



**“THE OIL PALM INDUSTRY
OF SABAH: THE GOOD,
THE BAD & THE UGLY”**

**DATUK SAM MANNAN,
Director of Forestry,
Sabah, Malaysia.**

**A Speech Delivered At The
“Global Roundtable On
Sustainable Palm Oil 9”**

**Held At
The Sutera Harbour Resort,
Kota Kinabalu.
24th November 2011**



Malaysian Palm Oil Promotional Council
Seminar, London, UK,
May, 2006



UK High Commissioner to Malaysia
August, 2007



Workshop On Implementing RSPO,
Principles & Criteria In Plantations-A
Practical Approach, March 2009



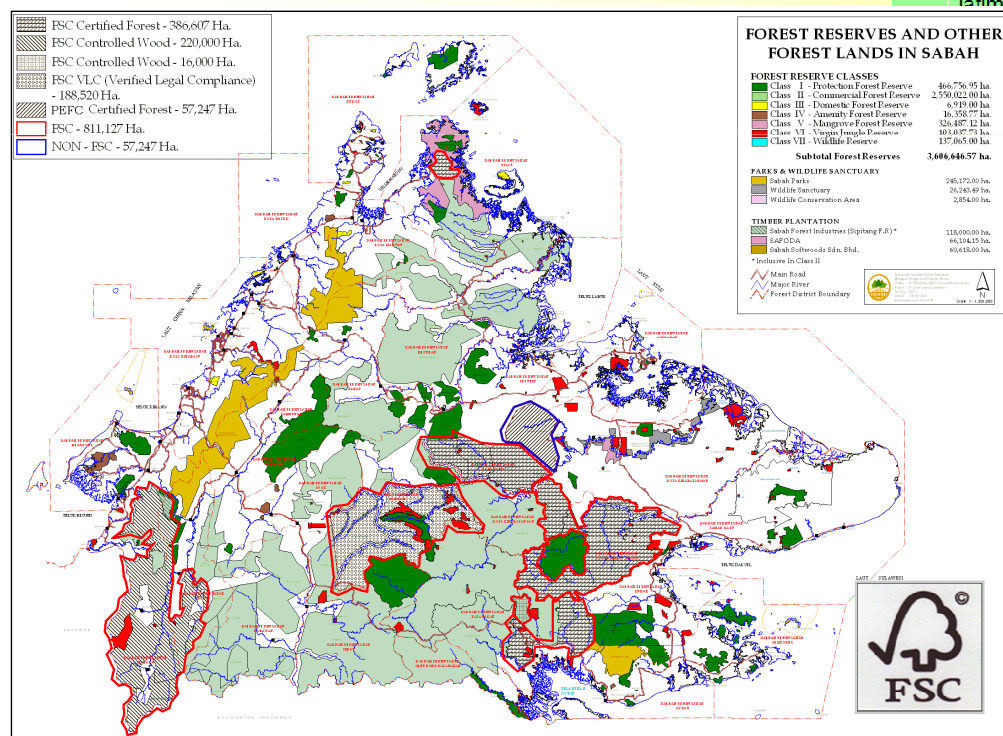
EU Ambassadors & High Commissioners to
Malaysia (March, 2011)



Our Big Picture Goals

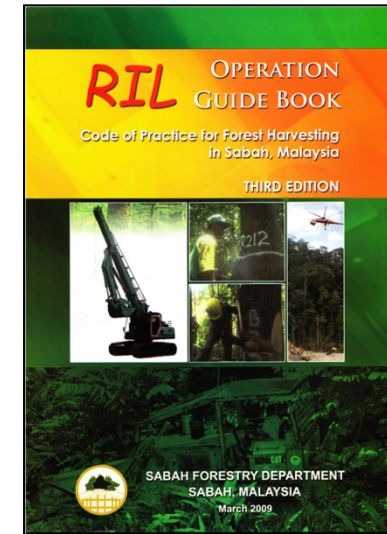
- phasing out short term licences.
- SFM – long term (50-100 yrs).
- 3rd party audits.
- forest certification.

No.	SFMLA Holders	FMU #	1st Audit Jun-Aug 2009	2nd Audit Nov 2009- Feb 2010	3rd Audit Jun-Aug 2010	4th Audit (Nov 2010- Feb 2011)
			% Compliance			
1	Maxland S/B	17A	87.5	90.0	91.7	97.37
2	Lebihasil S/B	17A	87.5	87.5	94.1	97.06
3	Rakyat Berjaya S/B	15	80	87	88.6	93.18
4	Rakyat Berjaya S/B	16	84	89	90	to be audited on 11-14/3/11
5	KTS Plantation S/B	19B	100	97.8	97.8	100
6	Eco-Plantations S/B	2	64	60	63.2	69.44
7	Anika Desiran S/B	5	72	58.8	56.3	62.50
8	USM (Sabah Foundation)	20, 21 & 22	100	91	97.5	100
9	Timberwell Berhad	3	82	65.9	77.8	71.73
10	Bornion Timber S/B	11	96.4	93.8	97.8	97.90
11	KM Hybrid Plantation S/B	11	96.4	89.1	93.5	100
12	TSH Resources Berhad	4	100	92.6	91.3	94.40
13	SFT S/B	7	85	82	86	91.30
14	Sapulul FD S/B	14	93	93.8	96.4	100
15	Lembaga Tabung Haji	18(C)	62	78.9	73.7	92.50
16	Lembaga Tabung Haji-USIA Latimas	18(D)	62	65.8	60	72.50
	Foundation/Swedish City	24	100	NA	NA	NA



