Background and Summary of FGV's Action Plan 2020

Preamble

Following the <u>announcement</u> of the affiliation of <u>FGV Holdings Berhad (FGV)</u> with the FLA and FGV's public commitment to transparency and addressing labour issues in November 2019, FGV drafted its 2020 action plan, of which the summary is presented in Annex 1. The action plan is designed to align FGV's commitment and practices on labour with the <u>FLA's Principles of Fair Labor and Responsible Sourcing for Companies with Agricultural Supply Chains (Principles).</u> The Principles are based on international human rights standards and instruments including the <u>International Bill of Human Rights</u>, as well as the International Labour Organization (ILO) standards, particularly the <u>ILO Declaration on Fundamental Principles and Rights at Work</u>. The Principles also uphold and promote the <u>United Nations Guiding Principles on Business and Human Rights</u> (UNGP) and the <u>OECD-FAO Guidance for Responsible Agricultural Supply Chains</u>.

The action plan includes FGV's commitment to, among others, responsible recruitment of migrant workers, strengthening of grievance mechanisms, regularisation of undocumented migrant workers, improving monitoring systems and remediation and enhancing stakeholder engagement, among other things. The programmes and initiatives highlighted in the action plan are also part of FGV's commitment and role in contributing to the fulfilment of the Sustainable Development Goals (SDGs).

In developing the action plan, FGV has engaged in consultation with various external stakeholders, including international and Malaysia-based civil society organisations (CSOs). FGV is committed to continue engagement with all external stakeholders throughout the process including in the implementation phase of the action plan.

In light of the escalating COVID19 outbreak, which has led to the imposition of the Movement Control Order (MCO) by the Malaysian Government, and its potential negative impacts to workers, FGV is committed to putting in place mechanisms and procedures to protect the workers' rights, health and safety. Such measures by FGV is also reflected in the 2020 action plan.

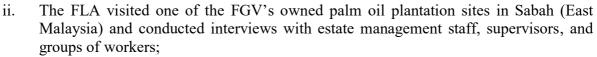
This document provides the steps taken in the designing of the action plan, a brief description of key activities to be implemented in 2020, and opportunities to engage at a sectoral level. Implementation of the 2020 action plan and its lessons learnt will be used as a foundation to continuously improve FGV's commitment and practices for the following years. The 2020 action plan builds on the initiatives and actions already implemented by FGV in the past years (overview presented in Annex 2). The 2020 action plan is deemed to be a living document, which FGV will review and update regularly, in consultation with the FLA, on the progress made and lessons learnt from the past implementation period.

Design of the Action Plan

The action plan aims to be strategic, long-term and collaborative to enable FGV to proactively address labour standards issues and move away from its reactive approach. The drafting process was informed by a number of internal and external engagement activities organized between January and March 2020, including:

i. The FLA conducted a desk-based mapping of FGV's owned operations and its supply chains comprising small-holder farmers and traders;





- iii. The FLA, FGV and PGC consulted international and Malaysia-based CSOs to discuss challenges facing migrant workers in Malaysia. On 20 March 2020, FGV organised an online stakeholders consultation participated by some 20 representatives from various CSOs and academic institutions. Prior to that, FGV disseminated an online survey form enabling stakeholders to provide their written inputs for FGV's consideration. FGV has incorporated some of the recommendations received from the stakeholders, where relevant, into the 2020 action plan, and will keep in mind the remaining recommendations for potential integration into the action plan at a later stage; and
- iv. The FLA conducted a management systems gap analysis and an onboarding workshop with FGV top management and various divisions in Kuala Lumpur on the FLA's independent accountability framework.

For 2020 action plan, in line with the FLA's requirements, the activities will focus on achieving FGV's commitment under Principle 1 (Labour Standards) and Principle 2 (Company Staff and Implementing Partner Training). Given the urgency to fill other gaps, FGV is committed to concurrently implement several activities under other Principles including improving monitoring systems and remediation, strengthening pre-departure and post-arrival orientation program for workers; grievance redressal; strengthening monitoring tools and data management systems; supporting the regularization of undocumented migrant workers; and stakeholder engagement. In 2020, FGV will focus its efforts in its owned operations and progressively in its supply chain.

