About
MPOCC

MALAYSIAN PALM OIL CERTIFICATION COUNCIL (MPOCC)
Governing Body for MSPO

- Incorporated in December 2014 under Companies Act 1965

- Started operations in Oct 2015

- Governed by a 13-Member Board of Trustees
  - Oil palm industry associations
  - Academic and R&D institutes
  - Smallholders organisation
  - Government
  - NGOs
  - Civil Society

MPOCC Objectives

To operate a sustainable palm oil certification scheme in Malaysia

To engage with NGOs, institutions of higher learning, trade associations, & accreditation & certification bodies in Malaysia

To establish a mechanism for the certification of entities complying to the requirements of auditable sustainability standards

MPOCC's Vision & Mission

Vision

To be recognised as a leading organisation for palm oil certification

Mission

To establish and operate a credible and internationally recognised national palm oil certification scheme towards promoting sustainable management of oil palm in Malaysia

MSPO CERTIFICATION SCHEME

CERTIFYING MALAYSIAN PALM OIL FOR THE WORLD

MSPO Certification Scheme

- ➢ MSPO Standards launched in 2013

- ➢ Government mandated

- ➢ Implemented on a voluntary basis since January 2015

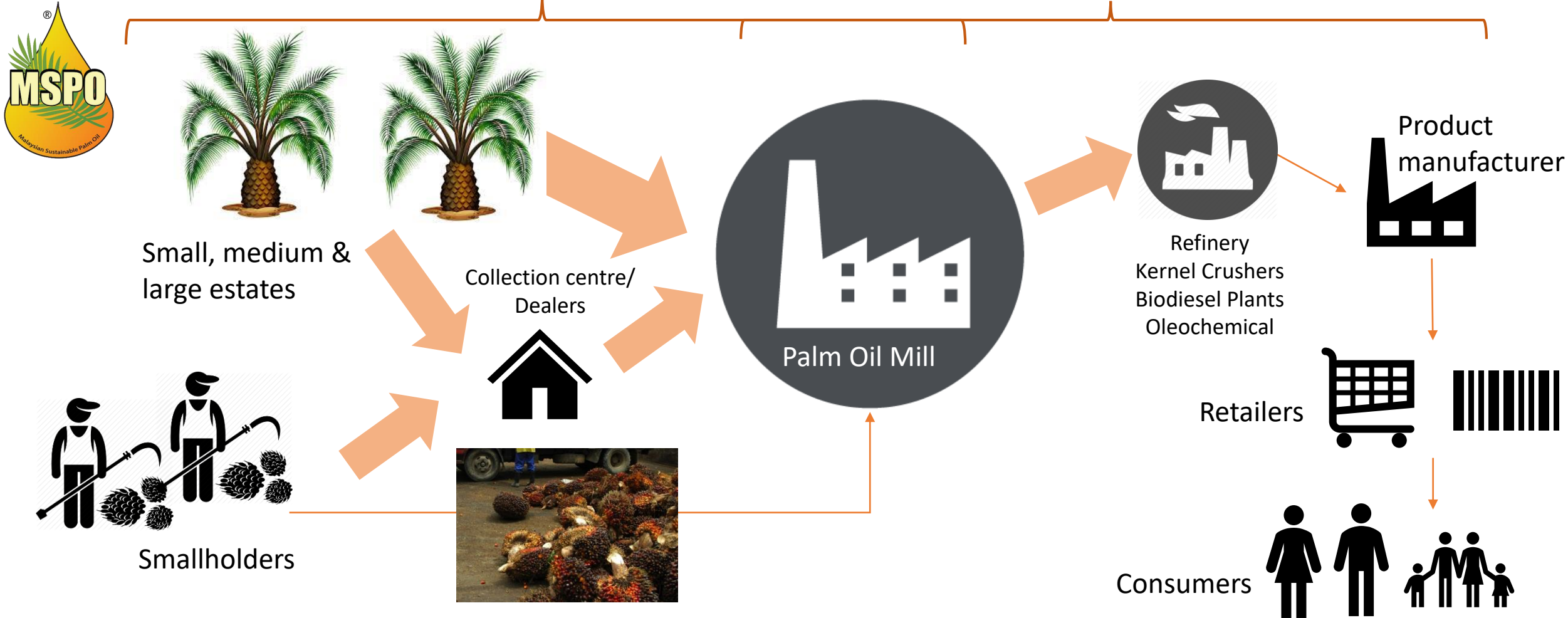- ➢ Mandatory implementation by 31 December 2019 in stages

MSPO STANDARDS

CERTIFIYING MALAYSIAN PALM OIL FOR THE WORLD

The value chain of Malaysian palm oil sector

Oil Palm Management Certification

Supply Chain Certification

Small, medium & large estates

Collection centre/ Dealers

Palm Oil Mill

Refinery
Kernel Crushers
Biodiesel Plants
Oleochemical

Product manufacturer

Smallholders

Retailers

Consumers

certifying Malaysian palm oil for the world | www.mpocc.org.my

MSPO Certification Scheme

provides for:

- Application by potential clients for certification audits
- Accreditation & notification of CBs
- Supply chain traceability
- Handling of complaints
- Development of certification standards & scheme documents
- Peer reviewing of audit reports
- Issuance of logo usage licenses
- Training & briefing to auditors & other stakeholders

About MSPO Certification Scheme

MSPO Standards
- Sets the requirements & which must be met when audits are done

Certification System
- Defines the operations of the scheme, implementation agreement with accredited CBs

Accreditation Programme
- To ensure that organisation who undertake audits are credible and have competent auditors

MSPO Standards

Certification System

National Accreditation Programme

MPOCC

STANDARDS MALAYSIA

MSPO Standards

MS 2530-1:2013 – Malaysian Sustainable Palm Oil (MSPO) Part 1: General principles

Smallholders

MS 2530-2:2013 – Malaysian Sustainable Palm Oil (MSPO) Part 2: General principles for independent smallholders

NEW

Processing Facilities

MSPO SCCS – MSPO Supply Chain Certification Standard

Companies

MS 2530-3:2013 – Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for oil palm plantations and organised smallholders

Mills

MS 2530-4:2013 – Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles palm oil mills

7 Principles of MSPO

MSPO
Malaysian Sustainable Palm Oil

1 Management commitment and responsibility

2 Transparency

3 Compliance to legal requirements

4 Social responsibility, health, safety and employment conditions

5 Environment, natural resources, biodiversity and ecosystem services

6 Best practices

7 Development of new plantings

Institutional Arrangement for MSPO Certification Scheme (Accreditation of CBs & Certification Process)

Scheme Owner

National Accreditation Body (AB)

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

Accreditation
CBs are required to be accredited to national AB

Malaysian Sustainable Palm Oil (MSPO) Certification Scheme

Accredited Certification Bodies (CBs) /
Auditing Service Provider

Peer Reviewing of Audit Report

CBs receive and process applications for certification
CBs conduct audits and make decisions to award MSPO Certificate for
Oil Palm Plantation Management or for Supply Chain

Applicants for Oil Palm Management Certification

Applicants for Supply Chain Certification

Accreditation Requirements for Oil Palm Management Certification

ACB-OPMC 1	**Competency Requirements** for CBs Operating OPMC Under The MSPO Certification Scheme	
ACB-OPMC 2	**Audit Duration** for CBs Operating OPMC Under The MSPO Certification Scheme	
ACB-OPMC 3	**Peer Review Process Requirements** for CBs Operating OPMC Under The MSPO Certification Scheme	
ACB-OPMC 4	**Stakeholder Consultation Requirements** for CBs Operating OPMC Under The MSPO Certification Scheme	

ISO 17021 - Conformity assessment -- Requirements for bodies providing audit and certification of management systems

Accreditation Requirements for Supply Chain Certification

ACB SC/2018	Requirements for Certification Bodies Operating Supply Chain Certification under the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme

ISO 17065 Type 6 - Conformity assessment -- Conformity assessment -- Requirements for bodies certifying products, processes and services

Type 6 – Applicable to certification of services and processes. Initial and periodic assessment of service or process plus initial assessment and periodic auditing management system.

