



M A L A Y S I A N S U S T A I N A B L E P A L M O I L

**SPECIFIC GUIDANCE DOCUMENT
FOR DEALERS
(MS 2530-4-3:2022)**

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1. INTRODUCTION

This Guidance Document is issued to provide clarity and consistency in the auditing of MSPO Part 4-3 (Dealers) under the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme. It is applicable to Accredited Certification Bodies (ACBs) and MSPO-certified entities operating as dealers.

The guidance covers the audit considerations for various dealer business models, including fresh fruit bunches (FFB) dealers also referred to as collection centres or ramps (oil palm fruit dealers, DF) as well as oil palm dealers who do not handle product physically engaged in the trading of palm oil (DL), palm kernel oil (DK), palm oleochemical products (DM), and palm fatty acids (DA).

This document shall be read in conjunction with the relevant MSPO Standards, the latest MSPO Certification Scheme document, and applicable MSPO circulars, guidelines, procedure, guidance or directives and does not replace or supersede requirements.

The guidance is intended for cases where:

- a) An individual FFB dealer operates a single collection centre. Although an owner may have more than one collection centre, MSPO certification for FFB only permits certification of a single site.
- b) Multiple MPOB licenses (e.g., oil palm mill (MF), DF, DK, DL) by different entity but within the same corporate group:
 - i. Mills and FFB dealers are managed by the same management and share facilities such as weighbridge, compound and manpower, as well as documents such as Standard Operating Procedure (SOPs) and records. All trading activities are centralized using the individual licenses of FFB dealers, mills, refineries and other processing facilities (for example, the ABC Group of Companies, where trading is conducted by ABC Trading).
 - ii. Mills, refineries and other entities within the group limit their scope of operations strictly to activities within their own premises, while trading is carried out by a centralized unit operating under a single licence. In this arrangement, oil palm dealers who do not handle product physically (for example, XYZ Berhad, where trading activities fall under the scope of XYZ trading subsidiary and no collection centre is operated).
- c) Other dealers.

2. OBJECTIVES

The objectives of this guidance are to:

- a) Clarify the audit approach and scope for individual FFB dealers (DF) certified under MS 2530-4-3:2022;
- b) Clarify the audit approach and scope for entities operating under both MS 2530-4-1:2022 (Palm Oil Mill) and MS 2530-4-3:2022 (Dealer), particularly where mills also operate the FFB collection centre; and
- c) Clarify the audit approach for other categories of dealers.

The clarification for the audit approach covers:

- a) Defining the roles and responsibilities when facilities, infrastructure, SOPs and manpower are shared across licensed entities;
- b) Ensuring traceability and compliance with both MPOB licensing requirements and MSPO certification standards;
- c) Providing guidance on auditing non-physical (paper-based) dealers; and
- d) Offering a practical framework for integrated audits that addresses concerns related to cost, resource efficiency, and audit frequency due to overlapping operations.

NOTE:

Integrated audit refers to an audit of an organisation's management system against two or more sets of audit criteria or standards conducted at the same time. In this context, an integrated audit covers all applicable requirements under both MS 2530 Part 4-1:2022 (Palm Oil Mill) and MS 2530 Part 4-3:2022 (Dealer) within a single audit process.

3. SCOPE

This guidance applies to:

- a) Palm oil mills (MF) certified under MS 2530-4-1:2022 and FFB dealers (DF) certified under MS 2530-4-3:2022 that operate as separate entities within the same corporate group for the purpose of collecting FFB and supplying it exclusively to the mill;
- b) Entities holding multiple MPOB licenses, including those with centralized trading functions (oil palm dealers who do not handle product physically); and
- c) Situations assessed strictly in accordance with MSPO certification requirements, while ensuring consistency with applicable MPOB licensing conditions.