FGV's action plan encompasses the following:

FLA Principle 1: Align code of conduct for owned operations and its suppliers with the

FLA Workplace Code of Conduct for the Agriculture Sector (Ag CoC).

Develop and distribute a code of conduct tailored for workers to

understand the commitment.

FLA Principle 2: Expand the GSD to create a cross-departmental core labour standards

management team to work in a cohesive and concerted manner with

clear roles and responsibilities and performance indicators.

FLA Principle 2

and Principle 4: Conduct interactive and action-based training (and refreshers) for key

staff and management on labour rights, international frameworks, and

grievance redressal mechanism.

FLA Principle 3: Set traceability targets to increase visibility in the supply chain.

FLA Principle 5: Develop a comprehensive monitoring plan for owned operations,

including contract workers, and progressively for the supply chain.

FLA Principle 6: Create fair recruitment, working conditions, and repatriation monitoring

tools, and data management system. This will be built on the existing efforts FGV is undertaking with two international organizations on mapping the migrant labour recruitment process as well as other

industry guidance (e.g., ILO Guidelines on Fair Recruitment).

FLA Principle 7: Starting with owned operations, build worker awareness on labour

standards and contract terms and conditions. Execute training surveys to



ensure efficacy of training and identify gaps at pre-departure and post-

arrival.

FLA Principle 7: Include a survey in the pre-departure Communication Pack to

understand if costs have been incurred by the workers (before

introduction to FGV), and if so, the details of those costs.

FLA Principle 7: Seek legal guidance on the legalization process for workers and report

updates on progress on FGV's website.

FLA Principle 9: Establish regular contact with local and international civil society

organizations to brief them on the action plan and seek guidance.

FLA Principle 10: The FLA will verify the progress against the action plan in mid 2020 in

a follow up visit.

Commitment and Opportunities

Many issues that have been identified must be addressed at the sectoral level in order to address the root causes. FGV plans to do the following to address sectoral challenges:

- i. There are differences between Malaysian laws and the FLA standards, such as working hours. To address this internally, FGV will initiate a series of consultations with various divisions and develop capacity building initiatives to raise awareness among its responsible staff. Externally, FGV is committed to engaging in dialogues and consultation to raise and seek a sustainable solution in addressing several sectoral issues such as working hours.
- ii. Resolution of sectoral level issues such as labour shortages, undocumented migrant workers, and a complex government mechanism dealing with migrant workers, requires the involvement of other actors, including the Malaysian Government and CSOs. FGV will join efforts with PGC and leverage other existing industry platforms to continuously raise these issues for resolution.
- iii. In light of the escalating COVID19 outbreak in Malaysia and globally, and its potential negative impacts to workers, FGV is committed to putting in place mechanisms and procedures to protect the workers' rights, health and safety. The establishment of an internal COVID-19 Task Force headed by the Group CEO and its pandemic response plan in March 2020 will be used as a foundation to further improved response plan, which will include preventive measures for all regardless of their nationality, gender and social status.

The implementation of this action plan will leverage the commitment and resources that already exist within FGV and beyond. These include:

- i. Commitment from FGV's top management for structural change and policy alignment to the FLA's standards, particularly the FLA Agriculture Code of Conduct;
- ii. FGV's commitment to improve its field level structures, personnel, and management systems in order to fully and efficiently implement a social compliance program;
- iii. FGV's evolving relationship with external stakeholders in Malaysia, particularly the Government of Malaysia and members of CSOs;

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- iv. Strong support from PGC, through exchange of resources and expertise; and
- v. On-going national policy reform relating to labour standards. These include, for instance, the strengthening of government-to-government [G2G] bilateral agreement between Malaysia and sending countries; development of Malaysia's National Action Plan on Forced Labour; and the development of the National Action Plan on Business and Human Rights.

