

Palm Matters 2.0



Publication of Loders Crokiaan - July 2009



01 Breaking ground

- 02 Building up
- 03 Implementing excellence
- 04 Ready to roll





Our investment, your opportunities

Creativity, innovation and expertise – these three qualities are central to Loders Croklaan. They are what enable us to fulfil our role as a reliable business partner, developing great products together with our customers: it is their needs that provide the inspiration for our innovations. That's why we're beginning a second phase of investment in our existing palm oil refinery in Rotterdam, doubling its size. When the extended state-of-the-art plant on the Rotterdam Maasvlakte begins operations in mid-2010, we will be able to produce a whole new range of oils and fats for the European market. This newsletter, and three others that will follow, will keep you informed and up-to-date on the plant's progress, capabilities and the new opportunities it will open up.

Long-term commitment

Aside from increasing our capacity, the new Rotterdam Maasvlakte plant will enable us to offer a truly comprehensive portfolio of palm-based products. For the first time, we'll be in a position to provide palm and palm kernel oil-based products that are particularly suitable for the margarine and bakery industries. Obviously, the new Rotterdam Maasvlakte factory is a major new venture for Loders Croklaan, especially at a time when global economic conditions remain uncertain. But it is at times like these when industry confidence is low that we think it is particularly important to demonstrate our commitment to serving the European food market as a whole.

Greener, safer, healthier

Another exciting aspect of the new Rotterdam Maasvlakte plant is that this factory will give us the opportunity to make use of enzymatic rearrangement on a large scale. Enzymatic rearrangement is widely considered to be a greener, safer, and healthier method of processing palm oil-based products than the traditional method of hydrogenation. However, until recently, it has been difficult to put into practice except on a small scale. Now, thanks to Loders Croklaan's detailed research into enzymatic rearrangement, we have the technology to provide mass-produced enzymatic products of a consistently high quality. What's more, because of our completely integrated supply chain and the high volume we will be producing, we'll be in a position to meet our customers' needs quickly and effectively.

Reliable and responsible

Ever since Loders Croklaan was founded over a century ago, we have been dedicated not only to innovating our products, but also our business. The new Rotterdam Maasvlakte plant is just the latest example of this. Our approach has helped to make us a creative and responsible business partner that can provide customers with high-quality, traceable and sustainable products. We are committed to meeting the highest standards, and as part of this, we aim to have all our oil palm plantations Roundtable for Sustainable Palm Oil (RSPO)-certified by 2011. As we look to a future in which we become ever more engaged with the palm-oil market in Europe, I hope that our innovations continue to support your business needs.

Michaël van Sallandt

Chief Operating Officer, IOI Loders Croklaan Europe

content

- 3 Expertise
Power through volume
- 4 Expertise
Service you can count on
- 5 Sustainability
Balancing the needs of people, planet and profit
- 6 Expertise
Reliable supply from beginning to end
- 7 Sustainability
Sustainable palm oil – faqs
- 8 Creativity
New products, customers and innovations
- 9 Expertise
Top technology at an affordable price
- 10 Innovation
Building for your business
- 11 Creativity
Let's create together



EXPERTISE

Power through volume

In the increasingly competitive food industry, manufacturers are becoming more demanding. This is particularly true in the field of commodities whenever there is a growth market combined with good supply levels – as is the case with palm-based oils and fats. Buyers can afford to be choosy, insisting on a single, reliable supplier that can provide the various products they need at competitive prices. With our new Rotterdam Maasvlakte factory, Loders Croklaan will be able to answer this demand for a whole new range of customers, including those in the bakery and margarine sectors.

Creating competitive advantages

Since the 2005 start-up of our palm oil refinery in Rotterdam – the largest in Europe – Loders Croklaan has established itself as a major palm oil supplier that can offer customers real competitive advantages. This comes from the combination of two key factors: the quantity that we can produce and our fully integrated supply chain. When vertical integration and mass production are combined, the customer reaps the benefits. The combination also makes it possible for us to give customers higher levels of safety, service and traceability. We call it ‘power through volume’ – giving the customer more, for less.

Powering new markets

We’ve already established our capabilities when it comes to palm oil. Now, our new Rotterdam Maasvlakte facility will enable us to diversify further and serve an even broader market. For the first time, we will also be able to provide products such as palm-kernel oil and enzymatic randomized fats – key ingredients for, among others, the bakery and margarine industry. Our portfolio will offer a broad spectrum of the palm-based oils and fats the European food industry needs in every quality and quantity. We’re convinced this move is one that will power the long-term sustainability of our business. We look forward to the opportunity to show our customers how it can power theirs.



