



FGV IFFCO SDN BHD

Company No. 200601036445(756204-H)

GROUP SUSTAINABILITY POLICY

Approved by: Board of Directors

Approved on: 23 April 2025

REVISION HISTORY LOG

Ver. No	Section	Section Name	Page	Details of Amendments	Effective Date
1	All	All	All	Document published	27 November 2010
2	All	All	All	Document revised	06 November 2019
3	All	All	All	Document revised	23 April 2025

INTRODUCTION

The Group Sustainability Policy (GSP) serves as the overarching policy framework of FGV IFFCO Sdn Bhd's ("FGV IFFCO") sustainability commitments. The GSP comprises three main pillars:

1. Responsible Sourcing and Care for the Planet
2. Respecting Human Rights
3. Corporate Governance, Grievance and Tax Management

SCOPE

This Policy applies to FGV IFFCO and its subsidiaries where FGV IFFCO owns 51% share or more or in its subsidiary companies where can exercise control over financial and operational matters.

This policy shall also be applicable and shall be adopted by all the FGV IFFCO contractors, consultants, suppliers, vendors and all other third-party companies associated with them to instil responsible practices towards this Policy.

In the event that any business counterparties act in a manner which is inconsistent with the Policy, FGV IFFCO reserves the right to terminate their services and contract.

POLICY

Our updated GSP marks a significant leap forward in our journey to fuel transformative change towards a sustainable and deforestation-free supply chain. Since its initial published in 27 November 2010, FGV IFFCO remains committed to the Sustainable Development Goals (SDGs) and to create positive Environmental, Social and Governance (ESG) impacts for the business and stakeholders.

FGV IFFCO subscribes to various sustainability-related certification schemes including, but not limited to:

- A. Malaysian Sustainable Palm Oil (MSPO)
- B. Roundtable for Sustainable Palm Oil (RSPO)
- C. International Sustainability and Carbon Certification (ISCC)

FGV IFFCO recognises the value, necessity, and importance of product safety and quality as fundamental to its operations. We are committed to ensure that all of our products are manufactured to be safe for their intended use, and meet the highest quality standards by implementing best practices and complying with applicable regulatory and statutory requirements.

We will continuously improve the quality of our products and services by adopting the best possible approaches to enhance productivity and cost control by optimising resources and operational efficiencies, while eliminating or minimising negative impact on people and the environment.

We shall achieve this by:

1. Responsible Sourcing and Care for the Planet
2. Respecting Human Rights
3. Corporate Governance, Grievance and Tax Management

FGV IFFCO shall endeavour to advocate this policy and its commitments for compliance by all employees and our business counterparties. Where non-compliance is observed, FGV IFFCO have put in place a grievance mechanism and shall take necessary measures to address the gaps and in a phased approach will work to achieve the full implementation of this policy. FGV IFFCO is also committed to providing transparent reporting related to this policy.

1.0 RESPONSIBLE SOURCING AND CARE FOR THE PLANET

FGV IFFCO recognize RSPO/MSPO certification as the established standard for sustainable palm oil. FGV IFFCO is committed to sustainable palm oil production and sourcing. It is critical that all parts of the palm oil supply chain, from plantations to end customers, collaborate and act in an environmentally sustainable and socially responsible manner.

FGV IFFCO recognises the impact of climate change and will play our part in reducing greenhouse gas emissions. FGV IFFCO values its natural resources and endeavours to eliminate or minimize negative impact on the environment through responsible sourcing that promote the implementation of best practices and continuous improvement.

Since year 2021, FGV IFFCO commits to No Deforestation, No Peat and No Exploitation (NDPE). FGV IFFCO commits to promote environmental awareness and shared responsibility through communication and training. FGV IFFCO undertakes to ensure that there is no deforestation, no peat conversion and no exploitation in its supply chain and will conduct appropriate environmental and social due diligence in the development of any new business activity or relationship.

1.1 Commitment to Responsible Sourcing and Support Smallholder Inclusion

- 1.1.1 FGV IFFCO commits to sustainable sourcing in accordance with global leading practices along with RSPO and MSPO requirements. FGV IFFCO also commits to increase the volume of sustainable materials we source.
- 1.1.2 FGV IFFCO commits to support smallholders by buying the available resources from them through collaboration with mills.
- 1.1.3 FGV IFFCO had committed to No Deforestation and No Peat Conversion supply chain since year 2021.

1.2 Managing Environmental Impacts

- 1.2.1 FGV IFFCO shall ensure that all its businesses operate in a responsible and sustainable manner to minimize and/or eliminate negative impact on the environment through appropriate management plans.
- 1.2.2 FGV IFFCO encourages our business counterparties to undertake a Social and Environmental Impact Assessment (SEIA) prior to operations.

