

RSPO

Roundtable on Sustainable Palm Oil

Experience in Including Independent Smallholders in a Sustainable Supply Base

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SUSTAINABILITY
WHAT'S NEXT?



Background: Cargill in Malaysia

- Cargill is an independent refiner and operates 3 refineries in Peninsular Malaysia. Our CPO suppliers include both integrated and independent millers.
- In 2011, we engaged Wild Asia & FFI to conduct a sustainability assessment of the independent smallholders in our CPO supply chain in Malaysia.
- In January 2013, Cargill embarked on a project to promote the growth of oil palm sustainable standard among independent smallholders and achieve RSPO certification.
- Project focus is our CPO supply chain at Air Kuning, Perak.

Project Overview

- **Objective?** Promoting the growth of RSPO certified FFB production among independent smallholders within a specific CPO supply chain at Air Kuning, Perak, Peninsular Malaysia.
- **How was this achieved?** The project builds on existing relationships, between the refiner - CPO mill - FFB dealers - smallholders. The FFB dealers play an integral role in the linkage and support to smallholders.
- **Significance of the project?** It is a unique and challenging supply chain as all parties are independent entities, coming together with a common goal to promote the production & uptake of sustainable palm oil.

Project Partners



Project Initiator,
Refinery & RSPO
Supply Chain
certified



Project
Implementor via
Wild Asia Group
Scheme (WAGS)

