



MSPO CERTIFICATION SCHEME

Supply Chain Certification Standard

**Northern Region
7 March 2019
Taiping Perdana Hotel
Taiping, Perak**





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



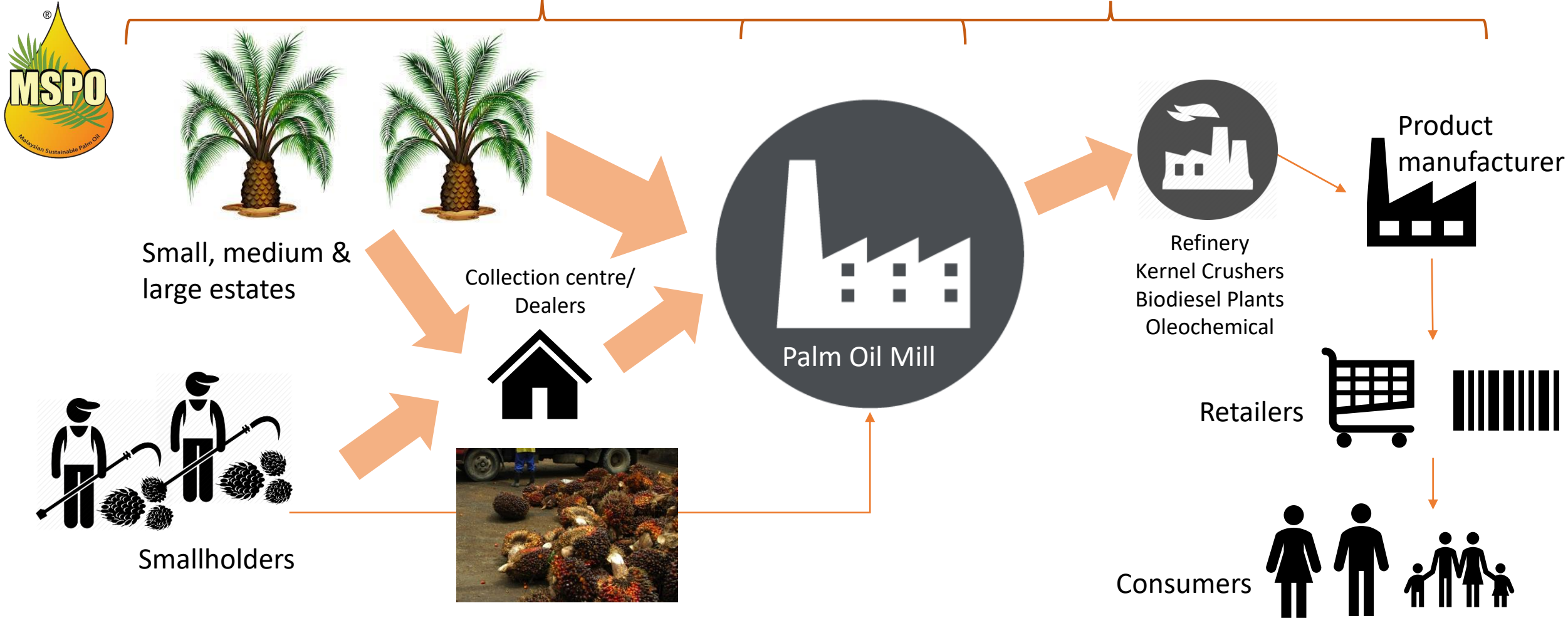
CERTIFYING MALAYSIAN PALM OIL FOR THE WORLD

The value chain of Malaysian palm oil sector



Oil Palm Management Certification

Supply Chain Certification



MSPO Certification Scheme



provides for:



Application by potential clients for certification audits



Development of certification standards & scheme documents



Accreditation & notification of CBs



Peer reviewing of audit reports



Supply chain traceability



Issuance of logo usage licenses



Handling of complaints



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



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



Companies

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



Smallholders

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



Mills

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

NEW



Processing Facilities



MSPO SCCS – MSPO Supply Chain Certification Standard

7 Principles of MSPO



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)

STANDARDS
MALAYSIA

Notification

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

Malaysian Sustainable Palm Oil (MSPO) Certification Scheme

Accreditation

CBs are required to be accredited to national AB

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

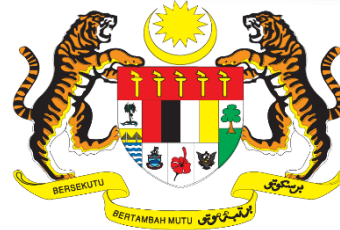


ACB SC/2018	Requirements for Certification Bodies Operating Supply Chain Certification under the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme
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ISO 17065 Type 6 - Conformity assessment -- Conformity assessment -- Requirements for bodies 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



Standard Setting Process



Approach to MSPO Certification



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

Types of MSPO Certification



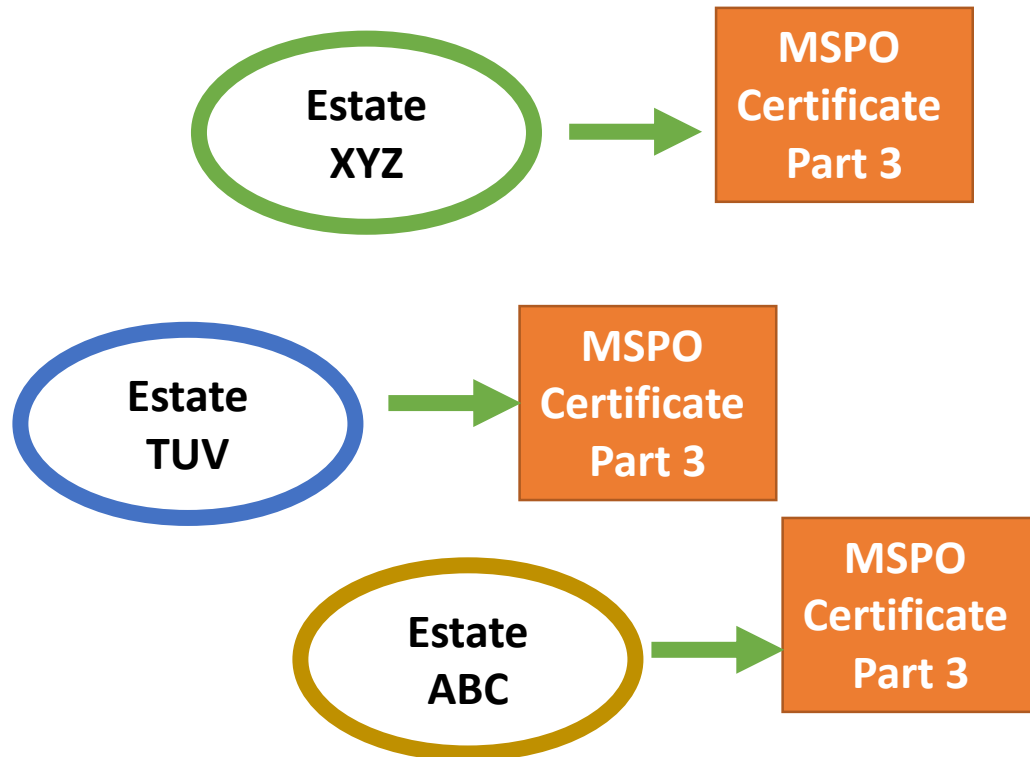
- Individual entity (plantation, mills, processing facilities)
- Multi-site certification

