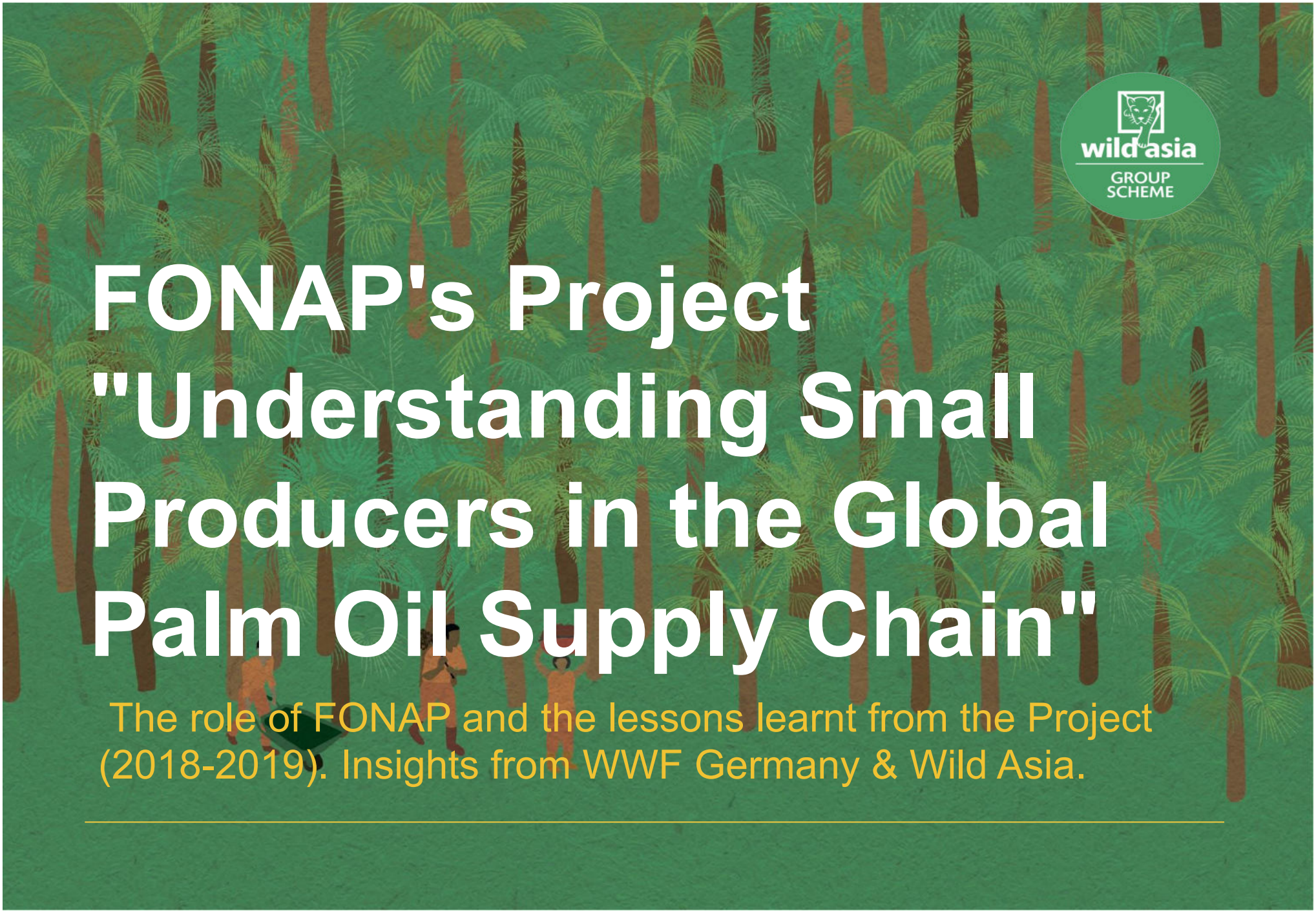

FONAP's Project "Understanding Small Producers in the Global Palm Oil Supply Chain"

The role of FONAP and the lessons learnt from the Project (2018-2019). Insights from WWF Germany & Wild Asia.

