

FGV Clarifies on Wall Street Journal Allegations of Abuses of Malaysian Plantations

FGV notes with disappointment the misleading report by Syed Zain Al-Mahmood “Palm Oil Migrant Workers Tell Of Abuses on Malaysian Plantations” dated 27 July 2015.

We state for the record that we had provided full responses to WSJ’s requests for information between June 3 and 17 2015, prior to the publication of the report. Subsequently, we issued a **statement** on the same day seeking WSJ’s cooperation in an investigation against these serious allegations. However, we did not receive any response from WSJ until today.

A special taskforce chaired by the Group President and CEO Dato’ Mohd Emir Mavani Abdullah was assembled immediately consisting of various departments to investigate the allegations including our Plantation Sustainability and Quality Management Department (PSQM), Estate Management Team, Human Resources Department, and the Group President’s Office, all of whom went on-ground to the areas named in the report to interview palm oil workers and discover the truth behind the allegations.

The writer has raised several allegations against us which we have investigated thoroughly. The followings are the results of our investigation categorically.

Allegation 1: FGV employs illegal immigrants and mistreats them. WSJ cited the case of an illegal immigrant named Mohamed Rubel working on our plantation in Jempol, Negeri Sembilan. Contractors did not pay him since December 2014, he was living in a hut in a forest far from stores, and was spraying insecticide without training.

Clarification by FGV:

FGV states empathically that we do not employ illegal immigrants, and that all our plantation workers are employed in full compliance of all regulations and laws.

The alleged location, which is Palong 21 estate, does not employ labor contractors, this means that all workers on this plantation are directly employed by FGV. There are 167 foreign workers there, of which 34 are Bangladeshis.

Following checks of employment records and all relevant documentation, we were unable to

locate the Mohamed Rubel quoted, recorded and photographed by WSJ on our plantation or anywhere in our records. Findings by the taskforce, with the help of other workers from Bangladesh on our Palong 21 estate, determined Mohamed Rubel to be an illegal Bangladeshi who visited them in the afternoon or after working hours. They informed that Mohamed Rubel had returned to Bangladesh recently.

Palong 21 estate and other estates in the Jempol area are linked by Jalan Pasir Besar Bahau and within 10 kilometers of a petrol station, mosque, clinic and grocery stores.

Workers' quarters at Palong 21 estate are equipped with electricity and treated water supplies, complete with toilets, kitchens, gas stoves, wardrobes, beds and laundry areas.

Palong 21 estate has a complete record of Personal Protective Equipment (PPE) distribution and written acknowledgement of receipt of gear by workers. There is also a log book which records workers' safety training.

Allegation 2: FGV did not compensate its workers for workplace injuries, and provided minimal medical aid. WSJ claimed that they interviewed workers Al-Amin and Malek Mia who did not receive compensation and paid most of their own medical expenses.

Clarification by FGV:

Al-Amin is a worker employed directly by FGV while Malek Mia has returned to Bangladesh after completing his contract recently in June.

FGV's investigations have determined that both workers cited by WSJ not only had their medical treatments borne entirely at FGV's expense, but Al-Amin also received an average wage of RM900 per month for the four months he was recovering from his injuries. He has since made a complete recovery and returned to work for FGV.

Malek Miah received full treatment at an eye specialist in Kuala Pilah for the accident that occurred at work, and FGV also covered transportation costs of medical visits. Both workers' medical bills were sent directly to FGV by the hospital and settled directly by FGV. As reported in his medical report, he did not have permanent injury as highlighted by WSJ.

Palong 21 estate has full records of all medical leave taken by workers and records of follow-up treatments.

FGV states again that this is in line with our policy of providing medical aid to all our workers including clinics built on our estates, as well as compensation for injuries sustained

over the course of carrying out their duties.

Allegation 3: Passports were taken from workers and policemen were brought to threaten workers with prison time.

Clarification by FGV:

WSJ cited a person named Muhi as the source of this information. We have not been able to locate this person in any of our records and our appointed contractors. This is part of the reason why we sought WSJ's aid in our investigations as we could not determine if these claims are true.

However, passports are kept at the estate's office for safekeeping. They are not forcibly removed from workers nor held ransom.

We would like to reiterate that we do not tolerate any mistreatment of our workers. We provide avenues for them to channel their grievances without fear of repercussions, in line with the Group's whistle blowing policy.

Our findings also conclude:

Mr Syed Zain Al-Mahmood has trespassed into Palong 21 estate, which is a private property. He gathered the Bangladeshi workers at their quarters claiming that he would like to help if they were not compensated for injuries sustained on the job.

He did not at any time identify himself as a WSJ reporter nor showed any credentials or identification. He interviewed two workers Al-Amin and Malek Miah which lasted less than five minutes.

The investigating team was unable to establish if any of the workers had shown the original copy of their payslip, contract or any other documents to the reporter, which the reporter cited as evidence in his story.

FGV's Next Steps

- FGV has agreed for RSPO to appoint an independent auditor to assess the claims reported by WSJ and our internal findings.
- We have started the process to engage an independent third party to conduct their own investigation into these allegations.

- We have taken proactive steps to enhance awareness amongst the foreign workers on their rights and welfare through block meetings.
- Should any breaches in compliance and governance be identified, they will be rectified immediately. Any employees, contractors, suppliers or vendors identified in this regard will be subject to disciplinary action in full accordance to the law.

In conclusion, FGV is fully committed to address any allegations and pledge to open and transparent communications with all stakeholders.

We urge NGOs and the media to get in touch with our Corporate Communications team at groupcorporatecomms@feldaglobal.com should any concerns arise.