1.3 No Deforestation and No New Development on Peat

- 1.3.1 FGV IFFCO will not knowingly source palm oil from plantations established on areas of significant environmental or cultural importance from 27 November 2010. We support the conservation of High Conservation Value (HCV) areas and Carbon Stock (HCS) forests.
 - High Conservation Value (HCV) areas which we recognize that in some circumstances, non-forest areas particularly those with significant cultural or historical value may also be considered as HCV land, and such areas would fall within the scope of this policy.
 - Carbon Stock (HCS) forests such as primary forests, high, medium and low-density forest and young regenerating forests.
- 1.3.2 FGV IFFCO business counterparties shall not develop on primary forest, natural ecosystem, High Carbon Stock (HCS) or High Conservation Value (HCV).
- 1.3.3 FGV IFFCO expect our business counterparties to identify areas of conservation and protection through High Conservation Values (HCV) and High Carbon Stock (HCS) assessments.
- 1.3.4 FGV IFFCO is not accepting any new development on peatland regardless of depth since year 2010. For existing plantations (indirect suppliers) on peat, best management practices for soil and peat plantations must be implemented, preferably in accordance with the RSPO Manual on Best Management Practices for existing oil palm cultivation on peat.
- 1.3.5 FGV IFFCO business counterparties may consider replanting when due based on economic, legal and/or environmental concern(s).
- 1.3.6 FGV IFFCO expect our business counterparties implement practices, to maintain or improve soil fertility for sustained yield and to minimise soil erosion and degradation.
- 1.3.7 FGV IFFCO business counterparties commit to zero conversion of natural ecosystems, primary forest, HCV and HCS and restoration action of any non-compliant.
- 1.3.8 FGV IFFCO prohibits any hunting within its operation areas, unless otherwise allowed by applicable laws.

1.4 Protection of Species

- 1.4.1 FGV IFFCO commits to protecting rare, threatened and endangered (RTE) species, and its habitat. FGV IFFCO also commits to the protection and/ or enhancement of biodiversity and ecosystem services in line with the UN Convention of Biological Diversity's Global Biodiversity Framework.

1.5 Limitations on the Use of Hazardous Chemicals and Agrochemicals

- 1.5.1 FGV IFFCO prohibit the business counterparties to use any hazardous chemical or any agrochemical that are categorized as World Health Organization Class 1A or 1B or that are listed by the Stockholm or Rotterdam Conventions and paraquat except in specific situations. In such situation, FGV IFFCO shall ensure that the usage does not endanger the health of employees, communities, environment and that action(s) must be taken to eventually eliminate the use of the pesticides in a time bound manner.
- 1.5.2 FGV IFFCO expect the business counterparties to minimise the use of chemicals, pesticides and chemical fertilizers through the implementation of Good Agricultural Practices and Good Management Practices.

1.6 No Open Burning/Use of Fire

- 1.6.1 FGV IFFCO shall practice no open burning in all its premises.
- 1.6.2 FGV IFFCO requires all its direct and indirect business counterparties not to use fire in land preparation for new planting, re-planting or any other developments
- 1.6.3 FGV IFFCO shall develop and maintain fire prevention and emergency preparedness programmes to deal with fires that may encroach within or in the vicinity of its boundaries.
- 1.6.4 FGV IFFCO shall actively monitor and report all fire incidents occurring within as well as its surrounding areas to the relevant authorities.

1.7 Water Management

- 1.7.1 FGV IFFCO shall deploy water management practices to ensure its activities do not lead to any negative impacts to natural water bodies on its water quality or availability.
- 1.7.2 FGV IFFCO commits to conserving water for future generations.
- 1.7.3 FGV IFFCO commits to improve efficiency across its operations, optimizing water usage and set water usage reduction targets.

1.8 Waste Management

- 1.8.1 FGV IFFCO is committed to managing waste in accordance with applicable regulatory requirements and other commitments made by FGV IFFCO.

1.9 Addressing Climate Change

- 1.9.1 In addressing climate change, FGV IFFCO commits to minimizing its Greenhouse Gas (GHG) emissions and encourage business counterparties to improve continuously by implementing RSPO Best Management Practices to Reduce Total Emissions from Palm Oil Production.

2.0 RESPECTING HUMAN RIGHTS

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

In order to identify, prevent and mitigate human rights impacts, FGV IFFCO undertakes to conduct appropriate human rights due diligence (HRDD) on the ongoing existing business and in the development of any new business activity or relationship. This will be an ongoing process that will consider any changes to the activity or relationship.