Contents

1. Background
2. Part 1 – FONAP Add-on Criteria
3. Part 2 – Pilots for Sustainable Production
4. Next Phase for the Project

Background & Introduction

FONAP's add-on criteria for sustainable palm oil

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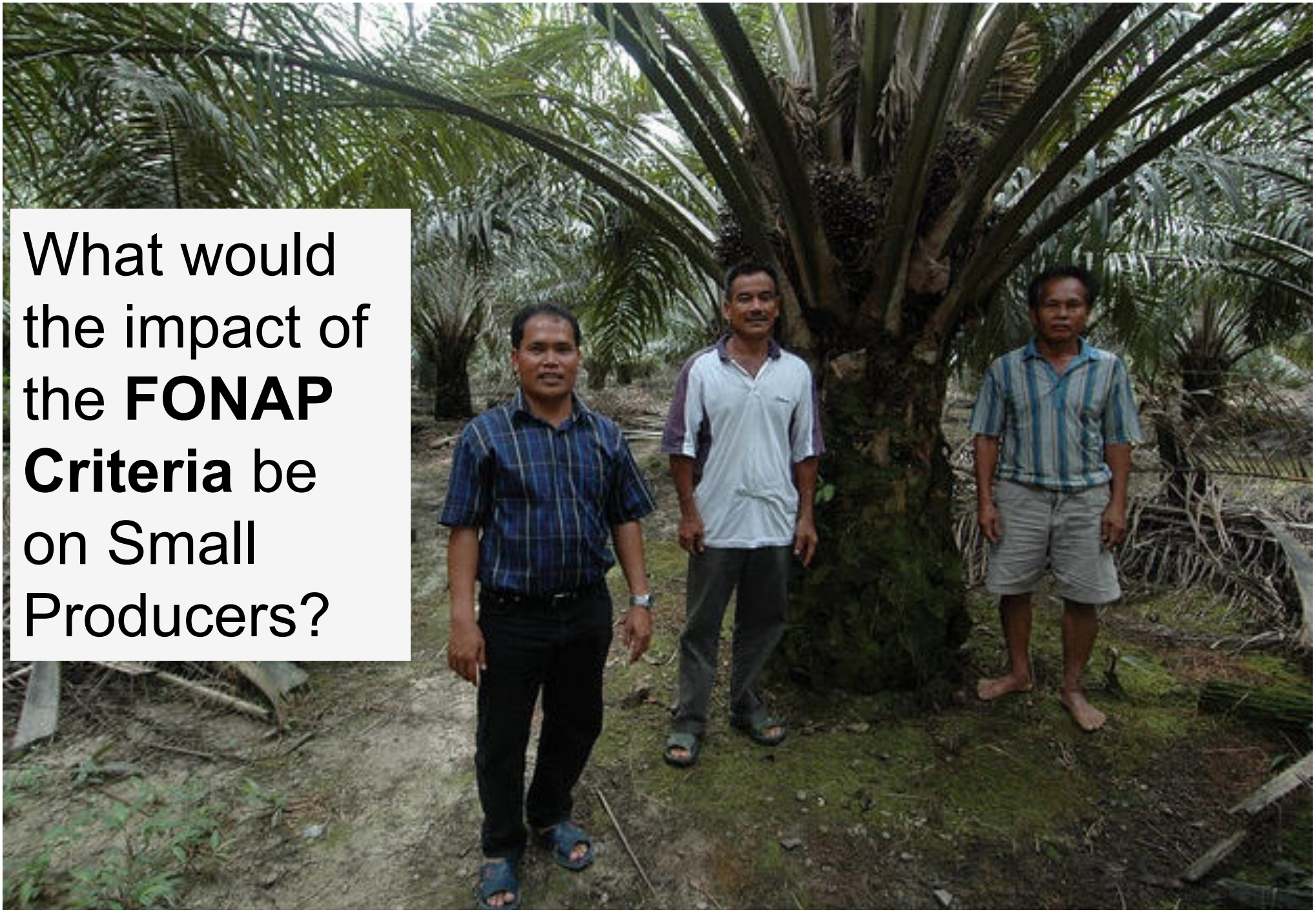
The FONAP **add-on criteria** has been adopted by its members in addition to the commitment to consume certified sustainable palm oil.

FAOC#1 – Use of Fresh Fruit Bunches (FFB) from legal sources only

FAOC#2 – Ban on the use of highly hazardous pesticides

FAOC#3 – Stopping cultivation on peatlands and other areas with high carbon content

FAOC#4 – Application of strict greenhouse gas reduction targets


What would the impact of the **FONAP Criteria** be on Small Producers?

FONAP Project (2018-2019)

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WWF

wild asia is a not-for-profit social enterprise

Phase 1: 2018-2019

Understanding the Impact of the FONAP Criteria on Small Producers in Malaysia

Wild Asia's Regional Support Units

Bridges Theory to Practice

Bridge the divide between research and local experience, between science and practice, to build a foundation of knowledge relevant to regions for sustainable production.

