



ASEAN OLEOCHEMICAL MANUFACTURERS GROUP

Moving sustainable oleochemicals through the supply chain

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**Session 1: Sustainable Oleochemicals:
Social & Environment**

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Palm oil project pays off for schools



Asean Agreement of Transboundary Haze Pollution



“For palm oil, despite studies that show a lesser (although still significant at around 20%) cause than other types of concession (timber, pulp & paper) and ex-concession areas i.e. smallholders and others, its association remains high in the public perception”

Khor Yu Leng,
Research Head, SEA at LMC



RECAP PIPOC 2011 & 2013

Making RSPO work throughout the supply chain

- Introducing AOMG & Review of RSPO
- Who are the end users & Is the supply chain complex?
- Status for Home & Personal Care Derivatives
- Supply Chain Certification System & Making it work

Ready to Physically Supply RSPO certified Oleochemicals

- AOMG SCCS certified members
- B&C and Physical Transition Rules for Oleochemicals
- Education and Training
- Challenges Ahead



Changes ...

1. SCC 2011 is obsolete (since 1 April 2015) and replaced with SCC 2014.
2. e-trace for PKO started since Nov 2014.
3. RSPO Traders and Distributors License
4. RSPO Resolution 6f Update
5. Physical Transition Rules for Oleochemicals and Derivatives
6. Updates and Way Forward



SCC Systems and Standard 2014

Significant changes:

1. Rules for oleochemicals and their derivatives are Guidance Documents in Standard.
2. The disputed 95 % contamination rule is removed



SCC System and Standard 2014

Significant changes:

3. Previously for MB we can commit sale ahead but to sell only on positive stock. Now:

- back-to-back coverage or
- the oil must be covered within 3 months of delivery



Traceability Systems:

Palm Oil and Palm Kernel Oil products

1. Book & Claim – GreenPalm Certificates
2. Physical Transition (Mass Balance, Segregated, Identity Preserved) – e-trace

Palm Oil and Palm Kernel Oil Oleochemicals & their Derivatives

1. Traceability through RSPO SCCS.



RSPO Distributors and Traders Licence

RSPO
Roundtable on Sustainable Palm Oil

The RSPO is an international non-profit organization formed in 2004 with the objective to promote the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

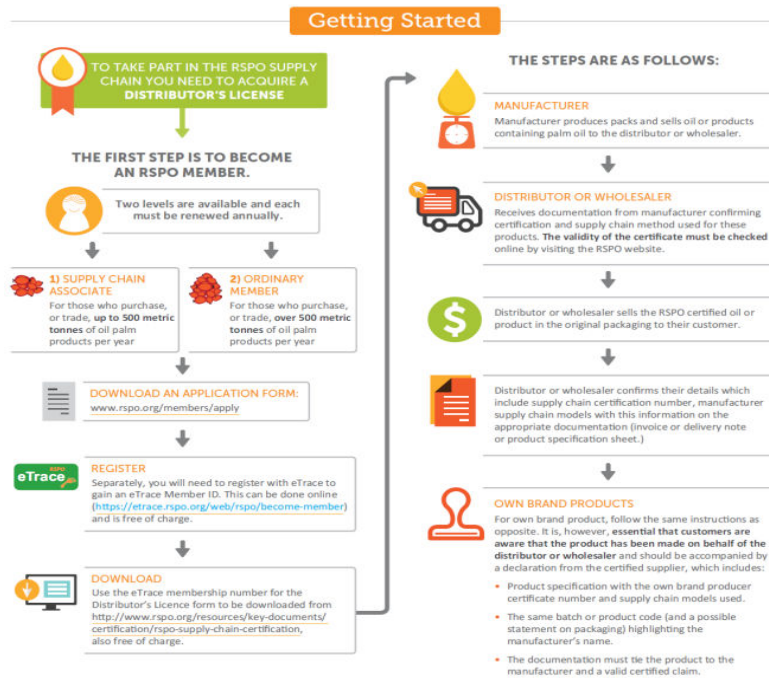
Your part in the RSPO supply chain: A guide for distributors and wholesalers

Who are distributors and wholesalers?

For the purposes of RSPO supply chain certification, distributors and wholesalers take legal ownership, store and sell products to their customer bases, but do not unpack, repack or relabel those products at any stage.

They have a vital role to play in maintaining the integrity of the RSPO certified supply chain. They link participants in the supply chain together and ensure that RSPO certified products are kept separate and are never mixed with mainstream, non-certified material.

Their customers include food and non-food manufacturers, smaller high street retailers and foodservice outlets.



