

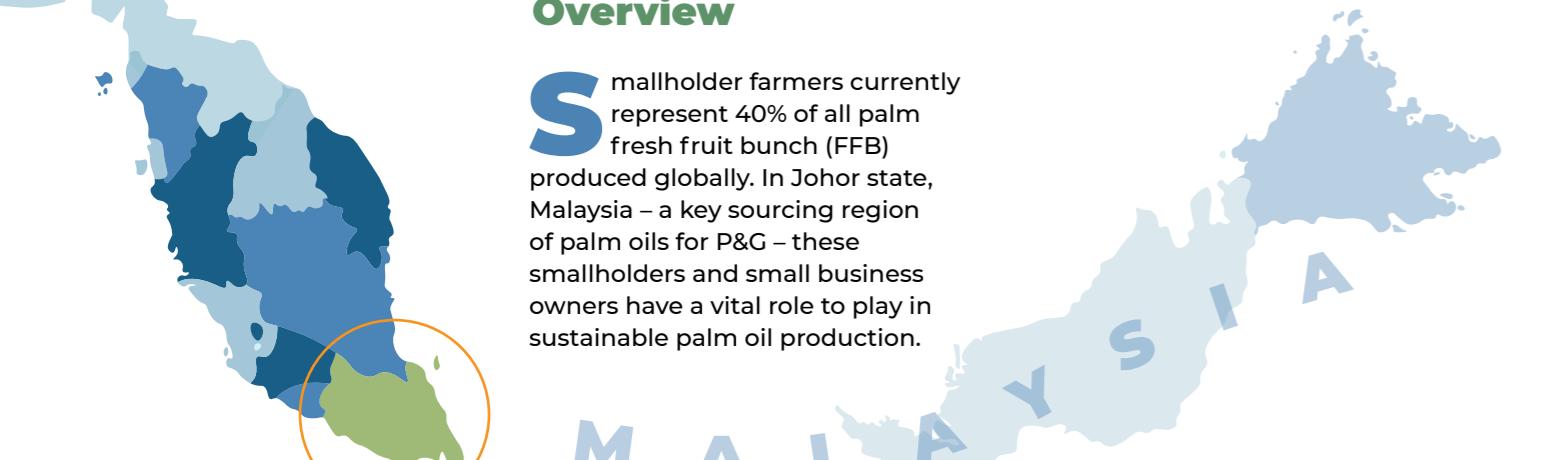


SPOTLIGHT ON P&G SMALLHOLDER PROGRAM

OUR PURPOSE

Overview

Smallholder farmers currently represent 40% of all palm fresh fruit bunch (FFB) produced globally. In Johor state, Malaysia – a key sourcing region of palm oils for P&G – these smallholders and small business owners have a vital role to play in sustainable palm oil production.



Despite this, many smallholders are unable to access the knowledge and agricultural resources needed to implement the best sustainable farming practices. Practices which would enable them to act as better stewards of their land for their communities and future generations, maximize their crop yield and, ultimately, boost their livelihoods.

P&G recognized that there is a role for us to play in supporting communities and driving the adoption of sustainable farming, so in 2018, established the Smallholder Program. We brought together experts in agronomy, responsible farming and supply chain management to equip smallholders with the skills to help them achieve harvesting optimization, nutrient planning and financial and environmental sustainability management.

OUR PARTNERS

Expertise for Smallholders



OUR FOCUS

What we are doing

- 1 We started with a 2-year base line assessment, including looking at 2,000 smallholders in Johor.
- 2 Recognising the importance of collaborating with local partners 'on the ground', we worked with the Malaysia Institute for Supply Chain Innovation (MISI) to establish the Centre for Sustainable Small-Owners (CSS). CCS functions as a 'one-stop-shop' resource centre with sustainable field officers, research and agronomists and field workers working with supply chain teams to drive in-the-field capability.
- 3 We collaborated with Yara International, a leading Scandinavian global fertilizer manufacturer, to create an affordable and environmental supply chain.
- 4 Began working with MIMOS – the National Applied R&D Centre and an expert in digital supply chains to drive sustainability through big data and analytics.
- 5 To support future generation Program leaders, we have created internship opportunities for local students, to enable them to learn and experience life working in the palm sector at CSS.
- 6 Supported Roundtable on Sustainable Palm Oil (RSPO) and sponsored their annual 'Linking & Learning' session. Taking this commitment one-step further, through CSS we are supporting the RSPO Smallholder trainer Academy, which looks to develop technical experts who are then able to train farmers in best practices.
- 7 We have helped our P&G Program smallholders to form their own association, PERTANIAGA; an important step in their journey towards certification and recognition from the Government. It is also an essential requirement to move towards RSPO certification.
- 8 We are encouraging our P&G smallholder partners in their efforts to work towards the new RSPO Independent



IMPACT

What we have achieved

Our Program

In 2021, the first of our smallholder partners successfully completed the first of three years with the P&G Smallholders Core Learning Farm Program, with 250 more smallholders on track to do the same during 2022.

Positive progress in palm fresh fruit bunch (FFB) yields achieved in the 10 Core Learning Farms, with an annual yield of 18.83mT/Ha - an increase of 22% in Annual Yields and 13.5% in income vs control farms.

CSS teams successfully created and deployed six field pocket guides on Best Management Practices (BMP). These easy-to-use, practical tools provide expertise for our smallholders and trainers on sustainable farming approaches and can also be used more broadly within the community.

Four P&G Sustainability Field Officers are now qualified as RSPO Smallholder Trainer Academy Master Trainers, playing an important role in training and upskilling smallholders.



Above: Jubilant reaction of smallholders to hearing they have achieved their RSPO ISH standard goals. Left: Smallholders, Fresh Fruit Bunches Dealers, MISI, KANZU and P&G partnering at CSS Office Tun Hussein Onn University

In Summer 2021, the first 107 members of PERTANIAGA completed an intensive, on-the-ground audit with RSPO, as part of the Smallholder certification. Despite the challenges of COVID-19, the smallholders, P&G and the BSI audit team worked diligently together to conduct a COVID-19-safe audit.

Congratulations to PERTANIAGA, on achieving a key milestone in RSPO ISH standard certification - our first smallholders to do this and amongst the first in the world to do so by fulfilling MSB at Initial Certification (IC).

To learn more about P&G's palm oil program, please visit: <https://www.pginvestor.com/esg/environmental/forestry>

Program in our own words

Girish Deshpande, P&G Sustainability Director



"P&G is fully committed to empowering our smallholders to seize the opportunity to learn and develop sustainable practices and have a positive lasting impact on their communities. By working together with our partners, we have been able to create a Program that we hope will enable our smallholders to boost yields and improve their livelihoods in a sustainable way. This is good for smallholders, for P&G and for all who call this planet home #ItsOurHome."

Suffian Muhili, P&G Sustainability Senior Manager



The Smallholder Program is an integral part of P&G's role to promote sustainable palm production. The smallholders of PERTANIAGA are passionate about learning new and improved farming methods. They are committed and working hard towards certification, which has the potential to profoundly impact them and their families and communities. The smallholders are the stewards of their environment and play a critical role in educating others on the importance of sustainable production hopefully for generations to come."

Ismail Ramli, Small-Owner Farmer, Johor



"First of all I am very grateful and many thanks to the people who I should call my friends and colleagues - P&G and CSS-MISI employees. They have helped me - a smallholder who did not understand that much (palm sustainability) in the beginning - a lot and I am very grateful and I hope that the P&G Smallholders Program can be scaled and will be even better in the future".