



**LEMBAGA MINYAK SAWIT MALAYSIA
(MALAYSIAN PALM OIL BOARD)**

**MALAYSIAN SUSTAINABLE PALM OIL (MSPO)
GUIDELINES FOR AUDITING**

MS 2530-4:2013 GENERAL PRINCIPLES FOR PALM OIL MILLS

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
4.1	<i>Management commitment & responsibilities</i>					
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 CEO or Head of Mill / Engineering Department. • A written policy statement on the commitment towards sustainable production of palm oil. This policy shall 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.

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		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 shall indicate commitment towards continuous improvement in milling operations. 	<ul style="list-style-type: none"> List of social and environmental impact. List of training provided. Records on attendance of awareness programme, technical talk on social environment and new technology. Minutes of JKKK or JKKP meeting.

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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 plans should be documented. • Internal audit should be conducted to highlight strong and weak points in the specific area that needs further improvement. • Assessment of internal documents: <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 such as verification of the actions taken & the reporting of verification results is to be established. • Evaluation of the competency of internal auditors. 	<ul style="list-style-type: none"> • MSPO internal audit procedures document. • Internal audit report/results, including non-conformities.

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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"> The findings made by the internal auditor shall be documented. 	<ul style="list-style-type: none"> Internal audit report/results, including non-conformities.
		4.1.2.3	Reports shall be made available to the management for their review.	Major	<ul style="list-style-type: none"> The decisions arising from the internal audit shall be documented. Top management review comments shall be minuted. 	<ul style="list-style-type: none"> Internal audit report. Minutes of the meeting of management review.
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 report shall be documented. Minutes of management meetings shall be reviewed. Assessment of internal documents: <ul style="list-style-type: none"> Agenda and minutes of management review meeting. Internal audit report. Results of corrective action plan. Improvement plan and timeline for implementation. 	<ul style="list-style-type: none"> Management review report. Minutes of management meetings. Internal audit report. Results of corrective action plan. Improvement plan and timeline for implementation.

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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"> • Such action plan shall be made available to the auditors. • To include the 3P's; <ul style="list-style-type: none"> - People - Planet - Profit 	<ul style="list-style-type: none"> • Action plan for continual improvement.
		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"> • Verify the system. <ul style="list-style-type: none"> - The system must be able to establish the validity or practicability of the new practices before being adopted. - Training matrix proposed to enable understanding and adoption of improved practices. <p>Assessment of internal documents:</p> <ul style="list-style-type: none"> • Continuous improvement plan for key social and environmental impacts, implementation and monitoring. • Verification of the system in terms of the appropriateness & effectiveness. 	<ul style="list-style-type: none"> • List of new information and techniques. • Training programme of new technology/techniques. • Continuous improvement plan. • Budget allocation and timeline. • Assessment report on effectiveness of training programme.

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					<ul style="list-style-type: none"> • Budget allocation for implementation of social, environmental activities/new technologies and their timeline. • Training programme to the relevant personnel involved in the implementation of new technology/techniques. <p>Interview of personnel and stakeholders regarding the following:</p> <ul style="list-style-type: none"> • Good social practices of the company • Response of the management towards social and environmental concerns of the stakeholders. • Improvement plans that have benefitted the stakeholders. 	
4.2	Transparency					

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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"> • Requests, responses and release of information must be recorded (<i>refer to 4.2.2.3</i>). • Assessment of internal documents. 	<ul style="list-style-type: none"> • Records of requests and responses. • Land titles/user rights. • Safety and health plans. • Plans and impact assessments relating to environmental and social impact. • Plans for pollution prevention. • Records of complaints and grievances. • Plans for continuous improvement.
		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"> • For public listed companies the annual reports are the accepted primary public documents. 	<ul style="list-style-type: none"> • Annual reports. • Press release (if any) • Home page (if any)

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		4.2.2.1	Major	<ul style="list-style-type: none"> • SOP. • E.g. Enquiry Register Book to record request for information from relevant stakeholders. • Assessment of internal documents. • Verify records for appropriateness & effectiveness of the actions taken/ follow up actions required (if any). <p>Interview with personnel and stakeholders:</p> <ul style="list-style-type: none"> • Awareness of consultation and communication procedures. • Availability of management response with regards to their requests / complaints (if applicable). 	<ul style="list-style-type: none"> • SOP. • Consultation and communication procedures document. • Appointment letter for person responsible for MSPO matters. • Records of requests and responses • Records of consultation and communication • List of internal and external stakeholders.
		4.2.2.2	Minor	<ul style="list-style-type: none"> • Discretion of the companies. • Appointment letters. 	<ul style="list-style-type: none"> • Appointment letters.

