



E-NEWSLETTER

SARAWAK OIL PALM PLANTATION OWNERS ASSOCIATION



JOSEPH BLANDOI

Chairman's Message

Dear Members,

I am truly honored and thankful to have been elected as Chairman of SOPPOA for the 2025-2027 term. I sincerely appreciate the trust you have placed in me, and I look forward to working together as we continue to strengthen and grow Sarawak's palm oil industry during this important period.

I would also like to express my heartfelt appreciation to Mr. Eric Kwong Seng, our immediate past Chairman, for his dedicated leadership over the past years. Under his guidance, SOPPOA deepened its engagement with government agencies, expanded its role in policy advocacy, and significantly raised the Association's visibility at both the state and national levels. His steady leadership has built a strong foundation that we will continue to build on.

As I step into this role, I remain committed to working closely with the Council, Secretariat, and all our members to tackle challenges and drive the shared goal of building a responsible, sustainable, and commercially competitive palm oil industry in Sarawak. My leadership will focus on realistic and pragmatic approach to resolve issues I believe is essential in today's fast-evolving regulatory and business environment. SOPPOA must remain a voice of reason, guided by facts, operational experience, and constructive engagement.

Coming from an organized smallholders background and with experience in government-linked initiatives, I understand the important of bridging the gap between private industry players and smallholders. Both groups are essential to the success and future of our industry. As Chairman, I aim to strengthen collaboration across the entire supply chain—from estate to mill to market—so that our industry becomes more inclusive, efficient, and resilient. By improving integration, encouraging knowledge sharing, and supporting capacity building at every level, we can ensure that all players, big and small, benefit from a stronger and more transparent palm oil ecosystem.

This Apr-May 2025 newsletter shares important updates on what has been happening in recent months. I encourage all members to take some time to read through it and stay informed. Your feedback is always welcome—it helps us improve future editions and better serve your interests.

Thank you, and happy reading!



FOCUS GROUP
DISCUSSION FOR
AGRICULTURE (PALM OIL)
FOR STUDY "SARAWAK NET
ZERO STRATEGY AND
CARBON PLAN" ON 11 APRIL

1. Background

The Ministry of Energy and Environmental Sustainability Sarawak (MEESTy) recently convened a Focus Group Discussion (FGD) for the Agriculture (Palm Oil) Sector as part of state's ongoing development of a Net Zero Strategy and Carbon Plan. This FGD aimed to engage key stakeholders in validating data, exploring decarbonization strategies, and shaping Sarawak's position in the evolving global carbon economy.

SOPPOA was invited to participate alongside other major stakeholders from the palm oil industry, in support of collaboration efforts to align the sector with Sarawak's long-term environmental and sustainability goals.

2. What is a Net Zero Strategy and Carbon Plan?

A Net Zero Strategy outlines a roadmap for reducing greenhouse gas (GHG) emissions to as close to zero as possible, with any remaining emissions offset by carbon removal (e.g. reforestation, carbon capture).



A Carbon Plan supports this strategy by identifying emission sources, reduction opportunities, and mechanisms for monitoring, reporting, and verifying (MRV) progress.

Together, these plans aim to ensure Sarawak meets its climate commitments while supporting sustainable economic development.

3. What is the Sarawak Strategy?

Sarawak's Net Zero Strategy and Carbon Plan focuses on:

- Establishing a comprehensive GHG emissions inventory across sectors, including agriculture and land use.
- Implement MRV systems to continuously track emissions and measure decarbonization progress.
- Identifying feasible decarbonization levers, such as methane capture from palm oil mill effluent (POME), improved fertilizer use, and sustainable peatland management.
- Developing carbon credit mechanism to enable participation in local and international carbon markets.
- Building carbon economy, positioning Sarawak as a leader in climate-aligned industries.

“SOPPOA is committed to working closely with government and industry partners to ensure that government and industry partners to ensure Sarawak’s palm sector remains sustainable, resilient, and competitive in the transition toward a low-carbon economy. Members are encouraged to engaged and explore ways to participate in future consultations and pilot programs”, Chairman.

