

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 initiative

Who are the Independent Smallholders



Source: RSPO

- ✓ **NOT** a scheme smallholder
- ✓ **Less than 50 hectares** of oil palm plantation
- ✓ **Enforceable decision-making power** over land
- ✓ **Organize, manage and finance** their own land
- ✓ **Meet the other criteria in the standard or National Interpretation**

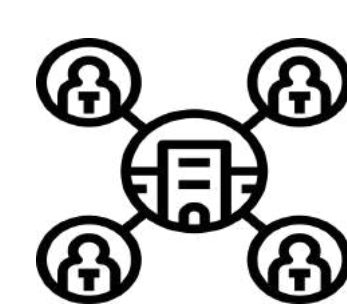
ISH Association: PERTANIAGA

“The aim is to support independent smallholders to improve the quality of oil palm products through RSPO 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

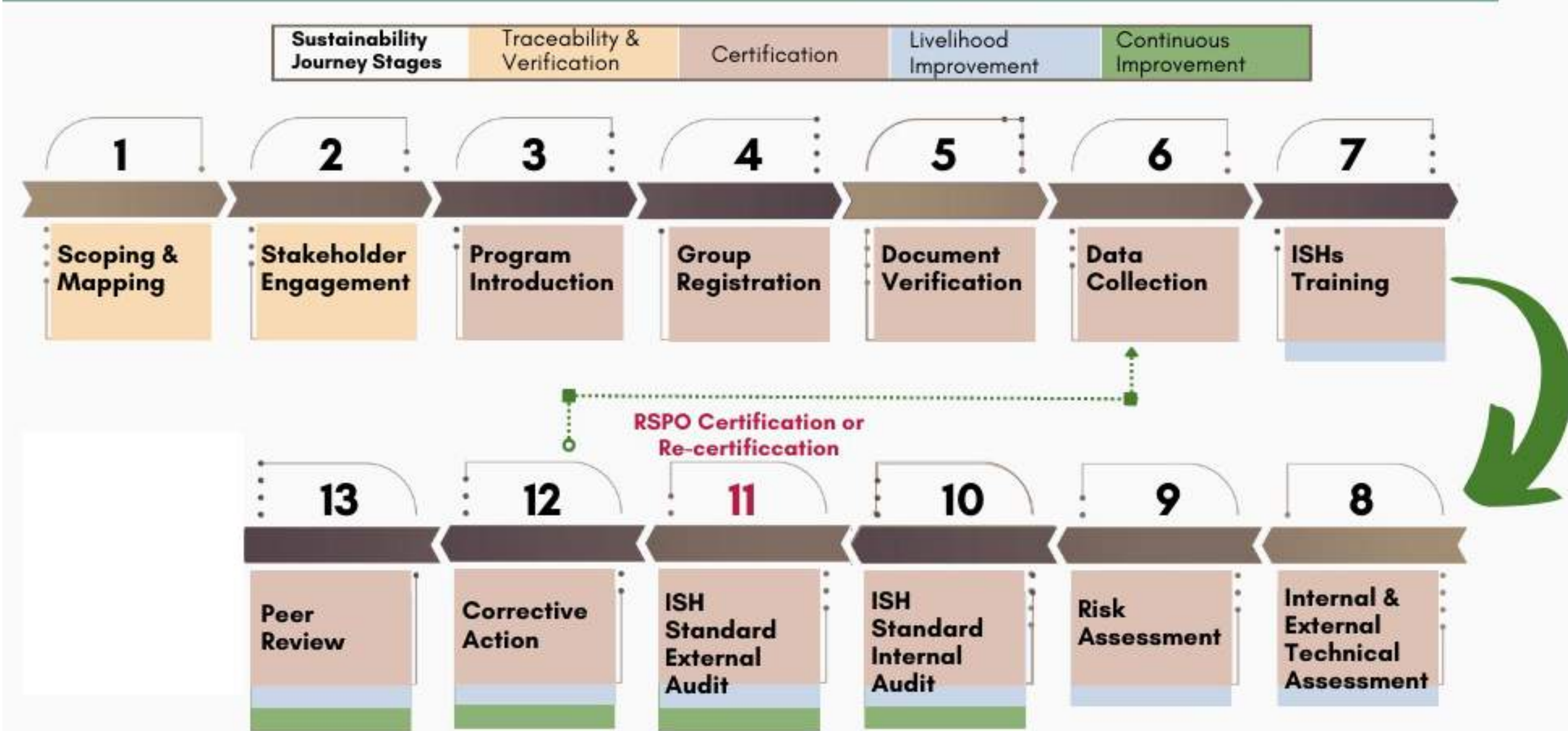


> USD 42,550

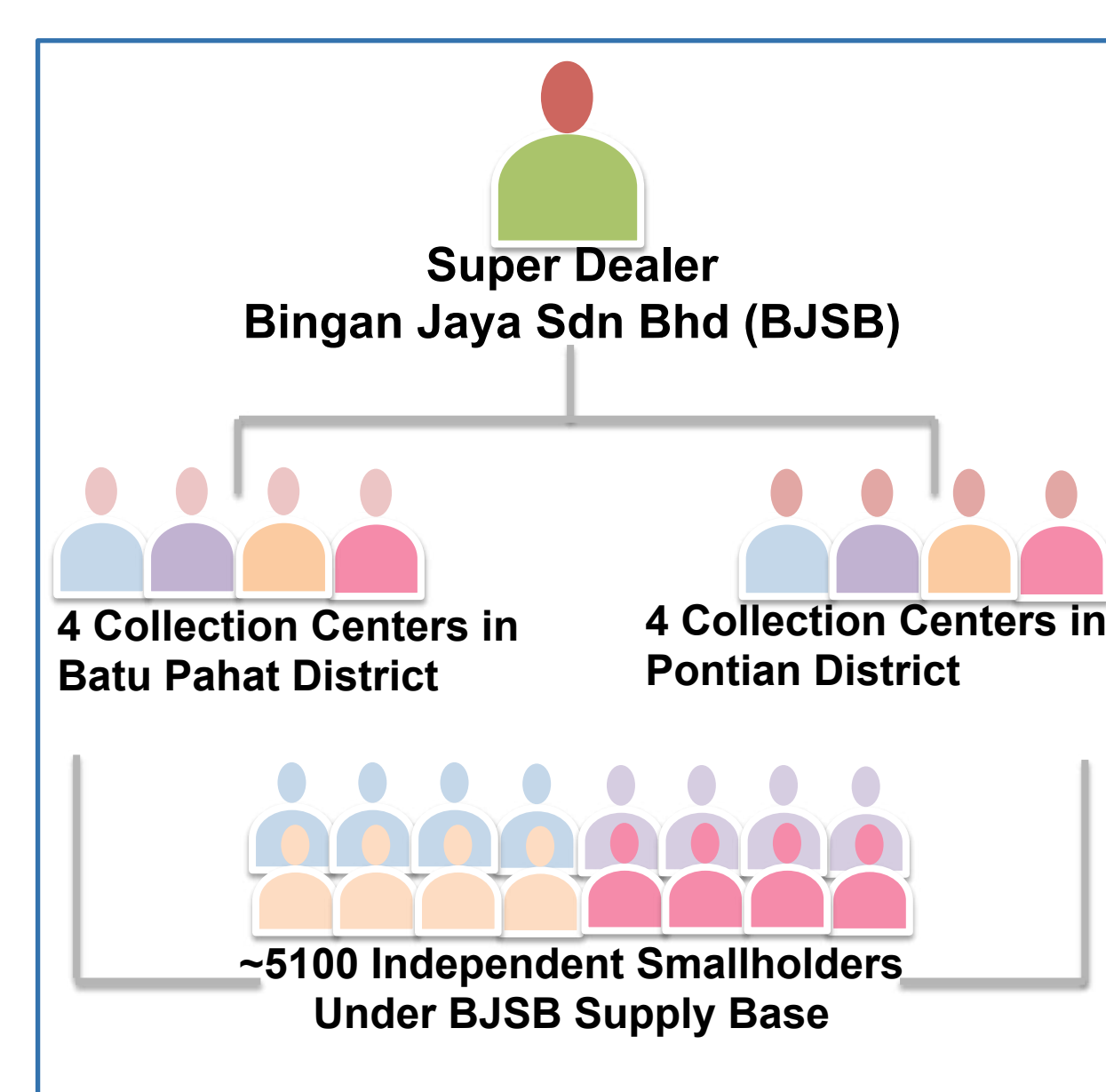
Worth of RSPO Credits for Smallholders (RISS Group 1 & Group 2)

