



PAPER 5

Shaping the future of MSPO,
delivering a national promise

CSPOKI 2019

Major milestones of MSPO Certification Scheme

2013

- MSPO Standards launched

2014

- MPOCC registered

2015

- Voluntary MSPO implementation
- MPOCC Chair & Board appointed



2016

- MPOCC starts operation

2017

- Mandatory MSPO announced
- TWC (MSPO) convened



2018

- MSPO Incentives rolled out
- Tokyo Olympics recognition
- Supply Chain Standard launched
- Standards review begins



2019

- Collaboration with China Green Food Development Centre
- MSPO Scheme to be made mandatory
- MSPO-trace



MSPO-Trace

A low-angle, upward-looking photograph of several palm trees against a clear blue sky. The fronds of the palm trees are silhouetted against the sky, creating a radial pattern. A semi-transparent teal overlay covers the entire image, and the text "MSPO Certification Progress" is centered in white.

MSPO Certification Progress

Progress of MSPO certification as of 31 October 2019

<i>OIL PALM MANAGEMENT CERTIFICATION (OPMC) – MS2530 Part 2 - 4</i>				
Category	Total planted area * (ha)	Unit certified	Area certified (ha)	%
Independent smallholdings (Part 2)	979,892	157 clusters	82,675.71	8.44
Organised Smallholdings (Part 3)	682,524	358 clusters/estates	533,989.48	78.24
Plantations (Part 3)	4,186,914	1560 estates	2,791,255.64	66.67
Total	5,849,330	2075	3,407,890.82	58.30
	Total processing facilities (unit)*	Unit certified	Mills Capacity (MT/hr)	%
Palm Oil Mills (Part 4)	452	328	17,784.00	72.57

*Source: MPOB as of December 2018

<https://www.mpocc.org.my/mspo-certification>

Progress of MSPO certification as of 31 October 2019

<i>SUPPLY CHAIN CERTIFICATION (SCC) – SCC Standard</i>			
Sector	Total processing facilities (unit)*	Unit certified	%
Palm Oil Mills	452	75	16.59
Crushers	43	12	27.91
Refineries**	52	46	88.46
Oleochemicals	21	6	28.57
Biodiesel***	16	6	37.50
Total processing facilities	584	145	24.83
Others^		7	

- Note:
1. *Source: MPOB as of December 2018
 2. **22 unit of refineries are currently under the Cooking Oil Stabilization Scheme (COSS)
 3. ***Source: Ministry of Primary Industries as of December 2018
 - 4 ^None-mandatory group (i.e end-product manufacturers)

Progress of MSPO certification by state as of 31 October 2019


State	Total Area	Total Certified Area (ha)	%
Negeri Sembilan	187,451	147,213	78.53%
Terengganu	168,914	128,579	76.12%
Pahang	756,149	482,893	63.86%
Sarawak	1,572,477	1,000,170	63.60%
Sabah	1,549,245	878,397	56.70%
Kedah & Perlis	90,975	49,882	54.83%
Melaka	56,811	29,846	52.53%
Perak	413,311	212,761	51.48%
Johor	747,562	364,837	48.80%
Kelantan	155,372	71,685	46.14%
Selangor	136,361	52,803	38.72%
Pulau Pinang	14,702	2,840	19.31%
Total	5,849,330	3,421,906	58.50%

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MSPO Standards Review

MSPO Standards Review process

Oil Palm Management Certification Standard (OPMC)
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**

Smallholders



Companies

**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**

Mills

MSPO Supply Chain Certification (SCC)
Standard



MSPO Standards review



- Stakeholder participation: involvement of all relevant stakeholders in the review process for continuous improvement
- Formation of Technical Committee & Working Groups: Multi-stakeholder facilitation
- Done in close collaboration with Department of Standards Malaysia in line with national and international best practices

