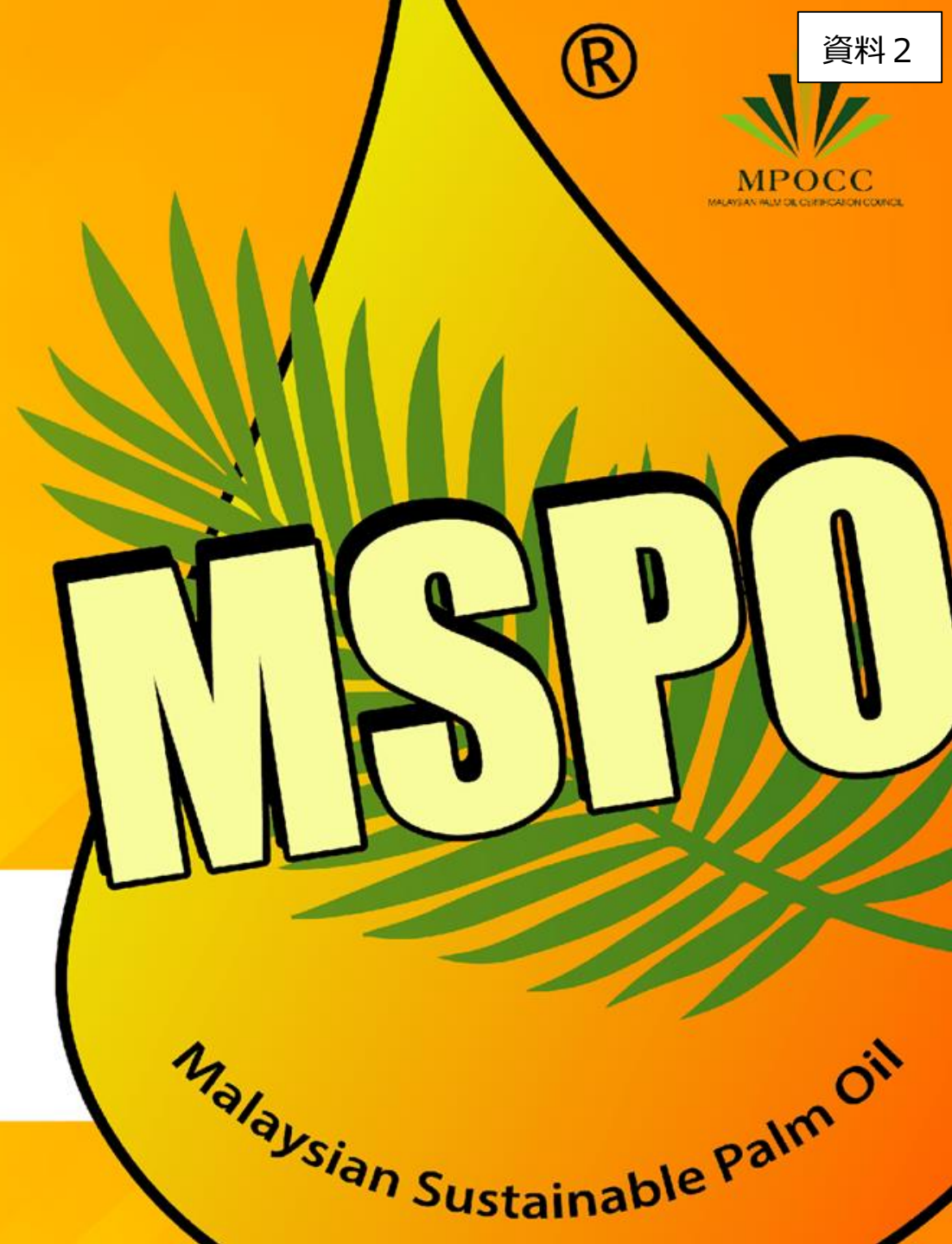




MSPO Certification Scheme

**Biomass Sustainability Working Group
(BSWG)
Date: 6th August 2021**



HOW DOES THE MSPO STANDARDS ADDRESS SUSTAINABLE DEVELOPMENT ISSUES?