We are supporting the development of the Net Zero Strategy and Carbon Plan under the Ministry of Energy and Environmental Sustainability (MEESty)

About the Sarawak Net Zero Strategy and Carbon Plan Study

- Sarawak state has committed to achieving net-zero emissions by 2050 and introduced the Environment (Reduction of Greenhouse Gases) Ordinance 2023, setting the foundation to introduce the carbon levy and crediting mechanism within Sarawak.
- We are supporting the development of the Net Zero Strategy and Carbon Plan (NZCP) for the Government of Sarawak under the Ministry of Energy and Environmental Sustainability (MEESty)

Net zero strategy and sectoral emission reduction priorities and plans will influence adjustments to the carbon levy and carbon market mechanism over time

NET ZERO STRATEGY

sets Sarawak's overarching climate targets, sectoral emission reduction targets, decarbonisation pathways and plans

Sarawak
Net Zero
Strategy and
Carbon Plan

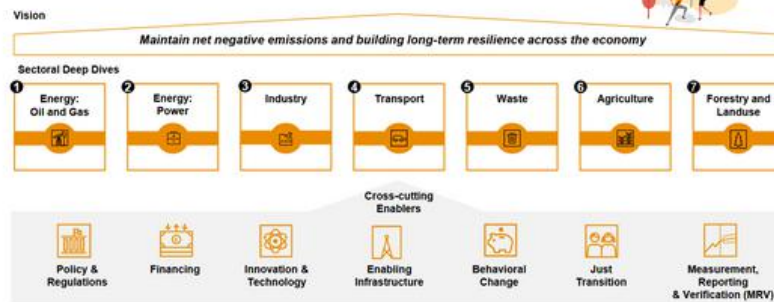
CARBON PLAN

is a tool to achieve Sarawak's net zero ambition and strategy through carbon pricing mechanism, while the Guidelines will operationalise Sarawak's carbon crediting mechanism

A robust carbon market including demand and supply for carbon credits and a rules-based carbon trading framework to be an enabler to scale emission-reduction projects and activities, while safeguarding co-benefits and long-term sustainability

This shall be achieved by setting clear sectoral emission reduction targets and pathways for Sarawak to achieve the net zero emissions vision

Priority Sectors



4. How will implementation benefit Sarawak's oil palm sector?

The strategy presents several opportunities for the oil palm industry:

- Access to carbon markets: Growers and millers may be able to generate certified carbon credits through emissions reduction or carbon sequestration projects.
- Incentives for sustainable practices: Adoption of best practices may unlock financial incentives or grant eligibility.
- Enhanced global competitiveness: Stronger environmental credential can improve market access, especially in regions with sustainability-linked import requirements (e.g. EU).
- Support for innovation: Government focus on R&D may accelerate new technologies such as biochar, biogas, or low-emission fertilizers.

5. How can the oil palm sector support the Policy?

The oil palm sector plays a critical role and can support Sarawak's strategy through:

- Data sharing for GHG inventory validation and MRV system development.
- Adoption of decarbonization levers, such as biogas recovery, precision agriculture, and peatland water management.
- Participation in pilot projects for carbon credit generation and sustainable land use.
- Capacity building to equip estate and mill operators with knowledge on climate policy compliance and carbon reporting.

