Sustainability certification of Independent Smallholders

Certification concept for Independent Smallholders (ISH) under ISCC

ISCC System GmbH GmbH
Millions of smallholders produce oil palm and depend on it

- **42%** Smallholders own and/or manage an estimated 42% of total oil palm area
- **35%** Smallholders produce 35% of Indonesia’s CPO output

Oil palm area and production of private and state-owned companies

Source: IPOP (https://twitter.com/IPOPtweets/status/691860638054928385)
Independent Smallholders (ISH) are farmers that grow crops on own land and fulfill certain additional conditions

- The labour on the farm is principally provided by the family
- The farm provides the major source of income
- On that land, smallholders are free to choose how to use land, which crops to plant and how to manage it
- The land is not contractually bound to any oil mill and may receive support or extension services from government agencies or other support system
- The planted oil palm area on the own land of an ISH is less than 50 hectares

Source: ISCC and IPOP (https://twitter.com/IPOPtweets/status/691860638054928385)
Why does sustainability certification matter for smallholders? Smallholders usually ....

- depend on selling oil palm for their livelihood
- suffer from low yield and thus less income
- have limited market access
ISCC certification can help independent smallholders to ...

- Increase productivity and thus, increase income
- Act beneficial for environment and thus, also for themselves
- Increase social well-being
- Provide funds for children and following generations
- Raise attention at potential customers and ease selling FFBs
- Get access to international markets
- Exclude supply chain levels and thus gain their arbitrage
- Ensure long-term stability and growth
- Ensure long-term stability and growth
Different steps in developing the certification concept for Independent Smallholders

1. Initial risk assessment of the area. Identification of responsibilities for ISH certification
2. Definition of important steps for an ISH certification
3. Organizational adaptations for ISH group certifications
4. Identification of support measures (GRAS analysis to achieve compliance with ISCC Principle 1, Scorecard tool, Smallholder App, ISH fund, business model)
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<td>3</td>
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</table>
Within the project certain risks were identified as especially relevant for ISH. Thus, some responsibilities are transferred

- Building up a Business Case
- Compliance with Principle 1 (No Go Areas, deforestation and Land Use Change (LUC))
- Pesticide storage (Principle 2)
- Pesticide application (Principle 2 and 3)
- Greenhouse gas emission requirements
- Other sustainability issues
- Transportation of Fresh Fruit Bunches

- Establishment of a business model
- GRAS assessment
- Responsibility of Central Office or a subcontractor
- Responsibility of Central Office or a subcontractor
- Application of disaggregated default value for cultivation
- ISCC training, continuous risk assessment via scorecard approach
- Responsibility of Central Office or a subcontractor
For the certification of ISH, important steps include preparation, risk assessment and management, implementation and verification.
The “Preparation, Scoping and Risk Assessment” steps are important to identify ISH, which can participate in ISCC certification

1. Pre-register at ISCC for ISH certification
2. Provide information on considered region
3. Initial risk assessment to identify risk areas and full GRAS analysis for “Go” areas
4. Based on outcome, compliant regions can be determined for ISH group certification
An initial risk assessment of Principle 1 for a region is conducted via the GRAS tool based on a landscape approach.

What this means:
Risk and sustainability analysis regarding compliance of the proposed region with ISCC Principle 1 conducted by GRAS.

Advantages:
Less mistakes in verification of Principle 1, Efforts and costs are reduced.
The tool allows to evaluate if the region overlaps with areas like peatlands or primary forests, which are all displayed in the tool.
HCV maps are added to the web tool. The example shows protected areas classified as HCV 1.1
For selected regions, a full GRAS analysis can be conducted to identify land use change after 2008 within the analyzed area.
Based on full GRAS analysis, compliant regions can be chosen. I.e., compliance of selected ISH with ISCC Principle 1 is ensured.

What this means

Compliance of the chosen ISH with Principle 1 is ensured

Advantages

No further verification of Principle 1 at ISH needed. Effort and costs are reduced
The concept is independent of already existing organizational set ups. Within the Jambi project ISH are organized in cooperatives.
ISH will be certified as a group under a Central Office (CO)*. The CO is responsible for ISH and the holder of the ISCC certificate.

