

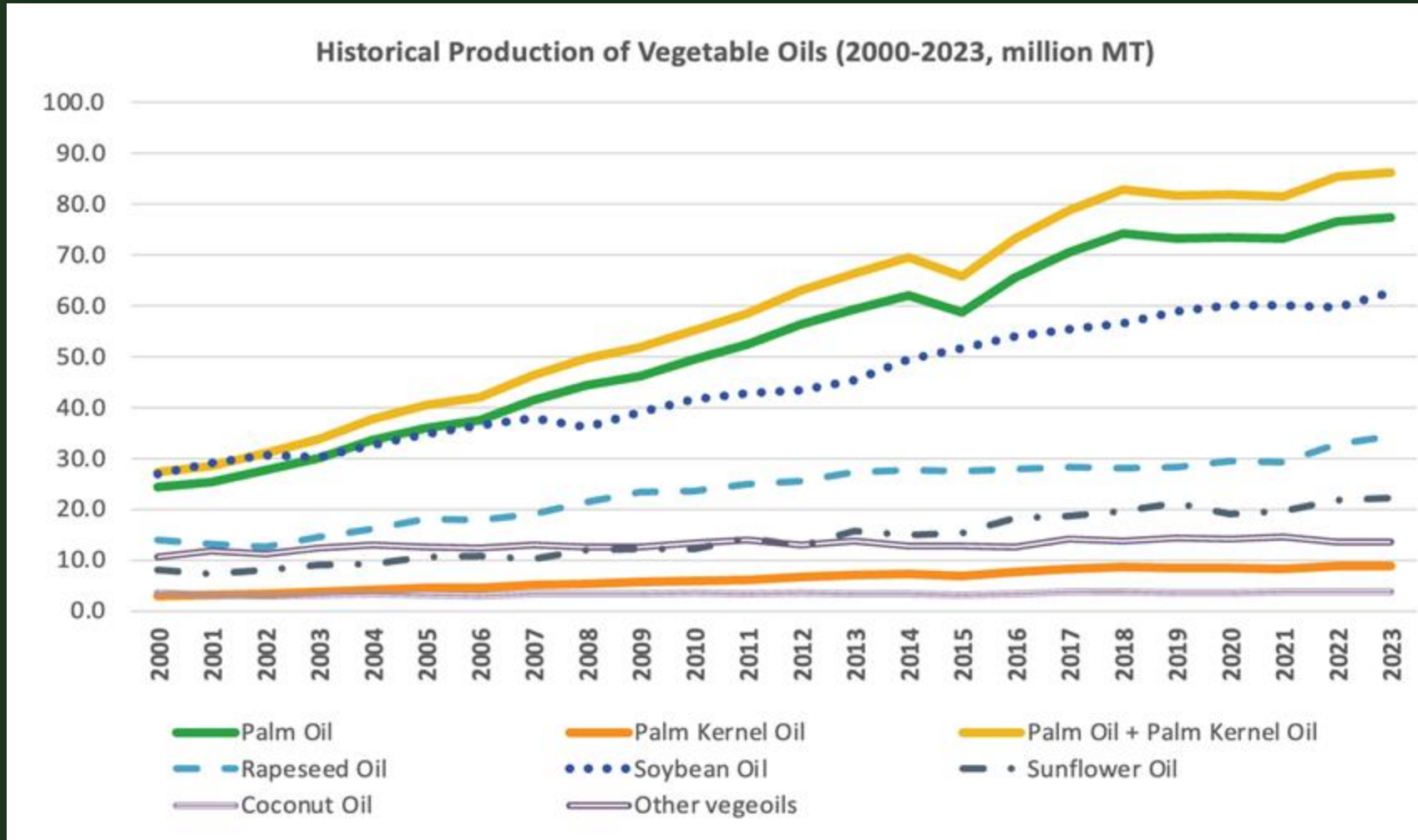


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Part I

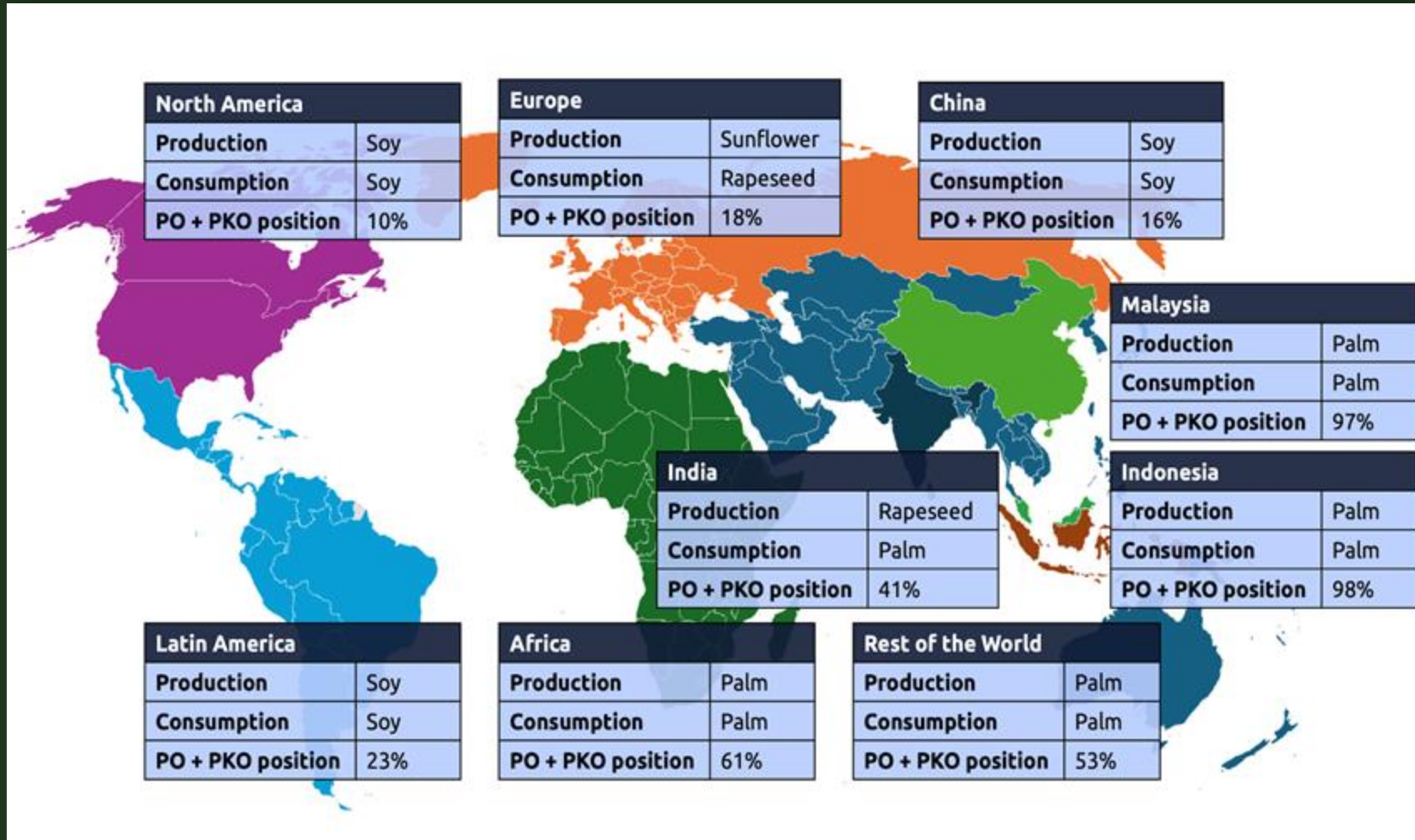
General Vegetable Oil Market Trends

Global Vegetable Oils Production Trends



- In 2000, soybean oil was the most produced vegetable oil in the world
- Palm oil overtook soybean oil in 2004, and remains the world's most produced vegetable oil (35%) in 2023
- Total palm oil + palm kernel oil production in 2023 estimated at 89 million MT
- Rapeseed and sunflower oil have significant volumes; other vegetable oils (coconut, peanut, olive, cottonseed, etc.) with lower share of production

