AUGUST – SEPTEMBER 2025 (FOR SOPPOA MEMBERS ONLY)

E-NEWSLETTER

SARAWAK OIL PALM PLANTATION OWNERS ASSOCIATION

JOSEPH BLANDOI

Chairman's Message

Dear Members,

The months of August and September have been particularly meaningful for SOPPOA, marked by active engagements, strategic dialogues, and growing collaboration with our partners in government and the palm oil industry.

Foremost, among these was the SOPPOA-Government Engagement Forum 2025, successfully held in Kuching with participation that exceeded expectations. The strong turnout reflected the high level of interest among members and government agencies in strengthening policy coordination and understanding of regulatory developments impaction the industry.

On behalf of SOPPOA, I wish to record my sincere appreciation to all participating agencies for their informative presentations and constructive discussions. My gratitude also goes to the Forum organizing committee and Secretariat team led by Dr. Felix Moh, whose teamwork and professionalism ensured the smooth execution of the event.

During this period, SOPPOA also maintained active participation in various dialogues and consultations with government bodies, including discussions with the Malaysian Palm Oil Board (MPOB) on issues related to industry competitiveness and cess collection, as well as continued advocacy for fair taxation and sustainable growth for East Malaysia producers.

We also took part in key environmental and sustainability platform, such as Department of Environment (DOE)'s engagement on the proposed amendment to the Environmental Quality Act (EQA) 1974, and supported events promoting environmental awareness, notably the 12th Sarawak Premier Environmental Award (PSEA) launch in Bintulu.

Looking ahead, SOPPOA remains committed to strengthening industry capacity and sustainability practices. I am pleased to announce that SOPPOA will collaborate with the Malaysian Sustainable Palm Oil (MSPO) certification body to organize an exclusive "HCV Internal Assessor Training" from 11 to 13 November 2025, exclusively for SOPPOA members. This initiative aims to enhance members' competency in identifying and managing High Conservation Value (HCV) areas – an essential component of MSPO compliance and responsible plantation management.

As we move in the final quarter of 2025, I thank all members for your continued trust and active participation. SOPPOA will persist in representing the collective voice of Sarawak's oil palm industry – driving progress, strengthening partnerships, and advancing sustainability for the benefit of our members and the wider community.

Happy Reading!

SESI LIBAT URUS BERSAMA PIHAK INDUSTRI TERHADAP CADANGAN PINDAAN AKTA KUALITI ALAM SEKELILING (AKAS) 1974 ON 14 AUG

Introduction

SOPPOA attended an engagement session organized by the Department of Environment (DOE) to gather feedback from industry stakeholders on the proposed amendment to the Environmental Quality Act (EQA) 1974. The main objective of the session was to strengthen the legal and governance framework for environmental protection in line with current needs and Malaysia's sustainable development commitments.

The proposed amendments to the EQA 1974 form part of DOE's ongoing efforts to address the growing concern over environmental pollution. The review and amendment of the Act are crucial to strengthening and enhancing enforcement implementation, as well as facilitating environmental management processes more efficiently and effectively.

The amendments also take into account current developments in environmental management, pollution control technologies, and align with the nation's Sustainable Development Goals (SDGs).

The current draft marks the eight amendment to the Act since its inception. The most recent amendment – the Environmental Quality (Amendment) Act 2024 – was gazetted on 6 June 2024 and came into force on 7 July 2024.

The engagement session also featured an important briefing on findings related to incentive studies and indices associated with the implementation of Green Industry Practices. The implementation of Green Industry Practices is one of the key components of the proposed amendments, aimed at promoting more environmental friendly approaches within the industrial sector.

The session concluded with a question-and-answer segment between industry representatives and the DOE panel, providing a platform for sharing opinions and suggestions to further improve the country's environmental legislation.

Overview of the Act

The Environmental Quality Act 1974 (Act 127) was enacted to provide a comprehensive framework for the prevention, abatement, and control of pollution in Malaysia. It aims to safeguard public health and the environment by regulating waste discharges and emissions, promoting the beneficial use of the environment, and imposing penalties for non-compliance.

Key Provisions

- **Licensing**: The Act requires individuals or organizations intending to carry out activities that may impact the environment to obtain licences from the Director-General of Environmental Quality. This includes submitting an environmental impact assessment for prescribed activities.

THE ENVIRONMENTAL QUALITY ACT 1974 IS A KEY LEGISLATION IN MALAYSIA AIMED AT CONTROLLING POLLUTION AND MANAGING ENVIRONMENTAL QUALITY, ESTABLISHING A FRAMEWORK FOR LICENSING AND REGULATING ACTIVITIES THAT MAY IMPACT THE ENVIRONMENT.

- **Pollution Control**: The Act outlines specific provisions for controlling various types of pollution, including air, water, and soil pollution. It prohibits the discharge of certain pollutants and sets standards for permissible levels of emissions.

- **Environmental Quality Council**: The Act establishes the Environmental Quality Council, which advises the Minister on environmental matters and oversees the implementation of the Act.

- **Enforcement and Penalties**: The Act grants power to the Director-General and other officers to enforce compliance, conduct inspections, and impose penalties for violations. Offenders may face fines and imprisonment depending on the severity of the offence.

Paper 1: Proposed Amendments to the Environmental Quality Act (EQA) 1974

During his presentation, Mr. Ahmad Saifful bin Salihin, Senior Assistant Director, DOE outlined key aspects of the Act's background, institutional framework, and direction of the proposed amendments, covering the following areas:

1. Establishment of the Department of Environment (DOE)

Mr. Ahmad Sifful explained the background of the DOE's establishment as the principal agency responsible for environment quality management and protection in Malaysia. The DOE plays a vital role in ensuring that economic growth aligns with environmental preservation through effective enforcement, monitoring, and compliance with the provisions of the EQA 1974.

2. Chronology of Amendments to the EQA 1974

Since its enactment in 1974, the EQA has undergone several rounds of amendments to adapt to evolving policies, technological advancements, and increasing environmental awareness. The latest proposed amendments aim to further strengthen the existing framework, making it more responsive to emerging challenges such as air pollution industrial waste management, and climate change.

3. Legal Authority of the DOE

The session also explained the statutory powers granted to the DOE to enforce compliance, including licensing, inspection, and legal action against environmental violations. The proposed amendments would expand DOE's authority to enhance its monitoring capabilities and implementation of sustainability-related policies.

4. Process Flow of EAQ 1974 Gazette Amendment

Mr. Ahmad Saifful detailed the process flow of the amendment gazettement, which involves stages by DOE, public consultation with industry and relevant agencies, review by the Attorney General's Chambers, and finally, approval by Parliament. This transparent and consultative approach reflects the government's commitment to inclusive policy development.

5. Key Components of the Proposed Amendments

The proposed amendments to the EQA 1974 focus on four main components aimed at enhancing environmental management and governance in Malaysia:

i. Governance and Administration

Strengthening DOE's institutional framework and introducing clearer accountability mechanisms between the government, industry, and the public. The amendments also emphasize transparency in environmental reporting and public disclosure.

ii. Fees, Bonds, and the Environmental Fund (KWAS)

The restructuring of fees and bonds for high-risk environmental activities is proposed to ensure better cost recovery and risk mitigation. Enhancements to the Environmental Fund (KWAS) will ensure that collected revenues are effectively channelled toward environmental restoration, research, and sustainability initiatives.

iii. Strengthening Environmental Sustainability

Integrating sustainable development principles into project planning and implementation. This includes adopting a risk-based approach, encouraging the use of green technologies, and strengthening compliance with environmental quality standards consistent with international benchmarks.

iv. Pollution Control Management

Tightening control and regulatory requirement on pollution management across industrial sectors, covering emissions, waste discharge, noise, air, and water quality. The proposed amendments will also emphasize the use of Continuous Emission Monitoring System (CEMS) and digital environmental data reporting to improve accuracy and efficiency in monitoring.

Paper 2: Green Industry Practices through the Concept of Cleaner Production (CP)

Mr. Jasrul Nizam bin Jahaya from Green Industry Section of the DOE delivered an insightful presentation on the concept of Cleaner Production (CP) as part of the DOE's efforts to promote Green Industry Practices. His presentation focused on the principles, strategies, and importance of implementing CP within industries to achieve environmental sustainability while maintaining competitiveness.

1. Concept of Cleaner Production (CP)

Cleaner Production (CP) – also referred to as "Pengeluaran Bersih" in Malay – is a preventive and proactive environmental management approach applied to processes, products, and services. The objective of CP is to increase overall efficiency while minimizing damage and risks to human and the environment.

CP emphasizes pollution prevention at the source rather than relying on end-of-pipe solutions. It involves continuous improvement in production and operational systems to reduce resource consumption and waste generation.

In this context, CP is closely related to efforts in reducing carbon footprint, a key measure of the total greenhouse gas emissions (expressed as carbon dioxide equivalent) produced directly or indirectly by an organization, product, or activity.

2. Cleaner Production (CP) Strategies

Mr. Jasrul outlined several key strategies for implementing CP within industrial operations:

i. Input Material Substitution:
Replacing hazardous or inefficient raw materials with environmentally friendly and sustainable alternatives.

ii. Technology Change:
Adopting cleaner, energy-efficient technologies and production systems that minimize waste and emissions.

iii. Good Operational Practices:
Implementing improved maintenance, housekeeping, and operational controls to reduce resource wastage and pollution.

iv. Product Modification:
Redesigning products to use fewer materials, extend lifespan, and improve recyclability or biodegradability.

v. Reuse and Recycling:
Promoting resource recovery through recycling of process waste and reuse of materials to reduce overall waste generation.

3. Importance of CP in the ESG Era

Cleaner Production plays a critical role in advancing Environmental, Social, and Governance (ESG) performance within industries. Its importance can be viewed from several perspectives:

i. Cost Efficiency:
CP reduces production costs by minimizing waste, lowering energy use, and improving material efficiency.

ii. Corporate Competitiveness:
Companies that adopt CP gain a stronger reputation for sustainability, enhancing brand value and stakeholder trust.

iii. Market Advantage:
Increasingly, global markets favor suppliers with proven green credentials, giving CP-compliant companies better access to export markets.

iv. Regulatory Compliance:
CP supports industries in meeting environmental regulations and upcoming policy requirements related to carbon management, waste control, and sustainability reporting.

4. DOE's Role in Promoting Cleaner Production (CP)

The DOE plays an active role in promoting and facilitating the implementation of Clean Production practices across Malaysian industries. Key initiatives include:

i. Demonstration Project:
Conducting pilot projects to showcase successful applications of CP technologies and methods in various industrial sectors.

ii. Inspection and Auditing (PTOCP):
Performing environmental inspections and audits under the Pollution Prevention through Cleaner Production (PTOCP) framework to evaluate compliance and identify areas for improvement.

iii. Promotion and Advocacy:
Encouraging and supporting industries to adopt Green Industry Practices through awareness programs, technical guidance, and stakeholder engagement.

iv. Training and Capacity Building:
Implementing CP training programs through site visits, workshops, and structured frameworks aimed at equipping industry personnel with knowledge and tools for cleaner, sustainable operations.

THE 12TH PREMIER OF SARAWAK ENVIRONMENTAL AWARD (PSEA) 2025/2026 ON 11 SEP

The 12th Sarawak Premier Environmental Award (PSEA) 2025/2026 was officially launched at the Imperial Hotel, Bintulu marking the state's continued commitment to environmental excellence and sustainable development under the theme "Strengthening Environmental Endeavour for a Resilient Sarawak."

Deputy Minister for Town Planning, Land Administration and Environment YB Datuk Len Talif Salleh emphasized that the awards serve not merely as recognition, but as a movement inspiring collective environmental responsibility and sustainability across all sectors. Since its inception in 2001, PSEA has evolved into Sarawak's highest accolade for environmental excellence, celebrating innovation, accountability, and leadership in green practices.

Datuk Len highlighted Sarawak's leading role in environmental governance through the Natural Resources and Environment Ordinance (NREO) 2024 and the Greenhouse Gas Reduction Ordinance 2023, making it the first state in Malaysia to introduce dedicated climate legislation. These frameworks, along with the Sustainability Blueprint 2030 and Net Zero 2050 Vision, underpin Sarawak's strategy toward a low-carbon economy and resilient growth.

The Deputy Minister also pointed to emerging green initiatives such as hydrogen production from livestock waste and biomass-based projects in Lubok Antu, showcasing Sarawak's bold steps in renewable energy innovation.

Meanwhile, Datu Jack Liam, Controller of Environment Quality, said the biennial PSEA goes beyond awards – it represents a collective movement to embed sustainable practices across industries, institutions, and communities. He noted that participation has grown significantly, with 212 entries recorded in the 2023/2024 cycle, up from 99 in 2017/2018, reflecting rising environmental awareness across the state.

