

PROGRESSING SUSTAINABLY

ANNUAL INTEGRATED REPORT 2023



PROGRESSING **SUSTAINABLY**

Every day, we strive to advance our purpose of building a sustainable future for all, through the work that we do at FGV. As an organisation that is reliant on the natural resources of the land, we are deeply committed to nurturing a better planet for the next generation. We endeavour to achieve this by conscientiously cultivating the land, fostering an ecosystem that promotes inclusive growth for all. Additionally, we aim to develop affordable and high-quality products that are easily accessible, while also employing responsible business practices that create value. In doing so, we aim to ensure that resources are used responsibly and benefits are shared widely. The theme of this Annual Integrated Report, '**Progressing Sustainably**,' mirrors our determination to shape the sustainable future that we envision. With this commitment, we aim to achieve equitable, prudent, and enduring growth, ensuring that we remain a force in delivering sustainable foods and agriproducts for generations to come.

COVER RATIONALE

Our cover design for the year draws inspiration from the dynamic strokes of the FGV logo, embodying the essence of our organisation's energy and resilience in the face of challenges. Positioned to symbolise forward momentum, these strokes encapsulate our commitment to progress, innovation, and sustainability. Reflecting the core values of FGV, the design represents simplicity, a focus on strengthening foundations, and a relentless drive for advancement through collaborative efforts and an inclusive mindset.

Scan Me

Please play your part by choosing to access our Report digitally. You can download it from our corporate website or by scanning the QR code.



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16TH ANNUAL GENERAL MEETING



Thursday, 20 June 2024



11:00 a.m.



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

SECTION ONE

SETTING THE STANDARDS

Basis of This Report

BASIS OF THIS REPORT

The FGV Holdings Berhad (FGV) 2023 Annual Integrated Report (AIR) offers a comprehensive view of our efforts towards creating sustainable value and is aligned with the principles of the International Integrated Reporting Framework. The Report aims to communicate our accomplishments, challenges, and strategies in a transparent and integrated manner, reflecting our commitment to fostering sustainable growth and shared prosperity.

We strive to continually improve our reporting disclosures to ensure that our stakeholders are able to gain a better understanding of how FGV creates and sustains value. Our primary goal is to communicate effectively with all stakeholders and enable them to make informed assessments of our performance and future prospects.

REPORTING FRAMEWORKS AND STANDARDS

FGV adheres to various reporting guidelines, including the Malaysian Code on Corporate Governance 2021 and Bursa Malaysia Securities Berhad's (Bursa Securities) Main Market Listing Requirements, in producing this AIR. We also strive to meet the Global Reporting Initiative Standards (GRI) 2021 in our sustainability reporting.

REPORTING PERIOD, SCOPE, AND BOUNDARIES

This AIR covers our value-generating activities from 1 January 2023 to 31 December 2023. Unless stated otherwise, it includes all of FGV's businesses in Malaysia and other countries involving operations in subsidiaries and joint ventures. Within this Report, you will find insightful commentary, evaluations, and future prospects for our primary business sectors within these Divisions: Plantation, Sugar, Logistics and Support, Consumer Products, and Integrated Farming. We also report on developments that may extend beyond our immediate reporting boundaries but are material to the Group's overall performance.

It is important to note that while some sections of the Report will reflect the new organisational structure effective as of 1 January 2024, the Group Business Review section from pages 49 to 77 will maintain the previous structure. This approach ensures continuity and clarity, allowing us to present a cohesive analysis of our past performance and achievements.

However, for discussion on our outlook and strategies for the future, we will align with the latest organisational structure. This will enable us to provide insights into how the new structure will shape our future direction, initiatives, and goals. By structuring the Report in this manner, we aim to provide stakeholders with a comprehensive overview of FGV's current state, as well as insights into our vision and strategies moving forward under the new structure. This approach ensures transparency and clarity in communicating FGV's trajectory and aspirations.

This AIR has been thoughtfully developed to present information in a comparative format, making it easier for our readers to review. We have incorporated sustainability disclosures throughout the Report, demonstrating our commitment to integrating sustainability as a fundamental aspect of our value creation process.

2023 REPORTING SUITE

To provide a comprehensive overview of our performance and future prospects, this Report should be read in conjunction with the accompanying reports in our Reporting Suite and other information accessible on our website. As per usual practice, FGV will produce a Sustainability Report every two years, offering stakeholders comprehensive insights into our sustainability initiatives, performance, and progress. The Sustainability Report serves as a valuable tool for stakeholders to assess our Environmental, Social, and Governance (ESG) efforts, understand our impact on sustainability matters, as well as our commitment to responsible business practices.



www.fgvholdings.com

ALIGNMENT TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We align our sustainability strategies and initiatives with 13 of the United Nations Sustainable Development Goals (UN SDGs) as below in our efforts to contribute to a more sustainable future.



More information about How We Contribute to UN SDGs can be found in the Sustainability Report 2022/2023.


BASIS OF THIS REPORT

MATERIALITY

In 2023, with the assistance of an independent consultant, we conducted a Materiality Assessment, engaging both internal and external stakeholders to gather insights on the Group’s Material Matters. This process included a review of our previous Material Matters in determining factors impacting our value delivery.

This AIR was prepared based on the determination of our Material Matters. It offers a fair, accurate, and comprehensive overview of our strategy, performance, and prospects, that takes into account the Material Matters that influence our ability to create and preserve value across the ESG aspects of our business.

In developing this Report, we considered both qualitative and quantitative factors that could impact our strategic objectives and the sustainability of our business. This includes issues discussed in reports to our Board of Directors, identified risks, and the interests of our stakeholders.

 More information can be found in Material Matters on pages 32 to 33.

REPORTING INTEGRITY

We have taken rigorous measures to ensure the accuracy, consistency, and comprehensiveness of the information presented to maintain the Report’s integrity. The reviewing process of this Report is overseen by the Reporting Committee to ensure alignment with the International Integrated Reporting Council Framework and to ensure a fair representation of FGV’s performance and operations.

The Report was also reviewed by the Audit Committee and submitted to the Board for final approval together with the Audited Financial Statements, in accordance with our stringent governance practices. Our external auditors conducted an assurance review of our Audited Financial

Statements and provided a limited assurance review of our Statement on Risk Management and Internal Control.

In compliance with the new requirement by Bursa Securities, we have undergone an Independent Limited Assurance process conducted by an independent party on the selected sustainability information disclosed in our Sustainability Report 2022/2023, which we aim to improve upon progressively. The Independent Limited Assurance Report is available within the Sustainability Report 2022/2023.

FORWARD-LOOKING STATEMENTS

In this AIR, we include forward-looking statements about our Group’s plans, objectives, strategies, future operations, and performance. However, these statements should not be considered as guarantees of future operating, financial or other results as we remain subject to risks, uncertainties, and assumptions. The Group makes no express or implied representation or warranty that the results targeted by these forward-looking statements will be achieved. Actual results and outcomes may significantly differ from forward-looking statements, whether expressed or implied. We are under no obligation to update these forward-looking statements or the historical information included in this AIR.



























OPPORTUNITIES FOR FEEDBACK

We understand that enhancing our reporting disclosures and standards requires ongoing engagement with our stakeholders throughout the year. This engagement is crucial not only for building trust but also for improving our strategy’s effectiveness. It allows us to make timely and relevant disclosures in response to new developments in our operating environment. In line with this commitment, we welcome feedback and inquiries about our reporting from our stakeholders and the public. For any questions or comments, please contact our Investor Relations Department at:

 03-2789 0000  fgv.investors@fgvholdings.com

NAVIGATING THIS REPORT

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

NAVIGATION ICON			
<p>SIX CAPITALS</p> <ul style="list-style-type: none">  Natural  Intellectual  Social & Relationship  Financial  Human  Manufactured 	<p>TOP RISKS</p> <ul style="list-style-type: none">  Trading Risk  Market Risk  Labour Risk  Sugar Risk  Sustainability Risk 	<p>STRATEGIC THRUSTS</p> <ul style="list-style-type: none">  Operational Improvement  Product & Market Penetration  New Growth Areas  Financial & Capability Building 	<p>MATERIAL MATTERS</p> <ul style="list-style-type: none">  Anti-Corruption & Anti-Bribery  Regulatory Compliance & Sustainability Certifications  Business Development & Product Quality  Upholding Human Rights & Labour Standards  Occupational Health & Safety  Talent Development  Waste Management  Climate Change
			<ul style="list-style-type: none">  Economic  Social  Environment



SECTION TWO

OUR ACHIEVEMENTS

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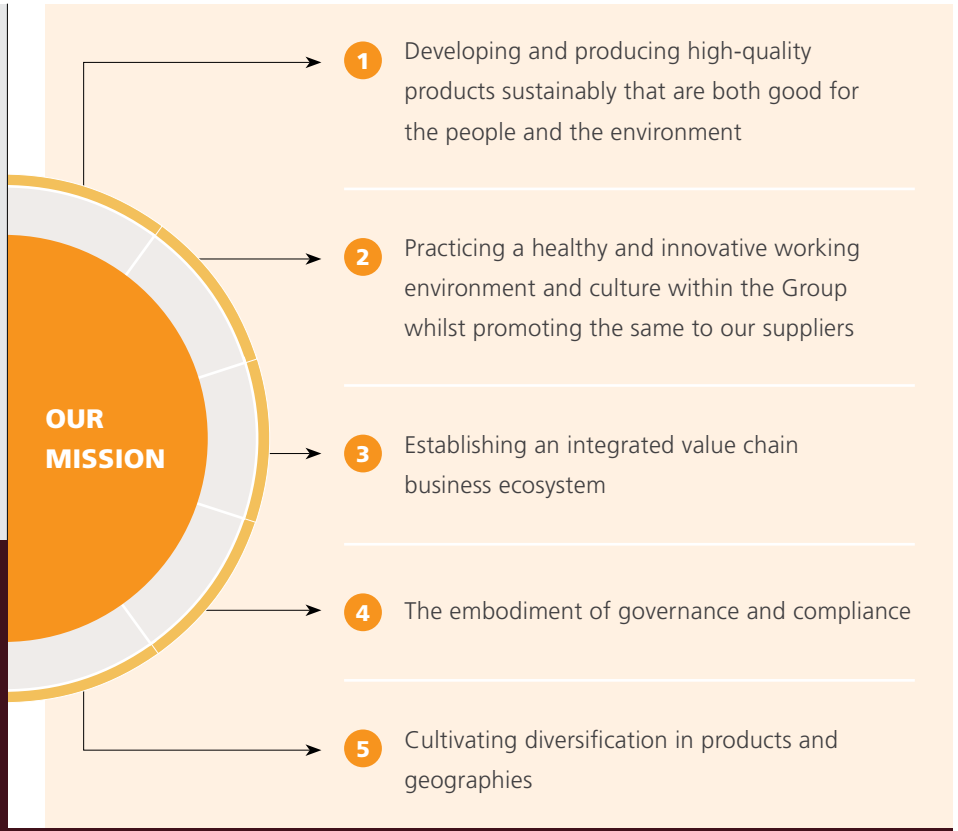
OUR STORY

FGV is an agribusiness based in Malaysia and one of the world's largest producers of Crude Palm Oil (CPO), accounting for 3% of global and 14% of Malaysian CPO production. Since its listing on the Main Market of Bursa Malaysia Securities Berhad in 2012, FGV has remained committed to achieve its strategic goals and leveraging synergies to create value for its stakeholders.



OUR VISION

Delivering Sustainable Foods and Agriproducts to the World



OUR PRIDE VALUES

<p>P</p> <p>PARTNERSHIP</p>	<p>R</p> <p>RESPECT</p>	<p>I</p> <p>INTEGRITY</p>	<p>D</p> <p>DYNAMISM</p>	<p>E</p> <p>ENTHUSIASM</p>
<p>Best solutions and ideas come from working with both internal and external parties.</p>	<p>Our sustained success and achievements can only come from respect for people as well as the environment, which is the main source of our business.</p>	<p>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.</p>	<p>Strive to discover, create ideas, and identify growth potential from uncharted opportunities and beyond traditional boundaries, all done in the best interest of our stakeholders.</p>	<p>We are enthusiastic about what we do, committed to the growth and future of our agribusinesses, while propagating sustainable development around the world.</p>



OUR STORY

Plantation



The Plantation Division is at the core of our operations, encompassing the entire supply chain from Upstream to Downstream activities. It also covers Research & Development (R&D), Marketing & Trading, Rubber, and Renewable Energy.

Total Landbank
(including Malaysia and Indonesia)

438,867 Ha

CPO Production
2.62 million MT

FFB Processed
12.69 million MT

- ✓ FGV Estates: **28%**
(3.59 million MT)
- ✓ Third Parties: **30%**
(3.79 million MT)
- ✓ FELDA Settlers: **42%**
(5.31 million MT)

Planted Area
344,472 Ha

- ✓ Oil palm: **333,765 Ha**
- ✓ Rubber: **7,203 Ha**
- ✓ Other crops: **3,504 Ha**

Unplanted
94,395 Ha

- Mills 66**
- ✓ MSPO-certified: **100%**
 - ✓ RSPO-certified: **45%**

Research & Development (R&D)

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

71
highly qualified
researchers



22
agronomists



Producer of award-winning Yangambi ML161 seed with

- ✓ **39.4%** domestic market share

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

Sugar



The Sugar Division, operated through FGV's 51% subsidiary, MSM Malaysia Holdings Berhad (MSM), is Malaysia's leading refined sugar producer and among the largest in Asia. Listed on Bursa Malaysia Securities in 2011, MSM offers a diverse range of products, including refined sugars and healthier alternatives such as sucralose and stevia mix, catering to a broad spectrum of consumer health preferences.

Sugar Refining Capacity
2.05 million MT



Gula Prai >60%
domestic refined
sugar market share

Logistics and Support



The Logistics and Support Division fortifies the core of FGV's business entities with the nation's largest liquid bulking installation and dedicated fleets, driving growth in logistics through innovation and technology. Other supporting businesses within this Division encompasses Information Technology and Hospitality.

