

MPOCC hopes that everyone, especially our Muslim readers, had a joyous celebration during the Hari Raya Aidilfitri holidays in June. The MPOCC Newsletter for the second quarter of 2017 (Volume 1, Issue 2) highlights the activities MPOCC had been engaged in the months of April to June, with the dedicated aim to achieve its mission and vision, particularly now with the recent announcements by both the Honourable Minister of Plantation Industries and Commodities, and the Honourable Prime Minister to implement mandatory oil palm certification under the MSPO Certification Scheme.



MPOCC participates in the AFS Malaysia Carnival 2017



MPOCC participated in the American Field Services (AFS) Malaysia Carnival 2017 that was held at the Plaza Glomac in Kelana Jaya on 1-2 April, by setting up an exhibition and photo booth. The 2-day carnival attracted more than 1,000 students. Visitors to the booth were provided with information on the role and objectives of MPOCC in carrying out various efforts towards promoting sustainability in the oil palm industry, and implementing the MSPO Certification Scheme.



MPOCC takes part in an Interactive Dialogue organised by Control Union



Certification body Control Union (Malaysia) Sdn. Bhd. recently organised an interactive dialogue entitled *Malaysian Palm Oil Towards Sustainability* at The Boulevard, St Giles Hotel in Kuala Lumpur on 12 April. MPOCC participated actively in the one-day event which was attended by more than 100 palm oil stakeholders.

MPOCC CEO Harnarinder Singh delivered the keynote address, while Senior Manager (Supply Chain) Dr. Sanath Kumaran served as one of the panelists during the panel discussion on *Sustainability of the Oil Palm Industry in Malaysia, Challenges and Opportunities*, providing more details pertaining to the implementation of mandatory MSPO certification by the end of December 2019 to elevate the palm oil industry to meet global standards for sustainability.

Briefing sessions on the MSPO Certification Scheme

MPOCC conducted a total of five briefing sessions in April & May, as follows:

- 13 April, to Agrobank in Kuala Lumpur
- 17 April, to Maybank Investment Bank in Kuala Lumpur
- 26 April, to SQC Management Sdn. Bhd. in Damansara, Kuala Lumpur
- 27 April, to the Sabah Jurisdictional Certification Steering Committee at its 5th Meeting held at the Sabah Forestry Department HQ in Sandakan
- 30 May, to FGV & Felda Global Ventures Holdings Berhad in Kuala Lumpur

Familiarisation visit to Sime Darby NURI Refinery and KCP Refinery by MPOCC



The MPOCC management team made a study visit to the Sime Darby NURI Refinery in Port Klang on 18 April, and then on the next day to the Sime Darby KCP Refinery on Carey Island, Selangor to familiarise themselves with the downstream activities of the palm oil industry, especially

with the palm oil processing activities, and the palm oil supply chain and traceability system.

During the visit, the 7-member team was given a briefing on the company's processing facilities and technical operations, before being taken on a tour to visit both the refinery plant in Port Klang, and the kernel crushing and biodiesel refinery plant on Carey Island.

Briefing on MSPO certification to Oil Palm Smallholders in Teluk Intan, Perak



MPOCC's journey in the implementation of the MSPO Certification Scheme continued with the holding of a briefing session on 29 April at the Grand Court Hotel in Teluk Intan. This event was officiated by the Minister of Plantation Industries and Commodities (MPIC), YB Datuk Seri Mah Siew Keong who delivered the opening remarks, covering the importance and purpose for palm oil sustainability certification under the MSPO scheme.

The event was attended by more than 200 participants mostly made up of oil palm smallholders and privately owned mini estates.

The briefing was aimed to disseminate vital information pertaining to the implementation of the MSPO Certification Scheme, and acted as a useful platform for the participants present to interact with the officials of MPOCC and MPOB, particularly with regard to MSPO certification of smallholders.