Global Vegetable Oils and Palm Dynamics

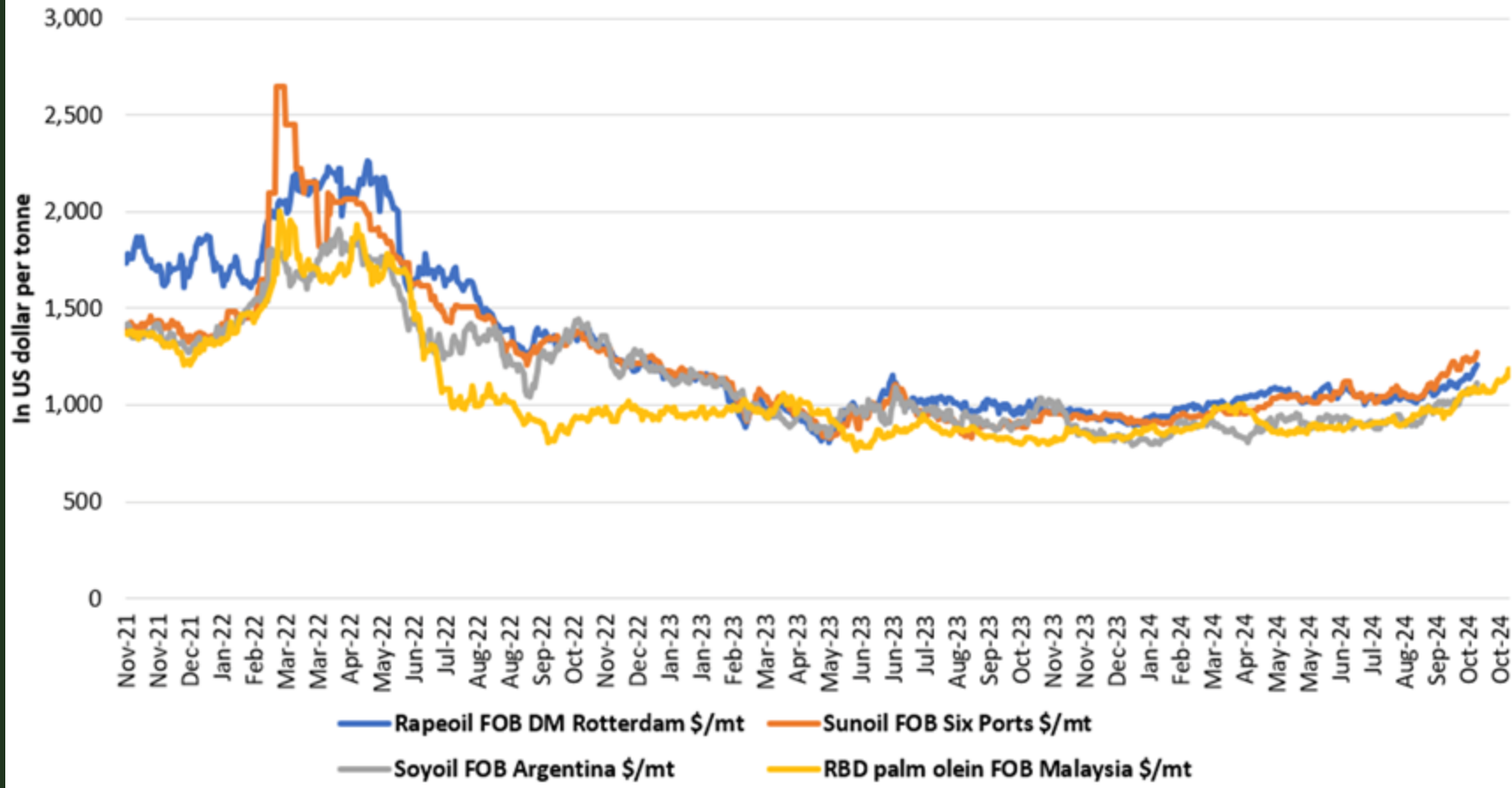


- Map shows the main production and consumption vegetable oils by key countries and regions
- Also shown is the palm oil + palm kernel oil market position as % of consumption
- Palm is the main vegetable oil produced in Indonesia, Malaysia, Africa and ROW
- Palm is the main vegetable oil consumed in Indonesia, Malaysia, India, Africa and ROW
- Soybean oil production and consumption significant in North America, Latin America and China
- Europe consumption is fairly mixed (sunflower, rapeseed, palm, soy, olive)

Market Disruptions and Shifting Dynamics



Daily cash prices of 4 major edible oils
(Source: Agricensus & POA)



- Global vegetable oil markets have been generally disrupted since 2020, with COVID-19 in 2020, post COVID-19 in 2021, Russo-Ukraine War in 2022, and cost-of-living crisis in 2023