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Enabling measures

Enabling measures for uptake of MSPO certification

- National and state legislation and policies
- Federal and state government inter-agency coordination
- Incentives for audit fees
- Income Tax relief
- Malaysian established Certification Bodies (CBs) (who are better informed about on-site characteristics)
- Reduced cost for smallholders by incentives and using local auditors
- Stakeholder consultation



MSPO INCENTIVES

All MSPO certification costs incurred by smallholders are 100% funded by the government

Categories	Current (prior June 2019)		Revised	
	Auditing Fee	*Preparation Cost	Auditing Fee	*Preparation Cost
Estates 40.46 ha to 1,000 ha	70%	NA	100%	50%
Estates more than 1,000 ha	30%	NA	30%	NA
Organised smallholders	RM10/ha	NA	RM10/ha	RM45/ha
Processing facilities under MSPO Part 4 and SCCS	30%	NA	30%	NA

- Processing facilities include mills, kernel crushers, refineries, oleochemical and biodiesel.
- Auditing Fee is defined as onsite man-days, stakeholder consultations, peer review and report writing.

- Limit the nation's oil palm planted area to 6.5 million hectares by 2023
(Menghadkan keluasan tanaman sawit negara kepada 6.5 juta hektar yang dijangka dicapai menjelang tahun 2023)
- Implement the ban on new oil palm cultivation in peat lands and impose stricter conditions on existing oil palm in this area
(Melaksanakan larangan penanaman baharu sawit di kawasan tanah gambut dan menetapkan syarat yang lebih ketat terhadap tanaman sawit yang sedia ada di kawasan ini)
- Implement the ban on conversion of Permanent Forest Reserves to oil palm or other agricultural crops, and
(Melaksanakan larangan penukaran guna tanah Hutan Simpan kekal (HSK) bagi aktiviti penanam sawit atau tanaman pertanian lain, dan)
- Provide the official map of oil palm planted areas nationwide for public access and public reference to enhance transparency of information
(Menyediakan peta rasmi Kawasan tanaman sawit di seluruh negara untuk capaian umum dan rujukan awam bagi meningkatkan ketelusan maklumat)

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International collaboration

INTERNATIONAL COLLABORATION & RECOGNITION

27 May 2019 - Signing of MoU between MPOCC and China Green Food Development Centre on Cooperation in Connection with China Green Food Certification Scheme and Malaysian Sustainable Palm Oil Certification



The Malaysian Sustainable Palm Oil (MSPO) Certification Scheme has been adopted as a tool for the Tokyo 2020 Olympics and Paralympic Games Sustainable Sourcing Code for palm oil – since June 2018

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Benchmarking assessment

MSPO & ISCC baseline assessment

MSPO achieved a total of 276 points against a possible total 408 points, compared to ISS with 359 points



Categories	MSPO	ISCC
Governance (160 points)	119 points	130 points
Sustainability (170 points)	104 points	155 points
Chain of Custody (52 points)	32 points	48 points
Independent smallholder (26 points)	21 points	26 points
Total (408 points)	276 points	359 points

MSPO & ISCC baseline assessment

MSPO P&C can be further strengthened by implementing the improvement measures addressed

Group	Criteria
System management & quality	Compliance with international norms of good practice for setting social and environmental standards (ISEAL Code 2004)
Audit quality	Requirements for auditors
Zero deforestation	Areas with high carbon stock, assess and maintain HCV areas
Biodiversity & environmental management	Biodiversity protection of species and habitats
Soil protection	Soil erosion, soil compaction, soil fertility
Water protection	Water quantity
Fertilizer	Origin & quantity; fertilizer handling and application
Working conditions	Core ILO standards on forced and child labour, discrimination, migrant workers
Community relations	Rights; traditional land rights, indigenous people, sacred sites, water rights
Legal, economics & continuous improvement	Business plan, continuous improvement, legal compliance, avoidance of double accounting/multiple claims

