RSPO Annual Communication of Progress

FELDA

1. Profile

Name of organization : FELDA                                      Membership type (Ordinary)
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2. Details of Progress

A. Current efforts and progress in producing, procuring and/or utilizing sustainable palm oil

- FELDA is directly involved with RSPO and holds a seat in the EB.
- FELDA is a member of the Environment Working Committee in MPOA (Malaysian Palm Oil Association).
- A new Environment Working Committee (EWG) was formed to coordinate work towards SPO in FELDA group of companies.
- Formed a new ‘Environmental Affairs/studies Unit’ in the research department to look into the environmental issues in oil palm plantation and monitoring.
- Conducted a series of road shows (to all estate and mill managers) to create awareness on environment, SPO, RSPO and P & C.
- No forests were opened during this reporting period.
- Suitable Good Agricultural Practices (GAP) are adopted and continuously updated to improve soil fertility, better utilization of natural resources that results in minimum impact to nature and environment.
- Zero burning and early establishment of Leguminous Creeping Covers are the standard practice in all replanting projects.
- Integrated Pest Management (IPM) and wastes/byproducts utilization is conducted as much as possible/feasible in suitable fields.
- Initiated to revamp/revise our SOP based on the latest developments in oil palm industry and technology.
- Established a ‘RSPO Test Site’ covering an area of about 13,000 ha to test the RSPO’s P& C and work towards producing SPO.
Yayasan FELDA or FELDA Foundation takes the responsibility to undertake and coordinate activities in education, health, social, economy, culture and national heritage for the benefit of all Malaysians in line with FELDA’s corporate social responsibility.

### 1. Social

All schemes have social development officers who directly look into the social wellbeing of FELDA settlers in and their dependants.

#### a. Education:-

The foundation gave highest priority to education in 2006, spending RM 7.4 million (highest spent for education so far) and in contrast to RM2.8 million in 2005.

- Following the request from education department and regional FELDA offices, 26 poor performing schools with low income parents/guardians were given assistance under the school adoption programme.
- Two short courses (on English language and healthcare) were arranged to 488 students (SPM leavers) as a preparation to pursue further education.
- RM 30,000 has been dispensed to assist students from low income families in preparing to enroll in higher learning institutions.
- 12 Research grants (amounting to RM 2.6 million) were offered to higher education centres in 2006, bringing to a total of 57 grants (valued RM 9.5 million) to date since 1999.
- Since formation in 2000, four hostels in urban centres (one each in the states of Perak, Selangor, Kuala Lumpur and Johor) provide accommodation and ferries settler dependants (from rural areas) to urban schools.
- Three community colleges/training centers (i.e. Pusat Latihan Trolak (Perak) , Institut Teknologi Utama (Selangor) and Kolej Integrasi Ilmu (Pahang) were set up with the cooperation of the Ministry of Education to increase the pool of educated and skilled work-force amongst FELDA communities. In 2006, 984 students were enrolled in the 3 colleges providing trainings in various fields. The students were only charged registration fee of RM 100-150 and the other costs are absorbed by FELDA
- Scholarships and sponsorships were offered to 70 students (in 2006) to pursue diploma courses in local colleges. Assistance in the form of education grants and donations were also given to another 42 students doing under & post graduate studies

#### b. Welfare

Being the second biggest programme under FELDA Foundation, RM 2.8 million was utilized for health aspects in 2006 (RM 1.67 million spent in 2005). Another RM 670,000 has been spent for various social activities

- 20 machines (capable for treating 84 patients) are providing Hemodialysis services with a minimal charge to general public. Realizing increasing patients in government clinics, 5 machines were donated to the government hospitals in 2006, bringing to a total of 28 machines donated to date.
- Senior citizens continue to receive medical assistance in selected clinics.
- Special relief was provided to settlers above the age of 60 years, families with disabled children and single mothers with income less than RM500/mth.
- A new mobile health programme was initiated in collaboration with national diabetics institute (NADI) with the objective of raising awareness and educating rural communities on diabetics and healthy living
2. Economic

Various means are taken to boost non-farm activities among the settlers’ community and to transform the settlers from mere farming into entrepreneurial community. The involvement has provided additional revenues varying from RM 500–2000/month per settler.

- **Koperasi Permodalan Felda** (Felda Investment Cooperative)
  Established in 1980, it was set-up to encourage savings amongst the settlers. By holding equity in subsidiary companies under the FELDA group, Settlers were rewarded handsomely through annual dividends with an average of 13.8 % p.a.

- **Entrepreneurship encouragement**
  SAWARI (one region one product) and IKS-TANI identifies promising cottage industries to commercialize and efforts are made to assist them in producing quality products. FELDA also assists in the marketing and promotion of the products with standard trade names F BEST COLLECTION (Textile based products) F BEST FOOD (processed foods) and F BEST CRAFT (craftsmanship). To date 341 entrepreneurs have participated in these projects.

- **Financial assistance** is given in the form of cash advancement for the activities below:-
  - **Skim Insentif Usahawan FELDA** (SIUF). Set up in 2003 to attract settlers to engage in various activities that includes animal husbandry, agriculture, aquaculture and small business. A total of RM 50.5 million has been utilized (to date) for this purpose to 3301 entrepreneurs.
  - Loan for higher education is provided to settlers’ dependants who were not able to secure loans from other resources to study in private/government institutions. The amount utilized to date is RM 5.27 million that has benefited 951 students.