4. REGULATORY AND CERTIFICATION CONTEXT

4.1 MSPO Certification Requirements

- a) The certificate must be issued to the entity that holds the valid MPOB license.
- b) Where operations are managed by another company (e.g., shared manpower, weighbridge), the licensed entity remains fully responsible for compliance with MSPO.
- c) All documentation (weighbridge tickets, delivery notes, invoices, contracts, MSPO certificate) must reflect the name of the MPOB license holder.

4.2 MPOB Licensing Requirements

- a) The MPOB license is not transferable, and the licensed entity must directly conduct buying, selling, and moving of FFB.
- b) Documentation issued under another company's name is not permissible.
- c) Any shared operational arrangements must still comply with the license conditions.

MSPO certification is mandatory for all Dealers Fruit (DF) licence holders, including those operating under exemptions issued by MPOB. Under the 2017 licensing framework, a specific category of DF licence holders may operate without a physical collection centre or ramp, subject to clearly defined conditions. These conditions include maintaining an annual FFB transaction volume of less than 4,000 tonnes and sourcing exclusively from smallholders for three consecutive years. Such licence holders conduct trading activities without own ramp or collection centre, with operations limited to administrative transactions and the maintenance of required records.

5. AUDIT APPROACH FOR:

5.1 Individual Audit for Oil Palm Dealer (DF)

DF operate under various business models. The most common includes:

a) Collection centre only

In this model, all FFB are delivered to the collection centre. Operations typically involve receiving FFB from suppliers (such as smallholders and small estates), weighing and grading the FFB, recording transaction details, and dispatching the FFB to the mill.

b) Dealer without ramp / collection centre

In this model, all FFB are collected from the suppliers (such as smallholders and small estates) and directly delivered to another collection centre / ramp or to the mill. Although the dealer does not operate a physical collection centre, the DF licence holder continues to function as a dealer under the MPOB license. The dealer is responsible for purchasing FFB from suppliers, issuing and maintaining purchase/transaction documentation, managing payment records, and ensuring end-to-end traceability in accordance with MS 2530:2022 Part 4-3 requirements. The logistical delivery of FFB is part of the dealer's trading activity and does not reduce the dealer's compliance obligations.

c) Collection centre with value-added services

In addition to receiving FFB, some collection centres offer supplementary services to smallholders, such as field upkeep and harvesting. Employees providing these services may reside within the collection centre premises. In some cases, the DF may also operate an agricultural input shop or provide basic financing services within the same premises.

The classification of such services shall be determined based on the actual operational activities carried out, and not solely on the type of MPOB licence held or the existence of a physical ramp or premises. The ACB shall document the basis for its determination of the dealer's actual operations and ensure that the audit scope and methodology applied are appropriate to the verified activities.

During the audit, the auditor shall clearly understand and apply the defined certification scope, which is limited to activities related to the buying and selling of FFB. However, where other facilities or services operate within the same premises, the auditor may extend the audit coverage to verify potential sources of pollution and to assess any relevant occupational safety and health related risks.

5. AUDIT APPROACH FOR:

5.2 Integrated Audit Between the FFB Collection Centre (DF), Palm Oil Mill (MF), and Dealers (DK & DL)

An integrated audit refers to the simultaneous assessment of both Part 4-1 and Part 4-3 requirements where the collection centre purchase FFB and sells it exclusively to a mill. In such arrangements, the collection centre and the mill often share infrastructure/facilities, documentation (e.g., SOPs and record), management, and manpower for certain functions. The entities are part of the same corporate group and operate based on formal internal agreements.

The audit is guided by the following principles:

- a) No duplication of audit. Audits for both entities should be carried out together despite the certification should be registered under different MPOB licence.
- b) Clear segregation of accountability where each license holder remains responsible for its own compliance;
- c) Traceability is non-negotiable where all transactions and records must be under the licensed entity's name; and
- d) Audit reports, certificates, and findings for mills and dealers shall be issued separately, in accordance with the relevant MPOB licence category.

The details of MSPO requirements that may be audited simultaneously would depend on the shared facilities, functions, and documentation.