The Department of Standards Malaysia (Standards Malaysia) together with MPOCC are reviewing the MS 2530:2013 series standards.

- i. Malaysian Sustainable Palm Oil (MSPO) **Part 1: General Principles**
- ii. Malaysian Sustainable Palm Oil (MSPO) **Part 2-1: General Principles for Independent Smallholders**
- iii. Malaysian Sustainable Palm Oil (MSPO) **Part 2-2: General Principles for Organized Smallholders**
- iv. Malaysian Sustainable Palm Oil (MSPO) **Part 3-1: General Principles for Oil Palm Plantations (Above 40.46 hectares to 500 hectares)**
- v. Malaysian Sustainable Palm Oil (MSPO) **Part 3-2: General Principles for Oil Palm Plantations (Above 500 hectares)**
- vi. Malaysian Sustainable Palm Oil (MSPO) **Part 4-1: General Principles for Palm Oil Mill including Supply Chain Requirements**
- vii. Malaysian Sustainable Palm Oil (MSPO) **Part 4-2: General Principles for Palm Oil Processing Facilities**
- viii. Malaysian Sustainable Palm Oil (MSPO) **Part 4-3: General Principles for Dealers**

Strengthening requirements for **New Planting** to include **HCV, SIA and EIA*** requirements after the cut off date of **31 December 2019**

03

Introducing & Incorporated the **High Conservation Value (HCV)** approach

02

Introducing & Incorporated **Green House Gas Calculation (GHG)** for the entire supply chain.

04

The MSPO Standard supports the **Sustainable Development Goals (SDG)2030** by incorporated the elements into the revised Standard.

01

05

Clearer requirements to prohibit any forms of **forced or trafficked labour**



Notes: *

HCV – High Conservation Value

SIA – Social Impact Assessment

EIA – Environment Impact Assessment

Environmental Issues		
Elements	Draft MSPO 2.0	MSPO 2013
High Conservation Value (HCV)	<p>High Conservation Value (HCV) – biological, ecological, social or cultural values which are considered outstandingly significant or critically important, at the national, regional or global level.</p> <p>The six categories of HCV are defined as follows: HCV1: Species diversity HCV2: Landscape-level ecosystems and mosaics HCV3: Ecosystems and habitats HCV4: Ecosystem services HCV5: Community needs HCV6: Cultural values Source: HCV Common Guidance Toolkit</p> <p>MSPO 2.0 states that comprehensive HCV, environmental and social impact assessments are undertaken prior to new plantings or establishments, and a management plan is implemented, monitored and regularly updated in ongoing operations. New plantings/establishments on peat land, terrain/slopes exceeding 25°/300m above sea level, fragile and marginal soils are avoided unless permitted by local legislation</p>	<p>Not mention of HCV, but refers to High Biodiversity Value. HBV consist of:</p> <ul style="list-style-type: none"> a) Primary forest. b) Areas designated by law or by the relevant competent authority to serve the purpose of nature protection. c) Areas for the protection of rare, threatened or endangered ecosystems or species recognized by international agreements or included in lists drawn up by intergovernmental organizations. <p>MSPO states that High Biodiversity Areas must have management plans, and that oil palm should not be planted on land with high biodiversity value unless it is carried out in compliance with the national biodiversity legislation.</p>

Comparison of Draft MSPO 2.0 & MSPO 2013

Environmental Issues		
Elements	Draft MSPO 2.0	MSPO 2013
New planting cut-off date	MSPO 2.0 has a cut-off date which is 31st December 2019 , no conversion of natural forest, protected areas and High Conservation Value areas after 31st December 2019.	MSPO do not have cut-off dates for applicability for any criteria
New planting establishment	<p>New plantings shall be carried out with consideration of the following:</p> <ul style="list-style-type: none"> a) No conversion of natural forest, protected areas and High Conservation Value areas after 31st December 2019, b) Updated information on soil types and topography, and c) New planting on the following shall be avoided unless permitted by local legislation: <ul style="list-style-type: none"> i. steep terrain exceeding 25°, ii. areas located 300m above sea level, iii. fragile and marginal soils, and iv. peat land. <p>Appropriate and viable conservation measures shall be adopted and implemented to minimise adverse impacts.</p> <p>MSPO 2.0 require that independent environmental, social impact assessments and HCV are conducted and reviewed prior to land conversion and replanting.</p>	MSPO require that independent environmental and social impact assessments are conducted prior to land conversion. It states that High Biodiversity Areas must have management plans, and that oil palm should not be planted on land with high biodiversity value unless it is carried out in compliance with the national biodiversity legislation.

