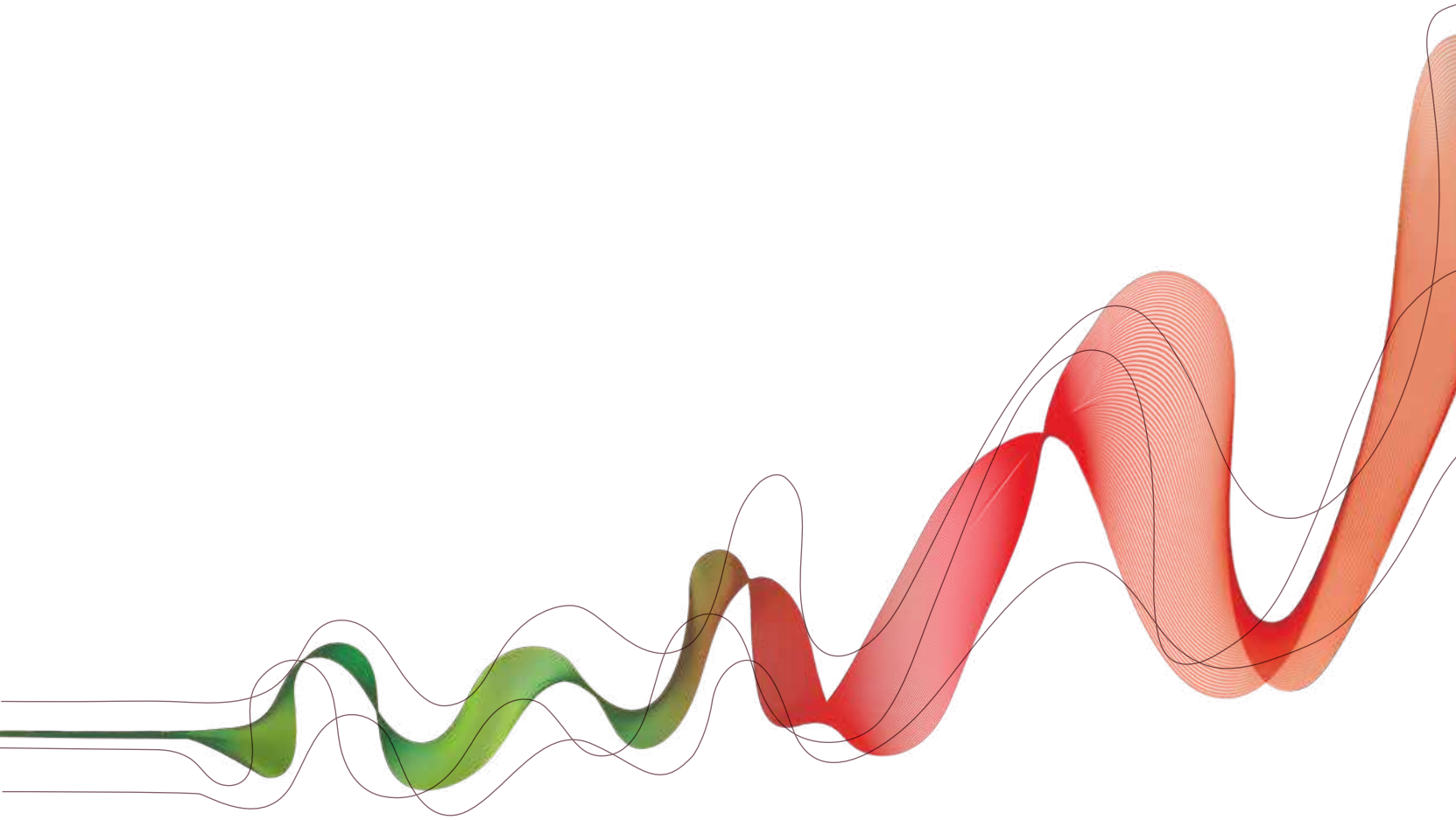


FGV HOLDINGS BERHAD  
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SUSTAINABILITY REPORT 2020/2021



**ANCHORING SUSTAINABILITY.**  
**DELIVERING IMPACT.**



# ANCHORING SUSTAINABILITY. DELIVERING IMPACT.

Natural resources are at the core of our business, being pivotal to our growth and foundational to our continued prosperity. This has shaped and continues to reinforce our respect for nature and embedded sustainability consciousness across the entire FGV. Sustainability is now firmly entrenched as an integral part of our business, receiving close attention and focus from the highest levels of FGV and becoming “business as usual” in our operations. As we embrace sustainability, we innovate new products that deliver positive impacts on our revenues and, through their sustainable nature and the responsible manner by which they are generated, bring benefits to society and our planet.



# Inside This Report

## ABOUT THIS REPORT

- 4 FGV's Chairman Address 2021
- 10 GCEO's Statement
- 16 FGV's 2021 Highlights
- 18 Our Story
- 22 Overview of FGV and Its Operations  
Our Core Value Chain
- 24 Our Sustainability Journey  
2018 - 2021
- 26 Global Presence
- 28 Our Sustainability Approach
- 47 Promoting Economic Growth

## RESPONSIBLE BUSINESS

- 51 Operational Excellence
- 61 Traceability, Responsible Sourcing &  
Supply Chain Management
- 65 Sustainability Certifications
- 68 Business Development & Product  
Quality
- 69 Governance, Ethics and Integrity
- 71 Data Security & Protection
- 72 Community Engagement &  
Development

## RESPECTING HUMAN RIGHTS

- 77 Upholding Human Rights &  
Labour Standards
- 86 Employee Engagement
- 88 Talent Management
- 94 Occupational Health & Safety

## CLIMATE ACTION & ENVIRONMENT PROTECTION

- 107 Climate Action
- 112 Renewable Energy & Energy  
Management
- 115 Waste Management
- 117 Soil, Water, Pest & Diseases  
Management
- 121 Biodiversity & Land Management

## ADDITIONAL INFORMATION

- 130 GRI Content Index



Clean and meaningful, this year's minimalist design approach captures the sense of dynamic advancement within FGV. The synergising lines form escalating wave charts to illustrate heightened performance levels. The lines making up the wave represent the synergies within the Group and shows the shared goals towards higher value and higher target impacts



Scan here to view our  
Annual Integrated  
Report 2021 online

# About This Report

This Sustainability Report, best read in conjunction with the Annual Integrated Report, emphasises the significance of sustainability to FGV and indicates how we are activating synergies inherent to our sustainability efforts. In addition to presenting our sustainability performance in the year under review, this Report also highlights sustainability initiatives and achievements in relation to material matters based on the 3 pillars of FGV's Group Sustainability Policy (GSP) 4.0, namely promoting economic growth, respecting human rights and protecting the environment.



**Annual  
Integrated  
Report 2021**



**Audited  
Financial  
Statement  
2021**



**Sustainability  
Report  
2020/2021**

## REPORTING SCOPE AND BOUNDARIES

This report is prepared by reference to national and global standards and contains information on sustainability management activities of the Group and sustainability matters which have been assessed as material based on our annual materiality assessment of economic, environmental, social and governance risks. While this report includes all risks and opportunities material to our sustainability, it does not estimate or forecast future impacts of our sustainability-related material matters.

In preparing this report, we are guided by the Bursa Malaysia Sustainability Reporting Guide (2<sup>nd</sup> Edition). This report is also prepared by reference to Global Reporting Initiative Standards, 2021.

The report, issued biennially, is confined to developments throughout the period from 1 January 2020 - 31 December 2021.

Unless otherwise stated, it covers all of FGV Holdings Berhad's businesses in Malaysia and the other countries we operate in. This includes operations which we have full control of including subsidiaries and joint ventures.

We also report on other developments or information that may transcend our reporting boundaries but are considered highly material to the Group's sustainability performance.

Our sustainability disclosures throughout this report demonstrates how we support value creation and how important sustainability is to the Group.

For a holistic view of our business, this report should be read together with the information available on our website at:



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

## REPORTING INTEGRITY

Following good governance practices, we have ensured that the information presented in this report is reliable, consistent and complete. To uphold quality, this report has been reviewed by the Group Management Committee and the Board Sustainability Committee and further reviewed and approved by the Board.

## FORWARD-LOOKING STATEMENTS

Where necessary, we have used forward-looking statements related to our Group's plans, objectives, strategies, future operations and performance. Such statements should not be taken as guarantees of the Group's future results as we remain subject to various possible scenarios of risks, uncertainties and assumptions. Actual results and outcomes may significantly differ from forward-looking statements. We make no expression or implied representation or warranty that the results targeted by these forward-looking statements will be achieved. The Group is also under no obligation to update these forward-looking statements or the historical information included in this report.

## EXTERNAL ASSURANCE

Ernst & Young Consulting Sdn Bhd was engaged to provide independent, limited assurance on selected disclosures in this report. The assurance statement will be included upon finalisation of the assurance exercise.

## OPPORTUNITIES FOR FEEDBACK

We welcome feedback and enquiries from our stakeholders and the public on our reporting. Improving our reporting practices and standards can only be done with their involvement and regular engagement throughout the year. Our Group Sustainability team can be contacted at [sustainability@fgvholdings.com](mailto:sustainability@fgvholdings.com)

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

## OUR STRATEGIC THRUSTS



Operational Improvement



New Growth Areas



Products & Markets Penetration



Financial & Capability Building

## 2021 KEY MATERIAL MATTERS



Operational Excellence



Traceability, Responsible Sourcing & Supply Chain Management



Sustainability Certifications



Upholding Human Rights & Labour Standards



Governance, Ethics and Integrity



Occupational Health and Safety



Climate Action

## OUR SIX CAPITALS



Financial



Natural



Manufactured



Intellectual



Human



Social & Relationship

## OUR IDENTIFIED STAKEHOLDERS



Board of Directors & Employees



Customers



FELDA and FELDA Settlers



Field Workers



Investors & Capital Providers



Joint Ventures & Business Partners



Media



NGOs



Regulators & Governments



Suppliers

## FGV's Chairman Address 2021



# Making Dynamic and Responsible Strides

On behalf of the Board, I am pleased to present FGV's Sustainability Report which highlights our endeavours on the sustainability front along with notable achievements.

Dear valued stakeholders,

As the Chairman of both FGV and the Board Sustainability Committee, I am pleased to present FGV's Sustainability Report which highlights our endeavours on the sustainability front along with notable achievements and significant challenges encountered. We continue to refine and adapt our sustainability approaches to address changes in the environment and our operating circumstances while at the same time striving to develop and shape our business to create long term value for our stakeholders.

At FGV, we view sustainability from a broader, multi-faceted lens covering not just the environment, climate, human rights and labour standards which are incumbent on us, but also extending to business fortification and transformation to provide to you, our valued stakeholders, with an assurance of continuing business growth.

### BOARD SUSTAINABILITY COMMITTEE (BSC)

The BSC was formally established in September 2021. The establishment of the BSC reinforces FGV's unwavering commitment to sustainability, and reflects FGV's resolve in ensuring that environmental, social and governance (ESG) considerations such as human rights, labour standards, health and safety, climate action, biodiversity, traceability and supply chain, as well as the circular economy, continue to take centre stage in all FGV's businesses.

In formulating the responsibilities and functions of the Committee, FGV has also taken into account various guidance documents including the Malaysian Code on Corporate Governance (MCCG) 2021.





The BSC takes formal purview of sustainability matters that were previously the responsibility of the Board Governance and Risk Management Committee (BGRMC), supporting the Board in fulfilling its oversight responsibilities in relation to FGV Group's sustainability policies, strategies and initiatives.

Alongside me as the Chairman, the BSC comprises other Board members namely Dato' Yusli Mohamed Yusoff (who at the time of writing has passed on), Dato' Amiruddin Abdul Satar, Nik Fazila Nik Mohamed Shihabuddin and Kasmuri Sukardi. BSC members have deep experience across multiple industries within and outside FGV's business footprint which facilitates a balanced view. I am confident that the BSC will make significant contributions towards FGV's efforts to achieve the relevant Sustainable Development Goals (SDGs) and in turn advance the overall sustainability agenda.

### COVID-19 IMPACTS AND SUSTAINABILITY RELATED INITIATIVES

The COVID-19 pandemic continues to exert an impact on our business despite being listed as an essential industry. However, our operations were able to continue during the intermittent movement control orders imposed throughout 2020 and 2021. Sustainability efforts continue unabated across many areas although some initiatives were inevitably affected and had to be pushed to future dates.

The one enduring challenge we faced that was exacerbated by the pandemic is our inability to fulfil the full complement of the plantation workforce we need although we are hopeful that the Government's lifting of the freeze on migrant workers intake will go some ways to resolving our labour shortage.

In fact, addressing the impact of the pandemic has brought to the forefront meaningful sustainability initiatives that underscore our responsibility to society and

our people. As the COVID-19 pandemic crosses 2021 into the present day, affected vulnerable parties continue to look towards the more able of us for aid and support. In 2021, continuing on similar efforts in the previous year, FGV kept up the provision of aid and support to needy parties with a more intense focus on alleviating food insecurity.

To safeguard the health of the workforce, specifically plantation workers, FGV signed up to the Vaccination for the Agri Commodity Sector (VACOMS) initiative, a national initiative aimed at providing vaccinations to workers in the agriculture and commodity sectors. FGV has received approval for 14,635 vaccine supplies to execute vaccination programmes for its local and migrant plantation workers in Pahang, Perak, Negeri Sembilan and Johor. In addition to the VACOMS programme, FGV has also implemented COVID-19 Antigen kit screening test programme for 26,210 migrant plantation workers in January 2021.

## FGV's Chairman Address 2021

### **Making Dynamic and Responsible Strides**



FGV being a critical component of the food chain took active steps to ensure the availability of our food products throughout the lockdown period. Our production factories and suppliers collaborated tightly to ensure that our end-to-end food supply chain from raw materials to packaging and delivery continued to operate seamlessly without disruption during the total lockdown phase.

#### **SUSTAINABILITY-DRIVEN INNOVATIONS**

At FGV, innovation is a continuous endeavour that is underpinned by our substantial body of research and development (R&D) expertise amassed over four (4) decades. The many successes borne out of our R&D are indicative of the synergies that are inherent in our business, harnessed through our waste-to-wealth strategy. Importantly, this also furthers our sustainability agenda in multiple ways from waste reduction and production of green renewable energy through recycling of palm biomass to maximising the use of our natural resources to bolster the food chain and alleviate food insecurity.

Developments in science and technology, complemented, in no small measure, by our R&D capabilities have brought forth more efficient and economical means to commercialise our R&D discoveries, for instance our renewable green biogas, award-winning germinated palm oil seeds, cattle feed from kernel expellers and new plant-based fat replacers are all already generating revenue, moving us further along our revenue diversification journey.





There are cost mitigation benefits too, we use palm residues from replanting as organic fertilisers thus reducing costs and the environmental impact from using chemical fertilisers, biogas produced from palm biomass powers our palm oil mills and is also used to generate electricity for our plantations not served by the national grid.

Our successes continue to give us the confidence and added impetus to further sharpen our focus on innovation to reap greater benefits from our waste-to-wealth strategy and in the process, continue to widen and diversify our revenue base. The FGV Group has subsidiaries placed along our circular economy value chain that can leverage R&D discoveries for commercialisation as well to introduce the associated products into the market and nurture them to maturity.

## OPTIMISING OUR NATURAL RESOURCES

In 2020 we launched the Integrated Farming Blueprint with an overarching intent of revenue diversification. Integrated Farming has since been developed into a new business line with vast growth potential. I am happy to report that encouraging progress continues to be made building on the platform created in 2020. This initiative is also an integral part of FGV's embrace of the circular economy and currently encompasses: Cash Crops and Large Scale Paddy Farming, Animal Feed & Nutrition as well as Integrated Dairy Farming and the end-to-end digital marketplace, GOGOPASAR.

Sustainability is infused across all Integrated Farming businesses. The agriculture-based businesses optimise the use of natural resources at our disposal and leverage our extensive body of agriculture expertise. Cavendish bananas are cultivated as an intercropping cash crop with coconut in our Paloh Estate in Johor maximising land use and revenue generation capacity. Cash crops, namely pineapple, watermelon and banana are planted to optimise use of 15,000 hectares of land allocated for oil palm replanting each year.

This activity also has beneficial effects in preserving soil texture and fertility as well as improving pest and disease control. Use of the land also extends to fresh fish farming. There is a social side too, as we involve farmers from the B40 group, providing them with a source of income, as part of our efforts to promote the right to an adequate standard of living.

The value cycle created by businesses under the ambit of Integrated Farming ensures future business sustainability for FGV and expands our impact across the agribusiness value chain. The businesses embrace renewables to reap the revenue generation potential afforded by the circular economy, for instance, Animal Feed & Nutrition initiative turns waste to value through repurposing palm kernel expeller into high quality animal feed which, aside from being sold commercially, also benefits our Dairy Farming business by providing a ready source of healthy nutrition to nurture optimum health and promote the milk production of our dairy livestock.

E-Commerce is now ubiquitous, driven by pandemic restrictions and a growing population of tech-savvy consumers with a distinct preference for online shopping. GOGOPASAR, launched in November 2020, is a logical and strategic complement to the FGV Group as it adds the important digital element to our supply chain. This is an integral move in our digital transformation efforts which keeps us relevant with the times and enhances the sustainability of our supply chain especially in light of the mobility and physical interaction challenges during the pandemic.



## FGV's Chairman Address 2021

### Making Dynamic and Responsible Strides



#### SUPPORTING NATIONAL AGENDA

The Twelfth (12<sup>th</sup>) Malaysia Plan continues to emphasise the importance of sustainability, underpinning its prominent position in the national agenda. Malaysia signified its intention, through its Nationally Determined Contribution (NDC) under the Paris Agreement to reduce its greenhouse gas (GHG) emissions intensity of GDP by 45% by 2030 relative to the emissions intensity of GDP in 2005.

In support of Malaysia achieving its NDC and to play our part alongside the global community in shouldering our shared responsibility to reduce global warming, FGV, in September 2021, became the first agriculture and food company in Malaysia to sign on to the United Nations-backed Science Based Target initiative (SBTi) Business Ambition for 1.5 Celsius (1.5°C) pledge, which calls for limiting global warming to 1.5°C. This commitment requires FGV to halve its greenhouse gas emissions by 2030 and hit net-zero emissions by no later than 2050.

Execution will be key to meeting the commitment, and to this end, FGV has developed an integrated climate action plan based on six key strategic factors which include climate governance and risk management, carbon management, operational efficiency, waste management, water management, and climate awareness. Short- and mid-term targets will be developed and performance monitored regularly to ensure effective emissions tracking and consistent annual reduction.

We anticipate challenges as FGV strive to fulfil this pledge. The most significant challenge will be balancing revenue growth pressures while managing GHG emissions as the manufacture of revenue-generating products invariably entail GHG emissions. Nevertheless, FGV will remain steadfast and spare no efforts to help address the existential threat of global warming.

Malaysia imports some RM60 billion worth of food annually and the Government has called for local corporations to contribute to reducing the food import bill. FGV, a major food producer and one of the largest plantation companies in Malaysia, needs to also play our part to help. Indeed, we do have the capacity, resources and expertise to do so and, significantly, make a return in the process, witness our Integrated Farming initiative which is positioned to capitalise on the tremendous opportunity for substituting imported food with those that are locally produced and manufactured. This will directly contribute to reducing our nation's food imports and, more broadly, further fortify our food security situation.

**Malaysia imports some RM60 billion worth of food annually and the Government has called for local corporations to contribute to reducing the food import bill. FGV, a major food producer and one of the largest plantation companies in Malaysia, needs to also play our part to help.**

## RSPO CERTIFICATION AND US CUSTOMS AND BORDER PROTECTION WITHHOLD RELEASE ORDER

While we have been consistent both in thought and actions in relation to our sustainability commitments and unstinting in channelling resources to uphold them, the complexity of the value chain and the multiple players therein will inevitably result in some lapses. Where there have been lapses, we readily admit to them, and we have doubled our efforts and instituted rectification measures with the requisite urgency.

FGV remains fully committed to our sustainability and human rights agenda and has placed priority and intense efforts aimed at lifting the Roundtable on Sustainable Palm Oil (RSPO) certification suspension and the United States Customs and Border Protection (CBP) Withhold Release Order (WRO).

On the RSPO certification, FGV has implemented the RSPO Complaints Panel (CP)'s directives of November 2018 and January 2020, respectively, and verification audits involving six of FGV's complexes were conducted between January and April 2021 by an independent auditor appointed by the RSPO. FGV was made to understand by the RSPO Secretariat that the outcome and findings of the verification audit were deliberated by the CP in August 2021 and FGV has since been following up regularly with the RSPO while awaiting the decision on the RSPO certification suspension. However, at the time of writing, FGV has yet to receive any feedback or response from the CP.

FGV is committed to obtaining RSPO certification for all its complexes to demonstrate compliance with the RSPO Principles and Criteria (P&C). However, FGV is forced to put on hold efforts to achieve certification for remaining uncertified complexes until and unless a decision is made by the CP on the matter. Our inability to provide a clear response to our stakeholders on the matter due to the delay by the CP puts FGV in a very difficult position, not to mention the significant negative impact this is having on the company from a reputational and commercial standpoint, particularly on the loss of business opportunities.

With regards to the WRO issued by the CBP on 30 September 2020 against palm oil products made by FGV Group, we have recently appointed ELEVATE, an industry leader in sustainability and supply chain services globally to conduct an independent assessment of FGV's operations against the 11 International Labour Organization (ILO) Indicators of Forced Labour, as advised by the CBP. FGV estimates that we would be able to submit to the CBP, a petition to modify the WRO, together with the assessment and verification of remediation report by ELEVATE towards the end of 2022.

## LOOKING FORWARD

As a responsible corporate citizen and environmental steward, we will always have sustainability at the heart of our efforts. Sustainability is now an integral part of our business strategy and is firmly entrenched across all facets of our operations. As we forge ahead, we will remain unwavering in our sustainability commitments because everyone in FGV knows that without sustainability, there can be no prosperity. Hence, greater intensity and focus on sustainability will be on the cards for the next year and beyond, with new initiatives to build on the platform we have established from past efforts.





# GCEO's Statement



## Integrating Sustainability with Operational Excellence

Dear valued stakeholders,

Sustainability continues to gain prominence in FGV. Across 2020 and 2021, our sustainability journey has taken on a decidedly strategic orientation - revenue generation leveraging on our embrace of the circular economy - no doubt this will continue into 2022 and beyond as an intrinsic part of revenue base expansion and revenue diversification. In 2020, we instituted the Waste-to-Wealth initiative to optimise our use of the natural resources, notably by-products from palm processing in keeping with our efforts on circular economy. Today, we generate a range of products, some of which have been successfully commercialised, validating the efficacy of our Waste-to-Wealth initiative.

On a broader front, FGV is doing our part in future-proofing the palm oil industry. We are passionate about changing the narrative for Malaysian palm oil, by taking a holistic view and approach towards sustainability. This is to ensure that Environmental, Social and Governance (ESG) considerations continue to take centre stage in all of FGV's endeavours.

### A BUSINESS SUSTENANCE

In the recent years, we have conducted a structured replanting exercise to improve the age profile of our oil palm plants in a strategic imperative to mitigate declining yields associated with old and ageing plants. Ensuring an optimal age profile for our oil palm plants is critical for the future sustenance of FGV and to provide assurance that the livelihood of those dependent on our business is not adversely affected.

In 2012, the average age profile of our oil palm plants was 16.2 years. Of that, about 49% were trees over 20 years old. The replanting exercise has significantly improved the age profile. Currently, young and prime aged plants amount to 54%, compared to 36% in 2012, while plants classified as old and very old have dropped to 32% from 49%.

It is typical in the industry to replant at the rate of 4-5% annually and maintaining our replanting rate will result in FGV achieving our optimum age profile by 2026. There is however, a downside to replanting in that it is investment intensive. Over the past 9 years, FGV has invested an average of RM300 million each year on replanting.

It is obvious that in difficult times when financial resources are scarce, maintaining this level of investment is challenging to say the least.

## DELIVERING ON SOCIAL RESPONSIBILITIES

Our people and workforce are the backbone of our business, and it is incumbent on us as a responsible business to respect and uphold human rights, treat all with dignity and safeguard their wellbeing.

Over the past few years, we have sharpened our focus on ensuring compliance to human rights and labour standards. For instance, through our affiliation with the Fair Labor Association (FLA), we have formulated an action plan covering a range of initiatives to align FGV's policies and procedures with FLA's Workplace Code of Conduct that is based on internationally-recognised human rights standards, and to enhance our labour practices. The key areas of focus under FGV's affiliation to the FLA include improving FGV's migrant worker recruitment process, developing human rights capacity-building and training programmes, strengthening grievance mechanisms and enhancing our labour monitoring systems.

Together with the FLA, we have crafted a long term and comprehensive programme to implement a range of initiatives to realign our labour practices and standards to more strongly embed our responsibility to uphold the rights of our workers. Our progress under the FLA is subject to their validation. Two assessments have been conducted against the FLA Action Plan. The latest FLA Progress Report issued on 31 March 2021 notes the advancements made in strengthening our internal management systems to uphold labour standards. FGV believes that steady progress has been made and that we are on the right track towards achieving our goal of transforming our systems, structures and practices to be fully aligned with international standards and best practices.

As part of FLA's annual due diligence cycle, FLA is conducting an Independent External Assessment (IEA) on FGV's palm oil supply chain in Malaysia. This IEA aims to evaluate workplace management systems, working conditions, and associated labour standards risks. It will include a review of employment relationships, indicators of forced labour, child labour, harassment and abuse, discrimination, hours of work, health and safety, freedom of association, and fair compensation. The comprehensive workplace assessment at the estate level will help the FLA and FGV teams document any gaps in working conditions that needs to be addressed. FGV is expected to develop a corrective action plan to address all the IEA findings.

FGV has also established a steering committee to look into all matters relating to the Withhold Release Order (WRO) issued by the United States Customs and Border Protection (CBP). This committee, of which I am the Chairman, and whose members consist of FGV's senior management, meets on a monthly basis. In addition to overseeing and advising on the execution of initiatives aimed at addressing the WRO, this committee is, importantly, also monitoring and facilitating the independent assessment being conducted by ELEVATE.

Other significant highlights in relation to our human rights agenda, specifically in relation to migrant workers were:

- FGV e-Wallet system, which not just enhances the security of our workers' salaries, but also provides added convenience through cashless payments and remittances. We continually enhance the features of the e-Wallet, which now contains additional functions including e-Attendance, e-Grievance, e-Announcements, e-SOS and e-Learning.
- In our continuous effort to improve our workers' wellbeing, we have allocated an amount of RM10.8 million in 2021 towards enhancing the accommodations and facilities extended to our workers. This is on top of the RM350 million invested to construct 319 blocks of new workers' housing over the past three years.
- To improve access to healthcare for our workers, FGV has established 13 clinics in our plantations that are located in remote areas, with the guidance and approval of the Ministry of Health. In furtherance of our responsibility to safeguard the health of our workers, we have also facilitated COVID-19 vaccination for them.
- In anticipation of the Government's decision to reopen Malaysia's borders to new migrant recruits, FGV has put in place additional safeguards and due diligence measures including a pre-sourcing assessment mechanism, to align its recruitment procedures with best practices relating to responsible and ethical recruitment.

## GCEO's Statement



### FOOD SECURITY AND SUSTAINABILITY

FGV, being a major food producer has an integral role to play in strengthening food security and ensuring the sustainability and resilience of our country's food chain. As the COVID-19 pandemic emerged, we took immediate steps to bolster the sustainability of our supply chain so as to ensure adequate supply of food continue to be available and accessible in the midst of the movement control orders. FGV is committed to supporting the national food security agenda.

As a further step to strengthening food security, FGV has established an end-to-end digital grocery marketplace, GOGOPASAR, to ease access and overcome mobility restrictions. The digital platform is a strategic complement to our supply chain, infusing it with greater sustainability and it is a critical business requirement for operations in the new normal. The various agriculture-based businesses under our Integrated Farming initiative is another aspect of our contribution to enhance Malaysia's food security by reducing our reliance on food import. These businesses will also play important roles as FGV strives to diversify our earnings base and dilute its present reliance on palm oil.

As a responsible food producer, we constantly strive to innovate and fulfil our customers' expectations for nutritious and healthy products. This view extends throughout all our businesses. Our subsidiary, Delima Oil Products Sdn Bhd, has introduced healthier Premeo plant-based animal fat and dairy fat replacers. Being palm-derived, the replacers come from a sustainable source and, through innovative R&D, the replacers are healthier being naturally cholesterol-free, rich in Vitamin E, and contain no trans-fat.

FGV Integrated Farming Holdings Sdn Bhd, the subsidiary operating our expanding animal feed and animal nutrition business, has launched its ALMA range of high-quality animal feed which is free of antibiotics and include healthy formulations for beef and dairy cattle feed, goat and sheep feed, chicken and native chicken feed, natural mineral feed and additional feed for livestock. Significantly, ALMA animal feed products contain ingredients which are approved by the US Food and Drug Administration (FDA).

### GHG EMISSIONS AND RENEWABLE ENERGY

At FGV, we have an enduring commitment to reducing GHG emissions, conscious of its harmful effects to our environment and the existential threats of global warming. The industry has long captured and converted methane gas emitted from palm oil mill effluent (POME) into biogas for internal consumption to power palm oil mills. Capturing methane and converting it to biogas for combustion to produce energy, significantly reduce the climate change impacts of palm oil production. For emphasis, as a greenhouse gas (GHG), methane is 21 times more potent than CO<sub>2</sub>.

FGV is at the forefront in this space as we are among the first palm oil companies with 28 biogas plants and first to develop a palm based Bio-Compressed Natural Gas (Bio-CNG) plant in 2015. To underscore the revenue generation potential, we are targeting revenues approximating to RM14 million from sale of biogas-generated electric power to Tenaga Nasional Berhad (TNB) - a validation of our waste-to-wealth strategy, one among many others I might add.

We have signed on to the United Nations-backed Science Based Target initiative (SBTi) Business Ambition for 1.5°C pledge, being the first Malaysian food and agriculture company to do so which, in our context, calls for the halving of our greenhouse gas emissions by 2030 and achieving net-zero by no later than 2050. To deliver on this pledge, we have developed a group-wide climate action plan and put in place a variety of mechanisms to monitor and reduce our GHG emissions. For instance, we have implemented a Continuous Emission Monitoring System which is a full monitoring system for emission released by mills that can be accessed in real-time by the Department of Environment.



**We have signed on to the United Nations-backed Science Based Target initiative Business Ambition for 1.5°C pledge, being the first Malaysian food and agriculture company to do so which, in our context, calls for the halving of our greenhouse gas emissions by 2030 and achieving net-zero by no later than 2050.**

On-going, business-as-usual actions in relation to GHG emissions reduction are in place across the FGV group. To name a few: renewable energy generation, effective waste management, daily monitoring of LNG and electricity usage and installing efficient insulation and heat exchangers to reduce heat losses. Additionally, we continuously apply advanced technology to enable emission reduction, an example being the implementation of our Palm Oil Mill Integrated System (POMIS) which helped reduce boiler fuel consumption by 15%, contributing to lower emissions.

Specific to MSM, our sugar business subsidiary, GHG emissions reduction is also an embedded imperative. On-going operational measures, amongst others, cover the installation of back pressure turbines which enables naturally generated electricity to be produced based on the current power needs, reducing fossil fuel consumption and emission of heat and carbon dioxide into the environment.

As a responsible environment steward, we remain steadfast in ensuring environmentally responsible practices, specifically on reducing and controlling GHG emissions. We strictly follow our no deforestation, no planting on peat and no exploitation (NDPE) policy and enforce the same across our supply chain to eliminate irresponsible practices which can damage or compromise peatlands leading to GHG emissions.



## GCEO's Statement



### BIODIVERSITY AND WILDLIFE CONSERVATION

While not directly related to GHG emissions but having equal sustainability significance, wildlife protection and human-wildlife conflict management are closely tied to our duty as environmental stewards. These areas remain hugely important priorities. We also remain committed to our wildlife conservation programme. One of FGV's conservation projects involves the rescue, rehabilitation and release of injured or displaced Malayan Sun Bears. This project is implemented in partnership with the Malaysian Nature Society, the Department of Wildlife and National Parks Peninsular Malaysia and the National University of Malaysia (UKM). Through this project, FGV and its partners have developed three documents namely 'Guidelines in Managing Sun Bear in Captivity', 'Guidelines on Conflict Management for Sun Bear' and 'Malayan Sun Bear Conservation Action Plan'. We envisage these guidelines will be useful reference tools for interested parties such as conservation centres, zoos, research centres, NGOs and wildlife conservationists. While this project is ongoing, we have expanded our Protection of Rare, Endangered and Threatened Species Programme to include pygmy elephants, gibbons and pangolins, and we are exploring the possibility of developing similar guidelines in relation to these species. FGV has also embarked on a new 3-year initiative to protect and enhance

High Conservation Value (HCV) and High Carbon Stock (HCS) areas within the vicinity of FGV's and the Federal Land Development Authority (FELDA)'s plantations by planting fast growing indigenous or native tree species and wild fruit trees. Under this programme, FGV targets to plant a total of 50,000 trees in three years.

### AUTOMATION AND DIGITALISATION

Labour shortage is an enduring challenge across the palm oil industry. The COVID-19 pandemic has exacerbated this challenge, driving an urgent focus across the industry on leveraging automation to the maximum extent possible. Developments in information technology (IT) have widened the automation possibilities for our industry in addition to making them economically feasible through moderating the investment outlays.

In addition to mitigating our labour situation, automation and digitalisation keep us relevant. Automation and digitalisation have the effect of future-proofing our plantations, allowing us to progressively reduce our reliance on manual labour, leaving us less exposed to the vagaries of labour shortages. A case in point is the mechanisation of an area 115,000 hectares of flat



and undulating areas. As at 2021, this area is fully mechanised through the application of Mechanical Assisted Infield Collection such as Mini Tractors and 3-Wheelers. The conventional harvesting and collection methods have been upgraded to mechanical means, moderating our use of manual labour.

We also adopt precision farming to reduce the use of manpower, operation time, and fuel consumption. As part of precision farming, we have also developed a drone-spraying methodology that can efficiently spray for weed, pests and disease control. Drone spraying without a doubt has improved the productivity of workers in the upkeep of the estates, by enabling them to spray much larger areas.

In digitalising our business operations, FGV is developing an Electronic Harvesting Interval Report System for our mills, to improve traceability of our fresh fruit bunches. For replanting, autonomous application methods are used, such as Shuttle Radar Topography Mission dataset to produce topography and slope map, GIS Software for replanting area design, Global Navigation Satellite System, for example EMLID and Trimble, which are for pre-lining or lining point stackout, Archive Satellite Image or UAV Image for area desktop study, and Avenza Map for felling and chipping palm counting.

We are also modernising traditional industrial practices through the implementation of POMIS. FGV mills use POMIS to enhance their performances as it utilises modern smart technology and sensors for increased automation and improved communication which also facilitates better plant oversight, monitoring and control. Through POMIS we are able to reduce dependency on manual labour in mill operations by 5% which has proven to be

beneficial during the pandemic, where mill operations were continuously in automatic mode with minimum requirement for manual intervention for operational support.

## LOOKING FORWARD

Sustainability is now prominently entrenched in our strategy and our operations. In 2022 and beyond, this will be no different. In fact, I expect sustainability to gain even greater prominence. We will continue to future-proof our business and the industry by further embedding all facets of sustainability into our operations and supply chains and take a broader view of the sustainability impact extending to the society and the planet.

Efforts will continue in nurturing the nascent seeds sown under our waste-to-wealth strategy and progress them to maturity so that they yield the anticipated returns and sustainability impacts. Our embrace of the circular economy will become more pronounced as we continue to innovate, aided by our R&D, with hopes that new opportunities for recycling and repurposing will emerge along with the associated revenue generation potential.

One thing remains constant in 2022, in common with previous years: we will continue to be under close scrutiny in the sustainability radar. In response, we must remain vigilant and redouble our efforts to act responsibly and ethically conscious of our duty to uphold the rights of all within our ecosystem.





# FGV's 2021

## SUSTAINABILITY

- **Established the Board Sustainability Committee.**
- **Established Gender Equality and Women Empowerment Committee which reflects FGV's commitment** to provide women with equal access to all opportunities throughout our operations.
- Improved in the SPOTT rankings, **climbing to 19<sup>th</sup> position** from 23<sup>rd</sup>, with an overall SPOTT assessment score of 74%.
- Pledged to adopt science-based targets and become a net-zero emission entity by 2050, making **FGV as Malaysia's first food and agriculture** company to sign the UN-backed SBTi's Business Ambition for 1.5°C pledge.
- **Expansion of wildlife conservation and human-wildlife conflict management** to include pygmy elephants, pangolins and gibbons besides the existing programme for sun bears.
- Embarked on a **new 3-year initiative to protect and enhance High Conservation Value and High Carbon Stock** areas within our plantations.
- Ensure compliance to responsible sourcing, sustainability standards and regulations through traceability and supply chain management. To date, **our palm oil is 100% traceable to mill and 98% to plantation. For rubber, 97% is traceable to plantation (local suppliers).**
- Continued the implementation of programmes under its **affiliation to the Fair Labor Association (FLA)**, with the overarching objective to enhance its labour practices by focusing on a range of initiatives to strengthen FGV's migrant worker recruitment process, human rights capacity building and training programmes, grievance mechanisms and labour standards monitoring systems.

## CORPORATE



- **FELDA emerged as the largest shareholder** of FGV with total shareholding of 79.80% as of 31 December 2021.
- **Launched RM500 million Sukuk Murabahah programme**, which indicates confidence in FGV's balance sheet.
- **Paid windfall tax of RM184 million** based on high CPO price recorded during the year.
- **Contributed around RM15 million** for CSR-related activities.

## PLANTATION



- **Completed felling of 13,127 Ha and replanted 2,815 Ha** landbank.
- Expansion of mechanisation areas to **30,391 Ha**, making a total of **115,000 Ha** fully mechanised area using the Mechanical Assisted Infield Collection method.
- Applied **297,178 MT of fertilisers**, equivalent to 100% coverage.
- **Saji ranked #7 topmost chosen Fast Moving Consumer Goods (FMCG) brands** in Malaysia, based on Kantar's Brand Footprint 2021.

# Highlights



- Established a **new Grievance Management Unit**, to address all grievances channelled from the FGV e-wallet system.
- To further internalise PRIDE values among the employees, the **2021 PRIDE campaign** was launched in March which included a PRIDE Survey.
- Launched a **new PowerSafe App** to digitalise online reporting and management, allowing its workers to file health, safety, and environmental reports.
- Achieved 8% in carbon emission reduction from biogas plants.

## LOGISTICS & OTHERS



- Recorded **highest oleochemical storage throughput handled of 0.95 million MT**.
- Introduced **cold chain transportation services** and **acquired 10 refrigerated trucks**.
- Expanded FGV transport's fleet capacity to 549 units** to strengthen operations.
- Penetrated into Oil and Gas Industry** - awarded Telecommunication Infra & System Maintenance (TISM) contract for Petronas Refinery & Petrochemical Corporation (PRPC).

## INTEGRATED FARMING



- Harvested **600 Ha of FGV's Fortified Field Fragrant Rice (3FR)** contract farming programme, **yielding 3,751 MT** of fragrant paddy to produce "Saji Aroma" rice.
- Launched FGV Chuping Agro Valley** to develop an integrated high-value cash crop and large-scale dairy farming.

## SUGAR



- Gula Prai ranked #3 topmost chosen FMCG brands** in Malaysia, based on Kantar's Brand Footprint 2021.
- Secured refined sugar supply contract with The Coca-Cola Company worth an estimated RM290 million** for domestic and international production.
- Signed agreement with Wilmar** to collaborate in the establishment of a sustainable sugar supply chain.