Committee on MSPO Standards
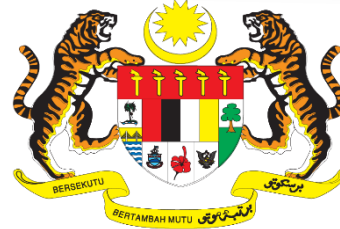
MINISTRY OF PRIMARY INDUSTRIES

National Steering Committee on MSPO

Technical Working Committee on MSPO Standards

Technical Working Committee on Smallholders

MPOCC

MPOB

MSPO

Standard Setting Process

MSPO

1) Stakeholder mapping

2) Announcement of the standards-setting process and invitation of stakeholders

3) Creation of the working group/committee

4) Working group/committee-development of a draft document

5) Public consultation and pilot testing

6) Consensus building on the final draft

7) Formal approval of the standard

8) Publication of the standard

Review of standards (every 5 years)

Approach to MSPO Certification

- **Types of MSPO Certification**

- **Scopes of Certification**

- **Certification Process**

- **Proposed Steps to Implement MSPO**
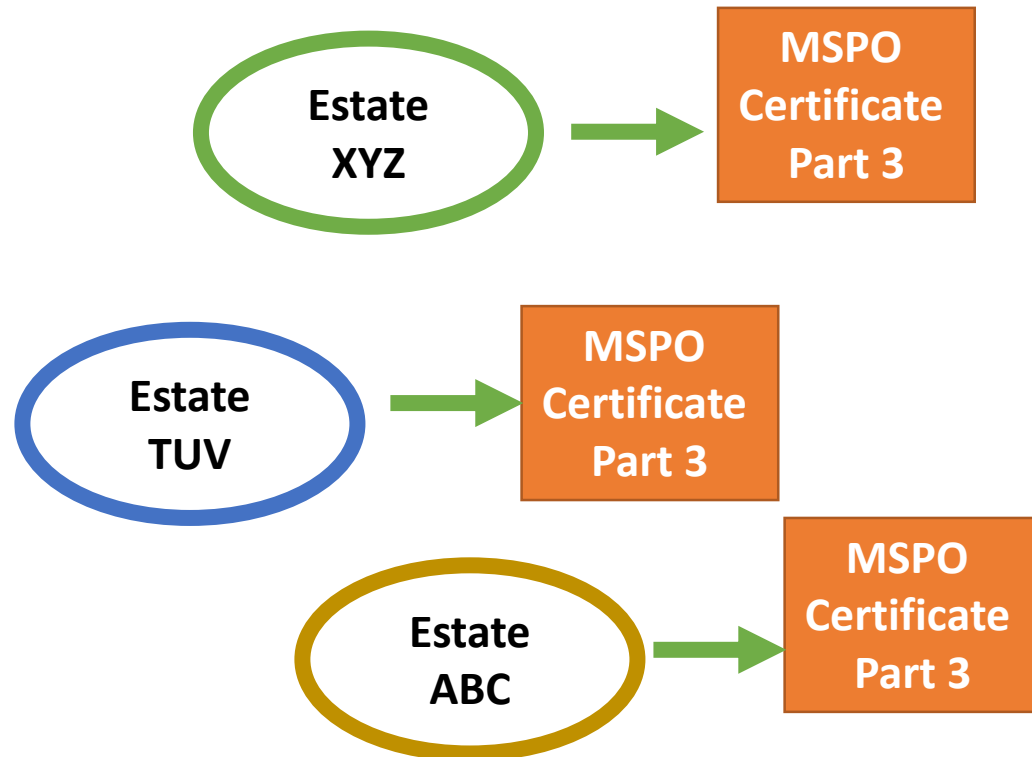
Types of MSPO Certification

- Individual entity (plantation, mills, processing facilities)

- Multi-site certification

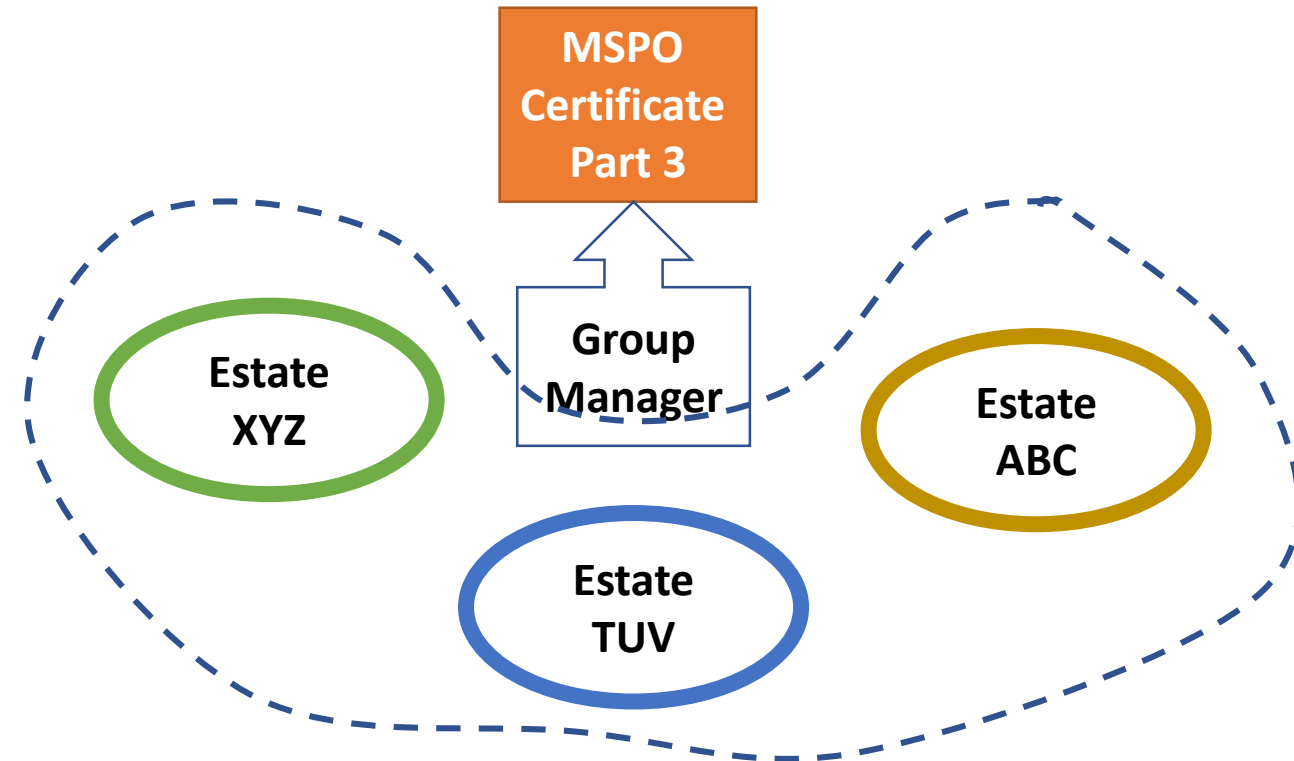From *The MSPO Certification Scheme and Its Implementation Arrangement*
https://www.mpocc.org.my/scheme-documents

