

OurPlanet: Ethical business works best



OurPlanet

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Environmental Crime

Tackling the Greatest Threats to our Planet



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A personal journey to sustainable social and economic development and conservation in compliance with the law.

Forty-four years ago my parents joined the Government of Malaysia's settler programme administered by the Federal Land Development Authority (FELDA), a decision that has had a big influence on my life, right up to today. FELDA was formed in 1956 to reduce poverty. It resettled people and provided them with incomes through cultivating rubber and oil palm with its assistance and World Bank funding. By the time large-scale settlement ended in 1990, the programme had helped resettle 114,400 households, cultivating 853,313 hectares in 12 of the 13 Malaysian states. Each family received a 0.25 hectare housing lot and 4 to 6 hectares of land.

It was hard going because these new settlements were in rural areas far from cities, but FELDA provided the necessary amenities and facilities: retail stores, police stations, schools, mosques and other places of worship, community halls, roads, health clinics, women's associations, public libraries, youth clubs and playgrounds. From humble beginnings, the scheme has successfully raised settlers' incomes well above the \$300 a month national poverty line to a current average of \$700 a month.

FELDA helped settlers market their produce through a network of supply chains provided by its departments. These evolved to become corporations and/or subsidiaries of a company - Felda Holdings Berhad - that it established and exclusively owned. My first job was as an administrative assistant in FELDA in 1984. In the 1980s the original settlers were given a stake in the business. FELDA completely repaid the World Bank's loans before their full term. In 2007 Felda Global Ventures (FGV) was incorporated, mainly to acquire an international downstream business and diversify FELDA's portfolio. The original settlers, including my parents, are the beneficiaries of a trust that owns 20 per cent of the shares in FGV and thus complements their income.

60,000 smallholders have been certified through FELDA's membership in the Roundtable on Sustainable Palm Oil.

FGV is now the world's largest producer of crude palm oil, producing more than 3 million tons annually. It continues to source oil palm from the smallholder lands managed by FELDA (which forms almost 35 per cent of our supply base) and remains committed to sustainable production, ensuring that we can increase productivity whilst taking into account the need to safeguard the natural environment as well as the land and our people.

FELDA and FGV take environmental crime seriously. We believe in putting in the extra effort to ensure we comply with all relevant laws and regulations. There are no shortcuts for our organization: non-compliance in any legal, social or environmental requirement is both myopic and counterproductive in the long run.

We take every step to ensure that land is not cultivated at the expense of local communities

or the environment, through obtaining approvals from the Land Department to ensure designated land is free of social encumbrances; from the Department of Agriculture to ensure soil suitability; and from the Department of Forestry and Geology to ensure no sensitive area is touched. Only designated areas are considered for economic development.

Despite such caution, FGV has faced challenges in managing some areas it reserved for conservation. A local community encroached into High Conservation Value peatland, for example, at one of FGV's properties in West Kalimantan. We have engaged an independent party to study the extent of the damage, and appointed a social mediator to consult with the local people and government to achieve a mutually acceptable solution.

My views and perspectives have been shaped by an organization that continues this sustainable journey to uplift people's lives.

FGV has an immense responsibility to ensure that it has minimal impact on the environment, especially surrounding our estates. Such activities as reducing soil erosion, managing waste, and using a suite of bio-controls to control pests and protect water bodies have long been among our practices. We have almost 100 researchers specialising in biology, biotechnology and applied technology primarily engaged in:

1. Producing plant materials to increase production, including molecular research to supply specific traits such as high yield, low height increment, and tolerance to drought and Ganoderma (a fungus).
2. Minimizing the use of agrichemicals through integrated pest management services, including advising on the latest methods in managing pests and disease.
3. Offering agronomic advisory services for Good Agricultural Practices that minimize the use of fertilizers and natural resources in order to reduce environmental degradation.
4. Providing laboratory analytical services to maintain soil fertility through using quality organic and inorganic fertilizers.

The settlers and smallholders are the ultimate beneficiaries of these efforts to increase yield, enhance operational efficiency and reduce overall costs. Ultimately, we endeavour to produce more with less, thus reducing our environmental footprint.

We have been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2003 and were amongst the first few to test its Principles and Criteria for sustainable palm oil. In 2010 we became the first smallholder organisation in the world to achieve RSPO certification. So far we have certified 60,000 smallholders under FELDA's RSPO membership, almost one-third of the total certified globally. Despite having to withdraw some RSPO certifications due to non-conformities in its supply base, FGV has committed to certify all of its 71 mill complexes by 2021. Realising that we could not solve some

sustainability and social compliance issues by ourselves, we initiated - and participated in - roundtable discussions with industry peers, NGOs and regulatory agencies to find pragmatic solutions.

Independent smallholders outside FELDA schemes are brought into sustainable practice by the constant engagement of external parties such as our joint venture partners (Procter & Gamble), smallholder organisations, NGOs, private plantation companies and governmental agencies.

We measure and reduce our carbon footprint and, in 2016, cut the emissions from 15 biogas plants by a total of 87,429 tons of carbon dioxide equivalent. We established the country's first biomass power plant in Sabah in 2011 and were the first company in Asia to receive International Sustainability and Carbon Certification (ISCC), which meets the requirements of the EU Renewable Energy Directive.

FGV works with FELDA to ensure that other environmental issues - such as waste management, Biodiversity and High Conservation Value - are given due attention, and engages the National Wildlife Department, Malaysian Nature Society, Borneo Conservation Trust, National University of Malaysia and the Forest Research Institute of Malaysia to encourage environmentally sound practices among communities surrounding the plantations.

My opportunities in life have been influenced largely by how my family worked the estate that FELDA helped establish. My views and perspectives have been shaped by an organization that continues this sustainable journey to uplift people's lives. Our diligence in complying with relevant legal, social and environmental requirements - combined with our commitment to technology and improvements of agricultural practices - has enabled FGV and smallholder families to develop land sustainably over the long term. I am personally humbled by the magnitude of the responsibility to give something back to this organization that has given so much to me, my parents, siblings, the socially disadvantaged and the nation.

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