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

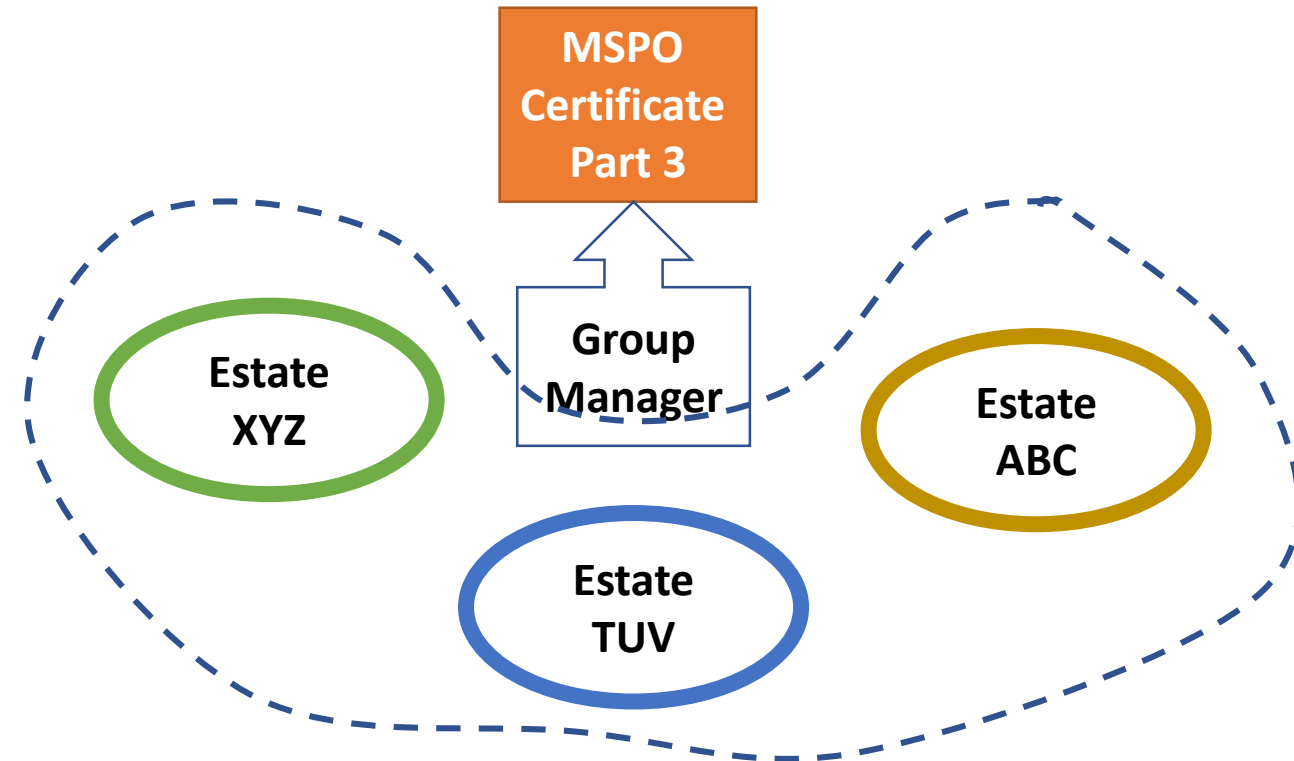
Scope of Certification - Plantations



1. Individual Certification



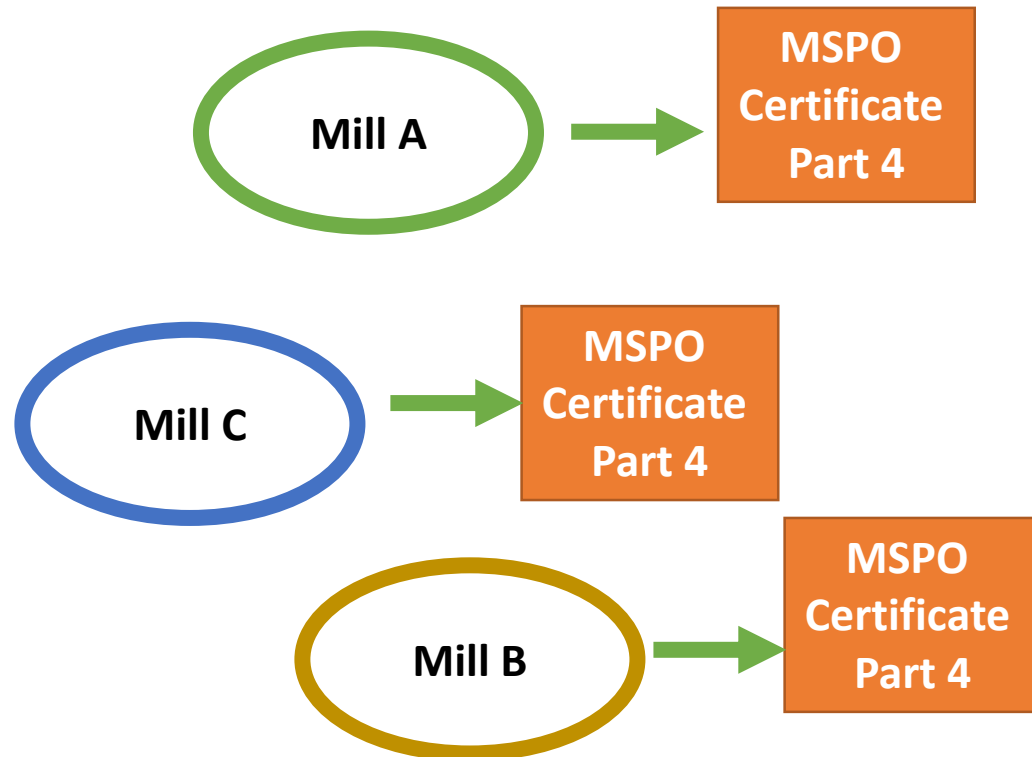
2. Group Certification



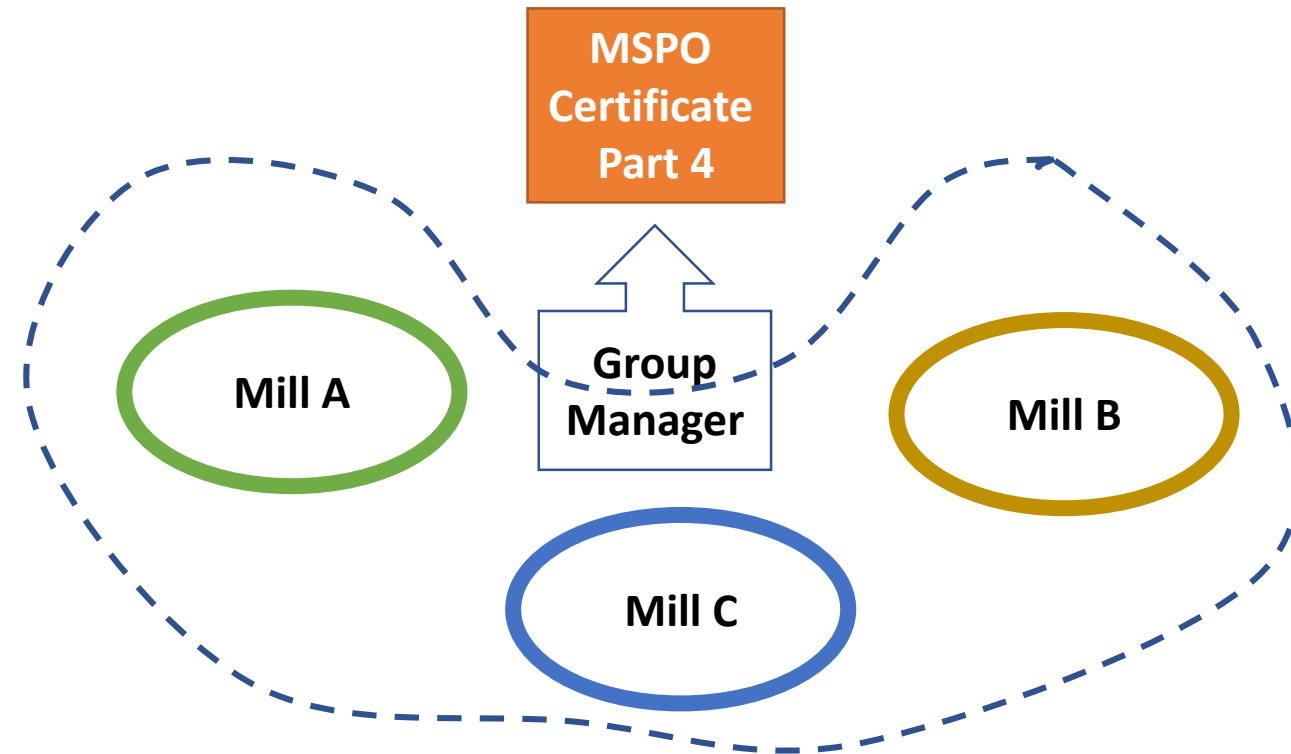
