



MEANS OF ASSESSING COMPLIANCE

for Malaysian Sustainable Palm Oil (MS2530-4:2013)

PART 4: GENERAL PRINCIPLES FOR PALM OIL MILLS

MOC-MS2530-4. Dated 1 JULY 2019

PREAMBLE

The Malaysian Standard on Malaysian Sustainable Palm Oil (MSPO) addresses sustainability issues and challenges in relation to the multi-stakeholders involved in the industry. The standard describes the sustainability requirements for the production throughout the supply chain from the raw materials until the transport to consumer and makes it possible for each group of producers to demonstrate Sustainable Palm Oil production.

MSPO Standard was developed by the Technical Committee on Fats and Oils under the authority of the Industry Standards Committee on Food, Food Products and Food Safety. Development of MSPO standard was carried out by the Malaysian Palm Oil Board (MPOB) which is the Standard Writing Organization (SWO) appointed by SIRIM Berhad to develop standards for palm oil products, oil-based food products, palm kernel products and oil palm-based products. Under MPOB, this standard was developed under two layers structure, National Committee for MSPO and Technical Working Committee for MSPO. Malaysian Palm Oil Certification Council (MPOCC) is managing the MSPO scheme by updating and providing technical assistance to the producer and accredited certification bodies.

MSPO standard was developed to provide the principle, criteria and indicators for sustainable management of oil palm. MPOCC has initiated updating of the initial audit guidance as per recommendation by the Expert Working Group on Means of Compliance (EWC-MOC). The EWC-MOC has decided to recommend the amendments to update the current MSPO Guideline for auditing as a step to move forward in providing additional guidelines/means of compliance and verifiers/objective evidence of implementation. The means of assessing compliance includes guidelines elaborating the indicators and verifiers/objective evidence to guide organizations implementing MSPO standard and accredited certification bodies conducting compliance audits. The verifiers / objective evidence further listed into documentation (D), communication (C), site inspection (SI), or a combination of these.

This document is a supporting document prepared to assist auditors in assessing compliance of each requirement in the MS2530-4:2013 and can be used by the organizations to develop its MSPO management system.

Means of Compliance as indicated in the audit guidance document refers as per below:

(D) – Documentation: Information required to be controlled and maintained by an organisation and the medium on which it is controlled. Evidence of results achieved may also referred as records.

(C) – Communication: A process that needs to be planned, this includes what, when, how and to whom. The related process and its planning need to take into account the organisations compliance obligation. Documented evidence of its communication shall be retained as appropriate. These include internal and external communication.

(SI) – Site Inspection: Generally, includes visit and inspection to the physical locations, organizational/operational units/sites and its activities and processes for the purpose of verification and confirmation.

This document will be act as a guideline to comply with the MS2530-4:2013 standard and certification bodies and any other parties may use this document for auditing purposes.

Reference should also be made to the *MSPO Supply Chain Certification Standard (MSPO SCCS) and MSPO SCCS Guidance Document*.

This document is subject to updates by MPOCC to incorporate any additional or latest guidelines. The latest version can be found in MPOCC website.

MSPO PART 4: GENERAL PRINCIPLES FOR PALM OIL MILLS

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
Principle 1: Management commitment & responsibilities						
4.1.1	Malaysian Sustainable Palm Oil (MSPO) Policy	4.1.1.1	Policy for the implementation of MSPO shall be established.	Major	<ul style="list-style-type: none">A written statement to indicate commitment to implementation of MSPO, signed by top management or Head of Mill/Engineering Department with designation and date.A written policy statement on the commitment towards sustainable production of palm oil. This policy should be communicated to all levels of the workforce and stakeholders.Interview of personnel and stakeholders whether they are aware of the MSPO Policy and its implementation at the site.	<ul style="list-style-type: none">MSPO Policy statement is publicly available in printed or electronic media. (D, C & SI)Policy has written in National language and/or English with the statement of continual improvement or other statement with similar meaning. (D)Interviews of management staff and internal stakeholders for awareness of the MSPO Policy and its implementation within mill operational personnel (D & C)Records of communication / briefing of MSPO Policy (D & C)
		4.1.1.2	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation.	Major	<ul style="list-style-type: none">The policy should indicate commitment towards continuous improvement in milling operations.	<ul style="list-style-type: none">List of improvement plan to demonstrate commitment of organization towards continual improvement (D)Interview mill management on their involvement in improving sustainability from both short and long-term aspects (C)Interview with mill staff on their participation to align with management program (improvement activities) (C)Assess the significant changes made from aspects of human, equipment/machinery, material and methods for improving the sustainability element (C & SI)

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4.1.2	Internal audit	4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.	Major	<ul style="list-style-type: none"> Internal audit frequency is normally conducted on annual basis; however, it may be conducted more frequently as determined in the Internal Audit Procedures. MSPO Internal Audit Procedures developed include audit results reporting. <ul style="list-style-type: none"> Clear responsibilities of audit team and internal audit plans should be documented Internal audit program should be established with structured implementation from planning activities, on-site evaluation and management of findings Number of auditors should be adequate for the company's capacity (e.g. system and operation) If internal audit process is outsourced, the process should be cross checked with subcontractor management in Principle 6. Internal audit process can be integrated with other sustainability standards, but elements required by the MSPO must be addressed and evaluated. Internal auditors should maintain impartiality. 	<ul style="list-style-type: none"> Utilization of internal audit records as required by the procedure such as Audit Schedule, Audit Plan and Audit Checklist. (D) Assessment of internal documents (D, C & SI) <ul style="list-style-type: none"> MSPO internal audit procedures document Internal audit report/results, including non-conformities, if any. Mechanism of follow-up activities including verification of the actions taken & the reporting process (D, C & SI) Internal auditors should be trained and knowledgeable in MSPO Part 4 (D) Assess previous internal audit program to evaluate the effectiveness of implementation and the trend of findings, for the development of improvement programs. (D) MSPO Internal audit report includes positive findings, nonconformities and root cause analysis for the nonconformities and evidence that the nonconformities are closed within the timeframe stipulated in the internal audit procedure (D & SI) Closed nonconformities should include root cause analysis, correction and corrective action with relevant evidence (D & SI)

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		4.1.2.2	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.	Major	<ul style="list-style-type: none"> MSPO Internal audit procedures developed includes audit results reporting. Actions are taken on the nonconformities raised during the MSPO internal audit. These include identification of the root cause and corrective action taken to close the nonconformities. The audit report includes the details on how the nonconformities were closed. 	<ul style="list-style-type: none"> MSPO Internal Audit Procedure (D, C) MSPO Internal Audit Report (D) Internal audit report includes positive findings, nonconformities and root cause analysis for the nonconformity and evidence that nonconformities are closed within the timeframe set in the internal audit procedure (D, SI) Closed nonconformities should include root cause analysis, correction and corrective action with relevant evidence (D, SI)
		4.1.2.3	Reports shall be made available to the management for their review.	Major	<ul style="list-style-type: none"> Internal audit report should be submitted to the management for management review process. The report must complete and provide conclusion on the effectiveness of internal audit exercise including closed non-conformity and verified NCR Report 	<ul style="list-style-type: none"> Evidence to show management review was conducted (Date, Agenda and Attendance record) (D) Decision making by the top management on the issues raised during internal audit and improvement addressed. (D, C)

