MSPO Certification Scheme
OUTLINE

- Main elements of MSPO Certification
- Achievements
- Mandatory Timelines
- Incentives
- Strategies
1 JAN 2015

MSPO Scheme started
Implementation of the MSPO Certification Scheme started in January 2015. The scheme is implemented by MPOCC, an independent organisation setup in October 2015. Since then, MSPO certification has been on a voluntary basis.

19 NOV 2013

MSPO Standards Launched
MSPO Standards MS2530:2013 Series were launched.

24 FEB 2017

Announcement of Timelines
The government announced the proposed timelines for mandatory MSPO certification to be implemented in stages.

27 JULY 2017

Announcement of Financial Incentives
On 27 July, the government announced financial incentives to support smallholders with MSPO certification while financial incentives for estates and processing facilities were announced on 2 October.
Recent developments

18 May 2017: YAB Prime Minister announced that government is taking steps towards sustainability by adopting MSPO which will be made mandatory by Dec 31, 2019

- MSPO is aimed at taking the industry to a higher level of sustainability & transparency throughout the supply chain
- To improve accessibility, competitiveness and differentiation of Malaysia in the global oil palm market
Main elements of MSPO Certification
MSPO Certification Scheme

✓ Government mandated

✓ Exemption from Stage 1 Audit (for those having other relevant sustainability certification)

✓ Incentives

✓ Tax exemption based on audit cost
More on MSPO Certification Scheme

- **MSPO Standards**
  - Sets the requirements & which must be met when audits are done

- **Certification System**
  - Defines the operations of the scheme, implementation agreement with accredited CBs

- **Accreditation Programme**
  - To ensure that organisation who undertake audits are credible and have competent auditors
MS 2530:2013 Series (Part 1-4)

**Part 1:** General principles
- MS 2530-1:2013 – Malaysian Sustainable Palm Oil (MSPO)

**Part 2:** General principles for independent smallholders
- MS 2530-2:2013 – Malaysian Sustainable Palm Oil (MSPO)

**Part 3:** General principles for oil palm plantations and organised smallholders
- MS 2530-3:2013 – Malaysian Sustainable Palm Oil (MSPO)

**Part 4:** General principles palm oil mills
- MS 2530-4:2013 – Malaysian Sustainable Palm Oil (MSPO)
**MSPO Supply Chain Certification Standard**

- Designed to provide a credible guarantee to the end user that the palm oil raw material originated from a sustainably managed oil palm plantation throughout the supply chain.

- The **MSPO SCCS** addresses **management requirements** and **traceability** of the production throughout the supply chain from the raw materials until processing and manufacturing of palm oil and palm oil based products.

- Each group of players must perform their respective roles to enable traceability of all activities throughout the palm oil supply chain.
**MSPO Standards cover:**

1. Management commitment and responsibility
2. Transparency
3. Compliance to legal requirements
4. Social responsibility, health, safety and employment conditions
5. Environment, natural resources, biodiversity and ecosystem services
6. Best practices
7. Development of new plantings
Main elements of MSPO Certification

- **Policy**
  - MSPO
  - OSH
  - Environment
  - Good Social Practice
  - Sexual Harassment

- **Company Documented Procedures**
  - Internal Audit
  - Training
  - Communication
  - Complaints & Grievance
  - Accident and Emergency

- **SOPs**
  - Traceability
  - Good Agriculture Practice
  - Good Milling Practice
  - Chemical Handling
  - Scheduled Waste Handling

- **General documents**
  - Land use rights (land title, customary rights)
  - Applicable law register
  - Safety, Health related
  - Environment, Conservation
  - Business Management Plan

- **Person responsible**
  - Top Management
  - Legal Officer
  - Communication Officer
  - Safety & Health Officer
  - Traceability Officer
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**Auditing and Certification Process**

1. **Application to Certification Body (CB)**
2. **MSPO Site Audit by CB**
3. **Corrective action & closing of any Non-Compliances**
4. **Issuance of MSPO Certificate**
5. **Annual surveillance**
6. **Re-assessment every 5 years**

**3-6 months, subject to meeting areas of Non-Compliance**

*Audit Report*
- Audit satisfactory
- Observations made
- Nonconformances found
Promoting Values & Benefits through MSPO Certification

- Increased productivity
  - Optimise yields and profits, protects the environment, workers and affected communities
  - Effective cost management
  - Better waste management
  - Fair work conditions

- Traceability
  - Known FFB origin
  - Farm details & yield records
  - Addresses concerns of affected stakeholders

- Positive impact
  - Increase awareness
  - Legality compliance
  - Reduced work accidents
  - Best agriculture practices
  - Tax breaks & incentives
  - Market access
  - Meets demands from environmentally sensitive markets for CSPO
  - Negates negative perception
  - Enhances Malaysian palm oil competitiveness and acceptance in global market
Achievements
Total Certified Area under Plantations & Organised Smallholders: 513,989.03 ha

TOTAL CERTIFIED AREA = 518,793.96 ha

https://www.mpocc.org.my/mspo-figures-faqs
**MSPO Certification (December 2017)**

- **Selangor**: 1.41%
- **Johor**: 21.91%
- **Pahang**: 3.19%
- **Perak**: 8.50%
- **Sabah**: 10.56%
- **Sarawak**: 54.42%

**Total Certified Area under Independent Smallholders (SPOCs*)**: 4,804.93 ha

*SPOCs = Sustainable Palm Oil Clusters

MSPO Certification (December 2017)

