

MAY 2024



# FGV HOLDINGS BERHAD

Malaysian Palm Oil Forum (MPOF) Egypt 2024

Malaysian Sustainable Palm Oil (MSPO): Tool to Meet Global Sustainability Requirements



**NURUL HASANAH AHAMED HASSAIN MALIM**  
GROUP CHIEF SUSTAINABILITY OFFICER

# Overview of FGV

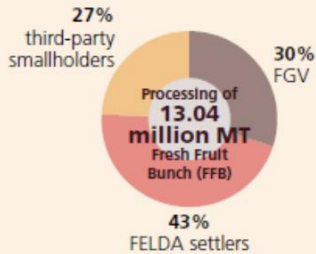
## Plantation

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



### 67 Mills Complexes

(97% MSPO & 45% RSPO-certified)



CPO production of **2.68 mil MT**



Managing **219** estates

Total landbank: (including Malaysia and Indonesia)

**438,885** Ha

	Planted area
Oil palm	336,315 Ha
Rubber	7,668 Ha
Other crops	3,352 Ha
Unplanted area	91,550 Ha

Vegetable oil refining capacity **5,553,600** MT

Rubber processing capacity **233,400** MT

Kernel crushing plant capacity **1,007,600** MT

Biodiesel plant capacity **110,000** MT

Oleochemical plant capacity **476,000** MT



## R&D



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

58 highly qualified researchers & 17 agronomists

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

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



## Consumer Products



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



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

Other brands



## Integrated Farming



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

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



# Overview of FGV



## Sugar

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



**2.05 mil** MT

Annual sugar production capacity

**GULA PRAI**



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

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



## Other Services

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



## Logistics & Others

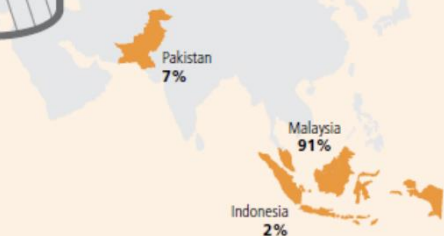
LO Sector facilitates the vertical integration of the Group's core businesses by connecting the flow of assets to drive Group-wide efficiencies.



Storage capacity of **1.08 million MT**

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

(inclusive of Indonesia & Pakistan)



Transport's fleets

**549** units



FGV is a **Malaysia-based agri-business** listed on the main market of Bursa Malaysia on 28 June 2012

Supported by a strong workforce of more than **45,000 people**.

- **REVENUE IN MYR (TTM)** 25.56bn
- **NET INCOME IN MYR** 1.33bn
- **MARKET CAP IN MYR** 5.33bn

# MSPO CERTIFICATION SCHEME

The Malaysian Sustainable Palm Oil (MSPO) is a certification scheme developed and regulated by the Malaysian Palm Oil Certification Council (MPOCC).



The MSPO standards were officially endorsed by the former Minister of Plantation Industries and Commodities, YB Datuk Seri Mah Siew Keong, on **September 5, 2013**.

The voluntary implementation of the MSPO certification scheme **began on January 1, 2015**, and it **became mandatory after December 2019**.

The revised MSPO standards launched in **2022 (MS 2530: 2022)**.

**WHY IS MSPO CERTIFICATION  
A ROBUST TOOL TO CONFIRM  
SUSTAINABLE SOURCING?**

# MSPO AS A TOOL FOR SUSTAINABLE SOURCING



## Environmental Protection

Include stringent requirements to protect natural ecosystems, including preventing deforestation and preserving biodiversity



## Transparency and Traceability

Involves rigorous auditing and verification processes conducted by accredited third parties



## Social Responsibility

Mandates fair labour practices, including fair wages, safe working conditions, and respect for workers' rights



## Alignment with Global Standards

Aligned with international criteria, such as those set by the Roundtable on Sustainable Palm Oil (RSPO)



## Economic Sustainability

Promotes efficient and sustainable farming practices without compromising the environment



## Continuous Improvement

Encourages continuous improvement by requiring regular audits and updates to practices

## Principles of MS 2530: 2022



### Key Highlights of MS 2530: 2022

- Made in line with the **United Nations Sustainable Development Goals (UN SDGs)**.
- Enhanced social requirements which includes **Social Impact Assessment (SIA)**, **protection of workers, child rights, and prohibition of forced labour**.
- Incorporation of **High Conservation Value (HCV)**, **Greenhouse Gas (GHG) calculation and zero burning** into the standards.
- **Ethical Conduct and anti-bribery practices for business relations** with employees, communities, and stakeholders are required.

