

Group President / Chief Executive Officer



12 January 2018

FGV RSPO Certification Initiative and FGV Kalimantan Peat Restoration Master Plan.

Dear Valued Business Partners and Stakeholders,

Firstly, we would like to wish all of you a Happy New Year!. With the start of 2018, we are pleased to take this opportunity in providing you with the above updates.

In reiterating FGV's commitment to sustainability, we are pleased to inform that we had achieved the set goal of RSPO certification for eight (8) mill complexes by 31st December 2017 following our voluntary withdrawal from the RSPO certification in May 2016. We aim for another eight certificates by March 2018. By the end of 2018, we target that more than 30 mill complexes will have been externally audited.

On the one hand, FGV aims to have all its mill complexes certified by 2021, but on the other hand this is not the target of FGV's sustainability journey. It is only one of the major milestones which lays down the foundation for FGV's commitment towards sustainability.

Secondly, in reference to Chain Reaction Research's (CRR) allegations against PT TAA and PT CNP in Kalimantan, FGV has consulted with two relevant Indonesian Government Agencies - Badan Restorasi Gambut (BRG) and Kementerian Lingkungan Hidup dan Kehutanan (KLHK) to understand the requirement for peat rehabilitation programme.

The outcomes of the consultation meeting are as follows:-

- PT TAA and PT CNP are areas with "Areal Penggunaan Lain" (literally translated - designated for other users) status require "restorasi"; that requires good water management with monitoring stations at appropriate points as advised by KLHK. PT TAA and PT CNP shall monitor water levels continuously, and submit monitoring reports to KLHK periodically.

FGV is also currently working with RSPO to conduct an independent Third Party Field Investigation and Verification on the allegations made by CRR against PT TAA. At the same instance, FGV is requesting that an Independent Verification of the Community Conflict to be carried out concurrently with the independent Field Investigation and Verification. This is due to the high risk that exists on the ground based upon letters it received from Dinas Perkebunan Kabupaten Landak, and from the local community signed by 780 participants.

Taking into consideration the consultation with BRG and KLHK, tabulated below is the tentative Peat Management Master Plan.

| No | Year | Activities | Time line | Remarks |
|----|------|--|-----------------------|--|
| 1 | 2017 | Notification for peat restoration letter received | Sept 2017 | Received notification from KLHK dated 6 th September 2017 |
| 2 | 2017 | Submission of relevant documentation to KLHK | Oct 2017 | Within 15 days after receiving the notification from KLHK |
| 3 | 2017 | Consultation with local communities & relevant stakeholders on Peat rehabilitation programme in FGVK | Oct-Dec 2017 | To gauge acceptance of stakeholders on the rehabilitation programme |
| 4 | 2018 | Confirmation of water monitoring points with KLHK | Jan 2018 | At least in 15 % of the developed blocks |
| 5 | 2018 | Erecting the water monitoring points | June 2018 | Physical structures of piezometer and other structures |
| 6 | 2018 | Monitoring and maintaining water level to be less than 0.4m from the surface | Sept 2018 | To be attained within 3 months of erecting water monitoring points |
| 7 | 2018 | Peat ecosystem enhancement based on RSPO best practices (e.g. Planting of native trees) | Oct- 2018 Dec 2019 | The approach and details have to be agreed upon by many parties (KLHK, RSPO, and FGV). |

Caveats for the Full Implementation of the Peat Management Master Plan.

- A. The above Master plan shall only materialise when all the relevant stakeholders (No 3 in the table above) especially the local communities and regulatory agencies come to an agreement pertinent to the program.
- B. Feedback findings from the RSPO's *"Independent 3rd Party Field Investigation and Verification"*, and *"Independent Verification of the Community Conflict"* exercises are crucial and will determine the next step of the rehabilitation programme.

We hope that with the above developments, we are able to further strengthen and enhance our operations and businesses to create more value for our shareholders and stakeholders.

Further details on the above and our sustainability updates on other issues can be found on our corporate website:

<http://www.feldaglobal.com/sustainability/stakeholder-engagement/sustainability-updates/>

In the meantime, should you need to communicate further, please contact the FGV Head of Sustainability & Environment Department at:-

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We thank you for your continued support and we look forward to working even more closely with your organisation.

Thank you.



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