* ISCC terminology
Any ISH whose land is compliant with ISCC Principle 1 can become a group member of the CO
After setting up the CO, the “Management and Implementation” step starts in order to include and manage compliant ISH.
Training within ISH group certification is based on a 3-level-approach. This is further explained in the Train-the-trainer concept.
For step 2 till 4, the ISH Data Management Tool is used

1. ISH Data Management System
   Contains:
   - mySQL database
   - Web application
   - Masks to enter and modify data

Register Central Office
Add ISH data
Update ISH data

Data transfer

2. Smallholder App
   Collect and access basic ISH data, pictures and polygons

Sustainability analysis

3. GRAS Visualization Interface
   Visualization

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After training, the Central Office has to register itself and potential ISH in the ISH Data Management System.

1. Registration of Central Office

Each Central Office has to enter its own ISH.

2. Registration of ISH

Please enter a company name, a well-formatted email address, a country as well as one or more types of business.

**Central office**

**Email**

**Confirm email**

**Country**

**Legal form**

**Postal code**

**City, place**

**Street**

**No.**

**Phone (office)**

**Phone (mobile)**

**Telefax**

**Feedstock origin**

**Accepted by ISCC**

**Manage ISH documents**
Part of the ISH Data Management System is a Smallholder App. It allows ISH to access, add and modify basic information.

1. ISH Data Management System
   - ID
   - Name
   - Polygons
   - Sustainability Data
   - ...

2. Smallholder App
The App also allows to take pictures of the smallholder and available documents.
The added smallholder will appear in a list. The key feature of the App is to capture GPS data of the fields.
An automated check of ISH field polygons against GRAS analysis is provided. Based on this, compliant ISH can be chosen and trained.

2. Smallholder App

Collect GPS data

Automated check of the field polygons against deforestation and protected area within ISH Data Management System

- Not located in protected areas
- Deforestation detected on farm

In case deforestation is identified on the farm and/or the farm is located within protected areas, the farm is not directly suitable for auditing.

In case no deforestation is identified and the farm is located outside of protected areas, the farm is suitable for auditing.
ISH are then trained for certification. They are than able to participate and also provide further data for the Data Management System.
Trained ISH can be added continuously to the tool. All data, polygons and pictures will be uploaded to the ISH Data Management System.
Within the GRAS Visualization Interface the user has the possibility to access all available ISH data in one report, which can also be printed.
Compared to the normal ISCC requirements / responsibilities for farmers, important organizational adaptations have been made.

Transfer of responsibilities from ISH to CO

| Pesticide storage (Principle 2) | → Responsibility of **Central Office** or a subcontractor |
| Pesticide application (Principle 2 and 3) | → Responsibility of **Central Office** or a subcontractor |
| Other sustainability issues | → **ISCC training, continuous risk assessment via scorecard approach** |
| Transportation of Fresh Fruit Bunches | → Responsibility of **Central Office** or a subcontractor |
The Central Office is the holder of the ISCC certificate. The responsibilities are focusing on the management of the smallholders.

**Responsibility for Subcontractors**
- Spraying
- Warehouse / storage of chemicals
- ...

**Smallholder Management**
- Training
- Internal audit of group members
- Exclusion of group members
- Planning and documentation

**Management of Funds**
- ISCC related funds
- External funds

**Administration**
- Registration at ISCC
- Bookkeeping
- Supply chain documentation
The Central Office is also responsible for services from subcontractors – these services can be provided by cooperatives or other third parties.
In order to assure compliance with ISCC requirements some measures should be professionalized and organized by the Central Office.

**RESPONSIBILITY FOR ISCC COMPLIANCE by Central Office**

- Organization of spraying / Plant Protection Products
- Organization of warehouse / storage
- Transportation of FFBs to the mill

What this means for the Central Office:

- Organize storage for pesticides and dangerous materials
- Organize application of pesticides
- Organize competency and training of application staff
- Organize transportation of palm fruits to oil mills and logistics
The Central Office will be responsible for bookkeeping and coordinating sales of the sustainable palm fruits.

