

	MALAYSIAN SUSTAINABLE PALM OIL (MSPO) SCHEME	Doc. No.:	MPOB/MSPO/TR/07
		Eff. Date:	19 Nov 2013
	Palm Oil Supply Chain Traceability Requirements	Issue No.:	1
		Rev. No.:	0

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1. Introduction

According to International Standard Organization (ISO), the term traceability is the possibility to trace production, use or location of an element of the supply chain. Traceability does not only cover the basic requirements that products can be traced throughout the supply chain from origin to the point of final delivery but also the possibility to specify what they are made from and how they have been processed.

The origin of the certified palm products has to be traced back at every node of the supply chain and delivery process.

Under Malaysian Sustainable Palm Oil (MSPO) and for those who comply with the supply chain certification, traceability can be achieved via mass balance or segregation systems, corresponding traceability attributes and declarations or delivery orders. This assures that origin and amount can be uniquely identified and that the amount which has been withdrawn at the respective stage of the value chain does not exceed the amount supplied.

2. Scope

The requirements for traceability are applicable to company that take legal ownership and physically handle MSPO certified products throughout the palm oil supply chain. These requirements apply for every stage of supply chain (Figure 1) as follows:

2.1 Smallholders or plantations

Cultivation of oil palm and production of Fresh Fruit Bunches (FFB)

2.2 FFB dealers


Source FFB from various smallholders or plantations

2.3 Palm oil mills

Source FFB from various smallholders or plantations and conversion of FFB to crude palm oil (CPO) and palm kernel (PK)

2.4 Palm kernel crushing plants

Conversion of palm kernel to crude palm kernel oil (CPKO) and palm kernel cake (PKC)

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2.5 Palm oil refineries

Refining of crude palm oil and crude palm kernel oil and conversion to further downstream palm products

2.6 Palm biofuel and palm biomass plants

Conversion of palm products to palm biofuel and palm biomass

2.7 Storage tank, bulking installation or warehouse

Storage of palm oil products in palm oil mills, palm kernel crushing plants, palm oil refineries, palm biofuel or palm biomass plants, warehouses or bulking installation

2.8 Transport

Transporting palm oil products e.g. truck, road tankers, train, containers, barge or vessel

