RSPO Annual Communication of Progress

Guidance:
Why must I report progress? RSPO highly values transparency, continuous improvement in commitments to sustainability and engagement with stakeholders. The RSPO Code of Conduct requires members to report progress towards the RSPO mission annually. The General Assembly in 2008 agreed to add that members need to specify their commitments by means of a time-bound plan. Reports will be posted on the RSPO website. RSPO will publicize collated progress reports annually, including a list of non-reporters. Non-adherence to the Code of Conduct may eventually lead to excluding the member from the RSPO.

What is the purpose of the report? RSPO integrity and credibility build on open communications. Visibility of members’ commitment to the RSPO and progress towards its objectives provides legitimacy to the organisation and its members. In addition, progress reports should serve as a tool for self-assessment and continuous improvement for all members. The progress reports can also serve as a reference to the world about the member besides the membership profile provided when applying to be a member. The report provides for an updating of information about a member.

When to report? The RSPO Progress Report should be completed annually by all organizational members, whether ordinary or affiliate. The inaugural report must be submitted within the first year of joining RSPO – with the possibility of aligning with the member’s other reporting cycles – and subsequent reports must be submitted by the anniversary date of the first report. The collated publication appears around the time of the annual RSPO Roundtable conference (November). The call for reporting will be issued in May and members given till the end of August to submit their reports. This will give RSPO two months to collate the 400 odd reports expected.

What to report? The report should be concise and should provide a brief summary of progress achieved during the reporting period, following the headings provided. All sections in the report must be completed. If RSPO Secretariat considers a section to be incomplete or the answer not relevant the report will be returned to the member and the matter flagged. The member will have a further 30 days to correct the report. If the member fails to do so the report will be deemed not submitted.

How to report? Communications about reports, including requests for assistance can be sent to the RSPO Secretariat via email (annualreport@rspo.org).
1. Profile

**Guidance:** The following information, notably the operational structure, will help report users to adequately understand (and respond to) the context of your report. Give a brief description of operating companies and locations, subsidiaries, joint ventures, most important products and/or brands, estimated palm oil production or trade volume. This will only need to be supplied once, unless profile information has changed during the reporting period (e.g. through mergers or acquisitions).

<table>
<thead>
<tr>
<th>Name of the organisation:</th>
<th>IOI-Loders Croklaan</th>
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<tbody>
<tr>
<td>Membership type (tick one only):</td>
<td>X Ordinary</td>
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<tr>
<td>Affiliate</td>
<td></td>
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<tr>
<td>Membership category (tick one only):</td>
<td>X Palm oil processors and traders</td>
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<tr>
<td>Oil palm growers</td>
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<tr>
<td>Consumer goods manufacturers</td>
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<td>Retailers</td>
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<td>Banks and investors</td>
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<td>Environmental/nature conservation organisations (NGOs)</td>
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<td>Social/development organisations (NGOs)</td>
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<tr>
<td>Operational structure of the organisation:</td>
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**Responsible Contact(s)**

<table>
<thead>
<tr>
<th>Primary contact for questions, feedback:</th>
<th>Name:</th>
<th>Patrick Cobussen (Europe) Joshua Mathews (Asia)</th>
</tr>
</thead>
<tbody>
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<td>Senior representative, authorising commitments:</td>
<td>Mr. Marc den Hartog</td>
<td></td>
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<tr>
<td>Person submitting progress report:</td>
<td>Mr. Patrick Cobussen</td>
<td></td>
</tr>
<tr>
<td>Financial contact for membership fee:</td>
<td>Mr. Lim Eik Hoi (General Manager Finance)</td>
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**Guidance:** The standard reporting period is 12 months or less. The date of submitting the report should not be longer than 3 months after the end of the reporting period.
2. Details of Progress

A. Analysis and Strategy for Sustainable Palm Oil

1. High-level strategic view of the organisation’s relation to sustainable palm oil and related longer term objective.

- As a founding member of RSPO we are fully committed to the RSPO organization and the support of the certification program as prescribed by the Principles and Criteria of the RSPO. Our objective is to fully certify all of our holdings according to our Time Bound Plan. We also commit to initiating certification of any new holdings that are acquired or developed.

2. Time bound plan with milestones/targets.

- Certification started in 2008 and expect to complete by end of 2011
- Activities to promote and support RSPO started in 2003

3. Targets for the next reporting period.

- Principle target is to progress our certification audits as prescribed in our Time Bound Plan
- IOI also commits to continuing active support of the RSPO via participation in various working groups.

4. Statement from the organisation’s senior representative.

- IOI Group is fully committed to certification of its holdings. We also firmly support the RSPO and have and will continue to be fully engaged in the process of own certification, encouraging other growers to join the organization (and to begin certification), and to contribute to the advancement of the introduction of certified sustainable palm oil into the global market.

Guidance: Depending on the member organisation’s profile or specific keywords provided by the organisation, it needs to consider and report how it will contribute to the RSPO mission. The objective translates into operational, time-bound deliverables on the longer term (3 to 5 years, with annual review) and the short term (one year, with annual updates). Justify any changes from last year. A sufficiently senior decision-maker confirms the commitments made.

B. Progress made in producing, procuring/utilizing and supporting sustainable palm oil

Guidance: Provide a report or update in relation to:

- the time-bound plan,
applicable requirements (citing relevant principles and criteria, Chain of Custody/Trade and Traceability rules and certification, Communication and Claims rules, supporting activities, Code of Conduct where possible); and efforts in engaging key stakeholders (interest groups, business relations, civil society, public, etc).