**ADMINISTRATION**

- Bookkeeping complying with ISCC requirements
- Supply chain documentation complying with ISCC requirements

**Diagram**

- **ISH**: Self-declarations from all smallholders
- **CENTRAL OFFICE**: Bookkeeping complying with ISCC requirements, supply chain documentation complying with ISCC requirements
- **Oil mill or trader (with storage)**: Documentation ISCC

**Flow**

- Physical flow
- Bookkeeping flow
The Central Office also needs to coordinate transport and logistics of the sustainable FFBs. This can also be via subcontractors/cooperative

**MARKETING AND SALES**

- Logistics planning

**What this means for the Central Office**

- Self-declarations from smallholders A and B
- Central Office coordinates transport
- Documentation reflecting the sustainability characteristics of the input

Material can be sold as sustainable as soon as the Central Office receives an ISCC certificate

Performed by cooperatives or subcontractors

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The final step “Self-Assessment, Internal audit and Certification”

1. ISH do self-assessment and provide self-declaration
2. Internal audit by CO
3. External audit by Certification Body
Not all ISH need to be certified

Smallholders, that are willing to get ISCC certified

Smallholders, that are not willing to get ISCC certified

Central Office

Manager
If an ISH wants to get certified, he must sign a self-declaration and provide it to the Central Office.
ISCC Self Declaration / Self Assessment to be signed by the ISH. It is also available in Bahasa.
By signing the self-declaration the independent smallholder confirms the compliance with ISCC

Information on ISH
- Name of Independent Smallholder
- Address of smallholder
- FFB yield (ton FFB per hectare and year)
- Polygons/estates coordinates are available (Yes/No)
- Total size of fields, number of fields and size of individual fields
- Geo-coordinates
- Land title

Conformity points of the ISHs. Includes confirmation as well as documentation and information on Principle 1 – 6:

Signature of ISH

Confirmation that auditor from certification body or ISCC may verify compliance with ISCC requirements on premises
Based on the self-declarations, the Central Office will do internal audits.
CO to check the ISH field coordinates with GRAS analysis results and the ISH compliance with ISCC requirements

1. Internal auditor to introduce audit process to prospective ISCC group members

2. Internal auditor to follow the audit procedures at the home of ISH

3. Internal auditor to follow the audit procedures at the field of ISH

4. Internal auditor to sign the audit report and handing over to CO for further processing

Audit procedures

New ISH group members need to undergo internal audit. After that, the CO will mark them within ISH Data Management System as certified ISH
For the 1\(^{st}\) internal audit all ISHs who have provided a self-declaration, need to be checked. Later on only 25% p.a.

- **1\(^{st}\) internal audit:**
  - 4 ISHs provided a self-declaration
  - All 4 must be checked

- **2\(^{nd}\) internal audit:**
  - No change of No. ISHs
  - 1 must be checked (25% of 4 per year)

**Example:**
- 4 ISHs

Only if no new ISHs are added during the year!
If new ISHs provide self-declarations during the year, they need to be checked directly

No. ISHs

Example:
3 new ISHs join after 1st internal audit

In total 7 ISHs provided self-declaration → 2 must be checked (25% of 7)
Based on the internal audit, the Central Office has to define risk management measures

E.g. Remains from chemicals still stored at home

Central office defines corrective measures / actions

Storage at central warehouse

ISH implements corrective actions

Everything alright: ISH is ISCC compliant and can deliver sustainable material

ISH fails or refuses to implement corrective actions: ISH shall be excluded
After a successful internal audit by the Central Office, the ISHs are ready for certification.
The external audit is annually conducted by an independent certification body.