This year's edition introduces several enhancements, including the addition of fisheries and aquaculture under the industrial category, bringing the total to seven recognized sectors. The small company category is now further divided into small and micro enterprises to ensure fairer evaluation according to resources and financial capacity.

Participants from industry, local authorities, and food premises are required to submit a Self Environmental Performance Report (SePR) as the first stage of evaluation before on-site assessments are conducted. Winners will gain not only recognition but also credibility as role models in sustainable practices, inspiring others to follow suit.

The launch also featured the unveiling of the new PSEA 2025/2026 logo, symbolizing Sarawak's renewed commitment to sustainability, resilience, and environmental stewardship – marking a new chapter toward a greener future.

With Datu Jack Liam, Controller of Environmental Qulaity (2nd from left, and government officials at the launch ceremony of the 12th PSEA

THE OFFICIAL LAUNCH OF MALAYSIAN SUSTAINABLE PALM OIL (MSPO) IMPACT ALLIANCE ON 19 SEP

MSPO IMPACT ALLIANCE

ADVANCING MALAYSIA'S LEADERSHIP IN SUSTAINABLE PALM OIL THROUGH INCLUSIVE SUPPLY CHAINS, RESPONSIBLE SOURCING, TRACEABILITY AND DEFORESTATION FREE PRODUCTS.

Launches of MSPO Impact Alliance

Malaysia has taken a major step forward in its sustainability journey with the launch of the MSPO Impact Alliance, a multi-stakeholder platform designed to enhance the global credibility and impact of the Malaysian Sustainable Palm Oil (MSPO) certification scheme.

The MSPO Impact Alliance, officially launched in Kuala Lumpur by the Minister of Plantation and Commodities YB Datuk Seri Johari Abdul Ghani at Hilton Kuala Lumpur on 19 September 2025.

The Minister highlighted that the MSPO Impact Alliance reflects Malaysia's determination to work hand in hand with all stakeholders to develop inclusive and practical sustainability solutions.

"The Alliance will not only help protect our environment but also enhance Malaysia's reputation as a responsible and reliable partner in global trade," he said.

He added that the initiative will institutionalize collaboration across government, industry, financiers, and civil society – fostering shared responsibility and co-created solutions. One such initiative includes a smallholder readiness "sandbox" for compliance with the European Union Deforestation Regulation (EUDR), mapping and documenting smallholder plots to ensure continued integration in global supply chains.

According to MSPO Chairman Mr. Mohd Haris Mohd Arshad, the Alliance represents a new phase of practical collaboration.

"It is about unlocking the potential of Malaysia's national certification system to drive real-world impact," he said.

"By piloting practical initiatives and shaping policies together with stakeholders, we ensure MSPO remains relevant, credible, and globally accepted – while making sustainability inclusive for smallholders, workers, and the wider industry."

What is the MSPO Impact Alliance

The MSPO Impact Alliance is a newly launched government backed, multi-stakeholder platform established under the Malaysia Sustainable Palm Oil (MSPO) certification framework to strengthen Malaysia's leadership in sustainable palm oil production.

It brings together smallholders, growers, FMCGs, financial institutions, certification bodies, industry associations, civil society organizations, think tanks and international partners to strengthen Malaysia's global leadership in sustainable palm oil.

The Alliance serves as a strategic platform for innovation, enabling access to new solutions and shaping policy alignment to ensure Malaysia's sustainable palm oil production remain inclusive, traceable and deforestation free, meeting international market expectations and regulatory requirements.

Objective of the MSPO Impact Alliance

i. Catalyse Inclusive Supply Chains:
Integrate smallholders and independent producers into sustainable supply chains, ensuring livelihoods are protected while meeting international due diligence requirements.

ii. Drive Innovation and Market Solution:
Pilot new approaches in traceability, digitalization, funding mechanisms, certification practices and social safeguards that can be scaled nationally and recognized internationally.

iii. Shape Policies with Industry Participation:
Provide structured input so sustainability frameworks reflect real world operational needs while supporting Malaysia's long term industry transformation.

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iv. Strengthen International Recognition of MSPO:
Position MSPO as a credible, government backed system delivering sustainable palm oil through deforestation free, traceable and inclusive supply chains that meet global buyer expectations.

v. Provide a Platform for Collaboration and Knowledge Sharing:
Enable diverse stakeholders including FMCGs, growers, NGOs, certification bodies, industry associations, think tanks and international organizations to exchange expertise, align expectations and jointly deliver measurable impact.

SOPPOA's Role and Contribution

As one of the founding members, SOPPOA plays an important role in representing East Malaysia's perspective within the Alliance. SOPPOA will contribute through:

- Highlighting regional challenges and realities, including logistics and cost implications for Sarawak producers;
- Supporting smallholder readiness and compliance initiatives;
- Participating in pilot projects that enhance traceability, sustainable production, and capacity building; and
- Advocating for balanced and inclusive policies that ensure sustainability remains economically viable for all industry players.

Through the MSPO Impact Alliance, SOPPOA reaffirms its commitment to advancing sustainability, strengthening Malaysia's global palm oil leadership, and promoting a resilient, inclusive, and responsible palm oil sector.

MSPO IMPACT ALLIANCE FOUNDING MEMBERS.

mspo MALAYSIAN SUSTAINABLE PALM OIL

INTERNATIONAL ORGANISATIONS

IOM UN MIGRATION

International Trade Centre

FMCG COMPANIES

Nestlé

Unilever

Mondelēz International SNACKING MADE RIGHT

MARS WRIGLEY

PALM OIL INDUSTRY

SD Guthrie

FGV

IOI GROUP

KLK

wilmar

BUNGE

Mewah

ISF

SMALLHOLDER AND INDUSTRY ASSOCIATIONS

MPOA

PKPKM

SABAH

SLDB

soppoa

CERTIFICATION BODIES

bsi

CONTROLUNION

CIVIL SOCIETY

WWF

Solidaridad

Earthworm

FINANCIAL INSTITUTIONS

Maybank

CIMB

THINK TANK

ASIA School of Business in collaboration with MIT Sloan Management

ENGAGEMENT SESSION BETWEEN MPOB AND UPSTREAM PALM OIL ASSOCIATIONS ON 29 SEP

Introduction

The Malaysian Palm Oil Board (MPOB) held a consultation session with upstream industry associations to present its current financial position and discuss a proposal to increase the MPOB cess by RM2 per tonne of CPO (equivalent to RM0.40 per tonne FFB at current price) effective 2026.

The session was chaired by Datuk Helmy Othman Basha, Chairman of MPOB, and attended by the Director General, Datuk Dr. Ahmad Parveez Ghulam Kadir, departmental heads, and representative from MPOB, MEOA, NASH, EMPA, SOPPOA, and DOPPA.

Key Highlights:

1. Financial Overview:

MPOB reported that it is a self-funded agency, with 74% of income derived from cess collection. Despite multiple cost-cutting measures - such as reducing staff from 2,575 to 2,156 (16% reduction), discontinuing publications, and implementing strict expenditure controls – the Board still projects a budget deficit of RM35.4 million in 2026 due to higher wage costs and the implementation of a RM1,700 minimum wage for contract and security staff.

2. Operation Efficiency Measures:

MPOB has taken steps to reduce expenses, including:

- Downsizing workforce and rationalising operations.
- Ending non-essential R&D and publications (e.g. Berita Sawit).
- Tightening medical claim limits and enforcing economy-class travel.
- Increase rental fees and licensing charges.
- Enhancing internal income through estate replanting, improved yields, and optimized fixed deposits.

3. Low-Yield Challenge:

MPOB identified 291 estates covering 200,000 hectares with yield below 9 tonnes/ha, particularly in Sabah and Kelantan. Contributing factors include labor shortages, nutrient deficiency, delayed replanting, and poor field management. To address this, MPOB proposed forming a Performance Monitoring Committee comprising MPOB and industry experts to recommend yield improvement strategies.

4. Industry Feedback:

All association expressed strong reservations about the proposed cess increase, citing already high production costs due to labor, compliance requirements, and state sales tax (in Sabah and Sarawak).

- It was suggested that MPOB seek government allocation from the Windfall Profit Levy instead of burdening producers.
- Associations proposed that if the cess increase is implemented, a rebate mechanism be considered – returning RM2 to companies undertaking replanting initiatives.

5. Next Steps:

MPOB informed that the Ministry of Finance (MoF) had previously rejected proposal to peg cess to CPO prices or allow cess rebates. The Board plans to submit a formal appeal to MoF, recommending that future salary adjustment for MPOB staff be funded by the government rather than through cess increases.

While acknowledging MPOB's critical role and contributions to the sector, upstream associations unanimously urged that no additional cost burden be imposed on producers at this time. The proposal to increase cess remains under government consideration.

This article first appeared in The Edge Malaysia Weekly on September 8, 2025 - September 14, 2025

THE Malaysian Palm Oil Board (MPOB)turned 25 in May and now finds itself having to balance multiple mandates under the MPOB Act 1998 — while contending with a tight budget amid rising operating costs.

MPOB traces its roots to 1977, with the establishment of the Palm Oil Registration and Licensing Authority (Porla). The Palm Oil Research Institute of Malaysia (Porim) was set up in 1979 and merged with Porla in 2000 to form MPOB — tasked with both regulating the industry and driving research and development (R&D) across the palm oil value chain.

Apart from licensing fees, revenue from the commercialisation of its research and grants from the government, MPOB relies primarily on a mandatory cess collected from palm oil producers — set at RM16 per tonne of crude palm oil (CPO) and crude palm kernel oil (CPKO) since March 1, 2021, a RM2 increase from the previous rate of RM14 per tonne.

Of this amount, RM12 goes to MPOB, RM3 goes to the Malaysian Palm Oil Council and Malaysian Sustainable Palm Oil. RM1 goes to the Malaysian Palm Oil Green Conservation Foundation, which was set up in 2021 to support conservation initiatives related to the palm oil industry. Smallholders are exempted from paying the cess.

At RM12 per tonne, MPOB collected RM258 million in 2024. Based on CPO and CPKO production from 2022 to 2023, MPOB's income ranged from RM247 million to RM248 million.

Now, there is industry talk that the cess may be raised again. When asked, MPOB director-general (DG) Datuk Dr Ahmad Parveez Ghulam Kadir — who has held the position since Aug 10, 2019 — declines to comment directly, saying only that the focus should remain on the agency's contributions over the years. He notes, however, that operating costs have continued to rise, driven by growing demands on MPOB, including new layers of certification and compliance under the MSPO standard and the EU Deforestation Regulation (EUDR).

"The overall figure [cess collected] has remained relatively unchanged over the past 20 years. However, MPOB's operating costs as a government agency have risen in line with salary adjustments under the government scheme. These increments alone will add about RM35 million annually to our expenditure," Ahmad Parveez tells The Edge in an interview.

Then, he says, there is the increase in the minimum wage, which applies to MPOB's general workers, including security guards. "Unlike other government agencies, whose salaries are paid by the government, MPOB has to depend on the cess. Because we are involved in R&D, we need to strengthen our capabilities."

In terms of what MPOB has been doing to keep costs down, Ahmad Parveez says he has reduced MPOB's head count from 2,600 when he took over as DG to around 2,150 now. MPOB's offices around the world have also been shuttered except for the one in Shanghai, China, which also undertakes R&D work and is currently funded by the government.
While it maintains 49 Tunas offices nationwide under the Smallholder Extension and Certification Division to support smallholders, MPOB has closed its shops around the country.

"We gradually reduced [staff]; we did not retrench. Every time we fill up a permanent post, the contract post that we have, we will not refill. We only fill the critical ones and some of these we also outsource," he explains, adding that everyone at MPOB, including himself, travels economy class for local and Asean destinations.

On the revenue side, MPOB also stopped selling its seedlings below market price and started charging for its data on palm oil exports.
While it can budget its spending, its revenue is tied to national CPO and CPKO production volumes, which are beyond its control.

"In 2016, because of El Niño, the production dropped from 20 million [tonnes] to 16-plus million. Then, the cess for R&D was RM9 per tonne. So, if, for example, production dropped almost three million tonnes, our income dropped by almost RM27 million. It affects us, like during the Covid-19 pandemic in 2020, when foreign workers returned home and the oil palm plantation sector faced labour shortages, leading to a drop in CPO production from 19.86 million tonnes in 2019 to 18.12 million tonnes in 2021," says Ahmad Parveez.

Meanwhile, some industry players believe this is a good time to raise the cess because of high CPO prices, with third-month futures rising just above RM4,500 per tonne in mid-August. However, others say there should be a mechanism to vary the cess according to CPO price movements.

So, what has MPOB done?

