

IChemE's Palm Oil Processing Special Interest Group

Webinar: Malaysian Palm Oil Sustainability Certification Effort through MSPO – Getting the Right Fact on Palm Oil

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The written responses were prepared on 21st October 2021. For updated information and development, please visit MPOCC website:

www.mpocc.org.my

Responses to the questions:

What are the KEY differences between MSPO and RSPO?

Answer:

Table: Differences between MSPO and RSPO

No	MSPO	RSPO
1	National standards for the Malaysian palm oil industry (Government Initiative) are being worked on for international recognition.	It is a business initiative (B2B) and can be used internationally
2	Subject to Malaysian laws and regulations	Subject to national laws and regulations at the respective business location
3	Designed specifically to take into account the welfare and help the ability of smallholders to obtain sustainable palm oil certification without neglecting other palm oil industry operators.	Formed as a whole for palm oil's 'value chain', where smallholders are treated the same as other industry players.

4	<p>There is no membership fee for industry players to obtain MSPO certification. Furthermore, in this scheme, the efforts of industry players to obtain MSPO certification are given incentives by the Government.</p> <p>For independent smallholders, they are given a 100% incentive on auditing fees, training, "Personal Protective Equipment(PPE)", and storage of chemicals and fertilizers as well as signage.</p> <p>Certified unit can claim for Tax Deduction under the National Scheme</p>	<p>Membership fees</p> <p>Ordinary members</p> <p>Palm Growers</p> <p>Farmers (≥ 500 ha) - € 2,000/year</p> <p>Smallholder Group Manager -> 1,900 ha € 2,000/year 1,000 - 1,900 ha € 1,000/year <1,000 ha € 250/year (iii) Smallholders (<500 ha) € 500/year Other Sectors € 2,000/year</p> <p>Affiliate Member € 250/year</p>
5	Mandatory implementation	Voluntary implementation
6	7 Principles; 33 Criteria	8 Principles; 42 Criteria
7	Governing Body - Malaysian Palm Oil Certification Council (MPOCC)	Governing Body-Roundtable on Sustainable Palm Oil (RSPO) with overseas branches

1.1] There is always general comparison between the standard of MSPO with RSPO. This question might be a bit hypothetical; in your opinion, if the MSPO standard adopts/change into the RSPO standard, will Malaysia palm oil still get banned by US Customs Borders?

Answer:

It is common for people to make comparisons between the MSPO Standard with the RPSO Standard as both are certification for palm oil sustainability. However, the hypothetical questions if the MSPO Standard adopts/change into the RSPO Standard will create a different scenario for Malaysia palm oil banned by US Customs and Border Protection (US CBP) does not arise. This is because the Withhold Release Orders (WRO) by US Customs and Border Protection against two Malaysian palm oil companies occurred at the time both companies had the MSPO and RSPO certification. This proved that neither MSPO or RSPO certification were taken into account for US CBP to enforce WRO and findings to prevent palm oil from entering the U.S. commerce. Based on our research, the US CBP only requires information that is reasonable but not conclusive for the issuance of a WRO on grounds of preventing goods. MSPO certification scheme operates impartially and relies on a third party such as Certification Bodies to verify the compliance of certificate holders on the standard requirement. Additionally, the non-compliance issue is more towards individual companies accountability/responsibility rather than the full systemic issues.

2.2] Hi RSPO is going for living wage research... what about MSPO on this matter?

Answer:

Regarding wages matter, MSPO, under principle 3, which complies with law and regulation, will follow the minimum wages fixed by the Human Resource Ministry. There is no intention to research this, but if there is a need to do research, MPOCC will invite the agency under the Human Resource Ministry to discuss further details on this matter.

Current MSPO revised its standards. For plantations, the desired impacts would be on environmental issues, social issues and economic issues.

With regard to research, MPOCC new strategic direction will look into impactful research on environment, social and economic in relation to MSPO. Albeit there is no specific topic decided at the moment, MPOCC may consider living wage research and this may require a collaboration with other relevant stakeholders.

Did MPOCC come out with carbon calculation tools for palm oil industries to use?

Answer:

MPOCC will develop Greenhouse Gases (GHG) calculation tools as a guideline for the Malaysian palm oil industry for MSPO certification.

What are the main challenges that hold Malaysia from being the leading producer of biomass and biogas in the region? How feasible is the biogas & biomass project in Malaysia?

Answer:

The biomass and biogas sector has a huge potential to be developed in Malaysia. Currently, there are a few Ministries and Agencies that encourage and promote the development of both biomass and biogas in Malaysia. However, to further develop both industries there must be a sole body that coordinates the research, regulation, promotion and financial availability to support the biomass and biogas project in Malaysia. This is to ensure a concerted effort in developing both industries towards realising the vision of Malaysia as a leading producer of biomass and biogas in the region.

