

**Baseline Mapping Report
FGV Holdings Berhad (Malaysia)
2021-2022**



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GLOSSARY AND ABBREVIATIONS

CAP	Corrective Action Plan
Child labor	No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher.
Contract workers	Workers, local or migrant, hired by contractors to perform services (e.g., cleaning, gardening, transportation etc.) in FGV mills or estates.
Contractor	Individual or company that provides services in FGV mills and estates for cleaning, security, gardening, transportation etc.
CSO	Civil Society Organization
FFB	Fresh Fruit Bunch
FGV	FGV Holdings Berhad
FGV-hired workers	Workers, local or migrant, recruited and hired directly by FGV for work in FGV mills or estates. These workers have an employee-employer relationship with FGV.
FLA	Fair Labor Association
Forced labor	There shall be no use of forced labor, including prison labor, indentured labor, bonded labor, or other forms of forced labor. FLA standards require that “workers shall have the right to enter and to terminate their employment freely, workers must not be bound to their jobs by debt, must have freedom of movement at work, must retain control of their identity papers, and must not be forced to work overtime.
GSP	FGV Group Sustainability Policy – Policy applicable in FGV’s own operations covering mills and plantations.
HQ	Headquarters
HRDD	Human Rights Due Diligence – a risk management tool for organizations that can identify, prevent, mitigate, and account for how a company can address actual and potential adverse human rights impacts in their own operations, their supply chain, and other business relationships.
IEA	Independent External Assessments
ILO	International Labour Organization
IMS	Internal Management System
KPI	Key Performance Indicators
Minimum age	Minimum age of work is anyone under the age of 15 or under the age for completion of compulsory education (in the country), whichever is higher.

Minimum wage	The minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract. The minimum wage applicable at the time of assessment, according to the Malaysia's Minimum Wage Order 2020, was MYR1,200 per month.
MSPO	Malaysian Sustainable Palm Oil
OSH	Occupational Safety and Health
PPE	Personal Protective Equipment
RSPO	Roundtable for Sustainable Palm Oil
SCOC	FGV Supplier Code of Conduct – Policy applicable to FGV suppliers such as the third party service agencies, contractors, other farms supplying fresh fruit bunch (FFB) of palm to FGV.
Supplier	FGV supplier providing FFBS to FGV mills

1. INTRODUCTION

FGV Holdings Berhad (FGV) began its affiliation¹ with Fair Labor Association (FLA) in October 2019, committing to uphold FLA standards, address labor issues, and drive long-term improvements in working conditions in its owned operations and upstream supply chain. After FGV adopted its Action Plan 2020² on March 31, 2020, FLA conducted a series of virtual assessments in 2020 and 2021, due to COVID-19 related movement restrictions. Progress reports were published on September 30, 2020³, and April 1, 2021.⁴

After FGV committed to further improvements and transparency, FLA conducted in-person assessments at FGV headquarters in Kuala Lumpur and at the field level (at the mills and estates) between November 2021 and January 2022, guided by the broad objectives of FLA's Independent External Assessment (IEA)⁵, as follows:

- (i) First, to explore the background, stakeholders, labor regulations and known risks associated with the palm oil sector in Malaysia to gain a better understanding of FGV's palm oil supply chain and risk management;
- (ii) Second, to assess FGV's sustainability governance and human rights due diligence systems based on [FLA Principles](#); and
- (iii) Third, to assess labor standards in the workplace and challenges, based on the [FLA Workplace Code of Conduct \(Code\)](#). The field-level assessments involved direct and indirect stakeholders, including FGV suppliers, contractors, workers, and workers' representatives as well as local community members.

FLA assessments used instruments, such as the Internal Management System (IMS) tool, Independent External Monitoring (IEM) tool, supplier evaluation tool, community profiling tool, and a worker survey. This report presents findings of FGV's HRDD systems and field-level working conditions.

¹ See [here](#).

² FGV Action Plan 2020 is accessible [here](#).

³ Findings on the Progress of FGV's Action Plan 2020, available [here](#).

⁴ FLA Assessment Report on the Implementation of FGV's Action Plan to Enhance Labor Practices, available [here](#).

⁵ See [here](#) for the various type of FLA assessments in the agriculture sector.

2. ASSESSMENT METHOD

Desktop research, conducted in November 2021, assessed the palm oil sector, stakeholders, and known labor risks. During this period, FLA assessment tools such as suppliers' Internal Management System (IMS) and field instruments such as the workers' survey and community profiling tool, were adjusted to the context of situation.

The field assessment began in November 2021, in Aring, Gua Musang (one mill, two supplying estates), followed by an assessment in Selanchar (one mill, two supplying estates), and in Serting (one mill and two supplying estates).

