



September 23, 2016

To Whom It May Concern:

Since the issuance of our letter on February 29, 2016 warning your company of modern day slavery issues documented by *The Wall Street Journal*<sup>1</sup> in your supplier/client Felda Global Venture's operations, FGV has made some preliminary commitments and taken initial actions to address the issues raised. However, these commitments and actions still fall far short of what is needed to ensure that modern day slavery does not continue in FGV's operations and in your company's supply chain or investment portfolio.

With new regulations like the UK's Modern Slavery Act requiring companies to file declarations on what they have done to eradicate slavery and human trafficking in their supply chains, buyers and investors in FGV must require meaningful public actions and disclosure by FGV to address modern day slavery in its operations. We recommend that buyers and investors require Felda Global Ventures to publicly release a Policy on Employment of Migrant Labor and Corrective Action Plan within three months time that specifically addresses the key indicators of forced labor that have been found on FGV's plantations.

Below is a summary assessment of FGV's actions to address the key issues raised by our coalition in February 2016 and our key recommendations:

- 1. Publicly release a Policy on Employment of Migrant Labor and Corrective Action Plan within three months time that includes monthly performance milestones for addressing forced labor, human trafficking and other labor violations documented by *The Wall Street Journal*.**

**FGV's Actions:** FGV has released a new sustainability policy, which includes a "Foreign Worker Employment" section.<sup>2</sup> However, this policy does not commit FGV to address key indicators of forced labor (as outlined in items 2-5 below) nor does it outline a transparent, time-bound plan for implementation.

<sup>1</sup> Syed Zain Al-Mahmood. "Palm-Oil Migrant Workers Tell of Labor Abuses on Malaysian Plantations," *The Wall Street Journal* 26 July 2015. <http://tinyurl.com/g68g2cr>

<sup>2</sup> "List of Sustainability Policy," Felda Global Ventures Holding Berhad. <http://www.feldaglobal.com/sustainability/our-sustainability-policy/>

**Coalition Recommendation:** FGV must adopt a public Policy and Corrective Action Plan, which (1) Prohibits the charging of fees to workers by FGV, labor contractors or recruiters; (2) Prohibits the confiscation and holding of identity documents by FGV, labor contractors or recruiters; (3) Commits to pay workers the statutory minimum monthly wage based on an eight-hour workday, which is documented through regular wage slips written in a language understood by the workers and which reflect any deductions; and (4) Establishes a legitimate, accessible and transparent grievance mechanism, which aligns with the UN Guiding Principles on Business and Human Rights. The Corrective Action Plan must include monthly performance milestones showing how FGV will implement these commitments.

## **2. *Prohibit the charging of fees to workers by FGV, labor contractors or recruiters***

**FGV's Actions:** FGV stated in a letter to RAN on March 30, 2016, which is posted on its website, that it “does not impose recruitment fees to [its] foreign workforce.”<sup>3</sup> However, FGV has no public policy statement prohibiting the charging of fees to workers hired directly by FGV as well as those hired via labor contractors, nor does it have in place any due diligence mechanisms to investigate if fees are being charged. This leaves the 14% of FGV's foreign workforce who are employed via labor contractors (approximately 4,000 workers) at extremely high risk of debt bondage and other labor and human rights violations.

**Coalition Recommendation:** It is imperative that FGV adopt a policy prohibiting the charging of fees to workers hired directly by FGV as well as those hired via labor contractors. FGV must assess the conditions under which workers are recruited and managed by third-party recruitment and employment agencies, and ensure no fees are charged at any point in the recruitment process and that workers employed by labor contractors are properly documented and receive the benefits entitled to them by Malaysian labor laws/ regulation, e.g. rest days, insurance, proper housing etc. If fees are charged, workers should be fully reimbursed to avoid excessive indebtedness.

## **3. *Prohibit the confiscation and holding of identity documents by FGV, labor contractors or recruiters.***

**FGV's Actions:** FGV states it is in the process of returning passports to its multinational workforce of 29,000.<sup>4</sup> To date it has carried out a pilot project at four of its estates in Peninsular Malaysia, returning passports to 708 workers.<sup>5</sup> This initial step is important progress; however, at the current rate of implementation, it will likely take many years before all workers passports are returned.