Management commitment and responsibility

Transparency

Compliance with legal and other requirements

Responsibility to social, health safety and employment conditions

Environment, natural resources, biodiversity and ecosystem services

**HOW DOES FGV OBTAIN  
MSPO CERTIFICATION?**



# SUSTAINABILITY GOVERNANCE



## Board Sustainability Committee (BSC)

- The Board Sustainability Committee (BSC) oversees the Group Sustainability Plan (GSP), monitors progress, provides guidance, and reviews reports impacting the Group's financial standing or reputation
- BSC members include:



**Tan Sri Rastam Mohd Isa**  
Chairman



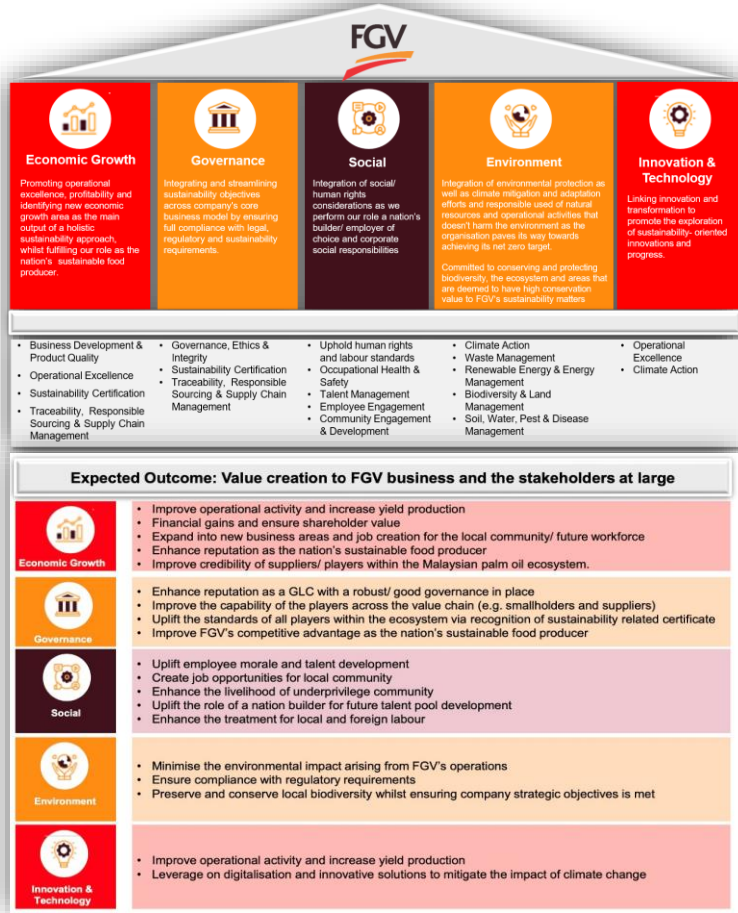
**Mohamad Fadzil Hltam**  
Member



**Dato' Dr. Suzana Idayu Wati Osman**  
Member

## FGV's Sustainability Framework

- FGV revised its Sustainability Framework 2024-2026 proposing sustainability-related KPIs for all departments within the supply chain



## Group Sustainability Policy

- FGV's sustainability efforts are guided by its Group Sustainability Policy (GSP) that sets out the overarching framework for FGV's sustainability agenda



# ENVIRONMENTAL PROTECTION

## Biodiversity and Land Management

- Strive to mitigate human-wildlife conflicts, manage High Conservation Value (HCV) zones and implement wildlife conservation programmes



## No Deforestation

- Since 31 December 2019, MSPO committed to require no planting which equivalent to 'no deforestation'. FGV upholds the commitment



## Climate Agenda

- The requirement under MSPO certification supported FGV's commitment to Science-Based Targets through the Science Based Target initiative (SBTi) Business Ambition for 1.5°C Pledge made on 28 September 2021
- The Climate Action Plan is as follows.:





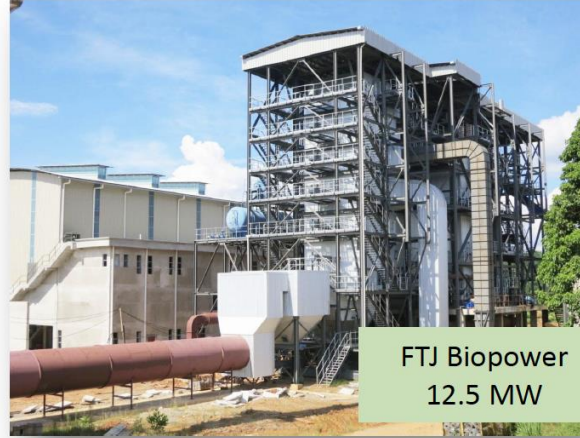
# ENVIRONMENTAL PROTECTION

## Renewable Energy Initiatives

### Biomass to Power



IPP Sahabat  
7.2 MW



FTJ Biopower  
12.5 MW

### Biomass to Nutrient



FGV  
Compost Plant  
(4 units)