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**

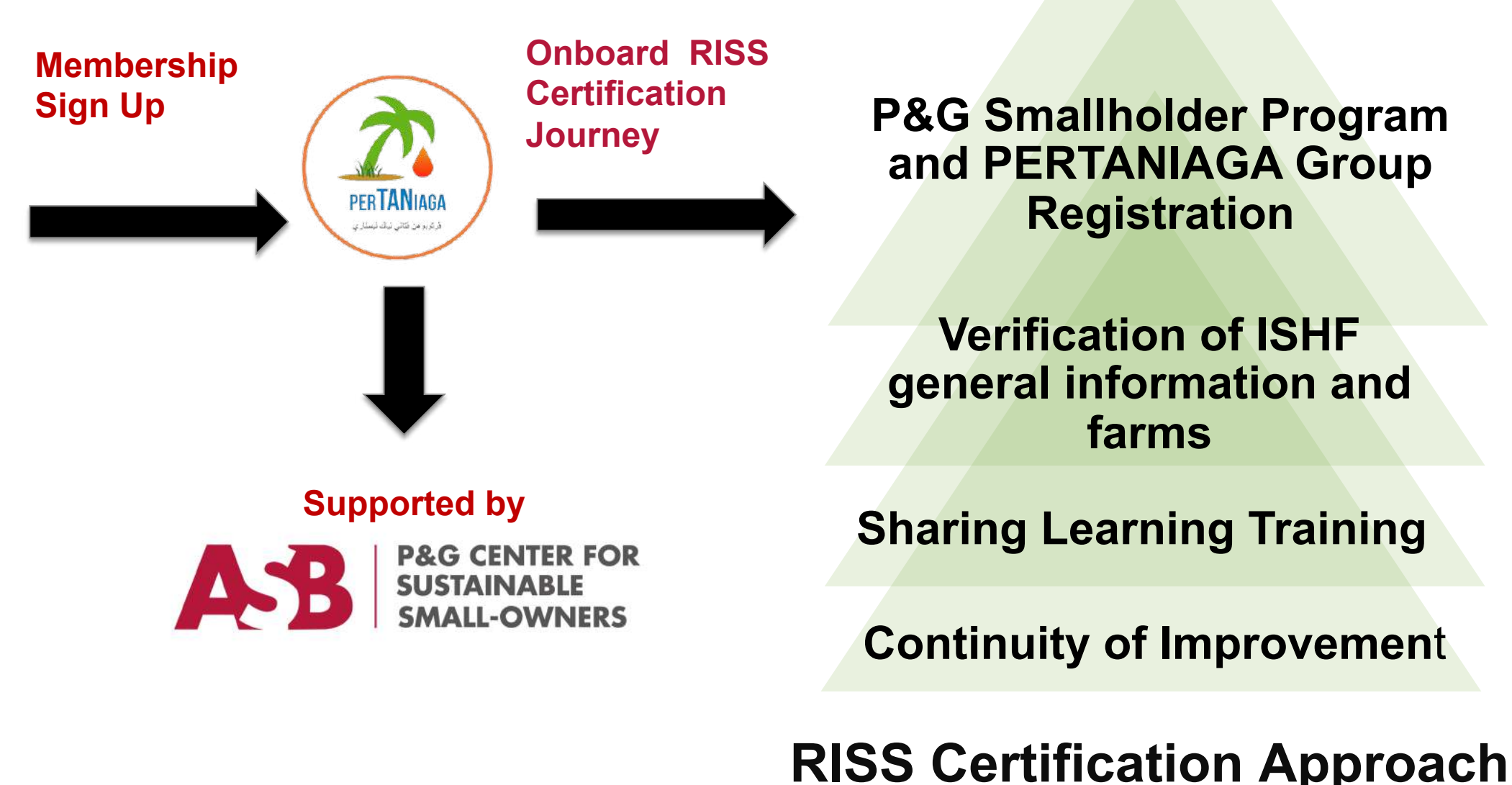
CSS ACTIVITIES TOWARDS RSPO ISH STANDARD CERTIFICATION



GROUP MANAGER



Target Program Beneficiaries

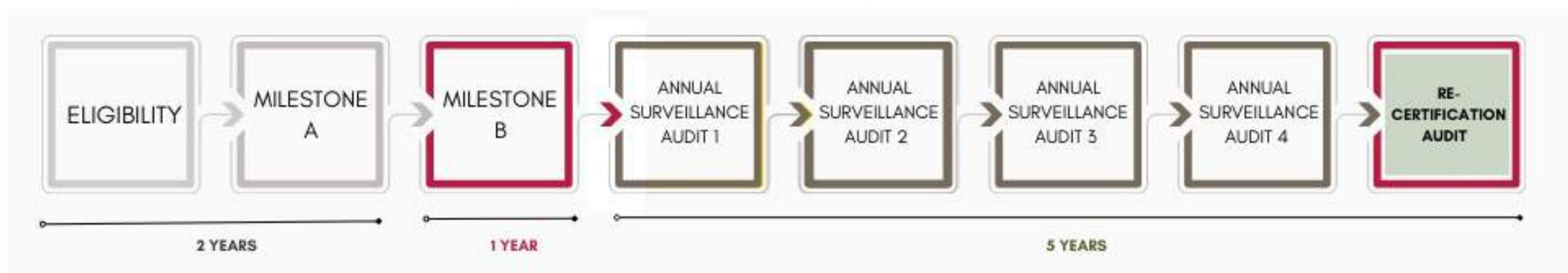


RISS Certification Approach

THIS STUDY SHARES THE INSIGHTS FROM THE RISS CERTIFICATION JOURNEY FOR 407 ISHs OF BATU PAHAT AND PONTIAN DISTRICTS IN JOHOR, MALAYSIA

Analysis from the RISS Certification

The RSPO ISH Standard 2019 Certification Process



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

COSTS

- The **actual costs** spent on RISS certification were **identified and collected**
- Costs of RISS Certification:
 - **Training;**
 - **Audit Fee;**
 - **Association Cost**
- Fixed Costs incurred are **per ISH basis**.
- Variable Cost depend on **Farm Size**

PREMIUM

- **Income** arising from RISS certification is only the **RSPO premium** received by the ISH
- The premium consists of **IS-CSPO and IS-CSPKO**
- The premium received is based on **tonnage of FFB produced** which is proportional to **Certification Area** and **current market premium price**

INSIGHTS

- The overall income received from premium **does not exceed** the cost incurred for RISS certification
- A major component of the **cost is incurred per ISH**, while the premium received is **proportional to farm size**
- This puts the smaller ISH in a less favorable position than ISH with larger farms
- The ISH farmers find the certification steps and overall processes difficult to execute without any external help