Scope of Certification – Palm Oil Mills



1. Individual Certification



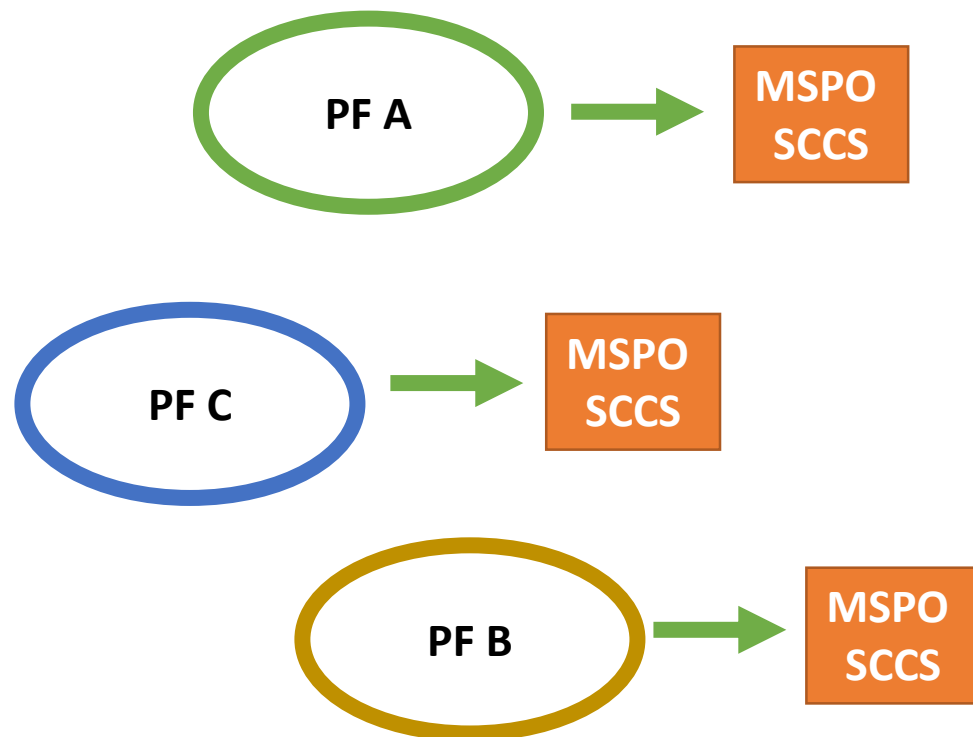
2. Multi-site Certification



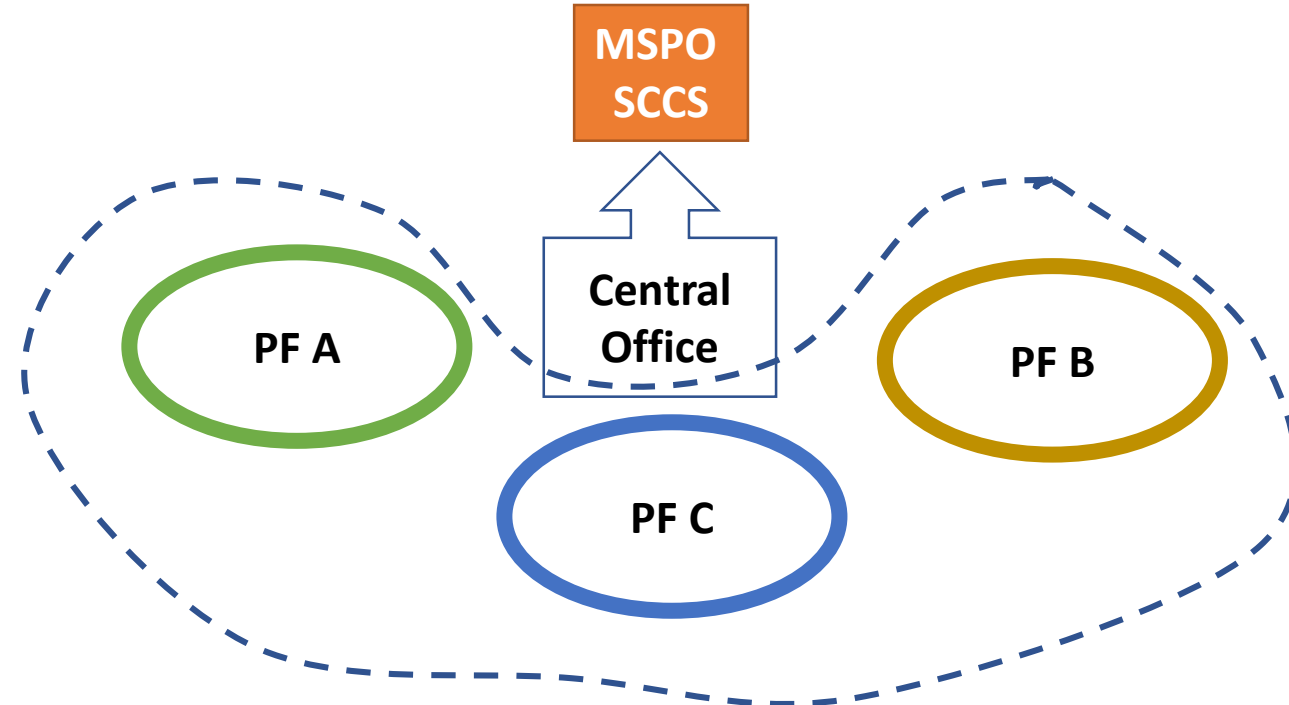
Scope of Certification – Processing Facilities



