

# **FGV Driving Sustainability Awareness Throughout Its Palm Oil Value Chain**

FGV has implemented a structured, systematic and customised training programme for its key stakeholders such as Felda employees, Felda settlers (smallholders), third party Fresh Fruit Bunch (FFB) suppliers and FGV contractors. The objectives of the training programme are in areas of Good Agricultural Practices, improving labour conditions and other sustainability practices throughout FGV's palm oil value chain.

FGV Group President and CEO, Dato' Zakaria Arshad, stated that as part of FGV's commitment to sustainability and strict criteria imposed by the market to curb deforestation, habitat destruction and labour exploitation, it is imperative that FGV engages with its key stakeholders in the palm oil value chain to keep them abreast with sustainability issues and drive change on the ground, whilst striving for long term growth for the industry and community.

Since FGV withdrew its Principles and Criteria certificate in May 2016, FGV and FELDA have remained committed to RSPO certification and taken the necessary measures to ensure that the sustainability aspects of the business are continuously monitored and enhanced. FGV is in the process of certifying its palm oil mill complexes to RSPO requirements. FGV plans to be RSPO certified within five years from 2017 to 2021. FGV expects to obtain the first RSPO certification for eight palm oil mill complexes before the end of 2017 subject to obtaining the necessary clearance from the RSPO audit process.

In the first phase of the training programme that commenced in October 2016 up to 2017, FGV focused on a few categories of stakeholder groups, namely Felda employees, Felda Settlers (smallholders) and FGV's contractors who provide various kinds of services to FGV's estates and deploy contract workers to perform various services.

FGV has also been working closely with the Malaysian Palm Oil Board (MPOB) to train and increase Felda settlers' knowledge on improving labour practices and Good Agricultural Practices to improve Fresh Fruit Bunch (FFB) yield, Oil Extraction Rate (OER) and other relevant agricultural practices. The MSPO training was conducted by MPOB through Good Agricultural Practices (GAP) for six sessions for over 2000 employees and Felda settlers from July to October 2017.

The RSPO and MSPO Awareness Training Programmes were conducted through Stakeholders Consultation at 16 FGV complexes and 22 Felda schemes involving more than 7000 settlers.

In 2017, more than 1640 FGV and Felda top management and field supervisors have jointly

attended specially tailored sustainability awareness training programmes spread over 60 sessions carried out up to the end of October 2017.

“It is absolutely crucial for FGV’s contractors to embark on this sustainability journey with FGV to reap the benefits over the long term. Thus, FGV has performed a series of contractors’ training sessions in Malaysia involving more than 250 contractors on improving labour management practices in 2016 and 2017,” said Dato’ Zakaria.

Contractors were trained on the best practices to increase labour productivity, and improve on administration of worker related matters such as employment contracts, minimum wages, Personal Protective Equipment (PPE), housing & amenities, insurance, passport and work permit requirements. The outcome of the training programmes with contractors was very positive in that the two-way communication format provided an avenue for them to voice out their concerns and ways to improve going forward.

Felda settlers contribute to at least 40% of FGV’s FFB supply base to FGV’s 70 mills located all over Malaysia. FGV also trains independent smallholders who supply FFB to its palm oil mills on harvesting quality FFB and other relevant good agricultural practices. The training provided to the settlers are to ensure that FGV and FELDA continue to collaborate in ensuring that the settlers achieve their RSPO and MSPO certification within the stipulated time frame and to meet market demands for sustainable palm oil.