How Industry is Adopting to Emerging National Standards

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- Introduction
- Plantation Sustainability
- Certifications
- Concluding Remarks
Oil Palm - Efficiency

- Accounted for 5.5% of global oilseed cultivation in 2013, producing 36.2% of the global vegetable oils and fats output.
- Most efficient oilseed crop in the world
- 10 times more oil than other oilseed crops in terms of land use
- Lifespan of 25 years

Requirements:
- Requires the least fertiliser intake among oilseed crops.

Source: MPOC POTS Vietnam July 2013, International Fertilizer Industry Association
Global demand for vegetable oil is growing fast

Source: Oilseeds - World Markets and Trade, USDA, June 2015

- Relatively cheap, most versatile & high yielding.

Source: RSPO: Transforming the market to make sustainable palm oil to the norm (www.rspo.org)
Oil Palm Industry

Challenges in Plantation Sustainability

- 3Ps focused industry
  - People
  - Planet
  - Prosperity

Source: https://en.wikipedia.org/wiki/File:Sustainable_development.svg
Plantation Sustainability
Sustainable Practices

- Self-regulating in implementation for many years
  - Land use & management
  - Zero burning technique
  - Integrated pest management (IPM)
  - Water management
  - Soil conservation practices
  - Palm oil mill co-products utilization
  - Social wellbeing of our people
  - R&D
Plantation Sustainability
Sustainability Standards

- Roundtable on Sustainable Palm Oil (RSPO) - 2004
- Indonesia Sustainable Palm Oil (ISPO) - 2009
- Malaysian Sustainable Palm Oil (MSPO) - 2013
- Voluntary public commitments & pledges
  - High Carbon Stock (HCS) Approach
  - HCS+ (Sustainable Palm Oil Manifesto)
  - RSPO NEXT
  - Palm Oil Innovation Group (POIG)
Plantation Sustainability

Sustainability Standards - Compliance

- No Deforestation
  - High Conservation Value (HCV)
  - High Carbon Stock (HCS)
- Protect Peat Lands
- Respect Human Right – no child & forced labour
- Positive Social-Economic Impact on People & Communities

Issues:
- Supply Chain Traceability
- Exclusion of Smallholders
The Responsible Agriculture Charter is a summary of commitments made by Sime Darby through other initiatives (e.g. RSPO, SPOM), and company policies.
Background

- Our commitment on Responsible Agriculture Charter is extended to our suppliers.

Objective

- To ensure that our FFB suppliers uphold the legal fundamental requirements of doing business without compromising the environmental and social obligations.
Malaysian Sustainable Palm Oil (MSPO)

**Sime Darby Plantation**
- Target 100% MSPO certified by Jan 2018
- Integrated auditing with MPOCC & RSPO

**Smallholders**
- Collaboration with MPOCC & MPOB’s Smallholders Palm Oil Cluster (SPOC)
Concluding Remarks

- Global voluntary standards & certification schemes – challenging for full compliance for smallholders & small producers
- Often overburdened by balancing between meeting livelihood demands & addressing global concerns on environment & social issues

- National standards with local context to cater for majority players

  - Transforming the whole industry into a **Sustainable Industry**
Thank you