1. Individual Certification

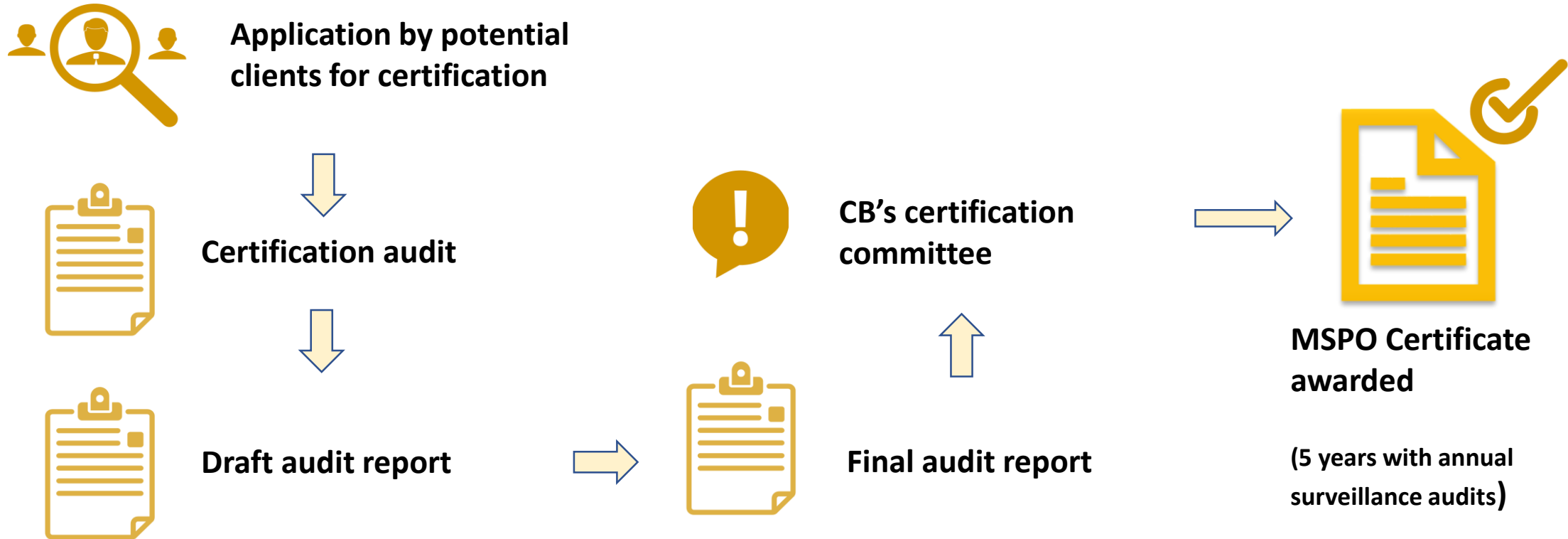


2. Multi-site Certification



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

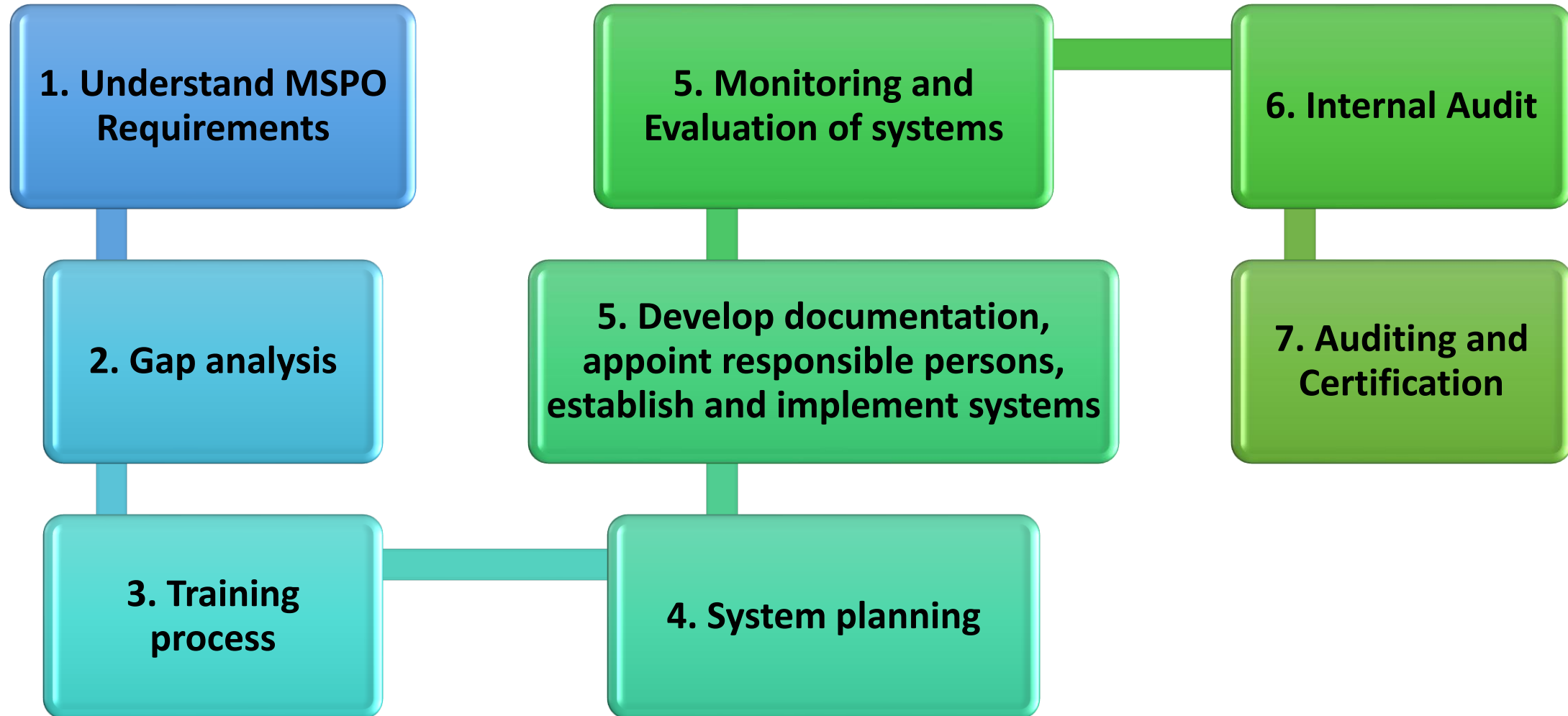
Certification Process



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





Progress on MSPO Certification

Progress of MSPO Implementation – 31 January 2019



27

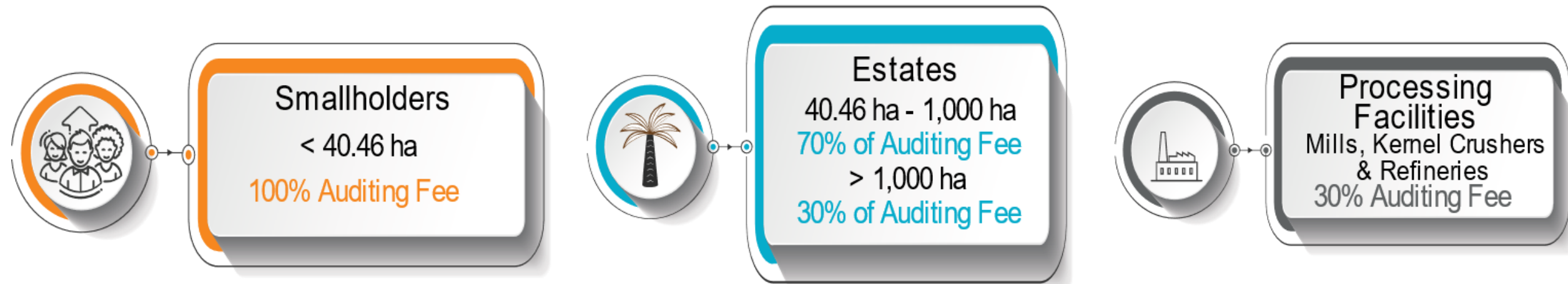
Categories	Units Certified	Certified Areas (ha)
Individual Smallholder Areas Certified under MSPO Part 2 (ha)	91 SPOCS	22,435.30
Organised Smallholder Areas Certified under MSPO Part 3	76 Clusters	196,365.81
Plantation Areas Certified under MSPO Part 3 (ha)	570 estates	1,319,612.15
Total Planted Areas Certified (ha)		1,538,413.00

	Units Certified	Total Capacity (mt/hr)
Total Mills Certified under MSPO Part 4	141 Mills	7,390.00

