

**MALAYSIAN SUSTAINABLE PALM OIL
CERTIFICATION SCHEME**

Scheme Document

MSPOCS 1/2018

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**The Malaysian Sustainable Palm Oil (MSPO) Certification Scheme and Its
Implementation Arrangement [Certification System Document]**



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Table of Contents

1. Scope	5
2. Background	5
3. Institutional Arrangement of the MSPO Certification Scheme	6
Scheme Owner	7
Accreditation Body	8
Certification Body	8
Auditors	10
Applicants for Certification	10
4. Standard Setting Process	10
5. Certification Standards	11
6. Scope of Certification	11
7. Certification Procedures	13
8. Accreditation Procedures	14
9. Notification of Certification Bodies	15
10. Use of Logo by Certificate Holders	15
11. Dispute Resolution Procedure	15
12. Implementation of Changes to MSPO Certification Scheme	16

ACRONYMS

AB	Accreditation Body
CB	Certification Body
CSPO	Certified Sustainable Palm Oil
DRC	Dispute Resolution Committee
Standards Malaysia	Department of Standards Malaysia
FELCRA	Federal Land Consolidation and Rehabilitation Authority, Malaysia
FELDA	Federal Land Development Authority, Malaysia
FFB	Fresh Fruit Bunch
IAF	International Accreditation Forum
MPIC	Ministry of Plantation Industries and Commodities, Malaysia
MPOB	Malaysian Palm Oil Board
MPOCC	Malaysian Palm Oil Certification Council
MSPO	Malaysian Sustainable Palm Oil
MU	Management Unit
RISDA	Rubber Industry Smallholders Development Authority, Malaysia
SALCRA	Sarawak Land Consolidation and Rehabilitation Authority, Malaysia
SLDB	Sabah Land Development Board, Malaysia
SPOCs	Sustainable Palm Oil Clusters

1. Scope

- 1.1 The Malaysian Sustainable Palm Oil (MSPO) Certification Scheme is the national palm oil certification scheme in Malaysia and is operated by the Malaysian Palm Oil Certification Council (MPOCC) as the scheme owner. MPOCC is an independent organisation which was established in December 2014 as a company limited by guarantee, and started its operations in October 2015. The MSPO Certification Scheme operates throughout the three regions in Malaysia, i.e. Peninsular, Sabah and Sarawak.
- 1.2 MPOCC's objectives are:
 - To establish and operate a sustainable palm oil certification scheme in Malaysia
 - To engage with non-governmental organisations, institutions of higher learning, trade associations, and accreditation and certification bodies in Malaysia
 - To establish a mechanism for the certification of entities complying to the requirements of auditable sustainability standards
- 1.3 This document sets out the key components, requirements, and implementation arrangement of the MSPO Certification Scheme.

2. Background

- 2.1 MPOCC was established following a decision by the Cabinet to establish a national palm oil certification scheme to assist in ensuring continual practices of sustainable management in the palm oil industry, as well as to meet the market demand for certified Malaysian palm oil products and provide the assurance that MSPO certification is implemented independently.
- 2.2 The Board of Trustees, comprising the Chairman and 12 members, decides the overall policy and direction in carrying out MPOCC's activities. The members are representatives from the palm oil industry, non-governmental organisations, academic and research and development institutions, smallholders organisations, and governmental agencies. The structure and link between the Board of Trustees, Management Team and Dispute Resolution Committee is as shown in **Figure 1**.
- 2.3 The Dispute Resolution Committee (DRC) is an independent committee established by the Board of Trustees to deal with disputes which are submitted to MPOCC for investigation and resolution.

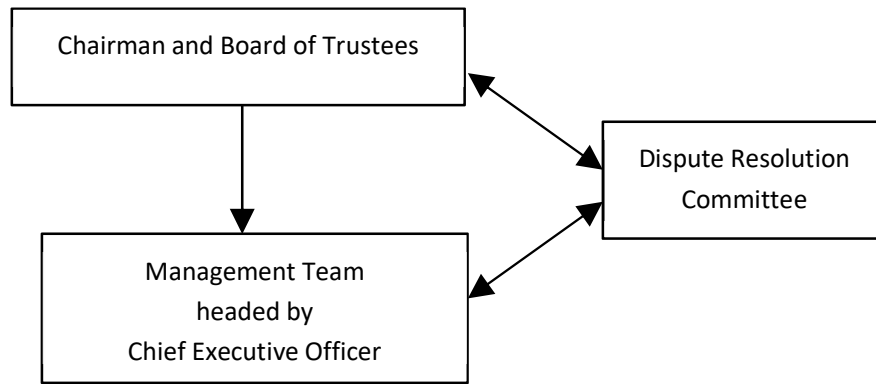


Figure 1: Structure and link between Board of Trustees, Management Team and Dispute Resolution Committee

