



SUSTAINABILITY UPDATE

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OLENEX SUSTAINABILITY UPDATE

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Improving the livelihood of coconut farmers and their families

Olenex parent company Wilmar is not only the major palm oil supplier to Olenex but also an important supplier for coconut oil. Through Wilmar and other suppliers, Olenex sources coconut oil from the Philippines and Indonesia. The map below depicts Wilmar crushing plants, Wilmar refineries and load ports that feed into the Olenex supply chain. The bigger the circle, the bigger the volume sourced from that area.



Coconuts are primarily produced by smallholder farmers

Unlike palm oil where smallholders contribute only 40% to the global production, coconut is primarily a smallholder crop grown by millions of smallholder farmers around the equator with the Philippines as the major producer and exporter.

Harvested coconuts are aggregated by multiple layers of agents and collection centres before arriving at the copra crushing entities. The crushing entities crack the coconuts open and remove the oil-rich copra for drying. From the dried copra the valuable coconut oil is extracted.

Wilmar programs for education, healthcare and coconut planting

Wilmar owns refineries and copra crushing facilities in the Philippines and Indonesia but no plantations or estates where coconuts are grown. Because the supply chain for coconut is challenging and complex establishing traceability beyond crushing entities and load ports is almost impossible. Nevertheless, through its proximity Wilmar gained a good understanding of the sustainability challenges in the coconut oil supply chain. Based on the social and environmental needs identified, Wilmar established several programs in healthcare, education, and coconut replanting. The programs are located in proximity to its copra crushing facilities and are within direct sourcing range from the nearby farmers.

Education program

In 2014, Wilmar started offering about 10 scholarships per year to high school graduates to pursue college education in the cities of Dipolog and Gingoog.

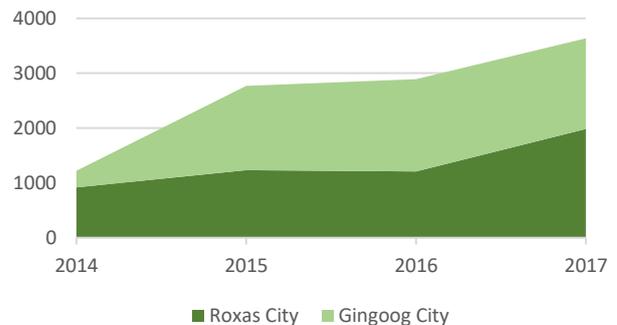
Wilmar built a preschool and day-care centre in Panampalay, Roxas. The day-care centre has been handed over to the local government in March 2018.



Nutrition program

Lack of sufficient and high quality nutrition has been an issue in many parts of Mindanao, Philippines. Working together with the local government since 2014, Wilmar provided funds to existing government school feeding programmes of five schools.

Number of children benefitting from Wilmar's nutrition program



Healthcare program

Wilmar operates healthcare clinics near two of its sites offering free medical consultation, generic medicine and first-aid in emergency cases. The clinics are privately owned and are accessible to all in the neighbourhood area, which often lack regular access to even basic healthcare. The clinics are staffed by a licensed physician and assisted by nurses. Apart from day-to-day consultation, programs are put in place to increase awareness for prevention of diseases through patient education and counselling.



The medical services provided include bloodletting in coordination with the Philippines National Red Cross, sugar Screening, eye check-up, influenza Vaccination for Senior Citizen, dental services, prostate cancer screening for 40 years old male and diabetic foot screening. Over the last five years, the clinic provided 39,000 consultations and treatments.

Mahogany tree planting program

Wilmar's planting program for Mahogany trees dates back to 2008. As of May 2017, Wilmar has planted around 1.5 million mahogany trees. This constitutes a significant effort to increase tree density and tree cover in the region.



Coconut tree planting program

Many coconut trees are old and need replacement. Smallholder farmers often avoid replacement of older trees because it will reduce their income for several years until the new trees start producing again. Delayed replanting will ultimately result in a productivity decline of the entire plantation. In order to support replanting activities, Wilmar together with the Philippines Coconut Authority (PCA) has established nurseries for coconut seedlings in January 2014. Each nursery accommodates up to 10,000

seedlings per year. In total, more than 100,000 seedlings were produced in nurseries near the cities of Roxas and Gingoog. The coconut seedlings are given free to coconut farmers endorsed by the Philippines Coconut Authority.