## GOVERNANCE



- Integrity Assessment Tool (IAT)** survey conducted by the *Malaysian Institute of Integrity (IIM)* on 1,500 employees demonstrated an increase in level of integrity in FGV to **81% in 2021**, from 68% in 2018.
- Anti-Bribery Management System (ABMS)** in compliance with Section 17A of the MACC Act.
- Commitment from the Board members** toward governance and integrity through the Integrity Pledge.
- 100% of FGV employees** have renewed their integrity pledge online in 2021.

# Our Story

FGV is harnessing synergies to heighten value creation and optimising the potential of every business to make headway in delivering sustainable value to our stakeholders.

We are staying steadfastly on track of our strategic gameplan and goals, and ensuring clear communication with our stakeholders. In every action we take, we remain anchored on responsibility and accountability, guided by strong effective governance and prudent financial practices.

Today, FGV is among the world's largest producers of CPO, accounting for 4% of total CPO production with a focus on three core businesses; Plantation, Sugar, and LO while nurturing two new businesses, namely Consumer Products and Integrated Farming. Through harnessing the strengths and expertise of every business segment within the Group, FGV is now well-positioned to advance as Malaysia's agribusiness champion.

## OUR VISION



To be among the **World's Leading Integrated and Sustainable Agribusinesses** and **Delivering Value** to customers and stakeholders

## OUR MISSION



**To be a global leader by:**

- Creating Value through our Human Capital
- Building an Integrated Value Chain Advantage
- The Embodiment of Governance and Compliance
- Cultivating Diversification in Commodities and Geography

### OUR ORGANISATIONAL VALUES

P

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#### Partnership

Best solutions and ideas come from working with both internal (colleagues) and external (business partners) stakeholders.

#### Respect

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

#### Integrity

Integrity is about trust, honesty and sincerity. For FGV, 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.

#### Dynamism

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

#### Enthusiasm

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



## Plantation

FGV's plantation business is dominated by the integrated segments of Upstream, Downstream, R&D, Marketing & Trading, and Renewable Energy value chain.



30%  
Refined

70%  
Traded

CPO production of

**2.68** mil MT



Managing  
**219** estates

Total landbank:  
(including Malaysia and Indonesia)

**438,885** Ha

Oil palm  
**336,315** Ha

Rubber  
**7,668** Ha

Other crops  
**3,352** Ha

Unplanted area  
**91,550** Ha



Planted area

### 67 Mills Complexes

(97% MSPO & 45% RSPO-certified)

27%  
third-party  
smallholders

30%  
FGV

Processing of  
**13.04**  
million MT  
Fresh Fruit  
Bunch (FFB)

43%  
FELDA settlers

Vegetable oil refining capacity



**5,553,600** MT

Rubber processing capacity



**233,400** MT

Kernel crushing plant capacity



**1,007,600** MT

Biodiesel plant capacity



**110,000** MT

Oleochemical plant capacity



**476,000** MT

Note: All productions and operational figures are based on yearly average



## R&D



>12,000 Ha oil palm plantations for R&D purposes

58 highly qualified researchers & 17 agronomists

**#1** oil palm germinated seed producer in Malaysia with **43% market share**

Malaysia's leading fertiliser manufacturer with **700,000 MT** annual production capacity

Yangambi 3Way

Yangambi MLT 61

LiqGro 63

BUTIK'S

PalmaShield

TPGro88

BUTIK'S 220

BUTIK'S E

BUTIK'S 220

PalmaGro

Flourish 82

sunflower



## Consumer Products



**#1** refined cooking oil brand in Malaysia with **42% market share**

PELANGI

**#1** margarine brand in Malaysia with **41% market share**

Other brands

Adela

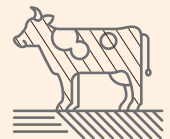
PREMED



## Integrated Farming

Integrated Farming leverages on synergies within FGV to diversify into other forms of commercial agriculture. It is part of FGV's circular economy that involves cultivating cash crops on marginal plantation land and producing animal feed from palm by-products.

- Animal feed & nutritional products, for livestock and poultry
- Paddy & rice
- Food & cash crops
- GOGOPASAR e-commerce platform



ALMA





## Sugar

Sugar business operates mainly through FGV's 51% owned subsidiary, MSM Malaysia Holdings Berhad.



**2.05**  
**mil** MT

Annual sugar production capacity



Among the  
**largest**  
sugar refiners in the world

**Dominant market share**  
in domestic refined sugar market



## Other Services

FGV services ensure consistent supply of our products in the market through leading storage, efficient logistics, retail and e-commerce distribution solutions.



## Logistics & Others

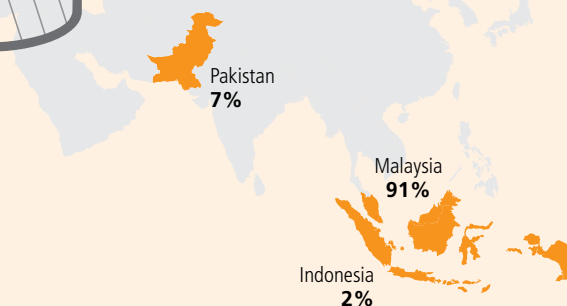
LO Sector facilitates the vertical integration of the Group's core businesses by connecting the flow of assets to drive Group-wide efficiencies.



Storage capacity of  
**1.08** million MT

Liquid **0.97** million MT | Dry Cargo **0.11** million MT

(inclusive of Indonesia & Pakistan)



Transport's fleets

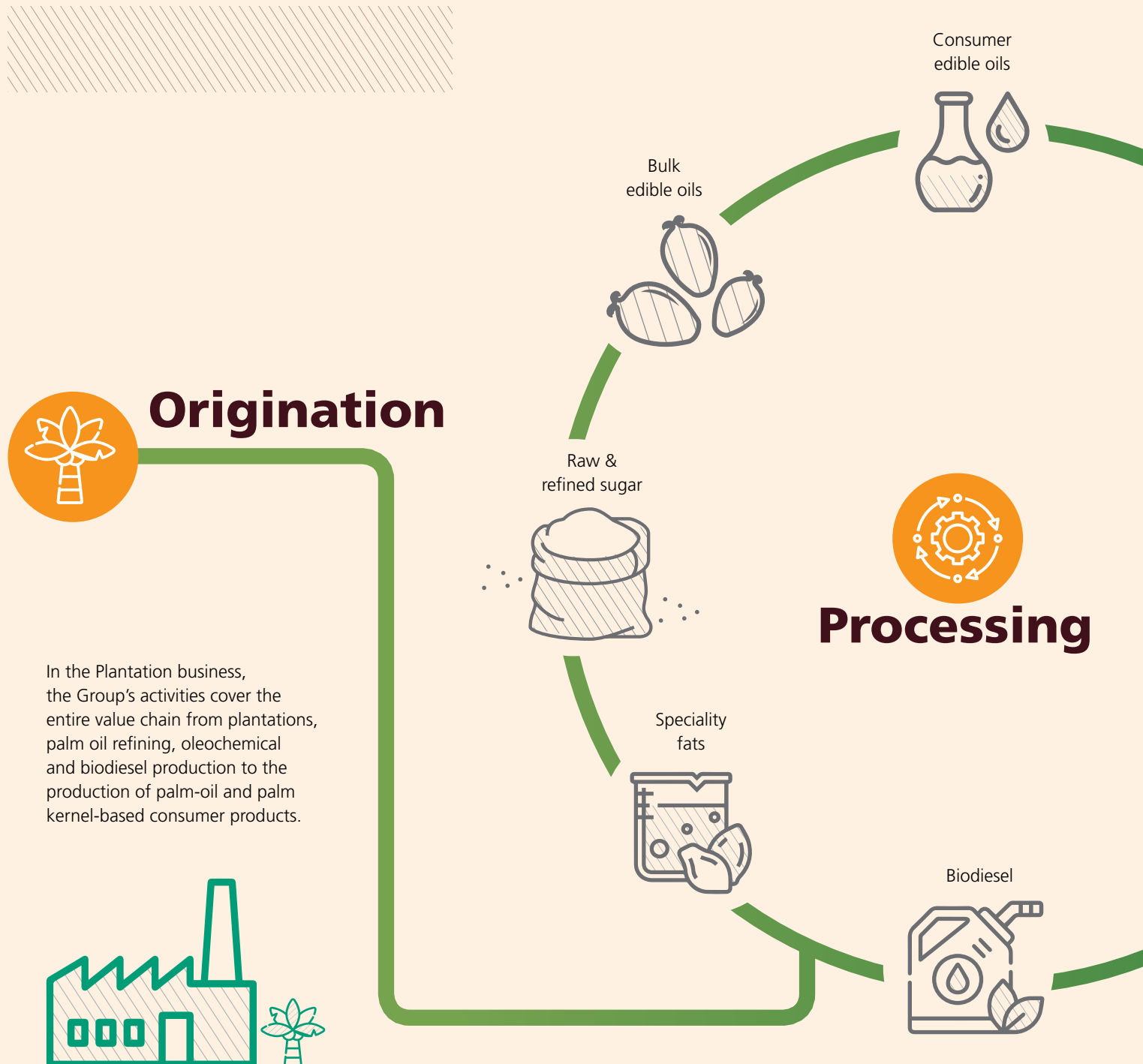
**549**  
units



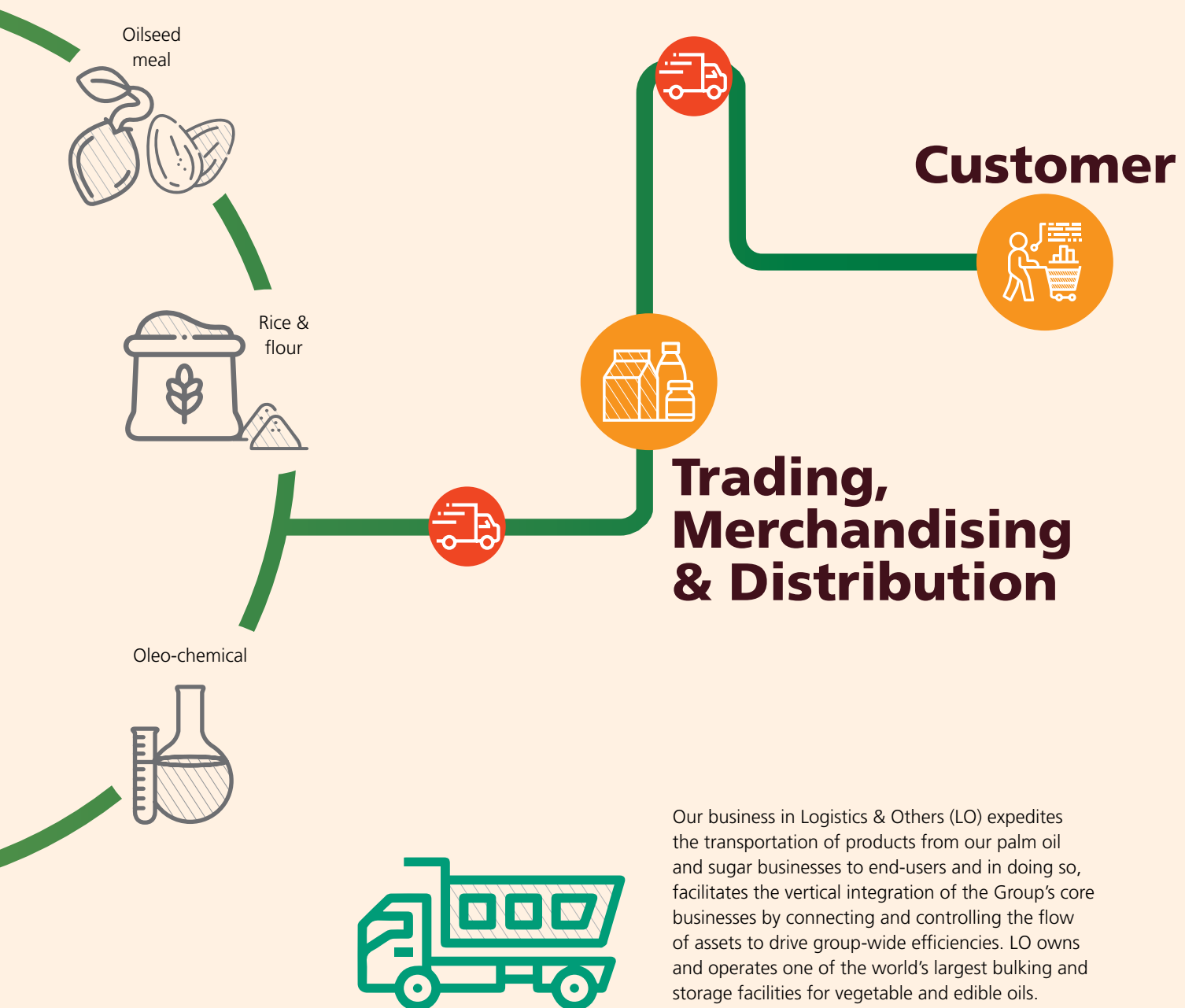


## Overview of FGV and Its Operations

# Our Core Value Chain



Our activities in the sugar business are driven by MSM, focusing on the production of refined sugar for sale in bulk and to household consumers. Both our palm oil and sugar are sold domestically and to international markets.



Our business in Logistics & Others (LO) expedites the transportation of products from our palm oil and sugar businesses to end-users and in doing so, facilitates the vertical integration of the Group's core businesses by connecting and controlling the flow of assets to drive group-wide efficiencies. LO owns and operates one of the world's largest bulking and storage facilities for vegetable and edible oils.

# Our Sustainability Journey 2018-2021

# 2018



## JANUARY

- Embarked on Awareness Project for Malayan sun bears through Wildlife-CEPA programmes (publications, school activities, road shows, event organisation, etc.)

## FEBRUARY

- Published two (2) guidelines:
  - *Pengurusan Beruang Matahari di Pusat Menyelamat Hidupan Liar Kebangsaan*
  - *Garis Panduan Pelaksanaan Komuniti Sahabat Beruang Matahari*
- Established one more Community Action Group (CAG) in Gerik (one of the highest wildlife conflict areas in Peninsular Malaysia)

## MARCH

- Organised 'Wildlife Conservation Awareness Week'



## NOVEMBER

- Co-organised Human Elephant Conflict (HEC) Workshop - identifying and addressing the issues in mitigating human-elephant conflicts in and surrounding plantations together with FELDA, MPOC & SWD in Tawau
- Established FGV's One-Stop Centre for the recruitment of workers in Lombok, Indonesia
- Relocated its One-Stop Centre to Gemenekeh, Negeri Sembilan



## OCTOBER

- Risk mapped 72 of FGV's Tier 2 FFB suppliers to palm oil mills
- FGV became a Participating Company of the Fair Labor Association (FLA)



## JUNE

- Adopted FGV Guidelines and Procedures for Responsible Recruitment of Foreign Workers
- Commenced Socialisation Programme for GSP 3.0 and other sustainability-related policies and procedures
- Reviewed employment contract to include provision to ensure no recruitment fee is charged to workers
- RSPO CP lifted the suspension of FGV's Serting Complex certification
- Completed installation of passport safety boxes which began in 2016

# 2020



## JANUARY

- RSPO CP resuspended certification of the Seriting's Complex and suspended certification processes for other uncertified units



## FEBRUARY

- Achieved 100% MSPO Certification
- Rolled out pilot project for FGV's e-wallet system
- Established FGV's One-Stop Centres for the recruitment of workers in Chennai and Kolkata, India
- Initiated rubber traceability
- Established TVTF to verify suppliers' compliance to FGV's sustainability commitments



## MARCH

- Embarked on a month-long #FGVsavethesunbear awareness programme in conjunction with United Nations (UN) World Wildlife Day 2020
- Developed guidelines for 'Well Managed Area for Wildlife' to manage the potential for human-wildlife conflict.
- Adopted and published Action Plan under affiliation with FLA
- Submitted an appeal to RSPO CP against its directives dated 13 January 2020.



## DECEMBER

- MSM and Wilmar signed agreement to collaborate in establishment of a sustainable sugar supply chain



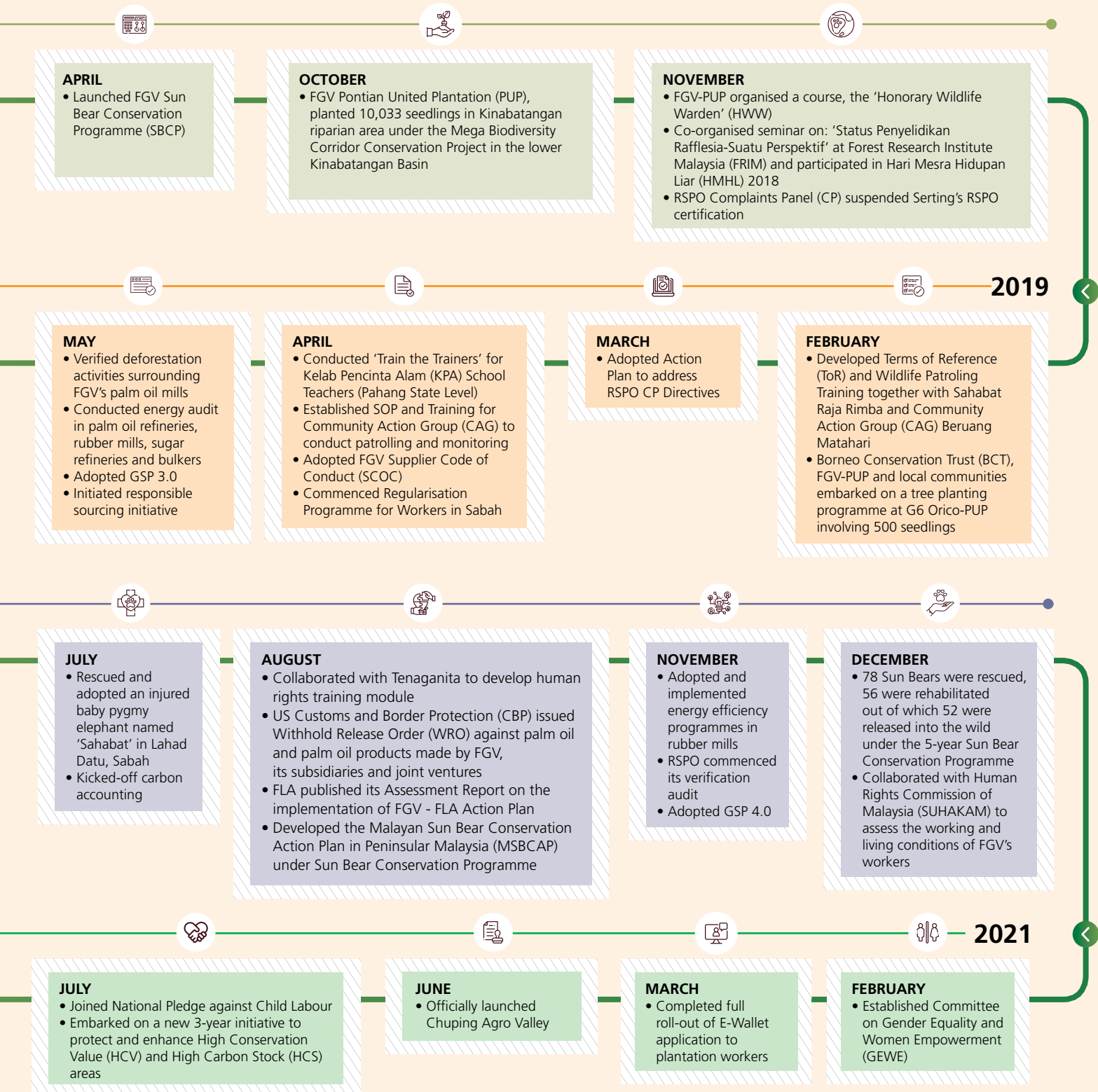
## NOVEMBER

- Climbing to 19<sup>th</sup> position from 23<sup>rd</sup> in SPOTT ranking
- Appointed ELEVATE to conduct assessment of plantation operations against the 11 International Labour Organization (ILO) indicators of forced labour

**SEPTEMBER**

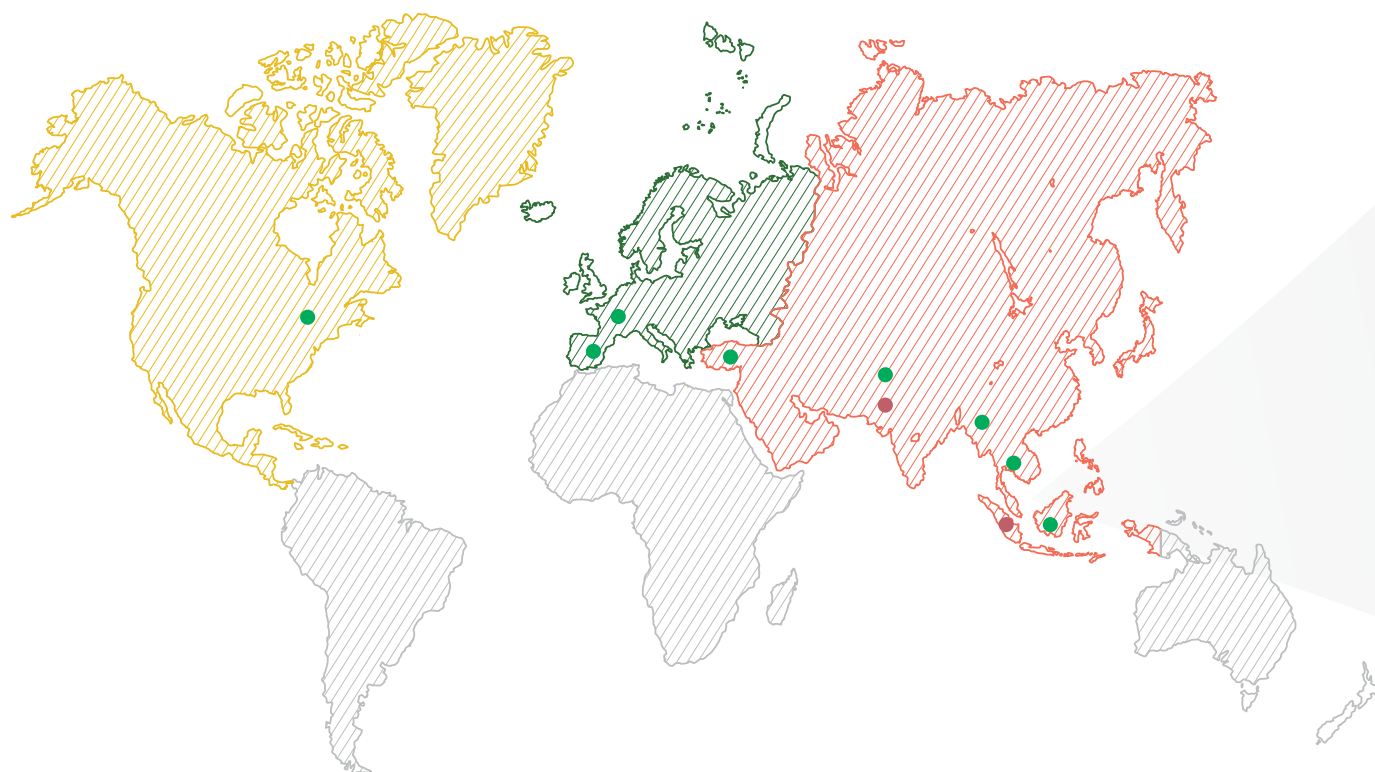
- Established Board Sustainability Committee (BSC)
- Committed to Science-Based Targets and net-zero through SBTi
- Formulated Groupwide Climate Action Plan
- Established Climate Action Unit
- Received approval for 14,635 vaccine supplies to execute vaccination programmes for FGV plantation workers





# Global Presence

FGV operates in **9** countries across Asia, North America and Europe.



## FGV's Assets

### Plantation

- 219 Estates
- 67 Mills
- 8 Vegetable oil refineries
- 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 Biodiesel plant
- 1 Green rubber processing facility

### Sugar

- 2 Sugar refineries
- 1 Refined sugar warehouse

### Logistics & Others

- 13 Bulking terminals
- 10 Transportation hub & spoke
- 5 Warehouses
- 4 Transportation depots
- 2 Jetty operations
- 1 Hotel

### Integrated Farming

- 2 Fresh food packaging centres
- 1 Fresh milk processing facility
- 1 Agro food valley
- 1 Animal feed plant
- 1 Paddy farming
- 1 Integrated cattle dairy farm

## Asia

### INDONESIA

- 5 Estates
- 1 Bulking terminal

### CAMBODIA

- 1 Rubber processing facility

### THAILAND

- 1 Rubber processing facility

### PAKISTAN

- 1 Vegetable oil refinery
- 1 Trading office\*
- 2 Bulking terminals\*\*
- 1 Warehouse
- 1 Jetty operation

## North America

### USA

- 1 Oleochemical plant

## Europe

### FRANCE

- 1 Trading office\*

### SPAIN

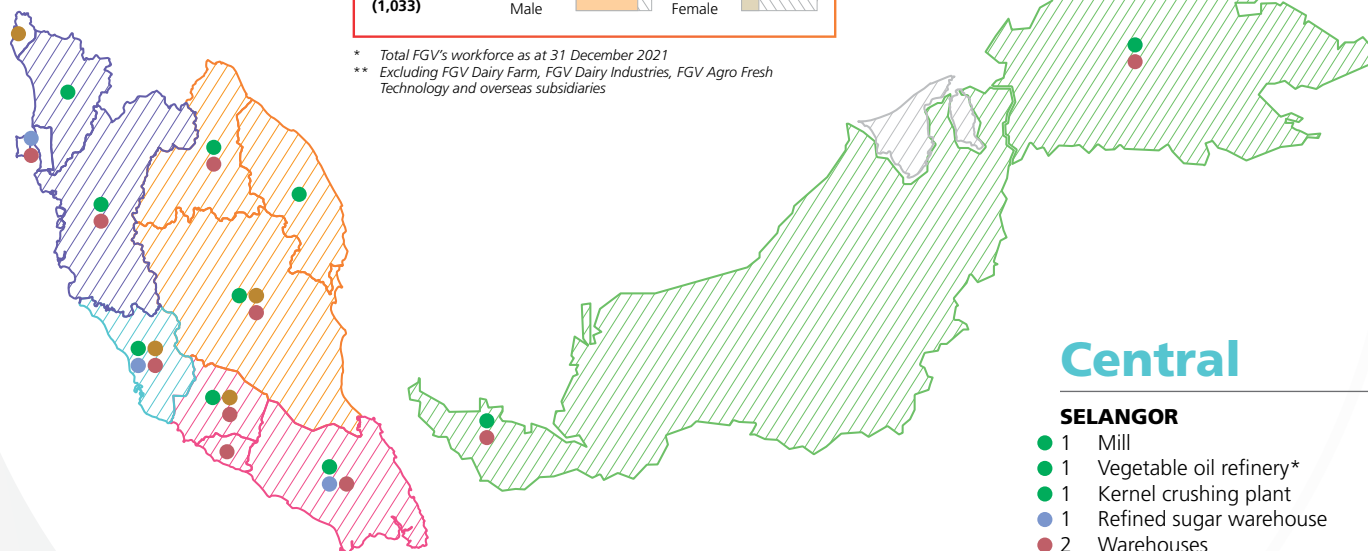
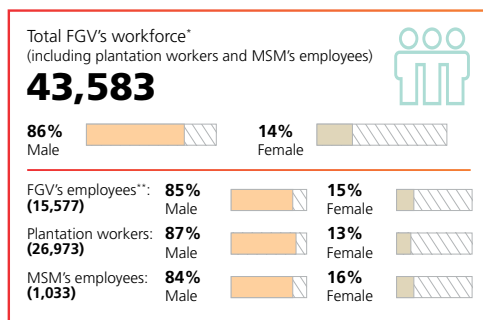
- 1 Trading office\*

### TURKEY

- 1 Vegetable oil refinery\*

\* Joint Ventures (JV)

\*\* One of the two refineries/bulking terminals is a JV



## Central

### SELANGOR

- 1 Mill
- 1 Vegetable oil refinery\*
- 1 Kernel crushing plant
- 1 Refined sugar warehouse
- 2 Warehouses
- 1 Transportation depot
- 1 Transportation hub & spoke
- 1 Bulking terminal
- 2 Fresh food packaging centres
- 1 Fresh milk processing facility
- 1 Paddy farming

## North

### PERLIS

- 1 Agro food valley

### KEDAH

- 1 Estate
- 1 Rubber processing facility

### PENANG

- 1 Sugar refinery
- 1 Transportation hub & spoke

### PERAK

- 7 Estates
- 2 Mills
- 1 Transportation hub & spoke

## South

### NEGERI SEMBILAN

- 9 Estates
- 4 Mills
- 2 Rubber processing facilities
- 1 R&D centre
- 1 Green rubber processing facility
- 1 Transportation hub & spoke
- 1 Integrated cattle dairy farm

### MELAKA

- 1 Hotel

### JOHOR

- 19 Estates
- 15 Mills
- 2 Vegetable oil refineries\*\*
- 1 Kernel crushing plant
- 1 Seed production centre
- 1 Fertiliser manufacturing plant
- 1 Sugar refinery
- 5 Bulking terminals
- 2 Transportation hub & spoke
- 1 Transportation depot
- 1 Warehouse

## East Coast

### KELANTAN

- 12 Estates
- 3 Mills
- 1 Transportation hub & spoke

### TERENGGANU

- 8 Estates
- 3 Mills

### PAHANG

- 70 Estates
- 26 Mills
- 1 Vegetable oil refinery
- 1 Kernel crushing plant
- 1 Biodiesel plant
- 1 Oleochemical plant\*
- 1 R&D centre
- 1 Seed production centre
- 1 Fertiliser manufacturing plant
- 1 Rubber processing facility
- 2 Bulking terminals
- 1 Transportation depot
- 1 Transportation hub & spoke
- 1 Warehouse
- 1 Animal feed plant

## East Malaysia

### SABAH

- 78 Estates
- 11 Mills
- 2 Vegetable oil refineries
- 1 Kernel crushing plant
- 1 R&D centre
- 1 Seed production centre
- 1 Fertiliser manufacturing plant
- 2 Bulking terminals
- 1 Transportation depot
- 1 Transportation hub & spoke
- 1 Jetty operation

### SARAWAK

- 10 Estates
- 2 Mills
- 1 Transportation hub & spoke



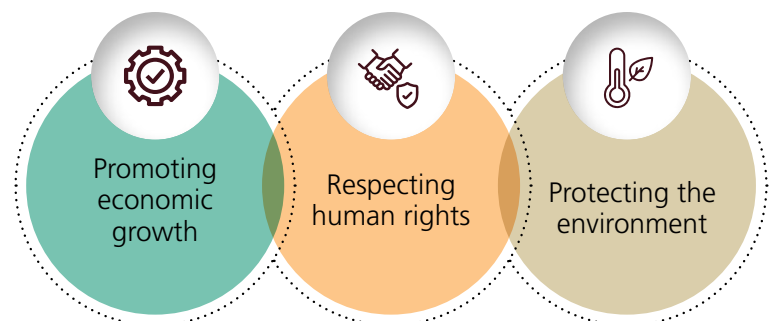
# Our Sustainability Approach

## SUSTAINABILITY IN CONTEXT



**Sustainability is no longer just a notion within the corporate consciousness. Rather, it has become an activity embedded into business operations given its wide ranging impact across the entire spectrum of stakeholders.**

We recognise that we have a responsibility to balance our economic ambitions with positive environmental and social considerations, without compromising our governance and ethics. Our ESG agenda is the compass that guides us as we set out to harness synergy and deliver values to our stakeholders in a responsible manner. As we commit to uphold this agenda, our actions are guided by sustainability perspectives which form the 3 pillars of our Group Sustainability Policy (GSP 4.0).



Embedding sustainability into our operations is critical for our growth and prosperity but more crucially for our continued survival and existence, for without sustainability, there is no future. Accordingly, at FGV, sustainability is about fortifying our business to continuously remain viable, vital and vibrant.

## OUR SUSTAINABILITY COMMITMENT

Our business is intimately dependent on the natural environment due to which we inevitably face constant scrutiny by interested parties across the world and are subject to stringent regulations. There are increasing concerns over the potential negative impact our industry has on natural resources and the environment. Amongst others, deforestation, adverse impact on biodiversity, pollution and labour practices. The alleviation of these concerns, building trust and adoption of responsible practices in our operations lie at the core of our sustainability efforts.

We seek to embed responsible and sustainable practices across all aspects of our business to reinforce and provide explicit references of our commitment to sustainability. As we continue our sustainability journey, we will continue to infuse sustainability into our business and operations such that they become routine and “business as usual”.



**FGV has a wealth of experience and skilled resources at our disposal and we are committed to leveraging them in making significant contributions to address sustainability concerns for the betterment of the society and the planet.**

As a significant agribusiness company and one of the world's leading CPO producers, sustainability has always been paramount to us. Nature has generously provided us with her natural resources which underpin our prosperity. In response, we have an immense duty to reciprocate by continuing to protect and nurture these resources as a responsible environment steward.

At FGV, we view sustainability as both a commitment and a responsibility - a responsibility to our stakeholders and, more importantly, to society and the planet by unlocking the power of nature for sustenance in the first instance, and in the process improve quality of life, fortify economic welfare and preserve environmental well-being. Underlying our business is an acute understanding of the fundamental importance of sustainable and responsible practices, and our commitment to supporting our planet and her natural resources.

Indeed, we count natural capital represented by all renewable and non-renewable environmental resources available to us as principal component of our value creation model. We will not be able to continue producing products that are integral to our business without protecting our natural endowment and making it sustainable. This is the reason why sustainability considerations are foundational to every aspect of our business.

Consistent with the past, we continue to be guided by our moral compass to do the right thing by respecting human rights and protecting the environment as our main motivation to continue advancing FGV's sustainability agenda. FGV has a wealth of experience and skilled resources at our disposal and we are committed to leveraging them in making significant contributions to address sustainability concerns for the betterment of the society and the planet.

The challenges thrust upon us by the COVID-19 pandemic and climate change have reinforced our sense of responsibility and pride in our role as an integral component in the food chain. We embrace these challenges which can only make us stronger and compel us to continue to make meaningful contributions to sustainability for FGV, our stakeholders and the world.

## Our Sustainability Approach

We have re-strategised our approach to sustainability. The Group Sustainability Framework encapsulates our latest thinking.





**In terms of our sustainability strategy, the main priority is to prepare for full adoption of a holistic sustainability approach that will drive FGV to rethink, repurpose and redesign its business strategy in becoming a sustainability-based enterprise. The adoption of a holistic sustainability approach covers all sustainability programmes to enable FGV to become a zero-impact business operation. To improve the company's market position and reputation, one of the focuses is the lifting of Withhold Release Order (WRO) issued by the US Customs and Border Protection (US CBP) through continuous enhancement of FGV labour practices.**

A holistic approach to sustainability, 2022 - 2024. Our strategic re-orientation has 3 phases:



### **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 strategy
- Understanding impacts of FGV through Life Cycle Assessment (LCA) at all products levels
- Enhancement of existing sustainability programmes
- Strengthen governance for holistic approach
- Promote sustainability-related innovation management



### **Taking the Leap 2023 - Repurpose**

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



### **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 level
- Continuous engagement and materiality assessment
- Continuous improvement on policies and internal standards
- Branding of FGV as a sustainability-based commerce

## Our Sustainability Approach

### ALIGNMENT TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDG)

We believe in achieving sustainable development, and we should act in solidarity with the global community as part of a global partnership contributing collectively to peace and prosperity for people and the planet, now and into the future. Accordingly, we incorporate applicable SDGs and their targets into our operations to meet the growing expectations from the public. We see this as a viable approach to help strengthen our sustainability practices and improve our business performance in the long-term. It also provides us with business opportunities in areas including food and agriculture as well as energy and materials that are created with the achievement of the SDGs.

Below are the 17 SDGs which we believe we can contribute to through our sustainable business activities. These cover areas throughout our value chain.



## FGV'S GROUP SUSTAINABILITY POLICY

We have formulated our Group Sustainability Policy (GSP) 4.0 to guide and inform our approach to sustainability. Our GSP revolves around 3 pillars namely, promoting economic growth, respecting human rights and protecting the environment. These 3 pillars shape our strategies to build a strong and sustainable business in the long term while also taking into account our obligations as a responsible business to our people and communities impacted by our business as well as the environment in which we operate.

The GSP is currently in its fourth iteration, which was adopted by FGV's Board of Directors on 17 November 2020. The latest review of the GSP involved a series of consultations with internal and external stakeholders including with civil society organisations.

The GSP applies to the FGV Group as a whole, including its listed and non-listed subsidiaries worldwide, in which FGV has management control. Contractors, consultants, suppliers, vendors and all other third party companies including individuals working with them, should adopt responsible practices and at a minimum adhere to this Policy.

### Group Sustainability Policy



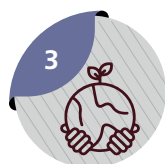
#### Promoting economic growth

We are committed to long term economic growth and will seek every opportunity to develop new sustainable earning streams that deliver value to our shareholders and stakeholders. We acknowledge the significant roles of our suppliers and vendors as part of the value chain in delivering sustainable products and services. Therefore, we expect the adoption of this Policy by all vendors and suppliers of the FGV Group and wherever possible we will lend support to assist them in meeting this objective.



#### Respecting human rights

We are committed to respecting human rights by upholding international human rights principles and standards as encapsulated in the Universal Declaration of Human Rights (UDHR), and other applicable international human rights treaties, subject to the laws and regulations of the countries and territories in which FGV Group operates. In fulfilling its responsibility to respect human rights, FGV Group is guided by the United Nations Guiding Principles on Business and Human Rights (UNGPs).



#### Protecting the environment

FGV Group recognises the impact of climate change and will play our part in reducing greenhouse gas (GHG) emissions in line with national commitments made in the Paris Agreement. FGV Group values its natural resources and endeavours to eliminate or minimise negative impact on the environment through the implementation of best practices and by continuously improving its sustainability performance. FGV Group is committed to adopting responsible measures to mitigate any negative impact that we may have on the environment. FGV Group shall ensure its operations adhere to our commitments to No Deforestation, No Peat and No Exploitation (NDPE). Where applicable, FGV Group shall initiate conservation efforts for the continuous protection of the ecosystem.



## Our Sustainability Approach

### RECOGNISING AN INCLUSIVE BALANCED VIEW

In common with all significant businesses, FGV too has multiple stakeholders. Operating in an industry that is constantly under scrutiny, it is imperative that we give voice to our multiple stakeholders so that we obtain an for a more inclusive and informed view to which enable us make decisions and formulate sustainability responses that are balanced and unbiased.

To this end, FGV is committed in maintaining good relationships with all stakeholder groups to encourage and obtain honest feedback. Our stakeholders are critical for our business success hence our continuous engagement with them to gather feedback on their expectations and perceptions will serve us well. By listening to what they have to say, we are able to gather invaluable inputs to shape our risk management and decision-making processes for business operations.

Extensive internal and external stakeholder engagements were conducted in 2021 to obtain their insights and feedback as well as to gauge their views on the important sustainability matters which help us shape our responses in a balanced manner.

### SUSTAINABILITY STAKEHOLDER ENGAGEMENT

During the reporting year, we have engaged with a total of 11 stakeholder groups namely employees, FELDA settlers, Board of Directors, regulators and government, field workers, customers, investors and capital providers, suppliers, JV and business partners, media and NGOs.

These engagement sessions were guided and facilitated by an external sustainability consultant.