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<sup>3</sup>“Clarification to Rainforest Action Network Statement,” Felda Global Ventures Holding Berhad. [http://www.feldaglobal.com/wp-content/uploads/2016/04/201603301415\\_ran.pdf](http://www.feldaglobal.com/wp-content/uploads/2016/04/201603301415_ran.pdf)

<sup>4</sup>“Sustainability Response Team Progress,” Felda Global Ventures Holding Berhad. <http://www.feldaglobal.com/sustainability/sustainability-response-team-progress-update/#sthash.ntCsqcfc.dpuf>

<sup>5</sup>“FGV Action Plan and New RSPO Certifications Model,” Felda Global Ventures Holding Berhad. <http://www.feldaglobal.com/wp-content/uploads/2016/07/FGV-Action-Plan-and-New-RSPO-Certifications-Model-amended-1jul2016-website.pdf>

**Coalition Recommendation:** As passport retention is a key indicator of forced labor, our coalition urges FGV to consider measures to return passports to all foreign workers more quickly as well as initiate an objective study of the effectiveness of the system of “safe boxes” that FGV has piloted, getting unbiased feedback from the workers and inquiring into why some workers still abscond without the passports. FGV must also ensure that passports are not held by labor contractors who hire workers on FGV’s behalf.

**4. *Pay workers the statutory minimum monthly wage based on an eight-hour workday, which is documented through regular wage slips written in a language understood by the workers and which reflect any deductions.***

**FGV’s Actions:** FGV states that it has “adhered to the Minimum Wages Order since it was first gazetted on 16 July 2012,” and that it “will continue to ensure that all contract workers are paid the minimum wage, even in circumstances which may arise when workers are assigned to different job scopes especially during low crop season in Jan and Feb.”<sup>6</sup> FGV has taken steps to modify its salary slip format and estate managers have also been instructed to record working hours.

**Coalition Recommendation:** While we welcome the modest steps FGV has taken to improve transparency around wages and hours, further reforms are essential to fully address the identified risks, including: (1) ensuring take home pay meets the minimum wage of RM1000 (2) writing wage slips in languages understood by workers; (3) reflecting all deductions clearly on the wage slip; (4) recording working hours on pay slips; and (5) recording any working hours beyond 8 hours per day as overtime and compensating those hours—as well as work done on rest days and public holidays – at a premium rate consistent with Malaysian labor law.

**5. *Establish a legitimate, accessible and transparent grievance mechanism, which aligns with the UN Guiding Principles on Business and Human Rights.***

**FGV’s Actions:** FGV states that plantation workers “have access to workers’ representatives, the estate managers, and senior management.” FGV has a Joint Consultative Committee(JCC), which consists of the management and workers representatives and meets every month to discuss issues raised by workers or management. However, analysis of JCC meeting minutes show that workers do not raise substantive issues, such as wages or harassment cases, during such meetings.

**Coalition Recommendation:** FGV must develop an effective grievance mechanism through which workers, consistent with the UN Guiding Principles on Business and Human Rights, whereby workers can file complaints without fear of recrimination or

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<sup>6</sup> “Sustainability Response Team Progress,” Felda Global Ventures Holding Berhad.

<http://www.feldaglobal.com/sustainability/sustainability-response-team-progress-update/#sthash.JZo7ZdXV.dpuf>

“FGV Action Plan and New RSPO Certifications Model,” Felda Global Ventures Holding Berhad.  
<http://www.feldaglobal.com/wp-content/uploads/2016/07/FGV-Action-Plan-and-New-RSPO-Certifications-Model-amended-1jul2016-website.pdf>

reprisal. Such a grievance mechanism should align with Implementation Guidance #2 of the Free and Fair Labor Principles.<sup>7</sup>

**6. Commission a skilled labor assessor to independently and transparently verify FGV's compliance with its Policy and Corrective Action Plan**

**FGV's Actions:** FGV enlisted Wild Asia to conduct an assessment of human trafficking issues raised by the WSJ in January 2016. The assessment, however, has still not been publicly released. Wild Asia has given its consent for the full report to be made publicly available but FGV has not done so.<sup>8</sup>

**Coalition Recommendation:** FGV should immediately release the full Wild Asia report. It should then adopt a policy and corrective action plan in line with the above recommendations through consultation with key stakeholders, including the members of our coalition.

Following the adoption of a robust policy and action plan, a skilled labor assessor should independently and transparently assess compliance and set out a corrective action plan to address any gaps.

We kindly request your company make public your efforts to address the slavery and human trafficking risks as related to FGV. We plan to continue monitoring and publicizing efforts made by investor and buyer companies on this case.

If you have questions, please contact Eric Gottwald at International Labor Rights Forum at [egottwald@ilrf.org](mailto:egottwald@ilrf.org).

Sincerely,

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<sup>7</sup> Free and Fair Labor in Palm Oil Production: Principles and Implementation Guidance," Humanity United. [https://www.humanityunited.org/wp-content/uploads/2015/03/PalmOilPrinciples\\_031215.pdf](https://www.humanityunited.org/wp-content/uploads/2015/03/PalmOilPrinciples_031215.pdf)

<sup>8</sup>"Wild Asia's Verification Assessment of FGV's Labour Management," Wild Asia. <http://www.wildasia.org/5770/fgv-labour/>