FONAP Project (2018-2019)

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Part 1: FONAP CRITERIA

- Comparative study of existing certification standards and other market initiatives against the FONAP add-on criteria
- Applying the FONAP add-on criteria to Malaysian small producers using WAGS certified members as a sample
- Opportunity for open consultations from Malaysian stakeholders


Review of FONAP (Forum for Sustainable Palm Oil) against Similar Market Initiatives in Palm Oil


Impact of the FONAP Add-on Criteria on Small Producers in Malaysia

Final Study Paper

FONAP Project (2018-2019)

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Part 2: SUSTAINABLE PRODUCTION

- Small-grant to cover a mixture of trials that could unlock sustainable production for small producers
- Results from these pilots could be magnified in subsequent support from FONAP members

Part 1: Executive Summary “Impact of FONAP Add-on Criteria”

FAOC#1 – Legal Source

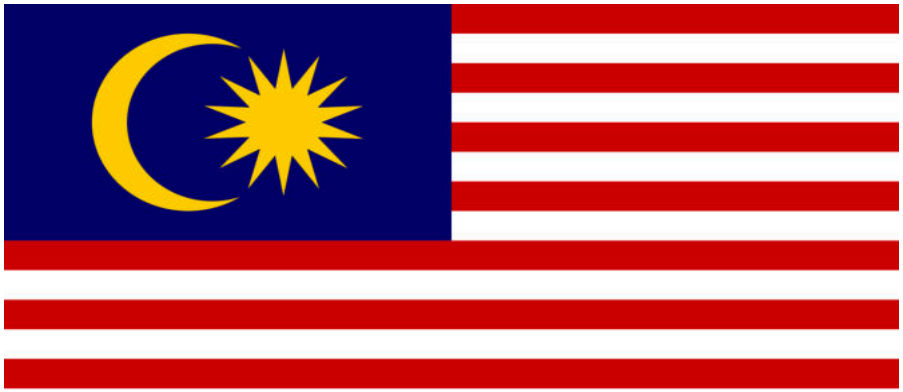
FONAP's add-on criteria for sustainable palm oil

FAOC#1 - Use of FFB from legal sources only

	Sabah	Perak
FFB are not grown on illegally occupied lands	100 %	100 %
FFB are from known origins	100 %	97 %
FFB are not grown in any Protected Areas	97 %	100 %

- Malaysia has a licensing system for all cultivated palm oil. Weakness is in checking by authorities (more than one plot, not up-to-date).
- Many of WAGS farmers sell to traders. Poor record keeping by dealers/traders are common.
- Malaysia has a land tenure system and protected areas are often well defined. Some encroachment are known but restricted and often where there is a dispute between customary lands/State reserves.

Palm Oil – National Drive for Certification



Malaysian Sustainable Palm Oil Standard (MSPO) for production, milling and supply chain.

Certification will be mandatory for all Growers by 2019.

About 50% of all Production and 64% of Mills are MSPO Certified (Aug 2019)

FAOC#2 – Agro-Chemicals

FONAP's add-on criteria for sustainable palm oil

FAOC#2 – Ban on the use of highly hazardous pesticides

	Sabah	Perak
Pesticides categorized as **WHO Class 1a or 1b**, or that are listed by the **Stockholm or Rotterdam Conventions**, and **paraquat** are not used	100 %	9 %

- Paraquat was most commonly used in Perak. Despite its legal restrictions access to paraquat is more prevalent.
- However, there is widespread use of glyphosate.
- General poor awareness of the nature of agrochemicals used and their safe use. Risk of exposure is high.

Unsafe exposure to agro-chemcals

Highly Hazardous Pesticides

FAO definition of a HHP includes pesticides linked with a high incidence of severe or irreversible adverse effects on human health or the environment.

Chemical Product Name	Chemical Active Ingredient (AI)	Is Highly Hazardous Pesticide?
Basta 15	Glufosinate-ammonium	Yes
Bastura 600	2,4-D dimethyl amine	Yes
BL Paraquat 13	Paraquat Dichloride	Yes
Erata 15	Glufosinate-ammonium	Yes
Gramoxone PP910	Paraquat Dichloride	Yes
Hextar Paraquat 13	Paraquat Dichloride	Yes
Kontrol 15	Glufosinate-ammonium	Yes
Launch 5.66	Glufosinate-ammonium	Yes
Monex HC	Monosodium Methyl Arsenate, Diuron	Yes
Tepat	Glufosinate-ammonium	Yes
ZA Paraquat	Paraquat Dichloride	Yes

Extensive use of herbicides (eg glyphosate)

Estimated at least 15 million liters of Glyphosate are used annually in Malaysia

The total volume of glyphosphate marketed in Malaysia is estimated to be about 15 million liters a year, which is valued around RM250 million per year. Ismail Rahman et al, 2010.