During these engagements, we collaborated with stakeholders to determine the relative importance and impact of each identified sustainability matter, solicited thoughts and improvement opportunities for FGV to consider. Stakeholders' feedback from the engagement sessions surfaced key issues around operational excellence, human rights, employee welfare as well as environmental and resource management. In addition, we also received suggestions to collaborate with NGOs and government agencies to improve the status of our RSPO certification.

## SUMMARY OF STAKEHOLDER ENGAGEMENTS RESULTS













The following table summarises stakeholder engagements by category, key topics and, concerns raised and FGV's responses.

















FGV is committed in maintaining good relationships with our stakeholders. Following the identification and prioritisation of our material matters, we then conducted active and open engagements with our stakeholders to address issues that identified as important to them. This ensured we effectively addressed any opportunities and risks which may affect our sustainability.

The importance of stakeholder groups, the means through which we engaged them and the material matters identified as significant to them are disclosed as follow:

Why are They Important	Engagement Initiatives	Key Material Matters for the Stakeholder	Our Response
 <b>Customers</b>			
<ul style="list-style-type: none"> <li>• Receive/Buy our products and services</li> <li>• Drive revenue for FGV</li> </ul>	<ul style="list-style-type: none"> <li>• Company website and social media updates</li> <li>• Internal/External meetings</li> <li>• Conferences/Forums/Seminars</li> <li>• Company events/activities</li> <li>• General meetings</li> <li>• External surveys and feedback</li> </ul>	<ul style="list-style-type: none"> <li> Business Development &amp; Product Quality</li> <li> Operational Excellence</li> <li> Sustainability Certifications</li> </ul>	<ul style="list-style-type: none"> <li>• Created a Traceability of Product (FGV-ToP) for customer to obtain details such as certification, geolocation and production</li> <li>• Collaborate and work closely with customers to maximise resources and ensure productivity</li> </ul>
 <b>Suppliers</b>			
<ul style="list-style-type: none"> <li>• Source of feedstock/materials</li> <li>• Play an important role within the value chain of the business</li> <li>• FELDA settlers are also our suppliers as they provide 43% of our Fresh Fruit Bunch (FFB) supply</li> </ul>	<ul style="list-style-type: none"> <li>• Company website and social media updates</li> <li>• Internal/External meetings</li> <li>• Conferences/Forums/Seminars</li> <li>• Company events/activities</li> <li>• Site visits/audits</li> <li>• General meetings</li> <li>• Internal/External surveys and feedback</li> </ul>	<ul style="list-style-type: none"> <li> Business Development &amp; Product Quality</li> <li> Governance, Ethics &amp; Integrity</li> <li> Upholding Human Rights &amp; Labour Standards</li> </ul>	<ul style="list-style-type: none"> <li>• Improve procurement process to ensure responsible/sustainable practices in conducting business</li> <li>• Ensure good management and sufficient support during pre and post engagement with suppliers</li> </ul>
 <b>Regulators &amp; Governments</b>			
<ul style="list-style-type: none"> <li>• Enforce industry rules and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Company website updates</li> <li>• Internal/External meetings</li> <li>• Site visits/audits</li> <li>• External surveys and feedback</li> </ul>	<ul style="list-style-type: none"> <li> Upholding Human Rights &amp; Labour Standards</li> <li> Operational Excellence</li> <li> Sustainability Certifications</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure compliance and transparency of reporting</li> <li>• Improve compliance of human rights and labour standards by engaging external consultant to ensure compliance of both local and international laws and regulations</li> </ul>

## Our Sustainability Approach

Why are They Important	Engagement Initiatives	Key Material Matters for the Stakeholder	Our Response
 <b>Board of Directors and Employees</b>			
<b>Board of Directors</b> <ul style="list-style-type: none"> <li>Oversee the organisation at strategic level</li> <li>Responsible for decision making in the organisation for financial control and business direction</li> </ul> <b>Employees</b> <ul style="list-style-type: none"> <li>Possess knowledge and insight of business operation</li> <li>Represent organisation to communicate with our customers and suppliers</li> <li>Handle and manage daily operations of the organisation</li> </ul>	<ul style="list-style-type: none"> <li>Company website and social media updates</li> <li>Internal/External meetings</li> <li>Company events/activities, such as Townhall, mentoring, Roundtable, gatherings</li> <li>Company intranet/newsletter</li> <li>Internal/External surveys and feedback</li> <li>General meetings</li> </ul>	<ul style="list-style-type: none"> <li> Upholding Human Rights &amp; Labour Standards</li> <li> Operational Excellence</li> <li> Occupational Health &amp; Safety</li> </ul>	<ul style="list-style-type: none"> <li>Ensure our grievance mechanism is accessible to all employees and workers</li> <li>Introduce new/improved framework to establish high-performance culture</li> <li>Review policies to include new provision to ensure fair employee engagement and welfare</li> </ul>
 <b>Field Workers</b>			
<ul style="list-style-type: none"> <li>Perform field work and harvesting crops</li> <li>Collection, transportation and processing of crops</li> <li>Able to impact FGV's crops and yield production</li> </ul>	<ul style="list-style-type: none"> <li>Company website and social media updates</li> <li>Company intranet/newsletter</li> <li>Internal/External meetings</li> <li>Conferences/Forums/Seminars</li> <li>Company events/activities</li> <li>General meetings</li> <li>Analyst briefings</li> <li>Site visits/audits</li> <li>Internal surveys and feedback</li> </ul>	<ul style="list-style-type: none"> <li> Occupational Health &amp; Safety</li> <li> Upholding Human Rights &amp; Labour Standards</li> <li> Employee Engagement</li> </ul>	<ul style="list-style-type: none"> <li>Conduct onboarding and awareness session to ensure field workers understand their rights</li> <li>Revised contracts with recruitment agencies</li> <li>Ensure welfare of field workers and comply to laws and regulations in relation to human rights and labour standards</li> </ul>
 <b>FELDA and FELDA Settlers</b>			
<ul style="list-style-type: none"> <li>FELDA as the key stakeholders of the Company</li> <li>FELDA settlers comprising around 112,638 settlers surrounding FGV Estate and Mills that benefit from plantation income through FELDA. Our profitability benefit FELDA and consequently, the FELDA Settlers</li> <li>In 2021, FGV purchased a total of RM5.3 billion worth of FFB from Felda</li> </ul>	<ul style="list-style-type: none"> <li>Monthly management meeting with FELDA scheme managers</li> <li>Conferences/Forums/Seminars</li> <li>Analyst briefings</li> <li>Technical advice on agronomy and industry awareness trainings</li> </ul>	<ul style="list-style-type: none"> <li> Upholding Human Rights &amp; Labour Standards</li> <li> Sustainability Certifications</li> <li> Climate Action</li> </ul>	<ul style="list-style-type: none"> <li>Conduct sessions with FELDA settlers to update on the palm oil industry's development, challenges and regulatory requirements</li> <li>Improve the livelihood of the local community around the areas we operate through corporate social responsibility</li> </ul>

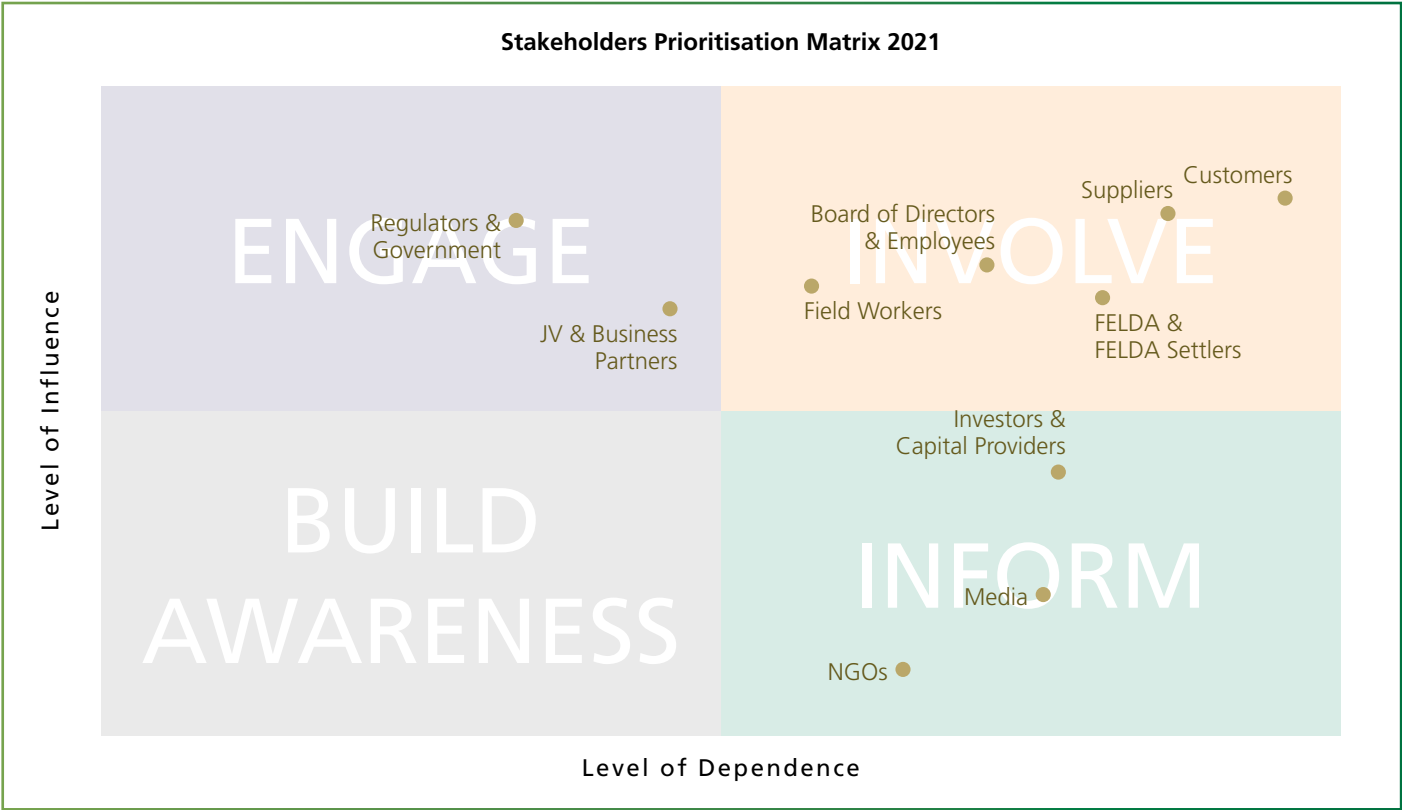
Why are They Important	Engagement Initiatives	Key Material Matters for the Stakeholder	Our Response
 <b>Investors &amp; Capital Providers</b>			
<ul style="list-style-type: none"> <li>• Source of capital through investment</li> <li>• Able to analyse opportunities from different angles, and generally prefer to minimise risk while maximising returns</li> </ul>	<ul style="list-style-type: none"> <li>• Company website and social media updates</li> <li>• General meetings</li> <li>• Analyst briefings</li> <li>• Roadshows</li> <li>• Site visits</li> <li>• External surveys and feedback</li> </ul>	<ul style="list-style-type: none"> <li> Sustainability Certifications</li> <li> Traceability, Responsible Sourcing &amp; Supply Chain Management</li> <li> Upholding Human Rights &amp; Labour Standards</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure business continuity and sustainable approach embedded across the value chain</li> <li>• Implement internal controls and monitor any non-compliance cases</li> <li>• Ensure productivity and efficiencies within business operation</li> </ul>
 <b>JV &amp; Business Partners</b>			
<ul style="list-style-type: none"> <li>• Collaborative partners with the industry experts</li> </ul>	<ul style="list-style-type: none"> <li>• Company website and social media updates</li> <li>• Internal/External meetings</li> <li>• Conferences/Forums/Seminars</li> <li>• Company intranet/newsletter</li> <li>• Site visits/audits</li> <li>• External surveys and feedback</li> </ul>	<ul style="list-style-type: none"> <li> Traceability, Responsible Sourcing &amp; Supply Chain Management</li> <li> Sustainability Certifications</li> <li> Upholding Human Rights &amp; Labour Standards</li> </ul>	<ul style="list-style-type: none"> <li>• Collaborate with business partners and roll out various campaigns including media promotional activities</li> <li>• Develop a model with our business partners to identify sustainability risks associated with specific geographical areas in order to ensure better traceability of our products</li> </ul>
 <b>Media</b>			
<ul style="list-style-type: none"> <li>• Able to provide insights from the public</li> <li>• Responsible for the reporting of news and updates within the business industry</li> </ul>	<ul style="list-style-type: none"> <li>• Company website and social media updates</li> <li>• Media briefings</li> <li>• Internal/External meetings</li> <li>• Conferences/Forums/Seminars</li> <li>• Company events/activities</li> <li>• General meetings</li> <li>• External surveys and feedback</li> <li>• Press Releases</li> </ul>	<ul style="list-style-type: none"> <li> Upholding Human Rights &amp; Labour Standards</li> <li> Climate Action</li> <li> Governance, Ethics &amp; Integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in environmental awareness and conservation programme</li> <li>• Contribute to local communities through both financial and non-financial assistance</li> </ul>
 <b>NGOs</b>			
<ul style="list-style-type: none"> <li>• Promote social values and civic and local initiative</li> <li>• Helps keep us abreast of socioeconomic developments that can impact our business</li> </ul>	<ul style="list-style-type: none"> <li>• Company website and social media updates</li> <li>• External meetings</li> <li>• Conferences/Forums/Seminars</li> <li>• Company events/activities</li> <li>• General meetings</li> <li>• Site visits/audits</li> </ul>	<ul style="list-style-type: none"> <li> Upholding Human Rights &amp; Labour Standards</li> <li> Sustainability Certifications</li> <li> Climate Action</li> </ul>	<ul style="list-style-type: none"> <li>• Provide a good and safe working environment by continuously communicating with employees and workers</li> <li>• Develop programmes within human capital to further improve employee welfare and working culture</li> </ul>



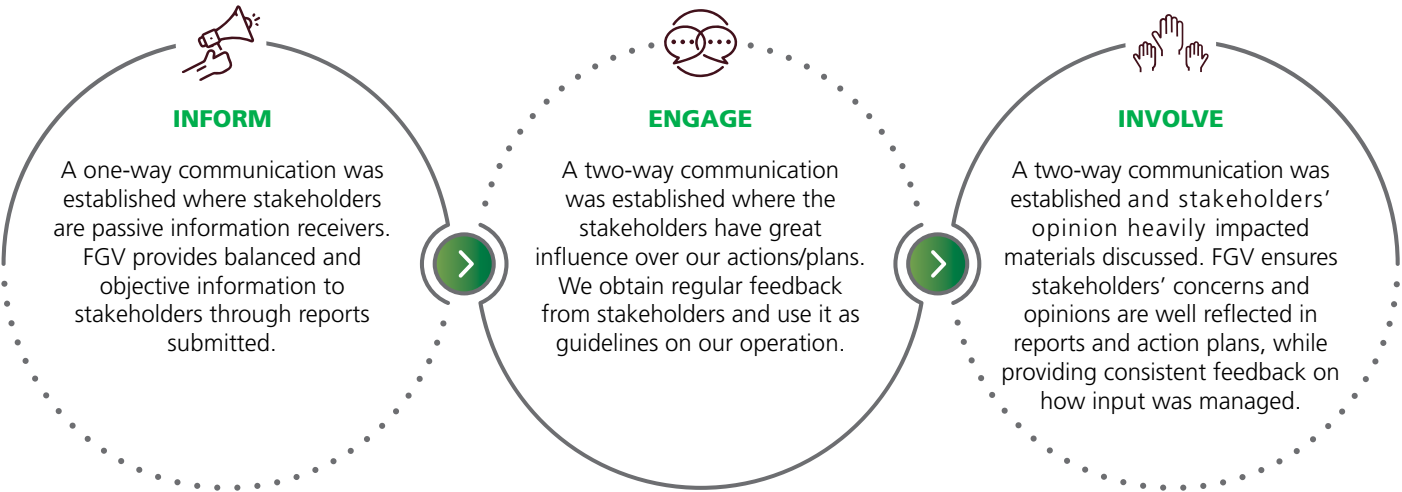
# Our Sustainability Approach

## OUTCOME

The Stakeholders Prioritisation Matrix below indicates our approach in managing FGV's stakeholder groups.



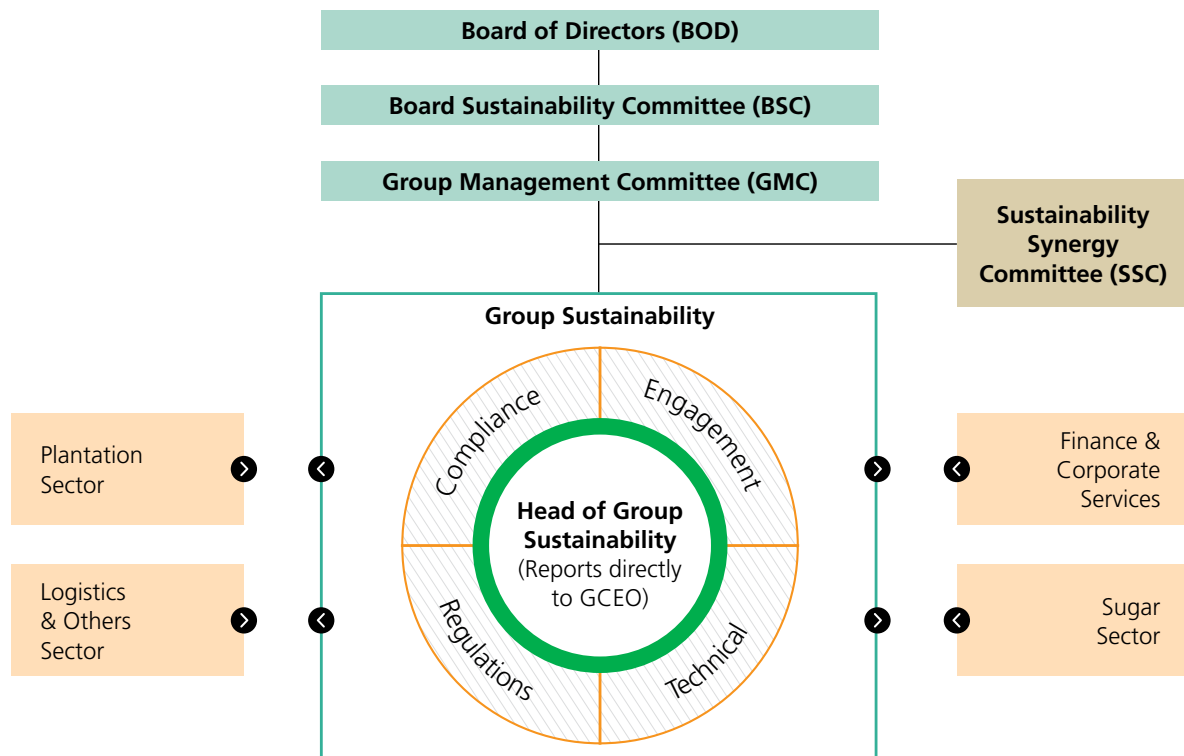
The stakeholder groups are managed based on the quadrants they are in.



## SUSTAINABILITY GOVERNANCE

Sustainability is both a priority and a commitment at FGV. The Board of Directors, being ultimately responsible for the management of the Group, provides leadership and policy direction on sustainability matters.

A range of focused committees support the Board in the overall management of the Group, including on sustainability matters. A dedicated governance structure is established with clear reporting lines to ensure that the Group Sustainability Policy (GSP) is implemented in the spirit and manner it is intended. The roles and responsibilities of the sustainability governing body are depicted below.



## Our Sustainability Approach

### Board of Directors (BOD)

The Board of Directors is the highest governance body overseeing the management of our impacts on economy, environment and people. An integral part of the Board's role in sustainability is providing direction and strategic input into the formulation of the GSP as well as the oversight and governance over the GSP's implementation and execution.

The Board also ensures that the GSP takes into account of the material matters that impact business goals and ascertains FGV's sustainability practices. In addition, the Board is responsible for approving FGV's sustainability disclosures.

### Board Sustainability Committee (BSC)

The establishment of BSC reflects FGV's commitment in ensuring that environmental, social and governance (ESG) considerations continue to take centre stage in FGV's undertakings.

The BSC is a board committee charged with overseeing formulation of the GSP, sustainability strategies as well as exercising governance over their execution. BSC monitors progress of execution, provides insights and advice to support execution and to ensure that goals and objectives are achieved. It also reviews the Sustainability Report and any other related information that has a major financial and/or reputational impact on the Group.

### Group Management Committee (GMC)

The GMC reports directly to the Board and is the conduit between the Board (that includes the BGRMC) and FGV operational units on sustainability and corporate governance related matters. The GMC comprises members of the senior management team and is chaired by the Group Chief Executive Officer (GCEO), who oversees, advises and monitors the overall performance of the Group's sustainability initiatives.

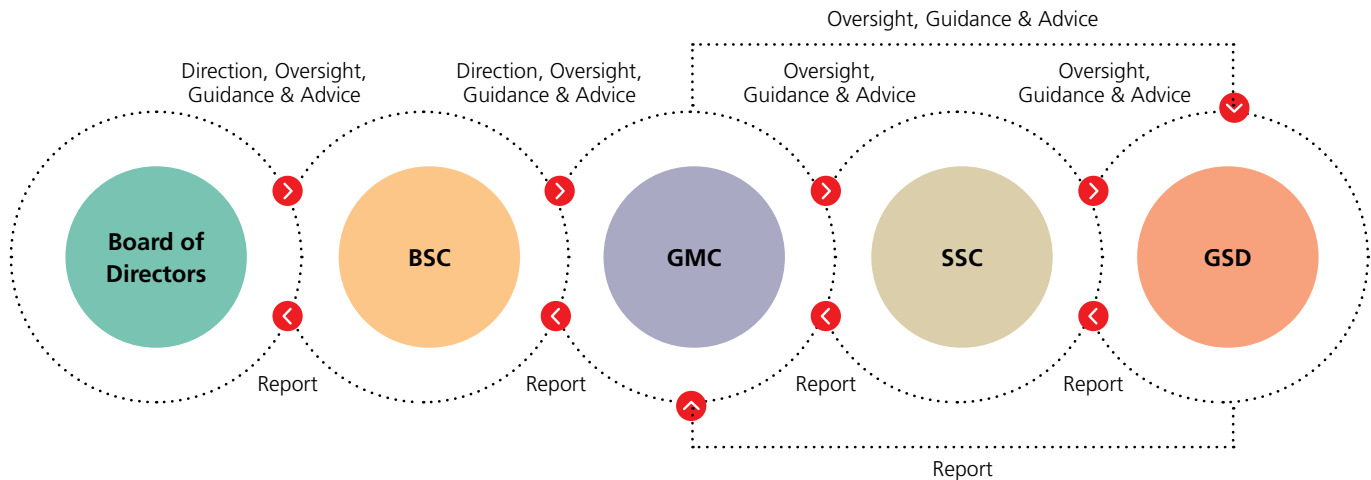
### Sustainability Synergy Committee (SSC)

The sustainability Synergy Committee consists of representatives from various businesses and divisions in the Group, which facilitates the mainstreaming of sustainability principles and practices throughout FGV. The Committee is also entrusted with the effective implementation of FGV's sustainability initiatives. The Head of the Group Sustainability Division (GSD) chairs the Sustainability Synergy Committee.

### Group Sustainability Division (GSD)

The GSD Head directs and oversees the day-to-day work of the GSD and advises the Group on matters pertaining to sustainability, which include aspects relating to human rights and environmental protection. The Head of GSD reports directly to the GCEO, who provides leadership and direction for sustainability initiatives. The GSD consists of 4 departments, namely Sustainability Compliance and Certification, Sustainability Regulation, Sustainability Engagement and Sustainability Technical. These departments deal with the full spectrum of the Group's sustainability activities.

The diagram below depicts core activities and the reporting mechanism in place within our sustainability structure.

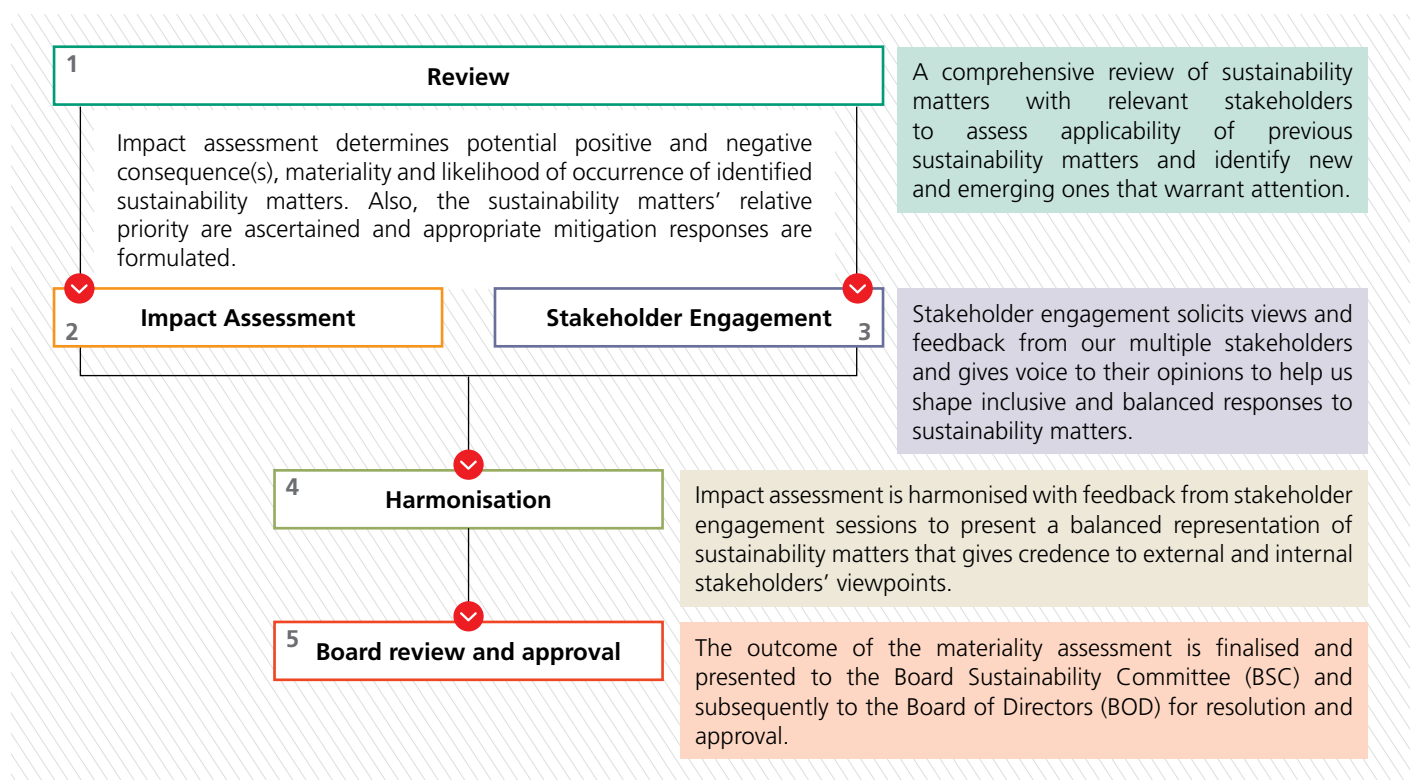


## MATERIALITY ASSESSMENT

FGV conducts annual Materiality Assessments to identify and assess the materiality of economic, environmental, social and governance risks (collectively, sustainability matters). The assessment informs the formulation of responses to mitigate risks arising and those anticipated to arise that bears relevance to our business and operations.

Our materiality assessment is guided by our Enterprise Risk Management (ERM) Framework, Bursa Malaysia's Sustainability Reporting Guide (2<sup>nd</sup> Edition) and Bursa Malaysia's Toolkits, including Toolkits on Stakeholder Engagement and Materiality Assessment.

The assessment follows a five phase process with each phase feeding into the next to form a validation mechanism.





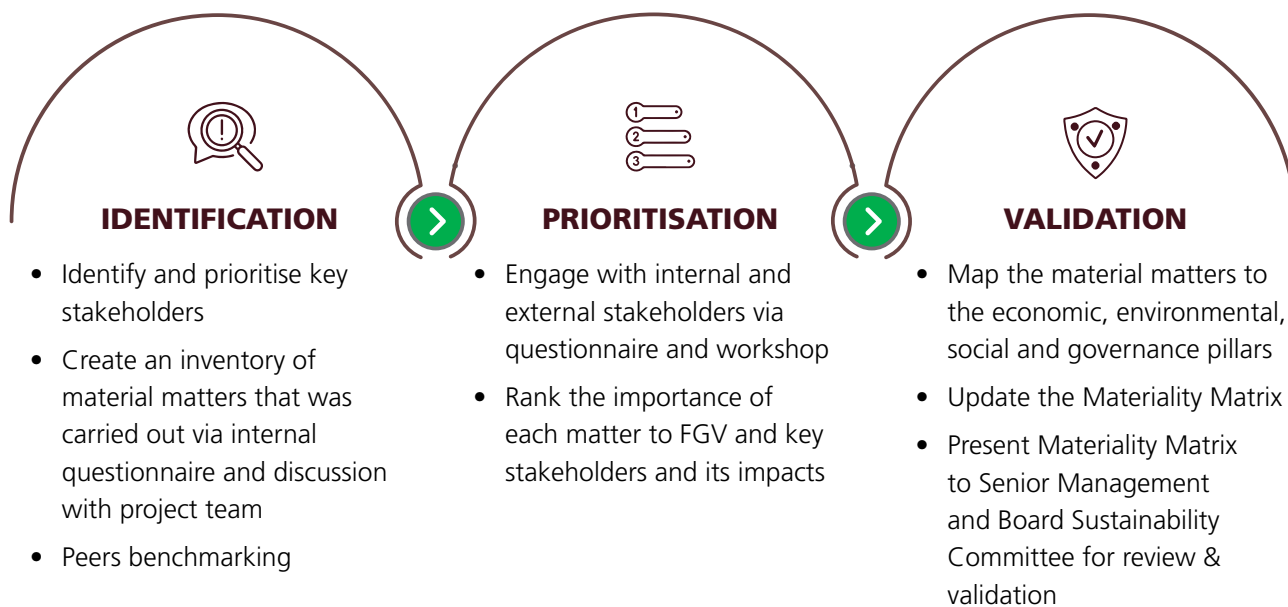
## Our Sustainability Approach

### APPROACH AND PROCESSES

During the year, we worked with an independent consultant to update our material matters following the current business landscape.

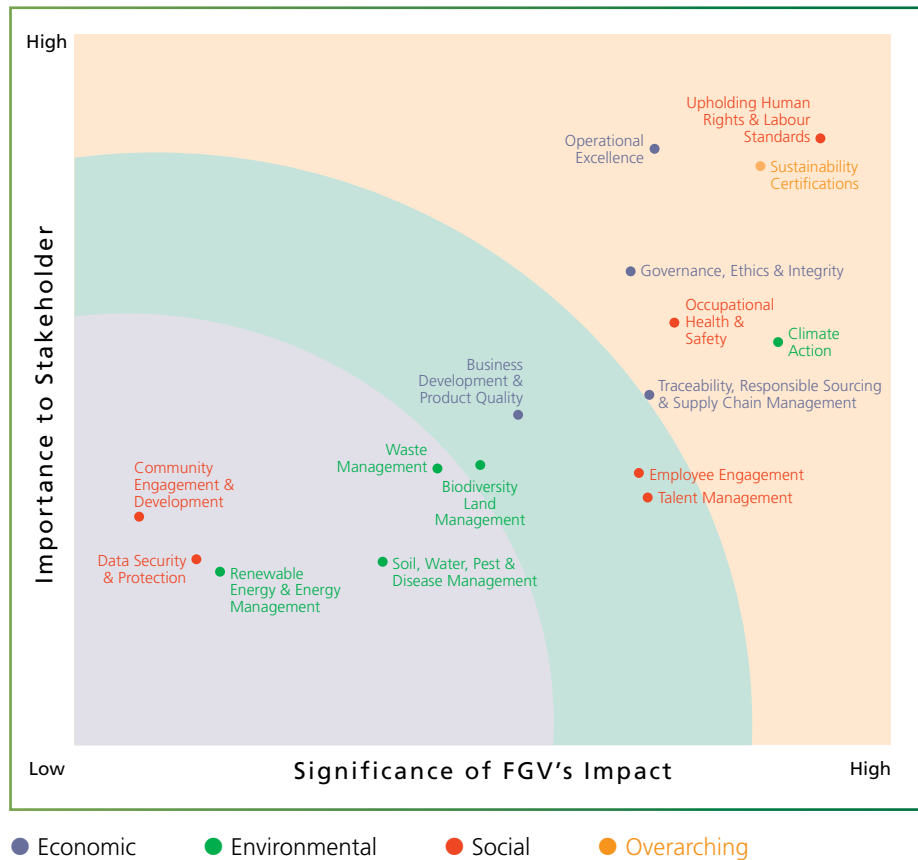
In the conduct of the assessment, the following factors were taken into consideration:

- Past material matters considered in preceding year
- Issues highlighted by our key stakeholders in previous engagements
- Significant issues discussed in Board meetings
- Issues relating to global trends and Sustainable Developmental Goals (SDGs)



## MATERIALITY MATRIX

For 2021, we have identified 16 material matters from our materiality assessment. These are similar to those identified in 2020 with the exception of the elevation of Climate Action to the highest level arising from our restrategised sustainability approach.



### Material Matters identified in FY2021

#### High Priority

- 1 Upholding Human Rights & Labour Standards
- 2 Operational Excellence
- 3 Sustainability Certifications
- 4 Governance, Ethics & Integrity
- 5 Occupational Health & Safety
- 6 Climate Action
- 7 Traceability, Responsible Sourcing & Supply Chain Management

#### Medium Priority
























- 1 Business Development & Product Quality
- 2 Employee Engagement
- 3 Talent Management
- 4 Biodiversity & Land Management























#### Low Priority

- 1 Waste Management
- 2 Soil, Water, Pest & Disease Management
- 3 Renewable Energy & Energy Management
- 4 Data Security & Protection
- 5 Community Engagement & Development

## Our Sustainability Approach

### LINKING HIGH PRIORITY MATERIAL MATTERS TO RISKS, STRATEGY AND SDGs

































Material Matters	What It Means to FGV	Link to Key Risks	SDG Alignment
<b>Upholding Human Rights &amp; Labour Standards</b>	Respecting human rights including the rights of our workforce by ensuring fair treatment and upholding established international labour standards	 Labour Risk  Pandemic Risk  Sustainability Risk	 5 GENDER EQUALITY  8 DECENT WORK AND ECONOMIC GROWTH  10 REDUCE INEQUALITIES  17 PARTNERSHIPS FOR THE GOALS
<b>Operational Excellence</b>	Improvement of production yield and enhancement of operations, leveraging on innovation, research and development (R&D) as well as the sustainable environmental and climate conscious policies and practices without compromising human rights & labour standards	 Trading & Market Risk  Labour Risk  Sustainability Risk  Cyber Risk	 8 DECENT WORK AND ECONOMIC GROWTH  17 PARTNERSHIPS FOR THE GOALS
<b>Sustainability Certifications</b>	Compliance 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	 Sustainability Risk  International Trade Risk  Trading & Market Risk	 2 ZERO HUNGER  8 DECENT WORK AND ECONOMIC GROWTH  10 REDUCE INEQUALITIES  12 RESPONSIBLE CONSUMPTION AND PRODUCTION  13 CLIMATE CHANGE  15 LIFE ON LAND  17 PARTNERSHIPS FOR THE GOALS

Material Matters	What It Means to FGV	Link to Key Risks	SDG Alignment
<b>Governance, Ethics &amp; Integrity</b>	Compliance with regulatory requirements and good corporate governance principles	 Corruption Risk	
<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	 Regulatory Risk  Health and safety Risk	 
<b>Climate Action</b>	Initiatives to mitigate and adapt to the adverse impacts of climate change on business operations, and implementing best climate governance measures to ensure business continuity	 Weather & Climate Risk	     
<b>Traceability, Responsible Sourcing &amp; Supply Chain Management</b>	Establishment of traceability system and procurement process to ensure responsible and sustainable practices in palm oil value chain	 Trading & Market Risk  Sustainability Risk  Cyber Risk	     



# Our Sustainability Approach

## SDGS LINKAGES TO MATERIAL MATTERS

Material Matter	What It Means to FGV	SDG Alignment
 <b>GSP Pillar : Promoting Economic Growth</b>		
<b>Business Development &amp; Product Quality</b>	Broaden and embed market presence, penetrate new markets, diversify revenue streams and reinforce market positioning	  
<b>Data Security &amp; 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	 
 <b>GSP Pillar : Respecting Human Rights</b>		
<b>Employee Engagement</b>	Giving voice to employees and soliciting their views to promote closer and tighter collaboration and reinforce a symbiotic and mutually beneficial relationship	  
<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>Community Engagement and Development</b>	Leveraging our capacity to do good for the betterment of our communities and society at large	   
 <b>GSP Pillar : Protecting the Environment</b>		
<b>Renewable Energy &amp; Energy Management</b>	Sustainable conscious consumption and management of energy usage with specific attention to leveraging opportunities to generate and use clean energy	  
<b>Waste Management</b>	Management of waste generated from operations and leveraging on circularity to repurpose waste materials for alternative uses	  
<b>Soil, Water, Pest &amp; Disease Management</b>	Sustainable management of soil, water and pests and disease controls to minimize negative impact on the environment	   
<b>Biodiversity &amp; Land Management</b>	Conscious and responsible operations to preserve and ensure sustainability of nature's endowments including active conservation of biodiversity and preservation of their natural habitat	   

# Promoting Economic Growth

## CONSCIOUS RESPONSIBILITY

At FGV, we are acutely aware of the trust placed upon us by our stakeholders and our obligation to be a good corporate citizen. We are equally cognisant that economic growth, achieved responsibly, is pivotal to providing the sustenance needed for us to effectively discharge this obligation. We adopt responsible practices across all aspects of our business, consciously applying these responsible practices because we believe in them and the benefits they will bring not only to FGV but to the country, society and the planet.

**FGV constantly adapts to keep pace with the changing business and operating environment, in particular over the recent years when the world is faced with the COVID-19 pandemic. The pandemic has brought about significant challenges to FGV and its continued presence, resulting in an environment aptly called the “new normal”, will continue to challenge us to adapt and respond with agility, responsibility and sensitivity.**



The pandemic has brought significant challenges to businesses and all segment of society, it is during these trying times that our true spirit and sense of responsibility shines through as underscored by our initiatives to provide COVID-19 screening tests and vaccination for our migrant workers in support of the government's efforts to extend vaccinations to economic sector front-liners.

Amid this challenging environment, FGV continues to conduct our business with a conscious responsibility and move forward with our sustainability initiatives.

