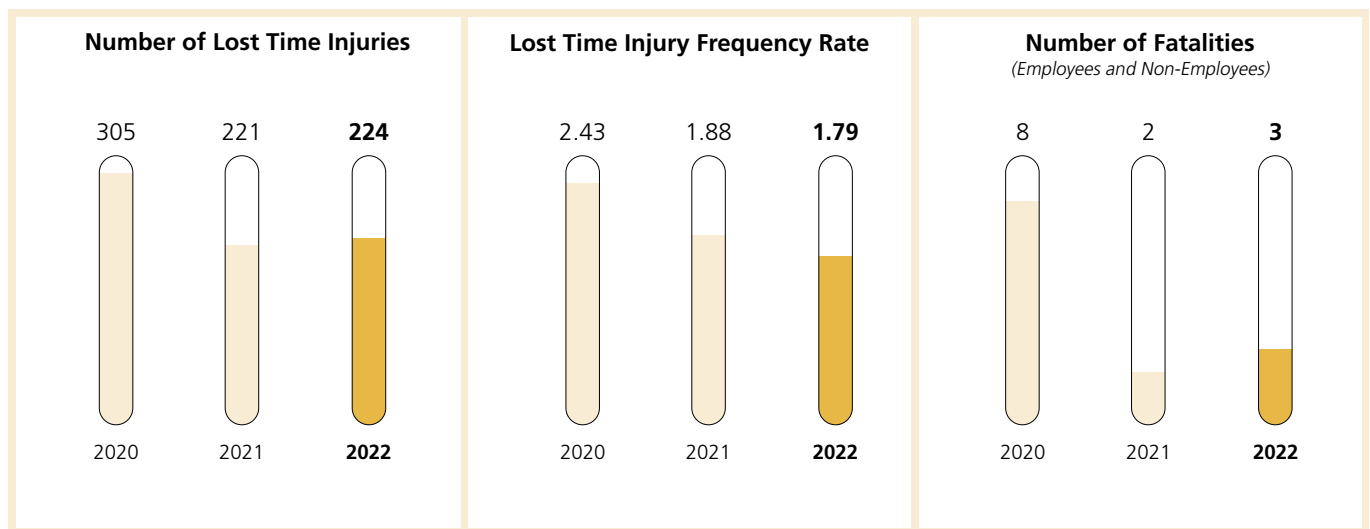
## Sustainability Review

### WORKPLACE ACCIDENTS

#### Health and Safety Performance

Our HSE performance is always measured against previously set Occupational Health and Safety targets and relevant industry benchmarks to consistently improve our overall performance. In 2022, we recorded three fatalities and a total of 224 Lost Time Injuries (LTI). One fatality involved an employee who fell from a six-foot platform during a plant maintenance job, while two other fatalities involved contractors' workers. These fatalities involved an FGV contract driver who was in a road accident on his way to our mill and a contractor's worker met with a fatal accident during his lunch break.

We have maintained the #GOHOMESAFE Programme to reduce the number of incidents in FGV's operations. We are confident that this tenacious effort will help us achieve our OSH Vision Zero goals.



### HAZARD IDENTIFICATION, RISK ASSESSMENT AND RISK CONTROL

Conducting regular risk assessments to identify risks and hazards that can cause potential harm to our employees is an integral aspect of FGV's management of health and safety. We have established a Hazard Identification, Risk Assessment and Risk Control (HIRARC) system, according to the guidelines provided by the Department of Occupational Safety and Health (DOSH) to identify all potential hazards and assess the likelihood of an accident or incident. With the HIRARC, we can practise proper planning, management and operation of our business to manage the hazards and risks in our daily operations and activities. Hazards in the workplace are identified via HIRARC documents, accident investigation reports, Near Miss and Safety Observation (NeMSO) reports, workplace inspection reports, audit reports and SOPs.

Apart from HIRARC, we continue to increase efforts to bolster our HSE Management System through our HSE Audit, Workplace Inspection initiative and HSE training programmes. Over the years, we have managed to develop an integrated HSE audit checklist and HSE training modules that are documented and accessible to FGV's employees. In 2022, we continued to assess health and safety risks across our operations by implementing a standard methodology, ERMS application and dynamic risk assessments such as FGV's 'STOP for Five Minutes Approach' and Kiken Yoch Training. Also, whenever there were incidents at the workplace, we investigated cases using various methods such as Swiss Cheese Analysis, Root Cause Analysis and Kelvin Top-Set.

Besides that, employees can report hazards and risks via our reporting platform called NeMSO, which helps us to minimise unsafe acts and conditions that have been identified as root causes of incidents, and significantly improves our incident reporting and management process. Through NeMSO reports, remedial and preventive action can be taken to address the root cause(s), thereby reducing the number of incidents in our operations. The closure of each NeMSO report is monitored by the Safety Team, while Group HSE analyses the NeMSO reports as inputs for strategic planning for the following year.

To encourage the use of NeMSO reporting among employees across all levels, Group HSE provided an online NeMSO reporting platform through the FGV PowerSafe application to simplify and diversify reporting methods in 2022. A NeMSO reporting campaign was also held at the project level as a promotional effort. This included holding a NeMSO reporting competition for the best NeMSO report at the project level to reward employees who have reported and contributed to NeMSO reporting. A special award category for the best-quality NeMSO report was created in the Group CEO Award 2021/2022.



## Sustainability Review

### PILLAR 2: RESPECTING HUMAN RIGHTS

#### #GOHOMESAFE

#GOHOMESAFE is an initiative that supports the National Occupational Safety and Health Master Plan and is in line with FGV's aspiration of OSH Vision Zero. Established in 2019 to reduce accidents across all FGV Group companies, this programme ensures our employees and workers have a secure and injury-free workplace in which to carry out their duties safely.

FGV's #GOHOMESAFE focuses on Accident Prevention, Safety Culture and Right Approach. The three key commitments of the #GOHOMESAFE Vision are:



**Everyone has the right to go home unharmed**



**Everyone has a duty to take care of their health and safety and of others around them**



**All accidents are preventable**

In 2022, the implementation of the initiative was themed Cooperating #GOHOMESAFE 2022 and was anchored on six pillars:



#### VISIBLE COMMITMENT

HSE-related matters were incorporated into the Key Performance Indicators (KPIs) of all management personnel



#### COMPETENCY

Empowering FGV's employees through Job Enrichment programmes to offer Ergonomic Risk Assessment, Fire Risk Assessment and Emergency Response and Preparedness Enhancement Programmes



#### SUPERVISION

Coaching and mentoring sessions were held on the ISO45001 standard to enable the Group to be certified and to maintain the certification, as well as on supervising the participating projects in the DOSH SOHELP-DIY programme



#### COMMUNICATION

Engagement, promotion and communication programmes were carried out to guide the implementation of the initiative



#### EVALUATION

Conducted various HSE audits, ranging from Tier-2 HSE audits to Safety Committee Workplace Inspection reviews and the Group CEO Award audit process



#### INTERVENTION

Focused on improving the Safety and Health Committee and the Accident Prevention Improvement Plan (APIP) programme

#### GOING FORWARD

In our pursuit of better Occupational Health and Safety, we remain committed to improving our risk assessment methodologies, providing comprehensive training and education and intensifying communication with our employees. Our focus on these essential areas will ensure that we continue to provide a safe and healthy work environment for our employees while minimising the risks of injuries and illnesses.

To achieve our goals, we will invest in cutting-edge technologies and innovative approaches to risk management. We will also promote a culture of safety across all levels of our organisation and encourage every employee to take an active role in creating and maintaining a safe workplace.

## Sustainability Review

### PILLAR 3: PROTECTING THE ENVIRONMENT

#### CLIMATE ACTION



##### WHY IT IS IMPORTANT

Climate change is one of the most pressing issues globally, as extreme weather events continue to impact global supply chains, business activities and daily lives. This has led to global calls for all nations, industries and communities to take immediate steps to support the climate action agenda.

Since the plantation business is our core business, we acknowledge that our operations are heavily exposed to climate risks. As such, we have committed ourselves to the SBTi since 2021 to step up our climate action. This will enable us to contribute to global efforts of limiting global temperature rise to 1.5°C compared to pre-industrial levels and achieve net zero emissions by 2050. We will also be guided by our Climate Action Plan to accelerate our transition to a net zero emissions future.

Our commitment also supports the national climate agenda to become a carbon neutral country by 2050, as well as Malaysia's Nationally Determined Contribution (NDC) to reduce 45% of Greenhouse Gas (GHG) emissions by 2030 as part of the nation's commitment to the Paris Agreement.

#### PROGRESS AND ACHIEVEMENTS

##### SCIENCE-BASED TARGET INITIATIVE

In 2021, we became the first agribusiness company in Malaysia to commit to the SBTi and net zero ambition. We are among the 1,748 companies to commit to Business Ambition 1.5°C by 2050, an urgent global call to action led by the SBTi in partnership with the United Nations Global Compact (UNGC) and the We Mean Business coalition<sup>1</sup>.

Our commitment to the SBTi will enable us to:



Define and promote best practices in emission reductions and net zero targets in line with climate science



Provide technical assistance and expert resources to companies with SBTi targets following the latest climate science



Bring together a team of experts to provide companies with independent assessment and validation of targets



Our biogas power plant converts POME into renewable energy, reducing our carbon emissions and promoting a cleaner environment.

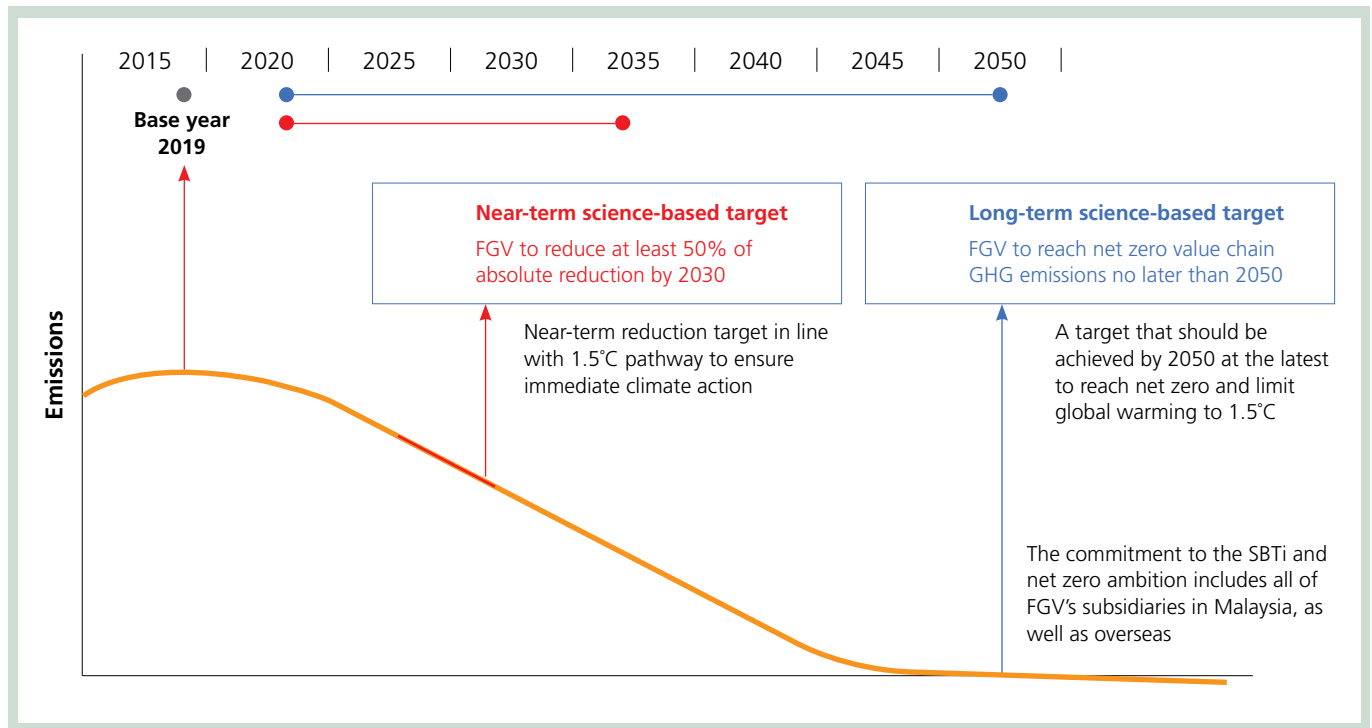
<sup>1</sup> Science-Based Targets Dashboard, March 2023 (<https://sciencebasedtargets.org/companies-taking-action>).



## Sustainability Review

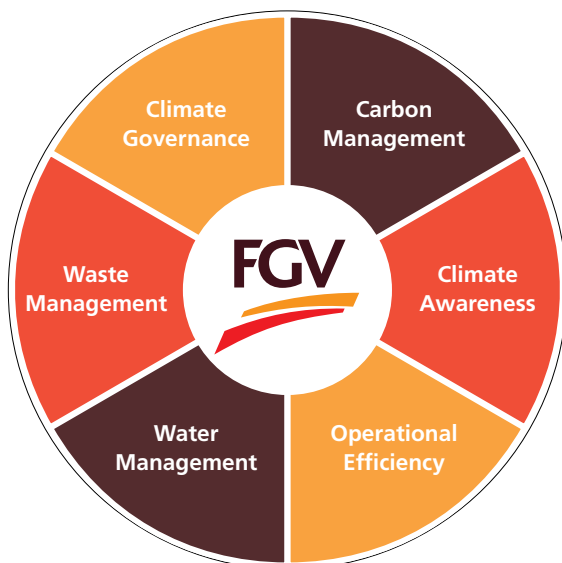
### PILLAR 3: PROTECTING THE ENVIRONMENT







As part of our SBTi journey, we are currently developing near-term and long-term reduction targets which will be validated by the SBTi. Using 2019 as the base year, FGV targets to reduce 50% of its carbon emissions by 2030. FGV will also advocate for ESG, including climate action, among its suppliers to achieve net zero emission in our value chain no later than 2050.



### CLIMATE ACTION PLAN

We have established a groupwide Climate Action Plan to fulfil our commitment to reach net zero emissions by 2050. The plan covers six key strategic thrusts, which will be fundamental to our success in emissions reduction. To further strengthen the Climate Action Plan, a Climate Action Unit was set up to drive sustainability strategy and execute our climate action programmes at the working level.



<b>Climate Governance</b>  Establishment of climate-related management roles, risk management and policies	<b>Waste Management</b>  Becoming a zero-waste operation through circularity in support of the climate agenda
<b>Operational Efficiency</b>  Establishment of internal regulations and standards to ensure best practices	<b>Carbon Management</b>  Becoming a net zero business through the SBTi
<b>Water Management</b>  Development of targets, metrics and measures to achieve water neutrality throughout FGV	<b>Climate Awareness</b>  Programmes designed for stakeholders to raise awareness on climate change



## Sustainability Review

### CLIMATE AWARENESS



#### CLIMATE CHANGE ESSAY COMPETITION

The national essay competition that was held in 2021 was part of FGV's SMART4Climate programme component and in collaboration with the Ministry of Environment and Water (KASA). The objective was to encourage members of the public to express their thoughts on the country's role in mitigating and adapting to the adverse impacts of climate change.

The competition was divided into four categories, which included public and student entries, as well as essays in Bahasa Melayu and English. It saw 170 essay submissions from both the public and student categories, demonstrating that the competition was an impactful initiative accepted by Malaysians to provide climate change solutions. The final round of essays was judged by a climate change expert, who selected 20 entries as winners.

The closing ceremony, which was held in 2022, was to give recognition and appreciation to all participants who had succeeded in the competition. The winners' quotes were shared through our social media postings to raise awareness on climate change.



*Our Climate Change Essay Competition provided a platform for the public to express their thoughts on how to combat climate change and build a sustainable future.*



#### WEBINAR SERIES

##### 'Climate Change: What's Happening and Why Should We Care?'

We organised the first edition of a climate change webinar series in conjunction with Global Earth Hour on 26 March 2022. The series aimed to provide insights into the fundamentals of climate change and how it would impact us. Led by FGV's Climate Change Unit, the webinar attracted 147 participants.

##### #ShowYourStripes Campaign

In 2022, FGV took part in the **#ShowYourStripes Campaign**, and will be doing so every June. Aiming to raise awareness about climate change and rising global temperatures, the iconic warming stripes by climate scientist Ed Hawkins depict the long-term rise in global temperature caused by human activities. In 2022, each of our business units participated in the campaign, demonstrating our commitment and support for reducing global warming.

##### 'Realising Zero: Transitioning to a Zero-Waste Operation'

Held in conjunction with the #ShowYourStripes campaign, the session aimed to promote the practice of zero-waste in our operations by the FGV workforce, as well as among Malaysian sustainability practitioners. The event, which attracted 265 people, touched on three key topics: A Global Snapshot of Waste Generation, the Circular Economy and Industry Best Practices.



#### CLIMATE APPRENTICE PROGRAMME

The Climate Apprentice Programme (CAP) is a structured internship programme under the Climate Action Unit that exposes interns to climate change management. In 2022, one apprentice graduated from the programme.



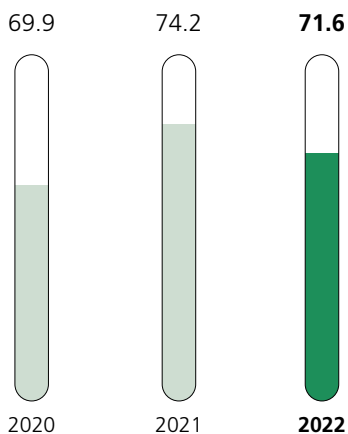
## Sustainability Review

### PILLAR 3: PROTECTING THE ENVIRONMENT



*Our commitment to sustainability drives us to continuously enhance our environmental and social performance through responsible practices.*

#### SPOTT Assessment Score (%)



FGV's Sustainable Palm Oil Transparency Toolkit (SPOTT) assessment has shown an increase in scores over the previous years in comparison with other rated oil palm plantation companies. However, the score dropped by 2.6% in 2022 to 71.6% as compared to 74.2% achieved in the prior year, mainly due to the introduction of four new indicators and more stringent and enhanced requirements with different weightage used.

The major contributors to the lower score in the 2022 assessment were:

- The absence of traceability information from third-party mills supplying to FGV.
- Inadequate programmes for independent smallholders and outgrowers.
- The absence of external verification by a third party in all aspects of reporting and disclosure.

FGV is committed to sustainable and responsible practices, and we strive to continuously improve our performance in environmental and social areas. We are currently identifying the gaps and developing action plans to improve our future scores. Through our actions and transparency, we aim to enhance the sustainability of operations and contribute to a more sustainable future for all.

#### GOING FORWARD

We understand that climate change is an urgent global crisis that requires a concerted effort from all stakeholders. As one of the leading corporate organisations in the country, we aim to step up climate action to mitigate the impacts of climate change and create a more sustainable future for all. We will continue to take internal action as well as work closely with external stakeholders to reduce our carbon footprint. We will also continue to educate our stakeholders and increase awareness on climate change to promote behavioural change and inculcate sustainable practices.

## Sustainability Review

### WASTE MANAGEMENT



#### WHY IT IS IMPORTANT

Efficient waste management is vital, to ensure our licence to operate. It also enables us to better protect the environment and conserve natural resources. FGV is committed to implementing zero-waste initiatives and is striving towards its goal of becoming a zero-environmental impact operation.

Our waste management strategies protect our bottom line and ensure responsible waste management. This encompasses the proper collection, transportation, recycling and disposal of waste. We kicked off the Waste Mapping and Circularity Gaps project to all business sectors in February 2022 to start monitoring our waste footprint. This enables us to obtain data to improve our waste management and underlines the issues faced in our operations, including waste generation, handling, storage and disposal.

We have initiated several waste management approaches, including treating biomass from palm oil milling to produce biogas and using nanofiltration waste treatment systems to process the discharge produced in our sugar refineries, among others.

#### PROGRESS AND ACHIEVEMENTS

FGV's waste management aligns with, contributes to bolsters our waste-to-wealth business strategy.



#### UPSTREAM DIVISION

Our palm oil mills convert biomass into renewable energy for power generation. POME can be treated to generate biogas, while EFB, mesocarp fibres and PKS can be used as fuel for boilers. In addition to renewable energy generation, the biomass from palm oil production can be utilised for soil improvement in estate. Our EFBs are used as mulch, which acts as an organic fertiliser that improves soil fertility and moisture retention.

At the FGV Innovation Centre, we are committed to implementing proper recycling practices to reduce waste. We minimise environmental impact by segregating items such as plastics, paper, cartridges, glass and steel amongst others according to categories. To ensure proper disposal and recycling of these items, FGV has engaged SWM Environment Sdn Bhd for once-a-month waste collection, which is part of its KITAREcycle programme.



#### SUGAR SECTOR

Our Sugar Sector is committed to practising recycling by selling non-hazardous waste such as scrap packaging material which mainly comprised of plastic wastes. It also produces mudcake, a by-product of the filtration process, which is sent to a third party as Alternative Raw Materials (ARM). They utilised the mudcake as one of the alternative resources for fertiliser and cement production.



## Sustainability Review

### PILLAR 3: PROTECTING THE ENVIRONMENT

#### OUR WASTE MAPPING AND CIRCULARITY EFFORTS

The implementation of a Waste Mapping, Waste Inventory and Circularity Gaps Project provide an overall view of the waste management of our various business units. The waste inventory is kept and stored in a cloud-based folder known as the Centralised and Integrated Repository (REPO). This is the main medium for our relevant annual data collection related to climate action and circularity from each business unit.

The project is conducted in two phases; the first phase has started since January 2022 and is currently on-going whereas the second phase is yet to start and is for future planning.

#### Phase 1 (Current Project)

FGV gains an understanding of the operational processes of its various business units and analyses the waste inventory based on:

**Current waste management practices**

**Gaps that impede the adoption of circularity**

**Waste data collection**

#### Phase 2 (Future Project)

Equipped with the data, we:

**Develop strategies and recommendations**

**Propose plans for improvement of waste management wherever possible**

**Conduct programmes and competitions related to waste**

To date, through the Waste Mapping and Circularity Gaps Programme, 15 out of 19 (79%) relevant business units have been engaged to understand their overall operational processes, current waste management practices and circularity gaps. From the 15 relevant business units, 13 (86%) of them have completed waste data collection.

#### WASTE PERFORMANCE DATA

(Hazardous waste only)

##### Waste Generated by Composition

	Waste Generated (MT)	Waste Diverted from Disposal (MT)	Waste Directed to Disposal (MT)
Hazardous waste	3,067.24	2,855.30	211.94

##### Waste Diverted from Disposal

	On-site (MT)	Off-site (MT)	Total (MT)
Reuse	3.82	-	-
Recycle	16.22	-	-
Recovery	-	1,680.91	-
Co-processing	-	1,092.12	-
Off-site storage	-	62.22	-
<b>Total</b>	<b>20.04</b>	<b>2,835.25</b>	<b>2,855.29</b>

##### Waste Directed to Disposal

	Offsite
Incineration	144.68
Physical/Chemical Treatment	3.83
Solidification	1.02
Secured Landfill	62.42
<b>Total</b>	<b>211.95</b>

#### GOING FORWARD

As a Group, we recognise the importance of addressing plastic circularity and are focused on plastic utilisation across our significant business units. To understand the types and quantities of plastic used, FGV plans to conduct a plastic inventory in 2023. By taking a data-driven approach, FGV will be able to collate valuable information to help identify areas where plastic reduction and circularity efforts are required as well as implement targeted solutions for the best results.



## Sustainability Review

## RENEWABLE ENERGY &amp; ENERGY MANAGEMENT



## WHY IT IS IMPORTANT

Seeking alternative and cleaner energy is one of our efforts in contributing to climate action. Generating and consuming renewable energy will reduce our GHG emissions and accelerate our transition to a low-carbon economy.

FGV is committed to produce clean energy as it offers a multitude of benefits to the environment, such as reducing emissions, lowering energy costs and mitigating air pollution. To achieve this, the Company generates renewable energy both for its internal consumption and for sale to the grid. In fact, some of FGV's mills rely on renewable energy as their primary power source. Furthermore, FGV's subsidiaries have explored alternative sources of renewable energy to power their facilities and equipment.

## PROGRESS AND ACHIEVEMENTS



## RENEWABLE ENERGY

FGV supplies electricity to the National Grid as well as to local grids to power up rural areas via our biogas FiT power plants. The power plants are developed at FGV mills and provide an efficient form of renewable energy by converting biogas to bioenergy from POME. This reduces the need to burn more coal or natural gas which could be detrimental to the environment.

In 2022, FGV started the commissioning of a biogas FiT power plants plant in Keratong 9, Pahang which is now pending approval by the Sustainable Energy Development Authority (SEDA). The plant is expected to be commercially operated in 2023. This project marks another milestone for the Group with a total of 12 MW of installed power capacity for FiT and Rural Electrification Projects. During the year under review, a total of 53,025 MWh of electricity was exported to TNB from eight biogas FiT power plants which were internally and externally funded.

We are also continuing our efforts to enhance our green technology initiatives, which align with the government's renewable energy agenda. In order to further reduce our carbon footprint, waste produced from our plantations, such as EFB, Sludge Palm Oil (SPO) and PKS, is used to generate green energy from biomass and biogas.

Shredded EFB is used as a solid fuel to operate steam boilers, resulting in significant cost savings and reduced waste from our mills. Additionally, it is employed to generate energy and provide electricity to the national grid, local communities and FGV-owned businesses.

FGV is currently in negotiations to collaborate with local manufacturers to supply EFB or shredded EFB as raw materials to produce EFB pellets, which is an alternative renewable energy solution that converts agricultural waste into sustainable energy. This approach reduces coal consumption, as well as carbon dioxide and methane emissions. In 2022, a total of 23,548 KWh of renewable energy was generated with 149,253 MT CO<sub>2</sub>e emissions avoidance from a total of 28 biogas power plants.

## 28 Biogas Power Plants

installed across our mills

1<sup>st</sup> Organisation

to develop a palm-based Bio-Compressed Natural Gas plant in Malaysia



## 2 Biomass Power Plants

located in Sabah and Pahang to generate energy using 100% treated EFB





## Sustainability Review

### PILLAR 3: PROTECTING THE ENVIRONMENT



#### OPERATIONAL EFFICIENCY

In 2022, FGV produced Fortified Organic Fertiliser (FOF) by using compost to create higher value, eco-friendly fertiliser. This approach could potentially help save plantation fertiliser costs and reduce carbon emissions. Additionally, we are in the midst of studying the commercial viability of FOF.

We also experienced a significant increase in Shell Recovery Rate (SRR) in 2022 as compared to 2021 as there were improvements in mill operations:

Year	2020	2021	2022
SRR (%)	1.01	1.14	<b>1.34</b>

We understand that it is vital to carefully manage our energy resources across our operations to control and reduce our energy consumption in view of the rising costs of electricity. Our initiatives to cut back on energy include utilising self-generated biogas to generate power for our mills, directing exhaust steam back to the heating process in our Sugar business and replacing conventional lighting with LED lights in our consumer products business.

Other initiatives to improve our operational efficiency include:

- Reducing mileage through route optimisation for FGV trucks via routing and scheduling, resulting in lower carbon emissions from fewer and shorter trips
- Reducing emissions and fuel consumption through the use of the Controller Area Network (CAN bus) which is installed in every fleet vehicle, enabling monitoring and control of vehicles such as automatic engine shutdown after 10 minutes of inactivity.

- Reducing fuel consumption through the use of the eDO and Smart Fuel card which digitalise the processes of order pickups and refuelling. The eDO is a mobile application that provides truck drivers with delivery order updates, while the Smart Fuel card allows refuelling at any petrol station.
- Reducing carbon dioxide emissions by investing in trucks with Euro 5 emission standards. Currently, more than 90% of FGV's fleet vehicles (tanker and cargo) meet the Euro 5 standards. It is also recommended that fleet vehicles be replaced after 10 years of operation.

As always, FGV is committed to its energy management efforts to reduce operating costs as well as its carbon footprint. To this end, FGV continues to collaborate with various government agencies, such as the Malaysian Green Technology and Climate Change Centre (MGTC), to explore initiatives that can be executed across its business operations.



FGV's noble efforts were recognised at the:

#### National Energy Awards (NEA) 2022

under the Renewable Energy on Grid National Grid for Triang Biogas Power Plant



#### ENERGY EFFICIENCY

FGV generates electricity in-house via the Steam Turbine Generator at MSM refineries to reduce its reliance on electricity supply from TNB and continues to explore initiatives to reduce its electricity consumption. We also strive to increase awareness, reduce costs in our business, lower carbon emissions and present an environmentally aware image to the general public and our stakeholders. To this end, we have identified potential medium to high investment initiatives. However, these initiatives require the implementation of other energy efficiency measures.

## Sustainability Review



### ENERGY EFFICIENCY

Our subsidiaries and business sectors have undertaken the following initiatives to reduce costs and improve energy efficiency. Below are several initiatives undertaken by our Sugar Sector:



#### Energy Audit

A full thermal and electrical energy audit is currently being conducted at MSM Prai from December 2022 until April 2023. We will be able to identify areas where energy efficiency can be improved after the completion of the audit. We also have plans to develop Sustainable Energy Management Systems (SEMS) by 2024 and obtain the Energy Management Gold Standard 1-Star rating awarded by the ASEAN Energy Management Scheme (AEMAS).



#### Optimising the Utilisation of Steam

In 2022, we initiated this effort to optimise the use of steam at MSM Johor to increase boiler efficiency.



#### Solar Energy

MSM Prai and MSM's Sungai Buloh Warehouse will have solar photovoltaic (PV) systems installed by the end of 2023, providing an estimated minimum capacity of 2.095 MWp and 0.547 MWp, respectively.



#### Biomass

Since 2021, we have been considering the feasibility of installing a biomass plant on the premises of MSM Johor as an alternative energy source to reduce our dependency on natural gas. EFB pellets are being considered as biomass fuel to minimise any possible environmental impacts.

We will continue to implement energy-saving initiatives and explore cleaner energy alternatives to reduce our environmental footprint. This will include installing solar PV panels at appropriate operation centres. By implementing strategic measures, we believe we can contribute significantly towards the nation's low-carbon transition.

### CARBON MANAGEMENT

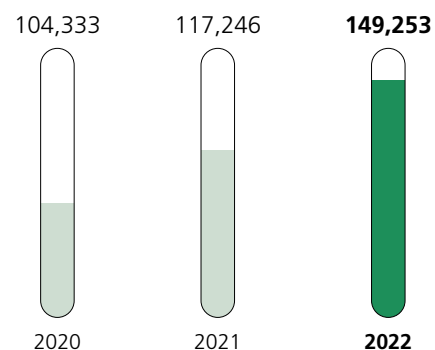
At FGV, our climate action is focused on Carbon and GHG Inventory, followed by GHG Management. We are committed to reducing FGV's GHG emissions by half in the short term (by 2030) and to zero in the medium- to long-term (by 2050), based on the baseline data in 2019.

Our GHG Inventory and Management cover the emissions from all of our 20 business units in three business sectors (Plantation, Sugar and Logistics & Others). This starts with the identification of emission sources in each business unit, the collection of input and output data and the GHG emissions calculation based on the 2006 Intergovernmental Panel on Climate Change (IPCC) and the GHG Protocol Corporate Accounting and Reporting Standard.

In addition, we have been implementing various strategic initiatives to reduce our carbon footprint, including establishing an Environmental Policy Statement to enhance the Group's commitment to climate action and the environment. We also have eight mills that are ISCC-certified to meet the demand for sustainable biofuel in Europe.

We capture methane gas released from our wastewater treatment plants for POME and utilise it to reduce GHG emissions. We have been monitoring the emissions avoidance of our biogas operations from the utilisation of captured methane. In 2022, we recorded a 27% improvement in emissions avoidance as compared to 2021.

#### Total Carbon Emissions Avoidance (MT CO<sub>2</sub>e)



## Sustainability Review

### PILLAR 3: PROTECTING THE ENVIRONMENT

#### GOING FORWARD

FGV is driving efforts to enhance the utilisation of mill products and support the Group's decarbonisation agenda through various strategies. These include:

Diversification of Secondary Product Sale Strategy

Developing biogas FiT power plants located in Pahang and Johor for both FGV and third-party owners. The commercial operation of these power plants is scheduled to begin in 2024/2025.

Developing Bio-CNG projects. We are currently engaging with a third party for potential business exploration and/or Bio-CNG supply.

Exploring the EFB Oil Recovery Project, where we are looking into the Build, Own, Operate (BOO) arrangement to maximise EFB utilisation. This efforts aims to increase the Group's revenue in the long run by increasing SRR and the sales of SPO, as well as the collection of land rental fees.

Launching the palm-based FOF Project at the Maokil Palm Oil Mill located in Labis, Johor. The plant is estimated to produce 7,000 MT of FOF annually, which is sufficient to meet the plantation's needs in the surrounding areas.