In his welcoming remarks, MPOCC CEO Harnarinder Singh pointed out that the briefing in Teluk Intan was one of the many briefings held for the various stakeholders in the



country, particularly the oil palm growers and millers, to raise their awareness and technical know-how pertaining to the MSPO Certification Scheme.

At the briefing session, presentations on MPOCC and the MSPO Certification Scheme, the MSPO Standards used, certification of smallholder plantings under the Sustainable Palm Oil Clusters (SPOCs) system, and on the MSPO certification procedures were made by various presenters from MPOCC and MPOB.

European Parliament Resolution on Palm Oil and Deforestation of Tropical Rainforests

The European Parliament on 4 April 2017 has adopted a resolution on *Palm Oil and deforestation of Rainforests*, which identifies:

- (i) palm oil cultivation as the largest contributor to deforestation compared to other oil seeds cultivation, where 73% of global deforestation arises from the clearing of land for agricultural commodities, with 40% of global deforestation caused by conversion to large scale monocultural oil palm plantations;
- (ii) that certification schemes, including the Roundtable on Sustainable Palm Oil (RSPO), Indonesian Sustainable Palm Oil (ISPO) and Malaysian Sustainable Palm Oil (MSPO), are flawed in nature and do not meet internationally accepted standards on sustainability; and
- (iii) that there is the need for a recognisable sign on food products for consumers to see that palm oil is sustainably produced.

The EU Resolution has also adopted calls, amongst others:

- (a) for the development of a single Certified Sustainable Palm Oil (CSPO) scheme for exports of palm oil to Europe;
- (b) for the EC to work closely with other significant consumers of palm oil, such as China, India and the

producing countries, to explore common solutions to the problem of deforestation;

- (c) to increase the traceability of palm oil imported into the EU and until the single certification scheme is applied, a different customs duty scheme to be applied on non-certified palm oil;
- (d) introduction of obligatory requirements favouring sustainable palm oil in all national procurement procedures; and
- (e) phasing out of vegetable oils including palm oil from the EU biofuel programmes by the year 2020.

It must be noted that the EU on an average imports between 7.0 and 7.5 million tonnes of palm oil annually. In 2016, Malaysia accounted for 29.4% of the total palm oil imports into the EU, while Indonesia's share was 48.6%.

In 2016, the palm oil industry contributed RM67.6 billion in terms of export earnings and accounted for 8.6% of the total merchandise exports from Malaysia.

The EU is by far the largest market for Malaysian palm oil and palm-based products. In 2016, the EU's imports were valued at RM9.9 billion and accounted for 14.7% of Malaysia's total global exports.

In short, the EU is a very important and significant market for Malaysian palm oil. Hence, Malaysia is deeply concerned that the EU Resolution will have a negative impact on palm oil exports, and that the move by the EU, which is a non-palm oil producing region, may cascade into similar moves by other major palm oil importing countries.

Malaysia is also concerned that only palm oil is subjected to sustainability certification, while similarly produced vegetable oils are not. Such a move by the EU contravenes the provision as stipulated under Article I of the WTO GATT Agreement. Furthermore, the EU does not recognise nationally mandated CSPO schemes developed by the palm oil producing countries. It must be noted that deforestation is not contributed by oil palm cultivation alone, and that there are a host of other factors that contribute towards deforestation. Malaysia has an area of 5.74 million ha under oil palm cultivation, accounting for only 17% of its total land area. More than 55.3% of Malaysia's land area is under natural forest cover, which is significantly more than that in many of the developed countries.