3. Institutional Arrangement of the MSPO Certification Scheme

- 3.1. The institutional arrangement of the MSPO Certification Scheme is shown in **Figure 2**. MPOCC is the scheme owner and is overall responsible for the development and operation of the MSPO Certification Scheme. The Department of Standards Malaysia (Standards Malaysia) as the national Accreditation Body (AB) accredits qualified companies or organisations as Certification Bodies (CBs) under the MSPO Certification Scheme.
- 3.2. Under the MSPO Certification Scheme, the standards used for oil palm management certification are MSPO MS 2530:2013 series referred as follows:
- Malaysian Sustainable Palm Oil (MSPO) Part 2: General principles for independent smallholders (MS 2530-2:2013)
 - Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for oil palm plantations and organised smallholders (MS 2530-3:2013)
 - Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for palm oil mills (MS 2530-4:2013)

The MSPO Supply Chain Certification (SCC) Standard was developed by the Technical Working Committee for MSPO Standards [TWC(MSPO)] and will be used for the certification of processing facilities under the MSPO Certification Scheme.

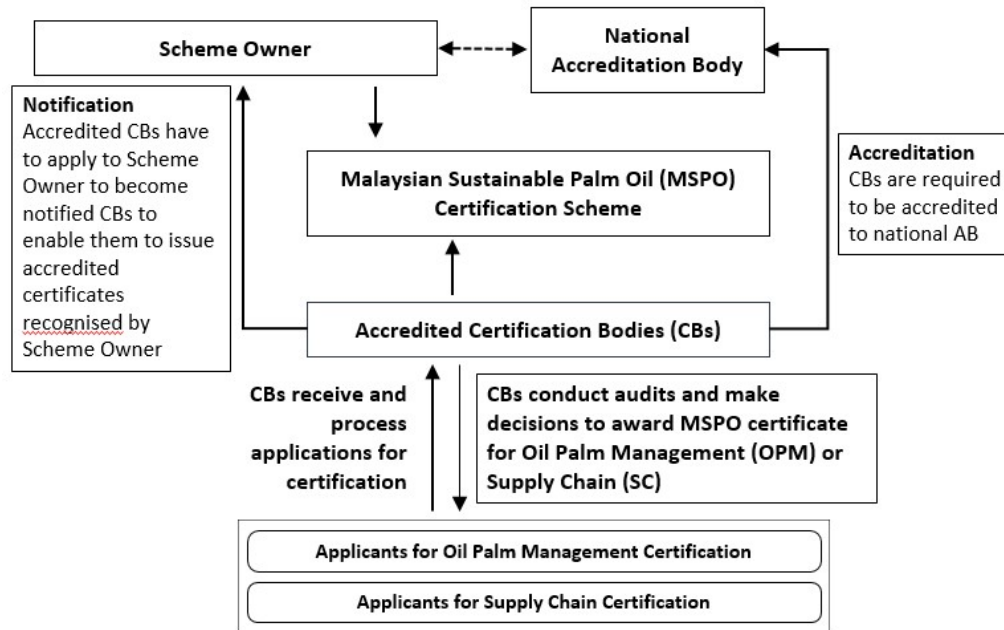


Figure 2: Institutional Arrangement of the MSPO Certification Scheme

Scheme Owner

3.3. As the MSPO Certification Scheme owner, MPOCC is responsible for the following:

- (i) Standards Development and Review
 - Providing secretarial support to the Technical Working Committee on MSPO [TWC (MSPO)] which is tasked to:
 - develop and review certification standards under the MSPO Certification Scheme
 - convene expert panels and working groups to provide advisory and technical input into the standards development and review processes, and other scheme requirements
 - recommend to the MPOCC Board for adoption of MSPO Standards and documents for implementation under the MSPO Certification Scheme
- (ii) Operation of MSPO Certification Scheme
 - Training of auditors of CBs and Standards Malaysia, peer reviewers, and any other party involved with MSPO Certification Scheme
 - Notifying accredited CBs to operate under the MSPO Certification Scheme
 - Monitoring and reporting certification data on MSPO
 - Issuing MSPO Logo usage licences to certificate holders and other logo users
 - Establishing a Dispute Resolution Committee (DRC) to address complaints and grievances against the MSPO Scheme

