


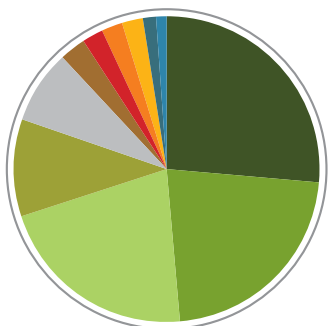


Felda Global Ventures (FGV) is the world's largest producer of crude palm oil and the second largest Malaysian palm oil refiner. FGV has been linked to forced labor, deforestation and peatland development through its plantations operations and business relationships in Indonesia and Malaysia.

COMPANY PROFILE & SUSTAINABILITY COMMITMENTS

CEO	Dato' Zakaria Arshad	FOREST RISK COMMODITIES	Palm oil, rubber
PARENT COMPANY	Federal Land Development Authority (Felda) Group	SUPPLY CHAIN EXPOSURE	Plantations, processing, trading, manufacturing, wholesale
MARKET CAP (USD)	1.7 billion USD (FT.com)	AFFECTED TROPICAL FOREST AREAS	Indonesia, Malaysia
ANNUAL REVENUE (USD)	FY2015 3.9 billion USD (FT.com)	RELEVANT SUBSIDIARIES	FGV Plantations (Malaysia) Sdn Bhd; PT Citra Niaga Perkasa (PT CNP), PT Temila Agro Abadi (PT TAA), PT Synergy Oil Nusantara (PT SON), Felda Wilayah Raja Alias Unit, Pasoh Complex, Serting Hilir Complex, and Palong Timur Complex
HEADQUARTERS	Indonesia	KNOWN BUSINESS RELATIONSHIPS	Joint Venture Partner: Procter & Gamble (Felda Procter & Gamble) 
LANDBANK (HA)	Total: 784,710 ha		Other Buyers: Cargill, Wilmar, Nestlé, Golden Agri-Resources, Musim Mas
NDPE POLICY	No		
THIRD PARTY VERIFICATION	None – RSPO member but withdrew RSPO certification from all mills in 2016		
TRACEABILITY	Weak SPOTT.org score on traceability to mill: 0%		
TRANSPARENCY	Partial SPOTT.org score: RSPO reporting: 26.7% Landbank and maps: 68.8%		

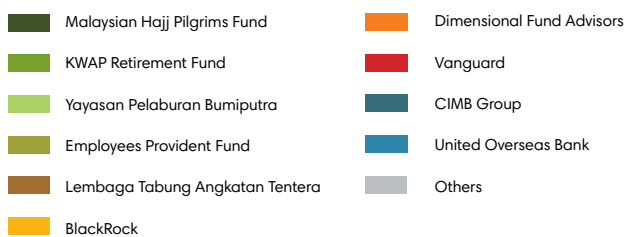
INVESTORS AND FINANCIERS



BOND AND SHAREHOLDINGS IN FELDA GROUP

351 MILLION USD

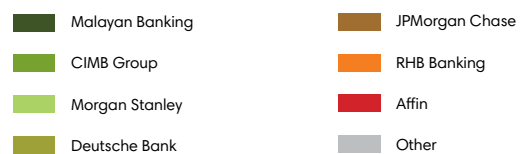
(MAY 2017, FOREST-RISK SECTOR ADJUSTED, INSTITUTIONAL INVESTORS ONLY)*



LOANS & UNDERWRITING TO FELDA GROUP

2,937 MILLION USD

(2010 - 2016, FOREST-RISK SECTOR ADJUSTED)*



THE WALL STREET JOURNAL.

WORLD | ASIA | ASIA NEWS

Palm-Oil Migrant Workers Tell of Abuses on Malaysian Plantations

Global palm-oil industry contributes to human trafficking, rights advocates say



Media coverage of labor abuses on FGV's plantations.