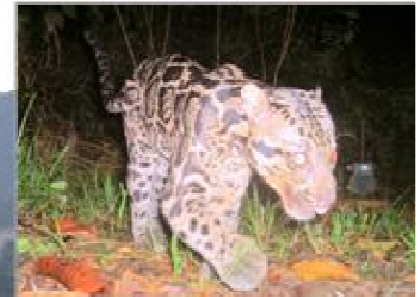
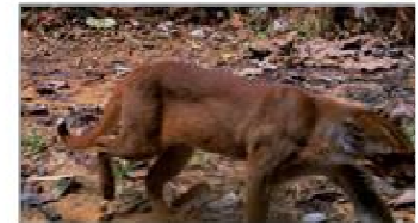
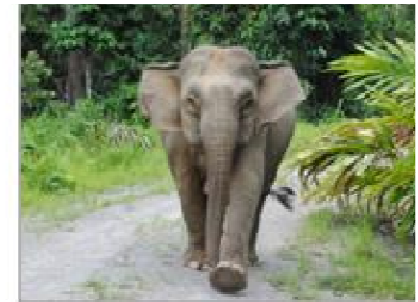
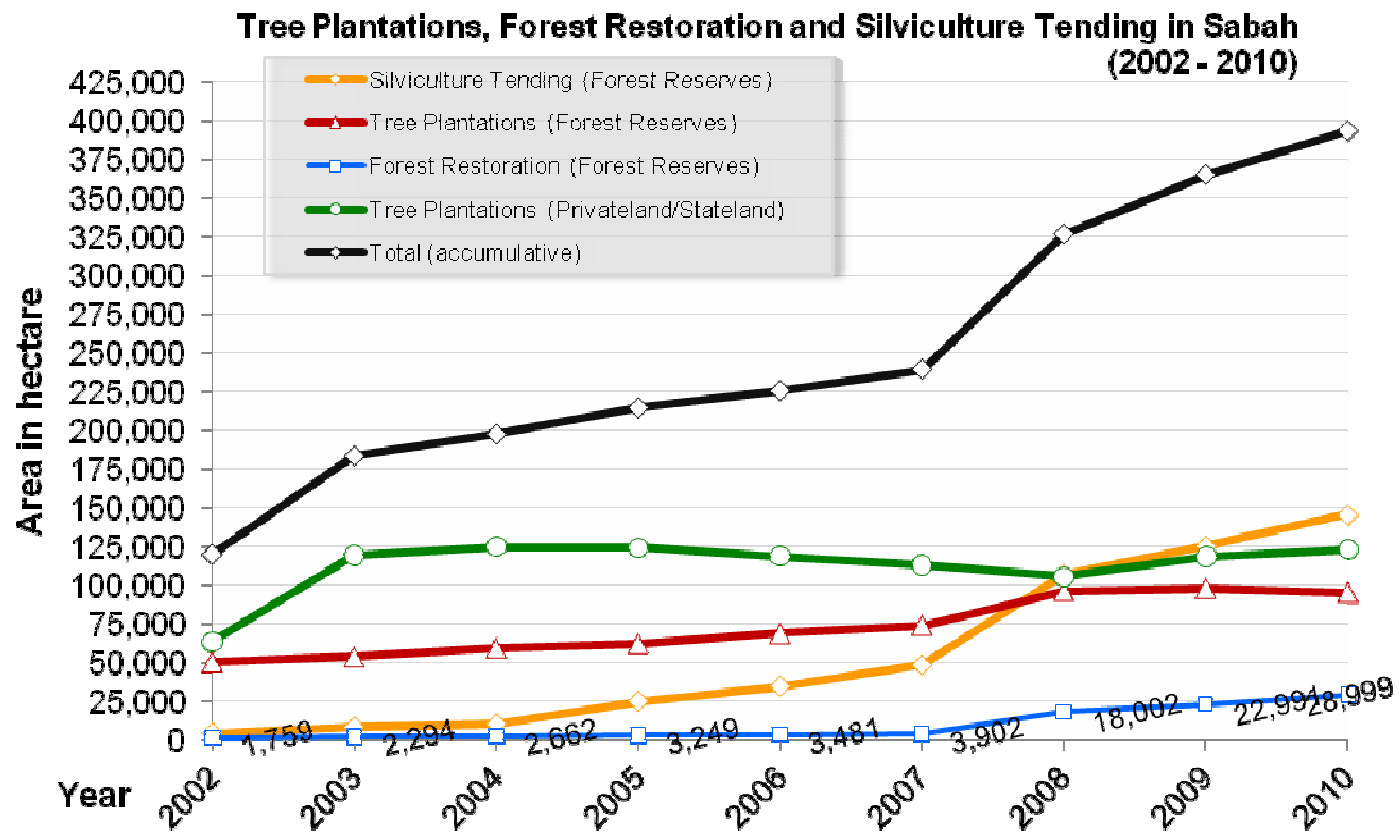
Why Forest Certification?

- improves behavior & performance.
- continuous improvement mechanism.
- credibility & transparency.
- access to sensitive markets.
- endorsement of good governance.



Our Forte In The Next 20 years

- build up depleted resources.



Oil Palm In Sabah – The Good

○ Socio-Economic Development

- '60s, '70s and '80s – poor man's crop.
- today, oil palm covers 1.5 million hectares of land alienated for agriculture.