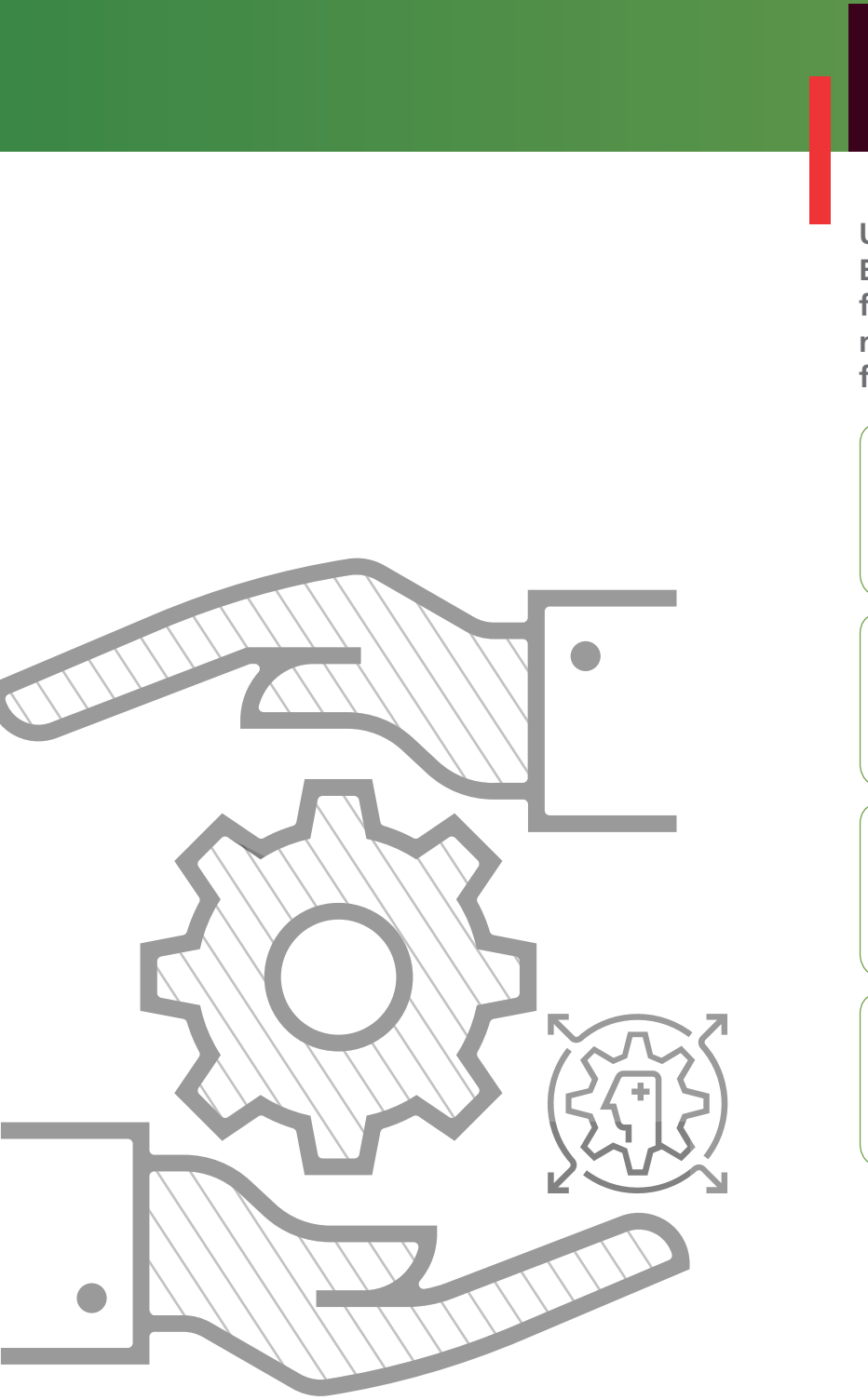


## SECTION 1

# Responsible Business

- 51 Operational Excellence
- 61 Traceability, Responsible Sourcing & Supply Chain Management
- 65 Sustainability Certifications
- 68 Business Development & Product Quality
- 69 Governance, Ethics and Integrity
- 71 Data Security & Protection
- 72 Community Engagement & Development





Under the umbrella of Responsible Business we have identified the following material matters that FGV needs to respond to and address in furtherance of our sustainability agenda.



Operational Excellence



Traceability, Responsible Sourcing & Supply Chain Management



Sustainability Certifications



Business Development & Product Quality



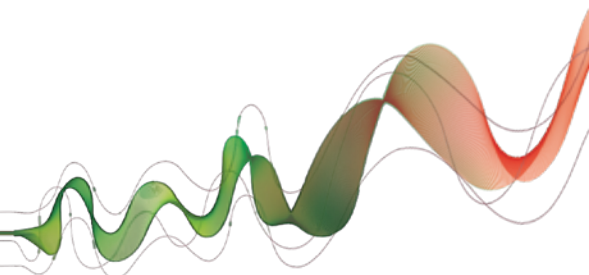
Governance, Ethics and Integrity



Data Security & Protection



Community Engagement & Development





# Responsible Business

## SUSTAINABILITY MATTERS

Under the umbrella of Responsible Business we have identified the following material matters that FGV needs to respond to and address in furtherance of our sustainability agenda.

 <b>Operational Excellence</b>	 <b>Traceability, Responsible Sourcing &amp; Supply Chain Management</b>	 <b>Sustainability Certifications</b>	 <b>Business Development &amp; Product Quality</b>
 <b>Governance, Ethics and Integrity</b>	 <b>Data Security &amp; Protection</b>	 <b>Community Engagement &amp; Development</b>	



## OPERATIONAL EXCELLENCE

We place a relentless focus on enhancing productivity, efficiency, continuous improvement and innovation to enhance profitability, diversify revenue sources and drive down costs. Collectively, these will contribute to fortifying our business and infusing it with greater sustainability. In particular, innovation will facilitate the discovery of new operating methods and processes that are “greener” and more sustainable which in turn benefits our business, improves the welfare of our people and communities as well as make significant contributions to environmental protection. Operational excellence is integral to robust business performance, and is a priority at FGV.

### PLANTATION

#### PLANTATION BUSINESS OPERATIONAL EXCELLENCE ROADMAP

In our plantation business, we are executing on a long-term Plantation Business Operational Excellence Roadmap where specific operational locations are designated model sites for infusing and embedding best practices, building capabilities and strengthening competencies and inculcating a culture of Behaviour-Based Quality. Four (4) strategies underpin the roadmap towards attaining and sustaining operational efficiency.

- i Strengthening best practices and work methods,
- ii Forging a culture of continuous improvement,
- iii Enhancing employee competencies, and
- iv Driving behaviour-based quality culture.

Implementation of the Roadmap will take place across three (3) phases namely Brilliant at Basic, Achieving Best Performance and Top Quartile. Each phase will build on the foundation laid by the previous one, culminating with achieving ‘Best in Class’.

The model sites currently comprise 3 oil palm estates, 3 palm oil mills, 1 rubber factory and 1 downstream operation, i.e Delima Oil Products (DOP). The ultimate aim is to attain Best-in-Class operations leading to enhanced profitability and ultimately, business sustenance. The model sites act as pilot locations where a range of operational excellence initiatives are implemented, building desired capabilities including human capital readiness and competencies in the process. Once proven, best practices, capabilities and competencies developed are scaled-up through replication to operating locations in close proximity - this has commenced in a measured manner in FY2020. In the longer term, coverage will widen to gradually cover all our operating locations.

## Responsible Business

Notably, operational excellence initiatives also have a sustainability inclination with attention being paid to enhancing workers' welfare and occupational safety and health given their importance in contributing to increased productivity.

Implementation of operational excellence initiatives under the Plantation Business Operational Excellence Roadmap commenced in 2019 and has continued apace across 2020 and 2021 underpinned by a strategy that focuses efforts on the 20% of operation activities that will generate the most value. An impressive number of successes have been chalked over the years since the implementation of the initiatives commenced.



## FY2021 INITIATIVES

## Model Sites

**Model Estates**

Ldg Tembangau 6

Ldg Maokil 7

Ldg Sahabat 11

**Model Mills**

KS Besout

KS Maokil

KS Embara Budi

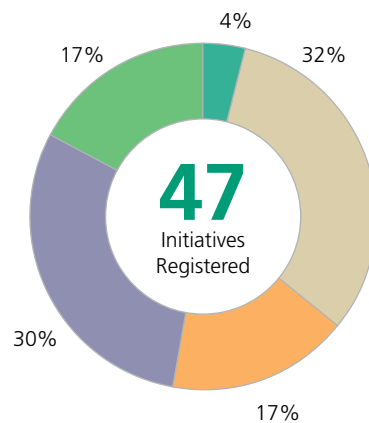
**Model Plant (Downstream)**

Delima Oil Products (DOP)

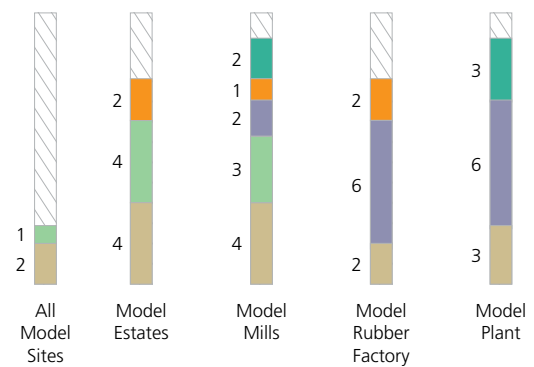
**Model Rubber Factory**

Kilang Getah Palong 8

## Initiatives Distribution by Categories



## Initiatives Distribution by Model Sites



Continuous Improvement

Occupational, Safety &amp; Health

Others (HR, IT, R&amp;D, Corporate Identity)

Best Work Method

Quality



## Responsible Business

### FY2021 MILESTONES

#### • 2 Model Sites awarded with the **QE/5S Certification**

by Malaysia Productivity Corporation (MPC)

- Ladang Sahabat 11
- Delima Oil Products (DOP)



- 2 Model Sites won **Gold Award** (KS Maokil & Kilang Getah Palong 8) & **Best Presentation Award** (KS Maokil) for the **QE/5S Annual Challenge Programme**, hosted by Malaysia Productivity Corporation (MPC)

August

January

April



Jun

- Launching of **Safety & Kaizen Campaign** for FGVPI



- Kilang Getah Palong 8 recorded **>30% improvement** in the  $P_o$  and  $P_{RI}$  consistency level and **reduction of >40%** on its KIV volume compared to 2020





October

- Newly improved version of **Delima Oil Products (DOP) Lab Manual** for both Refinery and PPD operations
- Delima Oil Products (DOP) received the **Gold Class I Award** for the OSH Award 2021 & Anugerah SME 100: **Best Sustainable Award (Saji)**

November

- KS Nitar - First operating unit that received **2-stars Award** for the 5S Internal Certification Program (ICP)
- Additional **480 employees** trained on **Continuous Improvement Methodologies** with **70 Projects** registered as of Dec 2021
- **RM8.91 million Cost Savings** from 211 completed Continuous Improvement Projects (CIP)



December



- **22 employees** participated in the **QE/5S Specialist Training for Plantation Sector Champions** in collaboration with Malaysia Productivity Corporation (MPC)
- Ladang Tembangau 6 achieved **>30%** Dry Rubber Content (DRC) for latex production
- KS Embara Budi won **first** place for the Anugerah Kecemerlangan Industri Sabah (AKIS) 2021 in Category 6 (Local company with annual sales >RM100 mil)

- The following model-sites received **3-stars Award** for the QE/5S Certification. An Improvement from FY2020 achievement of 2-stars.
  - KS Embara Budi
  - KS Maokil Mill
  - Ladang Tembangau 06
  - Kilang Getah Palong 08
- KS Maokil recorded **highest OER i.e >21.5%** since its commission in 1991
- KS Embara Budi awarded the ISO 45001:2018 Occupational Health and Safety Management Systems



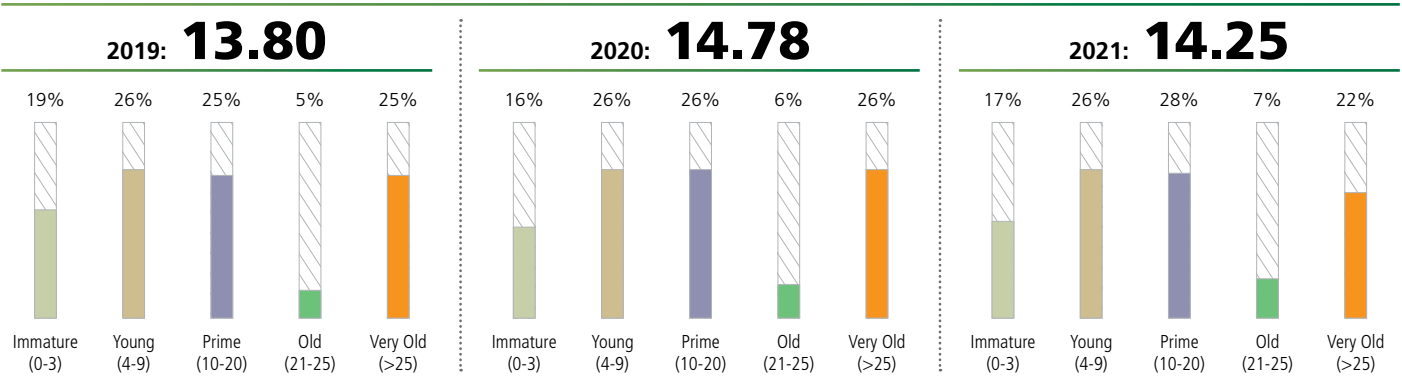
Responsible

Business

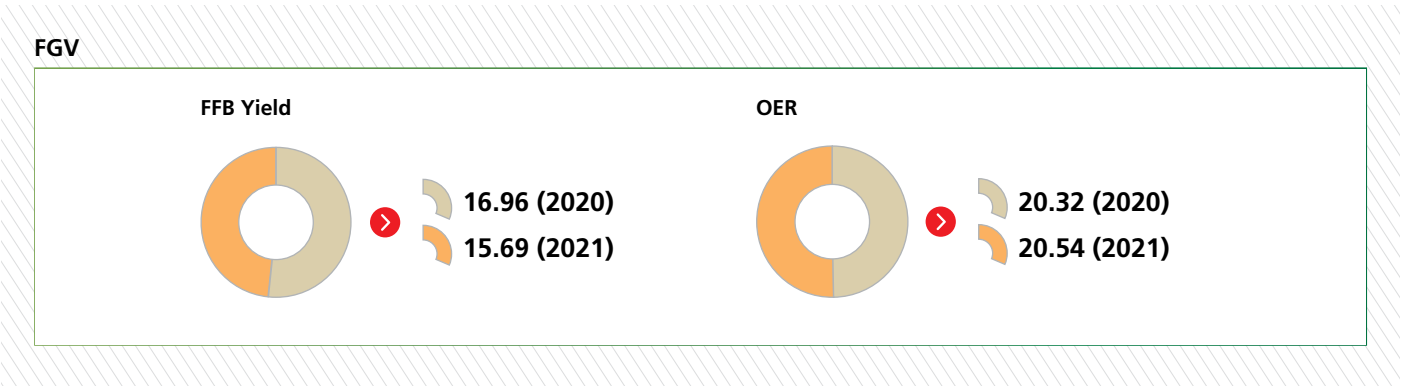
REPLANTING

We instituted a structured replanting exercise over the past years to improve the age profile of our oil palm plants and ensure that the age profile is within the prime range. This is a strategic imperative to mitigate declining yields associated with old and ageing plants. In 2012, the age profile of our oil palm plants was 16.2 years. Of that, about 49% were trees over 20 years old. The replanting exercise has significantly improved the age profile. Currently, young and prime aged plants amount to 54%, compared to 36% in 2012. while plants classified as old and very old have dropped to 29% from 49%.

Age Profile



The higher proportion of prime aged plants complemented by increases in productivity and efficiency derived from our operational excellence initiatives have resulted in operational performance indicators that are above the national average. It is significant to note that the Oil Extraction Rate (OER) rose despite a fall in fresh fruit bunch (FFB) yield in the current year, a decline of 7% from 16.96 MT/ha in 2020 to 15.69 MT/ha in 2021, due to shortage of manpower, especially skilled harvesters, and COVID-19-related lockdown.



Ensuring an optimal age profile for our oil palm plants is critical for the future sustenance of FGV and to provide assurance that the livelihood of those dependent on our business is not adversely affected.

## PLANTATION SECTOR

As part of our continuous effort to generate cost efficiencies by consolidating common functions to reap economies of scale, FGV has established a centralised sales and marketing arm for our various mainstream products. Aside from cost reduction, this move also facilitates and enhances cross selling opportunities for our products. In 2020, primary products traded were vegetable and lauric oils, in addition to biodiesel and related products. Downstream margins for 2021 were pressured by the increase in CPO prices. However, the heightened demand in oleochemical by-products such as glycerine and esthers, to meet growing demand for detergents, cleaning products and sanitisers, steered us towards commendable performance. This was accompanied by higher than forecasted cost savings of RM15.66 million from the segment's successful Loss Elimination programme in 2021.

Furthermore, as our food products are considered essential staple items, they benefited from the surge in consumer demand catalysed by the rising trend of cooking at home during the year's lockdown and restricted movement phases. This helped make up for the loss in business from the HORECA (Hotel/Restaurant/Café) market segment where businesses were impacted by prolonged closures. To enhance returns and reinforce business sustainability, FGV places strong emphasis on optimising trading margins. In pursuit of higher margins, we executed an asset-based trading model to ensure that FGV product pricing strategies are competitive, both domestically and overseas, in order to protect our market and retain customers. Furthermore, we continuously deploy robust sales and marketing strategies, as well as structure our approaches to align to unique product requirements in different countries and across different customer segments.

Simultaneously, FGV seeks to expand, strengthen and explore marketing and trading networks. In spite of the challenges presented by the COVID-19 pandemic, we continue to expand our portfolio of products. These include three new animal feed pellet formulation, high IV olein, PMF, the improved healthier recipe of Adela margarine spread and pastry margarine. Moving forward, we are mindful that responding to customer needs will be critical to success and thus a greater focus on product expansion is in the pipeline as we continue to explore affordable health-focused benefits for our food products in line with new lifestyle demands for healthier food options.

**A further key priority moving ahead into 2022 is to expand deeper in the Downstream segment by supplying feedstock at destination markets. This is in addition to increasing our profitability in the premium oil segment for CPO MB, CPO ISCC, CPKO MB and High IV RBD Palm Olein as we aim to achieve higher margins for all product segments.**

Most crucial however, we will be escalating responsibility in meeting sustainability expectations and engaging with industry decision makers to positively respond to recent global market posturings such as European Union's announced intentions to phase out palm oil imports from Indonesia and Malaysia by 2030 over concerns of deforestation, as well as looming political discord stemming from Russia's invasion of Ukraine.

A further key priority moving ahead into 2022 is to expand deeper in the Downstream segment by supplying feedstock at destination markets. This is in addition to increasing our profitability in the premium oil segment for CPO MB, CPO ISCC, CPKO MB and High IV RBD Palm Olein as we aim to achieve higher margins for all product segments.

The Resource Efficiency and Industrial Symbiosis Opportunity Assessment (REISO) is a program overseen by SIRIM Berhad (SIRIM) and Ministry of International Trade and Industry (MITI) to assess the organisations to achieve resource efficiency and to study the potential industrial symbiosis within an industrial park. In August 2021, FGV subsidiaries participated in this program, namely FGVKP, FGVR, FGVB and DOPSB. This program serves as an assessment for FGV related businesses to evaluate, identify, and present opportunities for cost optimisation and minimise environmental impact via resource minimisation, by-product, and waste utilisation. The REISO assessment outcome will help uncover the potential to transform industrial sites into eco-industrial parks.



## Responsible Business

### DRIVING OPERATIONAL IMPROVEMENTS WITH RESEARCH AND DEVELOPMENT (R&D)

Research and development (R&D) takes prominence in our business strategies to drive innovation in our business processes, operations and product offerings, which in turn fortifies the sustainability of our business.

FGV has consolidated over four decades worth of research expertise towards becoming a front-runner in the oil palm research and this has culminated in one of South East Asia's largest Biotechnology Centre, FGV Innovation Centre (FGVIC) in Bandar Enstek, Negeri Sembilan. The Centre specialises in the production of oil palm clones with specific traits and focuses in bio-molecular marker research. This led to the pioneering of marker-assisted oil palm breeding and selection which will ensure that its current award-winning oil palm germinated seeds, FGV Yangambi ML161 and FGV 3 Way, continue to remain as the market leader in Malaysia. We currently supply more than 40% of the country's annual germinated seed requirements.

We have also established bio-fertilisers, bio-pesticides and bio-augmentation using beneficial microbes and other biological agents through our R&D initiatives at the Beneficial Microbes Centre established in 2011.

FGV has an award-winning R&D arm to drive operational improvements across the upstream, downstream and integrated farming activities. The R&D activities cover our entire supply chain to improve yields, milling processes and customise our downstream products. It includes improving the yield of selected crops through breeding, tissue culture, agronomy and crop protection in a sustainable manner and the provision of high quality agro-based products and services. Our R&D efforts also have a significant

focus on sustainability and the circular economy, for instance optimising waste and by-products with an aim to generate new products with higher-growth in higher-margin industries. At the same time, we are stepping up the commercialisation of our R&D products in the external marketplace.

Our initiatives are further intensified with research and development in technology related to engineering, milling, biomass, food, oleochemicals and industrial biotechnologies, to be adopted in both the upstream and downstream segments. The aim is to not only improve quality, productivity and efficiency of FGV's operations, but to also create and tap into new revenue streams.

#### Upstream



- Good agronomic practices to increase yield
- Reduce inorganic fertilisers
- Increase mechanisation to reduce dependence on manual labour
- Develop niche fertiliser products and expand into external markets
- Improve efficiency through mill modernisation

#### Downstream



- Produce new products for Downstream FMCG
- New products for Specialty Chemicals

#### Integrated Farming



- Support Integrated Farming ventures

In 2021, we have developed five food formulation for FGV Delima Oil Products. For non-food, R&D has conducted research in the development of palm kernel expeller (PKE) based products for animal feed and new formulation to enhance dairy production. Another achievement of the R&D Division included the FGV Geotagger prototype, a solution to assist oil palm replanting activity in improving productivity through precision planting.

In 2022, amongst others, FGV will focus on the following initiatives:

- Accelerate replanting
- Strictly adhere to fair labour practices and uphold human rights
- Strengthen and modernise mill process control
- Expand and enhance our presence at destination market via collaboration and strategic partnership
- Increase efficiency across FGV's supply chain i.e. estate, mills, refineries, logistics and operations
- Expand to export markets such as South East Asia, Asia and Middle East and North Africa
- New product development
- R&D to support increasing oil yield per hectare across the Group
- Reduction of inorganic fertiliser usage/cost via bio fertiliser/soil enhancement

## SUGAR

### OPERATIONAL EXCELLENCE

MSM, our Sugar business subsidiary, is likewise, implementing operational excellence initiatives as part of continuous improvement and innovation to secure greater business sustainability. These include:

- Placing continuous focus to sustain yield above 96.5% to minimise sugar losses throughout the refining process.
- Executing operational improvements to increase production capability including improving process reliability and production availability. To obtain expert support, a third-party specialist has been engaged for technical consultation on the refinery's overall process optimisation.
- Completing MSM Johor's production capabilities in Liquid Sugar and Flavoured Syrups to create value-added products and optimise the plant's capacity and capabilities.
- Continuous focus on maximising output, minimising sugar losses and reducing refining costs.
- Optimisation of internal assets of MSM Logistics within Klang Valley and leveraging third-party logistics capabilities within the FGV group for outside regions.
- Warehouse expansion and optimised demand and supply planning and Smart Fleet Management to improve management, route planning and productivity.

## LOGISTICS & OTHERS

For 2021, the Logistics & Others Sector had strategically repositioned business focus towards improving strengths and evolving as a more competitive and integrated player to serve the wider market.

- 1 External Focus**  
Continuously expanding external customers base through delivering efficient services to current customers and offering value proposition to new customers through customised solutions and products
- 2 Cost Control Initiatives**  
Continuous implementation of Cost Control Programme (CCP) has helped FGV Johor Bulkiers and FGV Transport Services in their profitability. Prodata had moved to its vacant office in Cyberjaya whilst Felda Travel had utilised the Targeted Wage Subsidy Program provided by Perkeso
- 3 Optimising Asset Utilisation**  
Assets in FGV Transport and FGV Johor Bulkiers are utilised at optimum level through better utilisation rate (FGV Transport) and better tank turnover rate (FGV Johor Bulkiers)
- 4 Continuous Improvements**  
Companies under LO Sector constantly focus on improvement through facility upgrades, increased capacity, technology utilisation, strengthening internal governance and ensuring a healthy cash flow
- 5 Structured Logistics Planning**  
Through additional capacity for storage/bulking facilities and increasing the number of trucks, FGV Johor Bulkiers and FGV Transport Services have been able to offer solutions to meet the demand of their customers in a sustainable manner
- 6 Keeping Up With Emerging Industry Trends**  
The companies under the LO Sector are able to cope with changes in industry trends through handling new premium products, developing commercial intellectual properties with potential to be marketed as Software-as-a-Service (SaaS) and leveraging social media as a form of guerilla marketing

## Responsible Business

### INTEGRATED FARMING

Integrated Farming is one of the two new business lines developed by FGV as part of our diversification from our oil palm mainstay. Integrated Farming leverages on the palm-based circular economy that taps into the lucrative synergies presented by the Group's extensive palm oil operations to diversify into other forms of commercial agriculture such as dairy farming. FGV Integrated Farming has the following goals:

**Contribute** to the National Food Security Strategy

1



**Optimise** natural resources at FGV's disposal

2



Tap into Premium Market with a Focus on **Healthy Lifestyle**

3



**Capitalise on** FGV's Competitive Edge

4



**Expand** Participation in the Downstream Business Value Chain

5

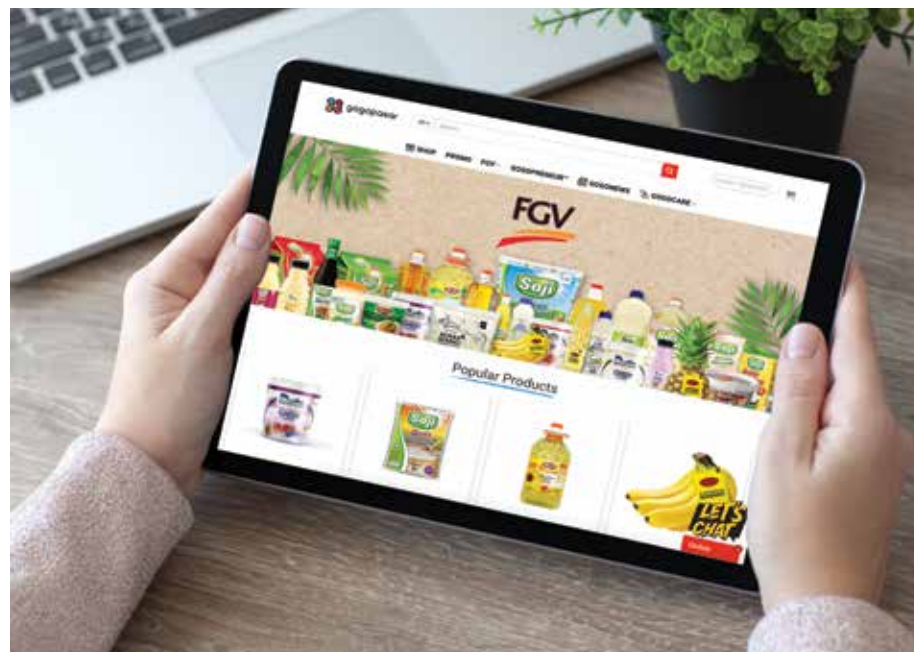


Additionally, Integrated Farming is part of FGV's embrace of the circular economy and involves cultivating cash crops on marginal plantation land and producing animal feed from palm waste. This moves FGV down the value chain where profit margins are higher. Taken from the sustainability perspective, the new business line infuses greater business sustainability through diversification and higher margins, realises circular economy by leveraging synergies inherent to existing operations and further adds to our contribution to enhancing food security.

### E-COMMERCE

GOGOPASAR, our digital marketplace was set-up in 2020 to enhance our end-to-end agribusiness supply chain by connecting directly to consumers. It represents a convergence of technology and commerce, connecting business-to-business (B2B) and business-to-consumer (B2C) markets. GOGOPASAR plays an instrumental role in increasing our participation in the digital market space to reach online shoppers and enables us to control the supply chain by removing intermediaries. We also take charge of packaging, selling & marketing and delivery. The foregoing represents a win-win proposition for both parties, as consumers have the assurance of quality products while FGV makes higher returns.

GOGOPASAR also creates opportunities for farmers, who are offered incentives based on the volume and quality of their supply. Most importantly, it is aligned to FGV's ultimate goal of marketing products grown by farmers at fair trading prices.





## TRACEABILITY, RESPONSIBLE SOURCING & SUPPLY CHAIN MANAGEMENT

Operating in an industry that is subject to stringent scrutiny, it is paramount that we adopt responsible, sustainable practices governed by strict ethical standards and be able to exhibit explicit proof of adoption to provide comfort to our customers so as to secure their continued support. On a broader front, our responses to this area contribute to environmental protection and respect for human rights.

FGV is committed to ensuring all raw materials are procured from responsible sources aligned to our GSP commitment. Traceability is instrumental in fulfilling this commitment to responsible sourcing as it provides an in-depth view of the origins of our raw materials. This information enhances transparency and is integral to directing sustainability efforts across our supply chain as well as facilitating the identification of our sources of supply and the associated suppliers.

A first crucial step to responsible sourcing - the first line of defence - is the pre-qualification exercise to ascertain the suppliers' credentials, suitability and alignment to our commitment to sustainability. Suppliers are required to comply with FGV's Supplier Code of Conduct (SCOC) that spells out FGV's sustainability requirements and expectations. Suppliers' performance is monitored through our vendor management system known as e-Daftar, an online system that is connected to FGV's SAP Enterprise Resource Planning (ERP) system. The system, which incorporates FGV's policies and requirements, is compulsory for all suppliers' registrations. The system allows FGV to monitor the status of suppliers (i.e. active and inactive). Blacklisted suppliers are put on a watchlist. By referring to e-Daftar, FGV is able to avoid engaging with blacklisted

and inactive suppliers. In cases of minor non-compliance, FGV will provide guidance to suppliers concerned with an improvement plan to ensure better sustainability practices.

For our Plantation business, traceability holds particular significance in allowing us to trace the raw materials we procure and use back to palm oil mills and subsequently to plantations. This enables performance evaluation of our suppliers against our sustainability commitments, specifically our NDPE policy, facilitates identification of high-risk suppliers and support the institution of remediation efforts in collaboration with them.

Through our traceability efforts, we are able to foster deeper collaborations with all strategic partners to trace the origin and chain of custody of all materials used for our operations, and assess their sustainability risks. In addition, we continually improve and intensify information dissemination and communication with suppliers for proper end-to-end traceability. In ensuring suppliers' compliance to our standards, FGV is working with the Centre for Sustainable Smallholder (CSS) Unit attached to Asia School of Business (formerly attached to Malaysia Institute for Supply Chain Innovation) and Malaysia's National Applied Research and Development Centre (MIMOS) on validation of traceability data, verification of external suppliers' compliance to our Group Sustainability Policy, and development of FGV's suppliers' sustainability status through Preferred Network Programme (PNP).





# Responsible Business

## TRACEABILITY IN OUR PLANTATION BUSINESS

At FGV, we are committed to ensuring that our products are not linked to any risk of exploitation of workers and human rights, deforestation, planting on peat and open burning, in line with FGV’s GSP and our commitment to NDPE.

Our traceability covers Traceability to Mills (TTM), Traceability to Plantations (TTP) and these information are communicated to the general public through company website and Traceability of Products (ToP) platform. In order to ensure our palm products are sourced from responsible suppliers, we started to trace our raw materials since 2017.

Since 2019, FGV has been publishing the FGV traceability dashboard on the company website. The dashboard updates customers on the TTM and TTP status of FGV’s palm oil supply chain from plantations, palm oil mills, FGV Refineries Sdn Bhd, FGV Kernel Products Sdn Bhd, FGV Biotechnologies Sdn Bhd and Delima Oil Products Sdn Bhd.


### TRACEABILITY TO MILLS



**In 2021, we again successfully maintained 100% Traceability to Mills that was achieved in both 2020 and 2019.**

## TRACEABILITY TO PLANTATIONS

Since 2017, we have been actively tracing the origin of our fresh fruit bunches (FFB). As at end 2021, we are very close to achieving the 100% target, having achieved 98% TTP which is a marked improvement compared to 82% in 2020. This includes all sources of FFB in our supply chain and we are committed to attaining 100% TTP in 2022. Most of our FFB supplies (around 46%) come from smallholders having land of about 10 acres (4 ha) per household. Our estates contribute about 29% while 3% are from private estates supplying directly to our mills. The remaining 22% are from dealers’ networks, mainly coming from smallholders’ farm. Considering the significant contribution from the smallholders, we are committed to assisting them on technical grounds to further improve their productivity. Our TTP data for 2020 has been externally verified by the Malaysian Institute of Supply Chain Innovation (MISI) and we are currently in the process of another external verification of the same for 2021 data by Asia School of Business (ASB).



**98% TTP which is a marked improvement compared to 82% in 2020**

To assist us in tracing the origin of FFB in the dealers’ networks, we have established Traceability & Validation Task Force (TVTF) in association with CSS with the help of our value chain partners. Apart from tracing the source of FFB, the TVTF also provided training on NDPE and will be assessing suppliers’ compliance to FGV’s Group Sustainability Commitments. The compliance would be measured through a specific checklist that covers the relevant elements of NDPE, RSPO, MSPO and FGV’s GSP.

Traceability to plantations is challenged by the complexity of the FFB dealers’ networks and our third-party suppliers. To address this challenge, FGV works closely with our value chain partners to ensure that traceability and transparency are embedded in their practices as well. As a regular practice, our sustainability team engages with our FFB suppliers and communicates with them on our sustainability commitments.

Financial Year	Target	Our Performance
FY2019	<ul style="list-style-type: none"><li>• 50% traceability of external suppliers</li><li>• Sustainability risk mapping for all traceable suppliers</li></ul>	<ul style="list-style-type: none"><li>• 68% are traceable to plantation</li><li>• 100% sustainability risk mapping has been done on all traceable suppliers</li></ul>
FY2020	<ul style="list-style-type: none"><li>• 75% traceability of external suppliers</li><li>• Sustainability risk mapping for all traceable suppliers</li></ul>	<ul style="list-style-type: none"><li>• 76% are traceable to plantation</li><li>• 100% sustainability risk mapping has been done on all traceable suppliers</li></ul>
FY2021	<ul style="list-style-type: none"><li>• 100% traceability of external suppliers</li></ul>	<ul style="list-style-type: none"><li>• 98% are traceable to plantation</li><li>• Sustainability risk mapping conducted on all traceable suppliers</li></ul>



### TRACEABILITY-OF-PRODUCTS (FGV TOP)

While we are able to trace all our FFB and PK up to supplying mills, tracing FFB to the plantations of origin has been challenging for external crops. To facilitate better traceability of our products, we are working with our business partners to develop a system to identify and disclose sustainability risks associated with specific geographical areas.

In promoting greater traceability, we have developed a computerised traceability system called Traceability of Product (FGV-ToP), which is part of an overall sustainable palm oil management system that also includes Audit Integrated System (FGV-AIMS). FGV-ToP System which provides comprehensive information of FFB/CPO/PK/PKO movements together with instant traceability compliance status and attributes such as the certification, geo-location and production per month at a FGV mill in a user-friendly and interactive manner. This system covers all palm oil related products from FGV subsidiaries with some information being accessible to customers and suppliers.

### MANAGING NDPE RISKS OF INDIRECT FFB SUPPLIERS

FFB from the dealers network may carry high risk towards FGV's NDPE commitments. All suppliers are required to abide, without exceptions, by FGV's Supplier Code of Conduct (SCOC) which contains environmental protection requirements, including NDPE. Additionally, the SCOC also require suppliers to adopt responsible practices, at minimum in line with FGV's Group Sustainability Policy in their operations.

We conduct supplier assessments to ensure compliance to our NDPE commitments. In 2020 FGV assessed the NDPE risk level within a 50km radius of 72 FFB collection centres that account for 50% of supplies from the FFB dealer network. This assessment was conducted through the Global Forest Watch Pro platform. With the increased TTP in 2021, we have analysed 105 FFB collection centres that account for 41% of supplies from our FFB dealers' networks. Overall, our findings showed that none of these collection centres posed high NDPE risks. However, on the specific aspects of sustainability risk, we identified four (4) collection centres, which accounted for less than 1% of supply from our dealers' networks, as being exposed to the risk of deforestation in their surroundings. Another 30 collection centres were exposed to peatland risk. FGV will notify the findings to the concerned parties and remind them to be mindful so that they do not source their FFB from suppliers exposed to the identified risk(s). To ensure this, FGV has established a system to collect relevant details of sources of FFB in Tier 2 from the Tier 1 suppliers since Q3 2021.

Traceability is an essential element of our business and is instrumental to fulfilling our commitment to responsible sourcing. In FGV, we are committed to ensuring that our products are not linked to any risk of exploitation of workers and human rights, deforestation, planting on peat and open burning, in line with FGV's GSP. Towards this end, we have rolled out a new set of supplier agreement for our suppliers to disclose all their sources of FFB. Our Trading team will verify the sources for their compliance to FGV's commitment and will only accept those sources/suppliers when they are found to be in compliance.



## Responsible Business

### RUBBER BUSINESS

FGV is one of the largest Standard Malaysian Rubber (SMR) producers in Malaysia and own four factories throughout the country and one each in Thailand and Cambodia. Our rubber products, namely FGV-ENR and FGV-DPNR are produced in Malaysia.

Similar to our other businesses, raw material suppliers in the Rubber business are also bound by FGV's SCOC to ensure compliance to our sustainability commitments. In the Rubber business, we have mapped out the supply base in Malaysia, where 83% are obtained from domestic sources, with a traceability process that can detail the region from which our rubber products originate.

In 2020, FGV has embarked on a rubber supply traceability initiative for our local suppliers to ensure their supplies are not derived from deforested or protected areas. Our target is 100% traceability up to Tier 2 suppliers. We achieved 82% traceability at the end of 2020 and planned to achieve 100% by end 2021 - our actual performance at 97%, representing an increase of 14%, is close to our target.

We have conducted an environmental risk assessment of the known TTP facilities within 50km radius using the GFW Pro platform and the result shows a possibility that 148 hectares of protected areas may have been converted for rubber planting. We have communicated this to our suppliers and requested them to convey this message to all their originating sources.

#### FINANCIAL YEAR 2020

##### Target

- **100%** Traceability of local supplies
- Environmental Risk mapping of all traceable suppliers

##### Our Performance

- **82%** traceability of local supplies
- **70%** environmental risk mapping done for all traceable suppliers

#### FINANCIAL YEAR 2021

##### Target

- **100%** Traceability of local supplies
- Environmental Risk mapping of all traceable suppliers

##### Our Performance

- **97%** traceability of local supplies
- **100%** environmental risk mapping done for all traceable suppliers

FGV Rubber Industries Sdn Bhd (FGVRISB) conducts sustainability assessments that are evaluated by EcoVadis, the world's largest and most trusted provider of business sustainability ratings, with a global network of more than 90,000+ rated companies. The assessments enable us to reduce risk, drive performance, and improve environmental and social outcomes.

The EcoVadis sustainability methodology evaluates how well sustainability principles are integrated into our business and management systems with performance being evaluated across 21 indicators in four themes: Environment, Human Rights, Ethics and Sustainable Procurement.

For year 2021, based on 2020 evaluation data, FGVRISB received the bronze award for rubber industry (with industry participants from across the world) and we are aiming for the gold award by 2024.





## SUSTAINABILITY CERTIFICATIONS

Acknowledgement of compliance to internationally recognised industry sustainability standards through certification is fundamental to building trust and providing comfort to customers and stakeholders of the high quality of our products and of the care and responsible practices that go into their production. Certification is also crucial in preserving FGV's reputation and compliance to standards, given our position as a global leader in the oil palm industry.