Year	Roxas	Gingoog
2014	3,700	6,350
2015	9,210	9,150
2016	17,620	12,120
2017	39,710	6,220
Jan - Mar 2018	5,950	1,450
Total	76,190	35,290

Sustainable palm oil production

Companies are stepping up their efforts for creating a deforestation-free palm oil supply chain

Four major players in the palm oil industry issued a [joint statement](#) on their increased efforts to ensure a deforestation-free palm oil supply chain from 2020 onward. The group consists of Wilmar International, the world’s biggest palm oil trader and major supplier to Olenex, Mondelez and Unilever, two global food brands, as well as Aidenvironment, a recognized environmental organization.

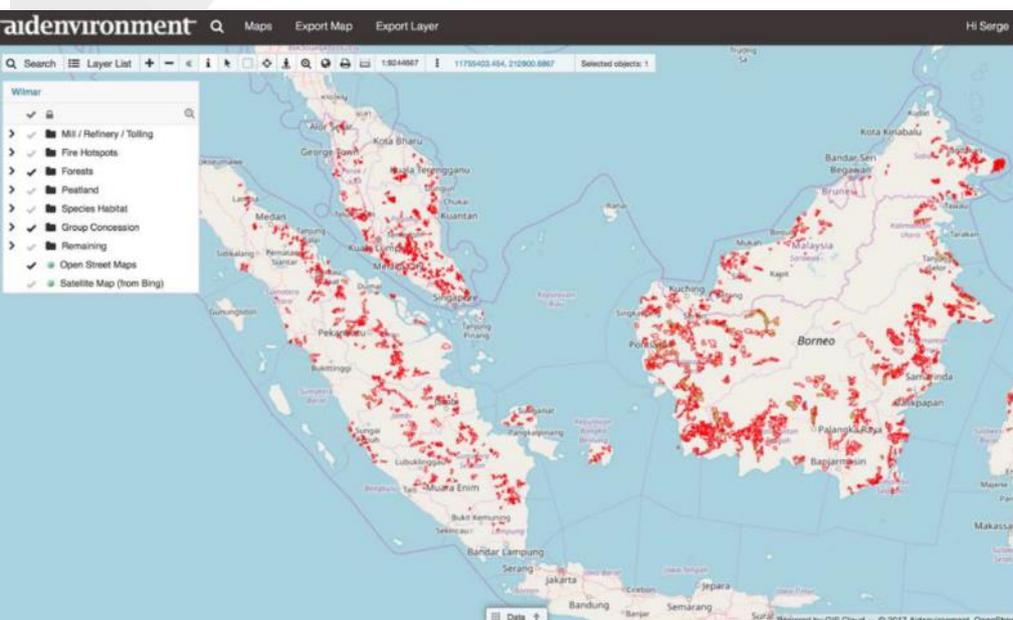
Wilmar was the first company in the palm oil industry to adopt a *No Deforestation, No Peat, No Exploitation* palm oil policy in 2013. Many companies following suit with Olenex adopting its own [palm oil policy in 2015](#). Despite tremendous achievements surpassing all other agri-commodities, implementation of palm oil policies is challenged by opaque ownership structures of some producer and processing companies. Therefore, the signatories are putting in more effort to map out their suppliers’ operations to ensure transparency and compliance.



Immediate suspension

Effective from January 2019, suppliers involved in deforestation and/or new development on peatland will face immediate suspension of sourcing. However, to avoid suspensions from inadvertently contributing to a growing [leakage market](#) or negatively impacting smallholders, post-suspension engagement is crucial, enabling us to assist suppliers in bringing their operations to compliance. In addition, remediation possibilities for producers having deforested or planted on peatland will be addressed.