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	Activities	Timeline
	Principle 1: Labour Standards - company affiliate establishes and costandards	mmits to clear
Ini	itial assessment of FGV's Suppliers Code of Conduct (SCOC)	Completed
-	FGV's SCOC is not aligned with the FLA's Workplace's Code of Conduct for the Agriculture Sector (Ag CoC). Further action is required.	
	ignment of FGV's SCOC and other related labour policies and ocedures	2020 (Q4)
-	FGV will undertake the necessary amendments to align its SCOC and other labour policies and procedures with the Ag CoC.	
-	FGV acknowledges that there are challenging areas (i.e., working hours). FGV will organize internal consultations, meetings and training to get support and approval.	
	eview and amendment of employment policy and contract, ensuring insistency to Ag CoC	2020 (Q4)
-	FGV will reflect the UNGPs and the ILO Guidelines on Fair Recruitment in its recruitment policy and practices.	
	cialize Group Chief Executive Officer (GCEO's) sustainability mmitment	2020 (Q2)
-	FGV will issue a commitment letter to uphold the Ag CoC in its policies and procedures. This letter will be circulated to all FGV's owned operations and employees and will also be posted on FGV's website.	
-	GSD will work closely with FGV's Communication Department to strengthen internal communication ensuring all employees are adequately informed and updated frequently of the improved policies and procedures.	
	rengthen representation of Group Sustainability Department (GSD) the highest governance	2020 (Q4)
_	FGV has placed at least one sustainability's (GSD) staff in the Governance and Risk Management Committee. Sustainability and social compliance will be included as a standing agenda item as part of the regular meetings of the Committee.	
Pr	ohibition and prevention of forced labour	2020
-	FGV will strengthen the existing procedures and mechanisms to effectively prevent forced and bonded labour, and to establish remediation processes should they occur	(continuous)

	phibition and prevention of child labour	2020
		(continuous)
	FGV will strengthen the existing procedures and mechanisms to	
	prevent child labour, and to establish effective remediation	
	processes should they occur.	
r	omotion of the right to freedom of association	2020
	Ü	(continuous)
	FGV will develop procedures and mechanisms to strengthen the enjoyment of the workers' right to freedom of association and to unionise.	
r	omotion of gender equality and empowerment of women	2020
	g P P	(continuous)
	FGV will develop – through the establishment of a Gender Committee – policies, procedures and mechanisms to promote gender equality and women empowerment in FGV's operations.	
	Principle 2: Company Staff and Implementing Partner Training - consideratifies and ensures that the specific personnel responsible for implementandards (at head office and in the regions) are trained and are aware of standards criteria.	nenting labour
m	prove FGV's organizational chart	2020 (Q2)
	FGV's organizational chart will contain comprehensive information	
	such as the number of responsible staffs to implement the Action Plan.	
[m]	prove job descriptions	2020 (Q2)
	The job descriptions will include clear roles and expectations of the responsible staffs in implementing the Action Plan. The FLA will	
	work with FGV to develop Key Performance Indicators (KPIs) to	
	oversee the implementation of the Action Plan.	
7 .		2020 (22 ::
tr	engthen appointment process of responsible staff	2020 (Q2-4)
	FGV will create a chart/model of the appointment process of its	
	responsible staffs in charge of labour standards at headquarters and	
	operational levels.	
[m·	plement staffs' training on labour standards and social	2020 (Q2-4)
	formance	2020 (Q2-4)
_	FGV will develop an interactive and action-based training on labour	
	rights and international frameworks, involving all key staffs including	
	at plantation level management. The training will adopt a training of	
	trainers (ToT) approach to reach a maximum impact on the ground.	