○ Direct Sabah Government Revenue

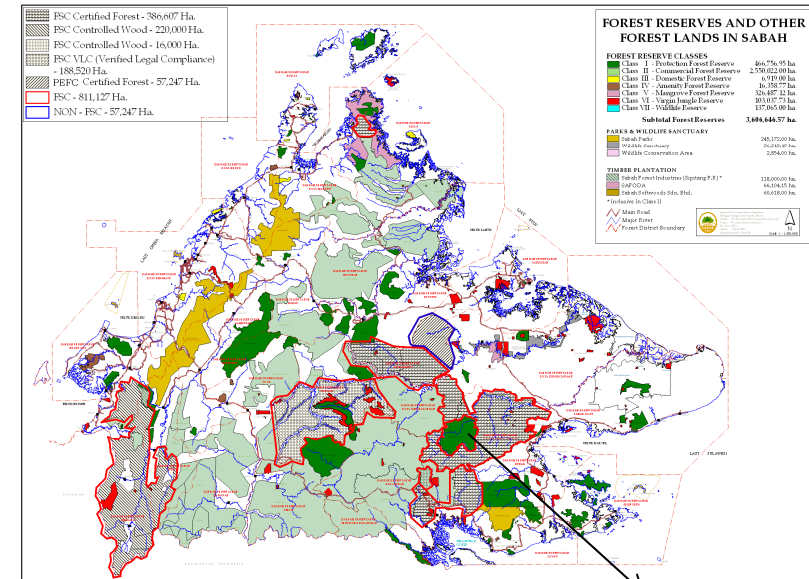
- not less than RM 1 billion.

○ Reduces Pressure To Log More Forest

- revenue from oil palm means avoiding logging 200,000 ha of virgin forests.

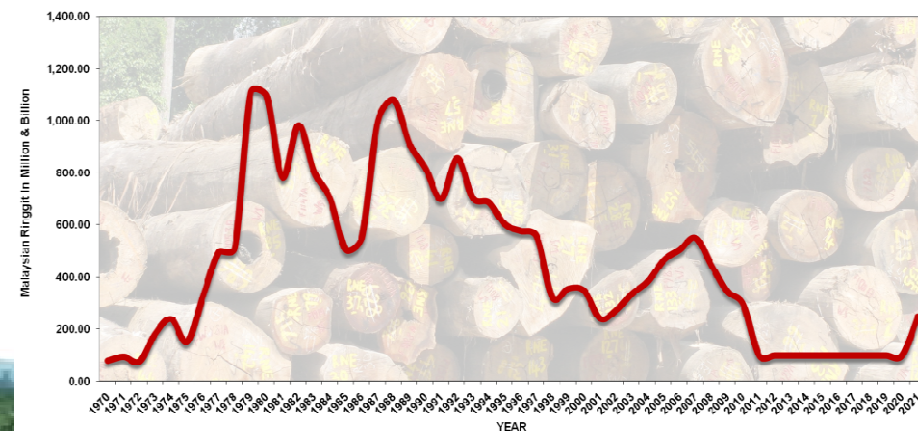
○ Investing In Long Term Conservation

- Sime Darby
- Wilmar International



Danum Valley

Forest Revenue: 1970 - 2020



○ Quality Of Life

- better housing.
- clean water.
- schools, etc.



Oil Palm In Sabah – The Bad & The Ugly



○ Encroachment

- some 40,000 ha.
- 20,000 ha retrieved to date.

○ Who Buys Illegal Oil Palm?

- no CoC.

Firepower for Forestry officers

To face illegal loggers and poachers, among others

KOTA KINABALU: Enforcement officers with the State Forestry Department are now armed to better protect the forests and for self-protection.

Director Datuk Sam Mannan handed over the shotguns and handguns to selected enforcement officers who have been licensed by the police to carry and use firearms at the Forestry Department Headquarters in Sandakan, Wednesday.

Sam said that on numerous occasions, field officers carrying out their duties have come under physical attack. This does not include attacks on buildings and vehicles that belonged to the department. He cited the two worst cases with the first being the raid over the Ulu Segama-Malus District Forestry Office Base Camp in 2009 by a group of poachers in which Officer Indra P. Sunjoto was lucky to survive.



Sam (front centre) and the armed Forestry Enforcement Officers after the ceremony.



Illegal Oil Palm Destroyed (2006 – 2010)

Year	Area Destroyed (ha)
2006	225.80
2007	149
2008	913.47
2009	1,351.07
2010	2,297
Total	4,936.34



