FGV Responds to CBP Issues Detention Order on Palm Oil Produced with Forced Labour in Malaysia dated 30 September 2020 by United States Customs and Border Protection

FGV Holdings Berhad ("FGV") refers to the Withhold Release Order (WRO) issued by the United States Customs and Border Protection ("CBP") against palm oil and palm oil products made by FGV.

FGV would like to emphasise that all issues raised 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.

FGV is disappointed that such decision has been made when FGV has been taking concrete steps over the past several years in demonstrating its commitment to respect human rights and to uphold labour standards. As mentioned in our statement dated 26 September 2020, various efforts have been carried out by FGV in honouring such commitment, including the following:

i. FGV continues to strengthen its procedures and processes in the recruitment of migrant workers. FGV has established four One-Stop Centres in Malaysia and in source countries namely in India and Indonesia, as part of our efforts to strengthen the pre-departure and post-arrival orientation programmes for our migrant workers. Through these orientation sessions, our migrant workers are briefed on various matters including the terms of their employment, job scope and nature of work, rights and responsibilities, as well as benefits and entitlements.

ii. FGV has also adopted its Guidelines and Procedures for the Responsible Recruitment of Migrant Workers in 2019 in accordance with international standards and will continue to strengthen the document. Under the Guidelines, FGV is committed to paying official costs associated with the recruitment of migrant workers, which include airfare and costs for work permit, visa, medical check-up and insurance. FGV has also revised its contract with recruitment agencies to require them to ensure that no fees are charged on the workers.

iii. FGV is not involved in any recruitment or employment of refugees. Effective 2020, FGV recruits its migrant workers mainly from India and Indonesia through legal channels and processes recognised and approved by the authorities of Malaysia and the source countries. As of August 2020, FGV has 11,286 Indonesian workers and 4,683 Indian workers, who

together, form the majority of FGV's plantation workforce. Furthermore, FGV does not hire contract workers and all workers are employed directly by FGV.

iv. FGV is also pioneering the implementation of the electronic wallet (e-wallet) cashless payroll system for its plantation workers. The e-wallet system, which gives empowerment to the workers, acts as a more convenient and efficient way for workers to manage their finances, was successfully rolled out since February 2020 in Gua Musang, Kelantan, involving 1,500 registered users in 11 of its estates. By first quarter 2021, FGV aims to implement this system for its entire plantation sector including estates in Sabah and Sarawak.

v. FGV does not practice the retention of its workers' passports and has installed a total of 32,250 safety boxes throughout all its 68 complexes, as an option for migrant workers to keep their passports safely.

vi. In fulfilling the rights of workers to adequate housing, FGV has over the past three years, invested approximately MYR350 million to upgrade housing facilities for its workers by constructing new residences in our plantations all over the country.

vii. FGV respects workers' right to healthcare through the benefits provided, which cover annual expenses for outpatient care and an unlimited allocation for inpatient treatment.

viii. Mindful that human rights and sustainability standards must be fulfilled throughout our supply chain, FGV has adopted a Supplier Code of Conduct (SCOC), outlining the principles and standards relating to sustainability; business ethics and integrity; safety, health and environment; and labour, with which our suppliers and vendors are required to comply. Any supplier or vendor that do not comply with the SCOC will be subjected to FGV's Supplier Delinquency Guidelines, with the possibility of being suspended or terminated and blacklisted should they fail to demonstrate willingness to rectify gaps in their practices.

It is worth reiterating that FGV does not tolerate any form of human rights infringements or criminal offense in its operations. FGV pays serious attention to any allegation of physical or sexual violence as well as intimidation or threats, and as a responsible company any case of such nature will be acted upon by FGV including by reporting them to the relevant authorities.

Recognising that respecting human rights is a continuous endeavour, FGV became a participating company of the Fair Labor Association (FLA) and is currently implementing a long-term and comprehensive action plan under its affiliation to the Fair Labor Association (FLA) that comprises a number of initiatives to further strengthen various aspects of our labour practices such as our recruitment process, human rights training programmes, working and living conditions, as well as grievance mechanisms, among others. FGV's action

plan for 2020 was adopted on 31 March 2020 in consultation with the FLA and with various other stakeholders including civil society organisations (CSOs).

The action plan was adopted at a time when the COVID-19 situation was rapidly worsening globally, including in Malaysia. Despite the unprecedented challenges posed by the COVID-19 pandemic, which forced FGV to realign its priorities to ensure that necessary measures are taken to curb and combat the spread of COVID-19, FGV remained committed to implementing the action plan, and FGV believes that concrete progress has been made in the six months of implementation beginning April 2020. FGV is confident that it is on the right track to be able to accomplish the action items due to be completed by the end of 2020.

FGV's affiliation to the FLA is subject to a rigorous validation exercise and public reporting. FLA's report on FGV's progress on the implementation of the action plan is published on FLA's website.

Since August 2019, FGV been communicating with CBP through our legal counsel and have submitted evidence of compliance of labour standards as committed by FGV. It will continue to engage with CBP to clear FGV's name, and is determined to see through its commitment to respect human rights and uphold labour standards.

FGV Holdings Berhad