Sustainable and Certified Palm Oil under the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme

Malaysian Palm Oil Certification Council (MPOCC)

27 September 2017
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About MPOCC
Malaysian Palm Oil Certification Council (MPOCC)

- Incorporated on December 2014 under Companies Act 1965
- Tasked to develop and operate Malaysian Sustainable Palm Oil (MSPO) Certification Scheme
- Started operations in October 2015
- Governed by 13-Member Board of Trustees

Representatives from:
- Oil palm industry associations
- Academic and R&D institutes
- Smallholders organisation
- Government
- NGOs
- Civil society
Why sustainability certification is needed for Oil Palm?
Promoting Values & Benefits through MSPO Certification

- Enhanced 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 place accidents
  - Best agric practices
  - Tax breaks
  - Market Access
  - Meets demands from environmentally sensitive markets for CSPO
  - Negates negative perception
  - Enhances Malaysian palm oil competitiveness and acceptance in global market

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Why Sustainability Certification is needed for Oil Palm?

• Addressing issues on:
  • Deforestation
  • Biodiversity loss
  • Conservation of High Biodiversity Value areas
Why Sustainability Certification is needed for Oil Palm?

- Addressing issues related to:
  - **Climate change**
  - Planting on peat lands
  - Fire
  - Haze
  - Green House Gases
Why Sustainability Certification is needed for Oil Palm?

• Addressing issues on:

- **Social**
- Employment & work conditions
- Child & forced labour
- Communal (NCR) land & ownership rights
Growing demand for Certified Sustainable Palm Oil globally

1. **European Union (EU)**
   - Amsterdam Declaration (2015) calls for imports of CSPO by 2020
   - EU currently developing parameters for CSPO
   - EU accounts for 12.8% Malaysia’s export globally (CPO & PPO) in 2016

2. **France**
   - Proposal to restrict the use of palm based biofuels on sustainability grounds

3. **Norway**
   - Parliament voted to ban the public procurement and use of palm oil-based biofuel

4. **Other markets**
   - Proposal by EU may cascade to other market for CSPO, i.e. US (3.7% export of global exports of CPO & PPO), China (11.7% export) and India (17.6% export) in 2016
MSPO Certification Scheme
MSPO Certification Scheme

- MSPO Standards launched in 2013
- Implemented on a voluntary basis since January 2015.
- Mandatory implementation by December 2019
Pembangunan sawit mampu untuk kebaikan industri jangka panjang

Oleh Fadzil Chazali
afadzi@gemop.gov.my
Putrajaya

Pematang penebangan Minyak Sawit Mampu Malaysia (MSPO) akan diadakan mandat pada pihak industri sawit negara secara berperangkat berbulu akhir tahun lalu.


Petempaan kecil pula perlu mematuhai penebangan MSPO menjelang 31 Disember 2019.


Petempaan kecil pula perlu mematuhi penebangan MSPO menjelang 31 Disember 2019.


Petempaan kecil pula perlu mematuhi penebangan MSPO menjelang 31 Disember 2019.


Petempaan kecil pula perlu mematuhi penebangan MSPO menjelang 31 Disember 2019.


Petempaan kecil pula perlu mematuhi penebangan MSPO menjelang 31 Disember 2019.

General requirements under MSPO systems

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

Application for MSPO Certification to Certification Body (CB) → MSPO Field Audit by CB → Corrective action & closing of any Non-Compliances → Issuance of MSPO Certificate
Scope of Certification

Group Certification

- Independent Smallholders
  - TUNAS Officer as Group Manager

- Organised Smallholders
  - Mill as Group Manager
  - Central Certification Office

Individual Certification

- Oil Palm Plantations
- Processing facilities

https://www.mpocc.org.my/scheme-documents
MSPO Standards
MSPO Standards: 7 Principles

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
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MS 2530:2013 Series (Part 1-4)

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

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

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

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

Smallholders

Companies

Mills
# Contents of MS 2530:2013

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<th>Principles</th>
<th>Criteria</th>
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<td><strong>Part 2</strong>&lt;br&gt;General principles for independent smallholders</td>
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<td><strong>Part 3</strong>&lt;br&gt;General principles for oil palm plantations and organised smallholders</td>
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<tr>
<td><strong>Part 4</strong>&lt;br&gt;General principles for palm oil mills</td>
<td>6</td>
<td>25</td>
<td>80</td>
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</tbody>
</table>
Oil Palm Statistics for 2016 (ha)
5,737,985 ha