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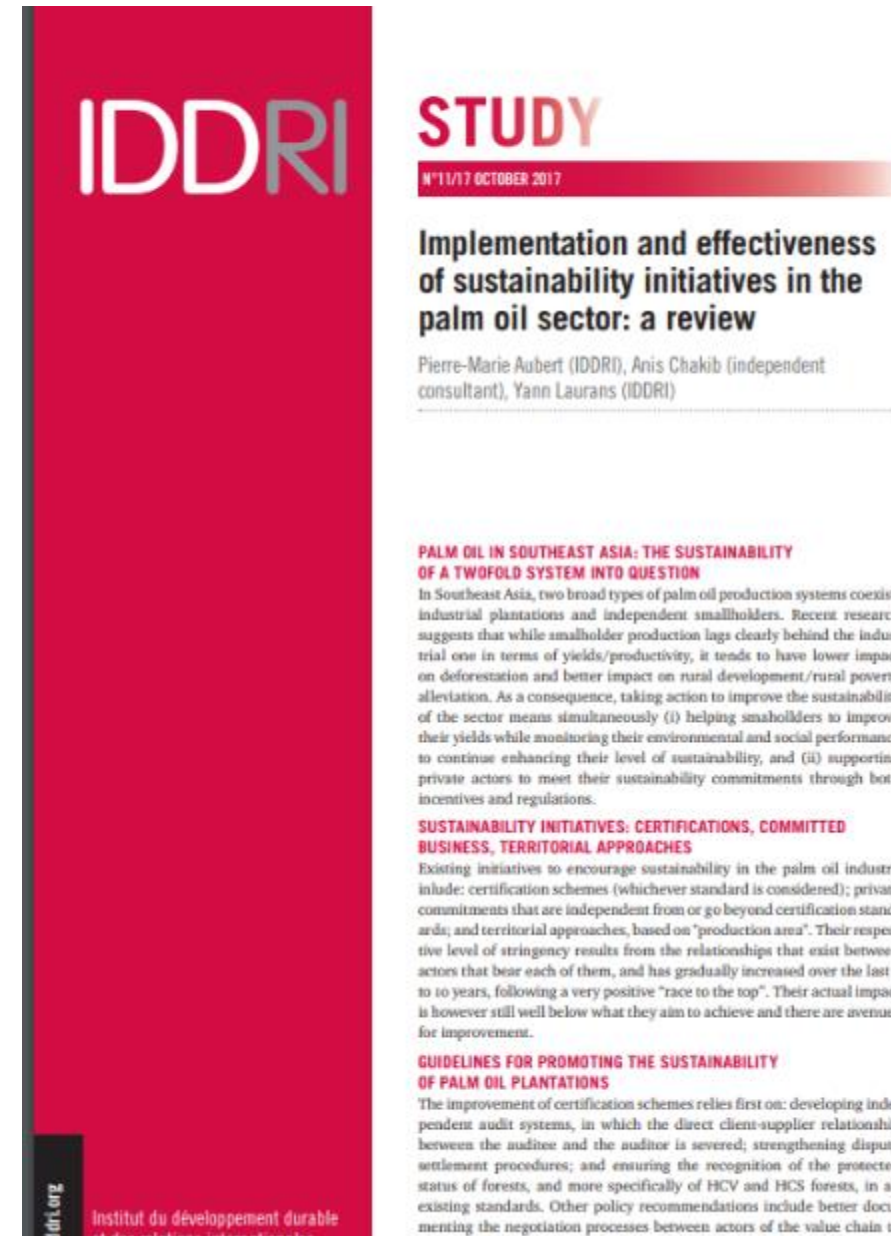
MSPO & ISCC baseline assessment

Areas where MSPO is better than ISCC

- **Stakeholder participation**: involvement in the systems development, improvement and review processes
- Implementation of a participatory **Social and Environmental Impact Assessment** (SEIA)
- Inclusion of requirements to conduct **Free, Prior & Informed Consent** (FPIC) procedures for new land acquisitions

