



**FGV Holdings Berhad (800165-P)**

24 January 2020

Dear Valued Business Partners and Stakeholders,

**Updates on FGV's response to the Letter from the Complaints Panel of the Roundtable on Sustainable Palm Oil dated 13 January 2020**

I refer to the letter dated 13 January 2020 from the Complaints Panel (CP) of the RSPO, and our first response of 15 January 2020.

From the outset, I wish to reemphasize FGV's commitment to responsible and sustainable business practices. This is evidenced by the many changes and improvements that have been put in place over the last 14 months. As you may appreciate, changing established practices and mindsets is a challenge at the best of times. However, implementing change during poor market conditions and a groupwide operational transformation was truly a test of our commitment. Nevertheless, we are on the path to achieve our targets and to honour the commitments made to all our stakeholders, especially you. While there is certainly room for improvement, I am pleased to acknowledge the work that has already gone in, to institutionalise change.

I welcome constructive feedback from any party, especially the RSPO, whom I consider an important partner. We have taken note of all the gaps identified by the CP and have sought clarification where required. I hope you will rest assured that FGV will undertake appropriate measures to effectively rectify all remaining gaps in its practices.

While I recognise the CP's findings and concern, I would also invite you to assess all the headway we have made to set things right. Towards this end, and in the spirit of full transparency and disclosure, I am enclosing the findings of the auditors following their assessments in October 2019, together with FGV's observations and additional responses (please refer to Annex 1). We are also sharing with you the full reports of the auditors (please refer to Annex 2).

As mentioned in our response dated 15 January 2020, FGV will appeal to the RSPO with regard to the directive by the Complaints Panel to suspend all the new and on-going certification processes of FGV's complexes.

Meanwhile, I give you my personal commitment that we will continue to dedicate all necessary resources towards aligning our labour practices to international standards. We view these efforts as

part of a journey to entrench respect and fulfilment of human rights throughout our operations and supply chain.

On behalf of FGV, I wish to thank you for your support.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'H. Hassan', with a stylized flourish at the end.

**DATO' HARIS FADZILAH HASSAN**  
**Group Chief Executive Officer**

No.	RSPO CP's Findings	Auditor's Findings in Peninsular Malaysia	Auditor's Findings in Sabah	FGV's Response and Observations
1	FGV foreign workers have not been adequately briefed as to their future working conditions prior to joining FGV	Based on the interview conducted with the new batch of workers hired by FGV i.e. after March 2019, it has been confirmed that they have been explained about the terms and conditions in their home country. Upon arrival in Malaysia(KLIA), these workers are fetched to FGV One Stop Centre in Nilai, Malaysia for orientation program, whereby the explanation of employment contract terms and conditions and general briefing are re-explained. As verification during interview session with sampled workers have confirmed that all information on all aspects of working conditions in FGV operations including	The interviewed workers are unable to demonstrate understanding of the employment contract terms and conditions although they have signed the agreement with an acknowledgement letter of receiving a copy of the agreement.	FGV commenced the review and revision of all its briefing documents, processes and procedures in December 2018. This exercise was completed in mid-2019. As reported among the actions FGV had taken to ensure workers' understanding of their terms of employment are, translating the contracts of employment into relevant languages and providing briefing sessions for workers during the recruitment process, to explain the terms of employment. We have conveyed this to the RSPO through our progress report.

No.	RSPO CP's Findings	Auditor's Findings in Peninsular Malaysia	Auditor's Findings in Sabah	FGV's Response and Observations
		<p>the term of employment, nature of work, wages and other benefits are duly communicated to the foreign workers in their home country.</p> <p>(Relevant extract from the auditor's report)</p> <p>As part of ensuring employment terms are adequately communicated, FGV had on 22nd February 2019 reminded the appointed recruitment agencies at source country to ensure adequate understanding for all illiterate foreign workers and to transmit the contents of employment contract orally to the new workers. This will be in line with FGV's The Guidelines and Procedures for</p>		

No.	RSPO CP's Findings	Auditor's Findings in Peninsular Malaysia	Auditor's Findings in Sabah	FGV's Response and Observations
		Responsible Recruitment of Foreign Workers.		

No.	RSPO CP's Findings	Auditor's Findings in Peninsular Malaysia	Auditor's Findings in Sabah	FGV's Response and Observations
2	<p>FGV continues the practices of signing work contracts of foreign workers in Malaysia, and not at the foreign workers' country of origin.</p>	<p>Based on the interview conducted with new batch of workers hired by FGV (i.e. after March 2019), it was confirmed that they have been explained about the terms and conditions, and signed the contract at their home country.</p>	<p>For the latest hiring of 8 workers from Lombok, Indonesia, the employment agreements were signed in Malaysia. The CP directive was not adopted. The date of the signing of the employment agreement is on 01/10/2019 that is after the workers have started work on 11/09/2019.</p>	<p>FGV's current process of recruiting foreign workers, involves working closely with local authorities on countries of origin and with approved recruitment agencies, which is consistent with and adhere to FGV's internal policies and criteria.</p> <p>FGV also actively participates in a two-day pre-departure familiarization and training programme which are conducted by local authorities in the workers' country of origin, in particular Indonesia and India. During these sessions, all workers are comprehensively briefed on the terms of their contracts of employment and are able to ask any questions they may have, in the presence of their local government officials. Moving forward, FGV will ensure that the actual signing of the physical contracts of employment are also conducted in the countries of origin</p> <p>FGV appoints different recruitment agencies to recruit workers for East and West Malaysia respectively. As part of FGV's efforts towards ensuring that the recruitment agencies adhere to FGV's standards on responsible recruitment, FGV's Labour Workforce Department has initiated a socialization programme for its recruitment agencies to brief them about the appropriate recruitment procedures and processes. The socialization programme is carried out in phases, as follows:</p>

No.	RSPO CP's Findings	Auditor's Findings in Peninsular Malaysia	Auditor's Findings in Sabah	FGV's Response and Observations
				<p>i. Phase 1 - for agencies responsible for recruitment of workers for West Malaysia: August to December 2019</p> <p>ii. Phase 2 – for agencies responsible for recruitment of workers for East Malaysia: January to May 2020</p> <p>As the socialization programme has yet to be conducted for agencies responsible for recruitment of workers for East Malaysia, there may still be inconsistencies in practices in the case of Sabah. FGV is committed to rectifying any inconsistencies through Phase 2 of the exercise.</p>

No.	RSPO CP's Findings	Auditor's Findings in Peninsular Malaysia	Auditor's Findings in Sabah	FGV's Response and Observations
3	<p>Even after January 2019, and despite new policies and procedures, FGV has still failed adequately to ensure that newly hired foreign workers do not pay their agents(s) unnecessary recruitment fees prior to joining FGV</p>	<p>FGV has conducted training and briefing on all requirements as per recruitment procedure or guidelines to ensure</p> <ul style="list-style-type: none"> <li>i) FGV only engages duly registered labour recruitment contractors/agents who do not support or partake in any form of forced or trafficked labour</li> <li>ii) no recruitment fees/costs should be charged to/deducted from workers at any stage of the recruitment process, including by its contractors</li> <li>iii) such recruitment fees/costs should be borne by FGV.</li> </ul>	<p>FGV has established the Guidelines and Procedures for Responsible Recruitment of Foreign Workers dated 27/06/2019. The guidelines include a paragraph "Managing and Monitoring of labour contractors". However, the description in the paragraph is not implemented. The mechanism to monitor recruitments contractors and agents is not addressed. FGV has not established SOP for hiring recruitment agents and recruitment contractors according to CP directives.</p>	<p>Currently, FGV has engaged the services of a total 21 recruitment agencies, eight in India and 13 in Indonesia. Each agency is contracted by FGV, based on our internal policies and procedures. FGV's contract with all recruitment agencies clearly stipulates that the agencies are required to ensure that no fee is charged to the workers throughout the recruitment. Such provisions are also in line with FGV's Guidelines and Procedures for the Responsible Recruitment of Foreign Workers.</p> <p>FGV is participating in a labour supply chain mapping project conducted by the United Nations International Organization for Migration (IOM) and the non-profit organization Earthworm Foundation. The scope of this project includes reviewing processes and procedures relating to the recruitment of foreign workers, with a view to identifying any gaps and proposing initial recommendations. This exercise will help FGV to ensure that such processes and procedures are in line with international standards. As of today, IOM and Earthworm Foundation interviewed workers at three estates in December 2019 and will be reviewing our policies. Their report and findings will be published in due course.</p> <p>Through the aforementioned labour supply chain mapping project, both IOM and Earthworm Foundation are working to understand and review the practices of</p>



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		<p>However, it had been found that the workers had to pay certain amount to the agent (or sub-agent) as pre-employment fee prior to the departure to Malaysia.</p>		<p>the recruitment agencies, this will help FGV put in place due diligence measures that are in line with FGV's policies and procedures as well as with international standards.</p> <p>Additionally, FGV is also in the process of establishing "One Stop Centres" in strategic locations within host countries, which will enable FGV's teams to audit the processes and practices of recruitment agencies by working directly with foreign workers.</p> <p>In view of the CP's findings, FGV has immediately commenced the auditing of every recruitment agency contracted by FGV. FGV commits to blacklisting any agency that has breached its policies and procedures.</p> <p>FGV's Guidelines and Procedures for the Responsible Recruitment of Foreign Workers, which clearly states that official costs for the recruitment of foreign workers would be borne by FGV, were adopted on 27 June 2019. In addition, the revised contracts with recruitment agencies, which stipulates that the agencies are required to ensure that no fee is charged to workers throughout the recruitment process, were adopted in July 2019.</p> <p>The RSPO Complaints Panel did not specify the definition of 'newly hired workers'. Also, it was not clear from the auditors' report whether or not the workers who claimed to have paid certain fees to the recruitment agencies in</p>

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				<p>their home countries, were those who were recruited before the adoption of FGV's policy of no recruitment fees. In this light, FGV will seek clarification from the RSPO Complaints Panel and the auditor concerned regarding the matter.</p> <p>In any case, FGV is committed to carrying out an audit of all the recruitment agencies appointed by FGV, with a view to ensuring that all recruitment agencies comply with FGV's standards and procedures. FGV has already developed an assessment mechanism for this purpose.</p>

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4	<p>Even after October 2019, and despite new policies and procedures, FGV has still not completely phased out the use of contractors in Sabah, Malaysia.</p>	<p>FGV is committed to phase out contractors in their operation as confirmed through interview with Jabatan Tenaga Kerja FGV. This can be supported with significant reduction of outsourced activities at sampled complex audited during the audit. For activities which still require support from contractors, FGV has taken proactive measure to ensure the hiring process by the contractors are done in line with FGV's Procedures for Responsible Recruitment of Foreign Workers (FGV/FGVPM-JTK/POL/001, rev. 0.0, 27-Jun-19). Based on interview with contractors and</p>	<p>According to CP directives, FGV shall phase out labour contractors. The mechanism to phase out the contractors is not demonstrated. FGV took over those workers from the labour contractors continue to have an agreement title" Surat Perjanjian Penyerahan Pekerja Pemborong kepada FGV" maintaining them as commission agents. The agreement has a validity period of 3 years (1+1+1) and subject for renewal. The agreement did not include a termination clause. Payment made to these contractors is through the "Surat Perintah Kerja" that list the number of workers and</p>	<p>In keeping with our commitment to phase out labour contractors, FGV has invited undocumented workers from contractors to join our workforce. To this end, FGV has facilitated the workers' registration for the regularisation programme which was introduced by the Sabah State Government. As has been communicated to the RSPO on the 13<sup>th</sup> December 2019, FGV expected to complete the registration of undocumented contract workers in Sabah by 31<sup>st</sup> December 2019. This has been completed on schedule.</p> <p>FGV has set a timeframe of until December 2019 to phase out its contractors, save contractors providing replanting and FFB transportation services. As of January 2020, FGV has achieved its goal. Nonetheless, FGV will continue to monitor its contractors to ensure compliance with national laws and with FGV's commitments and standards.</p>

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		<p>management representative, it was confirmed that all workers are in compliant with legal requirements, holding valid work permit and work agreement.</p> <p>The audit team has verified and it was demonstrated that FGV has implement their action plan to phase out contractors accordingly. As of the date of audit, it was found that only several complex is still using contractors' services (on a very limited/minimum task) such as harvesting and FFB transportation. Based on interview with contractors, this exercise has been done in an open and transparent manner to ensure minimum</p>	<p>rate of payment under the agent. After reviewing the contractors list, there are 78 contractors hired by FGV Sahabat as commission agents for labour supply, transport and grass cutting services.</p>	

No.	RSPO CP's Findings	Auditor's Findings in Peninsular Malaysia	Auditor's Findings in Sabah	FGV's Response and Observations
		impact on the contractor's worker.		

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5	Socialization of many key directives in the Complaints Panel Decision remains incomplete	<p>It has been observed during the verification audit that the revised GSP includes a strengthened section on human rights which makes reference to the United Nations Guiding Principles on Business and Human Rights (UNGPs), applicable international human rights treaties as well as relevant ILO conventions. The principle of respecting human rights is applied throughout FGV's operations, in line with FGV's commitment to human rights, as outlined in the GSP. However, not all complex has communicated the GSP to their workers.</p> <p>Further verification indicates that the GSP training/briefing has been planned to be conducted on a phase-by-phase</p>	<p>The revised GSP established has not been simplified and circulated to the respective estates and mills for implementation. Interview workers are unable to demonstrate the understanding.</p>	<p>FGV has reached out to the RSPO to better understand which key directives among those listed in the CP's letter dated 28th November 2018, have not been socialized. FGV has provided status updates on each of the directives, which can be found on FGV's website. FGV is in the process of conducting a socialisation programme comprising a series of engagement sessions involving various stakeholders including all its mills, estates and its suppliers and contractors to raise awareness about the revised GSP, the Suppliers Code of Conduct, the Guidelines and Procedures for the Responsible Recruitment of Foreign Workers and the grievance and whistle-blower platform. Given the size of FGV's operations and the large number of its mills and plantations, the socialization programme has being carried out in phases in different locations starting June 2019 and is expected to be completed by June 2020.</p> <p>GSP socialisation was conducted in Temerloh(which included Triang Complex) on the 13th of November 2019 and in Terengganu(which included Jerangau Complex) on the 11th November 2019, as reported and planned by FGV. In addition to that, GSP Socialisations were also conducted from the 11th to 15th of November 2019 at FGV's complexes in Sabah namely PUP, Yapidmas, Sahabat and Umas. Overall, 34 GSP socialisation sessions were planned and successfully conducted throughout FGV's operations in Malaysia.</p>
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		<p>which will be communicated to workers between October to November 2019. Example of sampled complex that yet to communicate the GSP is Triang Complex and Jerangau Complex</p>		