R&D has been — and will continue to be — MPOB's core strength, says Ahmad Parveez, and the results speak for themselves. "So far, we have introduced more than 700 technologies and services, and we have 223 technologies commercialised by the industry."
These technologies, generating more than RM5.9 billion in market value, include high-yield planting materials, farm mechanisation, eco-friendly pest and disease control solutions, and downstream innovations such as red palm oil, biodiesel, tocotrienols, a palm-based coconut milk substitute and biodegradable lubricants.

The adoption rate of 30% is commendable, considering the challenges in commercialising R&D findings.

Ahmad Parveez estimates the national average patent rate at no more than 10%, citing his peers from Stanford University who observed that only 5% to 10% of developed technologies are patented — and, of those, just half successfully reach the market.
"Of course, people always think, you have 700, you must commercialise 700 — it's not easy. You cannot force people to accept. But I think we will try, if possible," he says.

One reason for the high commercialisation rate is MPOB's Programme Advisory Committee, comprising local and international academicians and industry players who provide independent oversight and strategic guidance for the agency's research.

"Our research must be scientifically sound, approved by industry experts and scientists, both local and overseas, and it must be what the industry needs," says Ahmad Parveez, who holds a bachelor of science in genetics and master of science in molecular genetics from Universiti Kebangsaan Malaysia, as well as a PhD in plant genetic engineering from Universiti Pertanian Malaysia.

Two of MPOB's most significant achievements — that are recognised globally — are the sequencing of the oil palm genome in 2013, and the discovery of the SHELL gene, which regulates shell thickness in oil palm fruit.

Ahmad Parveez explains that this discovery revolutionised breeding and productivity by enabling higher yields on less land — benefiting both tropical forest conservation and smallholder incomes. Published in Nature, the finding significantly elevated MPOB's standing in the global scientific community.

In 2024, an improved genome assembly was released, demonstrating MPOB's commitment to continuous scientific advancement and in line with its positioning as a world-class research institution.

It is worth noting that the MPOB scientist who led the research in oil palm genome sequencing, Dr Ravigadevi Sambanthamurthi, was elected into the Royal Society in July this year in recognition of her work on oil palm biochemistry and genomics. On that note, many other MPOB scientists are respected in their fields of research, including Tan Sri Dr Augustine Ong (former DG of Porim before the merger); Dr Rajinder Singh, director of the Advanced Biotechnology and Breeding Centre (ABBC); Dr Leslie Low, head of the bioinformatics unit at ABBC; Dr Meilina Ong Abdullah, director of the biology and sustainability research division; and Dr Vijaya Subramaniam, head of sustainability, climate change and biodiversity.

All this research requires significant funding, Ahmad Parveez says MPOB has invested about RM240 million in the genome project alone over the past 15 years.

Asked about monetising the research findings, he says direct monetisation of the genome sequencing has been challenging, but its transformative impact on the oil palm scientific landscape has been profound.

"The genome data generated by MPOB has become foundational to nearly all molecular biology research related to oil palm. It is widely referenced and used by both the oil palm industry and the international scientific community."

MPOB's subsequent breakthroughs, including the identification of three important agronomic genes — SHELL, VIRESCENS (fruit colour) and KARMA (abnormal fruit in clones) — have been commercialised. These discoveries were licensed to Orion Biosains Sdn Bhd, resulting in royalty payments to MPOB.

Orion Biosains, a subsidiary of US-based Orion Genomics, is a private laboratory, equipped for large-scale palm DNA processing. "This has created high-skilled jobs and career opportunities in advanced scientific research," says Ahmad Parveez.

MPOB's breeding programmes have also created revenue streams for MPOB through the leasing of Sirim-compliant mother palms and the sale of pollen from elite paternal palms to selected plantation companies.

"This reflects the industry's confidence in the quality of MPOB-developed planting materials, marking the tangible value of long-term investments," says Ahmad Parveez.

MPOB has managed to monetise several of its scientific innovations through commercialisation, licensing, royalties and partnerships across milling, mechanisation, biomass utilisation and renewable energy.

Progress on the adoption of downstream applications by industry players has been "decent", although widespread adoption, especially among smallholders and small and medium enterprises, remains limited because of costs.

Notable downstream breakthroughs include production technologies for red palm oil, margarine and coconut milk analogue (Santan Sawit). MPOB also formulated feed pellets for beef cattle using palm kernel cake, empty fruit bunch and CPO. Further downstream, MPOB has monetised numerous innovations through licensing agreements, intellectual property rights and the transfer of technical know-how to industry players.

Ahmad Parveez also points out that MPOB's regulatory oversight and data governance have been the backbone of the industry's credibility. "Through its licensing framework, traceability systems and market intelligence, MPOB has upheld the integrity of Malaysia's oil palm industry while facilitating access to international markets and supporting national policies on food security, environment and trade."

Current and future challenges

Since MPOB's revenue is tied to the country's production of CPO and CPKO, it has a vested interest in increasing fresh fruit bunch and oil extraction rate yields. This can be achieved by using improved seedlings, adopting sound agronomic practices and, most importantly, replanting to replace ageing, less productive palms.

Ahmad Parveez acknowledges that smallholders have often been seen as an obstacle to Malaysia's replanting efforts but he notes that this narrative is changing. He highlights the 13th Malaysia Plan, which allocates RM1.4 billion over five years specifically for smallholder replanting, reflecting the government's decisive commitment to the issue.

The current replanting rate among smallholders is well below the ideal 4%. Independent smallholders, who account for 14.6% of the total oil palm planted area in Malaysia, often lack the resources to undertake replanting. According to MPOB's 2024 data, the replanting rate stood at just 0.7% for independent smallholders and 2.3% for estates, resulting in an industry-wide average of 2%.

The low replanting rate among smallholders underscores the need for greater outreach, education and financial support — but MPOB faces the challenge of doing so with fewer ground staff due to cost-cutting measures.

"Sometimes, we close a few offices and put the staff together in one location to bring down the cost," Ahmad Parveez explains.

Testing seeds and seedlings for non-tenera contamination is another way to ensure that only the high-yielding tenera hybrid — whose fruits produce more oil because of their thin shell and thick mesocarp — is planted in estates. A study previously found a 12.8% contamination rate in the Malaysian palm oil supply chain.

Although MPOB has developed a diagnostic tool dubbed SureSawit Kits to determine the variety of the palm at the seed or seedling stage, it has not been adopted by industry players because of the cost. "We cannot just neglect the technology, whereas Indonesia is very keen. At the same time, I cannot force people to use it," says Ahmad Parveez.

As such, MPOB has taken on the task and cost of testing all nurseries and seed producers nationwide. Those found to have high levels of cross-contamination are notified, and follow-up testing is conducted at intervals in the hope of improved results.

Attracting talent

In line with its vision to become a Nobel Laureate-producing R&D institution, MPOB aims to attract and retain the country's top scientific talent.

Ahmad Parveez highlights that some contract staff have remained with MPOB for more than 15 years, with contracts renewed annually and accompanied by salary increments and promotions where merited. Staff are also recognised through excellence awards, which include cash incentives for long service, innovative ideas, published research in high-impact journals and commercialisation of projects. Innovators whose technologies are commercialised may also receive royalties from their inventions.

From 1998 to 2016, MPOB ran its Graduate Student Assistance Scheme, funding postgraduate studies and absorbing top talent into the organisation.

While it sees Malaysia remaining at the forefront of the global vegetable oil market, MPOB faces ongoing challenges — from labour shortages and smallholders' limited replanting capacity to geopolitical tensions and trade barriers such as the EUDR.

"The next 25 years will test MPOB's strategic foresight and leadership," Ahmad Parveez says. "Success will depend on the organisation's ability to balance technological innovation, stakeholder support and global engagement — ensuring Malaysia not only maintains its leadership in oil palm, but also sets new standards for sustainability and competitiveness."

The palm oil industry's taxing issues

Apart from the cess paid to the Malaysian Palm Oil Board (MPOB), the palm oil industry also pays a windfall profit levy (WPL) and state sales taxes in Sabah and Sarawak. These are on top of the corporate taxes paid on profits generated by business activities.

The cess of RM16 per tonne of crude palm oil (CPO) and crude palm kernel oil (CPKO) is paid to MPOB to fund its research and development (R&D) activities, the commercialisation of research findings, providing advisory and technical services related to palm oil, promoting marketing and for other matters deemed necessary for MPOB to ensure the development of the oil palm industry.

MPOB director general (DG) Datuk Dr Ahmad Parveez Ghulam Kadir explains that the cess collected is deposited into the MPOB fund and expenditures, including for R&D and activities related to the development of the industry, are chargeable to the fund, as specified in the Malaysian Palm Oil Board Act 1998.

Meanwhile, the WPL is imposed when CPO prices exceed RM3,150 per tonne in Peninsular Malaysia and RM3,650 in Sabah and Sarawak. Smallholders are exempted.

This tax is collected under the Windfall Profit Levy Act 1998 and was introduced to the palm oil sector in 2008 when CPO prices were trading above RM2,000 per tonne.

"Tax revenue collected from the palm oil industry, including the WPL and export duties, is channelled into the federal government's consolidated fund for national development. Meanwhile, revenue from state sales taxes is collected by and for the respective states where the activity took place," says Ahmad Parveez.

He explains that while these funds are not held in a single industry-specific account, a significant portion is "strategically channelled back" into the palm oil sector.

"The federal government uses its consolidated fund, which is supported by revenue like the WPL, to finance crucial initiatives such as replanting grants and financing schemes for independent smallholders, who often lack sufficient capital to replace ageing trees with high-yielding varieties. This is a vital investment for increasing overall national productivity and ensuring the long-term viability of the sector," Ahmad Parveez adds.

Furthermore, the funds are used to support the implementation of the Malaysian Sustainable Palm Oil certification scheme, which helps to counter anti-palm oil campaigns and promote the industry's commitment to sustainability.

As for the state sales tax revenue, it is used by the respective state governments to fund their development projects and services, including infrastructure and social programmes that indirectly benefit the industry and its workers, the DG says.

Commenting on complaints by industry players about the various taxes they pay in a rising cost environment due to the higher minimum wage, water and electricity tariffs, contribution to the Employees Provident Fund for foreign workers and even climate change, Ahmad Parveez notes that these costs are part of broader economic and environmental realities that also affect many other sectors.

He says the tax burden is balanced by the sector's profitability during high price periods and the long-term benefits that public investments bring to the industry for the good of all Malaysians.

The DG recognises the challenges faced by the industry and says the MPOB is open to dialogue with industry stakeholders to find sustainable solutions and ensure that the tax framework remains fair and supports the continued growth and competitiveness of the sector.

SOPPOA's Position and Response

SOPPOA commended Datuk Chairman and the MPOB team for providing comprehensive insights into the Board's financial position, operational challenges, and forward strategies. The recent press interview with Datuk Dr. Ahmad Parveez also helped provide valuable context on MPOB's ongoing efforts.

However, SOPPOA members have expressed clear concern that any further increase in cess is not the most suitable solution as it would compound existing cost pressures, particularly for producers in East Malaysia who already face higher logistic costs and additional levies compared to their counterparts in Peninsular Malaysia.

Instead, SOPPOA proposed that the WPL, which originates from the same industry, should be partially channelled back to MPOB to strengthen the agency's financial position and sustain its vital functions. This approach ensures that industry derived funds are reinvested into initiatives that directly benefit the sector.

SOPPOA-GOVERNMENT ENGAGEMENT FORUM ON 18 SEP

‘Palm oil has overtaken crude oil as Sarawak’s second largest export earner, but the sector continues to face profitability challenges due to high operating costs, additional taxes and compliance requirements.’

KUCHING: Sarawak Oil Palm Plantation Owners Association (SOPPOA) chairman Joseph Blandoi said these challenges highlight the need for stronger alignment between government policies and the realities on the ground.

He explained that the SOPPOA Government Engagement Forucm 2025, held yesterday, was designed to provide a structured platform for dialogue, policy updates and collaborative problem solving between industry players and regulatory agencies.

“Palm oil contributed RM16.3 billion to Sarawak’s export earnings in 2024, representing 14 percent of total exports and ranking second only to liquefied natural gas. This shows its strategic importance to the state’s economy, but rising costs and regulatory pressures continue to tighten margins,” he said.

Blandoi note that labour remains the industry’s most critical constraints, as harvesting is still heavily dependent on manual workers despite advances in technology.

“Delays in harvesting lead to lower yields and lost revenue, which also affect state sales tax collections, “he said.

On the global front, he highlighted that shifting sustainability requirements, particularly the European Union’s deforestation regulation, pose recurring trade barriers.

“Every five years before EU Parliamentary elections, new requirements emerge. These shifting goalposts create uncertainty for long term planning,” he explained.

Blandoi emphasized that SOPPOA’s role is to act as a bridge between stakeholders and regulators, ensuring that policies are both practical and implementable.

“Our approach must be pragmatic. Complaints and proposals are valid, but they need to translate into realistic and actionable solutions,” he said.

