

Progress Report #2 May-October 2015

Building a Sustainable & Transparent Palm Oil Supply Chain

We are pleased to share our second progress report with you. We are making progress on our journey towards a sustainable, traceable and transparent palm oil supply chain. On this journey we face challenges, but we are also scoring successes! We reached our goal of 100% traceability of our directly sourced palm oil in June 2015 and increased our worldwide overall traceability rate to 98%!

Our work is guided by our [Sustainable Palm Oil Policy](#) and 3-step approach.

Taking responsibility

IOI Loders Croklaan

3-Step Approach Update

Step 1: Know the origin of the oil

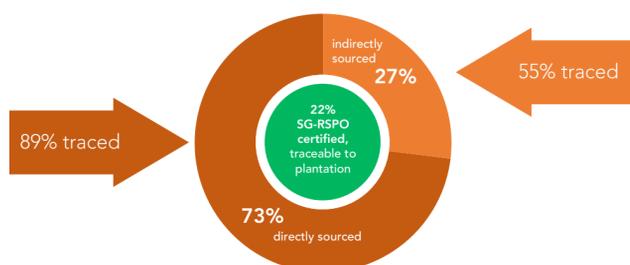
IOI Loders Croklaan is committed to sourcing responsibly produced and traceable raw materials. As of October 2015, the traceability rate of our palm oil sourced worldwide is 98%. For palm kernel oil it is 80%.

[Traceability results Q3-2015](#)

98% of our Palm Oil sourced is traced to mill level



80% of our Palm Kernel Oil sourced is traced to mill level



Our mill list is available [here](#).

Step 2: Status prioritizing mills

To ensure the oil we source is responsibly produced, we conducted a desktop risk analysis (remote sensing) on our suppliers to see whether they are operating in a high or low sensitive area. A classification of high priority signifies the respective mill operates in a highly sensitive area, however it does not necessarily signify high risk. We source from over 800 mills and all of them have been analyzed and scored. The direct mills from which we source large volumes combined with a high score are at the top of our priority list.



Step 3: On-site mill verification program

Collaboration with third party assessors is one of the key elements to effectively analyze the risks in our supply chain. As of this month, IOI Loders Croklaan's in-house verification team has carried out nine verification assessments together with our implementation partner Proforest. An additional

three are planned before the end of the year. The first follow-up visits to mills assessed in 2015 are scheduled for January 2016. During these visits, progress will be analyzed with the management team of each mill.

Company News

- IOI Loders Croklaan has developed a [Grievance Procedure](#) in collaboration with both internal and external stakeholders. The procedure allows them to raise and address issues in the IOI Loders Croklaan supply chain.
- The data in the annual traceability report FY 2014-2015 was verified by Lloyd's in November 2015. Lloyd's concluded: "based on the verification assignment performed, we found nothing that would cause us to believe that the traceability information in IOI Loders Croklaan's Mapping the Origin of Our Palm Oil, Traceability report 2014-2015 is materially incorrect".
- On 5 November, IOI Loders Croklaan's Sustainability Director Ben Vreeburg hosted a [webinar](#) for customers, NGOs and other stakeholders in Europe, Asia and America. During the webinar, the audience was updated on the progress of our sustainability efforts published in this update.
- In 2014, IOI Loders Croklaan joined the Solidaridad farmer support program in Guatemala with the aim of improving the environmental, labor and health performance in palm oil plantations in Guatemala through implementation of the RSPO Standard. In less than two years, the project resulted in the very first [shipment](#) of Segregated RSPO certified palm oil from Guatemala to IOI Loders Croklaan Europe in October 2015.
- From January 2016, our new colleague Chin Kaixiang (formerly with Wild Asia) will join our mill verification team. Based in Kuala Lumpur, 28-year-old Kaixiang is Malaysian and will carry out our sustainability implementation program in South East Asia. He will work closely with other members of our sustainability team and Proforest.
- In September IOI Loders Croklaan organized its first roundtable session for its supplying mills (direct sourcing) in Malaysia. It is a big challenge to engage supplying mills individually, so these small roundtable sessions are organized to introduce them to our sustainable palm oil policy and ask for their commitment. Addressing potential challenges may help bridge the gaps between our policy and their operating practices.