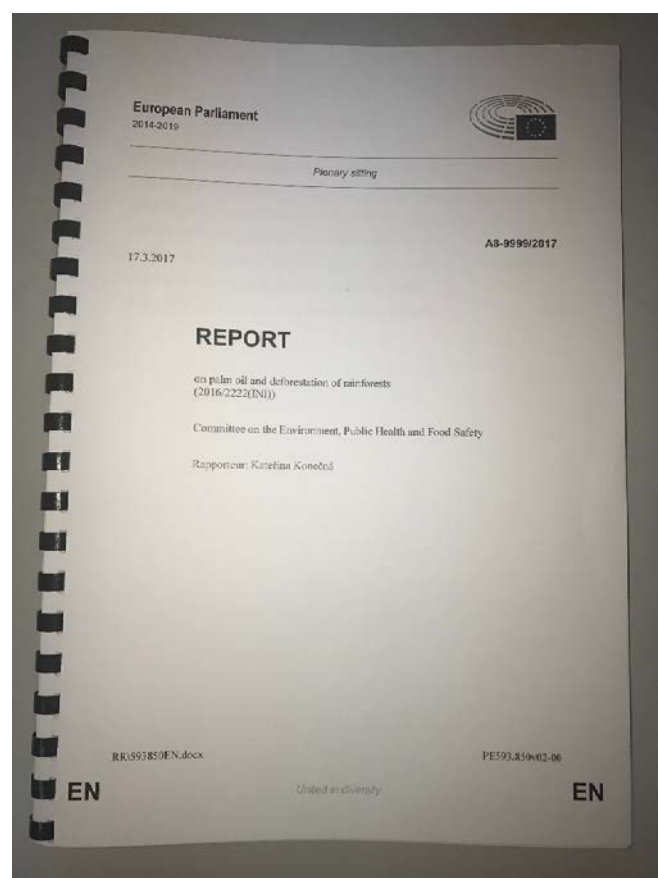
On 14 July, the European Commission (EC) had provided feedback on the Resolution. In its feedback, the EC had highlighted the following:

- (i) developing a single certification system may not be feasible and acknowledges that the existence of different schemes may better allow addressing national specificities;
- (ii) reservations on the proposal to create a different tariff classification for certified and non-certified palm oil; and
- (iii) support for small enterprises to develop and adopt a value chain approach. This is in particular to assist small farmers.

EC has also commissioned a "Study on Environmental Impact of Palm Oil Consumption and on Existing Sustainability Standards", which focuses on two main areas:

- (i) cost benefit analysis of palm oil consumption in the EU; and
- (ii) gaps in sustainability criteria to be addressed under CSPO

This study is being undertaken by LMC International and 3Keel LLP, and is presently in its final stage of completion. To validate the finding, an Expert Workshop will be held on 2 October in Brussels. Malaysia has been invited to participate and will be attending the Workshop to validate the study.



MPOCC briefing to Johor Planters Association



On 17 May, Dr. Sanath Kumaran, MPOCC Senior Manager (Supply Chain) conducted a briefing on *Sustainable and Certified Palm Oil under MSPO: An Update* to some 100 members of the Johor Planters Association at the Mutiara Hotel in Johor Bahru. The members were informed of the need for palm oil sustainability certification, the establishment and role of MPOCC and the implementation of the MSPO Certification Scheme and its progress so far.

MPOCC participates in the Malaysian Palm Oil 100th year celebrations



MPOCC participated in the Malaysian Palm Oil's 100th year celebrations on 18 May at Sime Darby Plantation Sdn. Bhd.'s Tennamaran Estate located at Bestari Jaya (formerly known as Batang Berjuntai) in Selangor. The event was attended by more than 5,000 people and was officiated by the Prime Minister, YAB Datuk Seri Najib Razak. In his address, the Prime Minister also officially announced the implementation of mandatory MSPO certification by 31 December 2019. He further reiterated the future plans of the government to launch a mechanisation fund where it will work together with the private sector to conduct more research and development on mechanisation so as to make it more successful in Malaysia.

MPOCC also set up an information booth during the event where publicity materials, including flyers and brochures, on the MSPO Certification Scheme were distributed.

