

FGV Enhances Sustainability Commitment

FGV Holdings Bhd (FGV) today announced the enhancement of 'No Deforestation, No Peat and No Exploitation (NDPE) Policy' effective immediately today.

FGV Group President and Chief Executive Officer, Dato' Zakaria Arshad said FGV takes the Group's sustainability efforts seriously to fulfil the needs of all stakeholders - the environment, the workers, businesses and the local community.

The improvements made are as follows:

No Deforestation, No Peat and No Exploitation (NDPE) Policy

FGV is committed to sustainable development, especially in all matters pertaining to social equity, the rights of local peoples to economic betterment and the rights of our workers to a safe work environment, who are accorded benefits commensurate with the requirements of the law. Sustainable development is at the heart of our 'No Deforestation, No Peat and No Exploitation (NDPE) Policy', which commits the company to:

1. Peat Management Systems

FGV aims to restore all its developed peat lands in line with our 2017 Sustainability Policy, without causing social conflict.

With regard to PT Temila Agro Abadi (PT TAA), we have submitted a detailed Peat Restoration Plan for approval by Indonesia's Ministry of Environment and Forestry (KLHK). Upon implementation of this plan, water levels will be maintained at an appropriate level to restore peat ecosystem functions.

In addition, we have also developed a Peat Management Masterplan with the intention to rehabilitate the affected areas. The implementation of this Masterplan will be conducted in consultation with the relevant stakeholders, especially local communities who will be impacted by any decision made.

Since 2013, FGV has been working closely with the local authorities to bring sustainable benefits to the Landak region where PT TAA is located through the implementation of a community oil palm plan, or "*kebun plasma*". *Kebun plasma* was developed with a view towards improving local livelihoods and bringing much-needed improvements to social services to the region.

While the restoration and maintenance of sensitive ecosystems are of vital ecological value for the overall health of the planet, FGV is also mindful of the social welfare of local communities, whose economic betterment is highly-dependent on the sustainable

development of these lands. FGV and all concerned stakeholders are also mindful of previous conflicts in the region and will strive to avert the possibility of any recurrence of these tensions.

In this respect, the RSPO has been regularly consulted for advice. FGV will also work with stakeholders to find the right balance between the needs of the people and planet.

2. The HCS Approach

FGV has adopted the High-Carbon Stock Approach (HCSA) in current areas of potential development. It takes into consideration both environmental and social aspects in determining suitable areas for new development. We have already incorporated this approach in our investment screening process for all future land acquisitions.

The adoption of HCSA reaffirms our commitment towards adopting the latest standards for sustainable development.

3. Recruitment fees

FGV takes the issue of recruitment fees very seriously and follows responsible recruitment practices in compliance with our internal policies and relevant guidelines. FGV does not in any way condone the practice of imposing recruitment fees for job placements, other than those fees imposed by the authorities at sourcing countries.

4. Human Rights

a)The Rights and Welfare of Our Workers

FGV is a responsible company that upholds the rights and welfare of its workers.

FGV has committed to return the passports of its entire foreign workforce. Towards this end, FGV is constructing safety deposit boxes in easily accessible locations in every estate operation across the group. This exercise will be completed by the end of 2018. FGV has also implemented a grievance mechanism procedure that ensures all complaints will be acted upon promptly.

Furthermore, to reinforce our strong commitment to our workers' well-being, we are finalising our Social Compliance and Human Rights (SCHR) policies, that will expand upon our commitments to human rights, foreign guest workers recruitment processes and grievance redress.

b) The Rights of Local People and Their Communities

FGV is establishing a transparent and independent multi-stakeholder engagement mechanism that will include local communities and members of civil society groups, to offer local communities a platform to raise their concerns in an open forum.

Through this mechanism, it is hoped that those without a voice will be able to speak out about the impact of our decisions on them.

5. Summary:

FGV is committed to the principles of sustainable development and continuous improvement. We will continue to engage all our stakeholders in an open and transparent manner to bring the greatest benefit to our stakeholders, which includes civil society organisations, our original Felda settlers and their dependant families, impoverished rural communities, our customers and the environment that sustains us.

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