



E-NEWSLETTER

SARAWAK OIL PALM PLANTATION OWNERS ASSOCIATION

Chairman's Message

Eric Kiu Kwong Seng



Dear Members,
Welcome to the latest edition of SOPPOA's Newsletter.

As we reflect on the 35th Palm & Lauric Oil Price Outlook Conference & Exhibition (POC2024), I am pleased to convey both optimism and caution regarding the trajectory of the Malaysian palm oil industry.

The conference provided a vital platform for stakeholders to engage in fruitful discussions on industry trends, challenges, and opportunities. Key speakers, including industry leaders and opinion makers, shared valuable insights into sector's future.

The ministerial speeches highlighted initiatives aimed at enhancing palm oil yield, sustainability, and ethical conduct within the industry. Plans for consolidating smallholders, promoting sustainability through certification programs like MSPO, and addressing labor issues underscore our commitment to progress.

Further enriching our industry insights, SOPPOA organized a groundbreaking technical tour to China, offering firsthand exposure to cutting-edge technologies in gearbox manufacturing, excavator production, and environmental practices.

Webinars delved into crucial topics such as combating sooty mold and mealybug infestations and promoting ethical conduct through MSPO certification, emphasizing the importance of proactive measures in ensuring sustainable palm oil production.

On a separate note, I am pleased to share a significant development that marks a triumph for SOPPOA and the palm oil industry in Sarawak. After persistent appeals, the Malaysian Palm Oil Board (MPOB) has decided to abolish control over the palm oil mill processing capacity for all mills in Sarawak. This pivotal decision, effective January 1, 2024, signifies a shift towards a more flexible regulatory framework.

Moving forward, the processing capacity of each palm oil mill will be contingent upon the actual capacity approved by the Department of Environment (DOE). This decision heralds a new era of operational freedom and efficiency for palm oil mills in Sarawak, empowering them to optimize their processing capabilities in alignment with environmental regulations.

We commend MPOB for this progressive step and look forward to the positive impact it will have on our industry.

Happy reading.



35th Palm & Lauric Oils Price Outlook Conference & Exhibition (POC2024) On 4-6 Mar

1. Introduction

Bursa Malaysia Derivatives (BMD) hosted yet another POC on from 4 to 6 March 2024 at the Shangri-La Hotel Kuala Lumpur.

The three-day event provided valuable networking opportunities among the edible oil supply chains to discuss and deliberate on topics surrounding the supply and demand of major edible oils, the industry's most pressing issues, market trends and trade possibilities.

This year POC2024 was officiated by YB Datuk Seri Johari bin Abdul Ghani, Minister of Plantation and Commodities of Malaysia.

POC2024 also featured influential industry opinion leaders, which include among others, Dr. Ran Hua, Chairman of Dalian Commodity Exchange; Emily French, Founder and CEO of Global Protein AG; Dorab Mistry, Director of Godrej International Ltd; Datuk Mohamad Helmy Othman Basha, Chairman of the MPOB and Group MD Sime Darby Bhd; and many more.

In addition to the main conference, delegates were given the access to an introductory workshop on the upcoming BMD's Soybean Oil Futures (FSOY) Contract and Biocarbon Opportunities in the Palm Oil Sector.

2. Opening Remarks by BMD Chairman

Tan Sri Abdul Wahid Omar anticipates growth in the Malaysian palm oil industry for 2024.

Factors contributing to this positive outlook include the recovery in labor supply, improved projections for palm oil prices, and heightened demand from key export destinations.

Despite the optimistic forecast, Abdul Wahid emphasizes the importance of vigilance among market participants due to potential challenges.

He highlights the need for awareness regarding unpredictable weather conditions, potential shifts in global trade, and the influence of environmental, social, and governance (ESG) policies and ongoing geopolitical risks. These factors could significantly impact palm oil trade.



He attributes the normalization of palm oil prices to an average of RM3,890.50 per tonne in 2023, following the record high of RM5,087.50 per tonne in 2022, to the ample supply of fresh fruit bunches. He notes a 1.1% decrease in palm oil exports due to reduced demand, leading to higher stocks.

Highlighting the significance of the palm oil industry to Malaysia's economy, Abdul Wahid notes that it remains a major contributor to the country's commodity exports. Despite the easing of pandemic-driven supply chain disruptions in 2023, global commodity markets faced challenges such as monetary tightening, elevated geopolitical tensions, and unpredictable weather conditions.

3. Ministerial Speech

3.1 Smallholders

YB Datuk Seri Johari Abdul Ghani is contemplating a viable business model aimed at consolidating independent smallholders to enhance palm oil yield.

He disclosed plans to unite 214,680 independent smallholders into clusters covering 8,000 to 10,000 hectares of oil palm estates. These clusters would be overseen by medium or large estates.

Highlighting the challenge faced by smallholders managing approximately 27% (1.5 mil hectares) of the 5.7 mil hectares of oil palm planted area, he emphasized the

► From..02



difficulties in increasing their yield on average-size plots of around four hectares.

He proposed the consolidation of 30% of independent smallholders, potentially adding 250,000 hectares of efficiently managed land.

3.2 Replanting

In addition, the minister recommended a practical approach to ensure timely replanting by smallholders for consistent maximum yields. This involves leveraging the technical expertise of major industry players and the MPOB, providing guidance on seeds, clones, fertilizers, as well as pest and disease management.

Underscoring the importance of achieving a larger scale to reduce cost per unit and boost productivity, he suggested that if all smallholders adopt the effective management practices of large-scale plantations, fresh fruit bunches yield could easily increase by two metric tonnes per hectare. This in turn would result in an additional 600,000 tonnes of crude palm oil production annually, valued at approximately RM2.4 bil at the current market price, without necessitating additional land use changes.

3.3 Labor

The minister is suggesting the introduction of a special harvesting course under technical and vocational education and training (TVET) to elevate harvesting as a profession in Malaysia.

He acknowledged that the palm oil industry is a significant sector for the country with an export value of RM130 bil. However, it is hampered by a longstanding labor issue.

"I am afraid if we do not have harvesters to cover the 5.6 mil hectares of palm oil that we have, fruits amounting to RM20 bil – RM30 bil cannot be harvested – which was what happened during the pandemic".

"It will be good to have local harvesters but we must also keep in mind that we cannot pay locals the same way we pay foreign workers", Johari said.

3.4 MSPO

Johari highlighted the intensified efforts to position Malaysia's palm oil industry as a global leader in sustainability, which he said the commitment receives continuous support from the ministry, related agencies and various stakeholders, aiming for comprehensive adoption of sustainability requirements among smallholders.

As of Dec 31, 2023, the MSPO certification has achieved an impressive 92.6%, signifying that 5.23 mil hectares out of the 5.65 mil hectares of oil palm planted areas in Malaysia have been certified.

