

MSPO vs. RSPO

Comparative Study of MSPO and RSPO Standards



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CHAPTER 1: Introduction

Introduction and background

The Roundtable on Sustainable Palm Oil (RSPO) was established in 2004 with its principle objective being to promote the growth and use of sustainable palm oil through co-operation within the supply chain and open dialogue between its stakeholders. This is centred on the RSPO Principles and Criteria for Sustainable Palm Oil Production (RSPO P&C or P&C), adopted in 2007. The RSPO P&C was developed through a multi-stakeholder process, specifically the RSPO Criteria Working Group (CWG) and serves as the standard for RSPO Certified Sustainable Palm Oil (CSPO) – representing around 20% or 12 million metric tons of Crude Palm Oil (CPO) globally. Conforming to international standards-setting best practices as set out by ISO and ISEAL Alliance, the P&C have been adapted to harmonise with national legislation in Malaysia through a Malaysia National Interpretation (MYNI) process. Comprising 8 Principles and 43 Criteria¹, the RSPO P&C is the principle objective; specifically defining sustainable palm oil as comprising of legal, economically viable, environmentally appropriate and socially beneficial management and operations.

In Malaysia, a process for developing a national standard for sustainable palm oil has been led by the Malaysian Palm Oil Board (MPOB). Developed according to national standard setting protocol, the Malaysian Sustainable Palm Oil (MSPO) is a Malaysian Standard (MS). It was developed under the authority the Malaysian Industry Standards Committee on Food, Food Products and Food Safety (ISCU). The Technical Committee on Fats and Oils under MPOB was tasked with developing the MS standard. The MSPO became an official Malaysian Standard (under MS2530) in 2013.

The MSPO and RSPO both serve similar roles for the palm oil industry in Malaysia, with common goals of a sustainable palm oil sector in Malaysia. Both entities are structured in developing a standard that is verifiable for the purpose of product certification and traceability. In addition, both standards target environmental and social subjects relevant to oil palm management and operations. RSPO members in Malaysia with CSPO units and future ones would benefit from understanding each certification system's requirements, where there is convergence or divergence. This is especially pertinent for Malaysian growers with aims to be MSPO-certified.

An understanding of the similarities and differences between both schemes would support future adoption of sustainable practices in Malaysia. Malaysian producers may adapt and organise operations and management to show compliance to criteria in both standards. This negates or decreases potential duplication, streamlines assessment planning for Certification Bodies and management units, and may be a future springboard for step-wise improvements towards RSPO certification by Malaysian producers.

Certification standards and normative documents are designed and published as the exact articulation of the principles and criteria. The specific goal and purpose of this report as provided by the Terms of

¹ This is current based on the endorsed Malaysian National Interpretation Task Force (MYNI-TF) National Interpretation of RSPO P&C as endorsed by the RSPO Board of Governors on 6 March 2015.

Reference (ToR) are to understand the similarities and differences between the MSPO P&C and RSPO P&C. This includes comparison and analysis of both standards, definitions of importance and certification system. Research and analysis covered the following documents:

- Malaysian Sustainable Palm Oil (MSPO) Part 1: General principles (MS 2530-1: 2013)
- Malaysian Sustainable Palm Oil (MSPO) Part 2: General principles for independent smallholders (MS 2530-2: 2013)
- Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for oil palm plantations and organised smallholders (MS 2530-3:2013)
- Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for palm oil mills (MS 2530-4:2013)
- Malaysian Sustainable Palm Oil (MSPO) Scheme: Certification Scheme (Doc. No: MPOB/MSPO/CS/01; 19 Nov 2013)

The comparative analysis of documents was supplemented by a survey to relevant RSPO members in Malaysia and other stakeholders, including MPOB and other relevant agencies (see [Annex 2](#) for survey details).

To achieve the goals as set out in the ToR, this report was created through the application of the following methods:

1. Matching of criteria and indicators (and guidance) with most similar, compatible or relatable specific requirements or subject area.
2. Identification and determination of commonalities, differences and extent of requirements at criteria and indicator level.
3. Determination of commonalities and differences for critical subjects, including:
 - biodiversity conservation/protection,
 - new plantings,
 - Greenhouse Gas (GHG)/emissions
 - land rights/acquisition,
 - Free, Prior and Informed Consent (FPIC)
 - Peatland conversion
 - Workforce rights
 - Labour practices
4. Survey questionnaire of relevant Malaysian RSPO members, Certification Bodies and other stakeholders on views regarding equivalence, commonalities, differences and deficiencies of the MSPO certification standard. See [Annex 2](#) for a breakdown of survey respondents and a summary of views/responses received.

Ideally, a comparison of verifier-level normative guidance would allow precision – offering the opportunity for a granular assessment that would benefit producers seeking pragmatic answers for day-to-day issues in the field. However, only documentation down to indicator level was publicly

available for the MSPO standard. This does not suit to a detailed study but is adequate in forming an understanding of the differences and commonalities between both certification standards.

Despite efforts, the research project was unable to access or view other normative documents that are typically a part of the overall standard and scheme. Amongst others, this study did not access and review the following MSPO normative references:

- Verifiers for certification
- Guidance for indicators implementation
- Standards setting procedure
- Governance structure, redress mechanism

As such, the study did not review elements linked to the 4 subjects above. It instead focusses on assessing the comparative differences and commonalities at criteria and indicators level. The RSPO normative documents reviewed include:

- Principles and Criteria (P&C) for the Production of Sustainable Palm Oil (2013)
- P&C Malaysia National Interpretation (MYNI) (2014)
- Standard for Group Certification (Amended 2013)
- P&C Guidance on Scheme Smallholders (2009)
- P&C Guidance for Independent Smallholders under Group Certification (2010)

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Views expressed in this report are those of Grassroots and not attributed to any others except where it is sourced or referenced in-text.

CHAPTER 2: Comparison of standards

The RSPO Principles & Criteria (P&C) and related criteria documents for smallholders form the benchmark and baseline for comparison.

As a certification standard, the RSPO P&C is more complete, holistic, detailed, articulated and known when placed beside the MSPO standard. The RSPO, as a member of the ISEAL Alliance, has brought its standards setting process in line with recommendations of the ISEAL Code of Good Practice for Setting Social and Environmental Standards (ver. 5.0). This puts the RSPO Standards under the same requirements as other internationally-recognised certification standards for forestry (Forest Stewardship Council, FSC), fisheries (Marine Stewardship Council, MSC) and biofuels (Roundtable on Sustainable Biofuels, RSB). The RSPO Standard has been operational for a longer period than MSPO. Critically, RSPO maintains a set of normative documents covering all relevant aspects of the certification standard and system for public viewing.

In this chapter, comparable, similar, compatible or relatable criteria and indicators for the MSPO standard are compared against relevant aspects of the RSPO standard, and are organised as follows:

- **Table 1:** RSPO Principles and Criteria (P&C) for the Production of Sustainable Palm Oil (2013) vs. MSPO Part 1: General principles (criterion level comparison) – See [Table 1, Annex 1](#) for details
- **Table 2:** RSPO P&C Guidance for Independent Smallholders under Group Certification (2010) vs. MSPO Part 2: General principles for independent smallholders (indicator level comparison of independent smallholders-related standards) – See [Table 2, Annex 1](#) for details
- **Table 3:** RSPO P&C Malaysia National Interpretation (MYNI) (2014) vs. MSPO Part 3: General principles for oil palm plantations and organised smallholders and MSPO Part 4: General principles for palm oil mills (indicator level comparison of mills, estates and scheme smallholders-related standards) – See [Table 3, Annex 1](#) for details

RSPO maintains the unit of certification as the mill, as it provides the clearest point for traceability from a single collection and processing point, whereas MSPO states that ‘a palm oil mill *can* act as the unit of certification of a group.’²

Comparisons were made down to indicator level for both standards to ensure comparable level of detail in the articulation of requirements. In addition, MSPO states that it ‘does not prescribe specific performance criteria’³. This caveat makes uncertain how assessments against the standard would be consistent and predictable for public confidence. The MSPO documents reviewed did not include guidance for implementation of the standard. Weighting of criteria and indicators, expressed as Major and Minor Compliance requirements in the RSPO standard were not provided by MSPO.

² Malaysian Sustainable Palm Oil (MSPO) Scheme – Certification Scheme (MPOB/MSPO/CS/01). Page 11 – 5.3: Palm Oil Mill as a Unit of Certification.

³ Malaysian Sustainable Palm Oil (MSPO) MS 2530-1:2013 Part 1: General principles. Page 1 – Scope.

Ratings for MSPO equivalence to the RSPO standard are colour-coded. The colour coding designations are as follows:

	MSPO fulfils RSPO requirements
	Standard requirements partially meet
	MSPO does not fulfil RSPO requirements

The organisation and subdivision of the differences and commonalities between the RSPO and MSPO standards are elaborated in this section. The differences and commonalities provided are directly referenced to the detailed comparative tables provided in [Annex 1](#). Due to its significance, the comparisons for plantations and mills ([Table 3, Annex 1](#)) and overarching comparisons ([Table 1, Annex 1](#)) form the core of the findings in this section.

Selection criteria rationale for each of the colour coded ratings of both standards is as follows:

- **GREEN (MSPO fulfils RSPO requirements)**
Criterion language reflects comparably in objectives, intent and extent. Specific requirements, mainly expressed in indicators, reflect comparably and have similar objectives, extent and rigour. Criteria between standards deemed as equivalent are listed below (see [‘GREEN: MSPO fulfils RSPO requirements’](#)).
- **ORANGE (MSPO and RSPO requirements partially meet)**
Criterion language reflects somewhat comparably, but lack components, or indicator requirements are not comparably similar. The intent reflected at criterion or indicator level is acceptable as similar when compared, and differences found do not detract from the similarity of intent. Where there is insufficient language at criterion or indicator level, or when read with the definitions applied, it is categorised as partially meeting. Differences in definitions and/or extent of requirements at indicator-level are categorised as partial.

MSPO criteria that partially meet RSPO requirements are presented in (see [‘ORANGE: RSPO exceed MSPO requirements’](#)) below. RSPO criteria that partially meet MSPO requirements are presented in (see [‘ORANGE: MSPO exceeds RSPO requirements’](#)) below.

- **RED (MSPO does not fulfil RSPO requirement)**
RSPO criterion not materially addressed by MSPO, including RSPO criteria with no MSPO comparative. MSPO criteria and indicators that had divergent or contradictory intent as understood when read together with definitions were categorised as not fulfilling RSPO requirements. Significant differences in the scope of MSPO requirements that diminish the overall extent of criteria and indicators are included in this category. This is presented in (see [‘RED: RSPO criteria unfulfilled by MSPO’](#)) below.

N.B. Standards-related criteria or indicators quoted are *italicised* in this section.

Results from the comparison of RSPO and MSPO standards categorised according to color codes applied are as follows (see [Annex 1](#) for details):

- RSPO Principles and Criteria (P&C) for the Production of Sustainable Palm Oil (2013) vs. MSPO Part 1: General principles (criterion level comparison):
10 green (23%), 20 orange (47%) and 13 red (30%)
- RSPO P&C Guidance for Independent Smallholders under Group Certification (2010) vs. MSPO Part 2: General principles for independent smallholders (indicator level comparison of independent smallholders-related standards):
7 green (16%), 14 orange (33%) and 22 red (51%)
- RSPO P&C Malaysia National Interpretation (MYNI) (2014) vs. MSPO Part 3: General principles for oil palm plantations and organised smallholders and MSPO Part 4: General principles for palm oil mills (indicator level comparison of mills, estates and scheme smallholders-related standards):
5 green (12%), 25 orange (58%) and 13 red (30%)

N.B. Calculations are based on a total of 43 RSPO criteria analysed.

GREEN: MSPO fulfils RSPO requirements

<p>RSPO Criterion 1.1: <i>Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</i></p> <p>MSPO Principle 2/Criterion 1 and corresponding indicators P2/C1/Part 3/I1 and P2/C1/Part 4/I1 fulfil requirements set out by RSPO Criterion 1.1 and corresponding indicators.</p>
<p>RSPO Criterion 1.2: <i>Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</i></p> <p>MSPO P2/C1/I2 fulfils requirements set out by RSPO Criterion 1.2 and corresponding indicators.</p>
<p>RSPO Criterion 4.7: <i>An occupational health and safety plan is documented, effectively communicated and implemented.</i></p> <p>MSPO P4/C4 (Part 3 & Part 4) fulfils requirements set out by RSPO Criterion 4.7 and corresponding indicators.</p>

RSPO Criterion 5.4: *Efficiency of fossil fuel use and the use of renewable energy is optimised.*

MSPO P5/C2 (Part 3 & Part 4) fulfils requirements set out by RSPO Criterion 5.4 and corresponding indicators.

RSPO Criterion 6.7: *Children are not employed or exploited.*

MSPO P4/C5/I4 (Part 3 & Part 4) fulfils requirements set out by RSPO Criterion 6.7 and corresponding indicators.

ORANGE: MSPO exceeds RSPO requirements

MSPO P3/C1/I4: *The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.*

I4 ensures MSPO P3/C1 (*Regulatory requirements*) exceeds RSPO Criterion 2.1.

MSPO P6/C2/Part 3/I4: *The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.*

I4 exceeds RSPO requirements (indicators) under the matching RSPO criterion (RSPO Criterion 3.1).

MSPO P6/C1/Part 4/I2: *The management shall conduct regular inspections on compliance with the established traceability system.*

AND;

MSPO P6/C1/Part 4/I4: *Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.*

Requirements for I2 and I4 are not required by RSPO. These requirements are reflected in the MSPO "Palm Oil Supply Chain Traceability Requirements" document⁴.

MSPO P5/C5/Part 4/I1/c: *Ways to optimise 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.*

Additional requirement not addressed by RSPO Criterion 4.4.

⁴ The scope of the document states the traceability requirements therein are: "applicable to company (sic) that take legal ownership and physically handle MSPO certified products throughout the palm oil supply chain."

<p>MSPO P5/C5/Part 4/I2: <i>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.</i></p> <p>MSPO indicator I2 above exceeds RSPO requirements under matching RSPO Criterion 4.4.</p>
<p>MSPO P5/C5/Part 3/I3: <i>Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).</i></p> <p>Requirement not addressed by RSPO (ref. RSPO Criterion 4.4).</p>
<p>MSPO P4/C5/I4: <i>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.</i></p> <p>Requirement is more specific than RSPO Criterion 6.5.</p>
<p>MSPO P4/C5/I10: <i>Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions (Part 4: improvement of social surroundings).</i></p> <p>Requirement exceeds requirements under RSPO Criterion 6.5.</p>
<p>MSPO P4/C6/I3: <i>A continuous training programme should 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.</i></p> <p>Requirement exceeds RSPO Criterion 4.8.</p>
<p>MSPO P5/C1/I5: <i>An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.</i></p> <p>Additional requirement not addressed by RSPO Criterion 5.1.</p>
<p>MSPO P5/C1/I6: <i>Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.</i></p> <p>Additional requirement not addressed by RSPO Criterion 5.1.</p>

MSPO P5/C3/Part3/I2: A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:

- a) Identifying and monitoring sources of waste and pollution.
- b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products.

AND;

MSPO P5/C3/Part 3/I3: The 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.

MSPO requirements are more specific and exceed requirements in RSPO Indicator 5.3.3.

MSPO P5/C3/Part 4/I2: 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

AND;

MSPO P5/C3/Part 4/I3: 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.

MSPO requirements are more specific and exceed requirements in RSPO Indicator 5.3.3.

MSPO P4/C2/I3: A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.

AND;

MSPO P4/C2/Part 3 & Part 4/I4 (awareness that complaints can be made at any time)

Exceed requirements under RSPO Criterion 6.3.

MSPO P4/C5/I4: Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.

Exceed requirements under RSPO Criterion 6.5 because requirements extend to employees of contractors.

MSPO P4/C5/I10: Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions (Part 4: improvement of social surroundings).

Exceed requirements under RSPO Criterion 6.5.

MSPO P1/C1: *There shall be a policy on the implementation of this MS on Malaysian sustainable palm oil (MSPO) by the organization to demonstrate its commitment.*

No equivalent criterion in RSPO Principle 8.

MSPO P1/C2: *Internal audit shall be planned and conducted regularly to determine the strong and weak points during the implementation of the MSPO in order to identify opportunities for further improvement.*

No equivalent criterion in RSPO Principle 8.

MSPO P1/C3: *Top management shall periodically review the requirements for the effective implementation of MSPO and the opportunities for improvement.*

No equivalent criterion in RSPO Criterion 8.1 – RSPO Indicator 8.1.1 can form basis for fulfilling MSPO P1/C3/I3.

ORANGE: RSPO exceed MSPO requirements

RSPO Criterion 2.2: *The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.*

MSPO P3/C2 (Legal land use rights) does not address:

- NCR recognition elements (RSPO Indicators 2.2.1, 2.2.2) inadequate under relevant MSPO Indicators I2 (The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land) and I3 (Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable)
- Absence of land conflict (RSPO Indicator 2.2.4)
- Participatory mapping of dispute areas (RSPO Indicator 2.2.5)
- No evidence of instigated violence by company (RSPO Indicator 2.2.6)

RSPO Criterion 2.3: *Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.*

MSPO P3/C3 (Customary rights) does not address RSPO Indicator 2.3.2 evidential requirements, with the following RSPO indicators not covered by MSPO I2 (Maps of an appropriate scale showing extent of recognized customary rights shall be made available) and I3 (Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available):

- 2.3.2. a) evidence of a consultative plan to be developed between the company and communities;
- 2.3.2. b) evidence that the company has respected communities' decisions; or,
- 2.3.2. c) evidence that legal, economic, environmental and social implications have been understood and accepted by affected communities.

RSPO Criterion 4.3 *Practices minimise and control erosion and degradation of soils.*

MSPO P6/C1/Part 3/I2 (Implementation of soil conservation measures) does not include key requirements or specific measures under the following RSPO indicators:

- 4.3.1 and 4.3.2 (map and management strategy);
- 4.3.3 (road maintenance);
- 4.3.4 (peat soils);
- 4.3.5 (drainage); or,
- 4.3.6 (fragile/problem soils).

RSPO Criterion 4.4: *Practices maintain the quality and availability of surface and ground water.*

MSPO P5/C5/Part 4/I1 (establishment of a water management plan) meets RSPO Indicator 4.4.2, with difference in application of activities for maintenance of water quality as a plantation management requirement. MSPO requirements for water management extend to the establishment of plans, whereas RSPO requirements focus on results. MSPO P5/C5/Part 4/I1 also partially meets RSPO Indicator 4.4.3, with difference in application like in RSPO Indicator 4.4.2 (above) being the determining factor.

The MSPO requirement for MSPO P5/C5/Part 4/I1/b) (Monitoring of outgoing water which may have negative impacts into the natural waterways) extends to establishment of plans, where RSPO requires performance compliance.

RSPO Criterion 4.6: *Pesticides are used in ways that do not endanger health or the environment.*

RSPO requirements for pesticides use (Criterion 4.6) includes specific evidence not mirrored in the less detailed MSPO standard.

MSPO P4/C4/I2 (occupational safety and health plan) contain elements that relate to RSPO Criterion 4.4.

The following RSPO indicators are partially addressed:

- 4.6.5 (pesticides handling and use, training, provision and use of safety equipment);
- 4.6.6 (pesticide storage and disposal best practices); and,
- 4.6.10 (demonstration of proper disposal of waste material).

MSPO P4/C4/I2 (occupational safety and health plan) contain lower requirements for compliance on use of pesticides (I2/e) than required in RSPO Indicator 4.6.4. Requirements under MSPO P4/C4/I2 (occupational safety and health plan) extend to the establishment of plans, whereas RSPO requires evidence of performance compliance.

RSPO Criterion 5.1: *Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.*

RSPO Criterion 5.1 (environmental management) extends to include replanting, which is not covered by MSPO P5/C1. MSPO P5/C1 does not fulfill or specify requirements for RSPO Indicator 5.1.3 (requirement for review of plan at a minimum of every two years to reflect the results of monitoring).

<p>RSPO Criterion 5.2: <i>The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</i></p> <p>MSPO Standard Part 4: General principles for palm oil mills; do not include requirements for biodiversity management (P5/C6) required under RSPO Criterion 5.2.</p> <p>MSPO P5/C6/Part 3/I1 (Information of habitats and conservation status) and P5/C6/Part 3/I2 (management plan and operations) do not fulfill the following indicators under RSPO Criterion 5.2:</p> <ul style="list-style-type: none"> • 5.2.3 (programme to regularly educate the workforce on RTE species and appropriate disciplinary measures); • 5.2.4 (monitoring of RTE/HCV action plan); and, • 5.2.5 (evidence of an agreement with local communities for safeguarding HCVs and their rights where HCV set-asides have been identified).
<p>RSPO Criterion 5.5: <i>Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</i></p> <p>MSPO P5/C7/Part 3 does not add reference to ASEAN Policy on Zero Burning guidelines for implementation, but less specific "<i>regional best practice</i>". However, MSPO P5/C7/Part 3/I4 prescribes some zero burning best practices.</p>
<p>RSPO (Indicator ONLY) 5.6.3: <i>A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</i></p> <p>Monitoring system not included in requirements for MSPO P5/C4 (Part 3 and Part 4).</p>
<p>RSPO (Indicator ONLY) 6.2.3: <i>A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained.</i></p> <p>MSPO P2/C2/I3 (maintenance of stakeholders list, records of consultation, communication and actions taken) does not specify requirements for proactive efforts by the company to ensure understanding by affected parties.</p>
<p>RSPO (Indicator ONLY) 6.3.1: <i>The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</i></p> <p>MSPO P4/C2 requirements do not ensure anonymity of complainants and whistleblowers, where requested.</p>
<p>RSPO (Indicator ONLY) 6.5.4: <i>Demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food</i></p> <p>RSPO requirements are not fulfilled by MSPO P4/C5/I11. MSPO Indicators (P4/C5/I11 and P4/C5/Part 3/I11) also show different requirement levels for plantations (MSPO Part 3) against others (most relevant MSPO Part 4 - Mills).</p>

<p>RSPO Criterion 6.8: <i>Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</i></p> <p>MSPO P4/C5/I2 (management not engaged or support discriminatory practices) is less stringent and lower than RSPO Criterion 6.8 that requires a prohibition. MSPO P4/C5/I2 does not fulfil the following RSPO indicators due to lack of details:</p> <ul style="list-style-type: none"> • 6.8.1 (documentation of equal opportunities policy); • 6.8.2 (evidence that employees and groups have not been discriminated against); and, • 6.8.3 (demonstration that recruitment selection, hiring and promotion are based on skills, capabilities, qualities and medical fitness necessary).
<p>RSPO Criterion 6.10: <i>Growers and millers deal fairly and transparently with smallholders and other local businesses.</i></p> <p>MSPO P6/C3/I1 does not fulfil requirements under RSPO 6.10.2 in ensuring availability of evidence that growers/millers have explained FFB pricing and documentation of pricing mechanisms and inputs/services.</p> <p>MSPO P6/C3/I2 does not fulfil requirements under RSPO 6.10.3 because it does not require availability of evidence that all parties understand contractual agreements and contracts are fair, legal and transparent.</p>
<p>RSPO Criterion 6.11: <i>Growers and millers contribute to local sustainable development where appropriate.</i></p> <p>MSPO P4/C3/Part 3 & Part 4/I1 does not address smallholder productivity improvement component of RSPO Indicator 6.11.2.</p>
<p>RSPO Criterion 6.13: <i>Growers and millers respect human rights.</i></p> <p>MSPO P4/C5/I1 (establishment, endorsement by management and communication of policy on good social practices regarding human rights) does not include specific requirements for children of foreign workers in Sabah and Sarawak in RSPO Indicator 6.13.2.</p>
<p>RSPO Criterion 7.1: <i>A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.</i></p> <p>MSPO P7/C3 does not include expanding existing plantations within its scope. MSPO P7/C3/Part 3/I4 (documentation of impacts and implications of smallholder schemes and development, implementation, monitoring and review of plans) exempts developments under 500ha.</p>
<p>RSPO Criterion 7.2: <i>Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.</i></p> <p>MSPO P7/C4 does not include requirements for soil surveys. MSPO P7/C4/Part 3/I2 does not extend topographic information inputs into plans and operations as required by RSPO Indicator 7.2.2.</p>

<p>RSPO Criterion 7.4: <i>Extensive planting on steep terrain, and/or marginal and fragile soils, including peat, is avoided.</i></p> <p>MSPO P7/C5/Part 3/I1 does not specify requirement for maps and elevation cut-off height as those in RSPO Indicator 7.4.1. MSPO P7/C5/Part 3/I1 defers full requirement to laws of the land, leading to ambiguity.</p>
<p>RSPO Criterion 7.6: <i>Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</i></p> <p>RSPO Indicator 7.6.6 (availability of evidence that adequate efforts have been made to enable affected communities access to information and advice) is not fulfilled by MSPO.</p>
<p>RSPO Criterion 7.7: <i>Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</i></p> <p>MSPO P5/C7/Part 3 does not add reference to ASEAN Policy on Zero Burning guidelines for implementation, but less specific '<i>regional best practice.</i>' However, MSPO P5/C7/Part 3/I4 prescribes some zero burning best practices (N.B. Same reason for RSPO 5.5 above).</p>

RED: RSPO criteria unfulfilled by MSPO

<p>RSPO Criterion 1.3: <i>Growers and millers commit to ethical conduct in all business operations and transactions.</i></p> <p>No equivalent criterion in MSPO.</p>
<p>RSPO Criterion 4.2: <i>Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</i></p> <p>No equivalent criterion in MSPO.</p>
<p>RSPO Criterion 4.5: <i>Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</i></p> <p>No equivalent criterion in MSPO.</p>
<p>RSPO Criterion (partial) 5.2: <i>The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</i></p> <p>MSPO P5/C6 (Status of species and high biodiversity areas) does not extend to Part 4 (Mills).</p>

RSPO Criterion (partial) 5.5: *Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.*

MSPO P5/C7 (Zero burning practices) does not extend to Part 4 (Mills).

RSPO Criterion 6.1: *Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.*

MSPO P4/C1 (Social Impact Assessment) does not mention in specific terms the intent and scope of a Social Impact Assessment and rudimentary indicator requirements do not meet RSPO Criterion 6.1 Indicators.

RSPO Criterion 6.2: *There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.*

MSPO P2/C2 (*Procedures for transparent consultation and communication with the relevant stakeholders shall be established*) reduces inclusivity requirements compared to RSPO Criterion 6.2. It is unclear how "relevant stakeholders" is defined.

RSPO Criterion 6.3: *There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.*

MSPO P4/C2/Part 3 & Part 4 (*Complaints and grievances*) do not include elements of mutually agreed system and acceptability required by RSPO.

RSPO Criterion 6.4: *Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.*

MSPO P4/C2 does not require element of mutually agreeable and acceptable grievance mechanism.