Scope of Certification - Plantations

MSPO
Malaysian Sustainable Palm Oil

1. Individual Certification

Estate XYZ → MSPO Certificate Part 3

Estate TUV → MSPO Certificate Part 3

Estate ABC → MSPO Certificate Part 3

2. Group Certification

MSPO Certificate Part 3

Estate XYZ

Group Manager

Estate ABC

Estate TUV

Scope of Certification – Palm Oil Mills

MSPO

1. Individual Certification

Mill A → MSPO Certificate Part 4

Mill C → MSPO Certificate Part 4

Mill B → MSPO Certificate Part 4

2. Multi-site Certification

MSPO Certificate Part 4

Mill A

Group Manager

Mill B

Mill C
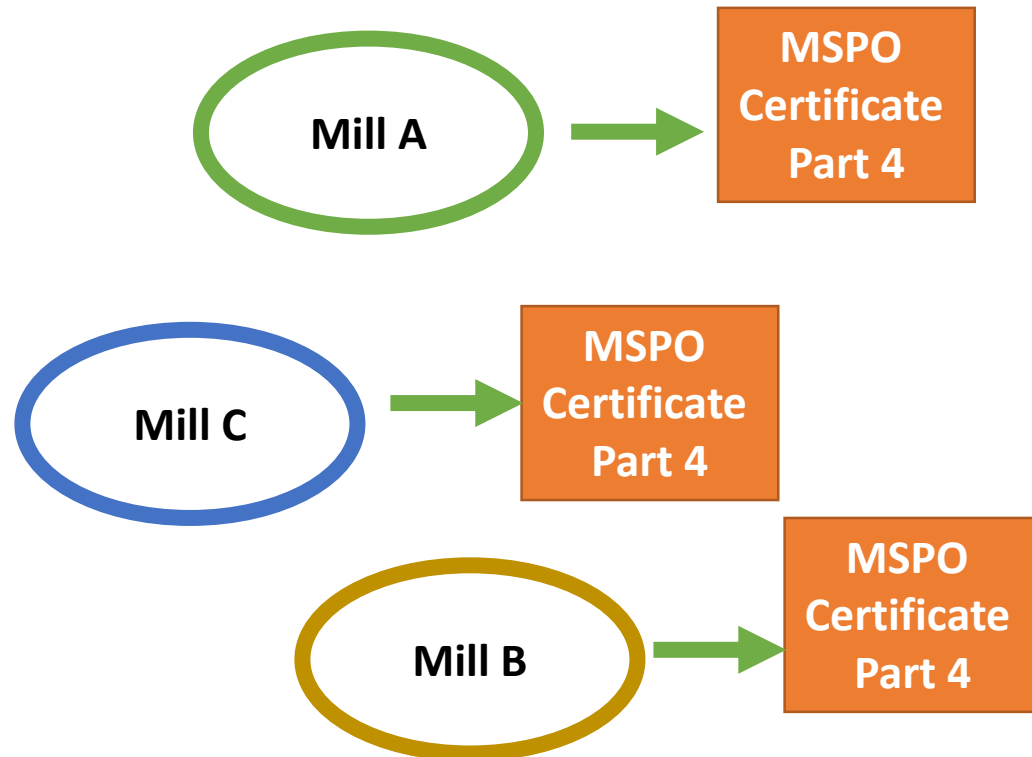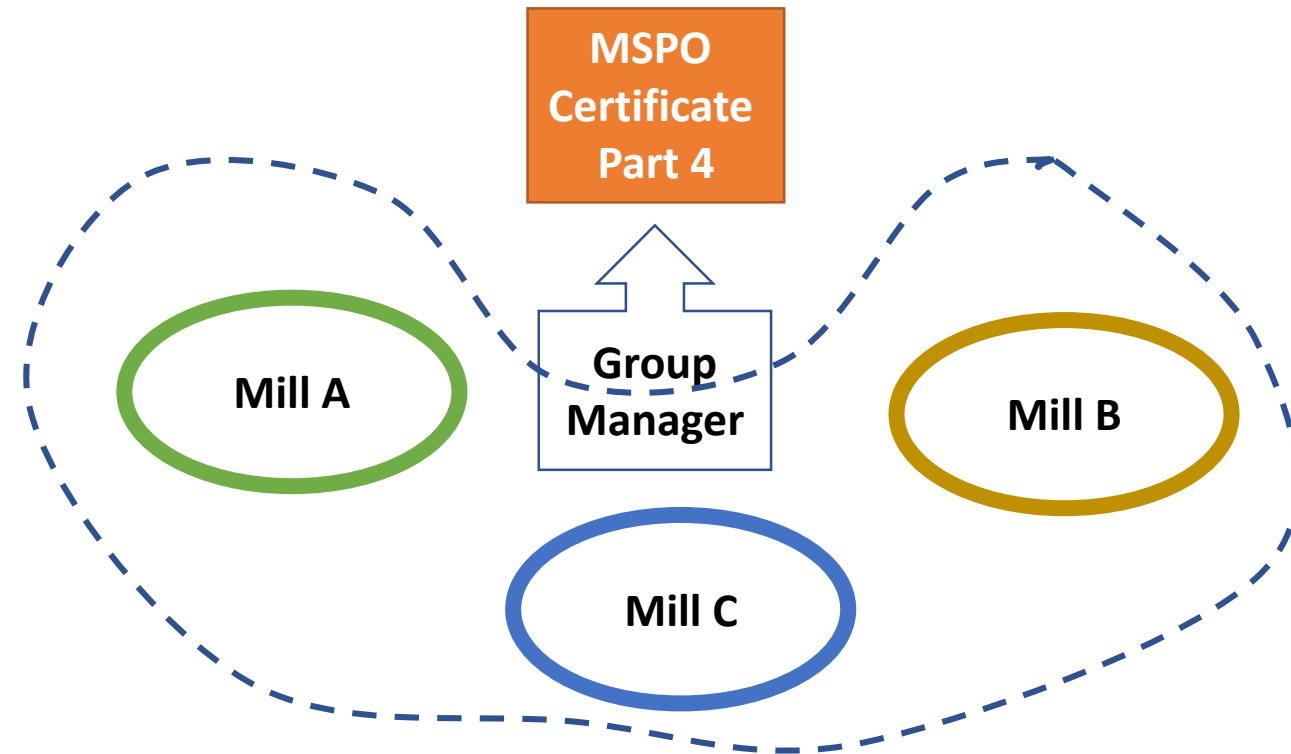
Scope of Certification – Processing Facilities

MSPO

1. Individual Certification

PF A → MSPO SCCS

PF C → MSPO SCCS

PF B → MSPO SCCS

2. Multi-site Certification

MSPO SCCS

PF A

Central Office

PF B

PF C
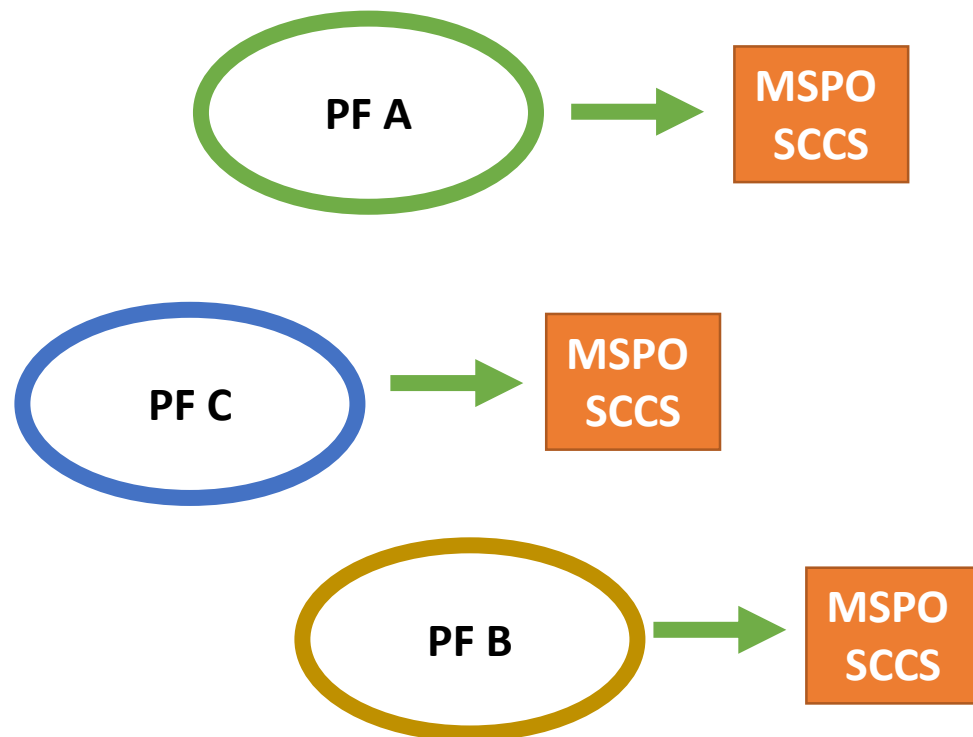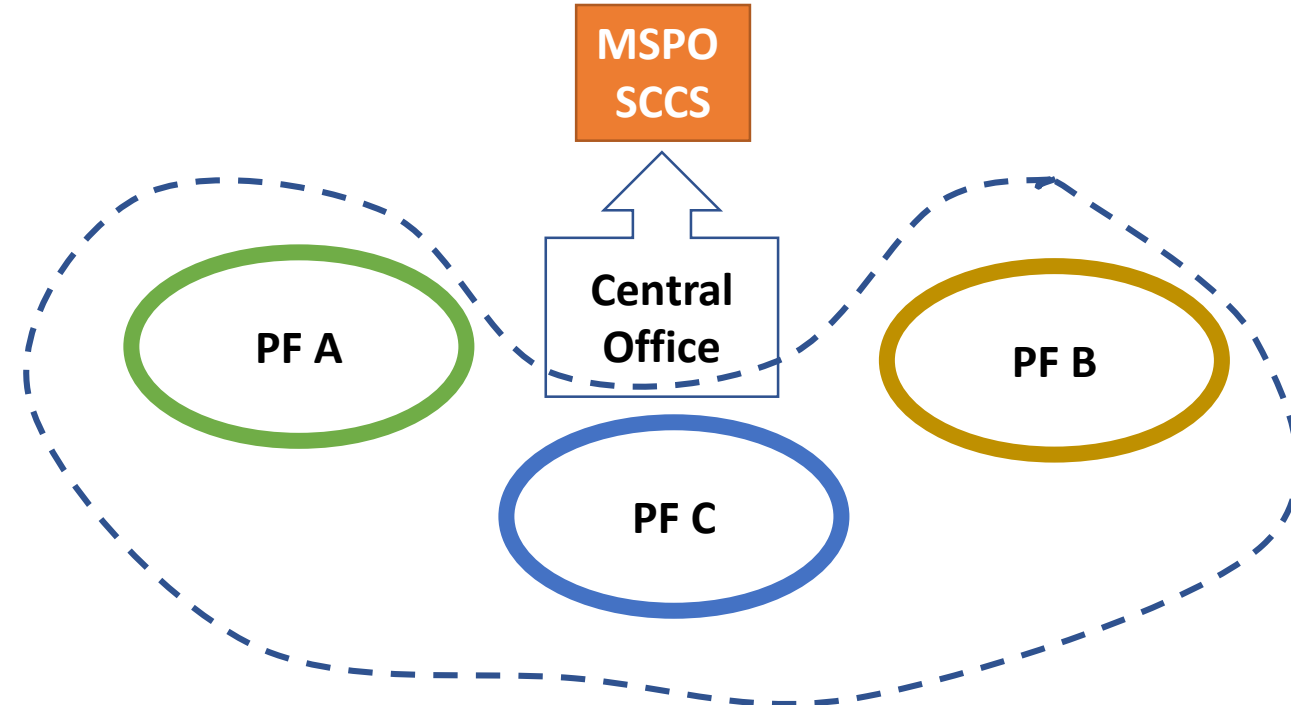
Note: Sampling for multi-sites are not allowed (ACB-SC/2018, item 5.3)