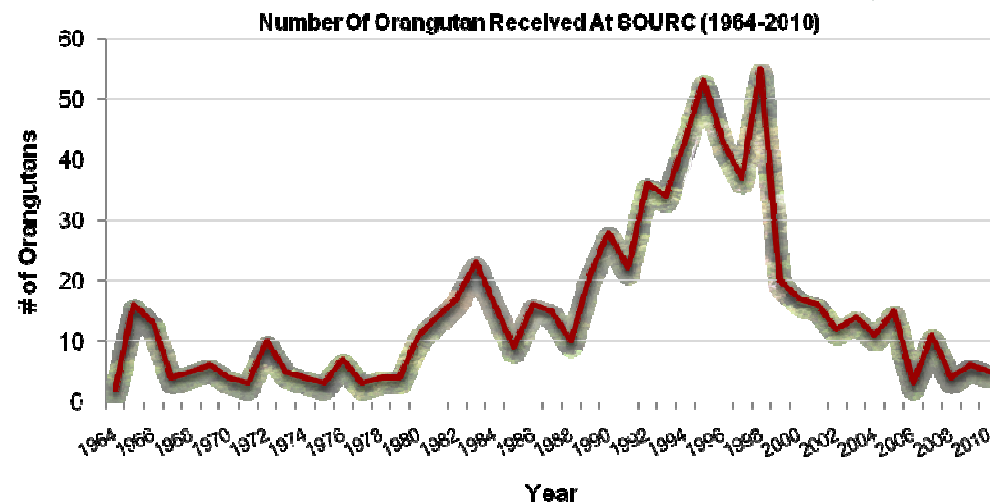
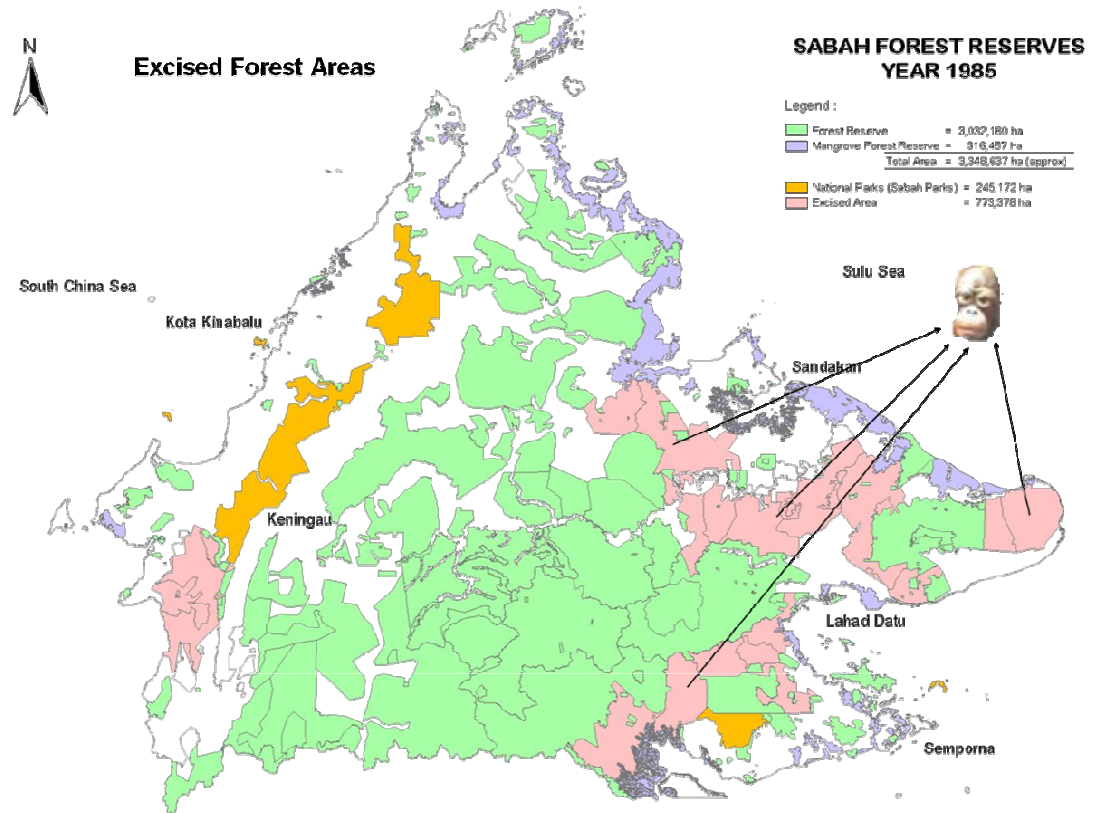
○ Elephants Continue To Be Killed

- 2010, not less than 5 juveniles.
- poisoned or shot?



○ Orang Utans & Oil Palm – Is It Compatible?

- habitat loss?

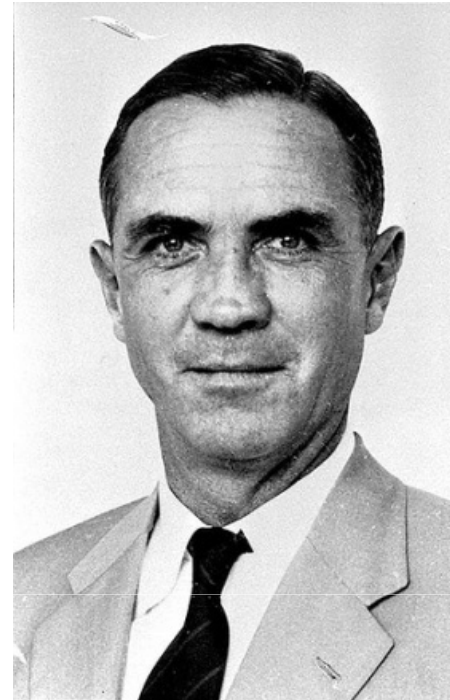


○ Native Rights & Land Issues

“A market is a place set apart for men to deceive and get the better of one another.”
(Anacharsis, *“Lives of Eminent Philosophers”*)



“Laissez Faire” – Let business go forward, no interference.
(Marquis D'Argenson)



Sir William Goode

“.... It was vital, Sir William told us that the colony came up with some new crop, which could thrive in the wet river valleys of the east coast. He was particularly pleased that Unilever’s investment was to be in the form of an oil palm plantation....”

(Datuk Leslie Davidson in conversation with the Governor, Sir William Goode – in the book “East of Kinabalu”)



Beluran villagers protest 'incursion'

Stephanie Lee

KOTA KINABALU: Villagers of Kg. Mapat and Kg. Mapad in Paitan, Beluran, are furious over the destruction of crops on their lands and have vowed to never give in to those trying to take over their customary lands.

Village Security and Development Committee Chairman, Luking @ Luping Mungui said their lands, which had been their homes for at least five generations back were now under threat. He said a plantation company had started bulldozing and destroying the crops and fruit trees planted on this land despite continuous protest from villagers since 2007.