MSPO Incentives



Incentives



<https://www.mpocc.org.my/incentives>



MSPO Supply Chain Certification Standard (MSPO SCCS)

MSPO Supply Chain Certification Standard (SCCS)



Malaysian Sustainable Palm Oil (MSPO)

SUPPLY CHAIN CERTIFICATION STANDARD (MSPO SCCS)



The MSPO Supply Chain Standard 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 Malaysian Sustainable Palm Oil Supply Chain Certification Standard (MSPO SCCS) 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.

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

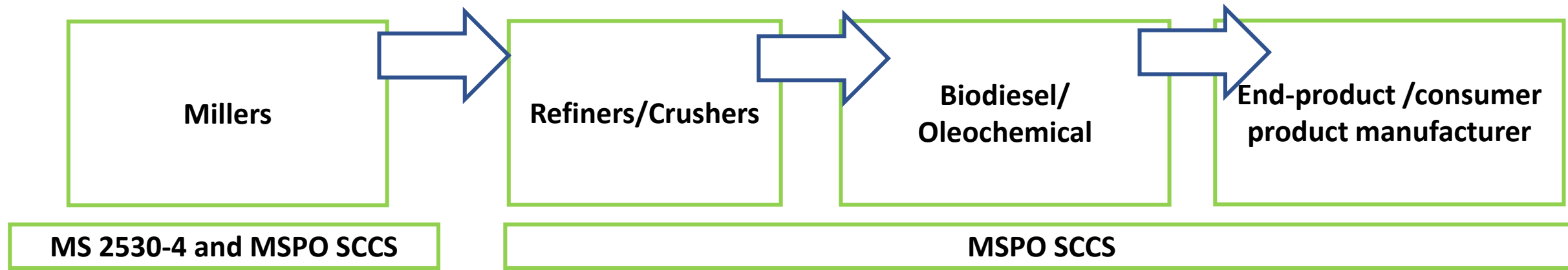
- To allow the MSPO certified palm oil user to claim the use of certified palm oil product by using MSPO logo on their on-product and off-product.

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.



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)