Certification Process

MSPO

Application by potential clients for certification

Certification audit

Draft audit report

CB's certification committee

Final audit report

MSPO Certificate awarded

(5 years with annual surveillance audits)
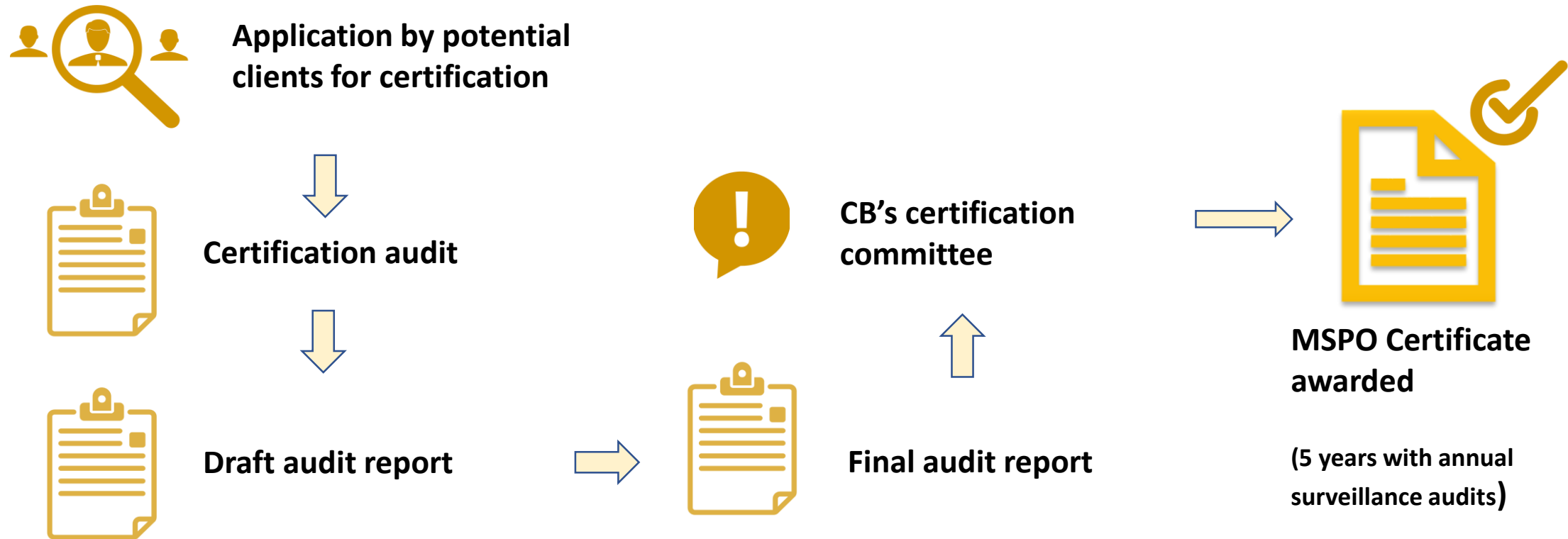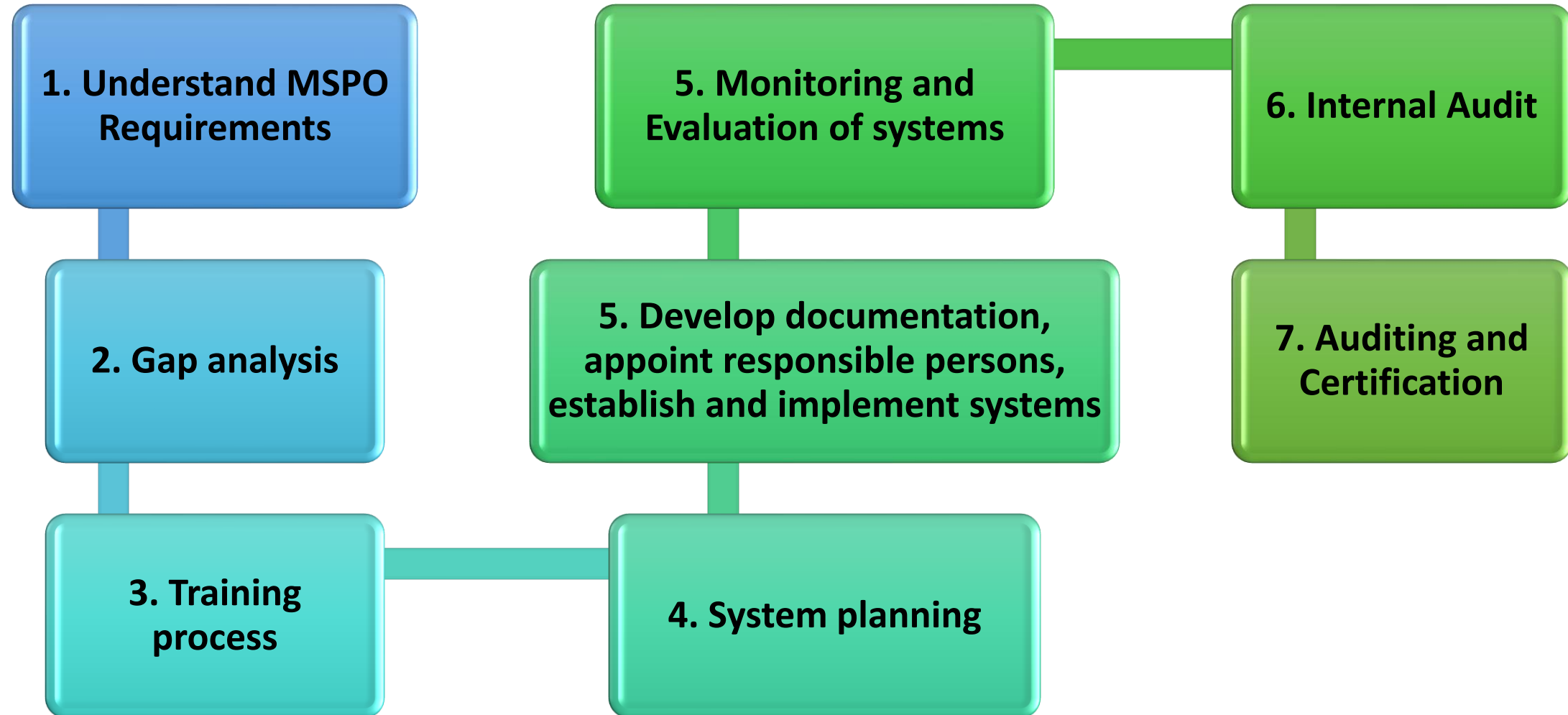
Note : For Supply Chain Certification audit findings , two general categories 'corrective action request/non-compliance and observation will be used. (*MSPOCS 1/2018, item 7.2*)

3-6 months, subject to closure of Non-Conformities

Proposed Steps to Implement MSPO

1. Understand MSPO Requirements

2. Gap analysis

3. Training process

4. System planning

5. Develop documentation, appoint responsible persons, establish and implement systems

5. Monitoring and Evaluation of systems

6. Internal Audit

7. Auditing and Certification

Progress on
MSPO Certification

Progress of MSPO Implementation – 30 December 2018

Categories	Units Certified	Certified Areas (ha)
Individual Smallholder Areas Certified under MSPO Part 2 (ha)	87 SPOCS	20,421.00
Organised Smallholder Areas Certified under MSPO Part 3	74 Clusters	185,592.00
Plantation Areas Certified under MSPO Part 3 (ha)	501 estates	1,229,841.00
Total Planted Areas Certified (ha)		1,435,854.00

	Units Certified	Total Capacity (mt/hr)
Total Mills Certified under MSPO Part 4	131 Mills	7,140.00

Timeline to obtain incentives under MSPO Certification Scheme

31 DEC 2018

With RSPO Certification

RSPO-certified entities (plantations and mills) have to obtain MSPO certification by 31 December 2018.

30 JUNE 2019

Without any Certification

Oil palm entities (plantations and mills) without RSPO certification will have to obtain MSPO certification by 30 June 2019.