MPOCC participates in OFI India 2017 Conference



MPOCC participated in the Oils & Fats International (OFI) India 2017 Conference that was held from 19-20 May in Mumbai. At the conference, MPOCC CEO Harnarinder Singh delivered a paper on the *Implementation of the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme*, informing the delegates about MPOCC and its role and responsibilities in the development and implementation of the MSPO Certification Scheme, the sustainability requirements as stipulated in the MSPO Standards, progress in the implementation of the MSPO scheme, some of the challenges faced and the future direction of MSPO certification in Malaysia.

MPOCC also set up an exhibition booth where information kits on MPOCC and the MSPO Certification Scheme were distributed to the visitors.

MPOCC's presentation at the Biomass Industry Networking Seminar



Photo courtesy of Malaysia Biomass Industries Confederation (MBIC)

On 24 May, Dr. Sanath Kumaran, MPOCC Senior Manager (Supply Chain) made a presentation on the *Opportunities for Biomass Certification under MSPO Certification Scheme* at the Malaysia Biomass Industry Networking Seminar 2017 organised by the Malaysia Biomass Industries Confederation (MBIC).

This annual networking session, that was held at the Kinrara Resort in Puchong, Selangor, aimed to gather existing and new members of MBIC, small and medium enterprises (SMEs) in the biomass value chain, as well as relevant biomass stakeholders in an information sharing and discussion session to update participants on the latest happenings in the biomass industry in Malaysia. More than 100 participants attended the event.

MPOCC, MPOB and Northern Peninsular Malaysia POMA Joint Dialogue Session on MSPO



On 25 May, the Northern Peninsular Malaysia Palm Oil Millers Association (POMA) together with MPOCC and MPOB held a joint dialogue session on MSPO with the regional smallholders associations and independent estate owners. The one-day session held at the Kinta Riverfront Hotel in Ipoh, Perak was attended by over 120 participants. MPOCC CEO Harnarinder Singh made a presentation on MPOCC and the MSPO Certification Scheme, the sustainability requirements of the MSPO Standards, progress of work, the challenges faced and future direction of MSPO certification in Malaysia.

The presentation by Ms Nazira K. Rahman of MPOB touched on MSPO certification of smallholder plantings under SPOCs, while Mr. Khairul Anuar of Wilmar International made a presentation on Sustainability, commitment and initiatives. Mr. Lim Aik Loong of certification body Prima Cert went on to describe the process and procedures on how entities can prepare themselves for certification. Towards the end of the event,

Mr. Steven Yow of NPM-POMA put forward a proposal on MSPO certification, pointing out that the proposal is a win-win solution for smallholders and palm oil millers to work on improving the yield of the smallholder' plantings and privately owned estates, with the aim to improve both the OER and KER.

Accredited Certification Bodies sign Notification & MSPO Logo Usage License Agreements

Bureau Veritas (M) Sdn. Bhd. and DQS Certification (M) Sdn. Bhd. became the first two accredited certification bodies (ACBs) to sign the *Notification* and *MSPO Logo Usage License Agreements* with MPOCC on 6 June.

SGS (Malaysia) Sdn. Bhd. followed by signing both the *Agreements* with MPOCC on 7 June.

The *Notification Agreement* is a notification by MPOCC on certification bodies providing certification against the requirements of the MSPO Oil Palm Management Certification standards, or Supply Chain Certification standards, or subsequent editions of these standards.

Meanwhile, the *Logo Usage License Agreement* is a document that establishes the rules and guidelines for the use of the MSPO logo and related claims.

Training for Peer Reviewers under the MSPO Certification Scheme



MPOCC held a 2-day *Training Course for Peer Reviewers* on 14-15 June in Kuala Lumpur. Some 30 peer reviewers who are registered with MPOCC attended the training session that was held for the first time under the MSPO Certification Scheme operated by MPOCC.

The objective of the training course was to provide a better understanding of the MSPO Standards and auditing procedures, as well as the scope and role of peer reviewers in the certification process. Peer reviewing adds value to the audit report prepared by the auditors, thus inadvertently enhancing the credibility of the scheme.