"Since 2006 until now, we have been complaining to the Department of Land and Survey objecting to the surveys of the company and other parties encroaching our customary lands," he said.

Police reports had also been made in Beluran but no actions were taken, he claimed. Luking who was detained for one and a half day at the Beluran police station recently for allegedly being rude to the police, made another police report at the city police headquarters regarding the matter on Monday.

Speaking of his arrest by the police, he said it was unfair he was pulled up.

"Do I have to keep quiet and let our customary land fall into someone else's hands? Do I have to keep mum and just look at them destroying our crops, our living and all our forefathers' hard work? Do we shut up when they dig up our ancestors' graves?" he asked. He also queried the said land grant acquired by the company, which up to this day has never been showed to the villagers even though various requests have been made.

"The police said they are the ones keeping the grant, and why is the grant with the police and not the land owners (if the grant really exists)?

"The police did show us a letter written in English, which they say is the land grant and ignored our request when we asked for a photocopy," he said, adding that they could not understand the letter presented as it was written in English.

In this respect, a lawyer who accompanied the villagers in making their police report here, Datuk Kong Hong Ming said this is another tragedy on land grabs. The Tawau PKR chief said the villagers are crying out for justice and immediate actions to put an end to the uncertainty of the continuity of their communal livelihood. "Their ancestral lands are being encroached and destroyed under helpless protests. Their appeals to the authorities for help, justice and protection were denied.

"They were there before any form of government administration. After years of settlement for at least six generations, they are now fighting to keep their ancestral land inherited for the survival of their families, livelihood and a space for the continuity of their present and future generations. "The government has acknowledged the existence of the village communities and their customary land by having appointed not less than six village chiefs over the years," Kong said.

In this regard, he called for immediate investigations and actions to put an end to any impropriety and abuse of power of the authorities concerned.

People at Paitan should not be harassed anymore or forced to take the law into their own hands out of helplessness and desperation, as they too deserve justice and full protection under the law, he added.

"Until today, despite demands of villagers no one from both villages had seen any court order that prompted actions against the villagers in allowing the company to trespass their ancestral land and destroy crops planted," he said.



to be

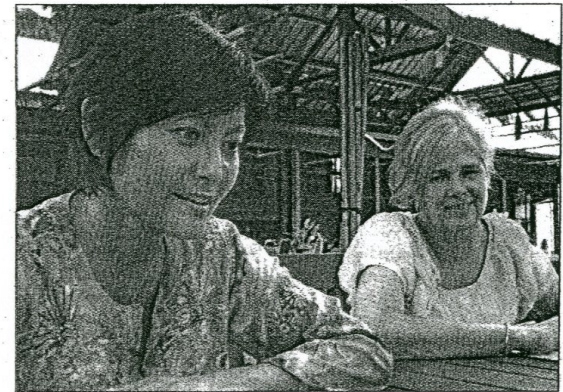
Need to resolve growing land rights issues

Sherell Ann Jeffrey

KOTA KINABALU: There's a need to address growing issues concerning native land titles faced by indigenous people in the State, especially those in the interiors.

Executive Director of The Land Empowerment Animals People, Cynthia Ong, said this here, Monday, during a dialogue with the media on the outcome of her on-going one-week evaluation programme which began Oct 16 on land rights matters in Sabah in collaboration with an independent consultant from Denmark, Birgitte Feiring.

"Many natives of Sabah, especially those in the interiors, are faced with native customary rights to their lands. Some of these cases date 11 years back like the case in Kg



Ong (left) and Feiring.

and tackle the ones that have the chance of succeeding to come to a solution and use that to pave the way," said Ong.



Director of Forestry, Sabah, Malaysia, Nov 2011

○ Slow Death Of The Lower Kinabatangan Corridor Of Life (K-CoL).

Blow to water supply

Sidney Skinner and Kan Yaw Chong
KOTA KINABALU: While rivers in the east coast are becoming increasingly polluted due to oil palm activities, those providing this life-saving commodity to urban taps in the west coast, too,

The Water Department's rampant land reclamation along the Bakut river, Manganese, a hard, around the world, is not it is present in g

It is also used in stain and coats. The disclosure follows Express inquiries into shutdowns recently. Kasugai treatment plant levels of manganese in ti

water channelled to the forced the plant to intermittently. The shutdowns – son up to 12 hours – disrupt ply to businesses and holds around the State (A Department spokesmen production was now back per cent, with output fi plant at about 61 million of water.

So acute is the problem the Department said it is sidring reactivating pumping main at Made alleviate the erratic outp The Department said agencies, including the Environment to address riverside. "Should consumers co

act the Department so I said the spokesman.

Recently, State Tourism and Environment Minister Datuk Masidi Manjun said five East Coast rivers were found to be heavily polluted due to illegal discharge of Pome from oil palm mills.

As for the East Coast, the State Government is embarking on a drive to eliminate blatant illegal direct discharge of pome from even First Board palm oil mills into rivers that supply water to major East Coast towns like Lahad Datu and Sandakan, the quality of some of which have been "damaged beyond repair."

By a strange co-incidence, in the midst of his presentation at the recent "National Seminar on the Impact Study of Palm Oil Mills, Oil Palm Plantations and Other Pollutants on the Quality of Selected Rivers in Sabah" at the Sutra Magellan, a Water Department Officer received a call from his Beluran water treatment plant operation chief complaining about raw water drawn from the Munard River smelling of pome (oil mill waste).

The problem is the Beluran treatment plant is a basic facility which cannot remove strong odour from the oil palm waste contamination. A shutdown would mean water cut to the district.