6	<p>FGV failed to provide evidence supporting the claim that they are monitoring their contract workers to ensure that the pay and working conditions meet the requirements of local labour laws</p>	<p>FGV has demonstrated proactive action to minimise usage of contractors in their operation as verified during audit. Most of the activities which is still outsourced to the contractors are FFB transportation and harvesting. The audit team has met with several contractors and their workers throughout the audit to confirm their understanding on legal and recruitment procedures imposed by FGV</p> <p>Result of the interview confirms that all recruitment process meets national and international standards on recruitment and employment of migrant workers.</p>	<p>The interviewed workers are unable to demonstrate the understanding of the changes in revised employment agreement although they have signed and accepted. A mechanism to monitor the transport contractors workers' wages paid is not established. The application to JTK for deductions is not approved yet for deductions allowable. There is no disparity of wages, deductions, working and living conditions between local and foreign workers.</p> <p>FGV Sahabat provides medical amenities and affordable healthcare to all workers. FGV Sahabat subscribes to SOCSO and FWCS for all workers.</p>	<p>FGV understands that this finding refers to workers employed by a transport company engaged by FGV in our Triang Complex in Pahang.</p> <p>FGV requires that all its agents and partners abide by its Supplier Code of Conduct, which was implemented on April 2019, and which mirrors FGV's own commitments to its own foreign workers.</p> <p>FGV has socialized the said Code along its supply chain and has stated that regular audits will be conducted to ensure full compliance.</p> <p>Following this finding by the CP, FGV has directed an immediate audit of its contractors, first in Triang and then across FGV's operations.</p> <p>FGV will provide the CP with its findings as soon as possible.</p> <p>FGV adopts a phase approach towards ensuring that its labour policies and standards are fully adhered to by its contractors. FGV believes that such phase approach is necessary to ensure awareness, understanding, appreciation and compliance. To this end, the phases adopted by FGV are as follows:</p>
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				<div style="background-color: #f4a460; padding: 5px; text-align: center;"><b>Socialisation</b></div> <div style="background-color: #f4a460; padding: 5px; text-align: center;"><b>Phase 1 - July 2019-May 2020</b></div> <p>FGV is in the process of conducting a socialization programme to raise awareness and understanding among its operations personnel and its contractors and suppliers about the revised GSP, the SCOC, the Guidelines and Procedures for Responsible Recruitment of Foreign Workers and other relevant codes and procedures, as well as to convey to them FGV's expectations for compliance with the principles and standards contained in the aforesaid documents. Given the size of its operations and complexity of its supply-base, the socialization programme, which started in July 2019 is expected to be completed by June 2020. To date, 53 socialization session with a total of 1389 participants, were conducted involving FGV's mills and plantations as well as contractors and suppliers</p> <div style="background-color: #4f81bd; color: white; padding: 5px; text-align: center;"><b>Implementation and Monitoring</b></div> <div style="background-color: #4f81bd; color: white; padding: 5px; text-align: center;"><b>Phase -2 June 2020-May 2021</b></div> <p>Once the socialization process is completed, FGV's supply-base and remaining contractors will be given a timeframe of one year to implement and comply with the standards set forth by FGV. During this period, FGV will monitor such implementation and will provide support where needed. FGV also has entered into a partnership with the Malaysia Institute for Supply Chain Innovation (MISI) and MIMOS Berhad to work on a traceability and risk mapping programme which seeks to identify non-compliance among suppliers and to address such non-compliance by conducting assessments and providing technical support</p> <div style="background-color: #c0392b; color: white; padding: 5px; text-align: center;"><b>Verification</b></div> <div style="background-color: #c0392b; color: white; padding: 5px; text-align: center;"><b>Phase 3- June 2021 Onwards</b></div> <p>Following the one year grace period to allow for implementation, FGV will carry out audits on its suppliers to verify compliance</p>
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				<p>These three phases are part of FGV's overall efforts to improve its labour practices beyond FGV's initiatives to address the RSPO CP directives. Nonetheless, we are committed to resolving any gaps relating to the concerns raised by Complaints Panel by the given timeline of July 2020.</p> <p>As part of FGV's long term endeavour to enhance its labour practices, FGV, with the support from the Procter &amp; Gamble Company, has become a Participating Company of the Fair Labor Association (FLA) in October 2019. The FLA is an international association of socially responsible companies, universities and civil society organisations (CSOs) aiming to promote and protect the human rights of workers and improve working conditions worldwide. The FLA works together with Participating Companies to develop and enhance internal social compliance systems that identify and remedy labour rights issues. Securing this affiliation to the FLA is part of FGV's efforts to ensure that all our practices are fully in line with international labour standards. It will involve implementing a long-term programme to address and resolve gaps in FGV's labour practices, as well as in our supply chain, which of course includes both schemed and independent smallholders. The scope of this programme covers all aspects of FGV's labour practices such as recruitment procedures, fair wages, placements and on-boarding processes, as well as working and living conditions.</p>
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				<p>In addition, and as a follow-up to an earlier Memorandum of Understanding with the Human Rights Commission of Malaysia (SUHAKAM), FGV will continue its cooperation with SUHAKAM as the national human rights institution to carry out audits and verification on the working and living conditions of workers at FGV's mills and plantations</p>

No.	RSPO CP's Findings	Auditor's Findings in Peninsular Malaysia	Auditor's Findings in Sabah	FGV's Response and Observations
7	<p>The number of FGV employed undocumented workers yet to be legalized in Sabah, Malaysia remains to be approximately 7,000 people.</p>	<p>FGV has conducted few series of full legal and operational audit to review its foreign workers' status (including the contractor's workers) in compliance with national and international laws. This has been verified by the audit team through Sustainability Compliance &amp; Certification (SCC) GSD Checklist.</p> <p>The assessment has been conducted by Sustainability Team which has been confirmed through the checklist. Outcome of the audit has been presented for management review and establishment of action plan as submitted to RSPO.</p> <p>FGV has taken necessary</p>	<p>FGV Sahabat has absorbed all the undocumented workers from the labour contractors generally for:</p> <ol style="list-style-type: none"> <li>1. Legalisation to obtain passport and work permits</li> <li>2. To ensure employed workers are fully in compliance to legal requirements</li> </ol> <p>FGV Sahabat is still in the outreach process to regulate undocumented workers. The letter submitted to Immigration states there are 868 workers who are in the process of getting Passports. However, this number could be more as there are still many unaccounted.</p> <p>FGV Sahabat submitted</p>	<p>The situation of undocumented persons in Sabah is highly complex and is a result of a multiplicity of contributing factors. The historical, socio-economic, political, cultural and geographical contexts all add to the intricacies surrounding the issue of undocumented persons in Sabah. The issue of undocumented persons working in plantations in Sabah is not unique to FGV's case but is an industry-wide concern.</p> <p>FGV has addressed this issue and there are no undocumented workers on FGV's operations in Sabah or anywhere else. In April 2019, the Sabah State Government introduced a programme that would allow undocumented migrant workers in Sabah to apply for regularisation. In relation to this, and in keeping with our commitment to phase out engaging labour contractors, FGV has invited those undocumented workers from contractors to join our workforce. The application for regularisation is facilitated by FGV and we are also covering the fees involved in the regularisation process.</p> <p>As has been communicated to the RSPO on 13<sup>th</sup> December 2019 vide email and by FGV's Chairman Datuk Wira Azhar Abdul Hamid in his letter to shareholders dated 8<sup>th</sup> January 2020, FGV had targeted to complete the registration of all previously undocumented workers in Sabah by the end of December 2019. This was successfully completed as targeted.</p>

No.	RSPO CP's Findings	Auditor's Findings in Peninsular Malaysia	Auditor's Findings in Sabah	FGV's Response and Observations
		<p>action to ensure that unlawful outsourcing of FGV's foreign works is immediately stop. This has been demonstrated through data analysis of numbers of workers previously hired by contractors (using FGV's quota) has been absorbed into check roll by FGV. It was verified that the transfer process has been conducted voluntarily and transparently.</p>	<p>letter to Indonesia Consulate in Kota Kinabalu dated 03/08/2019 has a total of 4,691 applicants without passport for Sabah region. However, the number of Filipinos is not clear. FGV does not has a mechanism to monitor these group of workers whether they are in the system to proceed for regularization.</p>	<p>Now, FGV is proceeding with the administrative processes required by the authorities through the State's regularization exercise to obtain passports and work permits for all these formerly undocumented workers.</p> <p>As has been communicated previously, FGV expects that this entire process to be completed by the end of June 2020.</p> <p>Below is the status update on this exercise:</p> <p>Number of applications submitted: 7244 Of this figure, approximately 61% are Indonesian while 39% are Philippines workers Number of workers who have received passports by the Indonesian or Philippine authorities: 5211 Number of workers who have submitted application for biometric verification: 3458 Number of workers whose compounds have been paid: 1044</p> <p>We are committed to completing the regularisation exercise by end of July 2020. FGV takes note of the CP's directive and shall comply with the same.</p>



*Bureau Veritas Certification (M) Sdn Bhd*

### **Verification Audit Report**

RSPO Terms of Reference (ToR) for Verification Audit FGV Holdings Berhad



## Introduction

On 28<sup>th</sup> November 2018, following a Complaint against FGV Holdings Bhd, the RSPO Complaints Panel (CP) issued a decision letter to FGV to remedy its breaches against RSPO Key Documents. The case was transferred to RSPO's Investigation and Monitoring Unit (IMU) on 5<sup>th</sup> December 2018 for monitoring.

To date, FGV has submitted two quarterly progress reports to IMU that details out FGV's implementation of the CP's directive as listed in the above mentioned decision letter (28<sup>th</sup> Mar 2019 & 28<sup>th</sup> Jun 2019). The monitoring period is expected to be completed on 31<sup>st</sup> December 2019. In adherence to the CP decision letter, IMU has appointed Bureau Veritas Certification (M) Sdn Bhd as an independent auditor from one of the RSPO Certification Body (CB) to conduct an audit to verify FGV's implementation of the CP directives within its company within Peninsular Malaysia.

## Objective(s)

The main objectives of this Verification Audit are as below:

- a. Verify FGV's implementation of the CP decision throughout FGV's Plantation unit and identify the gaps against the actual implementation;
- b. Determine the extent of and effectiveness of the actions undertaken by FGV to address the CP Decision and to determine the full scope of the gaps in compliance and required actions by FGV;
- c. In light of the above, if required, to recommend further practical solutions to ensure legal and operational compliance with RSPO principles and standards, International Labour Organisation (ILO) standards, and other international human rights standards (including but not limited to the Convention on the Economic, Social and Cultural Rights (CESCR), Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (CMW), etc).





## Methodology

The verification audit has been conducted in a systematic, regular and objective approach to evaluate the organisations implementation of their social values and criteria, and the performance of their social plans. The audit team does take overview of the various problems as well as those which are specific to the programmes audited. BVC has taken the following approach in performing the verification audit.

### a. Desktop Study

Before starting of this audit activity, BVC did an online study on the "Palm-Oil Migrant Workers Tell of Abuses on Malaysian Plantations" by Syed Zain Al-Mahmood (Wall Street Journal - WSJ) dated 26<sup>th</sup> Jul 2015. BVC also made some study on FGV Holdings Berhad's sustainability background, history and public opinion (through online search engine).

Main documents referred to by BVC during this literature review study are:

- i. Palm-Oil Migrant Workers Tell of Abuses on Malaysian Plantations (26<sup>th</sup> Jul 2015);
- ii. RSPO Complaints Panel's Directives letter to FGV dated 28<sup>th</sup> Nov 2018;
- iii. FGV Action Plan and 1<sup>st</sup> Quarterly Progress Report to RSPO (28<sup>th</sup> Mar 2019); and
- iv. FGV Action Plan and 2<sup>nd</sup> Quarterly Progress Report to RSPO (28<sup>th</sup> Jun 2019)

The purpose of this literature review/preliminary study is to evaluate major issues highlighted by WSJ in their article (26<sup>th</sup> Jul 2019); result of the investigation conducted by independent assessors appointed by Complaint Panel (26<sup>th</sup> – 28<sup>th</sup> Apr 2019); corresponding Complaints Panel's directives (28<sup>th</sup> Nov 2019) as well as progress taken by FGV as presented on their action plan. In overall, FGV has reported positive actions plan have been taken in accordance to the directives provided by RSPO. Based on the progress report submitted, FGV has conducted internal assessment exercise (between December 2018 to January 2019) to evaluate the gaps of their current practices and identify the action plan.

### b. Document Review and Meeting with FGV Management Team

BVC has initiated desktop and document review at FGV Holdings Berhad's office on 30<sup>th</sup> Sep 2019 to understand the progress taken by FGV as presented in the progress report. The meeting has also included review of FGV's sustainability policies, standard operating procedures (SOP), training program and records as well as systematic and operational progress of the company's management and its structure in addressing the labour and effective implementation of the company's policy and management plans.

This desktop review has also discussed on the planning of field verification activities. Interview has been conducted with the management team of FGV to evaluate their commitment and current practice on the implementation on ground.

### c. Stakeholder's Consultation

Stakeholder should be involved to have fruitful discussion and also logical conclusion. Stakeholders are those whose interests are affected by an issue or those whose activities strongly affect the same, who possess information, resources and expertise needed for strategy formulation and implementation; and who control relevant implementation. The consultations are conducted in an objective, unbiased with informal dialogue and help in building rapport trust and confidence in the community.

Therefore, BVC has identified several relevant stakeholders to be included in the 'dialogue' process. Selection of stakeholders or their representatives are conducted in a transparent way to cover maximum stakeholder groups. These stakeholders consultation are consulted by BVC either through email, phone



call or face-to-face meeting. BVC did ensure that all stakeholders giving relevant information are treated in confidence and assured that malpractices will be thoroughly checked and treated.

#### **d. Focus Group Interview and Physical Verification**

It is very important to discuss with all stakeholders and narrow down the list of activities within the oil palm plantation's scope. Each issue has lead towards an answer on a particular piece of outputs or results. These issues are derived from the complaint panel's directives and action plan presented by FGV Holdings Bhd and feedback received from stakeholders. Physical verification of the work is must and the visit to the worksite to verify whether action plans mentioned in the progress report has actually happened in the way mentioned. It is important to find out whether the work has been done according to the complaint panels directive. The findings are being recorded properly and utmost care has been taken in recording the findings as a small mistake could leave the processes of the audit in disarray.

## **Sampling**

As stipulated in RSPO Terms of Reference (ToR) for Verification Audit FGV Holdings Bhd; FGV own 68 Mills which 28 are currently RSPO P&C certified. RSPO Investigation and Monitoring Unit (IMU) have decided to conduct verification audit on 7 of those mills belongs to FGV to represent 10% samples of the total management unit.

BVC Malaysia has been assigned to conduct assessment on four (4) complexes located in Peninsular Malaysia as per agreed in Verification Audit Contract signed by RSPO on 23<sup>rd</sup> Sep 2019. The four complexes are pre-selected by RSPO based on Risk Evaluation conducted by IMU unit. The selected complexes are:

- a. **Terengganu:** Jerangau Baru Palm Oil Mill and its Supply Bases (1 POM & 3 Estates). The audit date for this site is on 8<sup>th</sup> – 10<sup>th</sup> Oct 2019.
- b. **Johor:** Selancar 2B Palm Oil Mill and its Supply Bases (1 POM & 3 Estates). The audit date for this site is on 14<sup>th</sup> – 16<sup>th</sup> Oct 2019.
- c. **Negeri Sembilan:** Serting Palm Oil Mill and its Supply Bases (1 POM & 4 Estates). The audit date for this site is on 14<sup>th</sup> – 16<sup>th</sup> Oct 2019.
- d. **Pahang:** Triang Palm Oil Mill and its Supply Bases (1 POM & 3 Estates). The audit date for this site is on 17<sup>th</sup> – 18<sup>th</sup> Oct 2019.