Service you can count on

‘Good’ service from a supplier involves a number of different elements – all of them equally important. It includes producing products of high and dependable quality, delivery that is quick and reliable, and, when necessary, response and assistance that is fast and effective. The combination of our completely integrated supply chain and our new, state-of-the-art facilities at a global transportation hub make it possible for us to deliver on all these elements, and more.

Beyond the basics

Loders Croklaan can provide, as one of the first companies in Europe, a non-stop supply of interesterified products, thanks to the mass production processes and expanded storage park at the new Rotterdam Maasvlakte factory. The vast network of rail, road, inland and short-sea shipping lines extending from Rotterdam harbor mean these products can be rapidly distributed to customers near and far. Meanwhile, our integrated supply chain increases the speed, reliability and quality of our operations, and ensures short lines of communication. This greatly reduces the risk of problems and delays, and – should they occur – makes it easier to react decisively and effectively. But our definition of service extends even further. Whenever you like, our representatives are happy to explore with you how we can leverage our knowledge and expertise to help you unlock unexpected business potential and increase market share. Loders Croklaan is dedicated to ‘delivering’ in every way.

Balancing the needs of people, planet and profit

The growing demand for palm and palm kernel oil-based products means that the amount of land used for palm cultivation is increasing. This makes it even more important that production takes place in as ethical and sustainable a way as possible. Loders Croklaan's parent company, the IOI Group, is at the forefront of implementing sustainable practices in the palm oil industry, and has been for many years.

Loders Croklaan and the IOI group have an advantage when it comes to boosting sustainability in our business – our completely integrated supply chain. Total integration means total control, which makes it possible to influence every aspect of product production. This starts with our special breeding programs, which give IOI plantations a yield that's almost 50% higher than the industry average. Such outstanding yields enable us to produce more palm oil using less land, which correspondingly reduces the amount of fertilizers and pesticides needed for production. We also use special cultivation processes that further reduce our dependence on chemicals and fossil fuels, and make it possible to enrich the soil, control vermin and harvest crops 'naturally'.

Investing in the future

Although caring for the environment is a key element of sustainability, social responsibility is just as important. Whenever possible, we source necessary goods and services locally, which supports the local economy, and encourages new business and community initiatives. Aside from the employment opportunities our company offers, we also provide educational, medical, religious and recreational facilities for workers and their families. The overall goal is to give the local population greater self-sufficiency in meeting their essential needs.

Our efforts to increase the sustainability of our business and industry are ongoing, both within our own organization and as one of the founding members of the RSPO, which promotes the growth and use of sustainable palm oil. We continue to look for ways in which we can improve – not only to improve the quality of people's lives and the environment today, but also to lay the foundations for sustainable and profitable business for years to come.

For more information on sustainability developments in the palm oil sector, visit <http://www.rspo.org>



By the time a food manufacturer acquires a ready-to-use ingredient, it has often gone through many different hands – sometimes even different companies – between the creation of its components and final delivery. Loders Croklaan’s palm-oil-based products are an exception to this general rule, thanks to a supply chain that is completely integrated – from tree to customer. This makes it possible to offer customers the best possible product in terms of quality, safety and traceability, at the best possible price.



Reliable supply from beginning to end

Palm oil products have a long and complex value chain. Within each of the key stages – production, transport and processing – there are numerous other steps and processes, including breeding, planting, harvesting, loading, shipping, storage, refining, packaging and distribution. When different companies, which may not have the same standards and priorities, are responsible for isolated sections of such a supply chain, it can have a negative impact on the quality and cost-efficiency of the end product.

Reliable quality, reduced duplication

Any time a variety of companies are involved in a supply chain at different stages, it is impossible to ensure they will be executed with the same level of care, expertise and efficiency. Undesirable effects can range from variations in quality and delivery problems to food safety and traceability issues. And whenever a product or ingredient shifts from one supply chain

owner to another, there will be overlap in terms of transport, handling, administration and more. A completely integrated supply chain removes all such unnecessary duplication and significantly reduces costs – savings that can be passed on to the customer.