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4.1.3	Management review	4.1.3.1	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.	Major	<ul style="list-style-type: none"> Management review is conducted at least once a year. Input from the internal audit findings discussed to identify effectiveness of the implementation of the MSPO requirement. Management review should include review input and output - <ul style="list-style-type: none"> a) Review inputs <ul style="list-style-type: none"> i) Results of internal and external audits; ii) Customer feedback; iii) Process performance and implementation; iv) Status of corrections and corrective actions; v) Follow-up actions from previous management reviews; vi) Recommendation for improvement; vii) Complaints and grievances; b) Review outputs <ul style="list-style-type: none"> i. Improvement in the effectiveness of the MSPO system and its processes; ii. Resources needed. The persons participating in the management review meeting should have ability to review, evaluate, plan and decide for improvement of management system. Decision from the management review should be compiled and used as basis for continual improvement plan and/ or Corrective Action Plan. Management to provide necessary resources and support to accommodate any changes, improvement and modification. Progress of the implementation of the continual improvements with timeline should be reviewed during the next management review meeting. Additional input to be discussed as appropriate: <ul style="list-style-type: none"> - Stakeholder feedback (Principle 2 & 4) - Status of Legal compliance (Principle 3) - Occupational Safety and Health performance from Safety Plan (Principle 4) 	<ul style="list-style-type: none"> MSPO Management review agenda, minutes of meeting and list of attendees (C & D) Minutes of the management review meeting signed off by the management or person in-charge and distributed internally (D & C) MSPO Internal audit report (D) Minutes includes review of the improvement and/or corrective action plan and implementation (D & C & SI) Evidence of implementation of Action Plan (C & D) Evidence of supporting records on the item discussed during management review meeting (C & D) Management review report (D & C)

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4.1.4	Continual improvement	4.1.4.1	The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.	Major	<ul style="list-style-type: none"> Action Plan may cover the context of improvement direction including short term and long-term planning for improvement activities/programs Output of management review from decision addressed by the management as a result of internal audit. Consideration to be given on the degree of risk or impact to the sustainability issues on occupational safety, health, social, environmental and business that affect mill operations It is also important to consider the legal aspects for organization to comply Evaluation on the adequacy of resource - human, machine, material and method in the planning of achieving the improvement. 	<ul style="list-style-type: none"> Continual Improvement plan with timeline for social, environment and any opportunities identified by company to improve operation and Good Milling Practices (GMP) (D) MSPO Internal audit result and identification of area for improvement (D) Interview with relevant management staff to verify the understanding of the continual plans (C & SI) Verify all the activities that required for annual review process through Training, HIRARC, Social and environmental aspect and impact (D & SI) Verify input from stakeholder feedback (e.g. logbook, official letter/memo) and record their expectations for the organization to act on. (D & SI) Legal compliance report (D) Refer to 4.5.1.4

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		4.1.4.2	The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.	Major	<ul style="list-style-type: none"> Where applicable, mechanism should be in place to identify and implement: <ol style="list-style-type: none"> Environmental and social impact New techniques New technologies New industries standard New information on good milling processes Relevant personnel (process owners) must be competent with the established system to enable them to understand and adopt the improved practices. Evaluation of effectiveness system to measure positive impact as a result from changed being made. Budget allocation for implementation of social, environmental activities/new technologies and their timeline. Training program to the relevant personnel involved in the implementation of new technology/techniques. 	<ul style="list-style-type: none"> Verify document indicating the identified new information where applicable (D & SI) Verify the improvement plan whether able to improve current practices in line with new information and techniques or new industry standards and technologies (where applicable) (D) Budget for newly identified technology (if applicable) (D) Budget for Environmental and social impact improvement activities (D) Training program and evaluation of effectiveness (D) Interview of management staff and internal stakeholders concerning (C & SI): <ul style="list-style-type: none"> Good social practices of the company Response of the management towards social and environmental concerns by internal stakeholders Improvement plans that have benefitted the internal stakeholders and surrounding community.

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Principle 2: Transparency						
4.2.1	Transparency of information and documents relevant to MSPO requirements	4.2.1.1	The management shall communicate adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.	Major	<ul style="list-style-type: none">Management should establish the medium for effective communication with relevant stakeholder to deal with the issues within the context of organization.Management should provide information (if requested by the relevant stakeholders) in the appropriate language and form that can be understood by the particular stakeholder.Information categorized as commercial confidentiality or disclosure that could result in negative environmental or social outcomes are prevented from public information.Request, response and release of information must be recorded (refer to 4.2.2.3)	<ul style="list-style-type: none">Scope and validity of information from stakeholders (D,C)Complete record of communication provided: (D).<ul style="list-style-type: none">- What is the subject matter of information- Where is the source of information.- When was information is received and timeline to respond.- Who is the recipient of the information- Processes affected by the information received.- How to deal with the informationVerify through interview and records whether information released are consistent with the publicly available information SI, D) (i.e. press release, website, on-site notice board, stakeholder meeting minutes).
		4.2.1.2	The management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	Major	<ul style="list-style-type: none">Organization prepares list of publicly available management document and where these documents can be viewed.For public listed companies annual report is accepted as one of the management documents.	<ul style="list-style-type: none">List of publicly available management document (example: Safety and health plan), plans and impact assessments relating to environmental and social impacts, Pollution prevention plans, Records of complaints and grievances, Continual improvement plan) (D)These can be available, as an example on the website, on-site notice board and/or at the operational office at site and/or head office.

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4.2.2	Transparent method of communication and consultation	4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders.	Major	<ul style="list-style-type: none"> Develop procedures for consultation and communication with the relevant internal and external stakeholders The procedures should interact to align with elements addressed in clause 4.4.2 and 4.4.3. 	<ul style="list-style-type: none"> Verify procedures for consultation and communication with the relevant internal and external stakeholders (D, C) Interview with internal and external stakeholders on their awareness about the procedure (SI)
		4.2.2.2	The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i> .	Minor	<ul style="list-style-type: none"> Management nominates management representative responsible for consultation and communication. Management to appoint the nominated management representative. 	<ul style="list-style-type: none"> Evidence of appointment for the management representative responsible for consultation and communication. Interview the representative. (D, C, SI) Records of requests and responses (D)
		4.2.2.3	A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.	Minor	<ul style="list-style-type: none"> Prepare the lists of stakeholders relevant to the site and have past and present communication with the site. (Example: employee representatives, workers and staff union, contractors, government bodies, surrounding communities, NGOs, etc) The stakeholders should be relevant to the issues and nature of milling activity. Arrange for consultation and communication with the internal and external stakeholders and record the outcome. 	<ul style="list-style-type: none"> Records of consultation and communication (example: stakeholder meeting minutes, on site request and response form) (D) Verify records for appropriateness & effectiveness of the actions taken/ follow up actions required (if any) (D, SI, C) List of internal and external stakeholders (name, contact details and organization/group represented) (D, SI) Randomly contact the stakeholders in the list to confirm the completeness of the stakeholder list (SI) Interview with stakeholders to verify (SI, D, C): <ul style="list-style-type: none"> Awareness of consultation and communication procedures. Availability of management response with regards to the requests /complaints (if applicable)

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4.2.3	Traceability	4.2.3.1	The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.	Minor	<ul style="list-style-type: none"> Mill to establish SOP for traceability of its production of palm product (i.e.CPO, PKO) Traceability to include how these products can be trace back from established system (manual or electronic method). Traceability system must able to track data from – <ul style="list-style-type: none"> Incoming FFB from supplier – owned estates and other independent estates Outgoing CPO and PKO dispatch to customer. 	<ul style="list-style-type: none"> Standard Operating Procedures on Traceability (D) Visual inspection of traceability procedures implementation/ handling at site (SI) Records of CPO production, quantity of CPO delivered. (D) Delivery notes and/or weighbridge ticket for incoming FFB from supplier Delivery notes and weighbridge ticket for CPO dispatch to the palm oil refinery (D) All records must reconcile with FFB receipt and monthly production report (FFB, OER and KER) (D) Sales agreement / undertakings between outsourced FFB suppliers and mills. (D)
		4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system.	Minor	<ul style="list-style-type: none"> Conduct regular inspection on the implementation of the traceability SOP and relevant records as per traceability SOP Result of the inspection should be documented. 	<ul style="list-style-type: none"> Standard operating procedures on traceability. (D) Visual inspection of traceability procedures / handling at site. (C) (SI) Records of sales, delivery notes or transportation of crude palm oil, palm kernel. (D) Nominated personnel in charge of traceability
		4.2.3.3	The management shall identified and assign suitable employees to implement and maintain traceability system.	Minor	<ul style="list-style-type: none"> Evidence of appointment issued by the management. The appointed employees understand the traceability SOP. 	<ul style="list-style-type: none"> Letter of nomination (D) Organisation Chart (D) Job Description of appointed traceability personnel (D) Interview with appointed traceability personnel on understanding of the responsibilities, authorities and job implementation. (C)

