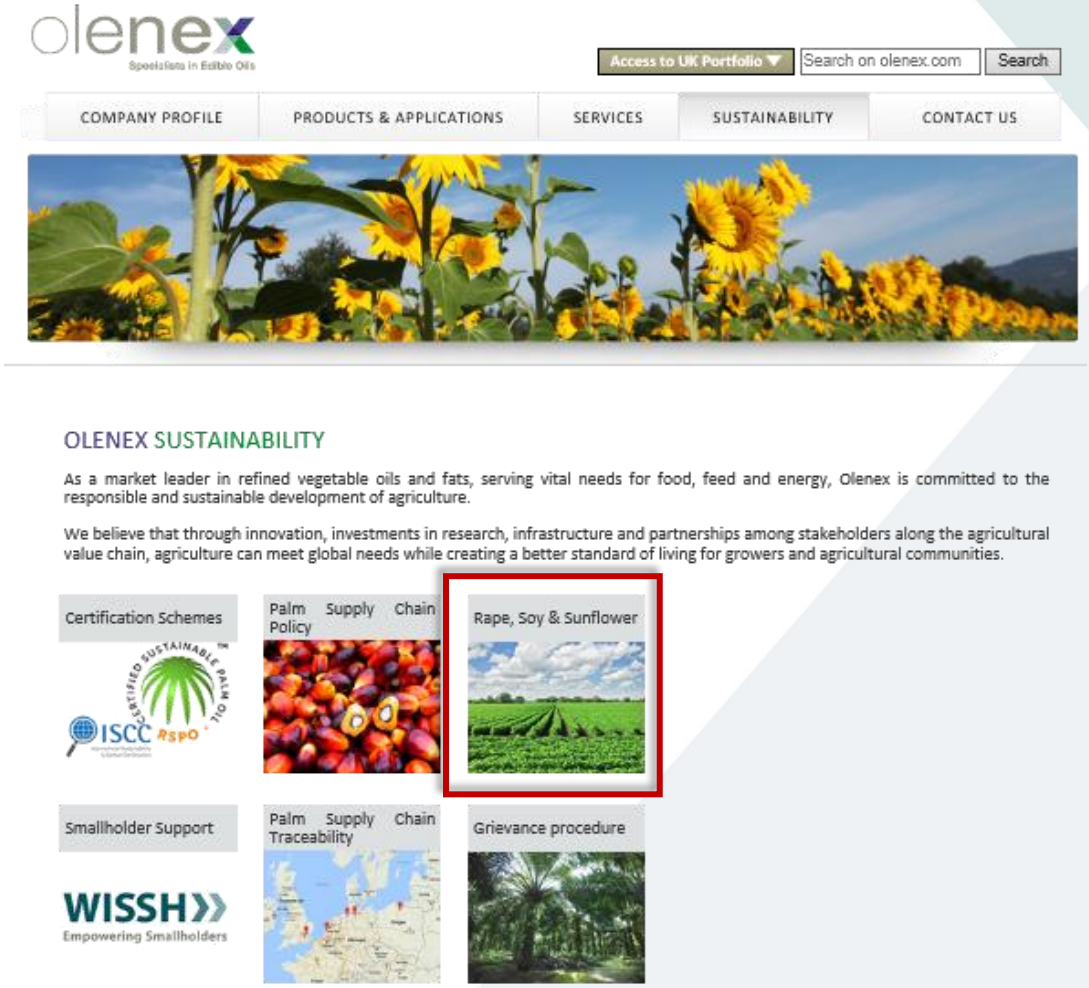
olenex
Specialists in Edible Oils

PALM SUPPLY CHAIN POLICY PROGRESS REPORT
MAY 2017

New Olenex Sustainability Website launched

The Olenex sustainability website gained new functionality and an improved design. The new design allows for better access to the increasing sustainability content Olenex provides to its customers. In addition to the already existing information on palm oil sustainability and traceability, we added an overview on the sustainability certification schemes Olenex offers rapeseed oil, sunflower oil and soybean oil.



SOYBEAN OIL. ADM is a soybean oil supplier to Olenex and together with Wilmar parent company of Olenex. ADM and Aliança da Terra, a Brazilian NGO formed by local farmers, initiated a collaboration called *Doing It Right* (in Portuguese *Produzindo Certo*). This initiative aims to help Brazilian soybean growers to improve their performance in socially and environmentally responsible ways. In the video on the new Olenex sustainability website, ADM colleagues explain how *Doing It Right* gives growers the tools and knowledge necessary to expand yields on existing land and minimizes the need to expand farm acreage into environmentally sensitive regions.

Olenex Shares Experiences with Smallholder Project WISSH at Tropical Forest Alliance (TFA) 2020 General Assembly in Brazil

The Tropical Forest Alliance (TFA) 2020 is the global umbrella partnership that brings together governments, private sector and civil society organisations to remove deforestation from palm oil, beef, soy and pulp and paper. In March 2107, the TFA 2020 hosted its second general assembly in Brasilia, Brazil. The objective of this two-day event was to discuss and track the progress of TFA 2020's aim to eliminate deforestation from commodity supply chains. Some of the topics highlighted include (I) the role of government, (II) women and indigenous peoples, (III) forest risk in supply chains and (IV) smallholder engagement.

In the smallholder breakout session, Sustainability Manager for Olenex and Wilmar Europe, Ms. Daphne Hameeteman, presented on the WISSH (Wilmar Smallholders Support Honduras) program, to showcase how private sector initiatives could help empower smallholders and improve their livelihoods. This model could potentially be replicated by other agri-commodity companies and contribute to better environmental and social outcomes on the ground.