31 DEC 2019

Smallholders

All independent and organised smallholders will have to obtain MSPO certification by 31 December 2019.

MSPO Supply Chain Certification Standard (MSPO SCCS)

MSPO Supply Chain Certification Standard (SCCS)

The <u>MSPO Supply Chain Standard</u> is designed to provide a credible guarantee to the end user that the palm oil raw material originated from a sustainably managed oil palm plantation throughout the supply chain.

The <u>Malaysian Sustainable Palm Oil Supply Chain Certification Standard (MSPO SCCS)</u> addresses **management requirements** and **traceability** of the production throughout the supply chain from the raw materials until processing and manufacturing of palm oil and palm oil based products. Each group of players must perform their respective roles to enable traceability of all activities throughout the palm oil supply chain.

It also allows to claim the use of the MSPO certified palm oil.

Malaysian Sustainable Palm Oil (MSPO)

SUPPLY CHAIN CERTIFICATION STANDARD (MSPO SCCS)

MSPO Supply Chain Certification Standard and Its Related Documents

MSPO SCCS Guidance Document

- To provide guidance for the certification bodies and the user of the MSPO SCCS in the industry on the requirement to comply with MSPO SCCS

Guidance for Oleochemicals and Its Derivatives Under MSPO SCCS

- To provide guidance the oleochemical industry on the conversion rate where the input or outputs are not purely palm-based in compliance with MSPO SCCS.

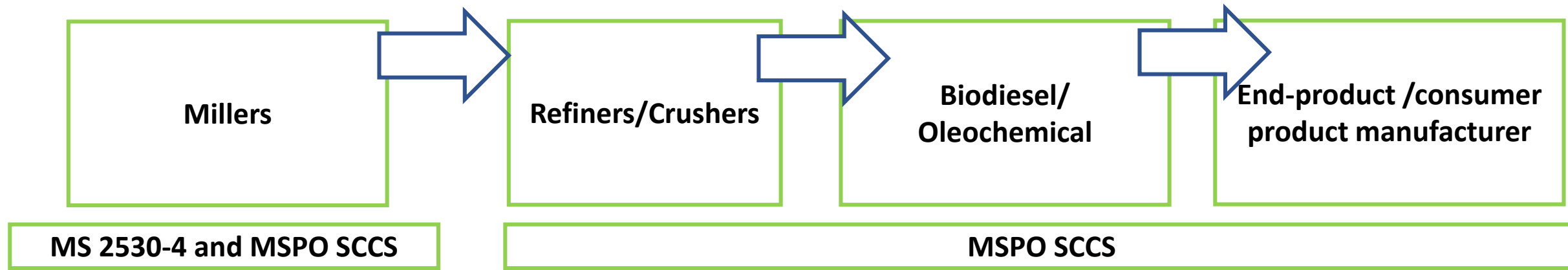**Issuance of Logo and Usage License by MPOCC**

- To allow the MSPO certified palm oil user to claim the use of certified palm oil product by using MSPO logo on their on-product and off-product.

MSPO Supply Chain Certification Standard (SCCS)

SCOPE:

The requirements are applicable to organisations which process, manufacture, supply and/or export palm oil products using raw materials which originate from MSPO certified oil palm planted area and/or take legal ownership and physically handle MSPO certified palm oil products throughout the supply chain.

Millers	→	Refiners/Crushers	→	Biodiesel/ Oleochemical	→	End-product /consumer product manufacturer

MS 2530-4 and MSPO SCCS	MSPO SCCS

Available for download at www.mpocc.org.my

MSPO Supply Chain Certification Standard (SCCS)

1. **Management System**
   i. Sustainability Policy
   ii. Management Rep.
   iii. Record keeping
   iv. Procedures
   v. Internal Audit
   vi. Management Review

2. **Resource Management**
   i. Competency & Training

3. **Traceability**

4. **Supply Chain Models**
   i. Segregation
   ii. Mass balance

5. **Outsourced Activities**

6. **Claim**

7. *Complaints and Grievances*

8. *IT Platform*

Available for download at www.mpocc.org.my

Traceability Elements

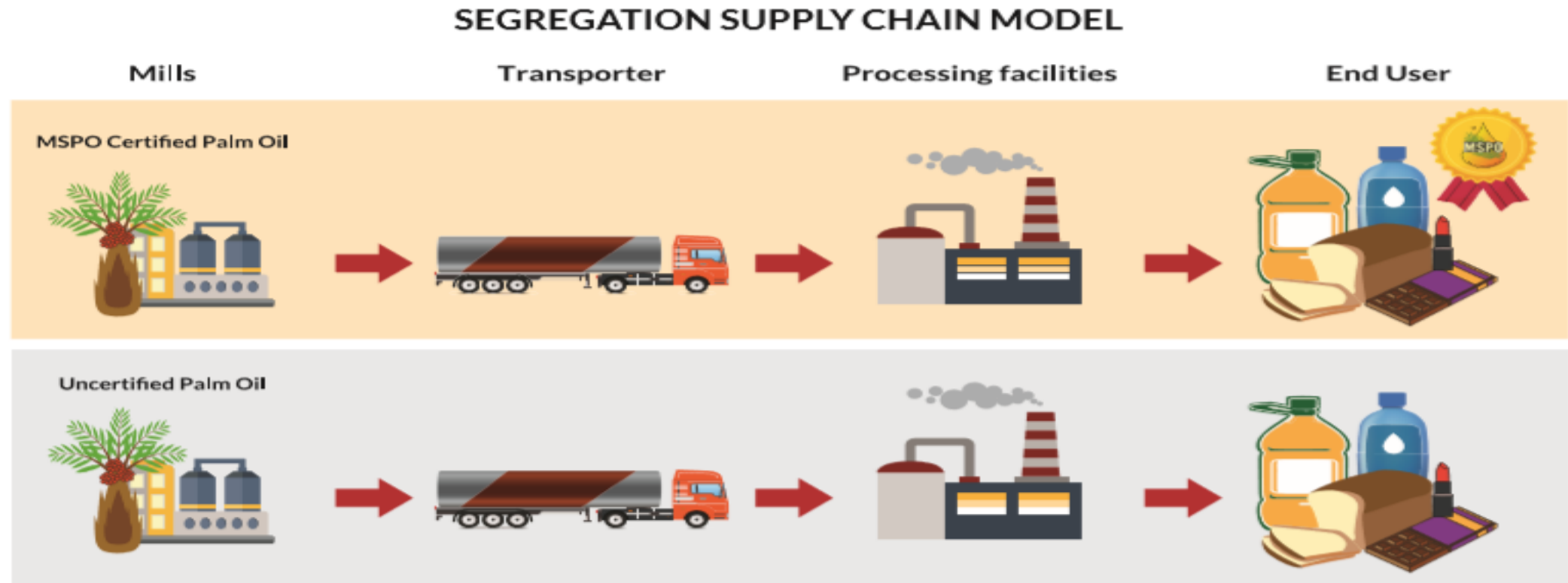MSPO Supply Chain Certification Standard (MSPO SCCS)

MSPO Supply Chain Models

- Segregation
  - ➢ Physical separation of certified and non-certified palm oil products at every stage of the palm oil supply chain.


SEGREGATION SUPPLY CHAIN MODEL

Mills | Transporter | Processing facilities | End User

MSPO Certified Palm Oil

Uncertified Palm Oil

Segregation

Requirements 8.1.2

8.1.2.1 The Segregation approach requires that the MSPO certified palm oil products shall be kept separate from non-MSPO certified palm oil products at every stage of production, processing, refining and manufacturing throughout the supply chain. This model allows mixing of any MSPO SG certified palm oil products from various certified sources. Physical certified palm oil products delivered to the end user shall be traceable to MSPO certified sources.

8.1.2.2 The site shall ensure and verify through clear procedures and record keeping that the MSPO certified oil palm products are kept segregated from non-certified palm oil products including during transportation and storage to strive for 100% separation.

MSPO Supply Chain Models

- Mass Balance
  - Allows the mixing of batches of certified and non-certified palm oil products at every stage of the palm oil supply chain.