State | Certified Mills
--- | ---
Johor | 7
Kedah | 1
Kelantan | 1
Negeri Sembilan | 3
Pahang | 4
Perak | 2
Sabah | 14
Sarawak | 15
Selangor | 1
Terengganu | 2
Total | 50

https://www.mpocc.org.my/mspo-figures-faqs
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Independent Smallholders

1,474 ha Dec 2016
225%
4,805 ha Dec 2017

Organised Smallholders

3,868 ha Dec 2016
321%
16,288 ha Dec 2017

Plantations

215,980 ha Dec 2016
130%
497,701 ha Dec 2017
Total Certified Planted Area

221,322 ha
Dec 2016 → 135%
→ 518,794 ha
Dec 2017

Total Certified Mills

21 mills
Dec 2016 → 138%
→ 50 mills
Dec 2017

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Certification Bodies under MSPO Certification Scheme

https://www.mpocc.org.my/certification-bodies

7 Accredited CBs

- DQS Certification (M) Sdn Bhd
- SGS (Malaysia) Sdn Bhd
- Bureau Veritas (M) Sdn Bhd
- TUV NORD (Malaysia) Sdn Bhd
- SIRIM QAS International Sdn Bhd
- CARE Certification International (M) Sdn Bhd
- Prima Cert International Sdn Bhd

6 more CBs undergoing Accreditation

- BSI Services Sdn Bhd
- Mutuagung Lestari Malaysia Sdn Bhd
- Control Union (Malaysia) Sdn Bhd
- NIOSH Certification Sdn Bhd
- Platinum Schauffmantz Veritas Sdn Bhd
- Global Gateway Certification Sdn Bhd
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Timelines
Timelines for Mandatory MSPO Certification

31 DEC 2018
With Certification (e.g. RSPO, ISCC)
Certified entities (estates and processing facilities) have to obtain MSPO certification by 31 December 2018.

30 JUNE 2019
Without any Certification
Oil palm entities (estates and processing facilities) without any certification will have to obtain MSPO certification by 30 June 2019.

31 DEC 2019
Smallholders
All independent and organised smallholders will have to obtain MSPO certification by 31 December 2019.
Incentives
PETALING JAYA: The government is offering incentives to facilitate and help reduce the audit costs of obtaining the Malaysian Sustainable Palm Oil (MSPO) certification.

In a statement yesterday, the Plantation Industries and Commodities Ministry said audit costs incentives of up to 70% would be offered to estates with planted area above 40.46ha to 1,000ha.

Additionally, an audit cost incentive of up to 30% would be given to estates above 1,001ha, as well as those processing facilities such as mills, refineries and crushers.

“As of Aug 2017, the total planted area that has been certified under the MSPO certification scheme is 245,381ha.

The certified area includes 237,509ha under plantation companies, 3,868ha under organised smallholders, and 4,004ha under independent smallholders.

“In addition, a total of 22 mills have also been MSPO-certified,” the ministry said.

It added that Plantation Industries and Commodities Minister Datuk Seri Mah Siew Keong held a dialogue session with representatives of oil palm plantation companies on Sept 27, with the objective of getting feedback and views from them on MSPO.

“This session was attended by more than 120 industry players representing small and medium-sized oil palm estates in Malaysia. The industry players were briefed on the main features of the MSPO Certification Scheme, including the MSPO standards and requirements, as well as certification procedures.

“At the briefing, while some concerns were raised, the participants generally pledged their support for the efforts undertaken by the Plantation Industries and Commodities Ministry and the Malaysian Palm Oil Certification Council to facilitate the implementation of MSPO certification,” it added.

Details on the incentives are available at www.mpob.gov.my.
INCENTIVES
FOR MSPO CERTIFICATION SCHEME FOR ESTATES & PROCESSING FACILITIES

APPLICATION PROCEDURES
All applications must be submitted to MPOCC using the Application Form for Estates or Processing Facilities. Each entity has to submit its own application.

MPOCC will evaluate all applications and provide conditional approval.

Incentives will be reimbursed upon submission of the relevant original documents to MPOCC.

QUALIFYING CRITERIA AND INCENTIVES
The incentives are open to estates and processing facilities licensed by MPOB.

Incentives

Smallholders
< 40.46 ha
100% Auditing Fee

Estates
40.46 ha - 1,000 ha
70% of Auditing Fee
> 1,000 ha
30% of Auditing Fee

Processing Facilities
Mills, Kemel Crushers & Refineries
30% Auditing Fee

https://www.mpoccc.org.my/incentives
Strategies
Strategies ~ MSPO Certification

Increase MSPO certification
- Technical briefings on MSPO for oil palm plantations, processing facilities
- Regional MSPO roadshows
- Training/Workshop for peer reviewers
- Endorsed Training Providers for MSPO Scheme
- Accreditation Programme
- Certification Bodies Workshop
Strategies ~ MSPO Certification

- Annual CSPO Forum
- Annual NGO Forum
- Review of MSPO Standards
- Publish Supply Chain Certification Standard
- MSPO Incentive Fund
- Combined MSPO-RSPO audits
- Baseline assessment MSPO-ISCC
A Vision for Malaysian palm oil to remain competitive for

- MSPO to be made the basis for **branding** Malaysian palm oil.
- Strong Government **commitment** towards strengthening and acceptance of MSPO certified products by the global markets.
- Major **Promotional** efforts of MSPO certified palm oil in global markets.
- Government **assistance** to industry and smallholders in the implementation of MSPO certification.
Thank you

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