



European perspective on palm oil in the Oleochemical sector

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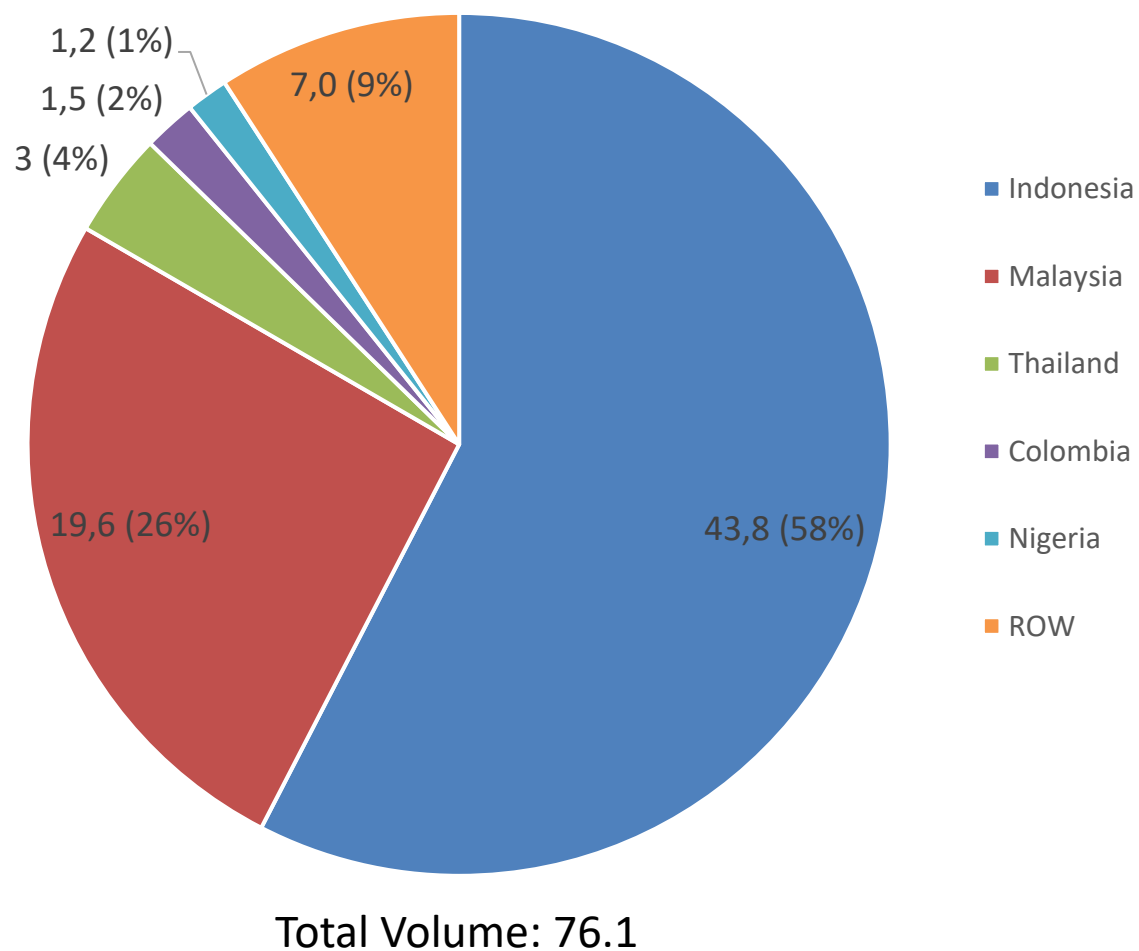
Efeca

UK Sustainable Palm Oil Initiative

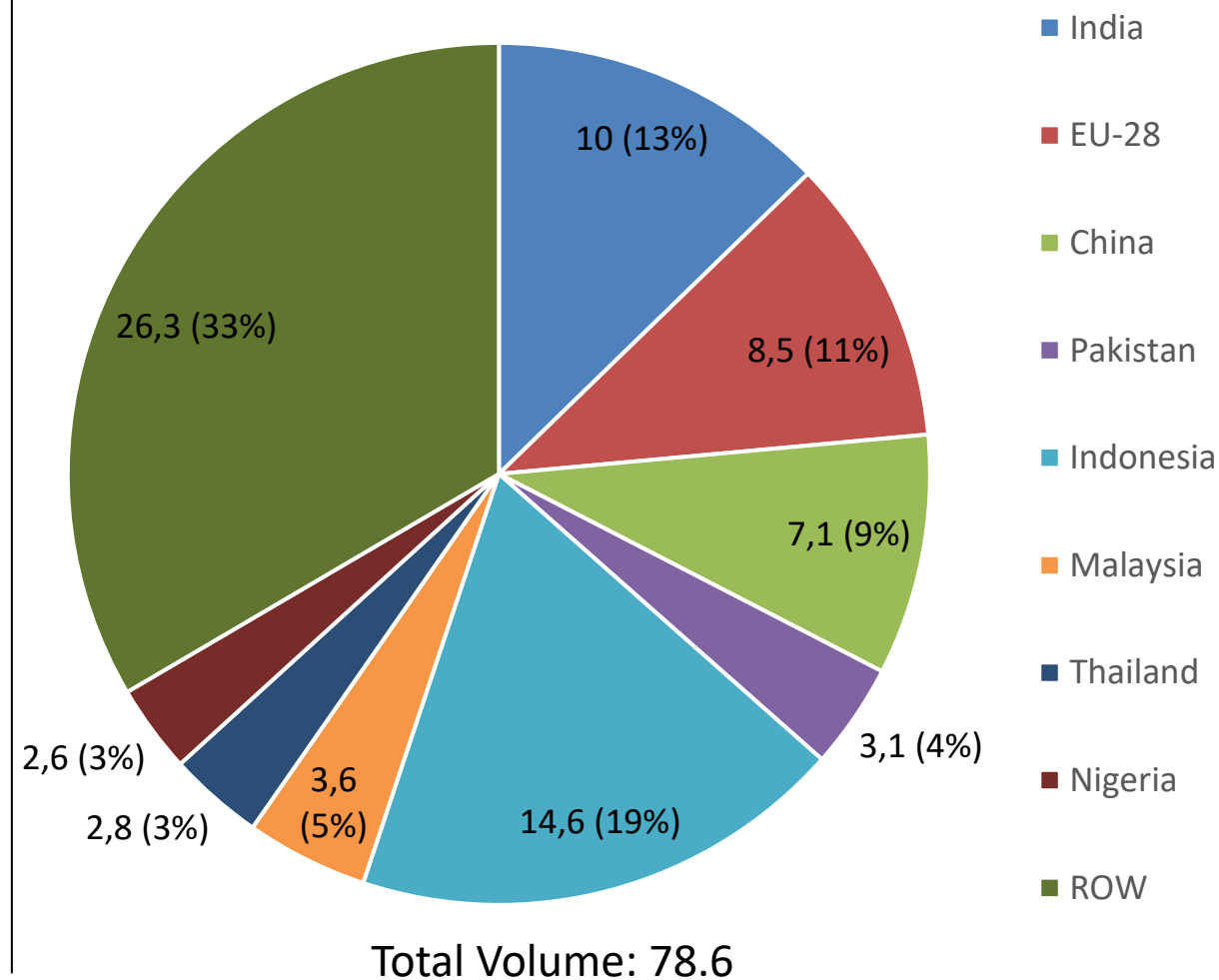
- Established in 2012 to meet UK government commitment to 100% CSPO by 2015, then the Amsterdam Declaration Partnership goal for 100% SPO by 2020
- Industry-led UK Roundtable on Sourcing Sustainable Palm Oil with wider activities and partners, including global outreach and therefore an understanding of the European market