MSPO P7/C6/Part 3/I6 (establishment and implementation of a system for identifying people entitled to compensation and for calculating and distributing fair compensation) does not fulfil RSPO Indicator 6.4.2 in the following requirements:

- monitoring and evaluation in a participatory way;
- corrective actions taken as a result of evaluations.

MSPO P7/C6/Part 3/I7 (documentation and availability of process and outcome of any compensation claims) does not fulfil RSPO Indicator 6.4.3 on requirements for evidence of participation of affected parties.

RSPO Criterion 6.6: *The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.*

MSPO P4/C5/I3 recognition only reaches adherence to national laws for containing the rights of workers to unionisation, collective bargaining and association. MSPO P4/C5/I3 does not extend recognition to "all personnel" (in RSPO) but only extends rights to employees. MSPO P4/C5/I3 does not fulfill RSPO indicator requirements as follows:

- 6.6.1 (freedom of association statement publishing);
- 6.6.2 (meeting minutes and documentation).

RSPO Criterion 6.9: *A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.*

MSPO P4/C5/I12 (establishment of policy to prevent all forms of sexual harassment and violence) does not provide the scope or demonstrate issue-awareness (of the topic) or implementation of policy. No equivalent indicators under MSPO P4/C5 for the following RSPO indicators:

- 6.9.2 (implementation and communication of a policy to protect the reproductive rights of all); and,
- 6.9.3 (establishment of a specific grievance mechanism).

RSPO Criterion 6.12: *No forms of forced or trafficked labour are used.*

No equivalent criterion in MSPO.

RSPO Criterion 7.3: *New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values (HCVs).*

MSPO P7/C1 does not provide a cut-off date for replacement of primary forests. No equivalent indicators under MSPO P7/C1/Part 3/ I1 and I2 for the following RSPO indicators:

- 7.3.1 & 7.3.2 (implementation of HCV assessments, stakeholder consultation, land-use change analysis);
- 7.3.3 (operations dates recording);
- 7.3.4 (action plan); and,
- 7.3.5 (affected communities considerations).

RSPO Criterion 7.5: *No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.*

MSPO P7/C6 recognition of 'owners' is lower than RSPO requirements. Land claims and consent do not extend to demonstrated legal, customary or user rights, but claims are on "*recognised customary land*" (definition unclear) and consent based on "*owners.*"

MSPO P7/C6/Part 3/I1 (no new plantings established on recognised customary land without FPIC and documented system that enables stakeholders to express their views) does not specify requirements for evidence that affected local peoples have understood they have the right to say 'no' to operations planned on their lands throughout the entire negotiation process under RSPO Indicator 7.5.1.

RSPO Criterion 7.8: *New plantation developments are designed to minimise net greenhouse gas emissions.*

No equivalent criterion in MSPO.

Description and comparative differences of both certification systems

The MSPO Certification systems are elaborated under the MPOB document number MPOB/MSPO/CS/01 (*Certification Scheme*). The document provides the structure, process and conditions under which MSPO certification procedures are managed, administered and conducted. It is the primary reference used in this report for comparison against RSPO's Certification Systems and other certification and assessment-related protocol in RSPO.

The MSPO Certification Scheme (MSPO CS) references the ISO 17021 (Conformity assessment requirements) and IAF MD 1:2007 (Multiple sites certification based on sampling) amongst other MPOB codes and the MSPO standards as the key reference by which the MSPO CS claims conformity towards. The MSPO CS is essentially the protocol for a Third-Party verifier (as inferred by the reference to the ISO 17021⁵) and mirrors broadly the structure and code of practice applied in Third-Party certification schemes.

MSPO provides certification options that are reflective of the organisational types in the Malaysian oil palm growers sector (see MSPO CS Ch.5; page 8). Aside from individual company certification⁶, MSPO provides options for 'Group Certification' with similar pre-conditions for qualification to be a certification candidate (auditee) as those found in RSPO; namely the requirement for a Group reference point. In addition, MSPO also provides for and accommodates mills that have mixed inputs (own plantations or smallholders and third parties). Standards Malaysia is the accreditation agency for the MSPO certification system.

The MSPO CS protocol is structured and presented as a 2 phase process in full. However, dependent upon whether a candidate has obtained RSPO certification previously, the determination of the starting point for a potential certification candidate is dictated by existing practices or performance levels. At onset, candidates are required to achieve 'Stage I Audit' (see 7.1: 2.1 on pages 14 - 15), and stated on the MSPO CS as being "Initial due-diligence audits for operators entering into the MSPO

⁵ See MSPO CS document (page 12): "The Standards Malaysia accreditation system is in accordance with the credible international standard such as MS ISO/IEC 17021 or others to ensure that the accreditation services provided are impartial, non-discriminatory and credible."

⁶ MSPO's definition for an "Individual certification" includes plantations, mills and smallholders; who may "apply for individual MSPO certification of their premises." (See MSPO CS Glossary of Terms, page 4 - "Individual certification")

system" (2.2, page 15) from an uncertified baseline but already possessing ISO-type management systems certification. RSPO certificate holders are exempted from conducting Stage I audits⁷. After this stage, stakeholder consultation is required. However, it is noteworthy that MSPO does not specifically or explicitly state the need for public consultation or access to comment on potential performance issues with a certification candidate. As well, a caveat calls for the "outcome of the discussion with the stakeholders duly endorsed by both parties [sic]" (7.1: 3.1) page 15). Stage II Audits involve the visit of the certification team on-site to conduct desk and field observations of compliance to the relevant MSPO Standard. At this stage, any non-conformities are raised and plans agreed for corrective actions, plans and deadlines are agreed between the candidate and the assessors. Audit surveillance visits are done using a sampling methodology that only considers a limited surveillance of the entire operations as representative of the entire operations.

The authority to award an MSPO certificate appears to be the prerogative of MSPO itself. Under 5.3 of the MSPO CS (under 7.1, page 16), the certification panel of MSPO awards the certificate after deciding upon the final report submission from the assessors (or CBs).

As mentioned earlier in this chapter, MSPO does not provide for performance indicators. It follows ISO 9000 or other similar schemes that are "Risk Management Approach"⁸ oriented. Upon awarding of the certificate, annual surveillance is carried out, as commonly required of most certification schemes. The period for these annual surveillances is mandated by MSPO as between 12-18 months of certification. While not explicit or specifically stated within the MSPO normative documents available to this study, the overall reading as well as considering inputs and comments from survey participants suggests this is the approach or mechanics applied for determining verification indicators for MSPO audits.

⁷ MSPO also waives Stage I Audits for those with RSB, ISCC and potentially other certifications, and not exclusively RSPO only.

⁸ See MSPO CS Glossary of terms "Risk Management Approach" on page 6 for elaboration of the MSPO conceptualisation.

CHAPTER 3: Comparison of environmental and social criteria, indicators and definitions

A holistic comparison between both schemes would minimally require the desk review of equivalent protocol, operations or normative documents that are essential components of any certification scheme. During the course of research, accessing relevant MSPO protocol and normative documents that provide substantive details on the functioning of the standard and system proved challenging to acquire, resulting in less than ideal baseline information on MSPO. The limitation of information challenged the comparison between both standards. In key criteria elements discussed in this chapter, the overall deficit of MSPO supporting information influences the evaluation.

Taking into account these limitations, this chapter attempts to synthesise the information, analysis and comparisons between standards (See [Annex 1](#) – comparison tables) together with core concepts as described in the definitions for each standard. An overall opinion considering all relevant and available elements of the standards, particularly considering the implications of how definitions further impact the comparability of criteria is provided in this chapter. The weighting of issues RSPO provides via determining Major and Minor criteria requirements – unequivocally affecting the approach and priorities of operations – could not be considered because MSPO does not identify key issues to be prioritised and expressed in its standard.

Definitions, baselines, articulation of concepts within MSPO

Definitions are crucial components of a standard, providing clear articulation of concepts or terms applied in the requirements of the standard itself. The MSPO provides a set of definitions that are applied (MSPO, Part 1, Chapter 3 ‘Terms and definitions’) for the interpretation of terminology contained in the criteria and indicators. For the purpose of this study, the following MSPO definitions are examined:

- 3.1 biodiversity
- 3.3 customary rights
- 3.4 environmental impact assessment (EIA)
- 3.6 greenhouse gas (GHG)
- 3.7 high biodiversity value;
- 3.8 natural vegetation
- 3.9 peat soils
- 3.10 primary forest
- 3.11 social impact assessment (SIA)
- 3.12 social and environmental impact assessment (SEIA)

Based on published standards for MSPO (in particular Part 1), definitions and terminology are not referenced or benchmarked against known international norms, practices, protocol or best practice. To a large extent the base reference or benchmark of MSPO requirements are rooted in Malaysian national (Federal Acts) or state (State legislation) laws. This leaves interpretation of compliant

practice to the vagaries of competing jurisdictions at various government levels and potential different rules depending on the State the certification candidate operates in (see [Box 1](#) below).

BOX 1: Constitutional and Federal Legal System of Malaysia

As a federated State, Malaysia's constitution sets out the various authority and precedence between Federal and State legislation. As a general understanding, the Federal set of laws provide for taxation, immigration and others as under its jurisdiction. In the case of land-use (having implications on biodiversity and land rights) it falls under the purview of State governments. In addition, differing agreements for federalisation between States in West vs. East Malaysia provide for different "lists" of State authority in Sabah and Sarawak. Legislation at different levels of government are not necessarily aligned, consistent, or even assumed to be in congruence or void of contradiction.⁹

Biodiversity-related definitions (3.1, 3.4, 3.7, 3.8, 3.10)

MSPO contains 5 biological diversity and related definitions, which can be found in Part 1, Chapter 3 of the MSPO Standard. They include definitions of *Biodiversity* (3.1), *Environmental Impact Assessment* (3.4), *High Biodiversity Value* (3.7), *Natural Vegetation* (3.8), and *Primary Forest*. These definitions are compared against the following RSPO definitions¹⁰:

- High Conservation Value (HCV) areas
- Environmental Impact Assessments (EIA)
- Primary forest
- Restore

Environmental Impact Assessment (MSPO & RSPO):

MSPO defines EIAs as a 'study' against RSPO (process). Both definitions point towards assessing impacts and preparing of actions or plans for addressing or mitigating identified impacts. Both definitions are **compatible** overall.

Biodiversity, High Biodiversity Value (MSPO) against HCV areas, restore (RSPO):

The MSPO biodiversity definition is less refined and exact when compared to the HCV concept of biodiversity. High-Biodiversity Value is defined along 3 specific lines including primary forest (see below), legally gazetted spaces and areas of importance (ambiguous wording). The HCV concept is based on internationally recognised processes and tools. The definitions of HCV are science- and stakeholder-consultation based. RSPO's definition includes 6 Values, encompassing biodiversity of plants and animals, ecosystem services and community needs. The MSPO definition does not take the

⁹ Various sources provide elaboration on the different jurisdictions of federal and state powers. A basic structural explanation of the Malaysian government structure can be found here:

<http://www.globalsecurity.org/military/world/malaysia/government.htm>

State government powers can also be found here:

https://en.wikipedia.org/wiki/State_governments_of_Malaysia

¹⁰ Found on the RSPO National Interpretation for Malaysia (6 march 2015).

holistic approach of HCV while excluding social components and restricts itself to government dictated terms of biodiversity value instead of prioritising maintenance or enhancement of biodiversity value. RSPO also includes habitat restoration as a key component that is not required (and thus undefined) by MSPO. Due to the narrow scope and reduced consideration of other views or stakeholders, the MSPO High Biodiversity Value compares against HCV as **incompatible**. The holistic view of the RSPO definitions further contributes to the incompatibility.

Natural vegetation, primary forest (MSPO against RSPO):

Both standards have near identical definitions of natural vegetation, and are **compatible**. RSPO's acknowledgment of "present cover" and "natural regeneration" as a part of its primary forest definition extends a wider recognition of potential areas. MSPO also specifically excludes customary lands (e.g. community forests or territory) from its definition. The MSPO definition for primary forests has a narrower definition, omitting recognition of regenerated forests and community forest areas. In comparison MSPO places a lower value than RSPO that can result in a physical area having contradictory treatment or requirements. The respective definitions between the standards are **incompatible and conflicting**.

Land rights-related definitions (3.3, 3.11, 3.12)

MSPO has 4 land rights-related definitions, namely *customary rights* (3.3), *social impact assessment (SIA)* (3.11), *social and environmental Impact assessment (SEIA)* (3.12) and *stakeholders* (3.13). In comparison, RSPO has 3 definitions and Annex 4 (guidance on determining validity of claims), which are as follows:

- Rights
- Undue influence
- Stakeholders
- Guidance notes for determining validity of claims in relation to land and user rights within existing and future plantations (Annex 4)

Both standards have definitions that are not reflected for comparison. MSPO's definition 3.11 (SIA) and 3.12 (SEIA) are addressed at RSPO Criterion 6.1. RSPO's definition for undue influence is not addressed by MSPO's definitions.

MSPO and RSPO share the same definition for stakeholders.

Customary rights (MSPO) against Rights (RSPO):

MSPO defines customary rights as those in accordance with state or national laws, which falls short of RSPO's definition of Rights that accept demonstrable rights based on customary, legal or user legitimacy. The MSPO adheres to a static, pre-defined view that is determined by one stakeholder, which poses a fundamental divergence from the consultative, dynamic values currently adopted by RSPO. The application of recognising demonstrable rights to not just legal but user and customary rights-holders are supported by Annex 4. The obvious difference in scope of where local communities are included in the certification unit between both standards could lead to differing or contradictory findings.

Taking into account the substantive difference in values and scope between both standards as well as its implication in application, the definitions between both standards for land rights-related matters are **incompatible and potentially conflicting**.

Carbon emissions-related definitions (3.6, 3.9)

MSPO has definitions for *greenhouse gases (GHG)* (3.6) and *peat soils* (3.9). RSPO-related definitions include High Carbon Stock (HCS) and Low Carbon Stock (LCS) that were not prepared at the latest iteration (2014) of the Malaysian National Interpretation. In addition, RSPO Criterion 7.8 also points out an RSPO carbon calculator tool (PalmGHG) to support further refinement. The MSPO GHG definition provides a list as follows: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs) perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). The element of a calculator provides RSPO with more ability to quantify or refinement not and makes both definitions **incompatible**. MSPO has a clear definition of peat lands, and a similar definition is not provided by RSPO. However, RSPO (see guidance for Criterion 4.3) directs peat land related operations to the 'RSPO Manual on Best Management Practices (BMPs) for existing oil palm cultivation on peat,' June 2012. There is insufficient basis for comparison between both standards.

Requirements for environmental criteria

The MSPO natural environment requirements are mainly defined and elaborated as 'Principle 5: Environment, natural resources, biodiversity and ecosystem services.' In addition, biodiversity considerations are included for new developments under 'Principle 7: Development of new planting.'

Compliance or conformity reference for MSPO's environment-related standards is rooted in legal requirements. Based on the relevant criteria and definitions in the standard, requirements do not call for performance that often surpass existing laws at various jurisdictional levels.

Environmental Impact Assessment (EIA) requirement

MSPO does not explicitly provide thresholds for EIA conduct. It may be inferred that MSPO expects requirements for EIAs to meet national specifications based upon regulations. This inference is made due to the listing of the primary Malaysian EIA regulation listed in the MSPO bibliography (i.e. Environmental Quality Act 1974, Environmental Quality [Prescribed Activities] [Environmental Impact Assessment] Order 1987). Both RSPO and MSPO make compatible requirements on adhering to the relevant Federal (Environmental Quality Act 1974) and State regulations (Sabah and Sarawak). Both standards hold comparable requirements with differences occurring in non-legal compliance indicators of each respective criterion (i.e. RSPO Indicator 5.1.3 on the incorporation of monitoring protocols in action plans, which is not fulfilled, or MSPO Part 3/Principle 5/Criterion 1/Indicator 6 on the organization of regular meetings between management and employees to discuss environmental quality concerns, which exceeds RSPO) as identified in [Annex 1](#) (comparison tables).

ASSESSMENT: The EIA requirements for MSPO and RSPO are **compatible**. Both make reference to the same Federal and State legislation relevant for EIAs. While minor differences occur in the overall demands of the respective standards, the substantive requirements are based on the same set of legislations, assuring similarity in overall EIA quality, approach and scope. The key differences as

shown by RSPO Indicator 5.1.3 and MSPO P5/C1/I6 are unique requirements of the respective standards.

Weaker requirements under MSPO for new plantings however, including waiving existing expansion and size exemptions mean potential disqualification from certification against RSPO's new planting requirements. Therefore, in the area of new plantings, the standards are **not compatible**.

High biodiversity value, natural vegetation and primary forest (MSPO) against RSPO High Conservation Value (HCV) related criteria¹¹

The MSPO definition for high biodiversity value has already been identified earlier as being less in scope, coverage and substance, when compared against the internationally-recognised HCV model adopted by RSPO. The basic assumptions, models and scope that are of such difference would ensure both are not comparable. Actionable indicator elements for MSPO, namely measures for managing the presence of high biodiversity values (Part 3/P5/C6/I2) and corresponding plans (Part 3/P5/C6/I3) lack substance, specificity and are open ended when compared with RSPO-compatible indicators for measures (5.2.2, 5.2.4, 5.2.5) and planning¹² (5.2.1, 5.2.4). RSPO's specific demands for iterative plan-implement cycling, workforce awareness and inclusion of community engagement are not addressed by MSPO. In contrast, MSPO requires only identification of potential impacts by grower activity that "significantly" affects biodiversity values.

For new planting requirements, the definition issue identified above also render MSPO as not compatible to the RSPO. Further, MSPO is not unequivocal in the criterion (Part 1/P7/C1: Development of new plantings – High biodiversity value) as compared with RSPO (MYNI Criterion 7.3). MSPO actively defers to national policy and legislation – and is read as giving the relevant Federal and State authorities full right to define and decide on what areas are considered "high biodiversity value." The distinct difference in depth of requirements would lead to different measurable impacts between an RSPO and MSPO-compliant operating unit.

RSPO biodiversity targets, especially those articulated in HCV application clearly force other elements directly affected and even those with less direct links to the explicit goal of maintaining or enhancing biodiversity values (see [Chapter 2](#) on entry for RSPO Criteria 5.2 and 7.3). This includes such conspicuous elements as identifying human intersections, especially on ecosystem services and pre-existing relationships between standing forests with communities. The element of ensuring contextual compatibility to the broader ecosystem / natural systems as expressed in landscape considerations for HCV assessment and management planning are missing from MSPO's considerations.

ASSESSMENT: MSPO requirements for biodiversity protection on existing operations partially fulfil RSPO requirements. However, the interpretation of indicators likely differs because baseline definitions and concepts between RSPO and MSPO are divergent. RSPO's use of internationally recognised HCV concepts and tools ensures it has a more holistic, robust and effective mechanism to understand and manage biodiversity-related issues. MSPO's "high biodiversity value" approach lacks

¹¹ This includes associated rare, threatened or endangered (RTE) species, primary forest and refers P&C Criteria 5.2 and 7.3.

¹² RSPO provides a definition of "Plan" under Annex 1 of the MYNI (page 68).

substantiation, and its narrow focus externalises key stakeholders including local communities, while it lacks connection to the broader natural environment / ecosystem. The benchmark of adhering to government-selected and defined 'Protected Area' and environmental priorities by MSPO leaves it deficient to RSPO's biodiversity-related standards. Lacking any mention of a deforestation cut-off date, or mechanisms for compensating deforestation, the MSPO clearly lacks critical new planting components, making it less intensive and relevant in comparison to the RSPO standard. Both standards are incompatible in this aspect. At the macro-level comparing how each standard treats the subject of biodiversity protection, the MSPO is **not compatible** with RSPO.

Greenhouse Gas (GHG) emissions requirement

The preamble for RSPO Criteria 5.6 and 7.8 regarding reduction of GHG emissions has emphasised that it is being phased into adoption with a deadline set as December 2016. As well, RSPO has recognised difficulties in measuring as well as feasibility concerns in emissions reduction efforts. By the deadline, PalmGHG or an RSPO-endorsed calculator will be applied for monitoring purposes. As mentioned in the definitions section, MSPO provides a precise definition for GHG, and targets mills for these requirements. MSPO does not provide requirements for measuring emissions or require an emissions reduction plan for implementation. RSPO requirement for carbon stock calculations for new plantings is not addressed by MSPO. On peat plantings (MSPO P7/C2), GHG emissions calculations are not part of requirements.

ASSESSMENT: Pollution reduction criteria and indicators for MSPO are only **partially compatible** with RSPO requirements. By 2017, it is expected RSPO would adopt a calculator tool to allow for reduction or minimisation plans and implementation requirements in the standard. This would widen the gap between RSPO and MSPO in terms of requirements. MSPO does not address emissions issues in new planting requirements.

Waste and pollutants requirements

The key subjects covered under this report are as follows:

Pesticides requirements

RSPO requirements for Integrated Pest Management (IPM) (Criterion 4.5) are not matched by MSPO. On pesticides management, the fewer requirements and brevity of MSPO compared to RSPO Criterion 4.6 leaves a gap between expectations of both standards.

ASSESSMENT: MSPO requirements are only **partially compatible** with those of RSPO for pesticides management. The goals of RSPO imply a higher requirement of evidence of best practice than MSPO's compliance to national laws. However, MSPO does not address IPM issues.

Zero-burning requirements

Both standards refer to national legislation while RSPO adds the ASEAN guidelines as a major best practice reference. ASEAN guidelines are not specifically referenced in the MSPO standard (P5/C7 on zero burning practices). In comparison MSPO P5/C7/Part 3/14 also prescribes specific practices (i.e. previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched). MSPO requirements are **partially compatible** with RSPO requirements.

Waste management (systems) requirements

POME discharge requirements are similar in meeting legal demands, but RSPO's added monitoring component (Indicator 4.4.3) is not reflected in the MSPO standard (under P5/C5/Part 4/I1 on the establishment of a water management plan). In requirements for waste management, the MSPO standard is generally more detailed and granular in requirement compared to RSPO. There are no known requirements between standards to indicate any conflict. Therefore both standards are **compatible**.

Requirements for social criteria

The MSPO social criteria requirements include the following issues or subjects:

- Land and customary rights, including community consultation: 'Principle 3: Compliance to legal requirements;' 'Principle 4: Social responsibility, health, safety and employment conditions;' and 'Principle 7: Development of new plantings.'
- Workers and labour rights, health, safety and conditions: 'Principle 4: Social responsibility, health, safety and employment conditions;' and 'Principle 6: Best practices.'
- Smallholder rights: 'Principle 4: Social responsibility, health, safety and employment conditions;' and 'Principle 6: Best practices.'

Compliance or conformity reference for MSPO's social issues standards are rooted in legal requirements. Based on the relevant criteria and definitions in the standard, requirements do not call for performance that often surpass existing laws at various jurisdictional levels.

Customary and land rights treatment

RSPO's standards are clear in its recognition of rights to land and indigenous peoples that aspire to international codes and requirements for demonstrating best (available) practices to address this important, complex and sensitive issue. In comparing the treatment of land rights issues, both standards defer greatly on the definition, scope and approach. MSPO places boundaries on how it defines customary rights as discussed above in the section on definitions. This definition is utilised in all relevant criteria addressing customary rights and new plantings. Unrecognised (by government) claims are likely deemed illegitimate and not acknowledged by MSPO (Part 3 P3/C3/I2 on the requirement for maps showing extent of recognized customary rights). It impacts and results in divergence and/or dilution in the following requirements:

- Proof of uncontested ownership to land (RSPO Criteria 2.2, 2.3) (MSPO P3/C2, C3)
- Social Impact Assessments (SIA) (RSPO Criterion 6.1) (MSPO P4/C1)
- New plantings - land negotiations and acquisition (RSPO Criteria 7.5, 7.6) (MSPO P7/C6)

This fundamental difference has direct influence on the utilisation of free, prior and informed consent (FPIC) in negotiating land rights under MSPO. There is also no consideration for protecting environmental services for impacted communities. On Social Impact Assessments (SIAs), the brief and generalised requirements of MSPO mean they do not meet RSPO's standard. In key RSPO criteria, including 6.2, 6.3, 6.4 and 7.5 the MSPO standard does not address the issues in the same degree, scope, intent or extent.

ASSESSMENT: The contraction of RSPO's scope and consultation for customary and land rights matters by MSPO will greatly reduce the recognition of rights by those without government-approved ownership. MSPO standards indicate legal compliance and do not extend recognition of the rights to land and customary claims as the RSPO standard explicitly demands. The MSPO standard is **not compatible** with RSPO requirements for customary and land rights. While there are comparable components regarding maps, impact assessments and land acquisition, in each area the RSPO standard exceeds MSPO for specificity and coverage of an issue. Crucially, the fundamental difference in definitions underpins this incompatibility.

Negotiations and land resolution processes (including FPIC)

MSPO's treatment of customary and land rights would likely result in claims by those without government-recognised ownership of the land or legal title not being included or addressed. RSPO standards are clear on incorporating the assurance of Free, Prior and Informed Consent (FPIC) when customary and land rights are being identified or acquired. This includes implementation in subjects including land claims, boundaries, land negotiations and acquisition (new plantings), compensation, and for resolution of conflict. MSPO requirements for negotiations and land acquisitions contain fewer concrete or specific indicators, particularly on expected processes or mechanisms. RSPO's requirement for conflict resolution (e.g. RSPO Criteria 2.2.4, 2.2.5 and 2.2.6) are not present in MSPO. Further requirements for negotiations and compensation only extend to cases where there are "recognised customary rights"¹³. RSPO requirements to ensure equitable and fair resolution of land claims or conflicts (e.g. RSPO Criterion 6.4, Indicators 7.6.6, 2.3.2, 2.3.3 and 2.3.4) are not included in MSPO. In comparison, MSPO's requirements do not provide adequate specific indicators of expected actions or performance (Part 3 P7/C6: Development of new plantings – Customary land).

ASSESSMENT: RSPO criteria call for assurance that the rights of communities and stakeholders are being upheld in its standard. These rights are fundamental and broaden the responsibilities of a certificate holder beyond legal requirements. The specific obligations, articulated in the indicators for RSPO Criteria 2.2, 2.3, 6.4, 7.5 and 7.6 show the expectations of RSPO. In comparison, MSPO's criteria in the same area (P3/C2, P3/C3, P4/C1 and P7/C6) do not have the same level of detail or specificity. The impact of MSPO's definition and treatment of customary rights would influence the scope and results of any negotiations process. When considering how it defines customary and land rights recognition, MSPO standard is **not compatible** with RSPO requirements for negotiations and land acquisition processes.