Comparison of Draft MSPO 2.0 & MSPO 2013

Environmental Issues		
Elements	Draft MSPO 2.0	MSPO 2013
Zero Burning	MSPO 2.0 strictly restricts open burning, except in situations allowed under the legal framework. Response and mitigation plans shall be established to prevent fire.	MSPO prohibits the use of fire for waste disposal and for preparing land for oil palm cultivation or replanting except in specific situations, as identified in regional best practice and a special approval from the relevant authorities for significant risk of disease spread.
Deforestation	There are no clearly defined requirements of deforestation. However, it strictly mentioned no conversion of natural forest, protected areas and High Conservation Value areas after 31st December 2019.	MSPO states that High Biodiversity Areas must have management plans, and that oil palm should not be planted on land with high biodiversity value unless it is carried out in compliance with the national biodiversity legislation.
Peat	MSPO 2.0 mention new planting on the peat land shall be avoided unless permitted by local legislation. The indicator also highlighted appropriate and viable conservation measures shall be adopted and implemented to minimise adverse impacts	MSPO requires implementation of Best Management Practices (BMPs) for peatland management. MPOB has developed guidelines for best practices on peatland, as state law allows planting on peatland that has been gazetted for agriculture use.

Comparison of Draft MSPO 2.0 & MSPO 2013

Social Issues		
Elements	Draft MSPO 2.0	MSPO 2013
Discrimination	MSPO 2.0 prohibits any form of discrimination and harassment. The organisation shall provide equal opportunity and treatment regardless of race, colour, gender, religion, political opinion, nationality, social origin or any other distinguishing characteristics.	MSPO prohibits all types of discrimination from companies who are requested not to engage or support discriminatory practices. The standard mention implicitly as these policies should be made public.
Forced Labour	<p>MSPO 2.0 strictly state that “No forms of forced or trafficked labour as well as child labour are used”. No forms of forced or trafficked labour are used whereby all work is voluntary and the following are prohibited:</p> <ul style="list-style-type: none"> a) Retention of identity documents or passports, b) Payment of statutory recruitment fees, c) Contract substitution, d) Involuntary overtime, e) Lack of freedom of workers to resign, f) Penalty for termination of employment, g) Debt bondage, and h) Withholding of wages. 	<p>MSPO refers to labour laws that prohibit the use of forced labour. Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education programmes. Children shall not be exposed to hazardous working conditions.</p>

Comparison of Draft MSPO 2.0 & MSPO 2013

Social Issues		
Elements	Draft MSPO 2.0	MSPO 2013
Child Labour	MSPO 2.0 strictly state that “No forms of forced or trafficked labour as well as child labour are used”. In addition, children shall not be employed or exploited . Work by young persons is acceptable under adult supervision, and when not interfering with their education, nevertheless, not be exposed to hazardous working conditions.	MSPO allows child labour on family farms, “under adult supervision, and when it does not interfere with their education.”
Decent living conditions	MSPO 2.0 provide decent living conditions to employees and their families in accordance to Workers’ Minimum Standards of Housing and Amenities Act 1990 (Act 446) or other relevant regulations.	MSPO require to provide the quarters that habitable and have basic amenities and facilities in compliance with the Workers’ Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.
Triangular employment	MSPO 2.0 provide the triangular employment arrangements are practiced in line with (1), which is employment conditions comply with legal requirements and the ILO Decent work Agenda. It state “The organisation shall fulfil all indicators of Criterion 3 in ensuring that there is no mistreatment of workers in the case of triangular employment relationship. The final responsibilities / accountabilities lie with the principal employer”.	MSPO does not mention triangular employment