## Client's Details

Client's Name:	Investigation and Monitoring Unit (IMU), Roundtable on Sustainable Palm Oil (RSPO)
Client's Address:	Unit A-37-1, Menara UOA Bangsar, No. 5, Kuala Lumpur 59000, Jalan Bangsar Utama 1, Bangsar Utama, 59000 Kuala Lumpur, Federal Territory of Kuala Lumpur
Country:	Malaysia
Contact person (Please include job title)	Mohd Azwan Adnan (Risk and Monitoring Manager)
Phone:	+603 2302 1500
e-mail address:	azwan@rspo.org
Audited Company:	FGV Holdings Berhad
Company Address: (Please include full address)	Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia
Country:	Malaysia
Contact person (Please include job title)	Mr. Noor Azam Ishak
Phone:	+6019 333 4468
e-mail address:	noorazam.i@fgvholdings.com
Assessment Standard / Reference:	Terms of Reference (ToR) for Verification Audit FGV Holdings Berhad (18 Sep 2019)
Report Owner:	Investigation and Monitoring Unit (IMU), Roundtable on Sustainable Palm Oil (RSPO)



## Assessor(s) Composition

Assessors Name and Profile	
Muhammad Shazaley Abdullah (MSA)	<p>MSA earned the degree in B. Sc. (Hons) Forestry Science from Universiti Malaysia Sabah since 2008.</p> <p>MSA has been working as Cadet Assistant of Oil Palm Plantation company since 2009. He then continues his career as Research Executive in Bio-Fertilizer (Mychorriza sp.) related to oil palm development. Since 2012, MSA has joined SGS Malaysia Sdn Bhd as RSPO Auditor and has qualified as RSPO Lead Auditor in 2013.</p> <p>MSA has successfully completed ISO 9001:2008 Lead Auditor Course conducted by Neville Clarke in 2013 (A17399). MSA has undergone RSPO Endorsed Lead Auditor Course conducted by Wild Asia in 2013 (2013-SSP02-0044). MSA has conducted more than 50 Mandays of RSPO P&amp;C; ISCC or MSPO assessment as Auditor and Lead Auditor more than 3 different organizations. He has been evaluated by RSPO Accreditation Body (ASI) and Department of Standard Malaysia (DSM) for his auditing performance. For internal BVC qualification process, he has been witness by Dr. Chaiyaporn Seekao as Lead Auditor in Jun 2017. MSA has successfully completed SMETA training on 13-15 February 2019.</p>
Ahmad Hamdi Mat Yusoff (AHM)	<p>AHM graduates in B. of Sc. (Environment) from Universiti Putra Malaysia on 2006. AHM has successfully completed the RSPO-endorsed Lead Auditor Course on 22-26 January 2018 November which conducted by Wild Asia.</p> <p>AHM has been working as Research Assistant in Universiti Putra Malaysia since 2006 prior to join Certification Body as an auditor and has been qualified as Lead Auditor for 6 years under SGS Malaysia Sdn Bhd and have performed number of audit in Malaysia, Indonesia and Vietnam.</p> <p>He is a qualified Lead Auditor in other oil palm sustainability certification scheme (ISCC, MSPO, RSPO) and have collected more than 50 mandays in auditing those standards; therefore, his knowledge in oil palm sector is based on hands-on experience and updated through seminars, meeting and auditing. AHM has successfully completed SMETA training on 13-15 February 2019.</p>
Hanib Libon (HLB)	<p>HLB graduated in Bachelor Degree in Business Economics, University of MARA Technology on 2013. HLB has 5 years working experience as Senior Supply Chain Executive in PPB Oil Palms Berhad prior joining Certification Body as Auditor. Therefore, his knowledge in oil palm sector is based on hands-on experience and updated through RSPO CB Workshop, meeting and auditing.</p> <p>HLB has successfully completed the RSPO-endorsed Lead Auditor Course on 1-5 October 2018 November which conducted by Checkmark Training (Certificate Number: HL-RSPO-P&amp;C-05/10/2018). He has collected more than 10 mandays in conducting MSPO audit which relates to evaluate compliance against environmental and HCV requirements. HLB has successfully completed SMETA training on 13-15 February 2019.</p>





<p>Zulkifli Kamarol Zaman (ZKZ)</p>	<p>ZKZ graduates in Bachelor Sciences Agriculture Business from University Putra Malaysia on 2008. ZKZ has 10 years' experience in oil palm industry whereas he has been working at Kulim (M) Berhad and Kuala Lumpur Kepong Berhad (KLKB) as Assistant Manager prior to joining Certification Body as an Auditor. He is familiar with the estate's daily operation as well as the Best Management Practices for oil palm cultivation. ZKZ has involved in more than 4 on-site audits for different clients for a total more than 20 man-days of audit experiences as auditor, since 2019. ZKZ has successfully completed the Lead Auditor Course ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 conducted by SIRIM STS Sdn. Bhd in 16th -20th April 2018 (Serial No.: 1042).</p>
<p>Gan Bee Kean (GBK)</p>	<p>GBK is a full time auditor working at Bureau Veritas Certification (M) Sdn Bhd. She is holding MSC in Manufacturing System Engineering from University of Warwick (UK) in 1997. She have been in the certification line as Lead Auditor since October 2008. GBK is qualified Auditor/Lead Auditor in several scheme such as RSPO P&amp;C, RSPO SCCS, MSPO OPMC and ISO. In BVC, she is a master trainer for SEDEX-SMETA scheme (social auditing). During her service as auditor, she have participated in several Lead Auditor course related to sustainability and social related certification such as PEFC, FSC, SEDEX-SMETA, RSPO and MSPO. For working experience, GBK has broad experience in multiple industries such as furniture manufacturing, plantation operation assistant, logistic manager and production planning.</p>
<p>Mohd Faisal Jaafar (MFJ)</p>	<p>MFJ is a forester by education and working background. He is a graduated from Universiti Putra Malaysia in Forestry Science. He has been qualified as RSPO P&amp;C Lead Auditor under SGS Malaysia Sdn Bhd since 2012. He has been assessing various oil palm plantations company under various certification standards (ISCC, MSPO, RSPO, etc.). MFJ is a qualified auditor for RSPO P&amp;C. Experience in auditing oil palm plantation and operating certification standard (Malaysian Timber Certification System - MTCS) has exposed him to the GAP. He has undergone various training related to GAP and IPM in forestry and oil palm plantation. MFJ is experienced in operating and auditing forestry and oil palm plantation. He has been qualified as RSPO P&amp;C Auditor since 2012. He has been working closely with social expert and been witnessed by ASI to evaluate his capacity in auditing social requirements on oil palm industries.</p>
<p>Sabarinah Binti Marzuki (SBM)</p>	<p>SBM has very vast experience in auditing line since September 1999. She is a graduate in B.Sc. (Hons) Urban and Regional Planning from Universiti Teknologi Malaysia (1992) and M.E Civil Engineering (Environment) from Universiti Teknologi Malaysia (1998). She began her career in certification as a Certification Executive in SIRIM QAS International Sdn. Bhd. since September 1999. Throughtout her services in SIRIM, she have Conducted over 800 mandays of certification audit for RSPO &amp; ISO 14001 at various industries such as electrical/electronics, local authority, waste management center, hotels, oil and gas, quarry, power plant, forest &amp; plantation, etc. She was then promoted as a Head of Sustainability Certification Section, SIRIM QAS International Sdn.Bhd. in January 2009 before changing career as a</p>



	<p>Manager, Sime Darby Research Sdn. Bhd (TQEM &amp; Sustainability) in June 2010. With her vast experience, she has been promoted to lead RSPO &amp; Certification Unit of Plantation Sustainability &amp; Quality Management Department in Sime Darby Plantation Sdn. Bhd. as a Head of Department in July 2012. Her last position held in Sime Darby group is as a Head of Sustainability Advisory Services – Group Sustainability &amp; Quality management Department, Sime Darby Berhad. Since January 2018, she has decided to go as a freelance assessor under Sabarinah &amp; Associates Sdn. Bhd.</p>
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*Note: The focus of this verification audit is on the Terms of Reference (ToR) for Verification Audit FGV Holdings Berhad and local law. The additional elements will not be audited in such depth or scope, but the audit process will still highlight any specific issues.*

- *This report provides a summary of the findings and other applicable information found/gathered during the verification audit conducted on the above date only and does not officially confirm or certify compliance with any legal regulations or industry standards.*
- *The verification audit process requires that information be gathered and considered from records review, worker interviews, management interviews and visual observation. More information is gathered during the verification audit process than is provided here.*
- *The audit process is a sampling exercise only and does not guarantee that the audited site prior, during or post-audit, are in full compliance with the ToR being audited against.*
- *The ownership of this report remains with the party who has paid for the audit. Release permission must be provided by the owner prior to release to any third parties.*



## Complex Details:

Complex 1 Details	
Complex Name:	Jerangau Baru
Site Address:	Felda Palm Industries Sdn Bhd, Kilang Sawit Jerangau Baru, 21820 Ajil, Terengganu, Malaysia
Name of Palm Oil Mill:	Jerangau Baru Palm Oil Mill
Palm Oil Mill Capacity:	30 MT/Hr
No. of Supply Bases:	3 estate
Name and Address of Supply Bases:	Please " <b>Bold</b> " visited estates in this audit
<b>FGVPM Rantau Abang 01</b>	<b>Ladang Rantau Abang 01, 21610 Merchang, Marang, Terengganu, Malaysia</b>
<b>FGVPM Rantau Abang 02</b>	<b>Kampung Jambu Bongkok, 21610 Merchang, Marang, Terengganu, Malaysia</b>
<b>FGVPM Chador 01</b>	<b>Ladang FGV Chador 01, Wakil Pos Felda Bukit Bading, 21810 Ajil, Kuala Terengganu, Terengganu</b>
What form of worker representation / union is there on site?	<input checked="" type="checkbox"/> Union (Kesatuan Pekerja Kilang) <input checked="" type="checkbox"/> Worker Committee (collective agreement, gender committee) <input type="checkbox"/> Other (specify) <input type="checkbox"/> None
Are there any on site provided worker accommodation buildings e.g. dormitories	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were the site provided accommodation buildings included in this audit	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, please give details

Audit Parameters	
Was the audit announced to the client?	<input checked="" type="checkbox"/> Announced (Date Notification: 8 - 10 October 2019) <input type="checkbox"/> Unannounced



Complex 2 Details	
Complex Name:	Selancar 2B
Site Address:	Peti Surat 98, 85007 Segamat, Johor, Malaysia
Name of Palm Oil Mill:	Selancar 2B Palm Oil Mill
Palm Oil Mill Capacity:	54MT/Hr
No. of Supply Bases:	3 estate
Name and Address of Supply Bases:	Please " <b>Bold</b> " visited estates in this audit
<b>FGVPM Selancar 06</b>	<b>Ladang FELDA Selancar 06, Wakil Pos Perwira Jaya, 85070 Segamat, Johor, Malaysia</b>
<b>FGVPM Selancar 08</b>	<b>Ladang FELDA Selancar 08, Wakil Pos Perwira Jaya, 85070 Segamat, Johor, Malaysia</b>
<b>FGVPM Selancar 09</b>	<b>Ladang FELDA Selancar 09, Wakil Pos Perwira Jaya, 85070 Segamat, Johor, Malaysia</b>
What form of worker representation / union is there on site?	<input checked="" type="checkbox"/> Union (Kesatuan Pekerja Kilang) <input checked="" type="checkbox"/> Worker Committee (collective agreement, gender committee) <input type="checkbox"/> Other (specify) <input type="checkbox"/> None
Are there any on site provided worker accommodation buildings e.g. dormitories	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were the site provided accommodation buildings included in this audit	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, please give details

Audit Parameters	
Was the audit announced to the client?	<input checked="" type="checkbox"/> Announced (Date Notification: 14 – 16 October 2019) <input type="checkbox"/> Unannounced





Complex 3 Details	
Complex Name:	Serting
Site Address:	Bandar Baru Serting, 72109, Jempol, Negeri Sembilan, Malaysia
Name of Palm Oil Mill:	Serting Palm Oil Mill
Palm Oil Mill Capacity:	54 MT/Hr
No. of Supply Bases:	3 estate
Name and Address of Supply Bases:	Please " <b>Bold</b> " visited estates in this audit
<b>FGVPM Palong 17</b>	<b>FGVPM Palong 17, 73430, Gemas, Negeri Sembilan, Malaysia</b>
<b>FGVPM Palong 18</b>	<b>FGVPM Palong 18, 73430, Gemas, Negeri Sembilan, Malaysia</b>
FGVPM Palong 21	FGVPM Palong 21, 73430, Gemas, Negeri Sembilan, Malaysia
<b>FGVPM Serting Hilir 08</b>	<b>FGVPM Ladang Serting Hilir 8, 72120, Bandar Seri Jempol, Negeri Sembilan, Malaysia</b>
What form of worker representation / union is there on site?	<input checked="" type="checkbox"/> Union (Kesatuan Pekerja Kilang) <input checked="" type="checkbox"/> Worker Committee (collective agreement, gender committee) <input type="checkbox"/> Other (specify) <input type="checkbox"/> None
Are there any on site provided worker accommodation buildings e.g. dormitories	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were the site provided accommodation buildings included in this audit	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, please give details

Audit Parameters	
Was the audit announced to the client?	<input checked="" type="checkbox"/> Announced (Date Notification: 14 – 16 October 2019) <input type="checkbox"/> Unannounced



Complex 4 Details	
Complex Name:	Triang
Site Address:	FGV Palm Industries Sdn Bhd, Kilang Sawit Triang, 25700 Kuantan, Pahang Darul Makmur, Malaysia
Name of Palm Oil Mill:	Triang Palm Oil Mill
Palm Oil Mill Capacity:	54 MT/Hr
No. of Supply Bases:	3 estate
Name and Address of Supply Bases:	Please " <b>Bold</b> " visited estates in this audit
<b>FGVPM Triang Selatan 01</b>	<b>FGVPM Ladang Triang Selatan 1, 28300 Triang, Pahang Darul Makmur, Malaysia</b>
<b>FGVPM Triang 02</b>	<b>FGVPM Ladang Triang 2, 28300 Triang, Pahang Darul Makmur, Malaysia</b>
<b>FGVPM Triang 04</b>	<b>FGVPM Ladang Triang 4, 28300 Triang, Pahang Darul Makmur, Malaysia</b>
What form of worker representation / union is there on site?	<input checked="" type="checkbox"/> Union (Kesatuan Pekerja Kilang) <input checked="" type="checkbox"/> Worker Committee (collective agreement, gender committee) <input type="checkbox"/> Other (specify) <input type="checkbox"/> None
Are there any on site provided worker accommodation buildings e.g. dormitories	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were the site provided accommodation buildings included in this audit	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, please give details

Audit Parameters	
Was the audit announced to the client?	<input checked="" type="checkbox"/> Announced (Date Notification: 17 – 18 October 2019) <input type="checkbox"/> Unannounced



Worker Analysis <i>(based on audited complex)</i>							
The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national and where they do not intend to remain permanently or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity.							
Complex 1: Jerangau Baru Palm Oil Mill and its Supply Bases							
Details	Local			Migrant*			Total
	Employers Payroll		Contractors Payroll	Employers Payroll		Contractors Payroll	
	Full Time	Contract Worker		Full Time	Contract Worker		
FGVPM Rantau Abang 01							
No. of Workers (Male)	-	27	4	-	114	-	145
No. of Workers (Female)	-	6	-	-	-	-	6
FGVPM Rantau Abang 02							
No. of Workers (Male)	-	13	-	-	64	8	85
No. of Workers (Female)	-	10	-	-	-	-	10
FGVPM Chador 01							
No. of Workers (Male)	-	36	1	-	145	-	182
No. of Workers (Female)	-	19	-	-	-	-	19
Total	-	111	5	-	323	8	447
Majority nationality of workers			Main countries: Country 1: Bangladesh approximately 54 % total workforce Country 2: India approximately 5% total workforce Country 3: Malaysia approximately 25% total workforce Country 4: Indonesia approximately 16% total workforce				



Workers Interview Summary		
Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
All groups of workers are included in the scope of this audit such as: <i>Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors.</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  If No, please give details	
Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent	
What was the most common worker complaint?	The workers complaint that they have to pay certain amount (i.e. medical, passport and flight ticket) to the recruitment agency in their home country to expedite the process of recruitment.	
What did the workers like the most about working at this site?	The workers like the most on the benefit provided by the company such as: 1. Free basic amenities (i.e. water, electricity and furniture) 2. Medical treatment fees 3. Safety boxes to keep their own passport 4. Subsidization of water and electricity 5. Orientation Programme at FGV's One Stop Centre 6. Zero recruitment fees in Malaysia	
Any additional comment(s) regarding interviews (if any):	None	