Global PO Production and Usage

2019 Global Palm Oil Production (Million MT)

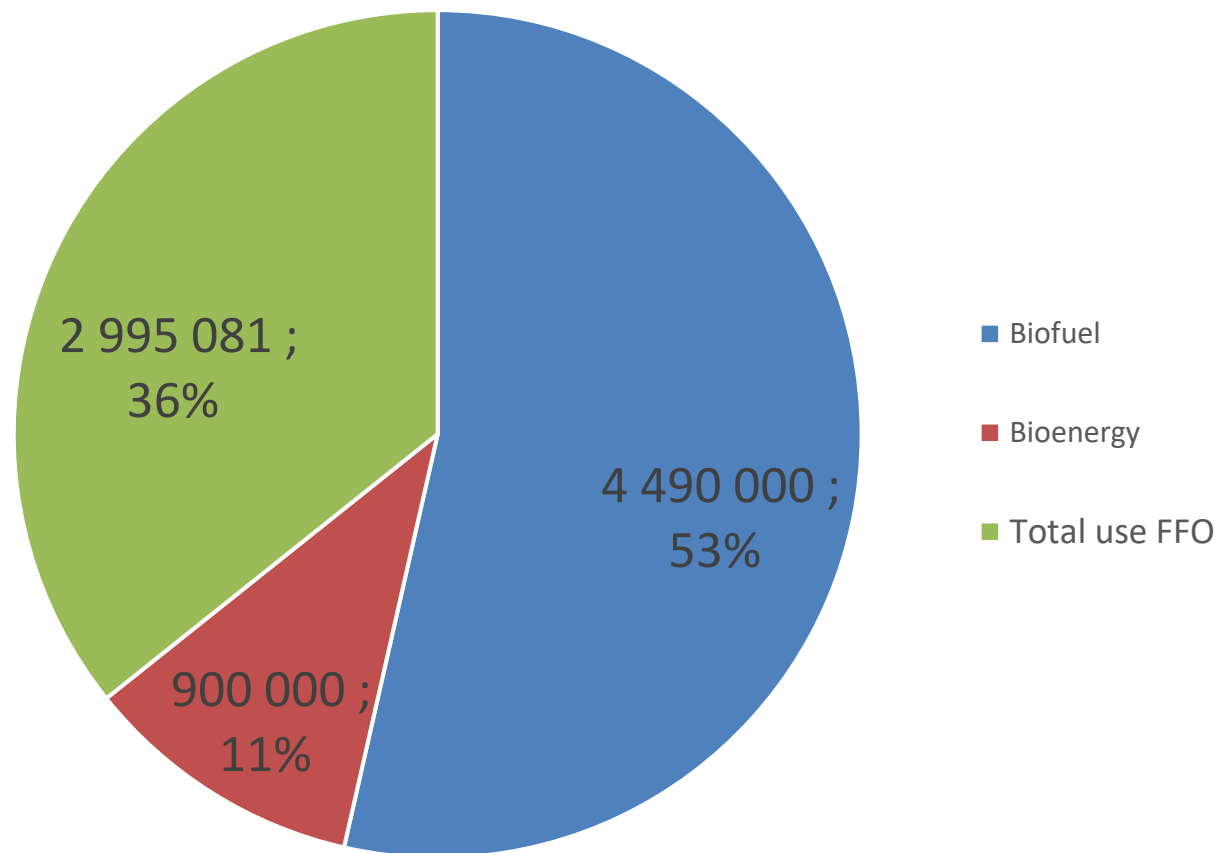


2019 Global Palm Oil Usage (Million MT)



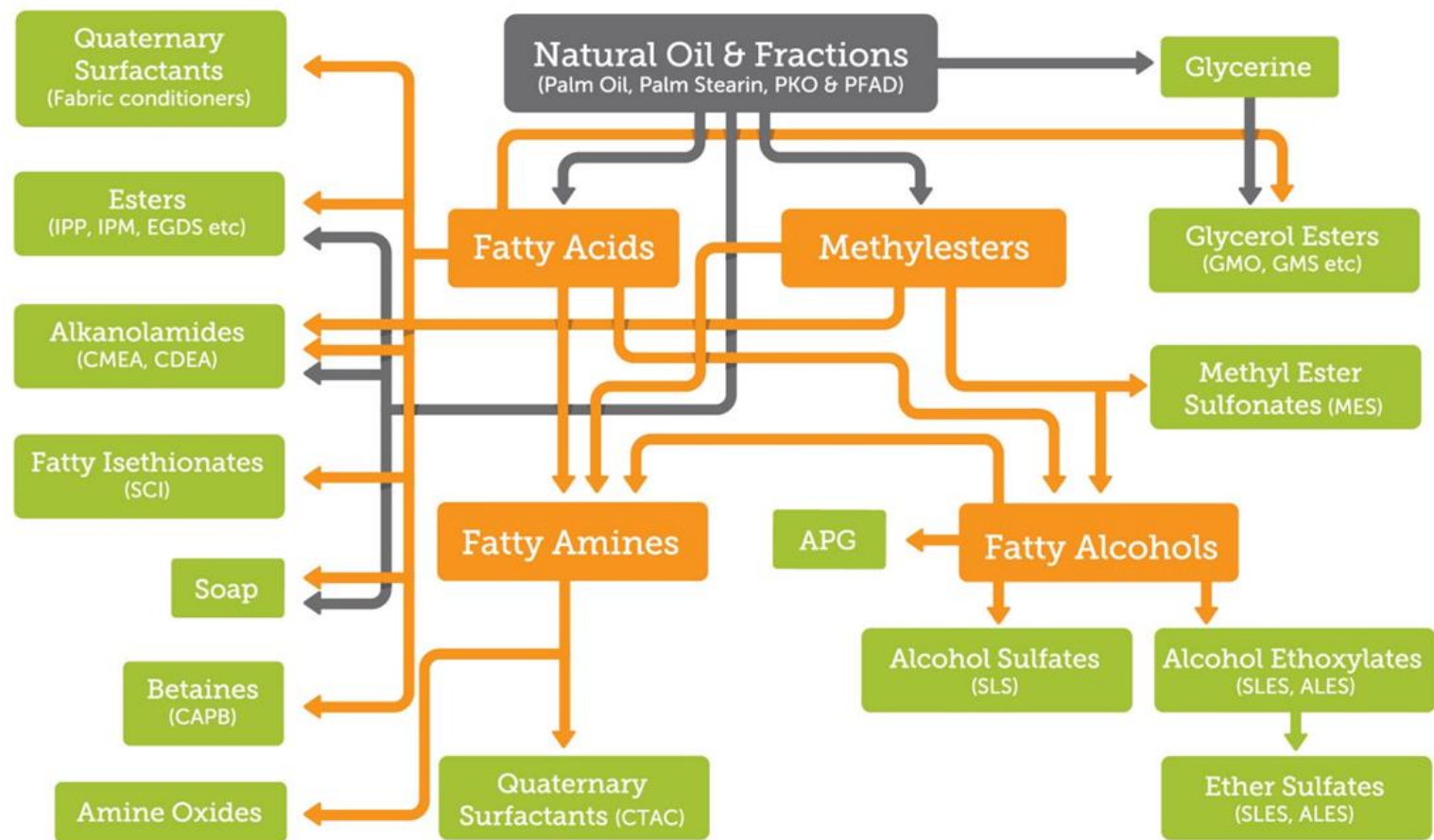
PO use per application

2019 Use of PO in EU-28 + CH per Application



Palm Oil – two oils –multiple fractions