FAOC#3 – Peatlands & High Carbon Stocks

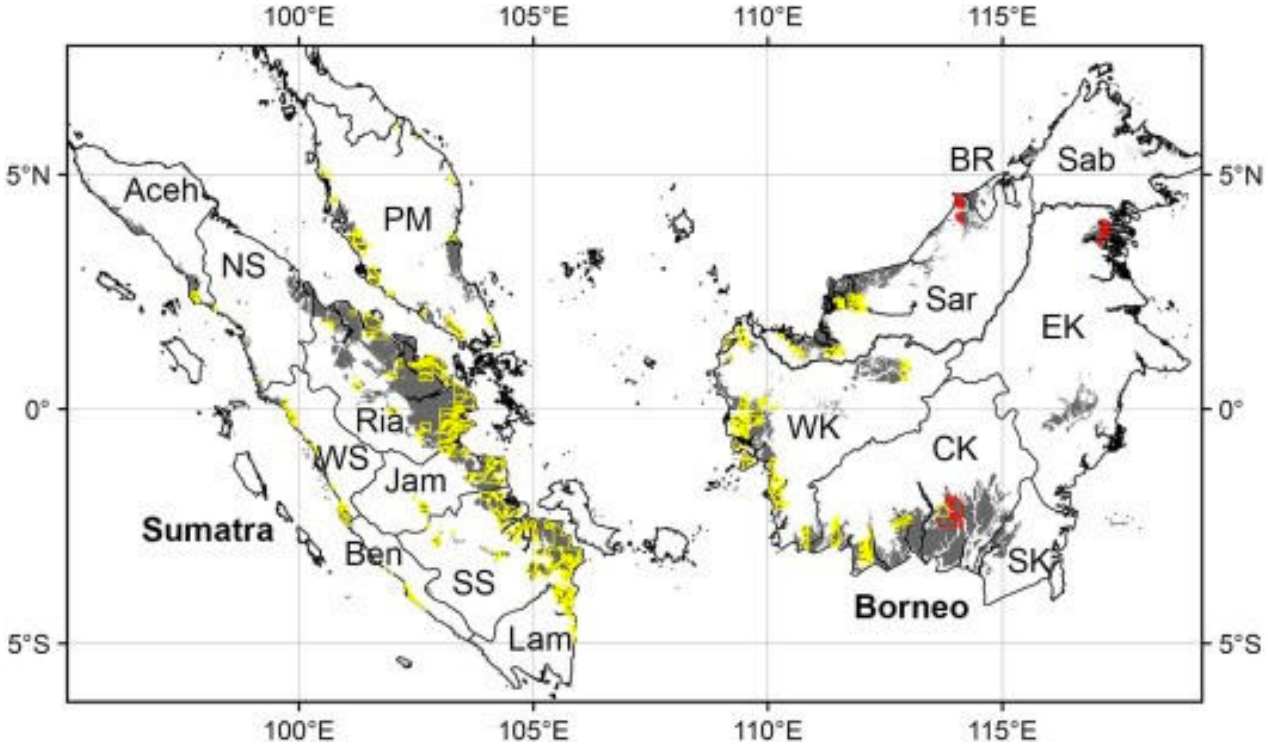
FONAP's add-on criteria for sustainable palm oil

FAOC#3 – Stopping cultivation on peatlands and other areas with a high carbon content

	Sabah	Perak
FFB are not grown on peatlands	94 %	90 %
FFB not grown on HCV/ HCS areas	100 %	94 %

- So far WAGS farmers have cultivated in non-forested areas and outside of protected areas (HCVs).
- Some farmers have established on peatlands but are associated with floodplain ecosystems. Large extents of peatlands are rarer in Malaysia, but are distributed to some areas of West Malaysia, Sarawak and lesser extent Sabah.