Worker Analysis (based on audited complex)							
The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national and where they do not intend to remain permanently or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity.							
Complex 2: Selancar 2B Palm Oil Mill and its Supply Bases							
Details	Local			Migrant*			Total
	Employers Payroll		Contractors Payroll	Employers Payroll		Contractors Payroll	
	Full Time	Contract Worker		Full Time	Contract Worker		
FGVPM Selancar 06							
No. of Workers (Male)	-	50	10	-	195	4	259
No. of Workers (Female)	-	16	-	-	-	-	16
FGVPM Selancar 08							
No. of Workers (Male)	Not Captured	Not Captured	Not Captured	Not Captured	Not Captured	Not Captured	Not Captured
No. of Workers (Female)	Not Captured	Not Captured	Not Captured	Not Captured	Not Captured	Not Captured	Not Captured
FGVPM Selancar 09							
No. of Workers (Male)	-	27	-	-	209	-	236
No. of Workers (Female)	-	1	-	-	-	-	1
Total	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Majority nationality of workers			Main countries: Country 1: Bangladesh Country 2: India Country 3: Indonesia				



	*Please note that percentage of workers for every country in the workforce is not calculated due to data is not captured for Selancar 08 estate.	
<b>Workers Interview Summary</b>		
Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
All groups of workers are included in the scope of this audit such as: <i>Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors.</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, please give details	
Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent	
What was the most common worker complaint?	The workers complaint that they have to pay certain amount (i.e. medical, passport and flight ticket) to the recruitment agency in their home country to expedite the process of recruitment.	
What did the workers like the most about working at this site?	The workers like the most on the benefit provided by the company such as: 1. Free basic amenities (i.e. water, electricity and furniture) 2. Medical treatment fees 3. Safety boxes to keep their own passport 4. Subsidization of water and electricity 5. Orientation Programme at FGV's One Stop Centre 6. Zero recruitment fees in Malaysia	
Any additional comment(s) regarding interviews (if any):	None	





Worker Analysis (based on audited complex)							
The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national and where they do not intend to remain permanently or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity.							
Complex 3: Serting Palm Oil Mill and its Supply Bases							
Details	Local			Migrant*			Total
	Employers Payroll		Contractors Payroll	Employers Payroll		Contractors Payroll	
	Full Time	Contract Worker		Full Time	Contract Worker		
FGVPM Palong 17:							
No. of Workers (Male)	-	23	3	-	126	-	152
No. of Workers (Female)	-	9	-	-	-	-	9
FGVPM Palong 18:							
No. of Workers (Male)	-	48	10	-	131	30	219
No. of Workers (Female)	-	15	-	-	-	-	15
FGVPM Palong 21:							
No. of Workers (Male)	-	17	-	-	171	1	189
No. of Workers (Female)	-	4	-	-	-	-	4
FGVPM Serting Hilir 08:							
No. of Workers (Male)	-	16	1	-	104	-	121
No. of Workers (Female)	-	4	-	-	-	-	4



Total	-	136	14	-	532	31	713
Majority nationality of workers		<b>Main countries:</b> Country 1: Bangladesh approximately 37 % total workforce Country 2: India approximately 14% total workforce Country 3: Malaysia approximately 20% total workforce Country 4: Indonesia approximately 29% total workforce					

Workers Interview Summary		
Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
All groups of workers are included in the scope of this audit such as: <i>Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors.</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, please give details	
Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent	
What was the most common worker complaint?	The workers complaint that they have to pay certain amount (i.e. medical, passport and flight ticket) to the recruitment agency in their home country to expedite the process of recruitment.	
What did the workers like the most about working at this site?	The workers like the most on the benefit provided by the company such as: 1. Free basic amenities (i.e. water, electricity and furniture) 2. Medical treatment fees 3. Safety boxes to keep their own passport 4. Subsidization of water and electricity 5. Orientation Programme at FGV's One Stop Centre 6. Zero recruitment fees in Malaysia	
Any additional comment(s) regarding interviews (if any):	None	





Worker Analysis <i>(based on audited complex)</i>							
The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national and where they do not intend to remain permanently or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity.							
Complex 4: Triang Palm Oil Mill and its Supply Bases							
Details	Local			Migrant*			Total
	Employers Payroll		Contractors Payroll	Employers Payroll		Contractors Payroll	
	Full Time	Contract Worker		Full Time	Contract Worker		
FGVPM Triang Selatan 01:							
No. of Workers (Male)	-	20	8	-	148	22	198
No. of Workers (Female)	-	3	-	-	-	-	3
FGVPM Triang 02:							
No. of Workers (Male)	-	47	5	-	96	-	148
No. of Workers (Female)	-	35	-	-	-	-	35
FGVPM Triang 04:							
No. of Workers (Male)	-	13	1	-	129	5	148
No. of Workers (Female)	-	4	-	-	4	-	8
Total	-	122	14	-	377	27	540
Majority nationality of workers			Main countries: Country 1: Bangladesh Country 2: India Country 3: Indonesia				



	*Please note that percentage of workers for every country in the workforce is not calculated due to data is not captured for Triang 04
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Workers Interview Summary	
Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
All groups of workers are included in the scope of this audit such as: <i>Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors.</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, please give details
Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent
What was the most common worker complaint?	The workers complaint that they have to pay certain amount (i.e. medical, passport and flight ticket) to the recruitment agency in their home country to expedite the process of recruitment.
What did the workers like the most about working at this site?	The workers like the most on the benefit provided by the company such as: 1. Free basic amenities (i.e. water, electricity and furniture) 2. Medical treatment fees 3. Safety boxes to keep their own passport 4. Subsidization of water and electricity 5. Orientation Programme at FGV's One Stop Centre 6. Zero recruitment fees in Malaysia
Any additional comment(s) regarding interviews (if any):	None



## Audit Results by Clause

### A. EMPLOYMENT CONTRACT

CP Directives	Action Plan by FGV	Findings
<p>As per P &amp; C 6.12.3, a special labour policy and procedures shall be established and implemented in respect of all migrant workers employed by FGV, including contractor's workers. The special labour policy should include:</p> <ul style="list-style-type: none"> <li>• Statement of non- discriminatory practices;</li> <li>• No contract substitution;</li> <li>• Post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices, etc; and</li> <li>• Decent living conditions to be provided.</li> </ul>	<p>FGV Group shall, where necessary, strengthen existing policies, and develop a special labour policy/SOP, to address the following issues relating to labour, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Statement of non- discriminatory practices;</li> <li>• No contract substitution;</li> <li>• Post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices, etc; and</li> <li>• Decent living conditions to be provided.</li> </ul> <p>FGV shall ensure that all its policies and procedures relating to labour are communicated to, and are binding on, all its recruitment contractors, agents and supply chains.</p>	<p>FGV Holdings Berhad has established a policy and related procedures on addressing the CP directive. The Group Sustainability Policy (FGV/SED/POL/001, rev. 3, 29-May-19) has been revised and approved by Board of Director. The policy has included the commitment as shown below:</p> <p>(a) Clause 5.1.2.1 - All employees and workers shall receive equal treatment based on their relevant merits and competency regardless of gender, race, nationality, religion, age etc.</p> <p>(b) Clause 5.1.3.4 – FGV Group reiterates its commitment to respect employees' and workers' right to freedom of movement, fair working hours, freedom of association and right to decent living condition</p> <p>The Guidelines and Procedures for Responsible Recruitment of Foreign Workers (FGV/FGVPM-JTK/POL/001, rev. 0.0, 27-Jun-19) has been established to:</p> <p>(a) Commitment no contract substitution, as shown in Clause c (vii).</p> <p>(b) Commitment to have worker's orientation at FGV's One Stop Centre (OSC) located at Nilai, as shown in Clause b. The workers' right, terms and conditions contained in the contract employment, relevant labour and immigration laws etc. will be briefed to new migrant workers.</p>



CP Directives	Action Plan by FGV	Findings
		<p>FGV has communicated the Group Sustainability Policy to its recruitment contractors, agents and supply chains. Briefing to the contractor, agents and supplier conducted by complex basis as sighted in the record briefing contains attendances record, picture and material of briefing.</p> <p>The Post Arrival Orientation Program was conducted at One Stop Centre by <i>Jabatan Tenaga Kerja</i> FGV personnel, as shown in the attendance record and pictures. Post Arrival Orientation Program focus on safety, national law and cultural practices as verified during interview session with sampled new workers recruited. Induction course also conducted to new recruited workers at the first day arrival at operating unit.</p>
<p>FGV shall undertake a full legal and operational audit and review of its current employment contract practices/ processes/ policies/ procedures for all workers (including contractor's workers) to ensure full compliance with national laws and the P &amp; C.</p>	<p>FGV to revise the Employment Contract as per the CP's directives. The revised version (V2) shall be:</p> <ul style="list-style-type: none"> <li>- Translated into National Languages of Foreign Workers</li> <li>- Communicated to relevant embassies of foreign workers employed by FGV.</li> <li>- Explained to workers during orientation of new workers.</li> <li>- Signed by all new foreign workers at their home countries.</li> <li>- Communicated to existing workers, including explaining that the new contract shall supersede any previous contract(s), and arrange for signing.</li> </ul>	<p>FGV Holdings Berhad has conducted internal assessment to review of its current employment contract practices / processes / policies / procedures for all workers including contractor's workers. Report of internal assessment (<i>Senarai Semak Siasatan Pengurusan Penggajian Pekerja Asing</i>) dated 17 to 19 September 2019 and 02 to 04 October 2019 was made available during verification assessment.</p> <p>FGV has updated the employment contract (V2) to ensure compliance with national laws and P&amp;C. The employment contract V2 has been translated to 5 languages of workers (e.g. Malay, Bangla, India).</p> <p>FGV has conducted training and awareness to explain the contract terms. FGV has ensured that all workers have signed the latest version in their understood language. However, the audit team found some inconsistencies in the implementation of signing the latest agreement version (V2), whereby several contract signed by sampled workers still did not use the translated version (e.g. Indonesian version); though the translated V2 contract is required to be fully used, latest by 31<sup>st</sup> March 2019.</p>



CP Directives	Action Plan by FGV	Findings
		<p>The contract has covered basic salary, entitlement of annual/medical leave, voluntarily resignation procedure etc. New employment contract are signed by workers after they have demonstrate their understanding of the term and condition stated in the contact.</p> <p>Explanation of employment contract term and condition carried out in the orientation training and general briefing at operating unit. During interview with sampled workers, they have confirmed their understanding about employment term and condition.</p> <p>FGV has established a Communication Pack established and shown during assessment which used to explain the employment term and condition. Agent whom engaging foreign workers were brief to use V2 contract on 22 February 2019 by <i>Jabatan Tenaga Kerja</i> FGV.</p>
<p>In particular, FGV shall ensure that accurate information of working conditions in the host country, including nature of work, wages, benefits and duration of contract are duly communicated at the time of recruitment.</p>	<p>FGV to address the gaps by adopting the following:</p> <ul style="list-style-type: none"> <li>- Where possible to conduct direct recruitment of foreign workers;</li> <li>- Where the use of recruitment agents is inevitable, FGV must ensure that the selected recruitment agents either in Malaysia or the sourcing countries are legally registered in accordance with the applicable national laws/ regulations.</li> <li>- To ensure that all information on all aspects of working conditions in FGV's operations, including the terms of employment, nature of work, wages and other benefits are duly communicated to the foreign workers in their home country.</li> </ul>	<p>FGV is committed to ensure the recruitment process are conducted transparently at the source country as stated in The Guidelines and Procedures for Responsible Recruitment of Foreign Workers (FGV/FGVPM-JTK/POL/001, rev. 0.0, 27-Jun-19). FGV has established Communication Pack which has been verified during the audit which should be used by the recruitment agencies to explain the employment term and condition; nature of work; wages calculation and benefits at their home country.</p> <p>During interview with sampled workers, they have confirmed that all information on all aspects of working conditions in FGV's operations, including the terms of employment, nature of work, wages and other benefits are duly communicated to the foreign workers in their home country.</p> <p>Refer to list of agent recruitment, the appointed recruitment agents (either in Malaysia or the sourcing countries) are legally registered in accordance with the applicable national laws/ regulations.</p>





CP Directives	Action Plan by FGV	Findings
	<ul style="list-style-type: none"> <li>- Where recruitment is done through agent, FGV shall ensure that the same information is provided to the agent to be communicated to the potential workers during the recruitment process.</li> </ul>	
<p>Employment contracts should be written in a language that the workers understand, signed in the workers' countries of origin and only after the terms have been properly explained to the workers (including all documents referred to in the employment contracts such as the Kadar Upah Kerja).</p> <p>The key is to ensure full disclosure to enable workers to make an informed decision as to the signing of the contract.</p>	<ul style="list-style-type: none"> <li>- See Paragraphs 1 and 3 above.</li> </ul>	<p>FGV has ensure that the employment contract (V2) has been translated to national languages of workers (e.g. Malay, Bangla, India). The contract has covered basic salary, entitlement of annual/medical leave, voluntarily resignation procedure etc.</p> <p>New employment contract has been signed by workers as evidence of understood about the term and condition contained in the employment contact. Based on interview conducted with new batch of workers hired by FGV (e.g. after Mar 2019), it was confirm that they have been explained about the terms and conditions and signed the contract at their home country.</p> <p>Upon arrival in Malaysia (KLIA), these workers are fetched to FGV One Stop Centre in Nilai, Malaysia for orientation program, whereby the explanation of employment contract terms and conditions and general briefing are re-explained.</p> <p>As verification during interview session with sampled workers have confirmed that all information on all aspects of working conditions in FGV's operations, including the terms of employment, nature of work, wages and other benefits are duly communicated to the foreign workers in their home country.</p>



CP Directives	Action Plan by FGV	Findings
		Assessment team found that there are inconsistencies in the translated version of employment contract (e.g. the Indonesian version) clause 13.4 (i) which stated that "Karyawan diizinkan mengambil cuti berbayar untuk kembali ke Negara Asalnya...." This is important to highlight as it may lead to misunderstanding by the workers. However, the audit team has confirmed with FGV's management that, in case of inconsistencies in the translation, the Malay version shall prevail.
To promote non-discrimination against illiterate workers, the content of the contract is to be orally transmitted to the workers, by or on behalf of the employer.	<ul style="list-style-type: none"> <li>- FGV to put in place a process which will require actions to be taken in the home country to ensure that illiterate workers are not discriminated and that the contract is orally read and explained to them.</li> <li>- For existing illiterate foreign workers, FGV shall ensure that the contract is orally transmitted to them. If necessary, an interpreter shall be provided.</li> </ul>	<p>As part of ensuring employment terms are adequately communicated, FGV had on 22 February 2019 reminded the appointed recruitment agencies at source country to ensure adequate understanding for all illiterate foreign workers and to transmit the contents of employment contract orally to the new workers. This will be in line with FGV's The Guidelines and Procedures for Responsible Recruitment of Foreign Workers (FGV/FGVPM-JTK/POL/001, rev. 0.0, 27-Jun-19).</p> <p>Briefing on employment contract (V2) are re-conducted at FGV One Stop Centre and operating unit.</p> <p>Regular briefing at operating unit level are conducted to all workers by stages. Operating unit has appointed translator (using senior worker from their home country) to explain contents of employment contract (V2) to the workers.</p>
Once signed, FGV shall ensure that no contract substitution occurs, whereby contracts signed by workers in their home country is respected and adhered to by FGV and the work they perform is in accordance with their contractual terms.	<ul style="list-style-type: none"> <li>- There shall be only one employment contract (V2) signed by foreign workers.</li> <li>- For new workers, this employment contract shall be signed in their home countries and workers shall be provided with a copy for their safe keeping.</li> </ul>	As stated in The Guidelines and Procedures for Responsible Recruitment of Foreign Workers (FGV/FGVPM-JTK/POL/001, rev. 0.0, 27-Jun-19); FGV shall ensure no contract substitution shall occurs. During interview with sampled workers, it was confirm that there is no contract substitution by FGV as per explained and/or signed when their first arrive in Malaysia.