Furthermore, 92.68% of the country 465 mills have also received MSPO certification.

The integration of the Sawit Intelligent Management System (SIMS) with MSPO certification is expected not only to enhance operational efficiency but also to make significant contributions to meeting European Union Due Diligence Regulation (EUDR) requirements.

In order to re-brand the agency in-charge of MSPO certification, the Malaysian Palm Oil Certification Council (MPOCC) is renamed to simply MSPO.



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4. Key Takeaways

The tone was generally bullish as majority of the speakers expect CPO price to break above RM4,000/mt level in the near-term. Dr.Sathia's forecast of RM3,500-3,700/mt was the closest to our 2024's average forecast of RM3,800/mt. This year, the key focus is on the looming European Union Deforestation regulation (EUDR), which will affect global commodity demand. Meanwhile, speakers also raised their concerns over the limited supply growth from both Indonesia and Malaysia, which could drive the CPO prices higher. At the point of writing, CPO futures ended at RM4,081/mt.

- **Palm oil Consensus forecasts average at RM4,000/mt.** Generally, most industry experts have a bullish view on the CPO price in 2024 but mostly think that it will trade lower in the 2H. Interestingly, the two notable palm oil experts have a bullish view on the CPO prices, citing the limited supply palm oil growth in the top two producing countries. However, their concerns are in contrast with the local planters, who have mostly guided a double-digit production growth for this year. Thomas Mielke anticipates palm oil prices to hit as high as RM4,300/tm while Dorab Mistry expects as high as RM4,500/mt. Mr. M Fadhil, who represents Indonesia's GAPKI, has the most bullish call as he sees CPO prices could potentially touch as high as USD1,000/mt (RM4,730/mt).

- **All eyes on the implementation of EUDR.** The looming introduction of EUDR, which prevent companies from importing commodities with deforestation and forest degradation into the EU market. The new law has included 7 commodities within the scope of the EU regulation, namely, soy, cattle, palm oil, wood, cocoa, coffee and rubber. Products of the commodities included in the regulation may only be placed on or exported from the EU market if they can prove they are i) deforestation free, ii) have been produced in accordance with the relevant legislation of the country of production and iii) covered by a due diligence statement. We think the production from the smallholder plantation may have difficulty to be absorbed by the palm oil producers given the poor traceability and lack of transparency. Their FFB production might be absorbed at a discounted price to be sold to other regions.
- **Major wildcards to CPO price forecasts include:** i) the possibility of La Lina event in the 2H, ii) changes of domestic market obligation and biodiesel mandate in Indonesia, and iii) weather abnormalities in North America, which could pose a threat to the soybean supply.

Source: PublicInvest Research



Technical Tour To China 17-22 Mar



Introduction

For the first time ever, the SOPPOA Mill Committee organized a technical tour. This seven-day excursion took participants to China with the main objective of facilitating knowledge exchange and providing insights into the technological know-how offered by our counterparts in China.

The tour included visits to renowned gearbox, excavator, and bearing manufacturers, offering valuable firsthand exposure to cutting-edge technologies in these fields, and a state-owned sewage treatment facility, further expanding their understanding of innovative environmental technologies and practices.

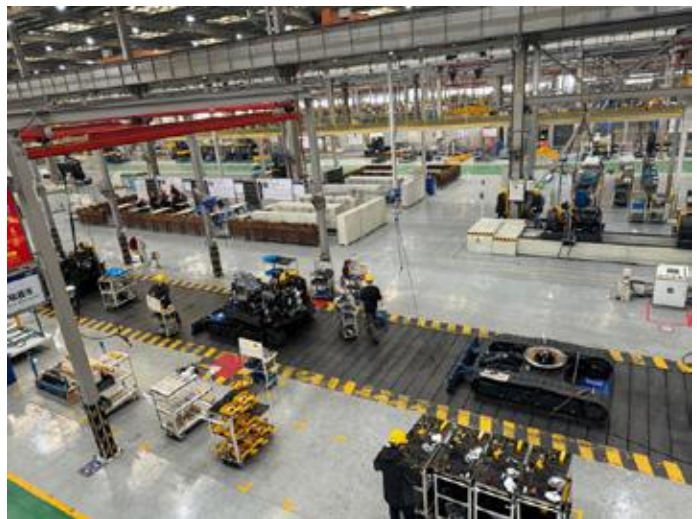
Furthermore, the tour also included visits to numerous cultural sites along the ways, enriching participants' experiences by immersing them in the vibrant heritage and traditions of the regions.



Jiangsu Guomao Co., Ltd is located at Wujin National High-tech Zone, Changzhou City, Jiangsu Province. The company envisioned to be a world-class transmission expert has a complete set of technical capabilities and advance testing methods for the research and manufacturing of various industrial reducers and motors, and provides systematic overall technical solutions for its products.

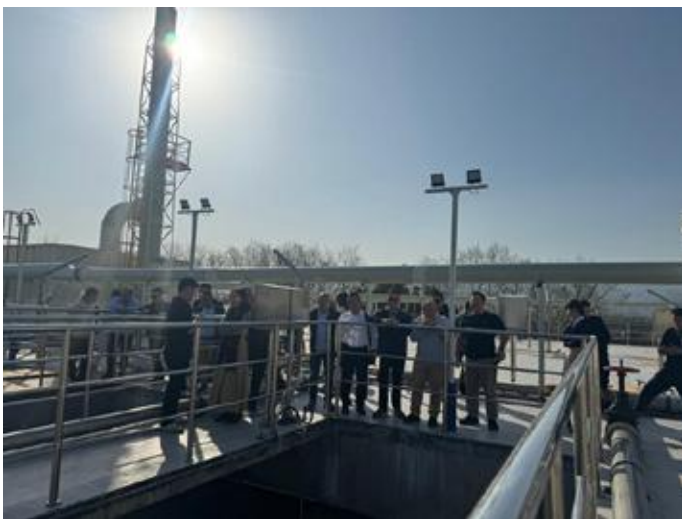


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Liugong, officially Gunagxi Liugong Machinery Co., Ltd., is a Chinese multinational construction machinery manufacturing company headquartered in Liuzhou, China. It is the world's 10th largest construction equipment manufacturer by market share and the world's largest manufacturer of wheel loaders.

Zhangzhou Liugong is a wholly-owned company invested and established by Liugong Group started operation in 2010. It is a leading manufacturer of excavator, wheel loaders, dozer, grader, and other quarry and aggregate equipment.