Major Tropical Peatlands of SE Asia



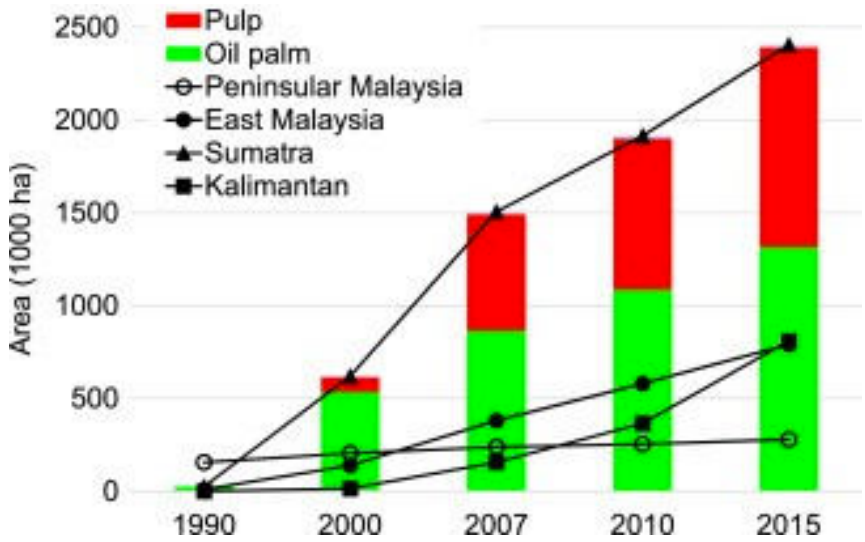
About 15% of global carbon is stored in tropical peatlands

Tropical peatlands are known to be globally significant deposits of terrestrial organic carbon with estimates ranging from 50 to 105 GtC; equivalent to about 15% of carbon stored in peat globally.

There are an estimated **15.7 Mha of peatlands** in our region. Meittinen et al, 2016

Are NDPE Policies too late?

Over a 20 Year Period (1996-2015), there remains only 29% (4.6 Mha) of SEA peatlands, only 6% undisturbed.



Within a 20 Year Period (1996-2015), there remains only **29% (4.6 Mha) of peatlands in West Malaysia, Sumatra, Borneo**. *Of which **only 6%** of the total peatlands show little change since 1990. Of the total peatlands, 50% (7.8 Mha) of the peatlands are now covered by managed land cover types (22.4% small-holders and 27.4% industrial plantations). **Timber (pulp) and oil palm are the major crops.** Meittinen et al, 2016*


?
2019
1997

Can we claim sustainable palm oil on peatlands?

*Peatlands requires **complex water management across private-state-communal boundaries**. Not addressing this contributes to further peat degradation and risk of fires, creating a trans-border public health hazard and large loss of carbon into the atmosphere.*

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Connecting to Markets
Direct-support and incentives for specific production regions, linked to specific palm oil mills.

Defined Hydrological Boundaries as Administration Unit for Jurisdictional Certification

eg

South-East Pahang Peat Complex

North-east Selangor Peat Complex

Klias Peninsular Peat Complex

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GROUP SCHEME

Regional Support Units to managed education, outreach and compliance

District Office + Government Agencies + Companies + Villages

FAOC#4 – GHG Targets

FONAP's add-on criteria for sustainable palm oil

FAOC#4 – Application of strict greenhouse reduction targets

	Perak	Perak
Public reporting of GHG emissions using Palm GHG on new and existing plantations	100 %	100 %

- GHG reporting is a requirement for RSPO certification.
- Typically fertilizer usage is the biggest GHG contributor for small producers. Many do not fertilize and some even show negative emissions for GHG.