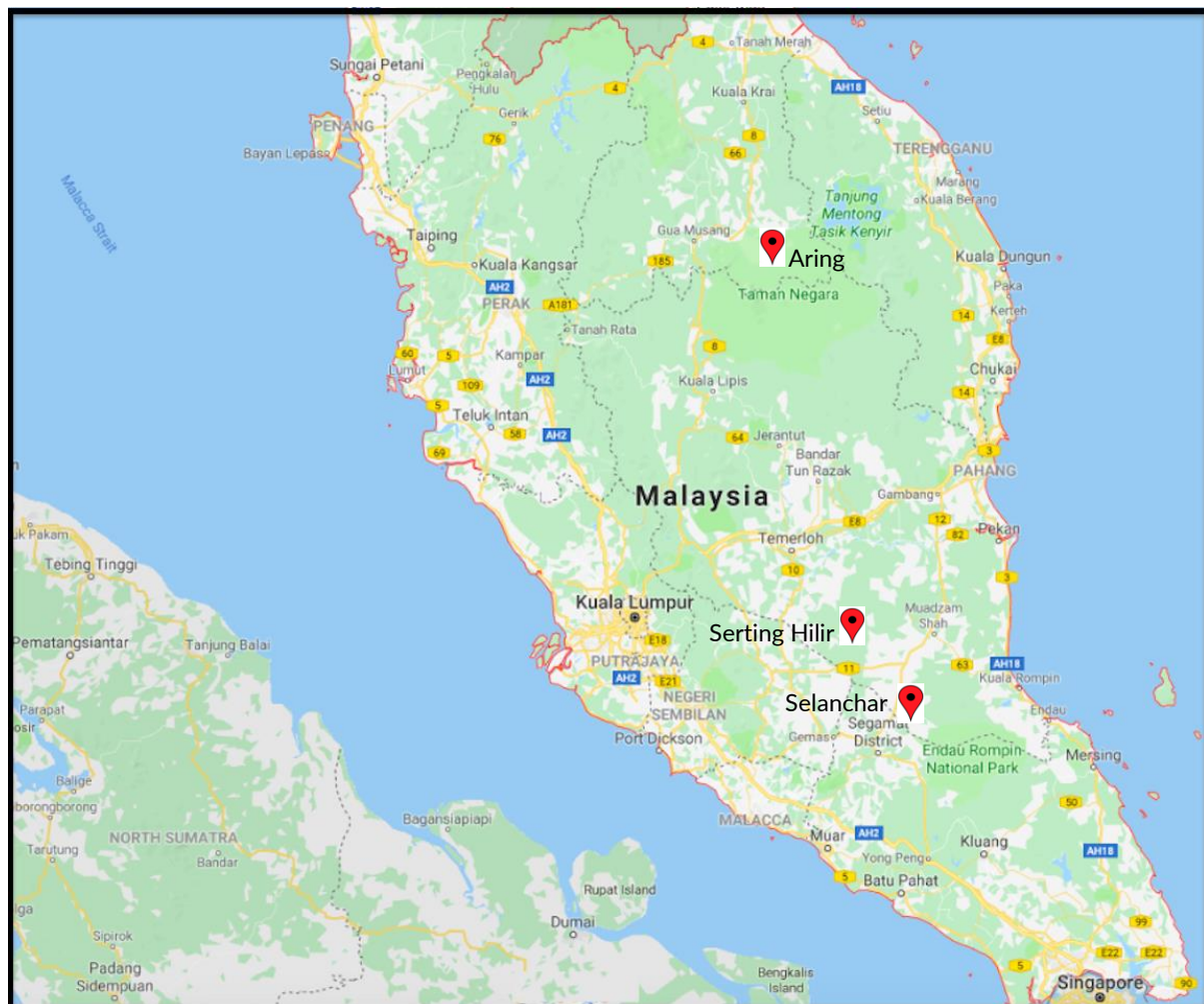


Table 1: Sample Sites, Business Operations, Locations and Period of field Assessment

Sample Site	Business Operation	Location and Period of Field Assessment
Farm 1: Mill Aring	Oil palm mill	Aring, Gua Musang, Kelantan November 23-26, 2021
Farm 2: Estate Aring 2	Oil palm estate (1651.55 ha)	
Farm 3: Estate Aring 5	Oil palm estate (622.47 ha)	
Farm 4: Mill Selanchar 2b	Oil palm mill	Selanchar, Segamat, Johor November 30 – December 3, 2021
Farm 5: Estate Selanchar 8	Oil palm estate (1680.89 ha)	
Farm 6: Estate Selanchar 9	Oil palm estate (2948.61 ha)	
Farm 7: Mill Serting Hilir	Oil palm mill	Serting, Negeri Sembilan December 4–8, 2021
Farm 8: Estate Tembangau 5	Oil palm estate (3301.33 ha)	
Farm 9: Estate Tembangau 8	Oil palm estate (1628.83 ha)	

Assessors interviewed 225 workers comprised of 64 respondents from mills and 35 respondents from estates, who were local Malaysian workers, and 126 migrant workers. (See Annex 4 for details on sample size, worker demographics, and survey responses). Additional interviews were held with four FFB suppliers and seven contractors.

Following the field work, an assessment of FGV IMS was conducted at FGV's headquarters in Kuala Lumpur. Data collection concluded in January 2022. At the HQ level, assessors interviewed management staff from departments including Group Sustainability, Group Governance and Risk Management, Plantation Sector, and Field Workforce. FLA conducted a detailed review of documents at the HQ, mill, and estate levels.

A final report was submitted to FGV on March 1, 2022. FGV submitted the Corrective Action Plan (CAP) published with this report on May 18, 2022.

3. INTERNAL MANAGEMENT SYSTEMS FINDINGS

3.1 Overview of the Internal Management System Assessment

FLA assessed FGV's International Monitoring System (IMS) and the implementation of its Action Plan 2020 by engaging with various FGV divisions and business units between December 2021 and February 2022. Where relevant, findings from the field-level assessment were leveraged to corroborate written and verbal inputs from company representatives.

Across the 10 FLA Principles, 53% of Key Performance Indicators (KPIs) were in "Full Implementation" and 47% were "In Progress". None of the KPIs were marked as "Planned" or "No Action Taken".

Of FGV's 46 action pledges, 32 (69.5%) have been fully implemented, including 10 action pledges that were marked "In Progress" in previous reports in March/April 2021. Thirteen action pledges (28.2%) are marked as still "In Progress", and one action pledge is marked as "Planned".