FGV's Sustainability Framework embraces renewable energy as one of the key initiatives for a sustainable future.

Furthermore, FGV is currently working on a feasibility study on carbon trading. This initiative has the potential to allow FGV to trade its carbon offsets for monetary benefits, further supporting its sustainability agenda. Moving forward, the Group will strive to meet its targets for the SBTi by establishing long-term goals to achieve net zero emissions by 2050. The Group will also continue to explore further initiatives to reduce energy consumption and strategies to lower the operating costs in various business sectors and subsidiaries.

# SHAPED BY **HIGH STANDARDS OF GOVERNANCE**

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## AT A GLANCE - BOARD OF DIRECTORS



**Dato' Amiruddin  
Abdul Satar**  
Non-Independent  
Non-Executive Director

**Datuk Yatimah  
Sarjiman**  
Non-Independent  
Non-Executive Director

**Dato' Mohd Rafik  
Shah Mohamad**  
Senior Independent  
Non-Executive Director

**Dato' Shahrol Anuwar  
Sarman**  
Chairman (Interim)  
Non-Independent  
Non-Executive Director



## At a Glance - Board of Directors



**Dato' Nonee Ashirin**  
**Dato' Mohd Radzi**  
Independent  
Non-Executive Director

**Kasmuri Sukardi**  
Independent  
Non-Executive Director

**Nik Fazila Nik**  
**Mohamed Shihabuddin**  
Independent  
Non-Executive Director

**Azmin Che Yusoff**  
Independent  
Non-Executive Director

## BOARD OF DIRECTORS' PROFILE



### Dato' Shahrol Anuwar Sarman

Chairman (Interim), Non-Independent Non-Executive Director



Age:  
**49**



Gender:  
**Male**



Nationality:  
**Malaysian**

Date of appointment to the Board:

**17 November 2020 - 16 November 2022 (First appointed)**  
**17 November 2022 (Reappointed)**

*(Redesignated as Chairman (Interim) on 1 April 2023)*

Length of tenure as Director:

**2-3 years**

Date of last re-election:

**23 June 2021**

Board Meeting attendance in 2022:

**11 out of 12**

#### Qualifications:

Dato' Shahrol Anuwar holds a Master in Business Administration from Cardiff University, Wales, United Kingdom and a Bachelor's Degree in Finance from *Universiti Teknologi MARA*, Malaysia.

#### Working experience and occupation:

Dato' Shahrol Anuwar began his career as an Assistant Secretary at the Loans Management and Finance Policy Division in the Ministry of Finance (MoF) in 1996.

In 2003, he became the Assistant Director of the Human Resource Management and Administration Division (Head of Finance and Account Unit) for Anti-Corruption Agency Malaysia. In 2004, he was appointed as the Principal Assistant Secretary of the Timber Industry Division under the Ministry of Plantation Industries and Commodities, where he served for two years. He then served for one year as the Senior Principal Assistant Secretary, Administration and Finance Division, Melaka's Chief Minister Department.

Prior to becoming the Special Officer to the Secretary General of Treasury, MoF in 2011, he was appointed as Senior Private Secretary to the Secretary General of Treasury, MoF from 2007 until 2011. He was later appointed as Senior Advisor to Executive Director of the World Bank Group in Washington D.C., United States from 2012 to 2014.

In 2014, he became the Senior Private Secretary to the Secretary General of Treasury, MoF where he served for three years. He was then appointed as an Undersecretary to the Statutory Bodies Strategic Management Division, MoF from 2017 to 2019. Subsequently as Undersecretary to the Strategic Investment Division, MoF from 2019 to 2022. He is currently the Director, National Budget Office, MoF.

He sits on the Boards of Federal Land Development Authority (FELDA), Putrajaya Corporation and *Lembaga Pelabuhan Johor* (LPJ) representing MoF.

#### Directorship in other public companies:

- Nil

#### Board Committees:

- Nil

#### Conflict of interest with the Company:

- Nil

#### Family relationship with any Director and/or Major shareholder:

- Nil

List of convictions for offences within the past five years (other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any:

- Nil

## Board of Directors' Profile



### Dato' Mohd Rafik Shah Mohamad

Senior Independent Non-Executive Director



Age:  
**72**



Gender:  
**Male**



Nationality:  
**Malaysian**

Date of appointment to the Board:

**1 July 2021**

*(Redesignated as Senior Independent Non-Executive Director on 30 March 2022)*

Length of tenure as Director:

**1-2 years**

Date of last re-election:

**23 June 2022**

Board Meeting attendance in 2022:

**12 out of 12**

#### Qualifications:

Dato' Mohd Rafik is a qualified Chartered Accountant from the Malaysian Institute of Accountants (MIA) and is a fellow of the Association of Chartered Certified Accountants (ACCA). He attended the Executive Development Programme, International Institute of Management Development, Lausanne, Switzerland.

#### Working experience and occupation:

Dato' Mohd Rafik has more than 33 years of experience in the food industry where he held various senior management positions, and after his retirement in 2006, as director in a number of companies.

Dato' Mohd Rafik started his career in 1973 as an Analyst with Esso Malaysia Berhad. After working in local companies, he joined Nestlé in 1981 and retired in 2006 after 25 years of operational service. During his tenure in Nestlé, he held various senior management positions within the Nestlé group of companies both locally and overseas including Nestlé Corporate Headquarters in Switzerland.

Upon his retirement from Nestlé, Dato' Mohd Rafik was appointed as Director of Nestlé (Malaysia) Berhad for 12 years, until he retired in April 2021. He was previously the Chairman of Malaysian Agrifood Corporation Berhad and Biotropics Malaysia Berhad, to name a few. He was also a former director of FGV prior to its public listing.

#### Directorship in other public companies:

- Nil

#### Board Committees:

- Chairman of the Audit Committee
- Member of the Nomination and Remuneration Committee
- Member of the Board Governance & Risk Management Committee

#### Conflict of interest with the Company:

- Nil

#### Family relationship with any Director and/or Major shareholder:

- Nil

#### List of convictions for offences within the past five years (other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any:

- Nil



## Board of Directors' Profile



### Datuk Yatimah Sarjiman

Non-Independent Non-Executive Director



Age:  
**58**



Gender:  
**Female**



Nationality:  
**Malaysian**

Date of appointment to the Board:

**8 April 2022**

Length of tenure as Director:

**<1 year**

Date of last re-election:

**23 June 2022**

Board Meeting attendance in 2022:

**8 out of 9**

#### Qualifications:

Datuk Yatimah holds a Degree in Business Accounting Information System cum Computer Information System from Idaho State University, United States. She also holds a Masters of Business Administration in Accounting & Finance cum International Business from Northrop University, United States.

#### Working experience and occupation:

Datuk Yatimah has over 30 years of experience in the field of planning, formulating and implementing public policies on human resource management and organisation, financial resources management and organisation, financial resources, economy, administration and development of the region, social administration, international relations and foreign affairs resilience. She also has expertise in rural development and management, international industrial structure, plantation industry and women empowerment.

In 2015, Datuk Yatimah was appointed as Deputy Secretary General in the Prime Minister's Department and was later promoted as Director General, Department of Women Development in 2016. In 2018, she became the Director of Agriculture Division, Economic Planning Unit (EPU) of the Prime Minister's Department. She is currently the Deputy Secretary General (Sectoral), of the Ministry of Economy.

Datuk Yatimah sits on the Boards of FELDA and FELCRA Berhad.

#### Directorship in other public companies:

- Director, FELCRA Berhad

#### Board Committees:

- Member of the Nomination and Remuneration Committee
- Member of the Board Governance & Risk Management Committee

#### Conflict of interest with the Company:

- Nil

#### Family relationship with any Director and/or Major shareholder:

- Nil

#### List of convictions for offences within the past five years (other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any:

- Nil

## Board of Directors' Profile



### Dato' Amiruddin Abdul Satar

Non-Independent Non-Executive Director



Age:  
**59**



Gender:  
**Male**



Nationality:  
**Malaysian**

Date of appointment to the Board:

**26 October 2020**

Length of tenure as Director:

**2-3 years**

Date of last re-election:

**23 June 2021**

Board Meeting attendance in 2022:

**10 out of 12**

#### Qualifications:

Dato' Amiruddin holds a Master in Business Administration from the Henley Business School, University of Reading, United Kingdom. He is also a member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and the Malaysian Institute of Accountants (MIA).

#### Working experience and occupation:

For over 26 years, Dato' Amiruddin was attached to a leading healthcare institution, KPJ Healthcare Berhad (KPJ), where he last held the position of President and Managing Director. During his tenure at KPJ, he also served on multiple boards and management roles. He served the Association of Private Hospitals of Malaysia (APHM) as their former vice president, leveraging his extensive years of valuable experience in the Malaysian healthcare industry as an expert in the healthcare delivery system.

He is currently the Director General of FELDA, effective from 15 October 2020. In addition to this, he currently sits on Malaysia Advisory Committee of ACCA since 2018 and Malaysian Palm Oil Board since November 2020.

#### Directorship in other public companies:

- Director, Jentayu Sustainables Berhad
- WAQAF, FELDA

#### Board Committees:

- Member of the Investment Committee
- Member of the Board Sustainability Committee

#### Conflict of interest with the Company:

- Nil

#### Family relationship with any Director and/or Major shareholder:

- Nil

#### List of convictions for offences within the past five years (other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any:

- Nil





## Board of Directors' Profile



### Dato' Nonee Ashirin Dato' Mohd Radzi

Independent Non-Executive Director



Age:  
**51**



Gender:  
**Female**



Nationality:  
**Malaysian**

Date of appointment to the Board:

**30 June 2021**

Length of tenure as Director:

**1-2 years**

Date of last re-election:

**23 June 2022**

Board Meeting attendance in 2022:

**10 out of 12**

#### Qualifications:

Dato' Nonee Ashirin holds a Bachelor of Laws (LLB) from University of Wolverhampton, United Kingdom. She is a Barrister-at-Law of Lincoln's Inn, United Kingdom. She is also a member of the Malaysian Bar Council.

#### Working experience and occupation:

Dato' Nonee Ashirin is currently a Partner at Arthur Yeong Nonee Ashirin Advocates & Solicitors. As a law graduate, she had completed her Barrister-at-Law degree at Lincoln's Inn, United Kingdom, and was called to the Malaysian Bar in 1999. She started her career in 2001 as a lawyer at Mohammad Ali & Co. where she served for three years until 2003. She then decided to venture full-time into the aerospace and defence industry. She joined Eurocopter Malaysia (currently known as Airbus Helicopters Malaysia Sdn Bhd) as Business Development Manager in 2003 and in 2006 she joined Unique Globe Sdn Bhd and was appointed Vice President, Business Development. She later joined HELIPARTNER Sdn Bhd in 2009 as Vice President of Business Development and Sales until 2010. In 2011, she was appointed as the Chairman and Chief Executive Officer of Global Turbine Asia Sdn Bhd (GTA) where she served for seven years until 2017.

She is one of the most respected and leading experts in the Malaysian aerospace industry, with over 20 years of experience in aerospace, defence and international security. She is most noted for her visionary leadership, steering GTA to become a market leader domestically and a highly acclaimed regional authority in the Maintenance, Repair & Overhaul (MRO) sector. Her track-record speaks for itself, guiding GTA towards holding the accolade of being the only Approved Maintenance Organisation (AMO) from outside of Europe under the European Aviation Safety Agency (EASA) Part 145 Regulation which is the European standard for the approval of organisations that perform maintenance on aircraft and aircraft components. She is also a board member of the Malaysian Aerospace Industry Association (MAIA) since 2018 and the lead for the MRO Technical Subcommittee.

In line with Bursa Malaysia Securities Berhad announcement of the enhanced sustainability reporting requirement for listed companies, she undertook the requisite trainings, not only leading by example but also ultimately ensuring effective oversight in the implementation of the benchmarking initiative for FGV's Sustainability Framework which includes its net zero commitment, women empowerment, gender diversity and international regulator's Environmental, Social and Governance (ESG) compliance. Her commitment in affecting change, empowerment through knowledge and leading by example has also seen her championing the adoption of international rules and compliance standards and regulations, such as those laid out in the Withhold Release Order (WRO) and Roundtable of Sustainable Palm Oil (RSPO).

#### Directorship in other public companies:

- Nil

#### Board Committees:

- Chairman of the Investment Committee
- Member of the Nomination and Remuneration Committee
- Member of the Board Sustainability Committee

#### Conflict of interest with the Company:

- Nil

#### Family relationship with any Director and/or Major shareholder:

- Nil

#### List of convictions for offences within the past five years (other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any:

- Nil

## Board of Directors' Profile



### Kasmuri Sukardi

Independent Non-Executive Director



Age:  
**72**



Gender:  
**Male**



Nationality:  
**Malaysian**

Date of appointment to the Board:

**1 July 2021**

Length of tenure as Director:

**1-2 years**

Date of last re-election:

**23 June 2022**

Board Meeting attendance in 2022:

**12 out of 12**

#### Qualifications:

Kasmuri holds a Masters in Management from Asian Institute of Management, Manila, Philippines and an Advanced Management Programme (AMP) from Harvard Business School, Boston, Massachusetts, United States. His other fields of study include Associate Diploma (AISP) from Incorporated Society of Planters, Malaysia and Diploma in Planting Industry Management (DPIM) from *Universiti Teknologi MARA*, Malaysia.

#### Working experience and occupation:

Kasmuri has more than 49 years of experience in various capacities involving plantations agribusiness namely oil palm, rubber, cocoa and coconut as well as in human capital and community development works.

He began his career in 1973 as an Estate Assistant/Senior Assistant Manager at Harrisons & Crosfield PLC (H&C) which later became Harrisons Malaysian Plantations Berhad (HMPB) and Golden Hope Plantations Berhad (Golden Hope). In 1982, he was appointed as Estate Manager and was later promoted to various positions as Estate Visiting Agent, General Manager, Director of Estates and Group Director, Plantations Agribusiness until he retired in 2006.

From 2006 to 2008, he was a Director, Special Functions and later the Consultant, Lead Trainer for Golden Hope.

In 2008, he joined Poliplant Group, Indonesia, & Clarity Resources Ltd, Hong Kong, based in Jakarta, Indonesia, as its Board Director and Corporate & Operations Director where he served until 2015.

During this period, he had successfully led the development and management of more than 50,000 Ha of oil palm plantation, most of which were from green fields, in Ketapang, Kalimantan Barat, Indonesia.

#### Directorship in other public companies:

- Nil

#### Board Committees:

- Chairman of the Board Sustainability Committee
- Member of the Board Governance & Risk Management Committee
- Member of the Investment Committee

#### Conflict of interest with the Company:

- Nil

#### Family relationship with any Director and/or Major shareholder:

- Nil

#### List of convictions for offences within the past five years (other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any:

- Nil



## Board of Directors' Profile



### Nik Fazila Nik Mohamed Shihabuddin

Independent Non-Executive Director



Age:  
**56**



Gender:  
**Female**



Nationality:  
**Malaysian**

Date of appointment to the Board:

**1 July 2021**

Length of tenure as Director:

**1-2 years**

Date of last re-election:

**23 June 2022**

Board Meeting attendance in 2022:

**12 out of 12**

#### Qualifications:

Nik Fazila holds a Bachelor of Economics (Accounting) from Flinders University of South Australia, Adelaide, Australia. She is a qualified Chartered Accountant from the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants (MIA).

#### Working experience and occupation:

Nik Fazila was the Group Managing Director of Chemical Company of Malaysia Berhad (CCM) from 2017 to 2021. She was the Chief Financial Officer of CCM from 2012 before assuming the role of Group Managing Director of CCM in 2017.

She has over 30 years of experience in the fields of accounting, finance, business assurance and corporate transactions. She began her career with Price Waterhouse (now known as PricewaterhouseCoopers) Malaysia where she spent 10 years, primarily in the audit & business advisory services. She also held various senior roles in the accounting, finance and management including as Chief Financial Officers in Malaysian public listed companies, prior to joining CCM Group.

#### Directorship in other public companies:

- Director, MSM Malaysia Holdings Berhad
- Director, MBM Resources Berhad

#### Board Committees:

- Chairman of the Board Governance & Risk Management Committee
- Member of the Nomination and Remuneration Committee
- Member of the Audit Committee

#### Conflict of interest with the Company:

- Nil

#### Family relationship with any Director and/or Major shareholder:

- Nil

#### List of convictions for offences within the past five years (other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any:

- Nil



## Board of Directors' Profile



### Azmin Che Yusoff

Independent Non-Executive Director



Age:  
**64**



Gender:  
**Male**



Nationality:  
**Malaysian**

Date of appointment to the Board:

**13 September 2022**

Length of tenure as Director:

**<1 year**

Date of last re-election:

**Not applicable**

Board Meeting attendance in 2022:

**5 out of 5**

#### Qualifications:

Azmin holds a Bachelor of Accounting (Honours) from University of Malaya, Malaysia. He is also a qualified Chartered Accountant from the Malaysian Institute of Accountants (MIA). He attended Advanced Management Programme at Harvard Business School, Boston, United States.

#### Working experience and occupation:

Azmin has over 37 years of experience in accounting, finance and financial planning, marketing, corporate and strategic planning throughout the expanse of his career.

In 2020, he was appointed as the Acting President/Group Chief Executive Officer of UMW Holdings Berhad (UMW Group) until end of 2020.

He started his career at Kontena Nasional Berhad (KN) in 1983 as Accounts Executive Assistant and raised to head various positions within the company until he was promoted as the Chief Executive Officer in 2002, a position he held for six years until 2008. He later left KN and joined Landbridge Haulage (M) Sdn Bhd as an Executive Director, Finance.

He then joined UMW Group in 2009 as an Executive Director Group Financial Services/Group Chief Financial Officer and was promoted as the Group Chief Operating Officer/Chief Financial Officer in 2016 until 2019.

During his employment at UMW Group, Azmin was also director of several companies under the group and member of various committees.

#### Directorship in other public companies:

- Nil

#### Board Committees:

- Chairman of the Nomination and Remuneration Committee
- Member of the Audit Committee
- Member of the Investment Committee

#### Conflict of interest with the Company:

- Nil

#### Family relationship with any Director and/or Major shareholder:

- Nil

#### List of convictions for offences within the past five years (other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any:

- Nil



## AT A GLANCE - GROUP MANAGEMENT COMMITTEE

**Dato' Mohd Nazrul Izam Mansor**  
Group Chief Executive Officer



**Dato' Mohd Hairul Abdul Hamid**  
Group Chief Financial Officer



**Abdul Razak Aya**  
Head of Integrated Farming



**Salman Ghazali**  
Group Chief Strategy Officer & Officer-In-Charge of  
Chief Consumer Products Officer



**Nurul Hasanah Ahamed  
Hassain Malim**  
Head of Group Sustainability



**Nor Marhamah Yahya**  
General Counsel, Group Legal





## At A Glance - Group Management Committee

**Mohd Sarian Md Sahid**

Group Divisional Director, Plantation Sector



**Fakhrunniam Othman**

Group Divisional Director, Logistics & Others Sector



**Syed Feizal Syed Mohammad**

Group Chief Executive Officer of  
MSM Malaysia Holdings Berhad



**Azmi Yaakop**

Group Chief Strategic Communication Officer



**Razman Radzi**

Group Chief Human Capital Officer



**Shaharizan Yunus**

Head of Group Health, Safety & Environment



**Zaliy Mohamed Zaman Khan**

Chief Internal Auditor



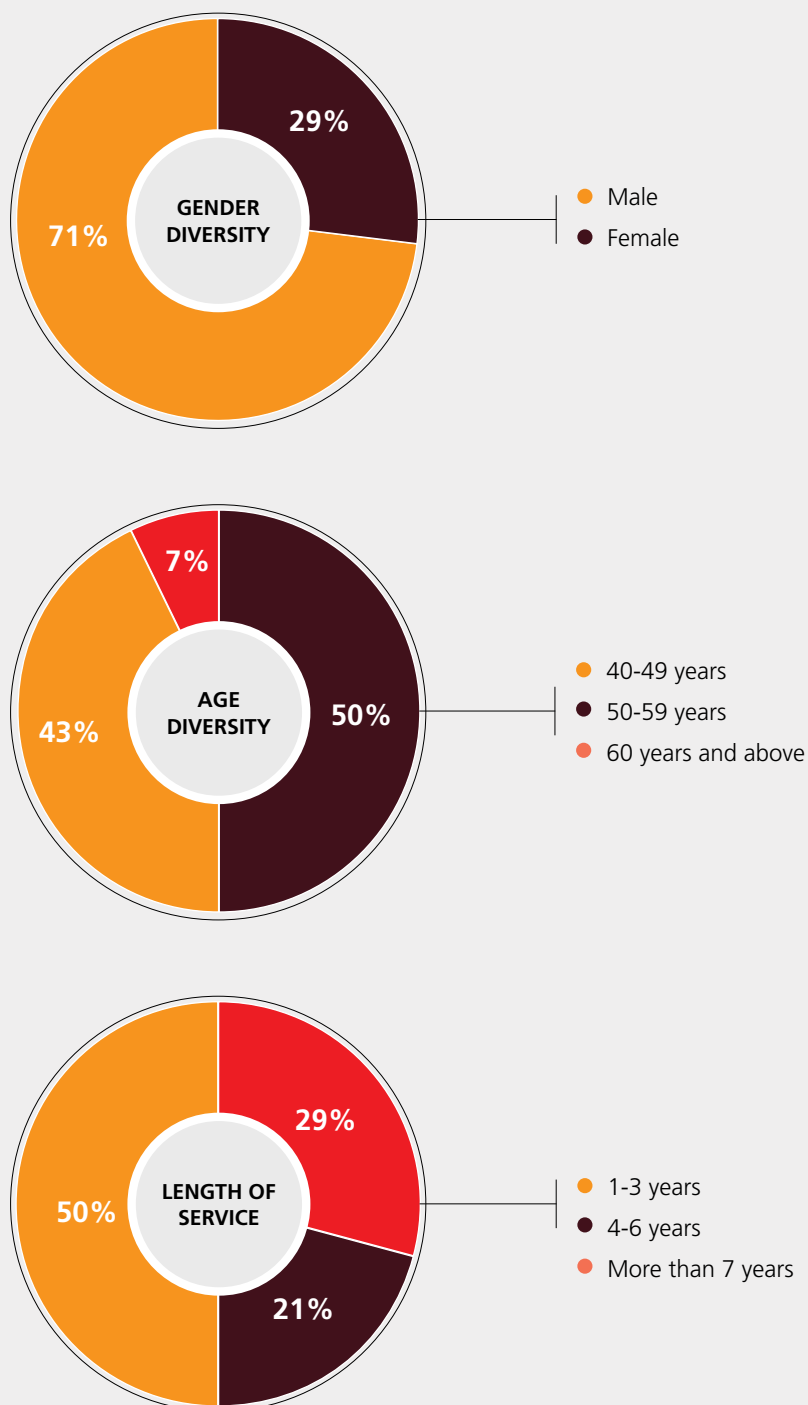
**Azni Ariffin**

Head, Group Secretarial & Company Secretary



## At a Glance - Group Management Committee

The Group Management Committee (GMC) serves a pivotal role in providing essential support to the Group Chief Executive Officer (CEO) in the stewardship of the Group. The GMC operates as a centralised entity, tasked with the responsibility of monitoring the Group's performance, coordinating and aligning its management and business operations to realise the Group's vision, mission, and strategies. This is achieved through the diligent application of sound corporate governance principles and the implementation of industry-best business and control practices, in accordance with the directives, guidance, decisions, and policies of the Board and its Committees.



### Notes:

1. All information as at 20 March 2023.
2. None of the GMC members have any conflict of interest with the Company, family relationship with any Director and/or Major shareholder or have any convictions for offences (other than traffic offences) within the past five years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## GROUP MANAGEMENT COMMITTEE'S PROFILE

### Dato' Mohd Nazrul Izam Mansor

Group Chief Executive Officer



Age: **47**



Gender: **Male**



Nationality: **Malaysian**



Appointment to the position:  
**23 August 2021**

#### Academic/Professional Certificate

- Bachelor of Commerce from the University of Queensland, Australia
- Chartered Accountant of the Malaysian Institute of Accountants (MIA)
- Fellow Certified Practicing Accountant of CPA Australia

#### Relevant Experience

Dato' Mohd Nazrul has over 22 years of experience in various capacities in several different industries. Prior to his appointment as FGV's Group CEO, he was formerly the Group CEO of FELCRA Berhad since 2018.

He began his career in 1998 as an Accounts Executive with RHB Unit Trust Management Berhad. In 2000, prior to joining PricewaterhouseCoopers as a Senior Associate, he was an Audit Assistant at Hasyudeen & Co. During his tenure with the two public accounting firms, he was involved in various auditing and assurance assignments for medium to large public and private companies.

He joined *Padiberas Nasional Berhad (BERNAS)* in 2002 and played key roles in risk management, corporate planning and was the Executive Assistant to the CEO until 2007. In 2009, he joined Malaysia Building Society Berhad (MBSB) as the Head of Structured Business.

In 2010, he was appointed as Group Chief Financial Officer (CFO) at Realmild Sdn Bhd before he joined N.U.R Power Sdn Bhd as Director of Finance in 2013, where he held the position until 2018 before joining Teras Dara Konsortium Sdn Bhd to become its Managing Director.

#### Directorship in other public companies

MSM Malaysia Holdings Berhad

### Dato' Mohd Hairul Abdul Hamid

Group Chief Financial Officer



Age: **52**



Gender: **Male**



Nationality: **Malaysian**



Appointment to the position:  
**2 January 2019**

#### Academic/Professional Certificate

- Chartered Accountant of the Malaysian Institute of Accountants (MIA)
- Fellow of the Association of Chartered Certified Accountants (ACCA)
- Member of the Malaysian Institute of Certified Public Accountants

#### Relevant Experience

Dato' Mohd Hairul started his career in Sime Darby Berhad in 1994 as a Management Trainee and rose to become Group Accountant in 1997. In October 2002, he was appointed as the Finance Manager of Consolidated Plantations Berhad (CPB), a wholly-owned subsidiary of Sime Darby Berhad. He was later made Plantation Financial Controller of CPB from July 2005 to June 2006, before returning to Sime Darby Berhad as General Manager Finance of the Plantation Division. He was appointed CFO of the Division in June 2008. He left Sime Darby Berhad in February 2012, with his last position as the CFO of the Energy & Utilities Division.

Prior to joining FGV in January 2019 as the Group CFO, he was the CFO of Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) from March 2012 to December 2018. Presently, he is also a Director of Felda Holdings Berhad.

#### Directorship in other public companies

Felda Holdings Berhad

## Group Management Committee's Profile

### Mohd Sarian Md Sahid

Group Divisional Director, Plantation Sector



Age: **60**



Gender: **Male**



Nationality: **Malaysian**



Appointment to the position:  
**1 April 2022**

#### Academic/Professional Certificate

- Masters in Business Administration from RMIT University, Australia
- Diploma in Mechanical Engineering from *Universiti Teknologi Malaysia*
- Professional STEM Certificate Grade 1

#### Relevant Experience

Mohd Sarian has an extensive experience of 38 years with FGV, where he first started serving various mills in Felda Palm Industries Sdn Bhd (currently known as FGV Palm Industries Sdn Bhd) from 1984 to 2001. Between 2002 and 2006, he was appointed as Regional General Manager for two zones; Wilayah Kuala Lumpur before continuing with the same role when he moved to Wilayah Sahabat.

In 2007, he held the position of Head of Zone, where he served until 2013. At the end of 2013, he was appointed as Head of Business Development, Group CEO Office until early 2014 and then appointed as Head of Business Development and Strategy for Rubber Cluster within the same year.

In 2017, he was appointed as Head of Global Supply Chain Management before assuming the role as CEO of FGV Fertiliser Sdn Bhd in 2018.

In 2019, he was appointed as Head of Upstream Division before being redesignated as Officer-In-Charge of the Group Divisional Director, Plantation Sector in 2021. He was promoted as the Group Divisional Director of Plantation Sector in April 2022.

#### Directorship in other public companies

Nil

### Fakhrunniam Othman

Group Divisional Director, Logistics & Support Businesses (LSB)



Age: **55**



Gender: **Male**



Nationality: **Malaysian**



Appointment to the position:  
**1 January 2023**

#### Academic/Professional Certificate

- Masters in Business Administration (General Management) from RMIT University, Australia
- Chartered Accountant of the Association of Chartered Certified Accountants (ACCA), United Kingdom
- Member of the Malaysian Institute of Accountants (MIA)

#### Relevant Experience

Fakhrunniam's career spanned over 31 years, starting with Caltex Oils Malaysia Ltd in 1992 as a Management Trainee, followed by a stint with Sapura Telecommunication Bhd as an Assistant Manager and later with Alloy Consolidated Sdn Bhd as the Group Accountant.

He has extensive experience in the FGV Group since joining as an Accountant of Felda Holdings Berhad in 2000. Following work rotations, expansion of responsibilities and performance evaluations, he was later made a General Manager in 2004 and Senior General Manager Finance in 2006. He was subsequently identified for an assignment in Twin Rivers Technologies (TRT) Inc as Deputy CFO and Company Secretary for four years from 2008 to 2011 that had provided him with significant global exposures in the investments, oils & fats, and the oleochemical fields.

Upon his return, he joined the Strategy Division as the Vice President and participated in the listing of FGV. Further, he was entrusted with leadership roles as the CEO of three subsidiaries, namely FGV Marketing Services Sdn Bhd, FGV Trading Sdn Bhd and FGV Transport Sdn Bhd from 2013 to 2016, thus expanding his knowledge in the areas of marketing, commodity trading and logistics.

In 2017, he was appointed as the Chief Strategy Officer, followed by Chief Investment Officer from 2019 to 2022. During the period, he was also entrusted with an interim assignment as Acting CEO of MSM Malaysia Holdings Berhad in September 2020. He formulated the Group's Business Plan and executed a number of key divestments to improve FGV's shareholders value during this period.

#### Directorship in other public companies

MSM Malaysia Holdings Berhad

## Group Management Committee's Profile

### Syed Feizal Syed Mohammad

Group Chief Executive Officer of MSM Malaysia Holdings Berhad



Age: **58**



Gender: **Male**



Nationality: **Malaysian**



Appointment to the position:  
**1 February 2021**

#### Academic/Professional Certificate

- Masters in Business Administration (Executive) from the Charles Sturt University, Australia
- Bachelor of Science in Electrical Engineering from University of Nebraska-Lincoln, United States
- Member of the Institute of Corporate Directors Malaysia
- Member of the CEO Action Network (CAN)

#### Relevant Experience

With over 34 years of experience in multinational and local conglomerates, Syed Feizal had served at various corporate and business sectors including engineering and construction of oil & gas facilities, petrochemicals and industrial process plants, exploration and production, infrastructure (water, transport and power) and trading of agro and industrial commodities (palm oil, rubber, sugar and rice) and hydrocarbons. His experience in various large to mega capital project conceptualisation and development spans several countries and regions including Asia Pacific, South Asia and the Middle East.

Previously, he held several senior leadership positions as CEO, Executive Project Sponsor and Board roles, managing large organisations of over 3,000 people in Malaysia. He was also a senior member of an Executive Committee overseeing over 7,000 people in Asia Pacific with over 15 subsidiaries across China, Southeast Asia and Australia.

#### Directorship in other public companies

MSM Malaysia Holdings Berhad

### Abdul Razak Aya

Head of Integrated Farming



Age: **51**



Gender: **Male**



Nationality: **Malaysian**



Appointment to the position:  
**1 August 2019**

#### Academic/Professional Certificate

- Master of Science in Plantation Management and Diploma in Agriculture from *Universiti Putra Malaysia*
- Executive Leadership Programme at Bond University, Australia
- Business Strategy and Supply Chain Management Programme at National University of Singapore
- Plantations Management Programme at Golden Hope Academy, Carey Island, Malaysia

#### Relevant Experience

Abdul Razak has more than 27 years of experience primarily in strategic and business planning, plantation and estate operations, biotechnology, precision agriculture, biosecurity, plantation land development, as well as occupational health and safety. He also has vast experience in cattle and goat farming, poultry, fisheries and aquaculture, pineapple, herbal and fruits industries through his involvement in government economic regional projects.

He started his career in 1992 as an Information Technology Executive in Creative Technology Computer Sdn Bhd. He later joined the Faculty of Forestry at *Universiti Putra Malaysia* in 1993 as a Satellite Remote Sensing Researcher before the joining Johor State Department of Agriculture from 1994 to 1995.

Prior to the merger with Sime Darby Berhad, he was appointed Business Development Manager at Golden Hope Plantations Berhad in 1995 where he served for 13 years. Subsequently, he continued with the same portfolio post-merger at what is known today as Sime Darby Plantation Sdn Bhd until 2009.

He was made Senior Manager, Agriculture of the East Coast Economic Region Development Council (ECERDC) from 2008 to 2014, before joining the Malaysian Agricultural Research and Development Institute (MARDI) as a Permanent Member of the Board of Governors until 2016. He later served as the Vice President in Naza World Holdings Sdn Bhd in 2014, overseeing the Agro and Bio Division.