Auditors must also verify product ownership depending on the scope of the dealers' activities for both the FFB dealer and the mill. For example, dealers who are responsible to purchase FFB and sent to the mill for processing may operate under the tolling arrangement as the products are legally owned by the dealers. The processed FFB (CPO and PK) will then be sold by dealers and record its traceability. In this scenario, the auditors need to audit the content of the agreement between all parties. The tolling arrangement is considered as outsourced activities and non-conformance to the MSPO requirement at the mill could also affect the dealers.

“No duplication of audit” means avoiding repeated assessment of shared facilities, shared systems, and shared documentation that are used by more than one MPOB-licensed entity within the group. Certification Bodies may evaluate shared controls once (e.g., weighbridge operation, group SOPs, IT systems), but must still collect entity-specific objective evidence and issue findings separately for each certified entity.

5.2.2 Tolling Arrangements – Definition and Audit Expectations

A tolling arrangement refers to a situation where a dealer purchases and retains legal ownership of FFB and the resulting processed products (CPO and PK), while the mill provides processing services only and does not assume product ownership at any stage. Under this arrangement, the mill functions as a service provider and the processing activity is treated as an outsourced activity.

Auditors shall verify:

- a) Contractual clarity covering scope of processing services, product ownership, custody/traceability responsibilities, and data/records to be provided by the mill;
- b) That the dealer maintains accurate traceability and ownership documentation for FFB/CPO/PK under its licensed activities;
- c) That outsourced processing records support the dealer's traceability obligations.

A non-conformance identified at the mill shall only have implications for the dealer when the mill's non-conformance directly affects the dealer's ability to fulfil its own MS 2530:2022 Part 4-3 obligations (e.g., traceability, product identification, documentation accuracy, or contractual control for outsourced processing).

5.3 Audit for Oil Palm Dealers who do not handle product physically

Oil palm dealers who do not handle product physically refer to legal entities that trade palm oil, palm kernel, and palm based products (including oleochemical and derivative products) without taking physical possession or control of the material and without operating any physical handling sites (e.g., mill, refinery, warehouse, or bulking facility) within their licensed scope.

Audits for oil palm dealers who do not handle product physically may be simplified, as many requirements under MS 2530 Part 4-3 are not applicable. The audit generally focuses on reviewing transaction records at the dealer's office. Nevertheless, requirements related to safety and health, pollution prevention, and management remain applicable.

Depending on the licence used by the dealer, traceability may pose a concern, particularly if a single licence is used for trading across the organization. Suspension of an entity operating under that licence (e.g., a mill or processing facility) could affect all other entities linked to the same licence.

5.4 Audit for FFB Dealers without collection centre / ramp

Dealers without a ramp or collection centre refer to DF licensed entities that conduct FFB trading without operating a physical receiving point such as a ramp or weighbridge. These dealers purchase FFB under their MPOB licence and arrange direct delivery of the FFB to a mill or another licensed collection centre. Although they do not manage a physical collection facility, they remain dealers, not transporters and are fully responsible for all MS2530:2022 Part 4 3 obligations, including accurate transaction records, purchase and delivery documentation, supplier to buyer traceability, legal compliance, and applicable management system requirements.

Audits for FFB Dealers without collection centre / ramp may be simplified, as many requirements under MS 2530 Part 4-3 are not applicable where very minimal activities are carried out by such dealers. The audit generally focuses on reviewing transaction records. Nevertheless, requirements related to safety and health, pollution prevention and management shall be assessed where applicable.

5.5 Audit for Other Dealers

The audit for other dealers will be a straightforward exercise against the requirements of MS 2530-4-3:2022.

6. RESPONSIBILITIES AND DOCUMENTATION FOR AUDIT APPROACH AS IN 5.2

6.1 Certificate Holder

- a) MSPO Part 4-1: Palm Oil Mill (MPOB MF license holder)
- b) MSPO Part 4-3: Dealer (MPOB DF/DK/DL license holder)

6.2 Documentation

- a) All transaction records (weighbridge tickets, delivery notes, invoices, contracts) must carry the name & MPOB license number of the certified entity.
- b) Internal agreements (between group companies) should define roles of shared manpower or facilities.