Strengthen recruitment agencies' compliance to labour standards	2020 (Q2)
 FGV will include relevant clauses in the contract with the recruitment agencies that are aligned with the FLA Ag CoC. FGV will brief recruitment agencies on the improved contract and new requirements, and support the implementation of the clauses when needed 	
- FGV will develop a mechanism for monitoring and assessment of the implementation of the labour standards by recruitment agencies.	2020 (Q4)
Organize workers' training	2020
- Training will focus on issues related to labour rights and labour standards at the workplace including the FLA Ag CoC, employment contract and pay slip. The training will be conducted for all workers in 2020 and to be repeated on a periodic basis.	(continuous)
- FGV will develop simple, illustrated materials for workers and their families.	
Principle 4: Functioning Grievance Mechanisms - company affiliate effarmers, and their family members (where applicable) have access to function mechanisms, which include multiple reporting channels of which at least of	tioning grievance
Training and information sharing on grievance mechanisms and grievance redressal	2020 (continuous)
- FGV will conduct training on grievance redressal for plantation level staff (including supervisors, crew leaders, and worker committees) as well as providing adequate information to workers on how and where to raise complaints and grievances.	
Strengthening grievance mechanism	2020
- FGV will strengthen its grievance mechanisms by, among other things, exploring partnership with independent third-party organisations, as well as to assess effectiveness.	(continuous)
Principle 5: Monitoring – company affiliate conducts workplace stands monitoring.	ards compliance
Develop and strengthen a comprehensive labour standards compliance system	2020 (continuous)
- The labour standard compliance system will include risk assessment plan and methodology, monitoring and evaluation, field data collection and verification methodology, organizing specific training for compliance, collaboration with other stakeholders and the planned utilization of assessment and monitoring results for continuous improvement.	

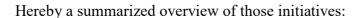
Improve Human Resources (HR) management of staff and workers		2020 (Q2)
-	FGV will improve HR management and record-keeping of staff and workers in all its owned operations. This will enhance company's accountability and transparency particularly in managing the employer-employee relationship, in alignment with the FLA Ag CoC. It includes record-keeping of information on language of contract provided, input to survey on recruitment fees, type of training conducted, family members accompanying, etc.	
Stı	rengthening working and living conditions of workers	2020 (Q4)
-	FGV will continue its cooperation with the Human Rights Commission of Malaysia (SUHAKAM) to strengthen FGV's compliance with labour standards with regard to the working and living conditions of its workers, though assessments and verification exercises.	
Pı	rinciple 6: Collection and Management of Compliance Information – collects, manages and analyses labour standards compliance info	
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De	The information management system aims to gather and manage traceability data, and strategy to share such information with the FLA	2020 (continuous)
	Principle 7: Timely and Preventative Remediation – company affilial suppliers to remediate in a timely and preventative manner	
Re	gularization and monitoring of undocumented migrant workers	2020 (02)
		2020 (Q2) – (continuous)
-	FGV will identify and monitor periodically – the total number of undocumented migrant workers currently hired in its owned operations and the status of rehiring/regularization programme.	(continuous)
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recruitment fees. The report and follow-up plans will be made available.	
- FGV will continue engaging in dialogue with other stakeholders, including the Roundtable on Sustainable Palm Oil (RSPO) in addressing systemic issues relating to fair recruitment practices. FGV is also committed to engage workers' representatives and local organization in these dialogues.	
- FGV will review its repatriation practices to ensure compliance with labour standards.	2020 (Q4)
Strengthen post-arrival orientation programme for migrant workers	2020 (Q4)
- FGV will strengthen the post-arrival orientation programme for newly arrived workers. The post-arrival orientation programme will include training on FGV's labour policies, workers' rights and responsibilities, no recruitment fees, no retention of passports and a choice to use employer provided lockers, taking leave and exiting the premises and repatriation procedures.	
- FGV is exploring opportunities to collaborate with a labour rights NGO in Malaysia in strengthening the post-arrival orientation module.	
Enhance communication pack	2020 (Q2-Q4)
- The communication pack aims to raise awareness among migrant workers during their recruitment process (in origin country), upon arrival in Malaysia and those that are already worked on sites.	(42 41)
- The communication pack will also include a pre-departure survey to identify the costs paid by workers during their recruitment process (before they are introduced to FGV)	
Principle 8: Responsible Procurement Practices – company affiliate all practices with commitment to labour standards.	igns procurement
Strengthen procurement policy and practice	2020 (Q4)
- FGV will review and amend (where needed) the contract (procurement), which amendments may include supply chain disclosure and access to facilities/growers for assessments/by the FLA.	(continuous)
Principle 9: Consultation with Government, Local Authorities & Company affiliate identifies, researches and engages with relevant local annon-governmental organizations, trade unions and other civil society organizations.	and international
Consulting stakeholders for development and progress on action plan	2020 (continuous)
- FGV will consult with a core group of local and international stakeholders to get input and feedback to the (updated) action plans and progress reports.	
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Annex 2: List of Initiatives Undertaken by FGV until February 2020