The forum brough together multiple agencies, including the MINTRED, NREB, EPF, JBALB, to discuss issues ranging from labor and immigration to environmental compliance and workers’ welfare.

Blandoi added that SOPPOA will continue to organize engagement sessions to ensure consistent dialogue and collaboration.

“Only through collective effort can we ensure the palm oil industry continues to grow sustainably, strengthen Sarawak’s global standing and drive rural and economic development.” he said.

Source: Sarawak Tribune

KUCHING: Palm oil has become Sarawak's most valuable export while also transforming rural communities through infrastructure and job creation.

Permanent Secretary to the Ministry of Food Industry, Commodity and Regional Development, Datuk Sirai Daha, said the industry generated RM14.3 billion in 2023, contributing 10.9 per cent to the state's total export value.

"In 2023, palm oil export value was just behind crude petroleum, but I believe it has now surpassed petroleum."

"This clearly shows how central palm oil has become to Sarawak's growth," he said when addressing the Sarawak Oil Palm Plantation Owners Association (SOPPOA) forum today.

Beyond its contribution to state coffers, Sirai emphasised that palm oil has transformed rural life.

Areas once isolated, without roads, electricity, or clean water, have seen rapid improvements with the establishment of plantations under both the Sarawak Land Consolidation and Rehabilitation Authority (SALCRA) and the private sector.

"Before oil palm, many rural villages had no basic amenities. Today, almost every settlement near plantations has road access and better facilities," he said.

He acknowledged past tensions between local communities and plantation operators over road use but said these had been resolved through dialogue, with security arrangements in place to protect both sides.

"These plantation roads are now lifelines for rural connectivity," he said, adding that the industry has become "deeply woven into the social fabric of the state".

Sirai thanked SOPPOA and industry players for their contributions, urging them to continue adopting sustainability standards while supporting downstream activities to further add value to Sarawak's crude palm oil exports.
"Palm oil is no longer just about export earnings. It is about people, connectivity, and empowerment for Sarawakians," he stressed.

Source: Sarawak tribune

Paper 1: Environmental Requirements Related to Oil Palm Plantation

Presenter: Mr. Jong Chean Fuei, Natural Resources and Environmental Division

Mr. Jong provided an overview of the environmental regulatory framework and compliance requirements governing oil palm plantations in Sarawak, highlighting key legislative updates and expectations for industry compliance under the Natural Resources and Environment Ordinance (NREO).

1.Understanding Sarawak's Environmental Legal Framework

- The Natural Resources and Environment Ordinance (NREO) 1993 remains the principle law, with the amended NREO 2024 passed by the State Legislative Assembly but yet to be enforced.

.

- The Natural Resources and Environment Board (NREB) is the state authority responsible for protecting, conserving, and managing Sarawak's natural resources and environment.
- The Controller of Environmental Quality oversees compliance and enforcement.
- Key regulatory tools include Environmental Impact Assessment (EIA) and Environmental Compliance Audit (ECA) under the NRE (Audit) Rules, 2008 – the latter to be enforced for the agricultural sector starting January 2027.

2. Environmental Impact Assessment (EIA)

- EIA is the primary regulatory tool for assessing potential environmental impacts of prescribed activities before project implementation.\
- In Sarawak, any agricultural development exceeding 500 hectares requires EIA approval.
- The EIA process ensures sustainable land use planning, pollution prevention, and public participation.
- Approval is typically processed within 65 working days, non-compliance carries find up to RM10,000 or five years' imprisonment.

3. Key Environmental Issues in Oil Palm Plantations

Mr. Jong outline the major environmental challenges linked to plantation activities and their required assessments or mitigation measures.

4. Controlled Open Burning (COB)

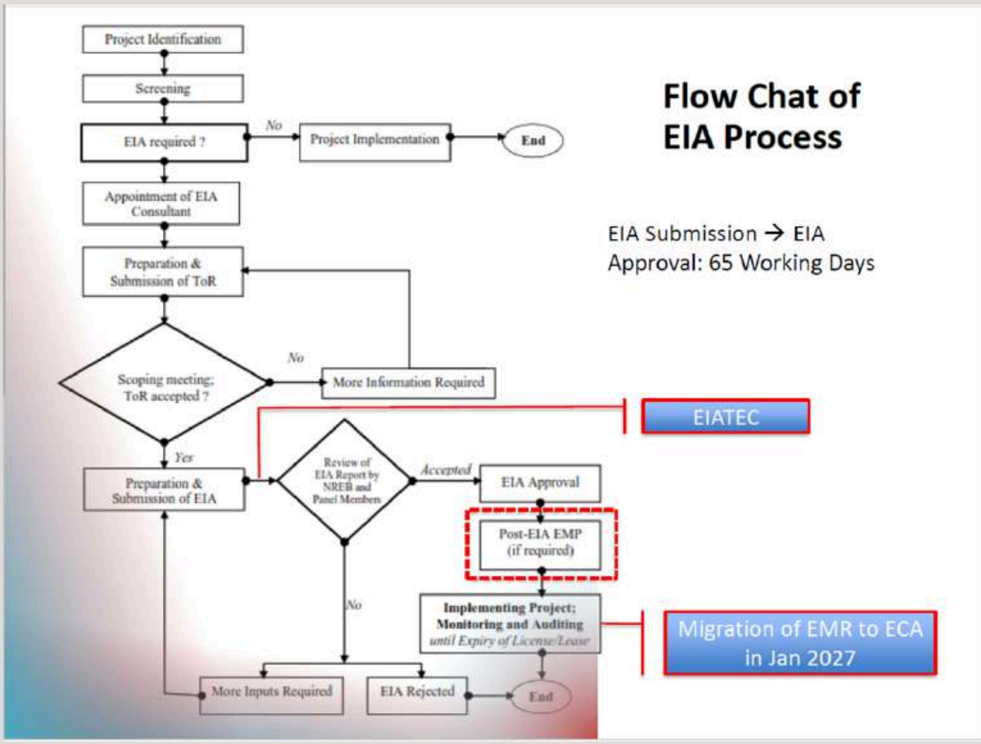
Open burning is prohibited unless with a written permit from NREB. Conditions include:

·Minimum 10-meter firebreak.

·Air Pollutant Index (API) below 100 and Fire Weather Index (FWI) below 13.

·Maximum 50 hectares per day burn limit.

Violations may result in fines up to RM100,000 or five years' imprisonment.



5. Environmental Compliance Audit (ECA)

- The Environmental Compliance Audit (ECA) is a mandatory self-regulatory mechanism.
- It involves periodic evaluations to verify compliance with EIA/EMP conditions and assess environmental risks.
- Three audit types:
  1. Compliance Audit (ECA) – for prescribed activities.
  2. Environmental Management System (EMS) Audit.
  3. Environmental Risk Audit (ERA).
- The agriculture sector will be required to implement ECA starting 1 January 2027.

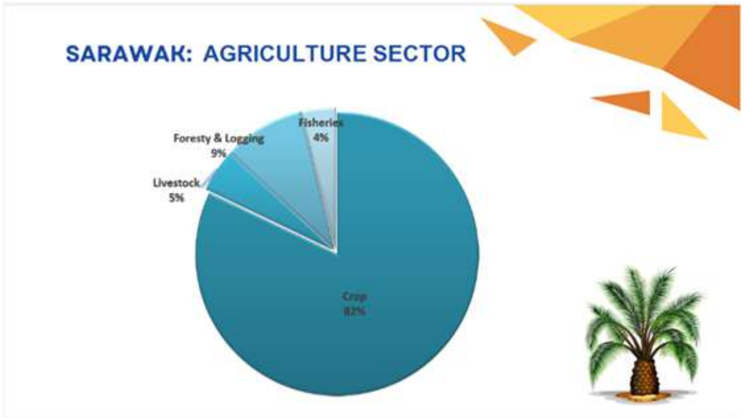
6. Challenges and Gaps Identified

- Fragmented plantation operations below EIA thresholds.
- Ownership changes without NREB notification.
- Overlapping jurisdiction with other agencies and certification schemes.
- Loss of EIA/EMP documentation and conditions over time.
- Need for greater coordination and data integration among stakeholders.

Paper 2: Sustainable Growth of the Palm Oil Sector in Sarawak

Presenter: Ms. Lo Sheau Sia, Deputy Permanent Secretary, MINTRED Sarawak

The presentation by MINTRED highlighted Sarawak's economic performance, investment facilitation measures, and strategic direction to ensure the palm oil industry remains competitive, diversified, and aligned with the state's sustainable growth agenda.



1. Economic and Trade Performance

- Agriculture remains a key economic driver, contributing 10% to Sarawak's GDP. Within the sector, crop production (mainly oil palm) accounts for 82% of agricultural output.
- Sarawak recorded RM198.7 billion in total trade in 2024, with palm oil exports valued at RM16.5 billion, a 15.7% increase year-on-year.
- While trade remains strong, MINTRED underscored the need for economic diversification beyond primary commodities.

2. Vision and Strategic Goals

Aligned with the Post-COVID-19 Development Strategy (PCDS) 2030, Sarawak aims to become a thriving, data-driven and innovation-based economy with sustainable environmental stewardship.

Key targets include:

- Increasing manufacturing's share of GDP to 30% by 2030.
- Fostering 6,000 entrepreneurs, with 70% adopting digital practices.
- Expanding Industry 4.0 adoption in automation, robotics, and analytics.
- Promoting low-carbon and circular economy models and stronger R&D collaboration.

3. Facilitation and Investment Incentives

MINTRED supports industrial growth through a range of mechanisms:

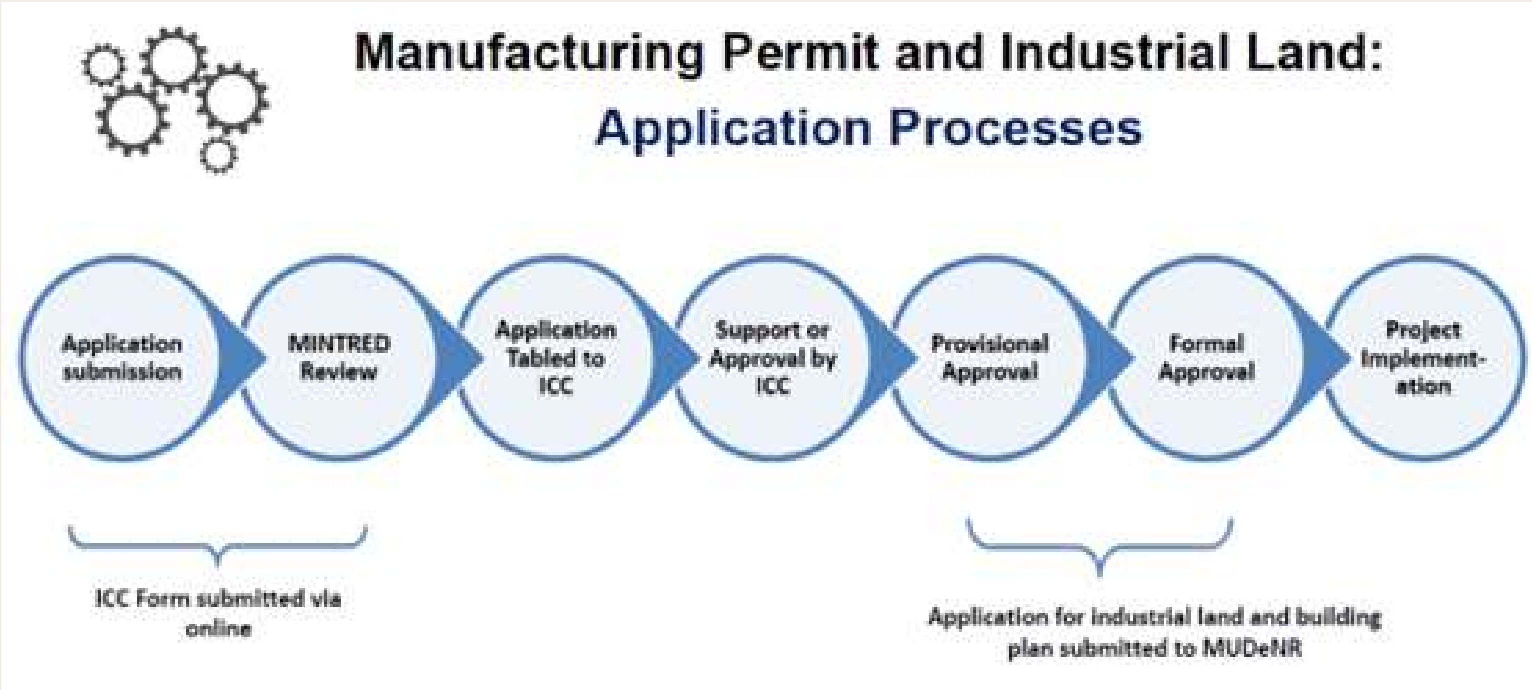
- Licensing & Regulation: Industrial Coordination Committee (ICC) oversees permits and ensures alignment with state development goals.
- Industrial Land Premiums: Tiered rates from RM8-RM20 per sq ft, with rebates for early project completion.
- Soft Loans and Grants: Available to SMEs, Bumiputra entrepreneurs, and youth start-ups, with financing between RM20,000-RM250,000 at low interest rates or as grants.
- Green Financing: RM1 billion fund for SME under the Climate Inclusive Financing and Development Program.