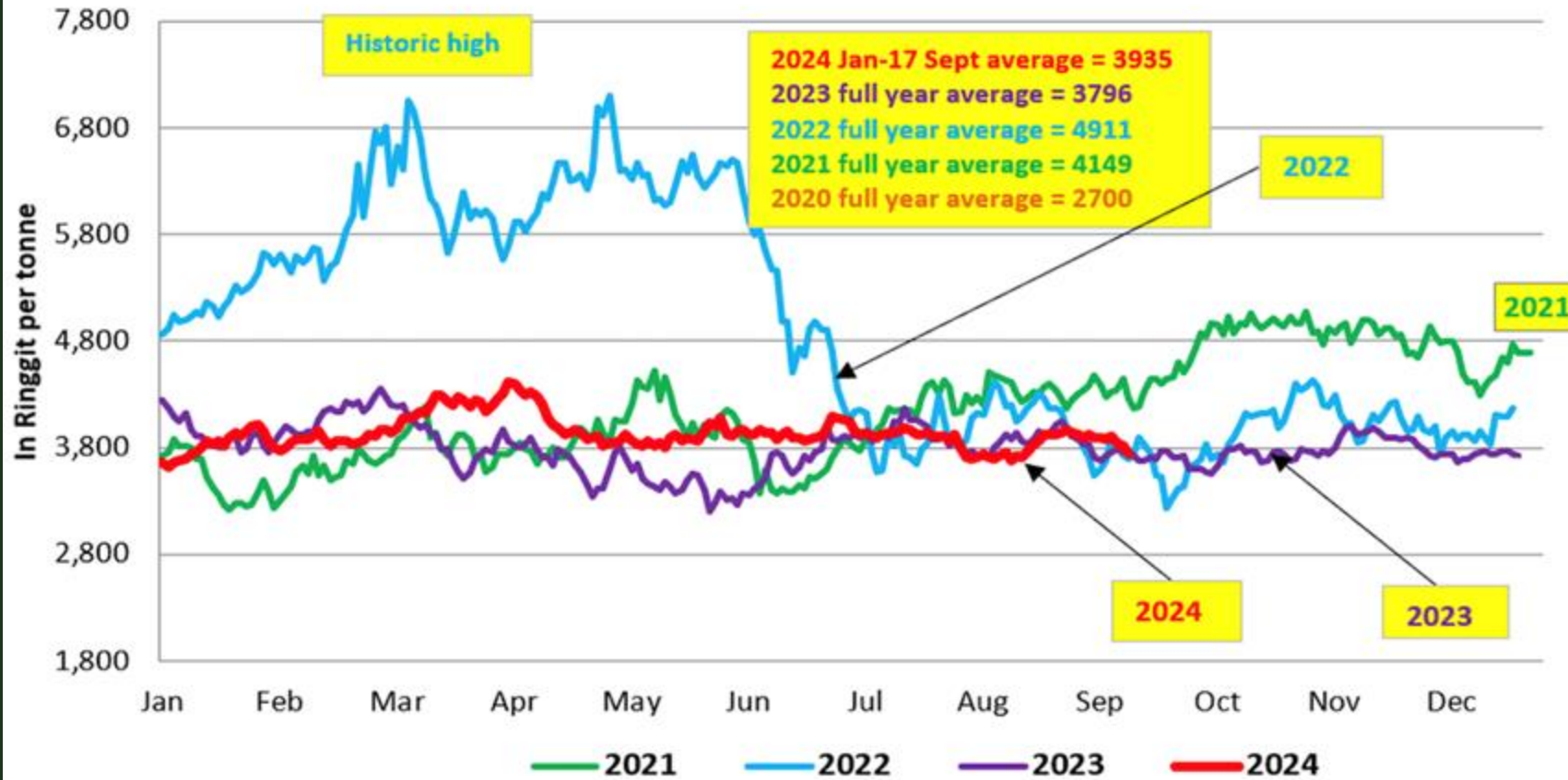
- Reference prices for the four main traded/exported vegetable oils (palm, soy, rapeseed, sunflower) have fluctuated greatly over the period

- The typical palm olein discount to other vegetable oils has dissipated, and is now no longer noticeably cheaper in comparison