Workers' rights, health, safety and treatment

Workers' and employees' issues are multi-faceted, reflecting the various impacts faced by workers and employees in oil palm cultivation. The sector in general is highly dependent on human labour, from the earliest plantation establishment to harvesting and processing. Oil palm in Malaysia has unique characteristics and factors worthy of attention when identifying sustainable development from the perspective of worker rights. These rights extend to living wages, health, safety, amenities (and services due to the extreme geographic isolation of many plantations) and security. In general, MSPO requirements that compare against RSPO's workers' rights criteria as weaker. In key areas

¹³ See earlier section in [Chapter 3](#) on MSPO's definition of "customary rights".

MSPO does not have equivalent criteria and leave issues unaddressed, while for most issues identified here, MSPO partially fulfils RSPO requirements.

ASSESSMENT: Overall, MSPO is **not compatible** with RSPO on workers' rights because of glaring deficiencies in requirements and omission of addressing major issues. Detailed comparisons by component are provided below:

- Occupational safety and health (RSPO Criterion 4.7) (MSPO P4/C4): Both standards are generally similar in wording and requirement and deemed compatible.
- Child labour (RSPO Criterion 6.7, MSPO P4/C5): Requirements between both standards are compatible.
- Workplace discrimination (RSPO Criterion 6.8) (MSPO P4/C5): MSPO requirements (MSPO P4/C5/I2 on not engaging in or supporting discriminatory practices and provision of equal opportunity) lack specifics while RSPO poses more stringent prescribed activities. The MSPO standard is partially compatible with requirements in the RSPO standard.
- Human rights policy (RSPO Criterion 6.13) (MSPO P4/C5): The only difference between both standards is RSPO Indicator 6.13.2 on access to education for foreign workers' children in Sabah and Sarawak. The MSPO standard is partially compatible with all RSPO requirements.
- Pay and conditions (RSPO Criterion 6.5) (MSPO P4/C5): Both criteria in the standards contain requirements not fully met, namely RSPO Indicator 6.5.4 (workers' access to food), MSPO Indicators P4/C5/I4 (fair pay for employees of contractors) and P4/C5/I10 (social benefits). Both MSPO and RSPO are partially compatible with each respective standard's requirements.
- Training (RSPO Criterion 4.8) (MSPO P4/C6): MSPO requirements exceed those in the RSPO standard. RSPO is partially compatible with MSPO requirements.
- Pesticides use and handling (RSPO Criterion 4.6) (MSPO P4/C4): RSPO Indicators 4.6.11 (screening), 4.6.12 (breast-feeding women) are not covered, while the overall lack of holistic view in MSPO, lower overall requirements (against RSPO's reference to international conventions) and weaker intent makes MSPO partially compatible with the RSPO standards, with key issues surrounding recognition of contentious pesticides like paraquat being a decisive issue that creates a divergence in approach and intent between standards. However, it is important to recognise that MSPO's "non-issue" approach towards internationally restricted or banned substances in the area of pesticides use may lead to non-conformity of a certification candidate under RSPO requirements thus potentially demonstrating non-compatibility of MSPO to RSPO requirements.
- Grievance mechanism (RSPO Criterion 6.3) (MSPO P4/C2): The lack of ensuring mutually agreeable mechanisms in MSPO Criterion P4/C2 and its indicators creates a divergence of intent (i.e. onus and responsibility placed on the unit of certification). This makes the MSPO standard not compatible with the RSPO requirements.
- Gender, harassment or abuse (RSPO Criterion 6.9) (MSPO P4/C5): MSPO policy is rudimentary, has a smaller scope and lacks the level of detail provided in the RSPO standard. The lack of requirements and specifics leave MSPO as not compatible with the RSPO standard.
- Trade unions (RSPO Criterion 6.6) (MSPO P4/C5): MSPO recognition of bargaining rights does not extend to all personnel (only employees; see MSPO P4/C5/I13 on workers' rights to join trade unions and bargain collectively). This does not indicate inclusion of all strata and types of personnel that RSPO requires. The MSPO standard is not compatible with RSPO requirements.

- Trafficked-and forced labour (RSPO Criterion 6.12): There is no equivalent MSPO requirement. MSPO is not compatible with RSPO requirements.

Smallholder relations

Smallholder dealings (RSPO Criterion 6.10) (MSPO P6/C3): MSPO has a lower requirement than RSPO Criterion 6.10, which has broader scope and more required actions. At indicator level, RSPO Indicators 6.10.2 and 6.10.3 have greater requirements for contractual agreements that are fair and transparent as compared to MSPO's less specific or holistic requirements.

ASSESSMENT: The MSPO standard is **partially compatible** with RSPO requirements.

New Planting procedures

As shown in Annex 1 (comparison tables), MSPO requirements for new plantings are not comparable to RSPO standards. Based on the 8 New Plantings criteria in Principle 7 of the RSPO P&C, it can be seen that critical environmental and social criteria are more articulated, specific and clear in their requirements as compared to the MSPO equivalents.

On environmental issues, MSPO does not specify a deforestation cut-off date in relevant criteria. The smaller scope of biodiversity protection (MSPO requirements are currently defined by Federal and State authorities) under the MSPO "High biodiversity value" criterion (P7/C1) does not meet RSPO's requirements for HCV assessments under RSPO Criterion 7.3. The HCV tool for identifying areas is not matched by MSPO, which does not have an equivalent methodology or tool. There are no requirements for land-use change analysis in MSPO. RSPO requirements for GHG emissions under Criterion 7.8 (as well as any compensation determination) do not have comparable criteria or indicators in MSPO. The MSPO biodiversity and deforestation criteria for new plantings are not compatible with relevant RSPO requirements.

Land rights and acquisition criteria for MSPO are not compatible due to the lack of components, results or evidence when compared to RSPO's requirements. The narrow definition (legal or ownership definition) adopted by the MSPO standard makes it conflict with RSPO. The ramifications of such a definition are described above in the section on 'Negotiations and land resolution processes (including FPIC).' Requirements for stakeholder consultation in RSPO are not fulfilled. Greater articulation of FPIC requirements in RSPO Criteria 7.5 and 7.6 on land rights and land acquisition for new plantings provide clear indication of expected processes and activities to meet the standard. MSPO does not provide more elaboration or articulation of FPIC in the context of its standard. Onus or responsibility expectations are not placed on the unit of certification in MSPO's requirements to the extend RSPO prescribes for upholding local peoples' rights and decisions.

The following RSPO criteria are partially fulfilled by MSPO requirements:

- **Social and Environmental Impact Assessment (SEIA)**
RSPO includes replanting operations within the parameters of Criterion 7.1 (SEIA) and obliges that independent assessors require SEIAs be conducted regardless of size of operations. These

elements are not present in MSPO (P7/C3: Development of new plantings – Social and Environmental Impact Assessment [SEIA])

- **Soil survey**
RSPO requires incorporation of soil surveys into all relevant planning, but this is not indicated in the comparable MSPO standard (P7/C4: Development of new plantings – Soil and topographic information)
- **Steep, marginal, fragile soils and peat**
RSPO requirements provide cut-off altitudes for cultivation, which is not mirrored in the MSPO standard (P7/C5: Development of new plantings - Planting on steep terrain, marginal and fragile soils). MSPO also defers to legislation on marginal and/or fragile soil plantings.

On criteria addressing fire use, RSPO and MSPO are not compatible due to the higher requirements for RSPO on regional best practices as opposed to MSPO's prescriptive requirements in both existing and new plantings.

ASSESSMENT: MSPO New Plantings (Principle 7) is **not compatible** with RSPO New Plantings (also Principle 7) because critical social and environmental issues are not compatible, overlooked, unaddressed or conflicted by the MSPO new plantings criteria.

Impact of MSPO certification system requirements

The MSPO Certification System, as briefly described in Chapter 2, is structured as a two-tier assessment process, using a self-determined set of indicators to measure compliance of a candidate company. Any potential conflicts or incompatibilities due to the unique MSPO structure is not an issue – because the MSPO certification system explicitly makes accommodation for any oil palm operator (growers and mills) with a pre-existing RSPO certificate.

The RSPO identifies and is committed to using the processing unit (palm oil mill) as its unit of certification for the purposes of ensuring ease of tracking certified palm oil along the supply chain. This design is to ensure ability for traceability – particularly important for full or partial traceability requirements. The MSPO certification system does not explicitly and definitively identify a certification unit. In addition, the inclusion of individual grower operations (plantation estates, independent smallholders) as potential certification candidates suggest that traceability controls along the supply-chain may become challenging. In a scenario where a grower sells to an uncertified mill, traceability or claims of certification may be more challenging. The RSPO's more comprehensive set of assessment processes, guidance on issues, stakeholder input gathering, control of claims, grievance mechanisms and public access to information are amongst the specific assessment procedures that are not reflected in MSPO.

CHAPTER 4: Analysis

Key issues and weaknesses of the MSPO normative documents

From the overall or macro perspective, MSPO normative documents as reviewed were found to be poorer in quality compared to equivalent RSPO documents. It contained weaknesses in the presentation and quality of writing. In many instances, quality of written standards, particularly at Indicator level, were poor. It failed to elaborate or identify performance requirements adequately or as objectively quantifiable. This in part attributes to a significant portion of MSPO that partially meet RSPO's standard (see [Chapter 2, 'ORANGE: RSPO exceed MSPO requirements'](#) for details).

Specific weaknesses identified in the reviewed MSPO normative documents challenged the comparative assessment. The review of MSPO standards documents revealed the following weaknesses:

- I. **Inconsistent language used between Criterion and Indicator**
There are instances where wording used by MSPO to describe indicators appear more as language used for describing criteria. For example, MSPO Principle 2/Criterion 1/Indicator 1 states 'The group management shall commit itself to implement and maintain the requirements for traceability,' which is more suitable for describing a criterion.
- II. **Interchangeability of terminology used**
Inconsistent use of auxiliary verbs contributed uncertainty over the intent of MSPO requirements. For example, MSPO P7/C5 (Planting on steep terrain, marginal and fragile soils) uses 'shall' under Part 3/11 ('shall be avoided') while MSPO P7/C2/Part 3/11 (peat land development) utilises 'may' ('may be developed'), which implies a suggestion as opposed to a requirement.
- III. **Inconsistent application of standard across different parts**
There are instances where supposedly identical indicators sighted in MSPO Parts 3 and 4, there are subtle differences or inconsistencies in the words used. However, the repercussions of some of these differences are significant i.e. affects eventual audit checklists. For example, MSPO Part 4 (mills)/P4/C5/I12 states 'The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.' However, MSPO's similar P4/C5/I12 under Part 3 (oil palm plantations and organised smallholders) states 'The management shall establish a policy *and provide guidelines* to prevent all forms of sexual harassment and violence at the workplace.' Whether intentional or not and if rules are applied, an audit checklist used for certifying an estate or smallholder farm would require verifying the existence of guidelines for preventing sexual harassment while a similar checklist for mills, would not.
- IV. **Loopholes in adoption and compliance**
For example, MSPO P4/C5/I13 on collective bargaining and organisation, extends to 'employees,' rather than 'workers' or 'workforce.' In another example, MSPO P7/C6/Part 3/I1

(customary land) derives the major requirement for consent to be obtained from 'owners' rather than 'recognised customary land rights holders' or legitimate claimants. In a third example, MSPO Part 1/P5/C2 states 'Energy use, including renewable energy consumption should be optimized and monitored *where applicable*.' Usage of the disclaiming term 'where applicable' creates loopholes implying optional compliance to a particular criterion.

Furthermore, several issues identified in the MSPO standard play a major role in challenging future plans to integrate both certification schemes based upon common ground or to achieve simultaneous certification:

- MSPO generally places a lower bar on what is the threshold for conformity, thus has a less vigorous or exact interpretation of what key sustainability concepts mean in practice. These issues are most obvious in social and environmental criteria.
- The lack of performance verifiers in the MSPO translates to accepting lower performance outcomes as being 'sustainable', as opposed to RSPO's prescriptive approach – a fundamental requisite amongst stakeholders.
- Standard setting procedures that eschews stakeholder participation and inclusiveness leaves the MSPO deficient in credibility amongst civil society as well as corporate CSR values of buyers who acknowledge the RSPO's conformity to ISEAL's Standard Setting Code.
- Conflicting requirements on some of the most pressing sustainability issues, with MSPO generally taking the 'lowball'¹⁴ approach through narrow interpretations or not addressing critical elements.

Summary of standards comparison

The desktop review of the MSPO standards observed that it compares poorly against the RSPO equivalents. The RSPO Malaysian National Interpretation of the Principles & Criteria (MYNI 2014) document contained guidance for every criterion, was easier to comprehend, elucidated concepts and was laid-out well; when compared to the MSPO standards documents. The weaknesses and issues identified over the course of the desktop review place the MSPO standard in a poorer quality. The lower MSPO requirements in key criteria, particularly for *causes célèbres*¹⁵ like new plantings may lead to vastly different acceptable performance, or conflicting requirements (e.g. deforestation cut-off). The MSPO procedure of using management set targets for verification / lack of performance indicators will become a practical hurdle to any intent for joint assessments.

Options for certification under MSPO broadly support greater adoption amongst smaller estates, independent holdings and mills. Smallholders certification frameworks and structures (scheme and group) mirror RSPO arrangements.

¹⁴ A Lowball/Low-ball approach is a term with business origins, commonly used to describe an unfairly low offer to someone (see Merriam-Webster: <http://www.merriam-webster.com/dictionary/lowball>).

¹⁵ The widespread news, information and public campaigning on the impact of oil palm on the environment, biodiversity and communities has led to greater public sensitivity to the potential issues arising from their consumption of palm oil, so much as to generate controversy in the marketplace.

Certification systems analysis: Discrepancies and differences in assessing against both standards

Taken at face-value; i.e. based on the review of the certification system document for MSPO, the structure for the system roughly mirrors that of RSPO as an orthodox Third-party certification system. As elaborated in [Chapter 2](#), MSPO cites the Malaysian adaptation of the ISO benchmark for conformity assessments (MS ISO/IEC 17021) to claim assurance of impartiality and credibility in its certification system. Key structural and procedural components in MSPO provide indication of the generally similarity of the MSPO system with RSPO's Certification Systems. This includes indication of the following:

- An external accreditation system for Certification Bodies (CB) in the form of SIRIM;
- Appointment of accredited CBs for conformity assessments;
- Use of the Corrective Actions (CAR) approach; and,
- Periodic and scheduled surveillance of certified operations.

The potential discrepancy in the certification assessment requirements caused by a 2-stage approach from MSPO is negated due to MSPO's waiver for RSPO-certified operations wishing to become MSPO certified. It is possibly an ostensible statement from MSPO that infers a seamless tracking for RSPO-certified operations to become MSPO-certified. The differences in intent between the standards on key issues, contradictions and differing performance expectations between the RSPO and MSPO form practical barriers for inferring any potential compatibility. Besides the obvious fundamental approach towards reconciling different verifiers and conflicting/incompatible standards requirements, the following issues need to be considered and addressed comprehensively (or resolution via modifications to either claims or systems) in any future dialogue between both standards:

I. **Chain of custody/unit of certification/traceability**

Unlike RSPO, the MSPO certification system reviewed did not contain any reference to control mechanisms to ensure traceability of product post-certification unit. Chain-of-custody controls and their requisite supply-chain certification and claims are a fundamental, albeit less publicised protocol that is fundamental to the uptake of RSPO by major buyers.

II. **Annual or periodic surveillance of certified unit**

Differences exist in requirements for surveillance visits between both certification systems. The period, conditions and treatment of Corrective Actions (CAR) also have differences that reflect the intensity of application expected by the respective certification schemes. The scheduling requirements for post-certification actions serve to be exclusive of each other.

III. **Stakeholder consultation/public announcements**

The RSPO's requirements for public disclosure and consultation broadly meets those of other international certification systems that claim to meet ISO and ISEAL recommendations. This includes crucial steps in the certification assessment process that are based on ensuring public accessibility to participate in the assessment process at strategic points. This includes the public announcement process and other stages of mandatory access and disclosure steps for CBs and candidate units to comply to. Other consultative processes articulated in the standard form part of basic certification requirements. Consultation requirements of the MSPO

certification system does not measure up against RSPO's requirements and thus excludes potential issues that are not obvious to or not in the interest of companies. The consequence of public participation upon any assessment is obvious as it may materially affect whether candidates achieve key social and environmental criteria.

IV. **Authority to award certificates**

The MSPO maintains control over the award (and logically any modification, withdrawal or suspension) of the certificate to any certification unit. This arrangement not only opposes recognised best practices in effective and credible Third-party certification systems, but in itself decreases transparency, while allowing for undue influence from the owners of the certification scheme into the independent assessment process.

These differences hold implications for any RSPO member seeking MSPO certification. It poses challenges if there are intentions to meet both standards via a single assessment exercise.

Arrangements for certification types offered for producers

The dispensation of an RSPO-certified producer from 'Stage I Audit' of the MSPO system may imply that there is recognition that the scope, veracity and performance targets of RSPO are accepted as definitive. The other potential implied narrative would be that between MSPO and RSPO there appears linear alignment of what each standard requires. The in-depth comparison between both standards (see [Chapter 2](#)) and dissection of key sustainability values (see [Chapter 3](#)) reveal that in fact, there are obvious differences between MSPO and RSPO.

The areas where both standards appear to conflict (see [Chapter 3](#)) require more attention and verification in the field, so as to substantiate and document / record what these potential conflicts manifest as in actual situations.

In the potential situation where any conflicting issues are addressed within the standard or certification system, certified RSPO members (in Malaysia) may consider or need to obtain the following MSPO certifications:

- A. Malaysia oil palm producer companies and RSPO certificate holders (including mills)**
Existing RSPO certificate holders would likely require compliance and certification against 2 MSPO requirements, namely Part 3 (oil palm plantations) and Part 4 (palm oil mills).
- B. Organised smallholder groups and RSPO group certificate holders**
Existing group certificate holders would require compliance and certification against the MSPO Part 2 standards. Government-supported groupings, particularly Smallholder Palm Oil Cluster (SPOC) groups, likely have an advantage in complying with MSPO requirements.
- C. RSPO member scheme certificate holders**
Existing scheme smallholder certification holders would need to meet MSPO Part 3. The MSPO unit of certification is the plantation.

CHAPTER 5: Implications for the Malaysian Oil Palm Sector - Certification Solutions

The following are key issues and challenges to be addressed for a future step-wise approach of moving from MSPO to RSPO certification. These issues require further, detailed examination and comparison in order to be more granular in identifying exact problems or conflicts and eventually finding solutions.

I. Addressing conflicting requirements in the standard

Concepts and scope

A general non-compatibility and even potential conflict between definitions for lightning-rod issues in environmental, biodiversity, land rights, workers' rights and new plantings may reflect a wider difference between RSPO and MSPO at the basic philosophical level. A clearer appreciation of what is considered a sustainability value by MSPO would assist in identifying specific differences of values and concepts.

Environmental criteria

In criteria covering biodiversity, HCV and natural forests, the MSPO is deficient compared to RSPO in articulating adequate standards for biodiversity values. It may serve as a baseline towards meeting RSPO's biodiversity requirements. The tunnel-vision approach of MSPO of what it considers or defines as biodiversity value may disqualify some potential candidates for RSPO certification. This is particularly relevant for HCV-related criteria that demand a holistic consideration of (and responsibility towards) biodiversity values. While in other environmental criteria analysed indicate no major challenges, RSPO requirements generally surpass MSPO's.

Social criteria

On the protection of land rights for indigenous or local communities, the MSPO criteria lag behind RSPO for specificity, completeness, intent and clarity. The general non-compatibility of MSPO criteria in this subject area presents a major obstacle for coming to some commonly acceptable set of values between standards. The potential conflicting definitions may exacerbate the gulf between both standards.

On workers' rights, the MSPO was deficient compared with RSPO's broader scope of recognised rights, specificity in requirements, intent and clarity. Potential conflict in the defined scope of 'workers' and health issues (pesticides) suggest fundamental differences in values and understanding of workers' rights.

Treatment of new plantings

The MSPO omits a fundamental or central condition imposed by RSPO's New Plantings Procedure (NPP) requirements – specifying a deforestation cut-off date. This fundamental omission questions the basic intent or values of MSPO on new plantings treatment. This divergence in intent would also disqualify MSPO certified units from attaining RSPO certification without some significant restitution.

The lack of a tool for measurement and management like RSPO's HCV requirements serve to reinforce that there is a significant deficiency to MSPO's treatment of new plantings.

On social issues related to new plantings and as mentioned earlier, the narrow, exclusive definition of land rights ensures both standards remain incompatible in this subject area. The scope of what is recognised and defined as legitimate rights in MSPO would need significant broadening in line with international definitions and values as reflected in the RSPO standard.

II. Addressing different approaches to assessment verifiers

Placing responsibility on the certification candidate to determine targets or verification evidence translates to a compliance assessment against self-determined goals, as opposed to prescribed or previously articulated verifiers. This may be interpreted that an MSPO compliance is not against the criteria itself, but a target determined by the certified party within the context of each criterion. There is subjectivity and relativity in how an MSPO certificate holder performs – even against those criteria where both standards are deemed as compatible.

RSPO certificate holders should logically be able to provide the RSPO-prescribed performance indicators and verifiers for its MSPO assessment. It should be straightforward in theory, considering RSPO certificate holders are expected to integrate those requirements into their management practices.

III. Stakeholder incorporation

In the standard setting and certification assessment process, MSPO has demonstrated a lower level of inclusiveness and recognition towards stakeholders. The role of stakeholders cannot be diminished as it is an integral component of the process of standard setting and certification assessment.

Reconciling both systems to achieve simultaneous certification for RSPO and MSPO

Current prevailing size, establishment and uptake amongst the Malaysian palm oil sector places RSPO at an advantage. It is an established system, internationally recognised, commercially operational and has been awarded to Malaysian producers. Therefore the most relevant issue for these producers is navigating through certification requirements for both RSPO and MSPO with efficiency and seamlessness.

Additional work on MSPO standards requirements exceeding or unaddressed by RSPO are identified in Chapter 2 (See '[ORANGE: MSPO exceeds RSPO requirements](#)'). Based on this review, an RSPO-certified unit that addresses those requirements **shall comply**¹⁶ with MSPO certification requirements. In general, RSPO requirements, particularly those on environmental, biodiversity, land

¹⁶ Caveat: The non-compatible criteria and indicators in biodiversity, land rights and workers' rights are likely to influence potential for RSPO certified units to be MSPO compliant.

rights, workers' rights, social practices and new plantings exceed the MSPO's equivalent. Replication of RSPO performance compliance targets into MSPO's requirements for policy, internal audit and management targets (MSPO Principle 1/Criterion 1, P1/C2, P1/C3) would allow integration further.

The primary and fundamental differences in performance indicators that are 'self-determined' (MSPO) against 'prescriptive' (RSPO) stand as the reason for both certification *schemes* being **not compatible**. The certainty and clarity provided by prescriptive performance indicators equates to a measure of consistency in claims. This quality becomes most significant when applied to environmental and social indicators like those identified in this report. They require that criteria and indicators are met through verification that the activities are up to the standards-specific elements. The potential and likely disparity and difference of what is verified as compliant for compatible elements (criteria, indicators) between each standard would need to be fully addressed in any future moves towards some harmonisation or mutual recognition.

RECOMMENDATION: Step-wise approach, NOT harmonisation or mutual recognition

A potential credibility gap for MSPO, as compared with RSPO, exists in the perception of the markets and broader public (domestic and international). In particular, the lower level of stakeholder involvement, not addressing key sustainability concerns and poorer quality overall are obvious issues or weaknesses of MSPO that make it an inferior set of benchmarks than RSPO.

Fundamental differences as identified in this chapter also challenge the potential for MSPO and RSPO to be more 'agreeable' at the philosophical level – namely in its definitions, intent and values. Yet, the MSPO is still able to provide a framework by which a larger spectrum of Malaysian producers not currently RSPO members or certified to move onto the process of RSPO certification.

However, both standards show there are clear areas of convergence, as evidenced in Chapter 2 by the breakdown of compatible and partially compatible criteria between both standards. In comparisons made at criterion-level (RSPO P&C [2013] vs. MSPO Part 1), only 30% of criteria are categorised 'red' or potentially non-compatible or conflicting, whereas the remaining 70% (combination of 'green' and 'orange') would require some reconciliation efforts towards alignment. It should be noted that some MSPO criteria hold greater requirements – for which RSPO-certified units would need to address (see Chapter 2, 'ORANGE: MSPO exceeds RSPO requirements').

Based on the documents compared in this study, the MSPO can potentially provide a route towards step-wise improvements to meet RSPO's standard. Recommended actions for all stakeholders involved should include the following actions/steps:

- 1) **Provide the findings of this study to Malaysian RSPO members (especially RSPO-certified members):** This action begins a more iterative process of raising the profile of navigating between RSPO and MSPO systems. This action sits as low-hanging and could be executed by RSPO unilaterally.

- 2) **Present the details of comparative analysis and gathered feedback from Malaysian RSPO producer members (or certified members):** This action facilitates more technical information-gathering, especially in identifying sources of information on MSPO and field testing or comparison.
- 3) **Complete a holistic comparison between both certifications schemes:** This action should be a key goal for next-steps because of the inadequate information this study accessed in the course of the research. Available platforms and initiatives that can inform the next-steps in research include the Sustainability Standards Comparison Tool (SSCT¹⁷); a German Society for International Cooperation (GIZ)-supported tool with ISEAL and the International Trade Centre (ITC) co-operation. This innovative tool is ideally suited in having integrated ITC and ISEAL knowledge into a comprehensive benchmark and comparative tool.
- 4) **Engagement with MPOB and MSPO:** This action is critical in ensuring an inclusive approach with the greatest probabilities of charting a positive path forward. Participation and co-operation from MPOB especially in clarifying issues on standards, process and assessments would benefit producers and other stakeholders.
- 5) **Field test and refining the comparative work:** Field observation of the different approaches, results, assessments and benchmarks of critical issues identified at Principle or Criterion level should be addressed as well, particularly those identified by this study in Chapter 3.
- 6) **Develop a step-wise program:** This action would need to be informed by results and findings from a holistic comparison (see point 3 above) and field testing (see point 5 above) of both certifications standards. It would need to address potentially conflicting requirements in key criteria, as well as consider the various arrangements and production variations in the Malaysian oil palm sector.