In terms of certification, MPOCC is currently developing the MSPO Biomass Chain of Custody (CoC) Standard with various stakeholders in preparation to support industry using palm oil biomass originated from MSPO certified areas. MPOCC hope this strategy can support the development of the biomass industry in Malaysia.

What is Malaysia's biomass & biogas potential, and how far are we from realising it?

Answer:

Malaysia has substantial potential for biomass energy utilisation given its equatorial climate ideal for dense tropical forest growth and agricultural vegetation. With the introduction of the National Green Technology Policy in 2009, the 10th Malaysia Plan (10MP) and the Economic Transformation Programme (ETP) in 2010, as well as the Renewable Energy Act 2011, Malaysia is gearing up to unlock the wealth creation potential of its biomass industry.

A concrete tool to foster the development of the biomass and biogas sector is the feed-in-tariff (FiT), enabling a producer of renewable energy to feed in the generated renewable energy into the network of the national grid operator such as TNB or SESB in Sabah/ Borneo for 16 years applying a fixed tariff for the remuneration of the producer.

There is still a lot of potential for biomass and biogas development in Malaysia. As such, MPOCC within its own jurisdiction on certification, is currently developing the MSPO Biomass Chain of Custody (CoC) Standard with various stakeholders in preparation to support industry using palm oil biomass originated from MSPO certified area.

	Biogas (RM/ kWh)	Biogas (Landfill/ Agricultural waste) (RM/kWh)	
a) Basic FiT rates			
Capacity of up to 4 MW	0,3184 (6,8 EURct)	up to 5 MW	0,221-0,2814 (4,7 – 6 EURct)
up to 10 MW	0,2985 (6,4 EURct)		
up to 30 MW	0,2786 (5,9 EURct)		
b) Bonus FiT rates having the following criteria (in RM/ kWh)			
Use of gas engine technology, efficiency > 40%	+0,0199 (0,43 EURct)		
Use of locally manufactured or assembled gas engine technology	+0,0500 (1,1 EURct)		
Use of landfill, sewage gas or agricultural waste including animal waste as fuel source	0	+0,0786 (1,7 EURct)	

Recent feed-in-tariffs for biogas in Malaysia (RM = Malaysian Ringgit), source: SEDA Malaysia

What is the MPOCC effort to help palm oil industries not only being MPSO certified but get benefit from MSPO implementation?

Answer:

MPOCC is actively engaged with importing nations and industry players in promoting and accepting MSPO as a credible sustainable palm oil certification for their consumption. MPOCC and MPOB have managed to get MSPO to be recognised as one of the tools in Tokyo Olympic 2020 Sustainable Sourcing Code for palm oil. Currently, MPOCC and MPOB are actively engaging with China Green Food Development Center to gain mutual recognition for MSPO and China Green Food label to enable MSPO certified oil to penetrate China vegetable oil and fats market.

Meanwhile, at domestic level MSPO certification is accepted by LHDN as a national scheme that provides MSPO certificate holders for double tax reduction under the paragraph 34(6)(ma) of the Income Tax Act (ACP) 1967. The Government also provides a one time off incentive for oil palm growers and processing facilities that started the MSPO certification process before 1 January 2020.

What is MPOCC strategy to be a seller for carbon trading for methane gas capture from POME or forest conservation?

Answer:

Currently, MPOCC has not explored carbon trading for methane gas capture from POME or forest conservation. This is due to the MPOCC mission to establish and operate a credible and internationally recognised national palm oil certification scheme towards promoting sustainable management of oil palm in Malaysia.

is there any disadvantage of this MSPO?

Answer:

The disadvantage of MSPO will be that the MSPO certification scheme is still new among international palm oil users. This factor led to a lack of demand for MSPO certified oil even though nearly 90% of Malaysia's oil palm planted area has been certified with MSPO. MPOCC will increase its effort to promote MSPO certified oil to the international market to support the sustainability endeavor of the Malaysian palm oil industry.

The current MSPO Standard was published 8 years ago in 2013, and it is inevitable there will be new challenges and development in sustainability practices for the palm oil industry. Thus, MPOCC has been engaging with various stakeholders in the revision process of the MSPO Standard since 2019. The new revised MSPO Standard will incorporate new elements to make it more robust and inline with the latest sustainability best practices in the palm oil industry. These include introducing High Conservation Value (HCV), Greenhouse Gases (GHG) calculation tools and strengthening of the Social Impact Assessment (SIA). The new revised standard is estimated to be published by the first quarter of 2022. With the effort taken by MPOCC and various stakeholders, we hope that the new revised MSPO Standard will gain acceptance from the global palm oil market.

How much is the budget for MSPO?

