

FELDA & FGV Action Plan on the WSJ complaint and ASI audit verification finding.

FGV has taken immediate action steps to counter the WSJ accusation and to close all the major and minor non-compliances to RSPO highlighted by the ASI report on the three Plantation Management Units (PMU) as well as across all PMUs under FELDA/FGV management.

FGV action plan on the labour issues raised by stakeholders.

No	Issues	Action	Time	Remarks
1	On 26 July 2015, WSJ raised issues regarding human trafficking by FGV	An internal investigation by FGVPM Plantations Sustainability and Quality Management (now known as Certification and Due Diligence, CDD) and FGV corporate communications.	Conducted between 4 – 6 August 2015.	The verifications were conducted by PSQM is completed. Report available on request.
		External investigation conducted by Certification Body, Control Union Certification.	Conducted between 24 – 28 August 2015	The verifications were conducted by CUC and is completed. Reported on 23 September 2015.
		ASI conducts investigation of the affected area as instructed by the RSPO.	14 – 16 September 2015	The verifications were conducted by ASI and is completed. Reported on 9 th October 2015. http://www.accreditation-services.com/resources/document-library/download-info/asi-rspo-complianceinvestigation-pt-mutuagung-lestari-cu-at-FELDA-malaysia-2015
		FGV engaged third party (external consultant) to investigate and conduct verification on the human trafficking issues raised by WSJ.	18 – 21 January 2016	The verification was conducted by Wild Asia and completed a field assessment on 18-22 Jan 2015. FELDA and FGV have taken immediate actions on the key findings.

				Executive summary of the reports available on request. Reported on 4 March 2016.
2	Employees' passport retention	In complying with recently established Malaysian Law, FGV is in the process of returning passports to its 29,000 multinational workforce.	Ongoing	FGV is carrying out its pilot project on Passport Safe Keeping at four of its estates in Peninsular Malaysia. The installations of the safe boxes were carried out in stages from 5 May to 2 of June. The total numbers of foreign workers involved are 708 persons. The PMU at the estate involved are closely monitoring the progress and will revert with feedback on SOP and other related matters. As of now, there are no cases of workers absconding after safekeeping their passport. If this pilot project is successful, it will be implemented to all FGV PMUs throughout Malaysia. http://www.FELDAglobal.com/sustainability/sustainability-response-team-progress-update/
3	Issue on minimum wage	The Management will continue to ensure that all contract workers are paid the minimum wage, even in circumstances which may arise when workers are assigned to different job scopes especially during low crop season in Jan and Feb. Instructions have been issued to all departments, PMUs and contractors for mandatory compliance to the minimum wages.	Feb – April 2016	Enforcement by relevant Departments (Operation and Manpower Department) and a series of initiatives as well as workshop to review the payment structure has been implemented. A task force has been established to check on the workers productivity and the estate manager has been instructed to record workers' working hours.
4	Issue on estate contractor who hired	FELDA and FGV has communicated to contractors to declare their list of workers and	April 2016	FELDA and FGV Management has instructed Procurement Department (FGV and FELDA) to embed

	illegal workers and did not comply with the local legal legislation, such as Minimum Wages order, Labour Act and OSHA.	provide their workers with a contract agreement, payslips and basic living standards as compliance to the local legal legislation. FELDA and FGV to help Estate contractor to train their workers in all aspects, especially OSHA and GAP training. FELDA Management has decided to send representatives from FELDA during the recruiting of workers in their originating countries. This is to prevent contract substitution due to FELDA engaging recruitment agents to seek workers.		the compliance in the contract agreement (LA). Additional paragraphs to be embedded in existing agreements between recruitment agent and FGV/FELDA to prevent the agent from manipulating the workers.
5	Issue on incomplete employment contract, payslip and insurance workers.	Since FGV has a multinational workforce, FGV has translated both of its employment contracts and benefits into five (5) different languages that can be understood by the entire workforce. These documents are currently being distributed to the entire FGV plantation workforce for their Reference.	Dec 2016	This exercise will be completed at the end of year 2016.
6	Issue on the staff, workers and settlers receive lack of RSPO awareness, training on chemical handling and PPE usage.	To conduct more awareness, training and road show to stakeholders on the importance and commitment of FELDA and FGV on sustainability. This will be conducted by the additional team in S&E that was recently established.	Yearly program	The first phase of training already conducted to FELDA's top management, second phase is in process and the third phase of the training for workers and smallholder will be conducted on July 2016 onwards. Some PMUs such as PMUs in Jempul, Negri Sembilan has started the training for workers and settlers since Nov 2015. FELDA has established the OSH Committee at each scheme and arranged programmes for the elected