Providing training to peer reviewers is part of MPOCC's efforts to increase the number of peer reviewers to cater for the anticipated increase in the demand for MSPO certification by the palm oil industry players in the coming years.

For 2017, MPOCC targets to train at least 50 peer reviewers who are experts in various fields related to the oil palm

industry in Malaysia. MPOCC hopes to train many more experts to cater for the huge number of peer reviewers needed to meet the targets for the implementation of mandatory MSPO certification.

Such training also aims to equip the peer reviewers with overall knowledge of the methodology and skills required for conducting reviews, and a better technical understanding of the MSPO Standards and auditing processes.

On the first day of the training course, a number of modules were presented, including *Requirements for the Accreditation of CBs Operating Oil Palm Management (OPM) Certification*, *Peer Review Process Requirements for CBs Operating OPM Certification*, stakeholders' consultation requirements during OPM Certification audits, elements of a comprehensive report, certification process and auditing procedures, role of the peer reviewers as well as report writing methodology. On the second day, modules on MSPO standards and ethical responsibilities of peer reviewers were presented.



Participants were expected to understand the background and requirements of the MSPO Certification Scheme, certification process and auditing procedures, scope and role of peer reviewers as stipulated in the document *Peer Review Process Requirements for Certification Bodies Operating Oil Palm Management Certification under the MSPO Certification Scheme*, as well as equip themselves with a comprehensive understanding of the Principles, Criteria and Indicators of the MSPO Standards used.

Basically, such training for peer reviewers is to enhance their competency to ensure that the audit report has the necessary factual evidence content to act as the basis for the award of the MSPO certificate to the management unit that has been audited.

At the completion of the training session, MPOCC CEO, Harnarinder Singh handed over the certificates to all the participants.

Those who are interested to become peer reviewers, please visit www.mpocc.org.my for further information.



MPOCC attends ISEAL's 8th Global Sustainability Standards Conference



On 27-28 June, MPOCC as an ISEAL subscriber attended the 8th Global Sustainability Standards Conference that was held in Zurich, Switzerland and hosted by ISEAL Alliance. The conference, a leading global event for those who support the uptake of credible sustainability standards, was attended by over 350 participants.

The conference discussed how standards and certification systems are rising to the challenge of scaling up while maintaining credibility and discover how standards can provide certainty in an uncertain world.

MPOCC's participates in the Operational & Commercial Aspects of Palm Oil Trade Seminar

On 10-11 April, MPOCC attended the *Operational & Commercial Aspects of Palm Oil Trade Seminar* organised by the Palm Oil Refiners Association of Malaysia (PORAM). More than 200 participants attended the seminar that was held at the KLRCA Bangunan Sulaiman in Kuala Lumpur.

MPOB TAS Interaction with Members of the Malaysian Palm Oil Industry

On 12 April, MPOB Technical Advisory Services (TAS) Interaction with Members of the Malaysian Palm Oil Industry was held with some 150 attendees from the industry, including MPOCC.

Palm Oil Market Development Report Seminar 2017

MPOCC attended the Palm Oil Market Development Report (POMDR) Seminar 2017 organised by MPOC which was held on 18 April in Kelana Jaya.

The seminar was a one-stop information event for Malaysian palm oil which featured market updates, market analysis reports, and potential new market opportunity reports.

Media Interviews

In April and May, a number of media, including the Nanyang Siang Pau, The Star and Bloomberg News, held interviews with MPOCC CEO Harnarinder Singh, who shared pertinent information on MPOCC and the current progress in the implementation of the MSPO Certification scheme and the challenges faced.

The interviews with the Nanyang Siang Pau reporter was held on 7 April, while the interviews with The Star

and Bloomberg News were held on 2nd and 3rd of May, respectively.