¹⁷ For more information, see the SSCT website at: <http://ssct-expert-tool.org/index.html> OR email: ssct@giz.de

ANNEX 1: Comparison tables

TABLE 1: RSPO Principles and Criteria (P&C) for the Production of Sustainable Palm Oil (2013) vs. MSPO Part 1: General principles (criterion level comparison)

	RSPO	MSPO	Rationale
1	Commitment to Transparency		
1.1	Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	Part 1/P2/C1: Transparency of information and documents relevant to MSPO requirements Adequate information shall be provided on request by relevant stakeholders and management documents shall be publicly available, except those limited by commercial confidentiality or disclosure would result in negative environmental or social outcomes.	RSPO Criterion 1.1 is partially fulfilled by MSPO. MSPO Part 1/P2/C1 does not specify types of information to be provided to relevant stakeholders.
1.2	Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	Refer to 'Part 1/P2/C1: Transparency of information and documents relevant to MSPO requirements' above. Adequate information shall be provided on request by relevant stakeholders and management documents shall be publicly available, except those limited by commercial confidentiality or disclosure would result in negative environmental or social outcomes.	RSPO Criterion 1.2 is fulfilled by MSPO.
1.3	Growers and millers commit to ethical conduct in all business operations and transactions.	No equivalent MSPO criteria available.	RSPO Criterion 1.3 is not fulfilled by MSPO.
2	Compliance with Applicable Laws and Regulations		
2.1	There is compliance with all applicable local, national and ratified international laws and regulations.	Part 1/P3/C1: Regulatory requirements Compliance with local, national and ratified international laws and regulations.	RSPO Criterion 2.1 is fulfilled by MSPO.

2.2	The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.	<p>Part 1/P3/C2: Legal land use rights Oil palm cultivation shall not diminish the legal land use rights of other users.</p> <p>Part 1/P3/C3: Customary rights Customary rights to land shall not be threatened or reduced.</p>	RSPO Criterion 2.2 is partially fulfilled by MSPO. MSPO does not consider land outside existing demarcated areas (for oil palm cultivation).
2.3	Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.	<p>Refer to 'Part 1/P3/C3: Customary rights' above. Customary rights to land shall not be threatened or reduced.</p>	RSPO Criterion 2.3 is partially fulfilled by MSPO. MSPO does not apply free, prior and informed consent (FPIC) concepts.
3	Commitment to Long-term Economic and Financial Viability		
3.1	There is an implemented management plan that aims to achieve long-term economic and financial viability.	<p>Part 1/P6/C2: Economic and financial viability plan A documented business or management plan shall be established to demonstrate attention for economic and financial viability through long-term management planning.</p>	RSPO Criterion 3.1 is partially fulfilled by MSPO. MSPO does not specify implementation of plans.
4	Use of Appropriate Best Practices by Growers and Millers		
4.1	Operating procedures are appropriately documented, consistently implemented and monitored.	<p>Part 1/P6/C1: Site management Standard operating procedures on planting of oil palm shall be established as per company policy.</p> <p>Part 1/P2/C3: Traceability Procedures for traceability along the supply chain shall be established.</p>	<p>RSPO Criterion 4.1 is partially fulfilled by MSPO. MSPO does not specify implementation and monitoring of operating procedures. The scope of required standard operating procedures can also extend to additional areas beyond oil palm cultivation.</p> <p>RSPO does not specify traceability requirements at criterion-level.</p>

4.2	Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	No equivalent MSPO criteria available.	RSPO Criterion 4.2 is not fulfilled by MSPO.
4.3	Practices minimise and control erosion and degradation of soils.	Refer to 'Part 1/P6/C1: Site management' above. Standard operating procedures on planting of oil palm shall be established as per company policy.	RSPO Criterion 4.3 is not fulfilled by MSPO. MSPO does not specify minimisation and control of soil erosion and degradation at criterion-level.
4.4	Practices maintain the quality and availability of surface and ground water.	Part 1/P5/C4: Reduction of pollution and emission An assessment of all polluting activities shall be conducted, identified and an action plan to reduce them shall be established and implemented. Part 1/P5/C5: Natural water resources The management shall establish a water management plan to maintain the quality and availability of natural water resources.	RSPO Criterion 4.4 is fulfilled by MSPO.
4.5	Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.	No equivalent MSPO criteria available.	RSPO Criterion 4.5 is not fulfilled by MSPO.
4.6	Pesticides are used in ways that do not endanger health or the environment.	Part 1/P4/C4: Employees safety and health To comply with the Occupational Safety and Health Act 1994 and the Factories & Machinery Act 1967.	RSPO Criterion 4.6 is not fulfilled by MSPO. MSPO does not specify pesticide use at criterion level.
4.7	An occupational health and safety plan is documented, effectively communicated and implemented.	Refer to 'Part 1/P4/C4: Employees safety and health' above. To comply with the Occupational Safety and Health Act 1994 and the Factories & Machinery Act 1967.	RSPO Criterion 4.7 is fulfilled by MSPO.
4.8	All staff, workers, smallholders and contract workers are appropriately trained.	Part 1/P4/C6: Training and competency All employees, contractors and relevant associated smallholders shall be appropriately trained.	RSPO Criterion 4.8 is fulfilled by MSPO.

5	Environmental Responsibility and Conservation of Natural Resources and Biodiversity		
5.1	Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	Part 1/P5/C1: Environmental management programme An environmental policy and management which in compliance with the relevant national and state environmental laws shall be documented and implemented.	RSPO Criterion 5.1 is partially fulfilled by MSPO. MSPO does not specify the objective and scope of environmental policies and management plans as well as monitoring of implemented plans at criterion level.
5.2	The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.	Part 1/P5/C6: Status of rare, threatened, or endangered species and high biodiversity value area Information should be collected in the planted area and appropriate measures taken for the protection of the species or habitat.	RSPO Criterion 5.2 is partially fulfilled by MSPO. MSPO does not provide specificity and context at criterion level. 'Protection' (MSPO) is also less specific than 'maintained and/or enhanced' (RSPO).
5.3	Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	Part 1/P5/C3: Waste management and disposal All waste products and sources of pollution shall be identified and documented, and a waste management plan shall be developed and implemented.	RSPO Criterion 5.3 is fulfilled by MSPO.
5.4	Efficiency of fossil fuel use and the use of renewable energy is optimised.	Part 1/P5/C2: Efficiency of energy use and use of renewable energy Energy use, including renewable energy consumption should be optimized and monitored where applicable.	RSPO Criterion 5.4 is fulfilled by MSPO.
5.5	Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.	Part 1/P5/C7: Zero burning practices Use of fire for waste disposal and for preparing land for oil palm cultivation and replanting shall be avoided except in specific situations, as identified in regional best practice.	RSPO Criterion 5.5 is partially fulfilled by MSPO. MSPO does not make specific reference to ASEAN guidelines and RSPO does not specify use of fire for waste disposal.

5.6	<p><i>Preamble: Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognised that it is not always feasible or practical to reduce or minimise these emissions.</i></p> <p><i>Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO.</i></p> <p>Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>	<p>Refer to ‘Part 1/P5/C4: Reduction of pollution and emission’ above.</p> <p>An assessment of all polluting activities shall be conducted, identified and an action plan to reduce them shall be established and implemented.</p>	<p>RSPO Criterion 5.6 is partially fulfilled by MSPO. MSPO does not specifically mention greenhouse gases and RSPO does not specify an assessment of all polluting activities at criterion level.</p>
6	Responsible Consideration of Employees and of Individuals and Communities Affected by Growers and Millers		
6.1	<p>Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>	<p>Part 1/P4/C1: Social impact assessment</p> <p>Social impact assessments shall be conducted with the affected stakeholders.</p>	<p>RSPO Criterion 6.1 is not fulfilled by MSPO. MSPO does not provide scope / context and lacks participatory component as well as the development, implementation or monitoring of plans as specific and stated requirements at criterion level.</p>
6.2	<p>There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p>	<p>Part 1/P2/C2: Transparent method of communication and consultation</p> <p>Procedures for transparent consultation and communication with the relevant stakeholders shall be established.</p>	<p>RSPO Criterion 6.2 is partially fulfilled by MSPO. MSPO only specifies relevant stakeholders as the target group for communication / consultation efforts at criterion level.</p>

6.3	There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.	Part 1/P4/C2: Complaints and grievances A system for dealing with complaints and grievances shall be established and documented.	RSPO Criterion 6.3 is partially fulfilled by MSPO. MSPO lacks mutually agreed component and does not specify a system that is accepted by all affected parties.
6.4	Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	Part 1/P7/C6: Customary land No new plantings are established on recognized customary land without the owners' free, prior and informed consent.	RSPO Criterion 6.4 is not fulfilled by MSPO. MSPO does not specify negotiations concerning compensation for loss of rights through a documented system at criterion level.
6.5	Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.	Part 1/P4/C5: Employment conditions An implemented policy on human rights which ensures that employment conditions comply with equality principles, <u>workers' pay and conditions meet legal or industry minimum standards</u> , legal contracts are applied when sub-contracting, fair working hours and overtime payment, documented wages and Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446) or other relevant regulations are applied where applicable. Social benefits shall be offered to the employees, their families and local community. Rights to join unions or elect their own representatives are not denied, no sexual harassment or violence at work, and no employment of underage children.	RSPO Criterion 6.5 is partially fulfilled by MSPO. MSPO does not specify that pay provided should be sufficient to provide decent living wages at criterion level. RSPO does not specify legal contracts for sub-contracting, fair working hours and overtime payment, documented wages, references to relevant national regulations or social benefits.
6.6	The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	Refer to 'Part 1/P4/C5: Employment conditions' above. An implemented policy on human rights which ensures that employment conditions comply with equality principles, workers' pay and conditions meet legal or industry minimum standards, legal contracts are applied when sub-contracting, fair working hours and overtime payment, documented wages and Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446) or other relevant regulations are applied where applicable. Social benefits shall be offered to the employees, their families and local community. <u>Rights to join</u>	RSPO Criterion 6.6 is partially fulfilled by MSPO. MSPO does not specify forming trade unions, collective bargaining or address situations where the right to freedom of association are restricted under law at criterion level.

		<u>unions or elect their own representatives are not denied</u> , no sexual harassment or violence at work, and no employment of underage children.	
6.7	Children are not employed or exploited.	Refer to 'Part 1/P4/C5: Employment conditions' above. An implemented policy on human rights which ensures that employment conditions comply with equality principles, workers' pay and conditions meet legal or industry minimum standards, legal contracts are applied when sub-contracting, fair working hours and overtime payment, documented wages and Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446) or other relevant regulations are applied where applicable. Social benefits shall be offered to the employees, their families and local community. Rights to join unions or elect their own representatives are not denied, no sexual harassment or violence at work, and <u>no employment of underage children.</u>	RSPO Criterion 6.7 is partially fulfilled by MSPO. MSPO does not specify exploited children at criterion level.
6.8	Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.	Refer to 'Part 1/P4/C5: Employment conditions' above. An implemented policy on human rights which ensures that employment conditions comply with <u>equality principles</u> , workers' pay and conditions meet legal or industry minimum standards, legal contracts are applied when sub-contracting, fair working hours and overtime payment, documented wages and Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446) or other relevant regulations are applied where applicable. Social benefits shall be offered to the employees, their families and local community. Rights to join unions or elect their own representatives are not denied, no sexual harassment or violence at work, and no employment of underage children.	RSPO Criterion 6.8 is partially fulfilled by MSPO. MSPO does not provide specificity or address discrimination based on specific aspects like religion, sexual orientation and political affiliation at criterion level.
6.9	There is no harassment or abuse in the work place, and reproductive rights are protected.	Refer to 'Part 1/P4/C5: Employment conditions' above. An implemented policy on human rights which ensures that employment conditions comply with equality principles, workers' pay and conditions meet legal or industry minimum standards, legal contracts are applied when sub-contracting, fair working hours and overtime payment, documented wages and Workers' Minimum Standards of Housing and Amenities	RSPO Criterion 6.9 is partially fulfilled by MSPO. MSPO does not specify the protection of reproductive rights at criterion level.

		Act 1990 (Act 446) or other relevant regulations are applied where applicable. Social benefits shall be offered to the employees, their families and local community. Rights to join unions or elect their own representatives are not denied, <u>no sexual harassment or violence at work</u> , and no employment of underage children.	
6.10	Growers and millers deal fairly and transparently with smallholders and other local businesses.	Part 1/P6/C3: Transparent and fair price dealing Fair pricing mechanisms for the products and other services shall be documented and effectively implemented.	RSPO Criterion 6.10 is fulfilled by MSPO.
6.11	Growers and millers contribute to local sustainable development where appropriate.	Part 1/P4/C3: Commitment to contribute to local sustainable developments Commitment to contribute to local sustainable development in consultation with the local communities through appropriate programmes.	RSPO Criterion 6.11 is fulfilled by MSPO.
6.12	No forms of forced or trafficked labour are used.	No equivalent MSPO criteria available.	RSPO Criterion 6.12 is not fulfilled by MSPO.
6.13	Growers and millers respect human rights.	Refer to 'Part 1/P4/C5: Employment conditions' above. <u>An implemented policy on human rights</u> which ensures that employment conditions comply with equality principles, workers' pay and conditions meet legal or industry minimum standards, legal contracts are applied when sub-contracting, fair working hours and overtime payment, documented wages and Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446) or other relevant regulations are applied where applicable. Social benefits shall be offered to the employees, their families and local community. Rights to join unions or elect their own representatives are not denied, no sexual harassment or violence at work, and no employment of underage children.	RSPO Criterion 6.13 is fulfilled by MSPO.

7	Responsible Development of New Plantings		
7.1	A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.	<p>Part 1/P7/C3: Social and Environmental Impact Assessment (SEIA) A social and environmental impact assessment shall be conducted prior to establishing new plantings.</p>	<p>RSPO Criterion 7.1 is partially fulfilled by MSPO. MSPO lacks comprehensive, participatory and independent components for social and environmental impact assessments as well as scope. MSPO also does not specify requirements for incorporating assessment results into planning, management and operations at criterion level.</p>
7.2	Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.	<p>Part 1/P7/C4: Soil survey Soil and topographic information, where available, shall be used for site planning in the establishment of new planting.</p>	<p>RSPO Criterion 7.2 is partially fulfilled by MSPO. MSPO does not specify requirements to incorporate soil survey results and topographic information into new planting plans and operations. MSPO's use of the phrase 'where available,' also dilutes the criterion.</p>
7.3	New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values (HCVs).	<p>Part 1/P7/C1: High biodiversity value Oil palm shall not be planted on primary forest or land designated for protection of nature, ecosystem services and social or cultural values. Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National Biodiversity Policy and/or State Biodiversity Legislation.</p>	<p>RSPO Criterion 7.3 is partially fulfilled by MSPO. MSPO does not specify a cut-off date for conversion and allows oil palm planting on land with high biodiversity value if there is compliance with relevant local legislation.</p>

7.4	Extensive planting on steep terrain, and/or marginal and fragile soils, including peat, is avoided.	<p>Part 1/P7/C5: Planting on steep terrain, marginal and fragile soils Extensive planting on steep terrain, marginal and fragile soils, shall be avoided unless permitted by local legislation. Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts.</p> <p>Part 1/P7/C2: Peat land Where planting on peat land is proposed, mitigation plans shall be developed and implemented to protect them without incurring adverse impacts.</p>	RSPO Criterion 7.4 is partially fulfilled by MSPO. At criterion level, MSPO specifies allowance for planting on sensitive soils if permitted by local legislation as well as requirements for corresponding mitigation plans.
7.5	No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.	<p>Refer to 'Part 1/P7/C6: Customary land' above. No new plantings are established on recognized customary land without the owners' free, prior and informed consent.</p>	RSPO Criterion 7.5 is partially fulfilled by MSPO. MSPO does not specify allowance for local peoples' demonstration of legal, customary or user rights over land but instead, uses the term 'recognized customary land.' MSPO also does not specify requirements for a documented system that enables stakeholders to express views at criterion level.
7.6	Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.	<p>Refer to 'Part 1/P7/C6: Customary land' above. No new plantings are established on recognized customary land without the owners' free, prior and informed consent.</p>	RSPO Criterion 7.6 is not fulfilled by MSPO. MSPO does not specify compensation for agreed land acquisitions and relinquishment of rights at criterion level.
7.7	No use of fire in the preparation of new plantings other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.	<p>Part 1/P5/C7: Zero burning practices (see also RSPO P&C 5.5) Use of fire for waste disposal and for preparing land for oil palm cultivation and replanting shall be avoided except in specific situations, as identified in regional best practice.</p>	RSPO Criterion 7.7 is partially fulfilled by MSPO. MSPO does not make specific reference to ASEAN guidelines or specify 'new plantings' and RSPO does not specify use of fire for waste disposal.

7.8	<p><i>Preamble: It is noted that oil palm and all other agricultural crops emit and sequester greenhouse gases (GHG). There has already been significant progress by the oil palm sector, especially in relation to reducing GHG emissions relating to operations. Acknowledging both the importance of GHGs, and the current difficulties of determining emissions, the following new Criterion is introduced to demonstrate RSPO's commitment to establishing a credible basis for the Principles and Criteria on GHGs.</i></p> <p><i>Growers and millers commit to reporting on projected GHG emissions associated with new developments. However, it is recognised that these emissions cannot be projected with accuracy with current knowledge and methodology.</i></p> <p><i>Growers and millers commit to plan development in such a way to minimise net GHG emissions towards a goal of low carbon development (noting the recommendations agreed by consensus of the RSPO GHG WG2).</i></p> <p><i>Growers and millers commit to an implementation period for promoting best practices in reporting to the RSPO, and after December 31st 2016 to public reporting. Growers and millers make these commitments with the support of all other stakeholder groups of the RSPO.</i></p> <p><i>New plantation developments are designed to minimise net greenhouse gas emissions.</i></p>	No equivalent MSPO criteria available.	RSPO Criterion 7.8 is not fulfilled by MSPO.
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8	Commitment To Continual Improvement In Key Areas of Activity		
8.1	Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	<p>Part 1/P1/C1: Malaysian sustainable palm oil (MSPO) policy There shall be a policy on the implementation of this MS on Malaysian sustainable palm oil (MSPO) by the organization to demonstrate its commitment.</p> <p>Part 1/P1/C2: Internal audit Internal audit shall be planned and conducted regularly to determine the strong and weak points during the implementation of the MSPO in order to identify opportunities for further improvement.</p> <p>Part 1/P1/C3: Management review Top management shall periodically review the requirements for the effective implementation of MSPO and the opportunities for improvement.</p> <p>Part 1/P1/C4: Continual improvement There shall be an action plan on the continual improvement for practices to be in-line with new information and techniques, or new industry standards and technology.</p> <p>Part 1/P6/C4: Subcontractor Contractors should be made aware of MSPO requirements and shall provide the relevant information.</p>	<p>RSPO Criterion 8.1 is fulfilled by MSPO P1/C4.</p> <p>MSPO P1/C1 (MSPO policy), P1/C2 (internal audit), P1/C3 (management review) and P6/C4 (subcontractor) are unique requirements not fulfilled by RSPO.</p>

TABLE 2: RSPO P&C Guidance for Independent Smallholders under Group Certification (2010) vs. MSPO Part 2: General principles for independent smallholders (indicator level comparison of independent smallholders-related standards)

	RSPO	MSPO	Rationale
1	Commitment to Transparency		
1.1	<p>Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</p> <p>Indicators: Records of requests and responses must be maintained.</p> <p>Guidance for group managers: Group managers must provide documents showing compliance with Section 2.1 of the RSPO Standard for Group Certification as well as a continuous improvement plan (8.1). Group managers must ensure that each participant smallholder is provided a copy of the agreements between them and the group (criterion 1.2) and up-to-date records of sales and prices of their produce (6.10).</p> <p>Group managers should also provide all group members with simplified training materials in a format and language understood by the group members on:</p> <ul style="list-style-type: none"> • IPM and safe use of agro-chemicals (4.6) • Health and safety plan (4.7). • Plans and impact assessments relating to environmental and social impacts (5.1, 6.1, 7.1, 7.3). • Pollution prevention plans (5.6). • Details of complaints and grievance procedures (6.3). • Procedures for pricing and grading members' FFB (6.10) <p>Official versions are kept centralized at group manager level for reference and all group members are made aware of this. Training shall be identified and provided where appropriate in relation to these documents (see 4.8).</p>	<p>Part 2/P2/C1: Transparency of information and documents relevant to MSPO requirements Adequate information shall be provided on request by relevant stakeholders and management documents shall be publicly available, except those limited by commercial confidentiality or disclosure would result in negative environmental or social outcomes.</p> <p>Indicator 1: The group management shall commit itself to implement and maintain the requirements for traceability.</p> <p>Indicator 2: To keep records of sales and delivery or transportation of fresh fruit bunches.</p>	<p>RSPO Criterion 1.1 is not fulfilled by MSPO.</p> <p>MSPO P2/C1 indicators 1 (group management commitment to traceability) and 2 (maintenance of records of sales and delivery or transportation of FFB) are insufficient to verify smallholders' commitment to transparency.</p>

1.2	<p>Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>Indicators: This concerns management documents relating to environmental, social and legal issues that are relevant to compliance with RSPO Criteria. Such documents must be publicly available.</p> <p>Guidance for group managers: Group managers must also have shared and explained the relevant RSPO standard for Sustainable Oil Palm Production as set out in this document or in an approved national interpretation to group members. Group smallholders have agreements with the group managers.</p> <p>Group Manager must provide a copy of the agreement (mutually agreed) to each smallholder in the group.</p> <p>Group Management Documentation is made available to group members by the group manager on request.</p> <p>Additional management documents (e.g. related to marketing, pricing, purchasing of inputs etc.) should be made available for all group members.</p>	<p>Refer to 'Part 2/P2/C1: Transparency of information and documents relevant to MSPO requirements' above.</p> <p>No equivalent MSPO indicators available.</p>	<p>RSPO Criterion 1.2 is not fulfilled by MSPO.</p>
1.3	<p>Growers and millers commit to ethical conduct in all business operations and transactions.</p> <p>No indicators and guidance provided.</p>	<p>No equivalent MSPO criteria and indicators available.</p>	<p>RSPO Criterion 1.3 is not fulfilled by MSPO.</p>

2	Compliance with Applicable Laws and Regulations		
2.1	<p>There is compliance with all applicable local, national and ratified international laws and regulations.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Evidence of compliance with relevant legal requirements. • A documented system, which includes written information on legal requirements • A mechanism for ensuring that they are implemented. • A system for tracking any changes in the law. The systems used should be appropriate to the scale of the organization. <p>Guidance for group managers: Group managers must hold an up-to-date list of applicable laws and regulation, which is known to be available for reference by group members. Through periodic assessments, group managers must ensure smallholders can show evidence of compliance with all relevant legal requirements including the acquisition or holding of lands. Group smallholders should be aware of and understand the intent of applicable laws and regulations. More detailed guidance must be given in the national interpretations.</p>	<p>Part 2/P3/C1: Regulatory requirements Compliance with local, national and ratified international laws and regulations.</p> <p>Indicator 1: Independent smallholders shall show awareness of compliance with all applicable local, state, national and ratified international laws and regulations.</p>	<p>RSPO Criterion 2.1 indicator requirements are not fulfilled by MSPO P3/C1 Indicator 1 (show awareness of compliance with all applicable laws and regulations) because MSPO does not provide a comprehensive set of requirements sufficient to verify the criterion.</p>

2.2	<p>The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land. • Evidence that legal boundaries are clearly demarcated and visibly maintained. • Where there are, or have been, disputes, additional proof of legal acquisition of title and that fair compensation has been made to previous owners and occupants; and that these have been accepted with free prior and informed consent. • Absence of significant land conflict, unless requirements for acceptable conflict resolution processes (criteria 6.3 and 6.4) are implemented and accepted by the parties involved. <p>Guidance for group managers: Group managers have maps or other documents showing the lands held by group smallholders and can show these lands are not claimed or contested by third parties with legitimate claims. National interpretations must identify what kinds of documents are needed to show compliance.</p>	<p>Part 2/P3/C2: Legal land use rights Oil palm cultivation shall not diminish the legal land use rights of other users.</p> <p><u>Land Use Rights</u> Indicator 1: Independent smallholders shall demonstrate rights to their landholdings and there is no evidence of major land disputes.</p> <p><u>Customary Rights</u> Indicator 1: Independent smallholders shall demonstrate rights to their landholdings.</p> <p>Note: Where recognized customary or legally owned land has been taken over and where there is documentary proof of a transfer of rights (e.g. sale) and of payment or provision of agreed compensation.</p> <p>Part 2/P3/C3: Customary rights Customary rights to land shall not be threatened or reduced.</p> <p>No indicators available.</p>	<p>RSPO Criterion 2.2 indicator requirements are not fulfilled by MSPO P3/C2 indicators (demonstration of rights to landholdings) because MSPO does not provide a comprehensive set of requirements sufficient to verify the criterion.</p>
2.3	<p>Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Maps of an appropriate scale showing extent of recognised customary rights (criteria 2.3, 7.5 and 7.6) • Copies of negotiated agreements detailing process of consent (criteria 2.3, 7.5 and 7.6) <p>Guidance for group managers: Group managers can show that lands acquired for group smallholders do not diminish legal or customary rights of other users. Where others' customary or legally owned lands have been taken-over there is documentary proof of transfer of rights (e.g. sale) and of payment or provision of agreed compensation.</p>	<p>Refer to 'Part 2/P3/C2: Legal land use rights' and 'Part 2/P3/C3: Customary rights' above.</p> <p><u>Customary Rights</u> Indicator 2: Maps of an appropriate scale showing extent of recognized customary rights land, if any, should be made available.</p>	<p>RSPO indicator requirement (availability of copies if negotiated agreements detailing process of consent) not fulfilled by MSPO.</p>

3	Commitment to Long-term Economic and Financial Viability		
3.1	<p>There is an implemented management plan that aims to achieve long-term economic and financial viability.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • A documented annual business plan. • Annual replanting programme, where applicable, projected for a minimum of 5 years with yearly review. <p>Guidance for group managers: Group managers have a documented annual business plan which shows economic benefits for the group and sets out expansion plans (see 7.1). This plan is shared with group members in an appropriate format.</p>	<p>Part 2/P6/C2: Economic and financial viability plan A documented business or management plan shall be established to demonstrate attention for economic and financial viability through long-term management planning.</p> <p>Indicator 1: Group Manager shall establish a documented business or management plan to demonstrate attention to economic and financial viability.</p>	<p>RSPO indicator requirement (annual replanting programme, projected for a minimum of 5 years with yearly review) not fulfilled by MSPO.</p>
4	Use of Appropriate Best Practices by Growers and Millers		
4.1	<p>Operating procedures are appropriately documented, consistently implemented and monitored.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Standard Operating Procedures for groups are documented • A mechanism to check consistent implementation of procedures is in place <p>Guidance for group managers: Group managers can show how they document, monitor and manage the implementation of best practices by group smallholders e.g. through the internal assessment of members from Group Managers. Group Manager can show that awareness raising took place to address the non-compliant smallholders and these smallholders were included in the continuous improvement plan. Three years will be given for smallholders to comply with this non conformance. More detailed guidance should be given in the national interpretations. Training should be provided under 4.8.</p>	<p>Part 2/P6/C1: Site management Standard operating procedures on planting of oil palm shall be established as per company policy.</p> <p>Indicator 1: All independent smallholders oil palm farms shall implement best practices such as the MPOB Codes of Practice, Malaysian Standards or ISO Standards and the Kod Amalan Baik (GAP) Pekebun Kecil.</p> <p>Indicator 2: A visual identification or reference system shall be established for each field or block of oil palm planting.</p>	<p>RSPO and MSPO indicators contain different requirements.</p>

4.2	<p>Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Records of fertilizer inputs are maintained. • Evidence of periodic tissue and soil sampling to monitor changes in nutrient status. • A nutrient recycling strategy should be in place. <p>Guidance for group managers: Group managers can show that they have carried out trainings with group smallholders to explain best practices to maintain soil fertility (see 4.8) and monitor effective implementation.</p>	No equivalent MSPO criteria and indicators available.	RSPO Criterion 4.2 is not fulfilled by MSPO.
4.3	<p>Practices minimise and control erosion and degradation of soils.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Maps of fragile soils must be available. • A management strategy should exist for plantings on slopes above a certain limit (needs to be soil and climate specific). • Presence of road maintenance programme. • Subsidence of peat soils should be minimised under an effective and documented after management programme. • A management strategy should be in place for other fragile and problem soils (e.g. sandy, low organic matter, acid sulfate soils) <p>Guidance for group managers: Group managers can show that they have carried out trainings with group smallholders to explain best practices to minimise and control the erosion and degradation (see 4.8) and monitor and verify effective implementation.</p> <p>National interpretations shall contain details on peat depth.</p>	No equivalent MSPO criteria and indicators available.	RSPO Criterion 4.3 is not fulfilled by MSPO.