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		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.	Major	<ul style="list-style-type: none"> • Verify records. • Lists of stakeholders: <ul style="list-style-type: none"> • Communities in the area / neighborhood. • Employees. 	<ul style="list-style-type: none"> • List of stakeholders. • Records of consultation and communication. • Records of action taken.
4.2.3	Traceability	4.2.3.1	The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability.	Major	<p>Own Estate;</p> <ul style="list-style-type: none"> • Weighbridge ticket - estate, field. <ul style="list-style-type: none"> - To include pre and post traceability. - Sales agreement /undertakings between estates and mills. <p>External supplier;</p> <ul style="list-style-type: none"> • Weighbridge ticket – licensed supplier. <ul style="list-style-type: none"> - To include pre and post traceability. 	<p>Own Estate;</p> <ul style="list-style-type: none"> • SOP. • Weighbridge ticket – estate, field. • To include pre and post traceability. • Sales agreement /undertakings between estates and mills. <p>External supplier;</p> <ul style="list-style-type: none"> • SOP • Weighbridge ticket – licensed supplier. • To include pre and post traceability.

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		4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system.	Major	<ul style="list-style-type: none"> Internal check on a regular basis as per SOP on traceability. Internal audit. Assessment of internal documents. Visual inspection: <ul style="list-style-type: none"> Checking of fresh fruit bunches for identification. <p>Note: Individual oil mills can develop their own traceability system documentation.</p>	<ul style="list-style-type: none"> SOP on traceability. Internal audit report. Visual inspection of traceability procedures / handling at site. Records of sales, delivery notes or transportation of crude palm oil, palm kernel. Letter of appointment of personnel in charge of traceability.
		4.2.3.3	The management shall identify and assign suitable employees to implement and maintain traceability system.	Minor	<ul style="list-style-type: none"> An executive to hold ownership to maintain the implementation traceability system. Training of employees. 	<ul style="list-style-type: none"> Appointment letters. Training records.
		4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.	Major	<ul style="list-style-type: none"> Verify documents. Hard or soft copies are accepted. 	<ul style="list-style-type: none"> Records of storage. Record of sales. Records of delivery and transportation of CPO & PK.

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4.3	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"> • Verify compliance. • MPOB to list down the ratified International Law and Regulations applicable. • Interview of personnel and site management: <ul style="list-style-type: none"> • Awareness of the applicable laws and regulations. • Compliance with the applicable laws and regulations and on-going efforts of compliance. <p>Assessment of internal documents.</p> <p>Visual inspection:</p> <ul style="list-style-type: none"> • Ability of site management to demonstrate compliance of the relevant laws (e.g. concerning storage of scheduled waste, bulk fuel storage). 	<ul style="list-style-type: none"> • List of ratified international law and applicable regulations. • Legal Requirements Register. • Letter of appointment for personnel in charge of monitoring compliance. • Updated permits and licenses. • Mechanism to track changes or new amendments in law.

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		4.3.1.2	The management shall list all relevant laws related to their operations in a legal requirements register.	Major	<ul style="list-style-type: none"> • Verify the following: <ul style="list-style-type: none"> - List of applicable laws and regulations. - List of relevant licenses, certificate of fitness, etc. - Check on expiry date. 	<ul style="list-style-type: none"> • List of applicable laws and regulations. • List of relevant licenses, certificate of fitness, etc.
		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"> • Verify the register • Legal Requirement Register (LRR) 	<ul style="list-style-type: none"> • Legal Requirement Register (LRR).
		4.3.1.4	The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements.	Minor	<ul style="list-style-type: none"> • Executive or appointed personnel to hold ownership to maintain the regulatory requirements. 	<ul style="list-style-type: none"> • Appointment letter.

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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: <ul style="list-style-type: none"> - 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. • 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.

