

MAJLIS PELANCARAN DAN PERASMIAN BUKU LAPORAN KEMAMAPANAN FGV

OPENING SPEECH BY

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MINISTER OF PLANTATION INDUSTRIES AND COMMODITIES

MAJLIS PELANCARAN DAN PERASMIAN BUKU LAPORAN KEMAMAPANAN FGV

(FGV SUSTAINABILITY REPORT)

MONDAY, 16 JUNE 2014

MENARA FELDA, KUALA LUMPUR

Y.Brs Encik Mohd Emir Mavani Abdullah

Presiden Kumpulan dan Ketua Pegawai Eksekutif Felda Global Ventures Holding Bhd

Y.Bhg. Datuk Seri Nurmala Abd. Rahim

Ketua Setiausaha

Kementerian Perusahaan Perladangan dan Komoditi

Y.Bhg. Datuk Faizoull Ahmad

Pengarah Besar

Lembaga Kemajuan Tanah Persekutuan (FELDA)

Yang Berbahagia Tan Sri-Tan Sri, Datuk-Datuk

Distinguished Guests, Members of the media

Ladies and Gentlemen,

A Very Good Afternoon, Salam Sejahtera and Salam 1 Malaysia

1. Terlebih dahulu, saya ingin merakamkan penghargaan dan terima kasih kepada Felda Global Ventures Holdings Berhad (FGV) di atas jemputan untuk merasmikan dan melancarkan Buku Laporan Kemampanan FGV. Saya berasa bangga di atas inisiatif FGV dalam menyediakan laporan seperti ini bagi membuktikan bahawa FGV menyokong dan membudayakan amalan kemampanan.

2. I would like to record my appreciation to FGV for the invitation to officiate the launch of the Sustainability Report. I am glad that FGV has taken the initiative to report to its shareholders and customers on its efforts and approach on sustainability. I welcome this initiative and hope other plantation companies will emulate FGV to further contribute to the sustainability and competitiveness of our oil palm industry.

Ladies and Gentlemen,

3. There is an increasing demand for businesses all over the world to comply with sustainability requirements which focus on the protection of core human, social, economic and environmental rights. Companies are responding to this challenge by making their operations sustainable and contribute to sustainable development. In line with the Malaysian government's commitment to promote sustainability as well as the call by our Prime Minister that more companies adopt sustainable reporting, the response from our corporate sector has been indeed encouraging. I am very pleased to note that according to Talent Corporation (TalentCorp), Malaysia is leading the ASEAN region in terms of sustainability reporting.

4. However, concerted action by all stakeholders is crucial to maintain this momentum. We must redouble our efforts so that more companies adopt sustainable practices in their operations. In this regard, I would like to urge the oil palm industry to come forward to take up the challenge and join this endeavour in a big way as their operations have direct and indirect impact on the environment and is linked to other economic and social issues.

Ladies and Gentlemen,

5. The oil palm industry has emerged as one of the major contributors to the growth of the Malaysian economy. In 2013, palm oil and palm oil products contributed RM61.2 billion to the country's export earnings. The National Commodities Policy (DKN) envisages export earnings from the palm oil industry to record RM103 billion by 2020. The total planted area of oil palm in the country is currently 5.3 million hectares.

6. However, despite its significant contribution to our economy in terms of export earnings, employment and poverty reduction, the oil palm industry continues to face major challenges such as price volatility, sustainability, productivity and labour. As you are aware, one major challenge at the moment is the increasing global market demand for sustainable palm oil. Therefore the commitment of our oil palm industry to produce sustainable palm oil is critical to ensure its long term sustainability and competitiveness.

7. Environmental and consumer advocacy groups, particularly in Europe and the United States have stepped up claims that the planting of oil palm is environmentally damaging and encroach on the natural habitat of orang utans and other endangered species. These campaigns has been mounted by irresponsible parties based on unsubstantiated claims.

8. These damaging claims are made without differentiating the country of origin. Despite the good practices adopted by Malaysian palm oil industry, we are subjected to the same accusation thrown at other palm oil producing countries. It is very costly and ineffective for Malaysia to continue to fight against these negative claims by the NGOs unless we get the cooperation from other producer countries, including Malaysian companies with investment in oil palm plantation overseas. In addition, there is a need for these companies to adopt similar best practices in their operations overseas.

Ladies and Gentlemen,

9. The Government on its part has consistently emphasised on the need for the industry to adopt best agricultural practices in the production of palm oil and to ensure a balance between people, planet and profits. In this context, the Malaysian Palm Oil Board (MPOB) has made available various codes of practice to facilitate the industry to adopt best practices. These codes cover the entire supply chain ranging from the planting of oil palm to various downstream activities. I am very pleased to note that this has been well accepted by the stakeholders and the business fraternity.

10. The government will also soon be implementing the Malaysian Sustainable Palm Oil (MPSO) certification. This scheme will assure consumers of the quality of the Malaysian palm oil. More importantly, it will raise the image of Malaysian palm oil products and strategically brand our palm oil products in international markets. I am confident this MPSO certification supported by a strong branding strategy will command and sustain price premium over competitors and will also help increase our global market share. However, the success of MPSO very much depends on the participation and support of local plantation companies including FGV. I hope that all the FGV plantations will be among the first to be certified under the MPSO. This endeavor will also allow us to address some of the issues relating to sustainability that has been debated in the major importing markets.

Ladies and Gentlemen,

11. It is heartening to note that FGV which has emerged as the world's largest palm oil producer, with more than 450,000 hectares of oil palm planted area covering both Malaysia and Indonesia has undertaken various measures towards fulfilling the sustainability requirements. This effort by FGV is commendable because it clearly shows that FGV, as a leading palm oil producer, not only focuses on growth, expansion and profitability, but is also firmly dedicated towards creating a sustainable business environment. This certainly sets a good example to Malaysia's corporate community.

12. The sustainability report published by FGV reflects its responsibility and transparency in adopting green practices and the initiative to reduce the carbon foot print in compliance with international standards. This report covers the core areas of sustainability that include the marketplace, community, workplace and the environment. Similar efforts should also be adopted by other industry players in particular the plantation companies. I am optimistic this will place

our plantation companies in the forefront of sustainability and strengthen Malaysia's role as a global player in the palm oil industry.

Ladies and Gentlemen,

13. Before I conclude, I would like to once again congratulate FGV for their commitment and efforts to adopt sustainable business practices especially in the oil palm sector and contribute to sustainable development in Malaysia.

14. On this note, it gives great pleasure now to officially launch FGV's Sustainability Report.

Thank you.

Ministry of Plantation Industries and Commodities

16 June 2014