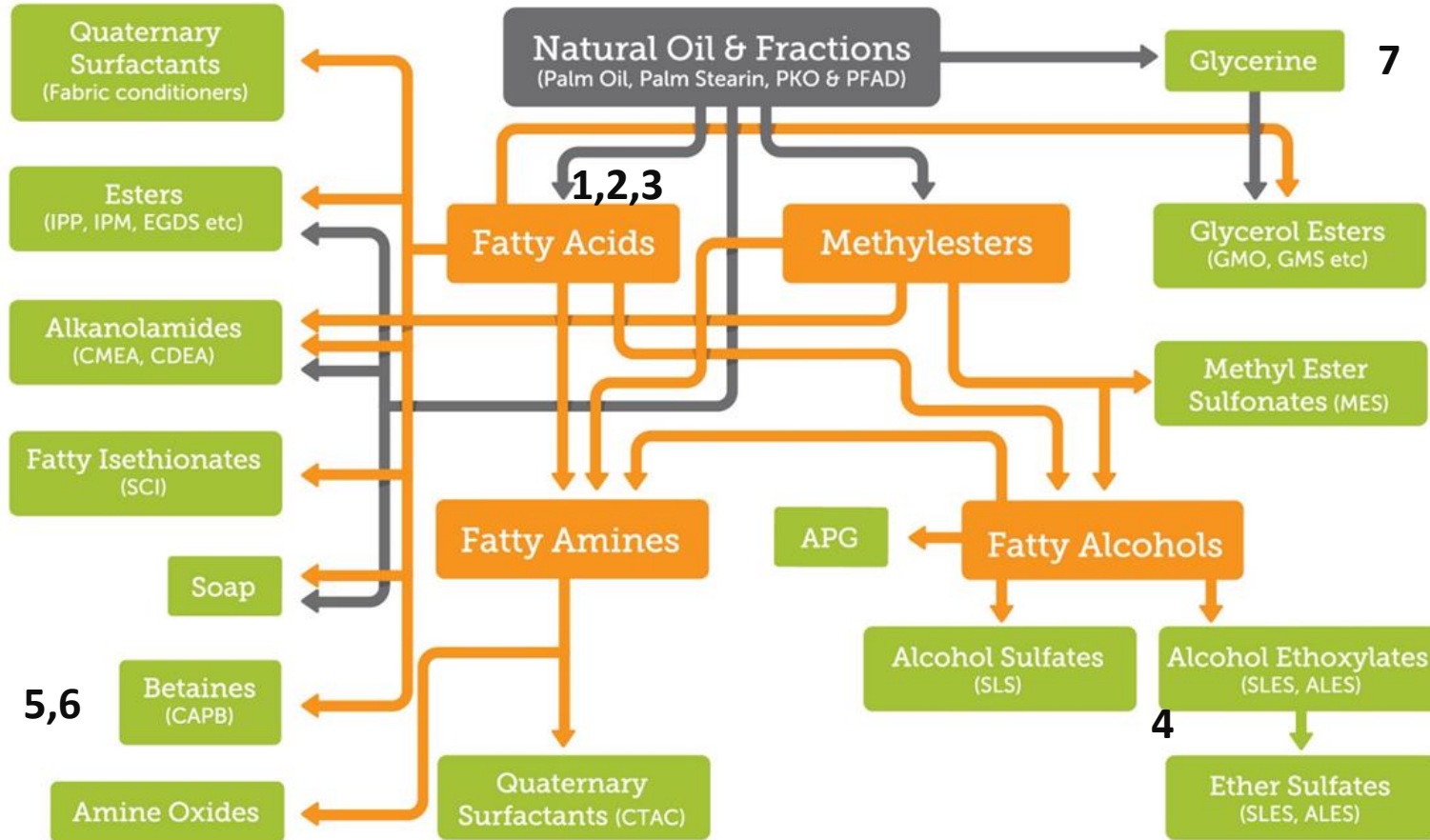
Oleochemicals are complex



Oleochemicals in your body cream

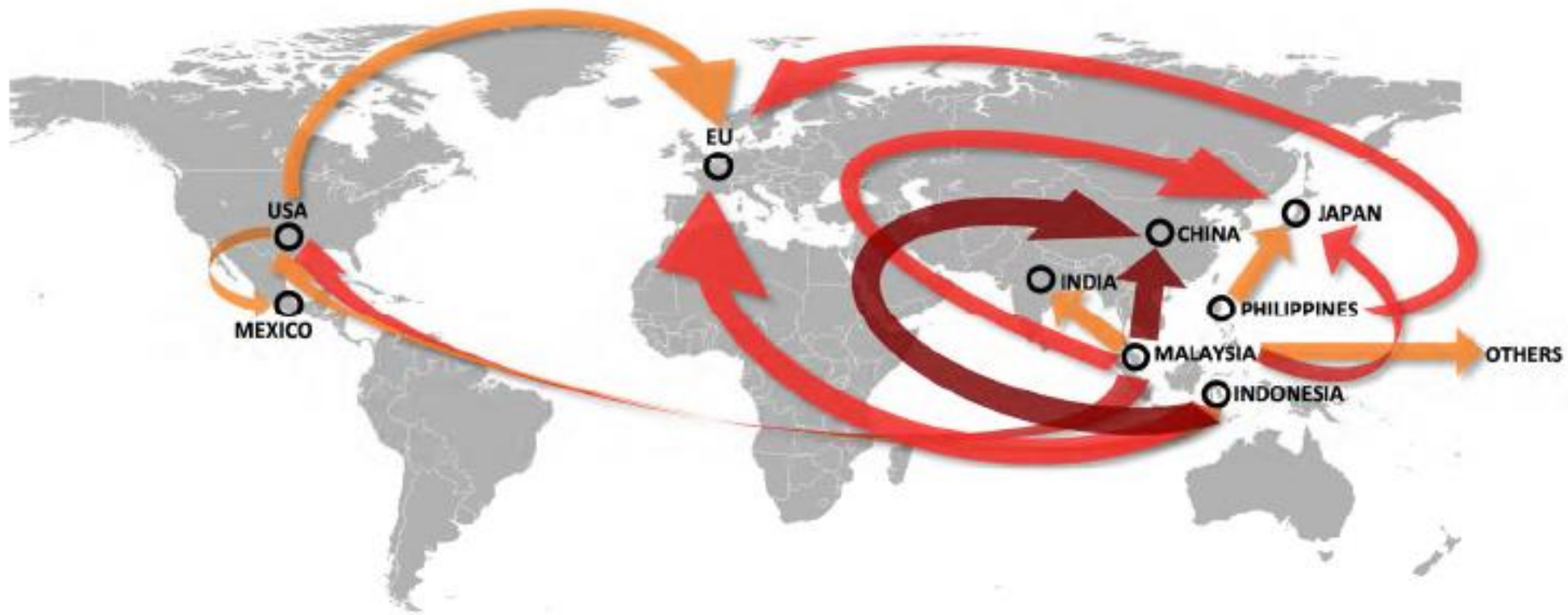


The body cream



Number	Oleochemical
1	Myristic Acid
2	Lauric Acid
3	Palmitic Acid
4	Sodium Laureth Sulfate (SLES)
5	Glycol Distearate
6	Cocoamidopropyl Betaine
7	Glycerine