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					Visual inspection: <ul style="list-style-type: none"> Legal perimeter boundary markers. 	
		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	<ul style="list-style-type: none"> Verify land ownership or land use rights. 	<ul style="list-style-type: none"> Land ownership or land use rights.
		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"> Refer to estate titled land (PL or LPF) as some Mills are inside estate titled land. Site verification and verify record. 	
		4.2.3.4	Where there are, or haven 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).	Minor	<ul style="list-style-type: none"> Verify record. 	<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 two parties.

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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"> Assessment of internal documents. 	<ul style="list-style-type: none"> Provisional Lease (PL) and License for Planted Forest (LPF). Records of Ex-gratia / Goodwill Payment and Agreement. 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).
		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"> An official map from Land Survey for recognized customary rights is made available. Verify record. 	<ul style="list-style-type: none"> Official maps from Land Survey.
		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"> Verify record. 	<ul style="list-style-type: none"> Records of negotiated agreements.
4.4		Social responsibility, health, safety and employment condition				

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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.	Minor	<ul style="list-style-type: none"> • Verify the assessment report. • Feedback from local community. • Social impact assessment can be conducted internally. • Assessment of internal documents. <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> <ul style="list-style-type: none"> - Access and use rights. - Economic livelihood and working conditions. - Subsistence activities. - Cultural and religious values. - Health and education facilities. - Other community values, resulting from changes in improvement of transport/communication /influx of migrant labour force. 	<ul style="list-style-type: none"> • Social Impact Assessment (SIA) report. • A 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.

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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"> Complaints and grievances procedure: <ul style="list-style-type: none"> Establish a system to filter out irrelevant complaint (not related to MSPO). Establish a system to deal with it. Assessment of internal documents. Interviews with personnel and stakeholders: <ul style="list-style-type: none"> Awareness of complaints and grievances procedures and how to make complaints. <p>Verify if the complaints and grievances by the affected parties are resolved in an effective, timely and appropriate manner.</p>	<ul style="list-style-type: none"> Complaints and grievances procedure. Complaint forms for employees and affected stakeholders. Records of complaints and records of actions taken. Records that are kept for the last 24 months.
		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	<ul style="list-style-type: none"> Acknowledgement of the decision by both parties. 	<ul style="list-style-type: none"> Complaints and grievances procedure.
		4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.	Minor	<ul style="list-style-type: none"> Verify availability of complaint forms. 	<ul style="list-style-type: none"> Complaint forms for employees and affected stakeholders.

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		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.	Minor	<ul style="list-style-type: none"> Notice board to inform all concerned about the availability of complaints form and the drop boxes. 	<ul style="list-style-type: none"> Complaint forms for employees and affected stakeholders.
		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	<ul style="list-style-type: none"> Verify the document and check those not resolved in 24 months. 	<ul style="list-style-type: none"> Records of complaints and records of actions taken.
4.4.3	Commitment to contribute 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. Joint activities carried out with estates are accepted. Assessment of internal documents. 	<ul style="list-style-type: none"> Documented evidence of positive contribution to the community. Records of CSR activities. Records of meetings with stakeholders and identification of local community development needs.
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"> Verify document and assess the implementation. 	<ul style="list-style-type: none"> An occupational safety and health policy and plan.

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	4.4.4.2	<p>The occupational safety and health plan should cover the following:</p> <p>a) A safety and health policy, which is communicated and implemented.</p> <p>b) The risk of all operations shall be assessed and documented.</p> <p>c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:</p> <p style="padding-left: 40px;">i. All employees involved are adequately trained on safe working practices;</p> <p style="padding-left: 40px;">ii. All precautions attached to products should be properly observed and applied;</p>	Major	<p>a) Compliance with 4.4.4.1.</p> <p>b) Verify risk assessment report e.g. HIRARC.</p> <p>c) Verify training records:</p> <p style="padding-left: 40px;">i. Safe working practice.</p> <p style="padding-left: 40px;">ii. MSDS of chemicals used (products refers to chemicals used at palm oil mill).</p>	<ul style="list-style-type: none"> • Occupational Safety and Health Policy. • Records of OSH Committee Meetings, agenda, minutes, attendance list. • Manuals or procedures concerning health and safety. • Safety risk assessments and their controls (periodically reviewed). • Annual training programme on safety aspects e.g. First Aid Training, records of training attendance. • PPE issuance and replacement record. • Accident and emergency response procedures. • Records of accidents and investigations reports. • Internal audit reports concerning safety aspects, possible occurrence of non-conformities, reports on action plan and implementation.