- (iii) Promotion of MSPO Certification Scheme
 - Conducting training and briefing sessions on the MSPO Certification Scheme and MSPO Standards to potential clients and other stakeholders to facilitate the uptake of MSPO certification
 - Participating in local and international exhibitions/fairs/missions/technical visits
 - Engaging with international stakeholders and market facilitators to promote MSPO certification

Accreditation Body

- 3.4. As the National AB, Standards Malaysia is responsible for the following:
- (i) accrediting CBs to the requirements of MS ISO/IEC 17021:2015 or ISO/IEC 17065:2012 and specifying other requirements for CBs;
 - (ii) ensuring that the auditors of the accredited CBs satisfy the requirements of the MSPO Certification Scheme with regard to their knowledge and experience related to oil palm management certification and/or supply chain certification; and
 - (iii) establishing procedures to deal with complaints and appeals regarding the accreditation decision

Certification Body

- 3.5. Oil palm management certification and supply chain certification under the MSPO Certification Scheme shall be carried out by impartial, competent and independent third parties (CBs) accredited by Standards Malaysia that cannot be involved in consultancy, or in the standard setting process as governing or decision making bodies, or in oil palm management, and are independent of the certified entity or entity to be certified [i.e. oil palm plantations, organised smallholdings, independent smallholdings, palm oil mills and processing facilities]
- 3.6. The CB is responsible for the following:
- (i) receiving and processing applications for oil palm management certification and palm oil supply chain certification;
 - (ii) carrying out independent audits and making certification decisions;
 - (iii) issuing, suspending, withdrawing and reinstating the certificates for oil palm management and/or supply chain, and notifying MPOCC thereof; this includes changes concerning the validity and scope of the certificates;
 - (iv) controlling the use of the certificates for oil palm management and/or supply chain, and the use of the MPOCC and MSPO logos;
 - (v) establishing procedures to deal with appeals, complaints and disputes pertaining to the certification activities and decisions;
 - (vi) submit monthly information on certified entities and certified material on a regular basis, as directed by MPOCC;
 - (vii) to provide monthly information on upcoming scheduled audits and client's certification progress as dictated by MPOCC;

- (viii) to allow MPOCC to participate as observer during MSPO audits with the provision of said audit plan; and
 - (ix) make publicly available a summary of the audit report at CB's website (only for oil palm management) and submit a copy of the final audit report to MPOCC (both oil palm management and supply chain).
- 3.7. The CB shall have a good understanding of the MSPO Certification Scheme in general. An accredited CB for oil palm management and/or supply chain certification shall fulfil the following requirements:
- (i) The CB for **oil palm management certification** shall fulfil requirements defined in:
 - a) MS ISO/IEC 17021:2015 (*Conformity assessment - Requirements for bodies providing audit and certification of management systems*); and
 - b) other requirements for CBs defined by Standards Malaysia and MPOCC.
 - (ii) The CB for **supply chain certification** shall fulfil requirements defined in:
 - a) ISO/IEC 17065:2012 (*Conformity assessment - Requirements for bodies certifying products, processes and services*); and
 - b) other requirements for CBs defined by Standards Malaysia and MPOCC.
 - (iii) The CB carrying out oil palm management certification shall have the technical competency in oil palm management, on its economic, social and environmental impacts, and a good understanding of the standards for oil palm management certification used in the MSPO Certification Scheme; and
 - (iv) The CB carrying out supply chain certification shall have the technical competency in palm oil-based product processing and procurement, material flows in different stages of processing and trading, and a good understanding of the standard for supply chain certification used in the MSPO Certification Scheme.
- 3.8. The compliance of the CB within Malaysia with the above requirements shall be verified by an accreditation process carried out by Standards Malaysia.
- 3.9. Supply chain certification outside of Malaysia shall be carried out by certification bodies accredited to Standards Malaysia. Auditors must be qualified, trained and follow the procedures of the respective CB.

