



11 January 2017

Dear Valued Business Partners,

Re: Updates on Sustainability Progress

First and foremost, I would like to wish all of you a happy new year and to thank you for your continued support in our Sustainability journey. I am pleased to take this opportunity to provide you with further updates on our RSPO Certification and other sustainability initiatives.

FGV Has Obtained Its Own RSPO Membership

FGV's decision to withdraw from RSPO Principles and Criteria (P & C) Certification on 3 May 2016 was made to ensure any issue along its supply chain would be addressed and that the improvements have been implemented. In tandem with this, we have started anew in our RSPO certification plans. During the partial certification exercise in October 2016, it was discovered by our Certification Body that FGV could not be RSPO certified under FELDA's membership. This was due to the fact that FELDA does not have controlling interest in FGV. As such, FGV could only be certified under its own membership and the request was tabled to the RSPO Board of Governors and approved on 7 November 2016. On 28 December 2016, FGV received its Confirmation of Membership (RSPO) which took effect from 27 December 2016.

Due to above, all 16 mill complexes which were scheduled to be externally audited in the last quarter of 2016 seek certification based upon FGV's own RSPO Membership from 9 January 2017 onwards. The revised Time Bound Plan for FGV's 72 mill complexes will then be endorsed by the Certification Body during the partial certification exercise.

The next phase will be the commencement of the external audit process for 21 mill complexes targeted for 2017. The revised Time Bound Plan for all 72 mill complexes will be communicated once it is published in the Certification Body Partial Certification Report.

FGV-TFT Social Issues Improvement Project

- Following the field visits at estates managed by FGV, FELDA, Felda Technoplant (FTP) and FELDA independent settlers in November 2016, the draft report emphasising on policy and implementation gaps, corrective action on sites and plan of action has been presented to the respective entities. It will then be submitted to the Social Compliance Steering Committee in January 2017.
- The current draft report prioritises a number of key strategic actions to be undertaken by the Groups, as follows:
 - Establish two-tier leadership structure namely the Social & Human Rights Steering Committee (SHR-SC) & Social & Human Rights Task Force (SHR-TF). In the spirit of partnership and shared-vision to mainstream social and human rights values into corporate governance, the leadership structure must open the participation to external stakeholders such as related government agency, NGOs, National Human Rights Institution and workers' Representatives at the SHR-TF's level;
 - Strengthen Groups' policy commitment to prevent forced / bonded labour, including incorporating policy statement to prevent any practice of retaining foreign workers' passport or any other personal documents in the Groups' Sustainability Policy;
 - Return foreign workers' passports and provide appropriate facilities to safe-keep their passport and other personal belongings, in stages, across FGV, FELDA and FTP;
 - Develop a social & human rights due diligence programme to identify, prevent and mitigate any social or human rights impacts caused, or contributed by the Groups' own activities or its business partners; and
 - Spearhead an inclusive and long-term engagement with external stakeholders (e.g., NGOs and trade unions) to discuss and find mutual solution on social and human rights issues of common interests and cross-sectoral in nature (e.g., issue of quota application for foreign workers).
- In the spirit of transparency and inclusivity, the draft report shall also be presented to Malaysia's Human Rights Institution (SUHAKAM), Human Rights NGOs, RSPO and other stakeholders in January 2017, with an objective to provide an opportunity for these stakeholders to participate in the consultation process.

The Labour Issues Workshop – 20 December 2016



- FGV- FELDA had organised a workshop on labour issues that currently prevail in the palm oil industry. The focused issues include:-
 - Prohibition of fees charged to foreign guest workers by contractors, and by labour suppliers (labour recruiters) in their home countries;
 - Prohibition of employers and contractors keeping foreign guest workers' identity documents / passports
 - Children at Work
- The workshop was held to provide a platform for industry and concerned groups to discuss and share views on the aforementioned issues in an open forum.
- The Team effort consisted of:
 - Government bodies - Malayan Agricultural Producers Association (MAPA), Labour Department Malaysia (JTKSM) and MPOA Secretariat
 - RSPO
 - Growers - FGV & FELDA (host), Sime Darby, KLK, WILMAR, Cargill, P&G and IOI,
 - NGO – Tenaganita and
 - Business Partners –P & G; TFT

- Through a survey conducted, the workshop was well received by all the participants, as they saw the seriousness in the efforts.
- The participation of many stakeholders resulted in the formulation of possible ideas and resolutions to mitigate / address some of the pressing issues within the industry.
- Moving forward, FGV will work with several parties to refine the resolutions which will then be issued to the participants for further comments.
- There is still much to be done to enhance the image of the oil palm industry, and we intend to collaborate further with all parties in similar workshops and forums.

FGV Sustainability Report 2014 / 2015

Last but not least, I am proud to inform that FGV has released its second Sustainability Report in mid December 2016 which can be viewed and downloaded at:-

<http://www.feldaglobal.com/wp-content/uploads/2016/12/CD-FGV-SR2014-2015.pdf>

In conclusion, despite all the challenges we faced in 2016, I believe we have rediscovered our true purpose in our sustainability endeavour and that is to champion and lead our smallholders journey. We acknowledge that we need to continue to drive the necessary changes in our supply chain and smallholders, as well as involve our industry peers and concerned groups (government, NGOs, etc.) to make the positive change permanent / sustainable.

I thank you for your kind support which we truly appreciate and look forward to a better year ahead in 2017.

Thank you and best regards


DATO' ZAKARIA ARSHAD