MASS BALANCE SUPPLY CHAIN MODEL

Mills | Transporter | Processing facilities | End User

MSPO Certified Palm Oil

Uncertified Palm Oil

Mass Balance
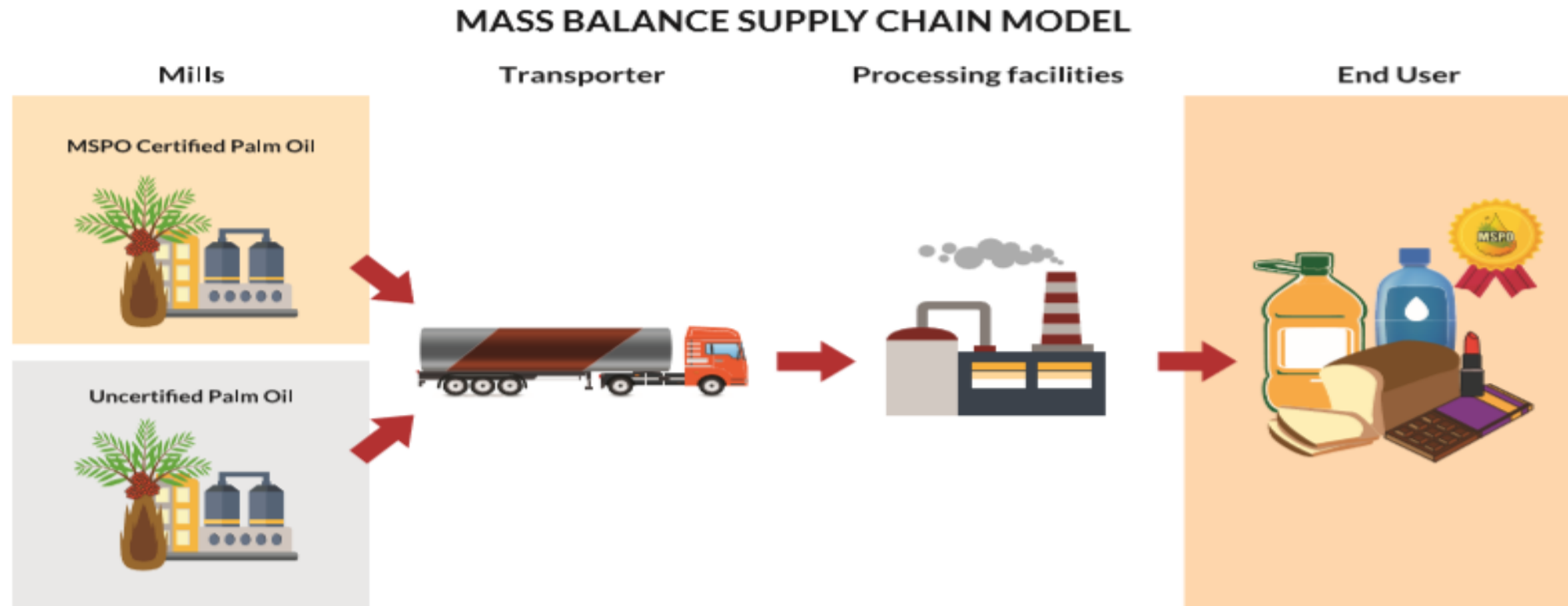
Requirement 8.2.2

8.2.2.1 The basis of the MSPO SCCS requirements for MB shall consist of reconciliation between the quantity of MSPO certified palm oil products bought and the quantity of MSPO certified palm oil products sold. This includes control of purchases and sales of MSPO certified palm oil products and its derivatives which shall be independently verified. There are no requirements for separate storage, transportation or controls in the production process.

8.2.2.2 The organisation shall ensure that the quantity of physical MSPO MB palm oil product inputs and outputs (volume or weight) at the physical site are monitored.

8.2.2.3 The organisation shall ensure that the output of MSPO MB palm oil product supplied to customers from the physical site does not exceed the input of MSPO certified palm oil products received at the physical site, using either a continuous accounting system or a fixed inventory period.

Mass Balance

8.2.3 Continuous accounting system

8.2.3.1 Where a continuous accounting system is in operation, the organisation shall ensure that the quantity of physical MSPO MB palm oil product inputs and outputs at the physical site are monitored on a real-time basis.

8.2.3.2 Where a continuous accounting system is in operation, the organisation shall ensure that the material accounting system is never overdrawn. Only MSPO data which has been recorded in the material accounting system shall be allocated to outputs supplied by the organisation

Month	MB	Non - Certified	Recorded MB Stock	Physical Stock	MB	Non - Certified
	IN	IN			OUT	OUT
January	500	500	500	1000		
February			250	750	250	
March			0	0	250	500

Mass Balance

8.2.4 Fixed inventory periods

8.2.4.1 Where a fixed inventory period is in operation, the organisation shall ensure that the quantity of MSPO MB palm oil product inputs and outputs (volume or weight) are balanced. The fixed inventory period shall be three (3) months.

8.2.4.2 Where a fixed inventory period is in operation, the organisation may overdraw data when there is evidence that MSPO MB palm oil product purchased for delivery within the inventory period cover the MSPO output quantity supplied.

8.2.4.3 Where a fixed inventory period is in operation, unused credits can be carried over and recorded in the material accounting system for the following inventory period.

8.2.4.4 Where a fixed inventory period is in operation, the organisation shall ensure that the material accounting system is not overdrawn at the end of inventory period. Only MSPO data which has been recorded in the material accounting system within the inventory period shall be allocated to outputs supplied within the inventory period.

Mass Balance

Month	MB	Non - Certified	Recorded MB Stock	Physical Stock	MB	Non - Certified
	IN	IN			OUT	OUT
January	500	500	500	1000		
February			-500	0	1000	
March	750	250	750	1000	**End of inventory period**	
April			250	1000		

Carry over unused credit

Traceability

Requirement 7.1

+

<u>Documented procedure for handling non-conforming palm oil products and/or documents</u>

The name and address of the seller/buyer;

Product(s) identification including the applicable supply chain models (mass balance, segregation) ;

The quantity of the products delivered;

The loading or delivery date;

Related transportation documentation with a unique identification number;

MSPO certificate number; and

MSPO certificate validity.

Principles 2: Transparency

Criterion 3: Traceability

Indicator 1: The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability. *(Requirement 5.4 : Procedures)*

Indicator 2: The management shall conduct regular inspections on compliance with the established traceability system.

(Requirement 5.5 : Internal Audit)

Indicator 3: The management shall identify and assign suitable employees to implement and maintain the traceability system.

(Requirement 5.2 : Management Representative)

Indicator 4: Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained

(Requirement 7.1 : Traceability)

Requirement 9.1

Has **legal ownership of all input materials** during the outsourced activities;

4.9 Outsourced Contractors
Parties engaged by the organisation to provide services for transporting, handling and storing certified palm oil products by means of agreement or contract.

Has an **agreement/contract** covering the outsourced activities with each contractor. This agreement/contract shall include a clause reserving the right of the certification body to audit the outsourced contractor; and

Has a **documented control system with procedures** for the outsourced activities which are shared with the relevant outsourced contractor.

Principle 6: Best Practices

Criterion 4: Contractor

Indicator 1: In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.

Indicator 2: The management shall provide evidence of agreed contracts with the contractor.

Indicator 3: The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.

Claims

Requirement 10.1

The organisation shall only make claims on the products that contains MSPO certified material from oil palm planted areas which have been certified for the oil palm management certification standard as being sustainably managed.

Reference: *Issuance of MSPO Logo Usage Licence by MPOCC under the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme* document.
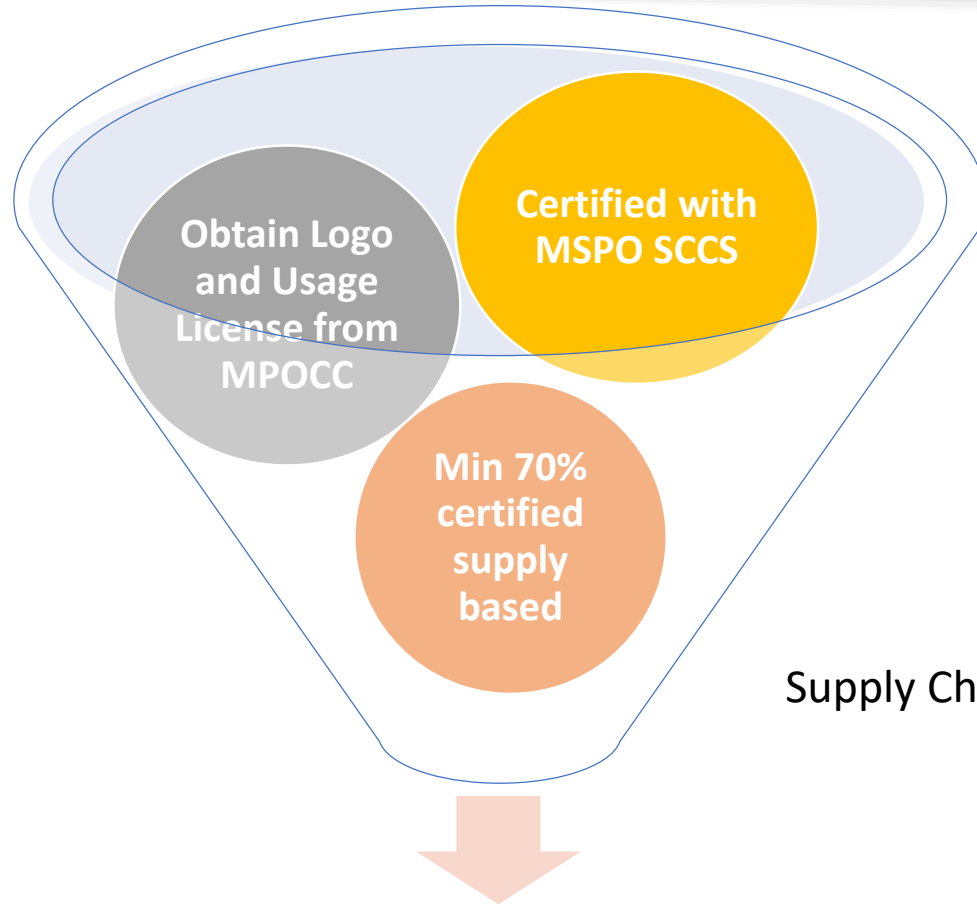
Logo User Groups