Total Storage Capacity
(including Malaysia and Pakistan)
1.10 million MT

- ✓ Liquid: **974,490 MT**
- ✓ Dry Cargo: **123,000 MT**

Mixed Fleet Vehicles >600 units

Consumer Products & Integrated Farming



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

Brands

Saji #1 refined cooking oil in Malaysia, with **44.7%** market share

WELANG #1 margarine brand in Malaysia, with **49.0%** market share

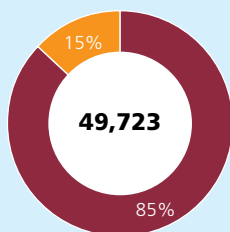


GLOBAL PRESENCE

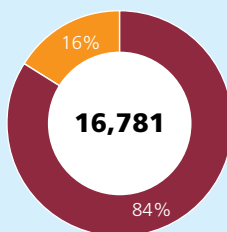
We operate in **seven countries** across North America, Europe and Asia.



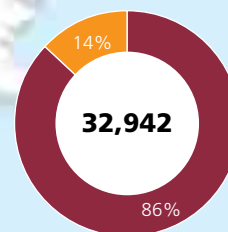
FGV's Total Workforce¹



FGV Employees



Operational Labour



Male Female

¹ FGV's total workforce as at 31 December 2023 includes FGV Employees (Malaysia, its overseas operations, and MSM) and Operational Labour.

FGV'S ASSETS

Plantation

- 214 Estates
- 66 Mills
- 6 Vegetable oil refineries (2 are JVs)*
- 7 Rubber processing facilities
- 4 Kernel crushing plants
- 3 R&D centres
- 3 Seed production centres
- 3 Fertiliser manufacturing plants
- 3 Trading offices*
- 2 Oleochemical plants (1 is JV)*
- 1 Biodiesel plant

Sugar

- 2 Sugar refineries
- 1 Refined sugar warehouse

Logistics & Support

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

Integrated Farming

- 2 Collection, Processing, and Packaging Centres (CPCC)
- 1 Chuping agro food valley
- 6 Paddy farming
- 3 Animal feed plants
- 1 Fresh milk processing facility
- 1 Integrated cattle dairy farm

* Joint Venture

More information on the assets owned by FGV can be found on our website, www.fgvholdings.com





The Indonesian operation was divested in November 2023

LOCATIONS

NORTH AMERICA

- United States**
 - 1 Oleochemical plant

EUROPE

- France**
 - 1 Trading office*
- Spain**
 - 1 Trading office*

ASIA

- Cambodia**
 - 1 Rubber processing facility
- Thailand**
 - 1 Rubber processing facility

Pakistan

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

Malaysia

- 214 Estates
- 66 Mills
- 5 Vegetable oil refineries (1 is JV)*
- 5 Rubber processing facilities (two are located in the same location)
- 4 Kernel crushing plants
- 3 R&D centres
- 3 Seed production centres
- 3 Fertiliser manufacturing plants

- 1 Biodiesel plant
- 1 Oleochemical plant*
- 2 Sugar refineries
- 1 Refined sugar warehouse
- 10 Bulking terminals
- 10 Transportation hub and spoke
- 10 Warehouses (located in three different locations)
- 4 Transportation depots
- 1 Jetty operation
- 1 Hotel
- 2 Collection, Processing, and Packaging Centres (CPCC)
- 1 Fresh milk processing facility
- 1 Chuping agro food valley
- 3 Animal feed plants
- 6 Paddy farming
- 1 Integrated cattle dairy farm

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY FRAMEWORK

FGV's Sustainability Framework aligns our sustainability efforts with Environmental, Social and Governance (ESG) principles. The Framework guides the integration of sustainable practices into our business management and operations serving as a blueprint for sustainable development to generate long-term value for all stakeholders. Our sustainability endeavours prioritise human rights and compliance with labour standards while aiming to foster positive environmental and social impacts. We are committed to this approach to strive for sustainable and holistic business growth.

SUSTAINABILITY GOVERNANCE

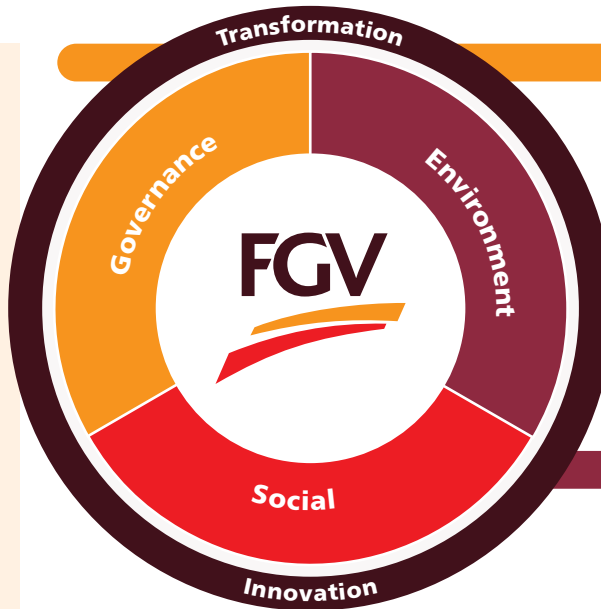
The Board at FGV takes a top-down approach to leading the Group's sustainability efforts. This oversight sets the tone from the top to ensure sustainability is a key organisational priority. Supported by the Board Sustainability Committee (BSC) and the Sustainability Steering Committee (SSC), the Board oversees the strategic development and implementation of the Group Sustainability Policy (GSP). The BSC receives detailed reports from the Group Management Committee, and the SSC informing the Board's decisions on sustainability matters. Furthermore the Board holds the responsibility for approving public disclosures regarding the Group's sustainability efforts, ensuring that sustainability initiatives are well-coordinated and transparently communicated to all stakeholders.

SUSTAINABILITY SCOPE AND BOUNDARIES FOR SUSTAINABILITY REVIEW

This sustainability review in this report covers only FGV's operations and its subsidiaries in Malaysia, excludes subsidiaries, joint ventures, and associates outside of Malaysia for the period of 1 January 2023 to 31 December 2023.



More information on Sustainability Governance can be found in the Corporate Governance Overview Statement on pages 107 to 145.



Economic Growth

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

Our comprehensive sustainability approach is structured into three phases: Rethink, Repurpose, and Redesign, being executed from 2022 to 2024. This three-phased structured approach aims to generate significant positive impacts across economic, environmental, and social aspects. The strategy's phased approach allows for focused and sequential implementation, ensuring thorough addressing and integration of each aspect of sustainability into the Group's overall framework.

FGV's GSP was introduced in 2016 and aligns with Global Sustainability Standards to positively impact economic, environment, and social aspects. The GSP's three pillars focus on Promoting Economic Growth, Respecting Human Rights, and Protecting the Environment. This policy guides FGV's sustainability initiatives across all its entities, including listed and non-listed subsidiaries under its management control. Moreover, the GSP extends to contractors, suppliers, and other third parties working with FGV, ensuring a comprehensive and inclusive approach to sustainability.



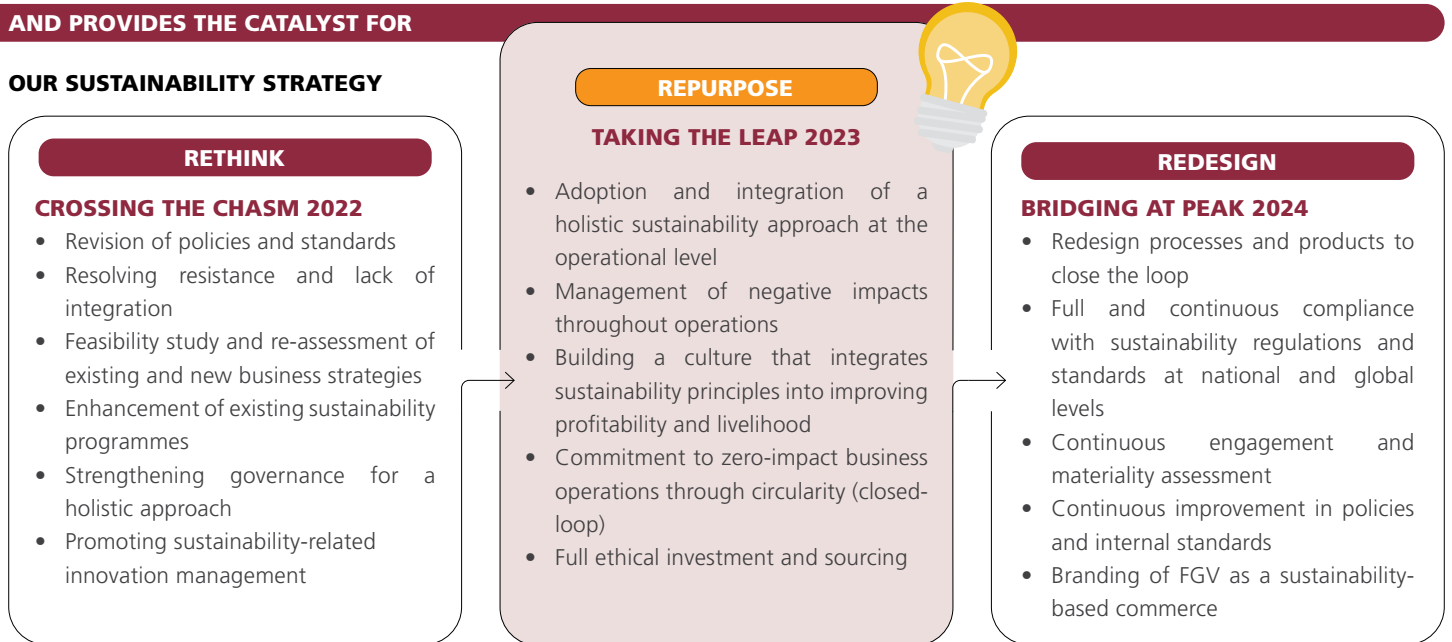
OUR APPROACH TO SUSTAINABILITY

OUR SUSTAINABILITY FRAMEWORK GUIDES THE WAY WE APPROACH ESG ASPECTS

Governance	Social	Environment	Innovation & Transformation
Integration of sustainability objectives and targets into the Company's core business strategy, model and governance structure.	Integration of a responsible approach to social and human rights issues.	Integration of environmental protection and sustainable food production in becoming a zero environmental impact business.	Linking innovation and transformation to promote incremental and disruptive sustainability-oriented innovations and progress.

AND PROVIDES THE CATALYST FOR

OUR SUSTAINABILITY STRATEGY



WHICH ARE SUPPORTED BY OUR SUSTAINABILITY POLICIES

GROUP SUSTAINABILITY POLICY

<p>Promoting Economic Growth</p> <ul style="list-style-type: none"> Responsible sourcing - support for suppliers, and smallholders. Responsible production - obligation of value chain partners through traceability and certification 	<p>Respecting Human Rights</p> <ul style="list-style-type: none"> Equality and non-discrimination Upholding labour standards Respecting the rights of indigenous peoples and local communities Health and safety Preventing harassment and abuse 	<p>Protecting the Environment</p> <ul style="list-style-type: none"> Addressing climate change No deforestation and planting on peat Protect High Biodiversity Value (HBV) and High Conservation Value (HCV) areas Limitations on the use of hazardous chemicals and agrochemicals Water management and waste management Efficient use of natural resources
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2023 HIGHLIGHTS

NATURAL CAPITAL



Completed **16,547 Ha** of felling and **19,862 Ha** of replanting work



Applied **275,570 MT** of fertiliser, covering **90%** of our annual manuring programme

Conducted a tree planting programme in Gerik, Perak, covering a **300 Ha** HCV management area to promote sustainable land management practices



INTELLECTUAL CAPITAL



Clinched the **Gold Award and Best Invention Award** for Research Institutions at the 34th International Invention, Innovation, and Technology Exhibition in 2023

Undertook **two R&D studies**, focusing on value-added fertiliser and planting materials with improved high oil yield, aimed at enhancing efficiency and productivity



SOCIAL & RELATIONSHIP CAPITAL



Completed the reimbursement of recruitment fees to 20,153 active migrant workers, totalling **RM72.2 million**



Invested approximately RM392.6 million in constructing new housing, renovating facilities, and ensuring uninterrupted electricity and water supplies for our migrant workers, energy management system, sustainability certifications, and other initiatives

Allocated around **RM2.6 million** to various initiatives as part of our Corporate Social Responsibility efforts



Launched the **Saji Seikhlas Hati campaign**, aimed at supporting deserving Malaysians through various programmes, particularly focusing on the *Asnaf* and underprivileged groups

Received the **ESG Positive Impact Awards 2022** in the Environment: Renewable Energy category, organised by The Star Media Group Berhad



Conducted **nine** series of Independent Smallholders Consultation Programmes to enhance their understanding of FGV's sustainability commitment and foster collaboration toward sustainable practices

Completed the GHG emissions inventory for Scope 1 and Scope 2 in both the Forest, Land, and Agriculture (FLAG) sectors and Non-FLAG sectors



2023 HIGHLIGHTS

FINANCIAL CAPITAL



Launched an **upsized Sukuk Murabahah programme of RM3.0 billion**

Contributed around **RM34 million** for Zakat

Assigned as an **investment grade corporate rating of AA-** by Malaysian Rating Corporation Berhad, with a stable outlook

HUMAN CAPITAL



Conducted **281,109 hours** of training across all levels to upskill employees

Introduced the **'L&D Reconnect' platform** to facilitate learning and cultivate a culture centred around respect, enthusiasm, and teamwork

Achieved multiple awards and recognitions, including:

- **Malaysia Best Employer Brand Awards 2023, Malaysia Brand Leadership Awards 2023, and Top Most HR Leaders Malaysia** by World HRD Congress
- **Malaysia's Most Preferred Employer** under the Conglomerate Sector by GRADUAN Brand Awards 2023

MANUFACTURED CAPITAL



Saji cooking oil retains its position as Malaysia's top brand with a market share of **44.7%**, while Seri Pelangi margarine increased its market share to **49.0%**

Saji has been recognised with multiple awards, including:

- **Top Outstanding Brand** with The Most Incremental Shoppers in 2022 by KANTAR
- BrandLaureate **Sustainable Business & Brand Inspiring Achievement** Award for 2022-2023
- **Gold Award** for Best Bahasa Malaysia Copywriting, Content Writing, and Scriptwriting at Kancil Awards

Launched **15 new Stock Keeping Units (SKUs)** in the market:

 <ul style="list-style-type: none"> • <i>Krimer pekat</i> in various sizes, coconut cream reformulation, and <i>ketupat mini</i> 	 <ul style="list-style-type: none"> • Ayam kampung and ready-to-drink real fruit juices in various flavours
 <ul style="list-style-type: none"> • Single greek yoghurt in mango peach, mixberries, and strawberry flavours, Acerola yoghurt in pineapple and coconut gula melaka, and UHT milk in full cream and chocolate flavour, in various sizes 	 <ul style="list-style-type: none"> • Premium Gula Super

Constructed a new warehouse in MSM Johor with a capacity of **10,000 MT** to support the plant ramp-up

Increased bulking and storage capacity by **25,500 MT** through local expansion at our facilities across Malaysia



Bursa Securities has approved **Sahabat Bulking Installation** to manage the Port Tank Installation for CPO

Purchased **54 units** of Euro 5 engine emissions Prime Movers to increase capacity and enhance sustainability compliance

MSM introduced its **first 100% Electric Vehicle (EV) van** for last-mile delivery in Klang Valley as part of its ongoing ESG initiatives

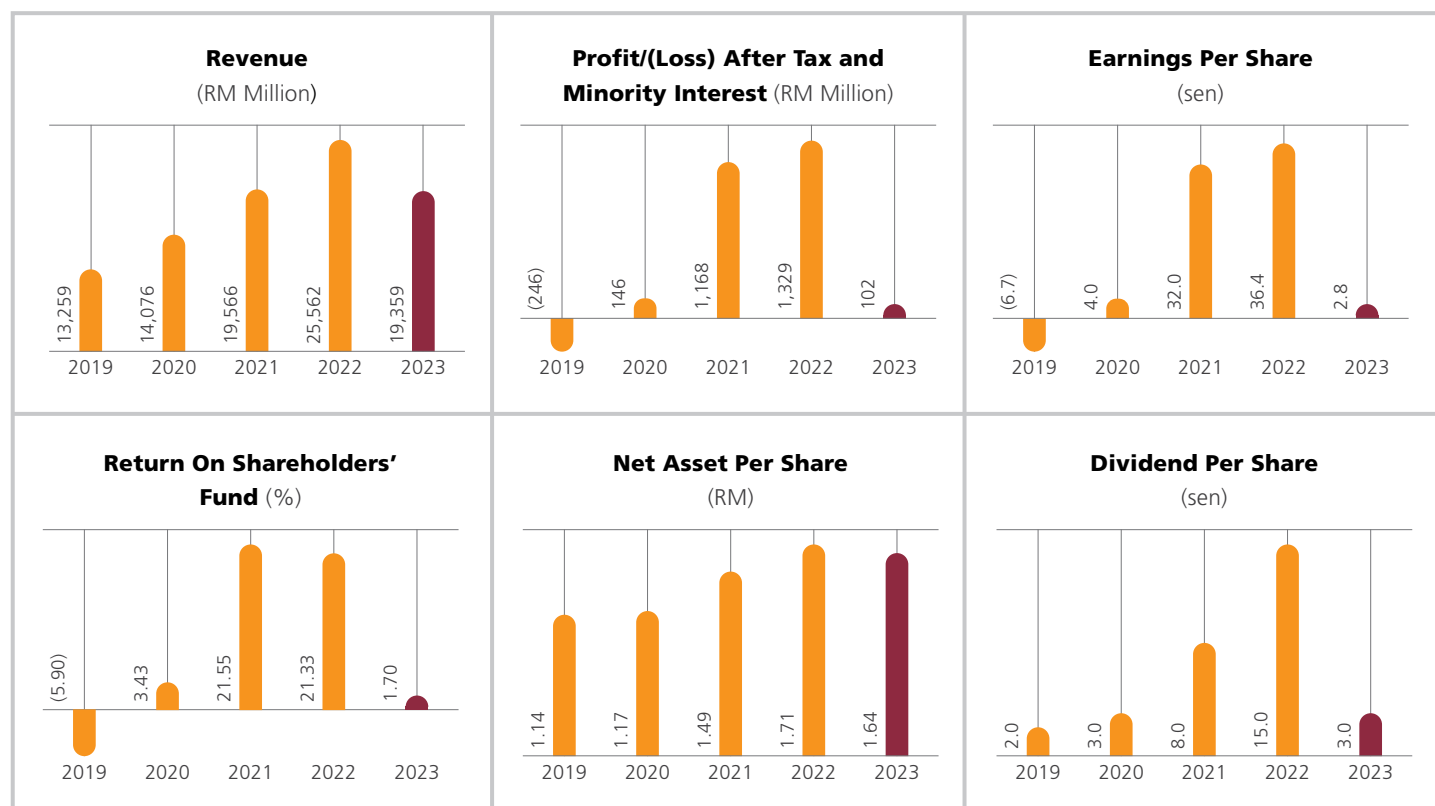
Completed the **third phase of renovation**, which included 32 rooms and two meeting rooms, at Hotel Seri Costa in Melaka

5-YEAR FINANCIAL HIGHLIGHTS

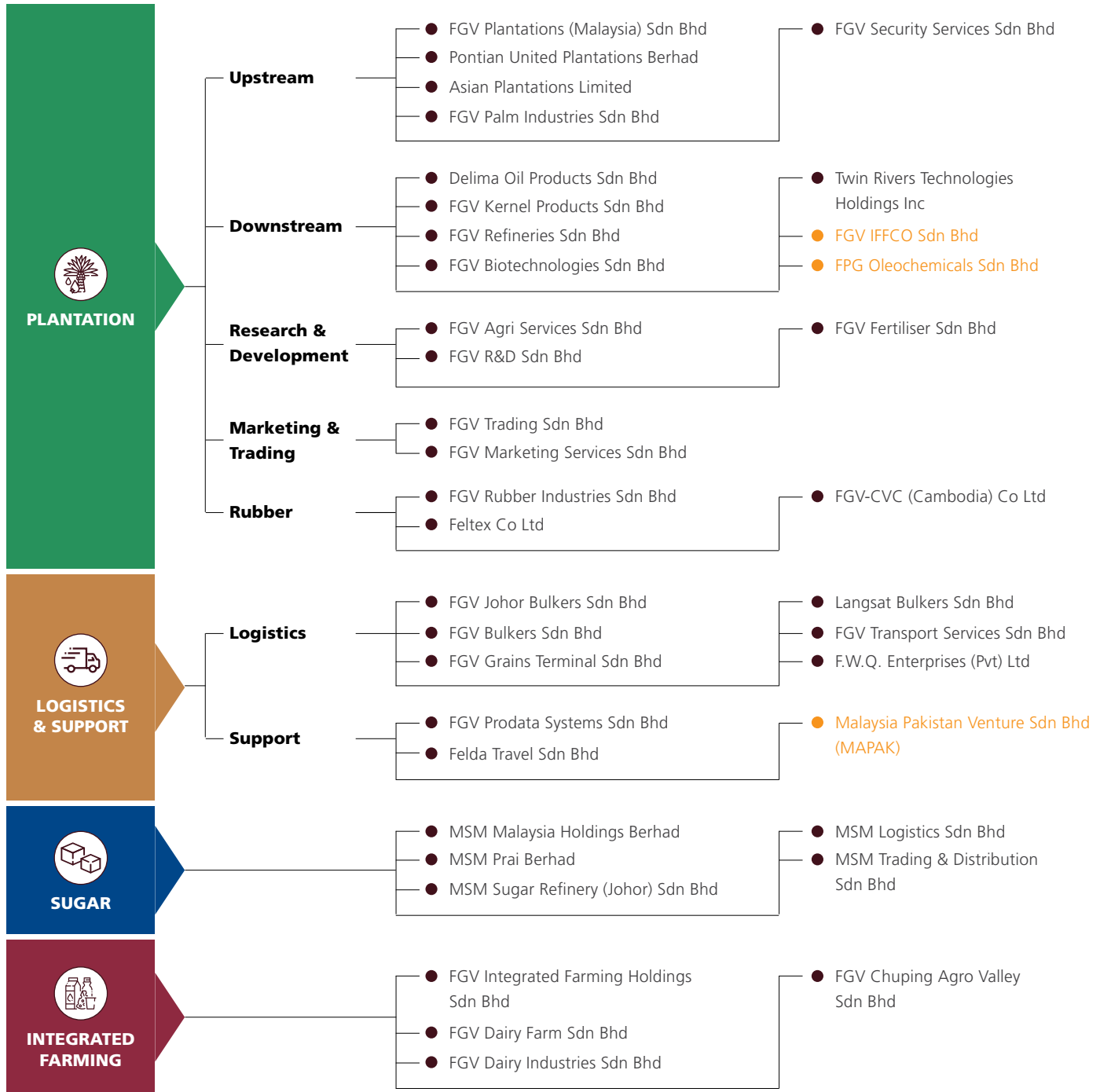
	2023	2022	2021	2020	2019
Operating Results (RM Million)					
Revenue	19,359	25,562	19,566	14,076	13,259
Operating profit/(loss)	403	1,907	1,779	445	(194)
Profit/(Loss) before taxation and zakat	336	1,955	1,714	346	(339)
Profit/(Loss) after tax and minority interest	102	1,329	1,168	146	(246)

Key Balance Sheet Data (RM Million)					
Property, plant and equipment	7,908	7,728	7,674	7,810	8,190
Total assets	17,283	18,111	17,956	17,180	17,702
Total borrowings	3,433	3,059	3,998	4,293	4,907
Total liabilities	9,701	10,226	10,770	11,079	11,601
Shareholders' equity	5,972	6,232	5,421	4,262	4,173

Share Information					
Earnings per share (sen)	2.8	36.4	32.0	4.0	(6.7)
Dividend per share (sen)	3.0	15.0	8.0	3.0	2.0
Net asset per share (RM)	1.64	1.71	1.49	1.17	1.14
Share price as at 31 December (RM)	1.38	1.32	1.48	1.28	1.52
Return on shareholders' fund (%)	1.70	21.33	21.55	3.43	(5.90)



OUR KEY BUSINESSES



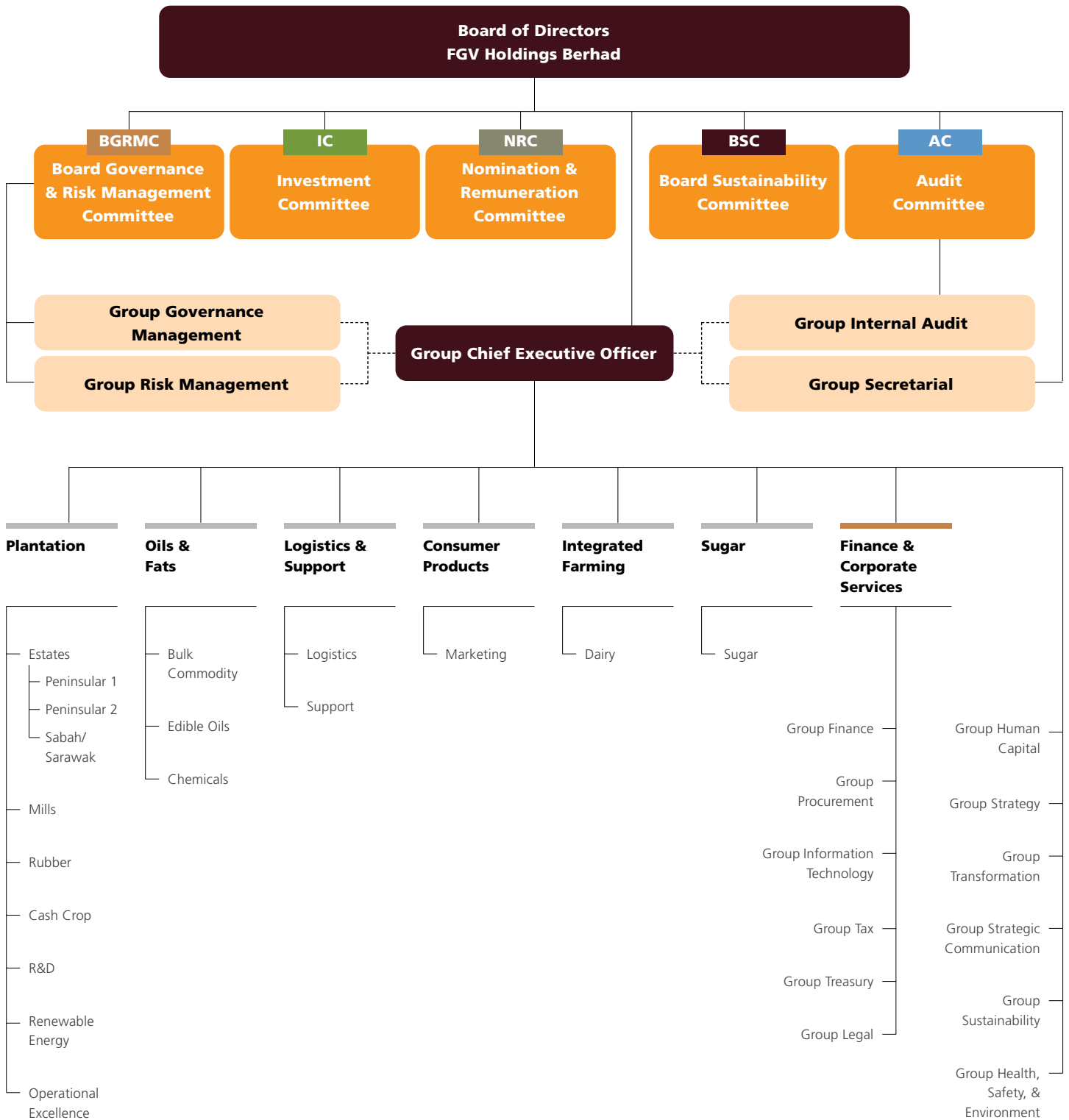
● Subsidiaries ● Joint Ventures

More information can be found in the Audited Financial Statements 2023.

Scan the QR code to view our Audited Financial Statements.