Over the past years, FGV has been implementing a number of initiatives in its operations, some of which involve its suppliers and contractors. The 2020 action plan for implementing the FLA Principles builds on those existing initiatives.



a) Establishment of Group Sustainability Division

Since early 2019, the Group Sustainability Division (GSD) has a Group-wide function. Prior to that, the mandate of the Sustainability Division primarily covered FGV's Plantation Sector. The GSD now reports directly to the Group CEO of FGV, driving higher accountability and quick decision making on areas concerning corporate respect for human rights and social responsibility; including FGV's commitment to no deforestation, no planting on peat and no exploitation (NDPE). Since March 2019, FGV has appointed new-leadership in the GSD consisting of personnel with a cumulative experience of 45 years in the fields of human rights, law reform and development.

b) Establishment of an Independent Advisory Panel

FGV has established an <u>Independent Advisory Panel</u> (IAP), with the function to provide independent advice and recommendations to FGV on matters pertaining to corporate governance and sustainability, which covers respect for human rights as well as environmental protection. The IAP comprises experts in related fields from the business and academic sectors, and their advice will complement FGV's existing and ongoing efforts in advancing its sustainability agenda.*

c) Establishment of Sustainability Synergy Committee

A <u>Sustainability Synergy Committee</u> comprising the heads or representatives of the various sectors and divisions within FGV Group was established to facilitate the mainstreaming of sustainability principles and practices throughout FGV, as well as to ensure effective implementation of FGV's sustainability initiatives and programs across its operations.*

d) Revision of the Group Sustainability Policy (GSP 3.0)

On 29 May 2019, FGV's Board of Directors adopted the revised <u>Group Sustainability Policy</u> (GSP). The revised GSP serves as the overarching framework on sustainability applies to the entire FGV Group, including its listed and non-listed subsidiaries globally. The revised GSP has a reinforced component on human rights with references to international human rights instruments, including the UN Guiding Principles on Business and Human Rights (UNGPs). The revised GSP articulates an expectation that FGV's contractors and suppliers are required to adhere to the principles and standards stipulated in the GSP.

e) Creation of the Suppliers Code of Conduct (SCOC)

FGV has created and deployed a <u>Supplier Code of Conduct</u> (SCOC) in April 2019, which outlines principles and standards relating to sustainability; business ethics and integrity; safety, health and environment; and labour, among other things. With this document, any supplier or contractor wishing to enter into a business partnership with FGV is required to agree and commit to the principles and standards stipulated by the SCOC.



f) Adoption of the Guidelines and Procedures for the Responsible Recruitment of Migrant Workers

In June 2019, FGV adopted its <u>Guidelines and Procedures for the Responsible Recruitment of Foreign Workers</u>. This document provides a set of guidelines to ensure responsible and ethical recruitment of migrant workers and covers various stages of the recruitment process, namely pre-employment, employment and post-employment processes.