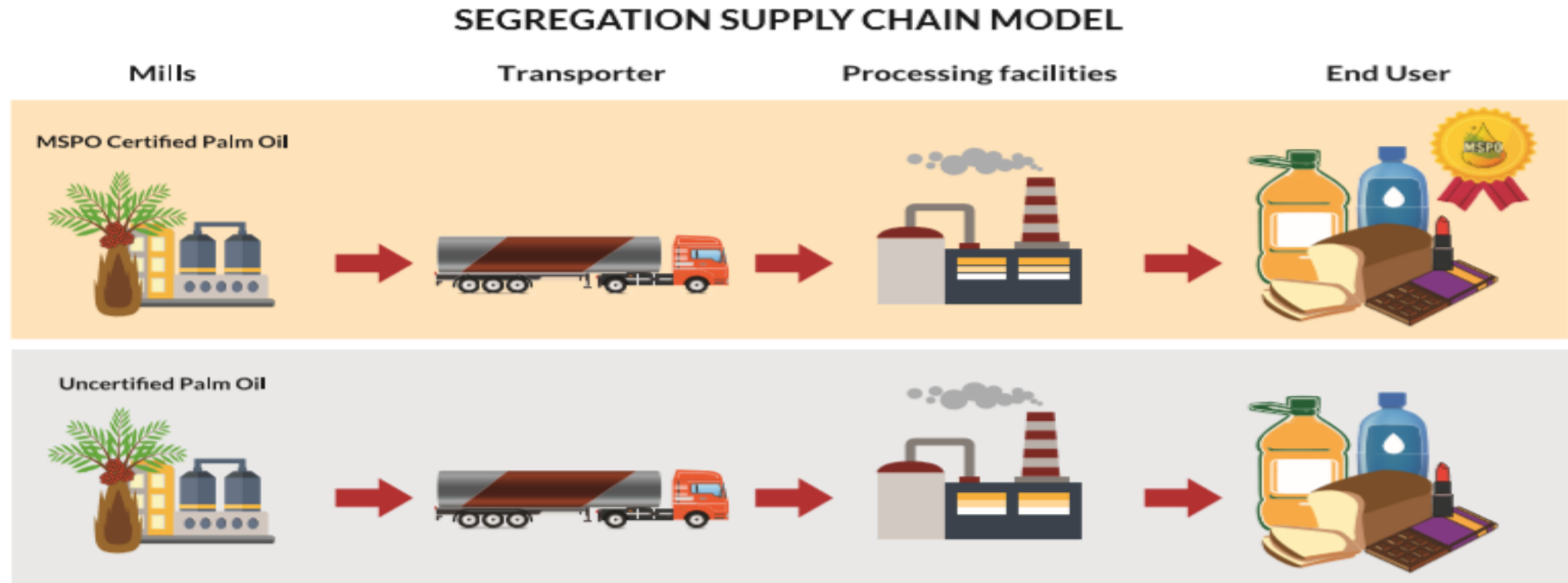


MSPO Supply Chain Models



- Segregation

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



Requirements

8.1.2

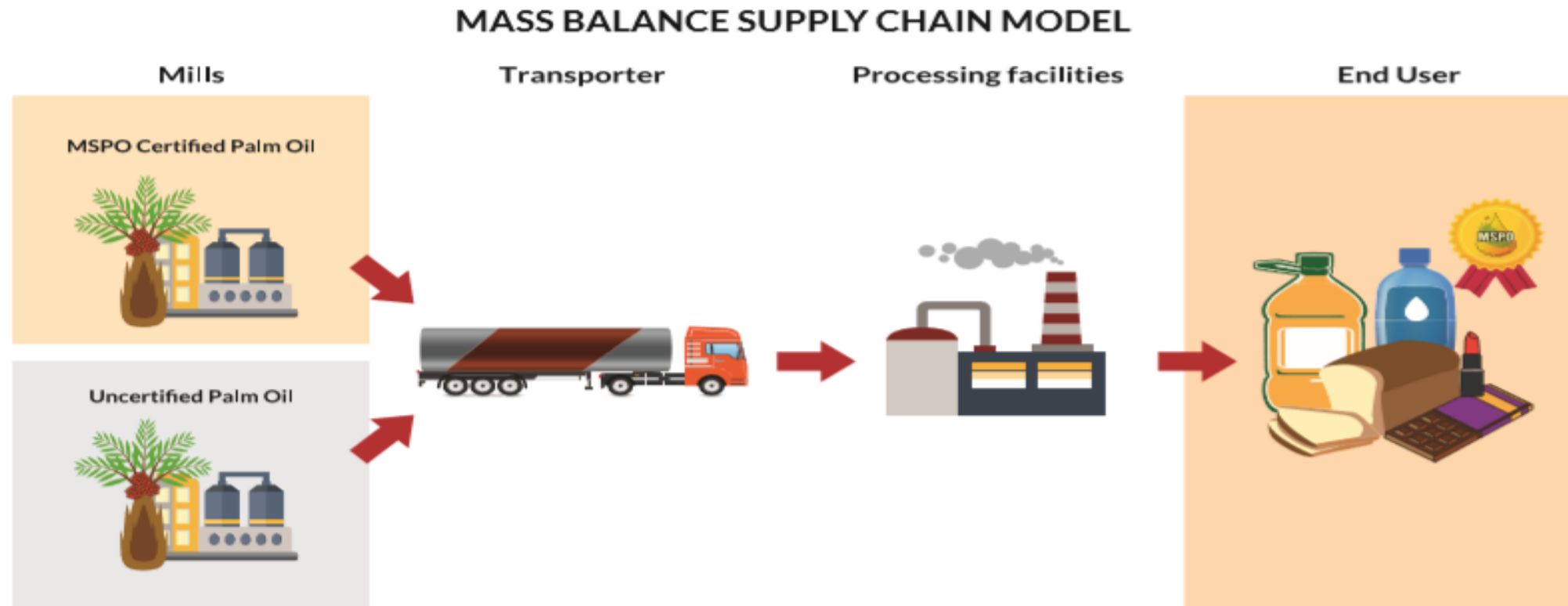
8.1.2.1 The Segregation approach requires that the [MSPO certified palm oil products shall be kept separate from non-MSPO certified palm oil products at every stage of production, processing, refining and manufacturing throughout the supply chain](#). This model [allows mixing of any MSPO SG](#) certified 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.



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

Notes :For mass balance sheet/ book-keeping, can include **only** certified oil with actual yield calculation.

Requirement 7.1



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

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.

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

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

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

Requirement 9.1

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

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.