ORGANISATIONAL STRUCTURE



● Business Division ● Support Division



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CHAIRMAN'S STATEMENT

Over the past year, FGV has navigated through a complex and dynamic business landscape. With resilience and determination, we have adapted to the environment to address challenges and carved a path for strategic progress. Our commitment to sustainability and responsible growth has been fruitful, particularly in supporting FELDA settlers and independent smallholders, who are the primary suppliers of FFB that form the backbone of our supply chain. Our efforts extend beyond business and are also aimed at empowering these communities, while integrating sustainable practices into our operations. FGV remains steadfast in our pursuit to align our business practices with innovative social change to ensure progress, growth, and sustainability.



Tan Sri Rastam Mohd Isa
Chairman

DEAR STAKEHOLDERS,

Stepping into the role of Chairman at FGV is a great honour and a deep responsibility to undertake. In my inaugural statement, I wish to emphasise FGV's commitment in making sustainability a core part of the Company's strategy. While we draw lessons from our past, we focus firmly on the future to drive sustainable growth and create social and economic value. The year 2023 saw progress in our Business Plan 2023-2025 (BP25), steering us towards delivering sustainable foods and agriproducts to the world with greater commitment and vigour.

WEATHERING A YEAR OF CHALLENGES

In the agricultural commodities sector, global economic conditions, population growth, and changing dietary preferences significantly influence market demand. Compounding this dynamic environment are the ongoing challenges of price fluctuations and foreign exchange rate volatility. In addition, human rights, biodiversity conservation, and compliance with sustainability certifications have gained such importance and prominence to the extent that the industry has faced greater scrutiny than ever.

Crude palm oil (CPO) prices fell in 2023 from their peak in 2022, influenced by stiffer competition from other edible oils as the supply improved. Furthermore, the rising costs of raw materials such as sugar and other crucial items such as fertiliser and high energy costs add to these challenges, impacting our production and financial outcomes.



More information can be found in Operating Landscape on pages 27 to 28.

CHAIRMAN'S STATEMENT

Within this context, FGV's core business model operates rather distinctively, given its unique blend of commercial objectives and social obligations. FGV's role as Malaysia's largest off-taker of smallholders' Fresh Fruit Bunch (FFB) sets it apart from other plantation companies. We procure FFB primarily from Federal Land Development Authority (FELDA) settlers and independent smallholders. These account for over 70% of FGV's total processed FFB.

FGV's performance in 2023, therefore, cannot be evaluated solely on commercial metrics. To understand the success of our model, we must also consider its impact on local communities, its social enterprise role in supporting smallholder livelihoods, and its contribution to the national economy. Despite facing the same market volatility and environmental challenges that impact the broader agricultural sector, FGV has to focus more on balancing commercial success with social responsibility.



Total Dividend

3 sen per share

Given that we face some challenges that are quite distinct from other major plantation companies, our financial considerations necessitate a different approach. Following a thorough review, the Board has approved and declared a final dividend of 3 sen per share for a total dividend payout of RM109.4 million for the year.

BP25 ADVANCING RESPONSIBLE GROWTH

We aim to advance responsibly while focusing on developing strategies that align with our goal of creating sustainable, long-term value for our shareholders. The Business Plan aims to expand FGV's reach beyond its traditional business. It was developed following an extensive evaluation of our current position, recognising existing and upcoming challenges, and identifying immediate and future opportunities.

Our Business Plan prioritises operational efficiency across divisions and business units through Key Strategic Initiatives (KSIs). We allocate strong emphasis on modernising and mechanising operations, along with a focus on fertilisation and replanting efforts. We are reinforcing process controls in our mills and refineries, aimed at optimising utilisation factor and plant capacities to advance product development and market penetration. We are exploring growth opportunities through a new logistics business arm and distribution centre. Diversification of our portfolio and expansion of our markets are being achieved through


the development of high-value products. These are complemented by strategic marketing initiatives to enhance brand equity and presence for long-term value creation.

Underpinning these efforts is our focus on reinforcing sustainability through intensifying our Environmental, Social and Governance (ESG) initiatives. We prioritise human rights, fair labour practices, as well as governance and risk management. We are also looking into renewable energy and waste-to-wealth initiatives to maximise opportunities for sustainable energy use and material management.

PROGRESSING TOWARDS SUSTAINABLE PRACTICES

FGV's business strategy centres around sustainability. For us, success is defined by achieving financial growth and meeting our social obligations. This means ensuring the prosperity of smallholders and our community, and building a future where economic advancement and environmental responsibility and sensitivity go hand-in-hand.

In 2023, we progressed into the second stage of our three-year Sustainability Strategy that focused on integrating sustainability practices at the operational level. We established a Sustainability Steering Committee, led by the Group Chief Executive Officer, to ensure identified initiatives are cascaded effectively throughout the organisation. We have also set up a Withhold Release Order (WRO) Task Force aimed at overseeing sustainability issues and working towards lifting the WRO suspension imposed by the United States (US) Customs and Border Protection (CPB). We are committed to aligning our labour practices with industry and global standards.

 More information can be found in Business Plan on pages 10 to 11.



With the Minister of Plantation and Commodities at the launch of the MSPO certification sticker on our Saji cooking oil label.

CHAIRMAN'S STATEMENT



Environment

We are realigning, adjusting, and advancing our operations to embrace the circular economy. Our waste-to-wealth initiatives, which includes converting palm oil mill effluent into biogas and selling used materials as feedstock, demonstrate this aim. In our drive towards carbon neutrality, we conducted a Greenhouse Gas (GHG) emissions inventory exercise to establish our baseline, set reduction targets and form a reduction strategy. Having completed our Scope 1 and Scope 2 emissions inventory, we are now focused on the more complex Scope 3, which involves numerous suppliers. The inventory exercise extends to waste and water conservation. To facilitate the transition to a low-carbon economy, we are installing grid-connected photovoltaic systems on the rooftops of selected business operations.

We have also conducted a tree planting event in Gerik, Perak, covering a 300 Ha High Conservation Value (HCV) area to promote sustainable land management practices. This initiative aligns with our efforts to enhance environmental stewardship and biodiversity conservation, demonstrating our commitment to corporate social responsibility and sustainable development goals.



Social

Stakeholder engagement has been crucial in aligning our business with social expectations. In 2023, we have conducted nine series of Independent Smallholders Consultation Programmes to communicate FGV's sustainability commitments and gather insights from this stakeholder group. The interactions has proven particularly insightful in highlighting the need for technical support, estate management training and financial assistance for certification costs.

To strengthen our efforts in promoting ethical sourcing across our value chain and mitigate negative impacts across our operations, we have enhanced our end-to-end Responsible Recruitment Programme to ensure ethical practices are upheld from pre-sourcing assessments to ongoing monitoring. Recruitment processes for migrant workers have also been improved by reinforcing the principle of no recruitment fee and strengthening recruitment agencies' due diligence and selection process. We do not tolerate unethical practices and we have demonstrated this by suspending recruitment agencies for not meeting our sustainability standards.

As part of our initiative to promote diversity and inclusion in the workplace, we collaborated with organisations, including LeadWomen and the Malaysian Palm Oil Council (MPOC) to organise various workshops and panel sessions on Women's Empowerment and Gender Equality in the Palm Oil Sector. This initiative reflects our commitment to fostering a more equitable and inclusive work environment, where all individuals have equal opportunities for growth and advancement.

In promoting fair labour practices, we are working together with LRQA (formerly known as ELEVATE), an independent third-party assessor, to execute a remediation plan necessary under the WRO that focuses on 12 key areas. This includes improving recruitment processes and enhancing agency selection. In 2023, we spent around 1.08 million man-hours to these activities. Additionally, we have reimbursed RM72.2 million in recruitment costs to 20,153 active migrant workers and initiated a three-year project valued at RM605.0 million to improve worker accommodation. To date, we have invested around RM392.6 million in constructing new housing, renovating facilities, and ensuring uninterrupted electricity and water supplies for our migrant workers; developing an energy management system, and facilitating sustainability certifications and initiatives, among others. We aim to ensure our workers are not forced into debt bondage or exposed to poor living conditions. These actions target all 11 indicators of forced labour identified in the WRO and will be part of our submission to the US CBP.



More information on sustainability initiatives can be found in the Sustainability Report 2022/2023.



Governance

In 2023, we implemented several governance initiatives to enhance transparency, accountability and operational efficiency. Key measures included establishing formal procedures for addressing breaches of the Directors' Code of Ethics and Conduct (COEC), Directors' Code of Business Practice (COBP), and a comprehensive Group Grievance Management Policy. A new Grievance Channel was introduced to allow migrant workers to have their concerns and grievances addressed promptly and effectively by the Company.

We established a Tax Corporate Governance Framework (TCGF), comprising a comprehensive set of technical guidelines and associated documents governing tax management and processes within the Group. FGV is pleased to be among the early adopters of the TCGF internally, as recommended by the Inland Revenue Board of Malaysia.

We strengthened compliance and monitoring functions, and deliberated on strategic issues such as whistleblowing and anti-bribery strategies at the board level. We also collaborated with the Malaysian Anti-Corruption Commission (MACC) and conducted sessions with Senior Management to reinforce our anti-corruption stance.

We are addressing our public shareholding spread to meet the minimum requirements and are committed to transparently communicating our efforts to comply with the listing requirements.



More information on Corporate Governance Overview Statement can be found on page 107.



CHAIRMAN'S STATEMENT


AWARDS AND ACHIEVEMENTS

We are honoured and appreciative of the awards we have received for our ESG initiatives, particularly those acknowledging our efforts to grow responsibly. These accolades affirm our commitment to sustainable practices and motivate us to continue striving for excellence.

Environment	Social	Governance
<p>ESG Positive Impact Awards 2022 by The Star Media Group Berhad</p> <p>Gold Award for Environment: Renewable Energy category</p> <hr/> <p>34th International Invention, Innovation & Technology Exhibition 2023 (ITEX'23)</p>  <p>Gold Award and Best Invention Award (Research Institutions)</p> <p>Silver Award for:</p> <ul style="list-style-type: none"> • FGV QUICKCapt app digitises breeding data collection for better traceability • FGV N-Gro biofertiliser that reduces chemical-based fertilisers • FGV Semantan Bamboo for bamboo ramet propagation 	<p>World HRD Congress</p>  <ul style="list-style-type: none"> • Malaysia's Best Employer Brand Awards 2023 • Malaysia Brand Leadership Awards 2023 for FGV Biotechnologies Sdn Bhd <hr/> <p>GRADUAN Brand Awards 2023</p> <p>Malaysia's Most Preferred Employer (Conglomerate Sector)</p> <hr/> <p>41st Malaysian Society for Occupational Safety and Health (MSOSH) Awards 2023</p>  <ul style="list-style-type: none"> • Grand Award • Gold Merit Award • Gold Class I Award • Gold Class II Award • Silver Award 	<p>Anugerah Integriti, Governans dan Anti-Rasuah (AIGA) 2023 by The Malaysian Institute of Integrity (IIM)</p>  <p>Silver and Bronze</p> <hr/> <p>Successfully underwent the re-certification of the ISO 37001 Anti-Bribery Management Systems (ABMS) with extended scope</p> <hr/> <p>The Malaysia Anti-Corruption Commission (MACC) re-rated FGV as MODERATE for 2020-2023, a change from the initial HIGH rating in 2019</p>

THE ROAD AHEAD

We anticipate ongoing challenges from global market uncertainties that include geopolitical conflicts and trade disruptions. These could impact market demand, increase freight costs, and contribute to inflation. At the same time, unpredictable weather due to climate change, volatility in the CPO market, together with instability in the food industry, are expected to remain as major factors influencing our operations.

 More information can be found in Operating Landscape on pages 27 to 28.

Our steadfast commitment to strengthening our sustainability will guide our path forward. We are diligently working on meeting the WRO remediation plan and actively addressing climate change through sustainable business models. Our strategy also includes expanding our product range, nurturing employee growth, and strengthening community connections, especially with FELDA settlers and independent smallholders. These strategies are central to driving our growth and ensuring our resilience.

APPRECIATION

I thank my fellow Directors on the Board for their invaluable support and insightful contributions. My appreciation is extended to Dato' Shahrol Anuwar Sarman for his interim leadership prior to my appointment. The Board joins me in thanking Dato' Dzulkifli Abd Wahab, Dato' Nonee Ashirin Dato' Mohd Radzi, Encik Kasmuri Sukardi, Encik Azmin Che Yusoff and Dato' Amiruddin Abdul Satar for their valuable contributions throughout their tenure.

The Board is grateful to our Management team for their dedication and commitment towards excellence. The steadfast commitment of our employees at all levels has been essential in building, expanding, and ensuring the sustainability of our business.

FGV's partnership with FELDA and the hard work of settlers and independent smallholders have been invaluable for us. This has significantly contributed to our collective growth and success. Equally, the continuous support from all our stakeholders has been crucial in our journey towards sustainable and inclusive growth.



Tan Sri Rastam Mohd Isa
Chairman

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

FGV executed its strategic actions based on its Business Plan for the year under review. This plan serves as a roadmap, emphasising the importance of sustainability in our approach towards improvement and operational effectiveness. Our business strategy, supported by the team's effort, has enabled us to address various challenges in a complex and dynamic business environment as we continue to strive for sustainable progress.



Dato' Mohd Nazrul Izam Mansor
Group Chief Executive Officer

DEAR STAKEHOLDERS,

In sharing my perspective on FGV's performance for 2023, it is essential that we frame it within our broader role in economic and social development. As one of the world's largest producers of CPO, we account for about 3% of global and 14% of Malaysia's total annual CPO production. We operate globally in seven countries, managing extensive landbank and numerous palm oil mills, with a diversified portfolio from Plantation, Oils and Fats, Sugar, Logistics and Support, Consumer Products as well as Integrated Farming, making FGV a significant player in the global agribusiness sector.

Our business is anchored on the concept of linked prosperity, reflecting our belief in agribusiness as a catalyst for progressive social change by supporting the FELDA settlers and independent smallholders. This support contributes to rural economic development and sustains the livelihoods of many families. We also play a role in national food security by committing to providing quality and affordable food options through our various brands of consumer goods.

Evaluating our commodity-based company requires a long-term perspective. This approach is vital to understanding the impact of our operations on financial returns, sustainability efforts, social obligations and stakeholder expectations over time. Considering the challenges and opportunities we faced this past year, taking a long-term view is even more important to see the big picture ahead.

In facing these varied circumstances, I am pleased to report that the Group has demonstrated tenacity and adaptability. Our response to these situations has been in line with the strategic direction set in our Business Plan.