				committee member.
6	Issue on FELDA and FGV competencies to address all the non-compliances to RSPO by PMUs and smallholders (settlers)	<p>To strengthen FELDA/FGV sustainability team by restructuring the Internal Audit Team and increasing the manpower. FGV Board of Directors on 23 February 2016 approved the establishment of Sustainability & Environment Group Department,(S&E). There are four main units that are grouped together under the new structure.</p> <p>FELDA and FGV to address all the issues and NCs raised by stakeholder and CBs respectively to all FGV and FELDA estates across Malaysia. This will be monitored by S&E, and reported to senior management by using the monthly Sustainable Response Team Report.</p> <p>The working group committee, as well as the auditee are to be trained on sustainability and environment aspects. Training will be conducted in three phases, the first phase is to train all the top management, second phase to train regional and estates staff. Third phases will be conducted in stages to train all the estate workers and settlers.</p>	Ongoing	<p>The new structure is effective on 11th March 2016. PSQM now known as CDD (Certification and Due Diligence) under the S&E.</p> <p>http://www.FELDAglobal.com/sustainability/sustainability-response-team-progress-update/</p> <p>First phase of the training already conducted on March 2016.</p>

FELDA and FGV New RSPO Certification Models.

No	Issue	Company Action	Timeframe	Remark
1	Self-withdrawal of RSPO certificates	FELDA/FGV withdraws all 58 RSPO certificates with effect from 3 May 2016.	3 May 2016	<p>FELDA and FGV have agreed to RSPO's suggestion that the new certification must be carried out within a year of the withdrawal date and all 72 complexes to be RSPO certified within 3 years of the withdrawal date.</p> <p>New Time Bound Plan for the RSPO certification for FGV as in Appendix 1.</p>
2	Strengthening Sustainable Policies, Procedures and Manual.	To strengthen the procedures and SOPs especially on GAP and Safety and Health issues FGV is implementing and enforcing the SOP and procedures to all FGV and FELDA units. FELDA will establish a sustainability working group committee to assist CDD in FELDA regional. The team will consist of Agriculture and Operation Officers.	July 2016	<p>FGV is in the midst of revising the sustainability policies, procedures and manual.</p> <p>Under the recently announced 17 pillars of United Nations Sustainable Development Goals (UNSDG), FGV has started aligning all its policies to UNSDG and is committed to ensure the strict monitoring and compliance on the usage of Personal Protective Equipment (PPE), understanding and compliance of occupational safety and health (OSH) standards and standard living conditions have been complied with. These policies will be extended to all operational sites with adequate training and awareness extended to its entire workforce</p> <p>http://www.FELDAglobal.com/sustainability/our-sustainability-policy/</p>
3	Issues on FFB traceability	FGV to establish a Sustainability Palm Oil Managements IT System in FELDA and FGV to	Dec 2017	The SPOMS IT system and mapping of the FGV supply chain is already in the first phase with 30% of

		facilitate internal audit and introducing self-assessment for the estate (FGVPM). This SPOMS-IT will be integrated with traceability function and map the entire supply chain in FELDA and FGV.		completion. <u>Appendix 2</u>
4	FGV commitment to the New FGV RSPO Certifications Model	FGV will introduce group certification system to bring in the FELDA Independent Settlers as well as smallholders to be RSPO certified in stages. FGV will update stakeholders involved in FGV's progress on RSPO certification and Sustainability commitment. FELDA and FGV will improve the procedure on Internal Audit on sustainability. All estates and regional areas will be visited every year before each external audit.	2025	FELDA and FGV agreed during the Steering Committee Meeting on the 8 Dec 2015 to certify FELDA Independent Settlers by 2025. <u>Appendix 3 and 4</u>
5	FGV Moving forward	FGV has started engaging with our stakeholder in addressing compliance issue related to social by using our social compliance management system.	2025	<u>Appendix 5 and 6</u>

Appendix1 :

