Statement on FGV's Commitment to Human Rights

KUALA LUMPUR, 26 September 2020 – FGV Holdings Berhad (FGV) wishes to reiterate that it is fully committed to respecting human rights and to upholding labour standards. In line with our commitment to the Sustainable Development Goals (SDGs) and to the United Nations Guiding Principles on Business and Human Rights (UNGPs), FGV's sustainability and human rights agenda remain a top priority as we continue to dedicate our energy to enhance our labour practices. In this regard, we have been steadfast in taking concrete steps over the past several years, and this is evidenced by the various initiatives and programmes that FGV has embarked on.

For example, 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. 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.

In relation to this, FGV wishes to emphasise that it 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.

In keeping with our commitment to promote the enjoyment of 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. As for compensation, FGV pays, at the very least, minimum wage to our workers in accordance with the Minimum Wages Order 2020 enforced by the Government of Malaysia.

FGV is also pioneering the implementation of the electronic wallet (e-wallet) cashless payroll system for its plantation workers. The e-wallet system, which 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.

In addition, FGV has taken various other actions in support of its efforts to respect workers' rights. 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. The workers' right to healthcare is respected through the benefits provided, which cover annual expenses for outpatient care and an unlimited allocation for inpatient treatment. FGV provides subsidies for the workers' electricity and water bills. A grievance mechanism is accessible to all of FGV's workers, both local and migrant, where any complaint or grievance that is submitted, will be looked into and addressed without fear or favour. Where confidentiality is a concern, FGV's whistleblowing channels can be utilised.

Recognising that respecting human rights is a continuous endeavour, FGV 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.

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 does 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 a willingness to rectify gaps in their practices.

FGV does not tolerate any form of human rights infringements or criminal offense in its operations. Any case of such nature will be acted upon by FGV including by reporting them to the relevant authorities.

FGV is also cognizant of the unprecedented challenges arising from the COVID-19 situation and therefore has taken several measures to address some of the difficulties faced by our workers in these distressful times. During the Movement Control Order (MCO) period, a one-off extra allowance of MYR35 for basic necessities was provided to over 38,000 plantation workers. For our mill workers, the same allowance was provided to those under a

Collective Voluntary Shutdown, while the rest received meal allowances for lunch and dinner. We ensured that our workers were employed and paid minimum wage, even if some operations had to be suspended as a result of the MCO. Additional information on FGV's sustainability and human rights efforts are made publicly available on our website through our updates.

FGV would like to clarify that it is not the commercial arm of FELDA. FGV is a public listed company, with sole control over its management, governance and operations. While FELDA is one of the many shareholders of FGV, our respective operations remain unique and independent.

Despite ongoing criticism and allegations against FGV, we will continue with our effort to strengthen our practices to respect human rights and uphold labour standards. Our commitment to sustainability is clear, and we are determined to achieve the goals and targets we have set as a responsible and sustainable business.

FGV Holdings Berhad