MSPO Implementation and Voluntary Schemes in Malaysia

ISCC Technical Committee South East Asia
Fifth Meeting
5 April 2016
The Hotel Magani & Spa, Bali, Indonesia

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Outline of Presentation

✓ Introduction
✓ MPOB’s Competency Schemes
✓ MPOB Codes of Practice
✓ Sustainability Standards for Oil Palm
✓ Malaysian Standard
✓ Implementation of MSPO
✓ Voluntary Certification System
✓ Summary
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INTRODUCTION

Expansion of oil palm industry
Increase in palm oil production
Versatility of palm oil

Highly demanded raw material

Consumers’ demand
Stringent Food Safety Measures
Environment, Sustainability
Introduction

- Export Value of Palm Oil in 2015 ~ RM60billion
- Projected Export Value by 2020 ~ RM178billion (USD59billion)
  (under ETP/NKEA/EPPs)
Introduction

CHALLENGES

The palm oil trade is coming under pressure from policy makers and environmentalist alike:

- Sustainability (GHG, LCA, CFP, HCVA, Biodiversity)
- Importing Countries National Food Regulation/Act
- Specifications, Nutritional/Labeling
- Food Safety issues
- NGOs (WWF, Greenpeace, etc)
INTRODUCTION

Challenge - ensure production of quality and safe palm oil throughout the supply chain

Team Effort ➔ Government & Private Sector

Development of quality assurance and food safety systems throughout the entire supply production, handling and services chain.

Mutual respect & shared responsibilities between all parties involved
MPOB’S COMPETENCY SCHEMES

• Maintain position as quality palm oil comply with market requirements for safe & quality food and animal feed.

• MPOB three schemes of competency certification to safeguard the palm oil industry
  - Oil Palm Nursery Certificate of Competency (OPNCC)
  - Mill Competency Certificate (MCC)
  - Refinery Certificate of Competency (RCOC)

• Schemes continuously improved to meet current requirements and new technologies.
Challenge - FS

MPOB Codes of Practice were launched by YB Minister of MPIC on the 26th August 2007.
Challenge .... sustainability

- Codes of practice emphasize on quality, food safety but have some elements on environment and social requirements
- Currently a few standards for sustainability available for palm oil
- One of the requirements for market access
Sustainability Standards for Oil Palm

- Based on EU Directives on Renewable Energy
- Government directives
- Government standard
- Mandatory
- Developed by oil palm business fraternity
- Business standard
Malaysian Standard

- MSPO is industry initiated standard
- Current standards do not cater specifically for smallholders
- SHs are vulnerable groups of growers
- Hence development of Malaysian Standard on Sustainable Palm Oil (MSPO)
Objectives

• To ensure sustainable practices are implemented by the oil palm industry

• To ensure all palm oil exported from Malaysia is sustainably certified

• To ensure smallholders are included in sustainability certification
MSPO Standard (history)

• Endorsed by YB Minister of MOSTI on 5 September 2013
• Registered as Malaysian Standard; MS 2530:2013 in September 2013
• Launched by YAB Deputy Prime Minister on 19 November 2013
• Announced implementation of MSPO on 1 January 2015 by YB Minister of MPIC
• Accreditation of certification bodies for MSPO is now under consideration by Standard Malaysia
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 for palm oil mills
Seven Principles

1. Management commitment and responsibilities
2. Transparency
3. Legal requirements
4. Social responsibility, health, safety and employment conditions
5. Environment, natural resources, biodiversity and ecosystem
6. Best practices
7. Development of new planting
Review of Standards

• MPOB is the Standard Writing Organization
• Malaysian Standard → review every five years
• Next review in 2018
• Strategic research conducted to improve the standard
• Guided by UN Food and Agriculture Business Principles
Implementation of MSPO

• How do we measure the implementation of this standard?
• Metric measurements of MSPO requirements → certification scheme
• Certification scheme
• Third party auditors
MSPO Certification Scheme
MSPO Certification Scheme Documents
Flowchart of the Certification Procedure

1. Application
2. Stage I Audit
3. Stakeholder
4. Stage II Audit
5. Draft Report
6. MPOB Panel Review
7. Final Report
8. CB Certification Panel
9. Approved
   - Yes: Certificate Issuance
   - No: Certificate Rejection
10. Certificate Rejection
11. MPOB and Public Notification
12. Annual Surveillance Audit
13. Re-certification (re-iteration of steps 4-9)
Exemptions .....under the scheme

Stage I & II Audit

• Operators without any certification or those having management system certification e.g. ISO, COP.