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		4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.	Minor	<ul style="list-style-type: none"> Existing traceability records are available (logbook, sounding report, storage data) Verify dispatch documents (softcopies or hardcopies) to track information as follows; <ul style="list-style-type: none"> The name and address of the seller/buyer; Product(s) identification including the applicable supply chain models (mass balance or 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. 	<ul style="list-style-type: none"> Verify through visual inspection (SI): Any record to identify the buyer contact and dispatch as required by MSPO Supply Chain Certification Standard (MSPO SCCS) (D, SI) The records should be maintained for a minimum period of three (3) years.
Principle 3: Compliance to legal requirements						
4.3.1	Regulatory requirements	4.3.1.1	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.	Major	<ul style="list-style-type: none"> Mill management to ensure all legally required permits, license and applicable local, state, national and ratified international laws and regulations are complied. Compliance to applicable laws are including; <ul style="list-style-type: none"> International laws ratified by Malaysia Applicable state and national laws applicable to the palm oil industry 	<ul style="list-style-type: none"> Updated and latest Legal Requirement Register (D) Accessible copy of the law listed in the Legal Requirements Register is available for reference (D) Workplace compliance verification on physical elements (SI) <ul style="list-style-type: none"> Renewal license or permit Compliance of facilities and infrastructure Verification of records for compliance (D) <ul style="list-style-type: none"> Periodical assessment report by competent person Incident report case reporting
		4.3.1.2	The management shall list all relevant laws related to their operations in a Legal Requirement Register.	Major	<ul style="list-style-type: none"> Prepare a list of all relevant and applicable laws and regulations to its operation in the Legal Requirement Register. Ability to access the source of laws as for reference if there any doubt or subjects need for clarification 	

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		4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.	Major	<ul style="list-style-type: none"> Ensure to update the Legal Requirement Register whenever there are changes/amendments in the law/regulation and when new law/regulation coming into force. Have an internal mechanism to monitor new versions of the law and to identify the changes or amendments in regulation. This can be either from site or head office. Mechanism to conduct periodical evaluation of continued compliance. 	<p>to authority.</p> <ul style="list-style-type: none"> Interview of personnel and site management team concerning awareness of the applicable laws and regulations (SI) Compliance with the applicable laws and regulations and on-going efforts to comply (D, C) Visual inspection - <ul style="list-style-type: none"> Ability of the mill management to demonstrate compliance with the relevant laws (e.g. concerning the hazardous chemical and scheduled waste, diesel skid tank, minimum wage, workers' minimum standards housing and amenities etc). (D, SI, C)
		4.3.1.4	The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements.	Major	<ul style="list-style-type: none"> Evidence of appointment of executive / staff responsible to monitor compliance and to track and update the changes in regulatory requirements. Ability to access the source of law for reference when requested to clarify or elaborate on relevant issues. 	
4.3.2	Land use rights	4.3.2.1	The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.	Major	<ul style="list-style-type: none"> Verify land ownership or land use rights Sabah Syarat-Syarat Nyata Sarawak - Land title, Provisional Lease (PL), License for Planted Forest (LPF) are acceptable <p>Verification of land use rights by means of official/legal documents. The following documents are accepted:</p> <ul style="list-style-type: none"> Land title and terms and conditions Provisional Lease (PL) / License for Planted Forest (LPF) (for Sarawak) Lease Agreement Quit rent paid by the holding company (if applicable) Perimeter survey map containing boundary markers Records of disputes and resolution process Records of agreements/legal documents between the previous owners and occupants 	<ul style="list-style-type: none"> Sabah Syarat-Syarat Nyata Sarawak - Land title, Provisional Lease (PL), License for Planted Forest (LPF) are acceptable. (D) Land title and terms and conditions. (D) Provisional Lease (PL) / License for Planted Forest (LPF) (for Sarawak). (D) Lease Agreement. Quit Rent paid by the holding company (if applicable). (D) Perimeter survey map containing boundary markers. (D) Records of disputes and resolution process. (D) Records of agreements/legal documents between the previous owners and occupants. (D) Availability of MPOB approval for construction of mill

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		4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.	Major	Visual inspection of: <ul style="list-style-type: none"> - Legal perimeter boundary markers - Follow estates (refer to estate titled land (PL or LPF) as some mills are located on estate's land 	<ul style="list-style-type: none"> • Land ownership or land use rights. (D)
		4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.	Major		<ul style="list-style-type: none"> • Check the mill boundaries (SI) • Obtain stakeholder feedback to collect input if there any dispute about the boundaries (C)
		4.3.2.4	Where there are, or have been disputes, documented proof of legal acquisition of land and fair compensation that have been or are being made to previous owners and occupants; shall made available and that these should have been accepted with free prior informed consent (FPIC).	Major	<ul style="list-style-type: none"> • If mill is located within same plantation complex: - <ul style="list-style-type: none"> - Records of disputes and resolution process - Records of previous immediate owners and occupants - Records of legal documents agreement between affected parties • Applicable if there are, or have been, disputes, documented proof of legal acquisition of land title. • If applicable, documentation of fair compensation that have been or are being made to previous owners and occupants; should be made available and that these should have been accepted with free prior informed consent. 	To verify if it is applicable: <ul style="list-style-type: none"> - Records of disputes and resolution process and acquisition of the land (D, SI, C) - Records of previous immediate owners and occupants (D) - Records of legal documents, (D) - Agreement between affected parties. (D) - Documented evidence that fair compensation was paid or in progress (D, SI) - Stakeholder consultation with affected parties. (D & C)

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4.3.3	Customary land rights	4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.	Major	<ul style="list-style-type: none"> • Mill management to identify whether its land is encumbered by customary rights. • If there is, the mill management should demonstrate that these rights are understood by both parties and are not being threatened or reduced. 	Verify through assessment of internal documents (D) <ul style="list-style-type: none"> - Provisional Lease (PL) and License for Planted Forest (LPF) (D) - Records of Ex-gratia/Goodwill Payment and Legal Agreement between affected parties (D) - Records of negotiated agreements between the affected parties (D) - Interview with the affected parties. (SI)
		4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available.	Major	<ul style="list-style-type: none"> • If mill is located within same plantation complex: - <ul style="list-style-type: none"> - Provisional Lease (PL) and License for Planted Forest (LPF) - Records of Ex-gratia / Goodwill Payment and Agreement 	<ul style="list-style-type: none"> - Verify with the official maps of recognized native customary rights land from state Land and Surveys Department (if applicable) (D, SI)
		4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.	Major	<ul style="list-style-type: none"> • Assessment of internal documents (FPIC) <ul style="list-style-type: none"> - Provisional Lease (PL) and License for Planted Forest (LPF) - Records of ex-gratia/goodwill payment and legal agreement between affected parties - Records of negotiated agreements between the affected parties - Official maps of recognized native customary rights land from state Land and Surveys Department (if applicable) • Verify record 	<ul style="list-style-type: none"> - Verify the efforts to protect and maintain customary rights of affected parties through interview (C, SI) - Records of negotiated agreements. (D)