Leveraging synergies

As part of the IOI Group, one of the world’s largest palm oil producers, and owner of Europe’s largest palm processing facilities, Loders Croklaan has total control over its products from beginning to end. This makes it possible to leverage synergies and maximize quality every step of the way; from seedling breeding programs to processing methods, and customer service and response. It also enables our company

to ensure our products are produced in an environmentally and ethically sound manner – an important point in a market that is increasingly concerned with these issues. A totally integrated supply chain simply makes for more sustainable business – in every sense of the word.

“Palm oil products have a long and complex value chain.”

Sustainable palm oil – questions & answers

Is it possible to buy palm oil that has been officially certified as sustainable?

Yes, and it will become even easier in the future. The palm oil industry is rapidly moving towards a standard system of certification under the RSPO (Roundtable on Sustainable Palm Oil) Principles and Criteria, carried out by independent, internationally accredited auditors. As of early 2009, more than 1 million metric tons of oil worldwide has been certified under this scheme.



Is Loders Crokiaan's oil certified?

Yes. The IOI Group, Loders Crokiaan's parent company, has plantations around the world that are in different stages of the auditing process. In February 2009, those that make up our palm oil estates in Sabah, Malaysia were officially certified. Our target is to have audits of all our estates completed by the end of 2011, and we are aggressively pursuing this goal.

How can I get RSPO-certified oil from Loders Crokiaan?

There are four approved methods of delivering certified oil to the market, one or more of which could work for you depending on your volume needs, traceability requirements and other factors. Each method also has different cost implications. Delivery, therefore, requires a tailor-made approach. Your Loders Crokiaan representative can advise which would be the best for you.