Mapping of suppliers at group-level



A comprehensive oil palm supplier group mapping database will be developed under [Aidenvironment’s Supplier Group Compliance Programme](#). Already having a high degree of map coverage in Indonesia and Malaysia, Aidenvironment will continue the identification of supplier groups’ land bank maps (*concession maps*) including in other oil palm growing regions.

Supplier Group Mapping Platform

The platform will contain comprehensive data on oil palm suppliers. Platform subscribers will be able to download suppliers' sustainability performance profiles and monitor, near real time, land development and conservation efforts in suppliers' land banks. Layers that will be uploaded in the Mapping Platform include:

- Plantation company subsidiary names and parent companies' shareholders and beneficial owners
- Total landbank and locations of operation
- Mills and refinery locations
- Grievance cases
- Without individual boundaries, areas planted by (unnamed) independent smallholders
- Baseline (2016) forest cover and peatland map for Indonesia and Malaysia to enable monitoring against the accepted cut-off date of 31st December 2015
- Remaining areas of potential high carbon stock (forest and undeveloped peat) and areas where plantation expansion is likely to occur in future
- Daily updated high-resolution satellite imagery for key Areas of Interest (non-compliance cases)



The Supplier Group Mapping Platform will be designed and trialled in Q1-2019 and further expanded throughout 2019, and continuously updated in subsequent years.

Supporting the smallholders

While striving to increase accountability and whilst working to fulfil *No Deforestation* and *No Peatland* commitments, companies must also ensure that their efforts do not negatively impact smallholders. The signatories will hence support the mapping of independent oil palm smallholder plantations in Indonesia and Malaysia, many of which are linked to independent mills in the supply chain, using the best available high-resolution satellite imagery. Complementing those efforts, Olenex continues to train smallholder farmers and small growers in Latin America.

Shared responsibility

The efforts of four actors alone will not suffice if we are to keep global temperatures from rising above 1.5°C, and if we are to create deforestation and conflict-free supply chains. All actors in the palm oil supply chain have a shared responsibility: the upstream and the downstream industry players as well as consumer goods companies and NGOs need to prioritize forest protection at the heart of their operations.

Olenex encourages all its customers to support transformation initiatives in origin countries. To find out how you and Olenex can change the lives of smallholder farmers in Latin America while contributing to forest protection visit the [WISSH smallholder program website](#) and get in touch with us.

WISSCo2

Olenex and Wilmar partner for next smallholder support program in Colombia

Wilmar, Olenex and one of their customers are launching the next two-year smallholder support program for small farmers and small growers of palm oil in Colombia. The objective of the program is to empower smallholders and small growers¹ to conduct responsible palm oil production, in line with Olenex's *No Deforestation* and *No Exploitation* commitment, in order to improve livelihoods, while taking care of nature.



WISSCo2 is the continuation of a series of successful training and knowledge enhancement programs that Wilmar and Olenex have been implementing in Latin America since 2016: [WISSH](#) and WISSCo1. Through WISSCo2, the partners seek to engage five mills from the north zone located in Cesar and Magdalena departments.

The five mills under the WISSCo2 program represent close to 10% of Colombia's palm oil production, and 34% of the northern zone, which means close to 169.000 tons. As an integral part of WISSCo2 468 smallholders supplying the mills will be trained.

Mill Name	Certification Status
ACEITES S.A.	ISCC & RSPO
PALMACEITES S.A.	ISCC & RSPO
EL ROBLE S.A.	ISCC & RSPO
PALMAGRO S.A.	ISCC
FRUPALMA S.A.	ISCC

Click on the mill name to visit the mill on Google Maps®

WISSCo2 smallholders supplying European brands



Olenex is one of the main buyers of Latin American palm oil and a European market leader in refined vegetable oils and fats. Olenex is buying from all five mills participating in the WISSCo2 program, delivering the smallholder produced palm oil to European consumer good companies.

Through WISSCo2, smallholder farmers supplying to European consumers receive direct support to improve their practices. The 468 associated smallholders supplying to the five mills have close to 10,000 hectares planted.