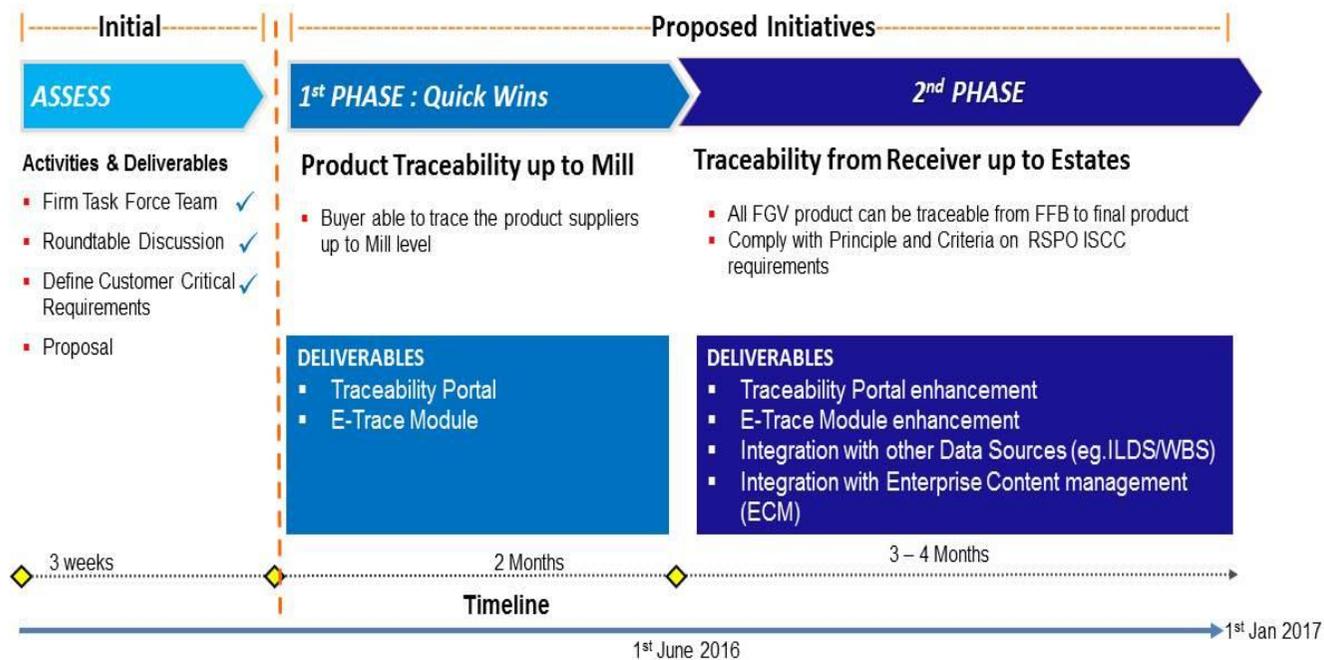
Felda / FGV RSPO New Certifications Time Bound Plan (Disclaimer: subject to change)

Mills Expected to be RSPO audited in 3 years				
No	2016	2017	2018	2019
1	Hamparan Badai	Baiduri Ayu	Lok Heng	Sampadi
2	Kembara Sakti	Embara Budi	Waha	Tenggaroh
3	Nilam Permata	Umas	Sg Tenggi	Kota Gelanggi (KG)
4	Mercu Puspita	Triang	Neram	Penggeli
5	Lanchang Kemudi	Serting	Pancing	Bukit Besar
6	Fajar Harapan	Tementi	Keratong 02	Semenchu
7	Kalabakan	Nitar	Keratong 03	Kulai
8	PUP	Chiku	Mempaga	Air Tawar
9	Lepar Hilir	Besout	Tersang	Chini2
10	Lepar Utara 06	Jengka 21 (J21)	Palong Timur	Serting Hiir
11	Selancar 2B	Bukit Mendi	Selancar 2A	Lepar Utara 04
12	Keratong 09	Bukit Kepayang	Tenggaroh Timur	APL
13	Bukit Sagu	Jengka 8	Kahang	GLB
14	Kechau A	Jengka 18	Adela	Belitong
15	Aring A	Kertih	Chini3	
16	Kechau B	Pasoh	Chalok	
17		Padang Piol	Selendang	
18		Kemasul	Jengka 3	
19		Trolak	Jerangau Baru	
20		Krau	Jerangau Barat	
21		Kemahang	Maokil	
No of mills per year	16	21	21	14

Traceability Mapping

Propose Roadmap

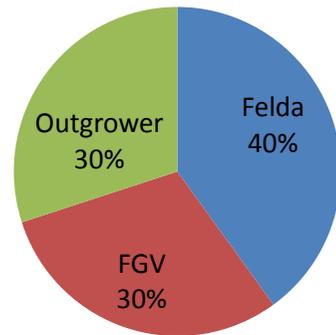
The activities will recommend a proven and practical approach that will allow for quick wins whilst developing a long term capability