Information provided should be objective and verifiable, where possible quantified (volumes, hectarage, numbers of smallholders/labour/communities, number of promotional activities/publications/websites, etc).

- The IOI Group has 84 estates and 12 operating management units under its control and as of this date. Our time bound plan states a completion date by end 2011:
  - 4 oil mills have Audit Review Panel approval and respective certificates have been issued
  - 3 other oil mills have been audited.
  - the remaining 5 oil mills are in time bound plans to be completed by end of 2011.
- Executive Board member on behalf of the [Palm oil processors and traders]
- Assisted WWF in acceptance of New Plantings resolution
- Co-sponsored with Oxfam, RSPO’s “Time Bound Plan” initiative. Successfully passed by GA
- Co-developed concept and content for electronic version of Time Bound Plan.
- Member of Communications and Claims Working Group
- Member of Trade and Traceability Working Group
- Member of the C&C/T&T review Task Group
- Participated initially in GHG II Working Group
- Represented New Planting Working Group on behalf of Malaysian Palm Oil Association.
- Organized a RSPO seminar in Paris (April 2010) to update stakeholders in order to build up knowledge capacity for in particular the French market (in participation with Thomson-Reuters, WWF, Carrefour and Unilever)
- Published scientific paper entitled “Indication of soil organic Carbon augmentation in oil palm cultivated inland mineral soils of Peninsular Malaysia (May 2010). The paper provides evidence of incremental of soil carbon stock through each cycles of oil palm cultivation
- Presented a paper on yield and harvesting potentials of oil palm to incorporated society of planters on June 2010 national seminar. The paper mainly shares and supports how to increase crude palm oil yield at least by 50% against national average of existing cultivated land. This will be an important issue on land use.
- Conducted various lectures/seminars on RSPO various topics: General RSPO knowledge building, Trade & Traceability, Supply Chain Certification and implementation of purchasing programs for RSPO CSPO. Berlin, Amsterdam, London
- Member of the RSPO RED Task Group, to assist the European union in their efforts to recognize 3rd party certifications programs in the protocol of implementation of the Renewable Energy Directive
- Developed a Controlled Palm Initiative that will be rolled out to all vendors to IOI Group in late 2010 requiring, as a minimum criterion, RSPO membership in a time bound plan. Further, this requirement ties to the RSPO requirements under the Time Bound Plan co-sponsored by IOI Group
- Met with relevant NGO colleagues on several occasions to discuss and update on progress for RSPO and IOI Group’s implementation programs. This is including constructively discussing allegations, where efforts to settle them are in progress, by applying the law and RSPO principles and criteria as the framework, by acknowledging the RSPO as the governance body
- As minority investor, have influenced BGA group to begin preparation for RSPO certification. BGA has hired manager to lead efforts. Additionally IOI encouraged BGA to allow 3rd party scoping audit of areas of concern
- Signed MOU with Sarvision to begin satellite imagery of high carbon stock areas. Will assist in development of system that may be useful in identification by industry members
- Developed client “RSPO Q & A” to assist them in understanding the program and how it would work with our operating company, Loders Croklaan and where possible support clients to assist them building their palm oil sustainability strategy
- Loders Croklaan Europe was the 1st supplier offering RSPO CSPO according to the segregated supply system
C. Challenges

1. Significant economic, social or environmental obstacles encountered in production, procurement, use of sustainable palm oil or in promotion of RSPO and RSPO oil and efforts made to mitigate or resolve them.

- The time lag between the certification audits, the auditor review and the recommendation and final approval by the RSPO. It is difficult to maintain internal enthusiasm and to even know if you are doing right. This is especially true for the 1st MUs
- Certification Auditor Consistency. We have tried different CBs and the experience has been different. What counts is a CB that enables us to take the necessary corrective actions quickly. As a grower who is looking to certify, we do not want to have to wonder if we are choosing the right CB
- Insufficient capacity of independent Supply Chain Certification auditors in the different areas of the world. As the market is moving towards physical CSPO sufficient SCC auditor capacity is needed
- Insufficient capacity of knowledge support; as the EU market is slowly progressing towards CSPO uptake the need for knowledge is growing rapidly
- The market uptake to the arrival of physical RSPO CSPO has been, to this point, disappointing in EU

2. Suggestions on how the RSPO can assist your organisation’s sustainability performance.

- The approval process for certification is very slow and is not motivating for those that are actively pursuing the objective
- The Certification Bodies approved by RSPO must be of a standard whereby the grower can simply select one and be assured that their performance is acceptable to the Audit Review Panel
- Better promotion of the RSPO Brand and build success stories
- Stronger communication; It seems that the organization is not proactive but reactive in its communication efforts. Communication outside of Europe would also support the global nature of the program and assist global suppliers to generate interest in certified sustainable palm oil
- Better/quicker settling of grievances

3. Suggestions on how your organisation can assist RSPO’s overall progress.

- Continued active participation in the executive Board and in the Working Groups
- Actively enlisting new members
- Achieving our own certification of all owned growing areas
- Continuing RSPO outreach marketing efforts in Europe, Asia and North America

Guidance: RSPO encourages openness about problems encountered as a way to provide a balanced and credible picture of performance and to invite solutions or views from other stakeholders.

For suggestions on how the RSPO can assist your organisation meet its commitments to the RSPO and sustainable palm oil spell out if your suggestions are for the Executive Board, the Secretariat, your membership category or RSPO members in general.