• Those with certified management systems in place may be subjected to reduce audit man days.

Stage II Audit only

• Operators with internationally recognized sustainability schemes e.g. RSB, ISCC, RSPO are exempted from Stage I audit.
MPOB Panel Review

- Draft report shall be submitted to MPOB for review by MPOB Panel Review
- CB shall take necessary action on the review comments and finalize the report
- Final report shall be submitted to the CB Certification Panel

New Kid On The Block
Issuance of certificate

- Certificate for premises complied with MSPO requirements is issued with details of scope of certification
- Validity of certificate issued is 5 years
- Annual surveillance
Certification Bodies

- MSPO (Malaysian Sustainable Palm Oil)
- TÜV NORD
- Bureau Veritas
- SGS
- Intertek
- Control Union
- SIRIM QAS International
- NIOSH Certification
- bsi Supply Chain Solutions
- CARE Certification International
Palm Oil Supply Chain Traceability Requirements

- Segregation
- Mass balance
Palm oil supply chain

Farms/plantation

Dealers of Fruits

POM

Crushing Plant

Biofuel Plant

Refinery

Transportation

Bulking installation

Vessel

Buyer & end user
INDEPENDENT SMALLHOLDERS

PLANTATIONS AND ORGANISED SMALLHOLDERS

FFB DEALER

PALM OIL MILL

PALM OIL REFINERIES

PALM KERNEL CRUSHER

PALM BIOFUEL, BIOMASS PLANTS, Oleochemicals, etc

STORAGE, BULKING AND TRANSPORT
Methodology

The certified palm products will go through many processes (conversion and transportation) between the farmers/plantations and the end users. Any individual batch of certified palm products can be traded through one of three traceability system approved by MSPO:

1. Segregated
2. Mass balance

For all two traceability systems, controls from the farm/plantation through to the certified end product shall be established and implemented.
Segregation system
physical segregation between certified and non-certified palm products – Segregation
Segregation system

Physical segregation between sustainable and non-sustainable, between sustainable products of different origin - *Identity Preserved system.*
Mass balance system
mix between sustainable and non-certified palm products, quantification of sustainable and non-sustainable
Downstream Traceability Management System

- Refinery
- Transportation
- Biofuel Oleochemical
- Crushing Plant
- Buyer & end user
- Bulking installation
- Vessel

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Lembaga Minyak Sawit Malaysia - Malaysian Palm Oil Board
Challenge … Smallholders

- **Organized smallholders**
  - Smallholdings managed by government agencies such as FELDA, FELCRA, RISDA, SALCRA, SLDB and other state agencies
  - Area 1,268,365 ha

- **Independent smallholders**
  - Independent smallholders or leases may employ workers to carry out at their farms
  - Total smallholders 200,000
  - Total area 807,008 ha
Groupings of Smallholders

- **SPOC**
  - Sustainable Palm Oil Cluster refers to a group of independent smallholders within a specific boundary who are committed to produce palm oil through the cooperative structure.

- **Other types of Grouping**
  - Dealers
  - Mills
  - Estate
Voluntary Certification Systems

Malaysian Certifications

- MSPO
- Standards Malaysia
- MS 784
- CODES OF PRACTICE
- HALAL
- HACCP
- Non-GMO

Foreign & International Certifications

- ISCC
- TFT
- ISO
- RSB
- Sustainabale Palm Oil
- Roundtable Sustainable Biomaterials
1980's
- Refineries Certificate of Competency 1990 (RCOC)
- Mill Certificate of Competency 1980 (MCC)

1990's
- Oil Palm Nursery Certificate of Competency (OPNCC)

2000's
- Codes of Practice (CoP)

2010
- Sustainability Manual (SM)

2013
- Malaysian Sustainable Palm Oil (MSPO)

2015
- Malaysian Oil Palm Sustainability Manual
Conclusion

• Malaysian oil palm industry is committed to fulfill requirements of importing countries
• The industry is a highly regulated industry and is undergoing rapid transformation into ecological agriculture
• MSPO is a reflective of UN Food and Agriculture Business Principle
• Incorporates the UN Goal on poverty eradication
Conclusion

• The MSPO Standard - the Malaysian oil palm industry is proud to implement it

Mobius Strip – a surface with one side and one boundary. Similar to the symbol infinity and is used to represent transformation. In the manual it represents sustainability and the infinite potential of oil palm
Thank You for Your Kind Attention

http://www.mpop.gov.my