In addition, certification reinforces the continued acceptance of our products, consequently providing assurance on revenue flows and facilitates broadening of markets and customer base for our products. Our efforts in this area contribute to environmental protection, biodiversity preservation and the continuing safety and well-being of our workforce and impacted communities.

### RSPO CERTIFICATION

FGV strives to strengthen its sustainability credentials through the Roundtable on Sustainable Palm Oil (RSPO) certification. RSPO is the most widely recognised global standard for oil palm sustainability. It adopts a holistic approach and certification is based on audits that measure the negative impacts of oil palm cultivation, oil processing and product manufacture on a variety of economic, environmental and social indicators. Our RSPO certification began in 2008 and is a voluntary initiative. FGV volunteered for RSPO certification, and is one of the earliest plantations companies in the world to obtain the RSPO certification in 2010. Since then, we have in place a Time-Bound Plan that aims for all our 67 mill complexes to be certified by 2022. At the moment, 30 of our mill complexes are RSPO-certified.

In 2021, from the total of 67 palm oil mills, 30 (representing 45%) are RSPO-certified. In terms of estates, from the total of 174 estates, 82 (representing 47%) are similarly certified.





## Responsible Business

**FGV is forced to put on hold efforts to achieve certification for remaining uncertified complexes until and unless a decision is made by the CP on the matter. Our inability to provide a clear response to our stakeholders on the matter due to the delay by the CP puts FGV in a very difficult position, not to mention the significant negative impact this is having on the company from a reputational and commercial standpoint particularly on loss of business opportunities.**



FGV remains fully committed to our sustainability and human rights agenda and has placed priority and an intense focus to securing the lifting of the RSPO certification suspension following RSPO Complaints Panel's (CP) directives of November 2018 and January 2020 which resuspended the RSPO certification for our Serting Complex and suspending ongoing RSPO certification processes.

Specifically, FGV has implemented the CP's directives and verification audits involving six of FGV's complexes were conducted between January and April 2021 by an independent auditor appointed by the RSPO. FGV was made to understand by the RSPO Secretariat that the outcome and findings of the verification audit were deliberated by the CP in August 2021 and FGV has since been following up regularly with the RSPO Secretariat while awaiting the decision by the CP on the RSPO certification suspension.

However, at the time of writing, FGV has yet to receive any feedback or response from the CP. While FGV understands that these matters need to be considered and deliberated thoroughly by the CP, we believe that the process is taking much longer than necessary. FGV is committed to obtaining RSPO certification for all its complexes to demonstrate compliance with the RSPO Principles and Criteria (P&C). However, FGV is forced to put on hold efforts to achieve certification for remaining uncertified complexes until and unless a decision is made by the CP on the matter. Our inability to provide a clear response to our stakeholders on the matter due to the delay by the CP puts FGV in a very difficult position, not to mention the significant negative impact this is having on the company from a reputational and commercial standpoint particularly on loss of business opportunities.

## MSPO CERTIFICATION

The Malaysian Sustainable Palm Oil (MSPO) is the national certification scheme for Malaysian palm oil plantations, independent and organised smallholders as well as other palm oil processing facilities. It is regarded as a more viable route for Malaysian smallholders to participate in a certification scheme that abides by internationally recognised sustainability principles.

In 2017, the Government announced that MSPO is mandatory from 2020 onwards. By February 2020, all FGV's 67 mills and 189 estates were MSPO certified. To ensure the high standards of our supply chain, FGV is engaging with smallholders to improve their agricultural practices. This will help them in the MSPO Certification and enable FGV to achieve 100% traceability to plantations of the smallholders supplying FFB to FGV.

In 2021, from the total of 67 palm oil mills, 65 (representing 97%) are MSPO-certified from the total 174 estates, 166 estates (representing 95%) are similarly certified. Despite the effort and numerous reminders to the appointed Certification Body (CB) to conduct the Annual Surveillance Audit (ASA), the said CB refused and consequently failed to conduct the required ASA of two complexes which resulted in the withdrawal of the certificates. A complaint was lodged with the scheme owner and after careful investigation and consideration, the scheme owner revoked the accreditation of the said CB. New CBs have been appointed to conduct the recertification of the respective complexes and the process is expected to be completed in Q1 2022.





## Responsible Business



### BUSINESS DEVELOPMENT & PRODUCT QUALITY

Business development through continuous innovation and keeping pace with customers' demands drives differentiation, opens up new markets and diversity revenue streams to cushion adverse impacts on our principal palm oil business. Product quality is crucial to every business and more so for us as we continue our expansion into Consumer Products where product quality will be a key differentiator. Pre-eminent product quality will facilitate market enlargement and broadening and reinforce market leadership.

Specifically in the Consumer Products business where FGV has built established and reputable brands such as Saji, Adela and Gula Prai, we uphold strict standards of hygiene across the entire manufacturing spectrum. This is affirmed by food safety and quality certifications that include:

- i Food Safety System Certification 22000 (FSSC) - food safety certificate
- ii ISO 9001:2015 - quality management certificate
- iii Halal Certification by The Islamic Development Department of Malaysia (JAKIM)
- iv HACCP and GMP Certification from Ministry of Health Malaysia
- v MeSTI certification from Ministry of Health Malaysia
- vi Registered with US FDA
- vii KOSHER certified by London Beth Din Kashrut Division

As a responsible and sustainable business, FGV prioritises continuous business development as part of value creation while adhering to high standards of product quality to gain consumer acceptance and brand equity. In tandem with our continuous efforts to enhance product quality, we are also working at enlarging our business footprint through expanding our distribution network in existing and new markets. Prior to formalising their appointments, distributors are evaluated across a spectrum of criteria. Aside from financial capacity, capabilities in terms of market reach and competencies, significantly from the sustainability context, they are also assessed on their ethical standards to ensure alignment with our exacting sustainability standards and commitments.





## GOVERNANCE, ETHICS AND INTEGRITY

Governance, ethics and integrity are foundational to stewardship of FGV to attain greater heights not just from the quantitative indicators perspective but also from an important qualitative perspective - reputation. We continuously strive to discharge our role as good corporate citizens and practice conduct that is beyond reproach. At FGV, governance, ethics and integrity are behaviours that are consciously practiced to ensure that checks and balances in place are working and not compromised and that the business is operated within the boundaries and in compliance with all applicable regulations, laws and internal guidelines and policies. They act collectively to secure the interests of our stakeholders.

FGV continues to relentless drive to achieve our goal to instil and embed a culture of integrity across the organisation. This responsibility has been entrusted to the Group Governance and Risk Management (GGRM) Division. GGRM has established a robust governance and integrity framework and instituted measures to lift the standards of governance and promote ethical behaviour across the Group.

We regularly conduct governance and integrity programmes across our operations. Governance champions are appointed in subsidiaries and departments to ensure that these programmes are effective and promote the embedding of good governance and integrity. In addition, governance champions are responsible for making sure programmes planned at Group level are implemented, monitored and reviewed at their respective workplaces.

Below are some key initiatives for 2021:



Focus was directed towards maintaining and enhancing the Group's Anti-Bribery Management System (ABMS) in compliance to Section 17A of the MACC Act



Integrity Assessment Tool (IAT) survey conducted by the Malaysian Institute of Integrity (IIM) on 1,500 employees demonstrated an increase in level of integrity in FGV from 68% in 2018 to 81% in 2021



Conduct of training to embed and enhance CG awareness to FGV personnel covering multiple sites of all sectors, including the senior management of the international subsidiaries



Mandatory awareness program held for new Directors' on-boarding on governance and integrity (specifically on Corporate Liability)



Continuing conduct of corruption risks assessment in relation to 28 companies and corporate centres



Commitment from the Board members toward governance and integrity through Integrity Pledge



Integrity Pledge renewal exercise where 100% of our staff renewed their Integrity Pledge online

## Responsible Business

### CORPORATE LIABILITY UNDER SECTION 17A OF THE MACC ACT 2009

On 5 April 2018, the new Section 17A of the MACC Act 2009 that was passed introduces corporate liability of commercial organisations in Malaysia. The introduction of Section 17A of the MACC Act 2009, which took effect on 1 June 2020, enables commercial organisations and associated persons to be subjected to legal proceedings should the person associated with the commercial organisations commits a corrupt offence.

In preparation for the enforcement of the Section 17A of the MACC Act 2009, FGV implemented several initiatives to further improve its compliance with the Act. They were:



#### Review of Policies and SOPs

To strengthen the implementation of ISO 37001:2005 Anti-Bribery Management System (ABMS) through policy reviews and SOP. A total of 73 Policies and 133 SOPs were reviewed in 2020



#### Training and Communication

To increase the awareness of FGV staff on the existence and effects of violations of the Section 17A of the MACC Act 2009 through extensive training and communication



#### Compliance of Guidelines for Adequate Procedure

FGV sought to better understand and fully implement the requirements as stated in Guidelines for Adequate Procedure



#### Internal Survey

Group Internal Audit (GIA) conducted an internal survey on FGV's preparedness for Section 17A of the MACC Act 2009. The survey provided information pertaining to FGV's level of compliance and determined areas where improvements needed to be implemented



For more information on FGV's Governance, Ethnic and Integrity, please refer to Corporate Governance Overview Statement Section of FGV's Annual Integrated Report (AIR) 2021

In 2021, FGV continued its efforts to create and enhance awareness on anti-bribery in the Group. These efforts include extending its Anti-Bribery Management System and its Corruption Risk Management to selected international subsidiaries, expanding the action plans in FGV's Anti-Corruption Plan and conducting more awareness workshops in the Group.



## DATA SECURITY & PROTECTION

The use of information technology (IT) is ubiquitous and indispensable in business with significant reliance placed on IT in the conduct of business. FGV too, places significant reliance on IT to reap operational efficiencies and cost effectiveness.

Consequently, a crucial need arises to ensure data is secure and protected against intrusions, theft and unauthorised access.

Standard Operating Procedures (SOPs) mandated by the government to battle the COVID-19 such as movement control orders and work from home rules have served to deepen our reliance on IT but they have also opened up a synergistic opportunity to sell our consumer products online - an opportunity that we have capitalised on through the establishment of our digital marketplace, GOGOPASAR in November 2020. This new venture has yielded encouraging results, successfully recording above a million sales in terms of value in March 2021 including business-to-business and business-to-consumer (B2C). Accordingly, data security & protection warrants heightened prominence and attention. Initially listed as a material sustainability matter for the year 2020, it continues to be one in the year under review.

In 2021, FGV has initiated the Managed Security Service Provider (MSSP) program by appointing a reputable IT security company to provide outsourced monitoring and management of security devices and systems. Common services include managed firewall, intrusion detection, vulnerability scanning, and anti-virus services. The MSSP use high-availability security operation centres to provide 24/7 services designed to reduce the number of operational security personnel.

FGV is working toward adopting a universal IT security standard that follows ISO 27001 Information Security Management Systems and the National Institute of Standards & Technology (NIST) Cyber Security Guidelines to ensure IT security becomes part of the culture and ensures resilience from cyber threats. Extra protection by having cyber insurance has been taken with the main objective to help FGV recover after any data breach, with costs that can include business disruption, revenue loss, equipment damages, legal fees, public relations expenses, forensic analysis, and costs associated with legally mandated notifications.

## Responsible Business



### COMMUNITY ENGAGEMENT & DEVELOPMENT

FGV practices constant engagement with communities within and surrounding our operating locations. It is our firm belief that reaching out to engage with our communities provides us with first hand, in-depth perspectives on their concerns and better position us to provide support and facilitates the formulation of a more targeted and effective aid programmes.

Acting on community needs garnered through our engagements with them, we continuously formulate and implement initiatives and projects to empower and ensure our surrounding communities are developing in tandem with FGV. Specific examples in this respect are the improvements to plantation infrastructure. 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. We have also facilitated COVID-19 screening and vaccination for our workers to ensure they are protected and more importantly, do not contribute to the spread of the disease. Over the past few years we have made investments in improving our workers' accommodation to enhance their well-being. We have also established Community Learning Centres (CLCs) to provide education for the children of our plantation workers as an intrinsic part of respecting the rights of the child specifically their right to education.

In addition, we always stand ready to support society at large in times of need. FGV and its subsidiaries as responsible corporate citizens, have extended support, both monetary and non-monetary, to those adversely affected by the COVID-19 pandemic and national disasters, in particular to alleviate food insecurity. Exemplary in this are the efforts of our digital marketplace subsidiary, GOGOPASAR that has not only made food donations but also formed a GoGoCare team to support flood relief missions.

Businesses under the Integrated Farming initiative has a focus on supporting the community through providing income generation opportunities, for instance:

- i In the case of GOGOPASAR's GoGoPreneur programme, eligible members of the community can operate their own business to secure a source of income
- ii Farmers participating in FGV Integrated Farming Holdings Sdn Bhd's (FGVIF) Fortified Field Fragrant Rice (3FR) programme can earn a potential income of RM1,540 per metric tonne (MT) of paddy yield
- iii Farmers participating in cash crop planting projects avail themselves to a source of income and also have the benefits of our support and assistance



**13 clinics have been built at our own expense to a facilitate access to healthcare for our workers located in remote areas. We have also facilitated COVID-19 screening and vaccination for our workers to ensure they are protected and more importantly, do not contribute to the spread of the disease.**

In terms of the environment, FGV consciously exercises due care in our operations to ensure that they do not harm the environment and ensure surrounding communities' living conditions are not compromised. For instance, due care is taken to ensure discharge of waste from our processing facilities are treated in accordance with regulatory environment standards. We also have formal, matured practices to effectively manage waste produced from operations through recycling and repurposing and convert them into revenue generating products as part of our waste-to-wealth strategy, witness biogas production from palm oil mill effluent (POME) and conversion of kernel expellers into animal feed. The following examples best illustrates our water management efforts:

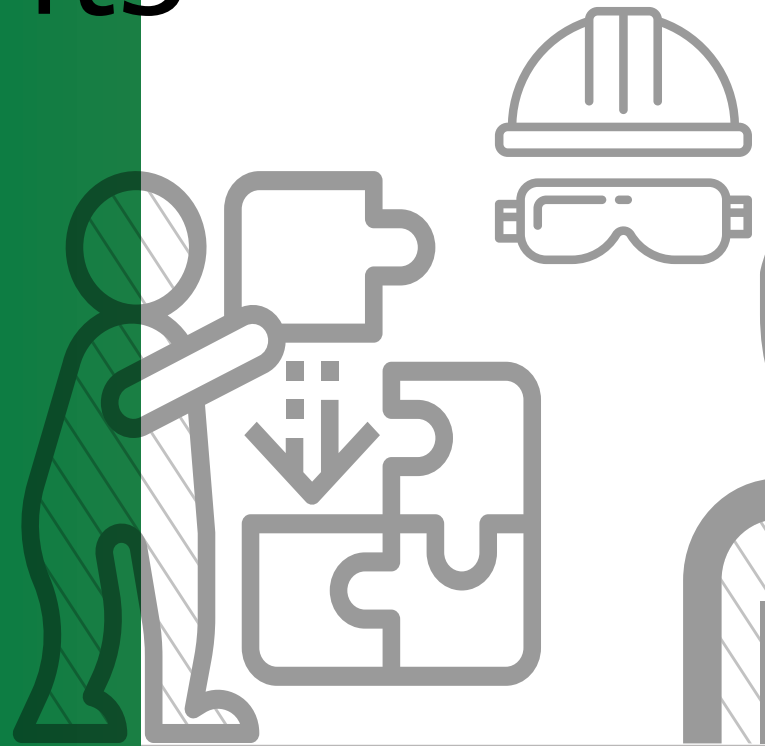
- i MSM, our sugar subsidiary, employs a cutting-edge nano-filtration waste treatment system to handle the discharge produced in sugar refining. This system cleanses the effluent before discharge reducing waste water load and leaves minimal impact to the environment
- ii FGV Johor Bulkers, our logistics subsidiary, employs a Reverse Osmosis plant to recycle effluent from the waste water treatment plant (WWTP) for reuse as feed water for boiler operations



SECTION 2

# Respecting Human Rights

- 77** Upholding Human Rights & Labour Standards
- 86** Employee Engagement
- 88** Talent Management
- 94** Occupational Health & Safety





Under the umbrella of Respecting Human Rights, we have identified the following material sustainability matters that FGV needs to respond to and address in furtherance of our sustainability agenda.



Upholding Human Rights & Labour Standards



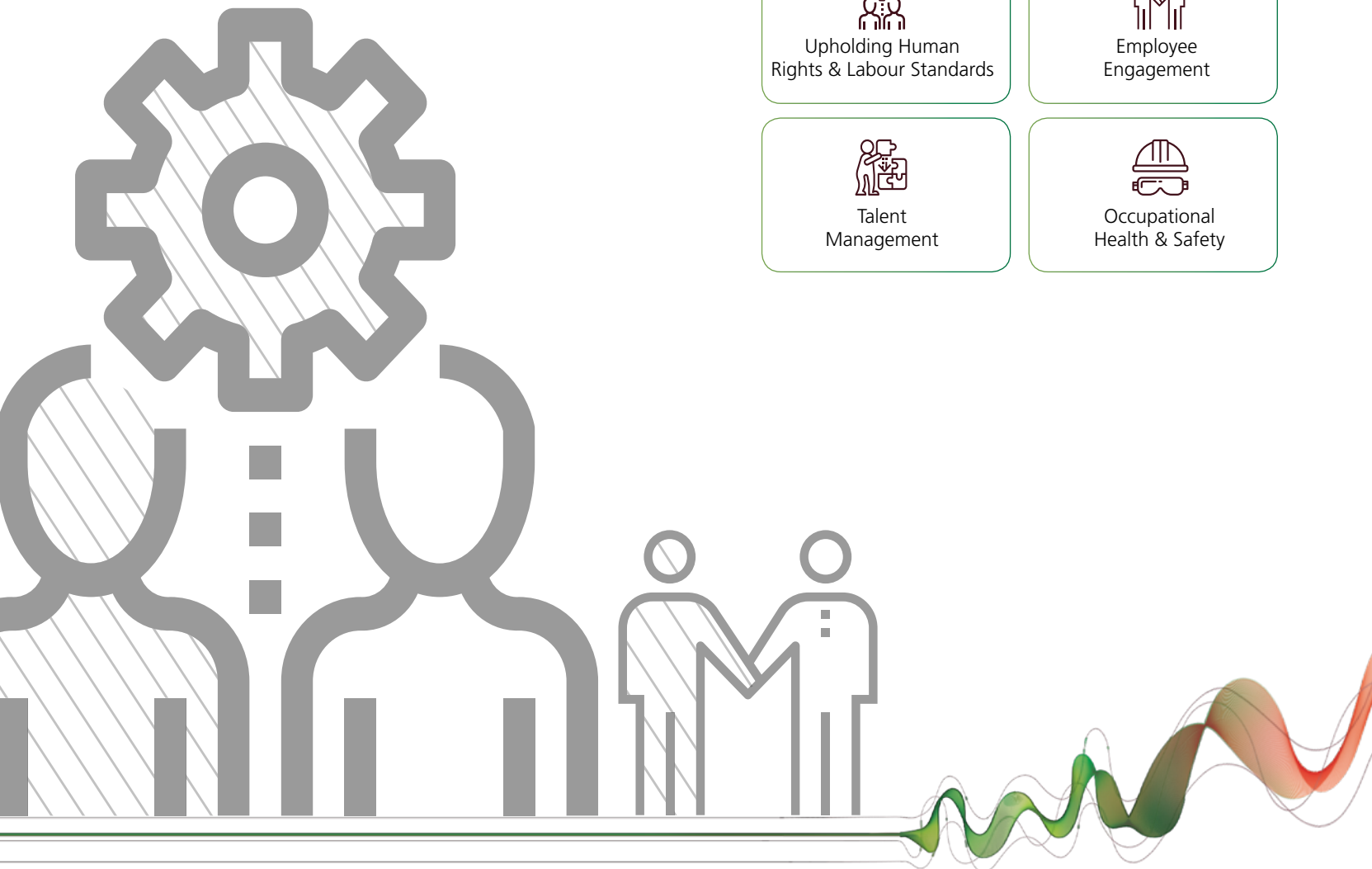
Employee Engagement



Talent Management



Occupational Health & Safety



# Respecting Human Rights

## UPHOLDING HUMAN RIGHTS

The United Nations' Universal Declaration of Human Rights begins with "... recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world". We embrace this and to this end, hold a firm commitment to respecting and protecting human rights across our business and operations.

The palm oil industry, our mainstay, has by nature a dependency on human resources, for instance in harvesting FFB. The significance of human resources is underscored by the fact that the prevailing labour shortage situation, caused in part by measures mandated to fight the COVID-19 pandemic such as border closures, has adversely impacted revenues across the entire palm oil industry without exception.

It is imperative that as a responsible company, we uphold and abide by internationally-recognised human rights principles and standards across our business and operations. The well-being, peace of mind and sense of security of our workforce, communities and our stakeholders, are of primary importance to FGV and we will not spare any effort in fulfilling our responsibility in regard to respecting their rights and dignity.

In line with our commitment to the United Nations' Sustainable Development Goals (SDGs) and to the United Nations Guiding Principles on Business and Human Rights (UNGPs), FGV's sustainability and human rights agenda is a top priority as we continue to dedicate our energy to enhance our labour practices. We have been steadfast in taking concrete steps over the past several years and continue to do so as evidenced by the various initiatives and programmes that FGV has embarked on.

Recognising that respecting human rights is a continuous endeavour, FGV is currently implementing a long-term and comprehensive action plan under its affiliation to the Fair Labor Association (FLA) that comprises a number of initiatives to further strengthen various aspects of our labour practices such as our recruitment process, human rights training programmes, working and living conditions, as well as grievance mechanisms, among others.

In 2020, FGV revised its Group Sustainability Policy (GSP) which strengthened a number of provisions namely those relating to FGV's commitment to human rights, with a view to aligning them with the Fair Labor Association (FLA)'s Workplace Code of Conduct (WCOC), which is based on international human rights and labour standards. At the heart of the GSP, we indicate our strong commitment to uphold the principle of No Deforestation, No Peat and No Exploitation (NDPE). The revision of the GSP was carried out in consultation with various stakeholders including relevant government agencies, UN agencies, civil society organisations and academicians.

## SUSTAINABILITY MATTERS

Under the umbrella of Respecting Human Rights, we have identified the following material sustainability matters that FGV needs to respond to and address in furtherance of our sustainability agenda.





## UPHOLDING HUMAN RIGHTS & LABOUR STANDARDS

We recognise that respecting human rights has to be a fundamental principle guiding the conduct of our business and we continue to strive to achieve the high human rights standards expected of us as an industry leader. Respecting and protecting human rights is a continuous endeavour consciously practiced and embedded into every aspect of our business and operations across the entire FGV Group.

As part of our dedication to upholding a sustainable and socially equitable palm oil industry, we are committed to ensuring that our operations are free from any form of exploitation, forced and bonded labour, human trafficking, slavery and child labour. FGV does not tolerate any form of human rights infringements nor do we compromise in any way our commitment to the labour rights of our workforce who are the cornerstone of our business.







We stringently adhere to labour standards established by national laws and applicable international treaties and instruments. Our concerted efforts are guided by international human rights instruments including the Universal Declaration of Human Rights (UDHR), the United Nations Guiding Principles on Business and Human Rights (UNGPs), local regulatory requirements as well as the principles underpinning the MSPO and RSPO certification schemes.

As a significant agribusiness group, we have a large global footprint and an associated complex supply chain, we have a supporting workforce of multiple nationalities and cultures operating in and interacting with diverse communities. Given these complexities, it is inevitable that the implementation of our human rights commitments may encounter occasional gaps. We commit to addressing and resolving gaps arising with urgency to the satisfaction of impacted parties and the relevant oversight authorities.

### HUMAN RIGHTS FRAMEWORK

We have in place a Human Rights Framework which is based on and guided by internationally recognised human rights principles. The framework, which sets out our human rights policies, navigates the implementation of our commitment to human rights.

#### Key Human Rights Principles

 Universal Declaration of Human Rights (UDHR)	 Other applicable international human rights treaties
 Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)	 International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
 Convention on the Rights of the Child (CRC)	 Other applicable ILO conventions



#### Principles

 Promoting gender equality and women empowerment	 Complying with labour standards Eliminating any form of: <ul style="list-style-type: none"> <li>• Forced or bonded labour</li> <li>• Human trafficking and modern slavery</li> <li>• Child labour</li> </ul>
 Zero tolerance for harassment or abuse of any form	Respecting workers' right to: <ul style="list-style-type: none"> <li>• Freedom of movement</li> <li>• Freedom of association and collective bargaining</li> <li>• Adequate housing and safe working environment</li> </ul>
 Exercising equality and non-discrimination	
 Respecting cultural rights	
 Promoting the right to an adequate standard of living through enhancing livelihood	 Observing the principle of free, prior and informed consent (FPIC)

The framework and principles act as a reference point for FGV in developing policies including remediation measures.



## Respecting Human Rights

### AFFILIATION TO FAIR LABOR ASSOCIATION

FGV became an affiliate company of the Fair Labor Association (FLA) in October 2019 in an integral effort to uphold labor standards. A foundational process under this affiliation is the implementation of a long-term and comprehensive programme aimed at aligning FGV's commitment and practices with FLA standards, namely the FLA Workplace Code of Conduct for the Agriculture Sector (WCOC) and FLA Principles of Fair Labor and Responsible Sourcing for Companies with Agricultural Supply Chains (FLA Principles).

The comprehensive programme covers a number of initiatives to improve various aspects of FGV's labour practices including recruitment process, human rights training programmes, working and living conditions, as well as grievance mechanisms, among others.

Our progress is subject to validation by FLA with 2 validations being conducted since the its adoption. The validations which covered 2 separate periods: January 2020 to September 2020 and September 2020 to March 2021 involved documentation review, management interviews, external stakeholder interviews and a worker survey.

As part of FLA's annual due diligence cycle, FLA is conducting an Independent External Assessment (IEA) on FGV's palm oil supply chain in Malaysia. This IEA aims to evaluate workplace management systems, working conditions, and associated labour standards risks. It will include a review of employment relationships, indicators of forced labour, child labour,

harassment and abuse, discrimination, hours of work, health and safety, freedom of association, and fair compensation. The comprehensive workplace assessment at the estate level will help the FLA and FGV teams document gaps in working conditions that the Company needs to address. FGV is expected to develop a corrective action plan to address all the IEA findings.

FGV strictly prohibits any and all forms of forced and bonded labour, human trafficking, slavery and child labour in our operation. To reinforce this stance, we have undertaken a number of initiatives as part of the long-term programme following our affiliation with FLA which also periodically validates progress of the agreed action items.

Of particular significance is the Pre-Sourcing Assessment which forms an important and integral part of our recruitment process to mandate responsible and ethical recruitment practices and prevent forced and bonded labour, human trafficking, slavery and child labour at the outset. In addition, FGV has developed a Labour Profile System that serves mainly as a centralised online one-stop-centre for information and data relating to FGV's plantation and mill workforce including migrant workforce. This would facilitate further FGV efforts to enhance its labour standards compliance mechanism.

In 2021, FGV had participated in the campaign by the Ministry of Human Resources of Malaysia, the Human Rights Commission of Malaysia (SUHAKAM) and the International Labour Organization (ILO) Malaysia where it signed up to be part of the National Pledge against Child Labour. FGV pledged to implement certain activities from July 2021 to December 2025 to contribute to preventing or addressing child labour in Malaysia. These activities include:

- i Embarking on a child protection programme to minimise the risk of child labour in FGV's operations and supply chain through an enhanced due diligence process that will include a more extensive mapping and risk assessment involving its suppliers and supply chain partners
- ii Promoting empowerment of children under FGV's duty of care by implementing programmes that could help them realise their full potential including collaborating with strategic partners to ensure access to education and to enhance the children's vocational skills
- iii Intensifying awareness-raising and capacity-building programmes for FGV's personnel and supply chain partners on child rights and on measures to safeguard the best interest of the child

**We recognise the vulnerability of migrant workers during the recruitment process and have implemented a range of initiatives to protect the rights of this community within our workforce.**

**APPROACH TO MIGRANT WORKERS**

Migrant workers form a dominant portion of the workforce at our plantations. They are instrumental in executing the important initial component of our value chain, namely harvesting. The declining FFB yield across the industry over the past few years, attributable in large part to a freeze on migrant worker recruitment, serves to underscore the significance of migrant workers and the important role they play.

We recognise the vulnerability of migrant workers during the recruitment process and have implemented a range of initiatives to protect the rights of this community within our workforce. For instance, we participated in the labour supply mapping project conducted by the United Nations International Organisation for Migration (IOM) and the Earthworm Foundation (EF), a global non-profit organisation that helps companies and communities deliver responsible products that respect the environment and improve people's lives. The scope of this collaborative project includes reviewing the process of recruitment of migrant workers and to upgrade FGV's internal processes and procedures in line with international standards.

The recommendations arising from the project and from the FLA-FGV Workshop on Responsible Recruitment, where our existing procedures and mechanisms were assessed to address gaps in our practices, were taken into account in reviewing and revising FGV's Guidelines and Procedures for the Responsible Recruitment of Foreign Workers (GPRRFW). Following this review, the GPRRFW now contains provisions that reflect the UNGPs and the ILO's Guidelines on Fair Recruitment as well as other good practices. In revising the GPRRFW, an external consultation was organised with various stakeholders including relevant UN agencies, government agencies as well as CSOs, and have incorporated suggestions to strengthen FGV's recruitment practices. The revision is expected to be adopted within the first quarter of 2022.

In anticipation of the Government's decision to reopen Malaysia's borders to new migrant recruits, FGV has put in place additional safeguards and due diligence measures including pre-sourcing assessment mechanism, to align its recruitment procedures with best practices relating to responsible and ethical recruitment.

In 2021, FGV's migrant workers were mainly from Bangladesh and Indonesia who were recruited through legal channels and processes recognised and approved by the authorities of Malaysia and the source countries. During the reporting year, FGV had 10,038 Indonesian workers and 6,962 Bangladeshi workers, who collectively form the majority of FGV's plantation workforce. All of these workers are FGV's direct employees.



## Respecting Human Rights

We keep a close watch for indicators of forced labour. We monitor through on-going engagements with our workers as well as our established grievance mechanisms that help us respond to risks of forced labour in our operations and supply chain. In addition, we have developed a handbook to raise understanding among site-level management personnel on practices that could be linked to the ILO Indicators of Forced Labour.

From the workers' welfare perspective, a Foreign Workers Working Committee chaired by the Chairman was formed in November 2020 to focus on continuous improvements to on-the-ground infrastructure that will further strengthen our labour practices. These include further upgrading of workers' housing for which a sum of RM10.8 million was invested for 25 blocks of new workers' housing, this is on top of the RM350 million invested to construct 319 blocks over the past three years. The investment was expanded, amongst others to refurbish the older housing in 165 plantations and upgrading equipment to ensure uninterrupted electricity and water supply, particularly in areas that do not have access to the national power grid and state-provided water supply. This effort is aligned to the Government's regulations on minimum standards for workers' housing to address congested living conditions cited as one of the causes of high number of COVID-19 cases among migrant workers in the country.

Other infrastructure improvement covered improving access to healthcare by establishing clinics in remote areas. In addition to contributing to the overall good health and well-being of the workforce at our plantations, these remote clinics have proven to be crucial in addressing the impact of the COVID-19 pandemic on the workforce at our plantations. Being an essential component in the food chain, it is imperative that we continue operating to contribute to food security, hence the health of our workforce takes on an even higher priority in during pandemic times.

Working with a local human rights NGO, FGV had initiated a human rights capacity building programme with workers in the plantation. In collaboration with the NGO, a human rights training module for plantation workers had been developed. FGV had selected several sites for the pilot training. A virtual training for managers of the plantations was conducted in Nov 2021. However, due to restrictions following the pandemic, the face-to-face pilot training with workers had been postponed to 2022. Workers will be trained on human rights and labour standards topics such as freedom of association and collective bargaining, grievance mechanism, freedom of movement and forced labour.

In 2021, FGV participated in a Workers Wellbeing Consultation Project, which was carried out by Embode, a specialist independent consultancy in human rights. Embode has now completed their engagement with FGV's migrant workers at several of its estates, and is in the process of producing a report of their findings. The objectives of this project, which was commissioned and funded by P&G Chemicals, include:

- i Workers' Perspective**  
To gather from the workers their views, needs and perspectives of working and living experiences on palm oil plantations
- ii Workers' Wellbeing**  
To examine migrant workers' wellbeing and determine whether they are satisfied with their present conditions
- iii Prioritisation of Needs**  
To prioritise migrant workers' needs and desires with regard to their wellbeing

### Estate Clinics



13 clinics have been built at our own expense to facilitate access to healthcare for our workers located in remote areas. At our estate clinics, workers have access to qualified doctors or medical assistants.

These healthcare services provided by FGV include outpatient treatment and health check-ups for migrant workers in our estates. Patients are treated for occupational accidents/injuries as well as non-occupational accidents.

The clinics also provide first aid treatments to patients to prevent their condition from deteriorating prior to transferring them to hospitals. The clinics have ambulances for patient transfer for this purpose. FGV has also arranged medical teams to provide basic first aid training to our staff in these locations.



#### Locations

- Aring 6
- Selendang 3
- Lepar Utara 11
- Kechau 2
- Sahabat 36
- Yapid Mas (3 clinics)
- Ladang IncoSetia, APL
- Ladang Fortune, APL
- Ladang BJ, APL
- PUP
- Sampadi 4

### Community Learning Centres



FGV has ten (10) Community Learning Centres (CLCs) in its plantations in Sabah to provide access to education for the children in FGV's plantations who do not enrol in government schools. In 2021, FGV invested a total of RM664,430.00 to provide new buildings for existing CLCs in three of FGV's complexes, for a better learning environment for the children. The new buildings were completed in late 2021 and have been opened for use since January 2022.

We have also implemented the FGV e-Wallet system which enhances the security and convenience of salary payments and facilitates cashless transactions. The e-Wallet gives workers full control of their wages as well as remittance without involving middlemen. Workers are able to personally control their expenses and account balance through the e-Wallet application on their individual mobile phones. To complement the e-Wallet and ensure regular access to fresh food supplies, we have also established FGV mobile shops.

The initial implementation of the e-Wallet has been followed by the roll-out of 4 (four) additional value-add features, namely e-Attendance, e-Grievance, e-Announcements, e-SOS and e-Learning.

For e-grievances, migrant plantation workers have the option of channelling their grievance anonymously any time at their convenience.

### Withhold Release Order Issued by the Customs and Border Protection



In September 2020, the US Customs and Border Protection (CBP) issued a Withhold Release Order (WRO) on palm oil and palm oil products made by FGV, its subsidiaries and joint ventures based on information that reasonably indicates the use of forced labour. FGV is committed to taking all necessary steps and measures towards the revocation of the WRO. FGV has communicated with the CBP to seek clarification on the allegations of forced labour in FGV's plantations. The CBP, however, did not reveal any information about its findings except that its research had identified 11 ILO indicators of forced labour in FGV's practices.

The CBP did not disclose any further information about the nature or locations or any incidence linked to such indicators. Following the issuance of the WRO, the FGV Board of Directors formed a Foreign Workers Working Committee headed by the Chairman. The Working Committee is tasked to ensure that best labour practices are observed in accordance with international labour regulations across all business



## Respecting Human Rights

operations in the Group. This project involves upgrading of existing housing, new housing and providing better access to healthcare, education and essential supplies.

In November 2021, FGV appointed ELEVATE as the independent auditor to conduct an assessment of FGV's operations against the 11 ILO Indicators of Forced Labour.

The assessment is part of FGV's efforts towards petitioning for the revocation of the WRO by the CBP. ELEVATE is an independent sustainability and supply chain service provider with vast experience in advancing social compliance and addressing forced labour risks by applying a worker-centric approach. ELEVATE is currently finalising a gap analysis based on desktop reviews and management interviews. The site assessments are expected to begin in April 2022 after which remediation and verification will be carried out. Following the assessment, remediation and verification, FGV plans to make a submission to the CBP to petition for the modification of the WRO by the end of 2022 or as soon as the verification exercise is completed.

FGV foresees that if remain unresolved, the WRO will have an impact on FGV's reputation and market presence in the long run.

### COLLECTIVE BARGAINING

FGV recognises and respects the right of all our employees to form and join trade unions of their choice and to bargain collectively. We do not restrict in any way our employees' right to freedom of association and collective bargaining. As of 2021, about 42.1% of our employees are members of various unions within the Group (or 68% of total non-executive employees) whose employment are covered under collective agreements.

We encourage our non-executive employees to join workers' unions to provide them with a platform to have their voices heard and provide feedback, in particular with regards to their concerns and grievances. For emphasis, FGV has concluded Collective Agreements (CA) for the year 2022 to 2024 with fourteen (14) unions out of sixteen (16), twelve of which are internal unions. The CAs along with existing ones cover workforces in our plantation, mills, factories, sugar refinery, bulking and logistics facilities which represent almost the full spectrum of our operations.

At FGV, there are in-house and national unions to represent employees at different segments in the Group. We meet each union twice a year, and more frequently, when there are matters arising that need urgent resolution. Regular engagements are conducted with union representatives to facilitate timely resolution of issues arising and to ensure that workers' welfare and rights are protected. In addition, Joint Consultative Committees have been established at plantations for the benefit of our workers including migrant workers to raise issues and concerns that affect them.





## DIVERSITY AND INCLUSION

## FGV'S WORKFORCE PROFILE

Total FGV's workforce  
(including MSM's employees)

**42,550**

**86%**  
Male

**14%**  
Female

FGV's Employees\*\*:  
(15,577)

**85%**  
Male

**15%**  
Female

Plantation workers:  
(26,973)

**87%**  
Male

**13%**  
Female

MSM's employees:  
(1,033)

**84%**  
Male

**16%**  
Female

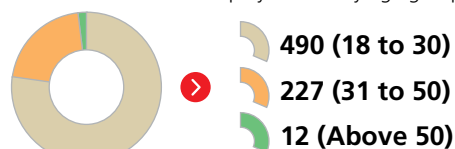
\* Total FGV's workforce as at 31 December 2021

\*\* Excluding FGV Dairy Farm, FGV Dairy Industries, FGV Agro Fresh Technology and overseas subsidiaries

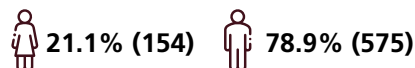
## New Employee Hires

Total no. of new hires **729**

No. of new employee hires by age group

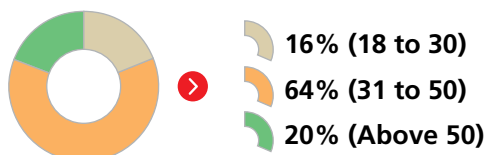


No. of new employee hires by gender



## Age Group (%)

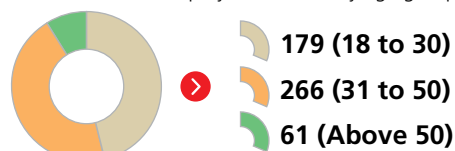
**100%**



## Turnover Rate

Total no. of employee turnover **506**

No. of employee turnover by age group



No. of employee turnover by gender



Note

\* Refers to resignation only

## Plantation Workers

Local **4,766**

Migrant **22,207**



Malaysia  
**4,766**



Indonesia  
**10,038**



Bangladesh  
**6,962**



India  
**2,967**



Philippines  
**2,218**

Others  
**22**

## Respecting Human Rights

FGV acknowledges that having a diverse workforce contributes to the organisation's success. It brings in new ideas and experiences, leads to a better understanding of customer needs, and boosts employee morale and competitiveness to become more creative, effective, and productive at work. FGV also makes every effort to strike the right balance while refusing to tolerate any form of discrimination. These diversity-related criteria will be taken into account when considering employees' promotion to senior management or hiring external talent for senior management positions.

