

# **FGV Continues to Enhance Labour Practices to Address the Withhold Release Order (WRO) issued by U.S. Customs and Border Protection (CBP)**

The Board of Directors of FGV refers to the Withhold Release Order (WRO) issued by the US Customs and Border Protection (CBP) on 30 September 2020 against palm oil and palm oil products made by FGV and its subsidiaries and joint ventures. This announcement serves as an update on the subject following FGV's statement dated 3 December 2020.

FGV places utmost importance on efforts towards the revocation of the WRO and has adopted a holistic approach to resolve applicable findings of the CBP. As part of this effort, FGV continues to work with the Fair Labor Association (FLA) to improve structures and systems for the enhancement of its labour practices including by aligning policies and codes with international standards. In November 2020, FGV adopted its revised **Group Sustainability Policy (GSP)** in which provisions on labour were strengthened based on the **FLA Workplace Code of Conduct**. FGV is also further strengthening its procedures for the recruitment of migrant workers and will be adding a pre-sourcing assessment to the selection process of recruitment agencies.

In February and March 2021, the FLA conducted a second validation exercise to assess FGV's progress in implementing its **action plan** under the FLA affiliation. While the progress report is due to be published by the FLA on 31 March 2021, FGV has had discussions with the FLA on the contents of the report and notes the gaps highlighted by the FLA on some aspects including FGV's grievance mechanism, remediation procedures and worker representation structures. FGV will continue to work with the FLA to institutionalise mechanisms to address these gaps, and to further strengthen and enhance our labour practices.

To complement these efforts, FGV has established a Foreign Workers Working Committee (FWWC), which is presided over by the Chairman of FGV, to look into areas for continuous improvement especially on upgrading infrastructures on the ground to ensure that the welfare of our workers are fully taken care of.

For example, in addition to the RM350 million invested to construct 319 blocks of new workers' housing over the past three years, FGV is allocating additional funds amounting to RM43 million in 2021 to further enhance facilities for its workers. These include refurbishing the older housing in 169 plantations and upgrading equipment to ensure uninterrupted electricity and water supply, particularly in areas that do not have access to the national power grid and state-provided water supply.

To improve access to healthcare for our workers, FGV has established 13 clinics in our plantations that are located in remote areas, with the guidance and approval of the Ministry of Health. Furthermore, we are establishing mobile shops to make it more convenient for our workers to have constant access to fresh food and supplies.

FGV's **e-Wallet system**, which was introduced in 2020 - to enable our workers including migrant workers to control and manage finances more efficiently through cashless transactions for payroll, remittance and other services - is now in its final stages of rollout and is also being currently implemented in our plantations in Sabah and Sarawak. The e-Wallet system, which will also have grievance channelling and e-learning capabilities, is also being extended to workers undergoing regularisation in Sabah.

Recognising the importance of having a gender perspective in all of our actions and efforts, FGV has established a **Committee on Gender Equality and Women Empowerment** in February 2021, with the overarching objective of creating an enabling environment for women to have equal access to all opportunities, and adopting a gender-responsive and gender-mainstreaming approach throughout our operations. Among the immediate tasks of the Committee will be to oversee an assessment of the situation of gender equality in FGV and to formulate a gender equality policy within one year of the Committee's establishment.

All these initiatives are part of FGV's efforts to improve its labour practices and at the same time address concerns raised by the US CBP in relation to the 11 International Labour Organisation (ILO) indicators of forced labour. FGV is committed to resolving the matter with the CBP and will revisit the appointment of an independent firm in June 2021 for a comprehensive external audit on FGV's labour practices, as suggested by the CBP.

The Company shall make further announcements if there are any material development in respect of this matter.

**FGV HOLDINGS BERHAD**