Price Fluctuations within Palm Oil

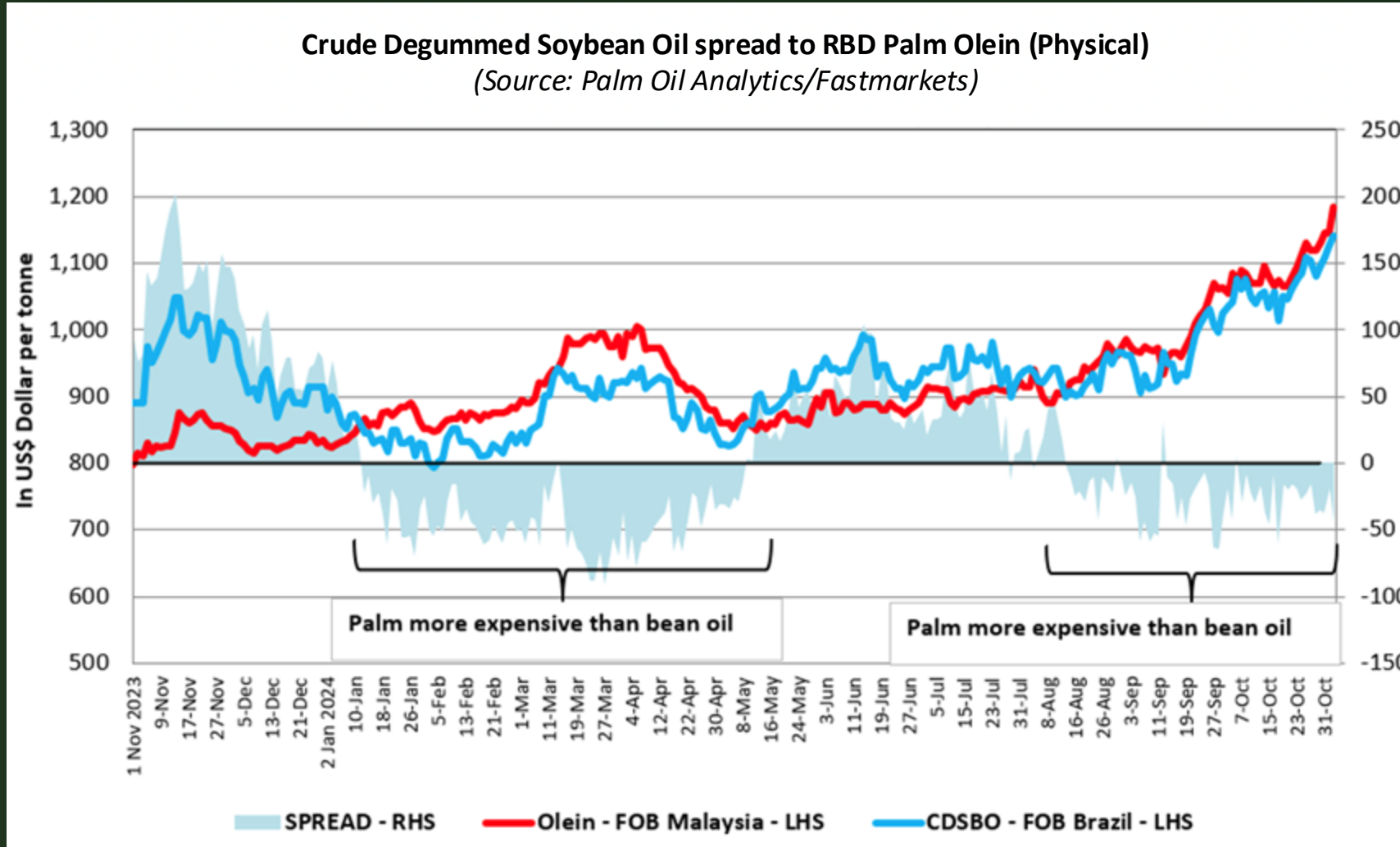


Benchmark CPO Futures active daily close price
(Source: Bursa Malaysia Derivatives)