Sarawak's pathway to Net Zero will be defined by its level of ambition

| | Compliant | Follower | Leader | Iconic |
|------------------------|---|---|---|--|
| Definition | Minimal engagement with net zero, focusing only on meeting the national government's minimum commitments. | Greater awareness of net zero but with limited action, primarily supporting Malaysia in meeting its NDCs. | Net zero is central to Sarawak's strategic development, with ambitious targets exceeding Malaysian and regional standards, supported by clear action plans and interim targets, including carbon budgets. | The fastest region to achieve net zero through a just transition, where net zero is a core economic value and priority. It drives innovation and research to advance the net zero agenda. |
| What this means | <p>Net Zero Policy – Led by National government.</p> <p>Socio-economic impacts – Minimal socio-economic costs or benefits.</p> <p>Accountability and governance – Disclosure of information where required, in accordance with Malaysian NDCs, with minimal governance to drive the net zero agenda.</p> | <p>Net Zero Policy – Some decarbonisation policies implemented, but with certain unambitious targets and primarily focused on decarbonisation rather than broader environmental impacts, e.g. waste and climate resilience.</p> <p>Socio-economic impacts – Some socio-economic impacts, but not fully capitalising on opportunities.</p> <p>Accountability and governance – Disclosure of basic net zero requirements with some dedicated sustainability resources.</p> | <p>Net Zero Policy – Detailed and ambitious net zero planning, with clear actions and interim targets. Taking a holistic approach to net zero, accounting for broader environmental impacts.</p> <p>Socio-economic impacts – Significant planning for capitalising on socio-economic benefits from a just transition, with net zero being central to development strategies.</p> <p>Accountability and governance – Dedicated net zero taskforce and/or committee to develop carbon budgets and hold policymakers to account for progress.</p> | <p>Net Zero Policy – The highest level of ambition, with detailed and prescriptive actions across all sectors in Sarawak. It prioritises not only rapid progress towards net zero but also broader environmental impacts and climate resilience.</p> <p>Socio-economic impacts – Positions Sarawak as a global leader in the net zero transition, creating economic value around sustainability and driving innovation. Full socio-economic benefits are realised.</p> <p>Accountability and governance – All carbon budgets are set by an independent body and legally enforced.</p> |

Where are we today and what should Sarawak aim for?
What are examples of plans/ programs/ activities?

Strictly Private and Confidential

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Rumah Terbuka YB Minister of Plantation and Commodities at Perkarang Pintu Gerbang, Kampung Baru, Kuala Lumpur on 19 April 2025



PROGRAM ADVISORY
COMMITTEE 2025 OF
MALAYSIAN PALM OIL BOARD
ON 21 - 24 APRIL

Opening Speech by MPOB Chairman

The Malaysian Palm Oil Board (MPOB) convened its Programme Advisory Committee (PAC) 2025 meeting on 21 April at the Bangi Resort Hotel, officiated by MPOB Chairman, Mohamad Helmy Othman Basha. Addressing industry experts and researchers, the Chairman highlighted key achievements, current challenges, and future directions for the Malaysian palm oil sector.

