

FROST & SULLIVAN



# 2022 MARKET LEADER

*MALAYSIA SUSTAINABLE PALM OIL  
DEVELOPMENTS INDUSTRY*

## Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. FGV Holdings Berhad excels in many of the criteria in the sustainable palm oil developments space.

| AWARD CRITERIA             |                               |
|----------------------------|-------------------------------|
| Growth Strategy Excellence | Technology Leverage           |
| Implementation Excellence  | Price/Performance Value       |
| Brand Strength             | Customer Purchase Experience  |
| Product Quality            | Customer Ownership Experience |
| Product Differentiation    | Customer Service Experience   |

### Market Overview

The oleochemical market is undergoing a surge in capacity expansion. The Asia-Pacific region is expanding its market share with increased consumption of oleochemicals driven by end market expansion. The two factors contributing to the rapid expansion of the Malaysian oleochemicals market are the joint ventures between multinational companies with local companies and the government's incentives that acknowledge the oleochemicals market as the potential growth area for the palm oil industry. In 2007, strict regulations became active to ensure that there would be low-carbon emissions as oleochemicals such as palm oil contribute to growing greenhouse gases. Despite global economic fluctuations, oleochemicals consumption continues to grow significantly due to the high demand for sustainable and renewable green chemicals and practices.<sup>1</sup> Frost & Sullivan expects the revenue of the global oleochemicals market to reach \$38.01 billion by 2025, recording a 5.4% compound annual growth rate from 2018 to 2025.<sup>2</sup>

### A Leader's Strategic Framework: Sustainable, Long-term Growth

Founded in 2007 and headquartered in Kuala Lumpur, Malaysia, FGV Holdings Berhad is a leading provider of palm oil products. The company is the primary organization that handles six main business clusters, including palm oil, rice, sugar, and rubber. FGV Holdings Berhad built a sterling reputation through the

<sup>1</sup> Global Oleochemicals Market, Forecast to 2025, (Frost & Sullivan, October 2019)

<sup>2</sup> Global Oleochemicals Market, Forecast to 2025, (Frost & Sullivan, October 2019)

years, collaborating with programs and organizations such as the Forest Research Institute of Malaysia, Olam International Ltd., the Malaysia Palm Oil Board, and the Ministry of Primary Industries' Love My Palm Oil campaign. These actions led to the company becoming a market leader in the palm oil market. To date, FGV Holdings Berhad is among the largest plantation companies and manufacturers of crude palm oil. The company has an integrated palm value chain of upstream and downstream activities and finished products.<sup>3</sup>

FGV Holdings Berhad's commitment to sustainability ranges from its adherence to no deforestation, no planting on peatland, and no worker exploitation. The company has undertaken solid initiatives to ensure compliance with human rights and labor standards and is also involved in conserving biodiversity and wildlife. The commitment toward net zero greenhouse gas emissions before 2050 will further add to FGV Holdings Berhad's initiatives around renewable energy and minimizing environmental impact. The company delivers quality, raw, and sustainably sourced palm oil with suppliers that align with its practices while meeting government and international compliances of sourcing palm oil in sustainable practices that do not contribute to the deforestation of Malaysia's environment. In addition to bringing the highest value of palm oil products from reliably sourced suppliers, FGV Holdings Berhad received the internationally recognized International Standard Organization 37001:2016 certification for its Anti-

*"The company has undertaken solid initiatives to ensure compliance with human rights and labor standards and is also involved in conserving biodiversity and wildlife."*

**- Mia Martinez-Palacios,  
Best Practices Research Analyst**

Bribery Management System in December 2019. Frost & Sullivan commends FGV Holdings Berhad for sustaining high compliance, using sustainably sourced materials, and offering excellent palm oil products to customers.

FGV Holdings Berhad's primary mission is to be a global and sustainable leader in agribusiness, meet government standards and compliances, and cultivate diversification in commodities and geography for customers and

stakeholders. Continuous efforts on the globalization of sustainable practices in the palm oil space improve upon existing services and pave the company's roadmap to advance the market. FGV Holdings Berhad taps into available growth opportunities by leveraging its 50-year industry expertise, global presence, and collaborations. The company operates in nine countries, from Asia to the United States (US). As of June 2021, FGV Holdings Berhad acquired MSM Perlis, a subsidiary in Malaysia that sells sugar, allowing the company to expand and penetrate other markets in the agriculture space besides palm oil.

### ***Roadmap to Success: Customer-centric, Continuous, Proactive***

FGV Holdings Berhad's approach to sourcing palm oil goes beyond its extensive expertise and best-in-class capabilities, with customer value as a strategic imperative. Through the years, the company has earned a world-renowned reputation supporting clients' paths toward sustainable palm oil products. Unlike competitors, FGV Holdings Berhad builds its products and services, collaborating closely with various stakeholders and partners to evolve alongside market needs and trends.

One of the main challenges of cultivating palm oil is deforestation concerns. Frost & Sullivan's research

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<sup>3</sup> *Global Oleochemical Market, Forecast to 2025*, (Frost & Sullivan, October 2019)

states that deforestation claims millions of hectares yearly, resulting in a 70% biodiversity loss.<sup>4</sup> FGV Holdings Berhad committed to no deforestation practices by avoiding development in natural forest areas and no burning or use of agrochemicals. In addition, the company ensures that each supplier upholds its no-deforestation policy with 98% traceability when making palm oil products.<sup>5</sup>

As of November 2017, FGV Holdings Berhad signed the Malaysian Anti-Corruption Commission's Corruption Free Pledge to formalize its commitment to good corporate governance.<sup>6</sup> The company continues to enforce and follow Malaysian and international standards of sourcing and providing palm oil products to clients. By September 2018, FGV Holdings Berhad accomplished excellent results in its collaborative efforts with the Malaysian Palm Oil Board in testing the 10% B10 palm methyl ester mixture in its logistics, plant, and other business operations.<sup>7</sup> The company will garner new collaborations with companies and programs to further improve and source palm oil in Asia, thus winning the favor of the Malaysian government and international borders. FGV Holdings Berhad's transparent and non-adversarial approach and close relationships position it as a partner of choice.