Question 1: I would like to know the schedule for the future until the new standards take effect. We would also like to know the outlook and schedule for the transition of farms and CPO mills that had been certified under the old standards after the new standards take effect.



certifying
Malaysian palm oil
for the world

- December 2021 - Final draft for Revised MSPO Standards.
- January 2022 - Official Revised MSPO Standards published and distribute to the industry.
- Jan 2022 to Dec 2022 - One year grace period.
- From January 2023, compulsory for Certification Bodies to apply Revised MSPO Standards.

- Currently, the revised MSPO Standard scope is only for palm oil and palm oil product.
- Thus it does not include CoC certification to certify end users and distributors, such as power generators and trading companies.
- However, MPOCC is developing a separate standard namely, MSPO Biomass Chain of Custody (CoC) Standard for traceability of biomass from MSPO certified area until the end user.
- The MSPO Biomass CoC Standard is estimated to be completed in June 2022.

The MSPO Standard Part 4-1, 4-2 and 4-3 the traceability model is reflected in Principle 2: Transparency, Criterion 2: Traceability.

4.2.2.6 Indicator 6: Traceability Model

a) Segregation

- The Segregation (SG) Model assures that MSPO certified palm oil products delivered to the end users come only from MSPO SG certified sources. It permits the mixing of certified palm oil products from a variety of MSPO SG certified sources.

b) Mass Balance

- The Mass Balance (MB) Model administratively monitors the trade of MSPO certified palm oil products throughout the entire supply chain. MB can only be operated at site level (mass balance claims cannot be transferred from site to site administratively). The MB Model allows for mixing of MSPO and non-MSPO certified palm oil products at any stage in the supply chain provided that overall site quantities are controlled.

- (4.2.1.4 Indicator 4: The organisation shall provide information requested by relevant stakeholders and management documents shall be publicly available, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes. Information and documents shall be in appropriate languages and forms.)

Part	P/C/Indicator
Part 2-2	4.2.1.4 Indicator 4
Part 3-1	4.2.1.4 Indicator 4
Part 3-2	5.2.1.4 Indicator 4
Part 4-1	5.2.1.4 Indicator 4

Question 3: "4.1.2 Criterion 2: New planting/establishment : Is there any difference between "new planting" and "establishment"? It says that "New plantings/establishments on peat land, terrain/slopes exceeding 25°/300m above sea level, fragile and marginal soils are avoided unless permitted by local legislation."Please describe the local legislation in Malaysia which permits new plantings in such areas. What are the conditions?

- Definition of New planting
Any conversion of forest, peatland and/or other crops to oil palm is considered as New Planting
- Definition of New establishment
Establishment of operation/processing facilities for palm oil processing & transaction, e.g., palm oil mill, processing facilities, and dealers, trades & repackers; other than plantation activities.

Please describe the local legislation in Malaysia which permits new plantings in such areas. What are the conditions?

For new planting of an area 500ha or more, it requires an Environment Impact Assessment (EIA). For areas below 500 ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required. For peat management, plantation need to adhere to MPOB guideline on peatland development & industry best practices.

Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.

No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500 ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.

Question 3: "4.1.2 Criterion 2: New planting/establishment : Is there any difference between "new planting" and "establishment"? It says that "New plantings/establishments on peat land, terrain/slopes exceeding 25°/300m above sea level, fragile and marginal soils are avoided unless permitted by local legislation."Please describe the local legislation in Malaysia which permits new plantings in such areas. What are the conditions?

Please describe the local legislation in Malaysia which permits new plantings in such areas. What are the conditions?

1) Peninsular Malaysia

- **Department of Land and Mines**

managing Federal Government lands in accordance with the Federal Lands Commissioner Act 1957.