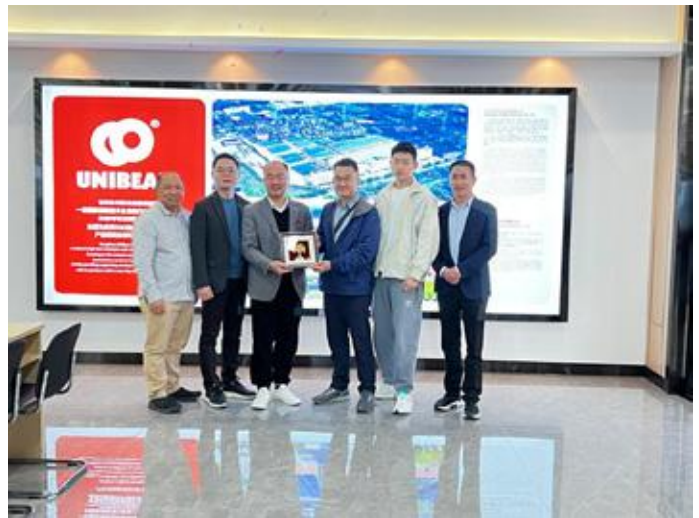
Jiangshan Laingxin Industrial Park Wastewater Treatment Plant is located in Jiangdong Industrial Park, Jiangshan City. It mainly collects and treats industrial wastewater and domestic sewage in the park. The project covers a total area of 43.5 acres.

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Hangzhou Unibear Holding Group, founded in 1995, with Jiangshan Unibear Industrial Co., Ltd. As one of its subsidiaries, in a modern enterprise integrating R&D, production and sales as a whole in the field of chain transmission. It produces 8 categories, over 50 series and thousands of specifications of quality chain drive products, including transmission chain, conveyor chain, agricultural machinery chain, motorcycle chain, etc. They are widely applied to machinery operation in the field of industry, agriculture, mining and so on.



Webinar On Sooty Mold, The Scourge Of Sabah Oil Palm Industry On 25 Mar



MEOA in conjunction with G-Planter
Online Presentation

SOOTY MOLD, THE SCOURGE OF SABAH OIL PALM INDUSTRY: WHAT, WHERE, HOW AND THE EFFECTS

Including AAR's Field Team
with hands on knowledge and
experience in dealing with
the Sooty Mold issue will be
on the Panel.



With support from:




SPEAKERS

- **MOHD HELMAY HUSAINI BIN MOHD ZIN**
AGRONOMIST/ PLANT PATHOLOGIST
AAR SB
- **MUHAMMAD ABDUL AZIM ASMING**
TECHNO-COMMERCIAL EXECUTIVE
G-PLANTER SDN BHD
- **MAVERICK CHUNG YI**
BRANCH ASSISTANT, TAWAU BRANCH
G-PLANTER SDN BHD

DATE & TIME

25 March 2024
Monday
2:00 PM

OPEN TO MEMBERS FROM

- MEOA
- MPOA
- EMPA
- SOPPOA

WHO SHOULD PARTICIPATE?

- Estate Owners
- Managements (General Managers, Purchasing, Administration, Agronomist)
- Estate Management (General Managers, Managers, Assistant, Cadets, Store Executives, Conductors 1)

PANELISTS

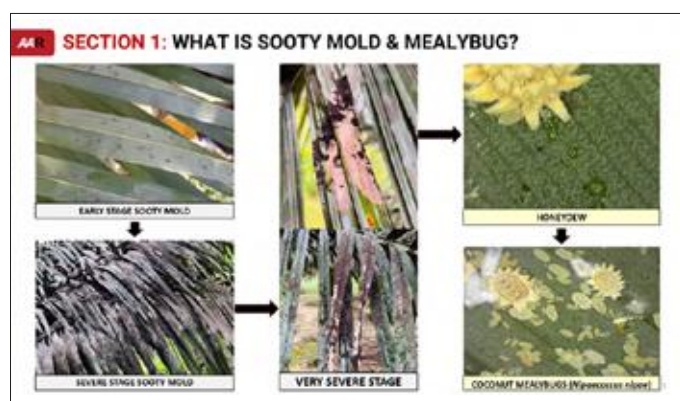
- **MR MOHD FADZIL BIN MUHAMMAD SALLEH**
ASSISTANT DIRECTOR
PESTICIDES BOARD CONTROL DIVISION
(LICENSING SECTION)
DEPARTMENT OF AGRICULTURE
- **DR. MEILINA ONG ABDULLAH**
DIRECTOR
BIOLOGY & SUSTAINABILITY DIVISION
MPOB
- **MR. MUHAMMAD NURUL YAQIN SYARIF**
RESEARCHER
ENTOMOLOGY & INTEGRATED PEST
MANAGEMENT UNIT
BIOLOGY & SUSTAINABILITY DIVISION
MPOB

TOPIC OUTLINES

- Introduction**
What is Sooty Mold and Mealybug?
- Spread**
Sooty Mold and Mealybug outbreak in Sabah.
- Impact**
Effect of Sooty Mold on photosynthesis and possible yield.
- Control**
RA-IN, the only registered product for Mealybug management.
- Permit**
Guideline to apply for permit.

Introduction

Sooty mold and mealybugs pose significant challenges to oil palm plantations, impacting both the health of the palms and their productivity. In this webinar, Mr. Helmay from AAR Sdn Bhd has delved into the nature of sooty mold and mealybugs, their effects on palm trees, the causes behind their proliferation, detection methods, and effective control measures.



1. Understanding Sooty Mold and mealybugs:

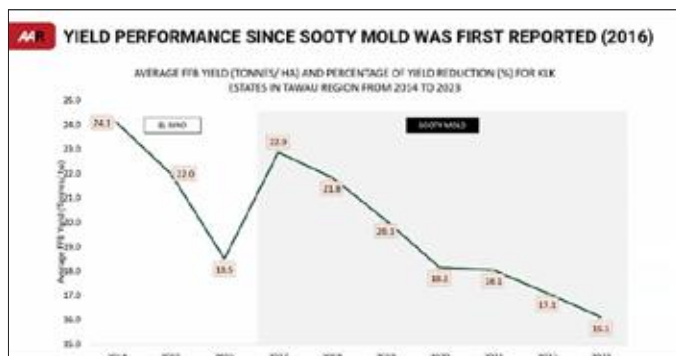
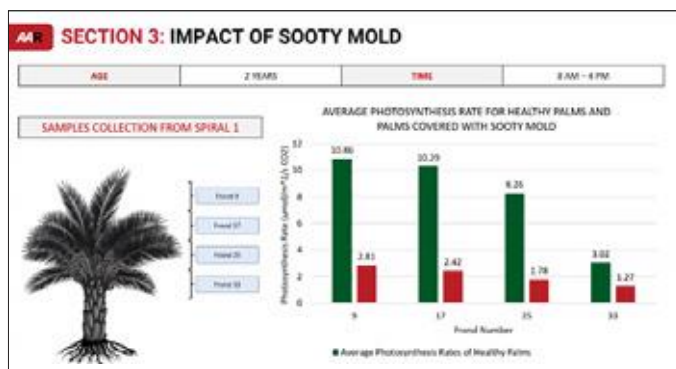
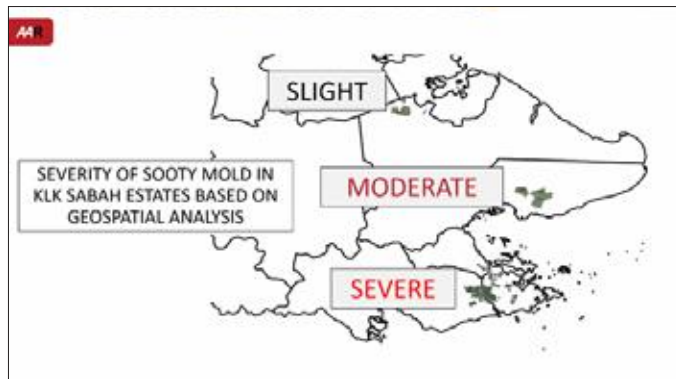
Sooty mold is a complex of various fungal species that form a thick layer on the surfaces of palm fronds. While non-pathogenic themselves, severe infestations can cover up to 50% of fronds, leading to yellowing and localized desiccation of pinnae.

