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APPROACH AND KEY ACHIEVEMENTS

Oil palm is both one of the world's most productive natural oil sources and grown in areas of high ecological value. Procter & Gamble (P&G) is committed to responsible sourcing respecting the environment, workers and communities.

The foundation of our approach is based on delivering 100% Roundtable on Sustainable Palm Oil (RSPO) certified palm for our brands; ensuring transparency and robust compliance across our supply chain; engaging in industry wide initiatives and partnering with positive force for good programs for both smallholders and ecosystems. Today our brands use 100% RSPO certified palm oil and palm oil derivatives. We are making continued progress against our goal of 100% RSPO palm kernel oil (PKO) by 2022. In 2020 we target approximately 70% certified PKO supply for use in our brands.

ROADBLOCKS AND SOLUTIONS

Smallholders account for approximately 40% of global oil palm production but relatively little work has focused on partnering with them to enable sustainable practices. At our joint venture, FPG, in Malaysia, approximately two thirds of the palm fruit used is sourced from schemed and independent smallholders. In 2017 this led us to conduct an assessment of the capability, yields and income of 2,000 independent smallholders, across 3 collection sites in Johor state. Results showed yields and incomes were below the Malaysian average mostly due to knowledge gaps in good farming practices.

In 2018 we created our **Smallholder Training Program**, implemented as part of our sustainable palm commitment, working with farmers at 17 collection centers in Bingan Jaya Trader Network. We are seeking to create 250 model and equivalent learning farms with best in class good agricultural practices. These farms and farmers can then become ambassadors and community resources, driving scale and diffusion of sustainable farming practices to reach up to 8,000 farmers within five years. We want to help them drive up yields (+30-50%) to the Malaysian average – making a difference to people and communities and embedding sustainable, responsible practices within the heart of our supply network.

POST-2020 ACTION PLANS

Our aim is to complete our journey to 100% RSPO palm, including PKO and derivatives, in our brands by 2022.

We will continue our commitment to our Smallholder Program – investing and playing a unique role to foster collaboration with experts in sustainable practices. Our goal is to put smallholders in control by enabling them to make more sustainable farming choices whilst improving their livelihoods.

In collaboration with the **Malaysia Institute for Supply Chain Innovation (MISI)** we established the **Centre for Sustainable Smallholders (CSS)**. CSS is based at the **University Tun Hussein Onn Malaysia**, in Parit Raja, Johor. It acts as a “one-stop-shop” resource center with researchers, agronomists and field workers collaborating with supply chain teams to drive on the ground (and in the field) capability. We also established a collaboration with Yara (a leading global fertilizer manufacturer) to create a bespoke supply chain at affordable prices. Importantly, to support the future generations of program leaders, we are creating internship opportunities for local students to learn and experience life in the palm sector working at CSS.

We are also committed to championing smallholders progress in partnership with RSPO. Since 2015 we have sponsored their **“Linking Learning”** session annually and are supporting the **RSPO Smallholder Academy** via CSS which aims to develop technical experts who are then able to train farmers in best practices. Looking to the future we are encouraging those participating in our smallholder livelihood projects to work towards the new **RSPO Independent Smallholder Standard (RISS)**. So far approximately 200 farmers are in the eligibility phase and beyond and actively working towards certification. We are very proud that these smallholders are on track to be amongst the first to be certified in the new RISS standard and hope to see over 600 smallholder farmers achieve certification in the next two years, contributing to an overall increase in sustainably farmed, certified palm.



Smallholders, Fresh Fruit Bunches Dealers, MISI, KANZU and P&G partnering at CSS Office Tun Hussein Onn University