4.4	<p>Practices maintain the quality and availability of surface and ground water.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • An implemented water management plan. • Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones. • Monitoring of effluent BOD. • Monitoring of mill water use per tonne of FFB. <p>Guidance for group managers: Group Managers shall ensure that group members are maintaining riparian buffer zones and not contributing to water quality degradation. This is monitored and overseen by the Group Manager. Where existing smallholdings are already established in riparian buffer zones these areas should be restored with natural vegetation at replanting.</p>	<p>Part 2/P5/C4: Natural water resources The management shall establish a water management plan to maintain the quality and availability of natural water resources.</p> <p>Indicator 1: Independent smallholders can demonstrate that they understand the need to maintain the quality and availability of surface and ground water and steps are being taken for its implementation.</p> <p>Indicator 2: Water harvesting practices should be implemented.</p>	<p>RSPO Criterion 4.4 indicator requirements are only partially fulfilled by MSPO.</p>
4.5	<p>Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • An IPM plan is documented and current. • Monitoring extent of IPM implementation including training. • Monitoring of pesticide toxicity units (a.i./LD 50 per tonne of FFB or per hectare). • Due to problems in the accuracy of measurement, monitoring of pesticide toxicity is not applicable to smallholders. <p>Guidance for group managers: Group managers should provide regular training to group smallholders in IPM techniques (incorporating cultural, biological, mechanical or physical methods – see 4.8) to minimise use of chemicals and provide appropriate assistance for application. More detailed guidance should be given in the national interpretations.</p>	<p>No equivalent MSPO criteria and indicators available.</p>	<p>RSPO Criterion 4.5 is not fulfilled by MSPO.</p>

4.6	<p>Pesticides are used in ways that do not endanger health or the environment.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Justification of all agrochemical use. • Records of pesticide use (including active ingredients use, area treated, amount applied per ha and number of applications). • Documentary evidence that use of chemicals categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions, and paraquat, is reduced and/or eliminated. • Use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species should be used where available. However, measures to avoid the development of resistance (such as pesticide rotations) are applied. • Chemicals should only be applied by qualified persons who have received the necessary training and should always be applied in accordance with the product label. Appropriate safety equipment must be provided and used. All precautions attached to the products should be properly observed, applied, and understood by workers. Also see criterion 4.7 on health and safety. • Storage of all chemicals as prescribed in FAO or GIFAP Code of Practice (see Annex 1). All chemical containers must be properly disposed of and not used for other purposes (see criterion 5.3). • Application of pesticides by proven methods that minimise risk and impacts. • Pesticides are applied aurally only where there is a documented justification. • Proper disposal of waste material, according to procedures that are fully understood by workers and managers. Also see criterion 5.3 on waste disposal. • Specific annual medical surveillance for pesticide operators, and documented action to eliminate adverse effects. • No work with pesticides for pregnant and breast-feeding women. 	No equivalent MSPO criteria and indicators available.	<p>RSPO Criterion 4.6 is not fulfilled by MSPO.</p>
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Guidance for group managers:

Group managers will provide regular training to group smallholders on agrochemical use (see 4.8), especially on how:

- chemicals should only be applied in accordance with the product label.
- appropriate safety equipment can be acquired and used.
- all precautions attached to the products should be properly observed, applied, and understood.
- the dangers of use of chemicals categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions, and paraquat.
- Chemicals should be securely and safely stored and how all chemical containers should be properly disposed of and not used for other purposes (and see criterion 5.3).
- pesticides should be applied by proven methods that minimise risk and impacts.
- proper disposal of waste material, according to procedures that are fully understood (also see criterion 5.3 on waste disposal).
- There should be no chemical spraying by pregnant women or children.

Group managers records will also show:

- list of all agrochemicals used by group members
- documentary evidence that use of chemicals categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions, and paraquat is reduced and/or eliminated and alternatives identified where possible by the group manager in accordance with the dangers identified of these chemicals.
- They have assessed options for regular health screening for all group smallholders and workers they employ (if any) using or handling agrochemicals categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions, and encouraged smallholders to have such screening where accessible facilities exist.

	<p>Note: RSPO will identify safe and cost effective alternatives to replace chemicals that are categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions, and paraquat. Results will be collated and reported by November 2007.</p>		
4.7	<p>An occupational health and safety plan is documented, effectively communicated and implemented.</p> <p>Indicators: The health and safety plan covers the following:</p> <ul style="list-style-type: none"> • A health and safety policy, which is implemented and monitored. • All operations where health and safety is an issue have been risk assessed and procedures and actions are documented and implemented to address the identified issues. All precautions attached to products should be properly observed and applied to the workers. • All workers involved in the operations have been adequately trained in safe working practices (see also criterion 4.8). Adequate and appropriate protective equipment should be available to labourers at the place of work to cover all potentially hazardous operations, such as pesticide application, land preparation, harvesting and, if it is used, burning. • The responsible person should be identified. There are records of regular meetings between the responsible person and workers where concerns of all parties about health, safety and welfare are discussed. Records detailing the occurrence and issues raised should be kept. • Accident and emergency procedures should exist and instructions should be clearly understood by all workers. Accident procedures should be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations and first aid equipment should be available at worksites. Records should be kept of all accidents and periodically reviewed. Workers should be covered by accident insurance. • Recording of occupational injuries. Suggested calculation: Lost Time Accident (LTA) rate (either specify acceptable maximum, or demonstrate downward trend). 	<p>Part 2/P4/C2: Employees safety and health To comply with the Occupational Safety and Health Act 1994 and the Factories & Machinery Act 1967.</p> <p>Indicator 1: Independent smallholders need not have a formal health and safety plan but shall ensure that all work practices are safe.</p>	<p>RSPO Criterion 4.7 is not fulfilled by MSPO where RSPO requires a health and safety plan whereas MSPO does not. MSPO P4/C4 Indicator 1 (ensure all work practices are safe) is also difficult to verify.</p>

	<p>Guidance for group managers: The Group Manager will identify the risk related to the group smallholdings and will address them in awareness training for the smallholders (and see 4.8). Major risks only will be addressed through emergency procedures. More detailed guidance should be given in the national interpretations.</p>		
4.8	<p>All staff, workers, smallholders and contract workers are appropriately trained.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • A formal training programme that includes regular assessment of training needs and documentation of the programme. • Records of training for each employee are kept. <p>Guidance for group managers: Group managers should raise awareness on relevant issues and identify training needs and provided to smallholders where needed. Areas for assessment of training include:</p> <ul style="list-style-type: none"> • The functioning of groups and the responsibilities of group members • The relevance of the RSPO standard • Legal compliance (see 2.1) • Operating procedures (see 4.1) • Soil and water management (see 4.2, 4.3 & 4.4) • Integrated Pest Management (see 4.5) • Agrochemical use (see 4.6) • Occupational Health and Safety (see 4.7) • Use of fire and relevant regulations (see 5.5) 	<p>Part 2/P4/C4: Training and competency All employees, contractors and relevant associated smallholders shall be appropriately trained.</p> <p>Indicator 1: Independent smallholders are encouraged to seek knowledge to increase their competency in oil palm management.</p>	<p>RSPO Criterion 4.8 indicator requirements are not fulfilled by MSPO because RSPO requires formal training to be conducted for smallholders whereas MSPO only encourages smallholders to seek knowledge.</p>

5	Environmental Responsibility and Conservation of Natural Resources and Biodiversity		
5.1	<p>Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Documented impact assessment. • Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change should be developed. <p>Guidance for group managers: Group managers must undertake and document an impact assessment, developed with the participation of smallholders and local communities, that includes all the group smallholdings and sets out appropriate actions to address each impact identified when:</p> <ul style="list-style-type: none"> • Replanting or expanding smallholdings. • Clearing remaining natural vegetation and given the need to avoid the use of fire (see 5.5). 	<p>Part 2/P5/C1: Environmental management plan An environmental policy and management which in compliance with the relevant national and state environmental laws shall be documented and implemented.</p> <p>Indicator 1: Independent smallholders are expected to be aware of the environmental impact but are not expected to undertake any formal impact assessment unless there is a legal requirement.</p>	<p>RSPO Criterion 5.1 indicator requirements are not fulfilled by MSPO because RSPO requires documented impact assessments and development of timetables for change whereas MSPO only expects smallholders to be aware of environmental impacts (unless there is a legal requirement to conduct impact assessments).</p>

<p>5.2</p>	<p>The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p> <p>Indicators: Information should be collated that includes both the planted area itself and relevant wider landscape- level considerations (such as wildlife corridors). This information should cover:</p> <ul style="list-style-type: none"> • Presence of protected areas that could be significantly affected by the grower or miller. • Conservation status (e.g. IUCN status), legal protection, population status and habitat requirements of rare, threatened, or endangered species, that could be significantly affected by the grower or miller. • Identification of high conservation value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower or miller. <p>If rare, threatened or endangered species, or high conservation value habitats, are present, appropriate measures for management planning and operations will include:</p> <ul style="list-style-type: none"> • Ensuring that any legal requirements relating to the protection of the species or habitat are met. • Avoiding damage to and deterioration of applicable habitats. • Controlling any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts (e.g., incursions by elephants). <p>Guidance for group managers: Group managers will compile Information about the status of critical aspects as listed in National Interpretations within the area of group smallholdings. This information should be provided to group smallholders and should cover:</p> <ul style="list-style-type: none"> • Presence of protected areas that could be significantly affected by smallholdings • Conservation status (e.g. IUCN status), legal protection, population status and habitat requirements of rare, threatened, 	<p>Part 2/P5/C5: Status of rare, threatened, or endangered species and high biodiversity value area Information should be collected in the planted area and appropriate measures taken for the protection of the species or habitat.</p> <p>Indicator 1: Independent smallholders should show a basic understanding of any species or habitats of concern, together with their conservation needs. Information on protected species and their habitat with high biodiversity value may be obtained from relevant government agencies, such as the Forestry Department, Forest Research Institute of Malaysia and the Wildlife Department.</p>	<p>RSPO Criterion 5.2 indicator requirements are not fulfilled by MSPO because RSPO requires collation of information whereas MSPO only requires smallholders to show basic understanding of issues. In addition, RSPO indicator requirements for HCV-related management planning and operations are not fulfilled by MSPO.</p>
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	<p>or endangered species, that could be significantly affected by the smallholdings.</p> <ul style="list-style-type: none"> • Identification of high conservation value habitats, such as rare and threatened ecosystems, that could be significantly affected by the smallholdings. • If rare, threatened or endangered species, or high conservation value habitats, are present, appropriate protection measures must be adopted by group managers in accordance with the National Interpretation and the relevant laws. 		
5.3	<p>Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Documented identification of all waste products and sources of pollution • Safe disposal of pesticide containers. <p>Having identified wastes, a waste management and disposal plan must be developed and implemented, to avoid or reduce pollution.</p> <p>Guidance for group managers: Group Managers shall ensure that group members are made aware of the need to identify all waste and dispose of it in a responsible manner. This is monitored and overseen by the Group Manager. There should be appropriate disposal of hazardous chemicals and their containers. Surplus chemical containers should be disposed of such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer’s labels should be adhered to.</p>	<p>Part 2/P5/C3: Waste management and disposal All waste products and sources of pollution shall be identified and documented, and a waste management plan shall be developed and implemented.</p> <p>Indicator 1: All waste products and sources of pollution shall be identified.</p> <p>Indicator 2: Independent smallholders shall ensure that waste from their smallholdings is disposed of appropriately. Smallholders shall adopt local and national legislation to dispose of hazardous chemicals and their containers.</p>	<p>RSPO Criterion 5.3 indicator requirement (development and implementation of waste management and disposal plan) not fulfilled by MSPO.</p>
5.4	<p>Efficiency of fossil fuel use and the use of renewable energy is optimised.</p> <p>Not applicable to independent smallholders.</p>	<p>Part 2/P5/C2: Efficiency of energy use and use of renewable energy Energy use, including renewable energy consumption should be optimized and monitored where applicable.</p> <p>Indicator 1: The use of renewable energy should be applied where possible.</p>	<p>RSPO and MSPO indicators contain different requirements.</p>

5.5	<p>Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</p> <p>Indicators: Documented assessment where fire has been used for preparing land for replanting.</p> <p>Guidance for group managers: Group Managers shall ensure that group members are not utilizing fire in operations. This is monitored by the Group Manager.</p>	<p>Part 2/P5/C6: Zero burning practices Use of fire for waste disposal and for preparing land for oil palm cultivation and replanting shall be avoided except in specific situations, as identified in regional best practice.</p> <p>Indicator 1: Independent smallholders shall not practice open burning during land preparation for oil palm cultivation or replanting, unless with the permission of relevant state authorities.</p>	<p>RSPO Criterion 5.5 indicator requirement (documented assessment where fire has been used) is not fulfilled by MSPO.</p>
5.6	<p><i>Preamble: Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognised that it is not always feasible or practical to reduce or minimise these emissions.</i></p> <p><i>Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO.</i></p> <p>Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p> <p>Not applicable to independent smallholders.</p>	<p>Part 2/P5/C4: Reduction of pollution and emission An assessment of all polluting activities shall be conducted, identified and an action plan to reduce them shall be established and implemented.</p> <p>No indicators available.</p>	<p>For RSPO Criterion 5.6, both RSPO and MSPO do not have requirements for independent smallholders.</p>

6	Responsible Consideration of Employees and of Individuals and Communities Affected by Growers and Millers		
6.1	<p>Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • A documented social impact assessment including records of meetings. • Evidence that the assessment has been done with the participation of affected parties. • Participation in this context means that affected parties are able to express their views through their own representative institutions, or freely chosen spokespersons, during the identification of impacts, reviewing findings and plans for mitigation, and monitoring the success of and monitoring, reviewed and updated as necessary, in those cases where the assessment has concluded that changes should be made to current practices. • Particular attention paid to the impacts of outgrower schemes (where the plantation <p>Guidance for group managers: Group managers must be able to demonstrate that group smallholders participated in the development of a simplified impact assessment for their group holdings. Group managers must provide:</p> <ul style="list-style-type: none"> • A documented simplified social impact assessment. • Evidence that the assessment has been done with the participation of group smallholders, local communities and stakeholders. • A timetable with responsibilities for mitigation and monitoring, reviewed and updated as necessary, in those cases where the assessment has concluded that changes should be made to current practices. 	<p>Part 2/P4/C1: Social impact assessment Social impact assessments shall be conducted with the affected stakeholders.</p> <p>No indicators available.</p>	<p>RSPO Criterion 6.1 is not fulfilled by MSPO.</p>

6.2	<p>There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p> <p>Indicators</p> <ul style="list-style-type: none"> • Documented consultation and communication procedures. • A nominated management official responsible for these issues. • Maintenance of a list of stakeholders, records of <p>Guidance for group managers: Group managers must have documentary evidence that they have implemented procedures for regular communications with, and assessments of, group smallholders in line with the requirements of the RSPO Standard for Group Certification and liaise with local communities.</p>	<p>Part 2/P2/C2: Transparent method of communication and consultation Procedures for transparent consultation and communication with the relevant stakeholders shall be established.</p> <p>No indicators available.</p>	<p>RSPO Criterion 6.2 is not fulfilled by MSPO.</p>
6.3	<p>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • The system resolves disputes in an effective, timely and appropriate manner. • Documentation of both the process by which a dispute was resolved and the outcome. <p>Guidance for group managers: Group managers have a documented system to resolve disputes concerning group smallholdings in an effective, timely and appropriate manner. Documents exist of both the process by which a dispute was resolved and the outcome showing the process was open to any affected parties. These dispute resolution mechanisms should be established through open and consensual agreements with smallholders.</p>	<p>Part 2/P4/C1: Complaints and grievances A system for dealing with complaints and grievances shall be established and documented.</p> <p>Indicator 1: Independent smallholders shall be able to respond to complaints that are raised by their neighbours or other stakeholders.</p> <p>Indicator 2: The local system should be able to resolves disputes.</p>	<p>RSPO Criterion 6.3 indicator requirement (documentation of dispute resolution process and outcome) is not fulfilled by MSPO. 'Local system' contained in MSPO P4/C1/I2 (dispute resolution by local system) is undefined.</p>
6.4	<p>Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>	<p>No equivalent MSPO criteria and indicators available.</p>	<p>RSPO Criterion 6.4 is not fulfilled by MSPO.</p>

<p>Indicators:</p> <ul style="list-style-type: none"> • Establishment of a procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation. • A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. This takes into account gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; differences in ethnic groups' proof of legal versus communal ownership of land. • The process and outcome of any negotiated agreements and compensation claims is documented and made publicly available. <p>Guidance for group managers: Group managers must be able to show that group members have acquired lands by legal or accepted customary means. This includes:</p> <ul style="list-style-type: none"> • Establishment of a process for identifying legal and customary rights and for identifying people entitled to compensation. • A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. <p>These procedures should take into account gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities and; differences in ethnic groups' proof of legal versus communal ownership of land. Compensation should be in line with fair market value or replacement cost. This criterion should be considered in conjunction with Criterion 2.3 and the associated guidance. National interpretations should provide additional guidance.</p>		
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6.5	<p>Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Documentation of pay and conditions. • Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g., working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) are available in the languages understood by the workers or explained carefully to them by a management official. • Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities to national standard or above, where no such public facilities are available or accessible (not applicable to smallholders). <p>Guidance for group managers: Group managers must ensure that workers employed to service smallholders enjoy the labour rights, conditions and protections stipulated in the respective National Interpretations.</p>	<p>Part 2/P4/C3: Employment conditions An implemented policy on human rights which ensures that employment conditions comply with equality principles, workers' pay and conditions meet legal or industry minimum standards, legal contracts are applied when sub-contracting, fair working hours and overtime payment, documented wages and Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446) or other relevant regulations are applied where applicable. Social benefits shall be offered to the employees, their families and local community. Rights to join unions or elect their own representatives are not denied, no sexual harassment or violence at work, and no employment of underage children.</p> <p>Indicator 1: For independent smallholders with temporary workers, work conditions shall be in accordance with a mutual verbal agreement made transparently and freely.</p> <p>Indicator 3: Independent smallholders shall ensure that workers' pay and conditions meet legal standards as per mutual agreements.</p> <p>Indicator 4: In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities, where available and practical.</p>	<p>MSPO P4/C3/I1 (work conditions to be in accordance with a mutual verbal agreement) and I3 (workers' pay and conditions meet legal standards) only partially meet RSPO Criterion 6.5 indicator requirements because MSPO does not require documentation, availability of documents in languages understood by workers or explanation of these documents. MSPO P4/C3/I4 (habitable quarters with basic amenities) exceed RSPO non-applicable indicator requirements for adequate housing and amenities.</p>
6.6	<p>The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p> <p>Not applicable to independent smallholders.</p>	<p>Refer to 'Part 2/P4/C3: Employment conditions' above.</p> <p>No indicators available.</p>	<p>For RSPO Criterion 6.6, both RSPO and MSPO do not have requirements for independent smallholders.</p>

6.7	<p>Children are not employed or exploited.</p> <p>Indicators: Documentary evidence that minimum age requirement is met.</p> <p>Guidance for group managers: Group managers will train group smallholders in the national and ratified international legal requirements for avoiding the use of child labour.</p> <p>Work by children on family smallholdings is only acceptable under adult supervision and when not interfering with education programmes and if permitted by national and ratified international laws.</p>	<p>Refer to 'Part 2/P4/C3: Employment conditions' above.</p> <p>Indicator 5: Children and young persons are not to be employed or exploited. The minimum age and conditions of employment shall comply with local, state or national laws. Work by children and young persons is acceptable on family farms, under adult supervision, and when it does not interfere with their education. They are not to be exposed to hazardous working conditions.</p>	<p>RSPO Criterion 6.7 indicator requirements are fulfilled by MSPO P4/C3/15.</p>
6.8	<p>Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment. • Evidence that employees and groups including migrant workers have not been discriminated against. <p>Guidance for group managers: Group managers must provide training to group members about the need to avoid discrimination in the recruitment and employment of workers employed by, or to assist, smallholders.</p>	<p>Refer to 'Part 2/P4/C3: Employment conditions' above.</p> <p>Indicator 2: Independent smallholders shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political affiliation, nationality, social origin or other distinguishing characteristics and shall not engage in or support discriminatory practices in line with national aspiration.</p>	<p>RSPO Criterion 6.8 indicator requirements are only partially fulfilled by MSPO P4/C3/12 because MSPO does not require availability of equal opportunities policy including identification of relevant/affected groups or evidence of non-discrimination.</p>

6.9	<p>There is no harassment or abuse in the work place, and reproductive rights are protected.</p> <p>Criterion 6.9 A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • A policy on sexual harassment and violence and records of implementation. • A specific grievance mechanism is established. <p>Guidance for group managers: Group managers must provide training to group members about the need to prevent sexual harassment and the abuse of women among both smallholders and any workers employed by them.</p>	<p>Refer to 'Part 2/P4/C3: Employment conditions' above.</p> <p>No indicators available.</p>	<p>RSPO Criterion 6.9 is not fulfilled by MSPO.</p>
6.10	<p>Growers and millers deal fairly and transparently with smallholders and other local businesses.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Current and past prices paid for FFB shall be publicly available. • Pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). • Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. <p>Guidance for group managers: Group managers must ensure that</p> <ul style="list-style-type: none"> • Current and past prices paid for FFB are freely available to group members and other parties. • Fair and transparent mechanisms must be established to pay members and other parties for their FFB • Agreed payments are made in a timely manner. 	<p>Part 2/P6/C3: Transparent and fair price dealing Fair pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p>Indicator 1: Independent smallholders are encouraged to communicate with and have consultations with dealers, millers, local communities and other affected or interested parties.</p>	<p>RSPO Criterion 6.10 indicator requirements are not fulfilled by MSPO because RSPO requires availability of current and past FFB prices, documentation of FFB pricing mechanisms and evidence that all parties understand contractual agreements as well as fair, legal and transparent contracts whereas MSPO only encourages independent smallholders to communicate and consult with relevant parties.</p>

	<p>Transactions with group smallholders should deal fairly with issues such as the role of middle men, transport and storage of FFB, quality and grading, and inputs from family labour.</p> <p>Smallholders must have access to the grievance procedure under criterion 6.3, if they consider that they are not receiving a fair price for FFB, whether or not middle men are involved.</p>		
6.11	<p>Growers and millers contribute to local sustainable development where appropriate.</p> <p>Not applicable to independent smallholders.</p>	No equivalent MSPO criteria and indicators available.	For RSPO Criterion 6.11, both RSPO and MSPO do not have requirements for independent smallholders.
6.12	<p>No forms of forced or trafficked labour are used.</p> <p>No equivalent RSPO indicators available.</p>	No equivalent MSPO criteria and indicators available.	For RSPO Criterion 6.12, both RSPO and MSPO do not have requirements for independent smallholders.
6.13	<p>Growers and millers respect human rights.</p> <p>No equivalent RSPO indicators available.</p>	<p>Refer to 'Part 2/P4/C3: Employment conditions' above.</p> <p>No indicator found.</p>	For RSPO Criterion 6.13, both RSPO and MSPO do not have requirements for independent smallholders.
7	<p>Responsible Development of New Plantings</p> <p>Summary of Guidance:</p> <ul style="list-style-type: none"> Individual smallholders are not eligible for RSPO group certification if their holdings have been established, after 2005, in primary forests or any area containing one or more High Conservation Value. Smallholder groups whose members plan to expand their aggregate holdings by less than 500 ha. in any one year must develop a simplified SEIA (7.1, 7.2 and 7.4) and must observe 7.3, 7.4 and 7.6. Details of expansion plans should be detailed in group business plans (see 3.1). Smallholder groups whose members plan to expand their aggregate holdings by more than 500 ha. in any one year must comply with all criteria in principle 7. 		