The primary cause of sooty mold is the honeydew excreted by pests such as the coconut mealybugs. Mealybugs feed on frond sap, excreting undigested sugars as honeydew, which serves as a prime nutrient source for sooty mold. Therefore, controlling mealybug populations is essential to managing sooty mold outbreaks.

2. Detection and Impact:

Sooty mold and mealybug infestations have historically been observed in lower fronds and been sporadic in oil palm plantation.

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However, recent reports from Sabah in 2017 indicated a significant increase in severity, with drone surveillance revealing widespread infestation across the Tawau region and beyond.

Geospatial analysis carried out by AAR has highlighted the severity of sooty mold infestations, with affected areas



experiencing notable reductions in photosynthesis rates-by as much as 58% to 74%-and declining yields over time.

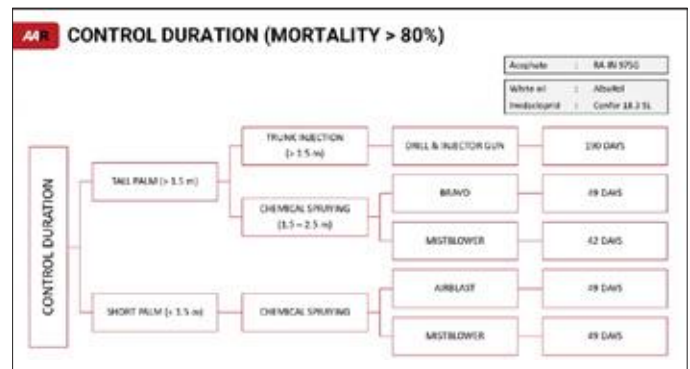
3. Control Measures:

Various control strategies have been employed to combat sooty mold and mealybug infestation.

Field trials have shown promising results with a combination of white oil and imidachloprid, achieving a remarkable 98% mortality rate among mealybugs on palms younger than 2 years old.

Innovative approaches have been explored to address challenges in treating tall palms, including trunk injections with acephate.

These injections have shown efficacy in braking the mealybug life cycle and providing sustained suppression for up to five months, offering a practical solution for tall palm management.



Conclusion

In conclusion, the management of sooty mold and mealybug infestations in oil palm plantation requires a multifaceted approach. By understanding the underlying causes, detecting infestations early, and implementing effective control measures, we can mitigate the impact on palm health and ensure sustainable productivity in these vital agriculture systems.

Webinar – Promoting Ethical Conduct And Anti Bribery With Malaysian Sustainable Palm Oil (MSPO) On 2 Apr

Introduction

This webinar focused on the latest additions to MSPO 2022, particularly emphasizing ethical conduct and anti bribery measures in collaboration with the Malaysian Anti-Corruption Commission (MACC).

At the webinar, Mr. Hohd Hasbollah Suparyonon (Head of Division, Industry Planning and Development Division, MSPO) presented some update of MSPO while Puan Haslinda Hamzah, (Deputy Commissioner, Community Education Division, MACC) elaborated on the laws and regulations related to ethical conduct and anti bribery in Malaysia.

Update on MSPO

Mr. Hasbollah reported that there is a significant progress made on the MSPO 2022 since its launched 3 years ago. He attributed much of its progress to a revamped management team while underscoring the scheme's unwavering trajectory towards success.



At the helm of MSPO's latest governance is a dynamic Board of Trustees chaired by Dato' Dr. Suzana Idayu Osman, bringing a wealth of experience from the financial and investment sectors.

One notable addition to the board is Mr. Eric Kiu, Chairman of SOPPOA, whose presence further reinforces MSPO's commitment to sustainability and industry collaboration particularly in Sarawak.

Reflecting on milestones achieved since its inception in 2013, MSPO has garnered international recognition, including commendations from the UK government and adoption in Japan's FIT scheme. Such recognitions underscore MSPO's pivotal role in facilitating sustainable palm oil production on a global scale.

Mr. Hasbollah emphasizes MSPO's service-oriented roles, citing a downward trend in service cost per certified (ha) and per CSPO production (mt) as evidence of operational efficiency and resource utilization. Such efficiency is also an indicative of MSPO's robust ecosystem and certification infrastructure.

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In readiness for MS2530:2022, MSPO asserts its preparedness in certification systems, despite ongoing developments in parameters like GHG calculators and guidelines, HCV guidelines, and IT system for e-MSPO.

Efforts to enhance certification capacity, including training initiatives for auditors and technical experts, underscore MSPO's commitment to upholding rigorous standards.

However, looking ahead, challenges loom on the horizon. Factors such as inflation and human resource management pose potential threats to operational costs and expertise retention with the organization.

At the local scene, MSPO's integration into diverse sectors signifies its expanding influence. Of particular note is the pioneering initiative by Kwantas Corporation Bhd and Sarawak Oil Palms Bhd initiatives to use the MSPO logo on their products as early as 2018, making them the first adopters in showcasing their commitment to sustainable palm oil production.

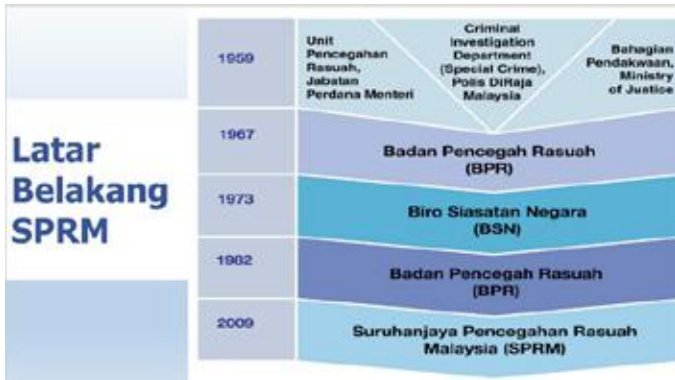
Pilot audits conducted in 2022 offer insights into the challenges ahead concerning industry readiness and adoption of new standards. The survey revealed that 12.28% of smallholders, 24.12% of plantations, and 27.71% of palm oil mills are prepared to make this transition between May and Dec 2024.