Table 2 provides the summary of the assessment results of FGV's Internal Monitoring System (IMS) and a review of FGV's Action Plan developed on March 31, 2020, following its affiliation with Fair Labor Association (FLA) in October 2019. The Action Plan aligned FGV's systems, structures and practices with international standards, including FLA standards. It was developed in consultation with FLA and other relevant stakeholders and is the framework within which FLA and FGV are working together. Detailed findings from the IMS assessment and Corrective Action Plan (CAP) are presented in Annex 1.

Table 2: Summary of the Assessment Results of the FGV's Internal Monitoring System (IMS) and the Implementation of FGV Action Plan 2020 / 2021

Assessment of FGV's Internal Monitoring System (IMS)		Assessment of the Implementation of FGV Action Plan 2020		
No. of KPI	Assessment Score	FGV Action Plan 2020	Progress Status (Previous Reporting in Mar/Apr 2021)	Progress Status (Current)
PRINCIPLE 1A: TOP MANAGEMENT COMMITMENT AND WORKPLACE LABOR STANDARDS				
Participating Company is committed to accountability and transparency through established workplace standards				
BENCHMARK 1A.1 Participating Company leadership formally commits to practices to uphold workplace standards, and to integrate these commitments into company business practices.				
KPI a)	Full Implementation	<p>1.4.1 FGV will issue a commitment letter to uphold the FLA 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.</p> <p>1.4.2 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.</p> <p>1.5.1 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.</p>	<p>1.4.1 Implemented</p> <p>1.4.2 Implemented</p> <p>1.5.1 Implemented</p>	<p>No further assessment</p> <p>No further assessment</p> <p>No further assessment</p>
KPI b)	Full Implementation			
KPI c)	In-Progress			
KPI d)	Full Implementation			
BENCHMARK 1A.2 Participating Company establishes and articulates clear, written workplace standards for its upstream supply chain that meet or exceed those embodied in the FLA Workplace Code of Conduct.				
KPI a)	Full Implementation	1.1.1 Initial assessment of FGV's SCOC	1.1 Implemented	No further assessment

Assessment of FGV's Internal Monitoring System (IMS)		Assessment of the Implementation of FGV Action Plan 2020		
No. of KPI	Assessment Score	FGV Action Plan 2020	Progress Status (Previous Reporting in Mar/Apr 2021)	Progress Status (Current)
KPI b)	In-Progress	<p>1.2.1 FGV will undertake the necessary amendments to align its SCOC and other labor policies and procedures with the FLA CoC.</p> <p>1.2.2 FGV acknowledges that there are challenging areas (i.e., working hours). FGV will organize internal consultations, meetings and training to get support and approval.</p> <p>1.3.1 FGV will reflect the UNGPs and the ILO Guidelines on Fair Recruitment in its recruitment policy and practices.</p> <p>1.6.1 FGV will strengthen the existing procedures and mechanisms to effectively prevent forced and bonded labor, and to establish remediation processes should they occur.</p> <p>1.7.1 FGV will strengthen the existing procedures and mechanisms to prevent child labor, and to establish effective remediation processes should they occur.</p> <p>1.8.1 FGV will develop procedures and mechanisms to strengthen the enjoyment of workers' right to freedom of association and to unionize.</p> <p>1.9.1 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.</p>	<p>1.2.1 In Progress</p> <p>1.2.2 In Progress</p> <p>1.3.1 In Progress</p> <p>1.6.1 In Progress</p> <p>1.7.1 In Progress</p> <p>1.8.1 In Progress</p> <p>1.9.1 In Progress</p>	<p>1.2.1 In Progress</p> <p>1.2.2 In Progress</p> <p>1.3.1 In Progress</p> <p>1.6.1 Implemented</p> <p>1.7.1 In Progress</p> <p>1.8.1 In Progress</p> <p>1.9.1 In Progress</p>
<p>PRINCIPLE 1B: RISK ASSESSMENT AND TRACEABILITY Participating Company uses risk assessments to prioritize its workplace labor compliance program implementation and progressively increase supply chain traceability.</p>				

Assessment of FGV's Internal Monitoring System (IMS)		Assessment of the Implementation of FGV Action Plan 2020		
No. of KPI	Assessment Score	FGV Action Plan 2020	Progress Status (Previous Reporting in Mar/Apr 2021)	Progress Status (Current)
BENCHMARK 1B.1 Participating Company conducts risk assessment and prioritization that informs the workplace labor compliance program.				
KPI a)	In-Progress			
BENCHMARK 1B.2 Participating Company progressively establishes supply chain traceability.				
KPI a)	Full Implementation			
KPI b)	Full Implementation			
BENCHMARK 1B.3 Participating Company develops an implementation plan.				
KPI a)	Full Implementation	6.1.1 The information management system aims to gather and manage traceability data, and strategy to share such information with the FLA	6.1.1 In Progress	6.1.1 Implemented
KPI b)	Full Implementation			
PRINCIPLE 2: RESPONSIBLE SOURCING AND PROCUREMENT Participating Company aligns its sourcing/procurement practices with commitment to workplace labor standards.				
BENCHMARK 2.1 Participating Company has written policies and procedures for sourcing/procurement that facilitate collaboration across the internal departments and with business partners to uphold its workplace labor standards at farms.				
KPI a)	In-Progress	8.1.1 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.	8.1.1 In Progress	8.1.1 Implemented
KPI b)	Full Implementation			
BENCHMARK 2.2 Participating Company implements its responsible sourcing/procurement policy and procedures.				
KPI a)	In-Progress			
KPI b)	In-Progress			
BENCHMARK 2.3 Participating Company holds relevant staff and its suppliers accountable for the implementation of the responsible sourcing/procurement policies and procedures.				
KPI a)	In-Progress			
KPI b)	In-Progress			