Oleochemical trade flow



Supply chain

Plantations
Estates
Smallholders

Local Traders
Agents
Collection Centres

CPO Mills
Kernel Crush Plants

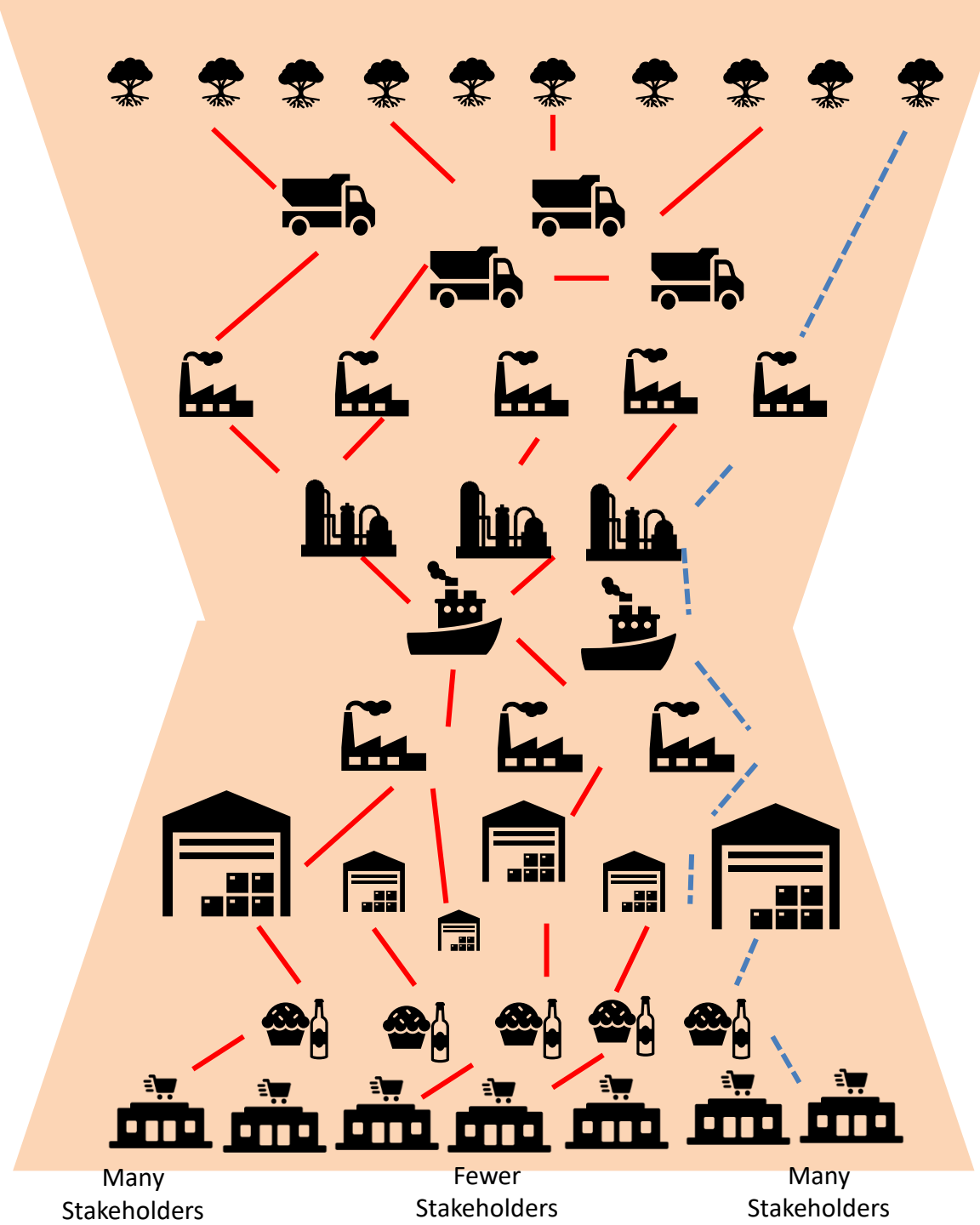
Origin Refiners
Tier 1 suppliers

Trading
Shipping

First destination Refiner

Manufacturers
Customers

Retailers and Foodservice



UPSTREAM
PRODUCTION

DOWNSTREAM
PRODUCTION

Integrated Supply Chain
(Larger brands)

Possible Supply Chain

Many
Stakeholders

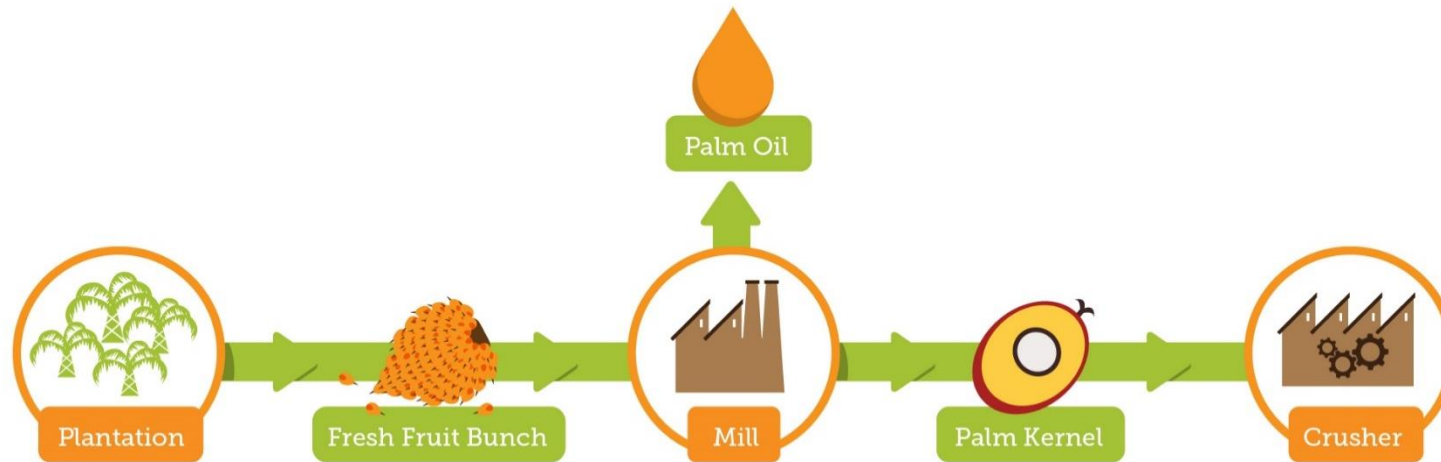