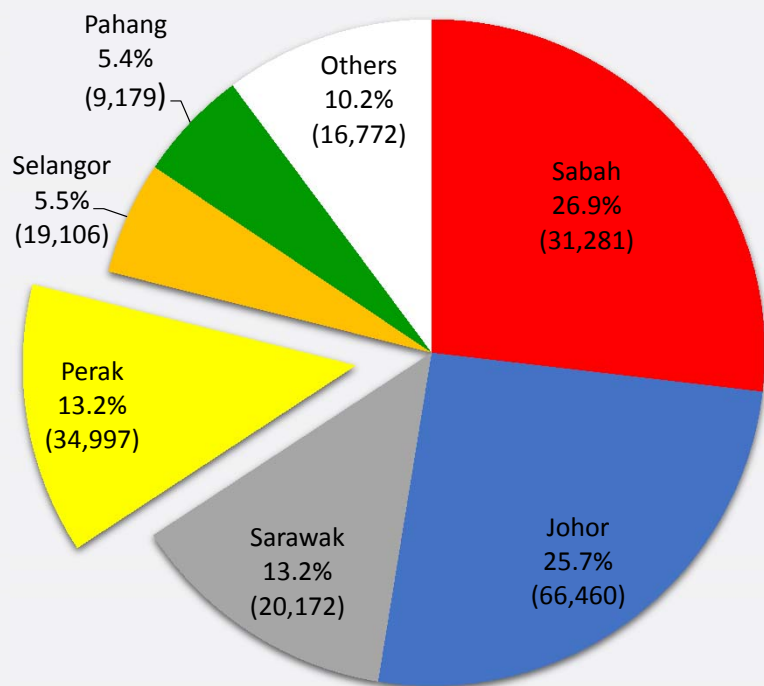


RSPO member,
Independent Mill



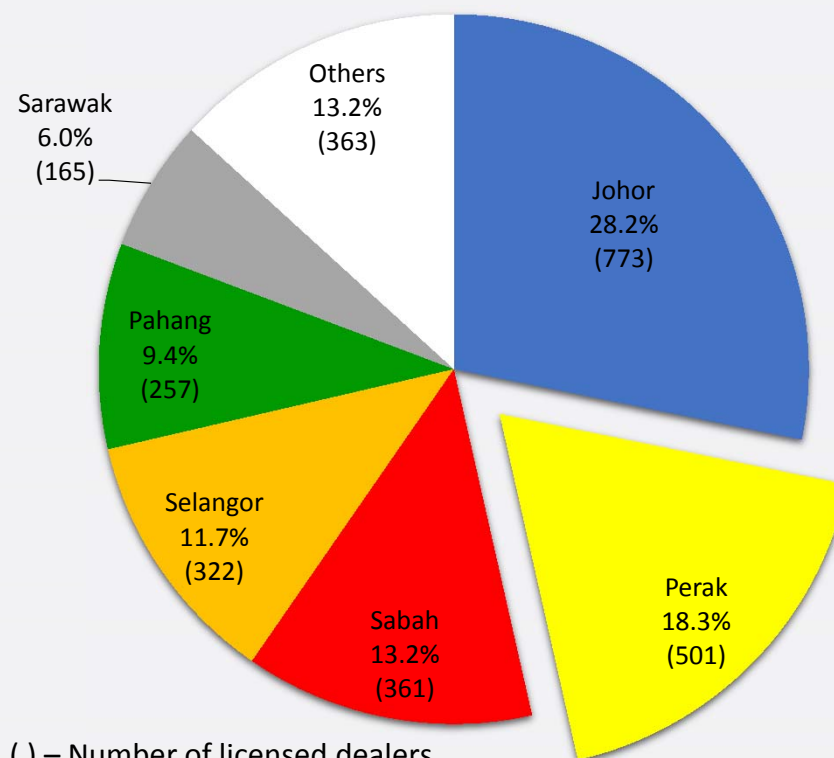
Project Funding

Malaysia: Independent Smallholders Oil Palm Planted Area by State - June 2014 (772,399 Ha, 14.5%)



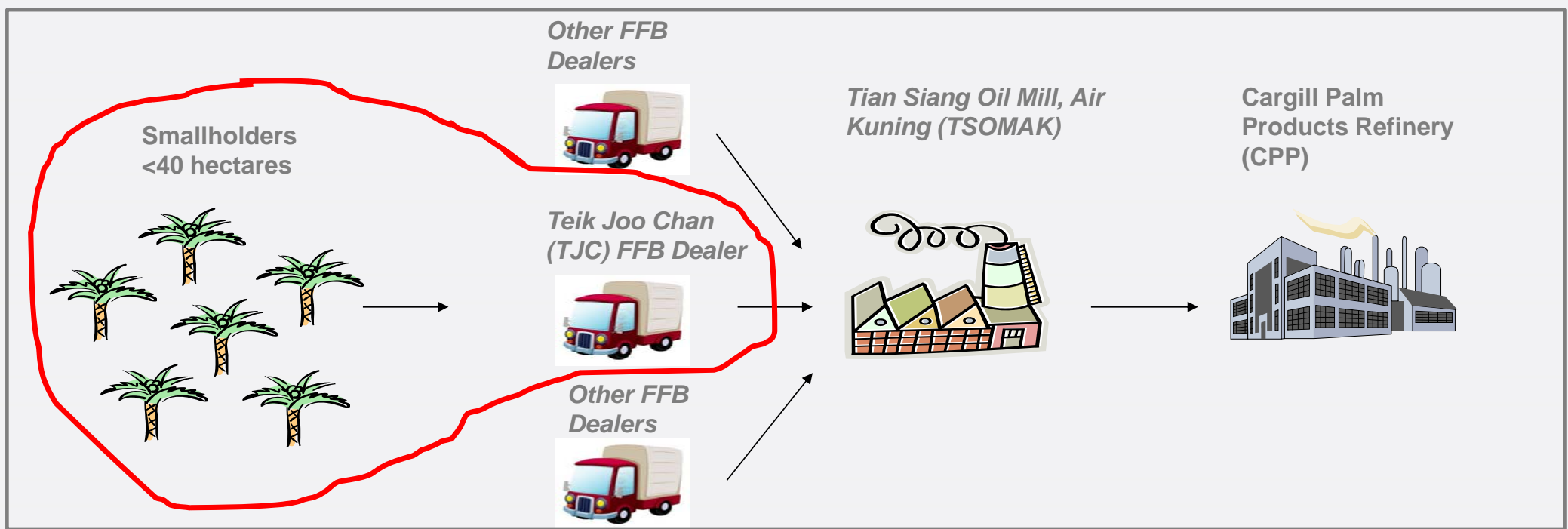
() – Number of licensed smallholders

Malaysia: Licensed FFB Dealers by State (June 2014)