7.1	<p>A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Independent impact assessment, undertaken through a participatory methodology including external stakeholder groups • Appropriate management planning and operational procedures. • Where the development includes an outgrower scheme, the impacts of the scheme and the implications of the way it is managed should be given particular attention. <p>Guidance for group managers: Where groups plan to expand their aggregate holdings by more than 500 ha. in any one year, group managers should ensure that local communities, indigenous peoples and prospective smallholders participate actively in impact assessments. In addition to the considerations outlined in the RSPO P&C such assessments must include participatory consideration of:</p> <ul style="list-style-type: none"> • Land use planning and land allocations to smallholders and arrangements regarding land acquisition. • Identification and mitigation of environmental impact, road building and road maintenance • Conservation Values (see criterion 7.3) that could be negatively affected. • Assessment of potential effects on adjacent natural ecosystems of planned smallholding developments, including whether development or expansion will increase pressure on nearby natural ecosystems. • Identification of watercourses and assessment of potential effects on hydrology by planned smallholding developments. Measures should be planned and implemented to maintain the quantity and quality of water resources. • Baseline soil surveys and topographic information, including the identification of marginal and fragile soils, areas prone to erosion and slopes unsuitable for planting, where such data already exists. 	<p>Part 2/P7/C3: Social and Environmental Impact Assessment (SEIA) A social and environmental impact assessment shall be conducted prior to establishing new plantings.</p> <p>No indicators found.</p>	<p>RSPO Criterion 7.1 is not fulfilled by MSPO.</p>
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	<ul style="list-style-type: none"> • Analysis of type of land to be used (forest, degraded forest, cleared land). • Analysis of land ownership and user rights. • Analysis of current land use patterns. • Assessment of potential social impact on surrounding communities of the group of smallholdings, including an analysis of differential effect on women versus men, ethnic communities, migrant versus long-term residents. <p>Where groups plan to expand their aggregate holdings by less than 500 ha. in any one year, group managers should carry out a simplified social and environmental impact assessment which assesses HCVs, identifies suitable lands and other rights holders.</p>		
7.2	<p>Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Soil suitability maps or soil surveys adequate to establish the long-term suitability of land for oil palm cultivation should be available. • Topographic information adequate to guide the planning of drainage and irrigation systems, roads and other infrastructure should be available. <p>Guidance for group managers:</p> <p>Where groups plan to expand their aggregate holdings by more than 500 ha. in any one year, group managers must ensure that these requirements are applied to all group members planning to expand their holdings or acquire new ones. National interpretations should include detail on peat depth.</p> <p>Where groups plan to expand their aggregate holdings by less than 500 ha. in any one year only a simplified soil survey is required (see 7.1)</p>	<p>Part 2/P7/C2: Soil survey</p> <p>Soil and topographic information, where available, shall be used for site planning in the establishment of new planting.</p> <p>Indicator 1:</p> <p>Independent smallholders should obtain information on soil types, topography and their suitability for oil palm plantings from the relevant government agency.</p> <p>New planting plans should be prepared in consultation with extension service officers.</p>	<p>RSPO Criterion 7.2 indicator requirements are fulfilled by MSPO.</p> <p>MSPO P7/C2/I1 requirement (preparation of new planting plans in consultation with extension service officers exceed RSPO indicator requirements).</p>

7.3	<p>New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values (HCVs).</p> <p>Indicators:</p> <ul style="list-style-type: none"> • An HCV assessment, including stakeholder consultation, is conducted prior to any conversion. • Dates of land preparation and commencement are recorded. <p>Guidance for group managers: Group managers must ensure that this criterion is applied to group smallholdings.</p> <p>This criterion also applies to independent smallholders who later seek to become members of smallholder groups seeking certification.</p>	<p>Part 2/P7/C1: High biodiversity value Oil palm shall not be planted on primary forest or land designated for protection of nature, ecosystem services and social or cultural values. Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National Biodiversity Policy and/or State Biodiversity Legislation.</p> <p>Indicator 1: Independent smallholders shall not plant oil palm on land with high biodiversity value as identified by local, state and national legislation.</p>	<p>RSPO Criterion 7.3 indicator requirements are not fulfilled by MSPO because MSPO does not specify requirements for HCV or equivalent assessments, stakeholder consultations or records of land preparation / commencement.</p>
7.4	<p>Extensive planting on steep terrain, and/or marginal and fragile soils, including peat, is avoided.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Maps identifying marginal and fragile soils, including excessive gradients and peat soils, should be available. • Where limited planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them without incurring adverse impacts. <p>Guidance for group managers: Where groups plan to expand their aggregate oil palm holdings by more than 500 ha. in any one year, group managers must ensure that no new lands are acquired by existing group members on steep terrain and/or on marginal and fragile soils.</p>	<p>Part 2/P7/C3: Planting on steep terrain, marginal and fragile soils Extensive planting on steep terrain, marginal and fragile soils, shall be avoided unless permitted by local legislation. Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts.</p> <p>Indicator 1: Extensive planting on steep terrain, marginal and fragile soils, shall be avoided unless permitted by local legislation. Independent smallholders who establish new plantings on steep terrain, marginal and fragile soils, should adopt the appropriate and viable conservation measures.</p>	<p>RSPO Criterion 7.4 indicator requirements (availability of maps identifying marginal / fragile soils and development and implementation of soil conservation plans) are not fulfilled by MSPO.</p>

<p>7.5</p>	<p>No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.</p> <p>Indicators: Refer to criteria 2.2, 2.3, 6.2, 6.4 and 7.6 for indicators and guidance on compliance.</p> <p>Guidance for group managers: This criterion must be considered with 2.2, 2.3, 6.4 and 7.6. Group managers must ensure that members first identify local owners of any and all lands for the expansion or acquisition of new group smallholdings.</p> <p>General Guidance: Where lands are encumbered by legal or customary rights, the group manager must demonstrate that these rights are understood by group members and are not being threatened or reduced.</p> <p>This criterion allows for sales and negotiated agreements to compensate other users for lost benefits and/or relinquished rights. Negotiated agreements to acquire lands for group smallholdings should be non-coercive and entered into voluntarily, carried out prior to new investments or operations and based on an open sharing of all relevant information in appropriate forms and languages, including assessments of impacts, proposed benefit sharing and legal arrangements. Those selling or leasing lands must be permitted to seek legal counsel if they so choose. Communities selling or leasing lands must be represented through institutions or representatives of their own choosing, operating transparently and in open communication with other community members. Adequate time must be given for customary decision-making and iterative negotiations allowed for, where requested. Negotiated agreements should be binding on all parties and enforceable in the courts.</p> <p>Group managers have maps or other documents showing the land holdings of group smallholders and can show these lands are not claimed or contested by third parties with legitimate claims</p>	<p>No equivalent MSPO criteria and indicators available.</p>	<p>RSPO Criterion 7.5 is not fulfilled by MSPO.</p>
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	<p>Group managers can show that lands acquired for smallholders do not diminish legal or customary rights. Where others' customary or legally owned lands have been taken-over there is proof of transfer of rights (e.g. sale or lease) and of payment or provision of agreed compensation.</p>		
7.6	<p>Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Documented identification and assessment of legal and customary rights. • Establishment of a system for identifying people entitled to compensation. • Establishment of a system for calculating and distributing fair compensation (monetary or otherwise). • Communities that have lost access and rights to land for plantation expansion are given opportunities to benefit from plantation development. • The process and outcome of any compensation claims should be documented and made publicly available. <p>This activity should be integrated with the SEIA required by 7.1.</p> <p>Guidance for group managers: see 7.5 above.</p>	No equivalent MSPO criteria and indicators available.	<p>RSPO Criterion 7.6 is not fulfilled by MSPO.</p>

<p>7.7</p>	<p>No use of fire in the preparation of new plantings other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • No evidence of land preparation by burning. • Documented assessment where fire has been used for preparing land for planting. • Evidence of approval of controlled burning as specified in ASEAN guidelines or other regional best practice. • This activity should be integrated with the SEIA required by 7.1. <p>Guidance for group managers: Group managers must ensure that no fire is used to establish new plantings.</p> <p>Fire should be used only where an assessment has demonstrated that it is the most effective and least environmentally damaging option for minimising the risk of severe pest and disease outbreaks during the preparation of new plantings, and with evidence that fire-use is carefully controlled.</p> <p>National interpretation should identify any specific situations where such use of fire may be acceptable, for example through reference to 'Guidelines for the implementation of the ASEAN policy on zero burning', or comparable guidelines in other locations.</p>	<p>Part 2/P5/C6: Zero burning practices (see also RSPO P&C 5.5) Use of fire for waste disposal and for preparing land for oil palm cultivation and replanting shall be avoided except in specific situations, as identified in regional best practice.</p> <p>Indicator 1: Independent smallholders shall not practice open burning during land preparation for oil palm cultivation or replanting, unless with the permission of relevant state authorities.</p>	<p>RSPO Criterion 7.7 indicator requirement (documented assessment where fire has been used) is not fulfilled by MSPO.</p>
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7.8	<p>Preamble: <i>It is noted that oil palm and all other agricultural crops emit and sequester greenhouse gases (GHG). There has already been significant progress by the oil palm sector, especially in relation to reducing GHG emissions relating to operations. Acknowledging both the importance of GHGs, and the current difficulties of determining emissions, the following new Criterion is introduced to demonstrate RSPO's commitment to establishing a credible basis for the Principles and Criteria on GHGs.</i></p> <p><i>Growers and millers commit to reporting on projected GHG emissions associated with new developments. However, it is recognised that these emissions cannot be projected with accuracy with current knowledge and methodology.</i></p> <p><i>Growers and millers commit to plan development in such a way to minimise net GHG emissions towards a goal of low carbon development (noting the recommendations agreed by consensus of the RSPO GHG WG2).</i></p> <p><i>Growers and millers commit to an implementation period for promoting best practices in reporting to the RSPO, and after December 31st 2016 to public reporting. Growers and millers make these commitments with the support of all other stakeholder groups of the RSPO.</i></p> <p>New plantation developments are designed to minimise net greenhouse gas emissions.</p> <p>No equivalent RSPO indicators available.</p>	No equivalent MSPO criteria and indicators available.	For RSPO Criterion 7.8, both RSPO and MSPO do not have requirements for independent smallholders.
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8	Commitment To Continual Improvement In Key Areas of Activity		
8.1	<p>Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.</p> <p>Indicators: The action plan for continual improvement should be based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and should include a range of indicators covered by these principles and criteria. As a minimum, these must include, but not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of certain chemicals (criterion 4.6). • Environmental impacts (criterion 5.1). • Waste reduction (criterion 5.3). • Pollution and emissions (criterion 5.6). • Social impacts (6.1). <p>Guidance for group managers: Group managers must develop an action plan for continual improvement, developed in a participatory manner with group smallholders, based on a consideration of the main social and environmental impacts and opportunities of the smallholdings, and should include a range of indicators covered by these principles and criteria.</p>	<p>Part 2/P1/C1: Malaysian sustainable palm oil (MSPO) policy There shall be a policy on the implementation of this MS on Malaysian sustainable palm oil (MSPO) by the organization to demonstrate its commitment.</p> <p>Indicator 1 There shall be a policy binding smallholders to MSPO.</p> <p>Part 2/P1/C2: Continual improvement There shall be an action plan on the continual improvement for practices to be in-line with new information and techniques, or new industry standards and technology.</p> <p>Indicator 1: The action plan for continual improvement shall be based on the consideration for the main social and environmental impact and opportunities of the independent smallholders' group, such as SPOC. Independent smallholders shall be aware of the need to understand the importance of continual improvement.</p> <p>Indicator 2: Group management shall establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the group members.</p>	<p>RSPO Criterion 8.1 indicator requirements are fulfilled by MSPO.</p> <p>MSPO P1/C1/I1 (policy binding smallholders to MSPO) and P1/C2/I2 (establishment of a system to improve practices and disseminate information) exceed RSPO indicator requirements.</p>

TABLE 3: RSPO P&C Malaysia National Interpretation (MYNI) (2014) vs. MSPO Part 3: General principles for oil palm plantations and organised smallholders and MSPO Part 4: General principles for palm oil mills (indicator level comparison of mills, estates and scheme smallholders-related standards)

	RSPO	MSPO	Rationale
1	Commitment to Transparency		
1.1	<p>Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</p> <p>Indicators:</p> <p>1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. (Minor Compliance)</p> <p>1.1.2 Records of requests for information and responses shall be maintained. (Major Compliance)</p> <p>Specific Guidance:</p> <p>For 1.1.1: Evidence should be provided that information is received in appropriate form(s) and language(s) by relevant stakeholders. Information will include information on the RSPO mechanisms for stakeholder involvement, including information on their rights and responsibilities.</p>	<p>P2/C1: Transparency of information and documents relevant to MSPO requirements</p> <p>Adequate information shall be provided on request by relevant stakeholders and management documents shall be publicly available, except those limited by commercial confidentiality or disclosure would result in negative environmental or social outcomes.</p> <p>Part 3/Indicator 1:</p> <p>The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.</p> <p>Part 4/Indicator 1:</p> <p>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.</p>	<p>MSPO P2/C1 indicators fulfil RSPO Criterion 1.1.</p>

1.2	<p>Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>Indicators:</p> <p>1.2.1 Management documents that are made available to the public shall include, but are not necessarily limited to:</p> <ul style="list-style-type: none"> • Land titles/user rights (Criterion 2.2); • Occupational health and safety plans (Criterion 4.7); • Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); • HCV documentation summary (Criteria 5.2 and 7.3); • Pollution prevention and reduction plans (Criterion 5.6); • Details of complaints and grievances (Criterion 6.3); • Negotiation procedures (Criterion 6.4); • Continual improvement plans (Criterion 8.1); • Public summary of certification assessment report; • Human Rights Policy (Criterion 6.13). <p>(Major Compliance)</p>	<p>Refer to 'P2/C1: Transparency of information and documents relevant to MSPO requirements' above</p> <p>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.</p>	<p>MSPO P2/C1 indicators fulfil RSPO Criterion 1.2.</p>
1.3	<p>Growers and millers commit to ethical conduct in all business operations and transactions.</p> <p>Indicators:</p> <p>1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. (Minor Compliance)</p>	<p>No equivalent MSPO criteria and indicators available.</p>	<p>RSPO Criterion 1.3 is not fulfilled by MSPO.</p>

2	Compliance with Applicable Laws and Regulations		
2.1	<p>There is compliance with all applicable local, national and ratified international laws and regulations.</p> <p>Indicators:</p> <p>2.1.1 Evidence of compliance with relevant legal requirements shall be available. (Major Compliance)</p> <p>2.1.2 A documented system, which includes written information on legal requirements, shall be maintained. (Minor Compliance)</p> <p>2.1.3 A mechanism for ensuring compliance shall be implemented. (Minor Compliance)</p> <p>2.1.4 A system for tracking any changes in the law shall be implemented. (Minor Compliance)</p> <p>Specific Guidance:</p> <p>For 2.1.4: The systems used for tracking any changes in laws and regulations should be appropriate to the scale of the organisation.</p>	<p>P3/C1: Regulatory requirements Compliance with local, national and ratified international laws and regulations.</p> <p>Indicator 1: All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.</p> <p>Indicator 2: The management shall list all laws applicable to their operations in a legal requirements register.</p> <p>Indicator 3: The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p>Indicator 4: The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.</p>	<p>MSPO P3/C1 indicators fulfil RSPO Criterion 2.1.</p> <p>MSPO P3/C1/I4 (assignment of responsible person to monitor compliance and to track and update changes in regulatory requirements) exceeds requirements under RSPO Criterion 2.1.</p>

<p>2.2</p>	<p>The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p> <p>Indicators:</p> <p>2.2.1 Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. (Major Compliance)</p> <p>2.2.2 There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. (Minor Compliance)</p> <p>2.2.3 Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). (Minor Compliance)</p> <p>2.2.4 There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. (Major Compliance)</p> <p>2.2.5 For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable). (Minor Compliance)</p> <p>2.2.6 To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations. (Major Compliance)</p> <p>Specific Guidance:</p> <p>For 2.2.2: Growers should comply with the above indicator within 15 months from date of announcement of first audit. Refer to State Land Office for examples of other reserves.</p> <p>Plantation operations should cease on land planted beyond the legally determined area and there should be mutually agreed specific plans to address such issues. (Cross reference to Indicator 2.2.3).</p> <p>For 2.2.6: Company policy should prohibit the use of extra-judicial intimidation and harassment. In the Malaysian context, use of auxiliary police/ watchmen/ RELA are employed to maintain security in the estate.</p>	<p>P3/C2: Legal land use rights</p> <p>Oil palm cultivation shall not diminish the legal land use rights of other users.</p> <p>Indicator 1:</p> <p>The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.</p> <p>Indicator 2:</p> <p>The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.</p> <p>Indicator 3:</p> <p>Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.</p> <p>Indicator 4:</p> <p>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).</p> <p>P3/C3: Customary rights</p> <p>Customary rights to land shall not be threatened or reduced.</p> <p>Indicator 1:</p> <p>Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.</p>	<p>MSPO P3/C2 Indicators 2 (provision of documents showing legal ownership or lease) and 3 (demarcation and maintenance of legal perimeter boundary markers) do not specify Native Customary Right (NCR) elements currently included in RSPO Indicators 2.2.1 (availability of documents showing legal ownership or lease) and 2.2.2 (evidence that physical markers are located and visibly maintained along legal boundaries).</p> <p>RSPO Indicators 2.2.4 (absence of significant land conflict), 2.2.5 (participatory mapping of disputed areas) and 2.2.6 (no evidence of instigated violence by company) not fulfilled by MSPO.</p>
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<p>2.3</p>	<p>Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.</p> <p>Indicators:</p> <p>2.3.1 Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). (Major Compliance)</p> <p>2.3.2 Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include:</p> <ul style="list-style-type: none"> a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. <p>(Minor Compliance)</p> <p>2.3.3 All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. (Minor Compliance)</p> <p>2.3.4 Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. (Major Compliance)</p> <p>Specific Guidance: For 2.3.4: Evidence should be available from the companies, communities or other relevant stakeholders.</p>	<p>Refer to 'P3/C3: Customary rights' above</p> <p>Indicator 2: Maps of an appropriate scale showing extent of recognized customary rights shall be made available.</p> <p>Indicator 3: Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.</p>	<p>RSPO Indicator 2.3.2 (availability of copies of negotiated agreements detailing FPIC processes) not fulfilled by MSPO.</p> <p>For example, MSPO P3/C3 Indicators 2 (availability of maps showing extent of recognized customary rights) and 3 (records of FPIC negotiations and availability of negotiated agreements) do not require a) evidence of a consultative plan to be developed between the company and communities, b) evidence that the company has respected communities' decisions or c) evidence that legal, economic, environmental and social implications have been understood and accepted by affected communities.</p> <p>RSPO Indicators 2.3.3 (availability of relevant information) and 2.3.4 (evidence to show that communities are represented through institutions or representatives of their own choosing) not fulfilled by MSPO.</p>
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3	Commitment to Long-term Economic and Financial Viability		
3.1	<p>There is an implemented management plan that aims to achieve long-term economic and financial viability.</p> <p>Indicators:</p> <p>3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. (Major Compliance)</p> <p>3.1.2 An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. (Minor Compliance)</p> <p>Specific Guidance:</p> <p>For 3.1.1: The business or management plan should contain at a minimum:</p> <ul style="list-style-type: none"> • Crop projection = Fresh Fruit Bunches (FFB) yield trends; • Mill extraction rates = Oil Extraction Rate (OER) trends; <p>Suggested calculation: trends in 3-year running mean over the last decade (FFB trends may need to allow for low yield during major replanting programmes).</p>	<p>P6/C2: Economic and financial viability plan</p> <p>A documented business or management plan shall be established to demonstrate attention for economic and financial viability through long-term management planning.</p> <p>Indicator 1:</p> <p>A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.</p> <p>Part 3/Indicator 2:</p> <p>Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.</p> <p>Part 3/Indicator 3:</p> <p>The business or management plan may contain:</p> <ol style="list-style-type: none"> a) Attention to quality of planting materials and FFB. b) Crop projection: site yield potential, age profile, FFB yield trends. c) Cost of production: cost per tonne of FFB. d) Price forecast. e) Financial indicators: cost benefit, discounted cash flow, return on investment. <p>Part 3/Indicator 4:</p> <p>The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.</p>	<p>MSPO P6/C2/Part 3/I4 (effective implementation of management plan and monitoring of achievements) exceeds requirements under RSPO Criterion 3.1.</p>

4	Use of Appropriate Best Practices by Growers and Millers		
4.1	<p>Operating procedures are appropriately documented, consistently implemented and monitored.</p> <p>Indicators:</p> <p>4.1.1 Standard Operating Procedures (SOPs) for estates and mills shall be documented. (Major Compliance)</p> <p>4.1.2 A mechanism to check consistent implementation of procedures shall be in place. (Minor Compliance)</p> <p>4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. (Minor Compliance)</p> <p>4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). (Major Compliance)</p> <p>Specific Guidance:</p> <p>For 4.1.1 and 4.1.4: SOP and documentation for mills should include relevant supply chain requirements (see RSPO Supply Chain Certification Standard, Nov 2011).</p>	<p>P6/C1: Site/mill management Standard operating procedures on planting of oil palm shall be established as per company policy.</p> <p>Indicator 1: Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>Part 4/Indicator 2: All palm oil mills shall implement best practices.</p> <p>Part 3/Indicator 3: A visual identification or reference system shall be established for each field.</p> <p>P2/C3: Traceability Procedures for traceability along the supply chain shall be established.</p> <p>Part 3/Indicator 1: The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).</p> <p>Part 4/Indicator 1: The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.</p> <p>Indicator 2: The management shall conduct regular inspections on compliance with the established traceability system.</p>	<p>MSPO P6/C1/Part 4 Indicators 2 (implementation of mill best practices) and 4 (maintenance of storage, sales, delivery or transportation of crude palm oil and palm kernel records) exceed requirements under RSPO Criterion 4.1.</p>

		<p>Indicator 3: The management should/shall identify and assign suitable employees to implement and maintain the traceability system.</p> <p>Part 3/Indicator 4: Records of sales, delivery or transportation of FFB shall be maintained.</p> <p>Part 4/Indicator 4: Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.</p>	
4.2	<p>Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p> <p>Indicators:</p> <p>4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. (Minor Compliance)</p> <p>4.2.2 Records of fertiliser inputs shall be maintained. (Minor Compliance)</p> <p>4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. (Minor Compliance)</p> <p>4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. (Minor Compliance)</p>	No equivalent MSPO criteria and indicators available. .	RSPO Criterion 4.2 is not fulfilled by MSPO.

<p>4.3</p>	<p>Practices minimise and control erosion and degradation of soils.</p> <p>Indicators:</p> <p>4.3.1 Maps of any fragile/marginal soils shall be available. (Major Compliance)</p> <p>4.3.2 A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. (Minor Compliance)</p> <p>4.3.3 A road maintenance programme shall be in place. (Minor Compliance)</p> <p>4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. (Major Compliance)</p> <p>4.3.5 Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. (Minor Compliance)</p> <p>4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). (Minor Compliance)</p> <p>Specific Guidance:</p> <p>For 4.3.1 Replanting on sloping land must be in compliance with MSGAP Part 2: OP (4.4.2.2). (See Annex 3).</p> <p>For Sarawak, steep slopes above 25 degrees are considered high risk erosion areas and cannot undergo replanting unless approved by the Natural Resources and Environment Board (NREB).</p> <p>For Sabah, slopes 25 degrees and steeper are considered high risk erosion areas and cannot undergo replanting unless approved by the Environmental Protection Department (EPD).</p> <p>Slope determination methodology (slope analysis) should be based on average slope using topographic maps and/or topographical surveys.</p>	<p>Refer to 'P6/C1: Site/mill management' above</p> <p>Part 3/Indicator 2:</p> <p>Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.</p>	<p>MSPO P6/C1/Part 3/12 (Implementation of soil conservation measures) does not include requirements under RSPO Indicators 4.3.1 (availability of fragile/marginal soil maps) and 4.3.2 (implementation of management strategy for planting on steep slopes); and specific measures under RSPO Indicators 4.3.3 (implementation of road maintenance programme), 4.3.4 (minimization and monitoring of subsidence of peat soils), 4.3.5 (conduction of drainability assessments) or 4.3.6 (implementation of management strategy for other fragile and problem soils). Hence, Criterion 4.3 is not fulfilled by MSPO.</p>
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	<p>For 4.3.4: For existing plantings on peat, the water table should be maintained at an annual average of 50cm (between 40 - 60cm) below ground surface measured with groundwater piezometer readings, or an annual average of 60cm (between 50 - 70cm) below ground surface as measured in water collection drains, through a network of appropriate water control structures e.g. weirs, sandbags, etc. in fields, and water gates at the discharge points of main drains (Criteria 4.4 and 7.4).</p> <p>For 4.3.5: Where drainability assessments have identified areas unsuitable for oil palm replanting, plans should be in place for appropriate rehabilitation or alternative use of such areas. If the assessment indicates high risk of serious flooding and/or salt water intrusion within two crop cycles, growers and planters should consider ceasing replanting and implementing rehabilitation.</p>		
4.4	<p>Practices maintain the quality and availability of surface and ground water.</p> <p>Indicators:</p> <p>4.4.1 An implemented water management plan shall be in place. (Minor Compliance)</p> <p>4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. (Major Compliance)</p> <p>4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). (Minor Compliance)</p> <p>4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. (Minor Compliance)</p> <p>Specific Guidance:</p> <p>For 4.4.1: The water management plan will:</p> <ul style="list-style-type: none"> • Take account of the efficiency of use and renewability of sources; 	<p>P5/C4: Reduction of pollution and emission [Part 4: (including greenhouse gas)] An assessment of all polluting activities shall be conducted, identified and an action plan to reduce them shall be established and implemented.</p> <p>Part 4/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.</p> <p>P5/C5: Natural water resources The management shall establish a water management plan to maintain the quality and availability of natural water resources.</p> <p>Part 3/Indicator 1: The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water).</p> <p>The water management plan may include:</p> <ol style="list-style-type: none"> a) Assessment of water usage and sources of supply. 	<p>RSPO Indicator 4.4.2 (protection of water courses and wetlands including maintenance and restoration of riparian/buffer zones) is mostly fulfilled by MSPO P5/C5/Part 3/11 (establishment of a water management plan) under a list of suggested components to be included in this plan.</p> <p>RSPO Indicator 4.4.3 (mill effluent treatment and discharge monitoring) is partially fulfilled by MSPO P5/C5/Part 4/11 (establishment of a water management plan) under a list of suggested components to be included in this plan i.e. b)</p>

	<ul style="list-style-type: none"> • Ensure that the use and management of water by the operation does not result in adverse impacts on other users within the catchment area, including local communities and customary water users; • Avoid contamination of surface and ground water through run-off of soil, nutrients or chemicals, or as a result of inadequate disposal of waste including Palm Oil Mill Effluent (POME). • Aim to ensure that the plantation activities do not cause adverse impacts to the water sources of local communities, workers and their families. • No construction of bunds/weirs/dams across the main rivers or waterways passing through an estate. • Outgoing water into main natural waterways should be monitored at a frequency that reflects the estates and mills current activities which may have negative impacts (Cross reference to C 5.1 and 8.1). • Monitoring rainfall data for proper water management. • Water drainage into protected areas is avoided wherever possible. Appropriate mitigating measures will be implemented following consultation with relevant stakeholders. <p>For 4.4.2: Refer to the 'RSPO Manual On Best Management Practices (BMP) for management and rehabilitation of natural vegetation associated with oil palm cultivation on peat', July 2012.</p>	<ul style="list-style-type: none"> b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities. c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). d) Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate. e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented. f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually. <p>Part 4/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:</p> <ul style="list-style-type: none"> a) Assessment of water usage and sources. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities. c) Ways to optimise 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>Part 3/Indicator 2: No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p>Part 4/Indicator 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.</p> <p>Part 3/Indicator 3: Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).</p>	<p>Monitoring of outgoing water which may have negative impacts into the natural waterways. However, implementation and monitoring of the water management plan is currently not specified by MSPO.</p> <p>Suggested component of MSPO P5/C5/Part 4/11 (establishment of a water management plan) i.e. c) Ways to optimise water and nutrient usage and reduce wastage, exceeds requirements under RSPO Criterion 4.4.</p> <p>MSPO P5/C5/Part 4/12 (open discharge of POME into water courses) and P5/C5/Part 3/13 (implementation of water harvesting practices) exceed requirements under RSPO Criterion 4.4.</p>
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4.5	<p>Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p> <p>Indicators:</p> <p>4.5.1 Implementation of Integrated Pest Management (IPM) plans shall be monitored. (Major Compliance)</p> <p>4.5.2 Training of those involved in IPM implementation shall be demonstrated. (Minor Compliance)</p>	No equivalent MSPO criteria and indicators available.	RSPO Criterion 4.5 is not fulfilled by MSPO.
4.6	<p>Pesticides are used in ways that do not endanger health or the environment.</p> <p>Indicators:</p> <p>4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. (Major Compliance)</p> <p>4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. (Major Compliance)</p> <p>4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. (Major Compliance)</p> <p>4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). (Minor Compliance)</p> <p>4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). (Major Compliance)</p> <p>4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the</p>	<p>P4/C4: Employees safety and health</p> <p>To comply with the Occupational Safety and Health Act 1994 and the Factories & Machinery Act 1967.</p> <p>Indicator 2:</p> <p>The occupational safety and health plan shall cover the following*:</p> <ul style="list-style-type: none"> c) An awareness and training programme which includes the following requirements for employees exposed to pesticides: <ul style="list-style-type: none"> i) all employees involved shall be adequately trained on safe working practices; and ii) all precautions attached to products shall be properly observed and applied. 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. <p>* Only partial list of points relevant to RSPO Criterion 4.6 is repeated and shown here</p>	<p>RSPO Indicators 4.6.5 (pesticides handling and use, training, provision and use of safety equipment), 4.6.6 (pesticide storage and disposal best practices) and 4.6.10 (demonstration of proper disposal of waste material) is partially addressed by selected and relevant components within MSPO P4/C4/I2 (occupational safety and health plan).</p> <p>However, it is noted that RSPO details specific indicators for various activities related to pesticide usage whereas elements addressing these activities are only found within selected and relevant components of MSPO's requirements for an occupational safety and health plan.</p>