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



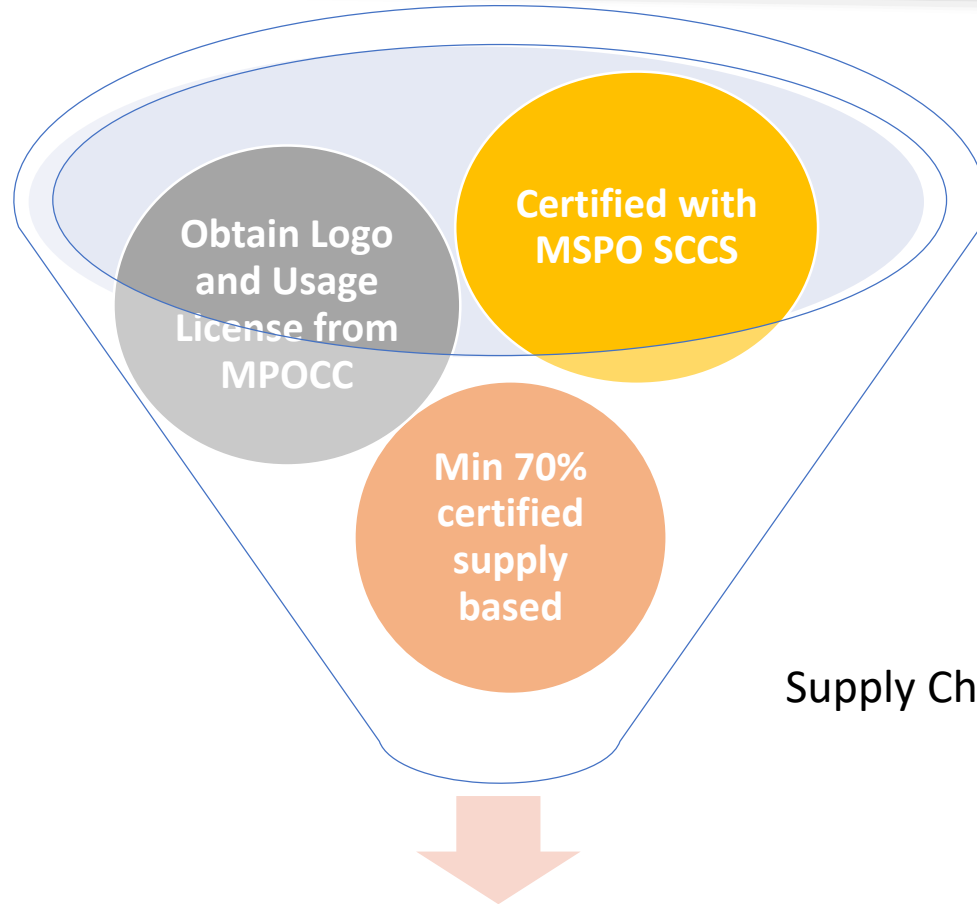
**Group A: Scheme
Owner, i.e. MPOCC**

**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**

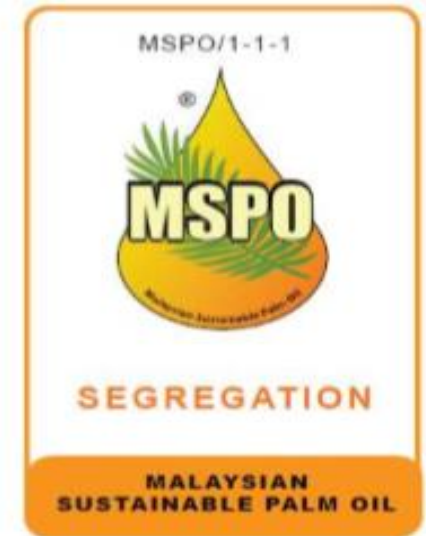
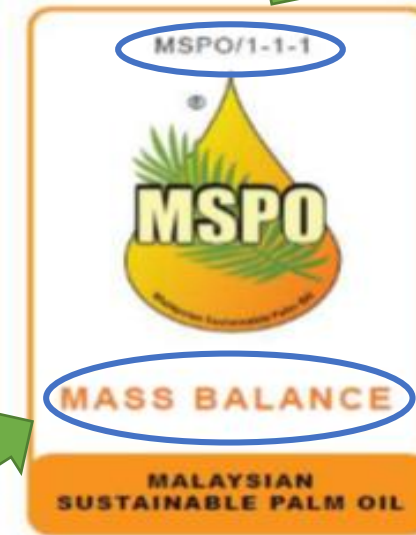
**Group D: Other Groups,
including certification
bodies**

On-product Logo



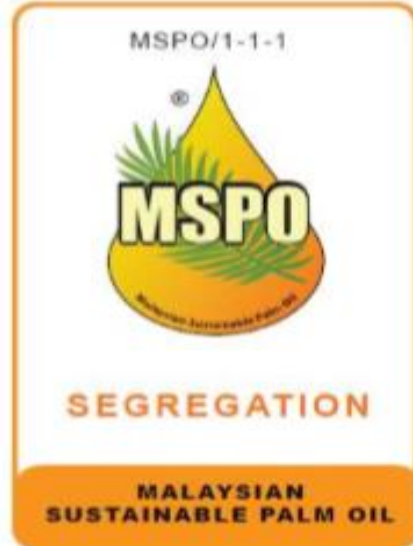
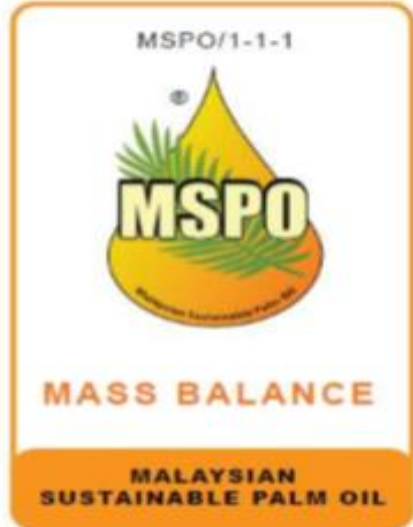
Usage of MSPO logo On-Product