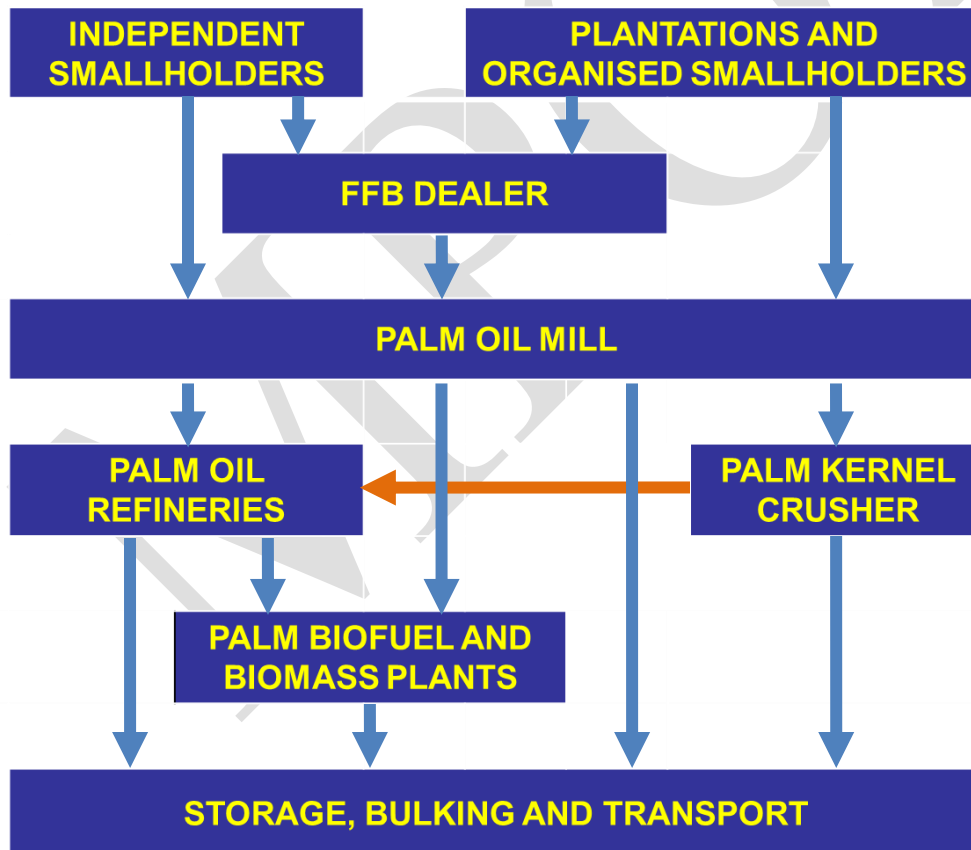


Figure 1: Palm oil supply chain

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The palm products will go through many processes (conversion and transportation) between the smallholders/plantations and the end users. Any individual batch of certified palm products can be traded through one of two traceability systems approved by MSPO:

- a) Mass Balance
- b) Segregation

For all traceability systems, controls from the smallholders/plantations through to the certified end product shall be established and implemented. This document sets out the minimum requirements for a company controlling certified palm products.

3. Normative references

- 3.1 Malaysian Standard MS 2530-1:2013 Malaysian Sustainable Palm Oil Part 1: General principles
- 3.2 Malaysian Standard MS 2530-2:2013 Malaysian Sustainable Palm Oil Part 2: General principles for independent smallholders
- 3.3 Malaysian Standard MS 2530-3:2013 Malaysian Sustainable Palm Oil Part 3: General principles for oil palm plantations and organised smallholders
- 3.4 Malaysian Standard MS 2530-4:2013 Malaysian Sustainable Palm Oil Part 4: General principles for palm oil mills

4. Definitions

4.1 *Certified palm products*

MSPO certified palm products throughout the palm oil supply chain.

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4.2 Company

Company is the operating unit which takes legal ownership of palm products at every stage of the palm oil supply chain.

4.3 Mass Balance

Mass balance allows the mixing of batches of certified and non-certified palm products at every stage of the palm oil supply chain. Certified CPO which is mixed with non-certified CPO at stated proportion.

4.4 Origin

Designated geographic location and area in which palm products was produced.

4.5 Palm Products

Products produced from palm fruits. Oil palm products in this document can also refer to products such as CPO, PK, PKO, PKC or product derived thereof RBDPO, RBDPKO, PFAD, PKFAD, olein and stearin and other products from fractionation of PO and PKO, palm biofuel and palm biomass.

4.6 Segregation

Segregation is complete separation from any non-certified palm products.

4.7 Supply chain

The series of steps through which palm products are pass from the smallholders/plantations to the end user.

4.8 Traceability

Traceability is the possibility to trace production, use or location of an element of the supply chain.

4.9 Double counting

Double counting occurs when the same volume of sustainability certified oil are counted twice.

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5. Requirements for traceability management system

5.1 Responsibility and authority on traceability

5.1.1 The management of a company shall commit themselves to implement and maintain the traceability system in line with these requirements. The company's obligation shall be shared with employees, suppliers, customers and other interested parties.

5.1.2 The company shall identify and nominate employees responsible for the effective implementation and maintenance of a traceability system. These employees shall be given the corresponding authority for the following traceability elements:

- a) Sourcing of certified palm products, identification of origin with respect to their segregation and/or mass balance traceability system.
- b) Conversion of certified palm products or their processing with respect to segregation and/or mass balance traceability system. Delivery, storage, sales and transport of certified palm products with respect to segregation and/or mass balance traceability system.
- c) Documentation, issuing of documents and reporting within the scope of MSPO traceability system.
- d) Execution of internal audits.

5.2 Standard operating procedures

5.2.1 The company shall establish a written standard operating procedure (SOP) for traceability system to ensure effective implementation of all the requirements. This SOP shall contain following elements as a minimum:

5.2.1.1 Description of the product flow within the value chain of a company.

5.2.1.2 Organizational structure, responsibilities and authorities on traceability system.

5.2.1.3 Procedures on traceability system.

5.3 Reporting and documentation

5.3.1 The company shall establish and maintain a reporting system which complies with the requirements and operates effectively and efficiently. These verifiable records shall

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ensure at any time a comprehensiveness of the link between products and documentation. The company shall provide at a minimum following records:

5.3.1.1 Records on all suppliers of products including information of their origin.

5.3.1.2 Records for all sourced products including information on their origin.

5.3.1.3 Records of any internal processing of certified palm products which are covered and documented as a mass balance system.