Auditors

- 3.10. The CB has the responsibility to use competent auditors that have suitable academic qualification and adequate technical experience know-how on the certification process and issues related to oil palm management or supply chain certification, respectively.
- 3.11. The auditors under the CBs in Malaysia shall also have to fulfil the additional qualification requirements for auditors carrying out oil palm management or supply chain audits as defined by Standards Malaysia. The compliance of the auditors with the above requirements shall be verified during the accreditation carried out by Standards Malaysia.
- 3.12. In the case of the auditors under the CBs which are located outside of Malaysia, any additional qualification requirements for the auditors carrying out supply chain audits shall be defined by their respective CBs.

Applicants for Certification

- 3.13. For **oil palm management certification**, the applicants shall be the managers of oil palm plantations and estates, organised smallholders and Sustainable Palm Oil Clusters (SPOCs), which are referred to as management units.
- 3.14. The managers of the management units shall comply with the certification requirements and are also responsible for ensuring that the activities and operations of the contractors employed in the management units meet the certification criteria.
- 3.15. For **supply chain certification**, the applicants shall be the companies which process, manufacture, supply and/or export palm oil products using raw materials which originate from the management units certified under the MSPO Certification Scheme and/or take legal ownership and physically handle MSPO certified palm oil products throughout the supply chain.
- 3.16. The managers of the companies certified under supply chain certification shall comply with the certification requirements and are also responsible for ensuring that the activities and operations of the contractors employed in the companies meet the certification criteria.

4. Standard Setting Process

- 4.1 The standard setting process for the MSPO Standards was previously facilitated by MPOB through the Technical Working Committee for MSPO and the National Committee for MSPO which were both formed in 2011. The MSPO Standards (MS 2530 series) were finalised and launched in November 2013 and used for MSPO Certification beginning January 2015 when the MSPO Certification Scheme was launched.
- 4.2 Beginning 2016, the standard setting and review processes have been undertaken by MPOCC as the Secretariat to the Technical Working Committee on MSPO [TWC (MSPO)] which reports the progress and activities to the National Steering Committee on MSPO [NSC (MSPO)].

- 4.3 The rules used by MPOCC in playing its role as the standardising body in supporting and coordinating the standard setting process to develop or review the certification standards are set out by the TWC (MSPO). The development and review of standards shall also refer to the respective normative references of MS ISO/IEC 17021:2015 and ISO/IEC 17065:2012 where applicable, to ensure consistency.
- 4.4 The standard setting and review processes shall be independent from the certification or accreditation processes and shall be conducted through a multi-stakeholder process.

5. Certification Standards

- 5.1. For **independent oil palm smallholders**, the standard used is the *Malaysian Sustainable Palm Oil (MSPO) Part 2: General principles for independent smallholders* (MS 2530-2: 2013) or its replacement.
- 5.2. For **oil palm plantations and organised smallholders**, the standard used is the *Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for oil palm plantations and organised smallholders* (MS 2530-3: 2013), or its replacement.
- 5.3. For **palm oil mills**, the standard used is the *Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for palm oil mills* (MS 2530-4: 2013), or its replacement.
- 5.4. In addition, the other documents to be used or referenced are the Palm Oil Supply Chain Traceability Requirements (dated 19 November 2013) and Risk Management (dated 19 November 2013). [The formula for calculating sample size of the audit is explained in the risk classification determination as per Risk Management document.](#)
- 5.5. The certification standards shall be periodically reviewed in light of new knowledge and practical experience in order to ensure continuous improvement. The standards shall be reviewed at intervals that do not exceed a five-year period.

6. Scope of Certification

- 6.1 **Table 1** details the scope of certification for SPOCs, organised smallholders, plantation and palm oil mills and processing facilities under the MSPO Certification Scheme.
- 6.2 [The scope of certification shall be against only one MSPO Standard. Audits for oil palm plantation and mill/processing facilities must be conducted independently and MSPO certificates for successful auditees shall be issued as per the scope applied.](#)

- 6.3 For purposes of MSPO Witness Audit by Standards Malaysia, standalone MSPO Audit shall be carried out and any integrated/combined audit checklist shall not be used.

