FGV Holdings Berhad (FGV) refers to the decision by the Complaints Panel (CP) of the Roundtable on Sustainable Palm Oil (RSPO), issued on 28th November 2018

FGV has frozen all new recruitment of workers from external contractors across its operations, with immediate effect. This freeze will only be lifted when the company is satisfied beyond any doubt that contractors are strictly adhering to all FGV's internal policies, guidelines and standard operating procedures. FGV will also revise with immediate effect, the benefits enjoyed by its plantation workers and will absorb the costs of basic necessities, including food supplies given to its workers.

"The welfare of all our employees is of paramount importance to FGV and to me personally. Our plantation workers are the backbone of FGV and their contributions are invaluable. We must and will treat all our employees fairly and equally, regardless of nationality," FGV's Chairman and Interim Chief Executive Officer Azhar Abdul Hamid said.

To avoid displacing existing workers who are already contracted to FGV through third parties, the company pledges to negotiate with relevant stakeholders to directly employ these workers where possible. These negotiations will involve their current employers and the government of Malaysia.

"It would be in the best interest of our foreign contract workers if they are able to come under our payroll. However, FGV is cognisant of the legal and procedural hurdles but we will nevertheless endeavour to do our best," Azhar added.

Of the other findings by the RSPO CP, the company is taking immediate measures to address all the issues raised as expeditiously as possible.

"The RSPO is an important stakeholder and FGV is committed to full compliance with all its Principles and Criteria. FGV is a responsible company, built on a heritage of sustainable development, bringing economic uplift and social mobility to thousands of smallholders. We are proud of this heritage and will ensure that the interests of all our stakeholders are safeguarded, Azhar said.

FGV is reviewing and where necessary revising, all communication materials and training programmes for workers, especially with regard to their terms of employment, whistle-blower protection and health & safety procedures. FGV will also engage an independent third party to train workers on its human rights policy.

Furthermore, FGV commits to adhere strictly to its own and national policies on parity of employment terms for workers, including remuneration and benefits in kind, regardless of country of origin.

In late 2017, FGV committed RM300 million to improve housing facilities for its plantation workers. The work in this area is still on-going.

“We will expedite completion of this work as worker housing must be a priority for FGV,” Azhar said.

FGV established a Transformation Office in June 2018 to address several issues that have affected operational performance. When planned process improvements are implemented, workers will also be able to verify their compensation accurately.

With respect to the finding that the company had outsourced its foreign workers to external contractors, FGV has immediately commenced investigations to look into this matter. As has been rightly stated by the RSPO CP, such practices are illegal and FGV takes a very serious view of this finding.

FGV will respond directly to the RSPO CP, and commits to progressive updates which will be published on its website.

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