Answer:

MPOCC as the governing body of MSPO does not control the pricing of the audit fees charged by Certification Bodies to the potential MSPO certificate holder. However, based on the MSPO Incentive Programme provided by the Malaysian Government to encourage the palm oil industry to obtain MSPO certification, MPOCC observed that the average costs of MSPO certification is between the range of RM14,000 to RM19,000 for a single estate.

In what year do you expect the global market acceptance of MSPO to exceed that of RSPO, which is just over 10% at the moment?

Answer:

MSPO subjects Malaysian companies to legislative check and balance and comply with international standards in the sustainability of the oil palm industry. MSPO is implemented as a Malaysian initiative to catalyze the transformation of the palm oil industry for its sustainability, including smallholders, while RSPO is a business initiative for sustainable palm oil. Hence MSPO does not contradict with RSPO but could compliment each other for the sustainability development of palm oil industry in Malaysia.

The Government of Malaysia is actively engaged with importing nations and industry players in promoting and accepting MSPO as a tool for the sustainability of oil palm. We treat this as a long term goals to ensure acceptance of MSPO as a leading tool for oil palm sustainability.

May I have the presentation slides via email?

Answer:

The presentation slide will be uploaded on MPOCC webpages, and Please download the presentation slide in the MPOCC pages under resources - presentation.

Thanks for the informative sharing! I found that currently, we have a feed-in tariff for renewable energy, including biomass (mainly from the palm oil sector). But biomass energy take-up rate is quite low compared to others; in your opinion, what would be the initiative to encourage more stakeholders to actively engage in biomass renewable energy development as one of the sustainability approaches for the palm oil industry?

Answer:

In my opinion, there should be a well placed regulation to provide a stable environment and instill confidence of stakeholders to venture actively in biomass energy development. Furthermore the financial institute will be more willing to invest in well regulated biomass development projects.

As such MPOCC is currently developing the MSPO Biomass Chain of Custody (CoC) Standard with various stakeholders in preparation to support industry using palm oil biomass originated from MSPO certified areas. MPOCC hopes this strategy can support the development of the biomass industry in Malaysia.

How is MSPO addressing real-time traceability and visibility, including last-mile connectivity to smallholders?

Answer:

MSPO Trace is a centralised software platform to monitor sustainability and traceability and ensure the legality of Malaysian palm oil. The continuous certification monitoring system enables full traceability and tracking of sustainable palm oil from the farm to the customer.

Please visit <https://mspotrace.org.my/>.

What the smallholder palm oil planters (pekebun kecil) should do in order to start complying with the MPSO?

Answer:

Oil palm smallholders are individuals who have oil palm plantations with an area of less than 40.46 ha or 100 acres. Smallholders are divided into two (2) categories, namely Independents Smallholders (ISH) who operate their planting areas and Organised Smallholders (OSH) who are managed by government agencies.

The MSPO standard applies to Independent Smallholders in the MSPO standard MS2530-2: 2013 General Principles of MSPO for Private Smallholders. To help Independent Smallholders obtain MSPO certification, a total of 162 Sustainable Palm Oil Clusters (SPOC) has been established by MPOB throughout the country. On average, about 1500 Independent Smallholders will be pooled into each SPOC to facilitate incentive assistance, training and MSPO certification by MPOB officers. All 162 SPOCs were MSPO certified in 2019. Independent smallholders should contact a TUNAS officer from the nearest MPOB office and register to participate in the SPOC programme.

Organised Smallholder is an individual who has oil palm plantations and is managed by government agencies such as FELDA, FELCRA, RISDA, SALCRA, SLDB, KESEDAR, PKEINPk and so on. The MSPO standard applicable to Organised Smallholders is the MSPO standard MS2530-3: 2013 General Principles of MSPO for Structured Farms and Smallholders.

Refer Link: [MSPO Certification Procedures](#)

will the slides be made available after the webinar?

Answer:

The presentation slide will be uploaded on MPOCC webpages; Please download the presentation slide in the MPOCC pages under resources - presentation.

Strange that under “Industry” options, there is none for “agriculture” or similar since this talks if for the plantation/ agriculture industry sector

Answer:

Agriculture Commodities in Malaysia is under the Ministry of Primary Industry and Commodities (MPIC), which comprises Palm Oil, Rubber, Pepper, Cocoa, timber and kenaf, while other agriculture industries are under the Agriculture ministries.

Under MPIC, each of these commodities is governed by different bodies. For the oil palm industry alone, we have the Malaysian Palm Oil Board (MPOB) as the main authority, the Malaysian Palm Oil Council (MPOC) for marketing and promotion and the Malaysian Palm Oil Certification Council (MPOCC) as the Malaysian Sustainable Palm Oil (MSPO) certification owner.

Please comment the trend of palm oil price and the prospect for related industries in the coming year.

Answer:

MPOCC is the governing body for the MSPO certification scheme. MPOCC main focus will be on the implementation of sustainability practices in palm oil value chain through MSPO Standard. However, MPOCC does not have the capacity to research and analyse the trend of palm oil price to be able to give comment in this area. MPOB as the research arm for palm oil is more competent to answer this question.