1. Selection of Certification Body
2. Fill in ISCC registration form
3. Audit conduction
4. Issuance of certificate
ISCC cooperates with 33 certification bodies from 16 countries to conduct the audits

Selection of a Certification Body (CB)  Registration as ISCC System User  Audit conducted by the CB  CB issues the certificate  Internal review by ISCC  ISCC publishes certificate on ISCC website

Some CBs are cooperating with branches in different countries

After a certification body has been chosen, the Central Office will fill in the ISCC registration form

1. Go to ISCC website and get registration form (http://www.iscc-system.org/en/certification-process/registration/)
2. In the registration from fill out at least all mandatory information (marked yellow)
3. Send the completed registration form to ISCC via email (registration@iscc-system.org)
   - ISCC confirms the registration via email and provides an ISCC registration number for you (ISCC-Reg-xxxx)
   - ISCC also sends a copy of the confirmation to the CB
   - By confirming the registration, a system usage agreement is concluded between ISCC and the System User
   - The confirmation contains relevant data and indicates the audit procedures to be used during the audit
4. You can now prepare for the audit (Procedures can also be used for internal audit)
The certification audit is conducted by an auditor of the certification body. He will check ISCC compliance of the group.

- CB auditor verifies compliance with ISCC requirements.
- **At the Central Office:**
  - Compliance with ISCC sustainability requirements that are implemented by Central Office.
  - Bookkeeping and supply chain documentation.
  - Training documentation and participants list.
- **At subcontractor level:**
  - Compliance with ISCC sustainability requirements that are implemented by cooperative / subcontractor.
- **At the ISHs:**
  - Compliance with ISCC sustainability requirements.
  - Participation in trainings.
Only a sample of ISHs will be checked. The square root of the number of ISHs are subject to the external audit.

Number of ISHs to be checked: **Square root** of number of ISHs that have signed self-declaration. *In this example: Square root of 4 ISH: 2 ISHs checked!*

Scope of certification
ISCC provides adapted audit procedures for ISH and central offices, which must be used by external auditors

- Procedures of ISH contain chapters on Basic Data, Sustainability and GHG Emissions
- Procedures of Central Office contain chapters on Basic Data, Management Sustainability and Chain of Custody
- Chapters or Sub-chapters that are not relevant for the ISH or Central Office do not need to be completed
If the external auditor finds non-conformities at the ISH, the same procedure as during the internal audit applies ...

E.g. Remains from chemicals still stored at home

Storage at central warehouse

External auditor defines corrective measure → ISH implements corrective measure within 40 days

Everything alright: ISH is ISCC compliant. His palm fruits are regarded as sustainable

ISH fails or refuses corrective measures: ISH is excluded. His material cannot be considered sustainable
... additionally, if ISHs refuse to be audited or if they don’t solve issue within 40 days, further consequences arise

**Consequences**

- **Exclusion** of respective ISH
  - FFB from this ISH cannot be accepted as sustainable any longer
  - ISH must undergo an external audit by the Certification Body to be included again
- Additionally, **sample size** of ISHs must be **doubled**
- If within the new sample an additional ISH refuses to be audited or is not able to solve non-compliances, the procedure is repeated: Exclusion of ISH + doubling of sample
After a successful external audit, the Certification Body issues the ISCC certificate to the Central Office.

- If audit is successful, the auditor issues an ISCC certificate to the Central Office.
- The CB sends a copy of the certificate and certification documents (audit procedures) to ISCC.
- Internal review by ISCC: verification of the certification documents and comparison with the data from the registration.
- If the audit documents are not completely filled in or contain mistakes, ISCC contacts the CB.
ISCC publishes certificate on the ISCC website

- After positive review of the audit procedures, ISCC publishes the certificate (as PDF) on the ISCC website (http://www.iscc-system.org/en/certificate-holders/valid-certificates/)
- Location of the Central Office will also be published
- Audit procedures may be published if Central Office has agreed (voluntary)
As soon as the certificate is published on the ISCC website, the Central Office can start to sell sustainable material.
For the first audit 2 smallholders would be sufficient for certification. Further smallholders can be added later.

