

## 1. PURPOSE

- 1.1 As an audit procedure states the requirements of TUV NORD Malaysia Sdn Bhd for inspection and/or certification of palm oil mills, kernel crusher plants, refineries, biodiesel plants and other palm derivatives production plants ("operations") in accordance with Malaysia Sustainable Palm Oil operating Supply Chain Certification MSPO scheme standards or MSPO SCC.
- 1.2 It has describes the procedure for certification and inspection for fulfilment of the sustainability requirements by TN Malaysia, taking standard ISO 17065 into consideration.
- 1.3 The documented procedures and rules regarding approved certification systems must always be implemented in full in the audit planning and in performance of the inspections/audits.

## 2. SCOPE

This procedure applies to TUV Nord Malaysia, MSPO accreditation.

## 3. DEFINITIONS

- 3.1 Palm Oil Products: Palm oil products refer to products derived from FFB such as CPO, PK, CPKO, PKE or product derived thereof RBDPO, RBDPKO, PFAD, PKFAD, olein, stearin and other products from its fractionation/derivatives.
- 3.2 Certified Palm Oil Products: Palm oil products that has been certified to the MSPO standards.
- 3.3 Supply Chain: The series of steps through which palm oil products are transferred from the smallholders/ plantations to the end users.
- 3.4 Organisation: The operating unit that take legal ownership and physically handles certified palm oil products at respective stage of the palm oil supply chain.
- 3.5 Mass Balance: Mass balance allows the mixing of batches of certified and non-certified palm oil products at every stage of the palm oil supply chain.
- 3.6 Segregation: Segregation is the physical separation of certified and non-certified palm oil products at every stage of the palm oil supply chain.
- 3.7 Origin: Geographical location and areas in Malaysia where certified palm oil products are produced.
- 3.8 Real-time basis: The actual time during which a process takes place or an event occurs, as defined or practiced by the organisation.
- 3.9 Outsourced Contractors: Parties engaged by the organisation to provide services for transporting, handling and storing certified palm oil products by means of agreement or contract.
- 3.10 Physically Handle Activities, which may include receipt, storage, process and dispatch of certified products.

## 4. PROCEDURE

### 4.1 General Requirements

- 4.1.1 Standard Malaysia against ISO/IEC 17065 shall accredit certification Bodies for Production Type 6, Supply Chain Product certification. The CB shall show proof that it has :
  - a) Accredited to MS 2530-4
  - b) Certified a client to both MS 2530-4 and MSPO Supply Chain Certification Standard

*Note: To allow witness audits conducted by Standard Malaysia, the CBs shall have a client ready to be audited against the requirement of the MSPO Supply Chain Certification Standard.*

- 4.1.2 Certification Bodies shall ensure that the auditors demonstrate ability to apply knowledge in the following areas as per ISO 19011 Guidelines for Auditing Management Systems.
- i. Audit principles, procedures and techniques so that it can be appropriately applied to different audits ensuring audit are conducted in a consistent and systematic manner.
  - ii. Organisation's operational context or situations including organizational size, structure, functions and relationships, general business processes and related terminology and cultural and social customs such as knowledge of the client working language.
  - iii. Applicable international legislation, country and state specific governance (application of laws, codes of practice, procedures and guidelines) relevant to palm based raw material procurement and deterring procurement of raw material from non-certified sources in contracts and agreements, uncertified raw material origin an international treaties and conventions relating to palm oi products trade.
- 4.1.3 Auditors engaged by certification body should have the capacity to apply terminology, knowledge, understanding and skills in the following areas of the Malaysian Sustainable Palm Oil (MSPO) Supply Chain Certification Standard (SCCS) and other equivalent standard but not limited to :
- i. Requirements of the MSPO SCCS and its related requirements under the Malaysia Sustainable Palm Oil (MSPO) Certification Scheme (MSPO-SCCS-01)
  - ii. Products, processes and practices in the specific sector, applied raw material flow, measurement and control measures.
  - iii. Application of management systems to palm oil based and related industries and interaction between their components.
  - iv. Information systems and technology for authorisation, security, distribution and control of documents, data and records.
  - v. Product labels and claims.
  - vi. Application of measures to avoid procurement of raw material from non-certified sources including risk assessment methodology and indicators.

#### **4.2 Customer Enquiry / Drafting of Offer**

- 4.2.1 The oil palm products may go through many production and logistical stages between oil palm plantations and the product. Any individual batch of oil palm products can be traded through one of two supply chain models that are approved by MPOCC:
- a) Segregated (SG)
  - b) Mass Balance (MB)
- 4.2.2 TN Malaysia must use application form MSPO-SCC-F01 in order to draft the offer. Reference schedule: MSPO Certification Procedure and MSPO Certification Scheme Application issued by Scheme Owner.
- 4.2.3 Audit man-day allocation shall be aligned with scheme owner requirements.
- 4.2.4 Man-day for single site certification will be minimum 1 man-day.
- 4.2.5 Once the offer is completed and after acceptance by Contract Reviewer, a contract is concluded with the applicant.