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Principle 4: Social responsibility, health, safety and employment condition						
4.4.1	Social Impact Assessment (SIA)	4.4.1.1	Social impacts should be identified, and plans should be implemented to mitigate the negative impacts and promote the positive ones.	Major	<ul style="list-style-type: none">Conduct Social Impact Assessment covering all aspects of on-site operations which might have positive and negative impacts.Develop mitigation plans with timeline to mitigate the identified negative impacts and maintain the positive impacts.Social impact assessment can be conducted internally. <p>Note: Identification of social impact may be carried out internally in consultation with the affected parties. Oil mill management may have a social impact on factors such as:</p> <ol style="list-style-type: none">Access and use rightsEconomic livelihood and working conditionsSubsistence activitiesCultural and religious valuesHealth and education facilitiesOther community values, resulting from changes in improvement of transport/communication/influx of migrant labour force.	<p>Verification of documents (D):</p> <ul style="list-style-type: none">Social Impact Assessment (SIA) report (D)Interview management representative to confirm the process of conducting SIA took into consideration of internal and external stakeholders' feedback/input. (e.g. Attendance List) (SI, D, C)A timetable with responsibilities for mitigating the negative impacts is reviewed and updated annually. (D)Actions taken are recorded, arising from recommendation from the assessment result/report and feedback from local community is updated in the mitigation plan (D, SI, C).Verify the assessment report to obtain feedback from local community (SI) <p>Assessment of internal documents (D)</p> <ul style="list-style-type: none">Social Impact Assessment (SIA) reportA timetable with responsibilities for mitigating the negative impact is reviewed and updated.Action taken in response to the recommendation of the assessment report & feedback from local community. (D), (C) & (SI)

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
4.4.2	Complaints and grievances	4.4.2.1	A system for dealing with complaints and grievances shall be established and documented.	Major	<ul style="list-style-type: none"> Establish complaint and grievance procedure/system with timeline for resolution. Establish suitable mode of complaint form to cater for different group of stakeholders Record the complaints and actions taken in the complaint form (e.g. register book, website where appropriate) Records the complaints and actions taken in the complaint register with status updated. Ensure that the resolution is accepted by complainant or parties with grievances. If not, there should be an ongoing resolution mechanism. Complaints and grievances procedure provide validating the issues complaint by stakeholder. Records of complaints and resolution are kept for the past 24 months. Information is made available to effected stakeholders upon request. Communicate with the employees and the surrounding communities that complaints or suggestions can be made at anytime. Explain the procedure. Complainants should be given option to maintain anonymity. 	<ul style="list-style-type: none"> Complaints and grievances procedure. (D) Complaints forms for employees and affected stakeholders. (D) Records of complaints and records of actions taken. (D) Records that are kept for the past 24 months. (D) <p>Interviews with personnel and stakeholders: (C), (I)</p> <ul style="list-style-type: none"> Awareness of complaints and grievances procedures and how to lodge complaints Verify if the complaints and grievances by the affected parties are resolved in an effective, timely and appropriate manner.
		4.4.2.2	The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties.	Major		
		4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.	Minor		
		4.4.2.4	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.	Major		
		4.4.2.5	Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.	Major		
4.4.3	Commitment to local sustainable development	4.4.3.1	Palm oil miller should contribute to local development in consultation with the local communities. Where the mill is an integral part of plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.	Minor	<ul style="list-style-type: none"> Documented evidence of positive contribution to the community, where applicable. Joint activities carried out with estates are accepted. Evidence can be through photo, media statement, letter of appreciation etc. 	<ul style="list-style-type: none"> Documented evidence of positive contribution to the community. (D) Records of CSR activities and obtain the impact of those activities conducted (D, SI, C) Record of contribution made to surrounding communities (village, school etc) (D)

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
4.4.4	Employees safety and health	4.4.4.1	An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented.	Major	<ul style="list-style-type: none"> Develop OSH policy signed by the current top management as according to OSH Act (Act 514) Document the OSH Plan covering all activities related to OSH. Communicate with relevant employees and implement the plan. OSH Plan should consider the significant issues justified in the risk assessment process to address the intent of company to minimize the potential incident to occur. 	<ul style="list-style-type: none"> Verify the internal documents: <ul style="list-style-type: none"> Occupational Safety and Health Policy (D, C) Records of OSH Committee Meetings, agenda, minutes, attendance list (D) Manuals or procedures concerning health and safety
		4.4.4.2	The occupational safety and health plan should cover the following: a) A safety and health policy, which is communicated and implemented.	Major	<ul style="list-style-type: none"> Display OSH Policy. Communicate with employees and implement commitment stated in the policy. 	<ul style="list-style-type: none"> An occupational safety and health policy and evidences as described in 4.4.4.1 (D) Employees are aware on the establishment of policy and able to respond on the intent of policy establishment (C)
			b) The risk of all operations shall be assessed and documented.	Major	<ul style="list-style-type: none"> Carry out Hazard Identification, Risk Assessment and Risk Control (HIRARC) covering all activities/operations. HIRARC should be; <ul style="list-style-type: none"> - Conducted by a knowledgeable person - Relevant with the hazard identified in milling objectives - Remain up-to-date with current operations. - To be reviewed when incident occur or any change in the operations or material used. - To be periodically reviewed and determined in OSH Plan. 	<ul style="list-style-type: none"> Verify the latest version of HIRARC. (D) Cross check with relevant OSH records <ul style="list-style-type: none"> - JKPP 6, JKPP 7 & JKPP 8 forms - Safety Inspection report - Other incidents record Assess the consistency of current risk control implemented addressed in HIRARC by using hierarchy control <ul style="list-style-type: none"> - The progress of recommended action for improvement

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
			<p>c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:</p> <ul style="list-style-type: none"> i. All employees involved are adequately trained on safe working practices; ii. All precautions attached to products should be properly observed and applied; 	Minor	<ul style="list-style-type: none"> • Develop annual training program which includes safety and health aspects. Conduct the trainings and record attendance. <ul style="list-style-type: none"> i. Training program should prioritize the training activities required by applicable laws and MSPO requirements (e.g. competent person) ii. Conduct the training on safe working practice and record the attendance including the training materials. iii. Ensure Safety Data Sheet (SDS) and labels are available for all products and details are communicated to relevant employees. iv. Adequate facilities to be provided according to specification of OSH or recommended by the OSH expertise (competent person) v. Maintenance of facilities. vi. Warning sign being posted as required by legal requirement. 	<ul style="list-style-type: none"> • Annual training program covering the safe working practice: <ul style="list-style-type: none"> - Mandatory training as required by laws and established procedures (SOP) e.g. Chemical Handling, Emergency, Preparedness and Response (EPR) etc. - Understanding and impact of safety and health condition after training session. - Evaluation of effectiveness of training conducted. • Awareness of workers: <ul style="list-style-type: none"> - Interview employees to verify knowledge on EPR (SI, C) - Changes made resulting from improvement proposed in accidents and investigations reports and Internal audit reports concerning safety aspects (D) - Warning signs implementation to create safety awareness (SI) - Interview workers on to verify their understanding on the safety signage (SI, C) - Evidence of qualification of personnel in charge of safety and health (D, SI), as per OSH Act (Act 514).