Group A: Scheme Owner, i.e. MPOCC

Group B: Oil Palm Management Certificate Holders who have been certified to MSPO Oil Palm Management

Group C: Supply Chain Certificate Holders who have been certified to MSPO Supply Chain
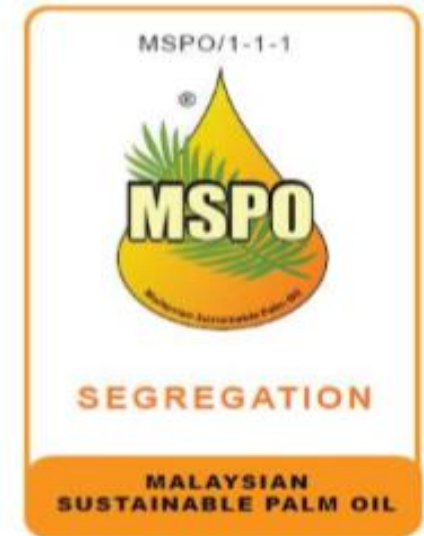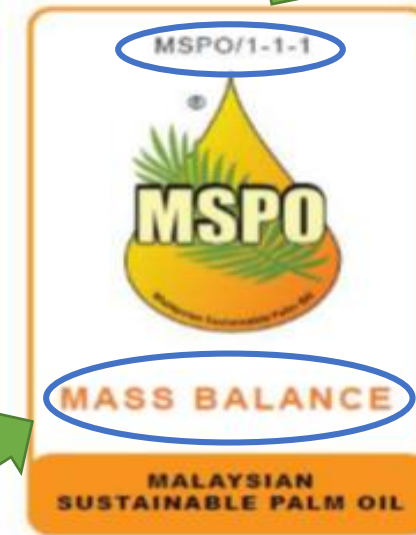
Group D: Other Groups, including certification bodies
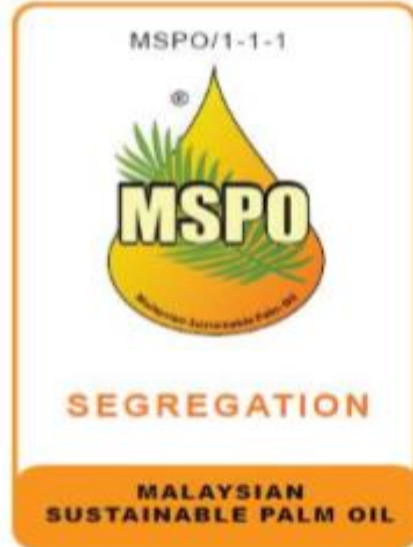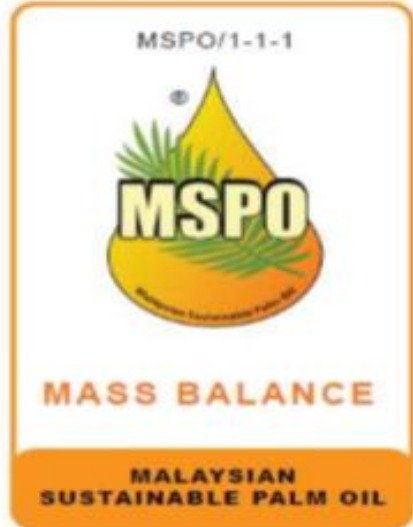
On-product Logo

Obtain Logo and Usage License from MPOCC

Certified with MSPO SCCS

Min 70% certified supply based

Usage of MSPO logo On-Product

Registration number provided by MPOCC

MSPO/1-1-1

MSPO
MASS BALANCE
MALAYSIAN SUSTAINABLE PALM OIL

MSPO/1-1-1

MSPO
SEGREGATION
MALAYSIAN SUSTAINABLE PALM OIL

Supply Chain Models

Logo

MSPO/1-1-1

MSPO
MASS BALANCE
MALAYSIAN
SUSTAINABLE PALM OIL

MSPO/1-1-1

MSPO
SEGREGATION
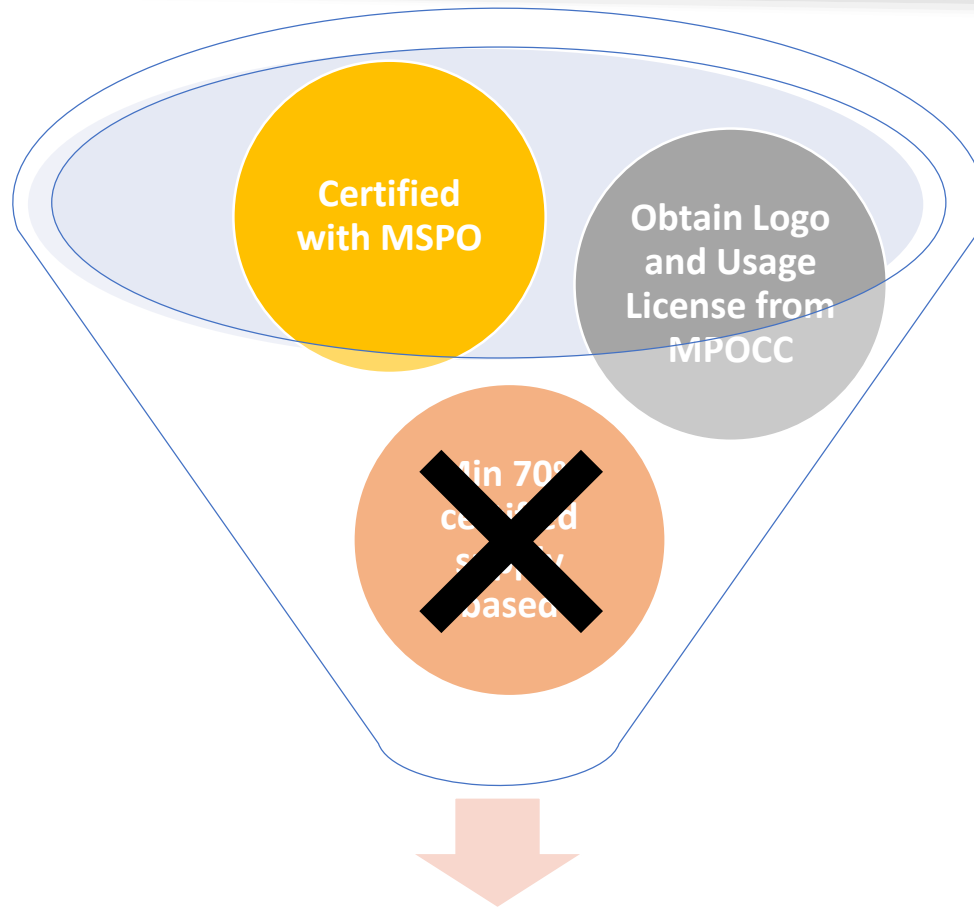MALAYSIAN
SUSTAINABLE PALM OIL

On-product

Logo Users must indicate the supply chain model of either the option of Segregation or Mass Balance of the content of the MSPO certified material in the product.

- Supply Chain Model
  - ➢ The option of Segregation or Mass Balance to indicates the management tool used to communicate supply chain management decision with suppliers and customers on MSPO certified raw material in the product.

- Label Implies
  - ➢ The product must contain a minimum of 70% of MSPO certified material from oil palm planted areas which have been certified against the oil palm management certification standard as sustainably managed. The content of the MSPO certified material is verified through supply chain certification.

- ✓ Claim on the label (e.g. PET bottle, plastic packaging, boxes, drums)

Off-product Logo

Certified with MSPO

Obtain Logo and Usage License from MPOCC

~~Min 70% certified Supply Based~~

Usage of MSPO logo

Registration number provided by MPOCC

MSPO/1-1-1

MALAYSIAN SUSTAINABLE PALM OIL

Logo

Off-product

The logo for off-product use shall adhere to MSPO Logo Reproduction Tool Kit with the exception of the size of the logo, which shall remain flexible and legible.

In off-product use, Logo Users must use the logo with the logo licence number that is issued.