Assessment of FGV's Internal Monitoring System (IMS)		Assessment of the Implementation of FGV Action Plan 2020		
No. of KPI	Assessment Score	FGV Action Plan 2020	Progress Status (Previous Reporting in Mar/Apr 2021)	Progress Status (Current)
KPI c)	In-Progress			
BENCHMARK 2.4 Participating Company selects its business partner based on a pre-sourcing evaluation and has a supplier evaluation system.				
KPI a)	In-Progress			
KPI b)	In-Progress			
PRINCIPLE 3: COMPANY STAFF TRAINING Participating Company identifies and ensures that the specific personnel responsible for implementing workplace labor standards (at head office and in the regions) are trained and are aware of the labor standards criteria.				
BENCHMARK 3.1 Participating Company identifies the person(s) responsible for administering and implementing its workplace labor compliance program.				
KPI a)	Full Implementation	2.1.1 FGV's organizational chart will contain comprehensive information such as the number of responsible staffs to implement the Action Plan.	2.1.1 Implemented	No further assessment
KPI b)	Full Implementation	2.2.1 The job descriptions will include clear roles and expectations of the responsible staffs in implementing the Action Plan.	2.2.1 Implemented	No further assessment
		2.2.2 The FLA will work with FGV to develop Key Performance Indicators (KPIs) to oversee the implementation of the Action Plan.	2.2.2 Implemented	No further assessment
		2.3.1 FGV will create a chart/model of the appointment process of its responsible staffs in charge of labor standards at headquarters and operational levels	2.3.1 Implemented	No further assessment
KPI c)	In-Progress	7.3.1 FGV will strengthen the post- arrival orientation program for newly arrived workers. The post-arrival orientation program will include training on FGV's labor policies, workers' rights and responsibilities, no recruitment fees, no retention of passports and a choice to use employer-provided lockers, taking leave	7.3.1 In Progress	7.3.1 Implemented
			7.3.2 In	7.3.2 Implemented

Assessment of FGV's Internal Monitoring System (IMS)		Assessment of the Implementation of FGV Action Plan 2020		
No. of KPI	Assessment Score	FGV Action Plan 2020	Progress Status (Previous Reporting in Mar/Apr 2021)	Progress Status (Current)
		<p>and exiting the premises and repatriation procedures.</p> <p>7.3.2 FGV is exploring opportunities to collaborate with a labor rights NGO in Malaysia in strengthening the post- arrival orientation module.</p> <p>7.4.1 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.</p> <p>7.4.2 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)</p>	<p>Progress</p> <p>7.4.1 In Progress</p> <p>7.4.2 In Progress</p>	<p>7.4.1 Implemented</p> <p>7.4.2 Implemented</p>
BENCHMARK 3.2 Participating Company ensures training of all staff managing responsible sourcing/procurement and implementation of labor standards.				
KPI a)	In-Progress	<p>2.4.1 FGV will develop an interactive and action-based training on labor 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.</p> <p>3.2.1 Training will focus on issues related to labour rights and labour standards at the workplace, including the FLA CoC, employment contract and pay slip. The training will be conducted for all workers in 2020 and to be repeated on a periodic basis.</p> <p>3.2.2 FGV will develop simple,</p>	<p>2.4.1 Implemented</p> <p>3.2.1 In Progress</p> <p>3.2.2 Implemented</p>	<p>No further assessment</p> <p>3.2.1 In Progress</p> <p>No further assessment</p>

Assessment of FGV's Internal Monitoring System (IMS)		Assessment of the Implementation of FGV Action Plan 2020		
No. of KPI	Assessment Score	FGV Action Plan 2020	Progress Status (Previous Reporting in Mar/Apr 2021)	Progress Status (Current)
		illustrated materials for workers and their families.		
KPI b)	In-Progress			
KPI c)	In-Progress			
PRINCIPLE 4: BUSINESS PARTNER TRAINING AND IMPLEMENTATION Participating Company obtains commitment, and drives business partner awareness of labor standards.				
BENCHMARK 4.1 Participating Company formally conveys its labor standards to its business partners and verifies that the information is cascaded upstream.				
KPI a)	Full Implementation	3.1.1 FGV will include relevant clauses in the contract with the recruitment agencies that are aligned with the FLA CoC. 3.1.2 FGV will brief recruitment agencies on the improved contract and new requirements, and support the implementation of the clauses when needed	3.1.1 Implemented 3.1.2 Implemented	No further assessment No further assessment
KPI b)	Full Implementation			
BENCHMARK 4.2 Participating Company obtains agreement from business partners to facilitate periodic assessments at the farms, including those organized by the FLA, and to actively contribute to consequent remediation.				
KPI a)	Full Implementation	3.1.3 FGV will develop a mechanism for monitoring and assessment of the implementation of the labour standards by recruitment agencies.	3.1.3 Implemented	No further assessment
BENCHMARK 4.3 Participating Company conditions future business with business partners upon continuous improvement of labor conditions at farms.				
KPI a)	In-Progress			
KPI b)	In-Progress			

