GLOBAL PALM OIL SOURCING UPDATE

KEY FACTS

SIGNIFICANT PROGRESS: 87% global traceability to the mill at the end of 2016

CLOSING THE TRACEABILITY GAP: Continuing collaborative efforts to improve traceability in the Indian market

ENHANCING GOVERNANCE: Ongoing engagement with suppliers on policy implementation

MARCH 2017
OUR JOURNEY

2007
- Becomes member of the Roundtable on Sustainable Palm Oil (RSPO)

2009
- Publishes first Global Palm Oil Sourcing Policy

2014
- Updates Global Palm Oil Sourcing Policy to include no deforestation, no peat, Free, Prior and Informed Consent (FPIC) and human rights protections

2015
- Initial supply chain mapping
- Becomes member of The Forest Trust (TFT)
- New internal governance structure
- Develops policy implementation plan

2016
- Creates Supplier Qualification Process
- Issues two public progress reports (March & September)
- Develops and launches Supplier Progress Tracking Mechanism
- Launches public grievance procedure
- Begins supporting transformation projects in 2016: India traceability, satellite mapping in Aceh Tamiang, Indonesia

2017
- Ongoing efforts across all areas of strategy with a strong focus on supplier engagement
1. Traceability levels may vary over time due to data availability, changes in sourcing or other issues.

2. All traceability numbers are based on self-disclosed information provided by our suppliers. In some cases, the GPS coordinates of mills were shared with our partner TFT and not directly with Bunge.

3. During 2016, palm oil accounted for 95% and palm kernel oil for 5% of global palm oil products.

4. Europe, Middle East & Africa.

5. Central America and Caribbean area.

We increased global traceability to the mill from 67% (Q4 2015) to 87% (Q4 2016).^{1, 2}

Europe and North America maintained high levels of traceability. Brazil’s numbers dropped slightly due to logistical changes in our supply chain.

We continued to focus on Asia, the region with industry-wide lowest traceability figures, and were able to achieve a 32% increase since our last update. We continue to work with key suppliers and are implementing a new operational sourcing model to enable further progress.

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Bunge does not operate palm plantations or mills. It procures palm oil and derivatives from suppliers that own and operate plantations and/or source from third parties. Bunge requires suppliers to meet its policy commitments, but recognises that compliance will require time, a process of structured engagement and close relationships. Through our focus on traceability and transparency we mapped and improved visibility and knowledge of our supply base. We are using this knowledge, combined with indicators, to track suppliers’ progress and bring them into alignment with our policy.

**PLANTATIONS**
- Supporting creation of spatial base map to enable stakeholders within the Aceh Tamiang, Indonesia landscape to engage in land use planning and monitor land conversion

**MILLS**
- 87% global traceability to mill (Q4 2016)

**SUPPLIERS**
- 69% of volume from suppliers with fully aligned policy
- 63% of volume from suppliers with public grievance procedure

**BUNGGE OPERATIONS**
- RSPO certification for North America and EMEA per customer demand

**GRIEVANCE PROCESS**
Follow this link to our palm oil dashboard, where you can download our grievance list: [http://www.bunge.com/sustainability/palm-oil-dashboard](http://www.bunge.com/sustainability/palm-oil-dashboard).

1. Calculation based on Full Year 2016 data.
2. Europe, Middle East & Africa.
SUPPLY CHAIN TRANSFORMATION PROJECTS

India traceability project
As highlighted in our last update, the High Seas market is a key obstacle to achieving higher traceability. We are committed to being a catalyst for improving transparency in this market and are applying multiple approaches. As a first step, in late 2016, TFT and Bunge met with key India suppliers to better understand the India supply chain and increase transparency. We will continue to work with these suppliers. At the same time, we have begun to explore possible options for collective, pre-competitive solutions to accelerate overall transparency for India.

Landscape project in Aceh Tamiang, Indonesia
Over the last six months, Bunge has supported the development of a base map in the district of Aceh Tamiang, Sumatra, Indonesia through the land-cover monitoring platform, Starling. Starling provides users with monitoring reports of land-cover change, focusing specifically on loss of forest cover. This up-to-date base map ensures that monitoring results accurately detect the conversion of forest. The base map is further important for supporting landscape-planning processes. It is critical to land-use planning to have accurate land-cover information to make decisions about future land use.

The base map for Aceh Tamiang was developed using a combination of radar and optical satellite data. Radar satellite provides data unobstructed by clouds that commonly impact satellite data in tropical areas. The optical satellite data used has a very high resolution (1.5 metres) that greatly assists in identifying differences in land-cover types. Together, these two technologies provide a high level of accuracy. Going forward, they will be used to generate High Carbon Stock (HCS) information. This is critical given the need for HCS information to be available to small- to medium-sized customers that are seeking to meet customer no-deforestation commitments, but typically lack the financial capacity and expertise to complete an HCS assessment.

NEXT STEPS

1. Traceability:
   Closing gaps and consistently reaching 90–100% traceability globally

2. Focused supplier engagement:
   Continue outreach to our suppliers to ensure continuous progress

3. Industry transformation:
   Identify and launch additional transformation projects that address challenges on the ground

4. Transparency and communication with stakeholders:
   Develop a public dashboard and publish a public progress report in Q3