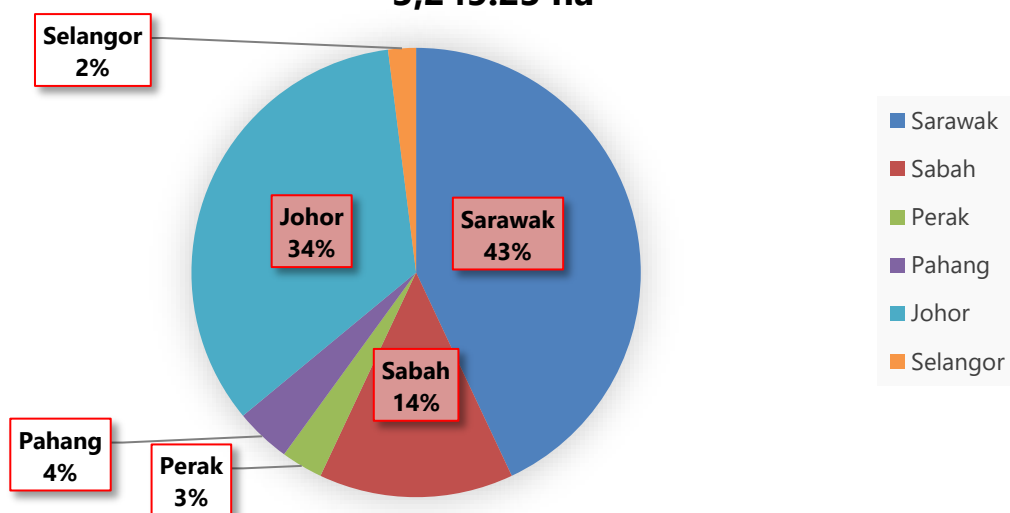
Upcoming events

In the upcoming months, MPOCC will be organising several meetings and will also be participating in a number of events:

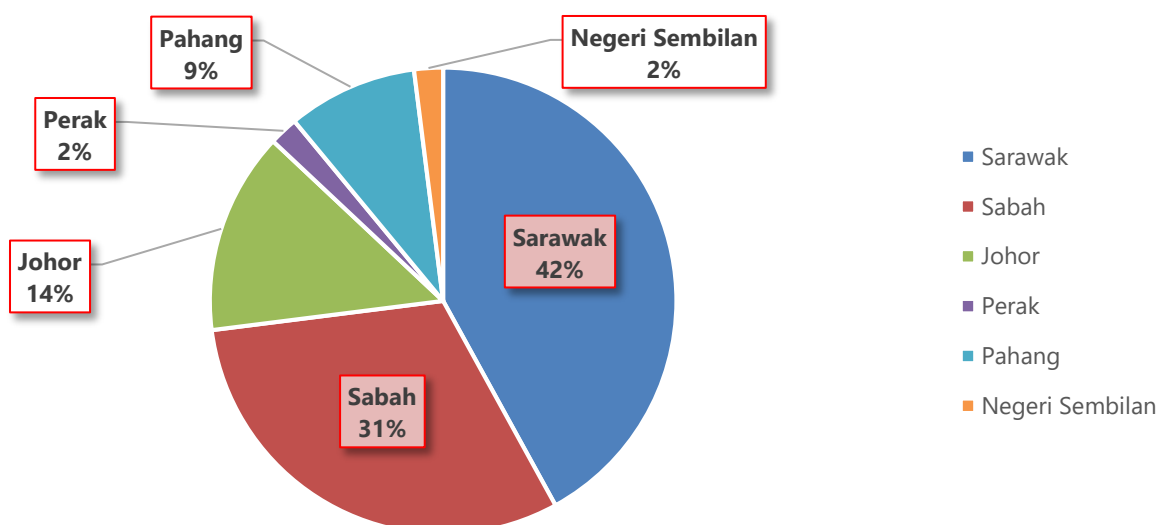
- Briefing to Riverview Rubber Estate in Tanjung Tualang, Perak on 5 July
- First Meeting of the Technical Working Committee on Malaysian Sustainable Palm Oil [TWC (MSPO)] at Corus Hotel in Kuala Lumpur on 10 July
- POMA Dialogue in Melaka on 5 September
- Supplier Engagement Programme Technical Session II in Sandakan, Sabah on 10 July
- 13th ISP National Seminar (NATSEM) 2017 100 Years of Oil Palm: Surging Forward, at Grand Dorsett Subang on 17-18 July
- First Meeting of the Experts Working Group (EWG) on MSPO Supply Chain Certification Standard in Kuala Lumpur on 21 July
- The MPOB International Palm Oil Congress and Exhibition (PIPOC) 2017 at the Kuala Lumpur Convention Centre (KLCC) on 14-16 November