2.1 Equality and Non-Discrimination

- 2.1.1 No person shall be subjected to any discrimination in employment, including hiring, compensation, advancement, training, disciplinary action, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, gender identity, nationality, political opinion, social group, ethnic origin, reproductive rights or other forms of discrimination.
- 2.1.2 Appropriate measures shall be taken to fulfil the right to equal opportunity, equal pay, including benefits, and to equal treatment in respect of work of equal value, equal access to training and development programmes across FGV IFFCO, as well as equality of treatment in the evaluation of the quality of work, unless otherwise agreed.
- 2.1.3 FGV IFFCO shall promote diversity, equity and inclusion throughout FGV IFFCO and its supply chain.

2.2 Upholding Labour Standards

- 2.2.1 FGV IFFCO shall uphold and respect employees' rights in line with national laws and international labour standards as enshrined in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work as well as other applicable ILO conventions.
- 2.2.2 FGV IFFCO is committed to adopting and adhering to rules and conditions of employment that respect employees and, at a minimum, safeguard their rights under national and international labour and social security laws and regulations.

- 2.2.3 FGV IFFCO is committed to ensuring that there shall be no use of forced labour, including prison labour, indentured labour, bonded labour or other forms of forced labour, and that its operations are free from human trafficking and modern slavery.
- 2.2.4 FGV IFFCO strictly prohibits any form of child labour and will not hire persons under the age of 18. Within its supply chain, FGV IFFCO shall not tolerate the employment of any person below the age of 15 but recognises that the national law allows the employment of young persons so long as the nature of work is not hazardous, does not interfere with such person's education, and is not harmful to the person's health or physical, mental, spiritual, moral or social development at any stage of the employment.
- 2.2.5 FGV IFFCO is committed to ensuring responsible recruitment of employees in line with international and industry good practices, while meeting the requirements of the source and receiving countries. FGV IFFCO commits to not charging or deducting recruitment fees from workers.
- 2.2.6 FGV IFFCO commits to respect employees' right to freedom of movement.
- 2.2.7 FGV IFFCO respects employees' right to compensation for a regular work week that is sufficient to meet the employees' basic needs and provide some discretionary income. FGV IFFCO is committed to paying at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all applicable laws on wages, and to provide any fringe benefits required by law or contract. Where compensation does not meet employees' basic needs and provide some discretionary income, FGV IFFCO will take appropriate actions that seek to progressively realize fair compensation and decent living wage.
- 2.2.8 Deductions from regular contracted wages shall not be permitted, except those which (i) are mandated by law; and/or (ii) are in accordance with the prescribed procedures under the law. FGV IFFCO shall, to its best ability, endeavour to ensure that workers understand how their wages are calculated. All wages and compensation are to be paid in a timely manner.
- 2.2.9 FGV IFFCO shall respect employees' rights to fair working hours with adequate rest periods. All overtime work shall be consensual, voluntary and compensated at a premium rate as recognised in international labour standards and other applicable laws and regulations. FGV IFFCO shall not require employees to work more than the regular and overtime hours allowed by the law where the employees are employed. The regular work week shall not exceed 45 hours, or the maximum number of hours allowed under applicable national labour laws. FGV IFFCO shall allow employees at least 24 consecutive hours of rest in every seven-day period. The sum of overtime hours shall not exceed the maximum hours allowed by the applicable national labour laws and regulations.
- 2.2.10 FGV IFFCO recognises and respects employees' right to freedom of expression, freedom of association and to collective bargaining.

2.3 Respecting Rights of Indigenous Peoples and Local Communities

- 2.3.1 FGV IFFCO respects the rights of indigenous and local communities, as enshrined in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and

applicable national laws, including their rights to give or withhold their consent to land over which they hold legal, communal or customary rights.

- 2.3.2 FGV IFFCO shall observe the principles of free, prior and informed consent (FPIC) in any new land development.
- 2.3.3 Where there is conflict and/or dispute over land, FGV IFFCO is committed to resolving such conflict and dispute through engagement and consultation with affected local communities and their own representative institutions.
- 2.3.4 Any disputes with local people shall be handled under the same principles and shall be free of intimidation, violence and harassment. The agreement making processes shall be documented, including negotiations regarding entitlements and compensation.
- 2.3.5 FGV IFFCO respects the rights of local communities to practice their ancestral cultures and beliefs.