- **Department of Forestry of Peninsular Malaysia(JPSM)**

- **Valuation and Property Services Department**

-Valuation for conversion of land use, or more technically, change of category of land use or express condition of title

National Land Code 1965, all alienated lands are divided into three (3) categories of land use i.e. "Agriculture", "Building" and "Industry".As such any land owner who intends to use his land for another category of use other than the category stated in the title, must apply to change the category of land use accordingly.

2) Sarawak

New Plantings

- **Land and Survey Department Sarawak Malaysia**-To administer and manage land for the benefits of the people and state.

- **Ministry of Modernisation of Agriculture, Native Land And Regional Development (MANRED)**-The ministry responsible in spearheading the development of agriculture and rural communities in Sarawak especially Native Customary Land Development

- **NREB (Natural Resources And Environment Board Sarawak)**-To issue Environmental Impact Assessment(EIA) report (For Plantation above 500 ha)

3) Sabah

Land Development

- **Sabah Land and Survey Department**-Process and issuance of approval for Subdivision & Conversion, Change of Title Condition/Usage, Subdivision of Buildings, Extension of Leases Term, Additional Land Use

- **LAND ORDINANCE (Sabah Cap. 68)**

Land to be used for agricultural purposes only-Land which has been alienated under this Part or under similar part of any previous Land Ordinance shall not be used for other than agricultural purposes except with permission of the Minister who may impose additional premium or rent or add or substitute such terms and conditions as he may think fit

Child Act 2001 is an act to consolidate and amend the laws relating to the care, protection and rehabilitation of children and to provide for matters connected therewith and incidental thereto. Child meaning from **Child Act 2001**:

- "child"—
 - (a) means a person under the age of eighteen years; and
 - (b) in relation to criminal proceedings, means a person who has attained the age of criminal responsibility as prescribed in section 82 of the Penal Code [Act 574]
- The act prohibits exploitative acts often committed in the process of trafficking, such as the procurement of a child for purposes of prostitution/the purposes of sexual exploitation either within/outside Malaysia.

For the **Children and Young Persons (Employment) Act 1966**, this act is to regulate the employment of children and young persons

"child" means a person under the age of fifteen years

"young person" means a person who has attained the age of fifteen years and under the age of eighteen years

Principle 4: Responsibility to social, health, safety and employment conditions

4.4.3 Criterion 3: Employment conditions

4.4.3.5 Indicator 5: Children shall not be employed or exploited. **Work by young persons is acceptable** on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions.

Children and Young Persons Act

- “hazardous work” means any work that has been classified as hazardous work based on the risk assessment conducted by a competent authority on safety and health determined by the Minister.
- “light work” means any work performed by a worker—
 - (a) while sitting, with moderate movement of the arm, leg and trunk; or
 - (b) while standing, with mostly moderate movement of the arm

Hazardous work, basic minimum age, light work



	The minimum age at which children can start work.	Possible exceptions for developing countries	National laws
	ILO Minimum Age Convention, C138		
Hazardous work Any work which is likely to jeopardize children’s physical, mental or moral health, safety or morals should not be done by anyone under the age of 18.	18 (16 under strict conditions)	18 (16 under strict conditions)	18
Basic Minimum Age The minimum age for work should not be below the age for finishing compulsory schooling, and in any case not less than 15.	15	14	15
Light work Children between the ages of 13 and 15 years old may do light work, as long as it does not threaten their health and safety, or hinder their education or vocational orientation and training.	13-15	12-14	14 and below

Children and Young Persons Act



	14 years old and below	15-17 years old
Not allowed	Hazardous work	
Allowed	<ul style="list-style-type: none"> - light work suitable to his capacity in any undertaking carried on by his family; - public entertainment, in accordance with the terms and conditions of a licence granted in that behalf under this Act; - employment requiring him to perform work approved or sponsored by the Federal Government or the Government of any State and carried on in any school, training institution or training vessel; and - employment as an apprentice under a written apprenticeship contract approved by the Director General with whom a copy 	<ul style="list-style-type: none"> - employment suitable for children; - Any employment suitable to his capacity (whether or not the undertaking is carried on by his family - domestic servant; - <i>Employment in any office, shop (including hotels, bars, restaurants and stalls), godown, factory, workshop, store, boarding house, theatre, cinema, club or association;</i> - employment in an industrial undertaking suitable to his capacity; - employment on any vessel under the personal charge of his parent or guardian
Exceptions		no female young person may be engaged in any employment in hotels, bars, restaurants, boarding houses or clubs