Fewer
Stakeholders

Many
Stakeholders

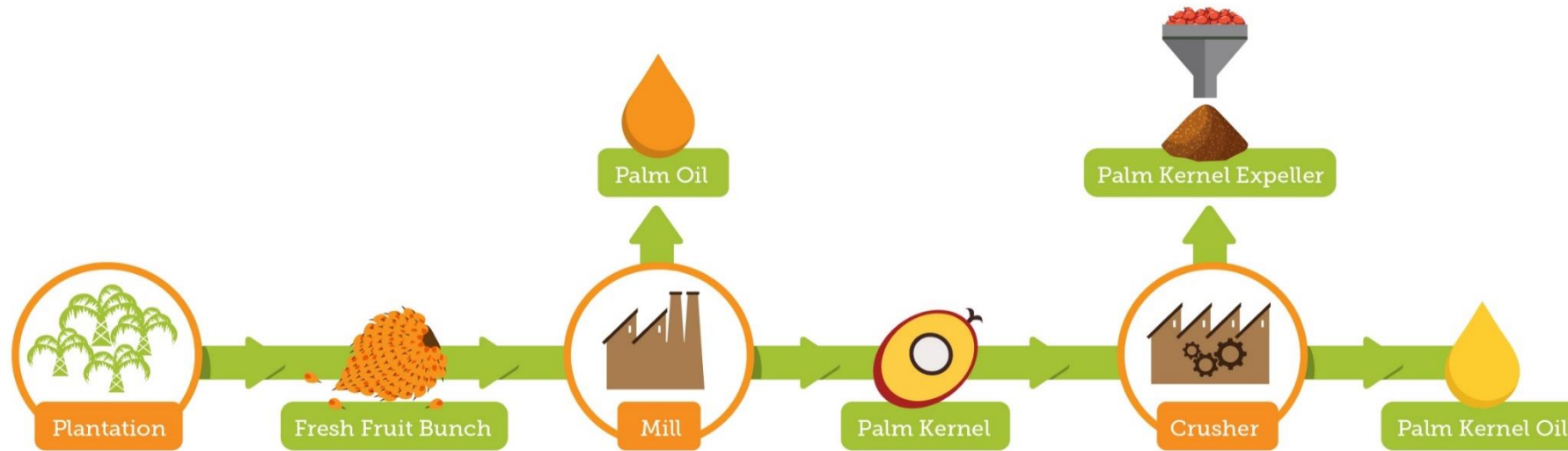
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- The feedstocks are palm kernel, palm stearin, coconut and tallow
 - A European retailer or brand may have multiple suppliers based in China, Europe, India, Thailand and Vietnam. With multiple factory sites.
 - South East Asia Oleochemicals are PKO Coconut Palm Stearin
 - Is Europe more advanced with Palm as MB?