Apparently, the treatment plant there has been facing this vexing problem for last 10 years, caused by direct pome discharge into the Munard River from mills in the area.

Besides ubiquitous damage to the water quality of many East Coast rivers, there has been increasing complaints from fishermen about loss of fisheries, seminar speakers noted.

See Page 2, Col. 6

See our Special Report on Pages 10 and 12

Palm oil mills – major source of pollutants

From Page 10

For example, in Sungai Pang, Burong, total nitrogen is 1ppm from low-flow water sample above plantation area but is 120ppm from a sample taken within a plantation stretch.

In terms of phosphorus, the same low-flow water samples detected 0.01ppm (above plantation area) and 11.8ppm (with plantations).

The contrast in potassium (K) loadings are even more extreme, with a reading of 2.6ppm (water above plantation area) and 894ppm (water sample taken from within plantation stretch).

The nutrient loading in other rivers show similar contrasts but are too numerous to cite here.

Palm oil mills – major source of pollutant

Next, why are palm oil mills a "major" source of river pollutants?

First, palm oil mill effluent treatment systems are either not



The study team (from left) Faizal Parish, Lo Su Mui, Dr Kalithsan a/l Kallasan and Justin Siap.

maintained or not functioning, noted Ms Lo.

The Department of Environment (DOE) requires palm oil mills in Sabah to treat and reduce BOD (biological oxygen demand) of their palm-oil effluents to 20ppm. So that the organic content is negligible and demand little oxygen for its decomposition when discharged into a river.

That is to say, reduce the organic content to insignificant level for safe disposal into the environment as it would not trigger eutrophication.

However, the study found only five of the 20 mills are able to reduce the BOD to 100ppm and only one mill came close to 20ppm BOD.

The bulk manage to reduce BOD to only 300-400 ppm and even reach as high as 1200ppm!

Ms Lo noted.

Also, due to poor maintenance of the equipment, some mills did not desludge for more than two years and some even five years and that causes effluent overflow during high rainfalls.

Second, land irrigation systems which they use to contain the effluents are poorly established and managed.

DOE actually requires 100pc of manpower and resources to under-

palm oil mill effluents to be neled to land irrigation since that is, not one drop of pal effluent should get into river

But in many cases, the management or maintain the land irrigation systems to rainy season overflow and amination of nearby waterwa

So, there is a need to revise issue and develop clear guid for the land irrigation system Lo said.

Third, weak legislation penalties pertaining to direct ent discharge and insuffi enforcement of regulations.

There is insufficient enment of the regulations perts to direct palm oil mill effluen charge , poor maintenance of ponds, poor quality of the tr effluents regulated under DOE, which calls for more re visits to the mills.

There are insufficient tr

NEW STRAITS TIMES WEDNESDAY, MAY 10, 2006

Asiatic sets aside land for wildlife

By Jaswinder Kaur
jaswin@nst.com.my

SANDAKAN: Encouraged by the return of wildlife to reforested areas, an oil palm plantation in the Lower Kinabatangan yesterday set aside more land for conservation.

Including the latest tract, Asiatic Development Bhd has dedicated 118 hectares to jungle rehabilitation over the past seven years, foregoing the profits from palm oil.

The reforested zone will help establish a corridor for wildlife to move about in the fragmented Lower Kinabatangan Wildlife Sanctuary.

Asiatic Development signed a memorandum of understanding with WWF-Malaysia and the Sabah Wildlife Department to help rehabilitate one of the richest wetland habitats on Earth. The area flanks the Tenagan River, a tributary of the Kinabatangan River, which is Sabah's longest.

Asiatic Development senior vice-pres-

dent and general manager for Sabah Abdul Halim Abdul Majid, Sabah Wildlife Department deputy director Laurentius Ambu and WWF-Malaysia Borneo Programme chief technical officer Dr Rahimatush Amat.

Laurentius said the department had been trying, without concrete results, to persuade plantation owners to help restore areas near wildlife habitats since the 1990s.

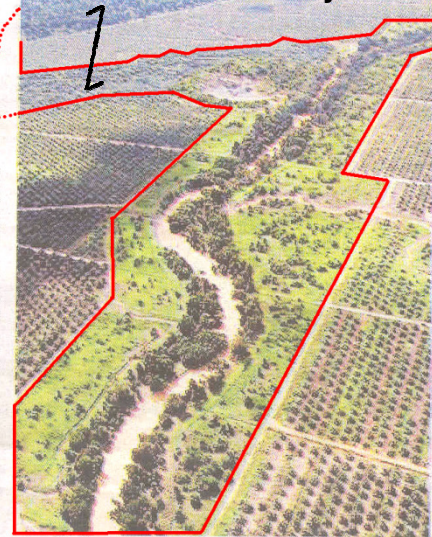
He said development must be balanced with conservation, and companies which support such efforts could gain rewards in the form of tourism.

"Kinabatangan is a tourism icon in Sabah. Planters can tap into this potential, as tourists can visit areas they have helped to rehabilitate," he said.

Halim, meanwhile, said proboscis monkeys and Borneo pygmy elephants had been sighted in rehabilitated zones.

"We hope our efforts will lead other oil palm companies and employers to do the same. We are doing our bit for the environment," he said.

Connectivity



An aerial view of an area already conserved for wildlife by Asiatic Development in Kinabatangan on Sabah's east coast. — Picture courtesy of WWF-Malaysia.