Children and Young Persons Act



	14 years old and below	15-17 years old
Max. work-days per week	6 days (in any period of seven consecutive days)	
Prohibited Hours of work	Between the hours of 8 o'clock in the evening and 7 o'clock in the morning <i>-shall not apply to any child engaged in employment in any public entertainment</i>	Between the hours of 8 o'clock in the evening and 6 o'clock in the morning <i>- shall not apply to any young person engaged in employment in an agricultural undertaking or any employment in a public entertainment or on any vessel</i>
Max. consecutive hours without period of rest	3 consecutive hours without a period of rest of at least thirty minutes	4 consecutive hours without a period of rest of at least thirty minutes
Max. working hours per day	6 hours in a day; or, if the child is attending school, for a period which together with the time he spends attending school= 7 hours	7 hours in any one day; or, if the young person is attending school/apprenticeship, for a period which together with the time he spends attending school= 8 hours
Other prohibition	to commence work on any day without having had a period of not less than fourteen consecutive hours free from work	to commence work on any day without having had a period of not less than twelve consecutive hours free from work.

Question 5: We could not find the descriptions regarding the accreditation process for certification bodies, and the assurance of third party status in the final decision to grant certification. Are they mentioned somewhere?



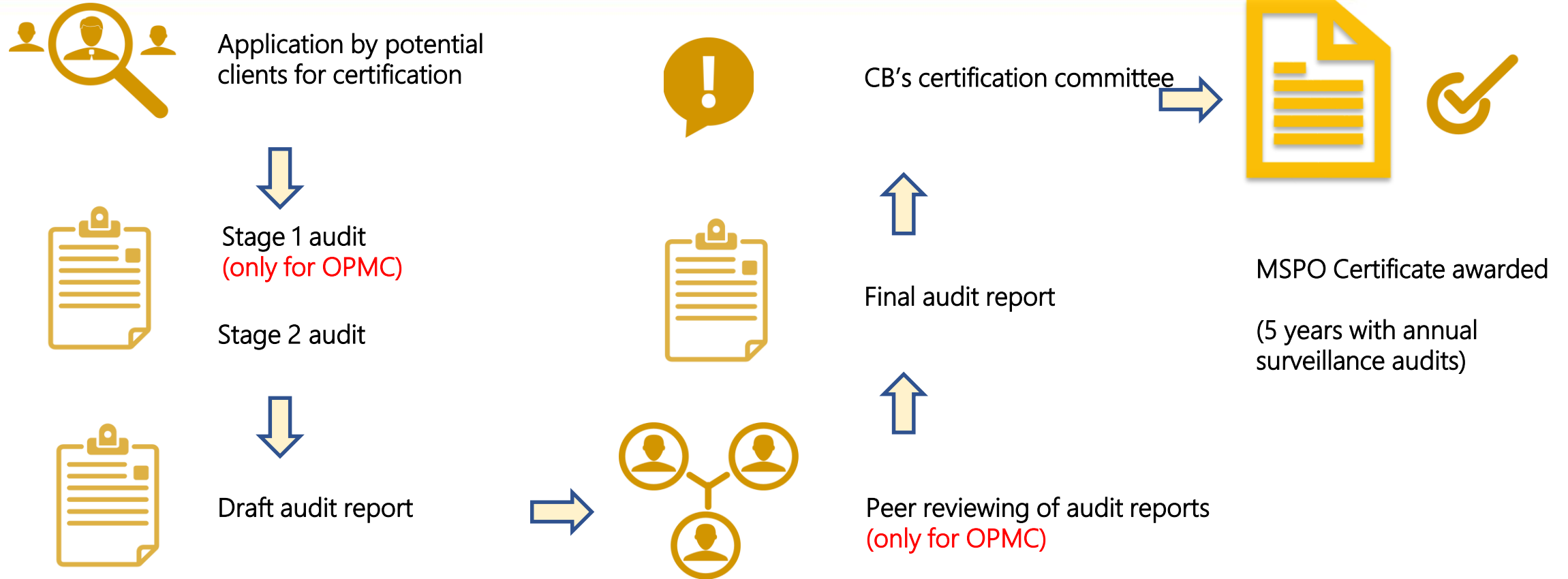
There is no mention of the accreditation process for certification bodies in the MS2530 standard, but all the details have been clearly explained on the “Malaysian Sustainable Palm Oil Certification Scheme (MSPO) and Its Implementation” document which can be found on the MPOCC website. The Paragraph 8.1 to 8.8 in the document describe the accreditation process for certification bodies.