Sustainable Supply Chains

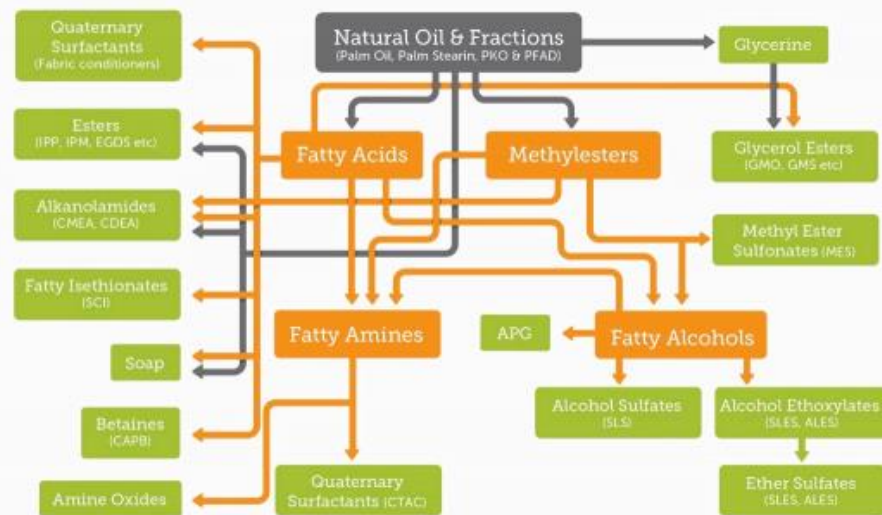
RSPO Certified Palm Oil



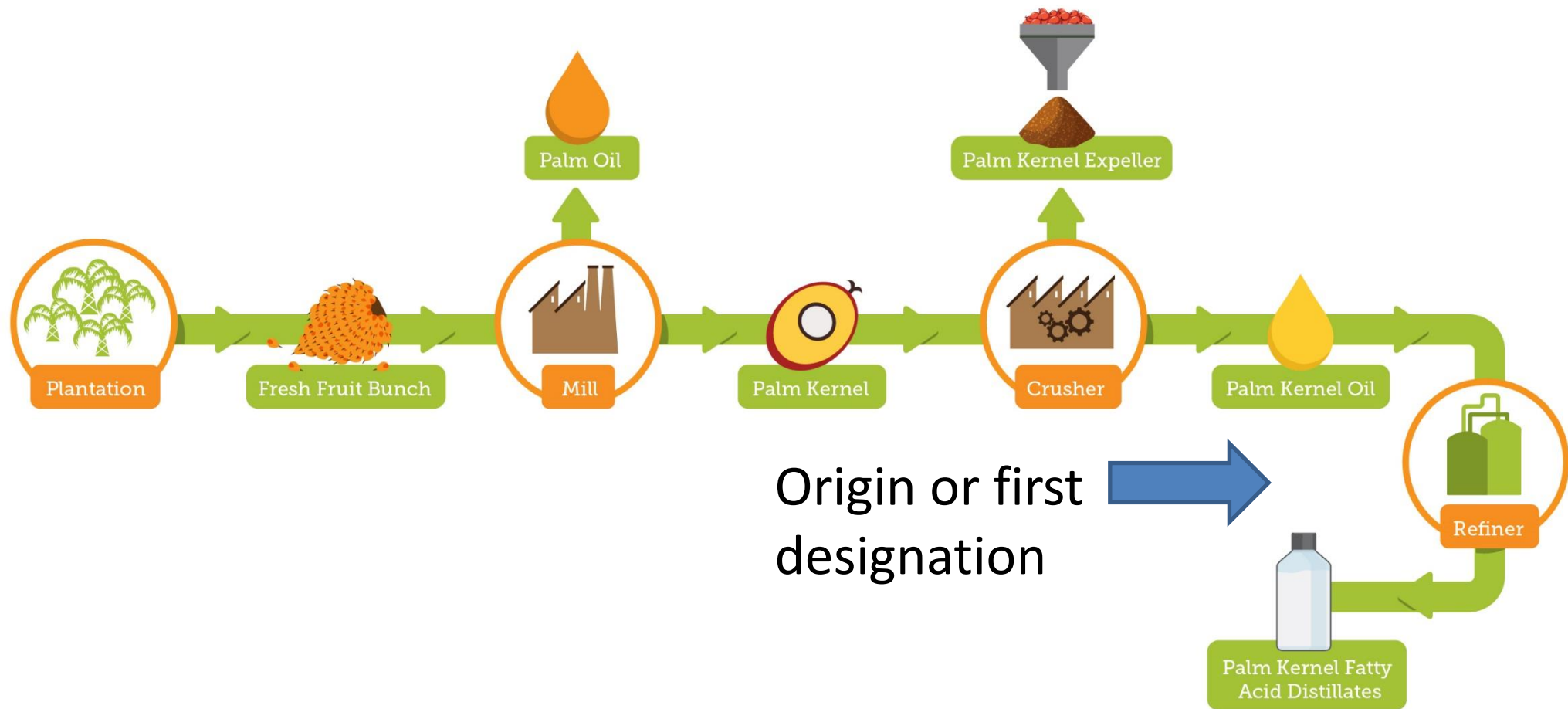
- 85 Growers
- 445 mills
- Producing
- 17 million tonnes PO
- 3.8 million tonnes PKO