MSPO Certification Statistics as of June 2017:

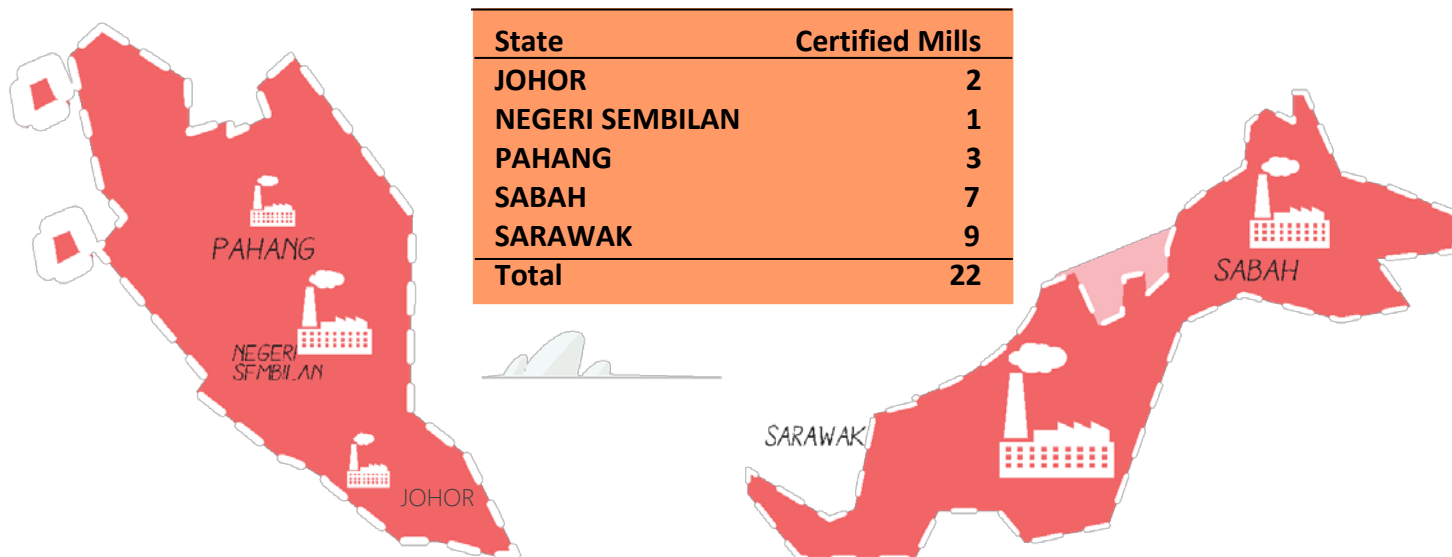
MSPO Certified Areas under Part 2: Independent Smallholders 3,245.23 ha



MSPO Certified Areas under Part 3: Plantations & Organised Smallholders 241,377.73 ha



MSPO Certified Mills under Part 4



For further information, please contact MPOCC at:

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Invitation to:

CERTIFIED SUSTAINABLE PALM OIL FORUM: THE WAY FORWARD

13 November 2017 | 1.00 pm - 4.00 pm
KUALA LUMPUR CONVENTION CENTRE

In conjunction with



Registration is free

**Seats are
limited**
So hurry &
register early!

Organised by:

