



**ASEAN OLEOCHEMICAL MANUFACTURERS GROUP**

# **Making RSPO work throughout the supply chain**

by

**Qua Kiat Seng, AOMG**

at the

**Oleo and Speciality Chemicals Conference**

**16<sup>th</sup> November 2011**

**Session 1 : Caring for the Environment**

**OS-1**

of

**PIPOC 2011 : 15 – 17<sup>th</sup> November 2011**



## **Making RSPO work throughout the supply chain**

- Introducing AOMG
- Review of RSPO
- Who are the end users?
- Is the supply chain complex?
- Status for Home & Personal Care Derivatives
- Supply Chain Certification System
- Making it work



**ASEAN OLEOCHEMICAL MANUFACTURERS GROUP**

# **Introducing AOMG**



## History of oleochemicals in ASEAN

- Early 1980s - Coconut in the Philippines, Palm Oil in Malaysia
- 1984 - Malaysian Oleochemical Manufacturers Group (MOMG)
- 1986 - Philippine Oleochemical Manufacturers Association (POMA)
- 1986 – Asean Oleochemical Manufacturers Group (AOMG)
- 1996 - Asosiasi Produsen Oleochemical Indonesia (APOLIN)



## **Objectives of AOMG**

- Represent the oleochemical industry
- Promote formation of reliable & responsible production



**ASEAN OLEOCHEMICAL MANUFACTURERS GROUP**

## **Products**

Fatty acids, methyl esters, glycerine, fatty alcohols, soap, amides, amines, industrial esters, metal stearates and more



## **Characteristics**

- Capital intensive
- Export orientated
- High-Tech
- Minimal labour
- Large capacity

Half the global oleochemical capacity is in the region



## **Organisation**

### **AOMG Office Bearers**

#### **Chairman**

Tan Kean Hua, Malaysia

#### **Vice Chairman**

Jun Lao, Philippines

#### **Directors**

Steve Goei, Indonesia

A K Yeow, Malaysia

Taveesak Taipitak, Thailand





## **Members - Indonesia**

1. PT Ecogreen Oleochemicals
2. PT Soci Mas
3. PT Musim Mas
4. PT Nubika Jaya

*RSPO members*



## Members - Malaysia

1. IOI Oleochemical Industries Berhad
2. Pacific Oleochemicals Sdn Bhd
3. Emery Oleochemicals (M) Sdn Bhd
4. Fatty Chemical (Malaysia) Sdn Bhd
5. FPG Oleochemicals Sdn Bhd
6. IFFCO (Malaysia) Sdn Bhd
7. Natural Oleochemicals Sdn Bhd
8. Palm-Oleo Sdn Bhd
9. Southern Acids Industries Sdn Bhd

*RSPO members*



## **Members - Philippines**

1. Chemrez Technologies Inc
2. United Coconut Chemicals Inc  
(COCO CHEM)
3. **Pilipinas Kao Inc**

*RSPO member*



## **Members - Thailand**

- Thai Oleochemicals Company Limited

*RSPO member*

AOMG is an Affiliate member



**ASEAN OLEOCHEMICAL MANUFACTURERS GROUP**

## **Review of RSPO**



## Roundtable on Sustainable Palm Oil - introduction

- The inaugural meeting took place in KL in 2003
- The principal objective of the (RSPO) is  
“to promote the growth and use of sustainable palm oil through cooperation within the supply chain and open dialogue between its stakeholders.”
- The 9<sup>th</sup> RT will be held in Kota Kinabalu from 22-24 November 2011



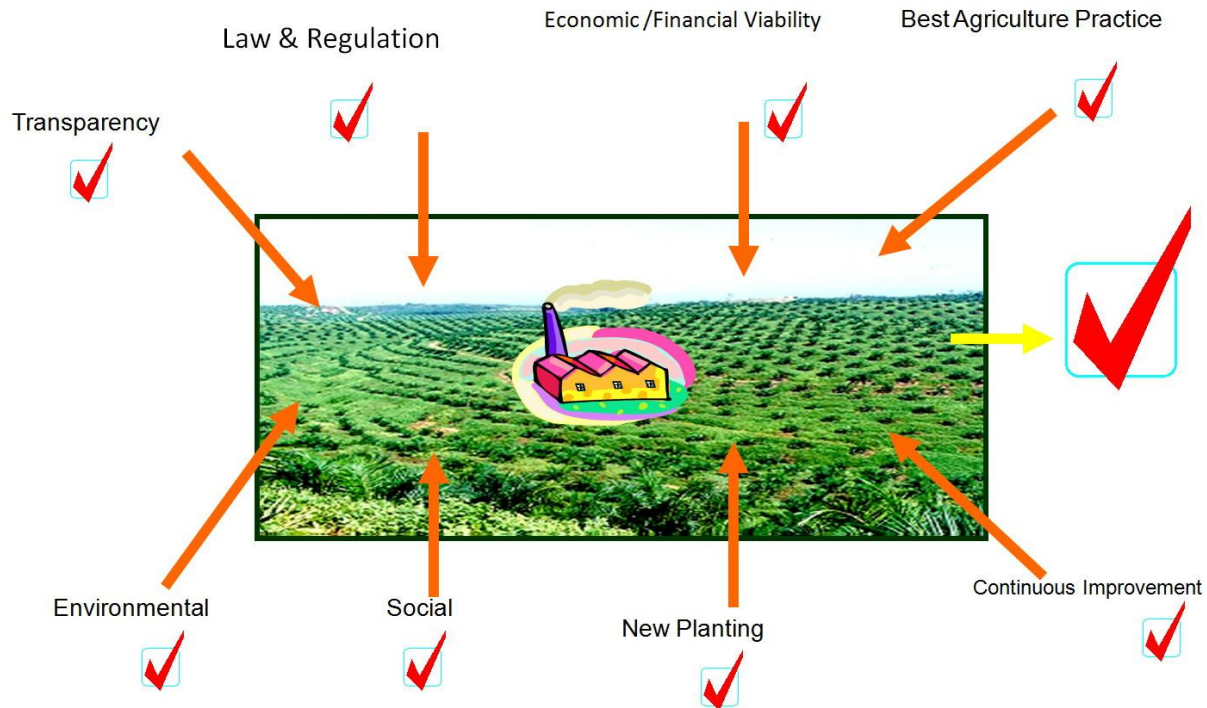
# ASEAN OLEOCHEMICAL MANUFACTURERS GROUP

**8 principles, 39 criteria, 125 indicators**

**RSPO**

Roundtable on Sustainable Palm Oil

**RSPO P & C**







## ASEAN OLEOCHEMICAL MANUFACTURERS GROUP

### **RSPO – certification as of 12<sup>th</sup> Nov 2011**

Growers Certification	Growers <b>28</b>	Palm Oil Mills <b>123</b>
Volume	CSPO <b>5.2 MMT</b>	CSPK <b>1.2 MMT</b>
Supply Chain Certification	Companies <b>114</b>	Facilities <b>226</b>
Members	Ordinary <b>531</b>	Affiliates & SCA <b>170</b>
Market uptake	2010 : <b>56%</b>	Sept 11 : <b>70%</b>





**ASEAN OLEOCHEMICAL MANUFACTURERS GROUP**

**Who are the end users?**



## RSPO – Palm Oil Coalition

- About 40 companies in the coalition
- Many have published targets mainly for 2015
- Coalition met in London on 22/3/10 & 17/2/11

Unilever	Conagra	Macdonalds	Jordans	Heinz
P&G	Danisco	Colgate	CSM	Wal-Mart
L'Oreal	Cadbury	Body Shop	Ferrero	BP
Tesco	Ahold	J.Sainsbury	Kao	Cargill
M&S	Migros	J&J	Kraft	Bunge
Lion	Neste	Shell	Pepsico	Waitrose
Reckitt Benckiser	Premier Foods	Friesland Foods	Godrej Industries	United Biscuits



**ASEAN OLEOCHEMICAL MANUFACTURERS GROUP**

**Is the supply chain complex?**



# ASEAN OLEOCHEMICAL MANUFACTURERS GROUP

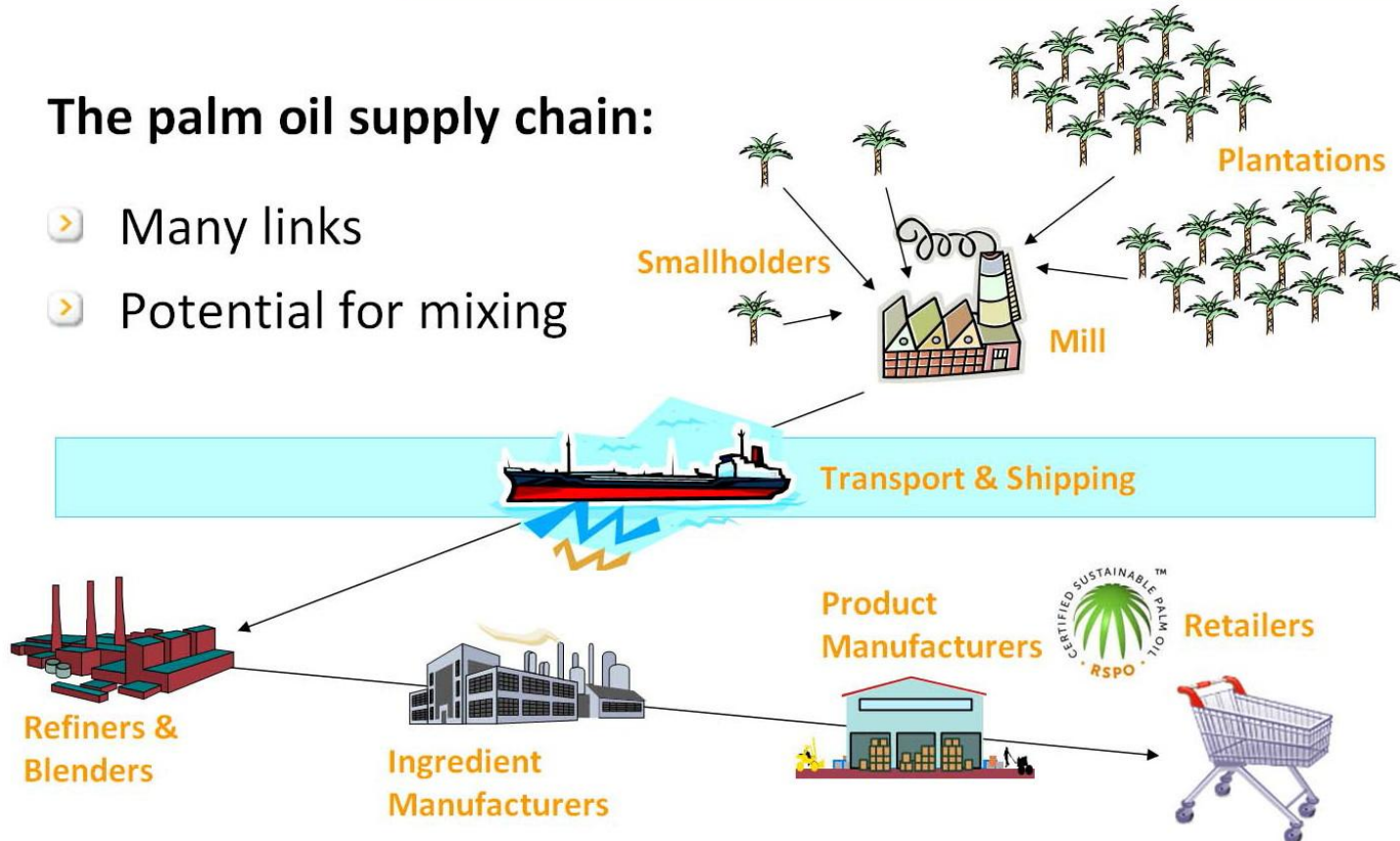
## RSPO

Roundtable on Sustainable Palm Oil

## The Supply Chain

### The palm oil supply chain:

- > Many links
- > Potential for mixing





# ASEAN OLEOCHEMICAL MANUFACTURERS GROUP

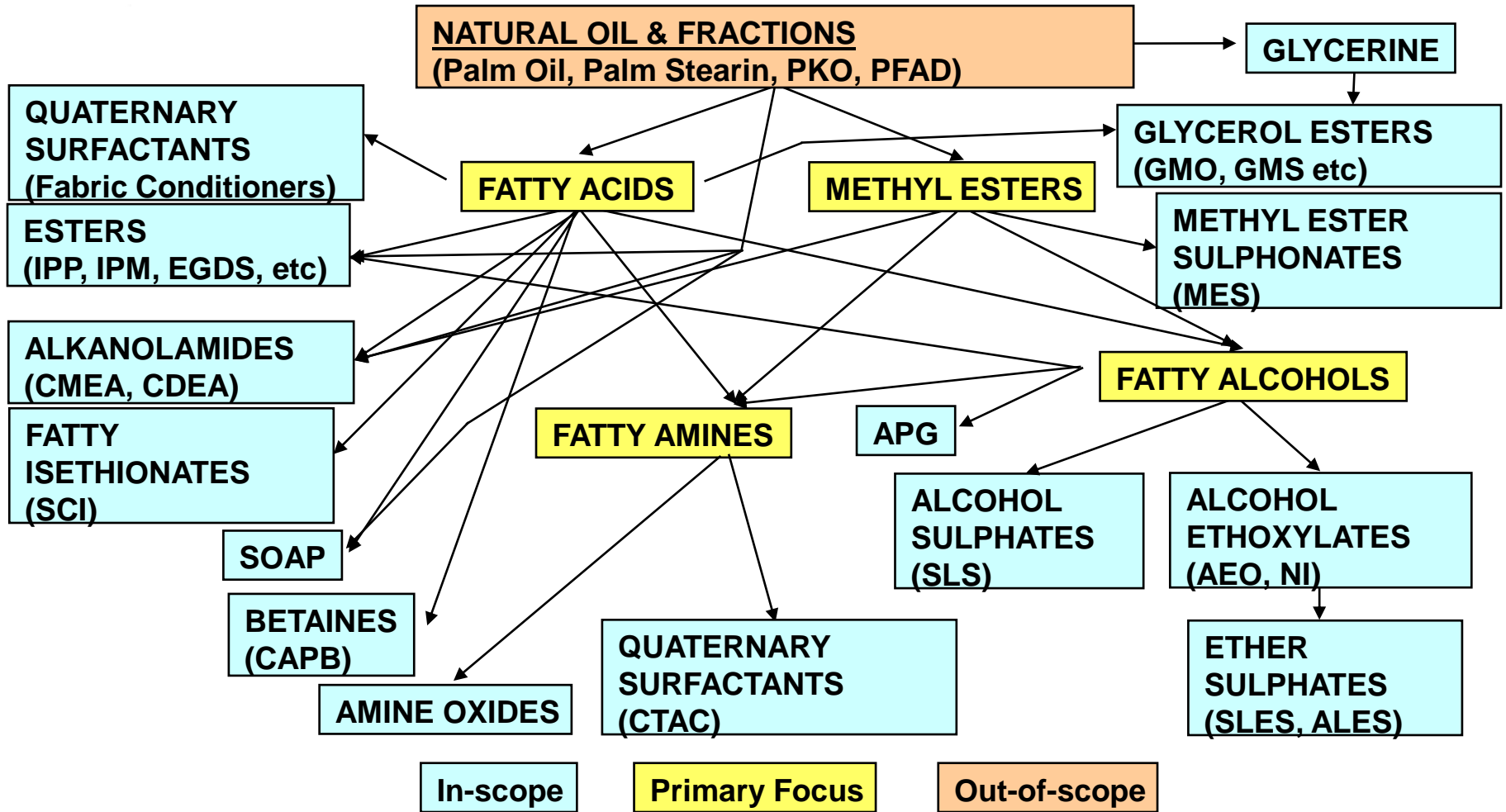
## RSPO – traceability methods

<p><b>Identity Preserved (IP)</b> **** RSPO &amp; SSC</p>		
<p><b>Full Segregation (SG)</b> *** RSPO &amp; SSC</p>		
<p><b>Mass Balance (MB)</b> ** RSPO &amp; SSC</p>		
<p><b>Book &amp; Claim</b> * SSC = Supply Chain Certification</p>		





# ASEAN OLEOCHEMICAL MANUFACTURERS GROUP





## **Is the supply chain complex?**

- Lack of understanding
- No SG derivatives supply exists
- Prohibitive (?) cost of producing
- Lack of demand
- Market lacks transparency



**ASEAN OLEOCHEMICAL MANUFACTURERS GROUP**

## **Status for Home & Personal Care Derivatives**





## T&T SC SubGroup – Industry Standard Definition for HPC Derivatives

- Trade & Traceability Standing Committee (T&T SC)
- Rules for Home and Personal Care Derivatives accepted by T&T SC on 7<sup>th</sup> October 2011
- Awaiting Executive Board (EB) approval at RT9
- Focusses only on GreenPalm
- Transitory guide, ultimate is physical viz SG



## Rules for Home and Personal Care Derivatives

### Calculation Scheme

1. Feedstock Identification