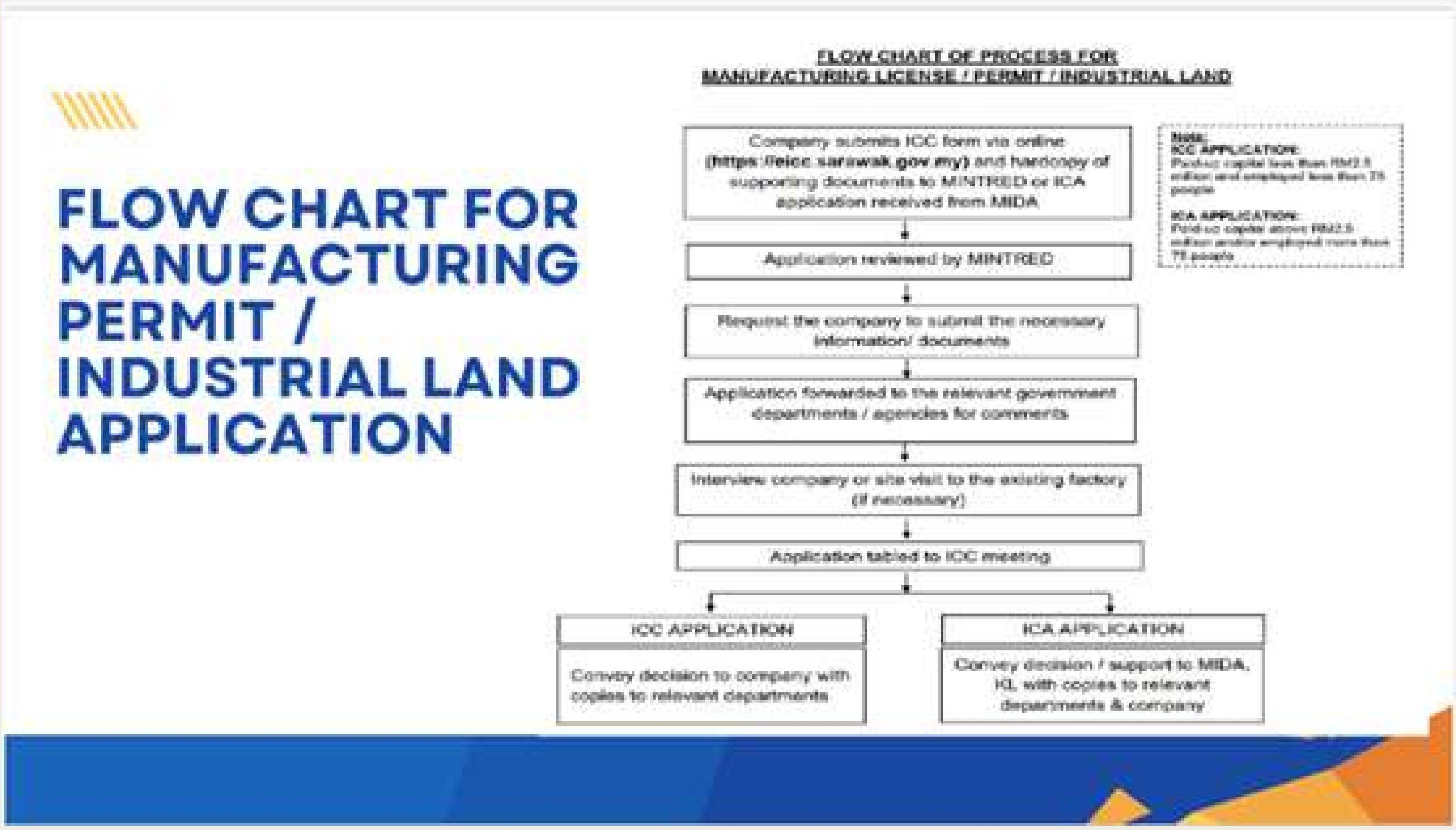
4. Palm Oil Downstream Development

- The state promotes value addition through downstream activities such as refining, oleochemicals, biofuels, and food products, which are categorized under manufacturing.
- Between 2020-Q2 2025, approved projects related to oil palm mills and downstream processing generated over RM1 billion in investments and created thousands of new jobs.
- Most permits were issued for diversification (10%), and regularization (80%), with growing interest in renewable products (14%).


INDUSTRIAL COORDINATION ACT (ICA) 1975
"Manufacturing Activity"
"...the making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing ..."
Oil palm milling is a manufacturing activity.
It processes raw FFB into CPO and palm kernel.


OIL PALM DOWNSTREAM AND MANUFACTURING RELATED ACTIVITIES
MUST OBTAIN A LICENSE FROM THE MALAYSIAN PALM OIL BOARD (MPOB) UNDER THE MALAYSIAN PALM OIL BOARD ACT 1998 (ACT 582).
OIL PALM MILLS DO NOT REQUIRE A MANUFACTURING LICENSE UNDER THE INDUSTRIAL COORDINATION ACT (ICA) 1975.
IN SARAWAK, A MANUFACTURING PERMIT IS REQUIRED BY THE SARAWAK LOCALISATION COMMITTEE TO APPLY FOR A PERMIT FOR FOREIGN LABOUR


Manufacturing Permit and Industrial Land:
Application Processes
Application submission
MINTRED Review
Application Tabled to ICC
Support or Approval by ICC
Provisional Approval
Formal Approval
Project Implement-ation
ICC Form submitted via online
Application for industrial land and building plan submitted to MUDeNR


FLOW CHART FOR MANUFACTURING PERMIT / INDUSTRIAL LAND APPLICATION
FLOW CHART OF PROCESS FOR MANUFACTURING LICENSE / PERMIT / INDUSTRIAL LAND
Company submits ICC form via online (https://eicc.sarawak.gov.my) and hardcopy of supporting documents to MINTRED or ICA application received from MIDA
Application reviewed by MINTRED
Request the company to submit the necessary information/ documents
Application forwarded to the relevant government departments / agencies for comments
Interview company or site visit to the existing factory (if necessary)
Application tabled to ICC meeting
ICC APPLICATION
Convey decision to company with copies to relevant departments
ICA APPLICATION
Convey decision / support to MIDA, KL with copies to relevant departments & company
Note:
ICC APPLICATION:
ICA APPLICATION:

Paper 3: Expansion of Mandatory EPF Contribution Coverage to Non-Malaysia Employees

Presenter: Mr. Azraf bin Mohamad Ayub Han, Head of Employer Services, EPF

The Employment Provident Fund (EPF) presented updates on the mandatory of EPF contribution coverage to non-Malaysian citizen employees, effective 1 October 2025, in line with the government's objective to promote fair and equitable employment practices across all sectors.

1.Effective Implementation Date

Starting October 2025, employers are legally required to:

- Registered all non-Malaysian employees holding valid work permits with EPF.
- Contribute to the EPF under the mandatory contribution scheme.

The contribution rates are set at:

- Employer: 2% of monthly wages
- Employee: 2% of monthly wages

2. Four Key Action Required from Employers

I.Register as an EPF Employer

- Companies not yet registered must do so beginning 1 October 2025 via the EPF website or at any EPF branch
- Existing registered employers may continue using their current accounts.

II. Pay Contributions Promptly

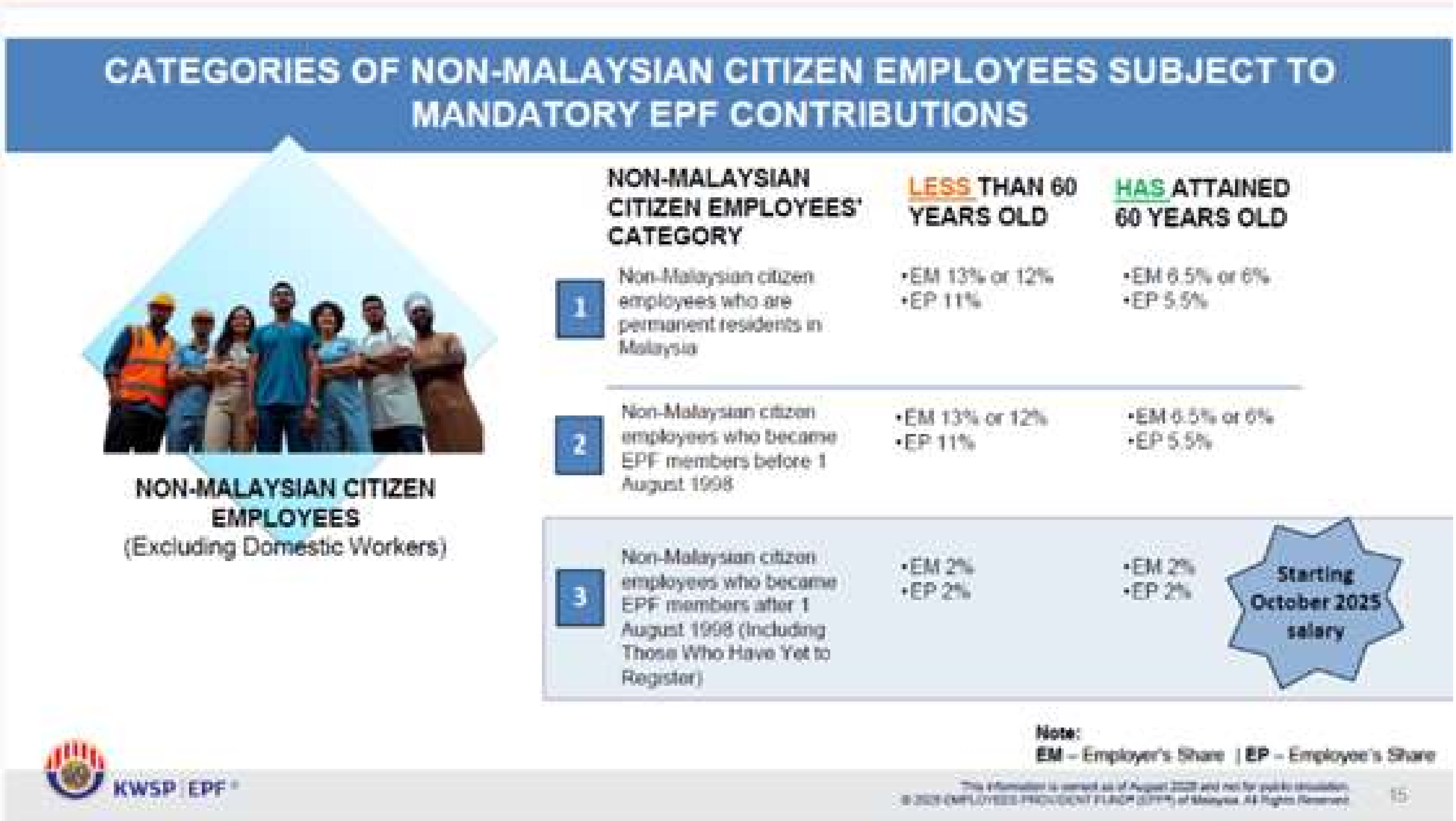
- Contributions for each month's salary must be remitted by the 15th of the following month.
- Payments can be made via i-Akaun (Employer), mobile apps, internet banking, bank counters, or selected EPF counters.

III. Maintain Payroll Records

- Employers must keep detailed payroll and employee records (including personal, identification, and employment details).
- Pay slips must be issued for all employees, including non-Malaysian workers.

IV. Keep Company and Employee Record Updated

- Notify EPF within 14 days of address changes, and within 21 days for name or status changes.
- Employers must also inform EPF within 30 days if operations cease or all employees are terminated.



3. Scope and Exemptions

·Applies to all non-Malaysian employees (excluding domestic workers) with valid work passes.