5.3.1.4 Records of all products which have been delivered and/or sold and related documents.

5.3.1.5 Records on data transfer to the traceability system chosen by the company or to the authority or to certifying body which conducted the audit.

5.3.1.6 Records of internal audit, conformity or deviations, corrective action on any deviation and/or identified discrepancies.

5.3.2 The company which will pass certified palm products to the operating unit of subsequent value chain custody shall provide them with all necessary documents related to the traceability system. The company shall keep all relevant records and documents for the period of seven years.

5.4 Purchase and receiving of certified palm products

5.4.1 Purchase contracts between company and supplier of certified palm products shall include the following:

5.4.1.1 Name and address of the supplier of certified palm products.

5.4.1.2 Transferring documents for every batch of incoming certified palm products with respective traceability system:

a) MSPO certificate number.

b) Product identification code or purchase contract number.

c) Description of product including type and quantity of certified palm products.

d) Applicable traceability system (Segregation or Mass Balance).

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5.4.2 During each receipt of certified palm products, the company shall verify by means of the available MSPO data base whether the supplier possesses a valid certificate at time of the delivery.

5.4.3 The company shall establish a mechanism for handling of non-conforming products and/or documents. This mechanism shall also be used to take appropriate steps when the MSPO certification of a supplier found not valid.

5.5 Sales and transfer of certified palm products

5.5.1 Company shall keep the following records for all outgoing certified palm products:

5.5.1.1 Name and address of the buyer or receiving party of certified palm products,

5.5.1.2 Delivery documents for every batch of outgoing certified palm products with respective traceability system:

- a) MSPO certificate number.
- b) Product identification code or sales contract number.
- c) Description of product including type and quantity of sustainable palm products.
- d) Applicable traceability system (Segregation or Mass Balance).
- e) Date of delivery and mode of transportation.

5.6 Outsourcing activities

5.6.1 In cases where company outsources activities to independent third parties (e.g. contractors and subcontractors for storage, transport or other outsourced activities), the company shall ensure that the independent third party complies with the intent and requirements of the MSPO traceability system.

5.6.2 The company which wishes to include outsourcing in the scope of their MSPO certification shall ensure the following:

5.6.2.1 The company shall not relinquish legal ownership of the certified palm products during outsourced processing.

5.6.2.2 The company shall have an agreement or contract covering the outsourced process with each contractor and the company shall ensure that certification

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bodies have access to the outsourcing contractor or operation if an audit is deemed necessary.

5.6.2.3 The company shall establish and implement documented procedures for the outsourced process which are shared with the relevant contractor.

5.6.2.4 The company shall establish a list of all contractors used for the processing or production of certified palm products and the list shall be accessible by the certification body. The list shall be kept up to date at all times.

5.7 Resource management

5.7.1 Employees/personnel

5.7.1.1 All personnel performing work affecting the implementation and maintenance of the traceability system shall be competent on the basis of appropriate training, education, skills and experience.

5.7.1.2 The company shall establish and implement a training plan regarding traceability system within its supply chain.

5.7.1.3 The company shall keep records of the training provided to staff in relation to implementation of the traceability system.

5.7.2 Technical equipment

5.7.2.1 The company shall identify, provide and maintain the infrastructure and technical facilities required for effective implementation and maintenance of the traceability system.

6. Traceability system

6.1 General requirements

6.1.1 The company shall established and implement reasonable control measures to minimize contamination.

6.1.2 The company shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.

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6.1.3 All records and reports shall be kept for at least seven (7) years. Records and report can be stored electronically.

6.1.4 The mill, crushing plant and refinery shall ensure that the internal products stock management system complies with the following;

6.1.4.1 An operating unit shall only deliver segregation sales from a positive stock.

6.1.4.2 An operating unit is allowed to sell short forward for three (3) months.

6.2 Segregation

6.2.1 The company shall established and implement written procedures and record keeping to assure and verify that the certified palm products is segregated from non-certified palm products including during transportation and storage.

6.2.2 The company shall provide documented evidences that the certified palm products can be traced back to certified segregated product origin.

6.3 Mass Balance

6.3.1 The company shall establish and implement written procedures to ensure that the quantity of physical MSPO mass balance products inputs and outputs (volume or weight) at the physical site are monitored on a real-time basis.

6.3.2 MSPO data is valid from the date it was first recorded in the products stock management system. The MSPO data shall always be valid until the data has been allocated to outputs supplied by the operating unit. Company shall allocate mass balance claims to products going out, ensuring that the output matches the input.