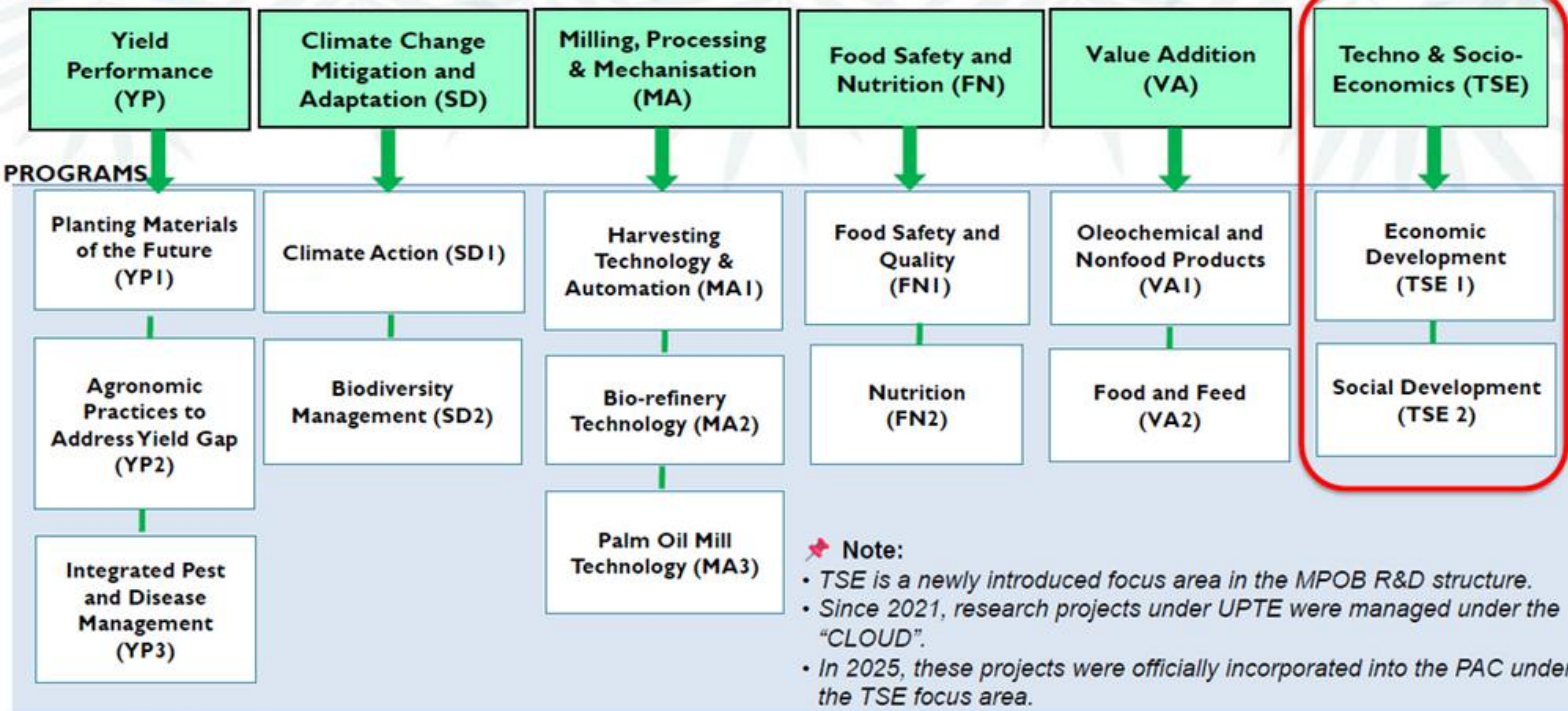
Despite global economic pressures and geopolitical tensions in 2024, Malaysia's palm oil industry remained resilient, with CPO prices averaging RM4,179.50 per tonne—a significant increase over the previous year—contributing to export revenue of RM109.39 billion.

He credited government initiatives, including RM100 million replanting incentives and proposed windfall levy adjustments, for supporting independent smallholders and boosting long-term productivity.

The Chairman underscored PAC's vital role in shaping impactful R&D and introduced Techno & Socio-Economics (TSE) as a new MPOB research focus area—expanding efforts beyond technical advancements to address socio-economic aspects for more inclusive industry growth.

MPOB R&D STRUCTURE

FOCUS AREAS



MALAYSIAN PALM OIL BOARD

MINISTRY OF PLANTATION AND COMMODITIES

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“This PAC meeting is a critical platform to spark solutions and innovations that will shape the future of the palm oil industry. Let us work together to elevate Malaysian palm oil to greater heights.” Said MPOB Chairman.

Addressing yield stagnation, Helmy called for greater adoption of biotechnology, advanced breeding, and best agronomic practices to rejuvenate ageing plantations and enhance productivity. He also stressed the urgency of climate resilience, biodiversity conservation, and sustainability certification, especially under the MSPO framework, with over 1.25 million hectares certified across smallholders.

LICENSING CONDITIONS FOR 3-MCPDE AND GE



New Licencing Conditions

- 01 The implementation (2.5 ppm of 3-MCPDE and 1 ppm of GE) is **only applied to palm-based cooking oils and palm-based products (i.e. margarine, shortening, palm specialty fats) used in food production for local consumption**
- 02 Effective date on **1st January 2025** with a grace period of **6 months before full implementation on 1st July 2025**
- 03 Adherence to **3-MCPDE and GE for export** is based on **business-to-business transaction**

MALAYSIA PALM OIL BOARD
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LAMPIRAN 1

TAMBAHAN SYARAT LESEN BAGI KATEGORI KILANG PENAPIS (RP): KESELAMATAN MAKANAN DAN MINYAK SAWIT YANG BERKUALITI

TAMBAHAN SYARAT LESEN:

KATEGORI KILANG PENAPIS (RP)

(i) Pemegang lesen hendaklah memastikan bahawa minyak sawit yang diproseskan, pada masa pengedaran mengikut arahan pemegang lesen, tidak pada masa penyediaan minyak daripada tangki perisai, atau ada daripada kilang pemisahan, pusat simpanan palam atau sebaliknya, mengikut masa-masa yang berkenaan, bagi tujuan makanan untuk kegunaan tempatan, mematuhi keperluan tahap maksimum 3-MCPDE pada 2.5 ppm dan GE pada 1 ppm.