Small Producers as a potential **Nett Carbon Sink**

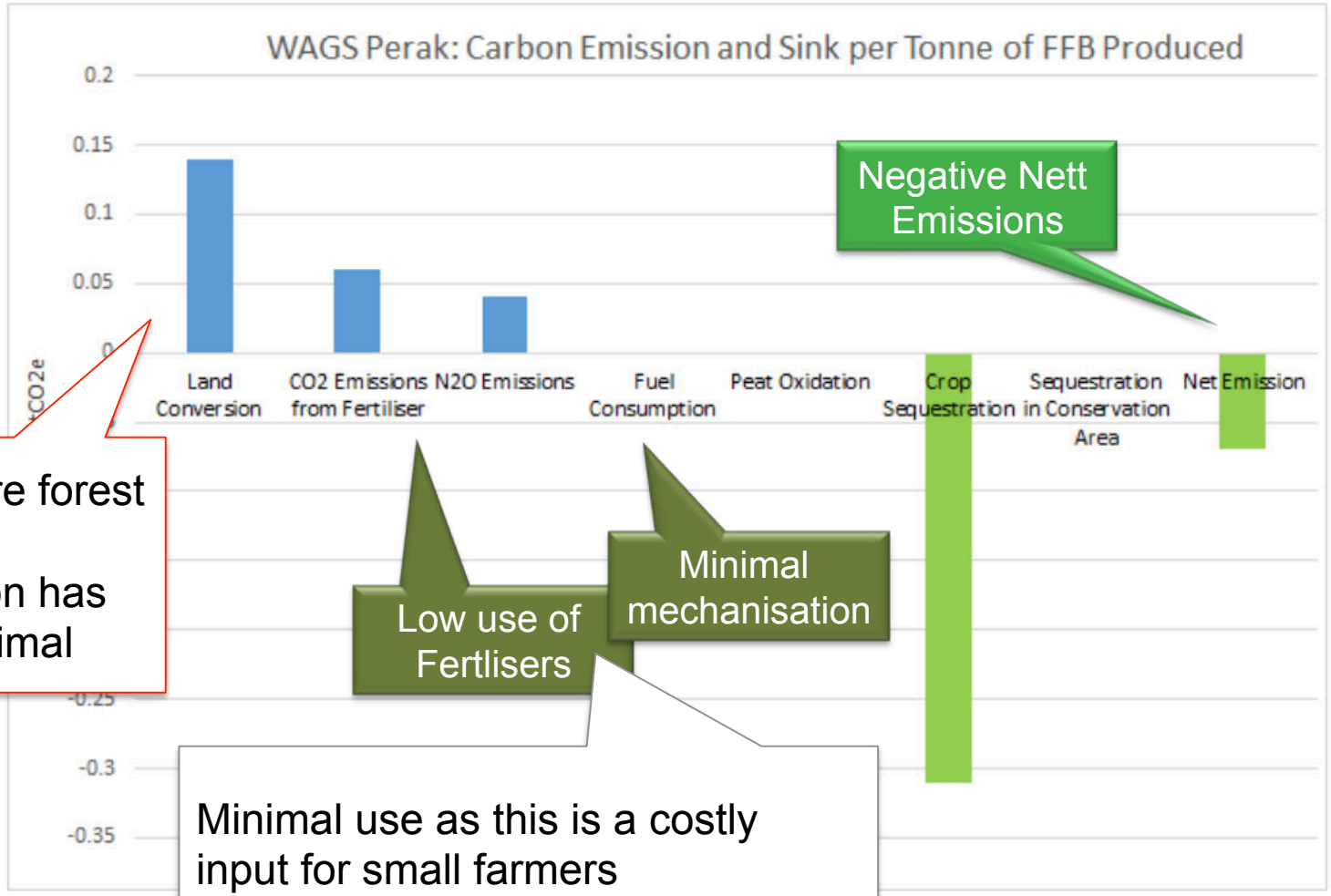
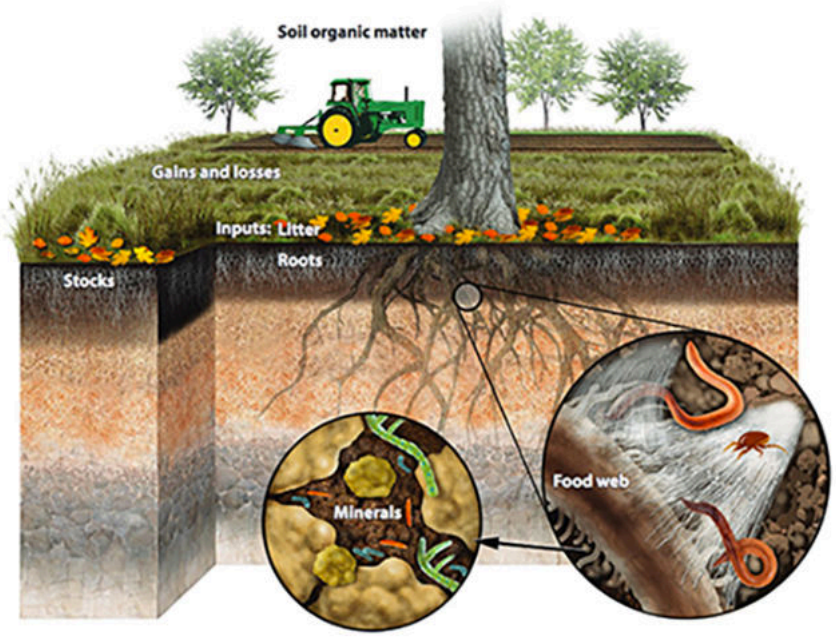


Figure 24: Ch … k from RSPO PalmGHG Calculator ver 3.01

Living Soils as a potential **Nett Carbon Sink**



Estimated THREE TIMES more carbon in soils than in the atmosphere

"Retaining and restoring soil organic matter helps farmers grow better crops, purifies our water and keeps the atmosphere cleaner,"
(Jackson et al, 2017)