Additionally, FGV as an equal opportunity employer is committed to the principle of non-discrimination and to affording all our employees equal opportunities and treatment regardless of gender, age, nationality, religion or any other measure or form of differentiation. All employees, without regard to gender or any other measure, are remunerated equally at levels that commensurate with their seniority, role and experience. In accordance with our commitment to provide fair and decent work, FGV observes the minimum wage regulation of the countries where we operate. We believe that a fair and equitable approach is the bedrock for harmonious industry relations - one in which all FGV constituents collaborate seamlessly for the benefit of the business and our stakeholders.

### GENDER EQUALITY

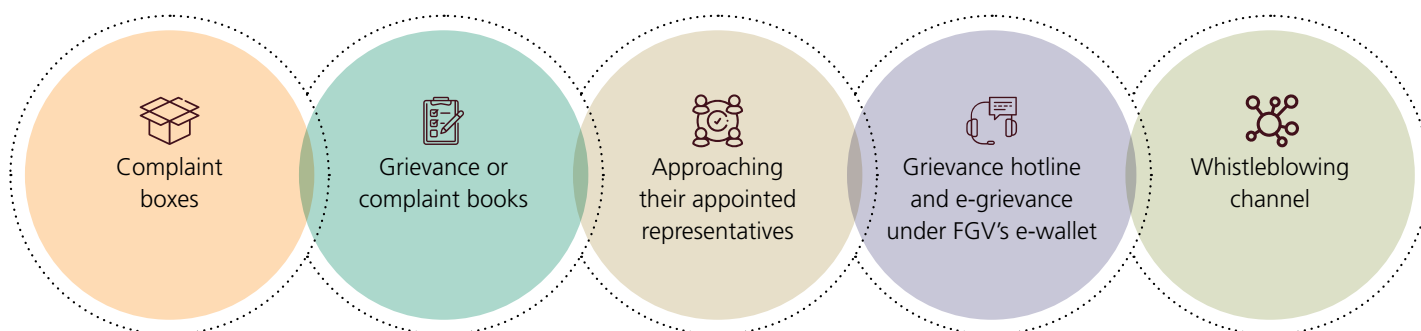
At FGV, we embrace gender equality and recognise that both male and female members of the workforce in general are equally capable of delivering and contributing different perspectives at work, providing a balance to make solutions that are much more impactful. We are making gradual progress towards improving the proportion of females in our workforce. In 2021, 15% (2020: 15%) of our workforce were female. Women make up 17% (2020: 16%) of all management positions. We will continue to maintain focus on increasing the female contingent within our workforce.

	Senior Management	Middle Management	Executive	Non- Executive	Total	%
<b>Gender</b>						
Male	42	737	1,403	10,991	13,173	84.57
Female	6	152	635	1,611	2,404	15.43
<b>Age Group</b>						
<30	0	3	396	2,171	2,570	16.50
30-50	22	648	1,319	7,839	9,828	63.09
>50	26	238	323	2,592	3,179	20.41
<b>Diversity</b>						
Bumiputera	44	784	1,800	11,044	13,672	87.77
Chinese	3	26	21	37	87	0.56
Indian		15	20	35	70	0.45
Others	1	3	18	179	201	1.29
Sabahan		57	155	1,177	1,389	8.92
Sarawakian		4	24	130	158	1.01

FGV has established a Committee on Gender Equality and Women Empowerment (GEWE) to advance the gender equality and women empowerment agenda. FGV is committed to integrating a gender perspective as part of the Group's responsibility in respecting human rights. An integral role of the committee is to assist us in promoting full respect and support for the rights of women in the workplace on the basis of equality and non-discrimination. GEWE has established a working committee that will look into conducting a gender equality gap assessment and the development of a gender equality policy and an action plan for the GEWE.

## GRIEVANCE AND WHISTLEBLOWING

The welfare of the employees is of great importance to FGV and we view any concerns they may face seriously. In relation to this, we have established grievance platforms to enable workers or any party to voice out their concerns or submit their complaints and grievances. FGV has established a mechanism to address grievances that may be submitted by our workers through the following channels:



The Group also has a whistleblowing mechanism for employees and external stakeholders to report abuses of power, corruption and unethical behaviour as well as any violation of human rights or sustainability standards. This mechanism allows our employees and stakeholders to make reports through formally established channels without fear of reprisals, with the option of being anonymous. We thoroughly investigate all reports received and the necessary actions are instituted where the subject matter of the reports is confirmed.

We have in place processes to safeguard the anonymity of whistleblowers. This has resulted in more whistleblowers coming forward, indicating that there is more confidence and trust in our mechanism.

We are pleased to report that the whistleblowing mechanism put in place is functioning well. In total, 62 whistleblowing cases have been reported through our whistleblowing channels in 2021, of which over 85% have been resolved.

For e-grievances, migrant plantation workers have the option of channelling their grievance at any time at their convenience. The new grievance system is linked to a digital database that will serve as a centralised system to manage grievances from migrant workers. A new Grievance Management Unit, has also been established to address all grievances channelled from the FGV e-Wallet system. The new grievance channel is expected to be rolled out to all estates by the third quarter of 2022.

## Respecting Human Rights



### EMPLOYEE ENGAGEMENT

We recognise that employee engagement goes beyond financial considerations. Although this is significant, an emotional connection between our employees and our organisation and their workplace is equally significant. A strong emotional connection is associated with higher productivity, contribution and, more importantly, employees with a strong connection act as a motivational force for others.

FGV places great significance in ensuring our employees are continually engaged. It is an acknowledged fact that a good employee experience goes a long way towards us attracting and retaining top talent. To this end, we have in place a spectrum of mechanisms across the employment lifecycle to deliver an enriching and rewarding experience to keep employees engaged and passionate about being part of FGV which, in turn drives the sustainable growth of FGV in the long term.

During the year, we rolled out several initiatives to gather employees' feedback and increase employee engagement. These include:

#### PRIDE INITIATIVES

To further internalise PRIDE values among the employees, the 2021 PRIDE campaign was launched in March. The campaign aimed to increase employees' awareness on PRIDE values, enhance comprehension of leadership competencies and inculcate PRIDE practice in daily life.

A PRIDE Survey 2021 was conducted to mark the launch of PRIDE awareness campaign. The objective of the survey was to determine employees' level of understanding and practice of PRIDE Core Values & Leadership Competency

before the awareness campaign was kicked off. The results were used to measure the effectiveness of the awareness campaign conducted throughout the year. A second survey was conducted in November 2021 right after the awareness campaign.

The PRIDE awareness campaign was conducted across a variety of modes comprising posters, videos, talks on PRIDE from an Islamic Perspective, employee's feedback on PRIDE and in-house short videos on PRIDE. The monthly campaign highlights were based on each element of PRIDE Core Values: Partnership (June), Respect (July), Integrity (Aug), Dynamism (Sep) and Enthusiasm (Oct). In November, Senior Management also participated in short videos and shared individual views and perspectives of PRIDE values. A KUIZ DUGAPRIDE was conducted to encourage employees' participation in the campaign.

The PRIDE survey reflected an increase in employee participation, from 26% of total employees in Q1 to 86% in Q4, indirectly indicating that employees' interest in PRIDE has increased. In terms of the PRIDE Survey score, there was an increase of 11.5% in PRIDE understanding, from 45% in Q1 to 56.5% in Q4, indicative of the campaign's apparent impacts.

PRIDE awareness and education will continue apace in 2022 focusing on enhancing and embedding PRIDE understanding across the FGV Group especially to employees on the ground.



**The nature of issues raised at the Roundtable Sessions has gradually acquired an inclination towards operations rather than HR. This provides explicit evidence that employees are comfortably utilising this platform to highlight their concerns over work-related matters rather than compensation and benefits.**

#### GROUP-WIDE KNOWLEDGE SHARING

Group-wide Knowledge Sharing Sessions served as an avenue for employees to speak up and share knowledge. These sessions also sought to create a workplace that is empathetic and prepares employees to meet new challenges and actively supports life-long learning. The sessions were planned to be held at each worksite every month, for 45 minutes (30 minutes of sharing and 15 minutes for Q&A). However, due to the COVID-19 pandemic, the frequency of these sessions were left to the discretion of the leadership of each of these work sites.

#### EMPLOYEE ROUNDTABLES

In 2020, FGV implemented the Workplace Communications (WPC) Framework which focuses on improving employee engagement, communication and wellness. Roundtable Sessions were conducted since its inception in August 2020 and have been the main engagement avenue in 2021.

Roundtable sessions were held for employees to speak up and express their views or suggestions openly on Division or Company's improvements i.e. workplace issues, company directions or decisions, working environment. Each workplace was to hold at least one session every month, according to position, such as manager roundtable, executive roundtable or non-executives roundtable. At each level, at least three (3) to four (4) roundtable sessions are to be chaired by CEOs or Head of Divisions or the Head of the workplace. All issues highlighted during these sessions are to be resolved within 60 days with unresolved matters being referred to top management.

A total of 548 sessions were conducted in 2021 with 1,548 issues raised, out of which 1,359 (88%) were resolved within 60 days. All pending issues have been monitored until resolution. The secretariat of the session will update the outcome of highlighted issues to respective employees. The nature of issues raised has gradually acquired an inclination towards operations rather than HR. This provides explicit evidence that employees are comfortably utilising this platform to highlight their concerns over work-related matters rather than compensation and benefits.



## Respecting Human Rights



### TALENT MANAGEMENT

Talent management is integral to the future prosperity of all businesses to secure their relevance and longevity. FGV recognises the integral role a skilled and competent workforce plays in ensuring that our business is sustainable and our ability to compete is continually strengthened. It is our aim and intent to attract, nurture and retain the best talent to take our business forward as well as to support their continuing development of skills and competencies.

Our talent management is guided by a range of frameworks that cut across the employment lifecycle:

- i Human Capital Strategy Framework
- ii Talent Management Framework
- iii Learning and Development Framework
- iv Learning and Development Delivery Framework
- v Performance Management Framework

These frameworks take into account FGV's objectives to acquire, shape, grow and develop as well as retain a high-performing workforce that supports our current and future needs and objectives.

At FGV, talent management starts at the very outset, at recruitment. We value our employees as the backbone to our continuing growth and development and, accordingly, attracting and recruiting the right talent takes high priority. Our recruitment efforts are targeted at bringing in capable, diligent and honest employees who will go beyond expectations to collectively collaborate at building an even better FGV. We look for qualities that are aligned to our core values and inherent agility, adaptability and resilience to respond positively to the challenges of our constantly evolving business and operating environment.

Our recruitment strategies and processes are constantly refined to keep pace with changes in our dynamic operating environments. This helps to ensure that the talent we bring on-board. In addition to experience and competencies, come with the outlook, agility and resilience needed to bring FGV to ever greater heights. FGV adopts an inclusive approach to recruitment and endeavours to infuse diversity as we build our talent pool, recognising that diverse backgrounds and cultures also bring diversity in ideas and approaches which FGV will benefit from.

An attractive remuneration package is an integral part of our recruitment strategy. We endeavour to provide competitive salaries aligned to levels of our industry peers, in line with the FGV Strategic Human Capital approach towards Evaluating & Rewarding Right. We are committed to ensuring that pay levels for our jobs are competitive externally and equitable internally.

Our Group Human Capital (GHC) uses the Job Evaluation (JE) approach (Hay Group JE Methodology) to determine the value of a job to establish a market-based and competitive salary structure via a systematic approach. A staggered plan over three years is formulated to achieve our approach to "Rewarding Right". Every year GHC also participates in the Salary Survey conducted by Korn Ferry to ensure we have up-to-date market salary and benefits data. On top of that, GHC is currently in the midst of performing a remuneration competitiveness study with MERCER for the whole of FGV to provide a holistic view of our existing total remuneration including benefits and determine whether they are equitable and effective. Reflecting our commitment as a responsible employer, our remuneration package also contains an equally competitive range of non-financial benefits.

Reflecting our responsibility to our workforce and our concern for their wellbeing, FGV provides an extensive range of non-financial benefits to full-time employees (excluding temporary or part-time employees). These benefits help the Group to attract and retain high performing employees. Key employee benefits, among others, are shown in the diagram below:

### KEY EMPLOYEE WELFARE AND BENEFITS

#### Healthcare

Coverage for employees and dependents which includes outpatient and specialist treatment, hospitalisation, maternity and health screening



#### Insurance Coverage

Group Term Life & Group Personal Accident



#### Leave



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

#### Subsidy and Allowances



Parking subsidy, living allowance, mobile phone device and usage subsidies, long service award and professional membership fees

#### Education Assistance



For employee who wants to pursue higher education or professional qualification

#### Retirement Provision



In the form of higher employer EPF contributions

#### Parental Leave:

##### Maternity Leave

90 days and limited to five pregnancies (*Malaysian Government requirement: 60 days*)

##### Paternity Leave

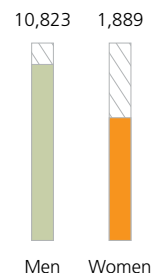
Three days



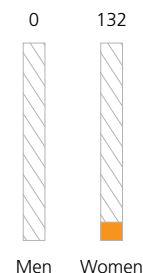
#### Taska Wisma FGV

Started in 2019, it is located at the head office in Kuala Lumpur and can accommodate up to 162 children aged two months to four years

#### No. of employees entitled to parental leave



#### No. of employees that took parental leave



## Respecting Human Rights

Talent management is exercised throughout the employment lifecycle to identify, nurture and retain top talents through continuous enhancement of their competencies, capabilities and skills in a manner that is aligned to FGV's changing needs and objectives.

One of the key measures in talent management is continuous learning opportunities afforded to our workforce. FGV continuously invests in learning and development programmes to ensure we have a professional and high performing workforce, more significantly to meet our workforce's aspirations for continuing professional and personal growth and development. Despite the constraint of the current COVID-19 situation, FGV still managed to conduct and organise several physical and online programmes for our employees and these are in addition to the public programmes and seminars that our employees attended. Some of our formal flagship learning and development programmes are listed below:

### FGV Leadership Competencies and Feedback & Coaching for Managers

This programme is specially designed for FGV's Managers, Senior Managers, General Managers and Senior General Managers with the objective of developing the new generation of FGV leaders into Leaders of Leaders. The programme embeds the FGV Leadership Competencies Framework as well as a feedback and coaching culture. No further sessions were conducted in 2021 as the aim was to cover employees at the Senior General Manager to Executive level only, and this was accomplished in 2020. The participants of the 2020 programme were able and expected to apply the learnings gained during the performance management cycle from year 2020 onwards, thus creating a performance management feedback and coaching culture.

### PRIDE Leadership Competencies Workshop (PLCW)

This workshop is designed for Senior Executives and Non-Executives with the objective to enhance participants' ability to articulate on global changes and business challenges that FGV is facing. It also prepares them with leadership competencies required to succeed in challenging times and guides them to develop personal action plans for behavioral changes. The PLCW is an on-going program and a total of 1,302 employees participated in the programme in 2021.

In 2021, a Train-the-Trainer programme was organised to create and reach out to more employees, focusing on senior executives to assistant executives, on PRIDE Leadership Competencies. The purpose was to internalise the subject in all employees of the Group.

### FGV Accountant Certification Programme (FGV Ace Programme)

Recognising significance of finance-based competencies and the associated financial management knowledge and discipline in the conduct of business, FGV instituted this professional accounting programme which leads to qualification as certified professional accountants.

The programme commenced in 2020 with an inaugural batch of 8 employees (with 1 having since exited). For 2021, an addition of 4 employees joined the programme. To date, 3 employees have passed the examinations and all participants are undergoing job rotation.

### FGV Scholarship Programme

FGV encourages the pursuit of knowledge. This is underscored by the tertiary and post graduate scholarships we provide to qualified candidates. Although FGV has not been extending scholarships since 2018, we continue to support existing FGV scholars. To date, FGV has sponsored 105 students at local and overseas universities. 73 of them are currently employed at FGV.

### New College Graduate (NCG) Programmes

The NCG programme is designed to develop graduates in Engineering & Science with the knowledge, skills and hands on experience on technical and operational aspects of mill management and terminal operations. In 2021, 20 graduates were selected and are currently undergoing training at FGV Palm Industries Sdn. Bhd. while 5 Operations Executive are currently undergoing training at FGV Johor Bulkiers Sdn Bhd.

### Potential Estate Manager (PEMP)

This is a comprehensive technical and leadership programme in Oil Palm Plantation Operations, specifically designed for potential and newly promoted Estate Managers.

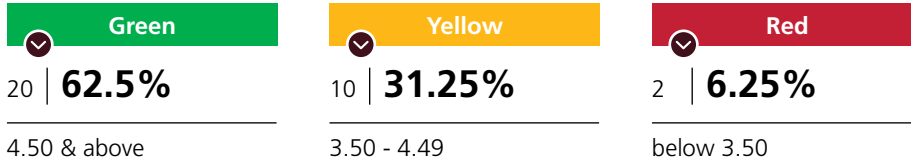
### Competency-Based Training Evaluation (CBTE) Programme for Estate Managers

This programme is to address Estate Managers' functional and leadership competency gaps in 5 main areas; Estate Financial and Budgeting, Sustainability, Replanting, Resourcefulness, Managing Complexity.

### Young Shaper Programme (YSP)

This programme aims to develop FGV's high potential talent pool to boost FGV's transformation initiatives and create culture of performance excellence with a focus on developing critical skills and knowledge. For 2021 (YSP Batch 2), a total of 32 participants, aged 35 and below enrolled in the programme.

The progress of selected participants is closely monitored via a score card. Similar to previous years, the top five (5) participants were awarded full scholarship (with another 10 awarded partial scholarship) by Aimsnet Executive Sdn Bhd to pursue MBA programmes. We rank programme participants accordingly, monitor and review the career development paths of participants in Green Group, to ensure they can be groomed to be in the Group's high level talent pool.



On completion of YSP, the participants' career progression is monitored and managed by GHC. The project findings are handed over to respective companies (Project Owners) and monitored by the Group Transformation.

### Scholar Development - Mentoring Programme

This is an on-going mentoring programme where senior scholars who are already employees became mentors to new scholars who joined FGV during the year. This programme aims to fast-track the immersion of the newly on-boarded scholars into the FGV work culture and challenges. At the same time, it is a professional development plan for mentors, to help enhance their people management and leadership skills. It also explores reverse mentoring possibilities, of mutual learning that can result in new insights and embracing of different perspectives to improve performance and productivity.

### Training

As part of overall professional and capability development, FGV conducts continuing education for employees through training on job-specific skills and soft skills. These training courses are important to help our workforce keep pace with developments in the business and operating environment and, from the perspective of soft skills training, help develop and reinforce people management and communication skills. The table below lists some of the training courses conducted in 2021. As will be evident, the courses cover a wide spectrum of functions reflecting our commitment to develop our workforce across the FGV Group.

- Developing a Curriculum (DACUM)
- Online KPI Clinic 2021
- FGV Digital Learning Initiatives (LinkedIn Learning) Pilot Test
- Kaizen in HR Management Workshop
- New College Graduate (NCG) FGVPI
- Potential Estate Manager (PEMP)
- Competency-Based Training Evaluation (CBTE) Program for Estate Manager
- Finance for Non Finance, Felda Travel, FGV Transport & FGV Prodata
- Planning & Execution of 5S Culture, FGV TSSB
- Driver Familiarisation & Safety Eco Training, FGV Transport SB
- Protégé Soft Skills Training, Prodata
- Ergonomic and Manual Handling Program, FGV Transport SB
- Estate & Mill Safety Supervisor
- Certificate in Employment Act Fundamentals
- Forced Labour Indicators (in collaboration with Group Sustainability)

## Respecting Human Rights

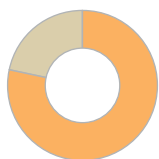
In 2021 an amount of RM1.7 million was invested in training for 9,760 participants. We remain committed to training our workforce as part of their continuous learning and development as well as to upgrade their skills and keep them relevant with changes to our business and operating environment.

Training Hours by Gender 2021



Total Training Hours

**95,701**



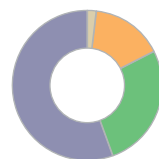
20,636 (Women)  
75,065 (Men)

Training Hours by Category 2021



Total Training Hours

**95,701**



692  
(Senior Management)  
14,989.5  
(Middle Management)  
26,184.5  
(Executive)  
53,834.5  
(Technician and below)





## Performance Management

Our employees receive a formal performance review to evaluate their performance against a set of defined key performance indicators. The review facilitates the identification of development opportunities and training needs that are aligned to the employees' areas of responsibility and career aspirations. The review also facilitates a collaborative exchange between evaluated employees and their evaluating managers in formulating and agreeing on mitigating actions to resolve performance gaps.

	Total no. of employees	Completed regular performance and career development reviews*	As a proportion of total
Senior Management	48	35	72.92
Middle Management	890	869	97.64
Executive	2,026	1,915	94.52
Non-Executive	12,556	12,293	97.91

Note:

\* all employees received performance and career development reviews, the numbers indicate those for whom the reviews have been completed, shortfalls from the total are due to approvals for reviews being outstanding and other valid reasons such as resignation, retirement, still being in probation, prolonged illness or deceased.

## FUTURE PRIORITIES

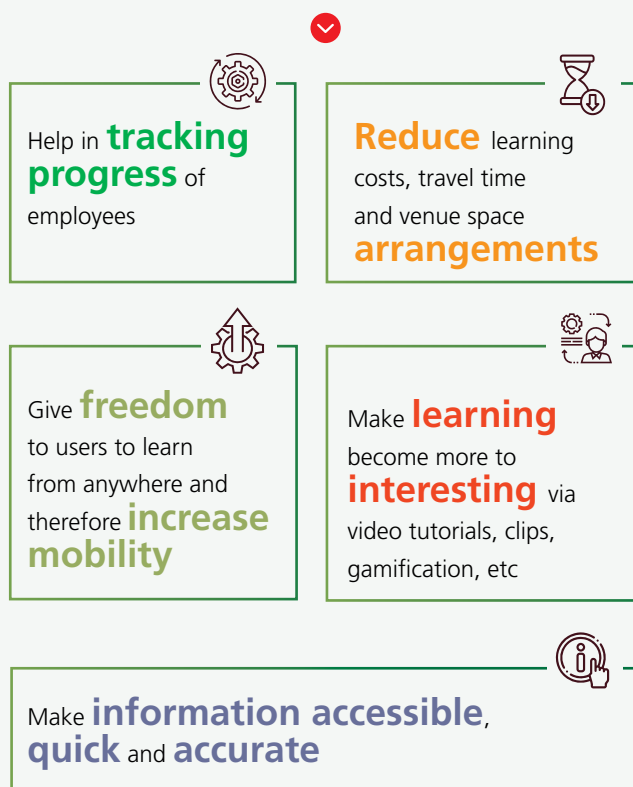
Our priorities and focus for 2022 is on the development of leaders at all levels of the organisation with a curriculum that meets their needs and a supportive infrastructure to make informed decisions speedily:

- Executive Coaching for C-Suite - to accelerate the development of FGV's key business leaders to inspire others, build a climate of innovation, drive strategic growth, and build a corporate culture of success.
- Middle Management Development Program (MMDP) - to develop FGV's mid-level Managers with the necessary People and Business skills to support the business and the people they lead in an ever-changing environment.

- Young Shapers Program (YSP) - a bespoke programme designed for FGV's potential young talents to jumpstart FGV's change readiness initiative and create a culture of performance excellence with a focus on developing critical skills through project management leadership.
- Digital HR Transformation Programme - to create awareness and instil a desire among FGV's HR fraternity on the need for digitalisation, data analytics and process improvements in HR's role as a Strategic Business Partner.
- Developing a Curriculum (DACUM) Phase 2 - to continue DACUM project by creating Learning Contents for critical positions that have been identified and developed in 2021 DACUM (Phase 1) project.

As an initiative to improve learning and development by making it more accessible, on-demand and measurable, FGV is exploring the establishment of a digital learning & management system.

## FGV's Digital Learning & Management System



## Respecting Human Rights



### OCCUPATIONAL HEALTH & SAFETY

To ensure FGV's long-term sustainable growth, we continue to institute measures to safeguard the workplace for our most important asset, our employees. A safe and healthy workplace is the fundamental right of our employees and it is also a business imperative.

The health and safety of our employees are always a priority in FGV. To this end, we need to redouble efforts to foster a culture of safety in workplaces across our business. To support our business, our employees perform various operational tasks and any lapse in established health and safety protocols might result in adverse impacts to the employees and our operations. Health and safety is a fundamental right of our workforce. Having the required measures and mechanisms in place to secure their health and safety not only comfort and provide peace of mind but also ensure a healthy, productive and motivated workforce.

FGV has in place a Health and Safety Policy and also adopts the Government's Occupational Safety and Health (OSH) Master Plan 2020 which aims to reduce the rate of occupational accidents, diseases and eventually raise the quality of life for Malaysians. We also embraced the International Social Security Association (ISSA) Vision Zero Pledge that is based on a transformational approach for prevention by integrating the three dimensions of safety, health and well-being at all levels of work.

We strive to reduce the number of accidents and exposure of workers to occupational safety and health hazards within the Group and work continually to improve health and safety in our operations. We have a dedicated division, the Group Health, Safety and Environment Division, that is entrusted with this responsibility.

In 2021, the following plantations in FGV have been recognised for their efforts in promoting and implementing good health and safety measures:

#### Malaysian Society for Occupational Safety and Health Award

Classification	2020	2021
Gold Class I	<ul style="list-style-type: none"> <li>• LS Palong 18</li> </ul>	<ul style="list-style-type: none"> <li>• LS Sahabat 09</li> <li>• LS Sahabat 55</li> <li>• Delima Oil Products</li> </ul>
Gold Class II	<ul style="list-style-type: none"> <li>• LS Krau 4</li> <li>• LS Bukit Aping Selatan</li> <li>• LS Setiu 01</li> <li>• Unit Biak Baka Sabah, FGVR&amp;D</li> <li>• Stesen Penyelidikan Sahabat 17, FGVAS</li> </ul>	<ul style="list-style-type: none"> <li>• LS Aring 11</li> <li>• LS Bera Selatan 01</li> <li>• LS Tembangau 07</li> <li>• LS Sampadi 04</li> </ul>
Silver	<ul style="list-style-type: none"> <li>• LS Aring 03</li> </ul>	<ul style="list-style-type: none"> <li>• LS Chegar Perah 02</li> <li>• LS Lepar Hilir 08</li> </ul>
<b>Total of Winners</b>	<b>7</b>	<b>9</b>

Note:  
Ladang Sawit (LS)

## HSE STRUCTURE

The governance structure over health, safety and environment matters is depicted below along with the role and responsibilities of the respective authorities.

### 1 Group Health, Safety and Environment Division

Group Health, Safety and Environment Division (GHSED) is responsible for overall planning, organising, leading and controlling HSE matters across the FGV Group. This Division oversees the execution of approved initiatives and monitors their efficacy. GHSED also disseminates information on changes in related laws and guidelines, assess the impact of such changes, and make recommendations for the Committees' and top management's consideration.

### 2 Safety and Health Committee (SHC)

The SHC is formed at each subsidiary company or, where applicable, at the project level to ensure that all safety and health matters are comprehensively discussed and monitored. The SHC is the platform for deliberating safety policies, rules and procedures at the workplace. The SHC is also responsible for investigating accidents when they occur. The SHC meets at least once every three (3) months.

### 3 Environmental Regulatory Compliance Monitoring Committee (ERCMC)

The ERCMC is a committee that discusses the environmental matters at the Group level. It monitors and provides guidance to all environmental focal persons in subsidiary companies or at the projects level to ensure these companies comply with all applicable environmental legislation and regulatory requirements Group throughout business operations. The ERCMC meets biannually or more frequently as circumstances dictate.

## APPROACH TO HEALTH AND SAFETY

### OSH VISION ZERO

(Injury-free Workplace)

Our vision specific to OSH is to create an injury free workplace. To achieve this, we strive to infuse the following values into our workforce:

#### Accident prevention

A health and safety awareness in the performance of duties backed by a strict compliance to all OSH protocols and measures that are put in place.

#### Health and safety culture

Infusing and inculcating a health and safety culture into our entire workforce to complement and go beyond OSH measures and protocols.

#### 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 proper and appropriate use of equipment.

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

## HSE TRAINING

Training is an integral part of raising OSH awareness and we make it a top-of-mind consideration within our workforce as we endeavour to achieve our vision of zero accidents. As our business activities are labour intensive, FGV takes special care to ensure a safe and healthy working environment and provides incentives to our workforce and relevant stakeholders across the Group to take part in customised training programmes.

## Respecting Human Rights

All staff and workers are required to attend training that could be generic or specific work-related training or those related to hazardous activities. For instance, before being deployed to the field, employees are required to undergo training on general health and safety, hazards at the workplace, Personal Protective Equipment (PPE), and other instruction specific to their role to ensure better productivity and their safety.

In 2021, we focused on enhancing our HSE Training programmes as it is a fundamental component of HSE Management System. FGV's safety team personnel can use the HSE training modules to train employees on hazards and risks they are exposed to and assign actions related to accident prevention by taking remedial measures and reporting it via the Near Miss Safety Observation (NEMSO) reporting initiative. Amidst the pandemic we had conducted 33 (2020:40) training session on HSE awareness for 1,699 (2020:716) employees.

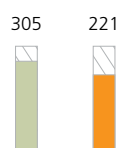
### WORKPLACE ACCIDENTS

#### Health and Safety Achievements

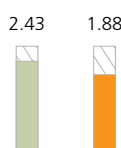
In 2021, we recorded the lowest number of fatalities and total Lost Time Injury (LTI) since 2009. We ended 2021 with significant improvements. However, in 2021 we tragically lost two colleagues from sugar refinery and estate operations. All the necessary corrective and preventive actions have been taken in response to each incident across our Group operations.

The **GO HOME SAFE** programme established in October 2019 aims to reduce incidents at FGV's workplaces significantly. We believe that with continuous and robust commitment, in the future it is possible for FGV to realise zero incidents in a calendar year.

#### Loss Time Injury



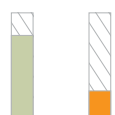
#### Loss Time Injury Frequency Rate



■ 2020  
■ 2021

#### Number of Fatalities (Employees and Non-Employees)

8 - pax    2 - pax



■ 2020  
■ 2021

#### Work-related injuries

	Number	Rate (using a multiplication factor of 1,000,000 prescribed for large organisations)
a. For all FGV employees* * refers to FGV's local employees only		
Fatalities as a result of work-related injury	-	-
High-consequence work-related injuries (excluding fatalities)	1	0.03
Recordable work-related injuries	145	3.73
Predominant cause of work-related injury	Hit by objects	
Number of hours worked	38,915,136	
b. For all workers who are not employees but whose work and/or workplace is controlled by the organisation* * refers to our migrant workers only		
Fatalities as a result of work-related injury	2	0.026
High-consequence work-related injuries (excluding fatalities)	-	
Recordable work-related injuries	73	9.3
Predominant cause of work-related injury	Hit by objects	
Number of hours worked	78,355,782	

	<b>Rate (using a multiplication factor of 1,000,000 prescribed for large organisations)</b>
<b>c. The work-related hazards that pose a risk of high-consequence injury</b>	<b>Cut by rotating blades</b>
How these hazards have been determined	Through application of Hazard Identification, Risk Assessment and Risk Control (HIRARC)
Which of these hazards have caused or contributed to high-consequence injuries during the reporting period	Rotating blades
Actions taken of underway to eliminate these hazards and minimise risks using the hierarchy of controls	To Install interlocking switch on airlock manhole, and reinforce implementation of Lock-Out, Tag-Out and Test-Out system
Whether the rates have been calculated based on 200,000 or 1,000,000 hours worked	1,000,000
Whether any workers have been excluded from this disclosure, including the types of worker excluded, and if so, why	No exclusion
Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used	Following Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease (NADOPOD) Regulations, 2004

### Work-related ill health

<b>Number</b>	
<b>a. For all FGV employees*</b> * refers to FGV's local employees only	
Number of fatalities as a result of work-related ill-health	0
Number of cases of recordable work-related ill health	87
Main types of work-related ill health	Hearing impairment from noise
<b>b. For all workers who are not employees but whose work and/or workplace is controlled by the organisation*</b> * refers to our migrant workers only	
Number of fatalities as a result of work-related ill-health	0
Number of cases of recordable work-related ill-health	0
Main types of work-related ill-health	N.A
<b>c. The work-related hazards that pose a risk of ill-health</b>	
How these hazards have been determined	Through Noise Risk Assessment (NRA)
Which of these hazards have caused or contributed to cases of ill-health during the reporting period	Exposure to noise
Actions taken of underway to eliminate these hazards and minimise risks using the hierarchy of controls	To implement the Noise Hearing Conservation Programs
Whether any workers have been excluded from this disclosure, including the type of worker excluded, and if so, why	N.A
Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used	Following the Noise Regulations, 2019, PowerSafe Apps



## Respecting Human Rights

### HAZARD RISK IDENTIFICATION

In 2021, we focused our efforts on two fundamental components of the HSE Management System: namely HSE Audit/Workplace Inspection initiatives and HSE Training programs. Over the year, we worked to establish the integrated HSE audit checklist and HSE training modules. We make these sets of documents accessible to FGV's staff. FGV's safety team personnel can use the and employees can use the HSE training modules to gain awareness about hazards and risks they are exposed to, and assign actions related to accident prevention by taking remedial measures and reporting it via the NeMSO reporting initiative.

The NeMSO reporting initiative significantly improves our incident reporting and management process by helping to reduce unsafe acts and conditions that have always been identified as the root causes of incidents. Through the NeMSO report, we learn and take action to eliminate the hazards and risks. By providing corrective and preventive actions to the root cause(s) that contribute to an incident, we are able to improve our practices and educate staff in HSE directly or indirectly over time cost-free.

We also launched a new app named PowerSafe to digitalise online reporting and management in 2021. It is available to all FGV employees and systematically enables the filing of health, safety, and environmental reports. FGV's HSE practitioners then verify all information submitted. This app could improve our NeMSO reporting and management process by helping us to better identify the root causes of incidents. By reporting, all near misses, unsafe acts, unsafe conditions or recording even positive findings, we can understand, analyse, mitigate hazards and risks and educate staff involved to be safety-aware.

#### Group HSE Audit/Workplace Inspection (WPI), Training Delivered and NeMSO Reports

FY	Audit/WPI	Training Sessions	Employees Trained	NeMSO Reports
2020	7	40	716	18,059
2021	19	33	1,699	33,070



## NOTABLE HEALTH AND SAFETY INITIATIVES

### COVID-19 - PROTECTING OUR PEOPLE

FGV has eight (8) adaptive and agile overarching principles in managing the COVID-19 pandemic at the workplace, including physical distancing, personal hygiene and personal protective equipment provision, personal health assessment, self-declaration, workplace controls, movement controls, risk assessment, vaccination and testing. The details of these principles are stipulated in FGV Group's COVID-19 Standard Operating Procedure (Version 1).

As an essential business sector with operations in Malaysia and others countries, we need to ensure FGV's control measures to curb the COVID-19 pandemic in the workplace evolves with current strategies. These measures included:

#### COVID-19 Risk Management

FGV ensures all employees are aware of the COVID-19 hazards and risks by continuously educating our employees and contractors on how to protect themselves from being infected. Standard COVID-19 terms and language are used to promote better understanding of the risks and symptoms. The COVID-19 Task Force is formed which issued the FGV COVID-19 Standard Operating Procedures, Risk Assessment, and Key Disruption Indicators.

#### Workplace Assessment

We established systematic risk assessments through workplace assessments appropriate to FGV operations to identify potential COVID-19 exposure. Employees with potential COVID-19 exposure are assessed and mandated to adhere to controls. FGV encourages employees to practise physical distancing as much as possible, and implemented the work-from-home arrangement, flexible working hours and staggered lunch hours.

#### Workplace Control

We implement the COVID-19 protocols as a new norm, such as physical distancing, personal hygiene, and health screening. Mass gathering events are not allowed during the peak cases recorded in the country.

#### Positive Case Management

Positive COVID-19 infections in the workplace are managed and controlled by following the advice or guidance of the local authorities.

#### Pre-Entry Tests

The COVID-19 testing is a prerequisite before entry to FGV's premises.

## Respecting Human Rights

We extended COVID-19 screening tests to all migrant workers employed at our plantations throughout the country. This effort is to ensure that all FGV migrant plantation workers remain healthy and do not become spreading agents of COVID-19. FGV also provides temporary COVID-19 Quarantine and Treatment Centres (PKRC) at its plantation complexes to enable the isolation process for migrant workers who are found positive with mild symptoms.

As a responsible employer, we ensure that the health of our workforce is protected and in support of the Government's Vaccination for the Agri Commodity Sector (VACOMS) initiative, FGV provides COVID-19 vaccinations to all our workers, including migrant workers. FGV received approval from the authorities, for the execution of our vaccination programme which commenced in September 2021.



### #GOHOMESAFE PROGRAMME

Since October 2019, in support of the National Occupational Safety and Health Master Plan 2016 - 2020 and the aspiration of Vision Zero, Group Health, Safety and Environment (GHSE) has developed and introduced a new health and safety programme named **GO HOME SAFE** in efforts to reduce accidents at the workplace in all FGV Group companies. Our absolute responsibility is to ensure our workforce are safe and enjoy an injury-free workplace while performing their duties at estates, mills, refineries, terminals, warehouses, offices, and on the road.

**FGV's GO HOME SAFE Vision** has three key commitments:

#### #GOHOMESAFE VISION



Everyone has the right to go home unharmed



Everyone has a duty to take care of his/her health and safety and others around them



All accidents are preventable

**FGV's GO HOME SAFE Mission** is to strive for an injury-free workplace.

**FGV's GO HOME SAFE Focus Values** are;

- Accident prevention
- Safety culture
- Right approach

FGV has built a journey on the **GO HOME SAFE** Programme. The 2020 Programme was based on **5 E's** Model.

In 2021, **INVOLVING GO HOME SAFE** Programme was created and it is based on the following six elements:

Elements	Action	Outcome
<b>Istiqamah (Steadfastness)</b>	<ul style="list-style-type: none"> <li>• Increase Near Miss Safety Observation (NeMSO) reporting year-on-year targeting one NeMSO report per staff per year</li> <li>• 85% of NeMSO reports were closed or rectified</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved high numbers of NeMSO reports in 2020 and 2021</li> <li>• Decreased the number of lost time injury cases in 2021</li> </ul>
<b>Muraqabah (Vigilance)</b>	<ul style="list-style-type: none"> <li>• Enforcement of HSE requirements by all parties</li> <li>• Compliance with HSE requirements by all relevant parties</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced non-injury cases reported in 2021</li> <li>• Good perception from external parties</li> <li>• Decreased number of non-conformance notices from authorities in 2021</li> </ul>
<b>Muhasabah (Improvement)</b>	<ul style="list-style-type: none"> <li>• To implement periodic Audits/Workplace Inspections (WPI) by responsible parties.</li> <li>• Target 50% increase of HSE Audits/WPI.</li> <li>• To review the effectiveness of the current Accident Prevention program</li> </ul>	<ul style="list-style-type: none"> <li>• Increased number of HSE Audits/WPI conducted in 2021</li> <li>• Audits/WPI report with a high rate of closure</li> <li>• Implemented Accident Prevention Improvement Program</li> </ul>
<b>Jamaah (Togetherness)</b>	<ul style="list-style-type: none"> <li>• Practices and fixed agenda in Rollcall session</li> <li>• Use as dynamic risk assessment process</li> <li>• Use as the communication platform among staff</li> </ul>	<ul style="list-style-type: none"> <li>• Inculcated dynamic risk assessment culture such as Kiken Yochi Training</li> <li>• HSE matters are communicated and discussed at all levels</li> </ul>
<b>Ukhwah (Companionship)</b>	<ul style="list-style-type: none"> <li>• To carry out the high impact of Safety and Health Committee (SHC) meeting</li> <li>• Environmental Regulatory Compliance Monitoring Committee (ERCMC) meeting</li> <li>• Safety Kaizen project by SHO</li> </ul>	<ul style="list-style-type: none"> <li>• Established SHC Intervention Program</li> <li>• Reduced environmental competency gaps in 2021</li> <li>• Completion of Safety Kaizen project</li> </ul>
<b>Ta'awun (Cooperation)</b>	<ul style="list-style-type: none"> <li>• Continuous HSE training and awareness program as a plan</li> <li>• Improvement on training based on feedback received</li> </ul>	<ul style="list-style-type: none"> <li>• HSE competency and awareness growth among staff</li> <li>• Established the essential HSE training modules</li> </ul>

SECTION 3

# Climate Action & Environment Protection

- 107** Climate Action
- 112** Renewable Energy & Energy Management
- 115** Waste Management
- 117** Soil, Water, Pest & Diseases Management
- 121** Biodiversity & Land Management







Under the umbrella of climate action and environment protection, we have identified the following material sustainability matters that FGV needs to respond to and address in furtherance of our sustainability agenda.



