



[www.efeca.com](http://www.efeca.com)

## Palm Oil Certification Schemes: MSPO

**Info Briefing #5 Part 3**  
**Prepared for Partnerships for Forests**  
**March 2020**

## MSPO

### What is MSPO?

The Malaysian Sustainable Palm Oil (MSPO) standard is a national certification standard created by the Malaysian government and developed with input from stakeholders in the palm oil industry. First launched in November 2013, it officially came into implementation on a voluntary basis in January 2015. It was designed to improve the competitiveness of the country's palm oil industry, and strengthen its sustainability practices, aligning the management of palm oil production with many existing national laws and regulations. According to the Malaysian Palm Oil Board (MPOB), which oversees it, the standard was launched in order to help small and mid-range cultivators, who historically could not afford RSPO certification, to operate sustainably.

The MSPO standard is split into four parts:

- 1) General principles;
- 2) General principles for smallholders;
- 3) General principles for palm oil plantations and organised smallholders, and;
- 4) General principles for palm oil mills.

It follows seven principles on the themes of 'Management', 'Social Equity', 'Environmental Protection' and 'Economic Progress'. These include Management and responsibilities; Compliance to legal requirements; Social responsibility; Health, safety and employment conditions; Environment, natural resources, biodiversity and ecosystems; Best practices; and Development of new plantings.<sup>1</sup>

The Malaysian Palm Oil Certification Council (MPOCC), aims to achieve 100% traceability at the farm level via the Malaysian Sustainable Palm Oil certification scheme by 2025.<sup>2</sup> Under Malaysian Sustainable Palm Oil (MSPO) and for those who comply with the supply chain certification, traceability can be achieved via mass balance or segregation systems<sup>3</sup>. In order to be certified, each applicant has to be audited by a certifying body. The MSPO, which is considered by some to be more streamlined and practical to implement than RSPO, has far fewer criteria than RSPO, which in some instances requires companies to go beyond what national law dictates.

The MSPO certification became mandatory from Jan 1, 2020 and those companies that failed to obtain the MSPO certification by that date face penalties, as they are committing an offence under the MPOB (Licensing) 2005 Regulation No. 15. The MPOB has stated that those that fail to comply with the regulation will be penalised or have their licences suspended or revoked.<sup>4</sup>

---

<sup>1</sup> The standard documents are currently available to purchase online. See the MSPO website for more information.

<sup>2</sup> <https://www.bloomberg.com/news/articles/2019-12-15/malaysia-to-publish-oil-palm-concession-maps-in-traceability-bid>

<sup>3</sup> <http://sustainability.mpob.gov.my/wp-content/uploads/2018/04/Palm-Oil-Supply-Chain-Traceability-Requirements.pdf>

<sup>4</sup> <https://mpi.gov.my/index.php/en/media-2/mpic-in-the-news/245-palm-oil-2019/6881-palm-oil-60-pct-of-oil-palm-plantations-have-mspo-certification>

The government has allocated a MSPO incentive fund to lessen the burden borne by the palm oil industry players in meeting the requirements of the MSPO certification, but only those who have been certified or have applied for certification before Jan 1, 2020 are eligible for the incentives.<sup>5</sup> In addition, the MSPO certification is free for smallholders. All costs to train and guide smallholders until they are audit-ready are currently paid for by the MPOB.<sup>6</sup>

### Impacts of the MSPO

According to the Primary Industries Minister, about 55% or 3.19 million hectares (ha) of oil palm plantations in Malaysia have received the MSPO certification as of September 30, 2019.<sup>7</sup> The original target was for all palm oil planters to be certified by the end of 2019. The certification involves 2.71 million ha of estates and plantations as well as 475,000 ha of smallholdings and 313 palm oil mills, equivalent to 70% of the nation's total palm oil mills.<sup>8</sup> A total of 139 of 162 Sustainable Palm Oil Clusters (SPOC) nationwide have been MSPO-certified, involving 16,000 independent smallholders with oil palm cultivation areas covering 62,600 ha. This figure however represents only about 6.4% of total smallholder holdings (979,892 ha), indicating the need for further support to smallholders.

The MSPO Standards (MS2530:2013 series and Supply Chain Certification Standard) used under the MSPO certification scheme are now under systematic review, to ensure continued relevance and effectiveness in meeting their stated sustainability objectives. The MPOCC is undertaking the review, in close cooperation with the Department of Standards Malaysia (Standards Malaysia). The review is expected to be completed by end 2020.<sup>9</sup> The MPOB is also working for MSPO certification to be recognised by importing countries, in an effort to raise sustainability credentials. The Japanese Olympic Council and the China Greenfood Development Centre already recognise MSPO.<sup>10</sup>

---

<sup>5</sup> <https://www.freemalaysiatoday.com/category/nation/2019/10/04/oil-palm-estates-bigger-than-40ha-risk-fine-if-not-mspo-certified/>

<sup>6</sup> <https://mpi.gov.my/index.php/en/media-2/mpic-in-the-news/245-palm-oil-2019/6881-palm-oil-60-pct-of-oil-palm-plantations-have-mspo-certification>

<sup>7</sup> <https://www.malaymail.com/news/malaysia/2019/11/11/minister-55pc-of-nations-oil-palm-plantation-mspo-certified/1808990>

<sup>8</sup> <https://www.mpocc.org.my/mspo-certification>

<sup>9</sup> <https://www.mpocc.org.my/standards-review>

<sup>10</sup> <https://www.freemalaysiatoday.com/category/opinion/2019/10/09/mspo-certification-essential-to-ensure-long-term-future-of-palm-oil/>