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## FGV's RSPO suspension to have insignificant impact: HLIB Research

**PETALING JAYA:** The decision by the Roundtable on Sustainable Palm Oil's (RSPO) complaints panel to suspend certification processes for all of FGV's uncertified mills and re-imposing its suspension on FGV's Kilang Sawit Serling for non-compliance is expected to have minimal impact on the group, according to HLIB Research.

The research house commented that while the impact will likely be minimal, the RSPO's decision may tarnish the group's reputation in the international market.

"Nevertheless, we believe the latest event may have a knee jerk impact on its near term share price movement, given its 8% foreign shareholding. We understand that FGV will make an appeal to RSPO's decision, given its progress updates and action plans which are all in the process of being implemented," it said in a report.

According to a statement by the RSPO, it reviewed six audit reports on FGV units and found the results to be unsatisfactory.

Among the issues highlighted

by the certification board, FGV's foreign workers were not briefed on their future working conditions prior to joining. Furthermore, it stated FGV still practices signing work contracts in Malaysia instead of their country of origin and it fails to ensure foreign workers do not pay unnecessary recruitment fees to their agents prior to joining, despite the new policies and procedures implemented since January 2019.

Aside from that, the RSPO also stated that the group has still not

completely phased out the use of contractors in Sabah, despite new policies and procedures since October last year, among other issues.

HLIB pointed out that the suspension will be lifted upon FGV's satisfactory implementation of the complains panel decision, verified by audits conducted by certification bodies in the period of Jan 13, 2020 and July 31, 2020.

The research house maintains its buy call on the counter with a target price of RM1.72.