Prior to joining FGV, he was the Adjunct Lecturer at *Universiti Teknologi MARA, Malaysia* in 2019.

#### Directorship in other public companies

Nil





## Group Management Committee's Profile

### Salman Ghazali

Group Chief Strategy Officer & Officer-In-Charge of  
Chief Consumer Products Officer



Age: **41**



Gender: **Male**



Nationality: **Malaysian**



Appointment to the position:  
**13 September 2019**

#### Academic/Professional Certificate

- Bachelor of Science in Accounting & Finance from London School of Economics and Political Science, United Kingdom

#### Relevant Experience

Salman started his career in Sime Darby Plantation Sdn Bhd (SDP) in 2005 and has since accumulated 17 years of experience in strategy, investments management, private equity, business banking, corporate finance, and business development. In 2007, he moved to the Managing Director's Office in SDP as Senior Executive and rose to become Assistant Vice President I Corporate Finance in the Strategy and Business Development Department. While in SDP, he was assigned to PEMANDU's National Key Economic Area (NKEA) lab in 2010 where he became Head of Palm Oil Food & Health-based Downstream Sector. He was then seconded to Emery Oleochemicals as Manager in the Global Strategy Department. He left the Company in December 2011 and joined Petroliaam Nasional Berhad in 2012 in the Executive Vice President's Office before joining Khazanah Nasional Berhad as Vice President of Investments and Special Officer to the Chief Investment Officer.

In 2015, he joined RM Capital Partners & Associates Sdn Bhd (RMCP), one of the largest boutique private equity firms in Malaysia, and left as Managing Partner in August 2018. While in RMCP, he held directorship positions in all investee companies under RMCP with business presence in the consumer products space, oil and gas services, plastics, and technology. He was also a member of the Investment Committee for both RMCP One Fund and RMCP Two Fund. Prior to joining FGV in September 2019, he was the Head of Business Banking in *Bank Pembangunan Malaysia Berhad*.

In July 2022, he was appointed as Officer-In-Charge of Chief Consumer Products Officer. He will undertake this role in tandem with his current position.

#### Directorship in other public companies

Nil

### Azmi Yaakop

Group Chief Strategic Communication Officer



Age: **46**



Gender: **Male**



Nationality: **Malaysian**



Appointment to the position:  
**15 July 2022**

#### Academic/Professional Certificate

- Master of Science in Corporate Communications from *Universiti Putra Malaysia*
- Bachelor of Arts (Double Major in Economics & Mass Communications) from Indiana University Bloomington, United States

#### Relevant Experience

Azmi has more than 23 years of experience, mainly in the Strategic Communications area.

Prior to joining FGV, he was the Head of External Affairs of Bristish American Tobacco (BAT), primarily responsible for BAT's Environmental, Social and Governance (ESG) agenda and new categories portfolio.

He had served various multinational corporations including Aramco Overseas Malaysia Sdn Bhd, as the Public & Government Relations Consultant. He was also the Head, Corporate Affairs of BASF *PETRONAS Chemicals Malaysia* and the Communications Advisor of Shell Business Service Centre Sdn Bhd (previously known as Shell IT International Sdn Bhd).

He has also served various public listed and government-linked companies such as Celcom Axiata Berhad, Telekom Malaysia Berhad and Hong Leong Group Capital Berhad.

#### Directorship in other public companies

Nil

## Group Management Committee's Profile

### Razman Radzi

Group Chief Human Capital Officer



Age: **58**



Gender: **Male**



Nationality: **Malaysian**



Appointment to the position:  
**1 August 2022**

#### Academic/Professional Certificate

- Bachelor of Business Administration (Honours) from International Islamic University, Malaysia
- Diploma in Personnel Management from the Malaysian Institute of Human Resource Management
- Research Fellow at the National Human Resource Centre under the Human Resource Development Corporation

#### Relevant Experience

Razman has 33 years of experience in Human Resources and had served in various multinational corporations and government linked companies including Johor Corporation as General Manager Human Resource Development and Senior General Manager Group Talent Management of KPJ Healthcare Berhad.

Razman has also served at Goodyear (Malaysia) Bhd, UEM Land Holdings Bhd and Kumpulan Guthrie Berhad.

He is currently the Deputy President of the Malaysian Institute of Human Resource Management and had also served as a Panel Member of the Industrial Court. He is a certified Professional Coach and Mentor as well as a Balance Scorecard Professional.

#### Directorship in other public companies

Nil

### Nurul Hasanah Ahamed Hassain Malim

Head of Group Sustainability



Age: **42**



Gender: **Female**



Nationality: **Malaysian**



Appointment to the position:  
**1 March 2019**

#### Academic/Professional Certificate

- Master in Laws (Human Rights Law) from the University of Nottingham, United Kingdom
- Bachelor of Laws (Honours) from the International Islamic University, Malaysia
- Certificate in Continuing Professional Development Programme from the University of Glasgow, Scotland
- Alumni of the International Visitors Leadership Programme by the Bureau of Education and Cultural Affairs of the United States Department
- Recipient of the British Foreign Commonwealth Office Chevening Fellowship Award

#### Relevant Experience

Nurul Hasanah has 17 years of experience in human rights, law, policy development and sustainability. She worked with the Human Rights Commission of Malaysia for 15 years, where she started her career as Legal Officer in 2003. She became Head of the Complaints & Inquiries Division in 2006, before heading the National Inquiry Division for two years starting 2010. From 2013 to 2015, she was Head of the Research and Policy Development Division. She was appointed Deputy Secretary of the Policy and Law Working Group in 2015 and left the Commission in 2018 to join Earthworm Foundation, an international non-profit organisation, formerly known as The Forest Trust. In Earthworm Foundation, she was responsible for the Palm Programme in Malaysia, focusing on Environment, Social and Human Rights.

#### Directorship in other public companies

Nil



## Group Management Committee's Profile

### Nor Marhamah Yahya

General Counsel, Group Legal



Age: **45**



Gender: **Female**



Nationality: **Malaysian**



Appointment to the position:  
**1 August 2019**

#### Academic/Professional Certificate

- Bachelor of Laws (Honours) from *Universiti Teknologi MARA, Malaysia*

#### Relevant Experience

Nor Marhamah began her career at BUSTAMAN as a Legal Assistant in 2002, where she gained valuable experience in various areas of corporate and commercial law. In 2006, she became a Partner at M.Y. Nor & Partners, where she continued to develop her skills and expertise.

In 2008, she joined Astro Entertainment Sdn Bhd as a Senior Legal Executive, where she was responsible for managing legal affairs related to the Company's broadcasting and multimedia operations. She was promoted to Assistant Vice President at MEASAT Broadcast Network Systems Sdn Bhd due to her performance and contributions.

In 2012, she joined FGV's Group Legal Division as a Senior Manager, where she was tasked to oversee the legal affairs of the Company. Her outstanding performance earned her a promotion to General Manager in 2015 and she was eventually appointed as General Counsel in August 2019.

#### Directorship in other public companies

Nil

### Shaharizan Yunus

Head of Group Health, Safety & Environment



Age: **43**



Gender: **Male**



Nationality: **Malaysian**



Appointment to the position:  
**15 November 2019**

#### Academic/Professional Certificate

- Masters in Management from *Universiti Tun Abdul Razak, Malaysia*
- Bachelor of Marine Science (Honours) from *Universiti Kebangsaan Malaysia*
- Safety and Health Officer Certificate and Train the Trainer Certificate from NIOSH Malaysia

#### Relevant Experience

Shaharizan began his career as an Executive in the Occupational Safety Division in NIOSH Malaysia in 2002. Between May 2004 and December 2008, he worked in Gas Malaysia Berhad (previously known as Gas Malaysia Sdn Bhd) and KLCC Urusharta Sdn Bhd as a Health, Safety, Environment (HSE) and Quality Executive. He later joined IGB Corporation Berhad, in December 2008 as Safety & Health Manager, before becoming an Advisor in Occupational Health and Safety in ABB Malaysia Sdn Bhd in October 2010.

He was appointed Country HSE Leader by Lloyd's Register (LR) Malaysia & Brunei in November 2011, before moving to RAPID Pengerang Project Package as HSE Manager in May 2017. He joined FGV as Manager of the Group HSE Division in July 2018, and was promoted to Head of the Group HSE Department in November 2019. He is a qualified Internal Auditor for Quality Management System (QMS), Environmental Management System (EMS), OHSAS Management System as well as Qualified Incident Command System Silver Commander.

#### Directorship in other public companies

Nil

## Group Management Committee's Profile

### Zalily Mohamed Zaman Khan

Chief Internal Auditor



Age: **55**



Gender: **Female**



Nationality: **Malaysian**



Appointment to the position:  
**1 March 2012**

#### Academic/Professional Certificate

- Bachelor of Accountancy from the University of South Australia, Australia
- Chartered Accountant of the Malaysian Institute of Accountants (MIA)
- Certified Internal Auditor of the Institute of Internal Auditors Inc, United States
- Certification in Control Self-Assessment and Certification in Risk Management Assurance awarded by the Institute of Internal Auditors Inc, United States
- Fellow of the CPA Australia

#### Relevant Experience

Zalily is a qualified accountant and carries more than 32 years auditing experience in various conglomerates which are principally in the palm oil sector.

She started her career as an external auditor in Arthur Andersen & Co in 1990. She then joined Sapura Telecommunications Bhd in 1994 as its Group Finance Manager before moving to Golden Hope Plantations Berhad in 2000, as Deputy General Manager of the Internal Audit Department. After the merger in 2007, she was appointed Vice President of the Group Corporate Assurance Department for the Plantation Division in Sime Darby Berhad. Subsequently, she became General Manager and Head of the Group Internal Audit in Boustead Holdings Berhad, where she led the internal audits covering three listed subsidiaries, before joining FGV in 2012.

She had also served as a member of the Institute of Internal Auditors Malaysia's Research and Technical Advisory Committee for several years.

#### Directorship in other public companies

Nil

### Azni Ariffin

Head of Group Secretarial & Company Secretary



Age: **52**



Gender: **Female**



Nationality: **Malaysian**



Appointment to the position:  
**13 July 2022**

#### Academic/Professional Certificate

- Bachelor of Laws (Honours) from International Islamic University, Malaysia
- Graduate of the Institute of Chartered Secretaries and Administrators (ICSA)
- Licensed by the Companies Commission of Malaysia

#### Relevant Experience

Azni has 29 years of experience in corporate governance, corporate secretarial, commercial, and corporate laws as well as consultation works relating to cross-border legal issues and agreements.

She was called to the Malaysian Bar as an Advocate and Solicitor in 1994 and started her career as a Magistrate and Senior Assistant Registrar of the High Court of Malaya before venturing into private sector where her experience spans across various industries namely property, investment holding, manufacturing, telecommunication & Information Technology, financial, automotive, aviation and oil & gas.

Prior to joining FGV, she had served at various multinational corporations and government linked companies including Sapura Energy Berhad as Group Company Secretary, General Manager, Company Secretarial & Legal Division of Malaysia Airports Holdings Berhad, Chief Legal Counsel & Company Secretary of PROTON Holdings Berhad and its Group of Companies, Head of Group Corporate Secretarial of Malayan Banking Berhad and General Manager, Legal and Secretarial, Pernec Corporation Berhad.

She had earlier served as Senior Manager, Legal & Secretarial, Mardec Berhad and in the Legal Department of Abrar Group International Sdn. Bhd. and Damansara Realty Berhad.

#### Directorship in other public companies

Nil



## CORPORATE GOVERNANCE OVERVIEW STATEMENT



“

I am very pleased to present the Corporate Governance Overview Statement (CGOS) for the year ended 31 December 2022. The Board is responsible for the long-term sustainable success of the Group, creating value for shareholders and contributing to the wider society. To achieve this, the Board supports and challenges Senior Management to ensure we maintain a high governance standards. This CGOS explains how we seek to achieve these goals and how the Malaysian Code on Corporate Governance (MCCG) practices have been applied in the year. At the heart of the MCCG is a set of principles that emphasise the value of good corporate governance to long-term sustainable success.

”

**Dato' Shahrol Anuwar Sarman**

Central to everything we do is our vision of delivering sustainable foods and agriproducts to the world. We instil a culture that aims to allow our employees to maximise their potential driven by our PRIDE values. Having a strong Governance and Integrity Framework for FGV Group (FGV Group Governance and Integrity Framework) which supports our long-term strategic development is critical for us to fulfil our vision, support the business and benefit all our stakeholders.

The Board continually monitors our governance arrangements. We regularly discuss the most effective methods of achieving greater Board engagement with our people and other stakeholders, and focus building our existing initiatives, in order to better understand their views. We are committed to equality and diversity at all levels, and this remains an important area of focus for the Board.

The Board takes seriously its responsibilities in ensuring that all of our people act with openness, honesty and transparency. As we continue to grow, it is vital that we maintain a strong culture which aligns with our vision, strategy and values. We continue to work on robustly assessing and mitigating our principal risks through our Board committees and reporting on those activities.

In conclusion, I am confident that the Board continues to have the right balance of skills, expertise, experience and professionalism to continue to deliver strong governance, within our culture of 'doing the right thing'.

This CGOS, along with our Corporate Governance Report 2022 (CG Report 2022), which is available online, has been prepared to provide stakeholders with a comprehensive explanation of the FGV Group Governance and Integrity Framework. It takes into consideration guidance from the MCCG 2021, Bursa Malaysia Securities Berhad (Bursa Securities) Main Market Listing Requirements (Listing Requirements) and the Companies Act 2016.

### AWARDS AND RECOGNITION



**Strongest Adherence to Corporate Governance 2021** category at Alpha Southeast Asia's 12<sup>th</sup> Annual Institutional Investor Awards.



Successfully re-certified our **ISO 37001 Anti-Bribery Management Systems**.



Categorised as '**low risk**' with **minimal ground for MACC S17A** 'failure to prevent charge' on Adequacy Procedures Adequacy Assessment by TRIDENT Integrity 2022.



MSWG-ASEAN Corporate Governance

- Scorecard 2021: FGV has improved its rank to **51<sup>st</sup> place** (out of 100 companies) from 70<sup>th</sup> place in 2020 and no place in 2019, with a commendable score of 80%.
- Asset Class Awards 2021: FGV was announced as **one of 54 Malaysian Public Listed Companies** out of 234 ASEAN winners.



**100% of FGV employees completed the online Integrity Pledge** for 2022.



## Corporate Governance Overview Statement

This Governance section has been structured to provide a clear and transparent overview of the Board's oversight of FGV Group Governance and Integrity Framework. This year, we continued to improve the Group's disclosures and we welcome feedback and suggestions from all of our stakeholders.

This section includes the CGOS, the reports of the main Board Committees and several other required disclosures complying with the law. Taken together and including cross references to relevant parts of the Strategic Reports, they contain all of the information that is required to demonstrate how we have applied the principles and provisions of the MCCG 2021.



This section is to be read together with the CG Report 2022, which can be found on our website, [www.fgvholdings.com](http://www.fgvholdings.com).

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

- Our Governance and Integrity Framework
- Sustainability Governance
- Board Oversight
- Board and Committee Roles and Attendance
- Roles and Responsibilities
- Principal Board Activities
- Board Performance
- Induction, Training and Development
- Nomination and Remuneration Committee Report
- Directors' Remuneration
- Senior Management's Remuneration
- Board Sustainability Committee Report
- Formalised Ethical Standards

**pages 128 – 146**

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

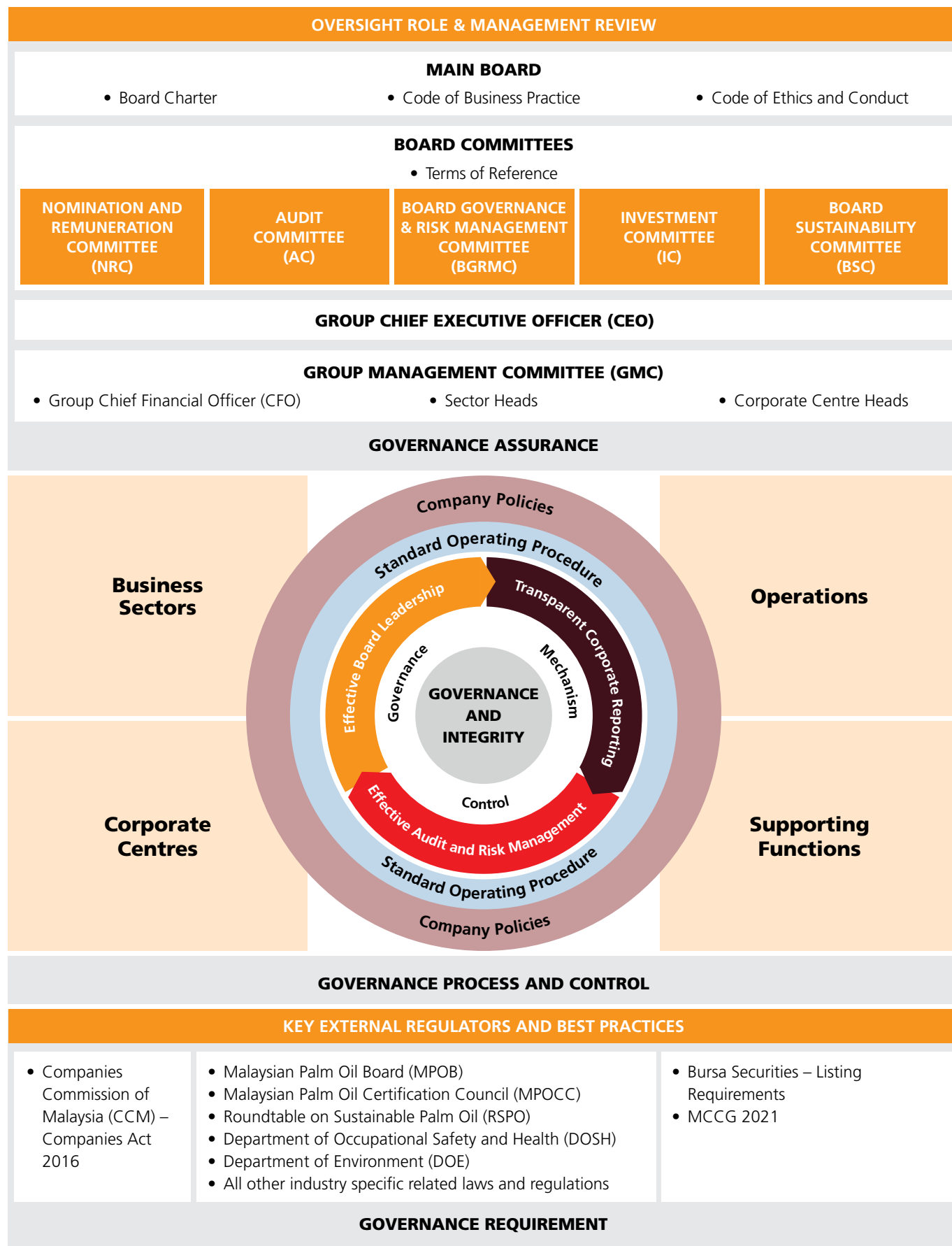
- Audit Committee Report
- Relationship with the External Auditor
- Group Internal Audit
- Board Governance & Risk Management Committee Report

**pages 147 – 155**

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

- Communicating with Our Stakeholders

**pages 156 – 160**

**PRINCIPLE A:**
**BOARD LEADERSHIP AND EFFECTIVENESS**
**OUR GOVERNANCE AND INTEGRITY FRAMEWORK**


## Principle A: Board Leadership and Effectiveness

### SUSTAINABILITY GOVERNANCE

FGV places sustainability as its foremost priority and firmly commits to it. The Board of Directors, which is ultimately responsible for managing the Group, provides guidance and leadership on sustainability matters. Sustainability is anchored in the Business Plan and represents an integral part of FGV's corporate culture, as reflected in the relentless drive towards an all-inclusive approach of value creation for all stakeholders, while actively balancing socioeconomic and environmental demands.

To support the Board in managing the Group, several focused committees have been established, including committees dedicated to sustainability. A dedicated governance structure has been put in place with clear reporting lines to ensure the Group Sustainability Policy (GSP) is implemented in a manner consistent with its intended spirit.

The Board Sustainability Committee (BSC) was established to emphasise FGV's commitment in prioritising Environmental, Social, and Governance (ESG) considerations in its operations. As a Board committee, the BSC oversees the development of the GSP and sustainability strategies, and exercises governance over their implementation. It monitors progress and provides insights and advice to ensure that the Group's goals and objectives are achieved. The BSC also reviews the Sustainability Report and any other related information that could have a significant financial and/or reputational impact on the Group.

The BSC is supported by the Sustainability Steering Committee, a management committee that includes representatives from various GMC members. The Sustainability Steering Committee helps to integrate sustainability principles and practices throughout FGV and is responsible for the effective implementation of the Company's sustainability initiatives. The Group CEO serves as the chair of the Sustainability Steering Committee.

### BOARD OVERSIGHT

The Board currently comprises three Non-Independent Non-Executive Directors (NINED) and five Independent Non-Executive Directors (INED). The Board delegates some of its responsibilities to the AC, NRC, BGRMC, BSC and IC. Each of these Committees has its own Terms of Reference (ToR) and its effectiveness is assessed annually as part of the evaluation process.

The Board also delegates operational matters to the Group CEO, except for certain matters reserved for the Board as set out in the Board Charter. The roles of Chairman, Group CEO and Senior Independent Non-Executive Director are separately held, well defined and set out in the Board Charter as well as regularly reviewed by the Board.



More information on the Board's ToR and the Board Charter can be found on our website, [www.fgvholdings.com](http://www.fgvholdings.com).

### AUTHORITY LIMITS

The Board's delegation of powers to the Board Committees and the Group CEO are stipulated in the Board approved Group's Limits of Authority (LOA) and are aligned with the Board Charter. The limits establish a sound framework of authority and accountability within the Group, including segregation of duties, which facilitate timely, effective and quality decision making at the appropriate levels in the Group's hierarchy.

### ACCESS TO INFORMATION AND ADVICE

The Board has full and unrestricted access to anyone in the Group in order to conduct any investigation and obtain any information pertaining to the Group, including access to the Company's auditors and consultants. The Board may also seek relevant internal and external independent professional advice at the expense of the Company.

The Board strives to encourage a paperless environment for all Board and Board Committees meetings, where digital access is given to meeting papers to save on the distribution of hard copies.

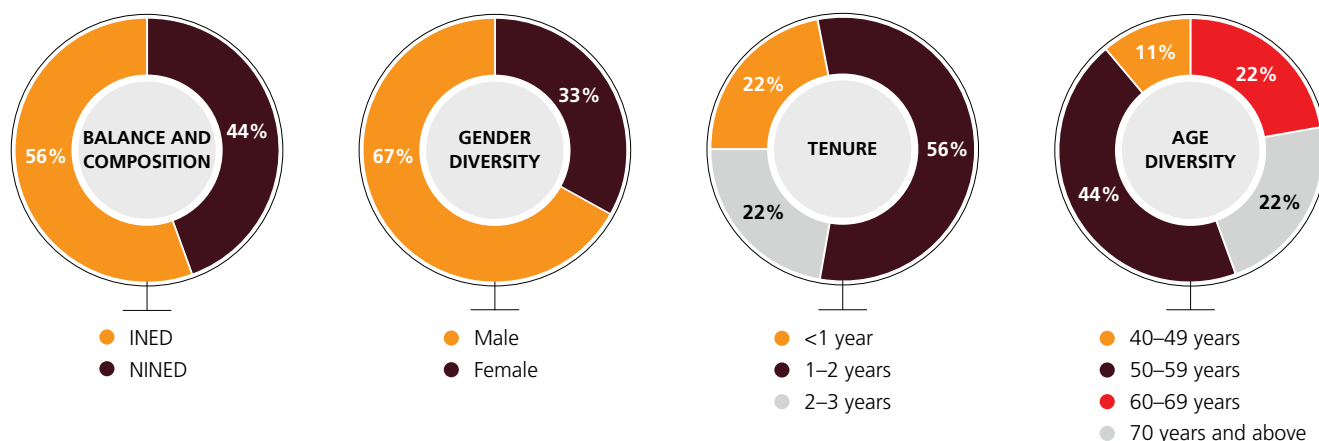
The agendas and meeting papers are distributed in advance, to provide the Board and Board Committee members with sufficient time to review the matters for deliberation and allow for effective discussion and decision making during the meeting.

Upon conclusion of the Board and Board Committee meetings, the discussions and deliberations including, any dissenting views and decisions of the Board and Board Committee meetings are well documented in the minutes in a clear, accurate and complete manner, including matters where Directors abstained from voting or deliberation.

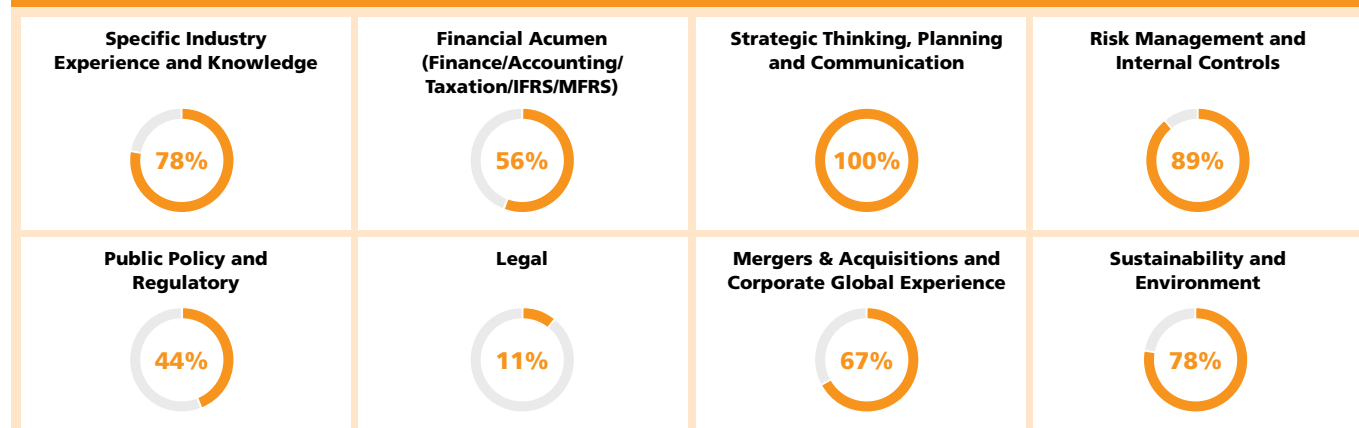


## Principle A: Board Leadership and Effectiveness

As at 31 December 2022, the diversity, skills and experience of the Board are as shown below:



### SKILLS AND EXPERIENCE



### BOARD AND BOARD COMMITTEES ROLES AND ATTENDANCE

#### THE BOARD

- Sets the Group's strategy
- Oversees the alignment of the Group's purpose, culture and values, strategy and risk
- Considers the balance of interests among stakeholders for the long-term success of the Company
- Oversees the Group's governance

#### NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

##### Dato' Shahrol Anuwar Sarman

Appointed on 17 November 2020  
 Reappointed on 17 November 2022  
 Redesignated as Chairman (Interim) on 1 April 2023  
 Attended 11 out of 12 Board Meetings (92%)

##### Datuk Yatimah Sarjiman

Appointed on 8 April 2022  
 Attended 8 out of 9 Board Meetings (89%)

##### Dato' Amiruddin Abdul Satar

Appointed on 26 October 2020  
 Attended 10 out of 12 Board Meetings (83%)

##### RESIGNED

##### Datuk Dr. Zunika Mohamed

Appointed on 10 February 2020  
 Resigned on 11 March 2022  
 Attended 1 out of 2 Board Meetings (50%)

##### CEASED

##### Dato' Dzulkifli Abd Wahab

Appointed on 1 April 2021  
 Ceased on 1 April 2023  
 Attended 12 out of 12 Board Meetings (100%)

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

##### Dato' Mohd Rafik Shah Mohamad

Appointed on 1 July 2021  
 Redesignated as Senior Independent Non-Executive Director on 30 March 2022  
 Attended 12 out of 12 Board Meetings (100%)

##### Dato' Nonee Ashirin Dato' Mohd Radzi

Appointed on 30 June 2021  
 Attended 10 out of 12 Board Meetings (83%)

##### Nik Fazila Nik Mohamed Shihabuddin

Appointed on 1 July 2021  
 Attended 12 out of 12 Board Meetings (100%)

##### Azmin Che Yusoff

Appointed on 13 September 2022  
 Attended 5 out of 5 Board Meetings (100%)

##### Kasmuri Sukardi

Appointed on 1 July 2021  
 Attended 12 out of 12 Board Meetings (100%)

##### DEMISED

##### Dato' Yusli Mohamed Yusoff

Appointed on 6 September 2018  
 Redesignated as Deputy Chairman on 2 March 2020  
 Demised on 10 March 2022  
 Attended 2 out of 2 Board Meetings (100%)

## Principle A: Board Leadership and Effectiveness

NRC		BSC	
<ul style="list-style-type: none"><li>Review the structure, size and composition of the Board</li><li>Conduct Board Effectiveness Assessment</li><li>Determine induction and training for the Board members</li><li>Oversee succession planning</li><li>Recommend appointments of Directors of FGV, Board Committees and Senior Management to the Board</li><li>Determine the remuneration policy for Chairman, Non-Executive Directors and Senior Management</li><li>Monitor employee remuneration and related policies</li></ul>		<ul style="list-style-type: none"><li>Oversee the Group's formulation of the Group's sustainability strategy</li><li>Monitor, review and assess the Group's sustainability strategy and any reporting of matters to the shareholders and/or relevant authorities, and disclosures in relation to sustainability</li></ul>	
<p><b>Chairman</b> <b>Azmin Che Yusoff •</b> Appointed as Chairman on 17 October 2022 Attended 2 out of 2 meetings (100%)</p> <p><b>Members</b> <b>Dato' Nonee Ashirin Dato' Mohd Radzi •</b> Appointed on 30 June 2021 Attended 8 out of 9 meetings (89%) <b>Dato' Mohd Rafik Shah Mohamad •</b> Appointed as Member on 1 July 2021 Redesignated as Chairman on 6 September 2021 Redesignated as Member on 17 October 2022 Attended 9 out of 9 meetings (100%) <b>Nik Fazila Nik Mohamed Shihabuddin •</b> Appointed on 6 September 2021 Attended 9 out of 9 meetings (100%) <b>Datuk Yatimah Sarjiman •</b> Appointed on 8 April 2022 Attended 5 out of 6 meetings (83%) <b>RESIGNED</b> <b>Datuk Dr. Zunika Mohamed •</b> Appointed on 10 February 2020 Resigned on 11 March 2022 Attended 0 out of 2 meetings (0%)</p>		<p><b>Chairman</b> <b>Kasmuri Sukardi •</b> Appointed on 1 September 2021 Redesignated as Chairman on 13 April 2023 Attended 5 out of 5 meetings (100%)</p> <p><b>Members</b> <b>Dato' Amiruddin Abdul Satar •</b> Appointed on 1 September 2021 Attended 3 out of 5 meetings (60%) <b>Dato' Nonee Ashirin Dato' Mohd Radzi •</b> Appointed on 17 October 2022 Attended 1 out of 1 meetings (100%) <b>RESIGNED</b> <b>Nik Fazila Nik Mohamed Shihabuddin •</b> Appointed on 1 September 2021 Resigned on 17 October 2022 Attended 4 out of 4 meetings (100%) <b>DEMISED</b> <b>Dato' Yusli Mohamed Yusoff •</b> Appointed on 1 September 2021 Demised on 10 March 2022 Attended 1 out of 1 meeting (100%) <b>CEASED</b> <b>Dato' Dzulkifli Abd Wahab •</b> Appointed as Chairman on 1 September 2021 Ceased as Chairman on 1 April 2023 Attended 5 out of 5 meetings (100%)</p>	
AC		BGRMC	
<ul style="list-style-type: none"><li>Oversee the Group's financial reporting processes</li><li>Assess and review the Group's risk and control environment</li><li>Evaluate the internal and external audit process</li><li>Review related party transactions</li></ul>		<ul style="list-style-type: none"><li>Review and monitor the Group's principal and emerging risks</li><li>Oversee the effectiveness of the Group's risk management systems</li><li>Oversee the effectiveness of the Group's governance structures</li></ul>	
<p><b>Chairman</b> <b>Dato' Mohd Rafik Shah Mohamad •</b> Appointed as Chairman on 1 July 2021 Attended 11 out of 11 meetings (100%)</p> <p><b>Members</b> <b>Nik Fazila Nik Mohamed Shihabuddin •</b> Appointed on 1 July 2021 Attended 11 out of 11 meetings (100%) <b>Azmin Che Yusoff •</b> Appointed on 17 October 2022 Attended 2 out of 2 meetings (100%) <b>RESIGNED</b> <b>Dato' Nonee Ashirin Dato' Mohd Radzi •</b> Appointed on 30 June 2021 Resigned on 17 October 2022 Attended 8 out of 9 meetings (89%) <b>Dato' Shahrol Anuwar Sarman •</b> Appointed on 17 November 2020 Reappointed on 17 November 2022 Resigned on 13 April 2023 Attended 6 out of 11 meetings (55%)</p>		<p><b>Chairman</b> <b>Nik Fazila Nik Mohamed Shihabuddin •</b> Appointed on 1 July 2021 Redesignated as Chairman on 13 April 2023 Attended 8 out of 8 meetings (100%)</p> <p><b>Members</b> <b>Kasmuri Sukardi •</b> Appointed as Chairman on 1 July 2021 Redesignated as Member on 13 April 2023 Attended 8 out of 8 meetings (100%) <b>Dato' Mohd Rafik Shah Mohamad •</b> Appointed on 1 July 2021 Attended 7 out of 8 meetings (88%) <b>Datuk Yatimah Sarjiman •</b> Appointed on 8 April 2022 Attended 4 out of 4 meetings (100%) <b>RESIGNED</b> <b>Datuk Dr. Zunika Mohamed •</b> Appointed on 10 February 2020 Resigned on 11 March 2022 Attended 0 out of 3 meetings (0%)</p>	
		IC	
		<ul style="list-style-type: none"><li>Review, monitor and recommend significant matters related to all existing and potential investments and divestments</li></ul>	
		<p><b>Chairman</b> <b>Dato' Nonee Ashirin Dato' Mohd Radzi •</b> Appointed as Chairman on 30 June 2021 Attended 4 out of 4 meetings (100%)</p> <p><b>Members</b> <b>Dato' Amiruddin Abdul Satar •</b> Appointed on 26 October 2020 Attended 4 out of 4 meetings (100%) <b>Kasmuri Sukardi •</b> Appointed on 1 July 2021 Attended 4 out of 4 meetings (100%) <b>Azmin Che Yusoff •</b> Appointed on 17 October 2022 Attended 0 out of 0 meetings <b>DEMISED</b> <b>Dato' Yusli Mohamed Yusoff •</b> Appointed on 15 July 2019 Demised on 10 March 2022 Attended 1 out of 1 meeting (100%)</p>	
		<p>■ Chairman   ■ Member   ● Senior INED ● NINED   ● INED</p>	