2.4 Health and Safety

- 2.4.1 FGV IFFCO is committed to providing a safe and healthy workplace setting to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of our facilities. This commitment also applies in situations where any public health concern arises in our operations.
- 2.4.2 FGV IFFCO shall ensure that all health and safety plan is documented, communicated and implemented.
- 2.4.3 FGV IFFCO shall allocate appropriate resources in order to minimise and eliminate health and safety risks.
- 2.4.4 FGV IFFCO shall provide all the necessary housing and facilities including access to potable water and sanitation throughout its operations, as provided under applicable national laws.
- 2.4.5 FGV IFFCO shall ensure that pregnant or breastfeeding employees are not exposed to work that is harmful to their health such as, but not limited to, handling of toxic chemicals and pesticides.

2.5 Preventing Harassment and Abuse

- 2.5.1 FGV IFFCO has zero tolerance against any form of harassment and abuse including physical, sexual, psychological or verbal. Everyone shall be treated with respect and dignity.
- 2.5.2 FGV IFFCO shall provide relevant capacity building on detecting and reporting cases of harassment and abuse.

3.0 CORPORATE GOVERNANCE, GRIEVANCE AND TAX MANAGEMENT

FGV IFFCO commits to uphold good corporate governance by implement robust governance mechanisms and ethical business practices across the operation and stakeholder engagement. This is to ensure that the decision-making processes, policies, and actions consistently adhere to high standards of integrity, and transparency.

3.1 Upholding Good Corporate Governance

3.1.1 FGV IFFCO commits to adhere strictly to all relevant laws, regulations and standards we subscribed to. Below are some policies that being implemented and practices across FGV IFFCO:

- Anti Bribery and Anti-Corruption Policy –FGV IFFCO committed to ethical/fair conduct and prohibition of corruption which also extended to the Business counterparties.
- Whistleblowing Policy – Facilitate and encourage employees or public to disclose any improper conduct in order to adhere to high standards of integrity and transparency
- Code of Business Conduct & Principles - Ensure fair business practices and uphold the highest standards of integrity and ethical behaviour in all business activities
- Personal Data Protection Policy - Implement robust cybersecurity strategies to protect sensitive information, comply with regulations, and maintain trust with stakeholders.

3.1.2 The Board of Directors of FGV IFFCO provides strong oversights, while the Top Management is responsible in guiding and monitoring sustainability initiatives.

3.2 Established Grievance Mechanism

3.2.1 FGV IFFCO had it Grievances Procedure established, we aimed to provide an open and transparent platform for our employees and stakeholders to address concerns, issues, and complaints including matter related to No Deforestation, No Peat, No Exploitation (NDPE). FGV IFFCO will publish the grievance report in their website which include the information such as date, issue, complainant category, actions taken and status.

3.3 Tax Management

3.3.1 FGV IFFCO must adhere to all filing and reporting obligations as mandated by the relevant tax laws, rules and regulations including timely filing of returns and tax payments; in all the countries where it operates. The respective responsible finance officers, overseen by the Chief Financial Officer, manages all tax-related activities for FGV IFFCO. It offers advice and guidance to ensure compliance with applicable tax laws, rules, and regulations, engaging external consultants as needed.

3.3.2 Intra-group and related party transactions must adhere to arm's length principles and comply with transfer pricing requirements.

3.3.3 FGV IFFCO ensures tax efficiency management opportunities align with the relevant tax laws. In support of business/commercial activities and optimising shareholder returns, FGV IFFCO will utilise tax incentives as long as they align with the authorities' intended objectives for those incentives.

SUSTAINABILITY GOVERNANCE

The Board assumes full responsibility over the FGV IFFCO's sustainability strategy. This includes sustainability governance structure, priorities, targets, climate-related risks and opportunities as well as integration of sustainability considerations into business strategies and model.

The Chief Executive Officer manages the overall implementation of sustainability strategy and initiatives across FGV IFFCO.

The Sustainability Team and the respective Head of Department will spearhead the execution of sustainability initiatives at the operational level across all business and functional divisions, ensuring alignment with the sustainability direction and strategy.

SUPPLY CHAIN TRACEABILITY AND SMALLHOLDER INCLUSION

FGV IFFCO promotes the inclusion of smallholders into our supply chain in a fair, transparent and equitable manner.

FGV IFFCO commits to continuously improve the traceability of raw materials sourced and monitor compliance with applicable sustainability standards throughout our supply chain.

Where necessary, FGV IFFCO will engage with value chain partners to assist, enhance/exchange skills, knowledge and/ or access to resources, including, but not limited to environmental, social and legal matters.

MONITORING AND IMPLEMENTATION

FGV IFFCO is committed to ensuring the full implementation of the Group Sustainability Policy through monitoring, reporting and assessment.

FGV IFFCO commits to provide adequate and transparent information on a timely manner related to its sustainability performance and any corrective measures for effective engagement with its stakeholders through appropriate platforms.