  - PO or PKO based on dominating C-chain
2. Calculation Method
  - basic oleochemicals 1:1
  - stoichiometric for others
3. Conversion Factors
  - a table for common palm-derivatives



## Rules for Home and Personal Care Derivatives

### Calculation Scheme (Comments)

1. Draw up GreenPalm rules with physical in mind
2. Chain length is not relevant eg commercial stearic acid
3. Global averages eg coconut and palm kernel is not relevant
4. Conversion factors are not relevant eg Oct 2010 new option on MB as applied to palm stearin



**ASEAN OLEOCHEMICAL MANUFACTURERS GROUP**

# **Supply Chain Certification System**



## **Supply Chain Certification System SSCS 2009**

Revision SCCS 2011 due

1. Keep oleochemicals and its derivatives in mind
2. Standard should not include greenhouse aspect and RED
3. Certification should have a validity of 3 – 5 years

GreenPalm & companies using it will be audited



**ASEAN OLEOCHEMICAL MANUFACTURERS GROUP**

**Making it work**



## **Complex & incomprehensible**

We don't need

1. An incorruptible system
2. Perfect accuracy
3. Full traceability
4. Use ratios
5. Overauditing



## **Make it simple**

We need

1. Assurance of moving towards sustainability
2. Some proof it is happening
3. Uptake of sustainable palm oils
4. A system of lowest possible cost
5. A system with little/no impact on how business is conducted





## **Final Points**

1. Make the process less Euro-centric
2. Meet and talk to us