

# PALM SUPPLY CHAIN POLICY

## – PROGRESS REPORT- NOVEMBER 2016

### Introduction

We like to present you with the 2<sup>nd</sup> Olenex progress report following the transition of Olenex in a full functioning joint venture. This report informs you about the progress Olenex has made so far with implementing the Palm Supply Chain Policy. Secondly, we indicate what the consequences of the full functioning joint venture are for Olenex’s sustainability approach.

### Advanced Olenex Palm Supply Chain Policy

On the 11<sup>th</sup> of November Olenex commenced with the full functioning joint venture structure. As a consequence now Olenex has its own trading department, sourcing crude and refined palm oils. Previously this was done by ADM and Wilmar, and purchases were hence subject to their respective policies. This change in structure was the incentive to review and update the Olenex Palm Supply Chain Policy.



Olenex is committed to responsible sourcing of palm oil that is delinked from deforestation and exploitation, through the development of a traceable and transparent palm oil supply chain. We recognize we can play an important role in supporting the palm oil industry’s progress towards sustainable development, particularly in our role as a link between direct palm suppliers and customers who use palm products.

After launching the Olenex Palm Supply Chain Policy in June 2015, we are now proud to announce our advanced policy. The advanced policy is immediately effective and explicitly details 3 additional aspects:

#### Hazardous pesticides

Olenex expects that producers supplying into the Olenex supply chain do not use pesticides that are categorized as World Health Organization Class 1A or 1B, listed by the Stockholm or Rotterdam Conventions, except in specific and urgent situations. The use of Paraquat is prohibited.

## Greenhouse gas (GHG) emissions

This policy contributes to the reduction in greenhouse gas emissions by committing to no development in High Carbon Stock forests, no new development on peatland, and a no-burn policy. We will identify significant pollutants and greenhouse gas (GHG) emissions, and will work progressively towards mitigation.

## Grievance procedure

For any alleged violations detected and reported in the Olenex supply chain, Olenex will follow the grievance procedure as established by [Wilmar International](#). The procedure can be accessed via a link on the [Olenex website](#). By utilizing Wilmar's Grievance Procedure, Olenex is ensuring that that grievances will be dealt with in a timely manner, and all investigations and findings will be reported.

## New refinery names

Another consequence of becoming a full-function joint venture is the name changes of four of our refineries. Find below an overview of the European refineries supplying Olenex products

Table 1: Name changes Olenex Palm Refineries

	Former Olenex	New Olenex
Location	New name	New name
Rotterdam, NL	Wilmar Edible Oils BV	Olenex Edible Oils BV
Brake, DE	Wilmar Edible Oils GmbH	Olenex Edible Oils GmbH Brake
Hamburg, DE	ADM Hamburg Aktiengesellschaft Werk Nolee	Olenex Edible Oils GmbH Werk Nolee
Hamburg, DE	ADM Hamburg Aktiengesellschaft Werk Hamburg	
Czernin, PL	ADM Czernin S.A.	ADM Czernin S.A.
Purfleet, UK	Pura Foods Ltd.	Pura Foods Ltd.

Please note that our two Hamburg refineries will from now on operate under the name "Olenex Edible Oils GmbH Werk Nolee". The difference between the two sites will be shown as Nippoldstraße (formerly OMH) and Seehafenstraße (formerly Nolee). For the updated RSPO and ISCC certificates please visit our [website](#).

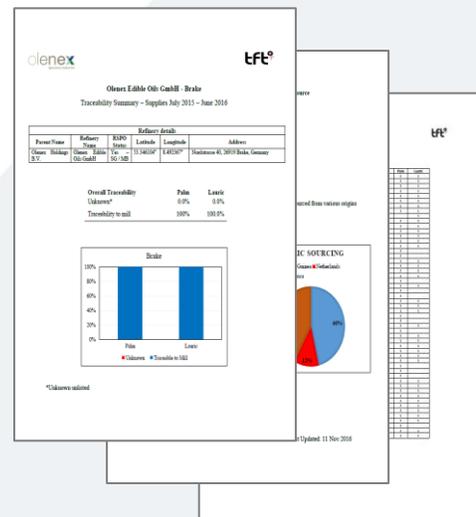
## Updated Traceability Results

Olenex added a new feature to the sustainability section on the Olenex website that provides easy access to the latest traceability reports: a supply chain map.

Figure 1: Supply Chain Map



By clicking on one of the six refinery a window will be displayed with the basic information of that respective refinery. By opening the link the traceability declaration document (TDD) will appear in PDF.



The reports provide the traceability results for that specific refinery, meaning the % of volume traceable to a set of mills, in a period of four quarters. Results can be different for Palm Oil feedstock and Palm Kernel Oil (Lauric) feedstock (see table...with the summary of the results). The term “local” in the pie chart refers to those volumes supplied from other refineries in Europe.

