Moving Markets: 
*Push or Pull – The Oleochemical Perspective*

By Dr. Surina Ismail, 
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## Content

<table>
<thead>
<tr>
<th></th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Emery Oleochemical Group @ a Glance</td>
</tr>
<tr>
<td>2</td>
<td>The Supply Chain Certification System (SCCS) : Who are the Players</td>
</tr>
<tr>
<td>3</td>
<td>Current State of the Supply Chain Certification System (SCCS) : The Oleochemical Perspective</td>
</tr>
<tr>
<td>4</td>
<td>The Market “Push - Pull” Effect : Points of Consideration</td>
</tr>
</tbody>
</table>
MARKET-BASED SOLUTIONS
Providing you a Competitive Advantage in natural-based product development

One of the biggest Oleochemical Co. & Leader in RSPO Supply Chain Certified Products

ISO-certified & able to offer kosher, halal and GMO-free products

Production sites & service centres in America, Europe and Asia Pacific

Worldwide technical support

Continuous product development

Global R&T capabilities & proprietary technologies

OUR CUSTOMERS benefit from total solutions

GLOBAL MARKET REACH

INNOVATION
THE SUPPLY CHAIN CERTIFICATION SYSTEM (SCCS): WHO ARE THE PLAYERS
Who are the players?

All Palm-based operators who

- Take legal ownership AND
- Physically receive RSPO CSPO/CSPKO
- Want to claim this in the market place!

- **First operators: Palm Oil Mills & Refineries**
- **Mid-operator: Ingredient Manufacturers**
  - Oleochemical & its derivatives
- **Last operator: End Product Manufacturers**
  - The manufacturers (HPC, Cosmetics, Plastics, Coatings, etc) that uses the oleochemical products designed and intended for consumption or end-use in any way e.g. Retailers (Walmart, Tesco, etc.)
The First Operator – Upstream
Palm Oil Mills & Refineries

RSPO Certified Oil
- CSPO, CSPKO, etc.
- Palm Oil Input Product

Non-Certified Oil
- CPO, CPKO, etc.
- Palm Oil Input Product

Other Fats & Oils
- Coconut
- Soybean, Rapeseed
- Tallow
- Etc.

Primary, Semi-finished and Finished Products.

SUPPLY Chain Models:
Identity Preserved (IP); Segregation (SG); Mass Balance (MB);
Book and Claim (B&C)
The Mid Operator: Ingredient Manufacturers

Oleo BASICS

Complexity of the Oleochemical Process involving different & multiple Carbon chains

Oleo DERIVATIVEs
The Last Operator:
End Product Manufacturers

Formulators of End Products to Retailers

Presence of Oleochemicals & its derivatives in our Day-to-Day Products
CURRENT STATE OF THE SUPPLY CHAIN CERTIFICATION STORY (SCCS): THE OLEOCHEMICAL PERSPECTIVE
RSPO Derivatives Commitments Snapshot

Before 2015 After 2015 Not Disclosed

>10,000

- Kao Corporation (79,800)
- Johnson & Johnson (76,431)
- Henkel (68,154)
- Colgate-palmolive (65,616)
- Reckitt Benckiser (47,951)
- Associated British Foods plc (21,275)
- Walter Rau Lebensmittelwerke (20,000)
- Beiersdorf (16,790)
- Unilever (200,000)

<10,000

- Lion Corporation (6,000)
- United Biscuits (5,615)
- Peerless Holdings (5,000)
- Hj Heinz (2,935)
- PZ Cussons PLC (1071)
- Oriflame Cosmetics (5775)
- Werner & Mertz (2377)

Not Disclosed

- L’Oreal (By 2012)
- BASF (By 2015)
- Lindt & Sprungli (By 2015)
- Procter & Gamble (By 2015)
- Evonik Industries AG (By 2015)
- Natura Cosmetics (By 2015)
- Yves Rocher
- Aarhuskalshamn AAK
- L’occitane

*source: RSPO Annual Communication of Progress 2011-2012
Snapshot of RSPO SCCS MB & SG Providers