## Principle A: Board Leadership and Effectiveness

### ROLES AND RESPONSIBILITIES

#### CHAIRMAN

- Lead the Board to consider, challenge, support and oversee the Company's strategy and implementation
- Ensure that the Board as a whole plays a full and constructive part in the development of strategy and that there is a sufficient time for discussion
- Promote and provide oversight on the achievement of the Company's purpose, values and culture to enable transparency, debate and challenge
- Ensure effective engagement between the Board, its shareholders and other key stakeholders, as well as understanding stakeholders' views
- Lead the review on Board's effectiveness
- Ensure periodic discussion by the Board without Management's presence

#### SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

- Provide a 'sounding board' for the Chairman and act as an intermediary for Non-Executive Directors when necessary
- Available to the shareholders as required as an alternative contact to the Chairman
- Act as an independent point of contact in the Group's whistleblowing procedures

#### NON-EXECUTIVE DIRECTORS

- Provide an external perspective and constructive challenge
- Monitor the performance of the Group's strategy within the Risk Management Framework
- Review the integrity of financial reporting and ensure the financial controls and ensure the risk management system are robust
- Determine appropriate levels of remuneration for Senior Management

#### GROUP CEO

- Adapt and execute the Group's strategy and commercial objectives in response to changing market conditions and risks
- Drive operational and financial performances of the Group
- Keep the Chairman and the Board apprised of important and strategic issues faced by the Group
- Ensure the Company's business is conducted with the highest governance standards, in keeping with the Company's values
- Establish good communication with the Board, employees and other stakeholders
- The Group CEO's profile is disclosed on page 119 of this Report

#### GMC

- Develop and implement strategy, operational plans, policies and procedures
- Monitor operational and financial performance
- Monitor risks and opportunities
- Ensure appropriate employees resourcing and development

#### COMPANY SECRETARY

- Qualified Company Secretary who plays an advisory role to the Board
- Monitor the developments in corporate governance
- Assist the Board in applying best practices to meet the Board's needs and stakeholders' expectations
- The Company Secretary's profile is disclosed on page 125 of this Report

## Principle A: Board Leadership and Effectiveness

### PRINCIPAL BOARD ACTIVITIES

#### WHAT THE BOARD DID THIS YEAR

Board activities are organised to approve, oversee and support executive management in the delivery of the Group's strategy within FGV Group Governance and Integrity Framework. Key matters considered by the Board in 2022 were as follows:

##### Strategy, Risk and Sustainability

- Options to Address the Non-Compliance of the Public Shareholding Spread Requirements
- SAJI Cooking Oil to increase its Market Share
- Holistic Approach on Nutritional Management of Oil Palm
- Board Strategic Direction by Boston Consulting Group (BCG)
- Business Plan 2022-2024 (BP24) Key Strategic Initiatives (KSI) Q1 2022 Performance Scorecard Update
- Transformation Blueprint
- Consumer Products Operating Model (CPOM)
- Consolidation of Research and Development Activities
- Expansion of Fortified Organic Fertiliser (FOF) Production
- Updates and Required Action on Withhold Release Order (WRO) by the United States (US) Customs and Border Protection (CBP)
- Business Plan 2023-2025 (BP25)
- Scenario Analysis: Russian Invasion of Ukraine
- Independent Limited Assurance Statement for Sustainability Report 2020/2021
- Strategic Review by A.T. Kearney on FGV's Way Forward Plan in the Consumer Products Space

##### Investments and Divestments

- Restructuring of Pontian United Plantations Berhad (PUP)
- Way Forward of FGV's North American Oleochemical Business
- Guidelines on Materiality Assessment for Public Disclosure on Non-Binding Business Collaboration Agreements
- Joint Venture to Develop an Integrated Dairy Farm Business

##### Governance

- CG Report
- Whistleblowing Committee ToR for Senior Staff (Vice President and Above) and Board of Directors
- FGV Governance and Integrity Framework
- Revision of Corporate Responsibility Policy
- MACC-CIGO Meeting Key Highlights Reiteration
- FGV Integrity Assessment Tool Survey Results by *Institut Integriti Malaysia*
- Schedule of FGV Board Meetings for the Year 2023
- Material Litigation Updates within the Group
- Internal Investigations Report

##### Succession Planning, Appointments, Remuneration and Others

- 2021 Performance Bonus Framework
- Special Ex-Gratia Payment for Employees
- Appointment of Chief Human Capital Officer (CHCO)
- Appointment of Group Divisional Directors
- Revision of Non-Executive Directors' Remuneration Framework
- Appointment of Head, Group Secretarial and Company Secretary
- 2022 Key Performance Indicators (KPIs) and Job Description for Group CEO
- Appointment of New Independent Non-Executive Director
- Change of Nominees in FGV Group
- Annual Assessment on the Independence Status of the Independent Directors
- Performance Measurement Score and Performance Bonus Payout to Employees of FGV Group
- Re-alignment of Scorecard and KPIs Setting to the Principles of Balanced Scorecard
- Board Effectiveness Assessment (BEA)
- Salary Increment for Employees of FGV Group
- Revision of Composition of the Board Committees
- Appointment/re-appointment of Government Appointed Directors
- Re-election of FGV Directors
- Renewal of Contract of Senior Management

##### Financial

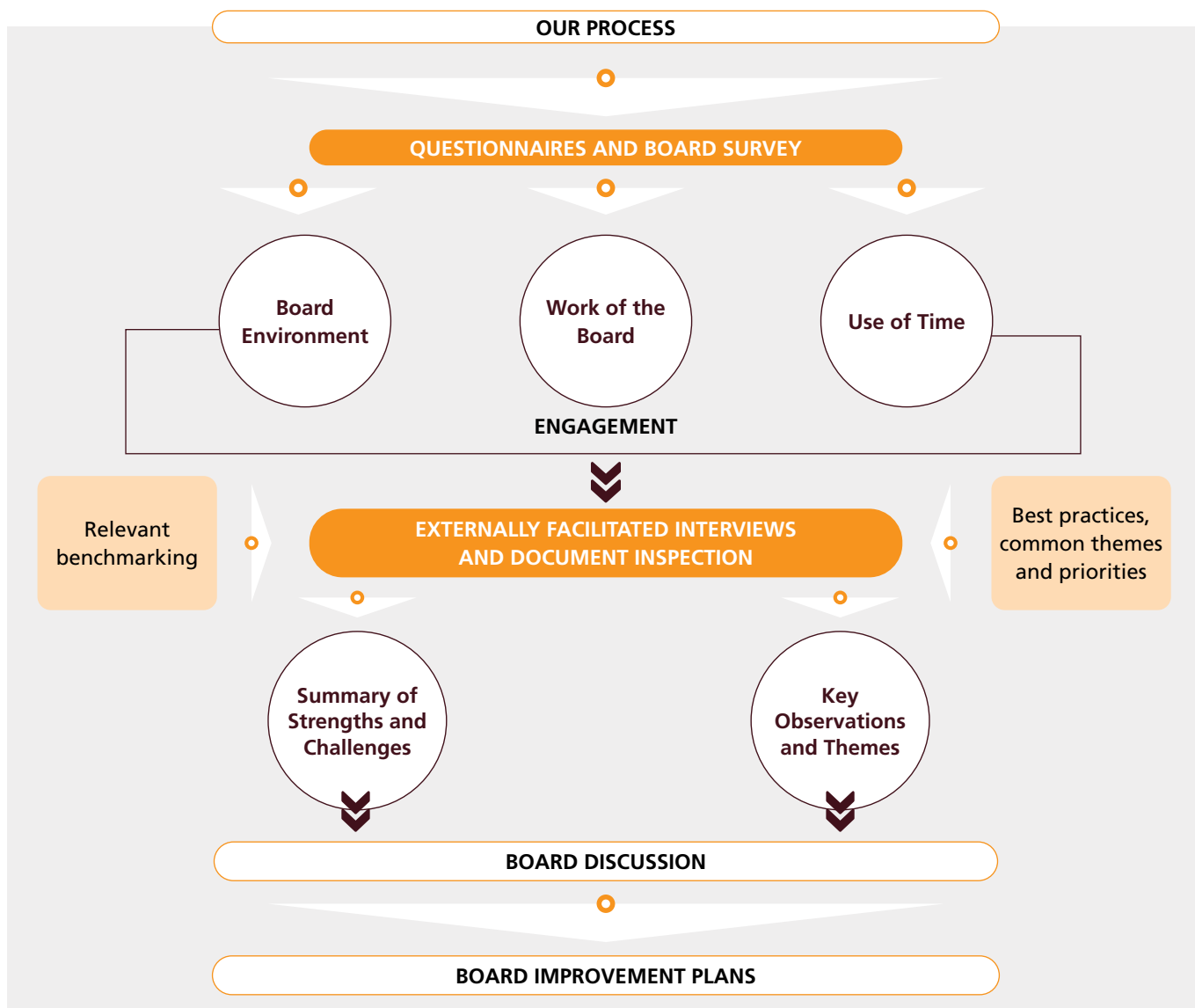
- Budget 2022 for FGV Group
- FGV's Statutory Financial Statement for the Financial Year Ended 31 December 2021
- Quarterly Report on Consolidated Results for 2022
- Final Dividend for the Financial Year Ended 31 December 2021
- Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
- Fee for Statutory Audit and Quarterly Review for FGV and Its Group of Companies for Financial Year 2022
- Revision to FGV Group's LoA – Legal
- Budget 2023 for FGV Group
- Re-appointment of External Auditors for the Financial Year Ending 31 December 2022
- Provision for Migrant Workers' Recruitment Fee
- FGV Annual Integrated Report 2021
- Review of Internal Audit Report



## Principle A: Board Leadership and Effectiveness

### BOARD PERFORMANCE

FGV conducts its Board Effectiveness Assessment (BEA) annually. The process of the BEA is set out in the diagram below:



The BEA 2022 was conducted to assess the effectiveness of the Board as a whole, the Board Committees and the individual Directors in accordance with Paragraph 15.08A(3)(c) of the Bursa Securities Listing Requirements, Practice 6.1 of the MCCG 2021 and the Board Nomination and Election Policy and Procedures (BNE Policy), which includes a review on the tenure of each Director, an assessment on the independence of Independent Directors, a review on the performance of the Board in addressing the Company's material sustainability risks and opportunities as well as a review on the term of office and performance of the AC and each of its members to determine whether they have carried out their duties in accordance with the AC's ToR.

As per the BNE Policy, an independent professional consultant (external consultant) was appointed to assist the NRC to facilitate an objective and candid BEA.

KPMG Management & Risk Consulting Sdn Bhd (KPMG MRC) was appointed to conduct BEA 2022. Areas covered by the BEA include, inter alia, Board mix and composition, quality of information and decision-making including ESG consideration, oversight of subsidiaries, contribution and performance of Directors, performance of the Group CEO as well as individual Board Committee assessments.

Assessment forms were developed by KPMG MRC to assist Directors in carrying out self and peer assessments of FGV's Board, Board Committees and individual Directors, giving due regard to the Directors' skillsets and experiences, and incorporating the need for competence, objectivity and the discharge of their fiduciary duties. The assessment forms were then distributed to all Board members.

## Principle A: Board Leadership and Effectiveness

KPMG MRC conducted one-on-one interviews with the Chairman, all participating Board members, and selected Senior Management personnel who have a close nexus to Board or Board Committee proceedings on a confidential basis to gather further insights on the responses of the assessment forms.

The responses in the assessment forms as well as the responses during the interview sessions were then compiled and analysed by KPMG MRC.

The results of the BEA 2022 were presented by KPMG MRC to the NRC Chairman and Chairman of the Board, and subsequently to the NRC and the Board.

KPMG MRC has also produced Assessment Opportunity Cards (AOC) containing analyses of Individual Directors' performances. The AOC was a result of the quantitative responses received from the particular Director's self and peer assessment results by his or her peers to identify their respective areas of strengths and improvements.

The Board had initiated Board Improvement Plans following the recommendations.

### Output of 2022 Board Evaluation: Areas of Focus

AREA OF FOCUS	EXPLANATION
<b>Board and Board Committee Composition and Configuration</b>	The BEA included a comprehensive review of the current Board's skills matrix, including the identification of any lacuna of expertise on the Board. The Board was found to have a deep expertise in the plantation sector with a good number of industry veterans. Notwithstanding this, FGV is cognisant of mechanisation and technological advancements in the plantation sector. As such, digitalisation skills have been earmarked as an emerging need for the Board moving forward. Other skills and capacity building opportunities identified include consumer products, marketing, restructuring as well as mergers and acquisitions skill sets.
<b>Strategy Development</b>	The BEA also entailed a coverage on the Board's involvement in the strategy setting process, with a focus on the efficacy of off-site strategic retreats held between the Board and Management. FGV was found to have modalities in place for the Board and Management to have generative discussions around strategy. FGV is, however, cognisant of the areas that can be revisited to further underpin the efficacy of strategic retreats as a platform for the Board and Management to enhance discussions around top-level forward outlooks, strategic imperatives, performance targets and business unit-specific implementation initiatives. The suggested areas included having compulsory dissenting alternative strategic options and engaging an external facilitator to "poke and prod" as well as to guide deliberations between the Board and Management. These reinforcements can further pave the way for more value-added two-way strategic discussions and "ways to play".
<b>Information Flow and Boardroom Administration</b>	The BEA also highlighted that Directors are seeking to be more engaged with "on the ground" realities of FGV's plantation sites. This allows them to glean firsthand insights of the operations and contribute tangibly during boardroom deliberations. The structure and planning of site visits by the Board is a subject of continuous improvement, with further refinement of the circulation of a yearly calendar of planned site visits to all Directors well in advance. This would not only provide sufficient lead time for Directors to plan and allocate their schedule but also foster a sense of transparency and accountability in the planning process.

### TENURE AND RE-ELECTION OF DIRECTORS

The BNE Policy provides that the term of any INED on FGV Board shall not exceed three years. Upon completion of three years' tenure, such INED shall cease to be a Director, but may still be eligible for re-appointment to a maximum of nine years. This is to allow the composition of the Board to be refreshed periodically.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 15<sup>th</sup> Annual General Meeting (AGM), the Board, through its NRC, had assessed each of the retiring Directors and considered the following:

- The Director's performance and contribution based on the outcome of the BEA 2022.
- The Director's level of contribution to the Board's deliberations through his or her skills, experience and strength in qualities.
- The level of independence demonstrated by the Independent Directors and his or her ability to act in the best interest of the Company in decision making.

An assessment of the INED independence was also conducted based on the criteria prescribed under the Bursa Securities Listing Requirements and both the NRC and the Board concurred that the INEDs standing for re-election at the forthcoming 15<sup>th</sup> AGM have maintained their independence throughout their tenure as Directors of the Company.

Based on the outcome of the above assessment, the Board approved the NRC's recommendation for the retiring Directors to stand for re-election.



More information on the profiles of the Directors seeking re-election can be found in the Board of Director's Profile on page 108 to 115.



## Principle A: Board Leadership and Effectiveness

The reasons for the Board's support on the re-election are listed below.

### RETIREMENT BY ROTATION IN ACCORDANCE WITH CLAUSE 97 OF THE COMPANY'S CONSTITUTION

Clause 97 of the Company's Constitution states that at each AGM one third (1/3) of the Directors for the time being, or if their number is not a multiple of three, the number nearest to one-third (1/3) with a minimum of one shall retire from office. In addition, each Director shall retire at least once in every three years but shall be eligible for re-election. Clause 98 of the Company's Constitution provides that the Directors to retire shall be the one that has been the longest in office since his or her last election or appointment, but as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

- Dato' Nonee Ashirin Dato' Mohd Radzi was appointed as an INED of the Company on 30 June 2021. She is also the Chairman of IC, member of the NRC and a member of the AC until October 2022. On October 2022, she was appointed as a member of BSC. With more than 20 years of experience in various industries, she provides invaluable inputs from the industry and business perspectives for the Board's discussion. Dato' Nonee Ashirin Dato' Mohd Radzi also took initiatives to be on the ground and build interactions with the Management despite her busy commitments as Director in other companies.

Dato' Nonee Ashirin Dato' Mohd Radzi's last re-election according to Clause 103 of the Company's Constitution was at the 14<sup>th</sup> AGM on 23 June 2022. At the forthcoming 15<sup>th</sup> AGM, Dato' Nonee Ashirin Dato' Mohd Radzi shall retire in accordance with Clause 97 of the Company's Constitution and she has consented to be re-elected as an INED of the Company for the ensuing years. Based on the assessment conducted by KPMG MRC as part of the BEA 2022 on Dato' Nonee Ashirin Dato' Mohd Radzi's performance for the year as a Director, it was found that she fared well in terms of contribution and performance in the boardroom. Dato' Nonee Ashirin Dato' Mohd Radzi also fulfilled the independence criteria set out in the BNE Policy and the Bursa Securities Listing Requirements. The Board recommended Dato' Nonee Ashirin Dato' Mohd Radzi to be re-elected for the shareholders' consideration.

- Encik Kasmuri Sukardi was appointed as an INED of the Company on 1 July 2021. He has over 49 years of experience in various positions involving plantations agribusiness as well as in human capital and community development works. Since his appointment, Encik Kasmuri Sukardi has contributed to the Board's mix and skills by imparting his in-depth knowledge of the industry to the Company. He is committed in delivering his role as an INED of FGV, which was translated in his time commitment to the Company by having official regular visits on the ground, giving insights and valuable sharing on improvements that can be made on the ground. He was also the Chairman of BGRMC whereby his leadership had guided the Committee in assisting the Board to fulfil its statutory and fiduciary responsibilities in relation to governance, ethics, integrity and risk management. His addition to the Board since his appointment has been imperative especially in building constructive discussion among the Board members.

Encik Kasmuri Sukardi's last re-election according to Clause 103 of the Company's Constitution was at the 14<sup>th</sup> AGM on 23 June 2022. At the forthcoming 15<sup>th</sup> AGM, Encik Kasmuri Sukardi shall retire in accordance with Clause 97 of the Company's Constitution and he has consented to be re-elected as an INED of the Company for the ensuing years. Based on the assessment conducted by KPMG MRC as part of the BEA 2022 on Encik Kasmuri Sukardi's performance for the year as a Director, it was found that he fared well in terms of contribution and performance in the boardroom. Encik Kasmuri Sukardi also fulfilled the independence criteria set out in the BNE Policy and the Bursa Securities Listing Requirements. The Board recommended Encik Kasmuri Sukardi to be re-elected for the shareholders' consideration.

### RE-ELECTION OF DIRECTORS IN ACCORDANCE WITH CLAUSE 103 OF THE COMPANY'S CONSTITUTION

Clause 103 of the Company's Constitution stipulates that a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall be eligible for re-election.

- Dato' Shahrol Anuwar Sarman was appointed as a NINED of the Company on 17 November 2020 and has been reappointed as NINED for another two years, from 17 November 2022 to 16 November 2024. Dato' Shahrol Anuwar Sarman was redesignated as the Company's Chairman (Interim) with effect on 1 April 2023. He was a member of the AC whereby he was appointed on the basis of his reputation for good financial acumen, integrity and astute insights. He stepped down as AC member on 13 April 2023 to focus on his time and commitment as the Chairman (Interim) and to be in line with MCCG practices. Dato' Shahrol Anuwar Sarman has almost 30 years of experience in banking, finance, business administration and public administration through his involvement in various government and international bodies. His attachment with the Ministry of Finance (MoF) under the National Budget Office as the National Budget Director has been an added value to FGV in steering FGV towards becoming a well governed Government Investment Linked Company (GLIC).

At the forthcoming 15<sup>th</sup> AGM, Dato' Shahrol Anuwar Sarman has consented to be re-elected as a NINED of the Company for the ensuing years in accordance with Clause 103 of the Company's Constitution. Based on the assessment conducted by KPMG MRC as part of the BEA 2022 on Dato' Shahrol Anuwar Sarman's performance for the year as a Director, it was found that he fared well in terms of contribution and performance in the boardroom. The Board recommended Dato' Shahrol Anuwar Sarman to be re-elected for the shareholders' consideration.

- Encik Azmin Che Yusoff was appointed as an INED of the Company on 13 September 2022. He is also the Chairman of the NRC and a member of the AC and IC. He is an experienced individual, having served in a senior management position of several listed entities in Malaysia. With his accounting and business management qualification, he provides invaluable inputs from the industry and strategic perspectives for the Board's discussion. At the forthcoming 15<sup>th</sup> AGM, Encik Azmin Che Yusoff has consented to be re-elected as an INED of the Company for the ensuing years in accordance with Clause 103 of the Company's Constitution. Based on the assessment conducted by KPMG MRC as part of the BEA 2022 on Encik Azmin Che Yusoff's performance since his appointment as a Director, it was found that he fared well in terms of contribution and performance in the boardroom. Encik Azmin Che Yusoff also fulfilled the independence criteria set out in the BNE Policy and the Listing Requirements. The Board recommended Encik Azmin Che Yusoff to be re-elected for the shareholders' consideration.

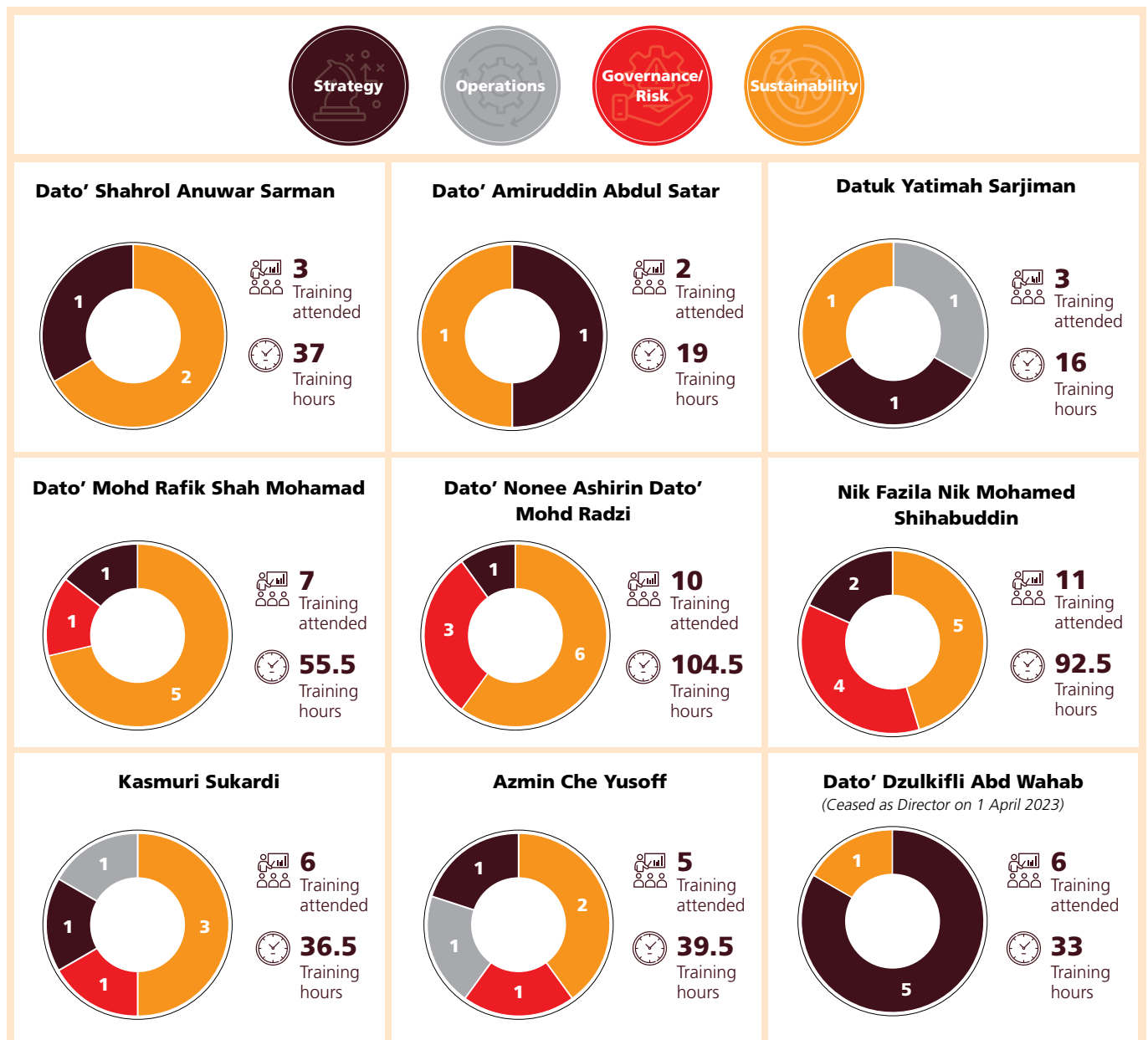


## Principle A: Board Leadership and Effectiveness

### INDUCTION, TRAINING AND DEVELOPMENT

All new Directors received a tailored induction programme upon joining the Board and additional training is made available to members of the Board in accordance with their needs and requirements. The NRC reviewed the training requirements of the Board and agreed upon a suitable regime for training and information flows to enable the Directors to satisfy their training and development needs. Information provided to the Board included updates on developments on Corporate Governance, the regulatory framework and accounting matters. During the financial year 2022, the NRC recommended that Directors attend training related to duties and responsibilities, Board's functions and governance, Board's leadership, Directors' liabilities, roles and responsibilities, ESG and sustainability, digital upskilling and cyber security. The Company Secretary will continue to identify broader areas of training for the Board as a whole and the Chairman will discuss the training requirements with individual Directors as and when required. The NRC will recommend the necessary to the Board in relation to training and development. Directors attended training sessions in 2022 and in the first quarter of 2023.

During financial year ended 2022, Datuk Yatimah Sarjiman and Encik Azmin Che Yusoff had attended Mandatory Accreditation Programme (MAP). The types of training attended by Directors in 2022 are as follows:



The details of the training sessions attended by the AC members and other Directors can be found in the CG Report 2022, which is available online at [www.fgvholdings.com](http://www.fgvholdings.com).

It is the role of the NRC to ensure that there is a formal procedure for the appointment of a new Director to the Board. The Committee is responsible for leading the succession planning process and making recommendations to the Board. The Committee focuses on the skills that the Board requires to support the Company's goals and objectives. As part of its focus, the Committee considers the diversity of gender, skills and experience within the Board. Succession planning for Senior Management is also considered by the Committee, ensuring the business has a deep, diverse and inclusive talent pipeline for future appointments. As an integral part of executive succession planning, the Committee oversees our talent mapping to ensure we are growing and nurturing our talent and developing our high-performers' potential.



## Principle A: Board Leadership and Effectiveness

### NOMINATION AND REMUNERATION COMMITTEE REPORT



**Azmin Che Yusoff**  
Chairman  
(INED)

Appointed on  
17 October 2022



**Dato' Nonee Ashirin  
Dato' Mohd Radzi**  
Member  
(INED)

Appointed on  
30 June 2021



**Dato' Mohd Rafik  
Shah Mohamad**  
Member  
(Senior INED)

Appointed on  
1 July 2021



**Nik Fazila Nik  
Mohamed  
Shihabuddin**  
Member  
(INED)

Appointed on  
6 September 2021



**Datuk Yatimah  
Sarjiman**  
Member  
(NINED)

Appointed on  
8 April 2022

The NRC comprises exclusively of Non-Executive Directors and the majority are INEDs. Encik Azmin Che Yusoff, who is an INED, became the Chairman of NRC on 17 October 2022. Dato' Mohd Rafik Shah Mohamad was the Chairman of the NRC from 6 September 2021 until 16 October 2022 prior to the appointment of Encik Azmin Che Yusoff on 17 October 2022. The Board believes that the current NRC composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to meet the needs of the Group.

FGV has put in place its fit and proper policy, i.e. the BNE Policy, which formalises its policies on Board Composition, Independence, Conflict of Interest and Board Assessment. The BNE Policy was established to ensure that any person to be appointed as Director of FGV shall possess the necessary character, integrity, competency, skills and commitment, taking into account the mix of skills, independence and diversity required to meet the needs of the Group. The BNE Policy prohibits nomination of an Active Political Person (i.e. Members of Parliament, State Assemblymen, Supreme Council Members of a political party or members who hold a position at divisional level in a political party) to be a Director of FGV. Further explanation of the BNE Policy, inclusive of the Board's nomination and election process and the selection criteria used by the NRC, is published in Practice 5.5 of the CG Report 2022.

All appointments of INEDs are sourced from an independent party, with consideration to the fit and proper policy, the needs of the Board and diversity of experience, skill and gender.

As part of the appointment process and in line with the fit and proper policy as per the BNE Policy, a background search on the criminal records, integrity and solvency status were conducted by the Company Secretary before the proposal for appointment was tabled to the Board for approval.

The performance evaluation, i.e. the BEA 2022, on the effectiveness of the Board as a whole, the Board Committees and the individual Directors was conducted in accordance with Paragraph 15.08A(3)(c) of the Bursa Securities Listing Requirements. The BEA 2022 process is described in detail on pages 134 to 135 of this Report.

The BNE Policy states that FGV shall adopt Board diversity that includes gender. In 2022, there were three women on the Board, making up 33% of the composition of the Board.



More information on the NRC's ToR can be found on our website, [www.fgvholdings.com](http://www.fgvholdings.com). This Report is to be read together with the CG Report 2022, also available on our website.