6.3 Manpower and Operations

- a) Where employees report operationally to the mill but are paid by the dealer (or vice versa), this arrangement must be formalized (employment terms, SOPs, KPI alignment).
- b) CBs must verify that responsibilities are clearly assigned and traceable.

7. AUDIT METHODOLOGY FOR MULTI-LICENSE ENTITIES AS IN 5.2

7.1 Audit Planning

- a) CBs can conduct one integrated audit covering both Part 4-1 and Part 4-3, but issue separate certificates and reports.
- b) Audit duration should consider efficiency while ensuring full coverage.

7.2 Assessment Criteria

- a) Evaluate interrelationship between mill and dealer license holders;
- b) Verify that traceability systems correctly segregate transactions by license;
- c) Ensure compliance with MSPO standards for each entity independently.

7.3 Reporting

Findings must be reported under the respective licensed entity:

- a) Non-conformities identified in mill operations are recorded under Part 4-1 (Palm Oil Mill).
- b) Non-conformities identified in dealer operations are recorded under Part 4-3 (Dealer).
- c) Where shared processes are assessed (e.g., weighbridge, manpower, documentation), the CB must allocate the finding to the entity that holds the legal accountability.
- d) Integrated audits may be conducted together, but audit reports must be clearly separated by certified entity.

8. AUDIT METHODOLOGY FOR OIL PALM DEALERS WHO DO NOT HANDLE PRODUCT PHYSICALLY AS IN APPROACH FOR 5.3

Some license holders (DF/DL/DK) do not engage in physical handling of FFB or palm oil products. These oil palm dealers who do not handle product physically conduct sales via contracts, without physical premises or storage.

For dealers without physical premises or storage:

- a) Single entity with MPOB licence for all trading / transaction
- b) Scope of audit is limited to documentary review (contracts, invoices, payment records, delivery documentation, etc.);
- c) Traceability must still be demonstrated (supplier-to-buyer linkages);
- d) Site visits may not be required if the dealer does not physically handle FFB or palm oil products,;
- e) CBs must ensure transparency of transactions and compliance with MSPO Part 4-3 requirements.

9. AUDIT DURATION AND MANDAYS

Audit man-days depend on the business model, scope of certification, and audit type (initial or surveillance). The table below provides guidance for CBs when planning audits for integrated audits and oil palm dealers who do not handle product physically.

9.1 Integrated Audits (Mill + Dealer under the same group)

Where mill and dealer operations share infrastructure, manpower, or management, integrated audits allow for efficiency while ensuring accountability remains distinct.

Audit Type	Audit Focus	Recommended minimum mandays	Notes
Initial Audit & Re-certification	Integrated audit of Part 4-1 (Mill) and Part 4-3 (Dealer) with separate reports.	Mill mandays + 1	Mandays optimised by integrating shared processes. Traceability systems and agreements must be verified.
Surveillance Audit	Verification of mill and dealer compliance with traceability.	Mill mandays + 0.5	May require additional time if dealer operations involve complex arrangements.

9.2 Oil palm dealers who do not handle product physically

Oil palm dealers who do not handle product physically operate mainly through contractual arrangements and documentary records.

Audit Type	Audit Focus	Recommended minimum mandays	Notes
Initial Audit & Re-certification	Review of contracts, invoices, delivery documentation, payment records, and traceability.	+ 1	Site visit not required for headquarters/ city offices. For rural/ estate/ mill-base offices, additional on-site verification may be needed.
Surveillance Audit	Verification of transaction records and ongoing traceability.	+ 0.5	Limited scope unless major operational changes occur.

NOTE:

The applicable minimum man-days shall be determined and applied in accordance with the MSPO Certification Scheme Document 2025, and the recommended minimum man-days in this guidance document shall be added where applicable.

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