FGV HOLDING BERHAD’S PROGRESS REPORT 1/14122018

Following from FGV Holdings Berhad’s public statement dated 30th November 2018 in respect of the findings of the Complaints Panel (CP) of the Roundtable on Sustainable Palm Oil (RSPO), the company is pleased to report on its progress in Serting Estates that were the subject of the RSPO’s investigations.

FGV is committed to rectifying all mistakes and shortcomings as identified by the CP. The Company is working towards full compliance as soon as practicable. FGV is also in the process of engaging independent and reputable third parties with relevant expertise and experience to work with its teams. FGV intends to replicate all its efforts in Serting Estates and across its operations, where possible, immediately, or within the stipulated timeframe specified by the CP.

As was stated in the earlier statement or as itemised below:

- FGV has frozen all new recruitment of workers through third party contractors until FGV is satisfied that the contractor fulfils all its own policies and national laws and regulations.
- The Board has directed that any illegal activity undertaken by FGV employees or its agents shall be addressed immediately and in accordance with the strictest provisions of Malaysian law.
- An Action Plan is being developed with an aggressive timeline to ensure full compliance with national laws, the RSPO’s P&Cs and FGV’s own policies.
- All passports have been returned to foreign workers.
- All communications and training materials for workers are being reviewed, including OSH materials which will be available in national languages. All training and communications will be done in native languages.
- Personal Protective Equipment (PPE) has been provided to all workers. FGV’s policies to ensure that all workers are provided with necessary PPE and training have been reinforced.
- FGV will publish its human rights policy which will include protection of whistle-blowers within the stipulated timeframe.
- Computation of wages, benefits and deductions will be articulated clearly and in native language post arrival. Pay slips will be clearly and simply presented.

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<th>Health and safety requirements</th>
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<td>• PPE has been provided to all workers.</td>
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<td>• All OSH/PPE training materials have been reviewed for completeness, clarity and ease of understanding. Training of workers in the use of PPE and any chemicals is done in the native language.</td>
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<td>• With additional communications materials, FGV now provides 2 days of orientation sessions. OSH training will be done on-site and comprehensively post arrival as part of field training.</td>
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<td>• FGV provides 1 – 3 months field training for its workers depending on the job scope.</td>
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Protection of whistle-blowers and complainants

- FGV will engage a third party to audit and review its grievance mechanism and to train FGV staff on appropriate grievance mechanisms.
- All communication materials and documentation will be reviewed and revised, and translated into relevant languages for all workers with clear information on response times by 31st January 2019.
- Training in native language is to be provided with immediate effect.
- FGV will publish its human rights policy within the stipulated timeframe, which will include protection for whistle-blowers and complainants.

Pay and Working conditions

Wages and deductions; Wages and productivity; Local workers

- FGV has reviewed its employment contracts, and all practices/ processes/ policies/ procedures relating to wages/deductions and working/living conditions for all workers.
  - With effect from January 1, contracts will be amended to include termination clauses, a statement on non-discriminatory practices and assurances of decent living conditions.
  - ‘Kad kerja’ and pay slips have been revised to ensure workers are able to verify their compensation accurately.
  - With regard to deductions for utilities, as of 1st January 2019, there will be no more deductions for water usage.
  - Electricity will be subsidised. The first RM6 of usage will be free per worker. This will be made clear in all orientation material and programmes and in the payslips.
  - All new workers will receive RM200 to purchase necessities which will not be deducted from their salaries.
- FGV will appoint an external consultant to develop a special labour policy as a matter of urgency.

Insurance and medical assistance

- All terms and benefits have been translated into national language, for all workers. Explanations will be included in communications and training material to ensure that workers understand their terms and benefits. The new terms will be included by 1st January 2019.
- Transport to the nearest medical facility is provided, if the estate does not have a clinic. Training and communications material will include such information.

Employment Contracts - FGV's Workers and Contractor's Workers

- As a matter of urgency, FGV is conducting an audit and review of its labour recruitment processes.
  - The desktop audit will be completed by end of December 2018.
  - The physical audit will be completed by end of January 2019.
  - The Board has directed that any illegal activity will be immediately dealt with in accordance with the laws of Malaysia.
  - Simultaneously, an Action Plan is being developed with an aggressive timeline to ensure full compliance with national laws, the RSPO's P&Cs and FGV's own policies.
Upon completion of its own internal audit, FGV will engage an external party to conduct a verification audit.

Passports

- All passports have been returned to the workers.
- FGV has constructed safety boxes for its workers in all its estates across Malaysia to store their passports. In Serting the keys to these boxes have been handed over to the workers.
- All workers, regardless of nationality, are required to notify the guardhouse when leaving the estates.

Should you require any further clarification on the above mentioned matters, please contact our Sustainability Department at sustainability@fgvholdings.com.

AZHAR ABDUL HAMID

CHAIRMAN & INTERIM CHIEF EXECUTIVE OFFICER