CP Directives	Action Plan by FGV	Findings
	<ul style="list-style-type: none"> <li>- For existing workers employed, FGV will seek their agreement to accept and sign the V2 contract which will supersede the previous contract.</li> <li>- FGV will respect the workers right not to accept the revised employment contract.</li> <li>- There shall be periodical assessments to ensure there is no violation of the contractual terms.</li> </ul>	<p>All workers have been briefed with the improvised and updated version of employment contract (V2) before they are requested to sign the latest version. Verified that existing workers have signed and understood the contents of employment contract (V2) which will supersede the previous contract.</p> <p>For new workers, this employment contract has been signed in their home countries and workers are provided with a copy for their safe keeping as verified during interview with new recruited workers. The audit team have verified copies of the agreement signed by workers in their countries and confirmed that it is using latest version.</p> <p>Based on interview with sampled workers, it was confirmed that all terms stipulated in the contract are fulfilled by FGV. There is no contract substitution observed when examine the workers' personal file.</p>
<p>Further, workers' freedom to resign without penalty and in accordance with law must be respected.</p> <p>Action plan shall consider issues that may arise from termination under the contract either by FGV or on the initiative of the workers, including costs implication and costs sharing, without undermining workers' freedom of movement.</p>	<ul style="list-style-type: none"> <li>- FGV shall recognise and respect the workers' right to terminate the employment contract in accordance with prescribed requirements. eg. Notice or pay in lieu).</li> <li>- This shall be reflected in the revised employment contract and informed to all the workers.</li> <li>- On the implication of termination of employment, FGV shall identify an amicable solution in particular on matters relating to any cost implication resulting from the termination of employment.</li> </ul>	<p>The Guidelines and Procedures for Responsible Recruitment of Foreign Workers Clause 7d(i) has stated the worker's right to end the contract of employment before its expiry date by providing a 30 days' notice. Implementation of the procedure has been verified with the workers during interview session.</p> <p>The V2 contract clauses 16.2 &amp; 16.3 has stated the similar procedure of early termination of contract by migrant workers. Worker will not be imposed any fee or penalty if notice is given to employer according to procedure.</p> <p>The team found that there are inconsistencies noted among the complex practices whereby some of the complex did not allowed the workers to reimburse the 50% journey fare as stated in employment contract Section 13.4 (iv) in case they are taking more than entitled leave (&gt;45 or &gt;60 days).</p>





## B. LABOUR RECRUITMENT CONTRACT AGENT

CP Directives	Action Plan by FGV	Findings
<p>FGV shall adopt and apply Standard Operating Procedures (SOPs) for all its labour recruitment contractors/agents (in Malaysia as well as those in the countries of origin) in full compliance with the P &amp; C.</p> <p>Transparency and accountability should be required of contractors/agents in the entire recruitment process and this principle should feature prominently in the said SOPs.</p> <p>FGV is obligated to exercise due diligence over its contractors/agents and will be held accountable for breaches by such contractors/agents.</p> <p>Among others, the following elements should be included in the said SOPs:</p> <ul style="list-style-type: none"> <li>- FGV only engages duly registered labour recruitment contractors/agents who do not support or partake in any form of forced or trafficked labour;</li> <li>- no recruitment fees/ costs should be charged to/deducted from workers at any stage of the recruitment process, including by its contractors;</li> <li>- such recruitment fees/costs should be borne by FGV;</li> <li>- there is an effective grievance mechanism in place to receive complaints from workers, without any fear of reprisal;</li> <li>- errant contractors/agents should be "blacklisted" and terminated; and</li> </ul>	<ul style="list-style-type: none"> <li>- FGV to strengthen its SOP to address the elements stipulated by CP including, but not limited to: <ul style="list-style-type: none"> <li>• Ensuring that FGV only engages duly registered labour recruitment contractors/agents who do not support or partake in any form of forced or trafficked labour;</li> <li>• Clarity on the imposition of recruitment fee;</li> <li>• Strengthen the grievance mechanism to receive complaints from workers, without any fear of reprisal;</li> <li>• Applicable procedures to monitor and scrutinise the recruitment agents and contractors. This shall include actions necessary to address and manage errant contractors/agents, one of which shall include termination of service;</li> <li>• Applicability of all FGV policies and SOPs on agents and contractors to ensure transparency and accountability in their actions.</li> </ul> </li> <li>- The SOPs shall be communicated to the relevant personnel for effective implementation.</li> </ul>	<p>FGV has established FGV Group Guidelines and Procedures for Responsible Recruitment of Foreign Workers dated 27 Jun 2019 to describe the process of its labour recruitment agents (both in Malaysia and source country). During the employment process, the appointed Recruitment Agents are engaged through open tender process (transparently and accountability) by FGV. This process has been explained in <i>Kontrak Pembekal Tenaga Kerja</i>.</p> <p>Upon appointment of recruitment agents at source country, FGV will issue a Letter of Award which detailed out procedures for the recruitment services.</p> <p>FGV has conducted training and briefing on all requirements as per recruitment procedure or guidelines to ensure:</p> <ol style="list-style-type: none"> <li>FGV only engages duly registered labour recruitment contractors/agents who do not support or partake in any form of forced or trafficked labour;</li> <li>no recruitment fees/ costs should be charged to/deducted from workers at any stage of the recruitment process, including by its contractors;</li> <li>such recruitment fees/costs should be borne by FGV;</li> <li>there is an effective grievance mechanism in place to receive complaints from workers, without any fear of reprisal;</li> </ol>



CP Directives	Action Plan by FGV	Findings
<p>- acting on FGV's commitment to phase out contractors, FGV should where possible, conduct direct and in-person hiring in the workers' countries of origin.</p> <p>The SOPs, upon completion, should enter into immediate force. Staff at all levels should be trained on its substance and implementation measures. It should also be assessed and reviewed regularly to ensure it meets national and international standards on recruitment and employment of migrant workers.</p>	<p>- Periodical review of the SOPs will be carried out to ensure the SOPs adequately addresses new / revised requirements pertaining to legal and/or sustainability standards.</p>	<p>However, based on interview, it was still found that the workers have to pay certain amount to the agent (or sub-agent) as pre-employment fee prior to departure to Malaysia. This is tantamount to the recruitment guidelines (Section 5 (b) (1); and Section 5.4 (ii) of the Letter of Award whereby no fee/charges should be imposed onto the workers.</p> <p>Although FGV has established a plan to perform forensic audit on the appointed recruitment agencies at the source country, there is no evident of any audit exercise has took place yet on the recruitment agencies (e.g. Indonesia and India) to further understand any cost/fees imposed by the agent (or sub-agent).</p> <p>Based on verification conducted, FGV has explained that they are closely working with IOM and Earthworms Foundation to do Social Labour Mapping related to recruitment activities.</p> <p>FGV has demonstrated proactive action to minimize usage of contractors in their operation as verified during the audit. Most of the activities which is still outsourced to the contractors are FFB transportation and harvesting. The audit team has met with several contractors and their workers throughout the audit to confirm their understanding on legal and recruitment procedures imposed by FGV. Result of the interview confirms that all recruitment process meets national and international standards on recruitment and employment of migrant workers</p> <p>FGV has introduced an effective mechanism to handle grievances/complaint/whistle-blowers as per Section 3.5.2: Grievance Management of Group Sustainability Policy (FGV/SED/POL/001) dated 29 May 2019.</p> <p>FGV at group level has form a special department (e.g. <i>Jabatan Tenaga Kerja FGV</i>) to monitor the recruitment process.</p>



CP Directives	Action Plan by FGV	Findings
<p>Acting on FGV's commitment to phase out contractors, FGV should where possible, conduct direct and in-person hiring in the workers' countries of origin.</p>	<ul style="list-style-type: none"> <li>- FGV to phase out contractors with irregular workers, and where possible will recruit workers directly to fill the void.</li> <li>- Where inevitable, FGV is committed to engage contractors with good labour management practices and will ensure that selection and appointment of contractors follow the applicable SOPs.</li> <li>- FGV to strengthen provisions in the contract between FGV and contractor requiring contractors to, amongst others:               <ul style="list-style-type: none"> <li>• have in place good labour practices;</li> <li>• comply with FGV's policy and procedures on labour management; and</li> <li>• comply with the applicable standards on health and safety for their workers.</li> </ul> </li> </ul>	<p>FGV is committed to phase out contractors in their operation as confirmed through interview with <i>Jabatan Tenaga Kerja FGV</i>. This can be supported with significant reduction of outsourced activities at sampled complex audited during the audit.</p> <p>For activities which still require support from contractors, FGV has taken proactive measure to ensure the hiring process by the contractors are done in line with FGV's Procedures for Responsible Recruitment of Foreign Workers (FGV/FGVPM-JTK/POL/001, rev. 0.0, 27-Jun-19).</p> <p>Based on interview with contractors and management representative, it was confirmed that all workers are in compliant with legal requirements, holding valid work permit and work agreement.</p>



### C. PAY AND WORKING CONDITION

CP Directives	Action Plan by FGV	Findings
<p>FGV shall undertake a full legal and operational audit and review of its current practices / processes / policies / procedures relating to wages / deductions and working/living conditions for all workers (local and foreign) to ensure full compliance with the P &amp; C.</p> <p>In this regard, FGV should remove all forms of discrimination between local and foreign workers.</p>	See Paragraph 1 above.	<p>During the verification audit conducted at all sampled complex, it was found that FGV has taken appropriate measure to ensure no forms of discrimination between locals and foreign workers in term of pay and working conditions. This has been confirmed based on documentation review (e.g. payslip, <i>Kad Kerja</i>, Pocket Checkroll Report, employment contract) and interview with sampled workers and management representatives.</p> <p>In addition, FGV Holdings Berhad has obtained approval of permit for salary deduction from <i>Jabatan Tenaga Kerja Semenanjung Malaysia</i> to make lawful deduction.</p>
<p>As per P &amp; C 6.12.3, a special labour policy and procedures shall be established and implemented in respect of all migrant workers employed by FGV, including contractor's workers. The special labour policy should include:</p> <ul style="list-style-type: none"> <li>• Statement of non- discriminatory practices;</li> <li>• No contract substitution;</li> <li>• Post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices etc.; and</li> <li>• Decent living conditions to be provided.</li> </ul>	See Paragraphs 1 and 3 above.	<p>FGV has established few documented procedures and policy to which explained the group's commitment on labour policy in respect to all migrant workers employed by FGV (including their contractor's worker).</p> <p>These documents are referred and verified through:</p> <ol style="list-style-type: none"> <li>a. Group Sustainability Policy (FGV/SED/POL-001) dated 29 May 2019</li> <li>b. FGV Group Guidelines and Procedures for Responsible Recruitment of Foreign Workers dated 27 Jun 2019</li> <li>c. FGV Group's Supplier Code of Conduct dated April 2019</li> </ol> <p>It was confirmed through all these documents that FGV has addressed all elements highlighted by CP Directives. These documents and procedure has been explained to all newly hire migrant workers during Orientation Programme at FGV's One Stop Centre.</p>



CP Directives	Action Plan by FGV	Findings
		<p>The audit team has also verify the implementation of these documented procedures and policy through interview with workers and management representatives. It was found that FGV is progressively implementing all actions plans presented throughout their operation in Peninsular Malaysia. This can be confirmed through the presented Tentative Engagement Program (Jun-Dec 2019) for GSP Roadshow presented to the audit team.</p>
<p>Considering the nature/risk profile of work in the plantations, FGV shall ensure access to medical amenities and affordable healthcare is available to workers in accordance with national and international laws as well as the P &amp; C.</p>	<p>- FGV to continue its current practices with regard to ensuring access to, and affordability of, appropriate / medical treatment and social security protection for all its workers.</p>	<p>FGV has indicated their commitment to ensure access to medical amenities and affordable healthcare throughout their operations in Peninsular Malaysia. This can be supported through their FGV Group Guidelines and Procedures for Responsible Recruitment of Foreign Workers dated 27 Jun 2019 as well as Employment Contract signed by the workers (Version 2 – Mar 2019).</p> <p>Although there is no clinic available within the plantation area, it has been demonstrated that the access to nearby medical amenities and affordable healthcare is available to workers. Free transportation are provided to the workers to go to nearby clinic and hospital.</p> <p>Verification against worker's Employment Contract confirmed that FGV has allocated certain amount for medical treatment fees for outpatient as below:</p> <ol style="list-style-type: none"> <li>1. RM 200 for single (local and foreign workers)</li> <li>2. RM 400 for family (local)</li> <li>3. RM 200 (wife for local) and RM 400 (husband for local)</li> </ol> <p>Through interview with the sampled workers and management representatives, cost of medical treatment for inpatient/hospitalization will be covered by FGV Group and for accident will covered by FWCS/SOSCO.</p>





CP Directives	Action Plan by FGV	Findings
		Based on the documentation review and interview with sampled workers, the audit team found that allocation amount for medical treatment fees for outpatient (RM200) for single is not sufficient. Based on the records provided at visited complex, the allocation of RM200 are fully utilized by workers after their second or third visit to the clinic.
In addition, FGV shall ensure that workers are made aware of the terms and benefits of the FWCS under which they are insured.	<ul style="list-style-type: none"> <li>- FGV to ensure that foreign workers are adequately briefed and informed of their medical benefit and entitlements.</li> <li>- Also, FGV must ensure that foreign workers are informed of their insurance benefits under FWCS.</li> </ul>	<p>As per stated in Employer's Circular No. 3 Year 2018 of Employees' Social Security Act 1969 (Transfer Of Foreign Workers' Coverage From The Foreign Workers Compensation Scheme (FWCS), The Department of Labour To SOCSO Employment Injury Scheme), stated that 'With effect from 1 January 2019, SOCSO will take over the compensation for foreign workers according to the provision under the Employees' Social Security Act 1969 (Act 4) covering the Employment Injury Scheme only'.</p> <p>All existing valid FWCS policy are still maintained and will be transferred to SOCSO upon their permit renewal.</p> <p>Training related to medical benefits and insurance has been conducted during orientation program at FGV's One Stop Centre. In addition, FGV has progressively conducting briefing on SOCSO throughout their plantations in Peninsular Malaysia to all level of workforce. However, the training conducted at FGV's One Stop Centre and briefing on SOCSO throughout their plantations in Peninsular Malaysia has yet to explain on the terms and benefits of the SOCSO to the workers.</p> <p>In addition, interview with sampled workers still found that they are not aware of the terms and benefits of the SOCSO under which they are insured/covered.</p>



#### D. PASSPORTS

CP Directives	Action Plan by FGV	Findings
<p>Whilst the Complaints Panel notes steps already taken by FGV with regard to foreign workers' passports, the Complaints Panel reiterates that retention and withholding of passport and other identity documents of workers, in particular migrant workers, is prohibited by law. In instances where the workers request the assistance of the employer in safekeeping of their passport or identity documents, this shall be done through written request in the workers' own language; and the workers must, at all times, have access to the documents.</p>	<ul style="list-style-type: none"> <li>- FGV shall ensure that all foreign workers' passports are returned to all workers.</li> <li>- In facilitating the safe keeping of passports, FGV shall ensure all complexes are equipped with safety boxes.</li> <li>- FGV to expedite the installation of the safety boxes in Sabah and Sarawak.</li> <li>- FGV shall ensure that workers understand their responsibility to keep their passports securely and safely. In case the passports are damaged or lost, workers shall bear the associated cost for the replacement of the legal document.</li> </ul>	<p>In addressing CP Directives, FGV has demonstrated their positive feedback to ensure that all passports are not retained by the management. This can be referred to Section 6 (c) (v) of the FGV Group Guidelines and Procedures for Responsible Recruitment of Foreign Workers dated 27 Jun 2019. FGV has installed safety boxes for all foreign workers to keep their passports voluntarily throughout their operations in Peninsular Malaysian. All workers have been provided with individual key to access their passport at all times.</p> <p>Based on interview with FGV's representative, it was confirmed that all passports have been returned to the foreign workers immediately after completion of work permit process, and they are free to keep their passports in the safety boxes or by themselves.</p> <p>Through the orientation program at FGV's One Stop Centre, all foreign workers will be informed of their responsibility to ensure the safekeeping of their own passport and the consequences of losing / damaging their passport.</p> <p>Positive feedback from sampled workers has been received by the audit team regarding the passport handover and facilities provided by FGV for them to keep their passport safely. The worker has also confirmed that they are not prevented to get access to their passport at any time.</p>