**Principle A:**  
**Board Leadership and Effectiveness**

**SUMMARY OF WORK**

In 2022, the NRC held nine meetings and had considered the following principal matters in discharging its responsibilities:

**NOMINATION AND ELECTION PROCESS AND APPOINTMENT AND RE-APPOINTMENT/ RE-ELECTION PROCESS**

- Appointment of Chief Human Capital Officer
- Appointment of Group Divisional Directors
- Appointment of Head, Group Secretarial and Company Secretary
- Appointment of Independent Non-Executive Directors
- Renewal of Contract of Senior Management
- Change of Nominees in FGV Group
- Retirement and Re-election of Directors

**REMUNERATION MATTERS**

- Performance Bonus Framework for Employees
- Outcome of Review & Benchmarking of Non-Executive Directors Remuneration Framework
- Special Ex-Gratia Payment for Employees
- Total Compensation Review by Mercer

**PERFORMANCE MANAGEMENT**

- KPIs for the Group CEO
- Re-alignment of Scorecard and KPIs Setting to the Principles of Balanced Scorecard

**INDUCTION AND CONTINUING EDUCATION PROGRAMMES**

- The report on the training programmes attended by the Board and induction programmes for newly appointed Directors

**BOARD ASSESSMENT**

- Board Evaluation Assessment
- Board Improvement Plans

**WELL-BEING**

- Update on FGV Pre-Retirement Programme

**STATEMENTS INCLUDED IN FGV'S ANNUAL INTEGRATED REPORT 2021**

- a. Reviewed the Disclosure in CGOS and CG Report relating to the following:
  - Board nomination and election procedures having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of FGV
  - Board balance and composition, including tenure and gender diversity
  - Board skills mapping and experience
  - BEA process
  - Trainings attended by the Directors for the financial year and induction programmes, pursuant to the Bursa Securities Listing Requirements
  - Directors' remuneration in accordance with relevant provisions from the Bursa Securities Listing Requirements and the Companies Act 2016
- b. Reviewed the Disclosure in the NRC Report relating to the following:
  - How the requirements set out in Paragraph 2.20A of the Bursa Securities Listing Requirements were met
  - Composition of the NRC
  - Number of NRC meetings held and details of attendance of each member
  - Summary of work and activities of the NRC and matters considered by the NRC in discharging its functions and duties and how it had met its responsibilities



**Principle A:****Board Leadership and Effectiveness****KEY MATTERS CONSIDERED BY THE COMMITTEE**

The NRC Chairman updated the Board on matters deemed to be of major importance deliberated at the NRC meetings and its recommendations. The copies of confirmed minutes of each NRC meeting were also circulated to the Board for noting at the next practicable Board meeting. Among the significant matters considered by the NRC during 2022 were as follows:

SIGNIFICANT MATTERS	HOW THE NRC PROVIDED OVERSIGHT ON THESE MATTERS
<b>1 Appointment of a Non-Independent Non-Executive Director (Government Appointed Director) with effect from 8 April 2022 and an Independent Non-Executive Director with effect from 13 September 2022</b>	Assessed the suitability of candidates, taking into account the selection criteria based on the BNE Policy.
<b>2 Appointment of Senior Management</b>	Considered the proposed appointment of Senior Management, taking into account the current and future needs of FGV, including diversity requirements.
<b>3 Total Compensation Review</b>	Assessed the outcome of the review made by an independent consultant and suggested the improvements needed.
<b>4 Board Improvement Plan 2022</b>	Revised relevant ToR based on the proposals presented by the appointed independent consultant.

**PERFORMANCE REVIEW**

During the financial year, the Board evaluated the NRC's performance and the extent to which the NRC met the requirements of its ToR, including the term of office and performance of the NRC and each of its members. This performance assessment constituted part of the annual BEA, pertaining to the assessment of Board Committees.

The NRC Report was made in accordance with a resolution of the Board of Directors approved on 29 March 2023.

## Principle A: Board Leadership and Effectiveness

### DIRECTORS' REMUNERATION

The Board Remunerations Policy sets out the remuneration principles and guidelines in determining the remuneration for the Directors.

The Board Remunerations Policy provides that the Board, via the NRC, shall conduct a high-level review and shall perform an in-depth benchmarking of the remuneration packages of the Board at least once in two years to ensure fairness and competitiveness relative to the market (based on market positioning, revenue, performance, total assets, profit after tax and market capitalisation of the comparator groups), to attract, retain and motivate the Board.

The remuneration packages of the Board were last reviewed, benchmarked and approved by shareholders in 2022.

Dato' Dzulkifli Abd Wahab, the former Chairman, had agreed to waive his fees and meeting allowances as Chairman of BSC until further notice.

### SUMMARY OF BOARD REMUNERATIONS POLICY

The Non-Executive Directors' remuneration package reflects the experience, expertise and level of responsibilities undertaken by the Non-Executive Directors. The Non-Executive Directors' remuneration package includes fees, benefits-in-kind and other benefits including meeting allowances and official business allowance.

The Non-Executive Directors' current fee structure is set out in the table below:

BOARD/BOARD COMMITTEES	FEES PER ANNUM
Board	RM480,000.00 (Chairman) RM150,000.00 (Non-Executive Directors)
AC	RM80,000.00 (Chairman) RM40,000.00 (Non-Executive Directors)
NRC	RM45,000.00 (Chairman) RM30,000.00 (Non-Executive Directors)
BGRMC	RM40,000.00 (Chairman) RM20,000.00 (Non-Executive Directors)
IC	RM40,000.00 (Chairman) RM20,000.00 (Non-Executive Directors)
BSC	RM40,000.00 (Chairman) RM20,000.00 (Non-Executive Directors)

The Non-Executive Directors' current remuneration structure (excluding Directors' fees) is set out below:

### MEETING ALLOWANCE

#### Non-Executive Chairman and Non-Executive Directors

- **Local:** RM2,000.00
- **Overseas** (Flight time ≤ 8 hours): RM3,000.00
- **Overseas** (Flight time > 8 hours): RM5,000.00
- **Teleconferencing:** RM2,000.00

### OTHER BENEFITS

#### Non-Executive Chairman

- One company car (at least 2000cc with RM180,000.00 per annum of car utility expenses)
- Driver (actual)
- Club membership (RM10,000.00 per annum)
- Mobile phone bills (actual)
- Personal entertainment (RM24,000.00 per annum)
- One personal bodyguard at Chairman's disposal within Malaysia (actual)
- Medical coverage (RM100,000.00 per annum)
- Group Personal Accident insurance coverage (RM200,000.00 per annum)
- Official Business Allowance (RM1,000.00 per day)

#### Non-Executive Directors

- Medical coverage (RM100,000.00 per annum)
- Group Personal Accident insurance coverage (RM200,000.00 per annum)
- Official Business Allowance (RM1,000.00 per day)



More information on the summary of the Non-Executive Directors' remuneration structure can be found on our website, [www.fgvholdings.com](http://www.fgvholdings.com).





**Principle A:**  
**Board Leadership and Effectiveness**

**DIRECTORS' REMUNERATION**

The Directors' remuneration for 2022 in aggregate for FGV and the Group, with categorisation into components, distinguishing between Non-Independent Non-Executive Directors and Independent Non-Executive Directors, is stated below:

NAME OF DIRECTORS	ANNUAL FEES			
	BOARD (RM)	AUDIT COMMITTEE (RM)	NOMINATION AND REMUNERATION COMMITTEE (RM)	INVESTMENT COMMITTEE (RM)
<b>Non-Independent Non-Executive Director</b>				
Dato' Shahrol Anuwar Sarman <sup>1</sup>	135,583.33	36,187.00	-	-
Dato' Amiruddin Abdul Satar	135,583.33	-	-	18,093.00
Datuk Yatimah Sarjiman <sup>2</sup>	103,250.00	-	19,918.00	-
Datuk Dr. Zunika Mohamed <sup>3</sup>	23,548.39	-	3,836.00	-
Dato' Dzulkifli Abd Wahab <sup>4</sup>	393,500.00	-	-	-
<b>Independent Non-Executive Director</b>				
Dato' Nonee Ashirin Dato' Mohd Radzi	135,583.33	27,967.00	25,233.00	36,187.00
Dato' Mohd Rafik Shah Mohamad	135,583.33	72,373.00	37,110.00	-
Nik Fazila Nik Mohamed Shihabuddin <sup>5</sup>	135,583.33	36,187.00	25,233.00	-
Kasmuri Sukardi	135,583.33	-	-	18,093.00
Azmin Che Yusoff <sup>6</sup>	45,000.00	8,329.00	9,370.00	4,164.00
Dato' Yusli Mohamed Yusoff <sup>7</sup>	23,225.81	-	-	3,025.00
<b>TOTAL</b>	<b>1,402,024.18</b>	<b>181,043.00</b>	<b>120,700.00</b>	<b>79,562.00</b>

i) All figures are not inclusive of Sales and Service Tax (SST).

ii) Benefits-in-kind (Non-Executive Chairman only) includes driver, car and petrol.

iii) Other benefits (Non-Executive Chairman) includes Group Personal Accident Insurance Coverage, Medical Coverage, Company Car Allowance, Meeting Allowance and Official Business Allowance.

iv) Other benefits (Deputy Chairman) includes Group Personal Accident Insurance Coverage, Medical Coverage, Deputy Chairman Allowance, Meeting Allowance and Official Business Allowance.

v) Other benefits (Non-Executive Director) includes Group Personal Accident Insurance Coverage, Medical Coverage, Meeting Allowance and Official Business Allowance.

**Notes:**

1 Dato' Shahrol Anuwar Sarman was redesignated as Chairman (Interim) on 1 April 2023.

2 Datuk Yatimah Sarjiman was appointed as Non-Independent Non-Executive Director on 8 April 2022.

3 Datuk Dr. Zunika Mohamed resigned as Non-Independent Non-Executive Director on 11 March 2022.

4 Dato' Dzulkifli Abd Wahab had agreed to waive his fees of RM36,187.00 as Chairman of Board Sustainability Committee and had agreed to waive his Board Sustainability Committee's meeting allowance of RM10,000.00.

Dato' Dzulkifli Abd Wahab ceased as Chairman on 1 April 2023.

5 Nik Fazila Nik Mohamed Shihabuddin received annual fees and other benefits from her directorship on MSM Malaysia Holdings Berhad, a listed subsidiary of FGV.

6 Azmin Che Yusoff was appointed as Independent Non-Executive Director on 13 September 2022.

7 Dato' Yusli Mohamed Yusoff demised on 10 March 2022.

**Principle A:**  
**Board Leadership and Effectiveness**

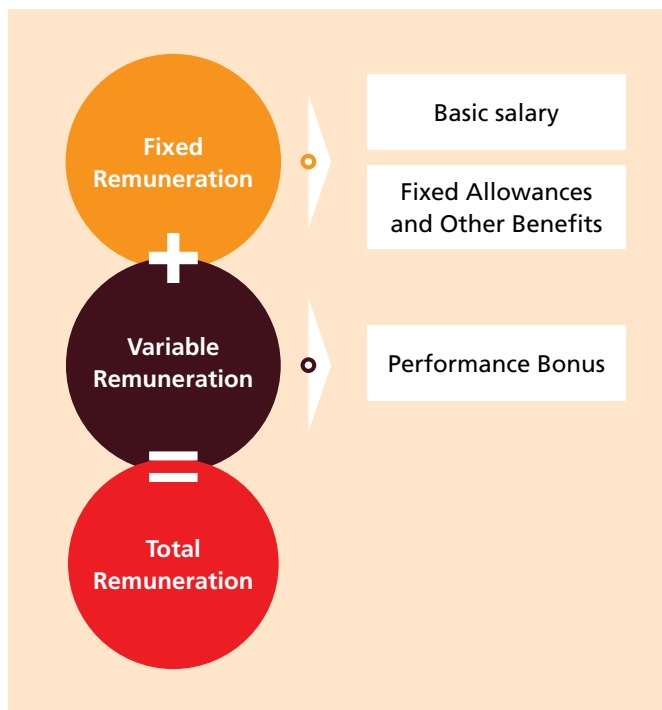
BOARD GOVERNANCE & RISK MANAGEMENT COMMITTEE (RM)	BOARD SUSTAINABILITY COMMITTEE (RM)	ANNUAL FEES/ OTHER BENEFITS FROM SUBSIDIARIES (RM)	BENEFITS-IN- KIND (RM)	OTHER BENEFITS (RM)	TOTAL (RM)
-	-	-	-	37,040.93	208,811.26
-	18,093.00	-	-	37,040.93	208,810.26
13,841.00	-	-	-	35,040.93	172,049.93
3,068.00	-	-	-	3,040.93	33,493.32
-	-	-	14,789.00	115,951.93	524,240.93
-	4,164.00	-	-	65,040.93	294,175.26
18,093.00	-	-	-	88,500.93	351,660.26
18,093.00	13,983.00	183,385.42	-	91,040.93	503,505.68
36,187.00	18,093.00	-	-	68,500.93	276,457.26
-	-	-	-	21,040.93	87,903.93
-	3,025.00	-	-	16,008.67	45,284.48
<b>89,282.00</b>	<b>57,358.00</b>	<b>183,385.42</b>	<b>14,789.00</b>	<b>578,248.97</b>	<b>2,706,392.57</b>

## Principle A: Board Leadership and Effectiveness

### SENIOR MANAGEMENT'S REMUNERATION

The remuneration framework for all employees inclusive of the Senior Management is guided by the Group's Compensation Policy (GC Policy) and takes into account performance beyond short-term financial measures. The NRC reviews Senior Management's remuneration framework taking into consideration the best practices, views of industry experts, obtaining and analysing the available data, stakeholders and the market at large. The NRC also reviews the remuneration packages for the Senior Management as per the prevailing Group LOA and ensures the remuneration level is sufficient to attract, retain and motivate high calibre individuals with the required qualification, skills, talent and experience to achieve sustained market leadership.

The Senior Management's remuneration structure consists of fixed and variable remunerations. Group Human Capital (GHC) was tasked to review and link the remuneration of the Senior Management, especially performance-based remuneration, to the individual's performance and contribution to the Group and also benchmarked against the industry to ensure alignment and pay competitiveness. GHC presents high standards of professionalism, serves to regulate the governance of remuneration strategy that emphasises on the broader look on compensation proposals to the NRC, which includes annual salary increments, performance bonuses, promotions, salary adjustments, promotion adjustments, other benefits and benefits-in-kind.



The Board of Directors is responsible for assessing the performance of the Group CEO, Company Secretary, Chief Internal Auditor and Head Group Governance & Risk Management while the rest of the Senior Management's performance is assessed by the Group CEO. The Senior Management's performance bonus is linked to their individual's contribution towards FGV's business performance.

For 2022, the Senior Management that had Key Performance Indicators (KPIs) related to sustainability and environment are Group CEO, Head of Consumer Products, Head of Integrated Farming, Group Human Capital Officer, Head of Group Sustainability and Group Divisional Directors. As such, the Company's material sustainability risks and opportunities have been addressed accordingly during the 2022 performance review of these Senior Management.

Moving forward, FGV will undertake the realignment of the Scorecard and KPIs with the principles of Balanced Scorecard, which include Finance, Customer/Stakeholders, Operational Excellence and Organisational Capabilities. These will all be considered for Senior Management's KPIs.

The top five Senior Management's remuneration for 2022 (in the bands of RM50,000) include Dato' Mohd Nazrul Izam Mansor (Group CEO), Dato' Mohd Hairul Abdul Hamid (Group CFO), Mohd Sarian Md Sahid (Group Divisional Director, Plantation Sector), Azman Ahmad (Group Divisional Director, Logistics & Others Sector) and Syed Feizal Syed Mohammad (Group CEO, MSM Malaysia Holdings Berhad). The remuneration includes salaries, bonuses, benefits-in-kind and other emoluments.



A summary of the Group Compensation Policy on Senior Management's remuneration can be found on our website, [www.fgvholdings.com](http://www.fgvholdings.com).

**Principle A:**  
**Board Leadership and Effectiveness**

**BOARD SUSTAINABILITY COMMITTEE REPORT**



**Kasmuri Sukardi**  
 Chairman  
 (INED)

Appointed on 1 September 2021  
 Redesignated as Chairman on 13 April 2023



**Dato' Amiruddin Abdul Satar**  
 Member  
 (NINED)

Appointed on 1 September 2021



**Dato' Nonee Ashirin Dato' Mohd Radzi**  
 Member  
 (INED)

Appointed on 17 October 2022

The BSC consists of Non-Executive Directors and the majority are INEDs. On 1 April 2023, Dato' Dzulkifli Abd Wahab ceased as BSC Chairman with the expiration of his tenure as the Non-Independent Non-Executive Chairman and Encik Kasmuri Sukardi was appointed to succeed him on 13 April 2023.

The purpose of the BSC is to assist the Board in fulfilling its oversight responsibilities in relation to the Group's objectives, policies and practices in respect of sustainability that comprises the following areas:

- Material sustainability matters
- Health and safety
- Environment, economic and social matters
- Human rights and good social practices
- Traceability and supply chain
- Sustainability certification
- Other areas deemed material from time to time.

The BSC's responsibilities include the following:

- To direct and oversee the formulation of the GSP, the Group's overall sustainability strategies, sustainability framework, initiatives, priorities and targets as well as principles and policies which are aligned with the Group's commitment towards sustainability, the United Nations Sustainable Development Goals (UN SDGs), related regulations and standards
- To direct and oversee the Group's health, safety, environment and community (HSEC) performance as well as the adequacy of the Group's HSEC framework and management systems
- To ensure that the Group's strategic plan supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability, human rights as well as climate-related risks and opportunities
- To oversee and monitor the strategic management of material sustainability matters, risks as well as opportunities driven by Top Management and monitor progress against the achievement of the Group's sustainability targets (sustainability key performance indicators)
- To review issues relating to sustainability arising from grievances, independent audits and assurance reports as well as any matters highlighted by the external consultant
- To monitor employee awareness programmes in understanding the Group's approach to sustainability and support actions on sustainability across the Group
- To oversee the outcome of the stakeholder engagement, in particular, matters that may affect the Group's reputation which include grievances, concerns/allegations, evolving public/market sentiments and government regulations
- To ensure that the Group's Sustainability Framework, strategies, priorities and targets as well as performance against these targets are communicated to the Group's internal and external stakeholders through appropriate means such as engagements and disclosures
- To review any reporting of matters to the shareholders and/or relevant authorities, disclosures in relation to sustainability and other statements which are mandated by Bursa Securities relating to the Group's sustainability matters (including the Sustainability Statement and the Sustainability Report).

The composition of the BSC for 2022, including the name, designation, together with the number of BSC meetings held in 2022 and details of attendance of each BSC member can be found on page 131 of this Report. The details on the identified Senior Management responsible to manage sustainability strategically and operationally can be found on page 123 of this Report.

## Principle A: Board Leadership and Effectiveness

### SUMMARY OF WORK

In 2022, the BSC reviewed the following key matters in discharging its responsibilities:

<b>FGV'S SUSTAINABILITY FRAMEWORK</b> <ul style="list-style-type: none"> <li>Provide direction on the revision of FGV's Sustainability Framework</li> </ul>	<b>WRO BY THE US CBP</b> <ul style="list-style-type: none"> <li>Receive updates on the progress of FGV's actions to modify the WRO</li> <li>Provide direction on the steps to mitigate and address the WRO</li> </ul>
<b>FGV'S SOCIAL PROGRAMMES</b> <ul style="list-style-type: none"> <li>Deliberate and review the steps taken by FGV to strengthen its labour practices, including updates and progress of its affiliation with the Fair Labor Association (FLA)</li> <li>Deliberate on FGV's initiatives and programmes for Gender Equality and Women's Empowerment, and Child Rights</li> <li>Deliberate on FGV's Independent Smallholders Consultation Programme</li> </ul>	<b>FGV'S ENVIRONMENT PROGRAMMES</b> <ul style="list-style-type: none"> <li>Deliberate and review FGV's Carbon Inventory and Greenhouse Gas Management</li> <li>Deliberate and review FGV's Sun Bear Conservation Programme and the establishment of wildlife corridors in FGV's operational areas</li> </ul>
<b>FGV'S GOVERNANCE</b> <ul style="list-style-type: none"> <li>Deliberate on FGV's efforts for the responsible recruitment of migrant workers</li> <li>Provide direction for issues raised by the RSPO complaints panel</li> <li>Deliberate on FGV's Traceability and Supplier Management Initiatives</li> </ul>	<b>FGV'S SUSTAINABILITY REPORT 2020/2021</b> <ul style="list-style-type: none"> <li>Provide inputs, feedback and direction on the theme and content of FGV's Sustainability Report 2020/2021</li> <li>Deliberate and provide inputs on the assessment of FGV's material sustainability matters</li> </ul>
<b>SUSTAINABILITY CERTIFICATION</b> <ul style="list-style-type: none"> <li>Monitor the progress of FGV's certification progress, comprising RSPO, Malaysian Sustainable Palm Oil (MSPO) and International Sustainability and Carbon Certification (ISCC)</li> <li>Oversee FGV's compliance with sustainability certification related regulations and standards</li> <li>Provide direction on any issues raised on non-compliance</li> </ul>	<b>CLIMATE ACTION</b> <ul style="list-style-type: none"> <li>Oversee progress and provide inputs on the Groupwide climate action plan</li> <li>Monitor the progress of FGV's commitment to the Science-Based Target initiative (SBTi).</li> </ul>

### KEY MATTERS CONSIDERED BY THE COMMITTEE

The BSC Chairman updated the Board on matters deemed to be of major importance deliberated at the BSC meetings and its recommendations. The copies of confirmed minutes of each BSC meeting were also circulated to the Board for noting at the next practicable Board meeting. Among the significant matters that the BSC reported to the Board were the following:

SIGNIFICANT MATTERS	HOW THE BSC PROVIDED OVERSIGHT ON THESE MATTERS
1 <b>WRO by the US CBP against palm oil and palm oil products made by FGV, its subsidiaries and joint ventures</b>	Received updates on the status and progress of the selection of an independent assessor and legal counsel to address the WRO by the US CBP.
2 <b>RSPO, MSPO and ISCC certification</b>	Monitored the progress of all FGV's certification progress and observed our compliance with related regulations and standards.
3 <b>Climate action</b>	Provided inputs on our integrated Groupwide Climate Action plan and our commitment to the SBTi.



More information on the application of the relevant practices of the MCCG relating to sustainability can be found in the CG Report 2022, which is available online at [www.fgvholdings.com](http://www.fgvholdings.com).

### PERFORMANCE REVIEW

During the financial year, the Board evaluated the BSC's performance and the extent to which the BSC met the requirements of its ToR, including the term of office and performance of the BSC and each of its members. This performance assessment constituted part of the annual BEA, pertaining to the assessment of Board Committees.

### FORMALISED ETHICAL STANDARDS

Our Group's PRIDE values form the foundations of our ethical standards. In discharging its responsibilities, the Board is guided by the Directors' Code of Ethics and Conduct (CoEC) and Directors' Code of Business Practice (CoBP). The Directors' CoEC and CoBP outline the ethical standards of behaviour and conduct expected from all Directors of FGV Group.

FGV has also put in place a Code of Business Conduct and Ethics (COBCE) for Senior Management and employees. The COBCE guides our stakeholders in embracing the Group's values and complying with applicable laws and regulations through honest, transparent and ethical business practices. The Board and employees of the Group strive to adhere to best practices in corporate governance and observing the highest standards of integrity and behaviour in all activities conducted by FGV, including the interaction with its customers, suppliers, employees and business partners, and within the community and environment in which FGV operates. The COBCE is made available in the Compliance Management System (internal hub) for easy access for employees and periodic awareness campaigns are conducted through roadshows and forum events. Every two years, the Group renews employees acknowledgement of the COBCE, with the last renewal held during the first quarter of 2022. The Group has also in place a Whistleblowing Policy which facilitates the FGV community to report any form of improper conduct without fear of punishment or unfair treatment.



**EFFECTIVE AUDIT AND RISK MANAGEMENT****AUDIT COMMITTEE REPORT**

**Dato' Mohd Rafik Shah Mohamad**  
Chairman  
(Senior INED)

Appointed on 1 July 2021



**Nik Fazila Nik Mohamed Shihabuddin**  
Member  
(INED)

Appointed on 1 July 2021



**Azmin Che Yusoff**  
Member  
(INED)

Appointed on 17 October 2022

The AC comprises exclusively of Non-Executive Directors, all of whom are INEDs. None of the AC members were former partners of the external auditors of the Company. The Chairman of the Audit Committee is a Senior INED.

Previously, Dato' Shahrol Anuwar Sarman was a member of the AC until 12 April 2023 resulting in AC composition to comprise solely of INED. Based on the current structure, all of the AC members are qualified Chartered Accountants of the Malaysian Institute of Accountants (MIA) and are financially literate and able to analyse and interpret financial statements to effectively discharge their duties and responsibilities. The AC, therefore, meets the requirements of Paragraph 15.09(1)(c) of the Listing Requirements which stipulates that at least one member of the AC must be a qualified accountant.

The AC held 11 meetings and the Group CEO, the Group CFO, the Chief Internal Auditor and various Management attended the meetings upon invitation by the AC. The AC also held private sessions with the external auditors.

The purpose of the AC is to assist the Board in fulfilling the following key responsibilities:

- Ensuring the integrity of financial information
- Assessing the risks and control environment
- Overseeing and reviewing the Group's management of financial risk processes, accounting and financial reporting practices
- Reviewing the Group's accounting function, financial reporting and the system of internal controls
- Evaluating the internal and external audit processes and outcome to ensure independence of both the external and internal audit functions
- Reviewing conflict of interest situations and related party transactions

The existence of the AC does not diminish the Board's ultimate statutory and fiduciary responsibility for decision making relating to the functions and duties of the AC.

The AC ToR was revised on 31 May 2022 to include new responsibilities with regards to Group Internal Audit staff promotions/ upgrading and staffing matters.

The composition of the AC for 2022, including the name, designation, together with the number of AC meetings held during 2022 and details of attendance of each AC member can be found on page 131 of this Report. The details on the training attended by the AC members can be found in the CG Report 2022.



More information on the AC's ToR can be found on our website, [www.fgyholdings.com](http://www.fgyholdings.com). This Report is to be read together with the CG Report 2022, also available on our website.



## Principle B: Effective Audit and Risk Management

### SUMMARY OF WORK

At the commencement of the year, the AC provided key areas of concern to direct the Management's attention, and the AC required the Management to report these matters to the AC.

### FINANCIAL REPORTING

- a. Report from PricewaterhouseCoopers PLT (PwC) for the financial year ended 31 December 2021
- b. Met with the external auditors in two private sessions during the financial year without the presence of Management on 23 March 2022 and 23 August 2022
- c. Financial and Operational Report for Plantation, Sugar and Logistics & Others Sectors
- d. Quarterly Report on Consolidated Results
- e. Update on Group Rolling Monthly Cash Flow
- f. Proposal for Final Dividend for the financial year ended 31 December 2021
- g. Proposal for issuance of letter of Financial Support for FGV and its Group of Companies which are in Net Current Liabilities or Net Liabilities Position as at 31 December 2021
- h. Update on FGV Group Recurrent Related Party Transactions
- i. Production of FGV's Annual Integrated Report 2021
- j. Statutory Financial Statements for the financial year ended 31 December 2021
- k. Non-Audit Services Provided by PwC for the financial year ended 31 December 2021
- l. Re-appointment of External Auditor for the financial year ended 31 December 2022
- m. Proposal for Interim Dividend for the financial year ending 31 December 2022
- n. Proposed Fee for Statutory Audit and Quarterly Review for FGV and its Group of Companies for financial year 2022

### RISKS AND INTERNAL CONTROL ENVIRONMENT

- a. CG Board's Final Report from Outsourced Internal Audit on Corporate Governance Practices
- b. KPMG's Final Report from Outsourced Internal Audit on Risk Management Processes
- c. KPMG's Final Report from Outsourced Internal Audit on FGV's Cyber Security
- d. Group Internal Audit Reports
- e. Update on Implementation of Recommendations from Internal Audit
- f. Update on the Progress of Matters that were subject to Forensic Investigation and Legal Advice
- g. Proposal for Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
- h. Quarterly Report on the Status of Material Litigation Cases involving FGV Group
- i. Proposal for CGOS, Report on the AC and CG Report 2021
- j. Statement on Risk Management and Internal Control for FGV Annual Integrated Report 2021
- k. Proposal for Revision to FGV Group's LoA – Legal

### EXTERNAL AUDIT PROCESS AND OUTCOME

- a. Assessed the comprehensiveness of the audit plan of the external auditors for 2022 and ensured coordination with the various other audit firms apart from PwC, who are involved in the external audit of several subsidiaries.
- b. Assessed the external auditors for their reappointment for 2022 based on the established External Auditor Policy and recommended their re-appointment to the Board. The AC also considered the feedback from Management on their evaluation of the external auditors based on the services provided on the external audits for 2021.
- c. Assessed the external auditors audit fees for 2022.
- d. Received written assurance from external auditors in their audit plan for 2022 confirming they are, and will maintain, independent throughout the conduct of the audit engagement in accordance with the ToR of all relevant professional and regulatory requirements.

**Principle B:**  
**Effective Audit and Risk Management**

**INTERNAL AUDIT PROCESS AND OUTCOME**

- a. Received and reviewed all 39 internal audit reports issued in 2022 to the Chairman and members of the AC. These are reports from assignments undertaken from the internal audit plan and any unplanned investigations and special assignments undertaken by Group Internal Audit.
- b. Reviewed the following at every quarterly meeting in 2022:
  - A report summarising the main observations from the internal audit reports issued during the quarter. The AC gave direction to Management on key matters requiring the Management's special and immediate attention. The AC reported to the Board on these key matters.
  - A report on the progress of implementation of the approved internal audit plan for 2022, including the status of internal audit resources to support the implementation of the approved internal audit plan and development progress of the internal audit employees.
  - A report on the progress of implementation of the recommendations from the internal audit reports issued. The Board was apprised of delays in implementation of the recommendations.
- c. Performed the following:
  - Reviewed and approved the internal audit plan for 2023 together with the scope, functions, resources, budget and KPIs of the Group Internal Audit function and reported to the Board accordingly.
  - Assessed the performance of the Chief Internal Auditor, which included assessment of the effectiveness of the Group Internal Audit function with reference to the Institute of Internal Auditors' International Professional Practices Framework.
  - Assessed the Chief Internal Auditor's performance, increment, bonus adjustment and renewal of her contract of employment.

The Chairman of the AC held seven private meetings and discussions with the Chief Internal Auditor and her team to discuss on developments which were relevant for the internal audit work, to give direction for a more effective audit plan, to be apprised of or give guidance on any major internal audit observations and any related matters towards improving the governance, risk and control processes of the FGV Group. From time to time, the AC also made special request of areas of concern to be investigated or given attention during the audits.

**RECURRENT RELATED PARTY TRANSACTIONS MONITORING OF THE GROUP**

- a. Reviewed the quarterly report on the recurrent related party transactions of the Group and took note that the related party transactions were within the mandate from the shareholders.
- b. Reviewed the Circular to shareholders for the purpose of seeking mandate for recurrent related party transactions at the 14<sup>th</sup> AGM in 2022.
- c. Reviewed the internal audit report on the annual recurrent related party transactions review.
- d. Reviewed justifications of the FGV Group's major recurrent related party transactions which were not supported with contemporaneous pricing.

**INVESTIGATIONS AND RELATED LEGAL OPINIONS**

- a. Requested special investigation on governance and non-compliance matters.
- b. Considered the investigation reports, valuation reports, legal opinion and related information from forensic and internal investigations.
- c. Deliberated the findings and sought relevant clarification to satisfy itself that the investigations and legal opinions were comprehensive.

**STATEMENTS INCLUDED IN FGV'S ANNUAL INTEGRATED REPORT 2021**

Reviewed the AC Report, the Statement on Risk Management and Internal Control (SORMIC), the CGOS, the Management Discussion and Analysis, the Chairman's Statement and the Group CEO's Message to be included in the Annual Integrated Report 2021 as well as the CG Report and recommended the same to the Board for approval. The SORMIC was reviewed, reflecting the reports of the external and internal auditors on the risks and control environment of the Group and related matters that have been brought to the AC and the Board during the financial year.



## Principle B: Effective Audit and Risk Management

### KEY MATTERS CONSIDERED BY THE COMMITTEE

The AC Chairman updated the Board on matters deemed to be of major importance deliberated at the AC meetings and its recommendations. The copies of confirmed minutes of each AC meeting were also circulated to the Board for noting at the next practicable Board meeting. Among the significant matters that the AC reported to the Board were the following:

SIGNIFICANT MATTERS	HOW THE AC PROVIDED OVERSIGHT ON THESE MATTERS
1 <b>Financial Reporting</b>	Reviewed and recommended to the Board the quarterly financial results and year-end Financial Statements of FGV and the Group, focusing particularly on changes in financial reporting standards, including assessing their impacts on the Financial Statements, reasons for fluctuations between periods, explanations for achievement of budgets, forecasts and matters requiring Management's judgement, especially assets recoverability, accounting practices, unusual events and significant adjustments.
2 <b>Internal Control</b>	<ul style="list-style-type: none"> <li>• Provided direction for internal control improvements on matters reported by the Group Internal Audit. Encouraged management to prioritise the improvements based on the observations reported in the Group Internal Audit reports.</li> <li>• Reviewed and recommended to the Board the revised Group's LOA, Group Finance Policies and Procedures and External Auditor Policy and Procedures.</li> </ul>
3 <b>Recurrent Related Party Transactions</b>	Considered whether the recurrent related party transactions were undertaken at commercial terms in accordance with established procedures and within the mandate provided by the shareholders.
4 <b>Key Critical Guidance</b>	Guidance on matters relating to cyber security, big data analytics, ESG reporting and tax framework.

### RELATIONSHIP WITH THE EXTERNAL AUDITOR

FGV has an External Auditor Policy and Procedures which detailed out the following relating to the relationship with the External Auditor:

- Appointment and re-appointment of the External Auditor
- Effectiveness of the External Auditor
- Assessing independence of the External Auditor
- Audit partner rotation
- Audit delivery and reporting
- Engagement of the External Auditor for non-audit services
- Removal of the External Auditor

The summary of the External Auditor Policy and Procedures can be found in Practice 9.3 of the CG Report 2022.