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
			d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).	Minor	<ul style="list-style-type: none"> Mill management should provide appropriate Personal Protective Equipment (PPE) free of charge as identified in HIRARC, Safety Data Sheet (SDS), product label and as required by regulation. Selection of PPE should be based on recommendation by OSH expertise or competent. e.g. CHRA reports 	<ul style="list-style-type: none"> Type of PPE provided as recommended by competent person or authority. Record of PPE issuance to the workers. Appropriateness of PPE usage by the workers. Frequency of PPE to be changed. PPE stock keeping with no potential of contamination or hazard to be observed.
			e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.	Minor	<ul style="list-style-type: none"> Content of SOP has captured the elements required by the USECHH 2000 CLASS 2013 Regulations including: <ul style="list-style-type: none"> List of hazardous chemical register CHRA process Infrastructure and engineering control process Storage, keeping, labelling and signage to consider safety aspects Chemical handling control Training process Health surveillance and medical control process PPE issuance record Availability of SDS Identification of critical area exposed with hazardous chemical such as workshop, laboratory, storage tank, scheduled waste store etc. Consistent as per established HIRARC. NOTE: Classification Packaging and Labelling Regulation is obsolete, it is now replaced with Classification of Labelling and Safety Data Sheet of Hazardous Chemical (CLASS 2013 Regulations) 	<ul style="list-style-type: none"> Availability of valid CHRA report. (D) Implementing and maintenance of action control as recommended by competent person. (D, SI, C) Health surveillance program to be applied where requested. (D, C) Appoint trained personnel to handle safety aspects of chemical handling. Maintenance control equipment to facilitate safety measures. (D, C) Ability of access to valid SDS for hazardous chemical. (D) Emergency response and preparedness are ready to be activated when being prompted. (D, C) Training records (D)

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
			f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.	Minor	<ul style="list-style-type: none"> In the absent of safety officer, Safety Committee may be responsible to manage and drive OSH related program in the organization He should have knowledge and access to latest national regulation and collective agreement) for workers' safety and health at site. The appointed person can be a member of OSH committee. He will monitor the OSH plan such as; <ul style="list-style-type: none"> Ensure HIRARC is up-to-date Maintain records of workplace inspection and safety and health committee meeting minutes Reporting to authority such as JKKP 6 & 7, where applicable and JKKP 8. Improvement plan for non-compliance process 	<ul style="list-style-type: none"> Evidence of appointment (D) Interview to verify knowledge of the appointed person (SI, D)
			g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept and the concerns of employees and any remedial actions taken shall be recorded.	Minor	<ul style="list-style-type: none"> Safety and Health meeting should not exceed 3-monthly for company under Safety and Health Committee Regulation 1997. Content of meeting minutes should include the OSH related matters. Participation of Safety and Health Committee member in meeting quorum. Reviewing the key areas aspect of OSH: <ul style="list-style-type: none"> Result of workplace inspection Status of legal compliance Incident report – accident, near-miss, property damage, complaint from workers etc. 	<ul style="list-style-type: none"> Meeting Minutes. (D) Meeting agenda and the content of meeting discussion. (D) Proposal for improvement activities. (D)
			h) Accident and emergency procedures shall exist, and instructions shall be clearly understood by all employees	Minor	<ul style="list-style-type: none"> Establishment of SOP should take into account of; <ul style="list-style-type: none"> NADOPOD Regulation. Control action addressed in HIRARC Availability of facility to respond to emergency incidence. Awareness of personnel to respond in the event of emergency. Communication to the employees to ensure understanding and awareness. 	<ul style="list-style-type: none"> Incident records where applicable – JKKP6, JKKP 7, JKKP 8 (D) Emergency awareness training and training records (D) Interview employees whether any accident have occurred (SI)

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
			i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.	Minor	<ul style="list-style-type: none"> Conduct First Aid training and training content should consider the nature of hazard that exists at mill Prepare First Aid Kit at each work site and conduct monthly check. Content of first aid kit should comply with the regulation 38 of FM (Safety, Health and Welfare) 1970. Check to ensure no expired items or oral medicine and refill used items. Site management prepare guidelines on First Aid in the workplaces. Availability of inspection records. 	<ul style="list-style-type: none"> First Aid Training record attendance and training material. Validity of first aid content.
			j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.	Minor	<ul style="list-style-type: none"> JKKP 6,7 and 8 records Near-misses records Safety and Health Committee Meeting minutes Improvement plan records 	<ul style="list-style-type: none"> Interview the workers for past event of incident. (SI)(C) Safety Committee meeting minutes to discuss on incident records. (D) Verify OSH meeting minutes whether the latest accident (if applicable) were reviewed and discussed (D)
4.4.5	Employment conditions	4.4.5.1	The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.	Major	<ul style="list-style-type: none"> Organization to establish policy based on recognized national human right practices policy may include but not limited to Human Right, Employment & Labor, Prevention of Sexual Harassment, Minimum Wage, Minimum Age, Equal Opportunity, No Discrimination.) Policy to be signed by the top management. Communicated to the employees and displayed on the notice boards. 	<ul style="list-style-type: none"> Verify the content of policy on good social practice. (D) Availability of signed policy based on recognized human rights practices (D) (SI)
		4.4.5.2	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.	Major	<ul style="list-style-type: none"> Good Social Practice policy should cover elements under indicator 4.4.5.2 Develop equal opportunity statement/policy by the top management and signed Communicate with employees e.g. display on notice boards 	<ul style="list-style-type: none"> Cross-check with complaint system and records to capture reportable complaint with elements of discrimination and unfairness towards the workers. (D) Random feedback from employees on any discriminatory practices (SI) (C)

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
		4.4.5.3	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.	Major	<ul style="list-style-type: none"> Management to ensure compliance to Minimum Wage Order (Mandatory) and/or as agreed in Collective Agreement. 	<ul style="list-style-type: none"> Check collective agreements if applicable. (D) Sample of payslip or payment evidence to be randomly checked and verify on its compliance. (D) Verifying the paid amount including description of basic salary, overtime, deduction and any incentives if applicable. (D)
		4.4.5.4	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.	Minor	<ul style="list-style-type: none"> Letter confirming compliance signed by the contractor. (including records of payments) Check the contractor's agreement and compliance to it. Contract agreement with subcontractor should consider including commitment from subcontractor to comply the minimum wages laws. 	<ul style="list-style-type: none"> Contractor's agreement should follow legal requirements (D) Interview the workers of contractor for status of their employment. (C)
		4.4.5.6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.	Major	<ul style="list-style-type: none"> Appointment letter for local workers / workers registration form. Employment contract for foreign workers Employee register. Millers should ensure the workers understand the content of the job contract. 	<ul style="list-style-type: none"> Employment contracts for all employees (SI, D, C) Verify whether the contract is legal and fair (D) Cross reference with employee registration summary record (P4.5.5) (D, SI) Interview with workers (C)
		4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.	Major	<ul style="list-style-type: none"> The acceptable time recording system can be punch-card system, thumb print system or check roll book records which ever practical to operation as long as time in and time out is recorded. Display of working hours at the Mill's general notice board. 	<ul style="list-style-type: none"> Verify the time recording system and relevant records (SI, D) Verify how the system is made transparent to employees. Any method acceptable as long as employees acknowledge their understanding (SI, C)

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
		4.4.5.8	The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable.	Major	<ul style="list-style-type: none"> Management to ensure that working hours and breaks of each individual employee as indicated in the time records comply with legal regulations and collective agreements. Approval process for overtime to ensure mutually agreed and paid as per legal requirement. Maximum overtime to follow the legal requirement. Any additional hours, above legal limit of overtime will need approval from labour department. 	<ul style="list-style-type: none"> Verify time recording on the working hours and breaks (SI, D) Verify overtime approval form and process (SI, D) Verify total overtime per employees and within legal requirement. (D) Verify payment records (D) Interview the workers to verify working hours and overtime payment (C) Verify records of complaints and actions taken to resolve them. (SI, D)
		4.4.5.9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	Major	<ul style="list-style-type: none"> Existing Wages and overtime payment records acceptable provided a copy of pay slip is given to employees. Payment meets legal requirement. Any deduction to comply with legal requirement. 	<ul style="list-style-type: none"> Verify through checkroll records as the source of documents for wage calculation (D, SI) Verify payment evidence or pay slip for minimum wage compliance, overtime payment, holiday pay, sick leave pay etc and deduction meets legal requirement (SI, D)
		4.4.5.10	Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings.	Minor	<ul style="list-style-type: none"> The social benefit is entirely at the discretions of Management and can be the currently existing system at the site – any forms or quanta are acceptable. Medical benefit and health benefits as per legal requirement. Facilities and program for improving workers living conditions and positive impact to their surroundings. <p>Note: The community part is covered under the 4.4.3. This indicator is about benefit for employees only and should not involve the community, the employees or their families.</p>	<ul style="list-style-type: none"> Identify whether if there is any existing incentive/good performance payment (SI) If affirmative, verify how the system is implemented and relevant records (SI, D) Verify how the medical benefit is provided by the management (SI, D), (C) Maintenance of facilities provided to workers and how workers utilized these benefits (SI, D)