ESTABLISHMENT FOR MAXIMUM LIMITS FOR MOAH

"...DG SANTE has organised the stakeholder forum on 18th January 2024 to establish the maximum limits for MOAH in food products based on oil / fat content..."

"...RASFF refers to Rapid Alert System for Food and Feed..."

European Commission | **RASFF Window**




Measures taken

| Country | Action | Product name |
|---------|----------------------------|------------------------------|
| Spain | Withdrawal from the market | Chocolate bar |
| Germany | Withdrawal from the market | Fatty slices with milk cream |

| MOAH (≥C10 to ≤C50) | Maximum limits |
|--|----------------|
| Products with a fat ≤ 4% fat/oil content | 0.5 ppm |
| Products with > 4% and ≤ 50% oil / fat content | 1.0 ppm |
| Products with > 50% fat/oil content | 2.0 ppm |

...The incidences of consignment

REJECTION

| Date | Origin | Notifying | Decision | Subject | Analytical Result (MOAH) |
|-----------------------------|---|---|---------------------|-------------------|--------------------------|
| 19 th March 2024 |   |  The Netherlands | Potentially serious | Palm mid-fraction | 280 ppm |
| 2 nd August 2024 |   |  Belgium | Potentially serious | Palm fat powder | 3.5 ppm |

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TRANS FATTY ACIDS – ENACTMENT OF A NEW MALAYSIAN FOOD ACT

PROPOSED DRAFT REGULATION 38B ON TRANS FATTY ACIDS

[BERSI BM]

Peraturan 38B. Asid lemak trans

Kecuali sebagaimana diperuntukkan selainnya dalam Peraturan-Peraturan ini, tiada seorang pun boleh mengimport, menyediakan atau mengiklankan untuk jualan atau menjual apa-apa makanan yang mengandungi asid lemak trans lebih daripada 2g/100g lemak selain daripada asid lemak trans yang berasal daripada binatang.



Limit intake of TFA

[ENGLISH]

Regulation 38B Trans fatty acid

Except as otherwise provided in these Regulations, no person shall import, prepare or advertise for sale or sell any food containing trans fatty acid more than 2g/100g of fat other than trans fatty acid of animal origin.



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Key food safety issues were highlighted, including 3-MCPDE, GE, and emerging concerns over MOAH, particularly in response to EU market regulations and recent product rejections. He urged continued vigilance and improved processing standards across the supply chain.

In terms of technology, he reaffirmed the government's commitment to mechanisation and automation, supported by tax incentives and R&D partnerships. He challenged PAC members to develop scalable, multi-functional solutions for upstream operations, particularly harvesting, fruit evacuation, and loose fruit collection—a long-standing industry need.

On the international front, Helmy addressed the 24% tariff imposed by the United States, describing it as a serious trade barrier. He noted the Malaysian government's active diplomacy and ASEAN-level coordination to safeguard market access and industry competitiveness.

In closing, he urged PAC members to continue fostering innovation and collaboration, reiterating that the path forward lies in sustainable practices, productivity gains, and diversification of export markets.

MALAYSIAN PALM OIL ASSOCIATION (MPOA) 25TH ANNIVERSARY GALA DINNER ON 17 MAY



Background

The Malaysian Palm Oil Association (MPOA) commemorated its 25th anniversary on May, 17, 2025, marking a significant milestone in its journey as a leading advocate for Malaysia's palm oil industry. Established in 1999, MPOA represents a broad spectrum of oil palm growers, from major plantation companies to smallholders, collectively servicing over 1.8 million hectares of oil palm plantations across the country.

