

# Pre-AGM Questions From Koperasi Permodalan FELDA Malaysia Berhad (KPF)

HARNESSING SYNERGIES.  
**DELIVERING VALUE.**



## QUESTION 1

**How will FGV compete with other players in the dairy sector? Do you see the competitive field as crowded?**

### **ANSWER:**

*The domestic dairy market is currently dominated by multinational corporations and international players who are facing gradually increasing input prices as majority of their milk are reconstituted from imported milk powder or frozen milk concentrates.*

*We believe there is a space for fully-integrated domestic milk producer that can produce milk efficiently and increase the level of Malaysia's milk self-sufficiency. Hence, we are considering to develop a large scale integrated dairy farming business in Chuping, Perlis.*

**What is the progress of tree replanting on the plantation side? Can productivity in crop yield and oil extraction be improved further?**

**ANSWER:**

*Our 2022 replanting progress is slightly behind schedule due to the current acute labour shortage. As of today, we have completed felling of 3,404 Ha and planting of 1,064 Ha. We expect to be back on track later this year subject to arrival of new workforce.*

*Going forward, FGV is expected to improve crop yield and oil extraction rate (OER) through a transformational plan by focusing on accelerating replanting using elite planting material, improving infrastructure and mechanisation, full implementation of Good Agricultural Practices, strengthening workforce, increasing harvesting efficiency, as well as Good Milling Practices that adhere to OER protocol and MPOB grading guideline.*

*FGV has taken initiatives to achieve a targeted yield of 17 MT/Ha which include standardisation of tasking system, implementation of 1 Cutter, 2 Carrier (C1R2) harvesting system, amalgamation of harvesting teams for Big Harvesting, traceability through micro-manage, strengthening crop security and improvement of harvesters' skills.*

### QUESTION 3

**Are you facing any more labour issues? When will the ban imposed by the US on FGV products be lifted?**

**ANSWER:**

*We are closely monitoring the labour issues in the Group, and to date, no new issue has arisen. In the meantime, FGV has revised and strengthened its Guidelines and Procedures for the Responsible Recruitment and Employment of Migrant Workers to align it with international standards and ethical recruitment principles. FGV has also introduced additional due diligence safeguards, including a pre-sourcing assessment mechanism to evaluate potential recruitment agencies before their appointment. FGV also conducts in-country visits to India, Indonesia and Nepal, where we interview potential recruitment agencies to assess their facilities and practices against FGV's commitments which are in line with international standards.*

*As part of FGV's efforts towards petitioning for the revocation of the Withhold Release Order by the United States Customs and Border Protection, FGV has appointed a third-party organisation, ELEVATE, to conduct an independent assessment of FGV's operations against the 11 International Labor Organization Indicators of Forced Labour. ELEVATE is currently conducting on-site assessments, after which remediation will be implemented to close any gaps, and verification of the remediation will be carried out by ELEVATE. Following the assessment, remediation and verification, FGV plans to submit a petition to the Customs and Border Protection for the revocation of the Withhold Release Order by the end of 2022 or as soon as the verification exercise is completed.*

# THANK YOU

## **FGV Holdings Berhad**

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