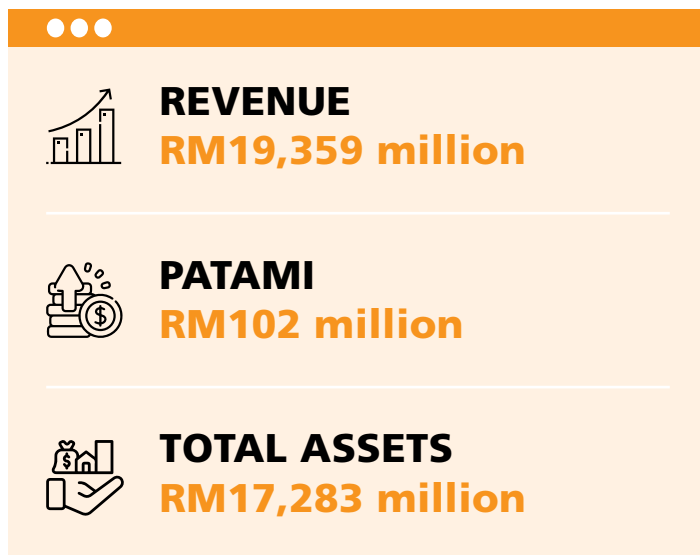
GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

MEASURED APPROACH TO DRIVING PERFORMANCE

In 2023, market volatility and fluctuating CPO prices presented significant challenges to the financial performance of our main plantation business. These put pressure on the margin for palm products as the realised average CPO prices decreased to RM3,901 from RM4,832 recorded in 2022. This challenge was further amplified by rising production and operational costs, particularly in the Plantation and Sugar Divisions, fuelled by increasing prices for raw materials such as fertiliser and sugar, higher energy and labour costs, as well as fluctuating foreign exchange rates.

Our FFB yield was also impacted by a decline in the average bunch weight, due to lower fertiliser application over several years amid labour shortages and the Movement Control Order (MCO) during the pandemic. This was exacerbated by an extended dry spell, particularly in the peninsular area during the first half of 2023. During the review period, we observed a decrease in crops received from external parties. This decline can be attributed to FGV's rigorous adherence to sustainability standards for external parties, resulting in a lower volume of FFB received. As external crops constitute over 70% of our total FFB supplies, this reduction led to an overall 11% decrease in FFB processed, impacting our margins within the Plantation Division.

Despite the market challenges, we maintained a profitable performance for 2023. Our revenue was registered at RM19,359 million against RM25,562 million in 2022. Profit After Taxation and Minority Interest (PATAMI) for 2023 was recorded at RM102 million, compared to RM1,329 million in 2022.



BP25 KEY STRATEGIC INITIATIVES FUELLING PROGRESS

Against the challenging operating landscape, we stayed on course in implementing our BP25, a comprehensive strategy aimed at achieving our business objectives. The three-years BP25 combines organic and inorganic growth measures and focuses on KSIs under its four Strategic Thrusts of Operational Improvement, Product and Market Penetration, New Growth Areas, and Financial and Capability Building. These KSIs were instrumental in our 2023 achievements and helped to steer FGV's future direction. We addressed division-specific challenges by merging KSIs with Key Operational Initiatives (KOIs), ensuring alignment and efficiency throughout our operations. This connects long-term strategic goals with daily activities for cohesive execution and optimised resource allocation.



Operational Improvement

Our commitment to Good Agricultural Practices (GAP) was reinforced with enhancements to estate and mill practices. We identified approximately 13,000 Ha of underproductive areas affected by worker shortages in previous years, with limited accessibility for harvesting and successfully rehabilitated 7,487 Ha to boost productivity in these areas. We also undertook several initiatives to improve the FFB yield which included standardisation of the tasking system, implementation of 1 Cutter, 2 Carrier (C1R2) harvesting method, and increasing our footprint to maximise our presence in the field. Additionally, our oil extraction rate (OER) improved to 20.68% from 20.35% recorded in 2022 as a result of better crop quality received and improved mill performance from our OER programme.

To increase mechanisation, we continued the Mechanical Assisted Infield Collection (MAIC) using power barrows for FFB evacuation across approximately 20,000 Ha of hilly terrain. Initiated in 2022, this five-year programme has successfully covered around 24,309 Ha out of the targeted 104,244 Ha. During the year, we completed the felling of 16,547 Ha and planted 19,862 Ha, with a fertiliser application of 275,570 MT, covering 90% of our annual manuring programme.

At the end of the year, our labour shortage stood at 16% due to a temporary halt in recruitment activities. This pause was aimed at enhancing recruitment processes to align with the highest sustainability standards. Notably, we have observed a decline in abscondments and repatriations, which has significantly contributed to achieving sufficient labour strength in Peninsular Malaysia. Various initiatives were also undertaken including the construction of housing, facility upgrades, and ensuring essential utilities for our migrant workers. We have also collaborated with FFB suppliers, dealers and smallholders to conduct sustainability awareness programmes and promote traceability.

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

Our Palm Kernel Shell (PKS) operations have attained Green Gold Label certification, while our sludge palm oil has been certified by both the National Italian Scheme and the International Sustainability and Carbon Certification. These milestones affirm our commitment in promoting renewable energy sources to reduce our environmental footprint.

The rectification of boiler issues in MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor) is expected to increase total refinery capacity utilisation, enhancing productivity and efficiency in our Sugar operation. We have also constructed a new warehouse with a 10,000 MT capacity, which aims to reduce external warehouse reliance and support operational enhancements at the MSM Johor.

In our bid to further our sustainability commitments, we introduced our first 100% Electric Vehicle (EV) van for last-mile deliveries of our sugar products in the Klang Valley. We have also acquired 54 units of Euro 5 Prime Movers for general cargo and CPO tankers from Volvo Trucks Malaysia. These vehicles comply with rigorous international emission standards, promoting improved fuel economy and a cleaner fleet. These efforts support Malaysia's 2050 carbon-neutral goal and reflect our continuous commitment to innovation, sustainability and operational excellence across our business.



Product and Market Penetration

During the review period, our Saji refined cooking oil maintained its position as the leading cooking oil brand in Malaysia with a market share of 44.7%. Despite increased competition, we successfully improved the market share of Seri Pelangi margarine to 49.0%. Moreover, our efforts to expand internationally in the oil and fats business achieved a 14% growth in export sales volume, amid the price drop. The appointment of 11 new regional distributors has also made significant positive impact with our local expansion programme in line with our Business Plan. As part of the Near Region Initiative under the Sugar business, we introduced a new 50 kg breakbulk product to enhance our penetration in the export market. In our Logistics operation, the Sahabat Bulking Installation has received approval from Bursa Securities to manage the Port Tank Installation for CPO.



New Growth Areas

In 2023, we launched several new products to address the evolving needs of our customers. These include the *krimet pekat* in various sizes, coconut cream reformulation, and *ketupat mini* under the Saji brand. Additionally, the introduction of Premium Gula Super, significantly contributed to the increase in domestic refined sugar sales volume.

Expanding our offerings under the Bright Cow brand within the Dairy segment, we introduced Acerola Yoghurt in two flavours, pineapple and coconut gula melaka, and broadened our range of single-serve yoghurts with mango peach, mixed berries, and strawberry flavours. Furthermore, we enhanced our dairy lineup by introducing new options for Ultra High Temperature (UHT) milk, now available in full cream and chocolate flavours.

These products are currently accessible in various modern trade and general trade outlets nationwide.



Financial and Capability Building

Strengthening Financial Sustainability

In 2023, FGV upsized its *Sukuk Murabahah* programme to RM3.0 billion in nominal value. The proceeds have been utilised to fund the Group's capital expenditure and working capital. Malaysian Rating Corporation Berhad has also assigned a rating of AA- with a stable outlook for FGV.

Our sustainability endeavours play a pivotal role in fostering long-term financial stability and business resilience. This involves executing the 12 key areas under the WRO remediation plan. The formation of a Sustainability Steering Committee, chaired by myself, and the WRO Task Force underscores our commitment to oversee sustainability issues and working towards lifting the WRO suspension imposed by the US CBP. Furthermore, we advocate sustainability by encouraging stakeholders across our value chain to adopt similar practices.

In addition, we are implementing our Climate Action Plan and expanding the sustainability certification programmes to the stakeholders to support our sustainability efforts. Regular assessments and audits ensured our practices met global standards and expectations.



More information on FGV's Sustainability Initiatives can be found in the Sustainability Report 2022/2023.

Improving Employee Skills and Well-being

We invested in ongoing learning and development to keep our workforce adaptable and proficient with industry trends and innovations. Employees are encouraged to contribute ideas for process improvement and efficiency gains.

To attract and retain the right talent to drive our strategies forward, we undertook a compensation review to stay market-competitive and developed an Employer Value Proposition. Our succession planning now includes tailored learning, coaching and mentoring to strengthen the future leader pipeline.

We are committed to Diversity, Equity, and Inclusion (DEI), especially in empowering women at work. This has led to a 2% rise in female representation at the middle management level. We are bringing in a consultant to support our Gender Equality and Women's Empowerment (GEWE) Committee to develop and execute strategies for continued improvement in this area.

Following an 81% Employee Engagement Survey (EES) score in our previous assessment, we have identified three key areas of improvement. These areas include resetting the organisational culture, integrating EES scores into management performance indicators, and implementing performance-based rewards and recognition programmes.



GROUP CHIEF EXECUTIVE OFFICER'S REVIEW



These accolades validate our ongoing commitment to transparency and disclosures, reinforcing their importance in fostering trust and confidence among our stakeholders.



Best Annual Report in Bahasa Malaysia Award by National Annual Corporate Report Awards 2023 (Gold)



Asia Best Integrated Report for CEO Message by the Asia Integrated Reporting Awards 2023 (Bronze)

OUTLOOK AND EXPECTATIONS

Looking ahead, several global factors could impact our operational landscape, including the downturn in commodity prices, extreme weather affecting crop yields, geopolitical conflicts and China's economic slowdown. Food security, driven by inflation and trade restrictions, remains a concern.

Amid these challenges, adoption and advancements in digitalisation and technology are crucial for maintaining competitiveness. Efforts by the Malaysian government to strengthen sustainability and develop the country into a high-income nation driven by the MADANI Economy framework will provide the impetus to strengthen the national economy and the *rakyat's* well-being.

We are embarking on a comprehensive strategy to enhance our operational effectiveness. This encompasses several key initiatives, including the continued implementation of GAP in our plantations, the adoption of hedging strategies, optimisation of resources, streamlining of supply chain processes, and a significant push towards mechanisation and digitalisation. We are also strategically diversifying our FFB supplier base to enhance stability in our supply chain. Simultaneously, we are actively engaging in negotiations to secure more favourable terms with our suppliers.

In addition to these efforts, we are focusing on innovation by introducing new consumer products and enhancing existing ones to align with evolving customer preferences and stimulate market demand. This entails a focused approach on marketing activities to raise awareness and consumer interest. Furthermore, we are seeking collaborative opportunities to leverage synergies and effectively navigate the dynamics of the market.

The leadership at FGV plays a crucial role in steering the organisation towards sustainable practices, as reflected in the Chairman's Statement and integrated into our strategic actions. We prioritise long-term success with a keen focus on ESG impact. This approach not only informs our decision-making but also reinforces our pledge to cultivate a sustainable future. We are continuously refining our strategies to align with the dynamic business environment and transitioning to latest Business Plan for the 2024-2026 cycle, ensuring relevance and responsiveness in both our operations and target objectives.



More information can be found in Business Strategy on pages 29 to 31.



At the launch of Saji 'Terima Kasih Malaysia' Campaign.

APPRECIATION

Reflecting on this past year, I feel deeply humbled by the widespread support we have received. I would like to extend my gratitude to our Chairman, Tan Sri Rastam Mohd Isa, and the Board of Directors for their steadfast guidance and support, which have been instrumental in FGV's transformation journey. I am particularly proud of how our Management and employees have faced the year's challenges with resilience, fostering a spirit of mutual support and teamwork. The dedication, hard work, and innovative spirit have been the backbone of our operations and success.

We sincerely appreciate the trust and support extended to us by FELDA, our invaluable shareholders, our loyal customers and suppliers, whose commitment has been the driving force behind our achievements. Our heartfelt thanks also go out to the FELDA settlers and independent smallholders for their continued partnership as well as to the government and regulators for their collaborative approach, which has added significant momentum to our journey. This wave of collective support, combined with the resolute mandate from our shareholders, reinforces our mission to evolve as a leading, sustainable foods and agribusiness company.

Dato' Mohd Nazrul Izam Mansor
Group Chief Executive Officer

SECTION FOUR

DRIVING OUR STRATEGY

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OPERATING LANDSCAPE

In 2023, FGV contended with a dynamic operating landscape significantly influenced by global economic shifts, environmental challenges, and evolving market demands for agricultural commodities. Key factors impacting the business included rising costs of raw materials, climate change-related disruptions as well as currency fluctuations. FGV’s focus on sustainability, stakeholder engagement, and innovative practices was essential in navigating these complexities and building long-term resilience.

In 2023, the global economy witnessed a decrease in growth to 3.0% from 3.5% in the previous year¹. This period was marked by a deceleration in economic activity, persistently high inflation rates, and noticeable variations in economic performance across different regions. The role of monetary policies were particularly significant as central banks worldwide focused on managing inflation expectations and maintaining economic stability amid these challenging conditions.

Despite global economic challenges, Malaysia's economy grew by 4% in 2023. This growth was driven by resilient domestic demand, with household spending supported by employment and wage growth. Investment activities also contributed, bolstered by ongoing multi-year projects and firm expansion. Inflation is expected to average between 2.5% and 3% in 2023².