Table 1: Scope of MSPO certification

No.	Scope of Certification	Description
Smallholders		
1	Individual Certification	This category applies <u>specifically</u> for independent smallholder who is not organised into any group.
2	Group Certification for Independent Smallholders [Sustainable Palm Oil Clusters (SPOCs)]	This category applies <u>specifically</u> for independent smallholders organised into groups. Independent smallholders are individual farmers who own or lease less than 40.46 hectares of an oil palm farm and manage the farm themselves.
3	Group Certification for Organised Smallholders	This category applies <u>specifically</u> for smallholders organised under federal and state land development schemes such as FELDA, FELCRA, RISDA, SALCRA and SLDB.
Plantations		
1	Individual Certification	This category applies to oil palm plantation which is not categorised under independent smallholders, SPOCS or Organised Smallholders.
2	Group Certification	Group certification is defined as a group of plantation owners coming together for certification under a group manager or a group of estates under the same management unit coming together for certification. <i>Note: A management unit is defined as the management approach responsible for the control and coordinating the activities of estates across the entire organisation.</i>
Palm Oil Mills / Processing Facilities		
1	Individual Certification	This category applies to palm oil mills as a unit of certification.
2	Multi-site Certification	This category applies to an organisation with a network of multiple production sites. <i>Note: A multi-site organisation is defined as an organisation having an identified central function (central office) at which certain activities are planned, controlled and managed and a network of local offices or branches (sites) at which such activities are fully or partially carried out. Such sites may be a group of palm oil mills / processing facilities brought together under the central office, which can also be a participating site.</i>

7. Certification Procedures

7.1 For oil palm management certification, the manager of a management unit will need to apply to an accredited CB for the CB to conduct an audit on the management unit to ascertain its compliance with the requirements of the certification standard. The written audit report [for initial (stage 2) audit or recertification audit] will be subjected to comments by the applicant and a peer review process. The peer review process is defined in the ACB – OPMC 3 document, *Peer Review Process Requirements for Certification Bodies operating Oil Palm Management Certification under the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme, dated 1 August 2017*. If no major non-compliances are issued by the CB, the management unit will be eligible for the award of the certificate for compliance with the respective standard or in the case of a recertification audit, the renewal of the certificate.

7.2 For oil palm management certification, three categories of audit findings will be used. The audit findings are categorised into the following as per ISO/IEC 17021:

i) Major corrective action request / non-compliance

- Non-conformity that affects the capability of the management system to achieve the intended results
- To be addressed with corrective action not exceeding a time frame of 3 months and verified by CB within 2 weeks

ii) Minor corrective action request / non-compliance

- Non-conformity that does not affect the capability of the management system to achieve the intended results
- Corrective action plan to be submitted to CB and to be verified in the next surveillance audit.

iii) Observation

- Opportunity for improvement

For supply chain certification, two general categories ‘corrective action request / non-compliance’ and observation will be used.

7.3 For supply chain certification, palm oil millers and processing facilities in Malaysia will need to apply to an accredited CB for the CB to conduct an audit of the company to ascertain its compliance with the requirements of the certification standard. The written audit report will be subjected to comments by the applicant. If no major non-compliances are issued by the CB in the written audit report, the company will be eligible for the award of the certificate for compliance with the standard or in the case of a recertification audit, the renewal of the certificate. Supply chain certification can be implemented as individual or multi-site certification.

7.4 The CB shall have established internal procedures for auditing and certification against the standards used in the MSPO Certification Scheme. It should also make publicly accessible, or provide upon request, information describing the auditing and certification processes for granting, maintaining, extending, renewing, reducing, suspending or withdrawing certification.