Assessment of FGV's Internal Monitoring System (IMS)		Assessment of the Implementation of FGV Action Plan 2020		
No. of KPI	Assessment Score	FGV Action Plan 2020	Progress Status (Previous Reporting in Mar/Apr 2021)	Progress Status (Current)
KPI c)	Full Implementation			
BENCHMARK 4.4 Participating Company ensures that labor standards are accessible in the upstream supply chain, in written or illustrative format and relevant languages.				
KPI a)	In-Progress			
BENCHMARK 4.5 Participating Company ensures that farmers and workers are trained on labor standards at appropriate intervals.				
KPI a)	In-Progress			
KPI b)	In-Progress			
PRINCIPLE 5: MONITORING Participating Company conducts labor standards compliance monitoring at the farm level.				
BENCHMARK 5.1 Participating Company monitors an appropriate sampling of farms regularly to assess compliance with labor standards.				
KPI a)	Full Implementation			
KPI b)	Full Implementation			
BENCHMARK 5.2 Participating Company ensures that the monitoring program in scope is aligned with FLA workplace labor standards.				
KPI a)	In-Progress	5.1.1 The labor 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.	5.1.1 In Progress	5.1.1 In Progress
KPI b)	Full Implementation			
KPI c)	In-Progress	5.2.1 FGV will improve HR management and record-keeping of staff and workers in all its owned operations. This will enhance the company's accountability and transparency, particularly in managing the employer-employee relationship, in alignment with the FLA CoC. It includes record-keeping of	5.2.1 In Progress	5.2.1 In Progress

Assessment of FGV's Internal Monitoring System (IMS)		Assessment of the Implementation of FGV Action Plan 2020		
No. of KPI	Assessment Score	FGV Action Plan 2020	Progress Status (Previous Reporting in Mar/Apr 2021)	Progress Status (Current)
		information on the language of contract provided, input to survey on recruitment fees, type of training conducted, family members accompanying, etc.		
PRINCIPLE 6: FUNCTIONING GRIEVANCE MECHANISMS Participating Company ensures workers, farmers, and their family members (where applicable) have access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential.				
BENCHMARK 6.1 Participating Company ensures functioning grievance mechanism in the supply chain.				
KPI a)	Full Implementation			
KPI b)	In-Progress			
KPI c)	In-Progress			
BENCHMARK 6.2 Where local mechanisms are not functioning, Participating Company provides alternative channels for farmers and workers to contact the Company directly and confidentially.				
KPI a)	Full Implementation	4.2.1 FGV will strengthen its grievance mechanisms by, among other things, exploring a partnership with independent third-party organizations, as well as to assess effectiveness.	4.2.1 In Progress	4.2.1 In Progress
KPI b)	Full Implementation			
BENCHMARK 6.3 Participating Company ensures that training and communication on grievance mechanism cover all farmers and workers.				
KPI a)	Full Implementation	4.1.1 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.	4.1.1 In Progress	4.1.1 Implemented
KPI b)	Full Implementation			
PRINCIPLE 7: COLLECTION AND MANAGEMENT OF COMPLIANCE INFORMATION Participating Company collects, manages and analyzes labor standards compliance information.				
BENCHMARK 7.1 Company Affiliate facilitates access to a complete and accurate list of all direct suppliers, where upstream transparency has been established.				

Assessment of FGV's Internal Monitoring System (IMS)		Assessment of the Implementation of FGV Action Plan 2020		
No. of KPI	Assessment Score	FGV Action Plan 2020	Progress Status (Previous Reporting in Mar/Apr 2021)	Progress Status (Current)
KPI a)	Full Implementation			
KPI b)	Full Implementation			
BENCHMARK 7.2 Participating Company analyzes systemic issues and trends in noncompliance findings.				
KPI a)	In-Progress			
KPI b)	In-Progress			
KPI c)	In-Progress			
PRINCIPLE 8: TIMELY AND PREVENTATIVE REMEDIATION Participating Company works with business partners to remediate in a timely and preventative manner.				
BENCHMARK 8.1 Participating Company provides regular follow-up and oversight to business partners implementing the corrective actions following assessments.				
KPI a)	Full Implementation	<p>7.1.1 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 program.</p> <p>7.1.2 FGV will engage legal experts/practitioners to provide a legal opinion on the status of migrant workers who are in the regularization process in order to improve remediation</p> <p>7.1.3 FGV will develop procedures in preventing the hiring of undocumented migrant workers and the remediation strategy in dealing with unexpected future of undocumented workers.</p> <p>7.1.4 FGV will regularly and publicly update its progress, including steps taken to prevent and remedy, in the event where undocumented migrant</p> <p>7.2.3 FGV will review its repatriation practices to ensure</p>	<p>7.1.1 In Progress</p> <p>7.1.2 Planned</p> <p>7.1.3 In Progress</p> <p>7.1.4 In Progress</p> <p>7.2.3 In Progress</p>	<p>7.1.1 In Progress</p> <p>7.1.2 Planned</p> <p>7.1.3 Implemented</p> <p>7.1.4 In Progress</p> <p>7.2.3 In Progress</p>

Assessment of FGV's Internal Monitoring System (IMS)		Assessment of the Implementation of FGV Action Plan 2020		
No. of KPI	Assessment Score	FGV Action Plan 2020	Progress Status (Previous Reporting in Mar/Apr 2021)	Progress Status (Current)
		compliance with labour standards.		
KPI b)	Full Implementation	7.2.1 FGV, through its current joint project with the United Nations International Organization for Migration (IOM) and the Earthworm Foundation, will undertake workers' survey on recruitment fees for the purpose of continuous improvement of its fair recruitment practices. The findings and recommendations arising from this exercise will inform the formulation of FGV's remediation measures concerning recruitment fees. The report and follow-up plans will be made available.	7.2.1 In Progress	In Progress
KPI c)	Full Implementation	7.2.2 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 engaging workers' representatives and local organization in these dialogues.	7.2.2 In Progress	7.2.2 Implemented
BENCHMARK 8.2 Participating Company works with the business partners to determine the root causes and take action to reduce future risks.				
KPI a)	In-Progress			
KPI b)	In-Progress			
KPI c)	Full Implementation			
BENCHMARK 8.3 Participating Company records and tracks the progress and effectiveness of remediation.				
KPI a)	Full Implementation			
KPI b)	In-Progress			