Land clearing for Oil Palm (Alienated Land) River Banks Wiped Off !! (Lamag)

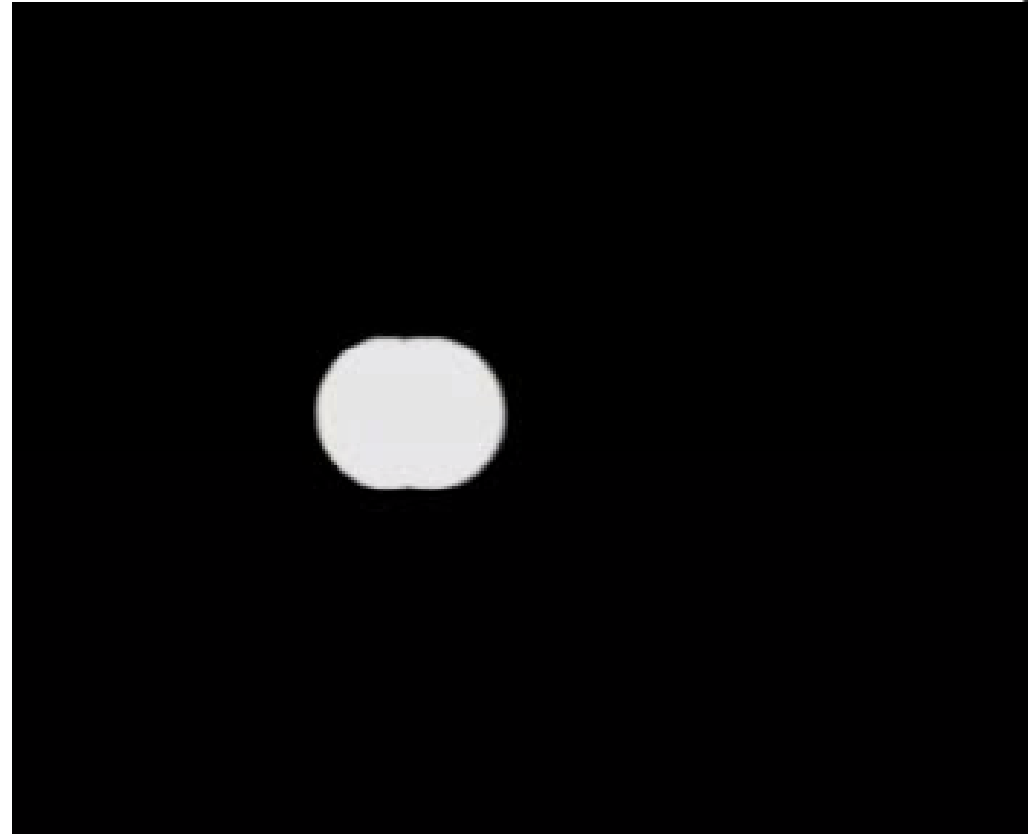
Deramakot Forest Reserve Riparian Forests Intact

01.06.2006

Director of Forestry, Sabah, Malaysia — Nov. 2014

Conclusion

- too small to compete on the basis of size.
- compete on the basis of good governance.
- be exclusive.



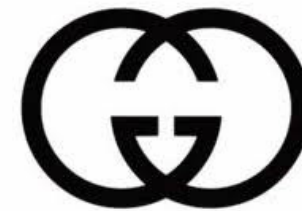
Conclusion

- be a branded good.

HERMÈS
PARIS



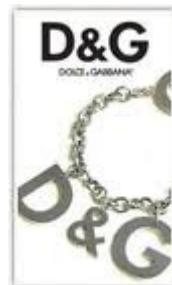
GUCCI



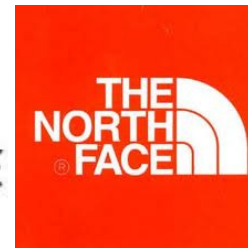
BENTLEY



Mercedes-Benz



PATEK PHILIPPE
GENEVE



ROLEX



PORSCHE



Conclusion

- get certified under any credible certification schemes.



ISO 9001
(QUALITY CONTROL)

ISO 14001
(ENVIRONMENTAL
MANAGEMENT
SYSTEMS)

ISO 13485
(MEDICAL DEVICE
PRODUCTION
STANDARDS)



Conclusion

- support conservation.



Director of Forestry, Sabah, Malaysia – Nov., 2011



Date:
January 29, 2009
Biodiversity Conservation
Certificate Numbers:
250001 - 256001

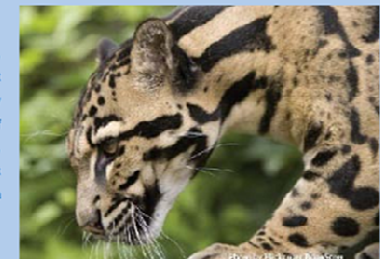
This hereby certifies that *Mr John Joe Doe Smith* has purchased 100 Biodiversity Conservation Certificates from the Malua Wildlife Habitat Conservation Bank ("Malua BioBank"). Each Biodiversity Conservation Certificate represents the exclusive rights to the biodiversity benefits created by the rehabilitation and ongoing conservation of one hundred (100) square meters of the Malua Forest Reserve in Sabah, Malaysia.

Biodiversity Conservation Certificate

What does your contribution help to do?

Your contribution supports the restoration and protection of a 34,000 hectare area of critical rainforest on the island of Borneo. The Malua Forest Reserve is refuge to some of the world's last wild orangutans as well as gibbons, clouded leopards, pygmy elephants, and over 300 species of birds. By implementing a conservation management plan, the Malua BioBank will support wildlife

populations through habitat enhancements, re-establishment of diversified native plant species, promotion of a healthy forest canopy and monitoring the environmental services of the Malua Forest Reserve. Last but not least, your contribution funds a perpetual trust that will ensure lasting protection of the Malua Forest Reserve and its wildlife.