<table>
<thead>
<tr>
<th>1st audit</th>
<th>After 1st audit</th>
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<tbody>
<tr>
<td>Cooperative</td>
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<td>Farmer group</td>
<td>Farmer group</td>
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<td>New smallholders can be added</td>
<td>New smallholders can be added</td>
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<td>Farmer group</td>
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<td>Farmer group</td>
<td>Farmer group</td>
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ISH can be continuously added under an existing ISCC certificate (I)
ISH can be continuously added under an existing ISCC certificate (II)

- Internal audit of smallholders that provided a self-declaration
- No. of smallholders subject to 1st certification audit
- 1st ISCC audit
- ISCC Certificate
- 12 months
- No. of smallholders subject 2nd certification audit
- Recertification audit

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ISH can be continuously added under an existing ISCC certificate (III)

Further integration of smallholders. After training and successful internal audit, FFBs from smallholders can be sold as sustainable.
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<td><strong>Business model</strong></td>
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<tr>
<td>3</td>
<td>Support tools</td>
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Any independent smallholder certification module shall be balanced in terms of costs and benefits and economically sustainable.

- Costs and benefits shall be in balance in order to achieve an economically sustainable operation.
- Upfront investments will be acceptable if they trigger off a process which otherwise would not have started.
- However, the final certification roll should be self sustainable.
ISH certification shall be balanced in terms of costs and benefits to be economically sustainable

**Relevant cost drivers**
- Costs to implement good agricultural practices e.g.
  - Training costs
  - Infrastructure investment
  - Financing costs
- Certification and audit preparation costs
  - Preparation for the audit and documentation
  - Registration and certificate costs, auditor costs

**Potential benefits**
- Increase in yield and thus increase in revenues
- Independence of oil mills and access to free markets
- Enhanced livelihood and community welfare
ISH certification aims to improve ISH practices in order to become ISCC certified. This goal requires changes/efforts.

**Relevant cost drivers:**

- **Certification costs**
  - Registration and certificate costs
  - External auditor costs
  - Preparation for the audit

- **Training costs**
  - How to set up a Central Office
  - Train the Trainer Training
  - Farmer qualification and certification training

- **Infrastructure investment**
  - Office space, buildings
  - Technical equipment
  - Community welfare

- **Financing costs**
Certification may provide attractive benefits for ISH, their community and nature protection

Relevant benefits:

- Increase in revenues
  - Yield increase (mostly related to GAP)
  - Price premium for FFBs sold under ISCC
  - Base price increase due to independence of oil mills and better FFB quality (partly related to GAP qualification)
- Independence of oil mills
  - Access to “free market” offerings (finance, seeds etc.)
  - Certified as Central Office entitles to sell to any certified recipient
- Access to certification systems and CPO funds (Indonesia)
- Access to new markets and technologies
- Enhanced livelihood and community welfare
- Smallholder as an important element of a landscape approach against deforestation
Implemented measures, implying costs, should be counterbalanced by the benefits of setting up the certification.

**Access to markets** with higher prices

- **BENEFITS**
  - Are benefits higher than costs?
  - Mulching organic fertilizes evenly
  - Storage in appropriate facilities
  - Applicants are competent and protected

- **COSTS**
  - [Image of currency notes]

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Depending on the certification organization and the implementation choices, it is possible to maximize the benefits and minimize the costs.

**OPTION I**

- Central office
- Cooperative
- Spraying team:
  - How many teams?
  - Are covering all certified area?
  - How many person per team?
  - ...

**OPTION II**

- Central office
- Spraying team:
  - Costs
  - Benefits

- Cooperative
- Costs
- Benefits

- Cooperative
- Costs
- Benefits
Moreover, how will costs and benefits behave with the variation of number of certified ISH?
In order to find the optimum implementation of required certification measures, it has been developed a business model in excel

Reference area/ Status Quo
Basic assumption: 1 cooperative, 60 Small Holders per cooperative
RESULTS NOT CHANGING!

