

## FGV R&D AND AGRI SERVICES SDN BHD



Ref: ( 27 ) HOC/FGVR&D/External

Date: 30 March 2016

Dear Emma Rae Lierley,

We thank you for your concerns and feedback.

RAN's recent statement "*International civil society calls on FGV investors and buyers to take robust, transparent action to address ongoing risks*" published on its website 17 March 2016 calls to our attention.

Since August last year, FGV has embarked on an intensive sustainability turnaround. We take allegations on labour issues human rights abuses as a serious matter. A Sustainability Response Team chaired by Group President and CEO was formed to investigate, audit and recommend solutions. The time-bound improvements, from policies to implementations, are rapidly taking place in our company and this is published on our Website <http://www.feldaglobal.com/sustainability/sustainability-response-team-progress-update/>

1. FGV does not impose recruitment fees to foreign workforce. FGV bears the costs of flight tickets, insurance, country of origin agents' administration fees, work permits, bank guarantee and relocation allowance.
2. In compliance with the recently introduced Malaysian Law on the prohibition of passport retention (effective 1 Jan 2016) all plantation workers at FGV will safe keep their own identity documents. FGV is currently developing policies and individual safe boxes for the workforce to be wholly completed by October 2016.
3. FGV has adhered to the Malaysian Minimum Wage Order since it came into effect in 2012. We have policies on minimum wage and our employees received salary slip transcribing details of their monthly earnings, including number of workdays, additional income, salary deductions and allowances. More than that we have also enforced our contractors to adopt the same salary slip format for their employees. From 1 July 2016, FGV will comply with the new minimum wage hike introduced by the Malaysian Ministry of Human Resources.
4. Plantation workers have access to workers' representatives, the estate managers and the senior management at the headquarters. FGV is reviewing and improving this mechanism to provide a more accessible connection for grievances.

On the recent announcement by RSPO, we would like to reiterate that the RSPO certification suspension of ONE (1) mill Pasoh complex in Jempol, Negri Sembilan is due to the suspension of its own certification body.

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Accredited Services International (ASI) a verification body for RSPO, had audited two certification bodies Mutu Agung and CUC, in September last year and found non-compliance in their practice which led to the suspension of both CB. The suspension on these CB has also caused two estates Seriting Hilir and Palong Timur, which have not been RSPO certified, to be re-audited. These estates were not suspended for non-compliance.

The suspension of Complex Bukit Besar, Penggeli and Kulai by CB on 10th March 2016 was a separate case altogether. The suspension is mainly due to the failure to identify and exclude non-participating Felda settlers in the audit scope; and failure to close non-compliances pertaining waste disposal and weak GAP implementation in the field within the stipulated time.

Please note that independent verifier Wild Asia and FGV are bound by Non-Disclosure Agreement. We are happy to let you view the Executive Summary of the verification report in person after signing the NDA with us. The Press release for Wild Asia report can be viewed here:

<http://www.feldaglobal.com/media-release-fgv-independent-assessment-of-human-trafficking-allegations/>

FGV is fully committed to address any allegation and pledge to open and transparent communications with all stakeholders. We urge NGOs and the media to get in touch with our Corporate Communications team at [groupcorporatecomms@feldaglobal.com](mailto:groupcorporatecomms@feldaglobal.com) for any queries.

Best Regards,

A handwritten signature in black ink, appearing to read 'S. Palaniappan', is written over a horizontal line.

**S. PALANIAPPAN**

Executive Vice President

FGV R&D and Agriculture Services Cluster/

Acting Head of Group Environment & Sustainability Division