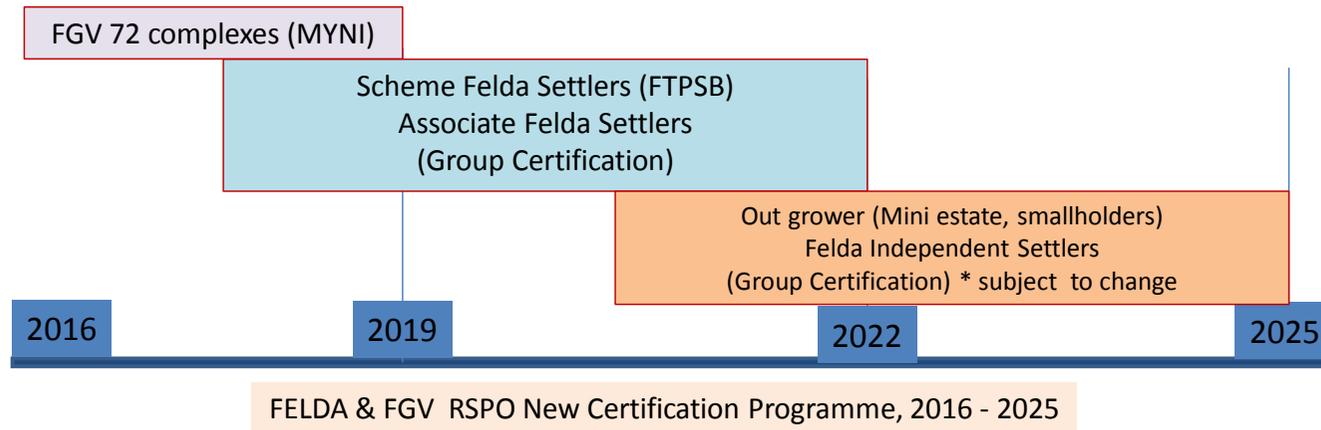
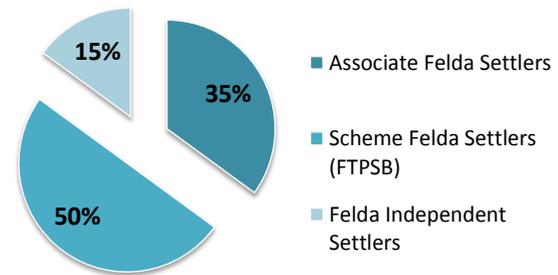
Appendix 3

Percentage of FFB supply base

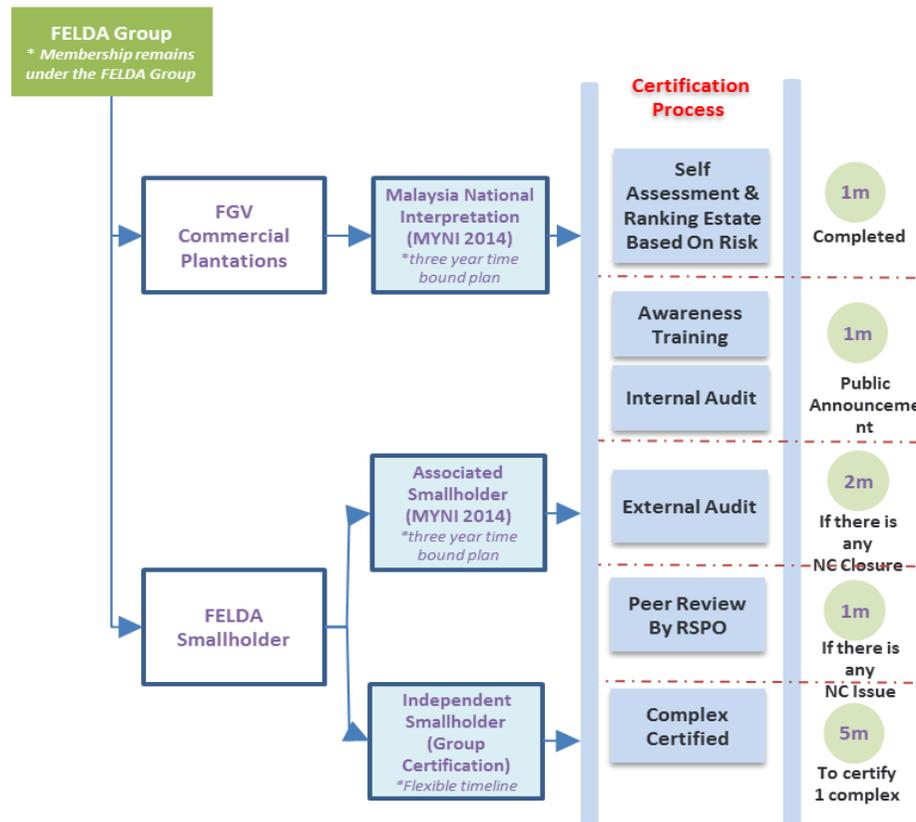
Percentage of FGV FFB Supply Base



Felda Categories



FELDA Group New Certification Models Commercial and Smallholder Standard



Sustainability Certification Plan **Moving Forward**



Engagement Approach – Focus on Social Compliance Management System