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
		4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.	Major	<ul style="list-style-type: none"> Management ensure housing and amenities as per the Workers' Minimum Standards of Housing and Amenities Act (Act 446) or any other applicable legislation. (Sabah & Sarawak) Temporary housing and amenities acknowledged/ approved by the Labour Department (Jabatan Tenaga Kerja) and local authorities are accepted as temporary measures. <p>Adequate living quarters includes:</p> <ul style="list-style-type: none"> Housing compound is kept clear of undergrowth and maintained in a clean and sanitary condition. The perimeter drains around each dwelling or block of dwelling all outlet drains are kept in a good state of repair and clear of refuse or undergrowth to permit free flow of water. All refuse in the housing site are collected and disposed in a responsible manner. <p>Living quarters should be inspected weekly.</p>	<p>Site inspection to verify:</p> <ul style="list-style-type: none"> Workers housing and amenities in compliance. (SI) Records of inspection by appointed person (D) Acknowledgement/approval from labor department for temporary housing (SI, D, C) Complaint / Feedback form raised by workers on living quarters condition needs for improvement. Refer 4.4.2.5 (D), (C) and (SI)
		4.4.5.12	The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.	Major	<ul style="list-style-type: none"> Develop policy to prevent all forms of sexual harassment and violence at workplace. Implementation can be through setting up a gender committee represented by employee representatives from each category of work groups to freely discuss if there are any cases identified. Specific complaint mechanism can be considered to give freedom to anonymous complaint, any actions taken to prevent or resolve issues should be documented. Refer to national guidelines on prevention of sexual harassment in the workplaces (Prevention of Sexual Harassment policy) and "Guidelines of Violence" (Guidance for the prevention of stress and violence at the workplace, 2001—DOSH website) 	<ul style="list-style-type: none"> Verify the Prevention of Sexual Harassment and Violence Policy and understanding among employees through interview (SI, C) Verify how the policy implemented and any specific complaint system (D, SI) Interview employees to identify if there is any cases (SI) Verify process of resolution of cases recorded. (SI, D) Gender Committee Minutes Meeting (D)

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
		4.4.5.13	The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.	Major	<ul style="list-style-type: none"> Policy/commitment/statement on freedom to join trade union/allow workers to have their own representative can be considered as implementation of this requirement. Freedom to have own representative to organize themselves for collective bargaining. Employees exercising right to negotiate should not be discriminated against or suffer repercussions. 	<ul style="list-style-type: none"> Verify the policy/commitment/statement and awareness among employees. (SI, D) <p>Refer to the following:</p> <ul style="list-style-type: none"> o Not ratified by Malaysia – ILO Convention 87 [ILO Convention 87(1948) Freedom of Association and Protection of Right to Organize] o Ratified by Malaysia – ILO Convention 98 [ILO Convention 98(1949) Right to Organize and Collective Bargaining, Articles 1- 4]
		4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.	Major	<ul style="list-style-type: none"> Employment records (Refer 4.4.5.5) can be evidence to demonstrate compliance to this requirement. Refer to Factory and Machinery Act Section 28 	<ul style="list-style-type: none"> Verify employee records to confirm there is no child labour exploitation. Interview with internal and external stakeholders and field inspection to further confirm absence of child labour. Onsite observation at critical area to confirm possibility of engagement with child / young labour: <ul style="list-style-type: none"> - Scheduled Waste - Workshop - Effluent Pond (POME) - Water Treatment - Boiler - Other waste treatment Check seasonal job in any case of engagement of contractor using child or your labour to the awarded job.

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
4.4.6	Training and competency	4.4.6.1	All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.	Major	<ul style="list-style-type: none"> Develop training program for all employees, contractors (and their employees/workers) and organized smallholders (if applicable). Type of training according to the standard requirement: <ul style="list-style-type: none"> Relevant to job scope Relevant with new improvement in operation such as new techniques or new industry standard or technology (see clause 4.1.4.3) Occupational, Safety and Health matter (see clause 4.4.4.2) Environmental matter (see clause 4.5.1.5) Training legally required by law. Conduct the training and prepare records as per Training Procedure such as: <ul style="list-style-type: none"> Attendance Photos Training contents/material 	<ul style="list-style-type: none"> Verify documented training procedure (D) Verification of internal documents (D): <ul style="list-style-type: none"> Training program and records such as attendance list, photos, trainers and training contents (D, SI)) Training needs analysis/matrix for each operation/task (D) Effectiveness of the training (e.g; on-site assessment and interview) (SI) Note: Contractors are contract employees of the company. The contractors may have their own employees/workers. Assessment effectiveness of training through observation, demo or test the understanding of job function of personnel including subcontractor.
		4.4.6.2	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.	Major	<ul style="list-style-type: none"> Information of training process and its sequence addressed in documented Training Procedure. Training Needs Identification; Source / input training through worker's superior feedback, approach by training provider, request by worker or instructed by management. Determine the objective of training for company to meet e.g. legal requirements, MSPO requirements and Internal system requirements. Training Needs Analysis – prioritization on the importance of training and impact for not conducting the program should be identified and acknowledged by relevant authority. 	Training plan

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
		4.4.6.3	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.	Minor	<ul style="list-style-type: none"> Establish training procedure. Monitoring of training programme: <ul style="list-style-type: none"> Procurement of new technologies or upgrade knowledge Removal of disruption in operation Opportunity for improvement 	
Principle 5: Environment, natural resources, biodiversity and ecosystem services						
4.5.1	Environmental management plan	4.5.1.1	An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.	Major	<ul style="list-style-type: none"> Establish Environmental Management Plan. Management to develop environmental policy concerning management and protection of the environment according to the applicable laws. Policy approved by top management of the organisation. Policy and management plan should be communicated to all management staff and relevant stakeholders as part of implementation process. 	<ul style="list-style-type: none"> Environmental Policy. Interview of employees, contractors and relevant stakeholders concerning: <ul style="list-style-type: none"> Knowledge of environmental policy and efforts by management to protect the environment e.g. compliance to applicable laws (SI, C)
		4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations.	Major	<ul style="list-style-type: none"> As a guideline, the environmental management includes the Environmental Policy and objective and commitment to legal requirement. Conduct aspect and impact analysis covering all activities that may have impact on the environment. Assessment should study the impact of operational activities, facilities and infrastructure. Scope of activities should include normal, abnormal and potential emergency incidences. The aspect must consider potential impact to environmental within the boundaries of responsibility (magnitude) of mill. Documenting the identification of aspect, assessment of environmental impact, risk rating and proposal for improvement. 	<ul style="list-style-type: none"> Environmental Policy (D, SI, C) Environmental Impact Assessment (D) Verify the Aspect and Impact Analysis (D, SI)

