

Preparing for Compliance in the Oil Palm Biomass Industry

As regulatory pressures intensify, the oil palm biomass sector must accelerate its efforts to meet stringent sustainability requirements, from the EU's deforestation regulation to the US Lacey Act, while overcoming certification challenges and ensuring long-term environmental responsibility.



Businesses using palm-based materials should demonstrate environmental responsibility.

ONGOING CONCERNS

Addressing the need for compliance and recognition for sustainability

As sustainability continues to be a global priority, industries are under increasing pressure to align with stringent regulations. For businesses using palm-based materials, such as palm plywood, palm core, paper and pulp, the need to demonstrate environmental responsibility is especially crucial.

Preparing for 2025: Compliance Under the EUDR

Though the EU's new deforestation

regulation has been postponed by a year, companies must not lose sight of the 2025 deadline.

The regulation mandates that seven commodities, specifically cocoa, coffee, soy, palm oil, wood, rubber and cattle, and their derivatives sold in the EU, must comply with strict sustainability standards, ensuring that no products are linked to deforestation or land degradation.

While the delay provides industries with additional time to meet these requirements, a sense of urgency

remains. Companies should use this time wisely to ensure they are ready to prove compliance when the regulation takes effect.

The US Lacey Act: A Global Standard for Legality

In the United States, the Lacey Act's Phase VII enforcement will require all plant materials, including oil palm-based products, to meet stringent legality and sustainability criteria.

The phase aims to harmonise requirements across global supply chains, making it easier for regulators to ensure that all materials entering the US market comply with anti-deforestation and anti-illegal logging standards.

For the palm oil industry, these shifts mean that companies must also ensure compliance with US laws, which will likely align more closely with EUDR.

This harmonisation of legal requirements presents an opportunity for the industry to build a globally recognised framework for sustainability, streamlining compliance across multiple markets.

Overcoming Certification Challenges for Oil Palm Biomass

One of the major hurdles for the oil palm-based material industry has been the lack of available certification options. Oil palm biomass such as palm plywood, palm core, and paper & pulp cannot be certified under the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC), which initially posed a significant setback. These certifications are crucial for demonstrating sustainability, and without them, the credibility of oil palm-based materials was questioned in many markets.

However, the palm oil sector has one of the most heavily regulated and certified agricultural supply chains globally, which provides an opportunity to address these concerns.

By partnering with established certification bodies such as the Malaysian Sustainable Palm Oil (MSPO) organisation, companies can pursue certification for oil palm-based materials, ensuring sustainability credentials that align with international standards.

HOW IOI PALM WOOD IS ADDRESSING CHALLENGES

Collaborating with MSPO and Developing a New Certification Mechanism for Palm Core

To address the unique challenges of certifying oil palm-based materials, we are actively working to initiate Chain of Custody (CoC) certification for oil palm biomass, in line with the Malaysian Standard MS 2751:2022, that was launched to ensure that palm oil biomass is sustainably sourced.

This collaboration aims to develop a certification pathway for Palm Core, which currently faces significant barriers to obtaining product certification.

The mechanism will include a robust COC system, ensuring traceability from the plantation to final product. This certification will be essential for demonstrating compliance with both EU and US regulations.

By working closely with MSPO, we aim to build a certification system that enhances transparency, builds trust with consumers, and reinforces the sustainability claims of palm-based products.

Developing an Internationally Recognised Standard with SIRIM and the MyHijau Scheme

As part of our commitment to advancing sustainability in the oil palm biomass sector, we are also exploring the potential to develop an internationally recognised standard in collaboration with SIRIM, Malaysia's premier certification body.

This collaboration could significantly enhance the marketability and credibility of oil palm biomass products, especially for those seeking to meet regulatory requirements in multiple regions.

Furthermore, we are working on aligning these efforts with MyHijau scheme, a government-backed initiative aimed at promoting the use of environmentally sustainable products in Malaysia.

The MyHijau scheme helps businesses certify their products as green, providing a competitive edge in both domestic and international markets.

By integrating our sustainability efforts with MyHijau, we aim to ensure that oil palm biomass products, including palm core, meet the highest environmental standards while gaining recognition in eco-conscious markets.

Strengthening Sustainability Credentials with ISO Certifications

To further substantiate our commitment to sustainability, we are pursuing additional ISO certifications, including ISO 9001 (Quality Management), ISO 14001 (Environmental Management), and ISO 45001 (Occupational Health and Safety Management).

These internationally recognised certifications will help demonstrate our commitment to quality, environmental stewardship and worker safety, reinforcing our credibility with both customers and regulators.

By obtaining these certifications, we can provide a compelling justification for the long-term sustainability of Palm Core, ensuring that they meet the evolving regulatory demands of both local and international markets.

Aiming for Full Compliance and Long-Term Sustainability

Our goal is to ensure that we are fully compliant with the increasing regulatory requirements from our customers, both in domestic and overseas markets.

By exploring collaboration opportunities with MSPO, SIRIM, and MyHijau scheme, and by pursuing key ISO certifications, we aim to create a comprehensive sustainability framework that not only meets legal requirements but also positions our products as leaders in the global sustainability movement.

In conclusion, while the delays in the EUDR offer some time for preparation, the oil palm biomass industry player must remain proactive in addressing certification challenges, adopting sustainable practices and ensuring compliance with international regulations.

Through strategic partnerships and commitment to best practices, the oil palm-based materials sector can remain ahead of the regulatory curve.

This demonstrates our long-term sustainability credentials and ability to meet the growing demand for eco-friendly products in global markets. **P**



Inspiring the next "material revolution" by creating sustainable and high-performance materials from oil palm waste, **Peter Fitch**, together with IOI, have set up IOI Palm Wood to commercialise this untapped potential.