Part 2: Executive Summary “Pilots for Sustainable Production”

Pilots for **Sustainable Productions**

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GROUP SCHEME

Soils are the Foundation for Sustainable Agriculture


Industrial plantations do not conserve
fragile, thin, tropical soils

Pilots for **Sustainable Productions**

SOIL
FERTILITY

Compost
Palm Mill Co-Composted Waste
75kg/ tree

EFB
Raw, Uncomposted Mill Waste
200 kg/ tree

ORGANIC
CONTENT

TOXINS
Chemicals/Leechate

Conventional
Convential Fertiliser Application

Beyond industrial plantations, we began finding individuals exploring poly-culture or chemical-free agriculture.


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GROUP SCHEME
SOIL
FERTILITY
=
+
-
ORGANIC
CONTENT
TOXINS
Chemicals/Leechate

Poly-culture agriculture opens the door to other crops ··· Trees? Cocoa? Essential Oils? Nuts?

If there is wider adoption, is **Certified Organic** an option? Would not all crop on the land be Certified Organic?

Conclusion

FONAP's add-on criteria for sustainable palm oil

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In addition to promoting the uptake of Certified Palm Oil, the FONAP add-on criteria has been adopted by its members in addition to the commitment to consume certified sustainable palm oil.

RSPO (and similar) Certification or Add-on Criteria, is a step forward. But we can see, there are some gaps which have far greater impact on the Environment.

FONAP has an opportunity to influence a shift towards addressing how the industry can change … and make a global impact.

FONAP as a catlyst for sustainable development

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Change the narrative

Global palm oil industry can be more RESPONSIBLE

Change the narrative

Shared responsibility for global climate action is a focus back on LIVING SOILS

Change the narrative

We will work together to reverse greenhouse gas emissions from TROPICAL PEATLANDS

Change the narrative

We will work together to make palm oil more INCLUSIVE by incentivizing sustainable production OR supporting small producers to develop poly-culture and organic production.