<p>Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. (Major Compliance)</p> <p>4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts. (Minor Compliance)</p> <p>4.6.8 Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. (Major Compliance)</p> <p>4.6.9 Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8). (Minor Compliance)</p> <p>4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). (Minor Compliance)</p> <p>4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. (Major Compliance)</p> <p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. (Major Compliance)</p> <p>Specific Guidance:</p> <p>For 4.6.1: Measures to avoid the development of resistance should be applied e.g. pesticide rotations. The justification should consider less harmful alternatives and IPM.</p> <p>For 4.6.4: Pesticides Act 1974, Act 149, Pesticides (Highly Toxic Pesticide) Regulation 1996 describes the protocol for handling and use of highly toxic pesticides. Justification of the use of such pesticides will be included in the RSPO public summary audit report.</p> <p>For 4.6.6: Recognised best practice includes: Storage of all pesticides as prescribed in the FAO International Code of Conduct (see Annex 2) or to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations. On the distribution and use of pesticides and its guidelines, and supplemented by relevant industry guidelines in support of the International Code (see Annex 1).</p> <p>For 4.6.11: Reference shall be made to CHRA (Chemical Health Risk Assessment).</p>		
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<p>4.7</p>	<p>An occupational health and safety plan is documented, effectively communicated and implemented.</p> <p>Indicators: The occupational health and safety plan shall cover the following:</p> <p>4.7.1 An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. (Major Compliance)</p> <p>4.7.2 All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. (Major Compliance)</p> <p>4.7.3 All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. (Major Compliance)</p> <p>4.7.4 The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. (Major Compliance)</p> <p>4.7.5 Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. (Minor Compliance)</p> <p>4.7.6 All workers shall be provided with medical care, and covered by accident insurance. (Minor Compliance)</p> <p>4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. (Minor Compliance)</p>	<p>Refer to 'P4/C4: Employees safety and health' above</p> <p>Indicator 1: An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.</p> <p>Indicator 2: The occupational safety and health plan shall cover the following:</p> <ul style="list-style-type: none"> a) A safety and health policy, which is communicated and implemented. b) The risks of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to pesticides: <ul style="list-style-type: none"> iii) all employees involved shall be adequately trained on safe working practices; and iv) all precautions attached to products shall be properly observed and applied. 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. f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements. 	<p>MSPO P4/C4 indicators fulfil RSPO Criterion 4.7.</p>
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4.8	<p>All staff, workers, smallholders and contract workers are appropriately trained.</p> <p>Indicators:</p> <p>4.8.1 A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. (Major Compliance)</p> <p>4.8.2 Records of training for each employee shall be maintained. (Minor Compliance)</p>	<p>P4/C6: Training and competency All employees, contractors and relevant associated smallholders shall be appropriately trained.</p> <p>Indicator 1: All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p> <p>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.</p> <p>Indicator 3: A continuous training programme should 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.</p>	<p>MSPO P4/C6 Indicator 3 (implementation of a continuous training programme) exceeds requirements under RSPO Criterion 4.8.</p>

5	Environmental Responsibility and Conservation of Natural Resources and Biodiversity		
5.1	<p>Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p> <p>Indicators:</p> <p>5.1.1 An environmental impact assessment (EIA) shall be documented. (Major Compliance)</p> <p>5.1.2 Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. (Minor Compliance)</p> <p>5.1.3 This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. (Minor Compliance)</p> <p>Specific Guidance: For 5.1.1: An EIA is required for all operations but can be in the form as per the legal requirement, or the Environmental Aspect and Impacts Assessment (EAIA).</p> <p>Thresholds for EIA and other legally required environmental assessments are provided in Annex 3. Onus is on the company to report back to the relevant authorities on the mitigation efforts being put in place arising out of the EIA.</p> <p>Non-restrictive format for EAIA e.g. ISO 14001 EMS incorporating elements spelt out in this criterion and raised through stakeholder consultation.</p>	<p>P5/C1: Environmental management plan An environmental policy and management which in compliance with the relevant national and state environmental laws shall be documented and implemented.</p> <p>Indicator 1: An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.</p> <p>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.</p> <p>Indicator 3: An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.</p> <p>Indicator 4: A programme to promote the positive impacts should be included in the continual improvement plan.</p> <p>Indicator 5: An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.</p> <p>Indicator 6: Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.</p>	<p>RSPO Indicator 5.1.3 (requirement for review of plan at a minimum of every two years to reflect the results of monitoring) is not fulfilled by MSPO.</p> <p>MSPO P5/C1 Indicators 5 (establishment and implementation of awareness and training programme on environmental management and improvement plans) and 6 (organization of regular meetings by management with employees concerning environmental quality) exceed requirements under RSPO Criterion 5.1.</p>

<p>5.2</p>	<p>The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p> <p>Indicators:</p> <p>5.2.1 Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). (Major Compliance)</p> <p>5.2.2 Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. (Major Compliance)</p> <p>5.2.3 There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. (Minor Compliance)</p> <p>5.2.4 Where an action plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the action plan. <p>(Minor Compliance)</p> <p>5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. (Minor Compliance)</p> <p>Specific Guidance: For 5.2.1: This information will cover:</p>	<p>P5/C6: Status of rare, threatened, or endangered species and high biodiversity value area</p> <p>Information should be collected in the planted area and appropriate measures taken for the protection of the species or habitat.</p> <p>Part 3/Indicator 1:</p> <p>Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p> <ol style="list-style-type: none"> a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities. b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities. <p>Part 3/Indicator 2:</p> <p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <ol style="list-style-type: none"> a) Ensuring that any legal requirements relating to the protection of the species are met. b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts. <p>Part 3/Indicator 3:</p> <p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p>	<p>RSPO Indicators 5.2.3 (programme to regularly educate the workforce on RTE species and appropriate disciplinary measures), 5.2.4 (monitoring of RTE/HCV action plan) and 5.2.5 (evidence of an agreement with local communities for safeguarding HCVs and their rights where HCV set-asides have been identified) are not fulfilled by MSPO.</p>
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	<ul style="list-style-type: none"> • Presence of protected areas that could be significantly affected by the grower or miller; • Conservation status (e.g. IUCN status), legal protection, population status and habitat requirements of rare, threatened, or endangered (RTE) species that could be significantly affected by the grower or miller; • Identification of HCV habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower or miller; • HCV assessment on existing plantation can be conducted internally or out-sourced to HCV Resource Network licenced HCV assessors. <p>For 5.2.2: These measures will include:</p> <ul style="list-style-type: none"> • Ensuring that any legal requirements relating to the protection of the species or habitat are met; • Avoiding damage to and deterioration of HCV habitats, such as by attempting to connect HCV areas, corridors are conserved, and buffer zones around HCV areas are created; • Controlling any illegal or inappropriate hunting, fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts (e.g. incursions by elephants). <p>For 5.2.5: If a negotiated agreement cannot be reached, there should be evidence of sustained efforts to achieve such an agreement. These could include third party arbitration (see Criteria 2.3, 6.3 and 6.4).</p>		
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<p>5.3</p>	<p>Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p> <p>Indicators:</p> <p>5.3.1 All waste products and sources of pollution shall be identified and documented. (Major Compliance)</p> <p>5.3.2 All chemicals and their containers shall be disposed of responsibly. (Major Compliance)</p> <p>5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. (Minor Compliance)</p>	<p>P5/C3: Waste management and disposal All waste products and sources of pollution shall be identified and documented, and a waste management plan shall be developed and implemented.</p> <p>Indicator 1: All waste products and sources of pollution shall be identified and documented.</p> <p>Part 3/Indicator 2: A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <ul style="list-style-type: none"> c) Identifying and monitoring sources of waste and pollution. d) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products. <p>Part 4/Indicator 2: A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for:</p> <ul style="list-style-type: none"> c) Identifying and monitoring sources of waste and pollution. d) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products. <p>Part 3/Indicator 3: The 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.</p> <p>Part 4/Indicator 3: The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations</p>	<p>MSPO P5/C3/Part 3/13 (establishment of Standard Operating Procedure for handling of used chemicals – plantations) and P5/C3/Part 4/13 (establishment of SOP for handling of used chemicals – mills) exceed requirements under RSPO Criterion 5.3.</p> <p>In general, MSPO P5/C3 indicators are more detailed or granular than RSPO Criterion 5.3 indicators.</p>
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5.4	<p>Efficiency of fossil fuel use and the use of renewable energy is optimised.</p> <p>Indicators: 5.4.1 A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. (Minor Compliance)</p>	<p>P5/C2: Efficiency of energy use and use of renewable energy Energy use, including renewable energy consumption should be optimized and monitored where applicable.</p> <p>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.</p> <p>Part 3/Indicator 2: The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.</p>	<p>MSPO P5/C2 indicators fulfil RSPO Criterion 5.4.</p> <p>In general, MSPO P5/C2 indicators are more detailed than RSPO Criterion 5.4 indicators.</p>

		<p>Part 4/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.</p> <p>Part 4/Indicator 3: The use of renewable energy should be applied where possible.</p>	
5.5	<p>Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</p> <p>Indicators: 5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. (Major Compliance) 5.5.2 Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. (Minor Compliance)</p>	<p>P5/C7: Zero burning practices (see also RSPO P&C 7.7) Use of fire for waste disposal and for preparing land for oil palm cultivation and replanting shall be avoided except in specific situations, as identified in regional best practice.</p> <p>Part 3/Indicator 1: Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.</p> <p>Part 3/Indicator 2: A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.</p> <p>Part 3/Indicator 3: Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.</p> <p>Part 3/Indicator 4: Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.</p>	<p>MSPO P5/C7 indicators partially fulfil RSPO Criterion 5.5 and Indicator 4 exceeds RSPO requirements by prescribing some zero-burning best practices.</p> <p>However, it is noted that RSPO makes reference to the 'Guidelines for the implementation of the ASEAN Policy on Zero Burning' while MSPO refers to 'regional best practice' and the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.</p>

<p>5.6</p>	<p><i>Preamble: Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognised that it is not always feasible or practical to reduce or minimise these emissions.</i></p> <p><i>Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO.</i></p> <p>Indicators:</p> <p>5.6.1 An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4). (Major Compliance)</p> <p>5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. (Major Compliance)</p> <p>5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. (Minor Compliance)</p> <p>Specific Guidance:</p> <p>For 5.6.2: Plans will include objectives, targets and timelines. These should be responsive to context and any changes should be justified.</p> <p>For 5.6.2 and 5.6.3: The treatment methodology for POME will be recorded.</p> <p>For 5.6.3 (GHG): For the implementation period until December 31st 2016, an RSPO endorsed modified version of PalmGHG which only includes emissions from operations (including land use practices) can be used as a monitoring tool. (Cross reference to Criteria 7.8)</p> <p>For 5.6.3: In addition, during the implementation period, growers will start to assess, monitor and report emissions arising from changes in</p>	<p>Refer to 'P5/C4: Reduction of pollution and emission [Part 4: (including greenhouse gas)]' above</p> <p>Part 3/Indicator 1: An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.</p> <p>Part 4/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.</p> <p>Indicator 2: An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p>	<p>RSPO Indicators 5.6.2 (identification of significant pollutants and greenhouse gas (GHG) emissions and implementation of reduction / minimisation plans) and 5.6.3 (monitoring system with regular reporting on progress for these significant pollutants and emissions from estate and mill operations) not fulfilled by MSPO.</p>
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	<p>carbon stocks within their operations, using the land use in November 2005 as the baseline. The implementation period for Indicator 5.6.3 is the same implementation period for Criterion 7.8.</p> <p>During the implementation period, reporting on GHG will be to the RSPO Emission Reduction Working Group, ERWG (composed of all membership categories) which will use the information reported to review and fine tune the tools, emission factors and methodologies, and provide additional guidance for the process. Public reporting is desirable, but remains voluntary until the end of the implementation period. During the implementation period the RSPO ERWG will seek to continually improve PalmGHG, recognising the challenges associated with measuring GHG and carbon stock. PalmGHG or RSPO-endorsed equivalent will be used to assess, monitor and report GHG emissions. Parties seeking to use an alternative to PalmGHG will have to demonstrate its equivalence to the RSPO for endorsement.</p>		
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6	Responsible Consideration of Employees and of Individuals and Communities Affected by Growers and Millers		
6.1	<p>Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p> <p>Indicators:</p> <p>6.1.1 A social impact assessment (SIA) including records of meetings shall be documented. (Major Compliance)</p> <p>6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties. (Major Compliance)</p> <p>6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. (Major Compliance)</p> <p>6.1.4 The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. (Minor Compliance)</p> <p>6.1.5 Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). (Minor Compliance)</p>	<p>P4/C1: Social impact assessment Social impact assessments shall be conducted with the affected stakeholders.</p> <p>Indicator 1: Social impacts should be identified and plans are (Part 4: should be) implemented to mitigate the negative impacts and promote the positive ones.</p>	<p>MSPO P4/C1/I1 (identification of social impacts and implementation of mitigation / promotion plans) lacks details and hence, does not fulfil RSPO Criterion 6.1.</p>

<p>6.2</p>	<p>There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p> <p>Indicators</p> <p>6.2.1 Consultation and communication procedures shall be documented. (Major Compliance)</p> <p>6.2.2 A management official responsible for these issues shall be nominated. (Minor Compliance)</p> <p>6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. (Minor Compliance)</p>	<p>P2/C2: Transparent method of communication and consultation</p> <p>Procedures for transparent consultation and communication with the relevant stakeholders shall be established.</p> <p>Indicator 1:</p> <p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>Part 3/Indicator 2:</p> <p>A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.</p> <p>Part 4/Indicator 2:</p> <p>The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1.</p> <p>Indicator 3:</p> <p>List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.</p>	<p>MSPO P2/C2 lacks element of inclusivity in their use of the term ‘relevant stakeholders’ compared to ‘local communities and other affected or interested parties’ in RSPO 6.2.</p> <p>MSPO P2/C2/I3 (maintenance of stakeholders list, records of consultation, communication and actions taken) does not fulfil RSPO Indicator 6.2.3 (maintenance of all communication records) because MSPO does not specify requirements for proactive efforts by the company to ensure understanding by affected parties.</p>
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<p>6.3</p>	<p>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.</p> <p>Indicators:</p> <p>6.3.1 The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. (Major Compliance)</p> <p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available. (Major Compliance)</p> <p>Specific Guidance:</p> <p>For 6.3.1: The system should aim to reduce the risks of reprisal.</p>	<p>P4/C2: Complaints and grievances</p> <p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>Indicator 1:</p> <p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>Indicator 2:</p> <p>The system shall be able to resolve disputes in an effective, timely and appropriate manner that (Part 4: which) is accepted by all parties.</p> <p>Indicator 3:</p> <p>A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.</p> <p>Part 3/Indicator 4:</p> <p>Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.</p> <p>Part 4/Indicator 4:</p> <p>Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.</p> <p>Indicator 5:</p> <p>Complaints and resolutions for (Part 4: within) the last 24 months shall be documented and (Part 4: be) made available to affected stakeholders upon request.</p>	<p>MSPO P4/C2 lacks element of mutually agreeable and acceptable grievance mechanism in RSPO 6.3.</p> <p>RSPO Indicator 6.3.1 (system for resolving disputes) is not fulfilled by MSPO because MSPO does not specify requirements for ensuring anonymity of complainants and whistleblowers, where requested.</p> <p>MSPO P4/C2/I3 (availability of complaint form) and P4/C2/Part 3 and 4/I4 (awareness that complaints can be made at any time) exceed requirements under RSPO Criterion 6.3.</p>
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<p>6.4</p>	<p>Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p> <p>Indicators:</p> <p>6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. (Major Compliance)</p> <p>6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. (Minor Compliance)</p> <p>6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. (Major Compliance)</p> <p>Specific Guidance:</p> <p>For 6.4.2: Companies should make best efforts to ensure that equal opportunities have been provided to both female and male heads of households to hold land titles in smallholder schemes.</p>	<p>P7/C6: Customary land (see also RSPO P&C 7.6) No new plantings are established on recognized customary land without the owners' free, prior and informed consent.</p> <p>Part 3/Indicator 5: Identification and assessment of legal and recognised customary rights shall be documented.</p> <p>Part 3/Indicator 6: A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.</p> <p>Part 3/Indicator 7: The process and outcome of any compensation claims shall be documented and made publicly available.</p>	<p>MSPO P7/C6 only applies to new plantings and does not mention or consider existing plantings / expansion with the possibility of established conflicts.</p> <p>MSPO P7/C6/Part 3/16 (establishment and implementation of a system for identifying people entitled to compensation and for calculating and distributing fair compensation) does not fulfil RSPO Indicator 6.4.2 (establishment, implementation, monitoring and evaluation of a procedure for calculating and distributing fair compensation) because MSPO does not specify monitoring and evaluation in a participatory way as well as corrective actions taken as a result of evaluations. In general, MSPO P7/C6/Part 3/16 also lacks details.</p> <p>MSPO P7/C6/Part 3/17 (documentation and availability of process and outcome of any compensation claims) does not fulfil RSPO Indicator 6.4.3 (documentation of process and outcome of negotiated agreements and compensation claims) because MSPO does not specify requirements for evidence of participation of affected parties.</p>
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<p>6.5</p>	<p>Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p> <p>Indicators:</p> <p>6.5.1 Documentation of pay and conditions shall be available. (Major Compliance)</p> <p>6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. (Major Compliance)</p> <p>6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders). (Minor Compliance)</p> <p>6.5.4 Growers and millers shall make demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food. (Minor Compliance)</p>	<p>P4/C5: Employment conditions</p> <p>An implemented policy on human rights which ensures that employment conditions comply with equality principles, workers' pay and conditions meet legal or industry minimum standards, legal contracts are applied when sub-contracting, fair working hours and overtime payment, documented wages and Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446) or other relevant regulations are applied where applicable. Social benefits shall be offered to the employees, their families and local community. Rights to join unions or elect their own representatives are not denied, no sexual harassment or violence at work, and no employment of underage children.</p> <p>Indicator 3: Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>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.</p> <p>Indicator 5: The management shall establish records that provide an accurate account 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.</p> <p>Indicator 6: All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.</p>	<p>MSPO P4/C5/14 (ensuring employees of contractors are paid based on legal or industry minimum standards) exceed requirements under RSPO Criterion 6.5 because employees of contractors are not specified by RSPO.</p> <p>RSPO Indicator 6.5.2 (available in the languages understood or explained by management) is not required by MSPO P4/C5/16 (provision of fair employment contracts).</p> <p>RSPO Indicator 6.5.4 (demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food) is not fulfilled by MSPO.</p> <p>MSPO P4/C5/110 (requirement for other forms of social benefits to be offered by the employer to employees, their families or the community) exceeds requirements under RSPO Criterion 6.5.</p>
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6.6	<p>The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p> <p>Indicators: 6.6.1 A published statement in local languages recognising freedom of association shall be available. (Major Compliance) 6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented. (Minor Compliance)</p>	<p>Refer to 'P4/C5: Employment conditions' above.</p> <p>Indicator 13: The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to 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.</p>	<p>MSPO P4/C5 does not extend to 'all personnel' but only 'employees.' Effectively, MSPO does not extend union participation and collective bargaining beyond prevailing laws, implying a disadvantage to migrant workers.</p> <p>RSPO Indicators 6.6.1 (availability of published statement) and 6.6.2 (documentation of meeting minutes) is not fulfilled by MSPO.</p>
6.7	<p>Children are not employed or exploited.</p> <p>Indicators: 6.7.1 There shall be documentary evidence that minimum age requirements are met. (Major Compliance)</p>	<p>Refer to 'P4/C5: Employment conditions' above.</p> <p>Indicator 14: Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. (Part 3: Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions).</p>	<p>MSPO P4/C5/114 (no employment and exploitation of children and young persons) fulfils requirements under RSPO Criterion 6.7.</p>

<p>6.8</p>	<p>Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p> <p>Indicators:</p> <p>6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. (Major Compliance)</p> <p>6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. (Major Compliance)</p> <p>6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. (Minor Compliance)</p>	<p>Refer to 'P4/C5: Employment conditions' above.</p> <p>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.</p>	<p>RSPO Criterion 6.8 poses a more stringent requirement (prohibition) than MSPO P4/C5/I2 (not engage / support).</p> <p>MSPO P4/C5/I2 (no engagement in or support of discriminatory practices and provision of equal opportunity and treatment) does not fulfil RSPO Indicators 6.8.1 (documentation of equal opportunities policy), 6.8.2 (evidence that employees and groups have not been discriminated against) and 6.8.3 (demonstration that recruitment selection, hiring and promotion are based on skills, capabilities, qualities and medical fitness necessary) because MSPO P4/C5/I2 lacks details.</p>
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<p>6.9</p>	<p>There is no harassment or abuse in the work place, and reproductive rights are protected.</p> <p>Criterion 6.9 A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.</p> <p>Indicators:</p> <p>6.9.1 A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. (Major Compliance)</p> <p>6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. (Major Compliance)</p> <p>6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. (Minor Compliance)</p> <p>Specific Guidance:</p> <p>For 6.9.1 and 6.9.2: These policies should include education for women and awareness of the workforce. There should be programmes provided for particular issues faced by women, such as violence and sexual harassment in the workplace. A gender committee specifically to address areas of concern to women will be used to comply with this Criterion. This committee, which should include representatives from all areas of work, will consider matters such as: training on women’s rights; counselling for women affected by violence; child care facilities to be provided by the growers and millers; women to be allowed to breastfeed up to nine months before resuming chemical spraying or usage tasks; and women to be given specific break times to enable effective breastfeeding.</p> <p>For 6.9.2: see Indicator 4.6.12.</p>	<p>Refer to ‘P4/C5: Employment conditions’ above.</p> <p>Indicator 12:</p> <p>The management shall establish a policy (Part 3: and provide guidelines) to prevent all forms of sexual harassment and violence at the workplace.</p>	<p>MSPO P4/C5/I12 (establishment of policy to prevent all forms of sexual harassment and violence) does not extend to ensure all forms of violence are included in the scope. MSPO also does not specify requirements for the implementation of the abovementioned policy, while specific Indicator-level RSPO requirements are not fulfilled by MSPO.</p>
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6.10	<p>Growers and millers deal fairly and transparently with smallholders and other local businesses.</p> <p>Indicators:</p> <p>6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. (Minor Compliance)</p> <p>6.10.2 Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). (Major Compliance)</p> <p>6.10.3 Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. (Minor Compliance)</p> <p>6.10.4 Agreed payments shall be made in a timely manner. (Minor Compliance)</p>	<p>P6/C3: Transparent and fair price dealing</p> <p>Fair pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p>Indicator 1:</p> <p>Pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p>Indicator 2:</p> <p>All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.</p>	<p>MSPO P6/C3/I1 (documentation and effective implementation of pricing mechanisms) does not fulfil RSPO Indicator 6.10.2 (availability of evidence that growers/millers have explained FFB pricing and documentation of pricing mechanisms and inputs / services) because MSPO P6/C3/I1 does not specify requirements for explaining FFB pricing.</p> <p>MSPO P6/C3/I2 (fair, legal and transparent contracts and making agreed payments in a timely manner) does not fulfil RSPO Indicator 6.10.3 (availability of evidence that all parties understand contractual agreements and contracts are fair, legal and transparent) because MSPO P6/C3/I2 does not specify requirements for understanding of contractual agreements by all parties.</p>
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6.11	<p>Growers and millers contribute to local sustainable development where appropriate.</p> <p>Indicators:</p> <p>6.11.1 Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. (Minor Compliance)</p> <p>6.11.2 Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. (Minor Compliance)</p>	<p>P4/C3: Commitment to contribute to local sustainable developments</p> <p>Commitment to contribute to local sustainable development in consultation with the local communities through appropriate programmes.</p> <p>Part 3/Indicator 1:</p> <p>Growers should contribute to local development in consultation with the local communities.</p> <p>Part 4/Indicator 1:</p> <p>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.</p>	<p>MSPO P4/C3/Part 3 and 4/11 (contribution to local development in consultation with local communities) do not fulfil RSPO Criterion 6.11 and specifically, Indicator 6.11.2 (evidence that efforts and/or resources have been allocated to improve smallholder productivity).</p>
6.12	<p>No forms of forced or trafficked labour are used.</p> <p>Indicators:</p> <p>6.12.1 There shall be evidence that no forms of forced or trafficked labour are used. (Major Compliance)</p> <p>6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred. (Minor Compliance)</p> <p>6.12.3 Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. (Major Compliance)</p> <p>Specific Guidance:</p> <p>For 6.12.1: Workers should enter into employment voluntarily and freely, without the threat of a penalty, and should have the freedom to terminate employment without penalty given reasonable notice or as per agreement.</p> <p>For 6.12.3: The special labour policy should include:</p> <ul style="list-style-type: none"> • Statement of the non-discriminatory practices; • No contract substitution; • Post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices etc.; • Decent living conditions to be provided. 	<p>No equivalent MSPO criteria and indicators available.</p>	<p>RSPO Criterion 6.12 is not fulfilled by MSPO.</p>