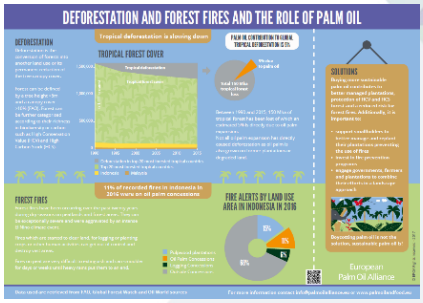
Olenex Celebrates First Anniversary of the Smallholders Support Project in Honduras (WISSH)

February 2017 marked the first year anniversary of the WISSH program, a partnership between Wilmar Europe and The Industrial Association of Palm Oil Producers in Honduras (AIPAH) to strengthen good agricultural and environmental practices of palm oil smallholders in Honduras. This program is supported by Olenex.

The program achieved its first year training target; 86% of the 4,000 AIPAH smallholders were trained on Wilmar's *No Deforestation, No Peat, No Exploitation* policy, to enhance their environmental, social and productive capacities.

In Q1 2017, the second "Train the Trainers" session was held. Fifty supervisors from the nine mills associated with AIPAH attended the session. Following this, smallholder trainings to strengthen business acumen were held. A total of 2,038 smallholders were trained over 75 sessions.

The Fire Free Alliance (FFA): An Industry Approach for Tackling Haze and Burning



For many farmers, burning is a traditional method of clearing land. However, this method constitutes a high environmental risk as the fires can easily get out of control and destroy large areas of both rainforest and plantations. Furthermore, burning causes greenhouse gas emissions and a haze which can have severe effects on people's health. This is why Olenex maintains a no-burn policy as outlined in RSPO Principles & Criteria section 5.5. Within this framework, Olenex will not accept that suppliers use fire for the preparation of new plantings, re-plantings or any other developments. More information on burning and deforestation can also be found on the infographic which was created by EPOA.

To tackle the problems of fire and the accompanying haze; the Fire Free Alliance (FFA) was established in February 2016. The FFA focuses on fire prevention through community engagement. Members of the FFA include APRIL, Asian Agri, IDH, Musim Mas, PM.Haze, Sime Darby, IOI and Wilmar.

The FFA was established to help members share knowledge and resources. It serves as a platform exchange on the most effective strategies to prevent and manage fire risks through long-term partnerships with communities across Indonesia. Tools employed by the members are education of local villages, provision of trainings and formation of voluntary firefighting groups. At least 1.5 million hectares of land are protected in Indonesia by more than 200 villages. More information on the FFA can be found on their official website: www.firefreealliance.org

Traceability Update

The latest update of the traceability reports have been published on the Olenex sustainability page. The latest update covers the all four quarters of 2016.

Refinery Location	Q1 2016 – Q4 2016		Q4 2015 – Q3 2016	
	Palm (%)	Lauric (%)	Palm (%)	Lauric (%)
Rotterdam (NL)	99.8	98.6	99.9	98.8
Brake (DE)	100.0	100.0	100.0	100.0
Hamburg Werk Noblee (DE)	100.0	97.8	99.9	98.1
Hamburg Werk Oelmühle (DE)	99.9	-	99.9	-
Czernin (PL)	99.9	-	98.1	-
Purfleet (UK)	100.0	96.7	100.0	98.7

For 2016, Olenex traceability scores remained on a high level above 95%. The slight decrease for Rotterdam, Hamburg Werk Noblee (laurics) and Purfleet (laurics) can be attributed to the fact that some parcels originating from Malaysia and Indonesia did not fully meet the stringent Olenex traceability requirements. Olenex only considers a mill as traceable if the following information is known: (1) mill name, (2) parent mill name, (3) mill address and (4) GPS coordinates. The latest traceability reports can be found on the Olenex Palm Supply Chain Map.

Labour Progress in Wilmar's North Sumatra Operations

Wilmar was made aware of labour issues in its North Sumatran estates in back in Q3 2016. A full summary up until the beginning of February can be found in the previous progress report.

A full external review was completed by Business for Social Responsibility (BSR) who delivered the public review report to Wilmar in March 2017. External due diligence audits also took place in these operations via the RSPO and ISCC certification processes in January and February 2017, respectively. Based on these internal and external reviews a complete action plan was created.

A multi-stakeholder workshop was held on 22-23 February 2017 to discuss the gaps identified in the existing labour practices in the palm oil sector, and to explore solutions to address key labour challenges in the sector. Over 50 industry players attended, including palm oil companies, consumer business companies, NGOs and sustainability consultancies.

Furthermore, Wilmar has formalised a collaboration with Verité South East Asia, a non-profit organisation focused on labour rights. The partnership with Verité builds on Wilmar's collaborative work with BSR, the review of current labour practices in three of our plantations in North Sumatra and Central Kalimantan.

Wilmar's partnership with Verité will help formulate sustainable solutions to systemic labour problems as well as ensure sustained company-wide conformance to social standards and to legal and customer requirements.

A Common Approach to High Carbon Stock (HCS)

Over the past years, many companies – including Olenex – committed to "No Deforestation" with the objective to de-link palm oil production from deforestation. Olenex's commitment classifies primary forests as well as high, medium, low density and regenerating forests as high carbon stock forests. The methodology behind the classification system is called High Carbon Stock (HCS).

Until recently, two slightly differing methodologies to define High Carbon Stock (HCS) forests were used by different stakeholder groups. In May 2017, a broad coalition of industry and non-governmental organizations released the latest toolkit (version 2.0) of the High Carbon Stock (HCS) methodology. The new toolkit is a convergence of two differing methodologies, namely the *HCS Approach* and the *HCS+* study. The new toolkit provides a common and scientifically robust methodology to identify and protect tropical forests. A movie explaining the *HCS Approach* and how it works in the field can be viewed after clicking on the picture below:

For any queries, please do not hesitate to get in touch us:
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