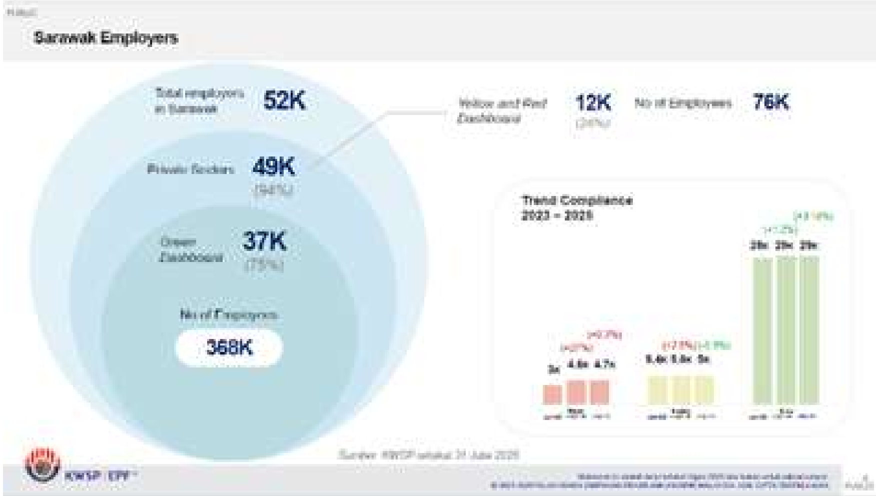
·Contribution liability end when the employee's work permit expires (within two months prior), upon death, or upon reaching 75 years of age.

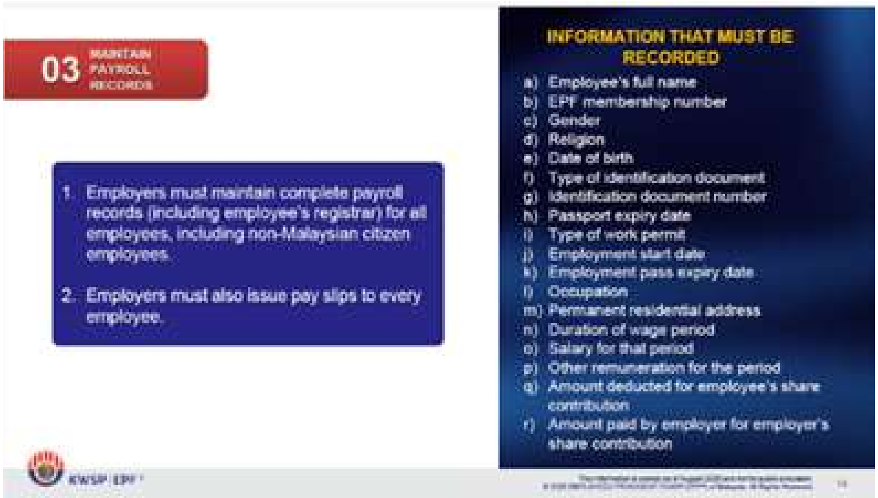
·Permanent residents in Malaysia are subject to standard Malaysian contribution rates.

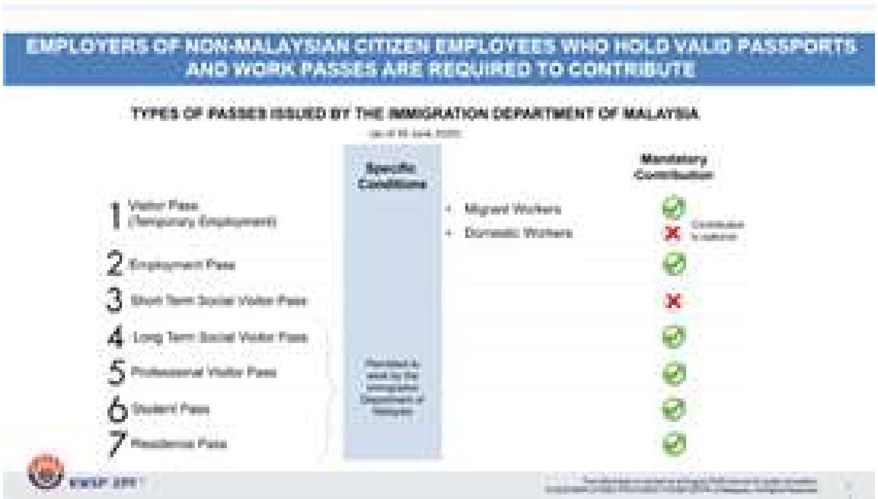
4. Management of Unclaimed Savings

·EPF savings belonging to non-Malaysian employees with no contributions for three consecutive years will be transferred to the Unclaimed Monies Management Division (BWTD).

·Employers are advised to remind foreign workers to submit "Leaving the Country Withdrawal" applications before their work passes expire.

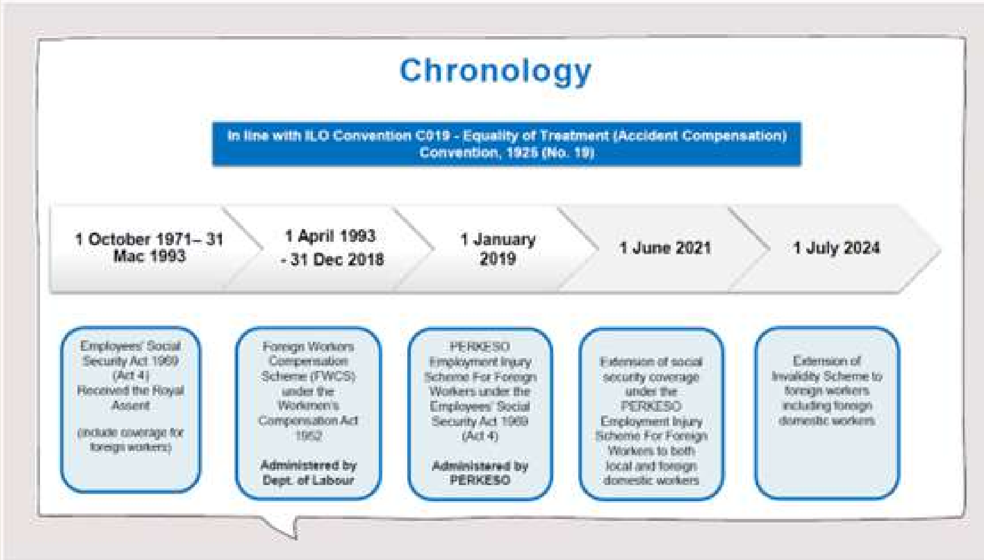






Paper 4: Social Security for Foreign Workers

Presenter: Ms. Monika Bill, Benefit Unit, PERKESO



The Social Security Organization (PERKESO) shared an overview of the expanded social security protection coverage for foreign workers, aligning Malaysia with internation labor and social protection standards under the International Labour Organization (ILO) Convention No. 19 – Equality Treatment (Accident Compensation).

1.Background and Legislative Framework

PERKESO administers Malaysia's social protection system under several key legislations:

- Employee's Social Security Act 1969 (Act 4).
- Employment Insurance System Act 2017 (Act 800).
- Self-Employment Social Security Act 2017 (Act 789).
- Housewives' Social Security Act 2022 (Act 838).

The Employment Injury Scheme under Act 4 was extended to foreign workers in 1993, and since 1 July 2024, PERKESO has expanded coverage to include the Invalidity Scheme for both local and foreign workers, including foreign domestic workers.

2. Who is Covered

Coverage applies to all legally employed foreign workers with valid work permits, including:

- Low-skilled workers (plantation, agriculture, manufacturing, services, construction, etc.).
- Domestic workers.
- Expatriates.

Workers must hold valid passports, work passes, and be employed by a Malaysian-registered company.

Exclusions include undocumented workers, those employed by non-Malaysian entities, self-employed individuals, refugees, IMM13 holders, and domestic workers employed by foreign individuals.

3. Contribution Rates

- Employer Contribution: 17.5% of monthly wages.
- Employee Contribution: 0.5%.
- Total: 2.25%.

Two categories apply:

- First Category – Employment Injury and Invalidity Scheme (below age 55).
- Second Category – Employment Injury Scheme only (aged 55 and above).

4. Coverage and Benefits

I. Employment Injury Scheme

Protection against work-related accidents or occupational diseases, including commuting accidents.

Benefits include:

- Medical treatment at PERKESO panel clinics and hospitals.
- Temporary and Permanent Disablement Benefits.
- Dependents' Pension and Funeral Benefits (up to RM7,000 for repatriation).
- Constant Attendance Allowance (RM500/month).
- Rehabilitation support for recovery and physical rehabilitation.

II. Invalidity Scheme

Provides protection against permanent disability or death not related to employment.

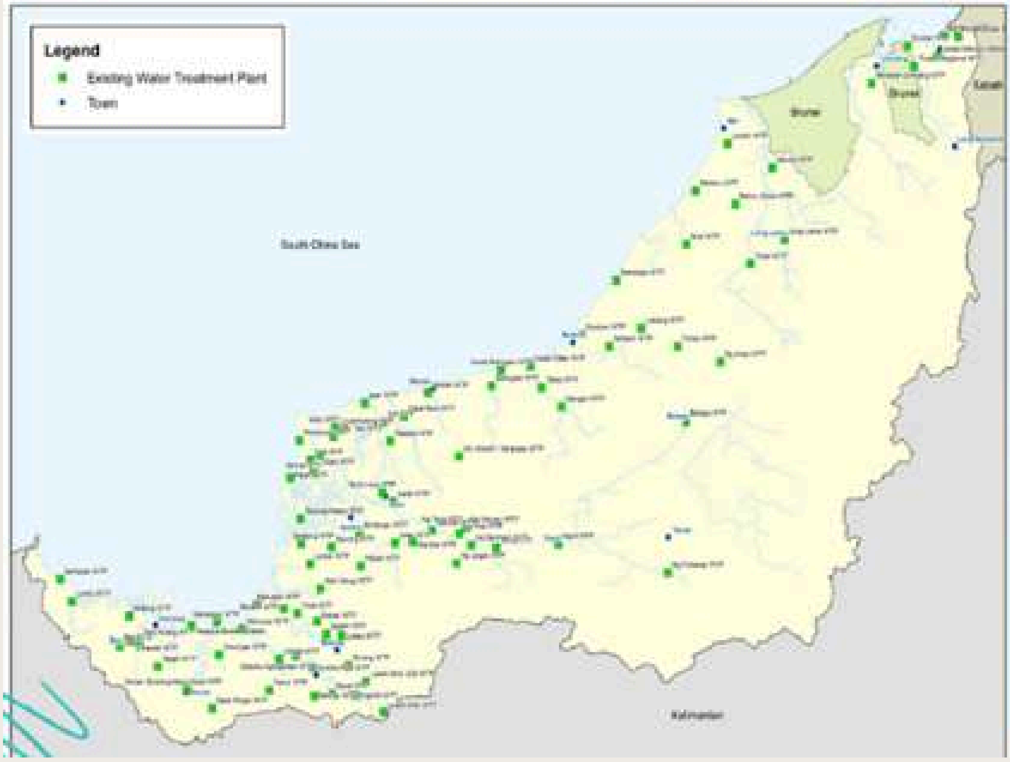
Benefits include:

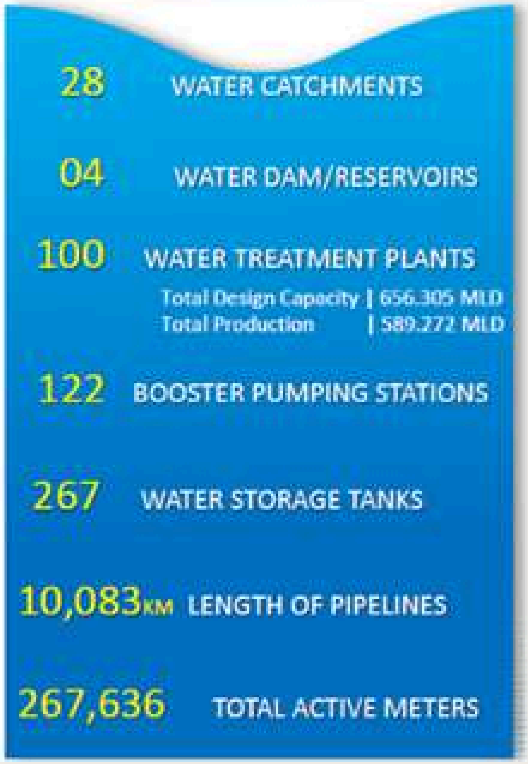
- Invalidity Pension or Invalidity Grant.
- Survivor's Pension for eligible dependants.
- Funeral Benefit and Repatriation Assistance (up to RM4,500 for non-employment-related deaths).

5. Additional Initiatives for Foreign Workers

- A-Care SIM Card Plan: Includes free medical and funeral repatriation services.
- Merchantrade e-Wallet: Simplifies benefit payments for foreign workers without Malaysian bank account.

04 WATER SUPPLY INFRASTRUCTURE IN SARAWAK (JBALB)





Paper 5(1): Rural Water Supply Planning and Infrastructure Development

Presenter: Ir. Ts. Robert Heng Wei Kiong, Project Head, JBALB

The Rural Water Supply Department (JBALB) Sarawak shared its ongoing and future strategies to deliver sustainable, reliable, and innovative water solutions to every rural community in Sarawak, from the coast to the highlands, in aligning with the Post-COVID-19 Development Strategy (PCDS) 2030.