Would like to know more on what you do and how would it help small planters like me.

Answer:

To know more about MSPO and MPOCC, you can log in to our website at <https://www.mpocc.org.my/>, and if you have any further queries, you are always welcome to contact us at info@mpocc.org.my or 03-55699676 / 017-3953511. MSPO certification benefit oil palm planters as this lead to our oil palm product being accepted internationally as environmentally and sustainability produced and lead to an increase in demand for our oil palm product

1. When is the deadline?
for MSPO certification, and how does MPSO address the new planting and replanting with regards to ESG issues?

Answer:

Mandatory MSPO Implementation

As per the government announcement in 2017, the deadline for all oil palm estates and mills are Dec 2019, which means all of this entity needs to be certified starting Jan 2020.

MSPO certification is one of the licensing requirements for MPOB licenses.

Oil palm estates of more than 40.47ha and palm oil mills that fail to obtain the MSPO certification or begin the process of the certification on 1 January 2020 will be fined and penalised as it is construed as an offence under the Malaysian Palm Oil Board (Licensing) 2005 regulation number 15.

Failure to comply with the regulation will enable MPOB to penalise, suspend, cancel or not renew licenses under the provision of the regulation.

Current MSPO revised its standards. For plantations, the desired impacts would be on environmental issues, social issues and economic issues.

Environmental, Social and Governance[ESG issue]:

There will be three (3) components of impacts that are for Environment, Social and Economic. MSPO is the national sustainability standard that is committed to the 3 "P" that include people(social), planet(environment) and economic(profit)

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Independent Smallholders:

We could see the huge impact on the environmental issues where the smallholders themselves will be equipped with the new knowledge, especially on High Conservation Value (HCV). For HCV, independent smallholders need to complete the training on HCV and be aware of the importance of maintaining and conserving the HCV areas.

In conclusion, the MSPO 2.0 will positively impact independent smallholders, especially for implementing High Conservation Value (HCV), Customary Rights, and Traceability.

Plantations and Organised Smallholders:

For plantations, the desired impacts would be on environmental issues, social issues and economic issues.

On environmental issues, the plantations should be able to adopt this revision standard, especially peatland. New planting on the peatland shall be avoided unless permitted by local legislation.

Once implemented, there is no conversion of natural forest, protected areas and High Conservation Value(HCV) areas after 31st December 2019. The improvement of the environment principal at MSPO revised standards would have positive impacts. Impacts on social issues would be more significant and drastic because people are the most crucial element in MSPO Standards. We need to address this social issue by implementing robust standards on social problems. MSPO revision would be No forms of forced or trafficked labour and child labour are used, and any form of discrimination and harassment is prohibited, and triangular employment arrangements are prohibited are practised.

MSPO's next revision is required to improve its employees' living conditions. It is currently not explicitly mentioned on this criterion, where housing is provided, and decent living conditions are provided to employees and their families.

Besides, the new revision will emphasise ethical business conduct, whereas the organisation shall adhere to ethical conduct and anti-bribery in its business relations with employees, communities, and stakeholders.

In conclusion, its desired impacts on industries are on High conservation value (HCV), Peatland, New planting cut-off date, Greenhouse Gases (GHG), Deforestation, Environmental Impact Assessment (EIA), Zero Burning practices, Land Use rights, Customary rights, Social Impact Assessment (SIA), Free Prior Informed Consent (FPIC), Discrimination, Child Labour, Decent living conditions, Triangular employment, Ethical business conduct, Sustainable development, Traceability.

Mills & Dealers:

Looking into the implementation phase, the Malaysian Sustainable Palm Oil (MSPO) standard has been made mandatory by the end of 2019. Malaysian Palm Oil Certification Council (MPOCC) is the scheme owner, and the enforcement body is under Malaysian Palm Oil Berhad (MPOB) to assist with the mandatory implementation. For the revised MSPO standard, it is expected to be published and implemented in 2022.

The desired impact on the industry is that we look forward to the industry adapting with a new culture and new norms to the sustainable way of producing palm oil and counter negative perceptions of palm oil, for example, for the revised. Standard on GHG, the organisation shall identify GHG emission sources and perform the GHG calculation to reduce GHG value. In addition, traceability in the transparency principle is important to increase supply chain visibility, improve quality control systems, and reduce risk.

All palm oil processing facilities and dealers must adhere to principles and standards on management commitment and responsibility, transparency, compliance to legal and other requirements, responsibility to social, health, safety and employment conditions, environment, natural resources, biodiversity and ecosystem services. In the next revision or revised standard, dealers will have their standard, and it covers the areas of operations excluding paper trading, oil palm seeds and seedlings, and plants from oil palm tissue culture dealers.