- 7.5 The audit carried out by the accredited CB will involve a document review, communication or consultation with stakeholders (where necessary) and a visit to the field or site. The stakeholder consultation process is defined in the MPOCC scheme document.
- 7.6 The applied certification and auditing procedures shall fulfil the requirements defined in the following documents:
- MS ISO/IEC 17021:2015 (for oil palm management certification)
 - ISO/IEC 17065:2012 (for supply chain certification)
- 7.7 The CB in Malaysia shall also have to fulfil additional specific requirements for certification procedures over and above the ones listed above, as defined by Standards Malaysia and MPOCC, if any. The compliance of the CB's procedures with the above requirements shall be verified during the accreditation carried out by Standards Malaysia.
- 7.8 The audit evidence to determine the conformity with the certification standards shall include relevant information from external parties (e.g. government agencies, community groups, environmental and social non-governmental organisations, etc.) as appropriate.
- 7.9 The decision on certification shall be made by a representative of the CB who did not participate in the audit. The decision shall be based on the written audit report.
- 7.10 For oil palm management certification, a summary of the audit report, including a summary of findings on the auditee's conformity against the oil palm management certification standard, written by the CB, shall be made available to the public in a timely manner by the CB. The summary shall include a map of appropriate scale showing the location and external boundary of the certified oil palm area.
- 7.11 The CB shall inform MPOCC about all the certificates that it has issued, and changes concerning the validity and scope of these certificates.
- 7.12 In the case of oil palm management certification involving SPOCs or scheme smallholders, group certification or multi-site certification, the CB shall provide MPOCC with a list of all sites covered by the group certification or multi-site certification.
- 7.13 For oil palm management certification and supply chain certification, the maximum period for the surveillance audit is one year and for the recertification audit is five (5) years.
- 7.14 [Guidance document on MSPO certification process as attached in Appendix 1 and will be updated from time to time.](#)

8. Accreditation Procedures

- 8.1 The CB in Malaysia carrying out certification shall be accredited by Standards Malaysia, which is a member of the International Accreditation Forum (IAF). Standards Malaysia is required to comply

with the procedures described in MS ISO/IEC 17011:2004 *Conformity assessment - General requirements for accreditation bodies accrediting conformity assessment bodies*. The accredited certificate shall bear the accreditation symbol of Standards Malaysia. Information on accreditation including the accreditation number and name of the AB shall accompany any certificate issued by the accredited CB under the MSPO Certification Scheme.

- 8.2 The CB carrying out oil palm management certification shall be accredited based on MS ISO/IEC 17021:2015 and shall be covered by the accreditation scope, which specifies the standard(s) used in the MSPO Certification Scheme.
- 8.3 The CB carrying out supply chain certification shall be accredited based on ISO/IEC 17065:2012 and shall be covered by the accreditation scope, which specifies the standard used in the MSPO Certification Scheme.

9. Notification of Certification Bodies

- 9.1 MPOCC only recognises certificates issued by accredited CBs within the scope of the CB's accreditation (accredited certification). For this purpose, CBs carrying out certification shall be notified by MPOCC.
- 9.2 The notification procedure is specified in the scheme document *Procedure for Notification of Certification Bodies Operating Oil Palm Management or Supply Chain Certification* dated 4 April 2017.

10. Use of Logo by Certificate Holders

- 10.1 The document entitled *Issuance of MSPO Logo Usage Licence by MPOCC* dated 4 April 2017 or any revised version under the MSPO Certification Scheme sets out the rules and guidelines for the use of the MSPO Logo and its related claims by holders of certificates issued by accredited CBs that are notified by MPOCC.

11. Dispute Resolution Procedure

- 11.1 In order to deal with disputes which may arise in connection with its role as the scheme owner of the MSPO Certification Scheme, MPOCC has set out the *Dispute Resolution Procedure*.
- 11.2 The types of disputes that can be submitted to the MPOCC include:

- (i) disputes involving MPOCC as a result of decisions and/or activities of MPOCC as the scheme owner which has overall responsibility for the implementation of the MSPO Certification Scheme; and
 - (ii) disputes not involving MPOCC.
- 11.3 The disputes involving MPOCC would be activities related to the notification of the accredited CBs and the issuance of the logo usage licenses for the MSPO Logo to the holders of certificates issued by the CBs, and MPOCC's role in supporting and coordinating the standard setting process.
- 11.4 In addition, such disputes may involve other aspects of the MSPO Certification Scheme which do not come under the purview of the accredited CB or the AB, and thus may need to be referred to MPOCC for a resolution.
- 11.5 Disputes relating to the decisions and activities of a certified entity, an accredited CB or an AB shall be dealt with by the dispute resolution procedures of the relevant accredited CB, AB, or by the IAF, respectively.