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
		4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.	Major	<ul style="list-style-type: none"> Develop environmental management plan through the results of aspect and impact analysis covering all activities that may have impact to environment, prepare mitigation and monitoring plans and records of implementation and timelines. Priority given to significant impact identified in aspect and impact analysis. Improvement plan also can integrate with energy usage efficiency (4.5.2), Waste Management Plan (4.5.3), Pollution Assessment (4.5.4) and Water Management Plan (4.5.5) 	<ul style="list-style-type: none"> Verify mitigation and monitoring plans and records of implementation and timelines (D, SI) Verify if there is any project and proposal for environmental improvement plan (D, SI) (Example: biogas plant, beneficial use of by-product, managing waste in environmental ways, etc) Additional (Existing) environmental improvement plans initiated by the company can be accepted as continual improvement (SI, D).
		4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan.	Minor	<ul style="list-style-type: none"> Management to develop program/plan to promote and maintain the existing positive impacts. This can be accepted as a continual improvement plan. 	<ul style="list-style-type: none"> Verify the Management and monitoring plan and continual improvement plan (D). Refer to 4.1.4.1
		4.5.1.5	An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives.	Minor	<ul style="list-style-type: none"> Conduct awareness training program on environmental management and improvement plans as part of implementation and communication of the environmental policy. Training program and execution should refer to clause 4.4.6 	<ul style="list-style-type: none"> Records of environmental awareness training program on environmental management and improvement plans (e.g. minutes of meeting, attendance list, photos, training material etc) (D, C) Interview employees to verify awareness (SI, C)
		4.5.1.6	The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.	Minor	<ul style="list-style-type: none"> Organise regular meeting with the employees' representatives to discuss their concern about the quality of environment. 	<ul style="list-style-type: none"> Records of environmental meeting, (D) Minutes of meetings and attendance record (D, SI, C) Note: This meeting can be incorporated with other meetings e.g. OSH meeting. Include this item in the agenda and discussed after the discussion on OSH issues were completed.

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
4.5.2	Efficiency of energy use and use of renewable energy	4.5.2.1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period.	Minor	<ul style="list-style-type: none"> Record the consumption of non-renewable energy (fossil fuel and electricity) at site for operational purpose. Records from the base year are to be verified (e.g: minimum of average figure for past 3 years as baseline value) Compare the energy usage with the baseline value and prepare a plan to maintain use of non-renewable energy efficiency. 	Verify internal documents (D): <ul style="list-style-type: none"> Availability of monitoring records on consumption of non-renewable energy with baseline values observed for the past 3 years. (D) Records of fuel use by management and/or estimation of fuel used by contractors/subcontractors (D) Monthly Mill Production Report e.g. for fuel, electricity compared against the actual usage records. Action plan to optimize non-renewable energy use (D) Visual inspection: <ul style="list-style-type: none"> Any application/new techniques/technology using renewable energy e.g. use of biodiesel in transport, use of solar energy is recorded as use of renewable energy initiative and continual improvement etc.
		4.5.2.2	Palm oil millers shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations.	Minor	<ul style="list-style-type: none"> Estimated direct use of non-renewable energy on annual basis. Mill Report and annual budget against actual usage of non-renewable energy use is acceptable. Should include fuel use by contractors, including all transport and machinery operations covered by the estate. 	<ul style="list-style-type: none"> Annual estimate of non-renewable energy usage. Annual budget estimate acceptable (D) Records of fuel use by management and/or estimation of fuel used by contractors/subcontractors (D) Mill annual budget e.g. for fuel, electricity compared against the actual usage records (D)
		4.5.2.3	The use of renewable energy should be applied where possible.	Minor	<ul style="list-style-type: none"> Management to identify potential of using renewable energy if practical for new techniques or technology. E.g.: Where possible, use of solar lighting, recycling of water, biogas, etc. Documentation of renewable energy produced (kW.hr) 	<ul style="list-style-type: none"> Verify if there is any use of renewable energy applied (SI)

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
4.5.3	Waste management and disposal	4.5.3.1	All waste products and sources of pollution shall be identified and documented.	Major	<ul style="list-style-type: none"> Identify all waste products (e.g. scheduled waste, operational waste, domestic waste, clinical waste) Identify sources of pollutions (e.g. fossil fuel, spillages of lubricant) List of activities or facilities generating waste and pollution (e.g. Workshop, boiler, chimney, effluent ponds, production etc.) Take consideration of relevant laws for managing the waste. e.g. ESWIS for scheduled waste. Document the identification result. 	<ul style="list-style-type: none"> Verify internal documents (D):
		4.5.3.2	<p>A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for:</p> <p>a) Identifying and monitoring sources of waste and pollution.</p> <p>b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.</p>	Major	<ul style="list-style-type: none"> Develop waste management plan to avoid or reduce pollution and implement the plan. e.g. optimizing the utilization of water for generating the effluent in efficient way. Waste Management Plan can consider the assessment outcome from Environmental Aspect Impact Analysis defined in clause 4.5.1.2 Can be part of Environmental Program as a result of significant impact identified in Aspect and Impact Analysis. Management Plan also can include the compliance status the item defined in "Jadual Pematuhan" issued by DOE or Self-Regulation by using Environmental Mainstreaming Tools. Records of waste generated. E.g. effluent, decanter, EFB etc. 	<ul style="list-style-type: none"> Verify the waste management plan developed from waste identification according to the appropriateness and effectiveness, monitoring of implementation of plan (D) Records/documentation on recycling program (D) Standard Operating Procedure for handling of used chemicals in accordance with regulations (D) Site visit to ensure no use of empty chemical containers other than for the same purpose (SI) Sighting for any potential violation against legal requirement. e.g. discharging pollutant to land, adjustment on generated waste data, inappropriateness of waste storage, competency of waste handler etc. (SI)

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
		4.5.3.3	The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005	Major	<ul style="list-style-type: none"> Develop SOP or handling of used chemicals that are classified under Environment Quality (Scheduled Waste) Regulations 2005. Management to ensure item to be controlled such as DOE notification, inventory record, adequate storage, signage, safe handling process, waste collection and 7th schedule format for transporter. Competency of personnel should according to clause 4.4.6 for training program arrangement. <ul style="list-style-type: none"> Trained scheduled waste handler CEPWAM Issuance of Consignment Notes should be closed and complete on its cycle within the stipulated timing required by laws. 	<ul style="list-style-type: none"> Standard Operating Procedure for handling of used chemicals in accordance with regulations. (D) Verify Schedule Waste management and relevant records in compliance with regulation (D, SI) Onsite verification at scheduled waste store, temporary SW bin, facility for handling SW and appropriate emergency kit (spill). (SI) Storage facility should be equipped with secondary containment and evidenced with maintenance record. (SI)
		4.5.3.4	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.	Minor	<ul style="list-style-type: none"> Prepare location map of domestic waste disposal location (landfill). Management to ensure sufficient distance of landfill from housing and to avoid water courses and other environmental pollution. Waste segregation is recommended as recycling efforts to reduce waste. Copy of records for domestic waste management in case of activity has been responsible under plantation. 	<ul style="list-style-type: none"> Sufficient distance of landfill from housing and water courses (SI) Observe and sighting any sign of pollutant reflected by landfill location. e.g. leachate, discolored water, harmful smell, burnt mark etc. (SI) Waste segregation (Recommendation) Evidence of zero burning of domestic waste (SI) and Interview. Visit landfill to verify signage, no schedule waste disposed, location suitable etc (SI) Location map of landfill is used during inspection (SI)