Looking ahead, MSPO remains steadfast in its commitment to aligning with international frameworks, enhancing scheme credibility, and addressing market demands while championing sustainability measures.



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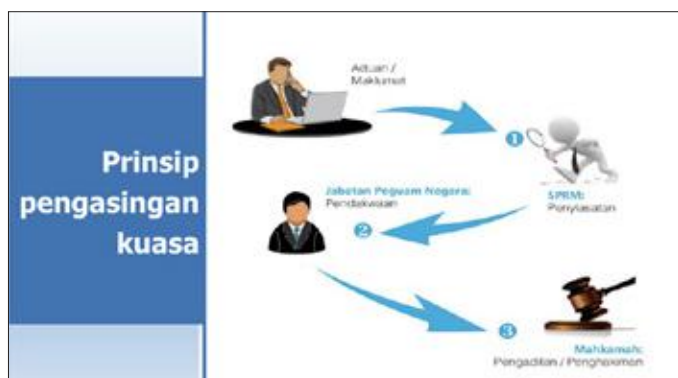
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Who is MACC

To recap, the functions of the Malaysian Anti-Corruption Commission are provided under section 7 Malaysian Anti-Corruption Commission Act 2009 as follows:

- To receive and consider any report of the commission of an offence under this Act and investigate such of the reports as the Chief Commissioner or the officers consider practicable,
- To detect and investigate any suspected, suspected attempt to commit, and/or suspected conspiracy to commit any offence under Act 2009,
- To examine the practices, systems and procedures of public bodies in order to facilitate the discovery of offences under this Act and to secure the revision of such practices, systems or procedures as in the opinion of the Chief Commissioner may be conducive to corruption,
- To instruct, advise and assist any person, on the latter's request, on ways in which corruption may be eliminated by such person,
- To advise heads of public bodies of any changes in practices, systems or procedures compatible with the effective discharge of the duties of the public bodies as the Chief Commissioner thinks necessary to reduce the likelihood of the occurrence of corruption,
- To educate the public against corruption, and
- To enlist and foster public support against corruption.



Check and Balance Mechanism

In accordance with the establishment of MACC, five external oversight bodies are formed as a check and balance mechanism to monitor MACC's roles and functions.

The formation of the Anti-Corruption Advisory Board (ACAB), the Special Committee on Corruption (SCC) and Complaints Committee (CC) is made through the provision of the law while the Operations Review Panel (ORP) as well as the Consultation and Corruption Prevention Panel (CCPP) are established through administrative order.



These five entities are responsible for ensuring that MACC performs its duties in an independent, transparent and professional manner. The mechanism assists in fulfilling the public's expectations towards the Commission's independence, efficiency, effectiveness, transparency and accountability in executing its designated legal obligations. The check and balance mechanism will contribute towards creating a positive perception towards MACC and the Government, in addition to facilitating the efforts in gaining public support and cooperation in combating corruption, abuse of power and malpractice.

Members of these independent bodies represent the general public and comprise of senior ex-government officials, politicians (government and opposition), professionals from the business and corporate sector, academicians, lawyers and well-respected individuals.



4 Main Offences at Public Sector

1. Soliciting/Receiving Gratification (Bribe) [section 16 & 17(a) MACC Act 2009]; Mana-mana orang meminta/menerima suapan sebagai balasan untuk melakukan atau tidak melakukan sesuatu perkara,
2. Offering/Giving Gratification (Bribe) [section 17(b) MACC Act 2009]; Mana-mana orang menawar/member rasuah kepada seorang ejen/pegawai awam sebagai balasan untuk melakukan sesuatu perkara berkaitan tugas rasmi pegawai awam tersebut,
3. Intending to Deceive (False Claim) [Section 18 MACC Act 2009]; Mana-mana orang menggunakan dokumen tuntutan yang mempunyai butiran atau maklumat palsu dengan niat untuk menipu dan memperdayakan prinsipalnya,
4. Using Office or Position for Gratification (Bribe) (Abuse of Power/Position) [Section 23 MACC Act 2009]; Pegawai badan awam menggunakan kedudukannya dalam membuat Keputusan atau mengambil apa-apa Tindakan berhubung dengan sesuatu perkara di mana dia, saudara atau sekutunya mempunyai kepentingan.

Tangkapan RASUAH jenis kesalahan 2019 – 2023



JUMLAH SITA & LUCUT HAK TAHUN 2019 - 2023

NILAI RM	2019	2020	2021	2022	2023
SITA	60,830,373.42	999,379,786.07	162,621,464.62	286,452,683.66	954,709,344.51
LUCUT HAK	1,285,273,511.63	14,331,914,169.18	5,138,747,240.81	149,695,241.49	8,111,183,761.88

RM9.081 billion - Ops 1M/D9 Recovery

Section 17A of the MACC Act 2009

Section 17A is a corporate liability provision that provides that a commercial organization commits an offence if any person associated with the commercial organization commits a corrupt act for the commercial organization.

However as a defence, the corporate organization can demonstrate that they have put in place 'Adequate Procedures' to deter persons associated with the commercial organization from committing corrupt acts of gratification.

The MACC Inspection and Consultation Division provides consultation services via explanation and guidance during briefings and talks concerning Section 17A of the MACC Act 2009 as well as the Guidelines on Adequate Procedures to any commercial or government organizations.

RASUAH: JIKA BERSALAH...



PENJARA tidak lebih 20 tahun; **DAN**

DENDA 5 kali ganda nilai suapan, atau RM10,000, mana yang lebih tinggi.



SITUASI RASUAH DI MALAYSIA

PERANGKAIAN AKTIVITI SIASATAN SPRM (2019 – 2023)

BIL.	TAHUN	MAKLUMAT	KERTAS SIASATAN	TANGKAP	TUDUH	SABITAN
1.	2019	7,724	1,039	1,101	288	145
2.	2020	7,440	857	998	480	190
3.	2021	6,463	828	851	525	300
4.	2022	6,028	820	909	390	255
5.	2023	6,040	1,026	1,137	446	185
JUMLAH		33,685	4,570	4,996	2,129	1,075

RASUAH dalam perkhidmatan awam?