- ✓ Claim in the product documentation (e.g. invoice, packaging list and bill of lading)
- ✓ Claim in general documentation (e.g. company or product brochure)
- ✓ Claim in signage (e.g. at an organisation's premises or at boundary of oil palm planted area)

Logo License Issuance Procedure

MSPO

Submit Application via MPOCC website for applicants in Logo User Groups B, C and D

→

Applicant submits together the copy of Certificate for Logo User Groups B, C and/or D

→

MPOCC review documentation and decides on logo licence issuance

↓

Ongoing surveillance of logo usage. Certification body to review use of logo through its surveillance audits, and report unapproved and/or nonconforming usage

←

MPOCC issues to Applicant:

- Logo usage license registration number

- Logo Reproduction Tool Kit

- Document on Issuance of MSPO Logo Usage License

←

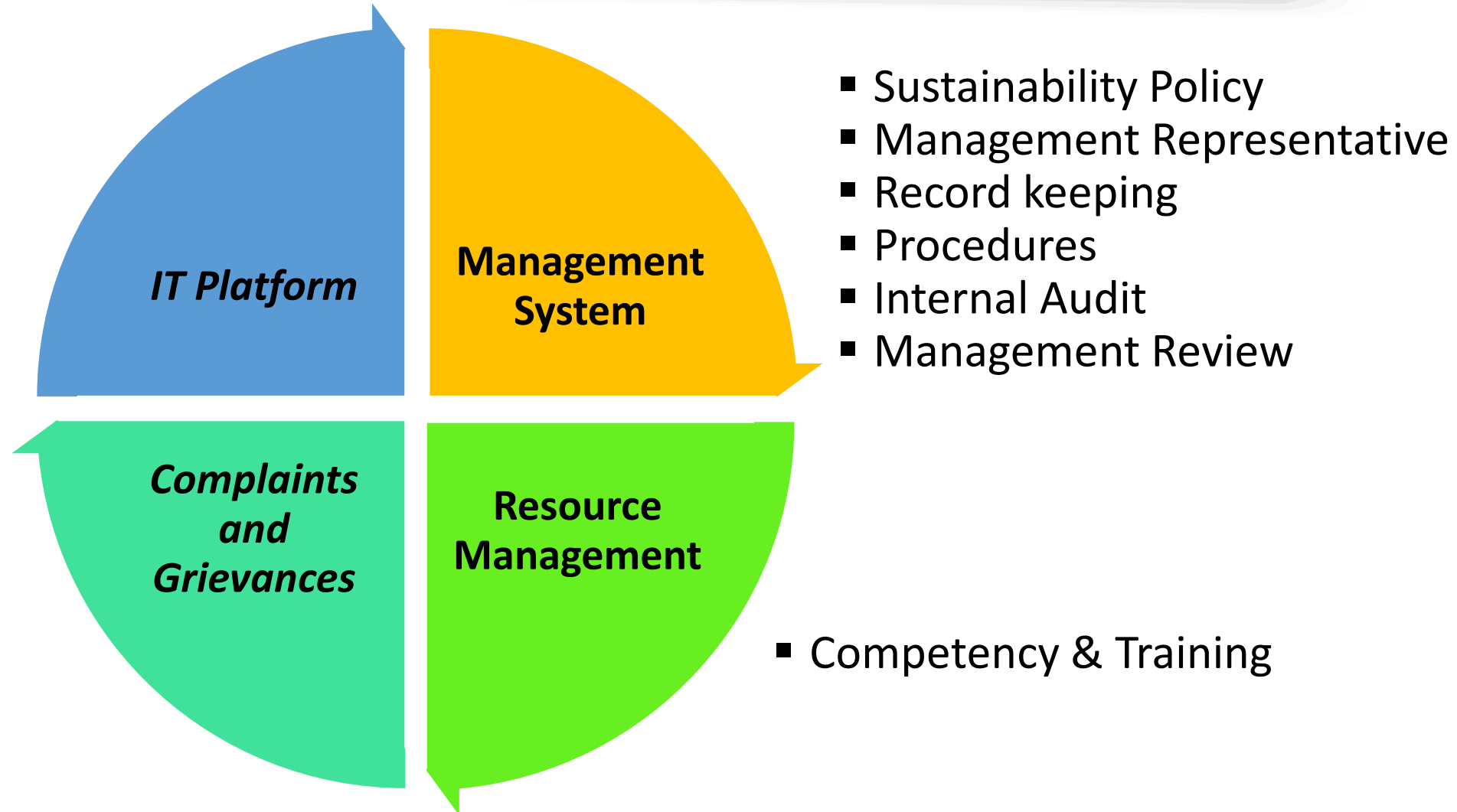MPOCC and the Applicant sign Logo Usage License Agreement

Management Requirement

MSPO Supply Chain Certification Standard (MSPO SCCS)

Management Requirement

IT Platform

Management System

- Sustainability Policy
- Management Representative
- Record keeping
- Procedures
- Internal Audit
- Management Review

Complaints and Grievances

Resource Management

- Competency & Training

Management Requirement

Management System

5.1 Sustainability Policy
✓ Established and communicate the sustainability policy

5.2 Management Representative
✓ Appoint a management representative who responsible for implementation of MSPO requirements

5.3 Record keeping
✓ Established and maintain related records for 3 years

Management Requirement

Management System

5.4 Procedures
- ✓ Established Standard Operating Procedure (SOP)

5.5 Internal Audit
- ✓ Conduct internal audit at planned and implement corrections and corrective actions

5.6 Management Review
- ✓ Conduct management review at planned intervals

Principle 1: Management commitment and responsibility

Criterion 2: Internal audit

Indicator 1: Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.

Indicator 2: The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.

Indicator 3: Reports shall be made available to the management for their review.

Principle 1: Management commitment and responsibility

Criterion 3: Management review

Indicator 1: The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.

Management Requirement

Resource Management

6.1 Competency & Training
- ✓ Provide trainings to employee
- ✓ Established training plan
- ✓ Keep the training records of

Principle 4: Social responsibility, health, safety and employment condition

Criterion 6: Training and competency

Indicator 1: All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.

Indicator 2: Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.

Indicator 3: A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.

Management Requirement

Complaints and Grievances

11.1 Complaints and Grievances

✓ To establish, implement and documented the procedure of complaints and grievances.

Principle 4: Social responsibility, health, safety and employment condition

Criterion 2: Complaints and grievances

Indicator 1: A system for dealing with complaints and grievances shall be established and documented

Indicator 2: The system shall be able to resolves disputes in an effective, timely and appropriate manner, which is accepted by all parties.

Indicator 3: A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.

Indicator 4: Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.

Indicator 5: *Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.*
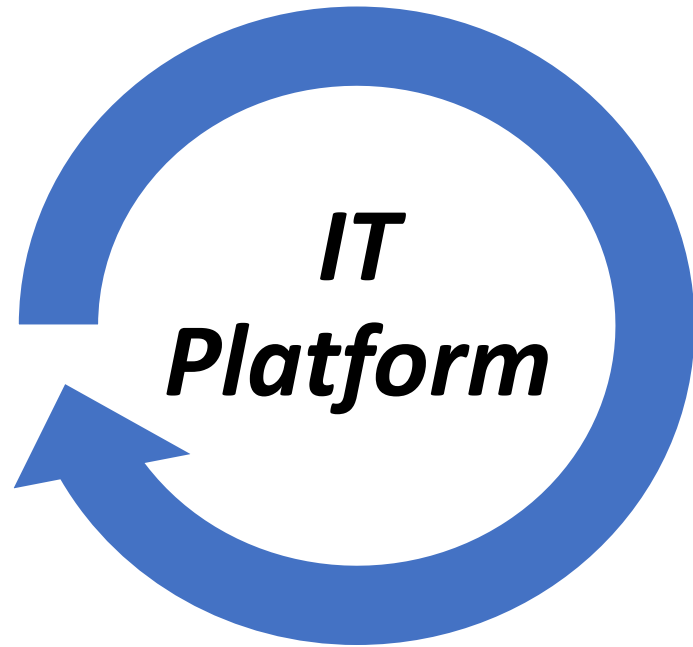
MSPO

IT Platform

12.1 IT Platform
✓   To utilize the IT platform provided

Certification Bodies under MSPO Certification Scheme

12 MS 2530 Accredited CBs

- DQS Certification (M) Sdn Bhd
- SGS (Malaysia) Sdn Bhd
- Bureau Veritas (M) Sdn Bhd
- TUV NORD (Malaysia) Sdn Bhd
- SIRIM QAS International Sdn Bhd
- CARE Certification International (M) Sdn Bhd
- Prima Cert International Sdn Bhd
- Control Union (Malaysia) Sdn Bhd
- Global Gateway Certification Sdn Bhd
- NIOSH Certification Sdn Bhd
- Intertek Certification International Sdn Bhd
- BSI Services Sdn Bhd

https://www.mpocc.org.my/certification-bodies

Thank you!

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