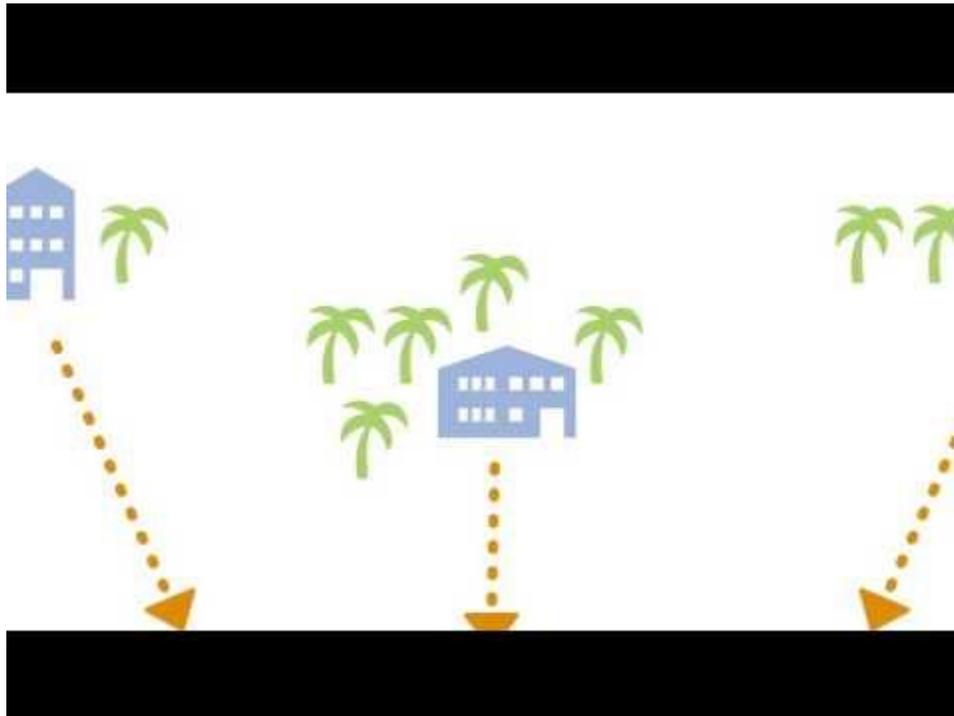
Table 2: Traceability results Olenex refineries, Q3 2015 – Q2 2016

Refinery	Palm	Lauric
Olenex Edible Oils BV Rotterdam	99.7%	96.5%
Olenex Edible Oils GmbH Brake	100%	100%
Olenex Edible Oils GmbH Werk Noblee (Nippoldstraße)	96.9%	-
Olenex Edible Oils GmbH Werk Noblee (Seehafenstraße)	98.3%	97.8%
ADM Czernin S.A.	98.4%	-
Pura Foods Ltd.	98.4%	95.9%

Finally all known supplying mill are included in the TDD as well by known mills we refer to those mills of which we know the mill name, the parent name, the address and the GPS coordinates. If one or more of these elements are missing we assume the mill unknown.

### Traceability Animation

The European Palm Oil Alliance has created a clear [animation](#) clarifying the Traceability concept. The animation provides a good explanation of how the industry players define, implement and uses traceability in order to progress the industry towards more sustainable practices.



## Verification of Supplying Mills

As indicated before, the Olenex Supply Chain Policy is based upon the No Deforestation, No Peat and No exploitation policy of its joint venture parent Wilmar. Therefore, Olenex's implementation approach is also largely equal to that of Wilmar.



Olenex has already been working since early 2014 on the first step in the implementation process: Traceability. Therefore full results of our supplying refineries are reported as mentioned in the section above. In addition, Olenex is also following Wilmar's approach to verification of supplying mills, namely Aggregator Refinery Transformation (ART). With this Olenex is continuously assessing its mill supply base and assuring improvement towards more sustainable practices. For more information on ART, please click [here](#).

As of end Q3 2016, Wilmar has completed 62 assessments covering mills in Indonesia, Malaysia, Latin America, and West Africa, supplying in the Olenex supply chain. For more details, look at page 6 of the latest [Wilmar progress report](#).

## WISSH – Wilmar Smallholders Support Honduras

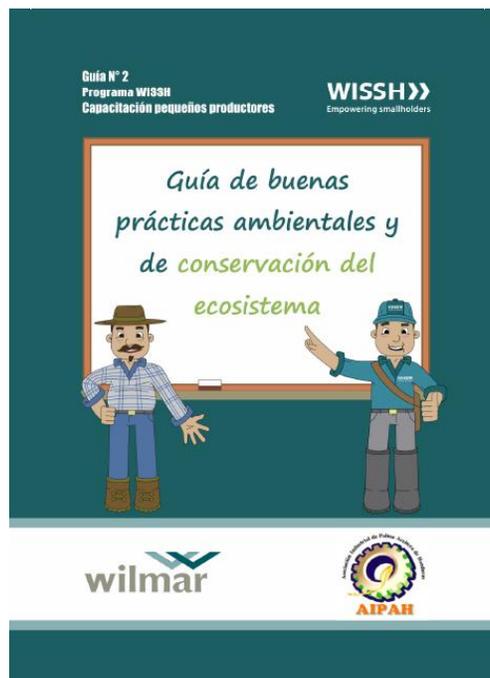
Honduras is the third largest palm oil producer in Latin America and an important palm oil supplier to Europe. In particular, smallholders play an important role in the country's total palm oil production; they made up close to 68% of total palm oil planted area in Honduras. The WISSH program has been initiated and executed by Wilmar Europe. The objective of WISSH is to empower smallholders, improve their livelihoods, and at the same time have them comply with our sustainability requirements. This is done via training of approximately 4000 smallholders on 8-10 different topics.

Olenex is sponsoring the WISSH program, as it feels that it is an important part of one of its responsibilities for supporting smallholders.



The latest WISSH progress report can be found [here](#)

Figure 2: Second WISSH training manual



If you have any questions, please don't hesitate to contact us at: [olenex.Sustainability@olenex.com](mailto:olenex.Sustainability@olenex.com)