RSPO
Roundtable on Sustainable Palm Oil
www.rspo.org

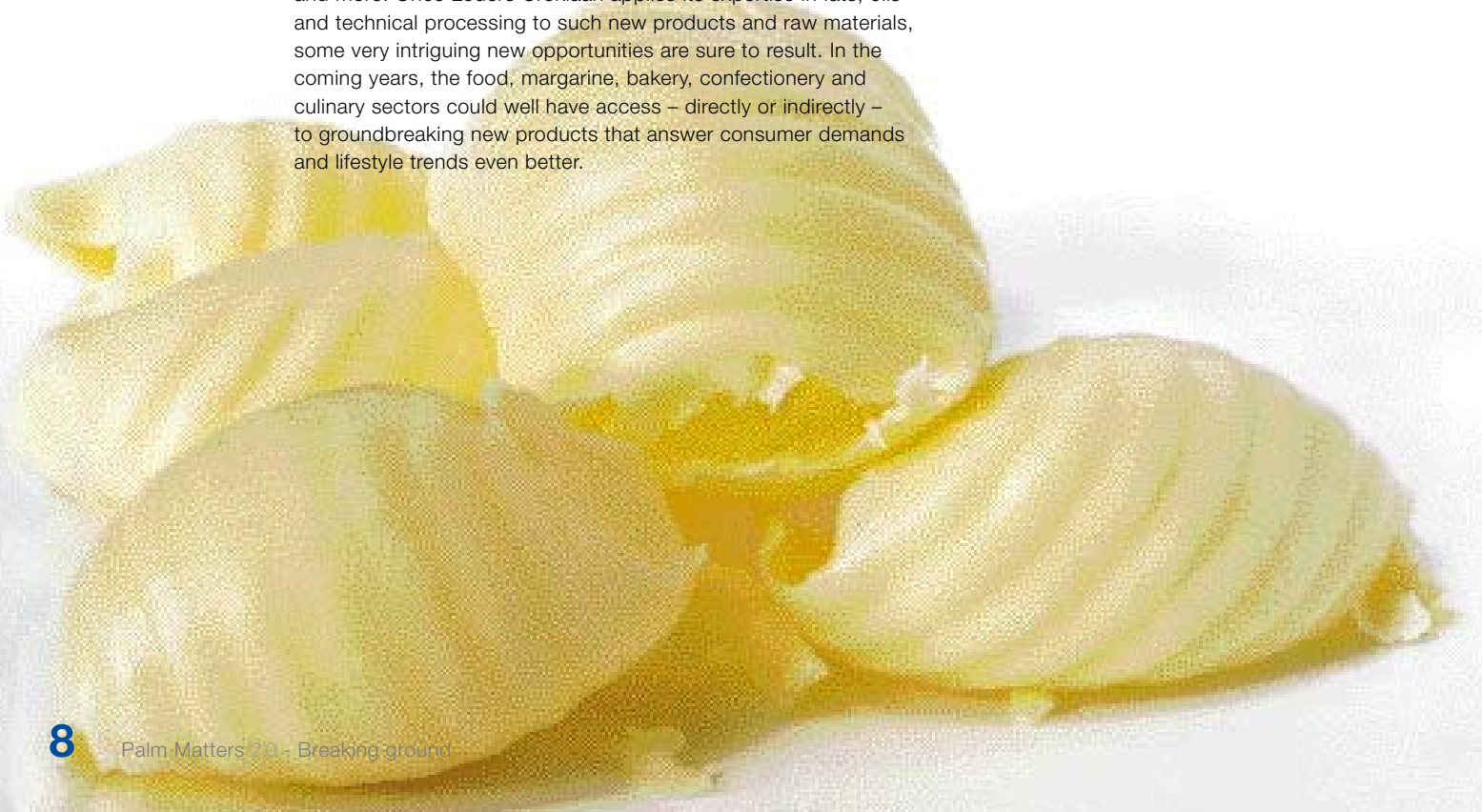
New products, customers and innovations

Four years ago, Loders Croklaan opened the largest palm-oil refinery in Europe, and rapidly established itself as a leading supplier of high-quality palm oil products. Today, the company is growing and diversifying yet again as it expands and enhances this facility on the Rotterdam Maasvlakte. Once completed, this new state-of-the-art plant will make it possible to provide new kinds of products to an even wider range of customers in the food sector, and to supply palm kernel oil to other industries as well.

A significant part of the new plant's output will be hardstock, widely used in consumer, professional and industrial margarines. Loders Croklaan will use the latest, cleanest enzymatic rearrangement techniques to produce these fats, and is expanding its logistics to enable delivery with the same speed, reliability, and large-scale cost-effectiveness as its palm oil products. The Rotterdam Maasvlakte plant will also make it possible to add palm-kernel oil – widely used as a basic ingredient in the food industry and also in the oleochemical and technical industries – to the Loders Croklaan portfolio.

Breaking new ground in every way

Meanwhile, Loders Croklaan is looking ahead to potential product innovations we could offer. The company will be exploring ways to reduce or optimize fat content, create cleaner, 'greener' labels – and more. Once Loders Croklaan applies its expertise in fats, oils and technical processing to such new products and raw materials, some very intriguing new opportunities are sure to result. In the coming years, the food, margarine, bakery, confectionery and culinary sectors could well have access – directly or indirectly – to groundbreaking new products that answer consumer demands and lifestyle trends even better.



Top technology at an affordable price

Our new Rotterdam Maasvlakte factory will use the latest enzymatic rearrangement techniques to produce a new range of fats and oils for the food industry. But what exactly is enzymatic rearrangement, and what's so good about it?

Fat molecules form the 'building blocks' of oils: they determine an oil's properties and the way it interacts and reacts with other ingredients. This, in turn, strongly influences the physical characteristics of food that is made with it. The natural properties of some fats and oils are not always ideal for certain food applications. For instance, although cakes, biscuits and margarines need solid fats in their applications, manufacturers prefer to use unsaturated fats – which are liquid at room temperature – for their lighter taste and healthier reputation. In the past, food manufacturers have overcome this problem by using unsaturated fats that have been solidified through hydrogenation. This process, however, creates harmful trans-fatty acids, which are highly undesirable to today's health-conscious consumers. Enzymatic rearrangement provides a viable alternative to hydrogenation, solidifying fats through a molecular reaction that is driven by either a chemical or a biological catalyst.