#### **4.3 Audit**

#### **4.3.1 Audit Planning**

##### **4.3.2 There are three types of audits**

- a) certification audit: initial audit at the company
- b) Annual surveillance assessment (ASA): annual surveillance during the validity period of a certificate. It is a set of activities to monitor the continued fulfilment of requirements
- c) Re-certification audit

##### **4.3.3 The audit-planning is carried out taking into account following aspects:**

- a) The annual surveillance audit within 9 to 12 months of the certificate issue date.
- b) A full re-certification audit shall take place in the fifth year of the certification to maintain certification

##### **4.3.3.1 The Auditor has the following tasks in the Initial Audit:**

- a) Practical implementation of the audit planning
- b) Practical implementation of the documented audit checklists of the applied standard
- c) Completion of the audit checklists
- d) Establishment of the audit findings / results after the end of the audit
- e) Prepare MSPO SCC On Site Summary Report
- f) Control reports of the certification scheme

##### **4.3.3.2 The auditee is required to take corrective action and submit the report to the CB within 1 month from closing date of onsite audit.**

##### **4.3.3.3 The Lead Auditor shall review, accept and verify the corrective action submitted by the auditee. Upon satisfactory resolution of the audit findings, the Lead Auditor shall then prepare the report within 14 working days.**

##### **4.3.3.4 Failure to respond or take any corrective action within the timeframe of 1 month allocated and mutually agreed would result in the discontinuation of the MSPO certification and the auditee will have to repeat the audit.**

##### **4.3.3.5 The auditee may appeal for extension of not more than 30 days in the event of failure to take corrective action on all non-conformities. Acceptance of the appeal is subjected to Lead Auditor approval.**

#### **4.4 Certificate Issue and Surveillance**

##### **4.4.1 Certificate Issue**

##### **4.4.1.1 A review of the certification procedure by appointed persons follows. The audit team leader provides the following records for the purpose of the review:**

- a) contract review records (calculation, certification contract);
- b) audit plan for initial audit;
- c) audit checklist for initial audit;
- d) hand-written notes for initial audit, which allow identification of the requirements of the applied standard and their evaluation;
- e) audit checklist, MSPO SCC On-Site Summary Report and Certification Report for initial audit;

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|  | <ul style="list-style-type: none"> <li>f) current version of the applied standard;</li> <li>g) if necessary management of nonconformities;</li> <li>h) internal technical review report;</li> <li>i) ordering of certificates or draft certificates,</li> <li>j) final approval;</li> </ul> |
| 4.4.1.2  | If the review is positive, the appointed persons release the certification file and the certificate is issued.  |
| 4.4.1.3  | The certificate may be issued only after a positive evaluation of a possibly. Necessary non-conformity management.  |
| 4.4.1.4  | The CB shall notify scheme owner on the granting of the MSPO Certification to the auditee within 7 days.  |
| 4.4.1.5  | Validity of certificate issued is 5 years.  |
| <b>4.4.2 Surveillance audit</b>                        |   |
| 4.4.2.1  | Surveillance audit must be conducted not more than 12 months but not sooner than 9 months from the date of certification decision. A check is made as to whether the prerequisites for issue of a certificate continue to be fulfilled by the relevant elements of the applied standards.   |
| 4.4.2.2  | The surveillance audit shall have the same scope and extension as the preceding initial audit.  |
| 4.4.2.3  | General rule is that the provisions of the certification scheme are to be applied.  |
| 4.4.2.4  | The surveillance audit is carried out to verify   |
|  | a) internal audit and management review,  |
|  | b) previous audit findings,   |
|  | c) complaint handling   |
|  | d) effectiveness of the management system with regards to achieving the certified client's objectives and the intended results of the management system,  |
|  | e) progress of planned activities aimed at continual improvement  |
|  | f) continuing operation control   |
|  | g) Review of any changes in the certification unit which have significant impact on MSPO certification e.g. operation, supply source, MSPO compliant palm oil produced.   |
|  | h) use of logos and / or any other reference to certification   |
| <b>4.4.3 Re-certification Audit</b>                    |   |
| 4.4.3.1  | Re-certification audit shall be carried out in the 5 <sup>th</sup> year of certification 6 months before expiry of the certificate.   |
| 4.4.3.2  | Maintaining certification reviewed result shall be recorded in Review of Certification Period Form.   |
| <b>4.4.4 Un-announced audit and Access to Premises</b> |   |
| 4.4.4.1  | Any individual certificate holder and any member of certificates groups agreed to unannounced on-site audit by MSPO recognised certification bodies.  |
| 4.4.4.2  | The unannounced audit can be requested by the scheme owner or induced by the certification  |

body that was conducting the last regular audit.