Assessment of FGV's Internal Monitoring System (IMS)		Assessment of the Implementation of FGV Action Plan 2020		
No. of KPI	Assessment Score	FGV Action Plan 2020	Progress Status (Previous Reporting in Mar/Apr 2021)	Progress Status (Current)
PRINCIPLE 9: CONSULTATION WITH CIVIL SOCIETY Participating Company identifies, researches and engages with relevant local and international labor non-governmental organizations, trade unions and other civil society institutions.				
BENCHMARK 9.1 Participating Company develops a civil society organization (CSO) outreach strategy that reflects the risk assessment and salient human rights issues.				
KPI a)	In Progress	9.2.1 FGV will undertake a mapping of relevant local and international stakeholders and frequently update an overview of these stakeholders, including general information, areas of expertise, relevancy to FGV and contact information. FGV is in the process of engaging with 5 local and 5 international CSOs.	9.2.1 Implemented	No further assessment
BENCHMARK 9.2 Participating Company develops and maintains links with relevant CSOs to gain understanding of labor issues.				
KPI a)	Full Implementation	9.1.1 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	9.1.1 Implemented	No further assessment
BENCHMARK 9.3 Participating Company strategizes with CSOs and knowledgeable local sources in the design and implementation of the workplace labor compliance programs.				
KPI a)	Full Implementation	5.3.1 FGV will continue its cooperation with the Human Rights Commission of Malaysia (SUHAKAM) to strengthen FGV's compliance with labour standards concerning the working and living conditions of its workers, through assessments and verification exercises.	5.3.1 Implemented	No further assessment
BENCHMARK 9.4 Participating Company consults with business partners' management and legally constituted unions or worker representative structures to gain an understanding of relevant relationships.				
KPI a)	Full Implementation			
KPI b)	Full Implementation			
PRINCIPLE 10: VERIFICATION REQUIREMENTS Participating Company meets FLA verification and program requirements.				
BENCHMARK 10.1 Participating Company maintains standard operating procedures related to FLA affiliation.				

Assessment of FGV's Internal Monitoring System (IMS)		Assessment of the Implementation of FGV Action Plan 2020		
No. of KPI	Assessment Score	FGV Action Plan 2020	Progress Status (Previous Reporting in Mar/Apr 2021)	Progress Status (Current)
KPI a)	Full Implementation	<p>10.1.1 FGV's Sustainability team will be the main liaison with the FLA. They will be responsible for working with other departments to execute the Action Plan. A cross-departmental core team comprising of various departments has been created to execute the action plan. This core-team will develop an internal procedure to manage matters related to its affiliation with the FLA.</p> <p>10.2.1 FGV is committed to participate in and provide support to any assessment / due diligence exercises conducted by the FLA, including assessments at owned operations and suppliers' operations.</p> <p>10.2.2 FGV will support the FLA assessment to verify progress against the action plan starting mid-2020.</p> <p>10.3.1 FGV is committed to reporting its progress to implement the FLA's Principles of Fair Labor and Responsible Sourcing for Companies with Agricultural Supply Chains on an annual basis.</p> <p>10.4.1 FGV will provide the necessary information and other support (where needed), including owned operations and suppliers' information to facilitate regular assessment and verification by the FLA.</p>	<p>10.1.1 Implemented</p> <p>10.2.1 Implemented</p> <p>10.2.2 Implemented</p> <p>10.3.1 Implemented</p> <p>10.4.1 Implemented</p>	<p>No further assessment</p> <p>No further assessment</p> <p>No further assessment</p> <p>No further assessment</p> <p>No further assessment</p>

3.2 Top Management and Sustainability Governance

FGV has a vast and complex supply chain of 219 estates and 67 mills across Malaysia. Two-thirds of the FFBs it processes are sourced from thousands of independent smallholders and organized smallholders (i.e., farmers on small farms registered with the Federal Land Development Authority [FELDA]).⁶ Additionally, FGV buys FFBs from independent intermediaries.

FGV's commitments to labor standards, are governed by a multi-tier top management structure:

- The **Board of Directors** is The Board of Directors is the highest governance body overseeing the management of FGV's impacts on economy, environment and people. The Board provides direction and strategic input into the formulation of the Group Sustainability Policy (GSP) well as the oversight and governance over the GSP's implementation and execution.
- The Board Sustainability Committee established in September 2021 is tasked to assist FGV's Board in fulfilling its oversight responsibilities in relation to FGV Group's sustainability policies, strategies and initiatives. Previously, FGV's sustainability matters were under the purview of its Board Governance and Risk Management Committee (BGRMC)
- The **Group Management Committee (GMC)**, composed of senior management executives and chaired by the Group Chief Executive Officer (GCEO), is tasked with, among others, ensuring implementation of the GSP.
- The sustainability Synergy Committee consists of representatives from various businesses and divisions in the Group, which facilitates the mainstreaming of sustainability principles and practices throughout FGV. The Committee is also entrusted with the effective implementation of FGV's sustainability initiatives. The Head of the Group Sustainability Division (GSD) chairs the Sustainability Synergy Committee.
- The **Group Sustainability Division (GSD)**, is the primary division that executes the group's sustainability commitment in owned operations and the supply chain. The Head of GSD reports directly to the GCEO.