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		<p>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).</p> <p>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 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p>		<p>d) Visual observation and verification of records.</p> <p>e) Verify SOP (Check on the compliance to CHRA requirement and Chemical Register requirement – this should applies to both estates and mills.</p>	<ul style="list-style-type: none"> Evidence of qualification of personnel in charge of safety and health.

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		<p>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.</p> <p>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.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p>		<p>f) Responsible person(s) for workers' health, safety and social aspects.</p> <p>g) Verify minutes of meetings. (Follow estates guidelines)</p> <p>h) Verify documented procedures and random interview with employees.</p> <p>i. Emergency shower and eye wash to be provided in the lab.</p>	

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		<p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p>		<p>i) Verify training records and check availability of First Aid equipment particularly in the workshop, lab, supervisor's office and the general office.</p> <p>Visual inspection:</p> <ul style="list-style-type: none"> • First aid kits, emergency equipment, personal protective equipment (PPE), Emergency shower and eye wash to be provided at the lab. • Danger/warning signages, safety instructions, MSDS/CSDS, emergency actions • Availability of PPE storage facility <p>j) Verify records.</p> <ul style="list-style-type: none"> • Review during OSH Committee meeting <p>Visual inspection and assessment of internal documents:</p> <ul style="list-style-type: none"> • Occupational Safety and Health Policy. 	

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					<ul style="list-style-type: none"> • Records of OSH Committee Meetings, agenda, minutes, attendance list. • Manuals or procedures concerning health and safety. • Safety risk assessments and their controls (periodically reviewed). • Annual training programme on safety aspects e.g. First Aid. • Training, records of training attendance. • PPE issuance and replacement record. • Accident and emergency response procedures. • Records of accidents and investigations reports. • Internal audit reports concerning. • safety aspects, possibly occurred non conformities, reports on action plan and implementation. • Warning signs installed in all areas with assessed risks. 	

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					<ul style="list-style-type: none"> Evidence of qualification of personnel in charge of safety and health. <p>Interview personnel regarding the following:</p> <ul style="list-style-type: none"> Knowledge of occupational safety and health policy and implementation. Knowledge of job risks and controls. Knowledge of accident plans, emergency plans, and use of emergency equipments. Use of personal protective equipment, cleaning and storage. Knowledge of danger and warning signs, safety instructions and emergency actions. <p>Visual inspection:</p> <ul style="list-style-type: none"> First aid kits, emergency equipment, personal protective equipment (PPE), emergency shower and eye wash to be provided at the lab. 	

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					<ul style="list-style-type: none"> • Danger/warning signages, instructions, MSDS/CSDS, emergency actions. • Availability of PPE storage facility. 	
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"> • Verify policy signed by top management and communicated in any way. • Displayed at Mills' general notice board. 	<ul style="list-style-type: none"> • Policy on good social practice.
		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"> • Random feedback from employees on any discriminatory practices. 	

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		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"> Check collective agreements and verify compliance with legal requirements on minimum wage. 	<ul style="list-style-type: none"> Collective agreements.
		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. 	<ul style="list-style-type: none"> Records of payments. Contractor's agreement.
		4.4.5.5	The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.	Major	<ul style="list-style-type: none"> Verify records. (To adopt MSPO part 3 guides) Refer to employee register. 	<ul style="list-style-type: none"> Overview records of all employees.

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		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"> • Verify records. • Appointment letter for local workers / workers registration form. • Employment contract for foreign workers. • Any document related to employment is acceptable. • Employee register. 	<ul style="list-style-type: none"> • Appointment letter for local workers / workers registration form. • Employment contract for foreign workers. • Any document related to employment is acceptable. • Employee register.
		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"> • Verify records. • Checkroll records. • Display of working hours at the Mill's general notice board. 	<ul style="list-style-type: none"> • Check roll records.
		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"> • Verify records. • Leave entitlement can be taken as evidence of compliance. • Pre-approved overtime sheet. <p>Visual inspection and assessment of internal documents:</p>	<ul style="list-style-type: none"> • Pre-approved overtime sheet. • Signed policy on good social practices e.g. People Policy, Employment & Labor Policy, and Sexual Harassment Policy. • Guidelines on prevention of sexual harassment at the workplace.

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
					<ul style="list-style-type: none"> • Availability of signed policy on good social practices e.g. People Policy, Employment & Labor Policy, Sexual Harassment Policy. • Guidelines on prevention of sexual harassment at the workplace. • Employment contract for workers. • Records of registered employees for compliance with minimum age for employment. • Compliance to minimum wage policy and records to show no discrimination in terms of payments of daily wages to workers, records of payments, pay slip available and given to workers. • Display of working hours at office notice board. • Temporary housing and amenities acknowledged by Jabatan Tenaga Kerja and local authorities are acceptable. • Records of social contributions. • Availability of complaint forms, records of complaints and actions taken to resolve them. 	<ul style="list-style-type: none"> • Employment contract for workers. • Records of registered employees for compliance with minimum age for employment. • Records of CSR/social contributions. • Complaint forms, records of complaints and actions taken to resolve them.

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
		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"> • Verify records. • Records from check roll the source documents for pay slip. 	<ul style="list-style-type: none"> • Check rolls records.
		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"> • Verify records. • Interview employees. 	
		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"> • On-site verification. • Interview. 	

MSPO Clauses		Indicators	Major / Minor	Guidelines	Supporting document
		4.4.5.12	Major	<ul style="list-style-type: none"> • Verify policy. • Refer overall Check roll records. 	<ul style="list-style-type: none"> • Check rolls records.
		4.4.5.13	Major	<ul style="list-style-type: none"> • Check for compliance. Conduct random interview with employees. • Foreign workers to follow National and/or State Immigration Act. <p>Interview with personnel/employees:</p> <ul style="list-style-type: none"> • Knowledge of policies concerning good social practices such as no discrimination, no forced labour etc. • Knowledge of basic principles regarding equality and non-discrimination. • Compliance with laws and regulations with regards to employment, labour rights, immigrations requirements. • Compliance with Collective Agreements. • Knowledge of employment contracts and its contents. <p>Visual inspection:</p> <ul style="list-style-type: none"> • Workers housing and amenities. 	<ul style="list-style-type: none"> •

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
		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"> Verify records and on-site inspection. 	<ul style="list-style-type: none"> Employees register.
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"> Verify records. Contractors shall mean contract employees in this indicator. <p>Assessment of internal documents:</p> <ul style="list-style-type: none"> Training programmes and records such as attendance lists, photos, trainer and training contents. Training needs analysis/matrix for each operation/task. Appropriateness of training programme based on workers' competency. Note: Contractors are contract employees. 	<ul style="list-style-type: none"> Training programmes and records such as attendance lists, photos, trainer and training contents. Training needs analysis/matrix for each operation/task.
		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"> Verify records: <ul style="list-style-type: none"> - Training needs analysis. - Training records. 	<ul style="list-style-type: none"> Training needs analysis. Training records.

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
		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"> Verify relevant records. 	<ul style="list-style-type: none"> Training programme.
4.5		<i>Environment, natural resources, biodiversity and ecosystem services</i>				
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"> Verify document and assess the implementation. <p>Assessment of internal documents:</p> <ul style="list-style-type: none"> Availability of signed environmental policy concerning management and protection of the environment according to the applicable laws. Environmental management plan which was developed from results of aspect and impacts analysis, mitigation and monitoring plan and records of implementation and timeline. Continual improvement programme. 	<ul style="list-style-type: none"> Environmental management plan. Continual improvement programme. Awareness and training programme on environmental management and improvement plan, minutes of meeting, attendance list, photos.

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
					<ul style="list-style-type: none"> Awareness and training programme on environmental management and improvement plan, minutes of meeting, attendance list, photos. <p>Interview of personnel and stakeholders regarding the following:</p> <ul style="list-style-type: none"> Knowledge of environmental policy and efforts to protect the environment e.g compliance to applicable laws. 	
		4.5.1.2	<p>The environmental management plan shall cover the following:</p> <p>a) An environmental policy and objectives;</p> <p>b) The aspects and impacts analysis of all operations.</p>	Major	<p>a) Compliance with existing regulatory requirements.</p> <p>b) Environmental Aspect Impact (EAI).</p>	<ul style="list-style-type: none"> Environmental policy and objectives. Environmental Aspect Impact assessment report.
		4.5.1.3	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.</p>	Major	<ul style="list-style-type: none"> Verify plan. 	<ul style="list-style-type: none"> Environmental improvement plan.