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
4.5.4	Reduction of pollution and emission including greenhouse gas	4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.	Minor	<ul style="list-style-type: none"> Conduct and assessment of all polluting activities. This includes greenhouse gas emissions, scheduled wastes, solid wastes and effluent. Pollution Assessment can consider the result of evaluation and its outcome from Environmental Aspect Impact Analysis defined in clause 4.5.1.2 In-house assessment and records are accepted. Performance of Continuous Emission Monitoring System (CEMS) and dust particulate matter monitoring system through emission of dark smoke and time taken to take action by appointed personnel. Recognised GHG Calculation tool is accepted. Input of GHG such as: <ul style="list-style-type: none"> Energy usage (electricity, fuel) Chemical usage in operation, laboratory, workshop etc. Waste generation such as POME Water consumption in production Fuel consumption for transportation of products 	<p>Verify internal documents (D):</p> <ul style="list-style-type: none"> Identification of all polluting activities (e.g. scheduled, domestic, clinical wastes), source of pollution (e.g. emission from fossil fuel use). Action/management plan to reduce identified pollutants and emission. (D) Verify the implementation of the plan and status (SI, D) Refer to 4.5.3.1, 4.5.3.2, 4.5.7 Action plan to reduce identified significant pollutions and emissions (D)
		4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	Minor	<ul style="list-style-type: none"> Action Plan can be incorporated with continuous improvement activity (clause 4.1.4) and waste management plan program (clause 4.5.3.2) and environmental improvement plan (4.5.1.3) 	<ul style="list-style-type: none"> Action/management plan to reduce identified pollutants and emission. (D) Verify the implementation of the plan and status (SI, D) Refer to 4.5.3.1, 4.5.3.2 Action plan to reduce identified significant pollutions and emissions (D)

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
		4.5.4.3	Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.	Major	<ul style="list-style-type: none"> • Verify the compliance according to the conditions in approved license. • Compliance monitoring activity as addressed in "Jadual Pematuhan" issued by DOE or Self-Regulation by using Environmental Mainstreaming Tools" 	<ul style="list-style-type: none"> • Records of POME treatment. (D) • Records of effluent. (D) • Site verification at final discharge point and flow meter (SI) • Record of POME performance monitoring (D)

MSPO Criteria		Indicators		Major / Minor	Guidelines / Elaboration of Indicators	Verifiers / Objective Evidence
4.5.5	Natural water resources	4.5.5.1	<p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> a) Assessment of water usage and sources. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities. <p>Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p>	Minor	<ul style="list-style-type: none"> • Develop water management plan by including plan to maintain the quality and availability of natural water resources (river, ponds etc.) used for CPO production (examples: assessment of water usage, monitoring of outgoing water that may have negative impact from the operation, water conservation, water shortage/emergency etc) • Water quality sampling analysis incoming and outgoing sources, quality parameters • For outgoing water, frequency to be decided by site management or defined in "Jadual Pematuhan" issued by DOE or Self-Regulation by using Environmental Mainstreaming Tools <ul style="list-style-type: none"> a) Monthly water usage records b) Water sampling records from quarterly Environmental Monitoring (refer EMP) <p>Assessment of internal documents:</p> <ul style="list-style-type: none"> a) Verify the water usage: <ul style="list-style-type: none"> - Recommended water to FFB ratio 1:1 excluding domestic usage (for the standard mill). - Verify the incoming meter consumption for the mill and domestic usage only. b) Verify record submitted to DOE (effluent) c) Observation of water wastage: <ul style="list-style-type: none"> - Leakages - Valve left opened • Efforts made to reduce, reuse and recycle. 	<ul style="list-style-type: none"> • Water management plan. • Site verification (SI)
		4.5.5.2	Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.	Minor	<ul style="list-style-type: none"> • Effort made to reduce, reuse and recycle. • Evidence or action plan on effort made in reducing the discharge of treated POME into water course. 	<ul style="list-style-type: none"> • Action plan to reduce the discharge of POME.

MSPO Criteria		Indicator		Major/ Minor	Guidelines/Elaboration of Indicators	Verifiers/Objective Evidence
Principle 6: Best Practices						
4.6.1	Mill management	4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	Major	<ul style="list-style-type: none">Develop SOP on good practices covering all operations in the mill. (i.e Production Manual).<ul style="list-style-type: none">The SOP may include process mapping and interaction. Process mapping should address each process sequence (input-output) with defined acceptance criteria of each process.List of documents can be incorporated in Mill SOP / Manual; Mill Processing ReportMill Production ReportMill LicenseMill can apply the Quality Management System approach to measure the effectiveness of milling activities such as;<ul style="list-style-type: none">Customer requirementsProcess Planning and ControlSystem application – support and operationControl of nonconforming outputReleasing finished productAnalysis & Evaluation to measure effectivenessCustomer feedback and opportunity for improvement.Ensure SOP consistently implemented and monitored through existing company practices.Any changes to the site-specific SOPs to be approved by authorized management representative as per company policy/practice.	<ul style="list-style-type: none">Verify internal documents (D):Standard operating procedures on good management practices (D)Interview and visual inspection at mill and operational area on the SOP implementation and consistency (SI, C)

MSPO Criteria		Indicator		Major/ Minor	Guidelines/Elaboration of Indicators	Verifiers/Objective Evidence
		4.6.1.2	All palm oil mills shall implement best practices.	Minor	<ul style="list-style-type: none"> Implementation of good milling practice through setting the performance indicator to achieve. <ul style="list-style-type: none"> - Control CPO production through conformity of product quality as per national standard. - Monitoring the performance and effectiveness of the established management system; - Implementing the operation as planned - The effectiveness of actions taken to address risks and opportunities; - Needs for improvement Review the performance indicator through; <ul style="list-style-type: none"> - Achievement of OER / KER - Minimize waste (FFA & oil lost) - Stock discrepancy - Utilization of resources (energy consumption, fuel, material etc.) - Production downtime 	<ul style="list-style-type: none"> Production Reports (D)
4.6.2	Economic and financial viability plan	4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	Major	Assessment of internal documents: <ul style="list-style-type: none"> Business or management plan which includes operational plan for at least 2 years projection Review of business plan for the last 2 years' performance 	<ul style="list-style-type: none"> Business and management plan can include budget and bookkeeping. (Monthly Production Report)
4.6.3	Transparent and fair price dealing	4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented	Major	<ul style="list-style-type: none"> Documentation of the pricing mechanisms with reference to MPOB guideline. Assessment of internal documents, for example: <ul style="list-style-type: none"> - Monthly oil mill accounts - Sales and purchase agreements and/or contract, service contract, credit terms - Agreed payments are made in timely manner as per agreed term - Documents evidence of payment records - Documentation of pricing mechanism - Methodology in promoting transparency under this indicator 	<ul style="list-style-type: none"> Monthly oil mill account. Sales and purchase agreements. Services contract. Pricing mechanism. Verified the payment records

MSPO Criteria		Indicator		Major/ Minor	Guidelines/Elaboration of Indicators	Verifiers/Objective Evidence
		4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.	Major	<ul style="list-style-type: none"> Verify contract terms and its execution in accordance to ethical standard: <ol style="list-style-type: none"> Sales contract Purchase contract Service contract 	<ul style="list-style-type: none"> Sales Contract. Purchase contract. Services contract.
4.6.4	Contractor	4.6.4.1	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.	Major	<ul style="list-style-type: none"> Awareness of MSPO requirements: <ol style="list-style-type: none"> Written communications Acceptance of the terms <p>Assessment of internal documents:</p> <ul style="list-style-type: none"> - Contract agreement should include a special clause on MSPO compliance where applicable to them - Work completion certificate or evidence of progress payment reports 	<ul style="list-style-type: none"> List of contractors Contract agreement. Work completion certificate. Payment report. <p>Interview of contractors regarding the following:</p> <ul style="list-style-type: none"> - Awareness on MSPO and requirements
		4.6.4.2	The management shall provide evidence of agreed contracts with the contractor.	Major	<ul style="list-style-type: none"> Verify agreed contracts 	<ul style="list-style-type: none"> Contractor agreement.
		4.6.4.3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.	Minor	<ul style="list-style-type: none"> Management to cooperate with appointed accredited MSPO auditors 	<ul style="list-style-type: none"> Approved letter for the acceptance of MSPO auditor.