STATISTIK TANGKAPAN 2019 – 2023 (4,996 jumlah tangkapan)

Data Sehingga 31 Dis 2023 / SPRM SPRM



43.3%
(2,163)



Pekerja Bawah 40th – 46.7% (2,332 orang)

Penjawat Awam Belia – 53.7% (1,161/2,163 org)



JUMLAH TANGKAPAN KESELURUHAN IKUT JANTINA

4,179 LELAKI @ 83.7%
817 WANITA @ 16.3%

KATEGORI JAWATAN PENJAWAT AWAM / 2,163 orang

KUMP. PT = 39 @ 1.8%
KUMP. P&P = 589 @ 27.3%
SOKONGAN = 1,534 @ 70.9%

ORANG AWAM = 1,069 @ 21.4%
SWASTA, GLC, POLITIK = 1,764 @ 35.3%

56.3% M, 13.7% C, 0.8% I, 19.2% Lain2
Trend Gred 54 ke atas
membimbangkan

3 Objektif

Menggalakkan aktiviti pemiagaan dijalankan secara **jujur** dan bebas daripada rasuah.

Menggalakkan organisasi komersial melaksanakan **langkah pencegahan** rasuah dalam organisasi.

Mempromosikan **tadbir urus baik** dan pematuhan undang-undang pencegahan rasuah.

Sekiranya organisasi komersial didapati bersalah, siapa yang boleh dihukum?

- (a) Organisasi komersial itu sendiri
- (b) Pengarah, orang yang mempunyai kawalan (terhadap organisasi komersial), rakan kongsi atau pegawai.
- (c) Sesiapa yang terlibat dalam pengurusan organisasi komersial berkenaan.

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The TRUST Principle

The guidelines outline the principles of 'T.R.U.S.T', to assist commercial organizations in establishing a defense against potential corrupt offences:

1. Top-Level Commitment:

- Emphasizes senior management's responsibility to ensure compliance with anti-corruption laws.
- Encourages clear policies and reporting channels to address corruption risks.
- Involves communication of the organization's anti-bribery stance and board involvement in policy development.

2. Risk Assessment:

- Highlights the need for periodic risk assessments to identify and mitigate potential risks.
- Suggests developing practical anti-bribery policies based on the assessment's findings.

3. Undertake Control Measures:

- Advocates for reasonable and proportionate control measures tailored to the corporation's size and nature.
- Recommends due diligence and continuous monitoring of associated persons.

4. Systematic Review, Monitoring, and Enforcement:

- Stresses the importance of regular reviews by top management to assess the effectiveness of anti-corruption programs.
- Encourages enforcement mechanisms to ensure compliance.

5. Training and Communication:

- Emphasizes the importance of effectively communicating anti-corruption efforts throughout the organization.
- Highlights the need for internal and external training to ensure understanding and implementation of policies and procedures.



Whistle Blower Protection Act 2010 (Act 711)

This act will provide protection to whistleblowers from any act prejudicial effect of disclose has been made.

Type of Protection:

1. The identity of the informant and the information provided is kept confidential and not to be disclosed to anybody, even during the trial in court. (Section 7(1)(a) Whistleblowers Protection Act 2010)
2. Whistleblowers should not be liable to any civil action, criminal or disciplinary consequences of such disclosure. (Section 7(1)(b) Whistleblowers Protection Act 2010)
3. Whistleblowers are protected from any act prejudicial to the outcome of the reaction disclosures have been made. (Section 7(1)(c) Whistleblowers Protection Act 2010)
4. Protection is also given to those who have connection / relationship with the informant. (Section 7(3) Whistleblowers Protection Act 2010)

Program Advisory Committee (PAC) 2024 Of Malaysian Palm Oil Board (MPOB) On 23-26 Apr



PAC 2024

PROGRAMME ADVISORY COMMITTEE
23-26 APRIL 2024

HEAD OFFICE
MALAYSIAN PALM OIL BOARD
3, Persiaran 18 Muzil,
Jendero 16-11 Mangli,
43000 Kajang Selangor



1. About the Program Advisory Committee (PAC) 2024

PAC is a top level advisory committee of Malaysian Palm Oil Board (MPOB). Its functions include reviewing the research programs, assessing progress of research projects and review new project proposals.

The PAC usually meets once a year. This year PAC meeting was scheduled from 23 – 26 April 2024 at MPOB Head Office in Selangor, Malaysia, which was held in physical mode.

This year PAC has identified and prioritized five key research areas, aligning with the evolving demands, challenges, and complexities within the industry.

These areas include Yield Performance, Climate Action, Biodiversity & Conservation, Milling, Processing and Mechanisation, Food Safety and Nutrition, and Value Addition.

This strategic focus is aligned with the National Agricommodity Policy 2021-2030, known as DAKN 2030, aimed at addressing pressing industry issues while bolstering research and development endeavors.

The PAC members comprise scientists, industry members and leading experts in the local and international area who are responsible for scrutinising and planning the best ideas and formulas for the development and research of the oil

palm industry.

Dr. Felix Moh, CEO of SOPPOA, has been invited to be a member of the PAC for Focus Area of Milling, Processing and Mechanization by MPOB. The membership is effective from 1 Jan 24 to 30 Dec 26.

2. Chairman's Opening Remarks

The MPOB chairman, Datuk Mohamad Helmy Othman Basha, delivered a comprehensive address at the PAC Meeting, elucidating on various facets crucial to the progress and sustainability of the Malaysian oil palm industry. Here's a detailed elaboration:

i. **Global Demand and Malaysia's Role:** The Chairman commenced by acknowledging the burgeoning global demand for palm oil, attributing it to the resurgence of economic sectors worldwide. He highlighted Malaysia's significant influence in this scenario, underscoring its position as a major player in the global oils and fats market.

ii. **Commitment to Progress and Innovation:** He reiterated the unwavering commitment of the Malaysian Government, Ministry of Plantation and Commodities, and MPOB, to bolster Malaysia's role in the dynamic oils and fats market. Through a culture of progress and innovation,

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they aim to carve out new pathways for the industry's advancement, ensuring a future brimming with potential and prosperity.

iii. **Enhancing Yield Performance:** Recognizing the criticality of enhancing yield in the oil palm sector for economic viability and environmental sustainability, the Director General emphasized the need for innovative strategies to combat stagnant yields. Advanced biotechnology, breeding, and cloning tools were cited as promising avenues for developing high-yielding palm oil materials with enhanced disease resistance and oil quality traits.

iv. **Balancing Economic Growth and Environmental Preservation:** Amidst the expansion of the oil palm industry, the Chairman acknowledged the myriad concerns raised regarding environmental preservation. He stressed the imperative of finding a balance between economic growth and environmental sustainability, advocating for innovation and collaboration as the means to achieve this equilibrium.

v. **Recent Victories and Achievements:** The Chairman celebrated recent victories, including Malaysia's triumph in winning a WTO ruling against EU trade restrictions on palm oil-based biofuels. This milestone, coupled with the approval of palm tocotrienol for export to China, underscored Malaysia's adherence to international standards and strategic collaboration between government bodies and industry players.