<table>
<thead>
<tr>
<th>Costs</th>
<th>One time</th>
<th>Concurrent</th>
<th>Total</th>
</tr>
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<tr>
<td>Certification costs</td>
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<tr>
<td>Total costs</td>
<td>7,564.70</td>
<td>3,352.71</td>
<td>10,917.41</td>
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</tbody>
</table>

Benefits
- Price Premium ISCC EU: 1,500.00
- Funds: -
Total benefits: 1,500.00
Balance: 7,064.70

Scenario area
Variable: Number cooperatives and Small Holders per cooperative
RESULTS CHANGING!

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<tbody>
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<td>Total costs</td>
<td>8,679.88</td>
<td>8,335.26</td>
<td>14,969.44</td>
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</tbody>
</table>

Benefits
- Price Premium ISCC EU: 46,500.00
- Funds: 2,000.00
Total benefits: 48,500.00
Balance: 8,679.88
The optimum implementation can be identified by comparing a reference business model with different business model scenarios.

<table>
<thead>
<tr>
<th>Reference area</th>
<th>Scenario area</th>
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<tbody>
<tr>
<td>Basic assumption: 1 cooperative, 60 Small Holders per cooperative</td>
<td>Variable: Number cooperatives and Small Holders per cooperative</td>
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<tr>
<td>RESULTS NOT CHANGING!</td>
<td>RESULTS CHANGING!</td>
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</tbody>
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### CENTRAL OFFICE BUSINESS MODEL

**Status Quo**
- Assessment date: 21.06.17

<table>
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<td>Total costs</td>
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<td>3,352.71</td>
<td>10,917.41</td>
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| Benefits                      |          |            |           |
| Price Premium ISCC EU        | -        | 1,500.00   | 1,500.00  |
| Funds                         | -        | -          | -         |
| Total benefits                | -        | 1,500.00   | 1,500.00  |

| Balance                       | 7,554.70 | 1,852.71   | 9,417.41  |

**Scenarios**
- Assessment date: 22.06.17

<table>
<thead>
<tr>
<th>Costs</th>
<th>One time</th>
<th>Concurrent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certification costs</td>
<td>150.00</td>
<td>150.00</td>
<td>300.00</td>
</tr>
<tr>
<td>Registration/ certificate</td>
<td>11,775.48</td>
<td>4,190.25</td>
<td>15,965.73</td>
</tr>
<tr>
<td>Preparation and service</td>
<td>-</td>
<td>2,495.02</td>
<td>2,495.02</td>
</tr>
<tr>
<td>Training</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Train the trainer</td>
<td>-</td>
<td>1,500.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>Infrastructure and Investment</td>
<td>800.00</td>
<td>-</td>
<td>800.00</td>
</tr>
<tr>
<td>Total costs</td>
<td>8,679.88</td>
<td>8,335.26</td>
<td>16,969.14</td>
</tr>
</tbody>
</table>

| Benefits                      |          |            |           |
| Price Premium ISCC EU        | -        | 48,500.00  | 48,500.00 |
| Funds                         | 2,000.00 | -          | 2,000.00  |
| Total benefits                | 2,000.00 | 48,500.00  | 48,500.00 |

| Balance                       | 6,679.88 | 39,164.74  | 44,844.62 |
The single cost and benefit positions of the scenario area can be changed and be better refined by setting their parameters.

**Worksheet for changing the parameters of the specific costs and benefits positions**

<table>
<thead>
<tr>
<th>Costs</th>
<th>One time</th>
<th>Concurrent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certification costs</td>
<td>150.00</td>
<td>150.00</td>
<td>300.00</td>
</tr>
<tr>
<td>Preparation and service</td>
<td>11,776.48</td>
<td>4,190.26</td>
<td>15,967.73</td>
</tr>
<tr>
<td>External auditor</td>
<td>2,495.02</td>
<td>2,495.02</td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td>1,500.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>Infrastructure and Investment</td>
<td>800.00</td>
<td></td>
<td>800.00</td>
</tr>
<tr>
<td>Total costs</td>
<td>8,679.88</td>
<td>8,338.26</td>
<td>16,969.64</td>
</tr>
</tbody>
</table>

