

FGV Holdings Berhad's Response to the Petition by Grant & Eisenhofer ESG Institute

FGV Holdings Berhad ("FGV") refers to the petition by Grant & Eisenhofer ESG Institute submitted on 24 June 2019 to the United States Customs and Border Protection ("CBP"), which contained several allegations as to the practices of the company.

FGV would like to emphasise that all issues raised in the petition have been the subject of public discourse since 2015 and FGV has taken several steps to correct the situation. FGV's efforts are well documented and available in the public domain. Furthermore, some of the allegations are untrue. FGV has never employed child labour in any of our operations. In fact, FGV has a strict policy against the use of child labour.

The Roundtable on Sustainable Palm Oil (RSPO) vide their letter dated 28th November 2018 had also highlighted existing issues at the Group's Serting Mill Complex. FGV has and remains committed to rectifying all the shortcomings as identified in the RSPO's letter, and efforts are underway to take all corrective steps necessary to address the issues at hand.

FGV has already taken numerous actions to address and resolve the concerns highlighted in the petition, several of which have already been corrected. Most recently, FGV adopted its Group Sustainability Policy (GSP) which underscores FGV's commitment to the principles of human rights, including, labour rights; no child or/and forced labour; health and safety; non-discrimination and gender equality; zero tolerance of sexual harassment, violence and abuse; no deforestation and planting on peat; eliminating/minimizing negative impacts on the environment; and climate justice.

The GSP applies to the whole FGV Group, including its listed and non-listed subsidiaries worldwide, of which FGV has management control. The application of the GSP will also be extended to FGV's contractors and suppliers.

Since receiving the RSPO's letter dated 28th November 2018, FGV has made three (3) public statements:

1. Press statement issued on 30th November 2018, signed by FGV's then Chairman & Interim Chief Executive Officer, Azhar Abdul Hamid, acknowledging the findings of the RSPO's Complaints Panel, and committing to rectify the situation as quickly as possible. FGV also announced the immediate freeze on all new recruitment of workers from external contractors across its operations and committed to progressive updates to be published on its website. You may read the Press

Statement **here** for your reference.

2. First Progress Update on 14th December 2018, signed by FGV's then Chairman & Interim Chief Executive Officer. FGV identified the various measures that had already been taken towards full rectification. This includes reviewing and revising employment contracts; wages and benefits; and working conditions. You may read the first progress update **here** for your reference.
3. Action Plan and first Quarterly Progress Report dated 25th April 2019, signed by FGV's new Group Chief Executive Officer, Dato' Haris Fadzilah Hassan. The same was submitted to the RSPO with positive feedback received. You may read the Action Plan and report **here** for your reference.

FGV aims to submit its second Quarterly Progress Report to the RSPO, by the end of June 2019.

FGV's Chairman, Azhar Abdul Hamid had also written to the shareholders separately, twice, in January and June 2019, providing updates on the Group's performance and progress, which included the issues raised by the RSPO. You may click **Letter 1** and **Letter 2** to read both letters for your reference.

Additionally, FGV is in the process of establishing an Independent Advisory Panel (IAP) to the Board, comprising experts in the areas of corporate governance and business sustainability. The IAP will publish two independent reports every year on FGV's progress in relation to addressing the RSPO's requirements.

FGV wishes to emphasise that PT Eagle High Plantations is not a subsidiary of FGV, and its operations are in no way related to FGV. In 2015, FGV entered into negotiations on the Proposed Acquisition of PT Eagle High Plantations. However, on 23 December 2016, FGV announced that the Company and the Vendors have mutually agreed to terminate all negotiations on the Proposed Acquisitions with immediate effect.

FGV would like to express its regret that the Grant & Eisenhofer ESG Institute had decided to submit the petition without seeking any input from FGV. Nonetheless, FGV would be more than willing to engage with Grant & Eisenhofer ESG Institute or any other party to provide additional information or clarification as required. This is in line with FGV's commitment to transparency.