Climate  
Action



Renewable Energy & Energy  
Management



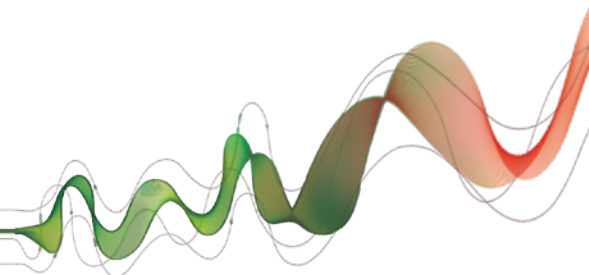
Waste  
Management



Soil, Water, Pest &  
Disease Management



Biodiversity &  
Land Management



# Climate Action & Environment Protection



## RECIPROCATING NATURE'S GENEROSITY

FGV has a significant dependency on natural resources including land, water and energy to cultivate our various agricultural produce and manufacture our consumer products. Without the resources nature generously provides, our business would not be able to grow and prosper. Therefore as an environment steward, FGV takes seriously our obligation to protect and preserve the natural environment.

We embrace the concept of circular economy not only from a sustainable perspective but also from business growth perspective. The nature of our business offers us the opportunities to optimise processing of by-products to realise new revenue streams. To quote an example, we have commenced operations at our largest renewable energy biogas power plant with an installed capacity of 2.4 megawatts, which can generate up to RM5 million in annual revenue at peak transmission.

Our environmental protection and climate action principles are upheld and consciously practiced across all our operations and value chains, and as we expand our business portfolio, the same principles will bind new businesses - the same high standards for climate action and environment protection applied across the FGV Group facilitates congruency and harnesses the strength of collective action.

FGV has a continual focus on minimising our operational footprint. For instance, we continuously improve the mechanisation and digitalisation of our business by utilising advanced technology to support the achievement of net-zero carbon emission targets by 2050. In addition, we strive to implement good business practices and work closely with our business partners and suppliers to progressively improve environmental performance in the FGV supply chain.

We exercise responsibility and care in our operations and this translates to preservation of water quality, reducing waste generation, lowering energy consumption and, where possible, reduction of chemical usage. We are sensitive to the fragile ecosystems surrounding areas in which we operate and have strong and explicit commitments to wildlife conservation and protection, evident from our various wildlife conservation programmes.

## 2021 INITIATIVES

In 2021, we instituted a significant number of climate action and environment protection initiatives across a wide range of areas.



### Logistics & Others Business

#### Collaboration with MPOB to Test Environment Friendly Fuel

- Participated in B20 diesel trial with MPOB

#### Procurement of Vehicles that Meet European Emission Standards

- 89.7% of FGV trucks comply with the standard

#### Reducing Carbon Footprint

- Systemic logistics planning through fleet optimisation and trip utilisation
- Automated and integrated fuel efficiency system



### Sugar Business

Specific to MSM, our sugar business subsidiary, GHG emissions reduction is also an embedded imperative. On-going operational measures, amongst others, cover the installation of back pressure turbines which enables naturally generated electricity to be produced based on the current power needs which reduces fossil fuel consumption and emission of heat and carbon dioxide into the environment.

MSM is reducing carbon emissions from the sugar refining process by taking innovative steps to capture and utilise the carbon dioxide produced from the combustion of natural gas. Instead of being completely released to the atmosphere, a portion of the CO<sub>2</sub> is redirected and utilised for production of limestone which is then used to remove impurities and colour from the sugar solution during sugar refining process.



### Plantation Business

#### Energy Management Initiatives

- Energy Management System
- Energy Audits
- Energy Management Programme
- Energy Efficiency Investments in manufacturing facilities

#### No Peat Policy

- No new planting on peatlands
- Retain undeveloped peatland as buffer to mitigate flooding
- Maintain hydrological function of peatlands in existing plantations
- Determine viability for replanting on cultivated peatland

#### High Carbon Stock Approach (HCSA)

- Implement HCSA in new areas earmarked for oil palm development

#### Reducing GHG Emissions and Producing Renewable Energy

- Reduce carbon emissions from mills
- Generate renewable energy from methane capture and palm waste at mills






#### Environmental management Practices

- Commit to zero-burning policy
- Maintain riparian reserves in river systems in plantations to ensure natural filtration of sediments in rivers and mitigate floods
- Reduce usage of chemical fertilisers with the usage of microbes to enhance plant growth
- Use of biomass (EFB, fronds, oil palm trunks) as organic fertiliser to substitute chemical fertilisers
- Maintain High Conservation Value (HCV) areas
- Enhance eco-system services by planting beneficial plants to attract natural predators
- Widen river reserves in Lower Kinabatangan wildlife corridor

# Climate Action & Environment Protection

## SUSTAINABILITY MATTERS

Under the umbrella of climate action and environment protection we have identified the following material sustainability matters that FGV needs to respond to and address in furtherance of our sustainability agenda.

 <b>Climate Action</b>	 <b>Renewable Energy &amp; Energy Management</b>	 <b>Waste Management</b>
 <b>Soil, Water, Pest &amp; Disease Management</b>	 <b>Biodiversity &amp; Land Management</b>	





## CLIMATE ACTION

FGV is committed to playing our part as responsible corporate citizens to contribute to the global climate goals. As the adverse impacts of global warming are likely to affect low-income communities first, it is FGV's obligation as a responsible business and industry leader to be on the frontline of the fight against climate change.

### KEY CLIMATE ACTION ACTIVITIES

2004 - 2006	2009 - 2011	2015	2016	2020	2021
<ul style="list-style-type: none"> <li>Commissioned biomass power plant in Sabah which utilises empty fruit bunches for renewable energy generation</li> </ul>	<ul style="list-style-type: none"> <li>Commissioned 1<sup>st</sup> biogas plant - methane capturing facility in mill</li> </ul>	<ul style="list-style-type: none"> <li>Launched 1<sup>st</sup> BioCNG Plant at Felda Sg Tenggi</li> </ul>	<ul style="list-style-type: none"> <li>Launched Group Sustainability Policy (GSP) with clear commitments to climate action</li> </ul>	<ul style="list-style-type: none"> <li>Established Environmental Policy Statement to enhance commitment to climate action and environmental protection</li> <li>Kicked-off FGV Centralised GHG Inventory (Carbon Accounting)</li> </ul>	<ul style="list-style-type: none"> <li>Formulated Groupwide Climate Action Plan</li> <li>Committed to science-based targets and net-zero through SBTi</li> </ul>

Climate action measures are incorporated into our business strategy and action plans, and we will continue to adapt the way we conduct our businesses to avert the adverse impacts of climate change. One of our early landmark initiatives includes the International Sustainability and Carbon Certification (ISCC) of our mills to meet the demand for sustainable biofuel in Europe. We had as many as 15 ISCC-certified mills when the demand for palm-based biofuel (palm methyl ester) was high. We are currently maintaining eight (8) mills under the ISCC certification.

In addition, we capture methane gas released from wastewater treatment plants for palm oil mill effluent (POME) at our mills and utilise it as an effort to reduce GHG emissions in terms of Global Warming Potential (GWP).

Since the start of our biogas operations, we have been closely monitoring the emission reduction in terms of GWP from the utilisation of captured methane.

In 2021, we have monitored an increase of 17% of emission reduction in terms of GWP compared to the reduction in 2019.

FGV has developed an integrated climate action plan based on six key strategic factors which include climate governance, carbon management, operational efficiency, waste management, water management, and climate awareness. The integrated climate action plan is fundamental to FGV's success in reaching our reduction target and making a real change. In 2021, we have established a climate action unit as a dedicated management role to strategise and execute the

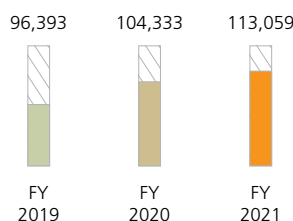
company's climate action programmes at the working level. This restructuring reflects and reinforces FGV's heightened commitment to climate action, environmental protection and sustainability agenda.

In line with the latest climate science that calls for limiting global temperature rise to 1.5 °C, we are committed to becoming a net-zero business by 2050 through science-based targets approach. Our commitment also supports the national climate agenda to become a carbon neutral country by 2050, and Malaysia's nationally determined contribution (NDC) to reduce 45% GHG emissions by 2030 as part of the country's commitment to the 2015 Paris Agreement.



## Climate Action & Environment Protection

FGV's Carbon Emission Reduction Monitored in Biogas Facilities 2019-2021 (MT CO<sub>2</sub>e)



### CLIMATE ACTION PLAN



FGV has developed an integrated climate action plan based on six key strategic factors which include climate governance, carbon management, operational efficiency, waste management, water management, and climate awareness. The integrated climate action plan is fundamental to FGV's success in reaching our reduction target and making a real change.

#### Carbon Management

Becoming a net-zero business through science-based targets

#### Climate Awareness

Programmes designed for internal and external stakeholders to raise awareness on climate change

#### Operational Efficiency

Establishment of internal regulations and standards to ensure best practices

#### Water Management

Development of targets, metrics, and measures to achieve water neutrality throughout FGV.

#### Waste Management

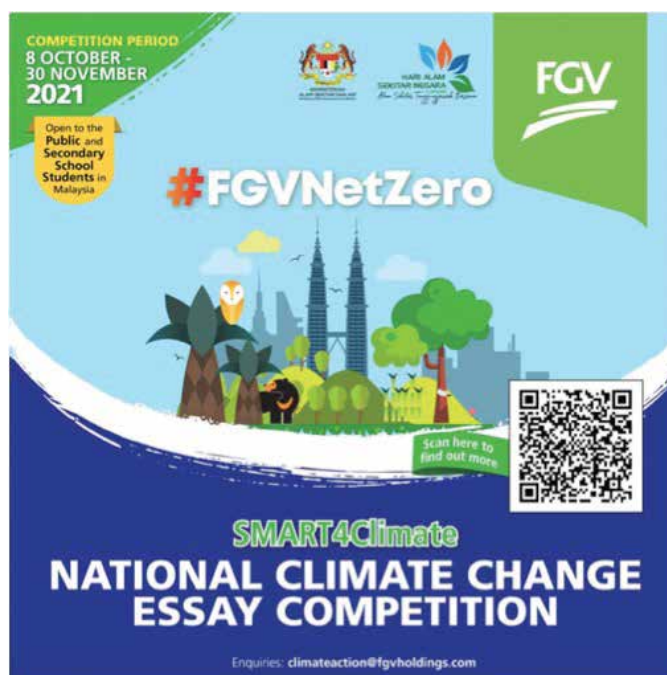
Becoming a zero-waste operation through circularity in support of climate agenda.

#### Climate Governance

Establishment of policies & guidelines, management roles, climate-related risk management and business transition plan.

### CLIMATE AWARENESS

As part of our climate action plan, FGV has commenced a group-wide climate awareness and advocacy programme under the umbrella branding of SMART4Climate. Programmes under SMART4Climate will target FGV's staff and the public with the aim to drive climate awareness and education at the national level. As part of its SMART4Climate programmes, FGV launched its inaugural climate change national essay competition in 2021 which was organised in collaboration with the Ministry of Environment and Water (KASA). FGV has received 170 entries from both public and students participants.



As part of its climate awareness and advocacy programme, FGV has also launched its Climate Apprentice Programme (CAP) which is a structured internship programme through which aspiring students from diverse academic backgrounds are assigned to climate action unit to gain necessary knowledge and skills on climate change. After the success with two climate interns in 2021, the programme will continue in 2022.

### MSM

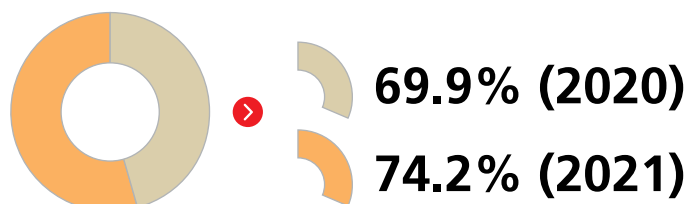
Additionally, in conjunction with the National Environment Day 2021 on 13 October, and as part of MSM's step-up of our ESG framework, MSM signed a Certificate of Collaboration (COC) with the Penang Department of Environment (DOE), towards realising green initiatives in preserving and conserving the environment. In another initiative as part of the National Environmental Day, MSM bagged third place in the Industry category with approximately 500kg of electric and electronic waste (e-waste) collected over five days from 7 November until 12 November 2021 by more than 400 MSM Prai employees via the strategic promotion of environmental awareness programme.

## FGV moves up SPOTT Ranking

The Sustainable Palm Oil Transparency Toolkit (SPOTT) tracks the sustainability performance of plantation companies. At FGV, we believe our SPOTT ranking is an opportunity to reflect on how we can improve our governance and management of sustainability in the Group.

In 2021, FGV ranked **19<sup>th</sup>** out of 100 companies in the SPOTT Assessment that measures the transparency of palm oil companies against a maximum of 181 environmental, social and governance indicators across 10 categories.

## Year-on-Year Results



### SUSTAINABILITY POLICY TRANSPARENCY TOOLKIT (SPOTT)

To track our performance relative to our industry peers globally, we participate in the Sustainability Policy Transparency Toolkit (SPOTT), an initiative developed by the Zoological Society of London which assesses and ranks commodity producers, processors and traders on their public disclosure regarding their organisation, policies, and practices related to environmental, social and governance issues.

FGV is now ranked at 19<sup>th</sup> (23<sup>rd</sup> in 2020) among other 100 palm oil producers that were assessed against 182 environmental, social and governance indicators.

The 2021 overall SPOTT assessment score for FGV is 74.2%; improvement by +4.3% compared to last year which was 69.9%.

## Climate Action & Environment Protection

### CARBON MANAGEMENT

We are conscious that we operate in an industry that is associated with GHG emissions. In mitigation, FGV has renewed our commitment to climate action through the development of our inaugural integrated climate action plan. The FGV Climate Action Plan sets out our response - as a company - to the climate crisis. The plan comprises six focus areas - climate governance, carbon management, waste management, water management, operational efficiency and climate awareness - which outlines our mitigation and adaptation efforts in support of the global climate goals. In addition, to our sustainability commitments, NDPE is also mandated on our suppliers.

We practice a strict zero burning/open burning policy across the Group which also extends to our suppliers. Land development and preparation are executed by mechanical means. Residue and debris left are allowed to decompose and optimised as organic fertilisers which also contribute to reducing our GHG emissions. Similarly, we optimise palm residues such as empty fruit bunches, palm fronds, trunks which are also used as organic fertilisers.

In support of the global climate goals, we have an ambition to become a net-zero business. In 2021, we formalised our commitment to science-based targets and net-zero by signing the United Nations-backed Business Ambition for 1.5 °C campaign through SBTi, which calls for limiting global warming to 1.5 °C. FGV is the first food and agriculture company in the country to do so. The commitment to science-based targets requires us to halve our greenhouse gas emissions by 2030

### Join the Companies Taking Action

We need a race to the top, led by pioneering companies. This will empower peers, suppliers and customers to follow suit and drive governments to take bolder action.

The change has already begun and action is gaining pace. Over a thousand companies worldwide are leading the zero-carbon transition by setting emissions reduction targets grounded in climate science through the Science-Based Targets initiative (SBTi). Hundreds of them have raised their ambition by committing to Business Ambition for 1.5°C.

1,226 ◀ 2,643 ▶ 1,317  
with science based targets Companies taking action ambitions for 1.5°C

Source: Science-Based Targets initiative

and hit net zero emissions by no later than 2050. FGV will also need to set up short and mid-term targets to ensure effective emissions tracking and consistent annual reduction.

Our transition to clean energy as per our commitment to science-based targets will involve all emission scopes including our scope 2 emissions. Although this is challenging as our national energy mix is still highly dependent on fossil fuel - almost 90% of our energy are coal and petroleum-sourced. With the recent heightened commitment to climate action by the government, we are confident that the transition to clean energy will be accelerated.

At FGV, reducing our operations' impact on the environment is a constant focus. One core area in this endeavour is our efforts to manage our energy consumption while at the same time transitioning to the use of green energy. FGV has, for some years, been using green energy derived from oil palm by-products to fuel our palm oil mills.

Also of significance is the utilisation of waste and by-products to generate biomass and biogas:

- Palm Oil Mill Effluent (POME) undergoes anaerobic digestion that produces biogas (mostly methane). Our biogas facilities capture the methane which is then utilised for carbon reduction and renewable energy through combustion. To date, FGV has 28 biogas plants installed in palm mills that capture methane from our wastewater treatment plants.
- Empty Fruit Bunches (EFB) are shredded and used as solid fuel for operation of steam boilers, which delivers significant cost savings and waste elimination from our mills. We currently have two biomass power plants in operation. Our plant in Lahad Datu, IPP Janakuasa Sahabat, Sabah has a capacity of 7.5MW while in Jengka, Pahang, FTJ Power has a 12.5 MW capacity to generate energy using 100% treated EFB. Both plants supply electricity to the national grid and regional townships as well as FGV owned businesses.
- Sludge Palm Oil (SPO) is mainly used for non-food palm-based products. In addition, it has been established that SPO has the potential to be used as aviation fuel in Europe under Renewable Energy Directive II (RED II). FGV is currently exploring business opportunities to market our SPO with oil and gas giants such as Gunvor, Vitol, Petronas, STX among others.
- Palm Kernel Shell (PKS) is mainly used for biomass fuel for power generation and is in demand from international clients as a form of sustainable fuel for power plants. Through our subsidiary, FGV Palm Industries (FGVPI), we recently embarked on a new global business collaboration that utilises palm waste for renewable energy generation. In July 2021, FGVPI shipped around 5,000 tonnes of PKS as biomass to eREX in Japan for renewable power generation. eREX is a listed company and the leading Japanese biomass power producer with a 50MW biomass plant among its stable of biomass powerplants. Moving forward, FGV hopes to expand its reach to Japanese consumers. Currently, Malaysia is Japan's second-largest source of PKS, having exported 761,000 tonnes last year.
- Carbon management is practiced across all our businesses. For instance, in our Sugar business, MSM is reducing carbon emissions from sugar refinery process by taking innovative steps to capture and utilise the carbon dioxide produced from the combustion of natural gas. Instead of being completely released to the atmosphere, a portion of the CO<sub>2</sub> is redirected and utilised for production of limestone which is then used to remove impurities and colour from the sugar solution during the sugar refining process.

#### REDUCING HFC USAGE

Hydrofluorocarbons (HFCs) are synthetic greenhouse gases which are commonly used in refrigeration and air conditioning. HFCs have high GWP, and despite the small amount of leakages to the atmosphere, the impacts to global warming is detrimental. FGV has been using zero-GWP refrigerant such as Ammonia in some of our oil refinery operations in Sabah and Johor, as an alternative and substitute to HFCs. As part of our climate action plan, FGV strives to align our commitment with the national target and the goals of Kigali Amendment of the Montreal Protocol that seek to phase-out HFCs usage.

## Climate Action & Environment Protection



### RENEWABLE ENERGY & ENERGY MANAGEMENT

Our repurposing of biomass from operations to produce renewable energy while also contributing to reducing GHG emissions, is a principal part of our waste-to-wealth circular economy strategy which furthers our sustainability agenda through the adoption of green waste management approach to produce green energy as a substitute for fossil fuel.

#### RENEWABLE ENERGY

The Group produces renewable energy for two (2) purposes, namely internal consumption and sale to the grid. With growing emphasis on operational and energy efficiency, FGV mill complexes are increasingly using renewable energy as their primary source of energy. FGV subsidiaries are also exploring renewable energy as the most cost effective option to operate energy efficient facilities and equipment.

Our repurposing of biomass and biogas from operations to produce renewable energy while also contributing to reducing GHG emissions, discussed earlier under Climate Action, is a principal part of our waste-to-wealth circular economy strategy which furthers our sustainability agenda through the adoption of green waste management approach to produce green energy as a substitute for fossil fuel.

FGV supplies electricity generated from biogas to the National Grid through Feed-In-Tariff as well as to local grids for rural electrification. In 2021, a total of 21,717,667KWh of renewable energy was generated with 113,059 MT CO<sub>2</sub>e reduction from monitored biogas plants.

FGV pioneered the world's first palm-based bio-compressed natural gas (Bio-CNG) plant. The plant produces Bio-CNG from palm oil mill effluent (POME). This project is a collaboration between FGV Palm Industries Sdn Bhd (FGVPI), Sime Darby Energy Solutions Sdn Bhd (SDES) and the Malaysian Palm Oil Board. Bio-CNG is an economically viable and sustainable alternative to natural gas and it is forecasted to have good prospects in the energy sector.

At the national level, FGV's noble efforts had been recognised with three consecutive prestigious National Energy Awards from 2018 to 2020. FGV won the National Energy Awards (NEA) 2020, under the Renewable Energy (Cogeneration) Category for IPP Sahabat Mill.

#### OPERATIONAL EFFICIENCY

We continually manage our energy consumption across all aspects of our operations by using self-generated biogas to power our palm oil mills and channelling exhaust steam back to the heating process in our Sugar business through to replacing conventional lighting with LED lighting systems in our consumer products business. Initiatives under our Logistics and Others (LO) business include:

- Route Optimisation for FGV trucks has contributed to reduced mileage through routing and scheduling optimisation directly reducing the carbon emissions from the reduced and shortened trips
- Automated centralised control utilising Controller Area Network (CAN bus), every fleet vehicle is installed with a controller area network (CAN Bus) which allows the fleet vehicles to be monitored and controlled remotely allowing for automatic engine shutdown of vehicles that are idling for 10 minutes. This has reduced emissions from fuel combustion and operating costs from effective fuel consumption.




- eDO and Smart Fuel card have digitalised the process of order pick-up and refuelling. eDO is a mobile application that provides truck drivers with delivery order updates relieving them of the need to travel to depots to obtain information. The Smart Fuel Card allows the drivers to refuel at any petrol station. Both initiatives reduce fuel consumption.
- Internal Regulatory and Standards for Maintenance. FGV has invested in procuring trucks with Euro 5 emission standards to reduce carbon dioxide emissions. To date, over 90% of fleet vehicles (tanker and cargo) meet Euro 5 standards. To ensure optimal operational efficiency, our internal standard also recommends replacement of fleet vehicle after 10 years in operation.


Indeed, FGV has always actively promoted energy management to reduce our operating costs but more importantly, our carbon footprint. FGV is also collaborating with various government agencies such as the Malaysian Green Technology & Climate Change Centre (MGTC) to explore initiatives that can be implemented across our business operations.

## ENERGY AUDITS

FGV conducted energy audits at FKP, MSM, FPM and FGVRI to explore energy savings to be accrued through user behavioural changes and efficient usage of equipment. These audits indicate that a reduction in energy consumption by up to 20% can potentially be achieved but with associated investments. Arising from the audits, FGV has decided on the energy conservation pyramid approach to identify and prioritise the implementation of energy saving initiatives. The energy conservation pyramid ranks energy saving initiatives against associated investment costs and complexity of implementation.

In 2020, we identified several no-cost and low-cost initiatives to be implemented across all operations immediately. They include periodic monitoring of energy usage to verify energy supply quality and identify operational improvements that can be made to save energy. For example, sequencing of motors and other machinery to optimise energy output. To monitor the implementation of these initiatives, we have established an Energy Committee. We have also collaborated with Universiti Teknologi MARA (UiTM) to identify energy-saving opportunities presented by the elimination of wasteful and non-productive patterns of energy consumption and consequently reduce GHG emissions. This collaboration identified initiatives that could reduce energy consumption up to 20%. FGV will undertake feasibility studies and detailed cost-benefit analysis before deciding whether to implement the initiatives.

Reduce energy consumption  
up to **20%** 

The projects are able to  
generate up to **24** hours to suit the load  
and demand fluctuations for a  
rural mini grid 

FGV's noble efforts had been  
recognised by being awarded  
the **National Energy  
Awards (NEA) 2020**,  
under the Renewable Energy  
(Cogeneration) Category for  
IPP Sahabat Mill

## Climate Action & Environment Protection



**To reduce dependency on electricity supply from Tenaga Nasional Berhad (TNB), electricity is generated in-house by the Steam Turbine Generator at MSM refineries. TNB supply is only required when the generator trips or during plant shutdowns. We will continue with the initiatives for further reductions in electricity consumption.**

### ENERGY EFFICIENCY

FGV will continue to raise awareness and implement energy efficiency initiatives on an ongoing basis. Some operational action plans have identified various medium to high investment initiatives. However, these investments are based on operational priorities, which also include the implementation of other energy efficiency measures.

As part of cost and energy efficiency, FGV's FMCG manufacturing subsidiary Delima Oil Products Sdn Bhd (DOPSB) replaced conventional lighting with LED lighting systems. In addition, we installed motor inverters for oversize equipment and soft starters for big size motors exceeding 75kW and for frequent stop-start motors.

All boilers across DOPSB operations utilise natural gas to minimise carbon and sulphur emissions relative to diesel, as part of the subsidiary's energy saving and efficiency and emission reduction initiatives.

The Sugar Business has made substantial investments on back pressure turbines at its sugar refineries. The turbines will reduce half of the energy requirements by channeling exhaust steam back to the heating process.

Our sugar refineries also recycle process condensates for boiler steam generation. Where necessary, we use clean natural gas as an energy source at both of our refineries to reduce the production of carbon soot and sulphur emissions. In addition, we employ an innovative system that combines the functions of our Mechanical Vapour Recompressor (MVR) evaporator and Vertical Crystallisation Tower (VKT) to reduce the amount of steam required during the sugar-boiling processes.

To reduce dependency on electricity supply from Tenaga Nasional Berhad (TNB), electricity is generated in-house by the Steam Turbine Generator at MSM refineries. TNB supply is only required when the generator trips or during plant shutdowns. We will continue with the initiatives for further reductions in electricity consumption.

Moving forward, MSM will continue to explore initiatives to lower refining cost at each refinery via installation of biomass boilers and solar photovoltaic systems.



## WASTE MANAGEMENT

FGV is moving towards zero-waste operation throughout all its subsidiaries to realise our goal of becoming a zero-environmental impacts operation. As part of our climate action plan, FGV has started with conducting waste mapping and circularity gaps to understand our existing environmental impacts and our capacity to adopt a circular economy. Through waste mapping and circularity gaps, FGV has initiated a comprehensive centralised waste inventory that could disclose all information on the waste that concerns its management and arising issues at all operations. The data would include waste generation, handling and storage, and waste disposal. Our waste management approaches also contributes and bolster our waste-to-wealth business strategy.

Various waste management approaches used across the group include treating biomass from palm oil milling to generate biogas, reusing residues from land development as organic fertilisers, nano filtration waste treatment systems to process the discharge produced in our sugar refineries, amongst others. While the waste management approaches we used may be many and varied they all bear a common attribute in that all are sustainable and environment sensitive.

## RECYCLING

In plantation upstream, we leverage the many useful applications of oil palm as an integral part of our waste-to-wealth business strategy. As articulated earlier, biomass from oil palm milling is used to produce biogas, palm kernel expeller, a palm by-product, is converted into animal feed for sale in the domestic and selected foreign markets. We also recycle waste products such as EFB, palm fronds and palm trunk into organic fertilisers for internal use, in support of environmental sustainability, in place of inorganic fertilisers and for sale in the domestic market. We also use microbes to enhance plant growth to reduce dependency on chemical fertilisers in the estates.

Specific to EFB, FGV is in a joint-venture plan to build an EFB pulp and paper plant, potentially in Kuantan, Pahang which is expected to be completed in 2022/2023 that would utilise between half a million to one million tonnes of EFB annually. The Renewable Energy Division is the backbone of the Group's waste-to-wealth strategy, supplying and trading 14 type of biomass by-products such as palm kernel shell, palm oil sludge and shredded empty bunch fibre, contributing additional revenue to the Group.

Our downstream business has two (2) principal types of waste produced by its manufacturing operations, namely, dry waste consisting of plastic, shrink wrap and cartons, and wet waste in the form of sludge oil, scum and other forms of effluent. While the effluent is disposed in accordance with the Department of Environment (DOE) regulations, the dry waste is sold to recycling companies for alternative uses.

In our Sugar business, cutting-edge nano-filtration waste treatment systems enable us to process the discharge produced in our refineries. The resulting salt residue has the potential to be re-used for resin regeneration, while the rest of the residue is filtered and cleaned before being discharged. A research was conducted on mudcake waste and it revealed that mudcake reduces acidity in soil, making it viable for use as fertiliser. This has led to a trial programme between MSM and FGV Fertiliser in October 2021 to turn mudcakes into fertilisers.

## Climate Action & Environment Protection

### WASTE MAPPING AND CIRCULARITY

As part of FGV's climate action plan, FGV has initiated waste mapping and circularity gaps to understand our existing challenges and capacity to adopt circularity. Through waste mapping and circularity gaps, FGV has initiated a comprehensive centralised waste inventory that could disclose all information on waste that is important for their management and to highlight potential operational issues that may arise. The data would include waste generation, handling and storage, and waste disposal.

Waste mapping and circularity gaps would involve two phases. The first phase is to understand the overview of our waste management at operations. The second phase is establishing a framework, namely, a zero-waste roadmap, that introduces strategies and recommendations for operations to realise our zero-waste target. The data and strategies will be disclosed in future reporting.

### WASTE GENERATION

FGV monitors the waste generation during operations.

Sectors	Plantation		Logistics		Sugar	
	Total Weight (MT)		Total Weight (MT)		Total Weight (MT)	
	2020 (Tonnes)	2021 (Tonnes)	2020 (Tonnes)	2021 (Tonnes)	2020 (Tonnes)	2021 (Tonnes)
<b>Hazardous Waste</b>						
Reused	5.370	0.300	n.a	n.a	n.a	n.a
Recycled	n.a	10.729	n.a	n.a	n.a	0.700
Recovered	230.164	458.636	41.284	40.079	10.240	11.190
Incinerated	97.907	44.048	n.a	0.635	0.067	1.670
Physical/Chemical Treatment	0.229	1.741	n.a	n.a	1.137	1.342
Solidification	0.124	2.717	n.a	n.a	n.a	n.a
Secure Landfill	930.758	807.466	n.a	n.a	29.093	130.00
Off-Site Storage	1.520	27.853	n.a	n.a	n.a	1.930
<b>Total</b>	<b>1,266.071</b>	<b>1,353.489</b>	<b>41.284</b>	<b>40.714</b>	<b>40.537</b>	<b>146.832</b>
<b>Non-Hazardous Waste</b>						
Recycled	751.810	875.547	n.a	n.a	606.987	210.940
Landfill	799.370	98.160	506.040	425.220	51,748.200	19,898.630
<b>Total</b>	<b>1,551.180</b>	<b>973.707</b>	<b>506.040</b>	<b>425.220</b>	<b>52,355.187</b>	<b>20,109.570</b>



## SOIL, WATER, PEST & DISEASE MANAGEMENT

The availability and access to clean water is becoming an increasingly critical issue. The World Wildlife Fund reports that some 1.1 billion people worldwide lack access to water, and a total of 2.7 billion find water scarce for at least one month of the year. At FGV, we are acutely aware of the importance of managing our water consumption and preserving its quality both to secure future availability as well as to ensure that ecosystems in areas where we operate can continue to thrive. We have always placed a strong focus on optimising water usage across all our operations.

As part of pests and disease management, we practice integrated pest management in our operations and prefer to use natural methods to control pests and diseases. We also advocate the responsible use of pesticides, herbicides and fertilisers in our plantations.

### PLANTATION - UPSTREAM

There are a total of 135 significant river systems located near FGV's plantation operations, and we closely monitor the impact of our operations on the water quality of these systems through a range of relevant indicators to measure our usage and discharge.

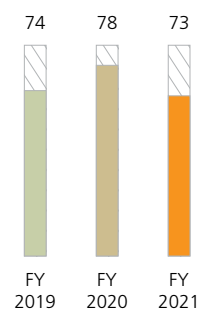
The poorly managed discharge of POME is a major cause of river pollution. As a responsible business complying with all operating regulations, we thoroughly treat POME before discharging it.

The discharge is required to be within levels prescribed by the Department of Environment (DOE) for indicators of water quality. For instance, the Biological Oxygen Demand (BOD) - an important indicator for assessing water quality - has to be below the permissible level. We are unsparing in our efforts to meet parameters set by regulators in all our operations. To this end, we conduct daily, weekly and monthly effluent performance monitoring that involve lab analyses and checks on the physical condition of our POME treatment system.

In 2022, we recorded a reading of 73 mg/L in our BOD3 reading as opposed to 78 mg/L in 2021. FGV will continue to make improvements to meet its internal target. In 2022, we are planning on further effluent improvements.

### Performance

(Final Discharge BOD3, mg/L)





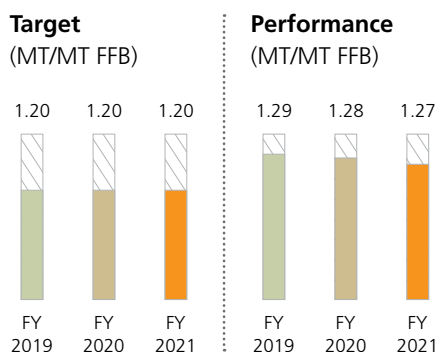
## Climate Action & Environment Protection

In 2020, FGV installed thirty four (34) units Activated Sludge System plants and three (3) units of membrane filters to enhance the performance of our effluent treatment plants to comply with the Biological Oxygen Demand (BOD) of 20 ppm and below. Each of these units cost approximately RM2 million each.

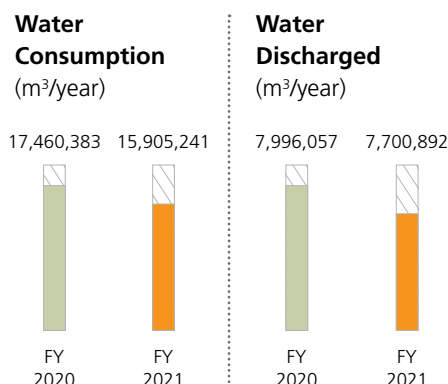
To manage water shortages, our mills observe strict water processing control of throughput and monitoring for oil contamination in our effluent treatment system. We also undertake pond desludging activity and daily monitoring of the performance of the effluent treatment system for better performance. In addition, we continuously enhance the existing system for better quality discharge (aeration pond, polishing plant, membrane bio reactor) and foster better rapport with regulatory authorities. In the event of recovery actions needed, FGV will maximise SOP due diligence and undertake control processing that correlates with the prevailing effluent condition.

A continuous challenge we face is that our water consumption continues to exceed the targets we set for our mills. To minimise the usage of water within our mill operations, we closely monitor water consumption on a daily, monthly and yearly basis by benchmarking against a ratio of less than 1.20 (MT of water: MT FFB Processed). Additionally, most of the raw water supply is sourced from nearby rivers. In 2021, we will be focusing on optimising water usage at the top 10 mills with high water consumption.

### Mill Water Usage: Performance 2019-2020



### Water Management Performance 2020-2021



### PESTS AND DISEASE MANAGEMENT

We practice integrated pest management in our operation and prefer to use natural methods to control pests and diseases. As part of Integrated Pest Management (IPM) strategy, we use barn owl (*Tyto alba*) as a biological control to manage the rat population in our estates. In 2020, we have introduced barn owls at our estates in Sabah which are not native there. With more areas coming into biological control with barn owls, the use of rodenticide is reduced significantly, reflecting our cost effective operation strategy.

FGV advocates the responsible use of pesticides, herbicides and fertilisers in our plantations. We are guided by the World Health Organisation in this regard, and avoid agro-chemicals that belong to its Class 1A or 1B list. We also do not use hazardous chemicals and agrochemicals listed by the Stockholm or Rotterdam Conventions except in specific situations. Over the past few years, we have progressively reduced the amount of Class 1 herbicides used in our plantations, and completely stop using the Class 1 chemicals in 2019.

FGV promotes the use of a combination of organic and inorganic fertiliser to improve palm growth while maintaining optimum yields. FGV ensures minimum impact to the environment by judicious use of fertiliser determined through scientific approach using foliar and soil analysis results. Site yield potential is also considered in determining the right amount of fertiliser to be applied in a certain year. We also ensure that fertilisers used in our plantations have a minimum environmental impact. They take into consideration the leaf and soil nutrient status, palm age and potential yield versus the expected yield for a particular year.

We also adopt precision farming to reduce the use of manpower, operation time, and fuel consumption. As part of precision farming, we have also developed a drone-spraying methodology that can efficiently spray for weed, pests and disease control. Drone spraying without a doubt has improved the productivity of workers in up-keeping the estates, by enabling them to spray much larger areas.

## PLANTATION - DOWNSTREAM

At Delima Oil Palm Products (DOPSB), water consumption is mainly for boiler operations (steam generation), the cooling tower for processing fats (margarine) and general use (toilets and general cleaning). The water is supplied by the local water authority. More than 50% of the water is used for steam generation at DOPSB plants that cannot operate without steam supply. DOPSB has a back-up water tank that can store water to meet its needs for up to two (2) days. DOPSB also has a rainwater harvesting system to support its daily water consumption needs.

## TOTAL WATER CONSUMPTION IN OUR OPERATIONS (M<sup>3</sup>/YEAR)

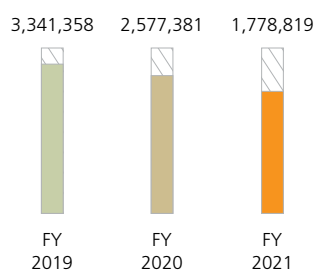
At FGV Palm Kernel Products, water is used for cooling processes, where it is sprinkled on the finished products. Water is a key input throughout the manufacturing process such as the cooling process and for steam production for the deodoriser and fractionation plants.

At FGV Biotechnologies (FGVB), piped water is stored in water tanks and pumped to operational areas. Municipal wastewater is treated by septic bed filtration, before being discharged out of factory areas. Contaminated water generated by the operations is treated at an Industrial Effluent Treatment Plant, that has a capacity of 96 m<sup>3</sup>/day, before being discharged out of the factory area. In the event of water shortages, there are backup tanks that have a storage capacity for up to two (2) days.