8.1 The Certification Body (CB) carrying out certification shall be accredited by Standards Malaysia, which is the National Accreditation Body and a member of the International Accreditation Forum (IAF)...(Please click the link [Scheme Document](#))

The assurance of third party status in the final decision to grant certification is mentioned in the “Malaysian Sustainable Palm Oil Certification Scheme (MSPO) and Its Implementation” document as below:

7.8 The decision on certification shall be made by a representative of the Accredited Certification Body (ACB) who did not participate in the audit. The decision shall be based on the written audit report and as per outlined in ISO/IEC 17021 and ISO/IEC 17065. (Please click the link [Scheme Document](#))

Certification Process



Note:
 OPMC – Oil Palm Management Certification (MS2530 Part 2 – 4 standards)

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

Question 9: Are there any provisions for renewal / cancellation of certification?

Provision for renewal / cancellation of certification and others matter pertaining to the certification can be found in The Malaysian Sustainable Palm Oil (MSPO) Certification Scheme and Its Implementation Arrangement (MSPOCS01), Publication date on 1 October 2019

- 3.6 The ACB is responsible for the following:
 - (iii) Issuing, suspending, withdrawing and reinstating the certificates for oil palm management and/or supply chain, and notifying MPOCC thereof; this includes changes concerning the validity and scope of the certificates;
- 7.12 For oil palm management certification and supply chain certification, the certification validity is 5 years. The ACB shall undertake the first annual surveillance audits within twelve months of the certificate issue date, but not earlier than nine months after the certificate issue date. The subsequent annual surveillance audits shall be undertaken within twelve months of the certificate expiration dates, but not earlier than nine months after the expiration date.
- 7.4 The ACB shall have established internal procedures for auditing and certification against the standards used in the MSPO Certification Scheme. It should also make publicly accessible, or provide upon request, information describing the auditing and certification processes for granting, maintaining, extending, renewing, reducing, suspending or withdrawing certification.
- The procedure for suspension of MSPO certification is provided in ISO/IEC 17021-1:2015 Conformity assessment – Requirements for bodies providing audit and certification of management systems.
- The certification body (CB) shall have a policy and documented procedure for suspension and specify the subsequent actions by the CB. CB shall suspend certification in the following cases:
 - i) the client has persistently and seriously failed to meet certification requirements, including effectiveness of the management system;
 - ii) the client does not allow surveillance or recertification audits to be conducted at the required frequencies; and
 - iii) the client has voluntarily requested a suspension.
- Under suspension, the client's management system certification is temporarily invalid.
- The CB shall restore the suspended certification if the issues that has resulted in the suspension has been resolved. Failure to resolve the issues that have resulted in the suspension in a time establish by the CB shall result in withdrawal or reduction of the scope of certification. Note: In most cases, the suspension would not exceed six (6) months.