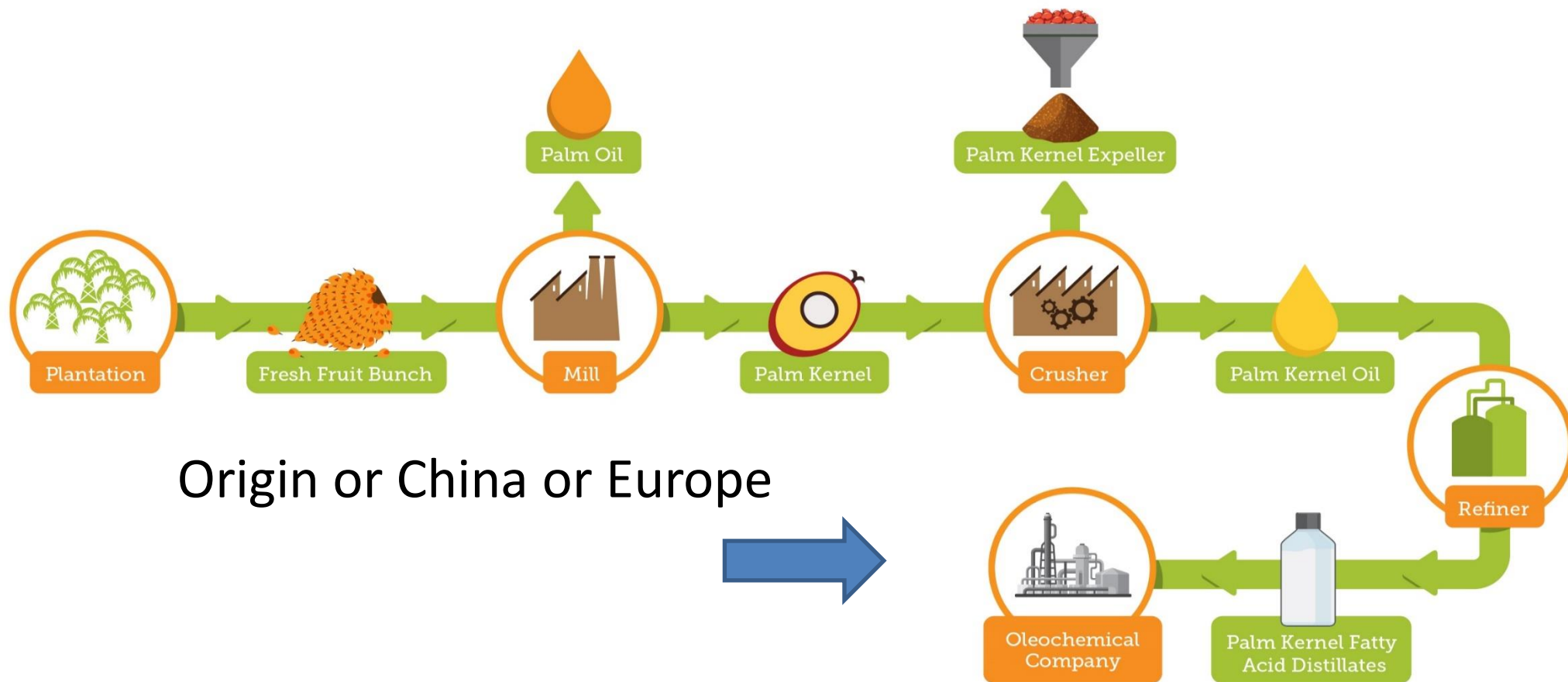


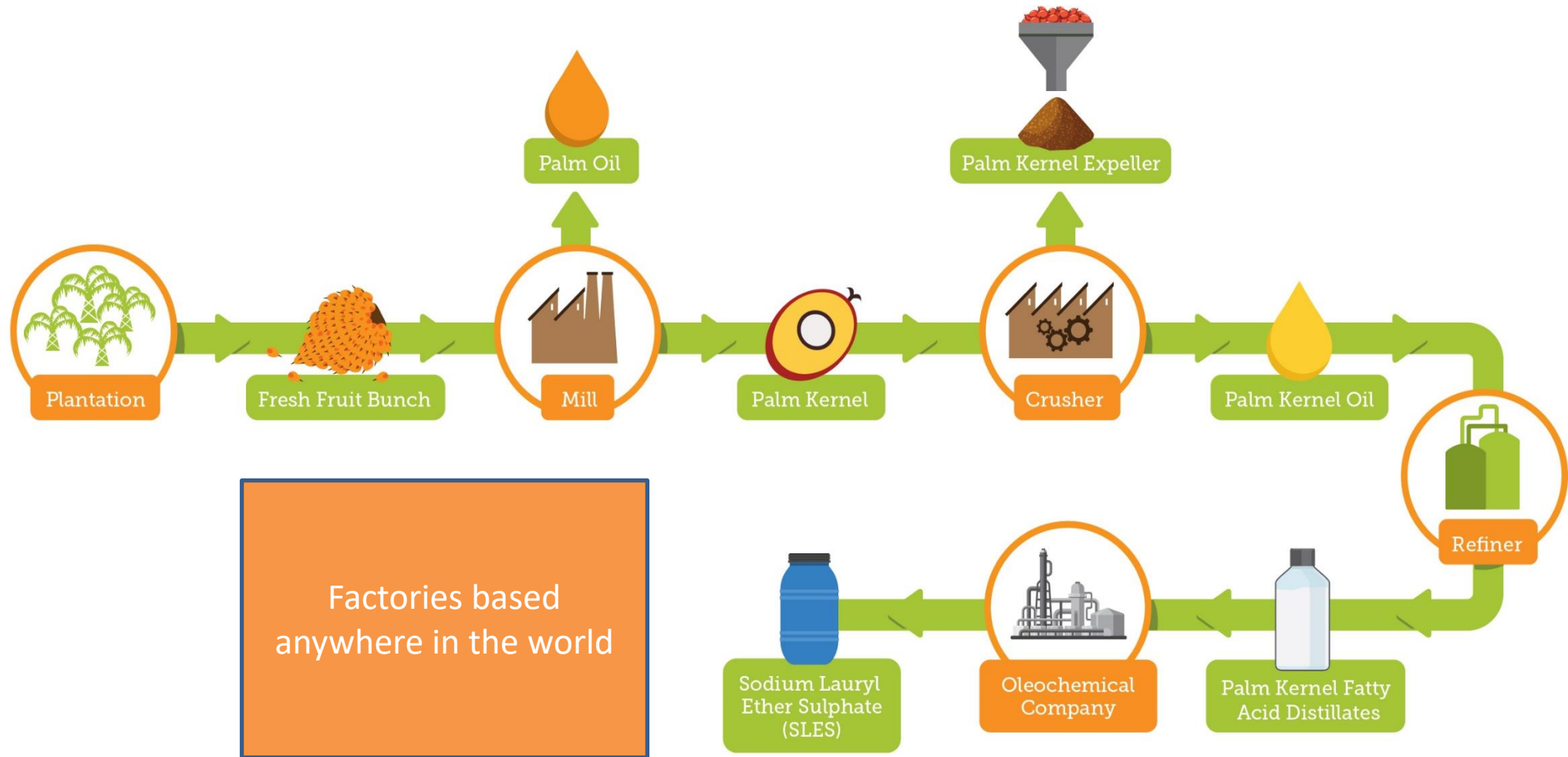
Pinch point not all mills have crushers and often send to a crusher where kernels are mixed