MSPO Clauses		Indicators	Major / Minor	Guidelines	Supporting document	
		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"> Verify programme or action plan. 	<ul style="list-style-type: none"> Continual improvement plan.
		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.	Major	<ul style="list-style-type: none"> Verify records. Records of training. 	<ul style="list-style-type: none"> Records of training.
		4.5.1.6	The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.	Major	<ul style="list-style-type: none"> Check for minutes of meetings 	<ul style="list-style-type: none"> Minutes of the meeting.

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
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.	Major	<ul style="list-style-type: none"> • Non-renewable energy consumption/usage (per tonne FFB) records and data shall be documented. • Baseline value shall be established based on the suitable timeframe decided by management. • Comparison to be made based on per tonne FFB processed. • Energy optimization plan shall be made available. <p>Assessment of internal documents:</p> <ul style="list-style-type: none"> • Availability of monitoring records of consumption of non-renewable energy with baseline values observed for 3-5 years. • Comparison to be made based on per ton FFB processed. • Energy optimization plan shall be made available. • Documentation of renewable energy produced. 	<ul style="list-style-type: none"> • Records of non-renewable energy consumption with baseline values observed for 3-5 years. • Energy optimization plan. • Records of renewable energy produced.

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
					Visual inspection of: <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 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.	Major	<ul style="list-style-type: none"> Per tonne FFB. Contractor: Not applicable to palm oil mill (some Mills engaged Contractor(s) to “clear their FFB”, transport CPO to the refinery etc). 	<ul style="list-style-type: none"> Records of non-renewable energy consumption.
		4.5.2.3	The use of renewable energy should be applied where possible.	Minor	<ul style="list-style-type: none"> Documentation of renewable energy produced (kW.hr). 	<ul style="list-style-type: none"> Records of renewable energy produced (kW.hr).
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 any waste product and its management/disposal. Assessment of internal documents: <ul style="list-style-type: none"> Identification of all waste products and polluting activities (e.g scheduled & domestic wastes), source of pollution (e.g POME). 	<ul style="list-style-type: none"> Identification of all waste products and polluting activities (e.g scheduled & domestic wastes), source of pollution (e.g POME).

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
					<ul style="list-style-type: none"> • Procedures/management plan developed from waste identification according to their appropriateness and effectiveness, monitoring of implementation plan. • Records/documentation on recycling programme. • Standard Operating Procedure for handling of used chemicals in accordance with regulations. • Location map of rubbish pit/landfill. <p>Visual inspection of:</p> <ul style="list-style-type: none"> • Schedule & method of domestic waste disposal. 	<ul style="list-style-type: none"> • Procedures/management plan developed from waste identification according to their appropriateness and effectiveness, monitoring of implementation plan. • Records/documentation on recycling programme. • Standard Operating Procedure for handling of used chemicals in accordance with regulations. • Location map of rubbish pit/landfill.
		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"> • Documentation of action plan. • Reduce, reuse and recycle to minimize waste. • Management of major waste stream, ie. EFB, POME etc. which is important to be utilized and monitor its usage. • Verify document on disposal of hazardous material. 	<ul style="list-style-type: none"> • Waste management plan. • Records of disposal.

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
		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"> Verify SOP. 	<ul style="list-style-type: none"> SOP for handling of used chemicals.
		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"> Onsite inspection and verification. Designated area. 	<ul style="list-style-type: none"> Records of disposal.

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
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.	Major	<ul style="list-style-type: none"> Identify other solid waste. Refers to DOE report. Verify assessment report (refer to MPOB for calculations; excluding CO₂ from renewable energy resources). The relevant GHG are CO₂ (derived from non-renewable resources) and CH₄ only. <p>Assessment of internal documents:</p> <ul style="list-style-type: none"> Identification of all waste products and polluting activities (e.g. scheduled & domestic wastes), source of pollution (e.g. POME, black smoke). Procedures/management plan developed from waste identification, monitoring of implementation of plan. Refer to 4.5.3.1, 4.5.3.2, 4.5.7 Reports submitted to the Department of Environment (DOE). 	<ul style="list-style-type: none"> Assessment report. Management plan. DOE reports.