6.3.3 Certified palm product under mass balance system cannot be upgraded to segregation system.

6.3.4 Double counting is totally prohibited.

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7. Specific requirements for the stages of production and supply chain

7.1 Smallholder or plantation

7.1.1 Smallholder or plantation shall establish and maintain the following documents:

7.1.1.1 Statement of field number, field size, yield and total area

7.1.1.2 List of all first gathering point (FFB dealers and/or palm oil mills) which have been supplied with certified FFB with name and address.

7.1.1.3 Contracts between smallholder or plantation to FFB dealer, smallholder and plantation to the palm oil mill and FFB dealer to the mill which have been supplied with certified FFB

7.1.1.4 Contracts with contractor (e.g. harvesting, spraying, transporting)

7.1.2 Documentation requirements for the delivery of certified FFB:

7.1.2.1 Name and address of the smallholders or plantation

7.1.2.2 Name and address of FFB dealers or palm oil mills

7.1.2.3 Number of certification (subject to group certification) if applicable

7.1.2.4 Delivery note with unique number (running number

7.1.2.5 Quantity of certified FFB and traceability system

7.1.2.6 Trading license and contract number

7.1.2.7 Type of transportations

7.1.3 The FFB dealer or palm oil miller shall provide the smallholder and plantation a document with the following information:

7.1.3.1 Name and address of FFB dealer or palm oil miller

7.1.3.2 Quantity of the certified FFB

7.1.3.3 Date received of the certified FFB

7.2 FFB dealer

7.2.1 The FFB dealer shall establish and maintain the following documents:

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7.2.1.1 List of all smallholders or plantations supplying FFB.

7.2.1.2 Contracts or agreements between smallholder or plantation to FFB dealer, and FFB dealer to the mill.

7.2.1.3 Valid MSPO certificate of the smallholder or plantation supplying certified FFB.

7.2.1.4 Applicable traceability system

7.2.2 Information required for incoming certified FFB:

7.2.2.1 Name and address of the smallholder or plantation

7.2.2.2 Number of certification (subject to group certification) if applicable

7.2.2.3 Delivery note with unique identification code (running number)

7.2.2.4 Quantity of certified FFB

7.2.2.5 Trading license and contract number

7.2.2.6 Type of transportation

7.2.3 Information required for outgoing certified FFB:

7.2.3.1 Name and address of the smallholder or plantation

7.2.3.2 Name and address of FFB dealer

7.2.3.3 Number of certification (subject to group certification) if applicable

7.2.3.4 Delivery note with unique identification code (running number)

7.2.3.5 Quantity of certified FFB and traceability system

7.2.3.6 Trading license and contract number

7.2.3.7 Type of transportation

7.3 Palm oil mill

7.3.1 The miller shall establish and maintain the following records:

7.3.1.1 List with name and address of supplier (smallholder, plantation and FFB dealer) which supply certified FFB

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7.3.1.2 Copies of the certificates from all suppliers of certified FFB (in case of group certification, a list of the group members is required)

7.3.1.3 Contracts with relevant contractors/service providers and supplier of certified FFB

7.3.1.4 Applicable traceability system

7.3.1.5 Delivery notes for all incomings certified FFB

7.3.2 Information required for outgoing certified palm products (CPO and PK):

7.3.2.1 Certificate number and date of issued

7.3.2.2 Group member number if applicable

7.3.2.3 Delivery note with unique identification code (running number)

7.3.2.4 Unique batch identification code (if applicable)

7.3.2.5 Name and address of the supplier

7.3.2.6 Name and address of the receiving party

7.3.2.7 Related contract number

7.3.2.8 Name of outgoing certified palm products

7.3.2.9 Quantity of certified palm products and traceability system

7.3.2.10 Type of transportation

7.4 Palm kernel crusher

7.4.1 The palm kernel crusher shall establish and maintain the following documents:

7.4.1.1 List with name and address of supplier (mill) of Certified PK

7.4.1.2 Copies of the certificates from all suppliers of certified PK (in case of group certification, a list of the group members is required)

7.4.1.3 Contracts with relevant contractors/service providers and supplier of certified PK

7.4.1.4 Applicable traceability system

7.4.1.5 Delivery notes for all incomings certified PK

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7.4.2 Information required for outgoing certified palm products (CPKO and PKC):