CP Directives	Action Plan by FGV	Findings
<p>There should be no constraints on the ability of the worker to leave the place of employment or any restrictions placed on their freedom of movement, outside working hours. The Complaints Panel notes FGV's submission that "legally, the workers are employed under FGV's work quota and therefore, the responsibility to know the presence of the workers lies with FGV." Nevertheless, it is important that FGV strike a balance between oversight and the workers' freedom of movement outside work time. In this regard, FGV shall adopt and apply Standard Operating Procedures (SOPs) setting out, among others, the circumstances under which permission to leave the plantations outside work time may be granted or denied. In coming up with these SOPs, FGV shall ensure that the workers' freedom of movement is not undermined.</p>	<ul style="list-style-type: none"> <li>- FGV to ensure that it respects workers' freedom of movement and do not impose unnecessary restrictions.</li> <li>- This must be communicated to all workers.</li> </ul>	<p>It is now as a practice throughout all FGV operations in Peninsular Malaysia that foreign workers do not need to seek approval to leave the premises, but voluntary requested to notify the guardhouse or estate's management by fill in <i>Borang Rekod Makluman Keluar Ladang TKA, Borang Pemberitahuan Pekerja Keluar Ladang and Borang Makluman Keluar</i> for security reason.</p> <p>However, there is still found inconsistencies on the implementation of Group Sustainability Policy, Section 5.1.3.4 "FGV Group reiterates its commitment to respect employees' and workers right to freedom of movement, fair working hours, freedom of association and right to decent living condition among the estates. Through interview with the sampled workers, it was still found that the understanding of some workers on freedom of movement is still lacking.</p>





#### E. UNDOCUMENTED/ILLEGAL/TRAFFICKED WORKERS

CP Directives	Action Plan by FGV	Findings
<p>FGV shall undertake a full legal and operational audit and review of its foreign workers (including contractor's workers) to ensure full compliance with national<sup>1</sup> and international<sup>2</sup> laws, as well as the P &amp; C.</p> <p>FGV shall undertake a full legal and operational audit and review of its contractors including their labor force to ensure that any gaps or deficiencies are rectified, possibly including restitution in case of underpayment of wages or illegal/ excessive deductions, in full compliance with applicable legal requirements as well as the P &amp; C.</p>	<p><i>Please see Paragraphs 8 and 9 above</i></p>	<p>FGV has conducted few series of full legal and operational audit to review its foreign workers status (including the contractor's workers) in compliance with national and international laws. This has been verified by the audit team through Sustainability Compliance &amp; Certification (SCC) GSD checklist.</p> <p>The assessment has been conducted by Sustainability Team which has been confirmed through the checklist. Outcome of the audit has been presented for management review and establishment of action plan as submitted to RSPO.</p> <p>During the audit at all sampled complex, it was found that all workers (including contractor's workers) are in compliance with local laws such as fair employment contract, payment of minimum wages, safety and health and accommodation. This has been verified through documentation review of employment contract, payment of wages and personal working permit for every workers.</p>
<p>The unlawful outsourcing of FGV's foreign workers to contractors shall immediately stop. FGV shall commit to only recruit legal migrant workers and this commitment extends to its contractors. As clearly enshrined in P &amp; C 6.12, FGV and its contractors shall ensure that no trafficked labour are used.</p> <p>To this end, FGV shall undertake a full legal and operational audit and review of its foreign workers (including contractor's workers) to ensure full compliance with national and international laws, as well as the P &amp; C.</p>	<ul style="list-style-type: none"> <li>- FGV shall ensure that this incident do not recur in the future.</li> <li>- With regard to quota distributed in the past, FGV shall undertake the necessary remediation action to provide fair redress to all parties involved in particular the workers.</li> </ul>	<p>FGV has taken necessary action to ensure that unlawful outsourcing of FGV's foreign works is immediately stop. This has been demonstrated through data analysis of numbers of workers previously hired by contractors (using FGV's quota) has been absorbed into check roll by FGV. It was verified that the transfer process has been conducted voluntarily and transparently.</p>



CP Directives	Action Plan by FGV	Findings
<p>Pursuant to the aforementioned audit/review, FGV shall draw up an action plan to effectively address any gaps/deficiencies identified.</p>		<p>FGV has shown their commitment to only recruit legal migrant workers and this commitment extends to its contractors. It was also verified that FGV has explained their commitment to ensure no trafficked/undocumented labour as stated in the Guidelines and Procedures for Responsible Recruitment of Foreign Workers (FGV/FGVPM-JTK/POL/001, rev. 0.0, 27-Jun-19) to its contractors.</p> <p>FGV has conducted legal and operational audit and review of its foreign workers (including contractor's workers) to ensure compliance with national and international laws and no trafficked labour are in use.</p>
<p>Noting the findings/breaches established under items ii – iv in the preceding column, FGV should act on its commitment to phase out contractors on its plantations. In this regard, an action plan should be drawn up to guide FGV's implementation to this end, while ensuring minimal adverse impact on the contractor's workers.</p> <p>Notwithstanding, FGV shall undertake a full legal and operational audit and review of its contractors including their labour force to ensure that any gaps or deficiencies are rectified, possibly including restitution in case of underpayment of wages or illegal/ excessive deductions, in full compliance with applicable legal requirements as well as the P &amp; C.</p>	<p>Please see Paragraphs 8, 9 and 17 above</p>	<p>FGV has conducted a full legal and operational audit and review of its contractors including their labour force to ensure that any gaps or deficiencies are rectified, possibly including restitution in case of underpayment of wages or illegal/ excessive deductions, in full compliance with applicable legal requirements as well as the P&amp;C.</p> <p>The audit team has verified and it was demonstrated that FGV has implement their action plan to phase out contractors accordingly. As of the date of audit, it was found that only several complex is still using contractors services (on a very limited/minimum task) such as harvesting and FFB transportation.</p> <p>Based on interview with contractors, this exercise has been done in an open and transparent manner to ensure minimum impact on the contractor's worker.</p>



## F. HEALTH AND SAFETY REQUIREMENTS

CP Directives	Action Plan by FGV	Findings
FGV shall review its current OSH/PPE policy and Standard Operating Procedures (SOPs), and ensure full compliance with <b>P &amp; C 4.7 and 4.8</b> . FGV shall ensure that such reviewed OSH/PPE policy and SOPs are properly implemented and monitored in respect of all workers including contractor's workers.	<ul style="list-style-type: none"> <li>- FGV to ensure that all OSH policies and SOPs are reviewed periodically to ensure compliance to the required standards.</li> <li>- With regard to contractors, FGV shall require contractors to comply with FGV's health and safety standards for their workers.</li> </ul>	<p>FGV has established the Group Sustainability Policy (GSP) (Ref No.: FGV/SED/POL/001) dated 29 May 2019 that outlines the company's commitment to providing a healthy and safe working environment in its operations for all its workers and employees. The policy also specifies the company's commitment to allocate appropriate resources in order to minimise and eliminate health and safety risk.</p> <p>As for implementing the OSH SOP, the HIRARC is also available with the latest updated version is made available to the team. Observed that the HIRARC outlines the details of the identified risk and hazards for all working areas within the estate. Training is also conducted for the workers as part of the identified recommended control on the respective working areas.</p> <p>On the field, the team has verified the usage of PPE by the workers and indicates certain discrepancies in using the PPEs as per provided by the company for both company's workers and subcontractor workers.</p>
As per the <b>Specific Guidance for P &amp; C 6.12.3</b> , a comprehensive post-arrival orientation programme, which among others focuses on safety, should be drawn up and implemented in respect of all new migrant workers to ensure that these workers are well equipped and adequately prepared to commence work on the plantations.	<ul style="list-style-type: none"> <li>- FGV to include OSH and PPE information into training materials for all workers during post-arrival orientation programme.</li> </ul>	<p>FGV is using the Communication Pack as part of the post-arrival orientation programme to provide the workers on the understanding, rules within the company as well as the do's and don'ts of the company that is also inclusive of the understanding of the OSH requirements within the company.</p> <p>Evidence of the Communication Pack has been verified during the verification audit.</p>



## G. ADEQUATE HOUSING ACCOMMODATION

CP Directives	Action Plan by FGV	Findings
<p>FGV should undertake a full legal and operational audit and review of the housing/ accommodation conditions of its migrant workers (including contractor's workers) to ensure full compliance with national laws, international human rights standards as well as the P &amp; C. Gaps and deficiencies identified in the abovementioned audit/review must be rectified to ensure meaningful improvements to migrant workers' (including contractor's workers) housing/ accommodation conditions.</p>	<ul style="list-style-type: none"> <li>- FGV is committed to ensure its workers' accommodation are in line with the applicable national standards. This commitment must be supported by necessary financial provisions.</li> <li>- In order to maintain good lineside management and to ensure healthy and safe housing conditions, there shall be periodical inspections of workers' accommodations.</li> </ul>	<p>FGV has allocated more than RM25 million for construction of workers' housing/ accommodation involving about 45 estates throughout Malaysia, which targeted to be completed by end of 2020. On other hand there is no construction of new housing / accommodation made by the FGV at visited estates during the verification audit. For the sampled estates, the verification team observed that the housing complex verified have been established between 1994 and 2010.</p> <p>Further verification showed that FGV have made tremendous effort in improvise to ensure the housing / accommodation conditions of its migrant workers (including the subcontractor workers whom being employed for jobs either as the harvesters, replanting or transporting the FFB) in compliance with the national laws in particular the Workers Standard Housing and Basic Amenities Regulations 1990. Verification during the audit confirmed the housing complex has been constructed in accordance with the above laws.</p> <p>No discrimination between the groups of workers observed during the visit. Basically all groups of the workers received similar type of house with adequate facilities as per in the above laws.</p> <p>Routine housing inspection is found performed on a weekly basis and found to be covering the provision as per required by the above law and regulations.</p>



CP Directives	Action Plan by FGV	Findings
		<p>At a few sampled complex, the FGV's management has identified there are a few housing complexes have their CFs expired (for temporary housing complex) and / or missing. Hence, efforts on renew and / or obtain the CFs from the relevant governing body (<i>Jabatan Tenaga Kerja Semenanjung Malaysia</i>) has been taken. All relevant documents for the application process and feedback from <i>Jabatan Tenaga Kerja Semenanjung Malaysia</i> were verified during the audit. The governing body is scheduled to conduct visit by end of October 2019.</p>
<p>FGV shall remove all forms of discrimination between FGV's workers and contractor's workers, as well as between local and migrant workers.</p>	<p>Please see Paragraphs 1 and 2 above.</p>	<p>No evidences of discrimination between the groups of workers observed during the visit. Basically all groups of the workers received similar type of house with adequate facilities as per in the above laws.</p> <p>Routine housing inspection is performed on a weekly basis and found to be covering the provision as per required by the above law and regulations.</p> <p>The above is found to be in compliance with the company's GSP that outlines the company's commitment to promote equal treatment based on their relevant merits and competency regardless of gender, race, nationality, religion, age, physical condition, and marital status, reproductive rights of women, union membership/affiliation/employment status or political affiliation.</p>





CP Directives	Action Plan by FGV	Findings
<p>Relatedly, FGV should consider implementing reasonable ways to reduce the burden of electricity and water costs charged to migrant workers (including contractor's workers). For these purposes, FGV shall draw up an action plan to guide its implementation/ rectification in accordance with national laws, international human rights standards as well as the P &amp; C.</p>	<ul style="list-style-type: none"> <li>- FGV shall reasonably consider ways to reduce the utilities burden of foreign workers.</li> </ul>	<p>FGV has made an effort to implement the reasonable ways to reduce the burden of electricity and water cost charged to their workers that is including the subcontractor workers.</p> <p>Reflecting to the progress report submitted by FGV, in regards to fully subsidised water supply, FGV trialled this in January 2019 and noted that the cost incurred was too high. Based on this, FGV had re-instituted its earlier practice of subsidising RM4 for workers' water supply.</p> <p>Later on 11 February 2019, FGV issued a circular instructing the following:</p> <ul style="list-style-type: none"> <li>• for electricity usage FGV, will subsidies RM 6 to all its workers in estates where the supply is provided by TNB; and</li> <li>• Where the supply is self-generated by the estates, the electricity shall be provided at no cost to the workers.</li> </ul> <p>During the audit has confirmed that FGV has provided the electricity and water subsidy at the given rate of RM 6 and RM 4 per month respectively for most of the workers.</p> <p>There are inconsistencies in the implementation whereby some workers were given subsidy at RM 4 for each electricity and water in a sampled month.</p> <p>Despite the above, the audit team has found some inconsistencies in the statement of the said subsidy on the workers' payslip:</p> <ul style="list-style-type: none"> <li>• The subsidy (RM 6 for electricity and RM 4 for water) specified in monthly salary payslip, then deduction made according to actual usage.</li> </ul>



CP Directives	Action Plan by FGV	Findings
		<ul style="list-style-type: none"> <li>While there are also evidences that deduction for electricity and water usage based on the calculation of actual usage minus the subsidized amount is stated in the payslip, but the subsidized amount was not appear.</li> </ul> <p>As for the subcontractor workers, the subsidy is given through the company's arrangement with the subcontractors.</p> <p>These are occurred for those estate which electricity and water supplied by national grid (for example: Tenaga Nasional Berhad, Syarikat Air Johor, Perbadanan Air Pahang).</p>



## H. ADEQUATE FOOD AND SUPPLIES

CP Directives	Action Plan by FGV	Findings
<p>FGV should undertake a full legal and operational audit and review of the access to adequate, sufficient and affordable food/supplies by its migrant workers (including contractor's workers) to ensure compliance with international human rights standards as well as the P &amp; C. Gaps and deficiencies identified must be rectified to ensure meaningful improvements to migrant workers' (including contractor's workers) access to adequate, sufficient and affordable food and supplies, including basic necessities. In this regard, FGV shall eliminate profiteering by third party suppliers.</p>	<ul style="list-style-type: none"> <li>- FGV issued a circular to the estate and mill management to ensure that the prices are</li> <li>- Monitored periodically, especially those by merchants coming straight to workers' housing areas.</li> <li>- FGV shall advise workers to inform management if there are incidences where prices are unjustified. FGV will investigate accordingly.</li> </ul>	<p>Verification during the site visit at the complex confirmed that the workers have been provided with one-off non-deductible allowance amounting of RM200 to be provided to all newly arrived foreign workers covering the following:</p> <ul style="list-style-type: none"> <li>• Cash amounting to RM50; and</li> <li>• Food/groceries supplies equivalent to the value of RM 150.</li> </ul> <p>Interview with several newly arrived workers (arriving between September 2018 to September 2019) confirmed that they have been provided an allowance equivalent to the above amount upon their arrival in Malaysia.</p> <p>Transportation is also provided by FGV in order for migrant workers requiring a transportation services for them to get food supplies from the nearest town.</p> <p>The request to use FGV's transportation services can be made by anytime. This has been proven through interview with several workers and daily transport logbook records.</p> <p>Other than that, food and supplies are also made accessible from the shop located nearby to the workers housing complex. Based on interview conducted with migrant workers, no issue pertaining to profiteering by third party suppliers were occur within the complexes.</p>