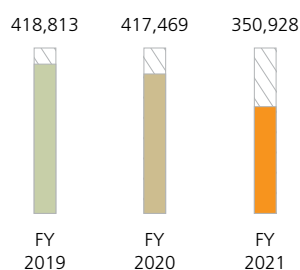
## SUGAR

Vast water quantities are used in the sugar refining process. Sustained water management measures have been adopted to ensure the efficiency of water usage within our operations. The amount of water used and reused in our daily operations are constantly measured and monitored.

**Total Water Consumption in Our Operations**  
(m<sup>3</sup>/year)



**Volume of Water Recycled and Reused**  
(m<sup>3</sup>/year)



## Climate Action & Environment Protection

### LOGISTICS & OTHERS

FGV Johor Bulkiers', which operates our bulking/storage business, generates wastewater operation in the normal course of business providing storage and bulking services. The wastewater is treated in the Wastewater Treatment Plants (WWTP) prior to being discharged in compliance with DOE's regulations and guidelines.

To optimise effluent produced, FGV Johor Bulkiers has installed a Reverse Osmosis (RO) plant to recycle effluent from the WWTP to reuse as feed water for boiler operations. The by-product from the RO plant i.e. wastewater is channelled to the water recycling tank for daily cleaning activities. To ensure successful implementation of FGV Johor Bulkiers's recycling activities, the performance of the WWTP and RO plant are monitored closely against the targets set.

FGV Johor Bulkiers tracks the performance of the WWTP and RO plant, and data showed that we achieved close to the targets set. The targets set are reviewed and revised (if required) on yearly basis.

#### 2019-2020: Performance of Wastewater Treatment Plant and RO Plant

Financial Year	Performance of WWTP		Performance of RO Plant	
	Target	Performance in FY2020	Target	Performance in FY2020
FY2019	4,900 MT/month	5,017 MT/month	1,800 MT/month	2,051 MT/month
FY2020	4,900 MT/month	4,898 MT/month	1,900 MT/month	1,976 MT/month
FY2021	4,900 MT/month	4,865 MT/month	1,900 MT/month	1,920 MT/month

Financial Year	Total boiler water consumption (MT) (RO water + Make-up water)	RO water produced (MT)	Make-up water used (MT)	Saving by RO water (%)
FY2019	85,139	21,849	63,290	26%
FY2020	96,538	23,715	72,823	25%
FY2021	96,794	23,050	73,744	24%

Note:

Make-up water means the additional quantity of processed water (by state, i.e. SAJ) supply to make up to total quantity of water required in boiler operations.

In 2022, we will continue with the wastewater recycling efforts whilst the boiler fuel utilisation will be monitored on a monthly basis in the Cost Improvement Program (CIP).



## BIODIVERSITY & LAND MANAGEMENT

Upstream agriculture industries invariably operate in areas that have diverse ecosystems to which they have a responsibility to protect and preserve these ecosystems' equilibrium. At FGV, we recognise our responsibility towards biodiversity and conservation in areas where we operate. We put a strong focus on minimising negative impact on the ecosystems surrounding our operations to ensure they have an environment to thrive in.

Our plantations are located in Malaysia and Indonesia which are also home to some of the world's richest biodiversity. As environmental stewards, we have a solemn responsibility to protect this biodiversity, taking great pains to avoid human-wildlife conflicts in areas we operate, identify high conservation zones (HCV) and institute measures to protect these zones including through wildlife conservation programmes. FGV ensures that there will be no new development on HCV areas that includes natural forest reserve, primary forest, protection areas and other areas with social concerns.

Additionally, FGV conducts high carbon stock assessments based on high carbon stock approach (HCSA) in determining new areas for oil palm development. Drainability assessment will be conducted to ascertain the viability of replanting in cultivated peatland and ensure that natural buffers are maintained to mitigate flooding and restore the hydrological function where peatlands are planted. We also mandate environment protection for our suppliers, all of whom are required to adhere to our NDPE policy.

### **EFFICIENT USE OF NATURAL RESOURCES**

In addition to reducing environmental impact, we practice efficient use of natural resources which also make good business sense. The following initiative drives home this point:

- Embracing the circular economy, we optimise on palm biomass to produce green biogas, leverage fronds, empty fruit bunches and trunks as organic fertilisers, reducing our use of inorganic fertilisers and repurpose kernel expellers into animal feed as an additional source of revenue. In addition, we also pursue strict waste management and water management practices to reduce utilisation of these valuable natural resources

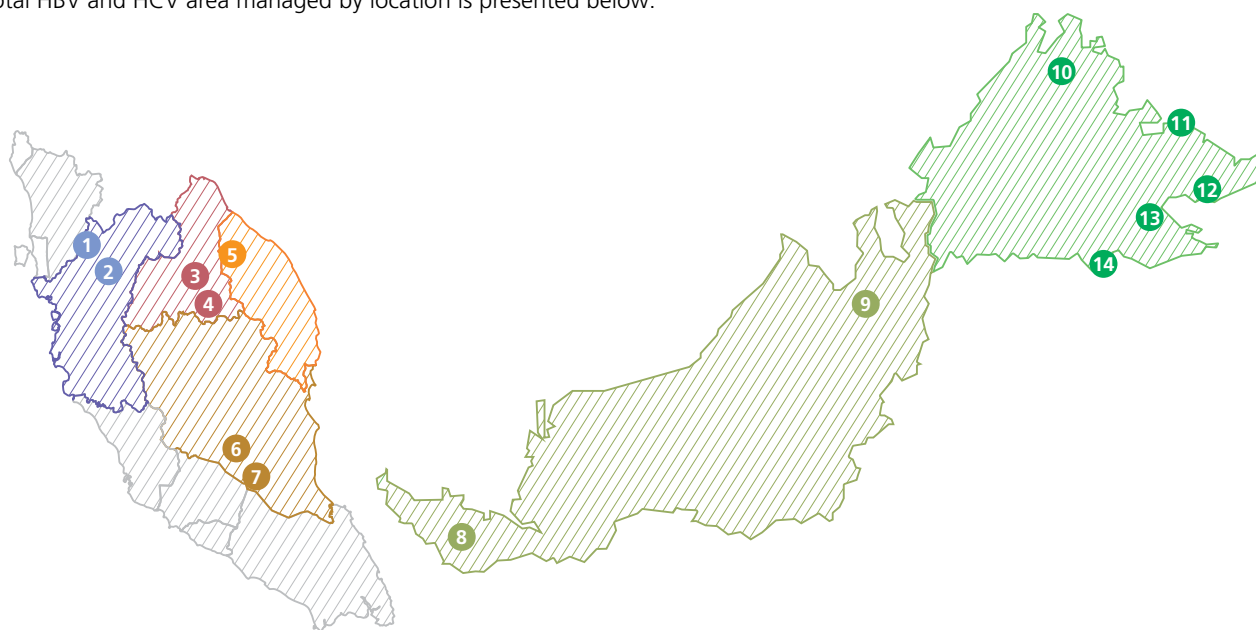


## Climate Action & Environment Protection

### PROTECTING HIGH BIODIVERSITY VALUE (HBV)/HIGH CONSERVATION VALUES (HCV) AREAS

FGV gives priority to conserving biodiversity, especially in plantations located in close proximity to natural forest reserves or conservation areas that are habitat to endangered, rare and threatened (ERT) species. FGV pledges to carry out conservation initiatives for the continuous protection of the natural ecosystem and its services. In line with our GSP, we ensure our new developments do not encroach into environmentally sensitive areas, HBV/HCV areas. Wherever possible, we plant beneficial plants to attract natural predators of insect pests in our plantations.

Most of our plantations are situated near natural forest, forest reserves and wildlife protection areas. Naturally, these areas contain some HBV/HCV elements that need to be preserved. We have conducted HBV/HCV assessment in these areas and developed management plans to maintain and enhance the identified values. As of 2020, we have identified a total of 12,180.61 ha of HBV/HCV areas within our land boundaries in Peninsular Malaysia, Sabah & Sarawak and Indonesia. The total HBV and HCV area managed by location is presented below:



**Most of our plantations are situated near natural forest, forest reserves and wildlife protection areas. Naturally, these areas contain some HBV/HCV elements that need to be preserved.**



#### Perak

- 1 Tawai 1
- 2 Tawai 2



#### Pahang

- 6 Tembangau 05
- 7 Tembangau 06



#### Kelantan

- 3 Aring 10
- 4 Aring 11



#### Sarawak

- 8 Sampadi Complex
- 9 Asian Plantation Limited (APL)



#### Terengganu

- 5 Setiu 01



#### Sabah

- 10 Yapidmas
- 11 PUP Complex
- 12 Sahabat Complex
- 13 Umas Complex
- 14 Kalabakan Complex



## HCV/HBV AREAS IN AND AROUND FGV PLANTATION

Country/State/ Region	Estate	HCV/HBV area within estates (ha)	Biodiversity values	HCV/HBV aspects around FGV estates
<b>Malaysia</b>				
Perak	Tawai 1	101.78	Terrestrial - Presence of hill dipterocarp forest and lowland dipterocarp forest ecosystem. Presence of critically endangered fauna and other endangered and vulnerable fauna	Elephant distribution area and part of the Belum Temenggor Important Bird Area
	Tawai 2	65.76	Terrestrial - Presence of critically endangered fauna and other endangered and vulnerable fauna	Elephant distribution area and part of the Belum Temenggor Important Bird Area
Kelantan	Aring 10	45	Terrestrial - Well-vegetated riparian zone and floodplain	Lebir Reserved Forest
	Aring 11	24.2	Terrestrial - Well-vegetated riparian zone and floodplain	Lebir Reserved Forest
Terengganu	Setiu 01	15.5	Terrestrial - Lowland forest ecosystem	Gunung Tebu Reserved Forest
Pahang	Tembangau 05	0.6	Terrestrial - Management of extreme water flow	Tasik Bera Ramsar site
	Tembangau 05	235	Terrestrial & freshwater. Presence of vulnerable fauna, supports freshwater swamp forest, floodplain connected to Ramsar site	Tasik Bera Ramsar site
Sarawak	Sampadi Complex	575	Terrestrial - Key riparian areas, steep slopes, presence of endangered and vulnerable fauna	Sampadi Forest Reserve and Taman Negara Gunung Ganding
	Asian Plantation Limited (APL)	4,717.82	Terrestrial & freshwater. Presences of critically endangered, endemic and endangered fauna	None
Sabah	Sahabat Complex	1,905	Terrestrial - Key riparian areas, steep slopes. Freshwater - important water catchment area and presence of critically endangered, endemic and endangered fauna	Tabin Wildlife Reserve, Sg. Kapar Virgin Forest Reserve and Kuala Maruap Forest Reserve
	Umas Complex	64.6	Terrestrial - Lowland forest ecosystem and presence of endangered species	Coastal Zone Forest Reserve

## Climate Action & Environment Protection

Country/State/ Region	Estate	HCV/HBV area within estates (ha)	Biodiversity values	HCV/HBV aspects around FGV estates
Malaysia				
Sabah	Kalabakan Complex	538.7	Terrestrial i. lowland forest ecosystem and mangroves ii. presence of endemic, endangered and vulnerable fauna iii. slopes and erosion control  Freshwater i. important source of water ii. aquatic-terrestrial ecosystems	Coastal Zone Forest Reserve
	Pontian United Plantation (PUP)	911.2	Terrestrial i. lowland forest ecosystem ii. key wildlife corridor for critically endangered, endemic and ERT fauna iii. hills and erosion control  Freshwater i. important source of water ii. working river	Kinabatangan Wildlife Sanctuary
	Yapidmas	200.5	Terrestrial - presence of critically endangered, endemic and vulnerable fauna	None
Malaysia Totals		9,400.66		
Indonesia				
Landak, Kalimantan Barat	PT TAA	1,825.6	Terrestrial i. protected forest buffer zone ii. deep peatland areas  Freshwater i. wetland ecosystems ii. important source of water	Sebangki Forest Reserve
	PT CNP	954.35	Terrestrial i. presence of endangered and vulnerable fauna ii. important habitats including riparian areas, deep peatland and steep slopes	None
Indonesia Totals		2,779.95		
FGV Group Totals		12,180.61		

We have plans to enhance the HCV areas by planting native and threatened tree species in coming years. In 2020, we have identified 300 hectares within our plantation to be planted with native/beneficial trees and the planting is expected to commence in first quarter of 2021. FGV plans to continue with the tree planting program in other HCV areas such as unplanted areas, riparian zones, forest buffers and steep slopes. A few other areas have been shortlisted and site verification for their suitability will be undertaken.

## MANAGING HUMAN-WILDLIFE CONFLICT

Some of our plantations are located in areas classified as 'Wildlife Managed Areas' where there is the likelihood of human-wildlife conflict that are best avoided. To prevent such incidents, we have developed guidelines to manage potential human-wildlife conflict. The guidelines call for the identification of wildlife threats in and around plantations. Since our goal is conservation of these wildlife species, our action plan consists of monitoring and creating awareness among our workers and nearby communities of the wildlife in the area. This includes prohibition of any illegal hunting of wildlife in the plantations, except where special privileges for local communities are granted by the authorities. The scope of these guidelines is aligned with Malaysian Sustainable Palm Oil (MSPO) and Roundtable on Sustainable Palm Oil (RSPO) requirements.

In 2021, FGV participated in the Human-Elephant Conflict (HEC) in Southern Ecological Landscape in Johor with MEME from University of Nottingham, oil palm plantation companies, DWNP and non-governmental organisations to strategise and mitigate the conflict through multi-stakeholders approach.


In 2021, FGV workers found a lost two-week old male baby elephant near FGV's Ladang Aring 08. It is believed to have been swept away by the strong current of the Antia river, due to a recent heavy downpour. The baby elephant was then transferred to the Sungai Deka Elephant Conservation Center in Hulu Terengganu, and named 'Antia' after the name of the river where it was found. Today, Antia is 8 months old and in good health, and is being monitored closely by the veterinary officers of the Terengganu State Wildlife Department.



IUCN Red List: Species of concern in FGV operations.

### International Union for Conservation of Nature (IUCN) Extinction Risk

Number of species in areas affected by FGV operations

	2020	2021
 Critically Endangered	2	2
Endangered	7	8
Vulnerable	6	10
Near Threatened	2	2
Least Concern	83	94

## Climate Action & Environment Protection

### SUN BEAR CONSERVATION PROGRAMME

The Sun Bear Conservation Programme (SBCP) is FGV's flagship conservation project. The Sun Bear is the smallest bear species which is indigenous to Southeast Asia and has been categorised as 'Vulnerable' on the IUCN's Red List of Threatened species. Launched in 2018 the programme involves the rescue, rehabilitation and release of injured or displaced Malayan Sun Bears back to the wild.

The SBCP is implemented in partnership with the Malaysian Nature Society, the Department of Wildlife and National Parks Peninsular Malaysia and the National University of Malaysia (UKM). Through this project, FGV and its partners have developed three documents, namely 'Guidelines in Managing Sun Bear in Captivity', 'Guidelines on Conflict Management for Sun Bear' and 'Malayan Sun Bear Conservation Action Plan'. We envisage these guidelines will be useful reference tools for interested parties such as conservation centres, zoos, research centres, NGOs and wildlife conservationists. Books on Sun Bear Conflict and Habitat Landscape were also published. In addition, a documentary on SBCP achievements in relation to the Sun Bears was produced in 2021.

From 2015 to 2020, FGV has possibly the highest number of Sun Bear release record in the world, with the release of 52 Sun Bears into their natural habitat through SBCP. In addition, SBCP is preparing a training module for primary and secondary schools to build awareness on the importance of Sun Bear conservation.

#### No. of Sun Bears rescued, rehabilitated and released in 2020 & 2021



Rescued

29



Rehabilitated

28



Released

20

FGV contributes to SBCP's funding and has to date contributed around RM2.3 million. The collaboration has strong support from Citizen Action Groups known as Sahabat Beruang Matahari (Friends of the Sun Bears) that aims to foster community awareness and empathy for environmental issues, especially the conservation of the indigenous sun bear and other threatened wildlife species.

While SBCP is ongoing, we have expanded our Protection of Rare, Endangered and Threatened Species Programme to include Pygmy Elephants, Gibbons and Pangolins and we are exploring the possibility of developing similar guidelines in relation to these species. FGV has also embarked on a new 3-year initiative to protect and enhance High Conservation Value (HCV) and High Carbon Stock (HCS) areas within the vicinity of FGV's and the Federal Land Development Authority (FELDA)'s plantations by planting fast-growing indigenous or native tree species and wild fruit trees. Under this programme, FGV targets to plant a total of 50,000 trees in three years.



### BORNEO PYGMY ELEPHANT RESCUE

We often encounter wildlife that for various reasons are found to have strayed into our operational areas or surroundings in close proximity. To ensure that the wildlife are not harmed, we collaborate with the relevant local wildlife authorities to rescue, rehabilitate and support their recovery so that they can safely return to their natural habitat. Our work with Pygmy Elephants is a prime example. Borneo Pygmy Elephants, found almost entirely in Sabah and listed by the IUCN as Endangered, have been unfortunate victims of deforestation and they sometimes wander into the vicinity of our plantations. In 2020, we rescued 4 Pygmy Elephants in Sabah thanks to the diligence of our plantation workers. It is estimated only around 2,000 Pygmy Elephants are left in the wild.

In April 2020, a 2 year old baby Pygmy Elephant was found wandering around FGV plantation Sahabat 54 in Lahad Datu by our workers near Tabin Wildlife Reserve border. The FGV workers instituted immediate care by providing temporary shelter for the injured Pygmy Elephant while waiting for the Sabah Wildlife Department (SWD) and the Wildlife Rescue Unit (WRU) to come to the rescue.



The baby elephant was found to have a problem with her vision due to bad infections on both eyes causing her to wander from the herd. The elephant was later transported by FGV vehicle for further treatment at Lok Kawi Wildlife Park in Kota Kinabalu. FGV sponsored the cost of care and treatment for the injured Pygmy Elephant named 'Sahabat' for six months until full recovery amounting to a total of RM16,000.00. 'Sahabat' has regained her sight under the SWD veterinarians' care.

In 2021, Yuri, a baby elephant was rescued from Ladang Felda FGV Sahabat 9 Baiduri Ayu, Lahad Datu with the joint efforts of the Wildlife Rescue Unit and the workers of Ladang Felda FGV Sahabat 9 Baiduri Ayu.

### MEGA BIODIVERSITY CORRIDOR PROJECT

FGV has a five (5) year commitment to the Borneo Conservation Trust (BCT) and Sabah Wildlife Department to participate in the Mega Biodiversity Corridor Conservation Project in the lower Kinabatangan Basin. Through this initiative, we support the reestablishment, restoration and protection of riparian zones to protect important wildlife corridors for Borneo Pygmy Elephants, Orangutans, Proboscis Monkeys and other important wildlife species.

This initiative has been published as one of the case studies in the 'Malaysian National Interpretation for the Management and Monitoring for High Conservation Value (HCV) - 2021, by the HCV Malaysia Toolkit Steering Committee. FGV is one of the members of the Technical Working Group (TWG) and participated in the national interpretation process and stakeholders consultation.

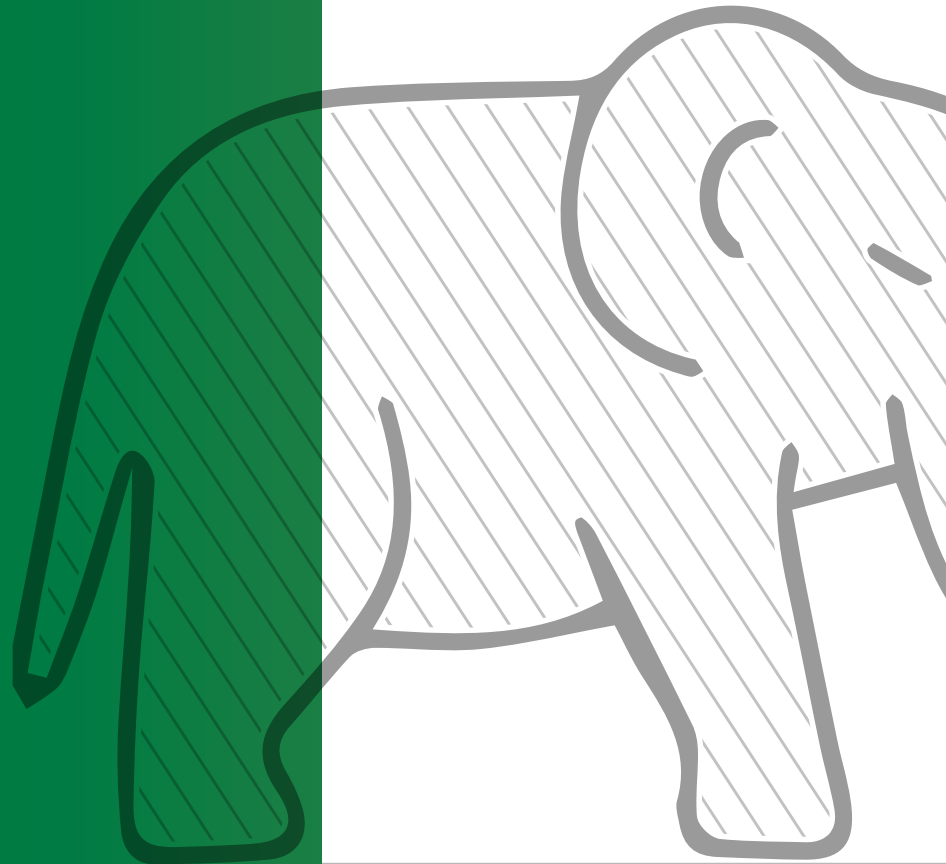
### BIODIVERSITY WITH INTEGRATED FARMING INITIATIVES

FGV's expansion into integrated farming is contributing towards the biodiversity and ecosystem functioning in our plantation operations. With better land management in mind and Good Agricultural Practices as the standard operating procedures, the Group has ventured into commercial scale MD2 pineapple cultivation in Johor and Perlis, and cultivating Cavendish bananas as an intercropping cash crop amidst our plantations in Johor. We are also rehabilitating a Harumanis mango plantation in the Agro Valley in Chuping. FGV has ventured into paddy planting and established a MRQ76 seed garden in Kawasan Pembangunan Pertanian Bersepadu (IADA) Seberang Perak and IADA Barat Laut Selangor.



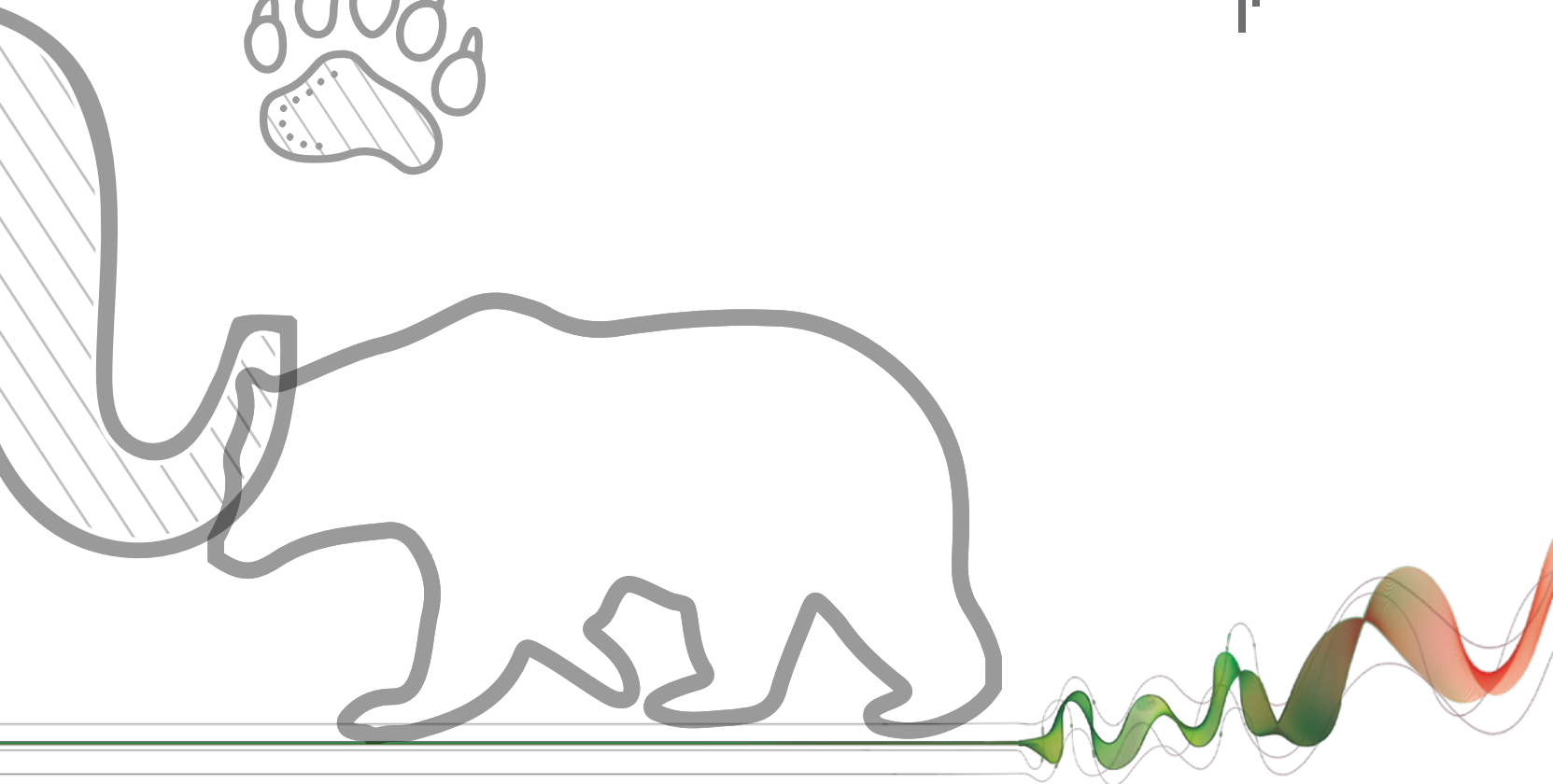
# Additional Information

130 GRI Content Index



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FGV gives priority to conserving biodiversity, especially when many of our plantations are in close proximity of natural forest reserves that are home to endangered, rare and threatened species. FGV pledges to carry out conservation initiatives for the continuous protection of the natural ecosystem.

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# GRI Content Index

FGV has reported the information cited in this GRI Content Index for the period 1 January 2020 - 31 December 2021 with reference to GRI standards.

GRI Standard		Section	Page number
GRI 2 General Disclosures 2021			
The Organisation and its reporting practices			
2.1	Organisational details	Sustainability Report (SR) Cover	SR cover page
		Corporate Details	Annual Integrated Report (AIR) page 16
		Overview of FGV and its operations, Our presence	AIR page 18
		Global Presence	SR page 26 - 27
2.2	Entities included in sustainability reporting	Reporting Scope And Boundaries	SR page 2
		N/A	
2.3	Reporting period, frequency and contact point	Reporting Scope And Boundaries	SR page 2
		Opportunities For Feedback	SR page 3
2.4	Restatements of information	No restatement of information reported from previous reporting period	
Activities and workers			
2.5	Activities, value chain and other business relationships	Our Story	SR page 18 - 21
		Our Core Value Chain	SR page 22 - 23
		N/A	
		No significant changes	
2.6	Employees	Global Presence	SR page 27
2.7	Workers who are not employees	N/A	

GRI Standard	Section	Page number
<b>Governance</b>		
2.8 Governance structure and composition	Sustainability Governance	SR pages 39 - 41
	At A Glance, Board of Directors	AIR page 84
	How We are Governed, Board Committees Composition	AIR page 85
	How We are Governed, Director's Profile	AIR pages 86 - 93
	How We are Governed, Group Management Committee Member's Profile	AIR pages 98 - 102
2.9 Nomination and selection of the highest governance body	Corporate Governance Overview Statement	AIR page 103 - 116
	Nomination and Remuneration Committee Report	AIR pages 118 - 124
2.10 Chart of the highest governance body	At A Glance, Board of Directors	AIR page 84
	N/A	
2.11 Role of the highest governance body in overseeing the management of impacts	Sustainability Governance	SR pages 39 - 41
	Corporate Governance Overview Statement	AIR page 103 - 116
	Sustainability Stakeholder Engagement	SR pages 34 - 37
	Corporate Governance Overview Statement	AIR page 103 - 116
	Board Governance & Risk Management Committee Report	AIR pages 131 - 134
	Board Governance & Risk Management Committee Report	AIR pages 131 - 134
2.13 Delegation of responsibility for managing impacts	Sustainability Governance	SR pages 39 - 41
2.12 Role of highest governance body in sustainability reporting	Sustainability Governance	SR pages 39 - 41
	N/A	
2.13 Conflicts of interest	Responsibilities, Oversight and Independence	AIR pages 125 - 130
	Ethics & Integrity	AIR page 106
	How We are Governed, Director's Profile	AIR pages 86 - 93
2.14 Communication of critical concern	Sustainability Governance, Reporting Mechanism	SR page 39 - 41
2.15 Collective knowledge of the highest governance body	Induction and Continuous Professional Development	AIR pages 114 - 116
2.16 Evaluation of the performance of the highest governance body	Board Performance Evaluation i.e. Board Effectiveness Assessment	AR pages 118

## GRI Content Index

GRI Standard	Section	Page number
2.17 Remuneration policies	Remuneration	AIR pages 120 - 124
2.18 Process to determine remuneration	Remuneration	AIR pages 120 - 124
2.19 Annual total compensation ratio		
<b>Strategy, policies and practices</b>		
2.20 Statement on sustainable development strategy	Chairman Statement	SR pages 4 - 9 Sustainability Policy and sustainability-related press releases are published in the company website <a href="http://www.fgvholdings.com">www.fgvholdings.com</a>
2.21 Policy commitments	Responsible Business	SR pages 28 - 33
	Sustainability Governance	SR pages 39 - 41
2.22 Embedding policy commitments	Sustainability Governance	SR page 39 - 41
	Responsible Business	SR pages 28 - 33
	Group Business Review	AIR pages 55 - 79
2.23 Processes to remediate negative impacts	Responsible Business, RSPO Certification	SR page 65 - 66
	Respecting Human Rights, Affiliation to Fair Labor Association	SR page 78
	Respecting Human Rights, Withhold Release Order Issued by the US Customs and Border Protection	SR page 81
	Respecting Human Rights, Grievance and Whistleblowing	SR page 85
2.24 Mechanisms for seeking advice and raising concerns	Respecting Human Rights, Affiliation to Fair Labor Association	SR page 78
	FGV Group Key Risks, Sustainability - RSPO membership	AIR page 141
2.25 Compliance with laws and regulations	N/A	
2.26 Membership associations	Respecting Human Rights, Affiliation to Fair Labor Association	SR page 78
	FGV Group Key Risks, Sustainability - RSPO membership	AIR page 141



GRI Standard		Section	Page number
Stakeholder engagement			
2.27	Approach to stakeholder engagement	Our Sustainability Approach, Sustainability Stakeholder Engagement	SR pages 34 - 37
		Stakeholder Engagement	AIR pages 26 - 29
2.28	Collective bargaining agreements	Respecting Human Rights, Collective Bargaining	SR page 82
GRI 201: Economic Performance 2016			
201.1	Direct economic value generated and distributed	Group Financial Review	AIR page 48 - 54
201.2	Financial implications and other risks and opportunities due to climate change	Material Matters	SR pages 35 - 37
201.3	Defined benefit plan obligations and other retirement plans	Group Financial Review	AIR page 48 - 54
201.4	Financial assistance received from government	N/A	
GRI 202: Market Presence 2016			
202.1	Ratios of standard entry level wage by gender compared to local minimum wage	N/A	
202.2	Proportion of senior management hired from the local community	N/A	
GRI 203: Indirect Economic Impacts 2016			
203.1	Infrastructure investments and services supported	Responsible Business, Community Engagement & Development	SR pages 72 - 73
		Respecting Human Rights, Approach to Migrant Workers	SR pages 79 - 80
203.2	Significant indirect economic impacts	Responsible Business, Community Engagement & Development	SR pages 72 - 73
		Respecting Human Rights, Approach to Migrant Workers	SR pages 79 - 80
GRI 204: Procurement Practices 2016			
204.1	Proportion of spending on local suppliers	N/A	

## GRI Content Index

GRI Standard	Section	Page number
<b>GRI 205: Anti-corruption 2016</b>		
205.1 Operations assessed for risks related to corruption	Responsible Business, Governance, Ethics & Integrity	SR pages 69 - 70
	Statement on Risk Management and Internal Controls, FGV Group's Key Risks	AIR pages 140 - 143
205.2 Communication and training about anti-corruption policies and procedures	Governance, Ethics & Integrity	SR pages 69 - 70
205.3 Confirmed incidents of corruption and actions taken	N/A	
<b>GRI 206: Anti-competitive Behavior 2016</b>		
206.1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A	
<b>GRI 207: Tax 2019</b>		
207.1 Approach to tax	N/A	
207.2 Tax governance, control and risk management	N/A	
207.3 Stakeholder engagement and management of concerns related to tax	N/A	
207.4 Country-by-country reporting	N/A	
<b>GRI 3 Material Topics 2021</b>		
3.1 Process to determine material topics	Materiality Assessment	SR pages 34 - 38
	Material Matters	AIR pages 30 - 31
3.2 List of material topics	Materiality Assessment	SR pages 34 - 38
	Material Matters	AIR pages 30 - 31
3.3 Management of material topics	Responsible Business	SR pages 51 - 73
	Respecting Human Rights	SR page 76 - 101
	Climate Action & Environment Protection	SR pages 104 - 127
<b>GRI 301: Materials 2016</b>		
301.1 Materials used by weight or volume	N/A	
301.2 Recycled input materials used	N/A	
301.3 Reclaimed products and their packaging materials	N/A	

GRI Standard	Section	Page number
<b>GRI 302: Energy 2016</b>		
302.1 Energy consumption within the organisation	N/A	
302.2 Energy consumption outside of the organisation	N/A	
302.3 Energy intensity	N/A	
302.4 Reduction of energy consumption	N/A	
302.5 Reductions in energy requirements of products and services	N/A	
<b>GRI 303: Water and Effluents 2018</b>		
303.1 Interactions with water as a shared resource	Climate Action & Environment Protection, Soil, Water, Pest & Disease Management	SR pages 117 - 120
303.2 Management of water discharge related impacts	Climate Action & Environment Protection, Soil, Water, Pest & Disease Management	SR pages 117 - 120
303.3 Water withdrawal	N/A	
303.4 Water discharge	Climate Action & Environment Protection, Soil, Water, Pest & Disease Management	SR page 118 - 119
303.5 Water consumption	Climate Action & Environment Protection, Soil, Water, Pest & Disease Management	SR page 118 - 119
<b>GRI 304: Biodiversity 2016</b>		
304.1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Climate Action & Environment Protection, Biodiversity & Land Management	SR pages 121 - 127
304.2 Significant impacts of activities, products and services on biodiversity	Climate Action & Environment Protection, Biodiversity & Land Management	SR pages 121 - 127
304.3 Habitats protected or restored		
304.4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Climate Action & Environment Protection, Biodiversity & Land Management	SR pages 121 - 127

## GRI Content Index

GRI Standard	Section	Page number
<b>GRI 305: Emissions 2016</b>		
305.1 Direct (Scope 1) GHG emissions	N/A	
305.2 Energy indirect (Scope 2) GHG emissions	N/A	
305.3 Other indirect (Scope 3) GHG emissions	N/A	
305.4 GHG emissions intensity	N/A	
305.5 Reduction of GHG emissions	Climate Action & Environment Protection	SR page 108
305.6 Emissions of ozone-depleting substances (ODS)	N/A	
305.7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A	
<b>GRI 306: Waste 2020</b>		
306.1 Waste generation and significant waste-related impacts	Climate Action & Environment Protection, Waste Management	SR pages 115 - 116
306.2 Management of significant waste related impacts	N/A	
	Climate Action & Environment Protection, Waste Management	SR pages 115 - 116
306.3 Waste generated	Climate Action & Environment Protection, Waste Management	SR pages 115 - 116
306.4 Waste diverted from disposal	Climate Action & Environment Protection, Waste Management	SR pages 115 - 116
306.5 Waste directed to disposal	Climate Action & Environment Protection, Waste Management	SR pages 115 - 116
<b>GRI 307: Environmental Compliance 2016</b>		
307.1 Non-compliance with environmental laws and regulations	N/A	
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
308.1 New suppliers that were screened using environmental criteria	Responsible Business, Traceability, Responsible Sourcing & Supply Chain Management	SR page 61 - 64
308.2 Negative environmental impacts in the supply chain and actions taken	Responsible Business, Traceability, Responsible Sourcing & Supply Chain Management	SR page 61 - 64

GRI Standard	Section	Page number
<b>GRI 401: Employment 2016</b>		
401.1 New employee hires and employee turnover	Respecting Human Rights - Diversity and Inclusion	SR page 83
401.2 Benefits provided to full-time employees that are not provided to temporary or part time employees	Respecting Human Rights - Talent Management	SR page 89
401.3 Parental leave	Respecting Human Rights - Talent Management	SR page 89
<b>GRI 402: Labor/Management Relations 2016</b>		
402.1 Minimum notice periods regarding operational changes	N/A	
<b>GRI 403: Occupational Health &amp; Safety 2018</b>		
403.1 Occupational health and safety management system	Respecting Human Rights - Occupational Health & Safety	SR page 94 - 101
403.2 Hazard identification, risk assessment, and incident investigation	Respecting Human Rights - Occupational Health & Safety	SR page 96 - 98
403.3 Occupational health services	Respecting Human Rights - Occupational Health & Safety	SR page 100 - 101
403.4 Worker participation, consultation, and communication on occupational health and safety	Respecting Human Rights - Occupational Health & Safety	SR page 100 - 101
403.5 Worker training on occupational health and safety	Respecting Human Rights - Occupational Health & Safety	SR page 98
403.6 Promotion of worker health	Respecting Human Rights - Occupational Health & Safety	SR page 98 - 101
403.7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Respecting Human Rights - Occupational Health & Safety	SR page 95 - 101
403.8 Workers covered by an occupational health and safety management system	N/A	
403.9 Work-related injuries	Respecting Human Rights - Occupational Health & Safety	SR page 96 - 97
403.10 Work-related ill health	Respecting Human Rights - Occupational Health & Safety	SR page 96 - 97



## GRI Content

### Index

GRI Standard	Section	Page number
<b>GRI 404: Training and education</b>		
404.1 Average hours of training per year per employee	Respecting Human Rights - Talent Management - Training	SR page 92
404.2 Programs for upgrading employee skills and transition assistance programs	Respecting Human Rights - Talent Management - Training	SR page 90 - 93
404.3 Percentage of employees receiving regular performance and career development reviews	Respecting Human Rights - Talent Management - Performance Management	SR page 93
<b>GRI 405: Diversity and equal opportunity</b>		
405.1 Diversity of governance bodies and employees	Respecting Human Rights - Diversity and Inclusion	SR page 83 - 84
405.2 Ratio of basic salary and remuneration of women to men	N/A	
<b>407: Freedom of Association and Collective Bargaining 2016</b>		
407.1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Respecting Human Rights - Upholding Labour Standards	SR page 82
<b>408: Child Labour</b>		
408.1 Operations and suppliers at significant risk for incidents of child labor	Respecting Human Rights - Upholding Labour Standards	SR 77 - 78
<b>409: Forced or Compulsory Labour 2016</b>		
409.1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A	N/A
<b>413: Local Communities 2016</b>		
413.1 Operations with local community engagement, impact assessments, and development programs	Responsible Business - Community Engagement and Development	SR page 72 - 73
413.2 Operations with significant actual and potential negative impacts on local communities	N/A	N/A



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