Highlights of the 25th Anniversary Celebration

The anniversary was celebrated with a grand dinner event attended by industry pioneers, policymakers, and key stakeholders. Notable figures such as Raja Tun Tan Sri Datuk Sri Utama Muhammad Alias, instrumental in establishing the Federal Land Development Authority (FELDA) and Tan Sri Lee Oi Hian, Group CEO of Kuala Lumpur Kepong Bhd (KLK), were recognized for their enduring leadership and contributions to the Malaysian palm oil industry.

The event also served as a platform to reflect on MPOA's role in unifying various plantation associations and consistently advocating for the industry's interest over the past 25 years.

How Does SOPPOA Collaborate with MPOA?

SOPPOA collaborates closely with MPOA on a number of key issues that affect the broader Malaysian palm oil industry, particularly those relevant to East Malaysia. Key areas of collaboration include:

1. Policy Alignment and Joint Advocacy

- SOPPOA and MPOA frequently coordinate joint positions on policy matters such as export duties, labor policies, environmental regulations and sustainability certification (MSPO). For example, both associations have raised concerns about the disparities between West and East Malaysia in terms of logistics costs and tax burdens (e.g. Sarawak Sales Tax on CPO/CPKO).

2. Engagement with Malaysian Palm Oil Board (MPOB)

- Both are appointed members of the MPOB Board, providing a platform for collaboration on R&D initiatives, licensing issues or industry regulations.

3. Sustainability & Certification

- SOPPOA works with MPOA in addressing sustainability challenges, particularly in ensuring that small and medium growers in Sarawak are not left behind in the MSPO compliance and audit process.



BENGKEL BAGI MEMUKTAMADKAN DRAF MS DI BAWAH JAWATANKUASA TEKNIKAL OIL PALM PLANTING MATERIAL (NSC 24/TC 2) ON 19 MAY



1. About National Standard Committee on Palm Oil and Palm Oil Products (NSC 24)

Under the Standard of Malaysia Act 1996 [Act 549], the Department of Standards Malaysia is the National Standard Body responsible for developing and promoting Malaysian Standards (MS), as well as managing the national standardization infrastructure under the oversight of the Malaysian Standards and Accreditation Council (MSDAC).

At the MSDAC Meeting No. 2/2024 held on 28 November 2024, the council agreed to the appointment of the chairperson, deputy chairperson, and members of the National Standard Committee on Palm Oil and Palm Products (NSC 24) for the term 1 January 2025 to 31 December 2027.

2. Scope of NSC 24

The main scope of NSC 24 is as follows:

“To develop and monitor the implementation of standards for the oil palm industry, its products and by-products in support of sustainable developments in various sectors ranging from planting to postharvest activities, processing and covering the entire supply chain from fresh produce to processing.”

3. Functions of NSC

- To recommend to the Council strategies, programs and activities to promote industrial efficiency and development, and for consumer and environmental protection through standardization for specific sector/area;
- To identify the current and future needs and recommend to the Council on priorities in respect to standardization, both national and international;
- To recommend to the Council criteria and procedures relating to standards development in Malaysia;
- To monitor, manage and evaluate the standards development process(es) within the scope/sector as endorsed by the Council;
- To approve annual program for standards development within its scope/sector;
- To monitor, manage and evaluate Malaysia's participation in regional and international standardization activities within its scope/sector

MESYUARAT SEMAKAN PENGIRAAN HARGA PANDUAN HARIAN BUAH TANDAN SEGAR (BTS) MPOB PADA 1% OER ON 26 MAY



1. Background

Malaysian Palm Oil Board's (MPOB) fresh fruit bunch (FFB) price refers to the purchase price of FFB by palm oil mills, which is derived from the prices of crude palm oil (CPO) and palm kernel (PK).

FFB prices vary across regions due to differences in CPO and PK prices, which are influenced by market forces and the deductions imposed by the mills.

The graded oil extraction rate (GOER) is also taken into account in calculating FFB prices – a higher GOER results in a higher FFB price, while a lower GOER leads to a lower price.