1. **Overview of Water Infrastructure in Sarawak**

Sarawak's unique geography – comprising 12 divisions with diverse terrains – poses challenges such as climate variability, scattered settlements, aging infrastructure, and high non-revenue water (NRW).

As of 2025, JBALB manages:

- 100 water treatment plants with a total design capacity of 656 MLD.
- 28 catchments, 122 booster stations, and 10,083 km of pipelines.
- 267,636 active meter across the state.

Water supply coverage currently stands at 85.4% statewide, 99% in urban areas, and 70.5% in rural areas, with the goal of achieving 100% treated water coverage by 2030.

2. Sarawak Water Supply Master Plan and Water Grid

The Sarawak Water Supply Master Plan forms the blueprint for achieving full coverage and sustainable water management.

Key features include:

- Linking South-to-North water grid systems across he state, creating interconnected schemes.
- Upgrading and repurposing older water treatment plants (WTPs) into booster stations.
- Extending pipelines to connect nearby rural communities.
- Providing isolated communities with stand-alone water systems under the Sarawak Alternative Water Supply (SAWAS) program.
- Gradual reduction in the number of WTPs (from 100 to 38 by 2030) as the water grid expands.

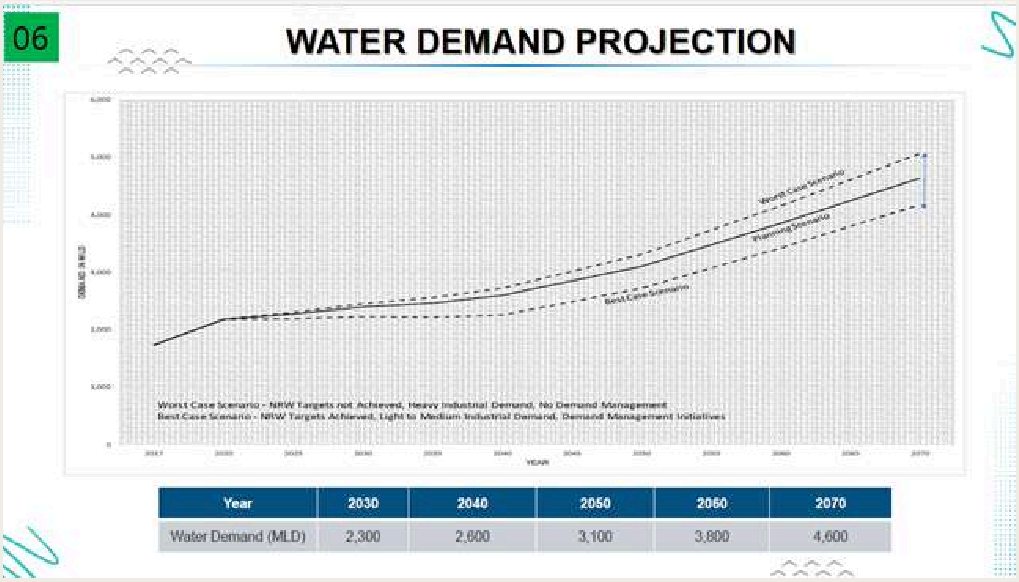
The water grid will ensure efficient resource distribution and strengthen water resilience up to 2040.

3.Raw Water Source Strategy

Development of 22 river basins and catchment areas will be optimized through various schemes, including:

- River intakes.
- Off-river storage.
- Water supply dams.
- Hydroelectric dam integration for dual use.

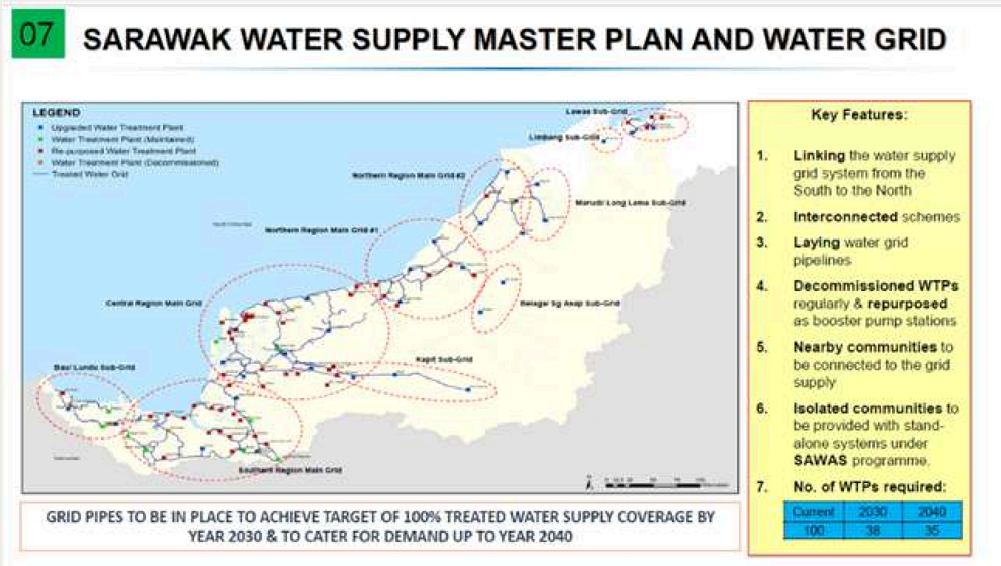
This approach ensures secure and diversified raw ware supply for all regions – Southern, Central, and Northern Sarawak.



4. Strategy for Isolated Communities

JBALB classifies approximately 5,984 kampungs and longhouses into four categories for phase water supply connection:

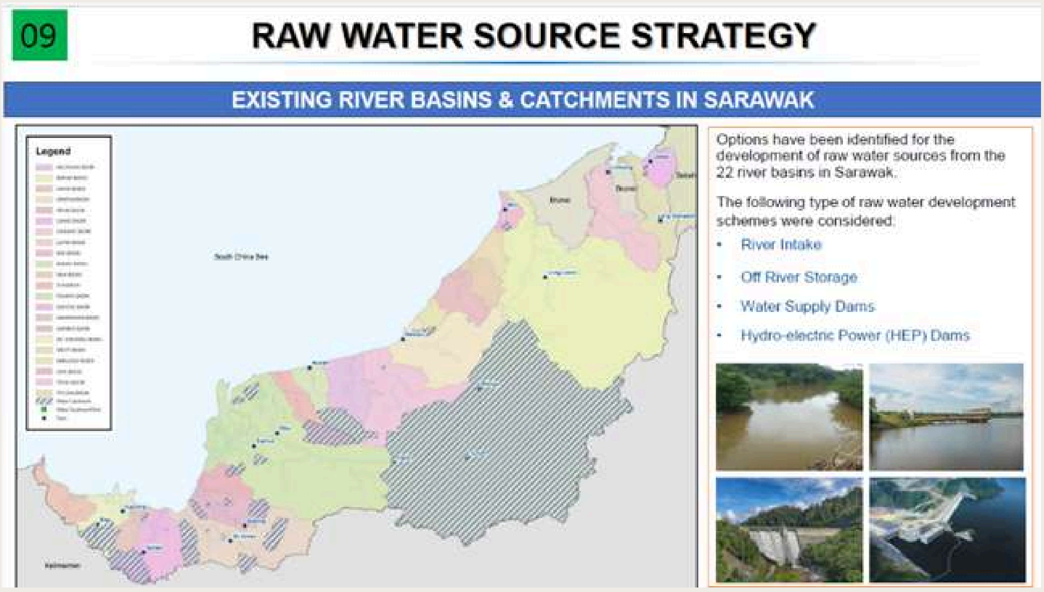
- Category I: Within existing supply areas but not yet connected.
- Category IA: Outside current grid but connected through scheme extension.
- Category II: To be connected through new grid expansion projects.
- Category III: To be served by SAWAS stand-alone systems.



5. Leveraging Digital Technology

JBALB is implementing smart infrastructure management through:

- A Central Command Center with real-time digital monitoring and control.
- Automated systems for network operations, GIS mapping, and performance optimization.
- Smart metering and billing systems to enhance efficiency and accuracy.



6. Implementation Phases

JBALB's development plan is structure in three major phases:

- Phase 1 (2019-2020): Stressed Area Projects to address immediate supply issues.
- Phase 2 (2021-2030): Projects under the 12th and 13th Malaysia Plans to achieve 100% coverage by 2030.
- Phase 3 (2031-2040): Long-term capacity development to meet future water demand up to 2070.

Paper 5(2): Water Catchment Area Management and Regulations

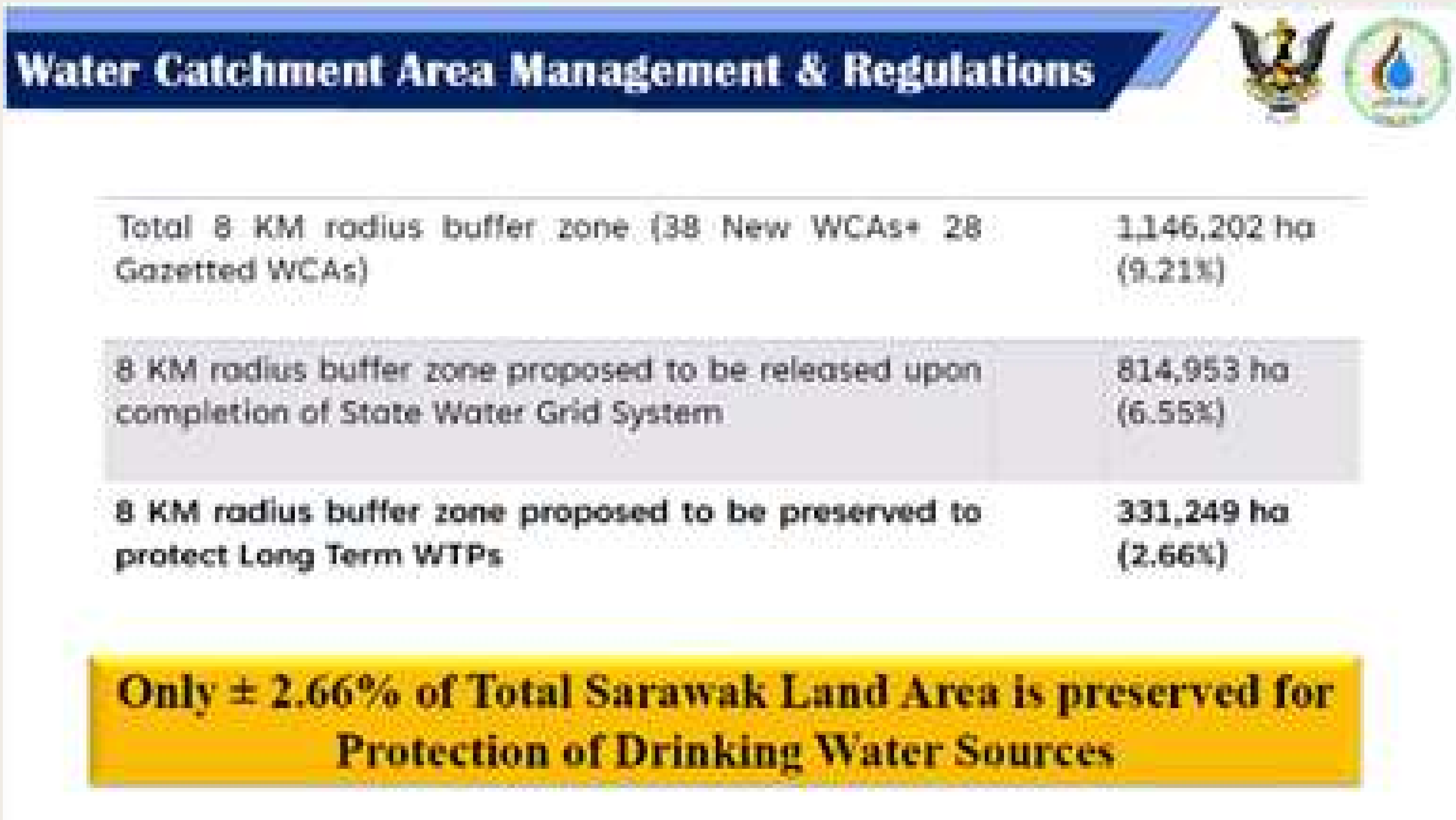
Presenter: Ms. Oon Yin Wee, JBALB

The presentation by JBALB highlighted the importance of protecting Sarawak's water catchment areas to ensure safe and sustainable drinking water supply for communities statewide.