PHOTO: WALL STREET JOURNAL, 26 JULY 2015

ESG PERFORMANCE

HUMAN RIGHTS

- » In July 2015 *The Wall Street Journal* released an article titled "Palm-Oil Migrant Workers Tell of Labor Abuses on Malaysian Plantations," which exposed human trafficking, forced labor, withholding of wages and other abuses of workers on the plantations of Felda Global Ventures (FGV).
- » In response to the WSJ article, the Roundtable for Sustainable Palm Oil (RSPO) commissioned [Accreditation Services International \(ASI\)](#) to conduct a compliance audit of FGV palm oil plantations. ASI found several International Labour Organization (ILO) indicators for forced labor on FGV plantations including: minimum wages not being paid; workers not understanding their terms of employment; workers' contracts being written in a language they did not understand; smallholders reporting "constant debt"; and passports and identity documents being retained by the company.
- » A second labor audit, commissioned by FGV and carried out by Wild Asia in January 2016, revealed continued risks of forced labor, including workers paying high fees for their jobs, being told false promises by labor recruiters, earning insufficient wages to repay debts and having their passports retained. Workers also reported being afraid to report grievances, being paid below minimum wage and not understanding wage slips, and not being made aware of their right of Freedom of Association. Squalid living conditions were also observed by the auditor ([Wild Asia, 2016](#)).
- » In May 2016, FGV withdrew its RSPO certificates from 58 complexes throughout Malaysia citing social criteria as the management's top concern ([FELDA, 2016](#)).
- » To date, FGV's response has been insufficient to address ongoing risks of modern day slavery in its operations ([RAN et al. 2016](#)).

CLIMATE AND BIODIVERSITY

- » FGV's subsidiaries, PT Citra Niaga Perkasa and PT Temila Agro Abadi (PT TAA), cleared 680 hectares of HCV peatlands between 2014 and 2015 ([Chain Reaction Research \(CRR\), 2016](#)). Since FGV introduced its new sustainability policy in August 2016, PT TAA

- cleared 864 hectares of mostly forested peatland ([CRR, 2017](#)).
- » FGV's joint venture refinery, PT Synergy Oil Nusantara, in Batam purchases palm oil from Duta Palma Nusantara ([CRR, 2016](#)), whose RSPO membership was terminated in 2013 for deforestation and peatland development ([RSPO, 2013](#)).
- » The FELDA Group has acquired a 37% stake in Rajawali Group's controversial PT Eagle High Plantations (BWPT) ([Thoumi, 2017](#)).
- » BWPT does not have a public NDPE and has not secured RSPO certification for any of its operations ([CRR, 2016a](#)).
- » BWPT is linked to the clearing of 13,000 hectares of rainforest between 2010 and 2014 and of 1,000 hectares of HCS in West Papua between 2013 and 2015 ([Greenomics, 2015](#); [CRR, 2014](#); [Guardian, 2016](#)).
- » Felda will acquire BWPT's 425,000 hectares of landbank ([Bloomberg, 2015](#)), only 36% of which is planted, increasing the risk of deforestation ([CRR, 2014](#)).
- » Rajawali Group's operations are linked to extensive forest and peatland destruction, illegal burning, use of child labor and the use of force against workers ([New York Times, 2016](#)).

GOVERNANCE

- » At least 22% of FGV's total landbank is contested land ([CRR, 2016](#)).
- » Malaysian government-related entities own 75% of FGV's shares, exposing other institutional investors with less than 1% in shares to significant minority shareholder risk.
- » 44% of FGV's total capital (equity and liabilities) are financed by related parties, which increases the risks of conflicts of interest ([CRR, 2016](#)).
- » The BWPT deal poses a high risk to FGV's customers - many of whom have committed to NDPE policies, such as Wilmar and Golden Agri-Resources - and consequently to FGV's investors ([CRR, 2016](#)).

Note: for the full reference list, see the original report '[Every Investor Has A Responsibility](#)'