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
					<ul style="list-style-type: none"> Verify assessment report (refer to MPOB for calculations; excluding CO₂ from renewable energy resources) The relevant GHG are CO₂ (derived from non-renewable resources) and CH₄ only. <p>Visual inspection:</p> <ul style="list-style-type: none"> Evidence of zero burning. 	<ul style="list-style-type: none">
		4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	Major	<ul style="list-style-type: none"> Verify the action plan. 	<ul style="list-style-type: none"> Action plan.
		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. Latest national and/or state regulations on POME discharge quality. 	<ul style="list-style-type: none"> Records of POME treatment. Records of effluent.

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
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> <p>a) Assessment of water usage and sources.</p> <p>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> <p>c) 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>	Major	<ul style="list-style-type: none"> • Establishment of water management plan. <p>Assessment of internal documents:</p> <p>a) Verify the water usage:</p> <ul style="list-style-type: none"> • Recommended water to FFB ratio 1.35 excluding domestic usage (for the standard mill). • Verify the incoming meter consumption for the mill and domestic usage only. <p>b) Verify record submitted to DOE (effluent)</p> <p>c) Observation of water wastage:</p> <ul style="list-style-type: none"> • Efforts made to reduce, reuse and recycle 	<ul style="list-style-type: none"> • Water management plan. • DOE reports.

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
		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.	Major	<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 Verify record submitted to DOE (effluent) 	<ul style="list-style-type: none"> Action plan to reduce the discharge of POME.
4.6	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"> Verify the SOP. Assessment of internal documents: <ul style="list-style-type: none"> Standard operating procedures on best management practices. Visual inspection concerning: <ul style="list-style-type: none"> Oil mill operation. 	<ul style="list-style-type: none"> Standard operating procedures on best management practices.
		4.6.1.2	All palm oil mills shall implement best practices.	Major	<ul style="list-style-type: none"> Inspection of operation and documentation. 	<ul style="list-style-type: none"> CoP / GMP audit reports.

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
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	<ul style="list-style-type: none"> • Verify business and management plan: <ul style="list-style-type: none"> i. Budget ii. Book keeping <p>Assessment of internal documents:</p> <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.
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. <p>Assessment of internal documents:</p> <ul style="list-style-type: none"> • Monthly oil mill accounts. • Sales and purchase agreements and/or contract, service contract, credit terms. • Evidence of timely payment. • 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.

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
		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: <ul 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: <ul 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 shall include a special clause on MSPO compliance where applicable to them. • Work completion certificate or evidence of progress payment reports. <p>Interview of contractors regarding the following:</p> <ul style="list-style-type: none"> • Awareness on MSPO and requirements. 	<ul style="list-style-type: none"> • Contract agreement. • Work completion certificate. • Payment report.
		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.

MSPO Clauses		Indicators		Major / Minor	Guidelines	Supporting document
		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.

ACKNOWLEDGEMENTS

Members of National Committee for MSPO

Malaysian Palm Oil Board
Felda Agricultural Services Sdn Bhd
Genting Plantations Berhad
IOI Corporation
KLK Oleo
Malayan Edible Oil Manufacturers' Association
Malaysian Estate Owners Association
Malaysian Oil Palm Nurseries Association
Malaysian Palm Oil Association
Malaysian Palm Oil Council
Malaysian Timber Certification Council
National Association of Smallholders
Palm Oil Refiners Association of Malaysia
Sarawak Oil Palm Plantation Owners Association
Sime Darby Plantation Sdn Bhd
SIRIM Berhad
East Malaysia Planters' Association
Palm Oil Millers Association
Tradewinds Plantation Berhad
United Plantations Berhad

Members of Technical Working Committee for MSPO

Malaysian Palm Oil Board
Applied Agricultural Research Sdn Bhd
Boustead Estate Agency Berhad
EPA Management Sdn Bhd
Felda Agricultural Services Sdn Bhd
Felda Holdings Berhad
Felda Palm Industries Sdn Bhd
Genting Plantations Berhad
IOI Corporation
Kulim Berhad
Malayan Edible Oil Manufacturers' Association
Malaysian Biodiesel Association
Malaysian Estate Owners Association
Malaysian Oleochemical Manufacturers Group
Malaysian Palm Oil Association
Malaysian Palm Oil Council
Malaysian Oil Palm Nurseries Association
National Association of Smallholders
Palm Oil Refiners Association of Malaysia
Sarawak Oil Palm Plantation Owners Association
Sime Darby Plantation Sdn Bhd
SIRIM Berhad
East Malaysia Planters' Association
Palm Oil Millers Association
United Plantations Berhad