g) Socialization programme

FGV is in the process of conducting a socialization programme comprising a series of engagement sessions with various internal stakeholders and supply chain partners including its mills, estates and its suppliers. The socialization programme aims to raise awareness about the revised GSP, the SCOC, the Guidelines and Procedures for Responsible Recruitment of Foreign Workers and other relevant materials. The socialization programme further aims to convey FGV's expectations towards its operations and suppliers to comply with the principles and standards contained in the aforesaid documents.*

h) Revision and translation of employment contract

The employment contract for migrant workers was revised to provide greater clarity and to enhance provisions on several areas including on training, nature of work, working hours, salary or wages, facilities and benefits, leave and termination of employment. The revised employment contract has been translated and issued in English as well as the local languages of the migrant workers namely in Indonesian, Bengali, Tamil and Hindi.*

i) Revision of the Contract with Recruitment Agencies

FGV has amended its contract terms and conditions with the recruitment agencies to ensure alignment to its GSP, SCOC and the Guidelines and Procedures for the Responsible Recruitment of Migrant Workers. The revised contract requires all recruitment agencies to adhere to the FGV's SCOC, including that no fee is charged to migrant workers throughout their recruitment process, nor any cost imposed by intermediaries.*

j) Development of a Training Module on Human Rights for Workers

FGV is working together with local NGOs to develop a human rights module to be used during on-boarding sessions for employees including migrant workers, with the objective of promoting greater awareness and understanding of their rights and responsibilities as a worker.

k) Development of a Communication Pack and One-Stop Centres

A Communications Pack has been developed to ensure workers understand their terms of employment, nature of work as well as their rights, benefits and entitlements.* In relation to this, <u>One-Stop Centres</u> for workers have also been established where workers will receive orientation programs, briefings and trainings. To date, FGV has established a One-Stop Centre in Gemencheh, Negeri Sembilan (Malaysia), Lombok (Indonesia), Chennai and Kolkata (India), and is considering establishing more One-Stop Centres in other strategic locations.

1) New Accommodation for Workers

FGV has developed new and refurbished accommodation for workers in its owned operations in line with national standards to provide its workers access to housing.

m) Community Learning Centres (CLCs) in Sabah

FGV, in partnership with the Government of Indonesia through the Indonesian Consulate in Sabah, has established a total of 9 Community Learning Centres (CLCs) across FGV's



plantations in Sabah. CLCs provide education for children of migrant workers who are unable to enrol in local government schools. Currently, all 9 CLCs are supported and jointly supervised by FGV and the Government of Indonesia. FGV is currently working with the Indonesian Consulate in Sabah to add four more CLCs in the state.



n) Regularisation of Undocumented Migrant Workers

In April 2019, the Sabah State Government introduced a programme allowing undocumented migrant workers in Sabah (east Malaysia) to apply for regularisation. FGV has invited the undocumented migrant workers of its contractors to join FGV's workforce and to undergo the regularisation process conducted by the Sabah State Government. FGV is working with the Sabah State Government, the Indonesian Consulate in Sabah as well as the Philippine Embassy in Kuala Lumpur in this process. To date, a total of 6,158 undocumented migrant workers have been registered for regularisation, and the regularisation process for all registered workers is expected to be completed by June 2020.*

o) Traceability and Risk Mapping

FGV is currently developing a model to identify geography-related sustainability risks at the small-holder farmers. To support this, FGV has developed an online traceability system known as the Traceability of Product (FGV-ToP), which is part of the overall <u>Sustainable Palm Oil Management System</u> (SPOMS) that includes Audit Integrated System (FGV-AIMS).

Additionally, FGV is working with the Malaysia Institute for Supply Chain Innovation (MISI) and Malaysia's National Applied Research and Development Centre (MIMOS) to validate the traceability data, verification of external suppliers' compliance to the Group Sustainability Policy, and development of FGV's suppliers' sustainability status through Preferred Network Programme (PNP).*

p) FGV-IOM-Earthworm Foundation Tripartite Partnership

FGV is participating in a <u>Labour Supply Chain Mapping</u> project conducted by the International Organization for Migration (IOM) and the Earthworm Foundation. The scope of this collaborative project includes reviewing the process of recruitment of migrant workers and to upgrade its internal processes and procedures to align with international standards.

Note: * above indicates that efforts are currently being made to verify actions and progress undertaken by FGV.