7.4.2.1 Certificate number and date of issued

7.4.2.2 Delivery note with unique identification code (running number)

7.4.2.3 Unique batch identification code (if applicable)

7.4.2.4 Name and address of the supplier

7.4.2.5 Name and address of the receiving party

7.4.2.6 Related contract number

7.4.2.7 Name of outgoing certified palm products

7.4.2.8 Quantity of certified palm products and traceability system

7.4.2.9 Type of transportation

7.5 Refinery

7.5.1 The refiner shall establish and maintain the following documents:

7.5.1.1 List with name and address of supplier of certified (CPO) and (CPKO)

7.5.1.2 Copies of the certificates from all suppliers of certified CPO and CPKO (in case of group certification, a list of the group members is required)

7.5.1.3 Contracts with relevant subcontractors/service providers and supplier of certified CPO and CPKO

7.5.1.4 Applicable traceability system

7.5.1.5 Delivery notes for all incomings certified CPO and CPKO

7.5.2 Information required for outgoing certified palm products:

7.5.2.1 Certificate number and date of issued

7.5.2.2 Delivery note with unique identification code (running number)

7.5.2.3 Unique batch identification code (if applicable)

7.5.2.4 Name and address of the supplier

7.5.2.5 Name and address of the receiving party

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7.5.2.6 Related contract number

7.5.2.7 Name of outgoing certified palm products

7.5.2.8 Quantity of certified products and traceability system

7.5.2.9 Type of transportation

7.6 Palm biofuel and palm biomass plants

7.6.1 The plant shall establish and maintain the following documents:

7.6.1.1 List with name and address of supplier of certified palm products

7.6.1.2 Copies of the certificates from all suppliers of certified palm products

7.6.1.3 Contracts with relevant subcontractors/service providers and supplier of certified palm products

7.6.1.4 Applicable traceability system

7.6.1.5 Delivery notes for all incomings certified palm products

7.6.2 Information required for outgoing certified palm products:

7.6.2.1 Certificate number and date of issued

7.6.2.2 Delivery note with unique identification code (running number)

7.6.2.3 Unique batch identification code (if applicable)

7.6.2.4 Name and address of the supplier

7.6.2.5 Name and address of receiving party

7.6.2.6 Related contract number

7.6.2.7 Name of outgoing certified palm products

7.6.2.8 Quantity of certified palm products and traceability system

7.6.2.9 Type of transportation

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7.7 Storage tank, bulking installation or warehouse

7.7.1 The facilities shall establish and maintain the following documents:

7.7.1.1 List with name and address of supplier of certified palm products

7.7.1.2 Copies of the certificates from all suppliers of certified palm products

7.7.1.3 Contracts with relevant contractors/service providers and supplier of certified palm products

7.7.1.4 Applicable traceability system

7.7.1.5 Delivery notes for all incomings certified palm products

7.7.2 Information required for outgoing certified palm products:

7.7.2.1 Certificate number and date of issued

7.7.2.2 Delivery note with unique identification code (running number)

7.7.2.3 Unique products identification code (if applicable)

7.7.2.4 Name and address of the supplier/seller

7.7.2.5 Name and address of buyer/receiving party

7.7.2.6 Related contract number

7.7.2.7 Name of outgoing certified palm products

7.7.2.8 Quantity of certified palm products and traceability system

7.7.2.9 Type of transportation

7.8 Transport of certified palm products

7.8.1 The owner of certified product to be transported shall provide the following information:

7.8.1.1 Contract number

7.8.1.2 Buyer of the certified palm products

7.8.1.3 Name of certified palm product

7.8.1.4 Quantity of the certified palm product in metric tons (MT)

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7.8.1.5 Transport information

7.8.1.6 Applicable traceability system

8. Special provisions on greenhouse gas

8.1 In case the palm oil mill/ refinery/ biodiesel plant are delivering certified biofuels/ bio liquids to electricity production plant or heat production plant or co-generation plant, the following information has to be added on the delivery note:

8.1.1 The Greenhouse gas (GHG) emissions in g CO₂eq/MJ.

8.1.2 The relevant fossil fuel comparator in g CO₂eq/MJ.

8.1.3 The GHG emission savings.

8.2 Palm oil to be used for production of biodiesel in EU, the GHG value and saving have to be calculated and reported throughout the palm oil supply chain.

9. Confidentiality

9.1 Documents and each kind of information shall be treated as confidential by all elements of the palm oil supply chain.