¹ Smallholders farm <50 ha; small growers farm 50-500 ha
Orthographic map of Colombia, work by [Addicted04](#); [CC BY-SA 3.0](#)

Replicating the successful *train the trainers* approach

WISSCo2 relies on the *train the trainers* approach that has already successfully been applied to WISSH and WISSCo1 programs. In order to reach a large number of program participants – the 468 smallholders and small growers – mill supervisors of the five mills are formed as trainers.

Step 1 – Train the trainers: Training of 20 supervisors on leadership skills for training capacity.

Step 2 – Train the smallholders/small growers: Training of 468 smallholders on six topics including Olenex’s palm oil policy, and sustainable agricultural & environmental practices.



During the first training session 21 participants attended. At the training, the supervisors learned about the WISSCo2 program and were trained on strengthening their training skills.



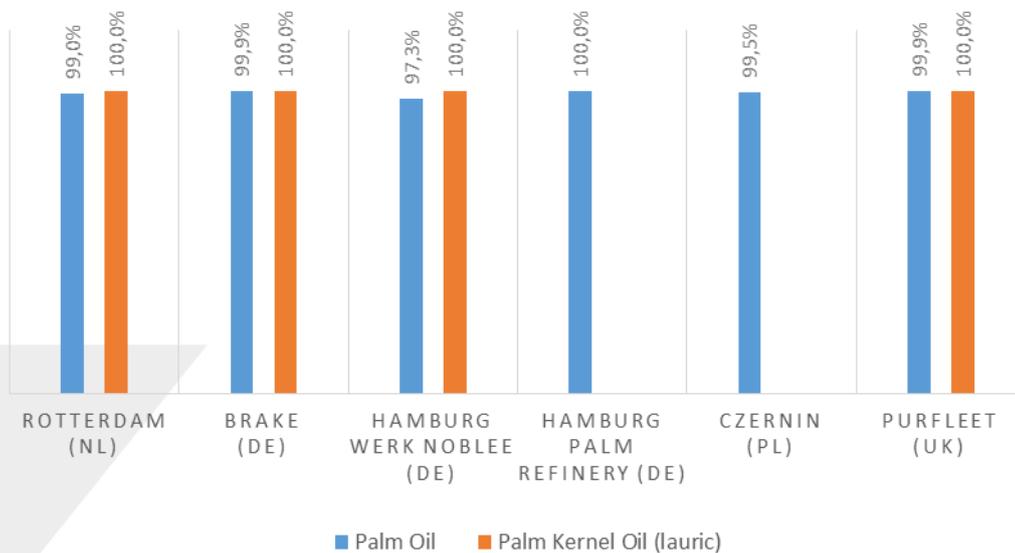
The successfully formed supervisors proudly present their training certificates after an intense 2-day training workshop. They are now ready to go out and train smallholders and small growers supplying the five Biocosta mills in the Olenex supply chain.

Palm oil

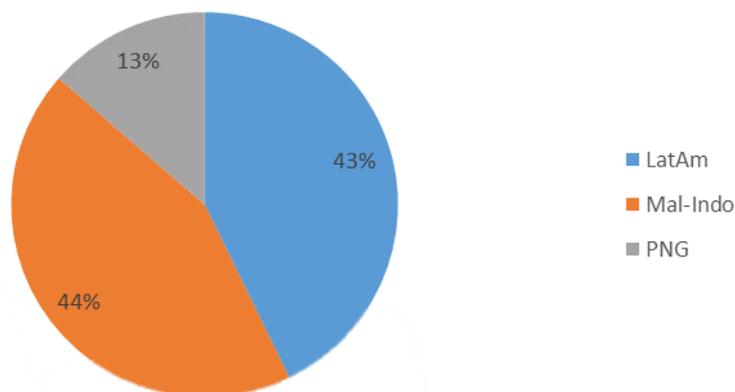
Traceability update

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. Each quarter Olenex updates its traceability results. Individual reports with a list of palm oil mills in the supply chain of each refinery are available from the [Olenex sustainability website](#).

TRACEABILITY RESULTS Q4 2017 - Q3 2018



Origin of Palm Oil and Palm Kernel Oil (Laurics)



For any queries, please do not hesitate to get in touch: olenex.sustainability@olenex.com

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