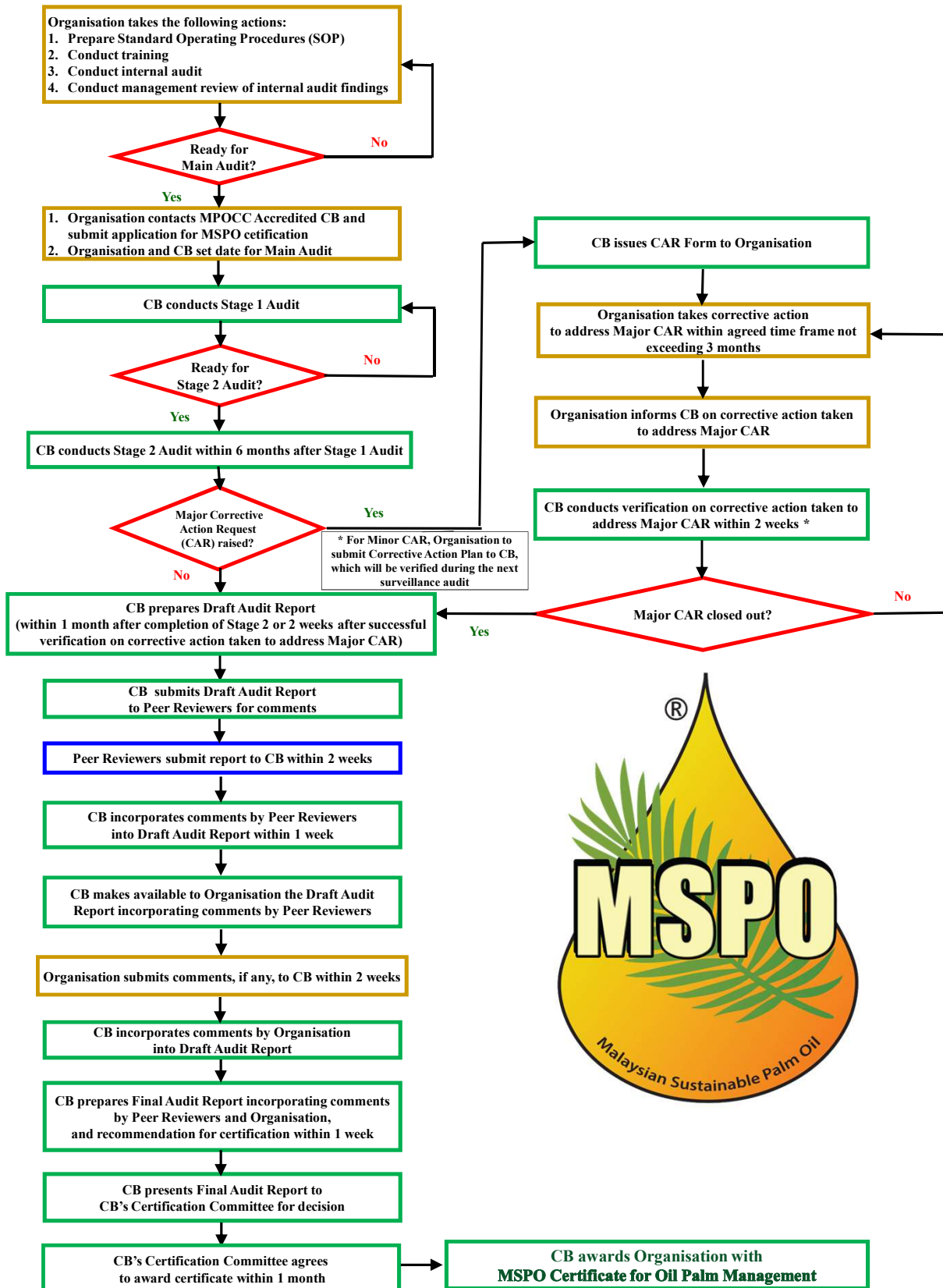
12. Implementation of Changes to MSPO Certification Scheme

Periodic changes to specific aspects of the MSPO Certification Scheme may be necessary in line with the need for continuous improvement. When such changes are made to the MSPO Certification Scheme, a transition period, not exceeding 12 months, will be allowed for all new certification and re-certification. For certificate issued before the end of the transition period, the changes will have to be implemented by the time of the next surveillance audit of the certificate holder.

