

FGV SUSTAINABILITY UPDATES 27 JANUARY 2021

Revision of FGV's Group Sustainability Policy (GSP)

Advancing the sustainability agenda is a fundamental part of FGV Holdings Berhad (FGV)'s vision and mission. As a responsible business, FGV is constantly striving to enhance its systems and practices on the sustainability front. In relation to this, FGV has revised its Group Sustainability Policy (GSP) to strengthen a number of provisions especially those relating to FGV's commitment to human rights, with a view to aligning them with the Fair Labor Association (FLA)'s Workplace Code of Conduct (WCOC), which is based on international human rights and labour standards.

In reviewing the GSP, FGV engaged in consultation with various stakeholders including civil society organisations, academicians, relevant United Nations agencies as well as the Human Rights Commission of Malaysia (SUHAKAM) to obtain their input and feedback on the amendments to the GSP. FGV believes that their contribution added much value to the review exercise, and we express our thanks and appreciation to them for their support in this process.

The revised GSP or GSP 4.0 was adopted by FGV's Board of Directors in November 2020, and applies to the FGV Group as a whole, including its listed and non-listed subsidiaries worldwide, in which FGV has management control. With the GSP 4.0 enforced, FGV also expects its contractors, consultants, suppliers, vendors and all other third party companies including individuals working with them to adopt responsible practices and at a minimum adhere to this Policy.

FGV's [Group Sustainability Policy \(4.0\)](#) is available on FGV's website.

Verification Audit by the Roundtable for Sustainable Palm Oil (RSPO)

Following the RSPO Complaints Panel (CP)'s directives of 13 January 2020 – which re-suspended the RSPO certification for FGV's Serting Complex and suspended FGV's ongoing RSPO certification processes – FGV remained steadfast in its efforts to continue implementing its action plan to address the CP's directives.

The verification audit by RSPO which was initially scheduled for June 2020 was delayed due to the COVID-19 pandemic and the Movement Control Order (MCO) imposed by the Malaysian Government. The verification audit eventually commenced with a desktop review in November 2020. Bureau Veritas Certification (BVC) has been appointed by the RSPO as the independent certification body to conduct the verification audit. Site audits at six of FGV's complexes – four in Peninsular Malaysia and two in Sabah – have been included as part of the verification exercise.

To date, two site audits have been carried out, with the first site audit conducted at FGV's Besout Complex on 7-8 January 2021, and the second at FGV's Chini 3 Complex on 25-26 January 2021. Four more site audits are scheduled to take place in February 2021.

The findings of the verification audit will be highlighted in BVC's report, which will then inform the RSPO CP's decision on whether or not the suspension will be lifted. FGV has addressed the CP's directives to the best of its ability, and is optimistic that the verification audit will result in a favourable outcome for FGV.

FGV believes that it has addressed all concerns raised in the RSPO CP directives. However, the regularisation of workers in Sabah, which is a matter that is beyond the scope of FGV's control, has yet to be fully resolved. The regularisation exercise is an initiative introduced by the Sabah State Government and the power to regularise workers lies solely in the hands of the relevant authorities. While FGV has done its part to register 6,158 workers under this programme, we are made to understand that the regularisation exercise has been put on hold since September 2020. FGV has been in contact with the Sabah State authorities about the matter but has not been informed of any decision by the Sabah State to resume the regularisation process. FGV will continue to engage with the authorities with a view to seeing through the resolution of the matter.

Withhold Release Order by the US Customs and Border Protection

On the Withhold Release Order (WRO) by the US Customs and Border Protection (CBP), FGV has decided to take a systematic approach in ensuring that the rights of its workers are respected and protected, thereby eliminating practices that may be indicative of labour exploitation. This is to ensure that the best labour practices are observed in accordance with international standards throughout its entire operations. FGV has decided to revisit the appointment of an independent third-party audit firm for an audit of FGV's operations after FGV is satisfied that all of the above measures have been strengthened and implemented accordingly, within six months. FGV will continue to engage with the CBP to keep them abreast of the various measures undertaken and its other ongoing initiatives pertaining to labour rights, and FGV is committed to resolving the matter as expeditiously as possible.

FGV's Affiliation to the Fair Labor Association (FLA)

FGV remains committed to its affiliation to the Fair Labor Association (FLA) and to implementing its long-term action plan to enhance its labour practices. In 2020, FGV was able to execute a number of important initiatives including the revision of FGV's Group Sustainability Policy, the review of FGV's Supplier Code of Conduct, production of capacity building short videos on human rights and the importance of personal protective equipment (PPE), respectively, and the development of a human rights training module for workers. FGV will maintain its momentum in 2021 to implement more programmes as part of its effort to continue upholding labour standards. Among the key actions to be carried out in 2021 will include the review of FGV's Guidelines and Procedures for the Responsible Recruitment of Migrant Workers, the establishment of FGV's Committee on Gender Equality and Women

Empowerment, rolling out of the human rights training module for workers, strengthening of mechanisms on the prevention of forced labour and child labour, and the development of a comprehensive mechanism for monitoring labour compliance. FGV would like to take this opportunity to thank our partners and stakeholders for their contribution in these efforts, including to P&G Chemicals who has been very supportive of FGV's affiliation to the FLA.