vi. **Commitment to Sustainability and Quality:** Highlighting Malaysia's commitment to producing sustainable palm oil in line with the Malaysian Sustainable Palm Oil Certification (MSPO), the Director General revealed that 85.55% of Malaysia's total oil palm planted areas had been MSPO certified by April 15, 2024. This certification reflects the industry's dedication to sustainability, ensuring the production of palm oil meets and exceeds global standards while upholding the livelihoods of smallholders and safeguarding the environment.

vii. **Embracing Mechanization and Automation:** Stressing the critical importance of mechanization and automation within the industry, the Director General called for the adoption of technological advancements as necessary for growth and sustainability. He highlighted the proactive steps taken by the Malaysian Government, such as the establishment of the Mechanisation and Automation Research Consortium of Oil Palm (MARCOP), as a testament to this commitment.

viii. **Addressing Food Safety and Nutrition Concerns:** The Chairman acknowledged persistent concerns regarding food safety and nutrition in palm oil. He underscored MPOB's proactive role in addressing these concerns through research and collaboration efforts aimed at implementing comprehensive mitigation approaches, ensuring palm oil maintains its reputation as a safe and nutritious edible oil.

ix. **Promoting Value Addition:** The Chairman identified value addition as a pivotal area for growth and sustainability within the industry. He elaborated on the Value Addition (VA) focus area, which encompasses research and development programs aimed at tapping into new markets and satisfying the growing demand for sustainable and innovative goods, fostering economic growth and prosperity.



Dinner Engagement With YB Minister Of Plantation And Commodities On 27 Apr



SOPPOA hosted a dinner event for YB Datuk Seri Johari Abdul Ghani, Minister of Plantation and Commodities (KPK), during his official visit to Bintulu recently.

FROM LEFT: Mr. Steven Kong, representative of Dato' Sri Tiong King Sing; Mdm. Belvinder Sron, CEO MPOC; Mr. Luke Lau, Palmhead; Dr. Felix Moh, CEO SOPPOA; Dato' Barry Yek, BBG Group; Dato' Razali Bin Mohamad, Deputy Secretary General (Commodity) KPK; Mr. Eric Kiu, Chairman SOPPOA; YB Datuk Seri Johari Bin Abdul Ghani, Minister KPK; Mr. Paul Wong, SOPB; Mr. Iswandi Ayub, SPB; Mr. Lim Hong Hin, WTK; Mr. Tang Si Lui, Solid Oil Palm Plantation; Dr. Ramli Bin Moslim, Deputy Director General (Services) MPOB; Mr. Zarlizan Bin Zahriman, Tradewind Plantations; and Dr. Sang Yew Ngin, Undersecretary (Biomass and Biofuel) KPK.

ESG In The Malaysian Palm Plantation Companies



The Malaysian palm oil industry has been addressing sustainability concerns, particularly Environmental, Social, and Governance (ESG) criteria, since the 2000s. Initiatives such as the Zero Burning policy and voluntary sustainability schemes, like the Roundtable on Sustainable Palm Oil (RSPO), were introduced. Sustainable commitments increased with the mandatory Malaysian Sustainable Palm Oil (MSPO) certification by the end of 2019.

The palm oil industry is associated with several ESG risks that could affect their ESG ratings. The most prominent being deforestation and climate change, with major players implementing No Deforestation, No Peat, and No Exploitation (NDPE) policies. Meanwhile, regulatory and trade barriers, like EU Renewable Energy Directive (RED) and Deforestation Regulation (EUDR) also pose challenges.

In terms of social risks, this involves labor exploitation, leading to US import restrictions for some companies, as well as concerns about child labor, gender inequality, and indigenous land right. Companies exporting to the EU and US generally have better ESG policies, while others lack commitment due to factors like insufficient data and resource constraints.

Despite these challenges, Malaysia is positioned to lead ESG efforts in the country. The ESG framework, originating from the 1960s CSR concept, has evolved into a market-driven model, crucial for securing capital as investors increasingly consider ESG in their decisions. ESG ratings assess companies' long-term resilience in ESG matters based on industry-specific evaluations of risks and opportunities.

Sustainability Reporting versus ESG Reporting

ESG and sustainability reporting serve distinct purposes. ESG focuses on how external factors impacts a company

or investment, while sustainability assesses how the company or investment affects the world.

ESG reporting, crucial for investors, discloses detailed environmental, social, and governance data based on established standards, shaping the organization's risk profile. In contrast, sustainability reporting has a broader outreach, targeting employees, consumers, and various stakeholders to communicate the organization's corporate, social and environmental responsibilities, enhancing its reputation and brand.

Both may use similar standards, such as those provided by the Global Reporting Initiative (GRI), but they differ in purpose and target audience. ESG reporting and ratings serve as vital indicators, helping organizations distinguished themselves competitively. Examples include the GRI's comprehensive framework, MSCI's focus on governance, ethics, tax, corruption, product certification, and the Carbon Disclosure Project (CDP) with specific indicators centered on climate change, forests, and water security.

Strengthening a Deforestation-Free Supply Chain

The Malaysian palm oil industry stands out for its regulated and audited zero deforestation commitments, evident in sustainability certification schemes like MSPO and RSPO. The 'No Deforestation' criterion ensures that palm oil from Malaysia is sustainably produces, free from illegal deforestation. The Malaysian government's decision to cap the total oil palm planted area at 6.5 million hectares, presently at 5.74 million hectares, support this commitment.

Traceability tools, including MSPO Trace and RSPO Palm Trace, verify the sustainability of Malaysian palm oil. Independent resources like the World Resources Institute's

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Global Forest Watch and Malaysia's Hutan Watch provide checks and balances, enabling stakeholders to validate deforestation-free claims. The industry's adaptation of IR 4.0 technologies, such as blockchain, further enhances traceability tool integrity and robustness.

Incorporating Better Disclosure and Reporting Measures to Enhance Accountability and Transparency

ESG reporting is mandatory for key publicly listed companies in Malaysia, but its current form is criticized for lacking impact. For instance, in GHG emissions reporting, companies may report emissions without specifying reduction targets, which is considered more significant.

After Bursa Malaysia's enhanced sustainability requirements were announced in September 2022, companies now need to provide additional reporting and climate-related disclosures. Plantation companies, experienced in meeting MSPO and RSPO certification audit requirements, have an advantage. Audited areas include

management commitment, compliance with governance requirements, and anti-corruption measures. Non-compliances are publicly accessible, ensuring transparency for the governance of Malaysian palm oil plantation companies.