**Principle B:**  
**Effective Audit and Risk Management**

**FEES PAID AND PAYABLE TO THE EXTERNAL AUDITOR**

The fees paid/payable to the external auditor, PwC, in 2022 were as follows:

FEES PAID/PAYABLE TO PwC IN 2022	RM'000
<b>Audit Fees</b>	
• PwC Malaysia	4,251
• Member firms of PwC International Limited (PwCIL)	1,055
<b>Audit-Related Fees</b>	
• PwC Malaysia and member firms of PwCIL	1,471
• Other non-audit fees paid to PwC Malaysia and member firms of PwCIL	2,680
<b>Total</b>	<b>9,457</b>

**GROUP INTERNAL AUDIT**

The Group's Internal Audit function is independent and reports functionally directly to the AC and administratively to the Group CEO. The conduct of Group Internal Audit is based on the Group Internal Audit Charter, which is established consistent with the requirements of the Institute of Internal Auditors' International Professional Practices Framework and approved by the AC as affirmed through a Quality Assurance Review once in every five years with the last one conducted in 2019.

There were 55 internal auditors as at 31 December 2022 covering the activities of the Group. The qualification, professional status and continuous development training of the internal auditors together with their independence and objectivity are disclosed in Practice 11.1 and 11.2 of the CG Report 2022. Continuous development training is undertaken to enhance and align the internal auditors' competencies and knowledge to the emerging risks and audit requirements. The details of the Chief Internal Auditor, the person responsible for internal audit can be found on page 125 on the Report.

The total cost incurred by Group Internal Audit for 2022 was RM9.4 million, including centralised expenses (2021 was RM8.5 million). This amount comprised mainly staff cost and benefits, travelling expenses and the operating cost of the Group Internal Audit management system.

**SUMMARY OF WORK DONE BY GROUP INTERNAL AUDIT IN 2022****ASSURANCE**

The assurance work during the year 2022 was a balance of governance, risk and control at the corporate centre level and business operational level. The focus was in the following main areas:

At the business operational level, the key audit scopes were on the Fresh Fruit Bunches (FFB) purchasing, Crude Palm Oil (CPO) inventory management, FFB to CPO and palm kernel revenue supply chain and billing management, trading and hedging of CPO and Processed Palm Oil (PPO), Original Equipment Manufacturer (OEM) products management, project management, security management and reporting of operational information. For our main Business Cluster, i.e. Upstream, the key audit scopes were mechanisation, migrant workers' welfare management, wages management, procurement, inventory management, security management, by-products management, and road and bridges project management. Group Internal Audit also undertook Control Self-Assessment for 147 FGV Plantations (Malaysia) Sdn Bhd estates in 2022. With guidance and support of the AC, data analytics was introduced as an audit tool to achieve better audit coverage efficiently.

Corporate governance and risk management processes towards enhancing general governance and risk management practices and culture.

Recurrent related party transactions review with a view of advising the AC on the Group's compliance with the Related Party Transactions and Recurrent Related Party Transactions Policy.





## Principle B: Effective Audit and Risk Management

### ASSURANCE

Review of investment and divestment decision making and execution processes.

Information Technology (IT) governance and controls which covers application functionality review, data integrity, user access control and system security, including cyber security.

### INVESTIGATION

Group Internal Audit undertakes investigative audits based on the requests and information from the Whistleblowing Committee, Management, the AC and the Board. The outcome of the investigations are reported to the Whistleblowing Committee, Management, the AC and the Board respectively. The recommendations and resolutions arising from the investigation reports tabled are communicated to Management for the necessary actions for implementation.

Group Internal Audit's investigations and special review work during the year 2022 identified improvements in the following areas:

- Revenue accounting
- Operations management
- Stock management
- Procurement management
- Project management
- Human resource management

### CONSULTING

Group Internal Audit plays an active role in advising the Group on various matters. In 2022, consulting advisory was provided through the following platforms:

- IT Project Steering Committee and Working Committee meetings to provide guidance on IT project management and system development or implementation processes
- Participation in working committees on issues related to the ban on palm oil products by the US
- Provided feedback and queries on matters circulated and submitted to GMC for approval on process, clarity and transparency of information presented. The focus of Group Internal Audit's feedback on the documents was from the aspect of compliance with any regulatory requirements, incorporating practical best practices and enhancing governance and risk management
- Participation in meetings with Divisional Management and Sector Management to close the gaps relating to recurring audit issues

### PERFORMANCE REVIEW

During the financial year, the Board evaluated the AC's performance and the extent to which the AC met the requirements of its ToR, including the term of office and performance of the AC and each of its members. This performance assessment constituted part of the annual BEA, pertaining to the assessment of Board Committees.

The AC Report was made in accordance with a resolution of the Board of Directors approved on 29 March 2023.

## Principle B: Effective Audit and Risk Management

### BOARD GOVERNANCE & RISK MANAGEMENT COMMITTEE REPORT



**Nik Fazila Nik  
Mohamed Shihabuddin**  
Chairman  
(INED)

Appointed on 1 July 2021  
Redesignated as Chairman on  
13 April 2023



**Dato' Mohd Rafik  
Shah Mohamad**  
Member  
(Senior INED)

Appointed on 1 July 2021



**Kasmuri Sukardi**  
Member  
(INED)

Appointed on 1 July 2021  
Redesignated as Member on  
13 April 2023



**Datuk Yatimah Sarjiman**  
Member  
(NINED)

Appointed on 8 April 2022

The BGRMC comprises exclusively of Non-Executive Directors and the majority are INEDs. The Chairman of the BGRMC is an INED.

The purpose of the BGRMC is to assist the Board in fulfilling its statutory and fiduciary responsibilities in formulating, overseeing as well as inculcating good governance, sound risk management and culture in the FGV Group.

The purpose of the BGRMC is to assist the Board in fulfilling the following key responsibilities:

- Review and monitor the implementation of the FGV Group Governance and Integrity Framework which includes reviewing and maintaining governance documents and policies
- Review, recommend, evaluate and report to the Board for approval and/or amendments to the Group's risk management and internal control framework, strategies, policies, procedures, systems, capabilities and parameters
- Report to the Board key business risks and its updates, strategies on managing key business risks, effectiveness of the mitigation plans and progress management of key business risks
- Review any reporting of matters to the shareholders and/or relevant authorities and statements for inclusion in the Company's Annual Integrated Report as well as other statements which are mandated by Bursa Securities or related to governance and risk management
- Highlight to the Board, in every quarter, the Group's key risk indicators and risk tolerance levels, and the mitigation plans.

The composition of the BGRMC for 2022, including the name, designation, together with the number of BGRMC meetings held in 2022 and details of attendance of each BGRMC member can be found on page 131 of this Report.



More information on the BGRMC's ToR can be found on our website, [www.fgvholdings.com](http://www.fgvholdings.com). This Report is to be read together with the CG Report 2022, also available on our website.

## Principle B: Effective Audit and Risk Management

### SUMMARY OF WORK

In 2022, the BGRMC undertook the following principal activities in discharging its responsibilities:

#### GOVERNANCE, ETHICS AND INTEGRITY

- a. FGV Integrity Assessment Tool Survey Results by *Institut Integriti Malaysia*
- b. Revision of Corporate Responsibility Policy
- c. Proposal for CGOS, Report on the BGRMC and the CG Report.
- d. Proposal for 2021 Performance Bonus for Head of Group Governance & Risk Management
- e. Proposal for FGV Governance and Integrity Framework
- f. Proposal for Whistleblowing Committee Terms of Reference for Senior Staff (Vice President and Above) and Board of Directors
- g. Whistleblowing and Grievance Update
- h. Anti-Bribery Audit Outcome
- i. Adequacy Assessment Results
- j. Group Governance & Risk Management Activity Progress Report
- k. Proposal for Revised Directors' CoBP & Directors' CoEC
- l. Proposal for Restructuring of Group Governance & Risk Management Division

#### RISK MANAGEMENT

- a. Assessed and deliberated on the Group's key risks, reputational and emerging risks, cyber security monthly report, corruption risk, project and tender risk assessment highlights, and key risk management and governance activities.
- b. Appraised the reports on:
  - Key deliberations for matters discussed in Risk Management Committee
  - Establishment of FGV Risk Appetite Statement and its development progress
  - 2023 plans for risk management activities and the completed initiatives conducted in 2022
  - Business Continuity Management (BCM) activities across the Group in FGV Group Quarterly Risk Report

#### STATEMENTS INCLUDED IN FGV'S ANNUAL INTEGRATED REPORT 2021

- a. Reviewed the BGRMC Report, the SORMIC, CGOS and Sustainability Statement to be included in FGV's Annual Integrated Report 2021 as well as the CG Report 2021 and recommended the same to the Board for approval

## Principle B: Effective Audit and Risk Management

### KEY MATTERS CONSIDERED BY THE COMMITTEE

The Chairman of the BGRMC updated the Board on matters deemed to be of major importance deliberated at the BGRMC meetings and its recommendations. The copies of confirmed minutes of each BGRMC meeting were also circulated to the Board for noting at the next practicable Board meeting. Among the significant matters considered by the BGRMC to the Board during 2022 were the following:

SIGNIFICANT MATTERS	HOW THE AC PROVIDED OVERSIGHT ON THESE MATTERS
1 <b>Russia-Ukraine conflict</b>	Took note of the impact on FGV's business in view of its exposure to risks relating to sourcing of fertilisers from different regions, global freight charges, logistics and shipments interruptions, energy price, global vegetable oils market as well as currency exchange.
2 <b>Establishment of Risk Management Committee and its ToR</b>	<ul style="list-style-type: none"> <li>Recommended the formation of Risk Management Committee that is responsible to assist in oversight of risk management and internal control framework.</li> <li>Took note of the key deliberation for matters discussed in the Risk Management Committee.</li> </ul>
3 <b>Group Policies</b>	Recommended the following proposed revisions for the Board's approval: <ol style="list-style-type: none"> <li>Directors' CoBP &amp; Directors' CoEC</li> <li>FGV Group Governance and Integrity Framework</li> <li>Corporate Responsibility Policy</li> <li>Proposed IT Security Framework for FGV Group</li> </ol>
4 <b>Establishment of FGV's Risk Appetite Statement</b>	Reviewed the enhanced risk appetite statement for FGV Group that will facilitate and optimise business performance and help to satisfy external stakeholders' expectations.
5 <b>FGV Group Quarterly Risk Report</b>	<ul style="list-style-type: none"> <li>Deliberated on key risks horizon associated with the Group's business and operations, covering the Group's key risks and mitigations. Informed the Board on risks that require closer attention and of the prevailing risk profile and outlook.</li> <li>Reviewed project risk assessment and tender risk assessment for investment proposals and tender participations.</li> </ul>
6 <b>Whistleblowing</b>	Reviewed and deliberated on the number of whistleblowing cases, their respective categories, lessons learnt and recommendations from investigations cases.

### PERFORMANCE REVIEW

During the financial year, the Board evaluated the BGRMC's performance and the extent to which the BGRMC met the requirements of its ToR, including the term of office and performance of the BGRMC and each of its members. This performance assessment constituted part of the annual BEA, pertaining to the assessment of Board Committees.



## PRINCIPLE C:

# INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

## COMMUNICATING WITH OUR STAKEHOLDERS

### ENGAGING OUR STAKEHOLDERS

FGV is dedicated to keep its stakeholders informed of any new developments and strategies that may improve long-term stakeholder value. The Investor Relations (IR) team is responsible for maintaining effective communication with stakeholders, fostering ongoing and transparent dialogue between the Company and its stakeholders, and providing a balanced view of FGV Group's performance and the challenges it faces.

In line with FGV's Shareholders Communication Policy, we are committed to provide our shareholders with information that is timely, factual, accurate, complete, unambiguous and widely disseminated. This is achieved by adhering to the framework and guidelines that govern the release of material and sensitive information in line with disclosure requirements.

The main channels of communication with the stakeholders include the following:

#### CORPORATE WEBSITE

Our website serves as a crucial platform for our investors and stakeholders to access information. To ensure that the latest and most accurate information regarding FGV is readily available and accessible, the website is updated periodically and as needed.

#### STAKEHOLDER MEETINGS

The Group CEO and Senior Management of FGV conduct periodic meetings with stakeholders to share and discuss the Company's business performance and strategic plans. As part of our ongoing efforts to enhance stakeholder engagement, we significantly increased our engagement with the investment community in 2022. Through a series of one-on-one and group meetings, we effectively addressed the concerns of our investors, thereby strengthening our relationships with the key stakeholder group.

### INVESTOR RELATIONS CALENDAR 2022

**20 Jan 2022**

Engagement with Major Shareholders

**1 Mar 2022**

 4<sup>th</sup> Quarter 2021 Analyst Briefing

**20 Apr 2022**

CGS-CIMB ESG Day

**10 May 2022**

Engagements with Major Shareholders and Fund Managers

**31 May 2022**

 1<sup>st</sup> Quarter 2022 Analyst Briefing

**23 Jun 2022**

 14<sup>th</sup> Annual General Meeting

**13 Jul 2022**

ESG Engagement with Fund Managers

**9 Aug 2022**

Engagement with Fund Managers

**30 Aug 2022**

 2<sup>nd</sup> Quarter 2022 Analyst Briefing

**3 Oct 2022**

Engagement with Fund Managers

**6 Oct 2022**

ESG Engagement with Fund Managers

**10 Nov 2022**

Engagement with Potential Investors

**30 Nov 2022**

 3<sup>rd</sup> Quarter 2022 Analyst Briefing

**9 Dec 2022**

Engagement with Fund Managers



**Principle C:**

## **Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders**

### **BRIEFINGS ON QUARTERLY RESULTS**

Concurrent with the release of the Group's quarterly results announcement to Bursa Securities, FGV conducts a briefing sessions for the media and analysts to give further insights into FGV's performance for the period under review. Chaired by the Group CEO or the Group CFO, this platform enables the wider market to better understand the Group's performance and seek clarifications on any concerns related to FGV. The briefings are normally conducted through face-to-face interaction with the conference call facility to ensure full access to the intended audience. However, unprecedented times called for digital channels to be adopted, with continued communications through virtual briefings. In 2022, the briefings on quarterly results were conducted virtually, where the Group CEO presented the quarterly results to the audience before proceeding with the Question and Answer session.

### **KEY CONCERNS RAISED BY STAKEHOLDERS**

FGV remains committed in engaging our stakeholders in every possible way by maintaining positive relationships, mitigating risks and enhancing performance. By assessing and prioritising stakeholder concerns, FGV can build strong relationships that are mutually beneficial to the stakeholders in achieving long-term success.



### **Financial and Operational Updates**

#### **Our response**

- Based on FGV's Business Plan 2022 to 2024 (BP24), various Key Strategic Initiatives were set up specifically for each Sector and business unit, which will help to improve FGV's operations throughout the year:
  - a) Increasing the efficiency of Upstream business via a continuous replanting programme to improve our average oil palm age profile and expand the model plantation concept by replicating the best and lean practices at a larger scale. To date, we have completed 10,858 Ha of felling and 3,232 Ha of planting work following the rescheduling of planting to match seedling readiness and the retendering of the contract to new vendors for a long-term replanting project.
  - b) Improving crop yield and oil extraction rate through a transformational plan by focusing on accelerating replanting using elite planting material, improving infrastructure and mechanisation, full implementation of Good Agricultural Practices (GAP), strengthening the workforce and increasing harvesting efficiency.
  - c) In 2022, FGV expanded the supply of olein and other palm-based products to Cambodia and Vietnam and palm-based shortening to the North American market. Numerous initiatives are still ongoing to expand FGV's global footprint, including collaborating with reputable partners and identifying new opportunities in new markets to deliver sustainable foods and agriproducts to the world.
- Overall, the Group's PATAMI for 2022 increased by 14% to RM1.33 billion, on the back of RM25.56 billion in revenue.
- The Board approved a total dividend payment of 15 sen per share, for a total dividend payout of RM547 million.



### **Higher Operating Expenses due to the Ongoing Russia-Ukraine Conflict**

#### **Our response**

- The disruption in global and regional supply chains from the Russia-Ukraine conflict caused input shortages and price hikes since the warring countries are the key global exporters of several commodities such as fuel, fertilisers and chemicals. This conflict is a major concern to FGV due to the increase in input costs, mainly raw materials, freight and, natural gas, as well as packaging materials, wages and inland logistics.
- Additionally, FGV is also adversely affected by the general inflation and foreign exchange volatility caused by the conflict in the long term.
- Fertiliser costs increased by almost 90% over the past year as a result of the disruption in the supply of potash from the conflicting nations, which has had a significant impact on our CPO production costs.
- Despite the sanctions due to the Russia-Ukraine conflict, we still maintained a good business relationship with suppliers from Russia while exploring alternative potash sources from other countries such as Canada, Laos, Germany and Uzbekistan.
- For our Sugar Sector, the Group remained focused on improving reliability of its refineries in pursuit of higher productivity. While continuing to engage with the government to obtain all required economic support, the Group will ensure that the market has a consistent supply of sugar.

**Principle C:****Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders****Prolonged Labour Shortage****Our response**

- In 2022, FGV received batches of migrant workers, which reduced the labour shortage to 13% from 32% recorded the year before. In total, FGV plantation workforce increased to 29,929 workers and we target to achieve optimal worker strength in 2023. We will expand our recruitment hubs and continuously improve living standards for our plantation workers.
- FGV revised and strengthened the Guidelines and Procedures for Responsible Recruitment and Employment of Migrant Workers to align with international standards, and ensure the application of No Recruitment Fees policy.
- FGV actively engaged with the government for updates on the opening of foreign recruitment to fill the gap.
- FGV mobilised of general workers to cover the shortage of harvesters and promoted the 3R Programme (Recruit, Retain, Repatriate) for new and existing workers.
- We also continued to intensify our recruitment efforts through due diligence assessments on recruitment agencies to evaluate on their commitment to labour and human rights.

**Sustainability Issues****Our response****WRO issued by the US CBP**

- FGV appointed an ELEVATE to conduct an independent assessment of FGV's operations against the 11 ILO Indicators of Forced Labour.
- We continuously engaged with the US CBP to provide updates and development on our initiatives to improve labour practices.
- In 2022, ELEVATE has completed its onsite assessments, which comprised of unannounced visits and audits of 25 estates and three mills across FGV's operations in Malaysia. Based on the outcome of ELEVATE's assessment, FGV is currently implementing a remediation plan and anticipate submitting the final report to the US CBP soon.

**RSPO Certification**

- As of the end of 2022, 30 out of FGV's 67 mills and its supply base have been RSPO-certified, while the rest of the uncertified mills have undergone and completed all required preparation and are ready to commence the certification audit.
- We are currently working to recertify the Serting Mill and continue to ensure that 100% of our mills are RSPO-certified.

**Fair Labor Association (FLA)**

- Following the second year of FGV's affiliation, the FLA conducted an Independent External Assessment (IEA) between November 2021 and January 2022, which involved a review of FGV's management systems and field operations.
- The assessment was based on the FLA's Workplace Code of Conduct (WCOC), which is derived from international labour standards and global labour practices. In total, the FLA assessed nine sites comprising of three mills and six estates and the FLA did not identify non-compliances to the FLA forced labour benchmarks and found no evidence of child labour.
- The IEA report also indicated that FGV made progress in its Top Management's commitment, policy alignment with international and national standards, and engagement with civil society organisations, particularly at the headquarters level.

**Compliance with the Listing Requirements on Public Shareholding Spread****Our response**

- Bursa Securities granted FGV a third six-month extension until 3 August 2022 for the Company to comply with the Public Shareholding Spread Requirement.
- FGV submitted an application to Bursa Securities to apply for a further extension of time for FGV to comply with the Public Shareholding Spread Requirement. FGV would evaluate and explore a corporate exercise entailing the issuance of new Islamic Preference Shares in FGV as part of the rectification plan for FGV to comply with the Public Shareholdings Spread Requirement.
- Bursa Securities granted FGV a further six months until 2 September 2023 to comply with the Public Shareholding Spread Requirement.

**Principle C:**

## Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

### MEDIA COVERAGE

In addition to other communication channels, FGV leverages the media to reach out to the public, build a positive image and keep stakeholders informed of the Group's developments. The Group regularly shares updates via its social media platforms including Facebook, Instagram, LinkedIn and YouTube, with an average of four postings per week. To foster positive relationships with media partners, FGV ensures prompt and accurate responses to their queries.

### GENERAL MEETINGS

General meetings serve as the primary platform for face-to-face interaction between the Company, represented by the Board and Senior Management, and shareholders, making it a crucial forum for dialogue. The Chairman of the Board, Board Committee Chairmen and Committee members, the Group CEO and members of his leadership attend the AGM to ensure active participation and effective communication with shareholders.

The Board Charter outlines the Board's responsibility to ensure the efficient conduct of general meetings as critical mechanisms for shareholder communication. This includes supplying comprehensive and timely information to shareholders and encouraging active participation. To enable broader participation, FGV leveraged technology, allowing shareholders to participate remotely and cast their votes electronically. Shareholders were also able to view the proceedings of the 14<sup>th</sup> AGM, post questions and view answers to the questions via live streaming using LUMI AGM facilities at <https://web.lumiagm.com>. The platform used patented technology which has been independently proven to be accurate and secure. Details of the proceeding and procedures for the fully virtual 14<sup>th</sup> AGM are available under Practice 13 of the CG Report 2022.

FGV published the full minutes of the 14<sup>th</sup> AGM held on 23 June 2022, including the Group CEO's presentation, FGV's responses to the Minority Shareholders Watch Group's (MSWG) questions, and the complete list of 42 questions posed by shareholders alongside FGV's responses on the corporate website at [www.fgvholdings.com](http://www.fgvholdings.com).



More information on the proceedings of the 14<sup>th</sup> AGM can be found in the CG Report 2022, which is available online at [www.fgvholdings.com](http://www.fgvholdings.com).

### ENQUIRIES

FGV values communication and feedback from shareholders throughout the year. Shareholders are welcomed to raise queries or concerns regarding the Group, and these can be directed to the IR team or the Group Strategic Communications team. For inquiries related to shareholding matters, shareholders may reach out to the Company's Share Registrar and address concerns to the Independent Director who holds the position of Senior Independent Non-Executive Director. Contact details are available as follows:

#### Investor Relations Team

**Nurul Syazatul Aiman Taifor**  
Head of Investor Relations  
Level 20, Wisma FGV  
Jalan Raja Laut  
50350 Kuala Lumpur  
Malaysia



03 2789 0000



03 2789 0001



[fgv.investors@fgvholdings.com](mailto:fgv.investors@fgvholdings.com)

#### Group Strategic Communications Team



[fgv.enquiries@fgvholdings.com](mailto:fgv.enquiries@fgvholdings.com)

#### Share Registrar



[bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

#### Platform for shareholders/stakeholders to convey concerns




[sid@fgvholdings.com](mailto:sid@fgvholdings.com)

**Principle C:****Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders****FINANCIAL REPORTING AND DISCLOSURE**

The Board of FGV is fully committed to provide a fair and objective assessment of the Group's financial position and prospects in all of its financial reports, including the Quarterly Financial Results, Audited Financial Statements (AFS), Annual Integrated Report and other reports released by the Group. All announcements by the Group are issued in a timely manner, and our financial statements comply with the requirements set out in the MFRS, IFRS, Bursa Securities Listing Requirements, Companies Act 2016, and relevant laws and regulations in the countries in which FGV operates.

To ensure accuracy and fairness in our financial reports, the Audit Committee conducts a thorough review of the AFS and quarterly reports that are reviewed by FGV external auditors. In addition, we take seriously our responsibility to provide shareholders, investors, and regulatory authorities with a comprehensive and transparent overview of our financial performance.

 More information on the Statement on Directors' Responsibility in respect of preparation of FGV's AFS is set out on page 1 of the AFS Report.

**ANNUAL INTEGRATED REPORT**

This is FGV's eighth Annual Integrated Report and eleventh Annual Report, a testament to our commitment to transparency and accountability since our listing on Bursa Securities on 28 June 2012. The Annual Integrated Report offers a comprehensive overview of the Group's operations and financial performance in 2022, demonstrating our dedication to delivering value to our stakeholders through responsible and sustainable business practices.

**PLANS FOR 2023**

In 2023, the governance priorities to support and align with FGV's business strategies and plans will be as follows:

- Seek and evaluate opportunities with FGV's project risk assessment tools to grow its businesses through selective and value accretive corporate transactions.
- Reinforce and improve FGV's Enterprise Risk Management (ERM), Group Corporate Governance and ESG; Anti-Bribery and Whistleblowing mechanisms are being enhanced, extending the relevant policies to international subsidiaries or new businesses, improving vendor management and reviewing existing risk registers.
- Review and enhance internal policies and procedures relating to Board matters.

**STATEMENT BY THE BOARD**

The Board has deliberated, reviewed and approved this Statement and, save as disclosed, is satisfied that the Group has considered all obligations under the relevant paragraphs of the Bursa Securities Listing Requirements, Companies Act 2016, MCCG, Bursa Securities' Corporate Governance Guide and other applicable laws and regulations throughout the financial year ended 31 December 2022.

The Board confirms that for the year ended 31 December 2022, the principles of good corporate governance contained in the MCCG 2021 have been consistently applied. Our explanations for departures of certain principles are provided below.

**PRACTICE****SUMMARY EXPLANATIONS**

## Practice 5.10

The BNE Policy has a provision on diversity for the Board that includes gender. However, there was no gender diversity policy for Senior Management. FGV is committed to provide equal opportunity in recruitment and career growth regardless of ethnicity, culture, age and gender. FGV is also committed to integrating a gender perspective to fulfil the Group's responsibility in respecting human rights.

In 2022, FGV become a signatory of the Women's Empowerment Principles developed by the United Nations Global Compact and United Nations Women. There are four women in the Group Management Committee of FGV.

## Practice 8.2

FGV believes that the disclosure of Senior Management's remuneration in detail may be detrimental to its business interests given the competitive human resource environment for the knowledge and experience of such personnel in FGV.

However, the names of the top five Senior Management whose remuneration is in the bands of RM50,000 are disclosed on page 144 of this report.

The Board is committed to cultivate a responsible organisation and will regularly review and refine the Group's corporate governance practices to maintain a sensible and solid framework for effective governance in the interest of the shareholders and stakeholders.

This Statement was made in accordance with a resolution of the Board of Directors approved on 29 March 2023.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is pleased to present the Statement on Risk Management and Internal Control, pursuant to Chapter 15, Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Principle B of the Malaysian Code on Corporate Governance (MCCG) 2021, with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

### MANAGING RISK EFFECTIVELY

FGV's success and unwavering commitment to achieving its strategic objectives are intrinsically linked to the effective management of its risks. The Group has incorporated risk management into its operational procedures at all levels of the organisation, with the ultimate objective of achieving exceptional risk management practices. To ensure that FGV's employees understand the fundamentals of risk management and are kept abreast of the Group's evolving risk management practices, internal awareness programmes are regularly conducted. Furthermore, FGV has implemented an integrated governance, risk and compliance structure that aids the Management in overseeing risks, processes and controls.

The Group recognises that effective risk management is critical to drive informed decision-making processes that align with the overall corporate goals. FGV's robust and agile risk management strategies serve as a strong foundation for its long-term success.

Utilising a holistic risk approach, the Group is able to protect its value proposition while proactively managing potential threats to the delivery of its strategic and operational objectives, while also capitalising on new opportunities. Effective risk management is central to the Group's decision-making process as it enables:

- The prioritisation of planning efforts to ensure the successful delivery of its strategic objectives.
- The consideration of potential risks and rewards when establishing and implementing controls in areas of critical importance.
- Better focus of its assurance resources on specific areas of risk and uncertainty.
- The pursuit of new opportunities while simultaneously managing risks in a rapidly changing external environment.
- The adoption of best practices in accordance with the MCCG.

The Group employs a standardised framework for describing, analysing and reporting on all risks. This framework involves assessing the likelihood of occurrence and potential impact on objectives, using a variety of impact measures. The effectiveness and adequacy of risk mitigations are regularly evaluated by the risk owners.

At FGV, risk owners are responsible for identifying, assessing and prioritising risks based on the potential impact on their respective businesses and operational objectives. These risk insights are then integrated into strategic planning and budgeting.

The Risk Management Committee (RMC) reviews and deliberates on the Group's key risks, including emerging risks, and escalates them to the Board Governance & Risk Management Committee (BGRMC) for discussion and acknowledgement. The outputs of this process are then reviewed by the Board, which relies on the risk management oversight matrix to gain confidence in the management of such risks.

Each business unit manages risks on a day-to-day basis using appropriate mitigations, while the Group provides oversight and monitors these activities for governance and compliance. Group Internal Audit provides independent assurance of these risk management activities.





## Statement on Risk Management and Internal Control

### HOW RISKS ARE MANAGED

FGV employs a comprehensive risk management process that encompasses two key aspects: identifying the Group's key risks and providing reasonable assurance in managing those risks within its risk appetite. The process is underpinned by ISO 31000 Risk Management Standards and overseen by the BGRMC. The BGRMC ensures that a strong risk culture is embedded within the Group and reviews the Group's key risks, progress and mitigation measures. The Group Governance & Risk Management Division (GGRM) is responsible for the risk management policy and framework, providing support to both the Board and Management in implementing a risk awareness culture, methodology, tools and skills necessary for risk oversight.

The Risk Management Framework involves a top-down approach to identifying the Group's key risks and a bottom-up approach to identifying operational risks. Key risks of key businesses are reported quarterly to the respective Sector Risk Committees for deliberation and guidance before they are selected for further escalation to the RMC and the BGRMC to ensure they are within acceptable levels and aligned with the Group's strategic objectives and risk appetite. The RMC also periodically performs deep-dive reviews to support relevant strategic topics on its agenda.

With respect to climate risks, FGV supports the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and discloses its management of climate-related risks and opportunities through its Sustainability Framework. The Group considers climate change's impact on its strategy and operations and learns more about the specific impacts it might face while employing adequate mitigation measures.



More information on the BGRMC and the AC can be found in the Corporate Governance Overview Statement on pages 147-155.

### RISK MANAGEMENT FRAMEWORK

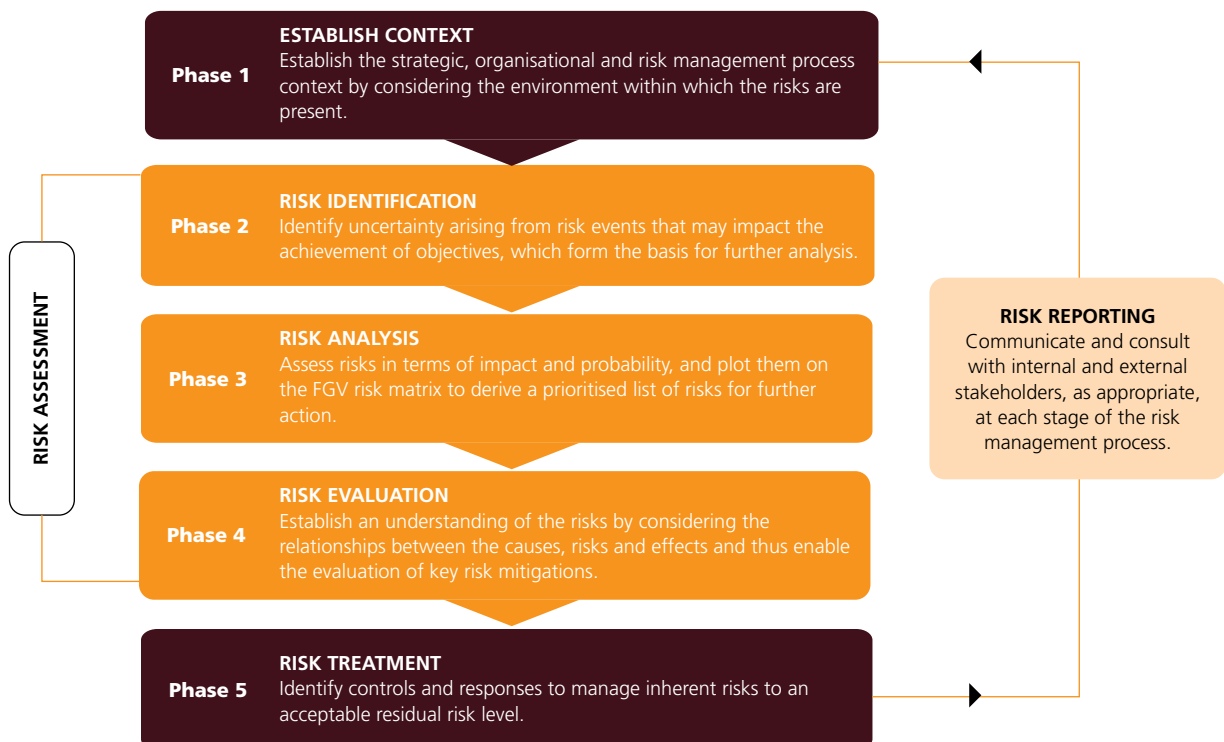
The key objective of the Risk Management Framework is to support the achievement of FGV's strategic goals by driving clarity and proactive behaviour, which allow us to:

- Understand the risk landscape and evaluate the specific risks and potential exposures.
- Decide on the most suitable approach to address these risks to mitigate overall potential exposures.
- Employ appropriate methods to manage the identified risks.
- Monitor and seek assurance on the effectiveness of the risk management methods, and take corrective action where necessary.
- Report to the Management and Board periodically on how significant risks are being addressed, monitored, assured and mitigated.