## I. PROTECTION OF WHISTLEBLOWERS AND COMPLAINANTS

CP Directives	Action Plan by FGV	Findings
<p>FGV should undertake a full legal and operational audit and review of its grievance mechanisms, particularly the hotline.</p> <p>Guidelines for the use of the mechanisms should be adopted, and explained to the workers. There should be an accessible database to record, track and monitor the complaints and issues. Fixed response times should be set and informed to the workers.</p> <p>FGV's staff should be trained to implement the grievance mechanisms, and to constructively engage with the workers to allay the risk/fear of reprisals.</p>	<ul style="list-style-type: none"> <li>- FGV shall ensure that workers have adequate access to functional grievance mechanism and that they can voice their concerns/grievances without fear of reprisal.</li> <li>- To achieve the above, FGV will develop guidelines on grievance mechanism which shall be communicated and implemented throughout its operation.</li> <li>- Additionally, adequate monitoring and tracking system should be developed to ensure grievances are addressed accordingly.</li> </ul>	<p>Procedure for protecting the whistleblower is stated in the Complaints and Grievance Procedure (Ref No.: FGV/ML-1A/L2-Pr13) dated 01 April 2019. The audit team also observed that for the complaints against the top management of the estate/company, such process shall be covered within the Whistleblowing Policy and Procedure (Ref No.: FGV/GGD/POL/001 dated 28 May 2018). Observed that the procedure outlines the means for handling the complaints and the means to protect the complainant upon complaining against the certain entity of the management. System for addressing the grievances raised by the workers are through complaint box, grievance/complaint book, worker's representative and whistleblower hotline via phone number (1-800-888-717). Observed also that there is a specific committee i.e. Whistleblowing Policy which is established as a responsible entity for managing a reported complaint through a secure and accessible whistleblowing channel, transparent investigation and provide protection.</p> <p>The above procedure has been briefed and trained FGV's staff and the workers. The same procedure has been briefed to the newly employed workers. Evidences of the training and briefing conducted are made available to the assessment team.</p> <p>Observed that the policy is posted on the notice wall at the workers housing which is formulated in Bahasa Melayu language.</p>



CP Directives	Action Plan by FGV	Findings
		<p>Despite the above, the level of the understanding for the workers on the policy and procedure relating to protection of whistleblowers and complainant is still not sufficient whereby the workers were not able to properly demonstrate the procedure. The company may wish to translate all of the policies into the mother language of the respective worker groups.</p>
<p>FGV to implement a policy on protection of human rights defenders (whistleblowers and complainants) and institute relevant mechanisms for reporting and protection.</p>	<p>- FGV is bound and guided by the protection of whistleblowers as provided by its Whistleblowing Policy and the Whistleblower Protection Act 2010.</p>	<p>Observed during the verification audit that the revised GSP includes a strengthened section on human rights which makes reference to the United Nations Guiding Principles on Business and Human Rights (UNGPs), applicable international human rights treaties as well as relevant ILO conventions. The principle of respecting human rights is applied throughout FGV's operations, in line with FGV's commitment to human rights, as outlined in the GSP.</p> <p>Procedure for protecting the whistleblower is stated in the Complaints and Grievance Procedure (Ref No.: FGV/ML-1A/L2-Pr13) dated 01 April 2019. The audit team also observed that for the complaints against the top management of the estate/company, such process shall be covered within the Whistleblowing Policy and Procedure (Ref No.: FGV/GGD/POL/001 dated 28 May 2018). Observed that the procedure outlines the means for handling the complaints and the means to protect the complainant upon complaining against the certain entity of the management. System for addressing the grievances raised by the workers are through complaint box, grievance/complaint book, worker's representative and whistleblower hotline via phone number (1-800-888-717). Observed also that there is a specific committee i.e. Whistleblowing Policy which is established as a responsible entity for managing a reported complaint through a secure and accessible whistleblowing channel, transparent investigation and provide protection.</p>



## J. COMPLIANCE FOR HUMAN RIGHTS AT THE OPERATIONAL LEVEL

CP Directives	Action Plan by FGV	Findings
<p>FGV shall ensure that its human rights policy is properly communicated and effectively implemented to all levels of its workforce including to its contractors and their workers.</p> <p>Regular and compulsory capacity building and training programmes on human rights should be conducted.</p>	<ul style="list-style-type: none"> <li>- FGV shall establish a communication strategy to ensure that the approved policies and relevant SOPs supporting the policies are adequately communicated and implemented internally at all levels.</li> <li>- In addition, these policies shall also be communicated to all FGV's external stakeholders. In particular to its contractors and supply chains to ensure that they understand that they are expected to comply and implement the same in their operations.</li> </ul>	<p>Observed during the verification audit that the revised GSP includes a strengthened section on human rights which makes reference to the United Nations Guiding Principles on Business and Human Rights (UNGPs), applicable international human rights treaties as well as relevant ILO conventions. The principle of respecting human rights is applied throughout FGV's operations, in line with FGV's commitment to human rights, as outlined in the GSP.</p> <p>However, not all complex has communicate the GSP to their workers. Further verification indicates that the GSP training/briefing has been planned to be conducted on a phase-by-phase which will be communicated to workers between October to November 2019. Example of sampled complex that yet to communicate the GSP is Triang Complex and Jerangau Complex.</p>



## Audit Conclusion(s)

### Summary of Good Examples observed:

- The audit team validate that FGV has handed over all workers passport to keep by the workers. At the same time, FGV has provided safety boxes (with lock) facilities for the workers in case they would like to keep them securely. The safety box is located within office compound which is always under supervision of FELDA Security Services. Every worker is provided with individual key and there is no duplicate key kept by FGV management.
- It was found that all workers (including contractor's workers) has been provided with habitable accommodation such as workers quarters/housing/dormitory. The audit team found that all workers are provided with individual lockable wardrobe, single bed and cooking appliances. The conditions of housing facilities are well maintained in a clean environment, with adequate water supplies, toilet/bathroom and electricity. Waste generated from the housing area are collected for disposal at least twice a week.
- FGV has provided transportation services for all workers to mobilize to and from work site. Transportation are also provided (upon request) to bring workers to clinic, mosque or nearby town at zero cost. During arrival or departure from Malaysia, FGV will arrange pick up services to ensure the workers are safety arrive in KLIA. Due to safety reason, FGV did not allow workers to own any vehicle during their employment in Malaysia.
- To ensure all new workers understand their nature of work and culture, they will be sent to FGV One Stop Centre in Nilai for orientation and medical examination (FOMEMA). During the same period, all workers are briefed on employment contract, safety and health, sustainability policies, complaint and grievance mechanism, Malaysian culture and other related matters to ensure they understand the nature of work in oil palm plantation. FGV has established a Joint Consultative Committee (JCC) as a platform to provide 2 way communication on any issue related to health and safety as well as social. This meeting will be chaired by FGV Regional Officer (third party) and attended by freely elected workers representative form every nationality.
- Throughout the audit, the audit team has receive positive feedback from workers and contractors on the improvement done by FGV and their commitments in ensuring compliance with sustainability, social and safety and health requirements. Regular monitoring of PPE usage, training session to educate awareness on workers and gotong royong at housing facilities is among the positive value highlighted by workers and contractors.



### Areas of Concern(s)/Areas which Require Improvement(s):

*Please describe each issue separately*

- It has come to the audit team concerns related to the amount allocated for outpatient treatment for every workers (RM200 per single workers). Based on observation and records review, most of the workers will utilized the allocated amount after their 3<sup>rd</sup> visit to the clinic (especially foreign workers). Therefore, it might be positive value if FGV could review the allocated amount for outpatient treatment.
- The audit team also have concerns on annual leave entitlement for all workers whereby annual leave will only be paid at year end; and not on the month in which he takes such annual leave as per stated in Section 60E (3) of Employment Act 1955.
- During interview with some workers, the audit team found that they are not comfortable to provide information or any complains. Therefore, FGV may wish to further explain or exposed understanding to the workers for safe space to make any complaint/grievance to the management.
- There are inconsistencies found in the implementation of *Borang Makluman Keluar Ladang* for the workers to voluntarily notify estate management whenever they want to leave the estate. It was found that some estate is making the notification form as a mandatory document before they are allowed to leave the estate.
- There is inconsistencies in the practice by estate on the payslip statement on the allocated subsidy for electricity and water. Some estate are found stating the subsidy allocation as income, and some are deducting the actual amount after subsidy deductions.
- When reviewing Section 13.4 of Indonesian version of employment contract, it was found that the word leave are translated as '*cuti berbayar*'. Therefore, it might lead to misunderstanding by workers although the Malay version shall prevail.

### Verification Audit Recommendation(s)

With all the findings and objective evidences found throughout audit period at the sampled complexes (as presented above), Bureau Veritas Certification (M) Sdn Bhd as the appointed certification body to perform this verification audit **POSITIVELY RECOMMEND** that FGV has demonstrated their compliance and positive progress to fulfil the RSPO Complaint Panel Directive as stated in RSPO Complaints Panel's Directives letter to FGV dated 28th Nov 2018 throughout their complexes in Peninsular Malaysia.

**End of Report**

## RSPO Verification Report

Company Name: FGV Holdings Berhad  
Verified Unit: FGV Sahabat  
Type of Audit: Verification



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# RSPO VERIFICATION SUMMARY REPORT

**TUV NORD Malaysia Sdn Bhd**

assessed

FGV Holdings Berhad  
Sahabat Region

CP Decision dated 28/11/2018

Date of assessment: 07/10/2019 to 10/10/2019



## RSPO Verification Report

Company Name: FGV Holdings Berhad

Verified Unit: FGV Sahabat

Type of Audit: Verification



## 1 Assessment Objectives

FGV Holdings Berhad, Sahabat Region is assessed against RSPO CB decision dated 28/11/2018 on following;

- Verify FGV's implementation of the CP decision throughout FGV's Plantation unit and identify the gaps against the actual implementation.
- Determine the extent of and effectiveness of the actions undertaken by FGV to address the CP Decision
- Determine the full scope of the gaps in compliance and required actions by FGV;

## 2 Methodology

The verification team has apply a risk based approach by means of documents review, interview of workers, staff, managers, internal security personnel, villagers, labour contractors, contractor workers, external security personnel, private & estate clinics and shops owners.

## 3 Verification Team

The verification team consists of a team of 3 auditors having attend SA8000 basic training and experience in auditing RSPO social indicators, OSH, Environmental and legal compliances.

The team members are:

Team Leader: Cheong, Chun Yuen (Robert)

Team members: Mohamad Nurhisham bin Mohd Salleh and Sheron Pui Ling Wui

## 4 Verification Findings

	CP Directives	Time Frame	Verification Findings
<b>A</b>	<b>Employment Contract</b>		
1.	<p>As per <b>P &amp; C 6.12.3</b>, a special labour policy and procedures shall be established and implemented in respect of all migrant workers employed by FGV, including contractor's workers. The special labour policy should include:</p> <ol style="list-style-type: none"><li>statement of non-discriminatory practices;</li><li>no contract</li></ol>	<p>3 months for completion of the audit/review and submission of the action plan. Implementation of the action plan shall be completed in another</p> <p>9 months. Quarterly reports to be submitted to the Secretariat.</p>	<p>The revised Employment Contract v.2 did not include following:</p> <ol style="list-style-type: none"><li>Date and version is not stated</li><li>The employment agreement is not sign at the workers home country.</li></ol> <p>The latest hiring of 8 workers from Lombok, Indonesia the employment agreements are signed in Malaysia. The CP directive is not adopted.</p> <p>The date of signing of the employment agreement is on 01/10/2019 that is after the workers have started work on 11/09/2019.</p>

## RSPO Verification Report

Company Name: FGV Holdings Berhad

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	<p>substitution;</p> <p>iii. post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices, etc; and</p> <p>iv. decent living conditions to be provided.</p> <p>FGV shall undertake a full legal and operational audit and review of its current employment contract practices / processes / policies / procedures for all workers (including contractor's workers) to ensure full compliance with national laws and the P &amp; C. In particular, FGV shall ensure that accurate information of working conditions in the host country, including nature of work, wages, benefits and duration of contract are duly communicated at the time of recruitment.</p> <p>Employment contracts should be written in a language that the workers understand, signed in the workers' countries of origin and only after the terms have been properly explained to the workers (including all documents referred to in the employment contracts such as the <i>Kadar Upah Kerja</i>). The key is to ensure full disclosure to enable workers to make an informed decision as to the signing of the contract.</p>		<p>FGV establish the Guidelines and Procedures Recruitment of Foreign Workers dated 27/06/2019 is not implemented effectively.</p> <p>The pre-employment process for hiring of the 8 workers from Lombok are not adopted effectively.</p> <p>Special labour policy is not establish to include CP directives.</p> <p>FGV takeover the workers from the labour contractors have to sign an employment agreement. These workers have signed a temporary employment contract instead of the revised employment contract v.2.</p> <p>These takeover workers will only signed the full employment contract after successfully obtain the passport and work permit. With the signing of the full employment agreement is constitute as contract substitution. Therefore, not compliance to CP directive.</p> <p>In this aspect the implementation of the employment agreement v.2 is inconsistent.</p> <p>The revised employment contract did not state clearly the conditions of Kadar Upah Kerja for workers paid on piece work rate.</p> <p>The interviewed workers are unable to demonstrate understanding of the employment contract terms and conditions although they have signed the agreement with an acknowledgement letter of receiving a copy of the agreement.</p>
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## RSPO Verification Report

Company Name: FGV Holdings Berhad

Verified Unit: FGV Sahabat

Type of Audit: Verification



	<p>To promote non-discrimination against illiterate workers, the content of the contract is to be orally transmitted to the workers, by or on behalf of the employer.</p> <p>Once signed, FGV shall ensure that no contract substitution occurs, whereby contracts signed by workers in their home country is respected and adhered to by FGV and the work they perform is in accordance with their contractual terms</p> <p>Further, workers' freedom to resign without penalty and in accordance with law must be respected.</p> <p>An action plan to address the Complaints Panel's directives set out above shall be drawn up by FGV. Such action plan shall also consider issues that may arise from termination under the contract either by FGV or on the initiative of the workers, including costs implication and costs sharing, without undermining workers' freedom of movement.</p>		
<b>B</b>	<b>Labour recruitment contractors / agents</b>		
	<p>FGV shall adopt and apply Standard Operating Procedures (SOPs) for all its labour recruitment contractors / agents (in Malaysia as well as those in the countries of origin) in full compliance with the P &amp; C.</p> <p>Transparency and accountability should be required of contractors/agents in the entire recruitment process and this principle should feature prominently in the said SOPs.</p>	<p>6 months for completion. Quarterly reports to be submitted to the Secretariat.</p>	<p>FGV establish the Guidelines and Procedures Recruitment of Foreign Workers dated 27/06/2019.</p> <p>The guidelines includes a paragraph "Managing and Monitoring of labour contractors". However, the description in the paragraph is not implemented.</p> <p>The mechanism to monitor recruitments contractors and agents is not address.</p> <p>FGV has not establish SOP for hiring of recruitment agents and recruitment contractors according to CP directives.</p>