Conclusion

The ESG momentum is not showing any signs of slowing down, while the market continuously indicates that businesses will do well from ESG investments. Eventually, organizations will need to think about ESG as part of their overall strategy. With these developments and opportunities in place, Malaysian palm plantation companies are in better position to improve their ESG ratings. Commendable ESG ratings will also attract better investor attention and enable wider access to financial institutions, and this will translate to a more progressive and inclusive Malaysian palm oil industry.

Source - The Edge Malaysia



EU Palm Oil Ban: Malaysia, Indonesia Seek Trade Justice



A WTO panel's ruling on the EU's palm oil import policy has intensified trade tensions with Malaysia and Indonesia, highlighting environmental and trade rule disputes. A World Trade Organization (WTO) panel ruled earlier this month on a complaint brought by Malaysia against the European Union over the bloc's plans to phase out the import of palm oil as biofuel because of environmental concerns.

Malaysia, the world's second largest producer of palm oil after Indonesia, brought a case to the WTO in early 2021 against the EU, France and Lithuania.

The Southeast Asian country contested that the EU had violated international trade rules in its policy to phase-out the import of palm oil as a biofuel due to deforestation and emissions risks under the EU's second Renewable Energy Directive (RED II).

Malaysia is the world's second largest producer of palm oil after Indonesia. Indonesia also filed a case with the WTO but asked for it to be suspended a day before the result of Malaysia's case was announced.

What was the WTO decision based on?

The three-person panel voted by two-to-one in favor of the EU's ability make rules against imports of crop-based fuels for environmental reasons.

However, it also said that the EU was at fault for how it had prepared and published its policy, which amounted to "arbitrary or unjustifiable discrimination" against Malaysia.

Much of this revolved around how the EU defined its assessment of emissions, along with indirect land use change (ILUC), which measures the impact of diverting agricultural land previously designed for food production to biofuel production.

The WTO panel found the EU's study on the ILUC risk of palm oil, using data from 2008 and 2016, was potentially outdated.

It also said an arbitrary choice was made to assess emissions from palm oil production over a 10-year period, when palm trees usually survive for up to 30 years.

"There are deficiencies in the design and implementation of the low ILUC-risk criteria," the WTO panel noted in a 348-page report published on March 5.

EU relations with Malaysia, Indonesia at risk

One dissenting panelist also offered greater support to Malaysia's appeal that the EU policy is protectionist, since it is accused of singling out palm oil while overlooking the environmental impact of biofuels produced within Europe, such as rapeseed.

Chris Humphrey, executive director of the EU-ASEAN Business Council, said that the WTO ruling will be "viewed by both the EU and Malaysia as a victory given the mixed outcome."

"While we await the delayed WTO ruling on Indonesia's complaint on palm oil, it is clear that dialogue between the EU and these key ASEAN partners is the only way forward in dealing with the concerns that both Indonesia and Malaysia have," he added.

The EU Directorate-General for Trade said in a statement that the bloc "intends to take the necessary steps to adjust the Delegated Act."

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The European Commission did not respond to requests for comment.

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"This decision will undoubtedly have implications for the EU's relations with Indonesia and Malaysia, particularly concerning the palm oil dispute," he added.

Caspaty said Europe must urgently find a resolution, as well as with other conflicts such as discussions surrounding nickel.

EU should set 'realistic' standards for other countries

The EU is nearing the end of free-trade talks with Indonesia and has been in talks with Malaysia about restarting negotiations for a bilateral free-trade pact.

However, Brussels has recently come under attack from more third parties over how it classifies its rules related to deforestation.

For Jakarta-based analyst O'Rourke, greater clarity can benefit Indonesia and Malaysia.

"Unlike some of their competitors, the two nations are able to achieve compliance in many instances and that will constitute a form of competitive advantage over the long term. And, of course, without such rules, climate change will imperil these as well as all other countries," he said.

This is likely to require the EU to alter how it approaches trade with partners.

Frederick Kliem, a research fellow and lecturer at the S. Rajaratnam School of International Studies in Singapore, said Brussels currently applies "a very detailed, highly bureaucratic approach to such matters."

"This is OK internally, where the EU is well understood, appreciated and policies are well communicated. This is, however, not the same for third parties," he added.

"If the EU does not moderate its high standards and make them more realistic for third parties to achieve, I fear it will be very difficult to achieve further free trade agreements."

Source: DW.com

Global South Nations Join Malaysia In Questioning EU 'Green' Protectionism



India's commerce minister, Piyush Goyal, has openly criticized the European Union's greenwashing of protectionist trade policies, echoing sentiments from Malaysia and other Global South nations that the EU's current approach is "biased" and is harmful to developing world producers and exporters.

During the World Trade Organization's recent biennial conference, Goyal challenged the EU's insertion of discriminatory sustainability stipulations into trade agreements as a means of privileging domestic industries and exporting the cost of addressing climate change. These efforts by the Indian Government to defend its own interests are part of a broader shift in approach by rising developing nations. Exporting countries are no longer willing to indulge what the *Financial Times* described as "counterproductive regulatory burdens" imposed by Brussels.

His comments mirror those of Plantation and Commodities Minister Datuk Seri Johari Abdul Ghani, who said with reference to a recent ruling from the WTO that the EU discriminates against Malaysian palm oil biofuels: *"The EU and France must now bring their measures into conformity with their WTO obligations."*

Malaysian Palm Oil Council CEO Belvinder Sron echoed these concerns and emphasized how the approaching deadline will have a major impact on supply chains, exporters and producers, stating *"The EUDR forces Malaysian small farmers to implement unrealistic requirements, including costly trace-ability and technology. If these new rules are enforced, thousands of Malaysian small farmers will likely be cut out of supply chains. Livelihoods are at risk."*

Malaysia is leading calls for a fair hearing, genuine dialogue, and an end to discriminatory practices. The EU Deforestation Regulation (EUDR) will be a good test of whether this approach can be changed and whether Brussels is willing to increase cooperation with trading partners and leave behind the 'green protectionism' of the past.

As quoted in a recent New York Times article, Natural Resources and Environmental Sustainability Minister Nik Nazmi bin Nik Ahmad said *"We're not questioning the need to fight deforestation ... But it's not fair when countries that have deforested their own land for centuries, or are responsible for much of our deforestation, can unilaterally impose conditions on us."*

The delay being requested by Malaysia – to allow small farmers time to comply – is reasonable and practical. Will the EU display similar reason and practicality, by accepting the need for delay?

There are multiple opportunities and avenues for approach. Delaying the EUDR is one; using the Joint Task Force mechanism to substantially address the many problems with the EUDR is another. Or by recognizing the role that developing world institutions can play, most notably Malaysia's MSPO certification standard which should be accepted as a tool for EUDR compliance.

For Malaysia, supporting 450,000 palm oil small farmers are the priority. For India, or other countries, the national focus may differ, depending on which EU regulations are most damaging. The principles though, are consistent.