



MALAYSIAN STANDARD MS 2530-4:2013



MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

PART 4 GENERAL PRINCIPLES FOR PALM OIL MILLS



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4. Principles and Criteria

PRINCIPLE 1: MANAGEMENT COMMITMENT AND RESPONSIBILITY

4.1.1 Criterion 1: Malaysian Sustainable Palm Oil (MSPO) Policy

4.1.1.1 Indicator 1: Policy for the implementation of MSPO shall be established.

4.1.1.2 Indicator 2: The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation.

PRINCIPLE 1: MANAGEMENT COMMITMENT AND RESPONSIBILITY

4.1.2 Criterion 2: Internal audit

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

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

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

PRINCIPLE 1: MANAGEMENT COMMITMENT AND RESPONSIBILITY

4.1.3 Criterion 3: Management review

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

PRINCIPLE 1: MANAGEMENT COMMITMENT AND RESPONSIBILITY

4.1.4 Criterion 4: Continual improvement

4.1.4.1 Indicator 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.

4.1.4.2 Indicator 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

PRINCIPLE 2: TRANSPARENCY

4.2.1 Criterion 1: Transparency of information and documents relevant to MSPO requirements

4.2.1.1 Indicator 1: The management shall communicate adequate information to other stakeholders on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.

4.2.1.2 Indicator 2: 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.

PRINCIPLE 2: TRANSPARENCY

4.2.2 Criterion 2: Transparent method of communication and consultation

4.2.2.1 Indicator 1: Procedures shall be established for consultation and communication with the relevant stakeholders.

4.2.2.2 Indicator 2: The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1 (4.2.2.1).

4.2.2.3 Indicator 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

PRINCIPLE 2: TRANSPARENCY

4.2.3 Criterion 3: Traceability

4.2.3.1 Indicator 1: The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.

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

PRINCIPLE 2: TRANSPARENCY

4.2.3 Criterion 3: Traceability

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

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

PRINCIPLE 3: COMPLIANCE TO LEGAL REQUIREMENTS

4.3.1 Criterion 1: Regulatory requirements

4.3.1.1 Indicator 1: All operations shall be in compliance with applicable local, national and ratified international laws and regulations.

4.3.1.2 Indicator 2: The management shall list all relevant laws related to their operations in a legal requirements register.

PRINCIPLE 3: COMPLIANCE TO LEGAL REQUIREMENTS

4.3.1 Criterion 1: Regulatory requirements

4.3.1.3 Indicator 3: The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.

4.3.1.4 Indicator 4: The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.

PRINCIPLE 3: COMPLIANCE TO LEGAL REQUIREMENTS

4.3.2 Criterion 2: Land use rights

4.3.2.1 Indicator 1: The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.

4.3.2.2 Indicator 2: The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.

PRINCIPLE 3: COMPLIANCE TO LEGAL REQUIREMENTS

4.3.2 Criterion 2: Land use rights

4.3.2.3 Indicator 3: Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground, where practicable.

4.3.2.4 Indicator 4: Where there are, or have been disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).

PRINCIPLE 3: COMPLIANCE TO LEGAL REQUIREMENTS

4.3.3 Criterion 3: Customary land rights

4.3.3.1 Indicator 1: Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.

4.3.3.2 Indicator 2: Maps of an appropriate scale showing extent of recognized customary rights shall be made available.

4.3.3.3 Indicator 3: Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.1 Criterion 1: Social impact assessment (SIA)

4.4.1.1 Indicator 1: Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.2 Criterion 2: Complaints and grievances

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

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

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

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.2 Criterion 2: Complaints and grievances

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

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

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.3 Criterion 3: Commitment to contribute to local sustainable development

4.4.3.1 Indicator 1: Palm oil millers should contribute to local development in consultation with the local communities. Where the mill is an integral part of a plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.4 Criterion 4: Employees safety and health

4.4.4.1 Indicator 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 (Act139) shall be documented, effectively communicated and implemented.

4.4.4.2 Indicator 2: The occupational safety and health plan shall cover the following:

- a) A safety and health policy**, which is communicated and implemented.
- b) The risks of all operations** shall be assessed and documented.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.4 Criterion 4: Employees safety and health

c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:

- i) all employees involved are adequately trained on safe working practices; and
- ii) all precautions attached to products should be properly observed and applied.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.4 Criterion 4: Employees safety and health

d) The management shall provide the appropriate personal protective equipment (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).

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.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.4 Criterion 4: Employees safety and health

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 meetings shall be kept and the concerns of the employees and any remedial actions taken shall be recorded.

h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.4 Criterion 4: Employees safety and health

- i) Employees trained in First Aid** shall be present at all mill operations. First Aid equipment should be available at each worksite.