We discuss the main macroeconomic trends of 2023 that are related to FGV’s operations as below:

<p>Currency Fluctuations </p> <p>The fluctuations in currency have emerged as a pivotal factor impacting both the expenses associated with imported inputs and the revenues from exports. Forecasts indicate that the Euro and Ringgit will experience a modest appreciation against the USD by 2026³. These variations significantly influence the profitability of FGV’s plantation operations, highlighting the necessity of sound financial management and effective hedging strategies.</p>	<p>Higher Raw Material Prices </p> <p>Elevated prices of raw materials such as raw sugar, energy, cooking oil, and fertilisers have led to increased production costs. This situation is further compounded by exchange rate fluctuations, which pose continuous challenges for cost management and pricing strategies. With a significant 48.9% surge in palm cooking oil prices, production costs are set to rise, prompting food producers to immediately raise the prices of food and services to maximise profits⁴.</p>
<p>Climate Change </p> <p>Weather events attributed to climate change have disrupted supply chains, diminished production volumes, and added to price fluctuations in commodity markets. The combination of rising temperatures, altered rainfall patterns, and a higher occurrence of extreme weather events poses significant challenges to the productivity and sustainability of agricultural systems. The likelihood of a significant El Nino event in South and Southeast Asia is heightened, posing potential impacts on regional agriculture. Meanwhile, India is expected to undergo a mild El Nino episode, with a baseline forecast of 6.1%⁵.</p>	<p>Sustainability Scrutiny </p> <p>There is higher global scrutiny concerning environmental and sustainability practices. Issues such as deforestation, habitat destruction, and biodiversity loss were at the forefront of stakeholders’ concerns. Adherence to sustainability certifications and responsible sourcing practices were important compliance measures to mitigate these risks, enhance market competitiveness, and align with evolving consumer and stakeholder expectations.</p>

¹ World Economic Outlook - International Monetary Fund, October 2023

² Bank Negara Malaysia, November 2023

³ International Financial Statistics, 2023

⁴ World Economic Outlook - International Monetary Fund, November 2023

⁵ Economist Intelligence Unit, May 2023

OPERATING LANDSCAPE

MANAGING MARKET CHALLENGES AND TRENDS

As a net commodity exporter, Malaysia faces potential negative impacts on trade and commodity prices, services, and financial markets. Although commodity prices have moderated from the peaks of 2022, they remained high and continued to exert upward pressure on operational costs. Factors such as changing consumer preferences, global economic conditions, and regulatory shifts have also had an influence on commodity markets. Should demand for commodities such as palm oil falls, prices, and sales will likely decrease as well. If the supply of palm oil becomes limited leading to shortages, prices will likely rise, making production more expensive, and reducing output.

In response to the global and Malaysian economic challenges presented in 2023, FGV implemented strategic measures to adapt and maintain its operational stability and growth.

INDUSTRY MARKET TREND



Commodity price volatility and market uncertainties increase production costs

Efforts centred on stabilising costs by employing hedging strategies, optimising resource use, and streamlining operations. We also engaged with the government to review the ceiling price of sugar, negotiate better terms with suppliers, and diversify the supplier base to mitigate risks from market fluctuations and geopolitical disruptions.



Pressure on compliance and sustainability matters

We integrated Environmental, Social, and Governance (ESG) and sustainability into our operations, developed a Withhold Release Order (WRO) remediation plan, and promoted sustainability, human rights, and fair labour practices. Our efforts include enhancing smallholder capabilities, pursuing certifications, and implementing a climate action plan aimed at achieving GHG emissions target by 2030 and net zero by 2050, in compliance with Global Reporting Initiative (GRI) and Task Force on Climate-Related Financial Disclosures (TCFD) standards.

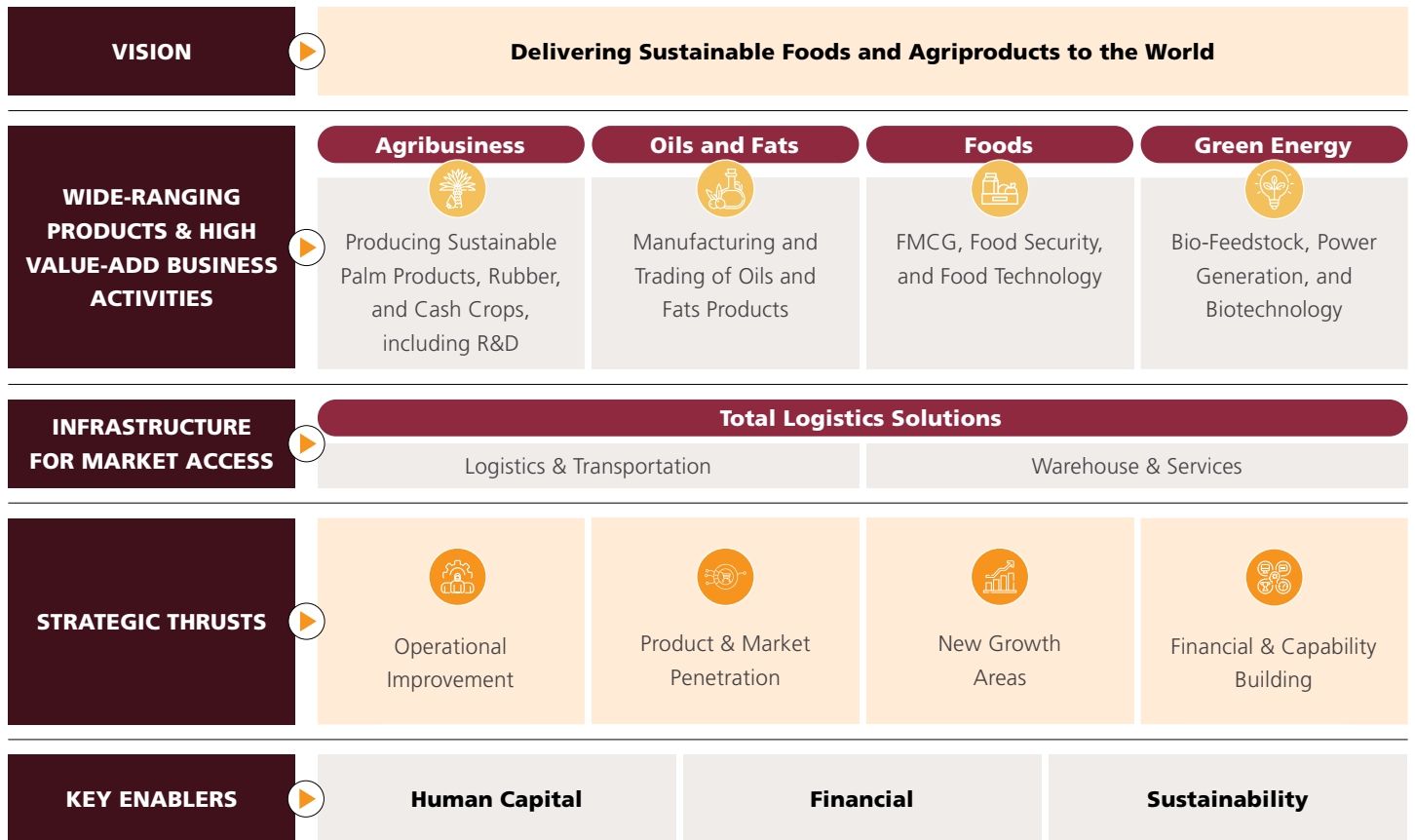


Slower demand and shortage of supply

To mitigate reliance on specific markets and stimulate demand, we embarked on market diversification, introduced and improved products based on customer preferences, enhanced marketing, and promotional efforts, sought collaborations for shared resources and synergies, and actively engaged with external parties to attract more suppliers to FGV.

BUSINESS STRATEGY

FGV is advancing its ambition to deliver sustainable foods and agriproducts to the world with the introduction of Business Plan 2024-2026 (BP26), a progression of its previous Business Plan 2023-2025 (BP25). BP26 builds upon BP25's foundation by leveraging existing strengths and addressing any gaps to ensure continued growth and competitiveness. This dynamic strategy includes yearly adjustments to stay responsive to market changes and emerging opportunities, reinforcing FGV's commitment to innovation and global expansion in the agribusiness sector.



BUSINESS PLAN 2024-2026

Building on the momentum of BP25, we are transitioning towards BP26 to align with the changing market, operational, and regulatory environment. The fine-tuned strategies under BP26 are integral for reinforcing the strategic approach undertaken under BP25, and crucial for navigating roadblocks faced by the respective Business Divisions. In BP26, we will outline specific steps to address these hurdles through identified initiatives that will continue to drive FGV towards sustainable growth and operational excellence.

Our business activities are structured around five primary Divisions: Plantation, Oils and Fats, Sugar, Logistics & Support, and Consumer Products, and Integrated Farming. Each division plays a crucial role in achieving our strategic objectives. The performance outcomes of each division in 2023 are extensively outlined in the Group Business Review section of this Report, facilitating a comprehensive understanding of their contributions and achievements toward realising our vision.

 More information on how the business navigating its challenges can be found in Group Business Review on pages 49 to 77.

BUSINESS STRATEGY

STRATEGIES TO ENHANCE PERFORMANCE AND BOTTOM-LINE



In executing our BP26 strategy, we have adopted a systematic approach to implementing our strategies effectively aimed at enhancing our performance and bottom line. The strategy is developed to foster long-term growth and improve day-to-day operational efficiency, ensuring a balanced focus on immediate operational needs and future strategic goals.

To execute this, the Key Initiatives identified under the BP26 are divided into two primary categories, which are the Key Strategic Initiatives and Key Operational Initiatives. Our Key Strategic Initiatives are designed with short- and long-term perspectives to drive organisational growth and respond to external factors. Meanwhile, the Key Operational Initiatives are focused on improving our daily operations, enhancing efficiency, and aligning internal resources with our organisational objectives.

STRENGTHENING CAPABILITIES FOR VALUE GENERATION



We recognise the structural challenges within our core businesses and the impact of commodity price fluctuations, particularly in palm oil, on our value creation potential. Aligned with our vision to deliver sustainable foods and agriproducts to the world, we are building up our capabilities in the food value chain to develop higher value-added products and capitalise on synergies within the Group. This strategic initiative will enable FGV to expand its growth trajectory, create value for stakeholders, and establish a foundation for sustainable development.




In pursuit of this vision, we are focusing on Consumer Products, with an emphasis on fresh produce, dairy, and cooking ingredients. While we have already introduced certain products to the market, we see numerous untapped opportunities to address evolving consumer needs. There is also an element of national interest in what we do as we seek to support the country's National Agrofood Policy 2.0 (NAP 2.0) and help to increase self-sufficiency rates for selected food items.

GREEN ENERGY







We are exploring the potential of green energy generation, a move that aligns seamlessly with our broader sustainability goals and the government's vision for a more diversified energy ecosystem. By leveraging our agricultural by-products, such as biomass from palm oil production, we are well-positioned to contribute to sustainable energy initiatives. This strategy involves collaboration and innovation with feedstock suppliers, power generators, and distributors to transform agricultural by-products into renewable energy and integrate it into the national grid. These initiatives will enable us to participate in and contribute to a sustainable and diversified energy ecosystem, positively impacting FGV's operational efficiency and future growth.

KEY ENABLERS FOR SUCCESS

Human Capital 	Financial 	Sustainability 
<ul style="list-style-type: none"> • Attract, retain, and develop key talents • Strengthen work culture that fosters commitment to one vision • Drive performance through an equitable and fair remuneration and reward structure 	<ul style="list-style-type: none"> • Explore funding methods that support growth to increase liquidity, including funding for capital expenditure, new investment, and ESG initiatives 	<ul style="list-style-type: none"> • Drive green energy, climate action, and biodiversity conservation • Focus on WRO resolution and Diversity, Equity and Inclusion (DEI) advancement • Continuous strive to obtain sustainability certification, optimise supply chain management, and enhance ESG performance

BUSINESS STRATEGY

In executing our BP26 strategy, we aim to enhance performance across the four Key Focus Areas:

KEY FOCUS AREAS			
			
Market Strengthening & Penetration	Operational Excellence & Digitalisation	Financial Management & Cost Optimisation	Embedding Sustainability
<p>Our strategy focuses on deepening our presence in existing markets while identifying and capitalising on new opportunities. This includes:</p> <ul style="list-style-type: none"> • Implementing food strategy • Forging partnerships with established organisations • Establishing more bases overseas • Developing our people to be global • Strengthen FGV brand • Optimising supply chain 	<ul style="list-style-type: none"> • Promoting operational excellence and digitalisation • Enhancing process efficiency and optimising assets • Adopting technology and modernising operations • Cultivating culture of innovation and sustainability 	<ul style="list-style-type: none"> • Rationalise assets • Optimise capital structure • Implement turnaround plans for underperforming assets • Utilise assets and make responsible investment 	<ul style="list-style-type: none"> • Environment: Drive climate action, reduce carbon emission, and support renewable energy initiatives • Social: Implement WRO Remediation Plan and promote DEI across the Group • Governance: Enhance certifications, rankings, and transparency within the supply chain

While acknowledging the ongoing challenges, we are actively addressing them with a positive and proactive approach. Despite market volatility, fluctuating Crude Palm Oil (CPO) prices, and decreasing Fresh Fruit Brunch (FFB) yield, we are implementing strategic measures to safeguard our financial stability. These include optimising operational efficiencies and initiating cost-saving initiatives. Rising production and operational costs, driven by factors such as increased raw material prices, higher energy, and labour expenses, are being carefully managed through streamlined processes and resource allocation. Moreover, our commitment to sustainability is evident as we aim to mitigate risks and strengthen our position in the market. Amidst fierce competition from local and regional brands, we strategically leverage our strengths to differentiate ourselves and maintain a competitive edge. Through innovation, strategic partnerships, and a customer-centric approach, we navigate these challenges with cautious optimism, recognising the journey ahead as we emerge resilient and adaptable in the marketplace.



More information on how the business navigating its challenges can be found in Group Business Review on pages 49 to 77.