GHG Fossil Fuels

Carbon Capture

Biodiversity

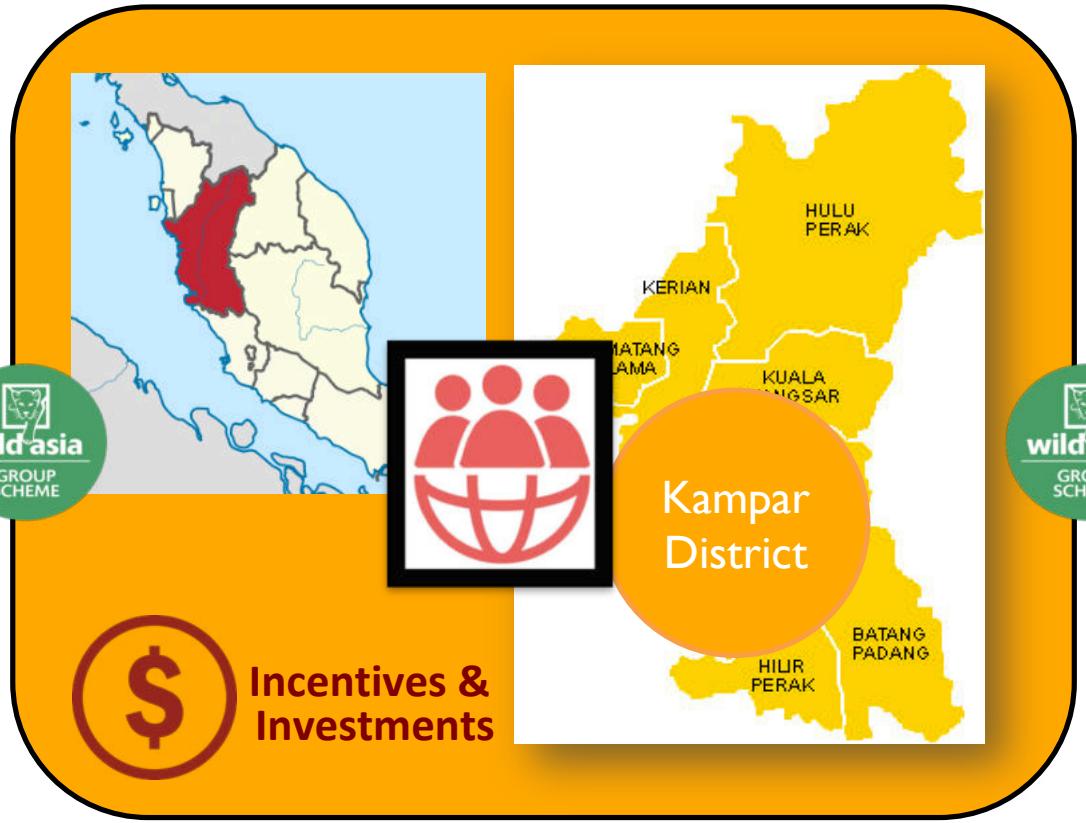
Livelihoods

Green Claims

Trade Royalty

Malaysia's First Sustainable Production Region

Deforestation Free & Inclusive of Small Producers

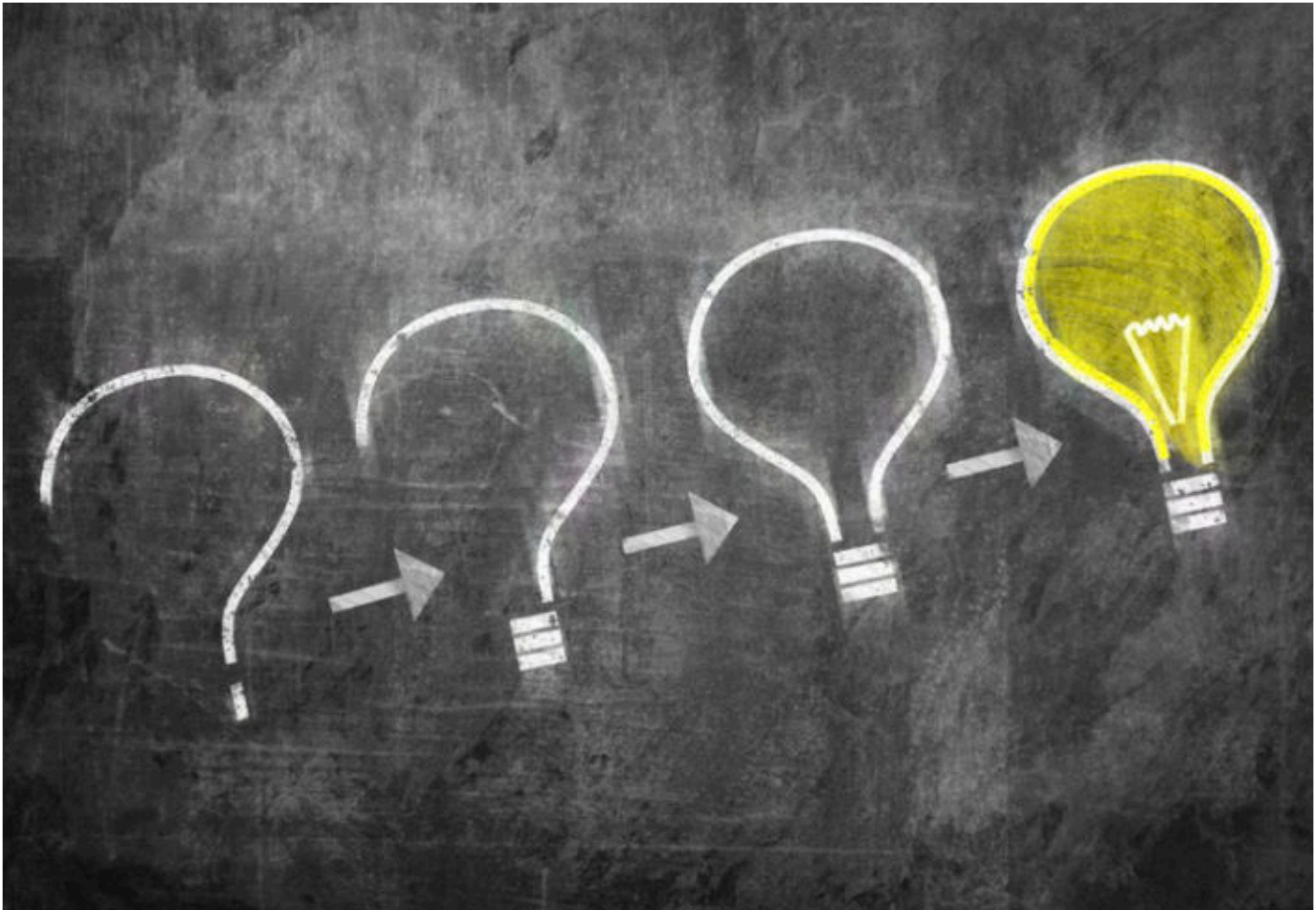


GHG Fossil Fuels

Carbon Capture

Biodiversity

Livelihoods

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