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Appendix 1

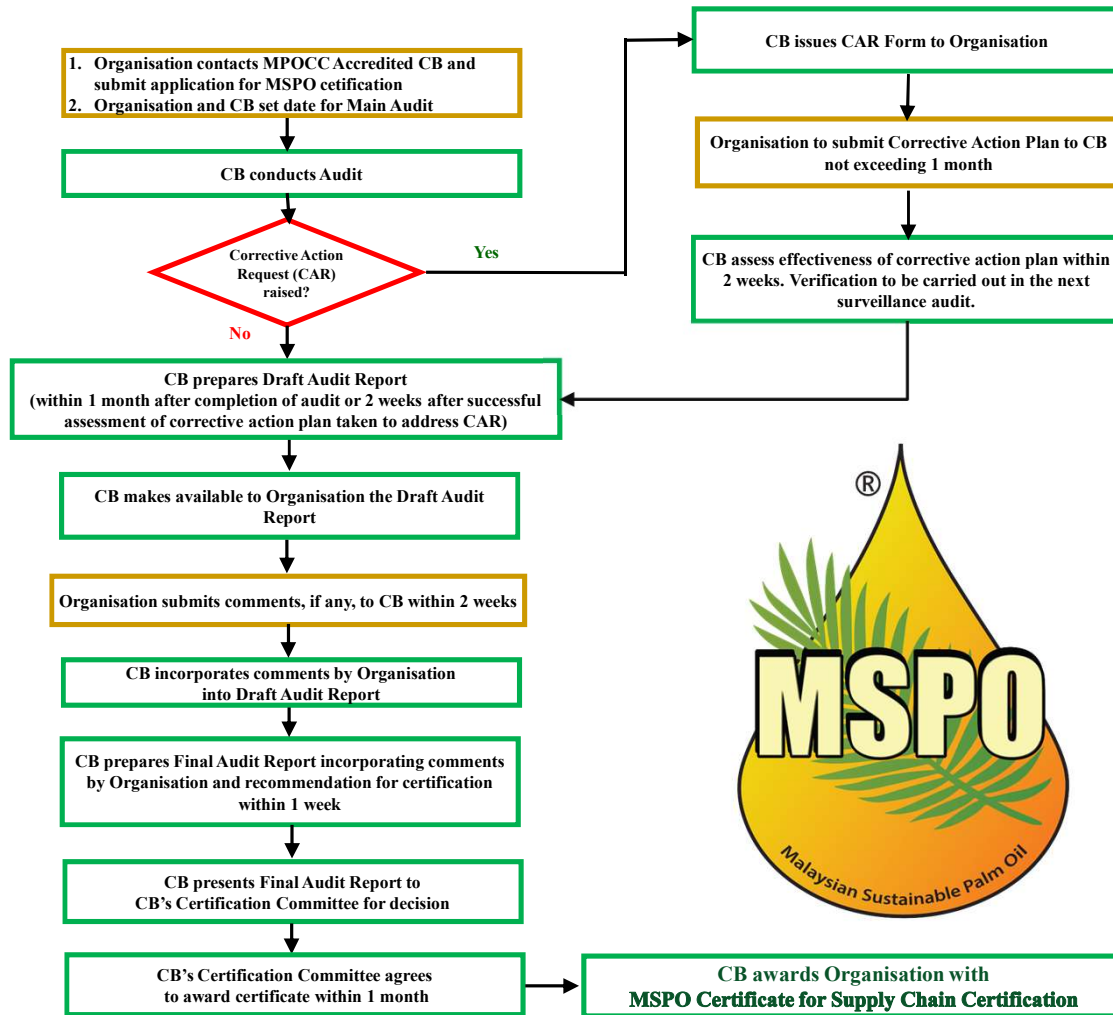
MALAYSIAN SUSTAINABLE PALM OIL (MSPO) CERTIFICATION SCHEME OIL PALM MANAGEMENT CERTIFICATION PROCESS



Note 1: Certificate issued is valid for 5 years, with annual surveillance audits
 Note 2: CB makes available a public summary of the Final Audit Report
 Note 3: To use the Certification Logo, the certified organisation applies to MPOCC for Logo Usage License and signs a Logo Usage License Agreement with MPOCC

Legend: Action by Organisation Action by CB Action by Peer Reviewer

MALAYSIAN SUSTAINABLE PALM OIL (MSPO) CERTIFICATION SCHEME SUPPLY CHAIN CERTIFICATION PROCESS



Note 1: Certificate issued is valid for 5 years, with annual surveillance audits

Note 2: To use the Certification Logo, the certified organisation applies to MPOCC for *Logo Usage License* and signs a *Logo Usage License Agreement* with MPOCC

Legend:



Action by Organisation



Action by CB