Institutional Arrangement for MSPO Certification Scheme

(Accreditation of CBs & Certification Process)

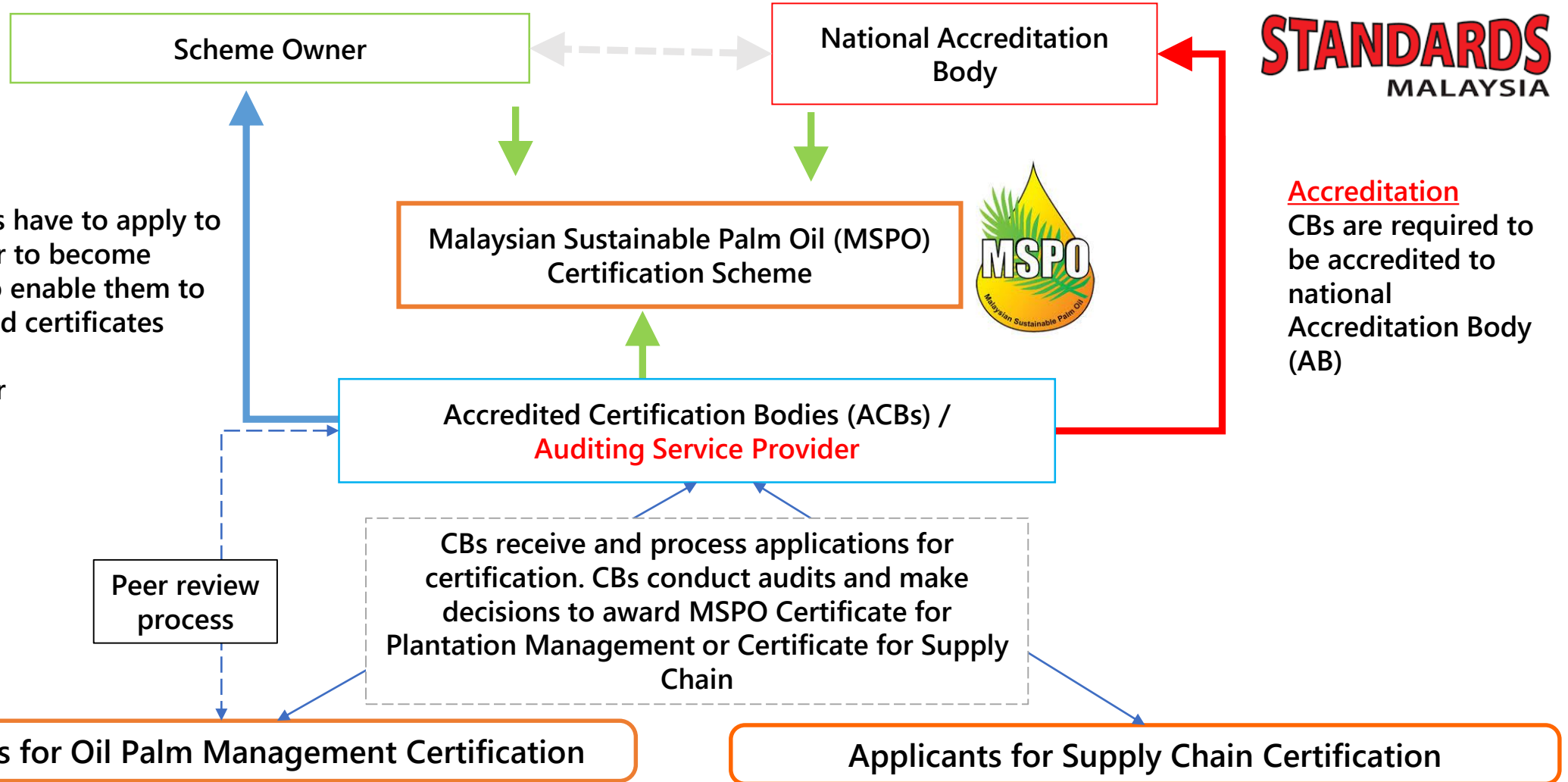


certifying
Malaysian palm oil
for the world



Notification

Accredited CBs have to apply to Scheme Owner to become notified CBs to enable them to issue accredited certificates recognised by Scheme Owner



TERIMA KASIH **MALAYSIAN PALM OIL CERTIFICATION COUNCIL**

info@mpocc.org.my

+603 5569 9676 | +6017 355 3511 |



@mpoccmas



@msposcheme



@mpocc_my



MSPO Channel