MATERIAL MATTERS

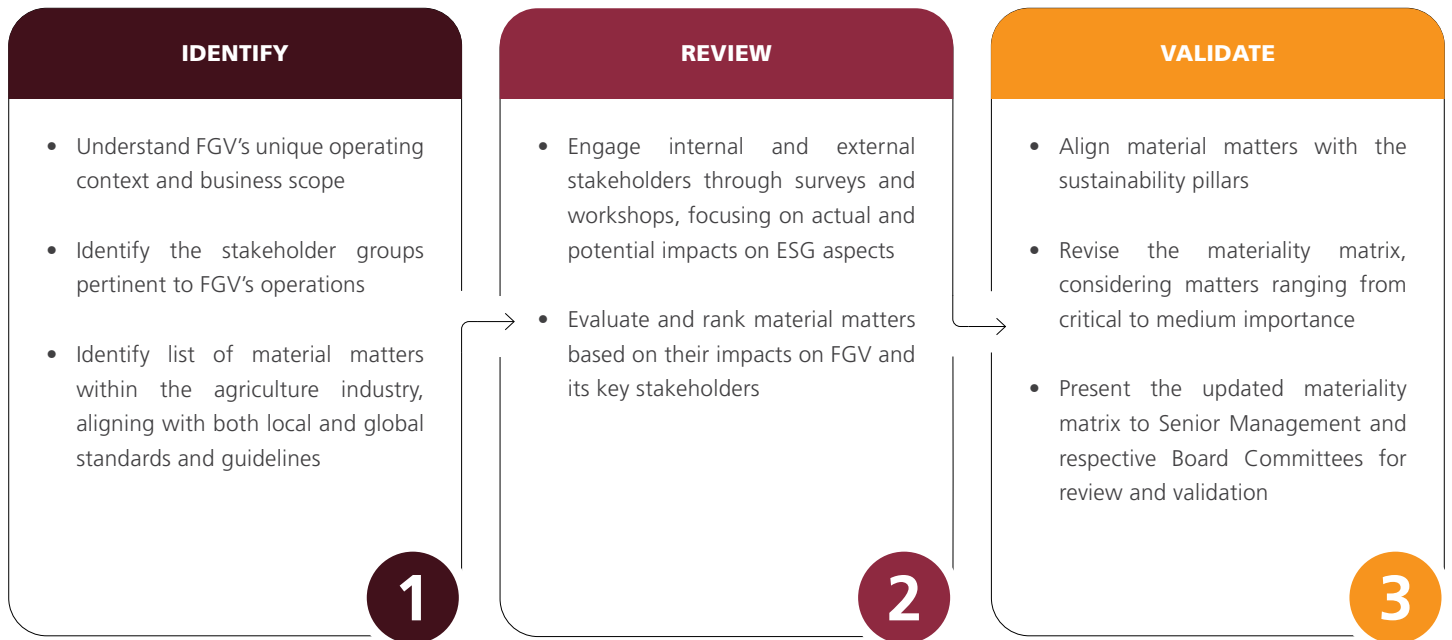
WHAT MATTERS

In today's dynamic business landscape, FGV faces escalating pressure to address ESG challenges while ensuring long-term viability and growth. Central to navigating these complexities are material matters that can influence our operations and overall sustainability. Embracing materiality is not just a strategic imperative but also an obligation for FGV as we strive to build a more sustainable and resilient future.

Materiality assessments serve as a cornerstone for FGV, providing invaluable insights into the most relevant and significant material matters for our business and stakeholders. These assessments are driven by a myriad of factors, including regulatory requirements, stakeholder expectations, industry trends, emerging risks, and business priorities. Through thorough assessments, FGV gains insights into significant material matters and develops targeted strategies to effectively address them.

In 2023, with the assistance of an independent consultant, we engaged with our stakeholders as part of a two-year cycle to conduct a comprehensive materiality assessment. This exercise ensures that we evaluate, prioritise, and respond to the updated material matters relevant to our business. The materiality assessment is guided by our Enterprise Risk Management framework, material matters in the previous assessment cycle (2021-2022), as well as industry standards such as Bursa Securities' Sustainability Reporting Guide (third edition) and Toolkit for Materiality Assessment 2022, Global Reporting Initiatives, Sustainability Accounting Standards Board, and Morgan Stanley Capital International framework.

The exercise resulted in the identification of 20 material matters, including four new additions, supplementing FGV's initial 16 material matters identified in the previous assessment cycle (2021-2022). The revised list of eight significant material matters will be the focus of our disclosure in this Report.

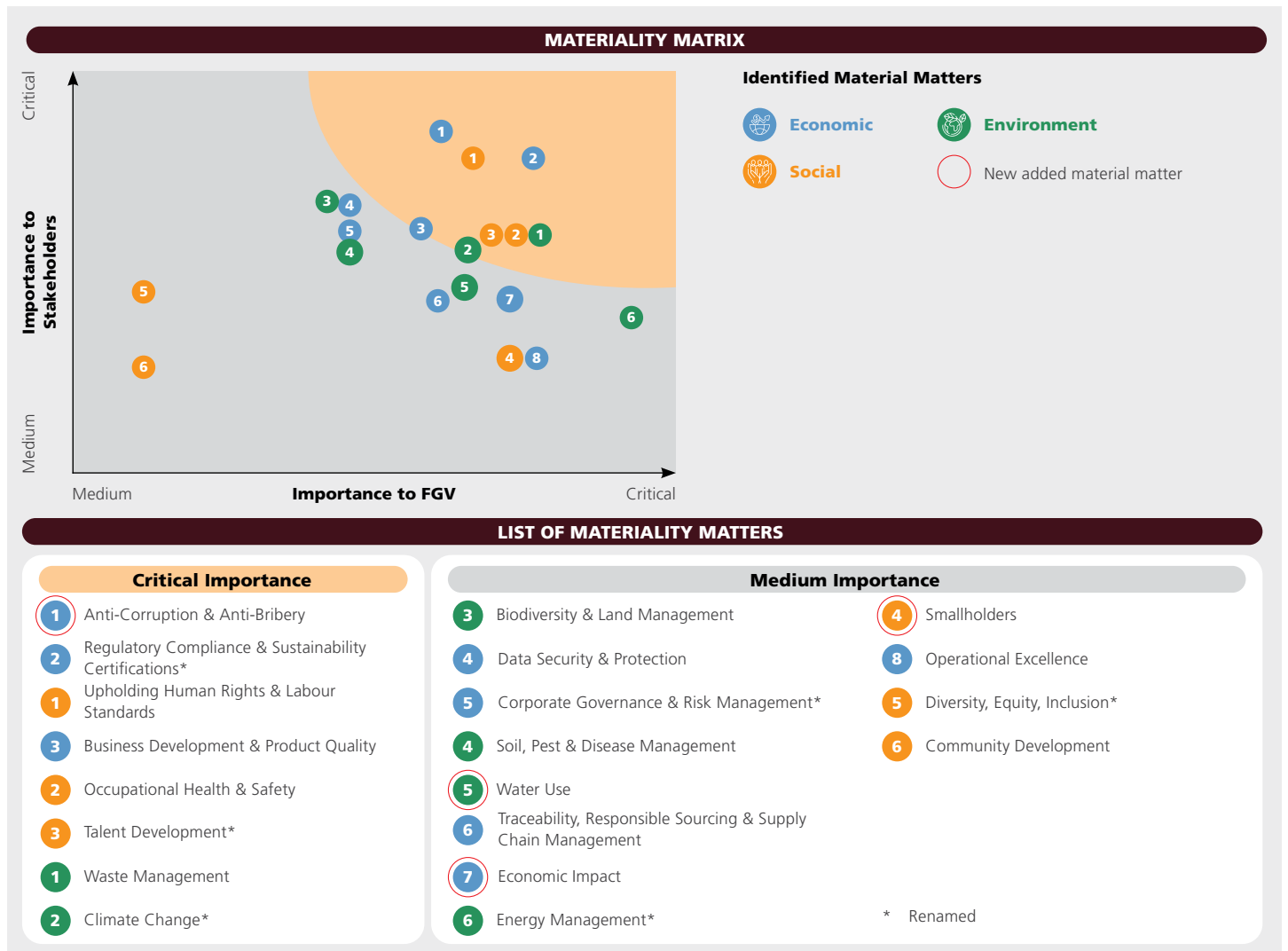


More information on Materiality Assessment in 2023 can be found in the Sustainability Report 2022/2023.

MATERIAL MATTERS

AN OVERVIEW OF OUR MATERIAL MATTERS

The materiality matrix below highlights the material matters that could impact our value creation efforts. Among the 20 material matters identified, eight are situated in the top-right quadrant, signifying their critical importance to both our stakeholders and our business. These significant material matters will be thoroughly addressed throughout this AIR, emphasising their significance in shaping our strategies and operations.



Among the key changes were the addition of four new material matters, namely: Anti-Corruption & Anti-Bribery, Water Use, Economic Impact, and Smallholders. These new matters are deemed relevant to the current ESG agenda and align with peers and industry best practices. Additionally, we renamed six material matters to better suit their intended meaning and ensure alignment with evolving stakeholder expectations and industry standards.

Based on the findings of the material assessment, Talent Development, Anti-Corruption & Anti-Bribery, and Business Development & Product Quality have emerged as critically important. Meanwhile, Operational Excellence, Corporate Governance & Risk Management, Traceability, Responsible Sourcing & Supply Chain Management, and Energy Management have shifted to medium importance, reflecting the evolving landscape and strategic priorities within FGV and the industry.

More information on How We Addressed Our Significant Material Matters can be found in the Sustainability Review on pages 78 to 84.

STAKEHOLDERS ENGAGEMENT

Effective stakeholder engagement is fundamental to our business success. Our commitment to meaningful dialogue with both internal and external stakeholders is essential for understanding their expectations, concerns, and interests in relation to our business performance. We maintain clear communication and foster positive relationships with all our stakeholders, as this approach not only builds positive relationships but also enables FGV to address potential issues efficiently.

<p>CUSTOMERS</p> <p>WHY IT MATTERS</p> <ul style="list-style-type: none"> • Create demand for our products and services • Drive revenue for FGV 			<p>KEY RELATED MATERIAL MATTERS</p> <p>1 2 4</p>		
<p>AREAS OF CONCERN</p> <ul style="list-style-type: none"> • Product quality, safety, delivery, and services • Fair product pricing • Product traceability and responsible resource use • Compliance with global and regulatory requirements across the sustainability pillars • Product diversification 	<p>ENGAGEMENT APPROACH</p> <ul style="list-style-type: none"> • Company website and social media updates • Meetings, engagements, and dialogues • Company events and activities such as roundtables and gatherings • External surveys and feedback 	<p>OUR RESPONSE</p> <ul style="list-style-type: none"> • Provide a traceability system for our customers to obtain details such as certification, geolocation, and production • Collaborate and work closely with customers to maximise resources and productivity • Continue to introduce sustainable and innovative products and services • Provide competitive pricing and fair terms 			
<p>SUPPLIERS</p> <p>WHY IT MATTERS</p> <ul style="list-style-type: none"> • Provide the feedstock or materials required for the production of goods and services • Play an important role within the value chain of the business 			<p>KEY RELATED MATERIAL MATTERS</p> <p>3 3 5</p>		
<p>AREAS OF CONCERN</p> <ul style="list-style-type: none"> • Efforts to achieve product traceability and responsible resource • Supply chain disruption and market volatility • Compliance with global and regulatory requirements across the sustainability pillars • Fair procurement practices and safe working conditions 	<p>ENGAGEMENT APPROACH</p> <ul style="list-style-type: none"> • Company website and social media updates • Meetings, engagements, and dialogues • Company events and activities such as roundtables and gatherings • Site visits and inspections • External surveys and feedback 	<p>OUR RESPONSE</p> <ul style="list-style-type: none"> • Improve procurement process to ensure responsible and sustainable practices in conducting business • Ensure good management and sufficient support during pre and post-engagement with suppliers 			
<p>REGULATORS & GOVERNMENT</p> <p>WHY IT MATTERS</p> <ul style="list-style-type: none"> • Ensure adherence to industry rules and regulations to maintain compliance within our operations • Protect stakeholders' interests 			<p>KEY RELATED MATERIAL MATTERS</p> <p>8 3 2</p>		
<p>AREAS OF CONCERN</p> <ul style="list-style-type: none"> • Compliance with global and regulatory requirements across the sustainability pillars • Contribution to national sustainability goals • Transparent and timely updates on FGV's operations and industry trends • Alignment to government policies and initiatives in the industry 	<p>ENGAGEMENT APPROACH</p> <ul style="list-style-type: none"> • Company website updates • Meetings, engagements, and dialogues • Site visits, audits, and inspections • External surveys and feedback 	<p>OUR RESPONSE</p> <ul style="list-style-type: none"> • Ensure business units comply with all regulatory requirements while pursuing business objectives • Continuous engagement with the regulators to provide updates and developments on FGV's initiatives across the business • Continuous review and enhancement of our compliance and risk management monitoring tools, systems, and processes 			

STAKEHOLDERS ENGAGEMENT

BOARD OF DIRECTORS AND EMPLOYEES

WHY IT MATTERS

Board of Directors

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

Employees

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

KEY RELATED MATERIAL MATTERS



AREAS OF CONCERN

Board of Directors

- FGV’s financial performance and achievement of operational targets
- Compliance with global and regulatory requirements across the sustainability pillars
- Corporate governance across the value chain and risk management practices
- Collaborative approach to leverage on expertise and skills
- Board diversity and knowledge

Employees

- Alignment to ethical business practices
- Fair employment practices including promoting gender diversity, and women in leadership, and fair opportunities to learn and upskill
- Protection from exploitation and discrimination
- Reporting channel and support to address misconduct
- Healthy and safe working environment

ENGAGEMENT APPROACH

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

OUR RESPONSE

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

FIELD WORKERS

WHY IT MATTERS

- Engage in fieldwork and crop harvesting that may significantly impact FGV’s productivity and efficiency

KEY RELATED MATERIAL MATTERS



AREAS OF CONCERN

- Safe working conditions and provision of appropriate safety
- Clear reporting channel and support to address grievances
- Ethical business and labour practices
- Welfare protection against labour malpractices within the supply chain

ENGAGEMENT APPROACH

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

OUR RESPONSE

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

The details of Key Related Material Matters can be found in Material Matters on pages 32 to 33.