However, the MPOB guide price for FFB does not include harvesting wages, FFB transportation costs from estate to mill, and commission to traders (middlemen).

2. Formula for Calculating MPOB FFB Guide Price at 1% OER

Following a series of engagement sessions with the industry, the MPOB FFB Guide Price at 1% OER was officially published starting 1 July 2020, replacing the previous grading system of Grade A, B, and C.

Where:

i. the OER applied is based on the five-year average GOER from commercial FFB Processing mills.

ii. processing cost (PC) and transport cost (TC) are update at the beginning of each year based on surveys conducted on FFB mills.

iii. the kernel extraction rate (KER) is based on the average KER by region for the previous month.

GRADED OER (2020-2024)

| TAHUN | WILAYAH | | | | | |
|--------|---------|---------|--------|-------|-------|---------|
| | UTARA | SELATAN | TENGAH | TIMUR | SABAH | SARAWAK |
| 2020 | 18.96 | 19.77 | 19.09 | 19.92 | 20.81 | 20.18 |
| 2021 | 19.51 | 19.60 | 19.53 | 19.60 | 19.56 | 19.74 |
| 2022 | 19.53 | 19.59 | 19.42 | 19.52 | 20.00 | 19.94 |
| 2023 | 19.10 | 19.29 | 19.56 | 19.68 | 19.82 | 19.59 |
| 2024 | 19.13 | 18.93 | 18.80 | 19.63 | 19.80 | 19.16 |
| PURATA | 19.25 | 19.44 | 19.28 | 19.67 | 20.00 | 19.72 |

OER Semenanjung Malaysia : 19.41

GOER = Graded OER (purata 5 tahun dari kilang BTS komersial)

SURVEI KOS PEMROSESAN & PENGANGKUTAN PADA 2025 BERBANDING 2024

| Region | Indicator | 2024 | | | 2025 | | |
|---------|-----------|-------|--------|-------|-------|--------|-------|
| | | PC | TC-CPO | TC-PK | PC | TC-CPO | TC-PK |
| North | Mean | 64.20 | 38.80 | - | 70.30 | 39.10 | - |
| | Median | 65.00 | 40.00 | - | 70.00 | 40.00 | - |
| | Mode | 65.00 | 40.00 | - | 70.00 | 40.00 | - |
| Central | Mean | 65.80 | 44.10 | - | 69.50 | 46.60 | - |
| | Median | 66.00 | 38.00 | - | 73.00 | 38.00 | - |
| | Mode | 65.00 | 30.00 | - | 73.00 | 38.00 | - |
| South | Mean | 69.20 | 35.30 | - | 74.50 | 37.00 | - |
| | Median | 70.00 | 32.00 | - | 75.00 | 32.00 | - |
| | Mode | 73.00 | 32.00 | - | 80.00 | 32.00 | - |

Formula Hebahan Harga Panduan MPOB Pada OER 1%

| | |
|---------|---|
| PM | $\frac{[(\$CPO_{(Selatan/Utara/Tengah/Timur)} - C - T_{CPO}) \times GOER] + [\$PK \times KER] - PC}{GOER}$ |
| Sabah | $\frac{[(\$CPO_{Sabah} - C - T_{CPO} - ST_{CPO}) \times GOER] + [(\$PK - T_{PK}) \times KER] - PC}{GOER}$ |
| Sarawak | $\frac{[(\$CPO_{Sarawak} - C - T_{CPO} - ST_{CPO}) \times GOER] + [(\$PK - T_{PK} - ST_{CPKO}) \times KER] - PC}{GOER}$ |

Di mana: GOER = Graded OER (purata 5 tahun dari kilang BTS komersial)

Definisi: Kilang komersial merujuk kepada kilang yang membeli BTS dari sumber luar melebihi 50% daripada jumlah keseluruhan BTS yang diproses.

3. Proposal for Revision

MPOB has received proposal from industry stakeholders to review current formula for calculating the MPOB FFB guide price, by incorporating prevailing cost factors, particularly the cost of transporting FFB, which now includes an 8% Service Tax.