- j) Records shall be kept of all accidents** and be reviewed periodically at quarterly intervals.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.5 Criterion 5: Employment conditions

4.4.5.1 Indicator 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.

4.4.5.2 Indicator 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.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.5 Criterion 5: Employment conditions

4.4.5.3 Indicator 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.

4.4.5.4 Indicator 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.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.5 Criterion 5: Employment conditions

4.4.5.5 Indicator 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.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.5 Criterion 5: Employment conditions

4.4.5.6 Indicator 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.

4.4.5.7 Indicator 7: The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.5 Criterion 5: Employment conditions

4.4.5.8 Indicator 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 requirement applicable.

4.4.5.9 Indicator 9: Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.5 Criterion 5: Employment conditions

4.4.5.10 Indicator 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

4.4.5.11 Indicator 11: In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.5 Criterion 5: Employment conditions

4.4.5.12 Indicator 12: The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.

4.4.5.13 Indicator 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.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.5 Criterion 5: Employment conditions

4.4.5.14 Indicator 14: Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.6 Criterion 6: Training and competency

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

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

PRINCIPLE 4: SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION

4.4.6 Criterion 6: Training and competency

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

PRINCIPLE 5: ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY AND ECOSYSTEM SERVICES

4.5.1 Criterion 1: Environmental management plan

4.5.1.1 Indicator 1: An environmental policy and management plan which shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.

PRINCIPLE 5: ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY AND ECOSYSTEM SERVICES

4.5.1 Criterion 1: Environmental management plan

4.5.1.2 Indicator 2: The environmental management plan shall cover the following:

- a) An environmental policy and objectives;
- b) The aspects and impacts analysis of all operations. An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.

PRINCIPLE 5: ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY AND ECOSYSTEM SERVICES

4.5.2 Criterion 2: Efficiency of energy use and use of renewable energy

4.5.2.1 Indicator 1: Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.

PRINCIPLE 5: ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY AND ECOSYSTEM SERVICES

4.5.2 Criterion 2: Efficiency of energy use and use of renewable energy

4.5.2.2 Indicator 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.

4.5.2.3 Indicator 3: The use of renewable energy should be applied where possible.

PRINCIPLE 5: ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY AND ECOSYSTEM SERVICES

4.5.3 Criterion 3: Waste management and disposal

4.5.3.1 Indicator 1: All waste products and sources of pollution shall be identified and documented.

PRINCIPLE 5: ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY AND ECOSYSTEM SERVICES

4.5.3 Criterion 3: Waste management and disposal

4.5.3.2 Indicator 2: A waste management plan shall be developed and implemented to avoid or reduce pollution. The waste management plan should include measures for:

- a) Identifying and monitoring sources of waste and pollution.
- b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.

PRINCIPLE 5: ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY AND ECOSYSTEM SERVICES

4.5.3 Criterion 3: Waste management and disposal

4.5.3.3 Indicator 3: The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment 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 Wastes) Regulations, 2005.

PRINCIPLE 5: ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY AND ECOSYSTEM SERVICES

4.5.3 Criterion 3: Waste management and disposal

4.5.3.4 Indicator 4: Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.

PRINCIPLE 5: ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY AND ECOSYSTEM SERVICES

4.5.4 Criterion 4: Reduction of pollution and emission including greenhouse gas

4.5.4.1 Indicator 1: An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.

4.5.4.2 Indicator 2: An action plan to reduce identified significant pollutants and emissions shall be established and implemented.

PRINCIPLE 5: ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY AND ECOSYSTEM SERVICES

4.5.4 Criterion 4: Reduction of pollution and emission including greenhouse gas

4.5.4.3 Indicator 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.

PRINCIPLE 5: ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY AND ECOSYSTEM SERVICES

4.5.5 Criterion 5: Natural water resources

4.5.5.1 Indicator 1: 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:

- 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.
- 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).

PRINCIPLE 6: BEST PRACTICES

4.6.1 Criterion 1: Mill management

4.6.1.1 Indicator 1: Standard operating procedures shall be appropriately documented and consistently implemented and monitored.

4.6.1.2 Indicator 2: All palm oil mills shall implement best practices.

PRINCIPLE 6: BEST PRACTICES

4.6.2 Criterion 2: Economic and financial viability plan

4.6.2.1 Indicator 1: A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.

PRINCIPLE 6: BEST PRACTICES

4.6.3 Criterion 3: Transparent and fair price dealing

4.6.3.1 Indicator 1: Pricing mechanisms for the products and other services shall be documented and effectively implemented.

4.6.3.2 Indicator 2: All contracts shall be fair, legal and transparent and agreed payments shall be made in a timely manner.

PRINCIPLE 6: BEST PRACTICES

4.6.4 Criterion 4: Contractor

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

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

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

Thank You

