Paper 4 – Challenges in MSPO certification in Sarawak

Sarawak Oil Palms Plantation Owners Association - SOPPOA

Presented by: Galau Melayong
SOPPOA’s Sustainability Committee Chairman
Date: 6th December 2018
Venue: Le Meridien, Putrajaya Hotel
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Outlines of the Presentation

A. Introduction, Mission and Objectives - SOPPOA
B. ISSUES AND CHALLENGES – Quoted comments from our members
C. Challenges No. 1 – Sarawak Oil Palms Planters started later
D. Challenges No. 2 – Requirements of the standard
E. Challenges No. 3 – Legal Compliance
F. Challenges No. 4 – Practices
G. Challenges No. 5 – Locations of operational Premises
H. Challenges No. 6 – Organization perception on MSPO certification
I. Challenges No. 7 – Stakeholders Consultation Process
J. Challenges No. 8 – Miscellaneous / Summed up
K. The WAY FORWARD – TRAININGS AND ENGAGEMENTS
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Founded in 2008, Sarawak Oil Palm Plantation Owners Association (SOPPOA) is a non-profit organisation comprised of a majority of oil palm growers in Sarawak, with membership from plantation companies of various sizes including government land development agencies as well as independent smallholders.


To act as a catalyst for the responsible and sustainable development of the palm oil industry in Sarawak.
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❑ To advance, promote and protect the development of the Sarawak Oil Palm industry through “Responsible Farming” in support of humanity, sustainability and to enhance the economic wealth of Sarawak and the nation.

❑ To promote, foster and enhance unity, goodwill and relationship between all Members of SOPPOA, and between SOPPOA and other bodies promoting the palm oil industry

❑ To work together and co-operate with other bodies in Sarawak, in Malaysia or internationally to promote and protect palm oil industry

❑ To liaise, lobby, petition, make presentations and representations on behalf of all the members to the relevant authorities or bodies in order to promote, develop, improve and protect the palm oil industry

❑ To organize capacity building workshops, projects, seminars and activities for members to promote a technologically-advanced, environment friendly and efficient palm oil industry in Sarawak
The objectives for which SOPPOA is established are given in Article 3 of SOPPOA’s Constitution.

We believe that the oil palm industry can be developed with shared responsibility through:

- Care for environment, and conservation of natural resources and biodiversity
- Fair returns to the community
- Consideration of employees, and of individuals and communities
- Use of appropriate best practices
- Commitment to continuous improvement in key areas of activity, and
- Compliance with applicable laws and regulations.
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SOPPOA – Contribution and Representation

- Represented at Malaysia Palm Oil Board (MPOB)
- Contributed in the establishing of best management practices for peat plantation published by MPOB and the Roundtable on Sustainable Palm Oil (RSPO) manual on best management practices for existing peat plantation.
- Organise seminars, dialogues and events for the Sarawak Oil Palm Industry to share knowledge
- Participated in the National and Technical Committee and Expert Working Group on the standard of MSPO (Malaysia sustainable Palm Oil).
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SOPPOA – Commitment and Achievements

- In 2010, the Sustainability and Certification Committee under direct purview of the Chairman, was established to support, oversee and enhance the Association’s Sustainability and Certification endeavour of the Association.

- Since then, SOPPOA, through the Committee has been actively involved in the drafting, discussions, public comments on the present MSPO Principles and Criteria, until it was launched in 2013.

- And we are very much involved in the present MSPO Supply Chain P&C.
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ISSUES & CHALLENGES

Quoted Comments from our Members
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Challenges – Quoted Comments from some of our members – **FIRST** comment from one of our members.

In our areas of concern Are as below

1. NCR land development and constant grievances by land owners due to their own long house issues
2. Frequently the NCR area consistently having issues on the development and dividend payment as well as requesting contract works which they are unable to manage
3. State land develop and after maturity they block the area saying that it is NCR land. Even after the court decision unable to manage the area and resulting in discrepancies in the planted area.
4. Chronology on the land issues and how to solve the issues are area of concern
5. PL area and EIA area of perimeter defers due to the removal of international buffer zone and main river buffer zone.
6. Certification Bodies are having difficulty to complete their reports and submission sent to previewers respond takes time and the certification requirements period is too long.
7. Schedule waste collectors are not available at certain districts and DOE to have more collectors with proper terms and conditions before issuing licence
At the moment this are the areas of concern

Mspo issues (XXX)

1. ncr issue

2. Sub standard for mspo docs preparation, different auditor, different requirement. Even in field, auditor tends to have different view too. It’s confusing for us.

3. It is not fair for estate who is new to mspo to have all sorts of sop, procedures in place. When we do it our way auditor not agree but the info is there.

4. Many out there hire consultant but we can’t define if the consultant is competent, like our case we spend 7-8 months for preparation with consultant, end up auditor said we r not ready for audit at all

5. Mspo talk about sustainability but can’t control the price, EU criticise and more.
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Challenges – Quoted Comments from some of our members – Third comment from one of our members.

Please find below our issues for your compilation.