Registration number provided by MPOCC



Supply Chain Models

Logo

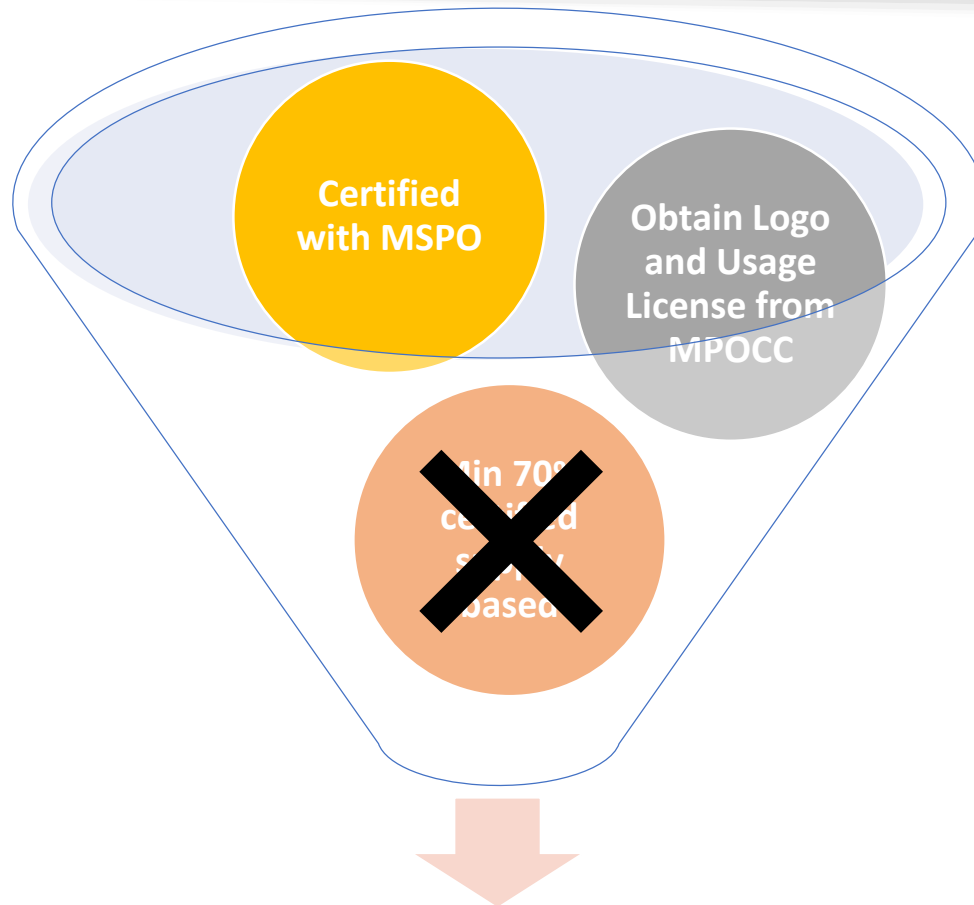


On-product

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



Usage of MSPO logo



Registration number
provided by MPOCC

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



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

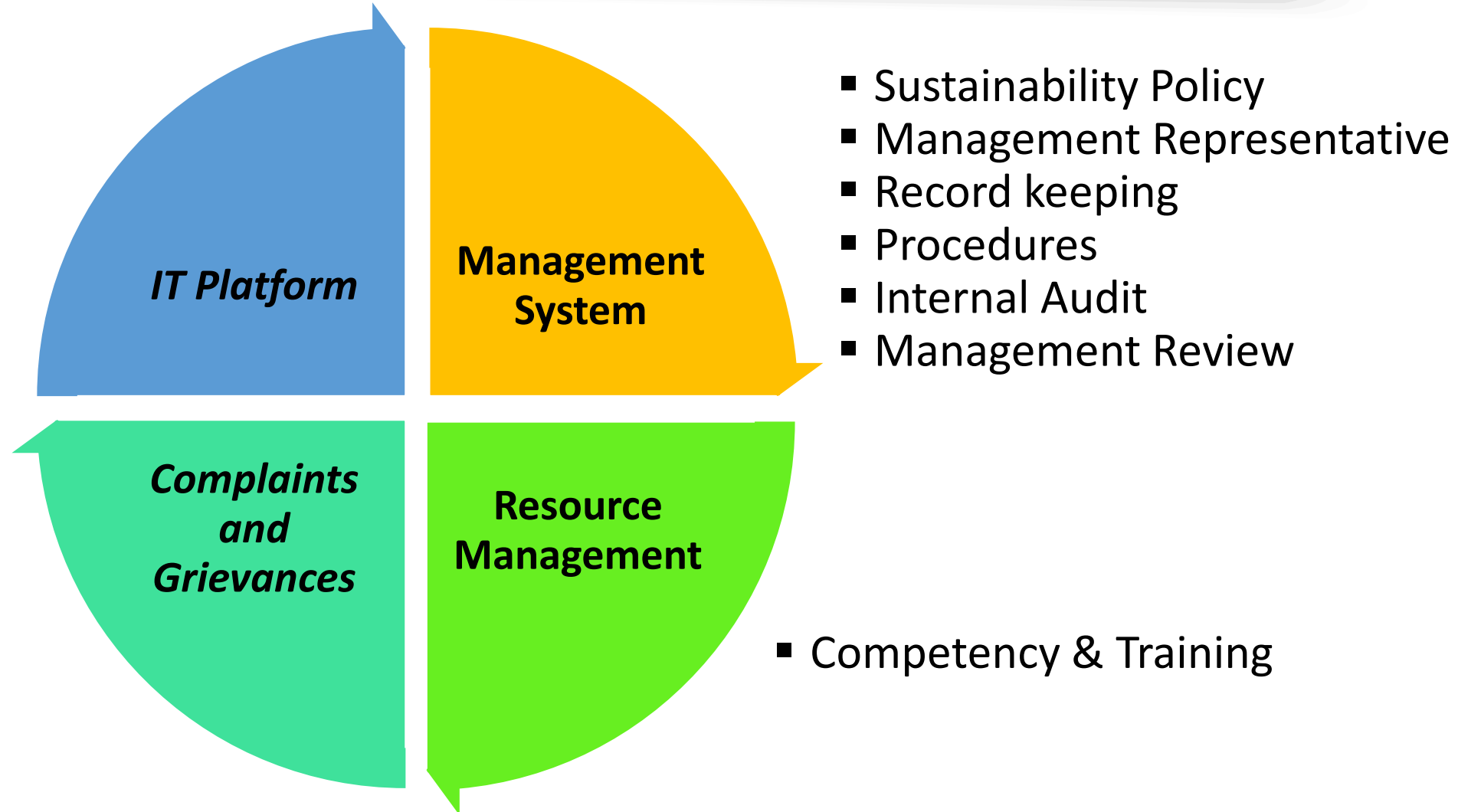


Management Requirement

MSPO Supply Chain Certification Standard (MSPO SCCS)



Management Requirement



Management Requirement



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

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.

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

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

Management Requirement



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

(Requirement 5.5 : 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

*(Requirement 5.6 :
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.



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.



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

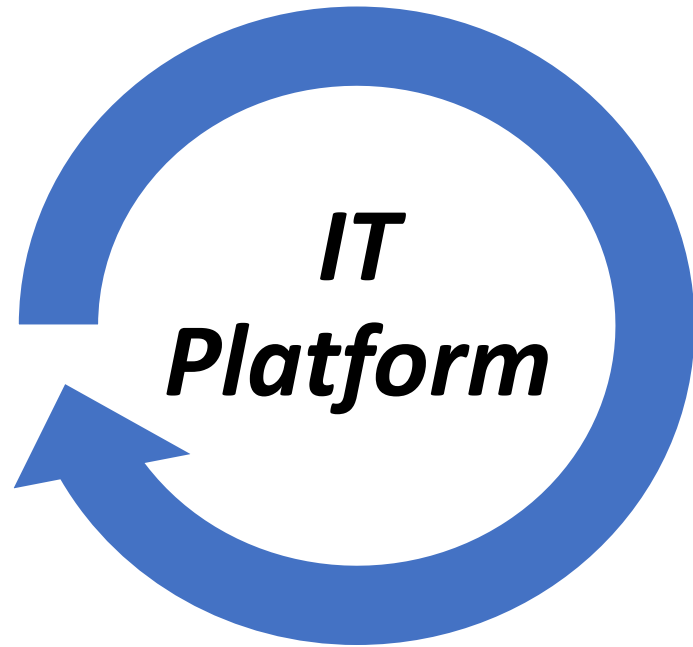
Indicator 1: A system for dealing with complaints and grievances shall be established and documented

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.



12.1 IT Platform

- ✓ To utilize the IT platform provided

Mandatory Timeline



LATEST ANNOUNCEMENT

MANDATORY TIMELINE FOR IMPLEMENTATION OF MSPO SCCS CERTIFICATION



30 JUNE 2019

Palm Oil Processing Facilities **with**
Cooking Oil Stabilization Scheme (COSS)

1 JANUARY 2020

Palm Oil Processing Facilities **without** COSS



certifying
Malaysian palm oil
for the world



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!

Malaysian Palm Oil Certification Council (MPOCC)

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MSPO Channel

www.mpocc.org.my