<p>6.13</p>	<p>Growers and millers respect human rights.</p> <p>Indicators:</p> <p>6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). (Major Compliance)</p> <p>6.13.2 As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. (Minor Compliance)</p> <p>Specific Guidance:</p> <p>For 6.13.2 If there is a minimum of 10 children of the plantation workers, the plantation is encouraged to set up a learning centre e.g. HUMANA. The plantation is encouraged to provide decent building/housing or provide transportation/accessibility to adjacent learning centres for the above purpose.</p>	<p>Refer to 'P4/C5: Employment conditions' above.</p> <p>Indicator 1:</p> <p>The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and (Part 3: effectively) communicated to the employees.</p>	<p>MSPO P4/C5/I1 (establishment, endorsement by management and communication of policy on good social practices regarding human rights) fulfils RSPO Indicator 6.13.1 (documentation and communication of policy to respect human rights).</p> <p>RSPO Indicator 6.13.2 (engagement in process to secure children's access to education in Sabah and Sarawak) is not fulfilled by MSPO.</p>
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7	Responsible Development of New Plantings		
7.1	<p>A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.</p> <p>Indicators:</p> <p>7.1.1 An independent social and environmental impact assessment (SEIA), undertaken through a participatory methodology including the relevant affected stakeholders, shall be documented. (Major Compliance)</p> <p>7.1.2 Appropriate management planning and operational procedures shall be developed and implemented to avoid or mitigate identified potential negative impacts. (Minor Compliance)</p> <p>7.1.3 Where the development includes an outgrower scheme, the impacts of the scheme and the implications of the way it is managed shall be given particular attention. (Minor Compliance)</p>	<p>P7/C3: Social and Environmental Impact Assessment (SEIA) A social and environmental impact assessment shall be conducted prior to establishing new plantings.</p> <p>Part 3/Indicator 1: A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.</p> <p>Part 3/Indicator 2: SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders.</p> <p>Part 3/Indicator 3: The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.</p> <p>Part 3/Indicator 4: Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed.</p>	<p>MSPO P7/C3 indicators do not fulfil RSPO Criterion 7.1 because MSPO does not specify requirements covering the expansion of existing plantings or operations and MSPO P7/C3/Part 3/14 (documentation of impacts and implications of smallholder schemes and development, implementation, monitoring and review of plans) exempts developments under 500ha.</p>

7.2	<p>Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.</p> <p>Indicators:</p> <p>7.2.1 Soil suitability maps or soil surveys adequate to establish the long-term suitability of land for oil palm cultivation shall be available and taken into account in plans and operations. (Major Compliance)</p> <p>7.2.2 Topographic information adequate to guide the planning of drainage and irrigation systems, roads and other infrastructure shall be available and taken into account in plans and operations. (Minor Compliance)</p>	<p>P7/C4: Soil survey Soil and topographic information, where available, shall be used for site planning in the establishment of new planting.</p> <p>Part 3/Indicator 1: Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.</p> <p>Part 3/Indicator 2: Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.</p>	<p>MSPO P7/C4 indicators do not fulfil RSPO Criterion 7.2 because MSPO does not specify requirements for including soil surveys and topographic information into plans and operations.</p>
7.3	<p>New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values (HCVs).</p> <p>Indicators:</p> <p>7.3.1 There shall be evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Values (HCVs), since November 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained and/or enhanced (see Criterion 5.2). (Major Compliance)</p> <p>7.3.2 A comprehensive HCV assessment, including stakeholder consultation, shall be conducted prior to any conversion or new planting. This shall include a land use change analysis to determine changes to the vegetation since November 2005. This analysis shall be used, with proxies, to indicate changes to HCV status. (Major Compliance)</p> <p>7.3.3 Dates of land preparation and commencement shall be recorded. (Minor Compliance)</p> <p>7.3.4 An action plan shall be developed that describes operational actions consequent to the findings of the HCV assessment, and that references the grower's relevant operational procedures (see Criterion 5.2). (Major Compliance)</p>	<p>P7/C1: High biodiversity value Oil palm shall not be planted on primary forest or land designated for protection of nature, ecosystem services and social or cultural values. Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National Biodiversity Policy and/or State Biodiversity Legislation.</p> <p>Part 3/Indicator 1: Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.</p> <p>Part 3/Indicator 2: No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.</p>	<p>MSPO P7/C1 indicators do not fulfil RSPO Criterion 7.3 because MSPO does not specify requirements for stakeholder consultations, cut-off dates for new plantings, HCV-equivalent assessments, land use change analyses, corresponding action plans and consideration of affected communities.</p>

7.3.5 Areas required by affected communities to meet their basic needs, taking into account potential positive and negative changes in livelihood resulting from proposed operations, shall be identified in consultation with the communities and incorporated into HCV assessments and management plans (see Criterion 5.2). (Minor Compliance)

Specific Guidance:

For 7.3.1: Evidence should include historical remote sensing imagery which demonstrates that there has been no conversion of primary forest or any area required to maintain or enhance one or more HCV. Satellite or aerial photographs, land use maps and vegetation maps should be used to inform the HCV assessment.

Where land has been cleared since November 2005, and without a prior and adequate HCV assessment, it will be excluded from the RSPO certification programme until an adequate HCV compensation plan has been developed and accepted by the RSPO.

For 7.3.5: The management plan will be adaptive to changes in HCV 5 and 6. Decisions will be made in consultation with the affected communities.

<p>7.4</p>	<p>Extensive planting on steep terrain, and/or marginal and fragile soils, including peat, is avoided.</p> <p>Indicators:</p> <p>7.4.1 Maps identifying marginal and fragile soils, including excessive gradients and peat soils, shall be available and used to identify areas to be avoided. All new plantings should not be cultivated on land more than 300m above sea level unless specified by local legislation. (Minor Compliance)</p> <p>7.4.2 Where limited planting on fragile and marginal soils, including peat, is proposed, plans shall be developed and implemented to protect them without incurring adverse impacts. (Major Compliance)</p>	<p>P7/C5: Planting on steep terrain, marginal and fragile soils</p> <p>Extensive planting on steep terrain, marginal and fragile soils, shall be avoided unless permitted by local legislation. Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts.</p> <p>Part 3/Indicator 1:</p> <p>Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.</p> <p>Part 3/Indicator 2:</p> <p>Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation.</p> <p>Part 3/Indicator 3:</p> <p>Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.</p> <p>P7/C2: Peat land</p> <p>Where planting on peat land is proposed, mitigation plans shall be developed and implemented to protect them without incurring adverse impacts.</p> <p>Part 3/Indicator 1:</p> <p>New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.</p>	<p>RSPO Indicator 7.4.1 (availability of maps identifying marginal and fragile soils) is not fulfilled by MSPO because MSPO does not specify requirements for the collation and documentation of relevant soil maps as well as discourage new plantings on land more than 300m above sea level.</p>
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7.5	<p>No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.</p> <p>Indicators: 7.5.1 Evidence shall be available that affected local peoples understand they have the right to say 'no' to operations planned on their lands before and during initial discussions, during the stage of information gathering and associated consultations, during negotiations, and up until an agreement with the grower/miller is signed by these local peoples. (Major Compliance)</p> <p>Refer also to criteria 2.2, 2.3, 6.2, 6.4 and 7.6 for Indicators and Guidance on compliance.</p>	<p>P7/C6: Customary land No new plantings are established on recognized customary land without the owners' free, prior and informed consent.</p> <p>Part 3/Indicator 1: No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>	<p>MSPO P7/C6 recognises 'owners,' a lower requirement than RSPO Criterion 7.5, which accepts 'demonstration of legal, customary or user rights.'</p> <p>MSPO P7/C6/Part 3/I1 (no new plantings established on recognised customary land without FPIC and documented system that enables stakeholders to express their views) does not fulfil RSPO Criterion 7.5 because MSPO does not specify requirements for evidence that affected local peoples have understood they have the right to say 'no' to operations planned on their lands throughout the entire negotiation process.</p>
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<p>7.6</p>	<p>Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</p> <p>Indicators:</p> <p>7.6.1 Documented identification and assessment of demonstrable legal, customary and user rights shall be available. (Major Compliance)</p> <p>7.6.2 A system for identifying people entitled to compensation shall be in place. (Major Compliance)</p> <p>7.6.3 A system for calculating and distributing fair compensation (monetary or otherwise) shall be in place. (Major Compliance)</p> <p>7.6.4 Communities that have lost access and rights to land for plantation expansion shall be given opportunities to benefit from plantation development. (Minor Compliance)</p> <p>7.6.5 The process and outcome of any compensation claims shall be documented and made publicly available. (Minor Compliance)</p> <p>7.6.6. Evidence shall be available that the company has made adequate efforts to enable affected communities and rights holders to have access to information and advice that is independent of the project proponent, concerning the legal, economic, environmental and social implications of the proposed operations on their lands. (Minor Compliance)</p> <p>Specific Guidance:</p> <p>For 7.6.1: This activity shall be integrated with the social and environmental impact assessment (SEIA) required by Criterion 7.1.</p> <p>For 7.6.6: This evidence needs to be confirmed by the local communities.</p>	<p>Refer to 'P7/C6: Customary land' above (see also RSPO P&C 6.4)</p> <p>Part 3/Indicator 2: Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.</p> <p>Part 3/Indicator 3: Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.</p> <p>Part 3/Indicator 4: The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.</p> <p>Part 3/Indicator 5: Identification and assessment of legal and recognised customary rights shall be documented.</p> <p>Part 3/Indicator 6: A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.</p> <p>Part 3/Indicator 7: The process and outcome of any compensation claims shall be documented and made publicly available.</p> <p>Part 3/Indicator 8: Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.</p>	<p>RSPO Indicator 7.6.6 (availability of evidence that adequate efforts have been made to enable affected communities access to information and advice) is not fulfilled by MSPO.</p>
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7.7	<p>No use of fire in the preparation of new plantings other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.</p> <p>Indicators:</p> <p>7.7.1 There shall be no land preparation by burning, other than in specific situations, as identified in the ‘Guidelines for the Implementation of the ASEAN Policy on Zero Burning’ 2003, or comparable guidelines in other regions. (Major Compliance)</p> <p>7.7.2 In exceptional cases where fire has to be used for preparing land for planting, there shall be evidence of prior approval of the controlled burning as specified in ‘Guidelines for the Implementation of the ASEAN Policy on Zero Burning’ 2003, or comparable guidelines in other regions. (Minor Compliance)</p> <p>Specific Guidance:</p> <p>For 7.7.2: This activity shall be integrated with the social and environmental impact assessment (SEIA) required by Criterion 7.1.</p>	<p>P5/C7: Zero burning practices (see also RSPO P&C 5.5)</p> <p>Use of fire for waste disposal and for preparing land for oil palm cultivation and replanting shall be avoided except in specific situations, as identified in regional best practice.</p> <p>Part 3/Indicator 1:</p> <p>Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.</p> <p>Part 3/Indicator 2:</p> <p>A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.</p> <p>Part 3/Indicator 3:</p> <p>Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.</p> <p>Part 3/Indicator 4:</p> <p>Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.</p>	<p>MSPO P5/C7 indicators partially fulfil RSPO Criterion 7.7 and Indicator 4 exceeds RSPO requirements by prescribing some zero-burning best practices.</p> <p>However, it is noted that RSPO makes reference to the ‘Guidelines for the implementation of the ASEAN Policy on Zero Burning’ while MSPO refers to ‘regional best practice’ and the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.</p>
7.8	<p><i>Preamble: It is noted that oil palm and all other agricultural crops emit and sequester greenhouse gases (GHG). There has already been significant progress by the oil palm sector, especially in relation to reducing GHG emissions relating to operations. Acknowledging both the importance of GHGs, and the current difficulties of determining emissions, the following new Criterion is introduced to demonstrate RSPO’s commitment to establishing a credible basis for the Principles and Criteria on GHGs.</i></p> <p><i>Growers and millers commit to reporting on projected GHG emissions associated with new developments. However, it is recognised that these emissions cannot be projected with accuracy with current knowledge and methodology.</i></p> <p><i>Growers and millers commit to plan development in such a way to minimise net GHG emissions towards a goal of low carbon development (noting the</i></p>	<p>No equivalent MSPO criteria and indicators available.</p>	<p>RSPO Criterion 7.8 is not fulfilled by MSPO.</p>

<p><i>recommendations agreed by consensus of the RSPO GHG WG2).</i></p> <p><i>Growers and millers commit to an implementation period for promoting best practices in reporting to the RSPO, and after December 31st 2016 to public reporting. Growers and millers make these commitments with the support of all other stakeholder groups of the RSPO.</i></p> <p>New plantation developments are designed to minimise net greenhouse gas emissions.</p> <p>Indicators:</p> <p>7.8.1: The carbon stock of the proposed development area and major potential sources of emissions that may result directly from the development shall be identified and estimated. (Major Compliance)</p> <p>7.8.2: There shall be a plan to minimise net GHG emissions which takes into account avoidance of land areas with high carbon stocks and/or sequestration options. (Minor Compliance)</p> <p>Specific Guidance:</p> <p>For 7.8.1: GHG identification and estimates can be integrated into existing processes such as HCV and soil assessments.</p> <p>The RSPO carbon assessment tool for new plantings will be available to identify and estimate the carbon stocks. It is acknowledged that there are other tools and methodologies currently in use; the RSPO Emission Reduction (ERWG) working group will not exclude these, and will include these in the review process. The RSPO PalmGHG tool or an RSPO-endorsed equivalent will be used to estimate future GHG emissions from new developments using, amongst others, the data from the RSPO carbon assessment tool for new plantings. Parties seeking to use an alternative tool for new plantings will have to demonstrate its equivalence to the RSPO for endorsement.</p> <p>For 7.8.2: Growers and millers should plan to implement RSPO best management practices for the minimisation of emissions during the development of new plantations.</p> <p>Growers are strongly encouraged to establish new plantings on mineral soils, in low carbon stock areas, and cultivated areas, which the current users are willing to develop into oil palm. Millers are encouraged to adopt low-emission management practices (e.g. better management of palm oil mill effluent (POME), efficient boilers etc.) in new developments. Growers and millers are encouraged to consider setting up additional areas or buffer zones in order to minimise the net emissions from the development / the carbon loss from any cleared HCS areas.</p>		
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8	Commitment To Continual Improvement In Key Areas of Activity		
8.1	<p>Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.</p> <p>Indicators:</p> <p>8.1.1 The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of pesticides(Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); • Encourage optimising the yield of the supply base. <p>(Major Compliance)</p>	<p>P1/C1: Malaysian sustainable palm oil (MSPO) policy There shall be a policy on the implementation of this MS on Malaysian sustainable palm oil (MSPO) by the organization to demonstrate its commitment.</p> <p>Indicator 1: A policy for the implementation of MSPO shall be established.</p> <p>Indicator 2: The policy shall also emphasize commitment to continual improvement (Part 4: with the objective of improving the milling operation).</p> <p>P1/C2: Internal audit Internal audit shall be planned and conducted regularly to determine the strong and weak points during the implementation of the MSPO in order to identify opportunities for further improvement.</p> <p>Indicator 1: Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.</p> <p>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.</p> <p>Indicator 3: Report shall be made available to the management for their review.</p>	<p>MSPO P1/C1 (MSPO policy), P1/C2 (Internal audit), P1/C3 (management review) and P6/C4 (subcontractor) are unique requirements not fulfilled by RSPO.</p> <p>MSPO P1/C4 and RSPO Criterion 8.1 details different focal areas but both intents remain aligned.</p>

		<p>P1/C3: Management review Top management shall periodically review the requirements for the effective implementation of MSPO and the opportunities for improvement.</p> <p>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.</p> <p>P1/C4: Continual improvement There shall be an action plan on the continual improvement for practices to be in-line with new information and techniques, or new industry standards and technology.</p> <p>Indicator 1: The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.</p> <p>Part 3/Indicator 2: The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology, where applicable, that are available and feasible for adoption.</p> <p>Part 4/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.</p> <p>Part 3/Indicator 3: An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.</p>	
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		<p>P6/C4: Subcontractor Contractors should be made aware of MSPO requirements and shall provide the relevant information.</p> <p>Indicator 1: Where contractors are engaged (Part 4: In the case of the engagement of contractors), they shall (Part 4: be made to) understand the MSPO requirements and shall provide the required documentation and information.</p> <p>Indicator 2: The management shall provide evidence of agreed contracts with the contractor.</p> <p>Indicator 3: The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.</p> <p>Part 3/Indicator 4: The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted.</p>	
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ANNEX 2: Survey

Breakdown of survey responses

The survey was distributed to 42 organisations covering the following groups:

- Selected RSPO member producers (14)
- All RSPO member NGOs (7)
- Selected non-RSPO member oil palm industry players (7)
- Selected non-RSPO member NGOs (3)
- Certification bodies accredited for RSPO P&C certification in Malaysia (9)
- Selected RSPO-endorsed trainers (2)

Of the above, a total of 9 organisations (21%), comprising of 2 producers, 2 NGOs, 3 certification bodies and 2 RSPO-endorsed trainers, provided substantive feedback via the survey and a summary of their responses and views are provided below.

Reasons for negative response to survey invitation:

- Reticence to provide opinion of MSPO
- Unable to form a coherent or knowledgeable view to respond to survey because lack of information on MSPO available

Implications of poor response rate:

- This survey should not be used to form any analytical positions. The sample size is too small.
- The broader problem of a general ignorance of the MSPO's details or requirements is a fatal impediment to gathering views.

General views

Respondents from producer and CB groups identified MSPO requirements for policy statement, internal audit and management review mechanisms as a key difference that differentiated it from RSPO. CBs and producers further identified these as not being present in the RSPO standard. SGS identified MSPO Principle 1/Criterion 2 and P1/C3 (respectively, internal audit and management review of MSPO implementation) as additional steps for MSPO. However, there is broad recognition that RSPO's standards provides a more sophisticated, detailed, pertinent and complete articulation of what sustainability should be defined and measured as in oil palm growing operations. This may indicate that MSPO is applying ISO 9001 type of verification rules, i.e. continuous improvement, rather than specific rules or requirements.

Of the low percentage of respondents, it is notable that respondents with potentially greater knowledge of specific or detailed differences in requirements between both standards provided very little response in Section 3.2 (subject-specific inputs) of the survey (see [Annex 2](#) for a sample of the survey).

Brevity in responses from CBs is noteworthy, particularly in seeking respondents' views on nuanced questions relating to specific principles. Unlike the other sectors, the overall survey response of CBs leaves the impression that there are no major issues, differences, conflicts or incongruities between the two standards.

Producer respondents demonstrated greater awareness of the management, field and other steps needed to meet MSPO and RSPO standards. The potential challenge of facing 2 standards at operational level is reflected in suggestions provided by producers seeking pragmatic solutions.

Stakeholder responses were generally concerned with conflicting elements contained in both standards. The lack of stakeholder consultation in MSPO standard setting has also been criticised, and generally expressed by the view that MSPO does not sufficiently reflect stakeholder views or concerns.

CB responses

All 3 CBs commented that both schemes were similar in requirements. One CB did add that RSPO requirements were higher. All CBs did not specifically identify any conflicting areas between standards. Broadly, respondents from the CB sector did not find major gaps or conflicts in the areas identified for this study. These include issues like deforestation, peat soils, FPIC and biodiversity. One CB acknowledged the provision of Major and Minor requirements by RSPO means that the scheme has higher requirements. BSI identified the differing surveillance cycles being a challenge; with RSPO surveillances typically done 9-12 months post-certification while MSPO runs its surveillance 12-18 months post-certification.

In general, CB views on subject-specific differences do not indicate any major concern over potential conflict, discrepancy or difference in objectives between both standards. This is in clear contrast to the conclusions provided by this study.

Producer responses

Both respondents identified MSPO P1 (management commitment and responsibility on MSPO implementation) as being key differences in approach when compared to the RSPO standard. Survey respondents indicated that the 3 criteria, requiring a policy statement (MSPO P1/C1), internal audit exercise (MSPO P1/C2), and management review meetings (MSPO P1/C3), forms the core of any assessment. According to survey respondents, measures of performance are based on targets set under MSPO P1/C3 (management review of MSPO implementation).

Producer concerns focussed on finding an approach that harmonised or worked towards linking both processes to minimise duplicity of exercises and the added burden of having to prepare for 2 certification audits. Some responses provided suggestions of potential steps to support RSPO producer members achieve compliance to both standards. This includes potentially conducting joint or integrated audit assessments to minimise costs, integrating desktop/paperwork requirements for both standards, and improving RSPO producer members' documentation practices. Some expressed concern over potential conflicts of both standards with prevailing laws. Related, some view any approach towards joint assessments should be rooted in the philosophical understanding of the ultimate goal; i.e. sustainable palm oil.

Producers provided the following specific comments for subject-based comparisons:

- *Greenhouse Gas (GHG)*: No measurement tool provided in MSPO (deficiency), while ideally the future would include a generic calculator or methodology applied across both systems.
- *Biodiversity*: RSPO requirements are more diverse, higher in number and more stringent.
- *Peat*: RSPO's requirements and scheme is based on more advanced, sophisticated and current science. In addition, MPOB guidelines relevant to peat planting practices should be referenced by MSPO.
- *Deforestation*: RSPO requirements are superior for providing proper procedures, including compensation mechanisms in its standard; but such a level of requirements has higher running/operation cost implications for RSPO producer members (Malaysia).
- *Workers*: RSPO provision of specific criterion in Sabah for the "stateless children" problem was cited as an example of RSPO's superiority in quality over MSPO.

Stakeholder responses

Stakeholder survey respondents were highly critical and dissatisfied with MSPO overall. Issues stem from the procedure and process of MSPO's development and standard-setting process. This is noted as a fundamental concern raised by what is likely the joint-most important sector in sustainable palm oil in Malaysia. In turn, the consequences of insufficient consultation or participation from stakeholder groups at the standard setting stage have resulted in stakeholder groups highlighting that environmental and social criteria of importance (e.g. deforestation, workers' rights, etc.) in MSPO are sub-standard, weak or contradictory to the notion of making the palm oil sector environmentally and socially sustainable.

A key contention raised is that the scope and reach of MSPO fails to match the goals of the standard. One respondent stated that MSPO only recognises whatever is in accordance with the laws of the State and Country. Adding on that because the maximum aspirational performance is national-standards, MSPO does not require further innovation, etc. to meet sustainability demands of global customers or stakeholders.

One stakeholder contends that because of the lack of involvement and consultation with stakeholders, the overall MSPO standard demonstrates consistently poor understanding of environmental and social issues.

Due to the allegations of conflicting requirements between RSPO and MSPO, an NGO opined that ultimately palm oil companies (in Malaysia) would need to decide on which standard they wished to adhere or follow. Such a view stands to challenge efforts towards any potential joint audits or even concurrent certification by RSPO and MSPO. An NGO further discouraged RSPO from finding a common path for certification between RSPO and MSPO because it is felt that MSPO is inferior and should be viewed as a competitor to RSPO domestically.

The root of the conflict between both standard and their incompatibility is based on the comments made by stakeholder respondents on subject-specific questions. Some comments were also identified by the review team independently.

- *Greenhouse Gas (GHG) and High Carbon Stock (HCS)*: Any measure and criteria on this subject is a non-starter for MSPO due to political and industry pressure.
- *Land rights*: MSPO P3/C3 (customary rights) is key to interpreting that MSPO's land rights targets only recognises whatever is recognised by the State. One respondent identified RSPO 6.4.1 (a procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place) as key because it shows that RSPO goes above and beyond MSPO standards for land rights recognition.
- *Biodiversity conservation*: MSPO requirements would fail to support or contribute towards the conservation of Malaysian forests/forest landscapes that are on or within the landscape of oil palm concessions. One stakeholder stated that any biodiversity criteria need to go beyond legal requirements.
- *Free, Prior and Informed Consent (FPIC)*: Need to go beyond legal requirements should MSPO seek to ensure implementation of FPIC concepts.
- *Peat*: Fundamentally, RSPO seeks to minimise or avoid peatland conversion, whereas MSPO does not seek out such an overarching goal. MSPO views peatland cultivation as State authority policy and this causes the scheme to be inferior in rigour to RSPO.
- *Deforestation*: Fundamentally, RSPO aims to reduce further deforestation or forest conversion, but this is not the goal of MSPO. Like peatland expansion, MSPO views the authority of State authorities in national land-use decisions as key.
- *Workers*: Migrant worker issues are a major stumbling block for MSPO because they are unable to address related issues. One stakeholder stated that the inconsistent or incomplete adoption of ILO Conventions relevant to plantations workers means MSPO's legal requirements fail to protect the rights of workers, especially migrant workers. In fact, current laws serve to strip away these workers' bargaining rights.

In addition, below are extended responses from 2 respondents that provided the research with input into potential areas of concern:

Respondent A

Respondent A identified that requirements for internal audits (MSPO P1/C2) and contributions to local sustainable development (MSPO P4/C3) are unique and additional requirements of MSPO not addressed by RSPO. In general, Respondent A opined that RSPO certification should meet MSPO requirements. Respondent A pointed out that both standards' overarching goals in key issue areas are similar. However, RSPO standards are seen as being more specific, while MSPO commonly requires evidence of action, a lesser requirement. The role of Certification Bodies (CBs) is key, particularly in reducing certification costs. Greater understanding of both standards should allow CBs to amalgamate assessments.

On specific subjects, Respondent A provided the following feedback:

- *Greenhouse Gas (GHG)*: The MSPO standard lacks key elements including reference points, benchmarks or tools/calculators to support implementation of a GHG requirement.
- *Biodiversity conservation*: RSPO requirements are more complete / comprehensive compared to MSPO. RSPO requirements for documented plans are not mirrored in MSPO. Lack of guidance on methodology is another weakness in MSPO.

- *High Carbon Stock (HCS)*: MSPO lacks clarity, guidance and a methodology for HCS assessments.
- *Free, Prior and Informed Consent (FPIC)*: The MSPO standard is too brief and lacks details to articulate the criteria.
- *Deforestation*: MSPO lacks a cut-off date for deforestation.
- *Workers*: MSPO lacks any coverage for key issues like migrant labour, gender equality and documentation requirements.

Respondent B

Grassroots held a meeting with Respondent B in March 2016 to share views and gather opinions and input on the survey and study. Respondent B shared their experience and challenge in obtaining information or documentation on the MSPO scheme and other related components, particularly assurance protocols in place that describe how assessments and certification are undertaken, as well as the rules and requirements for the various assurance system components.

The lack of transparency by MPOB and other MSPO-linked organisations to divulge or make public the assurance protocols was agreed as a vital impediment to any serious or meaningful comparison of the MSPO against other standards.

Respondent B directed Grassroots to the German Society for International Cooperation (GIZ)-funded Sustainability Standards Comparison Tool (SSCT) (see [Chapter 6](#)) in support of the benchmarking of standards. Respondent B pointed out the need for holistic benchmarking that covers the full amount of components that form the scheme.