1. Limited CBs, auditors may hinder the progress of MSPO Cert esp considering the size of area to be certified.

2. There is a shortage of DOE registered scheduled waste collectors.

3. Disposal of clinical waste can be a challenge in remote estates.

4. Auditors must also understand local situation first before issuing NCs for infraction of criteria which might not be practical.
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ISSUES & CHALLENGES

Challenges No. 1 – Sarawak Oil Palms Planters started later THAN Peninsular Malaysia and Sabah
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## Oil Palms Planting History & Milestones in Sarawak

<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>Sarawak Land Consolidation and Rehabilitation Authority (SALCRA) established.</td>
</tr>
<tr>
<td>1980</td>
<td>Sarawak Land Development Board (SLDB) ventures into oil palms planting.</td>
</tr>
<tr>
<td>1990s</td>
<td>Momentum of oil palm industry growth in Sarawak accelerates.</td>
</tr>
</tbody>
</table>
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Chronical of Oil Palm Planted Area: By region

Peninsular Malaysia from 2006 to 2017

Chronical of Oil Palm Planted Area: By region

**Sabah** from 2006 to 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Sabah Planted Area (Ha)</th>
<th>Increase (Ha)</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1,239,497</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1,546,904</td>
<td>304,407</td>
<td>19.7%</td>
</tr>
</tbody>
</table>

**Source:** CEICDATA.COM | Malaysian Palm Oil Board

[https://www.ceicdata.coarea-sabah](https://www.ceicdata.coarea-sabah)
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Oil Palm Planted Area: Sarawak from 2006 to 2017

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Oil Palms Planted Hectares Increment Over Last 10 years

<table>
<thead>
<tr>
<th>Region</th>
<th>Year / Area in Hectares</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2017</td>
</tr>
<tr>
<td>Peninsular Malaysia</td>
<td>2,334,247</td>
<td>2,708,413</td>
</tr>
<tr>
<td>Sabah</td>
<td>1,239,497</td>
<td>1,546,904</td>
</tr>
<tr>
<td>Sarawak</td>
<td>591,471</td>
<td>1,555,828</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4,165,215</td>
<td>5,811,145</td>
</tr>
</tbody>
</table>
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ISSUES & CHALLENGES

Challenges No. 2 – Requirements of the standard
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Challenges No. 2 – Requirements of the standard

- Organization understanding on the requirements of the MSPO standards especially to those organizations who do not have any management system such as ISO14001 EMS, OHSAS 18001 OHSMS, ISCC, RSPO -
  - Where certain requirements is too general. e.g. P6 Best practices
  - 4.6.1.1 SOP shall be appropriately documented and consistently implemented and monitored

- Legal requirements - Which legal requirements to be complied with, National or State laws.
  - related to milling & agriculture practices, environmental, Occupational Safety & Health, employment condition, State Ordinance, riparian zone, Factory & Machineries Act, Land code, Titles and etc
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ISSUES & CHALLENGES

Challenges No. 3 – Legal Compliance
Challenges No. 3 – Legal Compliance

Others. Different Laws and Acts

- Land Status
- EQA, NREB
- OSHA
- FMA
- Minimum Wage - How to comply?
- Illegal workers
- The lists go on.....

If the certificate holder non compliance - risk to the certification body, so the CB is rather reluctance to understand our situation, interpretation of the Laws / Acts / regulations
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ISSUES & CHALLENGES

Challenges No. 4 – Practices / Documentations
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Challenges No. 4 – Practices / Documentations

- Riparian Zone - Not fully maintained
- Waste Management - Not properly implemented, which Laws to comply with?
- Social Impact Assessment - Not adequately conducted? No Standard guidelines
- Legality of workers - Cannot do without?
- Management review - Not adequately conducted due to differing Auditors’ views
- Minutes of meeting not comprehensive - differing Auditors’ views
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ISSUES & CHALLENGES

Challenges No. 5 – Locations
Site location of medium sizes holdings - spread throughout, Sarawak is a big state

To ensure the audit sampling in accordance with audit sampling guideline is a challenges, due to locations.
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ISSUES & CHALLENGES

Challenges No. 6 – Organization perception on MSPO certification
Challenges in MSPO certification in Sarawak

Challenges No. 6 – Organization perception on MSPO certification

- Cost of development of the certification system.
- Economic benefit(s) derived from the certification
- Due date for mandatory - too short, 2 years
- Availability of Competence person to conduct SIA / Biodiversity assessment, training providers
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Challenges No. 7 – Stakeholders Consultation Process
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Challenges No. 7 – Stakeholders Consultation Process

- Special requirement before and during each stages of audits.
- Among the stakeholders - employees, surrounding community, neighbouring estates, NGO, government agency and contractors
- Especially, dealing with our local stakeholders i.e. the communities
Challenges No. 8 – Miscellaneous / Summed up

- Land Status / Titles Issues

- Auditor’s competency / audit team’s “competency” - In understanding Sarawak situations, difficulty to get “right” auditor with “local” experience

- Legal Compliance in oil palm industry’s operations - National Laws and State laws - different authority overseeing the same thing,
  - Environment - DOE for PO Mills and NREB for estates
  - Labour laws - State has different requirements
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The WAY FORWARD

issues

challenges

Focus
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The WAY FORWARD - 1. TRAINING

- Training to the plantation/estates owners, mill owners i.e. mill manager, engineer, estate manager, assistant manager, admin staff, field staff, sustainability team.

- Training subject shall not limit to the MSPO requirement but to be extended to the specific subject such as EIA, SIA, Biodiversity, Internal control system (ICS)

- Certification system document shall provide clear guidance and flexibility to deal with certificate holder non compliance with systems documentations, legal requirements
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The WAY FORWARD - 1. TRAINING cont\..

Interpretation to the standard requirements.

- The existing guidance document can be further enhanced especially on the SIA, Biodiversity, best practise for mills & estates

- Guidance document can be translated to Bahasa Malaysia

- Made accessible to the user
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The WAY FORWARD - 2. ENGAGEMENTS

- To conduct regular update session between scheme owner, accreditation body, government agency & certification body
- to discuss issues pertaining MSPO certification
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By SOPPOA

THANK YOU

FOR YOUR ATTENTION AND UNDERSTANDING