

Filling the Sustainability GAP through RISS Execution

The Center for Sustainable Small-owners (CSS) was established by Procter & Gamble (P&G) in collaboration with the Asia School of Business (ASB) to deliver on its Ambition 2030 goals through the P&G smallholder init



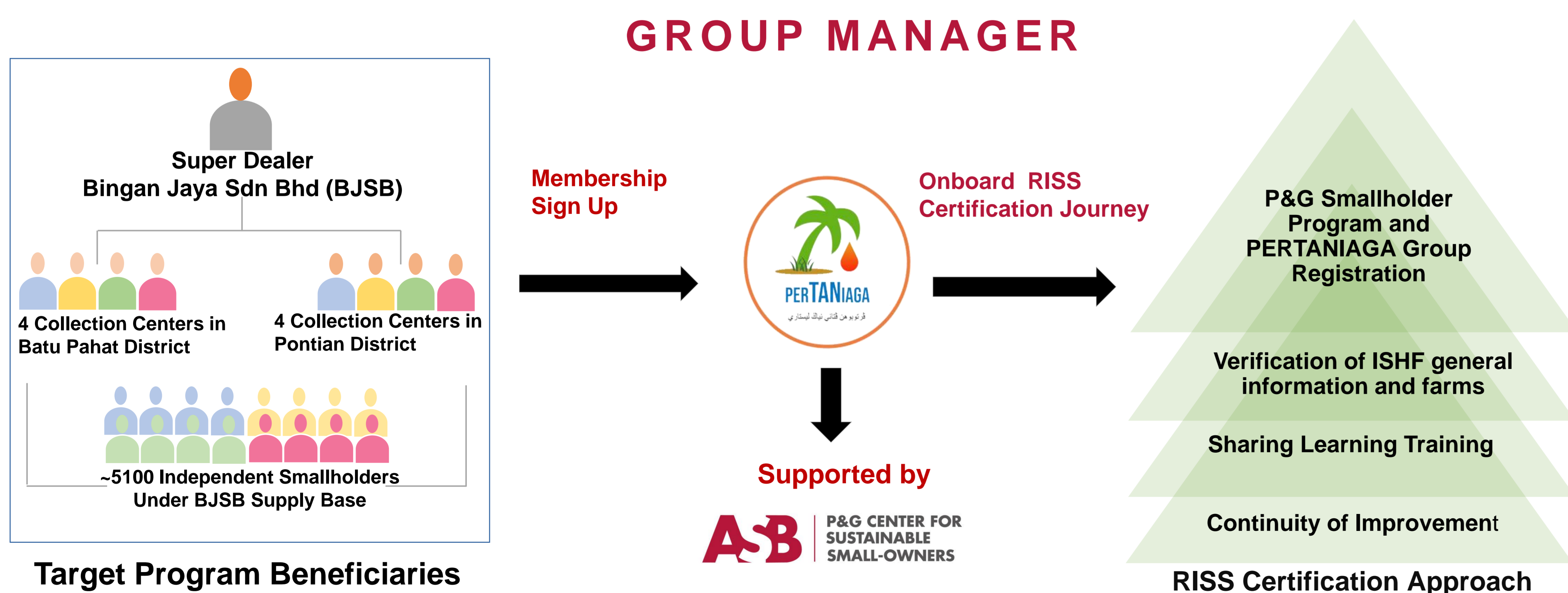
This study aims to share the insights from the RISS Certification Journey for 407 ISHs of Batu Pahat and Pontian districts in Johor, Malaysia.

ISH Association: PERTANIAGA

“The aim is to support independent smallholders to improve the quality of oil palm products through RISO and MSPO training and certification and support their journey towards sustainable palm oil production”

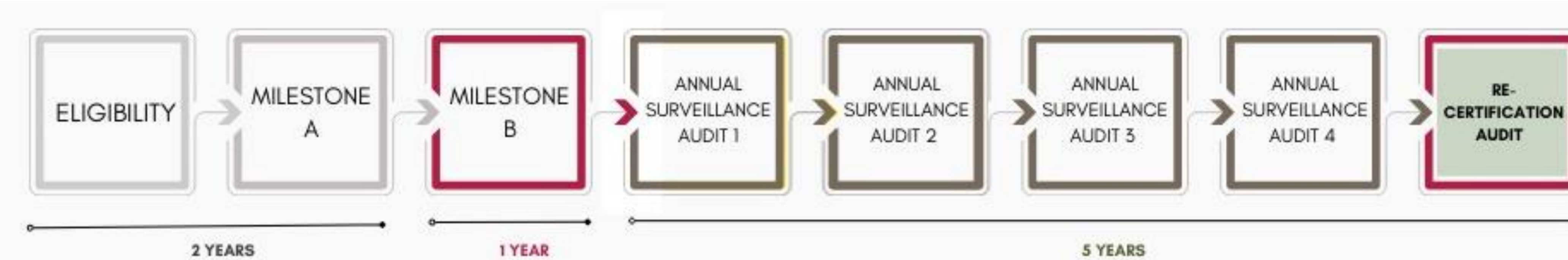
- 26 May 2020**: Legally registered under the Registration of Societies Malaysia
- 674**: Members In Smallholder Association PERTANIAGA
- 504.30**: Hectare Smallholders Certified Area (490 Farms)
- 100%**: Owned by independent smallholders under the chain of oil palm suppliers under the chain of Bingan Jaya Sdn Bhd
- 407**: Smallholders Certified with RISS Milestone B
- > USD 42550**: Worth of RISO Credits for Smallholders (RISS Group 1 & Group 2)

PERTANIAGA's role as the Group Manager in the RISS certification was facilitated by a collaborative model developed by CSS, shows the dynamics of the collaboration and shared responsibility of the parties within the Sustainability Journey



Analysis from the RISS Certification

The RISO ISH Standard 2019 Certification Process



Source: RISO Internal Audit Interpretation of the Smallholder Standard & RISO Certification for Principles & Criteria and RISO Independent Smallholder Standard

RISS Certification for 407 ISHs		Year		
		2021	2022	2023
Total No. of ISHs	ISH	107	296	407
Total No. of Farms	Farm	130	364	490
Total Certified Area	Ha	155.63	386.05	504.30
Yield	Mt per ISH	20.93	19.71	19.69
	Mt per Ha	14.39	15.11	15.89
Total Certification Cost	RM per ISH	2,289.27	1,787.19	849.08
	RM per Ha	1,573.94	1,370.31	685.25
Premium Received	RM per ISH	488.39	503.36	502.92
	RM per Ha	335.78	385.95	405.89
Net Income	RM per ISH	-1,800.89	-1,283.83	-346.16
	RM per Ha	-1,238.16	-984.36	-279.37
Net Income per Mt	RM per Mt	-86.06	-65.13	-17.58
Actual Farmers Income per Mt	RM per Mt	23.34	25.54	25.54

Insights from PERTANIAGA RISS Certification

- The actual costs spent on RISS certification were identified and collected
- Costs of RISS Certification:
 - Training;
 - Audit Fee;
 - PERTANIAGA Cost
- Costs incurred are per ISH basis.
- Income arising from RISS certification is the RISO premium received by ISH
- Premium consists of IS- CSPO and IS-CSPKO
- The premium received is based on tonnage of FFB produced, i.e proportional to Certification Area and Premium Price
- The premium received does not justify the input cost of RISS certification.
- There is a mismatch in terms of units of costs and premium received.
- A major component of the cost is incurred per ISH, the premium received is proportional to farm size.
- This resulted in the smaller ISH in a less favorable position.