⁶ Further information about FELDA-organized smallholders, see [here](#).

Recently, FGV established a **Sustainability Compliance Working Committee**, chaired by the head of Sustainability Compliance and Certification Department (SCCD) to raise and discuss compliance issues, including addressing systemic issues and root causes of non-compliance, including on labor standards.

3.2.1 FGV's Ongoing Engagement with FLA

FGV set up a dedicated team to manage, coordinate, and fulfil the requirements of its affiliation with FLA. The team consists of staff from several divisions, including plantation operations, group procurement, coordinated by the GSD). Each team member received an appointment letter with detailed terms of reference outlining their expected contributions.

FGV participated in three independent assessments conducted by FLA. Findings were immediately made publicly available. The first public report was published on September 30, 2020⁷, and the second on April 1, 2021⁸.

4. FIELD-LEVEL FINDINGS

4.1 Community Profiling

Community profiling involved separate interview sessions and physical observation in several areas. A majority of the population living in the three locations are smallholder FELDA⁹ settlers, who generate an income through oil palm cultivation, livestock, and vegetable farming. Some second-generation smallholder settlers have moved to nearby towns. The local population is mostly Malay (more than 90%) while the remaining are indigenous people, ethnic Indian, and Chinese. Migrant workers employed by FGV are largely Bangladeshi and Indonesians. Most local community members are literate and have at least attended primary education. The three regions have primary and secondary schools, shops, mosques, and primary health facilities. In areas such as Segamat and Aring, the supply of fresh water is frequently disrupted.

⁷ Findings on the Progress of FGV's Action Plan 2020, available [here](#).

⁸ FLA Assessment Report on the Implementation of FGV's Action Plan to Enhance Labor Practices (2021), available [here](#).

⁹ About 50 percent of FFB supplies comes from FELDA smallholders.

4.2 Summary of Supplier and Contractor Assessments

Assessors performed an IMS assessment on four FFB suppliers and seven contractors providing a range of services to the sampled mills and estates (Table 3). The assessment summarized here was based on a set of IMS Assessment Questions for Suppliers and Contractors (Annex 3).

The assessment found that most suppliers and contractors, except for two, do not have written codes of conduct to monitor and ensure compliance of labor standards (Benchmark 1.1.1). Where written codes or procedures exist, they do not fully conform with the FLA Code (e.g., right to association and collective bargaining, and hours of work).

All suppliers and contractors, except one, have confirmed that they have a written agreement with FGV that stipulates procurement details such as pricing and payment terms and conditions (Benchmark 1.2.3). Although all suppliers must comply with the SCOC, there is no explicit requirement for suppliers and contractors to have a labor standard system or human rights due diligence process in place in ensuring that suppliers and contractors comply with FLA standards.

While some suppliers and contractors confirmed that training was given to relevant staff (e.g., briefing on minimum wage and work safety), training content does not fully conform with FLA standards (e.g., training on the right to association and collective bargaining; effective grievance and remediation; and no abuse and harassment, etc.) (Benchmark 1.3.1). Furthermore, none of the informants have provided similar training to other supply chain partners such as third party estates, smallholders, etc.

All suppliers and contractors confirmed that workers and farmers have access to existing FGV grievance and whistleblowing channels (Benchmark 1.6.1), no specific channel is available to address sensitive cases such as child labor (Benchmark 1.6.3). When asked if they have promoted existing grievance and whistleblowing channels to workers and farmers on a regular basis, only four informants said they had shared grievance channel details with workers and farmers, though no proper briefing and feedback gathering was conducted (Benchmark 1.6.4).

All suppliers and contractors confirmed that they provided the necessary information such as workers' profiles, monthly salary information, business location, and contact

information to FGV's mills and estates on a regular basis (Benchmark 1.7.1). However, when asked if they have shared labor-related information or complaints to FGV, only four contractors had done so and they only shared information related to provision of PPEs, safety, and overtime (Benchmark 1.7.2).

Only one informant confirmed that they had a remediation plan and process in place to follow-up complaints and oversee remediation (Benchmark 1.8.1). One contractor reported having a corrective action process as part of their audit exercise. Only one supplier had engagement with other stakeholders, such as cooperatives, settlers, youth and women representatives and Security Service (Benchmark 1.9.1).

4.3 Workers' Profile

The field assessment survey of 225 workers, included local Malaysian workers (44%) and migrant workers (56%). The migrant workers (126) working in FGV estates included Bangladeshi (26.7%), Indian (15.6%), and Indonesian (13.8%) workers. No migrant workers have been hired in FGV mills across Malaysia. The sample size is estimated to be 22% of the total workforce of 1,023 workers in the sampled sites (Table 5). 09.8% of workers surveyed were male (Table 6). 73.7% of workers surveyed were between 18 and 40 years old. Workers ages 41 to 50 (13.8%) and 51 or older (12.4%) were approximately one-quarter of the workforce. Four out of five respondents had completed primary or secondary education in Malaysia or in their countries of origin (Table 7). This does not mean, however, that workers, particularly migrants, are able to understand and communicate in local or English languages.

4.4 Independent External Monitoring (IEM) Assessment

The Independent External Monitoring (IEM) assessment follows the nine elements of the FLA Workplace Code of Conduct for the Agriculture Sector, complemented with an assessment of COVID-19 measures. Detailed findings of the IEM assessment and its Corrective Action Plan (CAP) are presented in Annex 2.