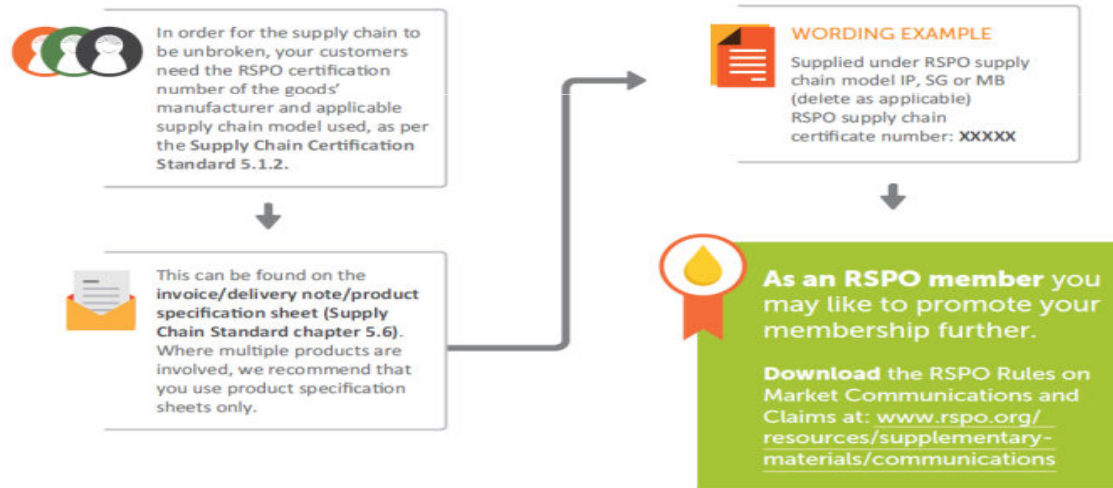
The traders license remains for traders who do not physically handle the certified materials.

For distributors, a similar license will be designed in order to remove a potential gap in the supply chain as well.



RSPO Distributors and Traders Licence

Communication with your customers



 e-Trace RSPO
www.etrace.rspo.org

RSPO Rules on Communication and Claims:
www.rspo.org/resources/supplementary-materials/communications

CONTACT US

For membership related questions:
membership@rspo.org

For supply chain certification related questions:
certification@rspo.org



Resolution 6f GA11:

1. To require origin of the certified Crude Palm Oil or Palm Kernel Oil mills to be declared on the GreenPalm certificate for Book & Claim system.
2. To require known origin of certified Crude Palm Oil or Palm Kernel Oil mills to be declared in the RSPO eTrace system for mass balance and segregated.

➔ Carried by 96 votes for versus 84 against and 37 abstained.)



Resolution 6f GA11:

Proposal:

- For IP, the origin of the mill has to be known and made available.
- For SG, information on the origin will be registered in the IT platform.



Physical Transition Rules for Oleochemical Derivatives

1. Current physical transition rule has been approved in July 2013.
2. The rule is subjected to review every 2 years.
3. AOMG is entrusted to draft the review for the Steering Committee of the RSPO Oleochemicals and Derivatives Subgroup under the Trade and Traceability Standing Committee.
4. Current focus: Add clarity to existing rules



RSPO Update 2015



Segregated Availability



RSPO CSPO Annual Production Capacity (May 2015)

IP	1,165,048	9.30%
SG	4,570,825	36.50%
MB	6,670,178	53.26%
Unknown	118,105	0.94%
	12,524,156	



RSPO Update 2015

How much RSPO certified sustainable palm oil has been bought?

During 2012...

- 48.26% waiting for a buyer
- 37.10% delivered through the GreenPalm certificate trading programme
- 14.64% delivered through Segregated & Mass Balance RSPO certified supply chain options

How much RSPO certified sustainable palm oil has been bought?

During 2013...

- 48.34% waiting for a buyer
- 33.91% delivered through the GreenPalm certificate trading programme
- 17.75% delivered through Segregated & Mass Balance RSPO certified supply chain options

How much RSPO certified sustainable palm oil has been bought?

During 2014...

- 51.36% waiting for a buyer
- 26.53% delivered through the GreenPalm certificate trading programme
- 22.11% delivered through Segregated & Mass Balance RSPO certified supply chain options

Data sources - www.rspo.org and www.greenpalm.org



Challenges: Supply Side

1. Limited “Gateway” for Oleochemicals – limited feedstock for downstream oleo derivatives.
2. Availability and cost of SG feedstock.
3. Low Product Fractions Yield – cost impact.
4. Multiple processing – challenge of segregation.
5. Flexibility of feedstock and processing – specific rules to address oleochemical needs.
6. RSPO vs. MNCs’ traceability requirements.



Challenges: Demand Side

1. Use quantity variation from ppm to 100% - usually low percentages – economic order quantity challenge.
2. Multiple oleochemical derivatives added to final formulated product – challenge for SG products.
3. Fraction product use – high cost impact for minimum run quantity.
4. Oil premium: SG compared to B&C and MB.



Challenges: Others

1. RSPO – dominated by oil/fats, lack focus on oleochemicals, poor understanding of oleochemicals.
2. New requirement on Traceability of MB and B&C products (RSPO Resolution 6f) – contradicts basis of MB & BC (not traceable)
3. RSPO – frequent change of traceability systems from UTZ to e-trace and proposed RSPO IT.
4. RSPO – minimize cost to improve value appeal
5. “Certification vs. Traceability”



Way forward:

1. Sustainability vs. Traceability – Traceability through Certification to be based on RSPO standards.
2. Mass Balance Oleochemicals – value for money, wide availability, physical transition of oil minus hassle of segregation.
3. Specific RSPO Rules for Oleochemicals – adapted to ‘simplify’ complexity of oleochemical industry. Q&A by RSPO Oleo Subgroup.



Way forward:

4. RSPO to minimize cost and improve marketing promotion.
5. Stakeholders to have shared responsibility in terms of cost of sustainability.



Make RSPO and MB a clear winner



Singapore Grand Prix – Formula
One World Championship





ASEAN OLEOCHEMICAL MANUFACTURERS GROUP

THANK YOU