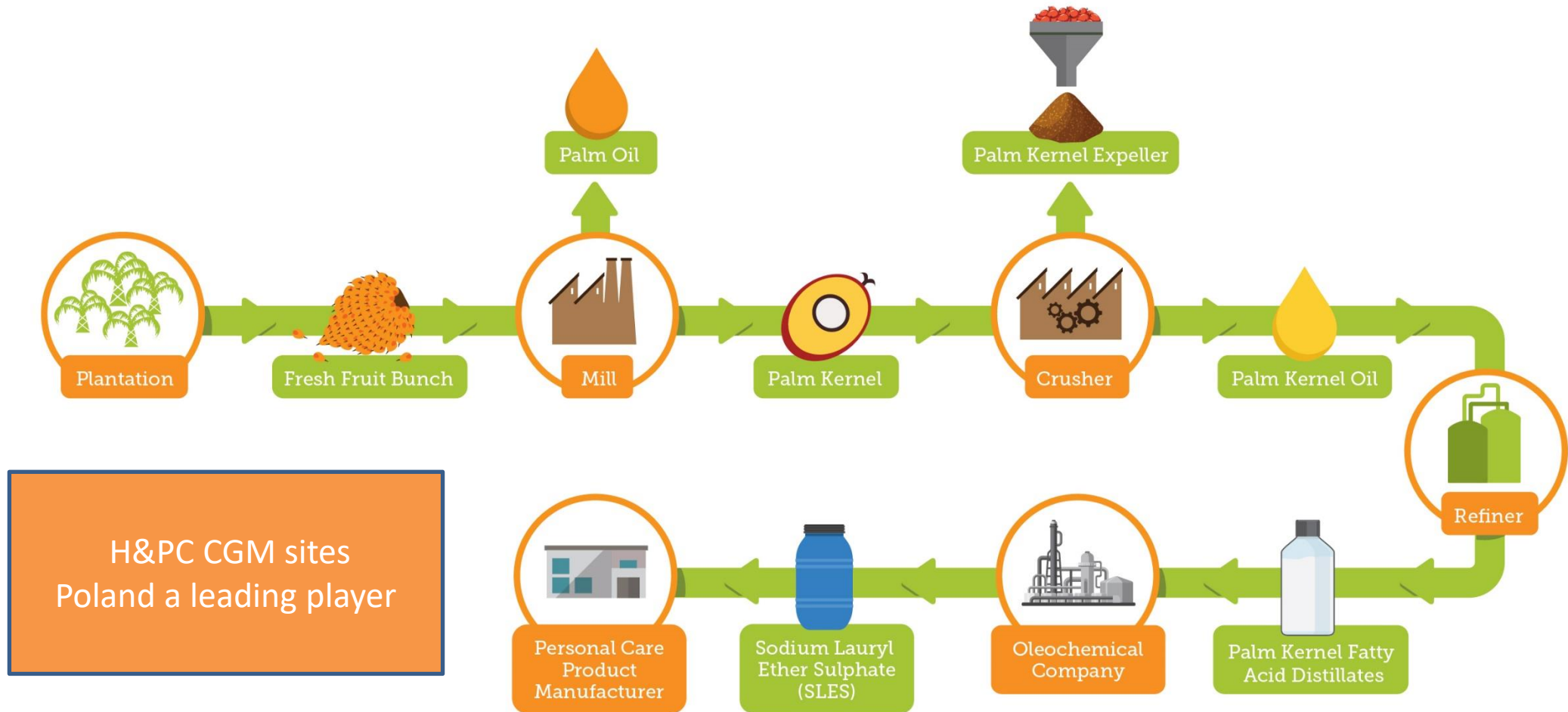


So this is where it starts get more complex
Fatty acids dominated the oleochemicals
market with a share of 60.9% in 2019.
This is attributable to rising demand
from personal care and the soaps &
detergents industry.









European Supply Chains

- The nature of the oleochemicals market is complex
- At each stage oleochemicals are moved to be refined produced as an ingredient then as a finished item
- RSPO is mainly MB in oleochemicals.
- Traceability is difficult but the market more transparent
- No Deforestation No Planting on Peatland No Exploitation policies in place for all major growers and refiners
- More suppliers publishing verified deforestation free information.
- So if not RSPO will be covered by an NDPE policy and possible verification
- Action for Sustainable Derivatives ASD supporting many companies to link back to mills.

- A once difficult sector is now delivering sustainable choices but still a difficult journey ahead to reach 100%.