- 4.4.4.3 In case of an unannounced audit, and upon further request of the certification body or scheme owner, an operator shall grant unlimited access by the certification body and/or scheme owner representative to its premises and land.

#### **4.5 Corrective Action Request / Non-Compliance and Observation (OFI)**

- 4.5.1 According to The Malaysian Sustainable Palm Oil (MSPO) Certification Scheme and Its Implementation Arrangement [Certification System Document MSPOCS 1/2018, Section 7 Certification Procedure , clause 7.2 For supply chain certification, two general categories 'corrective action request / non-compliance and observation (OFI) will be used

- 4.5.2 Corrective Action Request / noncompliance shall lead to suspension or withdrawal of the certification.

- 4.5.3 Corrective Action Request / noncompliance

A Corrective Action Request / noncompliance shall be considered if,

- a) continue over a long period of time, or
- b) are repeated or systematic, or
- c) affect a wide range of the production, or
- d) are not corrected or adequately addressed by the operator once they have been identified.

- 4.5.4 Non-Conformity Timeline

The Corrective action request timeline commence from the moment when the lead auditor formally presents to operator, with the following timeline:

- a) The certified unit shall propose the correction and corrective action within 3 months from date of closing meeting.

Notes: Action taken to correct a NC may continue over a period of time which is longer than 1 month. However, the operator must take action within this period, which is sufficient to prevent new occurrence of NC within the scope of certification.

- 4.5.5 Consequences of Non-Conformity

The Lead Auditor shall determine whether corrective action have been appropriately implemented. if the Lead Auditor does not consider the action is adequate:-

- a) NC shall lead to immediate suspension of the certificate
- b) Certificate shall not be issue or re-issue or lift suspension of a certificate that has open non-conformance

- 4.5.6 Opportunity for Improvement (OFI). OFI will be raised for improvement purposes. It is not obligatory to respond. However, the management is encourage to submit the improvement made.

#### **4.6 Handling of documents and records on site**

- 4.6.1 In case disagreements occur during the audit with regard to documents and records these may be corrected in writing by the authorised representative of the audited organisation.

- 4.6.2 When replacing incorrect documents, records and/or protocols, both the incorrect and corrected documents must be identification marked clearly and signed by the authorised representative of the audited organisation. Both documents remain with the auditor.

#### **4.7 Rules of Use of Logo**

**4.7.1.1 Control of Claims:** During certification, surveillance and recertification audit, Lead Auditor shall ensure claims are compliance with MPOCC logo usage agreement for the control of claims by the relevant logo user. If multiple Supply Chain models are use in parallel, a sample of claims relating to the use of MSPO Certified Sustainable Oil Palm products shall be check.

**4.7.2** TUV NORD logo shall not be use or displayed on the products.

#### **4.8 Audit management during pandemic outbreak**

**4.8.1** In case of pandemic outbreak in Malaysia, the Certification Body will follow the guidelines established by the Scheme Owner.

**4.8.2** All SCCS audits can choose to be conducted remotely. Remote audits shall use ICT tools as per IAF MD4 and as guided by the ISO 9001 Auditing Practices Group Guidance on Remote Audits. This is applicable for initial, surveillance and recertification audits:

**4.8.3** For the transition period to normalisation, all remote audits for SCCS shall be concluded 3 months from the day upon which travel restrictions have been lifted. Thereafter, all audits shall be conducted on-site;

**4.8.4** The SCCS audit report shall state if the audit was conducted remotely or on-site. The final report shall include all findings raised during the remote audit, indicating the extent and scope of which ICT has been used in carrying out remote audits and the effectiveness of ICT in achieving the audit objectives (Clause 4.2.6 of IAF MD 4);

## **1. DOCUMENTATION OF THE AUDIT**

Audit reports and certificates of TN Malaysia will be kept for 10 years. All audit reports and certificates must be kept in the MSPO folder in the server.

## **2. OTHER RELEVANT DOCUMENTS**

- 2.1 MSPO-SCC-P01 AA Reference values of the calculation of proposals
- 2.2 SSC-P02 Suspension, Withdrawal, Appeal And Complaints for Sustainability Scheme
- 2.3 MSPO-SCC-F01 Application for MSPO SCCS Certification
- 2.4 General Conditions for Certification of Management Systems
- 2.5 TN Malaysia MSPO audit documentation
- 2.6 Requirements, checklists, reports and documents for MSPO SCCS
- 2.7 Summary reporting templates for the respective standards
- 2.8 Malaysian Sustainable Palm Oil (MSPO) Scheme Certification System Procedure issued by Scheme Owner
- 2.9 Circular for the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme in lieu of Covid-19 Outbreak
- 2.10 IAF Mandatory Document for the Use of Information and Communication Technology (ICT) for Auditing / Assessment Purposes (IAF MD4:2018)