Water catchment management involves the regulation of upstream activities – including agriculture, livestock, logging, and industrial operations – which can contribute to water pollution through pesticides, fertilizers, heavy metals, and waste discharge. These pollutants affect water quality downstream and pose challenges to treatment facilities.

Sarawak currently operates more than 112 water treatment plants (WTPs), with some dating back to the 1950s. Under the State Water Grid Plan, only 38 major and standalone plants will continue operating once the integrated system is completed.

The management and gazettement of water catchment areas are governed under the Water Ordinance 1994, which empowers the State Water Authority (SWA) and the Sarawak Water Resources Council (SWRC) to supervise and control water supply authorities, land use, and environmental issues related to water resources.



To date, 28 water catchment areas (WCAs) covering 4.07 million hectares (32.7% of Sarawak's land area) have been gazetted, with an additional 38 proposed areas (3.99 million hectares). However, only about 2.66% of Sarawak's total land area will remain permanently preserved for the protection of long-term water sources.

Under Schedule 2 of the gazettement order, prohibited activities within an 8 km radius of any raw water intake point include logging, commercial plantations, mining, livestock farming, waste discharge, and the use of hazardous chemicals.

A multi-agency approval process involving JBALB, NREB, SWRC, and the State Cabinet (MMKN) applies for any agricultural activity proposed within this protected zone.

Paper 6: Procedure for the Recruitment of Foreign Workers in Sarawak

Presenter: Mr. Walter Jay Anak Brayun, Timbalan Pengarah Imigresen (Kawalan), JIMS

The Immigration Department of Malaysia, Sarawak (JIMS) outlined the dull procedure and legal requirements for the recruitment and management of foreign workers, particularly for sectors critical to Sarawak's economy, including plantation, agriculture, manufacturing, construction, services, mining, and quarrying.

1. Source Countries and Approved Sectors
Foreign workers can only be recruited from 12 approved source countries, namely: Indonesia, Thailand, Cambodia, Nepal, Myanmar, Laos, Vietnam, the Philippines, Pakistan, India, Bangladesh, and China.

2. Levy Rates by Sector
The annual levy for foreign workers in Sarawak varies by sector, with plantation and agriculture having the lower rates compared to manufacturing and services:

- Plantation: RM590.
- Agriculture: RM410.
- Manufacturing / Construction: RM1,010.
- Services / Mining & Quarrying: RM1,490.

Additional processing and visa fees apply, along with small nationality-based variations.

3. Application and Eligibility Conditions (PL(KS))
Employers must apply for the Temporary Employment Visit Pass [Pas Lawatan Kerja Sementara – PL(KS)], and the application must be submitted while the worker is still abroad. Entry is permitted only after the Visa with Reference (VDR) is approved.

Eligibility conditions include:

- Worker must be aged 18-45 years and medically certified FIT.
- Possession of a valid passport (minimum 18 months validity).
- Must not be blacklisted or hold any active pass (e.g., student pass).
- Employer must have an approval quota and license from the Department of Labor (JTK).
- Workers must be registered under SOCSO (PERKESO).

Foreign workers cannot marry local residents or other foreign workers in Malaysia; doing so will lead to termination of the PL(KS) and repatriation.

The Department of Labour Sarawak briefed industry participants on the key amendments to the Labour Ordinance (Sarawak Cap. 76), which aligned the state's labour standards with current employment practices and international conventions. The amendments aim to strengthen employee protection, promote fair workplace practices, and enhance employer compliance clarity.

1. Expanded Employee Coverage

- Previously, the Ordinance applied only to employees earning below RM2,000 per month.
- It now covers employees earning up to RM4,000 per month, and all employees under a contract of service, regardless of wage level.

Paper 7: Latest Amendment of Labour Ordinance (Sarawak Cap. 76)

Presenter: Mr. Phang Pin, Senior Assistant Director of Labour, JTKS

3. New Provisions Introduced

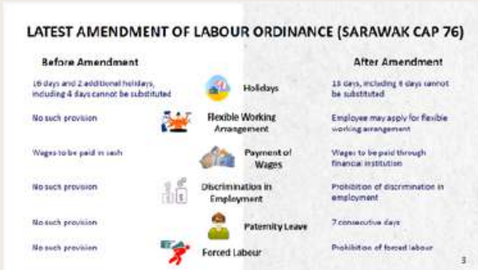
- Flexible Working Arrangement: Employees may apply for flexible work schedules.
- Payment of Wages: Must now be made through financial institutions (no longer case-based).
- Prohibition of Discrimination: Employers must ensure equal treatment regardless of gender, race, religion, or background.
- Prohibition of Forced Labor: Reinforces Malaysia's commitment to ethical labor practices.
- Sexual Harassment Complaints: Employers are required to inquire into reported cases.

4. Protection of Children and Young Workers

- Minimum age for light work: 13 years.
- Prohibition of hazardous work: No employment of children or young persons in dangerous occupations.
- A list of prohibited occupations will be enforced under the new regulations.

5. General Penalty

- The maximum fine for non-compliance has been raised from RM10,000 to RM50,000, signaling stronger enforcement and accountability.



2. Key Employment Benefits Updated

Employment Aspect	Before Amendment	After Amendment
Working Hours	48 hours per week	45 hours per week
Maternity Leave	60 consecutive days	98 consecutive days
Sick Leave	60 days (including 14 non-hospitalization)	60 + 14 days (separate)
Public Holidays	16 + 2 additional (4 non-substitutable)	18 days (6 non-substitutable)
Paternity Leave	Not provided	7 consecutive days

Paper 8: Overview & Updates: Sarawak Advance Non-Sarawakians Online Labour System (SANSOLS(

Presenter: Mr. Asri Nezal bin Morsidi, Principal Assistant Director, ILMU

The session provided a comprehensive update on the Sarawak Advance Non-Sarawakians Online Labour System (SANSOLS), highlighting the Inter-Governmental Committee (IGC) Report. All of which uphold Sarawak's authority over immigration and labor matters.

2. Legal Framework

- Background and Objectives
- Following the Chief Minister's directive in March 2021, the Immigration and Labor Management Unit (ILMU) was established under the Department of the Premier of Sarawak to coordinate policies related to foreign labor, localization, and labor market efficiency. The unit focuses on ensuring Sarawak's labor policies support economic growth, skill transfer, and competitiveness in line with state priorities.

2. Legal Framework

- The framework guiding ILMU's operations is grounded in the Immigration Act 1959/63, Sarawak Labor Ordinance (Cap. 76), and the Inter-Governmental Committee (IGC) Report, all of which uphold Sarawak's authority over immigration and labor matters.

3. Core Roles of ILMU

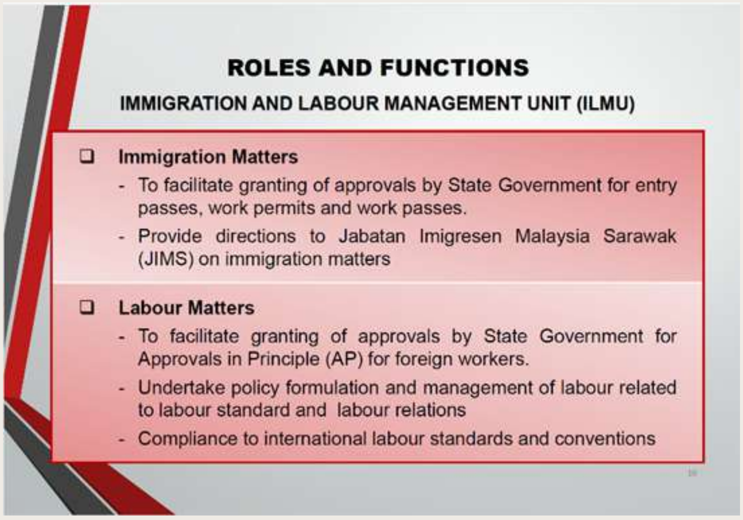
ILMU oversees both immigration and labor functions, including:

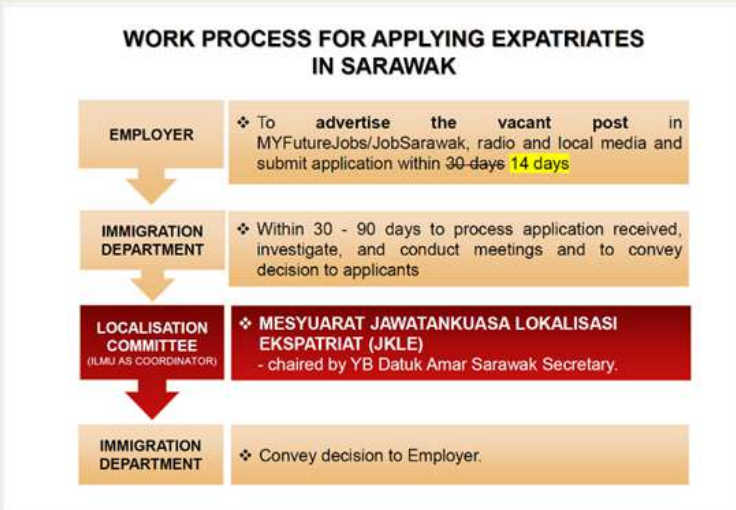
- Coordinating approvals for entry passes, work permits, and Approval in Principles (AP) for foreign workers.
- Developing policies for localization and compliance with international labor standards.
- Acting as liaison between state authorities, employers, and federal agencies.

4. Recruitment Processes

The presentation detailed standardized procedures for recruiting expatriates and non-resident employees:

- Employers must advertise vacancies locally before applying online through MYFutureJobs or JobSarawak.
- Applications are reviewed by the Localization Committees, chaired by the State Secretary, ensuring that hiring aligns with Sarawak's localization goals.
- Sustained protection of Sarawak's autonomy in managing immigration and labor affairs.





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The Official Launching

by YBhg Datu Sirai Daha, Permanent Secretary of MFICORD











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This one-day event aims to serve as a high-level engagement platform between SOPPOA and key government agencies to promote regulatory alignment, policy clarity, and operational support for the palm oil industry in Sarawak. The event will focus on key policy developments, statutory compliance, and interagency coordination relevant to palm oil operations.

Time	Agenda
8:00 – 9:00 AM	Registration & Morning Refreshments
9:00 – 9:20 AM	**Environmental Requirements Related to Oil Palm Plantation** *Mr. Jong Chean Fuei, Head of Management Division, Natural Resources and Environment Board (NREB) Sarawak*
9:20 – 9:40 AM	**Sustainable Growth of the Palm Oil Sector in Sarawak** *Ms. Lo Sheau Sia, Deputy Permanent Secretary, Ministry of International Trade, Industry and Investment Sarawak (MINTRED)*
9:40 – 10:00 AM	**Q&A Session 1** (for Paper 1 - 2)
10:00 – 10:15 AM	**Welcome Remarks** Mr. Joseph Blandoi, Chairman, Sarawak Oil Palm Plantation Owners Association (SOPPOA)
10:15 – 10:45 AM	**Opening Address** YB Minister of Food Industry, Commodity and Rural Development (MFICORD)
10:45 – 11:05 AM	**Expansion of Mandatory Contribution Coverage to Non-Malaysian Citizen Employees** *Mr. Azraf bin Mohamad Ayub Han, Ketua Khidmat Majikan, Employment Provident Fund (EPF), Kuching*
11:05 – 11:25 AM	**Social Security Protection for Foreign Worker** *Pn. Monika Bill, Social Security Organization (PERKESO)*
11:25 – 11:45 PM	**Part 1: Rural Water Supply Planning and Infrastructure Development** *Ir. Ts. Robert Heng Wei Kiong, Project Head, Jabatan Bekalan Air Luar Bandar (JBALB) Sarawak* **Part 2: Water Catchment Area Management and Regulations** *Mdm. Oon Yin Wee, Engineer, Production Branch, JBALB*
11:45 – 12:05 PM	**Q&A Session 2** (for Paper 3 - 4)
12:05 – 2:00 PM	Lunch & Networking
2:00 – 2:20 PM	**Immigration Procedure and Requirement Related to Foreign Worker** *Mr. Walter Jay Anak Brayun, Timbalan Pengarah Imigresen (Kawalan), Immigration Department of Malaysia, Sarawak (JIMS)*
2:20 – 2:40 PM	**Latest Amendment of Labour Ordinance (Sarawak Cap. 76)** *Mr. Phang Pin, Senior Assistant Director of Labour, Labor Department Sarawak (JTKS)*
2:40 – 3:00 PM	**Overview & Updates Sarawak Advanced Non-Sarawakian Online Labour System (SANSOLS)** *Mr. Asrinezal Bin Morshidi, Principal Assistant Director, Operation Section, Immigration and LaborManagement Unit (ILMU), Department of the Premier of Sarawak*
3:00 – 3:20 PM	**Q&A Session 3** (for Paper 6 -8)
3:20 – 4:30 PM	Networking Tea / Adjournment