#### PROCESS

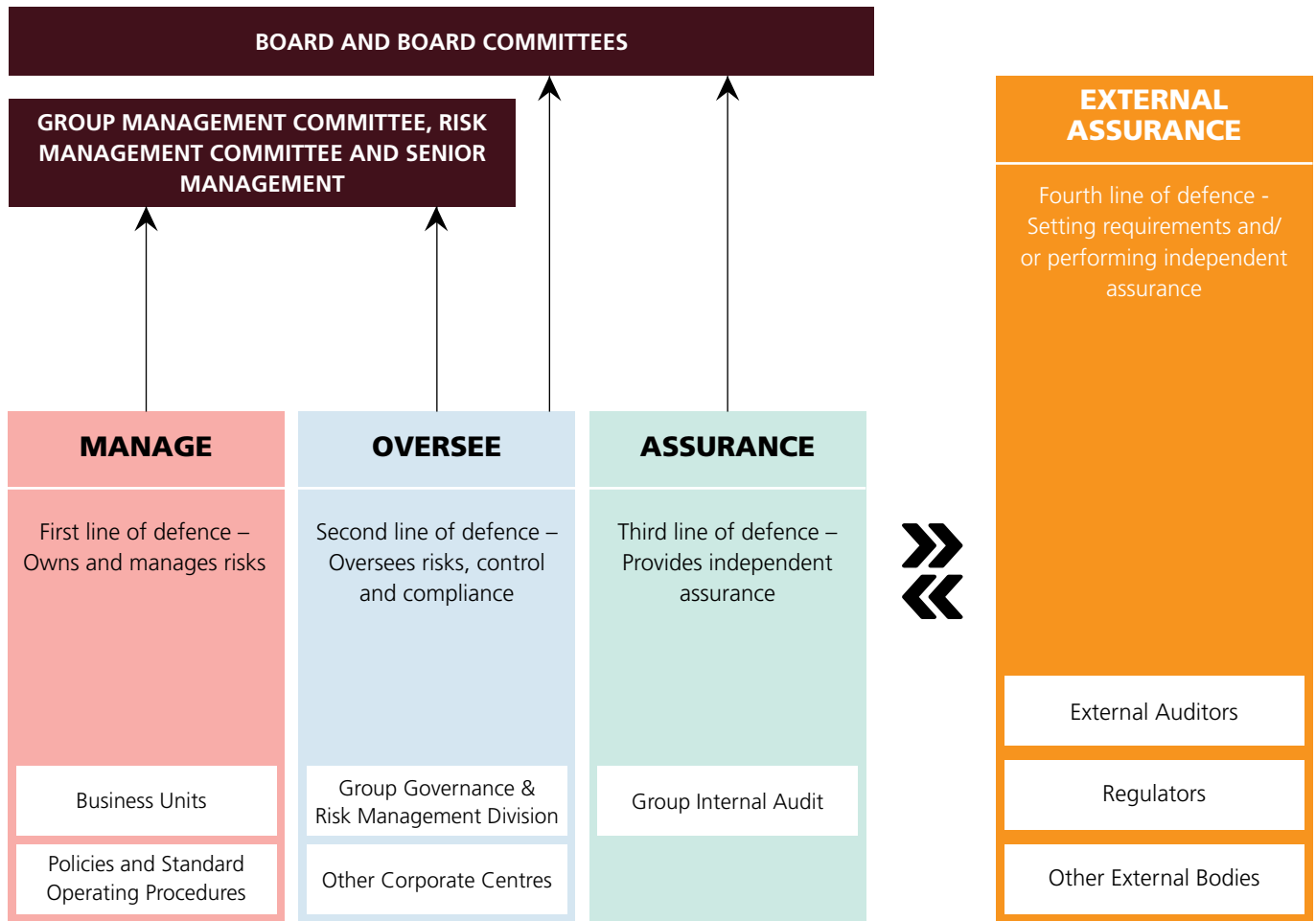
##### Monitoring and Review

The monitoring and review process tracks the current status of the risk profile, detects changes in the risk context and ensures that the controls are adequate in both design and operation.



## Statement on Risk Management and Internal Control

The diagram below shows FGV's risk management oversight matrix.



### KEY INITIATIVES 2022

The Group's risk monitoring processes continue to effectively evolve in the face of new challenges.

#### Risk Management Committee

Before the inception of the RMC, the Group Management Committee (GMC) served as the platform for Top Management to identify, analyse and deliberate on FGV's key business risks and mitigating measures across the Group which enabled the GMC to focus more on business undertakings and performance. The RMC provides a platform for Senior Management to identify, review, assess and deliberate on the Group's risk processes, which include risk reports and crisis management programmes. The RMC convened its first quarterly meeting in August 2022.

**Outcome:** All guidelines, recommendations and decisions made during RMC meetings were implemented accordingly by the respective committee members to ensure adequate controls are in place while maintaining a robust risk culture and a balanced risk management approach.

## Statement on Risk Management and Internal Control

### Russia-Ukraine Conflict Risk Assessments

Three rounds of risk surveys with selected key businesses within the Group were conducted during the year to assess the impact of the Russia-Ukraine conflict. Survey questionnaires as rolled out by the GGRM provided the assessment context that complemented the quarterly Enterprise Risk Management System (ERMS) risk register updates by the participating businesses. The compiled results of these surveys were analysed, compared to ERMS risk registers and reported to the RMC.

**Outcome:** The results indicated entities which were more vulnerable and more exposed to the risk. It also highlighted those entities which were facing challenges from the effects of increased operating costs. The findings of the risk survey were consistent with the updates from the ERMS risk registers, which included the war element and escalated key risks.

### WRO Imposition by the US CBP

From September 2022 onwards, the United States (US) Customs and Border Protection (CBP) maintained a Withhold Release Order (WRO) against all palm oil and palm oil products imported by FGV at all US ports of entry, citing allegations of forced labour and forced child labour. The WRO was issued in response to a petition submitted by a coalition of non-governmental organisations, which alleged the use of forced labour in FGV's estate operations, including the heavy reliance on migrant workers, suspected rivalry among vegetable oil producers/producing countries and possible high turnover of migrant workers, due to their unfamiliarity with FGV's systems. This situation poses significant challenges for FGV's import and export operations and may have negative impacts on its reputation and financial performance.

**Outcome:** FGV has implemented several measures to address the risk of an extended WRO against its palm oil and palm oil products. These measures include an internal policy that prohibits the use of labour provided by contractors and refugees, direct engagement with migrant workers in their countries of origin and engagement with relevant ministries and agencies for government-to-government engagements and resolutions. Additionally, FGV has appointed an independent third-party assessor to monitor the progress of remedial action plans and provides regular updates to the US CBP. FGV has also established a grievance mechanism to provide a formal and transparent process for workers and external stakeholders to voice concerns or complaints related to labour practices or human rights violations. These measures demonstrate FGV's commitment to responsible and ethical business practices and further enhance its overall approach to resolve matters relating to the WRO and get the WRO revoked.

### Monsoon Flood Incidents Management

Monsoon season is a catastrophic environmental risk that poses a significant risk of flooding to FGV employees and the surrounding communities, disrupting business operations in the affected areas. In 2022, the reactivation of the Flood Incidents Management Taskforce (FIMT) from 2021 was a critical step towards mitigating the potential impact of the anticipated year-end monsoon floods. The FIMT serves as a vital communication channel for FGV employees during such incidents, and the information collected through this platform allows FGV to organise timely and effective relief assistance for affected employees and community members in affected areas. The FGV flood relief squad, comprised of volunteers from among FGV employees, works under the supervision of the FIMT to provide assistance during the monsoon floods. FGV is proud to have played a role as the Secretariat of this Taskforce in collaboration with other stakeholders, and FGV remains committed to working together with them to ensure the safety and well-being of FGV employees and surrounding communities during the monsoon season.

**Outcome:** A mechanism was established for collecting information on flood occurrences, providing an overview of flood hotspots that served as flood disaster alerts. This alert mechanism indicated the total number of affected employees, companies and locations, and was used for guidance and monitoring by the Taskforce. The role and contributions of the Taskforce and the relief squad demonstrated FGV's empathy towards the flood victims and its effort in driving the recovery process. On 27 December 2022, the Taskforce activated a flood relief aid mission to Terengganu, where FGV distributed 1,000 bags of essential food aid containing FGV products. In addition, a lifeboat was supplied to affected FGV employees and FELDA settlers. FGV also made a contribution of RM5 million to Tabung Bantuan Bencana Negara (TBBN) to assist flood victims in the country.

## Statement on Risk Management and Internal Control

### Renewed Online Integrity Pledge

Taking and renewing the integrity pledge annually is a requirement for all FGV employees. In 2022, this requirement was expanded to the Board of Directors.

**Outcome:** Besides enhancing the Company's credibility and image, the online integrity pledge makes clear to all employees the Company's zero-tolerance stance against corruption, which increases corruption risk awareness and mitigation. 100% of the 16,812 employees signed the pledge.

### Organisational Resiliency During the COVID-19 Pandemic

FGV took a comprehensive approach to manage the challenges posed by the COVID-19 pandemic. This approach included updating the Group's COVID-19 Standard Operating Procedures (SOPs), ensuring compliance with the government's and authorities' directives, overseeing pandemic management, diligently monitoring employee health status, worksite shutdowns and implementing work-from-home arrangements where necessary and assessing and monitoring risks related to the pandemic, as well as strengthening structured and effective communications throughout the Group.

**Outcome:** FGV has developed organisational resiliency in curbing the further spread of COVID-19, establishing well-organised responses to reported positive cases, safeguarding employees' productivity and delivery of commitments to business partners and ensuring the stability of relationships with relevant government agencies. The Group's efforts were recognised when FGV was named a winner of MARIM's 2022 Risk Management Award for Excellence in Resilience during the COVID-19 pandemic.

### Adequate Procedures Adequacy Assessment 2022

FGV strengthens its commitment by implementing internal control systems of integrity management and corruption prevention via the Anti-Bribery Management System (ABMS), whistleblowing mechanisms and continuous awareness programmes. The Group also voluntarily submitted its efforts in upholding integrity to the Integrity, Governance and Anti-Corruption Awards 2022 (AIGA 2022), organised by the *Institut Integriti Malaysia* (IIM), for evaluation.

**Outcome:** These initiatives have benefited us in many ways, especially in building a stronger governance foundation. As a result of the assessment carried out by the IIM, FGV has been conferred a bronze award at AIGA 2022 for demonstrating a commitment to cultivate and practise integrity, best governance and anti-corruption initiatives.

## KEY RISKS AND UNCERTAINTIES

As a diverse organisation, FGV is subject to a range of risks, such as macroeconomic and industry-specific risks, that are outside of its control. To address these risks, the Group has provided a comprehensive overview of its key risks, including their respective Key Risk Indicators, and considered the potential risks and opportunities. FGV acknowledges that there may be unknown or currently immaterial risks that could become material in the future and affect the organisation's performance, assets, liquidity, capital resources and reputation.

To ensure that the Company is equipped to tackle business challenges and align with its strategic priorities, FGV regularly reviews its key risks. The BGRMC deliberates on reported key risks, together with corresponding mitigations, while the GGRM facilitates the risk management process. The potential impact of these risks, either individually or in combination, could have a significant adverse effect on the organisation's business. To stay ahead of a rapidly changing and increasingly complex risk landscape, FGV adopts a forward-looking approach to identify emerging risks that are not yet entirely understood and managed. The Group analyses how risks are evolving and related to each other to assess their potential impact on FGV, reduce uncertainty, prevent unforeseen losses and raise awareness within the Group and across the industry.

As part of the risk assessment process, emerging risks are identified through horizon scanning, internal risk surveys with key business units, analyses of various reports, and keeping up with market and industry changes. The RMC, BGRMC, and Board assess the summary of emerging risks identified through this process, which are continued to be monitored as part of the Group's risk management processes. Emerging risks that FGV is monitoring include, among others, economic downturns, China's slowdown, the weakening of Ringgit Malaysia, falling commodity prices, inflationary pressures, the Russia-Ukraine conflict and the potential recurrence of militant threats.



## Statement on Risk Management and Internal Control

### Links to FGV's Strategic Thrusts



Operational Improvement



Product & Market Penetration



New Growth Areas



Financial & Capability Building



#### TRADING Volatility of CPO Prices



##### Description

The trading of Crude Palm Oil (CPO) is subject to significant uncertainty, which poses a risk to FGV's profitability. Factors contributing to this uncertainty include fluctuations in global demand, disruptions in the supply chain, changes in government policies and regulations, and environmental concerns. Additionally, the volatility of commodity prices and currency exchange rates further exacerbates the risk. FGV's exposure to this risk is significant, given its reliance on CPO as a primary revenue stream. Failure to effectively manage this uncertainty could result in a decline in revenue, profitability and shareholder value.

##### Key Mitigations

To mitigate the risk of CPO market uncertainty, FGV has implemented several measures. These include diversifying its revenue streams by expanding into other markets, increasing the efficiency of its supply chain to minimise disruptions, closely monitoring government policies and regulations, investing in sustainable practices to address environmental concerns and hedging against commodity price and currency exchange rate volatility. Additionally, FGV is constantly monitoring market trends and conducting market research to identify emerging opportunities and adapt its business strategy accordingly. By taking a proactive and comprehensive approach to risk management, FGV aims to minimise the impact of market uncertainty on its revenue, profitability and shareholder value.



#### MARKET Rising Energy and Fertiliser Commodity Prices



##### Description

Rising energy and fertiliser prices are significant challenges in the production of Fresh Fruit Bunches (FFB). Nitrogen, Phosphorus and Potassium (NPK) are critical components of fertilisers, and the prices of these minerals fluctuate as they are sourced from various regions worldwide. The geopolitical tensions resulting from the Russia-Ukraine conflict in 2022 have tightened the global supply of key mineral-based macronutrients, leading to a significant increase in fertiliser prices. The conflict has also disrupted the global supply chain of natural gas, which is a crucial source of fuel for powering sugar refineries. The resulting shortage has led to price spikes, directly impacting the cost of FFB production.

##### Key Mitigations

To manage the impact of the volatile fertiliser and energy markets, FGV has implemented a range of measures. These include improving bulk shipment arrangements, seeking alternative sources for purchases, developing stronger relationships with reliable and reputable manufacturers and traders, and closely monitoring global prices. In addition, FGV has implemented a diligent hedging mechanism to guard against potential upward movements in Brent Crude Oil prices, with clear guidance provided by the Trading Committee. Foreign exchange movements are also closely monitored to inform decision-making. To further offset these challenges, FGV is leveraging US Dollar (USD) proceeds from export sales to mitigate the impact of geopolitical tensions on the natural gas market.



#### FINANCIAL Volatility in Foreign Exchange Movements



##### Description

The Russia-Ukraine conflict is taking place in regions that are rich in natural resources such as oil and gas as well as grain and wheat. The conflict has caused high inflation in many countries that were navigating their way through the COVID-19 pandemic aftermath, including the US. In order to combat the inflationary effects, the US Federal Reserve increased the basis points for fund rates multiple times during the year, resulting in adverse impacts on countries importing commodities in USD. FGV's Sugar Sector suffered direct financial exposure from unfavourable USD movements as it relies heavily on imported raw sugar.

##### Key Mitigations

To mitigate the effects, FGV closely monitors the market for news, data, events and trends that may affect USD/MYR, plans new hedging strategies and executes foreign exchange hedging cautiously, quotes higher foreign exchange rates in industrial sales contracts and uses more USD proceeds from export sales to pay for raw sugar.



## Statement on Risk Management and Internal Control



### LABOUR Labour Shortages



#### Description

FGV's estate operations require significant manual labour and are dependent on migrant workers. However, the prolonged labour shortages since the outbreak of the COVID-19 pandemic in 2020 have resulted in lower FFB yields, sales and profitability. Although the pandemic has eased in many parts of the world, with countries beginning to open their borders and ease economic and social restrictions in the first half of the year, FGV continues to experience a gradual recovery from labour shortages that have negatively impacted estate productivity.

#### Key Mitigations

FGV has taken several steps to address these challenges. These include increasing mechanisation to reduce reliance on manual labour and implementing more structured block crop recovery work arrangements for more efficient harvesting. Additionally, FGV has prioritised the creation of a conducive working environment, implementing corporate social responsibility programmes, establishing a one-stop centre for new hires and setting up grievance channels and management for migrant workers.



### SUSTAINABILITY Allegations of Forced Labour



#### Description

The palm oil industry remains under close scrutiny for its sustainability practices, including concerns related to labour rights, deforestation and climate impact. The allegations of forced labour incidents in FGV's palm oil plantations have had a negative impact on the Company's reputation and business operations. This is evident from the continued suspension of Roundtable on Sustainable Palm Oil (RSPO) certification and action taken by the US CBP.

#### Key Mitigations

To mitigate these challenges, FGV has developed remedial plans to address human and labour rights concerns. In addition to the measures already in place, FGV has taken steps to improve living and working conditions, strengthen recruitment action plans and enhance product traceability. FGV has partnered with the Fair Labor Association (FLA), an international association working to promote and protect workers' human rights and improve working conditions. Additionally, FGV has engaged an independent assessor to assess its human and labour rights practices, facilitate the development of remedial plans and verify implementation of remedial plans to address the gaps identified by the US CBP.



### CLIMATE Extreme Weather



#### Description

In recent years, the country has experienced an increase in the frequency and severity of extreme weather events, particularly floods and droughts. These adverse weather conditions have a significant impact on the crop-ripening process as well as harvesting ability and ultimately, FFB yield. Prolonged droughts can affect oil palm inflorescence and lead to bunch failure in the short to medium term. Similarly, floods can limit access to estates and result in the loss of FFB that may be submerged in flood waters, ultimately leading to low crop recovery.

#### Key Mitigations

To mitigate the impact of adverse weather and extreme climate conditions on FFB yield, FGV implements good agricultural practices such as moisture conservation and mulching, especially for immature palms. In selected flood-prone estates, bunds are constructed, drainage systems are enhanced and flexible harvesting arrangements are implemented as part of mitigation and response efforts.

In addition to these measures, FGV has made a commitment to becoming a net zero emissions business by 2050. As the first plantation company in Malaysia to formalise this commitment, FGV has signed the United Nations-backed Science-Based Target initiative (SBTi) Business Ambition for 1.5°C pledge throughout its value chain.



## Statement on Risk Management and Internal Control



### CYBER SECURITY Security Threats



#### Description

The COVID-19 pandemic has highlighted the critical role of digital infrastructure in maintaining connectivity, and the widespread use of connected devices has greatly benefited our organisation. However, it has also exposed us to new and unpredictable cyber security threats and risks. Malware attacks, unpatched security vulnerabilities, unsecured Wi-Fi networks, weak passwords and poor user attitudes can all compromise the operability and security of the Company's information technology systems. Any disruptions to these systems can lead to decreased operational efficiency and potentially result in financial losses.

#### Key Mitigations

FGV has implemented various mitigation measures to address cyber security risks. The organisation has conducted a systematic review of security weaknesses in its IT environment to evaluate the susceptibility of the system to any vulnerabilities. Additionally, FGV has purchased cyber security insurance for some protection and continues with its agenda to educate employees on security-related threats.

## INTERNAL CONTROL FRAMEWORK

The key elements of FGV's internal control framework established by the Board are as follows:

### THE GROUP'S CORE VALUES

The Group's corporate culture is embedded in its core values of Partnership, Respect, Integrity, Dynamism and Enthusiasm (PRIDE). These core values are integral in building an ethical and high-performance culture to achieve the Group's vision and support its business objectives and goals. All employees are made aware of these values to inculcate the right conduct and culture within the Group. The PRIDE elements form a part of the annual performance assessment of the employees and account for 40% of the overall score.

- **Code of Business Conduct and Ethics for Employees**

FGV has in place a Code of Business Conduct and Ethics for Employees (COBCE). The COBCE guides FGV's employees in embracing the Group's values and complying with applicable laws and regulations through honest, transparent and ethical business practices.



More information on COBCE can be found in Corporate Governance Overview Statement on page 146.

- **Whistleblowing Policy**

FGV is committed to upholding the highest integrity standards among all employees and stakeholders. The Group's Whistleblowing Policy was established in 2012 and the policy is reviewed periodically to ensure it remains relevant. The policy provides a dedicated channel for employees and stakeholders to disclose or raise genuine concerns about possible improprieties, improper conduct or other malpractices in a transparent and confidential manner without fear of punishment or unfair treatment. The policy also provides the platform through which whistleblowing complaints received are acted on through proper channels, as well as whistleblower protection.

- **Anti-Bribery Management System**

To signify FGV's stance of zero-tolerance against bribery and corruption, FGV has an ISO-certified ABMS in place to uphold a high level of ethical business conduct and integrity, as adequate measures in compliance with Section 17A of the MACC Act to protect itself against bribery and corruption risk. FGV will continue recertification of the ABMS for 2023-2025.

### ORGANISATIONAL STRUCTURE WITH FORMALLY DEFINED LINES OF RESPONSIBILITY AND DELEGATION OF AUTHORITY

FGV has a defined organisational structure that sets out the delineation of roles and responsibilities of the positions within FGV to enable swift responses to changes in the evolving business environment and effective supervision and coordination of day-to-day business undertakings. The Group's Limits of Authority (GLOA) is the core reference for delegations of authority of the Group's day-to-day operations through empowering various levels of Management to make decisions and execute the Group's business transactions within the Board's risk tolerance. The GLOA is continually reviewed and updated to ensure its applicability for operational expediency and alignment with the Group's other policies.

### POLICIES AND PROCEDURES

Documented policies and procedures form an integral part of the Group's internal control systems to safeguard shareholders' investments and the Group's assets against material losses. They also ensure complete and accurate information. These documents consist of policy documents, SOPs, circulars, manuals and handbooks that are continuously revised and updated to meet current business and operational needs.

## Statement on Risk Management and Internal Control

### INTERNAL CONTROL FRAMEWORK

#### CONTROL SELF-ASSESSMENT

A Control Self-Assessment mechanism was implemented in 2020 as an initiative to inculcate a better risk management and compliance culture. In 2022, Group Internal Audit conducted a Control Self-Assessment exercise on all FGV Plantation (Malaysia) Sdn Bhd estates through a questionnaire mechanism for selected processes. The questionnaires completed by the estates were validated by Group Internal Audit and feedback on the level of compliance was provided to the Audit Committee (AC).

#### PERFORMANCE MONITORING

Management reports are deliberated monthly at the GMC level to review the financial and operational performance of the various businesses of the Group. The reviews encompass financial and non-financial key performance indicators and variances between budget and operational results. The financial and operational performance is reviewed quarterly by the Board to monitor FGV's business progress against established strategies and the Management's performance against budgets and targets set annually. Through these platforms, actions and initiatives are implemented to close any gaps in the achievement of strategies and budgets.

#### CAPABILITY BUILDING

FGV places emphasis on the identification and development of high-potential candidates for succession planning and to support the Group's growth strategies. This exercise is a necessity to build a strong succession pipeline and a healthy talent bench strength by investing in competency development programmes to build the skills required for business operations.

### ADEQUACY AND EFFECTIVENESS

In 2022, the Board's assessment of the adequacy and effectiveness of the risk management and internal control system was based on the quarterly reports and specific Board papers from the BGRMC, the AC and other Board Committees. The Board, through the AC, relies on the Group Internal Audit function to independently assess the adequacy and effectiveness of governance, risk management and controls implemented by Management. Recommendations arising from the internal audits are implemented by the Management as an ongoing improvement of the risk management process and internal controls.

The Board has taken cognisance of the report by an independent consultant engaged to review FGV's risk management processes and Group Internal Audit's reviews of the internal controls in 2022 in accordance with the annual internal audit plan. The Board has also been updated on the remedial actions and their progress.

### MATERIAL JOINT VENTURES AND ASSOCIATES

The disclosures in this statement do not include the risk management and internal control practices of FGV's material joint ventures and associates. FGV's interests in these entities are safeguarded through the appointment of representatives to the respective Boards of Directors or through nominated representatives. Additionally, where necessary, key financial and other appropriate information on the performance of these entities is obtained and reviewed by the Board.

### RISK MANAGEMENT APPROACH FOR FGV'S LISTED SUBSIDIARY

MSM Malaysia Holdings Berhad (MSM), as a listed subsidiary of FGV, undertakes its risk management and internal control responsibilities through its Investment Tender Committee and Board Audit, Governance and Risk Committee for subsequent deliberation by MSM's Board. Any risks identified as having a significant impact on FGV Group are reported to FGV's BGRMC and where they have a direct impact on the financial performance of the Group, are reported directly to FGV's AC, and subsequently to FGV's Board.

### REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide No. 3 (AAPG3) issued by the Malaysian Institute of Accountants (MIA). AAPG3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

### THE BOARD'S CONCLUSION

The Board is pleased to report that the state of the Group's risk management and internal control framework enables the Group to manage its risks while achieving its strategic plans and business objectives. The Board has also received assurance from the Group Chief Executive Officer and Group Chief Financial Officer that the Group's risk management and internal control framework is operating adequately and effectively in all material aspects. Continuous focus on measures to protect and enhance shareholder value and business sustainability will remain a priority for the Group.

This statement was made in accordance with a resolution of the Board approved on 29 March 2023.

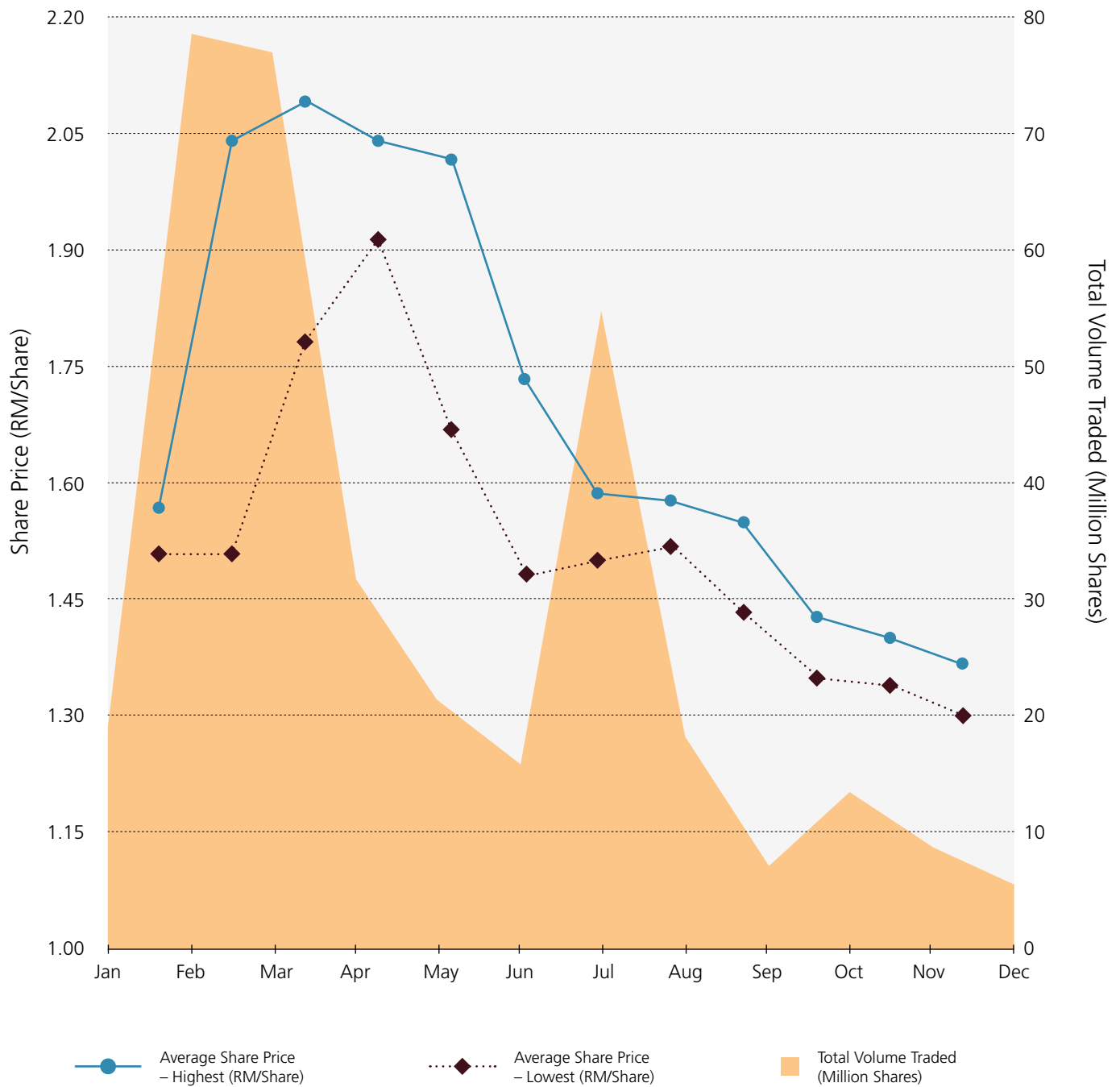


# WITH TRANSPARENCY **EMBEDDED IN** **OUR BUSINESS PRACTICES**

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## SHARE PRICE MOVEMENT

### FGV SHARE PRICE PERFORMANCE 2022





## FINANCIAL CALENDAR

### 2022

**28 February 2022**

Announcement of the unaudited consolidated results for the 4<sup>th</sup> quarter ended 31 December 2021

**23 June 2022**

14<sup>th</sup> Annual General Meeting

**28 April 2022**

Announcement of the Annual Audited Accounts for the financial year ended 31 December 2021 and issuance of Annual Integrated Report 2021

**30 August 2022**

Announcement of the unaudited consolidated results for the 2<sup>nd</sup> quarter ended 30 June 2022

Notice of the 14<sup>th</sup> Annual General Meeting

**30 November 2022**

Announcement of the unaudited consolidated results for the 3<sup>rd</sup> quarter ended 30 September 2022

**31 May 2022**

Announcement of the unaudited consolidated results for the 1<sup>st</sup> quarter ended 31 March 2022

### 2023

**27 February 2023**

Announcement of the unaudited consolidated results for the 4<sup>th</sup> quarter ended 31 December 2022

**20 June 2023**

15<sup>th</sup> Annual General Meeting

**28 April 2023**

Announcement of the Annual Audited Accounts for the financial year ended 31 December 2022 and issuance of Annual Integrated Report 2022

Notice of the 15<sup>th</sup> Annual General Meeting

## ANALYSIS OF SHAREHOLDINGS

as at 31 March 2023

Issued and Paid-up Share Capital : 3,648,151,500 ordinary shares

Class of Shares : Ordinary share

Voting Right : One vote per ordinary share

Special Share : One special rights redeemable preference share as set out in the Constitution of the Company

### ANALYSIS BY SIZE OF SHAREHOLDINGS

Category	No. of Shareholders		Total No. of Shareholder		No. of Holdings		Total No. of Issued Shares	
	Malaysian	Foreign	No.	Percentage (%)	Malaysian	Foreign	No.	Percentage (%)
1 to 99	901	7	908	3.57	5,009	116	5,125	0.00
100 to 1,000	17,038	27	17,065	67.02	13,151,132	13,256	13,164,388	0.36
1,001 to 10,000	5,305	52	5,357	21.04	24,310,709	287,564	24,598,273	0.67
10,001 to 100,000	1,763	81	1,844	7.24	54,117,759	3,828,549	57,946,308	1.59
100,001 to less than 5% of issued shares	226	57	283	1.11	349,509,087	171,651,461	521,160,548	14.29
5% and above of issued shares	4	0	4	0.02	3,031,276,858	0	3,031,276,858	83.09
<b>Total</b>	<b>25,237</b>	<b>224</b>	<b>25,461</b>	<b>100.00</b>	<b>3,472,370,554</b>	<b>175,780,946</b>	<b>3,648,151,500</b>	<b>100.00</b>

### ANALYSIS OF EQUITY STRUCTURE

Category of Shareholders	No. of Holders			No. of Holdings			%		
	Bumiputra	Malaysian Non-Bumiputra	Foreign	Bumiputra	Malaysian Non-Bumiputra	Foreign	Bumiputra	Malaysian Non-Bumiputra	Foreign
1. Individual	3,359	5,754	80	23,251,222	73,946,603	2,280,812	0.64	2.03	0.06
2. Body Corporate									
A. Banks/Finance Companies	2	0	0	116,700	0	0	0.00	0.00	0.00
b. Investments Trusts/ Foundations/Charities	0	0	0	0	0	0	0.00	0.00	0.00
c. Other Types of Companies	94	66	2	456,871,392	4,865,500	33,000	12.52	0.13	0.00
3. Government Agencies/ Institutions	8	0	0	471,382,366	0	0	12.92	0.00	
4. Nominees	15,082	871	142	2,423,636,201	18,300,560	173,467,134	66.43	0.50	4.75
5. Trustee	0	0	0	0	0	0	0.00	0.00	0.00
6. Others	0	1	0	0	10	0	0.00	0.00	0.00
<b>Total</b>	<b>18,545</b>	<b>6,692</b>	<b>224</b>	<b>3,375,257,881</b>	<b>97,112,673</b>	<b>175,780,946</b>	<b>92.51</b>	<b>2.66</b>	<b>4.81</b>

## Analysis of Shareholdings

as at 31 March 2023

### SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

No.	Category	Direct Interest		Indirect/Deemed Interest	
		No. of Issued Shares	Percentage (%) of Issued Shares	No. of Issued Shares	Percentage (%) of Issued Shares
1	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (FELDA)	2,535,450,599	68.69	452,921,192	12.42
	Share held in CDS account as follows:-				
	1) Own Account	3,188,300			
	2) Own Account (MOF - Akaun Jaminan Pinjaman Kerajaan Persekutuan)	400,000,000			
	3) Maybank Nominees (Tempatan) Sdn Bhd	1,995,948,091			
	4) Maybank Nominees (Tempatan) Sdn Bhd	134,959,808			
	5) Affin Hwang Nominees (Tempatan) Sdn Bhd	1,354,400			
2	FELDA ASSET HOLDINGS COMPANY SDN BHD				
	Share held in CDS account as follows:-				
	1) Own Account	452,921,192	12.42	-	-
3	KERAJAAN NEGERI PAHANG				
	Share held in CDS account as follows:-				
	1) Maybank Nominees (Tempatan) Sdn Bhd	182,407,575	5.00	-	-

### DIRECTORS' SHAREHOLDINGS

No.	Category	Direct Interest		Indirect/Deemed Interest	
		No. of Issued Shares	Percentage (%) of Issued Shares	No. of Issued Shares	Percentage (%) of Issued Shares
1	Dato' Shahrol Anuwar Bin Sarman	-	-	-	-
2	Dato' Amiruddin Bin Abdul Satar	-	-	-	-
3	Datuk Yatimah Binti Sarjiman	-	-	-	-
4	Dato' Mohd Rafik Bin Shah Mohamad	-	-	-	-
5	Dato' Nonee Ashirin Binti Dato' Mohd Radzi	-	-	-	-
6	Encik Kasmuri Bin Sukardi	-	-	-	-
7	Puan Nik Fazila Binti Nik Mohamed Shihabuddin	-	-	-	-
8	Encik Azmin Bin Che Yusoff	-	-	-	-
9	Dato' Dzulkifli Abd Wahab*	-	-	-	-

Note:

None of the Directors hold shares in FGV.