STAKEHOLDERS ENGAGEMENT

FELDA

WHY IT MATTERS

- The key stakeholder of FGV

KEY RELATED MATERIAL MATTERS

1 7 5

AREAS OF CONCERN

- Strategic planning and business growth
- FGV's financial performance and achievement of its operational targets
- Transparent and responsible donations and contributions to society

ENGAGEMENT APPROACH

- Meetings, engagements, and dialogues
- Company events and activities such as town halls and briefings
- Annual General Meetings

OUR RESPONSE

- Conduct regular sessions between FGV and FELDA to discuss the development, challenges, and regulatory requirements within the palm oil industry
- Provide reports and updates on business performance and progress

FELDA SETTLERS

WHY IT MATTERS

- 112,638 settlers surrounding FGV estates and mills who benefit from plantation income through FELDA
- Contribute 42% of FGV's FFB processed

KEY RELATED MATERIAL MATTERS

1 7 5

AREAS OF CONCERN

- Land rights protection and responsible land use
- Fair FFB pricing
- Responsible growing and production practices
- Effective welfare programmes to uplift the community
- Upskilling approach to achieve sustainability certifications

ENGAGEMENT APPROACH

- Meetings, engagements, and dialogues
- Company events and activities such as roundtables
- Annual General Meetings
- Internal feedback

OUR RESPONSE

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

INVESTORS & CAPITAL PROVIDERS

WHY IT MATTERS

- Provide capital for FGV to expand the business

KEY RELATED MATERIAL MATTERS

8 3 2

AREAS OF CONCERN

- Strategic planning and business growth
- Maximisation of shareholder value
- Compliance with global and regulatory requirements across the sustainability pillars
- Transparent and timely updates on FGV's operations and industry trends
- FGV's financial performance and achievement of operational targets

ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements, and dialogues
- Annual General Meetings
- Company briefings, roadshows, and site visits
- External surveys and feedback

OUR RESPONSE

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

STAKEHOLDERS ENGAGEMENT

JOINT VENTURE & BUSINESS PARTNERS

WHY IT MATTERS

- Provide access to additional financial resources, technology, and expertise that may not be available internally

KEY RELATED MATERIAL MATTERS



AREAS OF CONCERN

- Strategic planning and business growth
- Compliance with global and regulatory requirements across the sustainability pillars
- Transparent and timely updates on FGV's operations and industry trends
- FGV's financial performance and achievement of operational targets
- Collaborative approach to leverage on expertise and skills

ENGAGEMENT APPROACH

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

OUR RESPONSE

- Conduct workshops and knowledge-sharing sessions to improve overall capabilities that can lead to enhanced performance and innovation
- Implement performance monitoring and evaluation mechanism to track progress of FGV's JV businesses

MEDIA

WHY IT MATTERS

- Provide media exposure that can impact FGV's visibility and reputation
- Serve as a channel to disseminate important information about the Company to the public

KEY RELATED MATERIAL MATTERS



AREAS OF CONCERN

- Transparent and timely updates on FGV's operations and industry trends
- Compliance with global and regulatory requirements across the sustainability pillars
- Clarification on misinformation concerning the palm oil industry or FGV

ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements, and media briefings
- Company events and activities such as gatherings
- Media press releases
- External surveys and feedback

OUR RESPONSE

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

NON-GOVERNMENTAL ORGANISATIONS

WHY IT MATTERS

- Promote social values, civic engagement, and support local initiatives
- Keep us informed of socioeconomic developments that may impact our business

KEY RELATED MATERIAL MATTERS



AREAS OF CONCERN

- Efforts to protect the environment and promote social justice
- Transparent and timely updates on FGV's operations and industry trends
- Compliance with global and regulatory requirements across the sustainability pillars

ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements, and dialogues
- Collaborations and project partnerships
- External surveys and feedback

OUR RESPONSE

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

 The details of Key Related Material Matters can be found in Material Matters on pages 32 to 33.

LINKING MATERIAL MATTERS TO RISKS AND STRATEGY

Anti-Corruption & Anti-Bribery



How We Responded in 2023

- Conducted risk assessment covering 34 operations sites.
- Conducted 46 awareness training sessions with internal and external stakeholders on our anti-bribery and corruption policies.
- Conducted Anti-Bribery Internal Audit at 43 sites across the Group to assess the effectiveness of our Anti-Bribery Management System (ABMS). Additionally, we achieved re-certification of ISO 37001 ABMS with an extended scope.
- Resolved 36 out of 38 corruption-related complaints through the whistleblowing channel, while the other two are still under investigation.
- Implemented all 74 action plans identified under FGV Anti-Corruption Plan 2020-2023.

UN SDGs Alignment



Related Risks



Link to Strategic Thrusts



Capitals Impacts



Regulatory Compliance & Sustainability Certifications



How We Responded in 2023

- Obtained International Sustainability and Carbon Certification (ISCC) (Waste & Residue) for FGV Refineries Sdn Bhd-Tawau Oil Products and FGV Biotechnologies Sdn Bhd.
- Conducted nine series of independent smallholders consultation programmes to communicate FGV's sustainability commitments and gather insights from this stakeholder group.
- Monitor FGV's certification progress, comprising of Roundtable Sustainable Palm Oil (RSPO), Malaysian Sustainable Palm Oil (MSPO), and ISCC to be aligned with standard requirements.
- Ensure FGV complies with all sustainability related regulations and standards.

UN SDGs Alignment



Related Risks



Link to Strategic Thrusts



Capitals Impacts



Business Development & Product Quality



How We Responded in 2023

- Included MSPO certification sticker with a certificate number on the label of Saji cooking oil.
- Utilised Fast-Moving Consumer Goods (FMCG) Distributorship Network Model to expand our network of distributors, wholesalers, and retailers.
- Obtained a new cycle of MSPO certification (2023-2026) for Delima Oil Products Sdn Bhd's refinery following the completion of MSPO re-certification audit conducted in May 2023.

UN SDGs Alignment



Related Risks



Link to Strategic Thrusts



Capitals Impacts



Upholding Human Right & Labour Standard



How We Responded in 2023

- Completed the reimbursement of recruitment fees to 20,153 active migrant workers totalling RM72.2 million.
- Collaborated with Project Liber8, and implemented their module on child labour and child trafficking at our Learning Centres, alongside Policy Statements and Guidelines on Respecting and Protecting Children's Rights.
- Conducted 21 training sessions involving around 2,182 participants, focusing on the 11 International Labour Organization (ILO) indicators of forced labour.
- Signed 17 Internal Union Agreements to uphold our employees' rights, providing a platform for suggestions and concerns.
- Conducted 14 Grievance Awareness sessions with employees and external stakeholders across our operations in Malaysia.
- Ongoing initiative to upgrade and construct new housing for workers, as well as improve access to potable water and internet connection, particularly in remote areas.

UN SDGs Alignment



Related Risks










































Link to Strategic Thrusts










Capitals Impacts




LINKING MATERIAL MATTERS TO RISKS AND STRATEGY

Occupational Health & Safety 			
How We Responded in 2023 <ul style="list-style-type: none"> Implemented Guidelines on the Medical Surveillance Programme at the Workplace 2023. Conducted a Health Screening Programme 2023. Engagement with employees to ensure a safer workplace by establishing clear communication channels outlined in the Standard Operating Procedure (SOP). Ongoing training sessions covering topics such as Occupational Health, Occupational Safety, and the Environment. 			
UN SDGs Alignment 	Related Risks  	Link to Strategic Thrusts  	Capitals Impacts  
Talent Development 			
How We Responded in 2023 <ul style="list-style-type: none"> Introduced two Employee Development initiatives: <ul style="list-style-type: none"> Asia Young Leadership Programme (AYLP), aimed at enhancing leadership skills through insightful idea exchanges and knowledge sharing. Talent Rotation Programme (TRoP) Internal Rotation, designed to provide middle management with an in-depth understanding of FGV's operations, processes, and challenges. 			
UN SDGs Alignment   	Related Risks 	Link to Strategic Thrusts  	Capitals Impacts   
Waste Management 			
How We Responded in 2023 <ul style="list-style-type: none"> Ongoing efforts on the Reuse, Recycle, and Recovery (3R) initiative to contribute to responsible and sustainable practices of reducing waste generation. Monitor the ongoing transformative projects including the conversion of by-products from palm oil mills and the recycling of scrap materials and used tires, facilitating the transformation of waste into valuable resources. 			
UN SDGs Alignment   	Related Risks   	Link to Strategic Thrusts  	Capitals Impacts  
Climate Change 			
How We Responded in 2023 <ul style="list-style-type: none"> Completed our carbon emissions baseline and GHG emissions inventory for Scope 1 and Scope 2 for 20 FGV's subsidiaries based on 2019 data. Due to our complex supply chain, for Scope 3 inventory, an independent consultant was appointed to ensure the accuracy of our data. Organised FGV Sustainability Week, aimed at enhancing awareness among our employees and fostering a culture of change towards sustainable practices throughout our operations. 			
UN SDGs Alignment 	Related Risks    	Link to Strategic Thrusts  	Capitals Impacts  

Related Risks:

 Governance, Ethics & Integrity	 Supply Chain Risk	 Human Resource	 Production/General Operations
 Product	 Regulatory/Compliance	 Safety, Health & Environment	

 The details of other icons can be found in Basis of This Report on page 4.

OUR VALUE CREATION MODEL

OUR STRATEGIC VALUE PROPOSITIONS



Operational Improvement



Product & Market Penetration

KEY CAPITALS



Financial

- Shareholders Equity **RM5.97 billion**
- Total Assets **RM17.28 billion**
- Deposits, Cash & Bank Balance **RM1.53 billion**



Natural

- Landbank **438,867 Ha**
- Planted Area
 - Oil Palm **333,765 Ha**
 - Rubber **7,203 Ha**
 - Other Crops **3,504 Ha**
- Total Replanted Area:
 - Felling **16,547 Ha**
 - Replanted **19,862 Ha**
- Mechanised Area **20,000 Ha**



Manufactured

- **66** Mills
- **12** Bulking terminals
- **6** Vegetable oil refineries
- **1.10 million MT** Storage capacity
- More than **600** mixed fleet vehicles
- **2** Sugar refineries
- **12** Warehouses (including refined sugar warehouse)



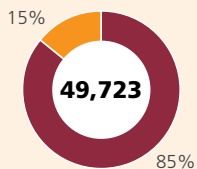
Intellectual

- **71** Highly qualified researchers
- **22** Agronomists
- **3** Seed production centres
- **3** R&D centres



Human

- FGV's Total Workforce*



■ Male ■ Female

* FGV's total workforce as at 31 December 2023 includes FGV Employees (Malaysia, its overseas operations, and MSM) and Operational Labour.



Social and Relationship

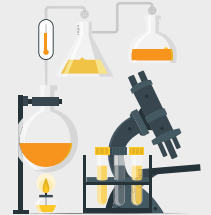
- Partnering with **112,638** FELDA settlers and supporting communities
- **100%** MSPO-certified mills
- **45%** RSPO-certified mills

PLANTATION

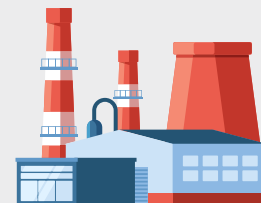
Upstream



R&D



Downstream

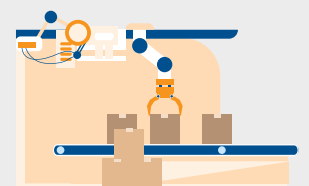


SUGAR

Refinery

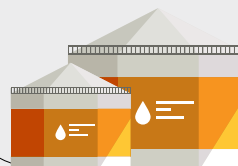


Sales and Distribution



LOGISTICS & SUPPORT

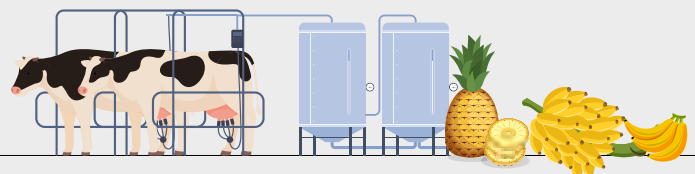
Bulking & Storage



Transportation Services



INTEGRATED FARMING



OUR VALUE CREATION MODEL



New Growth Areas



Financial & Capability Building

KEY OUTPUTS

OUTCOMES

- Revenue **RM19.36 billion**
- Dividend **3.0 sen** per share was declared in 2023, translating to a dividend payout of **RM109.4 million**



Consistently deliver returns for shareholders

- FFB production **3.64 million MT**
- FFB yield **13.60 MT per Ha**
- Average oil palm age profile **12.77 years**
- **300 Ha** of HCV area at Gerik, Perak



Enhance operational excellence initiatives to optimise performance and integrate sustainability measures, fostering responsible business growth

- FFB processed **12.69 million MT**
- CPO production **2.62 million MT**
- Oil Extraction Rate **20.68%**
- Oils & Fats sales volume **390,761 MT**
- Biodiesel sales volume **83,776 MT**
- Refined sugar sales volume **0.98 million MT**
- FGV launched a total of 15 SKUs under Saji, Bright Cow, Ladang 57, and Gula Prai brands



Utilise every aspect of the value chain to achieve synergies and maximise returns on investments

- FGV received multiple awards at the 34th International Invention, Innovation & Technology Exhibition 2023 (ITEX'23):
 - Gold Award and Best Invention Award (Research Institutions)
 - Silver Awards for FGV QUICKCapt, FGV NGRo, and FGV Semantan Bamboo
- Undertook two R&D studies focusing on value-added fertiliser and planting material with improved high oil yield



Advance our market position in agriculture management practices, product innovation, and sustainability efforts

- **281,109** training hours
- Launched 'L&D Reconnect' platform



Cultivate a workforce characterised by skillfulness, resilience, and well-being, fostering a deeply ingrained culture of continuous learning

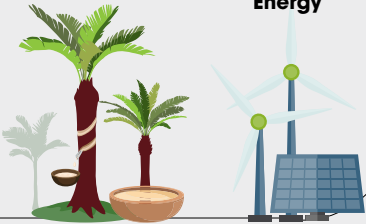
- Our palm oil is **100%** Traceable to Mill and **99%** Traceable to Plantation
- Invested approximately **RM392.6 million** for sustainability initiatives
- Allocated around **RM2.6 million** to various initiatives under Corporate Social Responsibility
- Reimbursed recruitment fees totalling **RM72.2 million** to **20,153** active migrant workers
- Received the ESG Positive Impact Awards in 2022



Ensure responsible labour practices while upholding our commitment to the socioeconomic advancement of the communities in which we operate

Rubber

Renewable Energy



Marketing & Trading

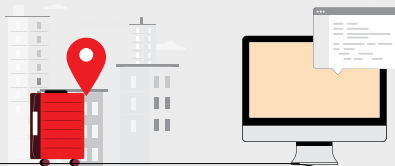


Development of Premium Sugar Products



Travel

Information Technology



CONSUMER PRODUCTS

