

21 November 2019

Dear Valued Business Partners and Stakeholders,

FGV Becomes a Participating Company of the Fair Labor Association (FLA)

I am pleased to inform you that FGV Holdings Berhad (FGV) has been accepted as a Participating Company of the Fair Labor Association (FLA). FLA's Board approved FGV's application to become an affiliate of FLA on 23 October 2019, together with the Procter & Gamble Company (P&G) Chemicals, an important partner and stakeholder of FGV's.

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. Participating Companies of FLA include Adidas, Arena Group, Nestlé, Nike, Olam International, PopSockets, Puma and Syngenta, among many others.

FLA said in an announcement on 20 November 2019: *"The FLA board's decision follows a review of each companies' palm oil operations and supply chain management systems and working conditions in Malaysia and Indonesia. Additionally, it examined documented instances of FGV's lapses in ethical recruitment and employment, mainly related to migrant workers on palm oil plantations and in mills. The board also took into consideration FGV's willingness to improve working conditions and uphold stringent labor standards in their palm oil supply chain, as well as their commitment to an independent review, verification, and public transparency of their social compliance program."*

(Link to FLA's announcement: <https://www.fairlabor.org/blog/entry/fair-labor-association-announces-affiliation-fgv-holdings-berhad-and-procter-gamble>)

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, placements and on-boarding processes, as well as working and living conditions and fair wages.

Under this affiliation programme, FGV is also expected to align its internal standards with the [FLA Workplace Code of Conduct](#) as well as to develop a comprehensive social compliance and remediation programme based on the Code of Conduct and the [Principles of Fair Labor and Responsible Sourcing or Production for Agricultural Supply Chains](#). As part of the programme, FGV will participate in multi-stakeholder engagements including with international and local CSOs.

Towards this end, FGV, together with FLA, is already developing an action plan that will include time-bound milestones, indicators and proposed outcomes. In keeping with FGV's commitment to transparency, the progress of these actions will be the subject of independent review, verification and public reporting.

At this point, I would also like to take this opportunity to reaffirm FGV's commitment to responsible and sustainable business practices. We will ensure that the goals of this project are achieved in a timely manner and we look forward to working closely with all our stakeholders to achieve our mutual objectives. On behalf of FGV, I would also like to express my thanks and appreciation to P&G for supporting FGV in this important endeavour.

Yours sincerely,



DATO' HARIS FADZILAH HASSAN
Group Chief Executive Officer