- **Scheme Co-operatives**
  The many scheme co-operatives (numbering 287) established with the participation of settlers, undertakes small to medium sized contract works in FELDA schemes.

- **Contractors**
  Many settlers are involved directly as agricultural contractors in FELDA.

3. Environmental

- Sponsor the restoration, beautification and maintenance places of historic, cultural and environmental interest (such as the Kota Gellanggi caves, in Pahang) to value national heritage near FELDA projects.

- A bio-pesticide (**Biometer** containing *Metarhizium anisopliae* fungus) has been produced with the cooperation with Malaysian palm Oil Board (MPOB) and made available to the industry. It can be used as an IPM strategy to control Rhinoceros beetle.

- With the assistance of University Malaya, a biodiversity assessment (of flora and fauna) was conducted to identify the biodiversity pool and the presence of any species of interest in an estate.

- Assisting a doctorate student (from University Putera Malaysia) in microbial diversity monitoring in oil palm environment.

- Commissioned a composting plant (annual capacity 18,000 t compost/yr). This plant uses POME (palm oil mill effluent) and EFB (empty fruit bunches) to produce compost. Under normal operation, the POME has to be treated prior to discharge to streams/field.

- FELDA in collaboration with IMOPHOS (a phosphorus fertilizer producer’s organization), UPM (University Putera Malaysia) and other plantation agencies is studying the performance of some phosphate rocks fertilizers. The study involves enhancement of phosphorus uptake through greater activity with organic matter. The phosphorus loss to the environment is also given attention.

4. FELDA is amongst the few companies that has volunteered itself to test the implementation of RSPO’s P&C in its projects.
C. Significant economic, social or environmental problems encountered in production, procurement and/or use of sustainable palm oil and efforts made to mitigate or resolve them

D. Outlook of planned activities to promote sustainable palm oil production, promotion and/or use in the next reporting period

1. From estates:
   Awareness of SPO has been continuously emphasized in trainings and seminars. They are also exposed to various new management and technological tools (such as GPS/GIS), precision agriculture etc) that is more efficient and environment friendly.

2. From palm oil Milling facility
   The mills have identified many means for pollution prevention and working towards it with full zest. If everything goes well, all EFB and most of the POME will be completely utilized for the many projects outlined below:
   - The one EFB compost plant is in operation from 2006. Work is in progress to commission another two in 2007 and 16 more by 2009.
   - Currently there is one green electricity generating plant operating in Sabah, One more plant is in construction in Peninsular Malaysia (Negeri Sembilan) and two more potential sites are under study. All are under the SREP programme.
   - The biogas capturing programme (under CDM) is progressing. One project is in the registration stage and many more are in the PDD stage of CDM.

Social Development
   More small and medium-sized industries (SMIs) are to be built in FELDA to complement One Region One Product (SAWARI) project. FELDA is currently building three growth centers equipped with good infrastructure for the settlers to participate in business and commercial activities which will supplement their income from oil palm cultivation

E. Recent publications of environmental / social / sustainability reports or annual reports relating to the objectives and tasks of RSPO

- Penyelidikan (on GAP and technical aspects of oil palm cultivation) and Majalah PENGURUS (targeting managerial level staff covering topics on management, social, economy, health, religion and personal development), Tuai and ICT JELAS (targeting settlers covering agriculture, social development, youth, entrepreneurship, opportunities in skill development to uplift the socio-economic status of settlers and their dependants).
- FELDA has allocated a special chapter on environmental management in its annual report. This disclosure proves the commitment shared by FELDA towards sustainable palm oil production. Various campaigns have been conducted both for the staff and settlers in highlighting the importance of environmental control and preservation.
F. Recognition and awards for excellence in promoting sustainable palm oil

- FELDA has 71 FFB processing mills. All the mills are certified to ISO 14001 & ISO 18001 standards and 70 mills has ISO 9001
- FELDA’s Oil palm nursery in Johor has the MPOB (Malaysian Palm Oil Board) certified OPNCC certification.
- Apart from this other subsidiary companies in FELDA have also received the MS ISO 9001 recognition namely Delima Oil Products Sdn Bhd, Felda Vegetables Oil Products Sdn Bhd and Felda Oil Products Sdn Bhd. Felda Marketing Services Sdn Bhd, Felda Engineering Services Sdn Bhd, Felda Properties Sdn Bhd and Felda Bulkers Sdn Bhd and Felda Transport Services Sdn Bhd.

G. Suggestions on how the RSPO can play an active role in enhancing your organizations Sustainability performance, particularly in relation to promoting sustainable palm oil

In the process of working towards sustainable palm oil production, a lot of resources in monetary (in observation, monitoring and evaluation) and personnel are needed and these are costly. It would be certainly be a boost if these costs be shared by all players in the supply chain.

H. Other activities

- The schemes/projects were provided with many basic amenities either by FELDA or through the government development agencies.
- Every FELDA scheme has A Scheme Development Committee (Jawatankuasa Kemajuan Rancangan or Jawatankuasa Kemajuan Kampong) that acts as the principal body to spearhead settler development activities (in Education, Economic, Social and Agricultural aspects).
- Their interest is echoed to the top management by their representation the regional (Gabungan Jawatankuasa Kemajuan Rancangan) and national levels (Jawatankuasa Perunding Peneroka,) where issues relating to their interests are discussed and formulated as actions plans.
- Several committees are formed/associated with social organizations to help in social activities such as Majlis Belia Felda Malaysia (Youth Club), Parent-teacher Associations, Women Associations; Anti-Drug Rehabilitation centres (PEMADAM) etc.