Ex. for Palm Oil & Palm Products, Oleochemicals, etc

EUROPE
- OLEON NV
- Berg & Schmidt GmbH & Co. KG

ASIA & EUROPE
- New Britain Palm Oil
- Cremer Oleo
- Inter-Continental Oils and Fats Pte Ltd
- Gustav Heess Oleochemische Erzeugnisse GmbH
- Helm AG
- BASF SE

ASIA
- IOI
- Wilmar
- KLK
- EMERY
- Cargill

ASIA
- PT Ecogreen
- Thai Oleochemicals Co., Ltd
- Marakot Industries

EUROPE
- Lion Corporation
- PT Mikie Oleo
- Musim Mas

Mass Balance

Mass Balance, Segregated

*source: RSPO Online Market Directory 2013
Complexities of the Supply Chain

From First to Mid to Last Operator

- Many links with potential for mixing
- Multi-layered processes with diverging production steps
- Varied blends with layer options

Smallholders

Plantations

Mills (Multiple)

Various means of Transportations

(Multiple) Product Manufacturers

(Multiple) Retailers

(Multiple) Ingredient Manufacturers

(Multiple) Refiners & Blenders

Ingredient Manufacturers

Product Manufacturers

Retailers

Transportation Options
Ingredient Manufacturers:
Home Personal Care (HPC) Markets Products

Multiple Ingredient Manufacturers required to produce these oleochemical derivatives

Multiple Oleochemicals derivatives are present in a formulated Shampoo
Emery’s RSPO Approach

An Integrated RSPO Certified Derivatives Supply Chain Solutions Provider

MB ready now...Full SG Run ready by Q1, 2015:
Market Pull Required!

Key:
CSFFB: Certified Sustainable Fresh Fruit Bunch
CSPK: Certified Sustainable Palm Kernel
CSPKO: Certified Sustainable Palm Kernel Oil

Surrounding Certified Plantations

CSFFB

Milling

Carey Island

CSPK

Crushing

10km to Jomalina

CSPKO

Refining

500m Pipeline

CSPKO

Emery Oleochemicals

Clients Sustainable Products

Certified Sustainable Oleochemicals

Market

CSFFB: Certified Sustainable Fresh Fruit Bunch
CSPK: Certified Sustainable Palm Kernel
CSPKO: Certified Sustainable Palm Kernel Oil
THE MARKET “PUSH-PULL” EFFECT:
POINTS OF CONSIDERATION
## Points of Consideration

**IP, SG or MB**

### Physical Traceability
- IP, SG & MB via the SCCS will ensure that the oil is from a **physical sustainable source**
- IP & SG ensures that the sustainable source is present in the **final products**

### Complexities & Demands of the Supply Chain
- **The complexities involved** can result in increased costs for Mid-Operators
- **Low volume demands** from downstream users will result in poor uptake by the mid-operators (Pull Factor)

### Unavailability of CSPO/CSPKO
- **Unavailability of CSPO/CSPKO** will push most operators to utilize the B&C approach-
- **Poor commitment from** upstream players will result in the mid-operators unable to meet the commitments of their customers (Push Factor)

### Prospects for Use of CSPO/CSPKO by the Markets
- Pressure from NGOs for Governments to impose tariffs for non-certified PO/PKO use
- Level of awareness of RSPO and CSPO/CSPKO from the Markets
Green Palm certificates

- **Use of Green Palm certificates do not** indicate that products in question contain palm oil **from sustainable sources**

Companies pay support fee

- **Green Palm certificates are akin to offset certificates, i.e., companies pay a support fee** to a sustainable grower, while **continuing to buy their oil from any non-sustainable source.**
Points of Consideration

Role of the Ingredient Manufacturers

Role of the Oleochemical Players

- **Availability of palm derivatives** such as surfactants, glycerin and emulsifiers **from sustainable source** are critical

As part of the Supply Chain

- **Oleochemical Manufacturers need to be more involved & consulted** in order to **ensure the success of the RSPO SCCS**

Readiness of the Oleochemical Players

- **To have the certification & the supply of certified sustainable oils ready** to meet the needs of the downstream user
Finally,

**Push Effect**
- Environmental & Societal NGOs; Governments; Consumer Awareness

**COST**
- Availability of CSPO/CSPKO; Participation along the Supply Chain; SCCS for Traceability;

**Requirements to make it work**

**BENEFITS**
- Sustainable Palm-based Products

**Pull Effect**

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