

Group President / Chief Executive Officer



5 October 2016

FGV Response to Rainforest Action Network (RAN) Letter to Customers and Investors

Dear valued business partners

We refer to the letter by Rainforest Action Network (RAN) dated 23 September 2016 to our customers and investors with regards to the adoption of six key policy issues. In the letter it is stated that FGV must adopt a public policy and corrective action plan that:

- (1) *Publicly release a Policy on Employment of Migrant Labor and Corrective Action Plan within three months time that includes monthly performance milestones for addressing forced labor, human trafficking and other labor violations documented by The Wall Street Journal.*
- (2) *Prohibit the charging of fees to workers by FGV, labor contractors or recruiters.*
- (3) *Prohibit the confiscation and holding of identity documents by FGV, labor contractors or recruiters.*
- (4) *Pay workers the statutory minimum monthly wage based on an eight-hour workday, which is documented through regular wage slips written in a language understood by the workers and which reflect any deductions.*
- (5) *Establish a legitimate, accessible and transparent grievance mechanism, which aligns with the UN Guiding Principles on Business and Human Rights.*
- (6) *Commission a skilled labor assessor to independently and transparently verify FGV's compliance with its Policy and Corrective Action Plan.*

We appreciate RAN's views that they have shared with our customers and investors.

With regards to the six points as mentioned by RAN, FGV has committed to take the following actions:

- 1) Issuance of a Group Sustainability Policy (*please find attached the full version of FGV Group Sustainability Policy*), which is an important step forward in our sustainability agenda. We believe our Group Sustainability Policy in combination with all of our organisational policies and procedures that are already in place and should be read as a whole in its entirety have references to address those issues referred by RAN specifically.

Extracts from FGV Group Sustainability Policy:

5. FGV GROUP'S COMMITMENT TO SUSTAINABILITY

- 5.3.7 Respect and protect the needs of its Employees and communities. FGV Group shall uphold the rights enshrined in the Universal Declaration of Human Rights ("UDHR"). The Group shall be guided by the guidelines set by the International Labour Organisation ("ILO") for matters pertaining to the fundamental rights of all its Employees.

7. SOCIAL AND ECONOMIC RESPONSIBILITY

Respecting Human Rights

- 7.6 FGV Group also recognises its responsibility to respect human rights as defined in the UDHR and ILO Core Conventions. These frameworks provide the minimum standards for fair and decent working conditions with no exploitative workplace practices allowed. The Group works towards actively integrating human rights elements into business practices across its value chain.
- 7.7 FGV Group is cognisant of its responsibility to protect the rights of all Employees. The Group shall continue to actively engage its employees to ensure that their needs such as wages, shelter and access to services are met and to create a harmonious and prosperous working environment.

Responsible Employment

- 7.10 FGV Group shall adhere to the Guidelines on Human Trafficking and Forced Labour Exploitation as well as the Declaration on Fundamental Principles and Rights at Work by the ILO. The Group does not support the employment or use of forced or bonded labour in connection with our activities and shall not knowingly collaborate with agencies, suppliers or contractors involved in human trafficking.

Freedom of Expression

- 7.12 Freedom of expression in accordance with national legislation is not prohibited as part of FGV Group's commitment to the ILO Core conventions the Group fully respect the right of all Employees to form and join unions trade of their own choosing, and to bargain collectively.

- 2) (a) In the estates, FGV provides avenues for our foreign labours to express their grievances. This is carried out through the "Foreign Workers' Welfare Meeting ", workers' complaint book, or Suggestion Box that are accessible at each estate. We are happy to view alternatives suggested by RAN if they are deemed practical to be implemented at FGV.
- (b) FGV has translated its Employment Contract Agreement between FGV and Foreign Work Force into five languages – English, Tagalog, Tamil, Bengali and Nepali. The translated Employment Contract Agreement is now being used in a tripartite agreement among FGV, the Embassy and Labour Contractor.
- (c) FGV has also revised the salary slip format and translated the words used in the slip to ease the foreign workers' understanding on how they earn their salary, and why salary is deducted if there is any deduction.
- (d) FGV has been absorbing foreign labour recruitment fees – i.e. Management services, transportation cost of workers from their country of origin to Malaysia and visa endorsement. It is the cost incurred in the process of recruiting potential workers by the labour contractors in their country of origin that warrants involvement of more parties – NGOs and Local Governments – to tackle the issues. FGV does not condone the practice of labor contractors who charge workers / potential workers excessively whilst recruiting for manpower in their country.
- 3) FGV is committed to make public the full version of Wild Asia report for download through its website by mid of October 2016. The recommendations put forth in the report have been taken into account, as well as we have recently engaged The Forest Trust (TFT) on

a short term arrangement to develop action plans to address key issues highlighted in the Wall Street Journal report.

- 4) As far as FGV is aware, it is the only major planter in Malaysia that is installing the personal safety box for foreign labours. This pioneering effort ensures the foreign workers have at least a choice of where to safely keep their passports / identity documents. We believe that we are taking a positive and responsible step in changing entrenched practices.
- 5) In the commitment towards managing the foreign labour issues, FGV Group Procurement Division has revised its business contract offered to the contractors even before the recent approval of FGV Group Sustainability Policy. The revision is to ensure FGV's contractors comply with the laws and requirements that FGV has to abide by. Engagements with appointed and to be appointed contractors have already been rolled out to ensure (1) they understand the revised requirements, and (2) they are capable of meeting the conditions.

Whilst we agree that much remains to be done here, industry wide collaboration also must be expedited. As such FGV hopes RAN and its coalition will use its influence to facilitate the desired outcomes for the industry at large.

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

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Rest assured, updates to our stakeholders will be published regularly on the progress made on these commitments, and we will continue working with all stakeholders, to achieve our collective aspirations for a sustainable and socially equitable palm oil industry.

Best Regards



Dato' Zakaria Arshad
Group President/Chief Executive Officer