## RSPO Verification Report

Company Name: FGV Holdings Berhad

Verified Unit: FGV Sahabat

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<p>FGV is obligated to exercise due diligence over its contractors / agents and will be held accountable for breaches by such contractors/agents.</p> <p>Among others, the following elements should be included in the said SOPs:</p> <ul style="list-style-type: none"><li>- FGV only engages duly registered labour recruitment contractors/agents who do not support or partake in any form of forced or trafficked labour;</li><li>- no recruitment fees/ costs should be charged to/deducted from workers at any stage of the recruitment process, including by its contractors;</li><li>- such recruitment fees/costs should be borne by FGV;</li><li>- there is an effective grievance mechanism in place to receive complaints from workers, without any fear of reprisal;</li><li>- errant contractors / agents should be "blacklisted" and terminated; and</li><li>- acting on FGV's commitment to phase out contractors, FGV should where possible, conduct direct and in-person hiring in the workers' countries of origin.</li></ul> <p>The SOPs, upon completion, should enter into immediate force. Staff at all levels should be trained on its substance and implementation measures. It should also be assessed and reviewed regularly to ensure it meets national and international standards on</p>		<p>The timeline to complete is 6 months and not met</p> <p>According to CP directives, FGV shall phased out labour contractors. The mechanism to phase out the contractors is not demonstrated.</p> <p>FGV took over those workers from the labour contractors continue to have an agreement title" Surat Perjanian Penyerahan Pekerja Pemborong kepada FGV" maintaining them as commission agents. The agreement has a validity period of 3 years (1+1+1) and subject for renewal. The agreement did not include a termination clause.</p> <p>Payment made to these contractors is through the "Surat Perintah Kerja" that list the number of workers and rate of payment under the agent.</p> <p>Reviewing the contractors list, there are 78 contractors hired by FGV Sahabat as commission agents for labour supply, transport and grass cutting services.</p> <p>The grievance complaint procedure is establish. Interview with workers they are unable to explain the process. Therefore implementation is not effectively.</p>
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	recruitment and employment of migrant workers.		
<b>C</b>	<b>Pay and working conditions</b>		
	<p>FGV shall undertake a full legal and operational audit and review of its current practices / processes / policies / procedures relating to wages / deductions and working / living conditions for all workers (local and foreign) to ensure full compliance with the P &amp; C.</p> <p>In this regard, FGV should remove all forms of discrimination between local and foreign workers.</p> <p>As per <b>P &amp; C 6.12.3</b>, a special labour policy and procedures shall be established and implemented in respect of all migrant workers employed by FGV, including contractor's workers. The special labour policy should include:</p> <ol style="list-style-type: none"> <li>statement of non-discriminatory practices;</li> <li>no contract substitution;</li> <li>post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices etc.; and</li> <li>decent living conditions to be provided.</li> </ol> <p>Considering the nature / risk profile of work in the plantations, FGV shall ensure access to medical amenities and affordable healthcare is available to workers in accordance with national and international laws as well as the P &amp; C.</p>	<p>3 months for completion of audit and review. Implementation of the outcome of such audit and review including the Complaints Panel's other directives under item C shall be completed in another 6 months. Quarterly reports to be submitted to the Secretariat.</p>	<p>Special labour policy is not establish to include CP directives.</p> <p>FGV established Group Sustainability Policy FGV/SED/POL/001 revision 3 dated 29/05/2019 did not address the added requirement as per CP Directive.</p> <p>The interviewed workers are unable to demonstrate the understanding of the changes in revised employment agreement although they have signed and accepted.</p> <p>A mechanism to monitor the transport contractors workers wages paid is not establish.</p> <p>The application to JTK for deductions is not approved yet for deductions allowable.</p> <p>There is no disparity of wages, deductions, working and living conditions between local and foreign workers.</p> <p>FGV Sahabat provides medical amenities and affordable healthcare to all workers</p> <p>FGV Sahabat subscribes to SOCSO and FWCS for all workers.</p>

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	In addition, FGV shall ensure that workers are made aware of the terms and benefits of the FWCS under which they are insured.		
<b>D</b>	<b>Passports</b>		
	<p>Whilst the Complaints Panel notes steps already taken by FGV with regard to foreign workers' passports, the Complaints Panel reiterates that retention and withholding of passport and other identity documents of workers, in particular migrant workers, is prohibited by law. In instances where the workers request the assistance of the employer in safekeeping of their passport or identity documents, this shall be done through written request in the workers' own language; and the workers must, at all times, have access to the documents. There should be no constraints on the ability of the worker to leave the place of employment or any restrictions placed on their freedom of movement, outside working hours.</p> <p>The Complaints Panel notes FGV's submission that "legally, the workers are employed under FGV's work quota and therefore, the responsibility to know the presence of the workers lies with FGV." Nevertheless, it is important that FGV strike a balance between oversight and the workers' freedom of movement outside work time. In this regard, FGV shall adopt and apply Standard Operating Procedures (SOPs) setting out, among others, the circumstances under which permission to leave the plantations outside work time may be granted or denied. In</p>	<p>12 months for completion. Quarterly reports to be submitted to the Secretariat</p>	<p>FGV established FGV Group Guidelines and Procedure for Responsible Recruitment of Foreign Workers dated 27/06/2019 paragraph 6. Employment, v. Passport safekeeping describing the steps.</p> <p>FGV Sahabat has implemented 100% of Passport safe box that are freely accessible by the workers.</p> <p>Interview workers confirmed the key for the assigned box is provided and could take freely.</p> <p>FGV Sahabat allows workers freedom of movement. However, the form signed by the workers to leave Sahabat does not address for security purposes.</p> <p>FGV Sahabat has Filipinos workers with IMM13 status and should monitor the annual renewal of the permits.</p>

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	coming up with these SOPs, FGV shall ensure that the workers' freedom of movement is not undermined.		
<b>E</b>	<b>Undocumented / illegal / trafficked workers</b>		
	<p>The unlawful outsourcing of FGV's foreign workers to contractors shall immediately stop. FGV shall commit to only recruit legal migrant workers and this commitment extends to its contractors. As clearly enshrined in P &amp; C 6.12, FGV and its contractors shall ensure that no trafficked labour are used. To this end, FGV shall undertake a full legal and operational audit and review of its foreign workers (including contractor's workers) to ensure full compliance with national and international laws, as well as the P &amp; C. Pursuant to the aforementioned audit / review, FGV shall draw up an action plan to effectively address any gaps / deficiencies identified.</p> <p>Noting the findings / breaches established under items ii - iv in the preceding column, FGV should act on its commitment to phase out contractors on its plantations. In this regard, an action plan should be drawn up to guide FGV's implementation to this end, while ensuring minimal adverse impact on the contractor's workers. Notwithstanding, FGV shall undertake a full legal and operational audit and review of its contractors including their labour force to ensure that any gaps or deficiencies are rectified, possibly including restitution in case of underpayment of wages or illegal / excessive deductions, in full compliance with applicable</p>	<p>3 months for completion of audit / review and submission of action plan. Quarterly reports to be submitted to the Secretariat, including throughout the implementation period.</p> <p>6 months for completion of the Complaints Panel's directives under items ii - iv i.e. drawing up of the action plan and conduct of the audit / review.</p> <p>Pursuant to the abovementioned action plan and audit / review, implementation of the same shall be completed in another 6 months. Quarterly reports to be submitted to the Secretariat.</p>	<p>FGV Sahabat absorb all the undocumented workers from the labour contractors generally for:</p> <ol style="list-style-type: none"> <li>1. Legalisation to obtain passport and work permits</li> <li>2. To ensure employed workers are fully in compliance to legal requirements.</li> </ol> <p>FGV Sahabat established <i>Persetujuan Pekerja (TKA) bagi tawaran bekerja dengan pihak FGV plantations (Malaysia) Sdn. Bhd.</i></p> <p>The form is establish for those contractors workers who are willing to join FGV Sahabat.</p> <p>According to CP Directives, FGV shall draw up an action plan to effectively address any gaps / deficiencies identified. This plan is not made available.</p> <p>During document review at Sahabat 45, it was found 30 of the transferred workers from the labour contractor have left.</p> <p>A mechanism to monitor workers who did not accept the transfer is not establish.</p> <p>FGV Sahabat is still in the outreach process to regularise undocumented workers. The letter submitted to Immigration states there are 868 workers who are in the process of getting Passports.</p> <p>However, this number could be more as there are still many unaccounted.</p> <p>FGV Sahabat submitted letter to Indonesia Consulate in Kota Kinabalu dated 03/08/2019 has a total of 4,691 applicants without passport for Sabah</p>

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	legal requirements as well as the P & C.		region. However, the number of Filipinos is not clear.  FGV does not has a mechanism to monitor these group of workers whether they are in the system to proceed for regularization.
<b>F</b>	<b>Health and safety requirements</b>		
	<p>FGV shall review its current OSH / PPE policy and Standard Operating Procedures (SOPs), and ensure full compliance with P &amp; C 4.7 and 4.8. FGV shall ensure that such reviewed OSH / PPE policy and SOPs are properly implemented and monitored in respect of all workers including contractor's workers.</p> <p>As per the Specific Guidance for P &amp; C 6.12.3, a comprehensive post- arrival orientation programme, which among others focuses on safety, should be drawn up and implemented in respect of all new migrant workers to ensure that these workers are well equipped and adequately prepared to commence work on the plantations</p>	<p>3 months for completion. Quarterly reports to be submitted to the Secretariat.</p>	<p>FGV Sahabat has update Health and Safety Policy dated 08/05/2019 signed by Group CEO.</p> <p>FGV Sahabat provides sufficient PPEs for estates operation workers.</p> <p>Updated and revised SOPs are not made available for review</p> <p>Briefing and information to workers are lacking especially those transfer workers.</p>
<b>G</b>	<b>Adequate housing / accommodation</b>		
	<p>FGV should undertake a full legal and operational audit and review of the housing / accommodation conditions of its migrant workers (including contractor's workers) to ensure full compliance with national laws, international human rights standards as well as the P &amp; C. FGV shall remove all forms of discrimination between FGV's workers and contractor's workers, as well as between local and migrant workers.</p>	<p>3 months for completion of audit / review and submission of action plan. Quarterly reports to be submitted to the Secretariat, including throughout the implementation period.</p>	<p>FGV Sahabat has built new housing. However, the number of units in each block do not meet Minimum Housing Act 446.</p> <p>Although 446 is not applicable in Sabah currently, FGV Sahabat employment agreement states housing provided will be in accordance to Housing Act 446.</p> <p>FGV provide houses with 3 bedrooms, kitchen, living room and toilet facilities good for family</p> <p>For singles, dormitory style for 10 persons, with kitchen area, common bath and toilet facilities</p>



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	<p>Gaps and deficiencies identified in the abovementioned audit / review must be rectified to ensure meaningful improvements to migrant workers' (including contractor's workers) housing / accommodation conditions. Relatedly, FGV should consider implementing reasonable ways to reduce the burden of electricity and water costs charged to migrant workers (including contractor's workers). For these purposes, FGV shall draw up an action plan to guide its implementation / rectification in accordance with national laws, international human rights standards as well as the P &amp; C</p>		<p>Recreation area, religious worship place, schools, crèche and CLC (for Indonesian), medical clinics and sundry shops within estate or nearby shops and kampong area.</p> <p>Water and electricity are free of charge and up to a certain limit as stipulated in KUK.</p>
<b>H</b>	<b>Adequate food and supplies</b>		
	<p>FGV should undertake a full legal and operational audit and review of the access to adequate, sufficient and affordable food/supplies by its migrant workers (including contractor's workers) to ensure compliance with international human rights standards as well as the P &amp; C. Gaps and deficiencies identified must be rectified to ensure meaningful improvements to migrant workers' (including contractor's workers) access to adequate, sufficient and affordable food and supplies, including basic necessities. In this regard, FGV shall eliminate profiteering by third party suppliers.</p>	<p>3 months for completion of audit / review. Another 3 months for implementation of the requisite rectification in accordance with the audit / review outcome. Quarterly reports to be submitted to the Secretariat.</p>	<p>FGV Sahabat provide food subsidy for newly arrived workers for RM150 for the first month.</p> <p>Food are readily available to workers at prices monitored by the estates regularly.</p> <p>FGV Sahabat housing quarters should have provision for gardening area to plant vegetables to reduce workers food costs.</p>
<b>I</b>	<b>Protection of whistleblowers and complainants</b>		
	<p>FGV should undertake a full legal and operational audit and review of its grievance mechanisms, particularly the hotline. Guidelines for the use of the mechanisms should be</p>	<p>3 months for completion. Quarterly reports to be submitted to the Secretariat.</p>	<p>The revised GSP established has not been simplified and circulated to the respective estates and mills for implementation</p>



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	<p>adopted, and explained to the workers. There should be an accessible database to record, track and monitor the complaints and issues. Fixed response times should be set and informed to the workers.</p> <p>FGV's staff should be trained to implement the grievance mechanisms, and to constructively engage with the workers to allay the risk / fear of reprisals.</p> <p>FGV to implement a policy on protection of human rights defenders (whistleblowers and complainants) and institute relevant mechanisms for reporting and protection.</p>		<p>Interview workers are unable to demonstrate the understanding.</p>
<b>J</b>	<b>Compliance for human rights at the operational level</b>		
	<p>FGV shall ensure that its human rights policy is properly communicated and effectively implemented to all levels of its workforce including to its contractors and their workers.</p> <p>Regular and compulsory capacity building and training programmes on human rights should be conducted.</p>	<p>3 months for completion. Quarterly reports to be submitted to the Secretariat.</p>	<p>The revised GSP established has not been simplified and circulated to the respective estates and mills for implementation</p> <p>Interview workers are unable to demonstrate the understanding.</p>

## 5 List of Documents

1. Persetujuan Pekerja (TKA) bagi Tawaran Bekerja Dengan Pihak FGV Plantations (Malaysia) Sdn Bhd Indonesia and Filipino
2. List of New Workers from Pembekal PT Cahaya Lombok
3. Surat Kebenaran Membawa Masuk Pekerja between PT Cahaya Lombok and Agensi Pekerjaan Yustar Sdn Bhd dated 11/09/2019
4. FGV contractors List 2019.
5. FGV Letter Kelulusan Bersyarat Pekerja Asing Regularisasi Sabah 2019 from Immigration Department dated 16/05/2019.
6. FGV Letter Penggajian Temporary Cash Gang Secara Manual dated 25/09/2019.
7. FGV Letter Permohonan Pemetongan Permit Pekerja dated 04/10/2019.

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8. FGV Letter Permohonan *Reach Out* Pembuatan Pasport Warganegara Indonesia at FGV plantation dated 02/08/2019.
9. Surat Perintah Kerja Kontraktor 2019.
10. Perjanjian Kontrak Pekerjaan between labour contractor and worker dated 01/06/2016
11. FGV 3<sup>rd</sup>Quarter Progress report dated 27/09/2019
12. Guidelines and Procedures Recruitment of Foreign Workers dated 27/06/2019
13. Surat Perjanian Penyerahan Pekerja Pemborong kepada FGV
14. Surat Perintah Kerja issued by labour commission agent dated 13/09/2019
15. Group Sustainability Policy F GV/SED/POL/001 revision 3 dated 29/05/2019
16. IMM13 worker permit and endorsement by Ketua Kampong
17. Health and Safety Policy dated 08/05/2019
18. Workers work permit and passport
19. Pay slip of contractor's driver dated 31/08/2019
20. Surat Setuju Terima Penggantian Kontrak for current workers dated 20/04/2019
21. Surat Persetujuan Pekerja Operasi Ladang dated 01/01/2019
22. Perjanjian Persetujuan Potongan Gaji dated 01/06/2019

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### 1.2 Outcome of Verification

This verification assessment conducted by the team is through interviews, documents review and research information from internet.

The verification findings are describe in Section 4 of this report.

It could be concluded, FGV Sahabat is putting efforts to address CP directives. However, there are several concerns outline in the verification findings.

Moving forward, FGV has to:

1. Monitored Timeline for implementing CP Directive
2. Monitor of the action plan is effective implementation.
3. Review action plan for a realistic and achievable timeline