

Date: June 2021

## Ref: FGV Holding Berhad (“FGV”) Grievance – June 2021 Update

### Grievance background

Following notification of suspected breaches of No Deforestation, No Peat, No Exploitation (“NDPE”) commitments by FGV Holding Berhad (“FGV”), Innospec has conducted an investigation in accordance with our [Palm Grievance Procedure](#).

The notification relates to the decision made on 30 September 2020 by the U.S. Customs and Border Protection (“CBP”) to issue a ["Withhold Release Order"](#) on palm oil and palm oil products made by FGV. This decision follows a complaint submitted by a [coalition of NGOs in 2019](#) alleging the use of forced labor and human trafficking on FGV owned plantations across Malaysia.

### Actions taken by FGV

FGV has responded to the allegations and clarified its position, summarised as follows:

- In November 2019, FGV [affiliated](#) with the Fair Labor Association “FLA”. Through this affiliation, FGV’s top management committed to upholding the FLA standards, address labor issues and drive long-term improvement to manage working conditions in its own operations and those in its upstream supply chain.
- In March 2020, FGV developed and published a [2020 action plan](#) based on findings from the FLA’s internal management systems gap analysis, feedback from field visits and recommendations from civil society organizations working on human and labor rights and migration issues. FGV also published progress reports in [April](#) and [July](#) 2020.
- In line with FGV’s commitment to on-going open and transparent publication of progress, the FLA released a [progress report](#) of FGV’s Action plan in September 2020. The report confirms that action steps were being taken in the right direction but with more work needed.
- In November 2020, The Associated Press (AP) published an article titled ‘Rape, abuses in palm fields linked to top beauty brands’, which reported alleged abuse of women in several oil palm plantations in Malaysia and Indonesia, including that of FGV’s. FGV published a [statement](#) responding to the article stating that they viewed the alleged findings as a matter of serious concern, and reiterated their commitment to respecting human rights and upholding labour standards
- In March 2021, FGV announced an [update](#) on its sustainability efforts, to address US CBP’s WRO.
- In April 2021, FGV published an [update](#) on its affiliation to FLA. This included FLA’s report on the progress of implementation of FGV’s action plan on enhancing its labour practices between September 2020 and March 2021 and highlighted key areas that remain a priority for the company in 2021; this included FGV’s grievance mechanism, remediation procedures and worker representation structures.



## **Outcome of Innospec's supply chain link investigation**

We can confirm that Innospec does not purchase palm derivatives directly from FGV. Further to questions asked about our direct suppliers, we can provide the following updated information based on the responses received:

- the majority of Innospec's direct suppliers have confirmed that they do not have links to FGV;
- a small number of Innospec's direct suppliers have confirmed a potential link to FGV in their supply chain and that they have either already suspended sourcing activities or will have done so by the end of 2020; and
- In December 2020, ongoing indirect links to FGV were identified for a small number of our direct suppliers representing 20% of our 2019 global sourcing activities.
- In June 2021, we conducted a status review of direct suppliers identified in December 2020 as having on-going indirect links to FGV. A number of these direct suppliers have since suspended sourcing activities linked to FGV. As such ongoing links to FGV now represent 1% of our 2020 global sourcing activities.

The few direct suppliers with remaining links are monitoring FGV to ensure improvements continue to be made through the FLA action plan and independent monitoring and reporting of progress. Innospec is supportive of this approach and will conduct regular engagement with our direct suppliers to obtain feedback on their actions with regard to FGV and its progress.

We will continue to monitor the case on an ongoing basis and will review our approach in the event of failure to act or if timely improvement is not achieved. Should you have any questions then please contact [sustainability@innospecinc.com](mailto:sustainability@innospecinc.com).