Below is the summary of the findings of the IEM assessment:

- **Employment terms and lack of understanding:** Two workers hired by contractors had sub-standard employment terms that did not provide benefits such as annual and medical leave and access to social security. Thirty workers (13%) who were

employees of FGV did not understand the terms of their employment contracts. Indian and Bangladeshi workers, in particular, face language and literacy barriers. A check on worker employment contracts provided by management indicated that every worker had signed an employment contract, yet 10% of workers mentioned not signing a contract. This suggests that some workers may lack awareness or understanding of their own employment contract.

- **Expired work permits and passports:** The employment passes (work permits) and passports of 10 migrant workers in FGV estates had expired. FGV had no procedure in place to assist foreign workers in obtaining or renewing their passports during the COVID-19 pandemic.
- **COVID-19 created barriers to conducting trainings:** Some planned trainings went undelivered due to COVID-19 measures. When trainings were conducted, no evaluation was performed to assess their effectiveness. Seventy-six percent of workers mentioned that trainings (mostly health and safety briefings and work-related training) were provided while 24% mentioned that no training was provided.
- **Lack of trust in FGV's grievance mechanisms:** FGV has several grievance channels including a hotline, a mobile app, a supervisor or union and workers/ committee, and complaint box or logbooks. Eighty-four percent of workers surveyed had not used or were reluctant to use FGV grievance channels due to lack of trust, concern about possible repercussions, and language barriers.
- **Lack of awareness about minimum working age:** FLA assessors found no evidence of child labor across all sites. However, more than half of workers surveyed were unaware of the minimum age for work in Malaysia [or responded incorrectly]. Thirteen percent of workers said that their employer or recruiter did not verify their age during the hiring process.
- **Cases of harassment and abuse:** Three workers mentioned incidents involving physical, verbal, and psychological abuse. Further investigation found one recent case of physical abuse and humiliating treatment against a migrant worker committed by estate staff and FGV security officials.

- **Access to basic facilities and sanitation in some estates is poor.** The supply of water is often disrupted, forcing workers to buy clean water from nearby shops. When water is running, it is not clean and is unsafe to drink.
- **Worker representation:** The appointment process of migrant workers' representatives to the Joint Consultative Committee in FGV estates lacks transparency and offers no evidence that the appointed representatives have the support of a majority of workers. Sixty-nine percent of workers are not aware of worker committees or unions at their workplace.
- **Foreign workers' passport management:** Surveyed workers included 126 foreign migrant workers. Fifty-four percent reported that they keep their passport in their possession; 24% reported that they store the passports at FGV-installed lockers and can get them at will; and 16.7% workers reported that their passports were not with them. On further investigation, these passports were with the government for the issuance of work permits.
- **Hours of Work:** Some mill workers worked more than the maximum 60 hours a week (including overtime) prescribed by FLA standards. In estates, 14.7% of workers surveyed reported to work seven days a week without rest during low season, while 25.3% work for seven days a week without rest during peak season. Four workers reported that the overtime was involuntary.

4.5 COVID-19 Measures

The workers' survey provided an opportunity to assess the situation during the COVID-19 pandemic, and gauge efforts undertaken by FGV to engage and/or brief workers on COVID-19 measures. More than half of respondents said they were not impacted by the COVID-19 outbreak, either directly (e.g., COVID-19 infection) or indirectly (e.g., loss of job or income) (Table 33).

One respondent stated that he was previously dismissed by his previous employer (not FGV) due to the pandemic. Ten workers mentioned that they faced a significant reduction of hours of work and working days, which reduced their monthly compensation. Four percent stated that COVID-19 had increased their daily cost of living for items such as food and telecommunication. Another worker said that COVID-

19 affected his mental health. Two respondents complained that PPEs (e.g., mask and hand sanitizer) were not provided consistently by the employer. The risk was particularly acute because many workers, particularly migrant workers, live in dormitories.

Most workers said they were regularly informed or briefed by their employer about COVID-19 SOP and related information (Table 34) during morning rollcalls. Other workers stated that government representatives came to the mills and estates to brief workers about the government's SOPs and vaccination programs. A small portion of respondents (5.3%) said they had not been briefed on COVID-19 measures by the employer, but two reported staying informed through social media and television news.

5. CONCLUSION

FLA's assessment found that FGV is progressing on several benchmarks at HQ, including top management commitment, policy alignment with international and national standards, and engagement with civil society organizations. Ongoing engagement with FLA and a high level of responsiveness to FLA recommendations have resulted in public transparency.

During the assessment, FLA team did not identify non-compliances to the FLA forced labor benchmarks. Nevertheless, some risks of forced labor were observed that need further investigation. FLA notes that progress to improve working conditions at the estate level remains slow, partially due to COVID-19. There is need for estate management and the FGV Plantation division, which is directly responsible for worker well-being to step up the pace and operationalize the policies that FGV has created. FGV's Risk Governance and Management division need to work on a process that will instill trust among workers for FGV-operated grievance mechanisms. This report and the related annexes provide granular details about areas in need of improvement. FGV has submitted a corrective action plan to address identified gaps. FLA will continue to verify FGV progress and publicly report on it.

6. LIST OF ANNEXES

Annex 1: Internal Management System (IMS) assessment

Annex 2: Independent External Monitoring (IEM) assessment

Annex 3: Assessment Methodology and IMS assessment questions for suppliers and contractors

Annex 4: List of tables and photos

Annex 5: Background and Stakeholder Map