HSBC's GRANT FOR A FOREST RESTORATION PROJECT "Giving Orangutans A Permanent Home."

SUM DONATED : RM 200,000.00
LOCATION : Deramakot Forest Reserve
COMPARTMENT NO. : 109 (265 hectares)
AREA PLANTED : 100 hectares
DATE PLANTED : July 2008
SPACING : 6 m X 6 m
SPECIES : Iaran, Binuang, Sepat, Durian, Kawang jantung and Bako-Bako



Sabah
Forestry
Department



Hong Kong &
Shanghai
Banking
Corporation

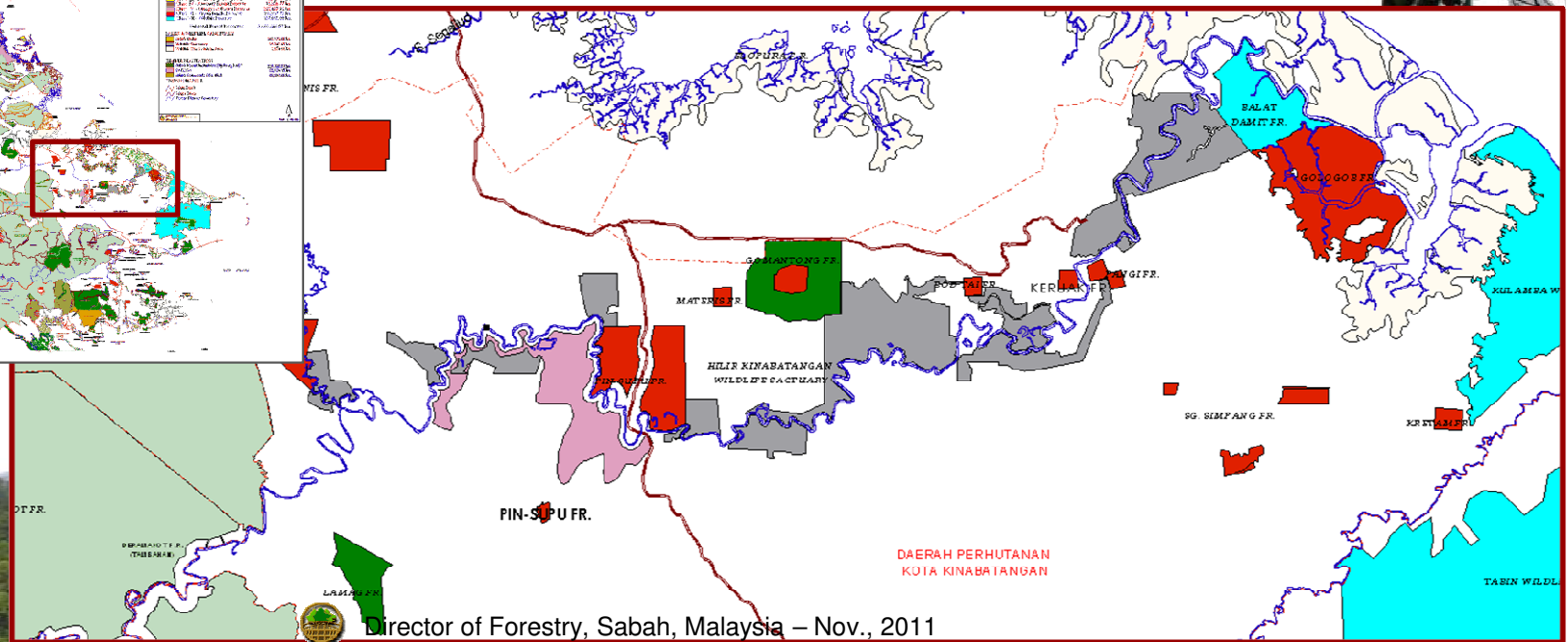
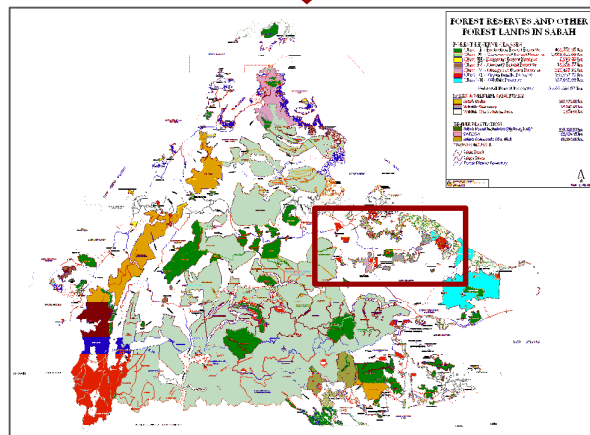


State
Government
of Sabah

Community
of Kampung
Balat

Conclusion

- save the dying K-CoL.




Director of Forestry, Sabah, Malaysia – Nov., 2011

Conclusion

- chain of custody.
- don't expect green dividends.
- don't export bad reputation.
- be honest.
- may the force be with you.



A photograph showing a herd of Bornean Pygmy Elephants crossing a river. The elephants are moving from the forested bank on the left towards the right side of the frame. Some elephants are already in the water, creating splashes, while others are still on the bank. The forest is lush and green, and the river is shallow with visible rocks and sand. The text "Borneon Pygmy Elephants in Malua Forest Reserve" is overlaid in the upper right corner.

Borneon Pygmy
Elephants in
Malua Forest
Reserve

THANK YOU