Independent assessment by IDDRI

October 2017



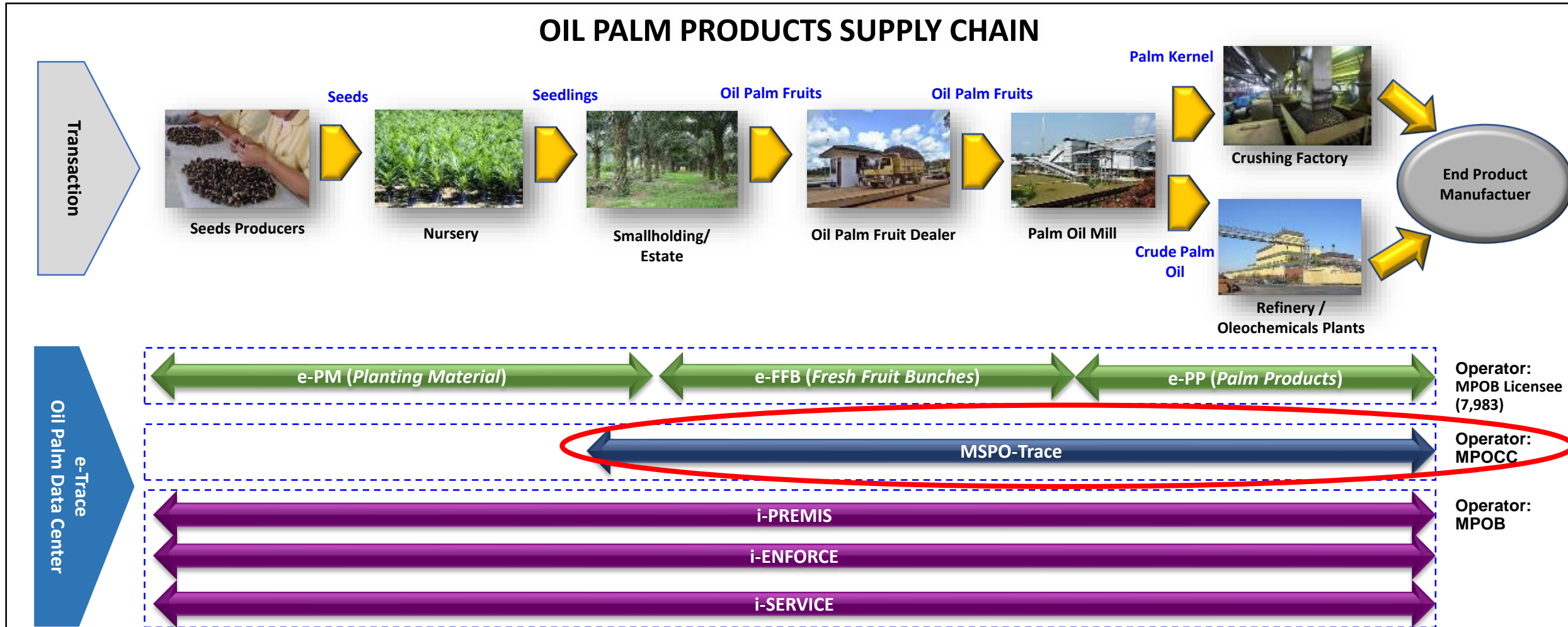
<https://www.mpocc.org.my/independent-assessment>

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MSPO Trace

MSPO-TRACE OVERVIEW

The system is able to record the transactions of MSPO-certified palm oil products along the supply chain starting from palm oil mill to downstream processing facilities. It also provides a platform for the public/consumer to trace the MSPO-certified products back to its source or origin (farm/estate). This system will promote a greater accountability and transparency in the Malaysian palm oil industry.



CONCLUSION

- MSPO Standards are the **national sustainability certification** standards for the oil palm industry
- **Sustainability and legality requirements** of MSPO Standards are linked to government laws and regulations
- **Development and review of MSPO Standards** through a inclusive and **broader stakeholder engagement** process
- **Commitment towards full implementation of MSPO certification** for all planted areas & processing facilities in Malaysia

THANK YOU

Malaysian Palm Oil Certification Council

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