**Benefits**

<table>
<thead>
<tr>
<th>Benefits</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Price Premium ISCC EU</td>
<td></td>
<td>46,500.00</td>
<td>46,500.00</td>
</tr>
<tr>
<td>Funds</td>
<td>2,000.00</td>
<td></td>
<td>2,000.00</td>
</tr>
<tr>
<td>Total benefits</td>
<td>2,000.00</td>
<td>46,500.00</td>
<td>48,500.00</td>
</tr>
</tbody>
</table>

**Balance**

| Balance               | 6,679.88 | 38,164.74 | 14,930.96 |
Business model scenario settings and results can be saved for comparisons of the many certification implementation options.
The business model tool offers a graphical representation of the costs and benefits results too.
<table>
<thead>
<tr>
<th></th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Certification concept</td>
</tr>
<tr>
<td>2</td>
<td>Business model</td>
</tr>
<tr>
<td>3</td>
<td>Support tools</td>
</tr>
</tbody>
</table>
ISCC provides several tools for free for ISH. ISCC develops scorecards for identifying gaps and enabling customized ISH training.

Scorecard allows monitoring at different time points the progresses of the sustainability performances of the ISH and required training content.
The scorecard is a synthesis of assessment categories from ITC Standards Map embodying also ISCC sustainability criteria.

Ca. 200 assessment categories
(Source of categories from: RSPO, SAI, UNILEVER, ISCC, FAIRTRADE)

115 assessment categories

132 assessment categories
The Scorecard uses an iterative approach and aims at improving the performances of the smallholder through training on sustainability gaps.

1. **Sustainability assessment through scorecard**
2. **Detection of sustainability gaps**
3. **Training of small holder to fill-up sustainability gaps**
4. **Implementation of measures learned in the training**
5. **Reassess**

**No Sustainability gaps: certification compliance level!**

**Steps:**
- Step 1
- Step 2
- Step 3
The scorecard is divided in three main sections: information on production unit, mask for input of performances and results overview.

- **Basic information on production unit**
- **Scorecard - input of smallholder performances In categories**
- **Results of the Assessment:**
  - Graphic
  - Scores of each category

**Connection with ISCC Checklist!**
The scorecard is also connected in the same file to the ISCC farm checklist.
The scorecard results section allows monitoring at different time points the progresses of the sustainability performances of the smallholder.
The scorecard highlights when the smallholder fulfilled the minimum level of compliance required for achieving ISCC certification.
ISH may not have access to price premiums when certified as part of a fully traceable and deforestation free supply chain ...

Independent smallholder challenges:

• Within fully traceable mass balance supply chains ISH do not really have full access to price premiums which are mostly generated at the downstream end of the supply chain

• Within a book & claim chain of custody smallholders would have access to price premiums (e.g. Green Palm Certificates). However, the downside of book & claim is the entire loss of traceability

• Therefore the challenge is to enable ISH to participate in price premiums and at the same time ensure full traceability
… therefore a “Price Premium Contribution” mechanism will be implemented for ISCC certified ISH

**Mechanism:**

- ISH can generate a “Price Premium Contribution” (PPC) for every ton of certified FFB which is sold under a mass balance chain of custody to a certified oil mill.
- Downstream final processors or users of palm/palm kernel oil or derivatives can buy these “contributions” in order to support smallholder livelihood.
- The generated revenues will be forwarded to an ISH fund accessible for the certificate holder.
The PPC mechanism allows ISH participation in price premiums

ISH: Independent Smallholder; MB: Mass Balance
* Includes any kind of palm, palm kernel and derivatives
The ISCC ISH concept reduces many barriers to Independent Smallholder (ISH) certification

- Monitoring of Principle 1 via GRAS monitoring tool
- Organizational barriers Central Office (CO) concept
- Access to funds / price premium
- Time to certification Ramp up concept
- Train-the-trainer Training in English and Bahasa
- Risks, complexity and costs ISH approach and support tools
Contact

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