\* Ceased as Director with effect from 1 April 2023

**Analysis of Shareholdings**

as at 31 March 2023

**TOP 30 SECURITIES ACCOUNT HOLDERS**

No	Name	No. of Holdings	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (415321)	1,995,948,091	54.71
2	FELDA ASSET HOLDINGS COMPANY SDN BHD	452,921,192	12.42
3	MINISTER OF FINANCE AKAUN JAMINAN PINJAMAN KERAJAAN PERSEKUTUAN	400,000,000	10.96
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KERAJAAN NEGERI PAHANG	182,407,575	5.00
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEMBAGA KEMAJUAN TANAH PERSEKUTUAN	134,959,808	3.70
6	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	95,498,287	2.62
7	CHIEF MINISTER, STATE OF SABAH	65,934,066	1.81
8	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR LEI SHING HONG SECURITIES LIMITED	29,119,300	0.80
9	SABAH DEVELOPMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EKUITI YAKINJAYA SDN BHD	20,869,113	0.57
10	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR YAYASAN ISLAM TERENGGANU	16,455,100	0.45
11	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES SDN BHD (FELDA IPO SMF)	11,752,100	0.32
12	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	8,165,200	0.22
13	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	8,148,300	0.22
14	MIDF AMANAH INVESTMENT NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOXTON CONSULTING - F.Z.E (CTS - FCF000IC)	6,510,300	0.18
15	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR KU TIEN SEK	6,092,500	0.17
16	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (8071811)	5,618,300	0.15
17	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (MQ0423)	5,373,200	0.15
18	CHIN CHIN SEONG	3,754,000	0.10
19	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	3,332,100	0.09
20	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (FELDA)	3,188,300	0.09

## Analysis of Shareholdings

as at 31 March 2023

No	Name	No. of Holdings	%
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM	3,150,000	0.09
22	AMSEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AMBANK ISLAMIC BERHAD (FELDA)	2,695,400	0.07
23	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN CHIN SEONG	2,200,000	0.06
24	BIMSEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR FEDERAL LAND DEVELOPMENT AUTHORITY (FOR SETTLER IPO)	2,099,200	0.06
25	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	1,832,178	0.05
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CIMB ISLAMIC BANK BERHAD (FELDA IPO SPF-I)	1,827,600	0.05
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR TONG KIM ENG (PW- M00780)(420817)	1,545,000	0.04
28	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR KU HWA SENG	1,541,100	0.04
29	AMIN BAITULMAL JOHOR	1,500,000	0.04
30	CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR VANGUARD FTSE ALL-WORLD EX- US INDEX FUND	1,366,400	0.04



## TOP 10 PROPERTIES OF FGV GROUP

Location	Tenure	Year Lease Expiring	Approximate Area (Hectares)	Description	Year of Acquisition	Net Book Value (RM'000)
<b>Sabah</b> Sahabat 07, Sahabat 30, Sahabat 40, Sahabat 41, Sahabat 42, Sahabat 43, Sahabat 46, Sahabat 48, Sahabat 50, Sahabat 51, Sahabat 52, Sahabat 53, Sahabat 54, Sahabat 21, Sahabat 22, Sahabat 23, Sahabat 24, Sahabat 25, Sahabat 26, Sahabat 28, Sahabat 31, Sahabat 33, Sahabat 34, Sahabat 35, Sahabat 36, Sahabat 09, Sahabat 10, Sahabat 11, Sahabat 12, Sahabat 16, Sahabat 17, Sahabat 20, Sahabat 38, Sahabat 39, Sahabat 44, Sahabat 45, Sahabat 55, Sahabat 56, Kalabakan Selatan, Kalabakan Utara 01, Umas 05, Umas 06, Tenegang, Sahabat, Tawau, Lahad Datu, Sandakan, Umas, Baiduriayu, Kalabakan, Embara Budi, Fajar Harapan, Merchu Puspita, Hamparan Badai, Kembara Sakti, Nilam Permata, Jeragan Bistari, Lanchang Kemudi	Leasehold	2028 - 2907	128,692	Oil palm estates and palm oil mills and refining plant	1996-2013, 2016	1,096,313
<b>Johor Darul Takzim</b> Inas Selatan, Kledang 02, Maokil 06, Maokil 07, Nitar Timur, Paloh, Tenggaroh 09, Tenggaroh 11, Tenggaroh 12, Tenggaroh 13, Tenggaroh Timur 02, Palong Timur 04, Palong Timur 05, Semencu, Bukit Besar, Air Tawar, Penggeli, Kahang, Lok Heng, Selanchar 2A, Tenggaroh 4, Adela, Moakil, Nitar, Selanchar 2B, Belitong, Wa Ha, Tenggaroh Timur, Kulai, Plentong, Pasir Gudang, Tanjung Langsat Industrial Complex	Leasehold	2018 - 2111	33,933	Oil palm estates, palm oil mills, factory, warehouse, storey offices and sugar refinery plant	2012-2015	243,458
<b>Sarawak</b> Lot 15 Dulit Land Batang Tinjar, Baram. Lot 20 Dulit Land Long Aya, Tinjar, Baram. Lot 10 Dulit Land Along Batang Tinjar, Baram. Lot 16 Dulit Land Batang Tinjar, Baram. Lot 68, Bok Land, Sg Bok, Dulit, Baram. Lot 23 Dulit Land Sg Bok, Dulit, Baram. Lot 17, 18 & 19 Patah Land District, Sg Aran & Sg Tema-ah, Miri. Sampadi 01, Sampadi 03, Sampadi 04, Sampadi 05, Sampadi 06, Sampadi	Leasehold	2063 - 2111	32,803	Oil palm estates and palm oil mills	2012-2014	192,798
<b>Pahang Darul Makmur</b> Berabong 01, Selendang 03, Selendang 04, Selanchar 06, Selanchar 08, Selanchar 09, Chegar Perah 02, Kechau 02, Kechau 03, Kechau 06, Kechau 07, Kechau 08, Kechau 10, Kechau 11, Krau 02, Krau 04, Telang 01, Bera Selatan 01, Bera Selatan 03, Bera Selatan 04, Bera Selatan 05, Bera Selatan 07, Keratong 11, Mengkarak 01, Mengkarak 02, Tembangau 03, Tembangau 05, Tembangau 06, Tembangau 08, Tembangau 07, Tembangau 09, Bukit Sagu 04, Bukit Sagu 06, Bukit Sagu 07, Bukit Sagu 08, Lepar Hilir 05, Lepar Hilir 06, Lepar Hilir 08, Merchong, Chini Timur 04, Lepar Utara 05, Lepar Utara 07, Lepar Utara 08, Lepar Utara 09, Lepar Utara 11, Lepar Utara 14, Terapai 01, Terapai 03, Triang 02, Triang 04, Triang Selatan 01, Jengka 21, Keratong 2, Bkt Mendi, Pdg Piol, Kepayang, Gelanggi, Neram, Chini 3, Tementi, Mempaga, Kemasul, Keratong 3, Seroja, Tersang, Keratong 9, Selendang A, Lepar Utara 4, Chini 2, Jengka 8, Lepar Hilir, Bukit Sagu, Lepar Utara 6, Panching, Triang, Kerau, Kechau A, Kechau B, Tanjung Gelang	Leasehold	2027 - 2111	143,902	Oil palm estates, palm oil mills and refining plant	2012	212,911

## Top 10 Properties of FGV Group

Location	Tenure	Year Lease Expiring	Approximate Area (Hectares)	Description	Year of Acquisition	Net Book Value (RM'000)
<b>Kelantan Darul Naim</b> Aring 02, Aring 03, Aring 04, Aring 05, Aring 06, Aring 08, Aring 10, Chiku 04, Chiku 08, Aring B, Kemahang, Chiku, Aring A	Leasehold	2111	24,620	Oil palm estates and palm oil mills	2012	94,875
<b>Perlis Indera Kayangan</b> PN 37, Lot No : 2040, Kampong Baru, Chuping. PN 39, Lot No : 2035, Bukit Merah, Chuping. PN 40, Lot No : 2038, Store Chia, Chuping. PN1755, Lot 18794, Mukim Chuping. PN 43, Lot No : 2037, Air Hujan, Chuping. HS (D) 145, PT, Chuping	Leasehold	2061 - 2062	4,340	Oil palm estates and other crops	2011	73,347
<b>United States of America</b> 740-760, 749-773, and 780 Washington Street, Quincy, Massachusetts, 02169 United States of America	Freehold		Built up area: 4.38	Production of fatty acids and glycerine with distribution facilities for ocean shipping and shipping by rail	2008-2009	64,795
<b>Terengganu Darul Iman</b> Chador 01, Cherul 03, Rantau Abang 01, Semaring 01, Setiu 01, Jerangau Baru, Jerangau Barat, Kertih, Chalok	Leasehold	2111	13,395	Oil palm estates and palm oil mills	2012	36,915
<b>Selangor</b> Sungai Tenggi, Sebahagian Lot RAC 2003 (Lot A) Sungai Buloh, PT121676 & PT121677 Mukim Kelang, PT No. PT1113 Pekan Sungai Buloh	Freehold	2043 - 2097	45	Facility for sugar distribution and storage, bays for trucks and primers	1993 - 2022	28,961
	Leasehold			Vacant land		
<b>Negeri Sembilan</b> Palong 17, Palong 18, Palong 21, Serting Hilir 08, Serting, Serting Hilir, Palong Timur, Pasoh	Leasehold	2111	12,867	Oil palm estates and palm oil mills	2012	23,302

## ADDITIONAL DISCLOSURES

### Utilisation of Proceeds

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2022.

### Non-Audit Fees

The amount of non-audit fees rendered to the Group by its external auditors, Pricewaterhouse Coopers PLT (PwC), for the financial year ended 31 December 2022 amounted to RM2,680,000 and was above the allowable threshold. However, relevant approval from the Board of Directors has been obtained.

### Material Contracts

- 1) Conditional Shareholders' Agreement dated 6 August 2022 between FGV Integrated Farming Holdings Sdn Bhd, Baladna for Trading and Investment W.L.L (a wholly-owned subsidiary of Baladna Q.P.S.C.), and Touch Group Holdings Sdn Bhd to form an incorporated joint venture to carry on the business of developing an integrated dairy farm business in Chuping, Perlis; and
- 2) Share Sale Agreement dated 8 June 2021 between MSM Malaysia Holdings Berhad and FGV Integrated Farming Sdn Bhd in respect of the proposed acquisition of the entire equity interest held in MSM Perlis Sdn Bhd for a consideration of RM175,000,000, subject to the adjustment for net debt and net working capital upon completion. This agreement was completed on 29 September 2021.

### Long Term Incentive Plan (LTIP)

The Long Term Incentive Plan (LTIP) was discontinued in January 2021.

### Share Issuance Scheme

There was no Share Issuance Scheme declared or implemented in 2022.

### Recurrent Related Party Transaction of Revenue or Trading Nature

At the 14<sup>th</sup> AGM held on 23 June 2022, the Company had obtained a general mandate from its shareholders' for the existing recurrent related party transactions of a revenue or trading nature, to be entered into by FGV and its Group of Companies (FGV Group) as set out in the Circular to shareholders dated 28 April 2022 (RRPT Mandate). The RRPT Mandate is valid until the conclusion of the forthcoming 15<sup>th</sup> AGM of the Company.

Pursuant to paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of the recurrent related party transactions of a revenue or trading nature entered into during the financial year ended 31 December 2022 are as follows:

Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
1	KPF-Linked Subsidiaries, MSM Group of Companies & FGV Trading	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of management and shared services	75,349

## Additional Disclosures

Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
2	FGV Group	KPF-linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Rental for buildings/ houses at various places having rental period of less than 3 years on pro-rated monthly or annual instalments basis, for purposes of offices, store rooms, laboratories, pump houses, staff squatters and etc.	1,537
				Purchase of FFB	185,483
3	MSM Group of Companies, FELDA Group of Companies, KPF-linked Subsidiaries and KPF Related Corporations	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of travel and accommodation services	5,916
4	FGV Group	KPF-linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of tolling services	833,949
5	FGV Group, MSM Group of Companies	FELDA Group of Companies & KPF Related Corporations	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Purchase of FFB	7,509,038
				Payment of incentive for the settlers' welfare to the Joint Consultative Committee (JCC)/ FELDA	20,223
				Office and land rental having rental period of less than 3 years on pro-rated monthly or annual instalment basis	589

## Additional Disclosures

Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
6	FELDA Group of Companies, KPF-Linked Subsidiaries, KPF Related Corporations	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	<p>Sale of packed products</p> <p>Sale of product (bunch ash)</p>	<p>38</p> <p>-</p>
7	FGV Group & FELDA Group of Companies	KPF-linked subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Supply of steam and electricity	6,624
8	FGV Group, FELDA Group of Companies, KPF Related Corporations	KPF-Link Subsidiaries, FGV Trading	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of raw materials, sale of palm oil products	3,575,903
9	FGV Group	FELDA	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Purchase of rubber	120,961



## Additional Disclosures

Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
10	KPF-linked subsidiaries	FGV Capital	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of financial assistance to the FGV Group on a short or medium term basis (i.e. for a duration of not exceeding 3 years)	308,797
11	FGV Bulkers	FELDA	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Leasing land at Plentong, Johor (Terminal T4X) having lease/rental period of less than 3 years on pro-rated monthly or annual instalments basis	174
12	KPF-linked Subsidiaries, FELDA Group of Companies, KPF Related Corporations	FGVPM	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of maintenance services for Infra Sabah (i.e. Operations and maintenance of the electric power station and water treatment plant)	1,857
13	KPF-linked Subsidiaries	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Sale of raw material (rubber)	13,894

## Additional Disclosures

Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
14	FGV Group, FELDA Group of Companies, KPF Related Corporations	KPF-Linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of advisory and laboratory analysis services, sales of seeds palm, seedlings, rat bait and agricultural products	55,850
15	Felda Group of Companies	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	'Villa rental for a period of less than 3 years on pro-rated monthly or annual instalments basis	-
16	FGV Group, KPF Related Corporations	MSM Group of Companies, KPF-Linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Office, building and warehouse rental having rental period of less than 3 years on pro-rated monthly or annual instalments basis	797
17	FGV Group	MSM Group of Companies	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Supply of sugar, molasses and other sugar products	115

## Additional Disclosures

Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
18	FGV Group, MSM Group of Companies	KPF-Linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Sales of packed products	1,534
19	FGV Group, MSM Group of Companies, FELDA Group of Companies, KPF Related Corporations	KPF-Linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of logistic services, Jetty commissions	258,587
20	KPF-Linked Subsidiaries, FELDA Group of Companies, KPF Related Corporations	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Commision on sale of PKE/Animal Feed	609
21	KPF-Linked Subsidiaries, FELDA Group of Companies, KPF Related Corporations	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Sale of Rice	36

## Additional Disclosures

Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
22	KPF Linked Subsidiaries	FELDA Group of Companies	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Lease of land having lease/rental period of more than 3 years on pro-rated monthly or quarterly or annual instalments basis.	13,628
23	FGV Group, MSM Group of Companies, FELDA Group of Companies, KPF Related Corporations, Yayasan Felda	FGV Prodata	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of IT Services and solutions	81,395
24	FGV Group, MSM Group of Companies, FELDA Group of Companies, KPF Related Corporations, Yayasan Felda	KPF-linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of security services, pest control and training centre; supply and services of safety equipment and supply of Personal Protection Equipment	61,259
25	FELDA Group of Companies, KPF-linked Subsidiaries, KPF Related Corporations	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Sale of fertiliser	449,962

## Additional Disclosures

Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
26	FELDA Group of Companies, KPF-linked Subsidiaries & KPF Related Corporations	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Office, building and land rental having rental period of less than 3 years on pro-rated monthly or annual instalments basis	899
27	KPF-linked Subsidiaries	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Rental of tank and warehouse spaces including storage and handling services for a period of less than 3 years on pro-rated monthly or annual instalments basis	5,802
28	FGV Group	KPF-linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Land and warehouse rental for a period of less than 3 years on pro-rated monthly or annual instalments basis	561
29	KPF-Linked Subsidiaries, MSM Group of Companies	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of research and development services	29,990



## Additional Disclosures

Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
30	KPF-Linked Subsidiaries	KPF Related Corporations	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Purchase of general insurance	7
31	FGV Group	KPF-Linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Sales of Palm Kernel Expeller	669
32	KPF-Linked Subsidiaries, FELDA Group of Companies, KPF Related Corporations	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Datuk Yatimah Sarjiman</li> </ul> <p>Interested Directors (KPF-Linked Subsidiaries)*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Sales of raw material for animal feed product	25
			<b>Total</b>		<b>13,622,057</b>

\* Interested Directors in KPF-Linked Subsidiaries comprise of Dato' Muhamad Rizal Abdul Rahim, Dato' Ramli Ismail, Datuk Khamis Mohamed Som, Hasbullah Muhamad, Hasrin Ismail, Dr. Mohd Faisal Mustafa, Raja Faridah Raja Ahmad, Samsudin Othman, Sulong Jamil Mohamed Shariff, Razuwan Che Rose and Zaid Sidek.

# GLOBAL REPORTING INITIATIVE CONTENT INDEX

## GRI Universal Standard

**Statement of Use** FGV has reported the information cited in this Global Reporting Initiative (GRI) content index for the period January 2022 to 31 December 2022 with reference to the GRI Standards.

**GRI 1 Used** GRI 1: Foundation 2021

GRI Disclosure	GRI Disclosure Description	Page Number	Remarks
<b>GRI 2: General Disclosures 2021</b>			
<b>The organisation and its reporting practices</b>			
2-1	Organisational details	Pg. 16	
2-2	Entities included in the organisation's sustainability reporting	Pg. 17	
2-3	Reporting period, frequency and contact point	Pg. 3-4	
<b>Activities and workers</b>			
2-6	Activities, value chain and other business relationships	Pg. 6-9, 38-39	
2-7	Employees	Pg. 15, 86	
2-8	Workers who are not employees	Pg. 15, 86	
<b>Governance</b>			
2-9	Governance structure and composition	Pg. 18	Refer also to At a Glance - Board of Directors and Board of Directors' Profile from pages 106-115, At a Glance - Group Management Committee and Group Management Committee's Profile from pages 116-125, and Governance and Integrity Framework on page 128.
2-10	Nomination and selection of the highest governance body	Pg. 138	
2-11	Chair of the highest governance body	Pg. 108	
2-12	Role of the highest governance body in overseeing the management of impacts	Pg. 129	
2-13	Delegation of responsibility for managing impacts	Pg. 129	
2-14	Role of the highest governance in sustainability reporting	Pg. 145	
2-15	Conflicts of interest	Pg. 138-144	
2-16	Communication of critical concerns	Pg. 87	
2-17	Collective knowledge of the highest governance body	Pg. 137	
2-18	Evaluation of the performance of the highest governance body	Pg. 134	
2-19	Remuneration policies	Pg. 144	
2-20	Process to determine remuneration	Pg. 138-144	
2-21	Annual total compensation ratio	Pg. 138-144	
<b>Strategy, policies and practices</b>			
2-22	Statement on sustainable development strategy	Pg. 20-23	
2-23	Policy commitments	Pg. 13	Refer to FGV's corporate website at <a href="http://www.fgyholdings.com">www.fgyholdings.com</a> .
2-24	Embedding policy commitments	Pg. 20-23	
2-25	Processes to remediate negative impacts	Pg. 87	
2-26	Mechanisms for seeking advice and raising concerns	Pg. 87	

## Global Reporting Initiative Content Index

GRI Disclosure	GRI Disclosure Description	Page Number	Remarks
<b>GRI 2: General Disclosures 2021</b>			
<b>Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	Pg. 32-33	
2-30	Collective bargaining agreements	Pg. 85	
<b>GRI 3: Material Topics 2021</b>			
3-1	Process to determine material topics	Pg. 36	
3-2	List of material topics	Pg. 36-37	
<b>Standard Disclosures</b>			
<b>PROMOTING ECONOMIC GROWTH</b>			
<b>Material Matter: Operational Excellence</b>			
3-3	Management approach	Pg. 74-75	
<b>Material Matter: Traceability, Responsible Sourcing &amp; Supply Chain Management</b>			
3-3	Management approach	Pg. 76	
GRI 414: Supplier Social Assessment 2016			
414-2	Negative social impacts in the supply chain and actions taken	Pg. 76-77	
GRI 308: Supplier Environmental Assessment 2016			
308-2	Negative environmental impacts in the supply chain and action taken	Pg. 76-77	
<b>Material Matter: Sustainability Certifications</b>			
3-3	Management approach	Pg. 78	
<b>Material Matter: Governance, Ethics &amp; Integrity</b>			
3-3	Management approach	Pg. 79	Refer also to: i. Chairman's Statement on page 22-23 ii. Corporate Governance Overview Statement on pages 126 - 160 iii. Statement on Risk Management and Internal Control on pages 161 - 169
GRI 205: Anti-Corruption 2016			
<b>Material Matter: Community Engagement &amp; Development</b>			
3-3	Management approach	Pg. 80	
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments and development programmes	Pg. 80-81	
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	Pg. 81	

## Global Reporting Initiative Content Index

GRI Disclosure	GRI Disclosure Description	Page Number	Remarks
<b>RESPECTING HUMAN RIGHTS</b>			
<b>Material Matter: Upholding Human Rights &amp; Labour Standards</b>			
3-3	Management approach	Pg. 82	
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Pg. 86	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Pg. 15, 86	Refer also to At a Glance - Group Management Committee on page 118 and Corporate Governance Overview Statement on page 128 for diversity of governance bodies.
GRI 406: Non-Discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	Pg. 85	
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pg. 85	Refer also to Traceability, Responsible Sourcing & Supply Chain Management on page 76-77.
GRI 408: Child Labour 2016			
408-1	Operations and suppliers at significant risk for incidents of child labour	Pg. 83	Refer also to Traceability, Responsible Sourcing & Supply Chain Management on page 76-77.
GRI 409: Forced or Compulsory Labour 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Pg. 82-84	Refer also to Traceability, Responsible Sourcing & Supply Chain Management on page 76-77.
<b>Material Matter: Employee Engagement</b>			
3-3	Management approach	Pg. 88	
<b>Material Matter: Talent Management</b>			
3-3	Management approach	Pg. 89	
GRI 401: Employment 2016			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pg. 89	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Pg. 90	
404-2	Programmes for upgrading employee skills and transition assistance programmes	Pg. 90	Refer also to Employee Engagement on page 88 for FGV's Pre-Retirement Planning Programme.

## Global Reporting Initiative Content Index

GRI Disclosure	GRI Disclosure Description	Page Number	Remarks
<b>Material Matter: Occupational Health and Safety</b>			
3-3	Management approach	Pg. 91	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management safety	Pg. 91-92	
403-2	Hazard identification, risk assessment and incident investigation	Pg. 93	
403-3	Occupational health services	Pg. 92-94	
403-4	Worker participation, consultation and communication on occupational health and safety	Pg. 93	
403-5	Worker training on occupational health and safety	Pg. 92	
403-6	Promotion of worker health	Pg. 92	Refer also to Upholding Human Rights & Labour Standards for FGV workers' well-being on page 84
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pg. 92	
403-8	Workers covered by an occupational health and safety management system	Pg. 91	
403-9	Work-related injuries	Pg. 93	
403-10	Work-related ill health	Pg. 93	
<b>PROTECTING THE ENVIRONMENT</b>			
<b>Material Matter: Climate Action</b>			
3-3	Management approach	Pg. 95-98	
<b>Material Matter: Waste Management</b>			
3-3	Management approach	Pg. 99	
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Pg. 100	
306-2	Management of significant waste-related impacts	Pg. 99-100	
306-3	Waste generated	Pg. 100	
306-5	Waste directed to disposal	Pg. 100	
<b>Material Matter: Renewable Energy &amp; Energy Management</b>			
3-3	Management approach	Pg. 101	
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	Pg. 101	Energy consumption disclosure is limited to renewable energy generated. In 2022, a total of 23,548 KWh of renewable energy was generated with 149,253 MT CO <sub>2</sub> e emissions avoidance from a total of 28 biogas power plants.

## APPLICATION OF THE PRINCIPLES AND PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2021 (MCCG 2021)

FGV's application of the principles and practices of the MCCG 2021 in respect of FY2022 are explained in the Corporate Governance (CG) Report available on our website, [www.fgvholdings.com](http://www.fgvholdings.com) and also in the Annual Integrated Report 2022 set out in the following pages:

Practice	Details	Applied/Departure/ Adopted/Not Adopted/Not Applicable	Page
<b>PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS</b>			
1.1	The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.	Applied	12-13, 20-23, 30, 73-129
1.2	A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.	Applied	20-24, 106, 108, 126-169
1.3	The positions of Chairman and Chief Executive Officer (CEO) are held by different individuals.	Applied	20, 106, 108, 116, 119
1.4	The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.	Applied	108, 131, 138, 147
1.5	The board is supported by a suitably qualified and competent company secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.	Applied	117, 125, 132
1.6	Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.	Applied	129 CG Report 2022
2.1	The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies: <ul style="list-style-type: none"> <li>the respective roles and responsibilities of the board, board committees, individual directors and management; and</li> <li>issues and decisions reserved for the board.</li> </ul>	Applied	129
3.1	The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.  The Code of Conduct and Ethics is published on the company's website.	Applied	146, 168
3.2	The board establishes, reviews and together with management implements policies and procedures on whistleblowing.	Applied	146, 168
4.1	The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.  The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.  Strategic management of material sustainability matters should be driven by senior management.	Applied	23, 27, 28, 73-104, 129, 145-146
4.2	The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.	Applied	81, 96-97
4.3	The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.	Applied	137, 145, 146
4.4	Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.	Applied	134, 144



## Application of the Principles and Practices of the Malaysian Code on Corporate Governance 2021 (MCCG 2021)

Practice	Details	Applied/Departure/ Adopted/Not Adopted/Not Applicable	Page
<b>PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS</b>			
4.5 (Step Up)	The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.	Adopted	123
5.1	The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each Director should be reviewed by the Nomination Committee and annual re-election of a Director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.	Applied	135, 136
5.2	At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.	Applied	106, 107, 130 CG Report 2022
5.3	The tenure of an Independent Director does not exceed a term limit of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the board as a non-independent director.  If the board intends to retain an Independent Director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.	Not Applicable - Step Up 5.4 Adopted	135
5.4 (Step Up)	The board has a policy which limits the tenure of its independent directors to nine years without further extension.	Adopted	135
5.5	Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.  Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.	Applied	108-115, 118-125, 130, 138
5.6	In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing directors, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.  If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.	Applied	138 CG Report 2022
5.7	The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.	Applied	Explanation Notes to AGM Notice and Statement Accompanying Notice of 15 <sup>th</sup> AGM
5.8	The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.	Applied	115, 138
5.9	The board comprises at least 30% women directors.	Applied	110, 112, 114, 130
5.10	The board discloses in its annual report the company's policy on gender diversity for the board and senior management.	Departure	160
6.1	The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.  For Large Companies, the board engages independent experts at least every three years, to facilitate objective and candid board evaluations.	Applied	134-135

## Application of the Principles and Practices of the Malaysian Code on Corporate Governance 2021 (MCCG 2021)

Practice	Details	Applied/Departure/ Adopted/Not Adopted/Not Applicable	Page
<b>PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS</b>			
7.1	The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.	Applied	141-144
7.2	The board has a Remuneration Committee to implement its remuneration policies and procedures including reviewing and recommending matters relating to the remuneration of board and senior management.  The Remuneration Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.	Applied	138-144
8.1	There is detailed disclosure on named basis of the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.	Applied	142-143
8.2	The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.	Departure	144
8.3 (Step Up)	Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.	Not Adopted	
<b>PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT</b>			
9.1	The Chairman of the Audit Committee is not the Chairman of the board.	Applied	108, 131, 147
9.2	The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.	Applied	147
9.3	The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.	Applied	150
9.4 (Step Up)	The Audit Committee should comprise solely of independent directors.	Not Adopted	131, 147
9.5	Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.  All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.	Applied	137, 147 CG Report 2022
10.1	The board should establish an effective risk management and internal control framework.	Applied	161-169
10.2	The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.	Applied	161-169
10.3 (Step Up)	The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.	Adopted	131, 153
11.1	The Audit Committee should ensure that the internal audit function is effective and able to function independently.	Applied	151-152

## Application of the Principles and Practices of the Malaysian Code on Corporate Governance 2021 (MCCG 2021)

Practice	Details	Applied/Departure/ Adopted/Not Adopted/Not Applicable	Page
<b>PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT</b>			
11.2	<p>The board should disclose:</p> <ul style="list-style-type: none"> <li>• whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;</li> <li>• the number of resources in the internal audit department;</li> <li>• name and qualification of the person responsible for internal audit; and</li> <li>• whether the internal audit function is carried out in accordance with a recognised framework.</li> </ul>	Applied	151-152 CG Report 2022
<b>PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS</b>			
12.1	The board ensures there is effective, transparent and regular communication with its stakeholders.	Applied	32-35, 156-159
12.2	Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.	Applied	3-4, 160
13.1	Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.	Applied	28 April 2023 publication of Notice of 15 <sup>th</sup> AGM
13.2	All directors attend general meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.	Applied	CG Report 2022
13.3	<p>Listed companies should leverage technology to facilitate:</p> <ul style="list-style-type: none"> <li>• voting including voting in absentia; and</li> <li>• remote shareholders' participation at general meetings.</li> </ul> <p>Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.</p>	Applied	CG Report 2022
13.4	The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.	Applied	159 CG Report 2022
13.5	The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.	Applied	159 CG Report 2022
13.6	Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.	Applied	159

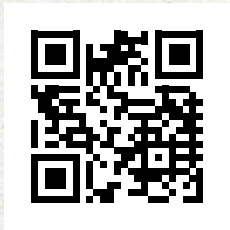


Detailed explanation on the application/departure/adoption of the Principles and Practices of the MCCG 2021 are explained in our CG Report 2022, which is available on our website at [www.fgvholdings.com](http://www.fgvholdings.com).

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