() – Number of licensed dealers

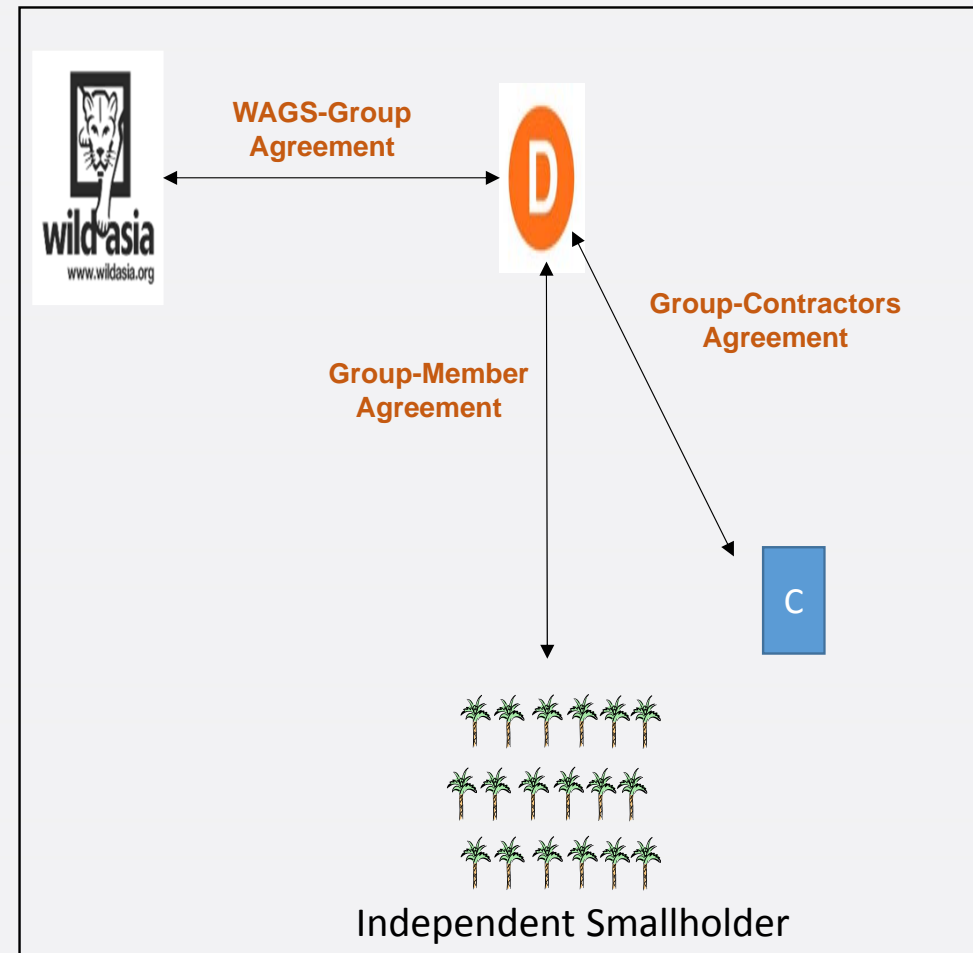
The Project Supply Chain



- A pilot group of smallholders was initiated in January 2013 under the FFB dealer - Teck Joo Chan (TJC).

Group Structure

- Implemented WAGS management system (Created Internal Control System).
- Includes FFB Dealer as independent intermediary in the structure.
- The structure is aligned by group member agreements among FFB dealer with farmers and contractors as part of the commitment to the standard by all parties.
- Wild Asia is the Group Manager who oversees the Group Structure and compliance to RSPO standard.
- Capacity building of dealer to ultimately lead and manage the farmers.



Project Details of Pilot Group

Location- Air Kuning, Perak

Pilot Group

- Total Farmers: 34
- Number of Farm Plots: 70
- FFB Yield (2013): 4,863mt
- Est CPO volume (2013): 1,007mt
- RSPO group certification audit: October 2014



FFB Dealer – TJC



Farm Management



Farmer Meetings/ Training



RSPO Audit-Oct 2014



Moving forward...

- Achieved cooperation and trust with TJC - fundamental to drive project.
- The Pilot Group has provided us with a better understanding of how to manage a dealer/smallholder group structure.
- WAGS model is successful. We plan to scale up in the TJC supply chain.
- Socialize the success/ establish working model of this group with other FFB dealers in the supply chain.
- Mill involvement & influence is key with other FFB dealers.