Private Estates, 3,508,554
State Schemes/Govt agencies, 344,314
Independent smallholders, 933,948
RISDA, 71,549
FELCRA, 173,032
FELDA, 706,588

MSPO Certified Areas
Private estates (75 estates) & FELDA (2 clusters) 241,377.73ha (5.7%)
Independent smallholders (18 clusters) 4,004.19ha (0.4%)
TOTAL 245,381.92ha (4.2%)

As of August, 2017
https://www.mpocc.org.my/facts-and-figures
MSPO Certified Mills

<table>
<thead>
<tr>
<th>State</th>
<th>Certified Mills</th>
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<tbody>
<tr>
<td>Johor</td>
<td>2</td>
</tr>
<tr>
<td>Negeri Sembilan</td>
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</tr>
<tr>
<td>Pahang</td>
<td>3</td>
</tr>
<tr>
<td>Sabah</td>
<td>7</td>
</tr>
<tr>
<td>Sarawak</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22</strong></td>
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</tbody>
</table>

Total milling capacity = 1,467 mt/hr
Estimated production capacity = 1.2 million tonnes

As of August, 2017

https://www.mpocc.org.my/facts-and-figures
11 CBs operating under MSPO Certification Scheme

5 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

6 more CBs undergoing Accreditation
- CARE Certification International (M) Sdn Bhd
- BSI Services Sdn Bhd
- Prima Cert International Sdn Bhd
- Control Union (Malaysia) Sdn Bhd
- NIOSH Certification Sdn Bhd
- Global Gateway Certification Sdn Bhd

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Malaysian registered consultants companies

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address</th>
<th>Phone Numbers</th>
</tr>
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<tbody>
<tr>
<td>Global Sustainable Solution Sdn Bhd</td>
<td>55, Jalan Makmur 25/64, Taman Sri Muda, 40400 Selangor</td>
<td>03 5122 4023</td>
</tr>
<tr>
<td>Pantropical Agricultural Services (Pantropas) Sdn Bhd</td>
<td>Suite J-7-5, Block J Level 7, Solaris Mont Kiara, No. 2 Jalan Solaris, Mont Kiara, 50480 Kuala Lumpur.</td>
<td>03 6204 0822 012 525 0522</td>
</tr>
<tr>
<td>Envirotech Environmental Consultancy Sdn Bhd</td>
<td>Lot 6892, Block 26, 1st Floor Muara Tuang Land District, 70 Uni Central Commercial Centre, 94300 Kota Samarahan Sarawak</td>
<td>014 6962400 082 610141</td>
</tr>
<tr>
<td>MRA Sustainable Solution</td>
<td>NO.15 &amp; 17, First Floor, ICT HUB, Jalan Putra Square 4, PUTRA SQUARE, 25200 Kuantan, Pahang</td>
<td>013 3134719</td>
</tr>
<tr>
<td>SQC Management Sdn Bhd</td>
<td>Unit No. B508, Pusat Dagangan Phileo Damansara II, 15, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor.</td>
<td>03 7955 2633</td>
</tr>
<tr>
<td>OHS ISIS Integrated Solution</td>
<td>No 17-1, Jln Opera D, U2/D, Taman TTDI Jaya, 40150 Shah Alam, Selangor.</td>
<td>012 3278700 019 2791152</td>
</tr>
<tr>
<td>Tropical Evergreen Enterprise</td>
<td>95, Seng Goon Garden, Lorong 3B 2A, 93250, Kuching.</td>
<td>019 8889737</td>
</tr>
<tr>
<td>QA Consulting Resources</td>
<td>Suite 5-3, Level 5, Wisma WIM, No.7, Jalan Abang Haji Openg, Taman Tun Dr Ismail, 60000 Kuala Lumpur</td>
<td>03 77316195 012 3831242</td>
</tr>
<tr>
<td>BPP Agraria Sdn Bhd</td>
<td>G-2,Troika, Persiaran KLCC, 50450 Kuala Lumpur</td>
<td>03 79318160 012 2969977</td>
</tr>
<tr>
<td>Orakel Business Solutions Sdn Bhd</td>
<td>25-1, Jalan Equine 9B, Taman Equine, Seri Kembangan 43300 Selangor</td>
<td>019 2193278</td>
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Thank You

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