### ***FGV Holdings Berhad: Positioned as a New Sustainability Leader***

*"The commitment toward net zero greenhouse gas emissions before 2050 will further add to FGV Holdings Berhad's initiatives around renewable energy and minimizing environmental impact."*

***- Mahendra Chahar,  
Principal Consultant***

With its palm oil services and solutions, FGV Holdings Berhad addresses an unmet market need that competitors cannot easily replicate. Due to its credible oil sourcing and pledge to sustainability, the company's palm oil products differentiate by meeting corporate governance and international compliance standards. FGV Holdings Berhad was one of the first agricultural companies to receive the Roundtable Sustainable Palm

Oil (RSPO) mill certification in 2010. Plus, the company was part of the few Malaysian Sustainable Palm Oil (MSPO) certified since 2015. Once the Malaysian government emphasizes making MSPO certifications mandatory by 2019, FGV Holdings Berhad ensures that all its mills are currently MSPO and RSPO certified. FGV Holdings Berhad has achieved 100% MSPO certification with 67 of its operating mill complexes.<sup>8</sup>

In addition to its sustainability pledge, FGV Holdings Berhad implements climate change actions into its business strategy by lowering greenhouse gases. In alignment with the Group Sustainability Policy, which consists of promoting economic growth, respecting human rights, and protecting the environment, the company operates 28 biogas plants (renewable energy). FGV Holdings Berhad is the first to develop a palm-based commercial-scale bio-compressed natural gas (Bio-CNG) plant in Malaysia. FGV Holdings Berhad is also the first food and agriculture company in Malaysia to commit to net zero emissions. It has signed the UN-backed science-based target initiative business ambition for a 1.5-degree Celsius pledge. Taking the initiatives will push FGV Holdings Berhad's commitment to sustainability as this pledge requires the company to halve its greenhouse gas emissions by 2030 and reach net zero emissions before 2050.

<sup>4</sup> *Innovations in Battery Recycling, Solid Waste Management, Vertical Farming, Water Treatment & Biofertilizers* (Frost & Sullivan, June 2022)

<sup>5</sup> [Traceability - FGV Holdings Berhad](#)

<sup>6</sup> [FGV Signs SPRM's Corruption-Free Pledge - FGV Holdings Berhad](#)

<sup>7</sup> [History & Milestones - FGV Holdings Berhad](#)

<sup>8</sup> [Sustainability Standards and Certifications - FGV Holdings Berhad](#)

With a concentration on product quality, FGV Holdings Berhad strengthens its status as a market leader. The company integrates quality measures such as meeting international compliance standards in the agriculture-business space and ensuring high traceability of palm oil from responsible and sustainable sources from suppliers to assure high-quality product performance. Thus, FGV Holdings Berhad's palm oil continues to penetrate areas such as Asia and Europe; and steadily reach the US markets.

## Conclusion

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A company does not become a market leader overnight. It takes dedication to develop growth strategies paired with excellent implementation. A market leader must earn and maintain customers' trust while impacting and improving the overall market. FGV Holdings Berhad embodies Frost & Sullivan's definition of a market leader by adhering to excellent, transparent, and sustainable practices in the sustainable palm oil development industry. The company's vision revolves around supplying and distributing palm oil products, emphasizing sustainability. FGV Holdings Berhad has multiple certifications for its mills, reducing greenhouse emissions, actively complying, and meeting standards on palm oils. With its traceability and transparency in its practices, the company is an exemplary leader in the palm oil industry. Due to these reasons, the company gains high respect, recognition, and renowned status, elevating it to a market leader. With its strong overall performance, FGV Holdings Berhad earns Frost & Sullivan's 2022 Malaysia Market Leadership Award in the sustainable palm oil developments industry.

## What You Need to Know about the Market Leadership Recognition

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Frost & Sullivan's Market Leadership Award recognizes the company that achieved the greatest market share resulting from outstanding performance, products, and services.

### Best Practices Award Analysis

For the Market Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

**Growth Strategy Excellence:** Company demonstrates an ability to consistently identify, prioritize, and pursue emerging growth opportunities

**Implementation Excellence:** Company processes support efficient and consistent implementation of tactics designed to support the strategy

**Brand Strength:** Company is respected, recognized, and remembered

**Product Quality:** Products or services receive high marks for performance, functionality, and reliability at every stage of the life cycle

**Product Differentiation:** Products or services carve out a market niche based on price, quality, or uniqueness (or some combination of the three) that other companies cannot easily replicate

**Technology Leverage:** Company is committed to incorporating leading-edge technologies into product offerings to enhance product performance and value

**Price/Performance Value:** Products or services provide the best value for the price compared to similar market offerings

**Customer Purchase Experience:** Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

**Customer Ownership Experience:** Customers are proud to own the company's product or service, and have a positive experience throughout the life of the product or service

**Customer Service Experience:** Customer service is accessible, fast, stress-free, and of high quality

## About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

## The Growth Pipeline Engine™

Frost & Sullivan’s proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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### Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



## The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

### Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