### Biogas to Power



Umas  
Rural Electrification 1.2 MW



6 FIT Biogas Plant  
(combined 8.2 MW Capacity)

### Biogas & Biomass as Fuel



Biocompressed Natural Gas Plant Sg Tenggi  
60,000 mmBTU/ annum

### Biofuel



Biodiesel Plant  
100,000 MT/annum

**Total 28 plants** – the most number of biogas plant by single plantation company in the world



# SOCIAL AND HUMAN RIGHTS



## Upholding Labour Standards

- Uphold MSPO standards in eliminating human trafficking and forced labour
- Allocated close to RM 1 billion to construct and upgrade workers' accommodations in accordance to labour standards



## Children Protection

- Developed Child Protection Program
- Established 11 Community Learning Centres (CLCs) for Migrant Workers' Children (Indonesia) at FGV plantations in Sabah



## Responsible Recruitment

- Commit to 'no recruitment fee' and conduct due diligence to its migrant workers' recruitment agencies in sourcing countries





# SUPPORTING ECONOMIC GROWTH



## Traceability in Supply Chain

- Implemented a traceability system to ensure every link in our supply chain upholds the highest standards of sustainability and ethical conduct
- MSPO certification is key in supporting all businesses to achieve full traceability in particular the smallholders



## Suppliers Management Program

- Adopted Supplier Code of Conduct (SCOC), outlining principles and standards relating to sustainability which suppliers are required to comply and conducted roadshow for all suppliers



## Independent Smallholders

Conducted nine (9) consultation programs involving 721 independent smallholders and dealers throughout Malaysia to raise awareness about responsible sourcing





# **ADVANTAGES OF MSPO CERTIFICATION TO THE BUYERS**

# ADVANTAGES OF MSPO CERTIFICATION

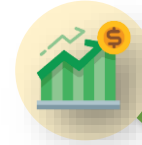
## Meeting International Standards

- Alignment with international sustainability standards
- Association with credible certification scheme recognized globally



## Market Access & Competitiveness

- Become preferred supplier among global buyers
- Gain consumers' confidence and loyalty through sustainability-sourced products



## Aligning with National & Global Goals

- Alignment with Egypt's national sustainability strategies and goals
- Support global efforts to promote sustainable agriculture and reduce environmental impact



## Economic Benefits

- Potential for higher pricing and better market positioning
- Attracting socially responsible investors and partners
- Enhanced opportunities for business expansion and growth



## Traceability & Suppliers Management

- Transparency throughout supply chain
- Identification and mitigation of potential issues



## Enhanced Brand Image

- Strengthen CSR initiatives and public image
- Demonstrate sustainability commitment
- Offer sustainability certified products among competitors



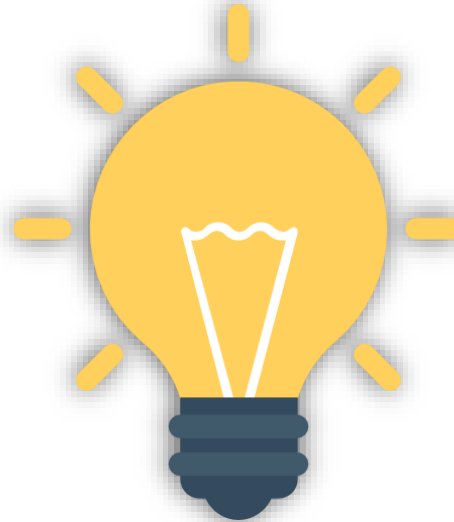
## Risk Management

- Reduce regulatory risk through compliance with international environmental and social regulations
- Mitigation of risks associated with illegal practices and non-compliance



## Long-term Business Relationships

- Build stronger relationships with sustainability-focused partners and stakeholders
- Enhanced collaboration opportunities with international businesses and NGOs



# CALL TO ACTION

- ❑ Start integrating MSPO-certified palm oil into your supply chain now
- ❑ Demonstrate leadership in sustainability within the Egyptian market

## Commit

- Publicly pledge to sustainable sourcing with MSPO-certified suppliers

## Collaborate

- Partner with industry peers, NGOs and sustainability organizations



Get in touch

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THANK YOU