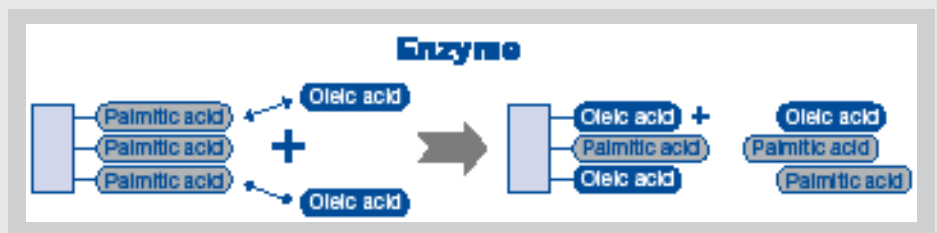
A natural solution

Enzymatic rearrangement changes the chemical structure of an oil's fatty acids by a combination of hydrolysis (the oil molecule is split by adding water) and esterification (an organic compound, or ester, is formed during the reaction). This alters the oil's properties, making it harder without creating harmful trans-fatty acids. What's more, when enzymes are used as a catalyst, the oil can be processed in conditions that are far more pH-neutral than those required for chemical rearrangement. This milder processing method preserves more valuable nutrients in the oil, which appeals to consumers. Lastly, enzymatic rearrangement is better for the environment: since enzymes are natural products, the process produces very limited waste, and reduces water and energy consumption.

New opportunities

Food manufacturers have long found the interesterification process interesting because it makes it possible to give products a variety of desirable characteristics – ranging from a particular texture to a specific level of polyunsaturated fats – without hydrogenation. With the new Rotterdam Maasvlakte facilities, Loders Croklaan will be able to offer customers interesterified products created with efficient, cost-effective mass-production methods. With competitive pricing now added to the existing health and environmental benefits, enzymatic rearrangement will open a whole new range of opportunities to the European food industry.

Example of enzymatic rearrangement



Building for your business



The new Rotterdam Maasvlakte plant project will add significant capacity to Loders Croklaan's existing palm oil refinery and fractionation plant – already the largest in Europe – which opened in 2005. It is located on a man-made peninsula of its own in the port of Rotterdam, one of the world's major international transport hubs.

Key elements of the project include construction of a second refinery, creation of an enzymatic rearrangement line, and expansion of the current tank farm. Additional jetties, truck loading bays and improved gatehouse facilities will ensure the installation can meet the increase in inbound and outbound transport. Work on the new Rotterdam Maasvlakte plant commenced in Q3 2008; it is scheduled to open in Q1/Q2 2010.

Plant of tomorrow – artist impression of the finalized project. The new Rotterdam Maasvlakte facilities are in blue.





Let's create together

Innovation is essential if you want to create the truly new and unusual products that help keep you ahead of the competition. Especially in economically uncertain times, you cannot stop innovating.

However, you may not always have the resources available to do this in-house, and outsourcing can be risky and expensive. When you source raw materials from Loders Croklaan, you also acquire an expert partner that can help you adapt, improve or simply get 'more' out of your products and business in many different ways.

Responding to new opportunities

Would you like to diversify your range, or break into untapped markets? Perhaps you want to create brand new products that address growing consumer and industry concerns, such as trans-fatty acids and GMO in food? Loders Croklaan closely follows market trends, and is keenly aware of what consumers want – and will be wanting in the near future – in their food products.

What's more, we provide all the specialized assistance you need, ranging from nutritional analysis to technical applications and strategic marketing to, help you take advantage of such new opportunities. This enables you to achieve your business objectives better and more easily. A partnership in which we create together – that's what working with Loders Croklaan is all about.

About IOI Loders Croklaan

Oils and fats are our core business, and have been for more than a century. Today, Loders Croklaan is not only a reliable and leading global supplier of commodity and specialty oils and fats, but also offers customers an unprecedented combination of lipids knowledge and application expertise to respond to their specific market needs. In addition to its head office in Wormerveer, the company has production plants in the United States, Canada, Malaysia and Egypt, plus another eight sales offices worldwide. Since December 2002, the company is fully owned by palm oil conglomerate IOI Corporation Berhad, which is listed on the Kuala Lumpur Stock Exchange.

IOI Loders Croklaan Oils BV

Palm Oil Refinery Rotterdam
Antarticaweg 191, Harbour 8228
3199 KA Maasvlakte-Rotterdam
The Netherlands

t: +31 (0)181 353 800
f: +31 (0)181 353 802

Opening hours factory:
Sunday 23:00 hrs – Friday 21:00 hrs

e-mail for orders:
bulk.orders@croklaan.com

Outside opening hours, please call
Rotterdam: +31 (0)181 353 800

Loders Croklaan B.V.

Factory Specialty Oils & Fats
Hogeweg 1, 1521 AZ Wormerveer
P.O Box 4, 1520 AA Wormerveer
The Netherlands

t: +31 (0) 75 629 2257
f: +31 (0) 75 629 2827

Opening hours office:
Monday-Friday, 08:30 hrs – 17:30 hrs

www.croklaan.com