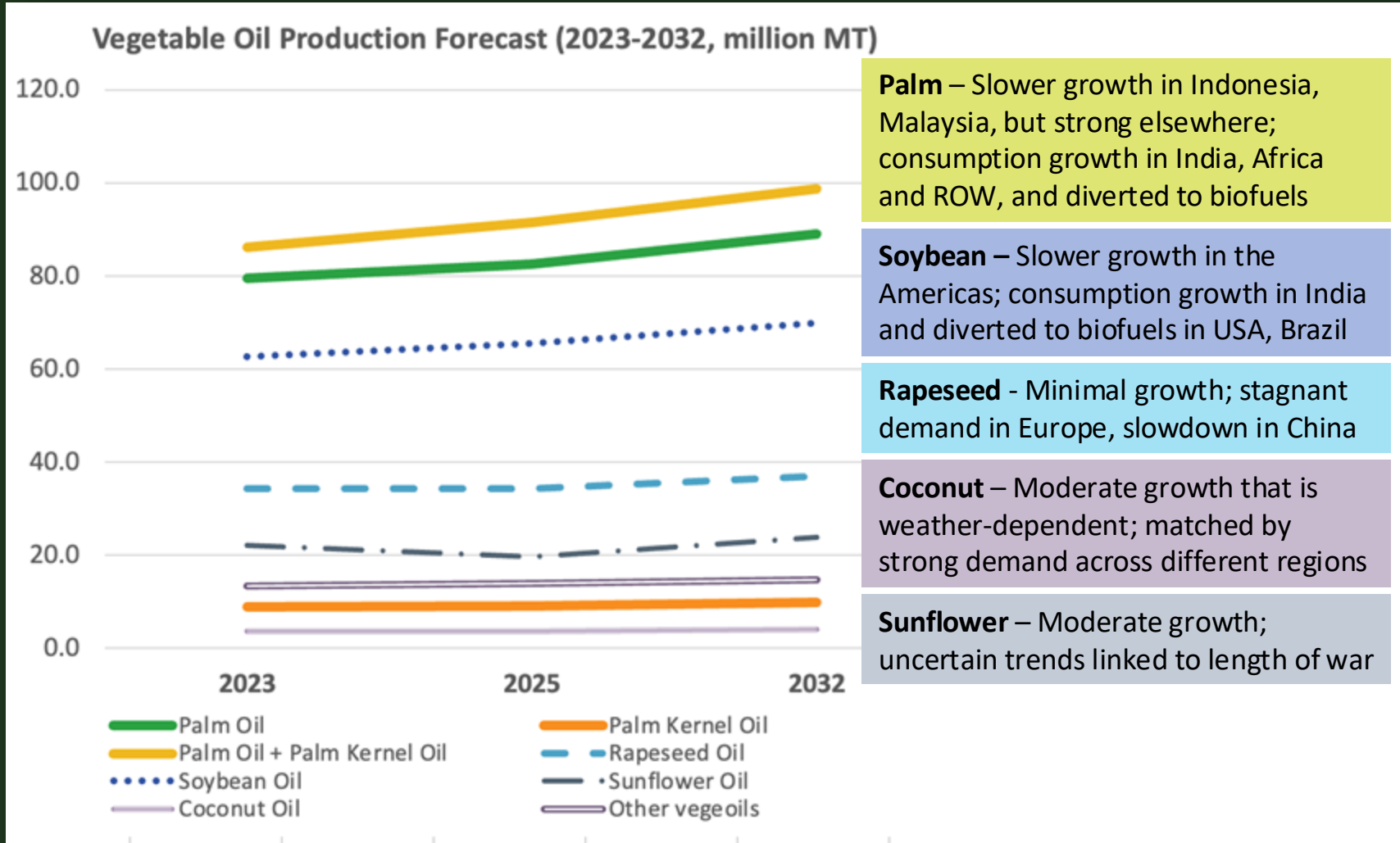
- Within palm oil, the reference global benchmark price for CPO has also fluctuated significantly
- CPO prices improved in 2021 with post-COVID-19 rebound, particularly in 2H 2021 as lockdowns were gradually lifted
- CPO prices spiked in 1H 2022 with escalation of the Russo-Ukraine War impacting sunflower oil trade and exports, normalising to around the MYR4,000 in 2H 2022
- Since then, CPO prices have stayed at this level consistently well above pre-2020 averages

Shifting Dynamics – Palm and Soybean Oil



- The 2023-2024 inertia in palm oil prices is noticeable when compared to soybean oil
- Pre-2020, palm olein typically traded at a US\$90-100/MT discount to crude degummed soybean oil (CDSBO); generally accepted as a trigger point for discretionary blending switching
- This pattern upended in 2023-2024; at times, olein has traded at large premiums to CDSBO – once thought unusual
- For Q3 2024, olein and CDSBO at near parity, yet with minimal effects on palm exports
- Convergent excess supply of soy and strong palm demand

Vegetable Oils Production – Future Trends



Palm – Slower growth in Indonesia, Malaysia, but strong elsewhere; consumption growth in India, Africa and ROW, and diverted to biofuels

Soybean – Slower growth in the Americas; consumption growth in India and diverted to biofuels in USA, Brazil

Rapeseed - Minimal growth; stagnant demand in Europe, slowdown in China

Coconut – Moderate growth that is weather-dependent; matched by strong demand across different regions

Sunflower – Moderate growth; uncertain trends linked to length of war

- Forecasts for global vegetable oil production through 2032 indicate continued but slowing growth in most oils, and shifts in consumption and usage
- China and India, key engines of consumption growth, will diverge as market drivers
- Slowdown, a maturing economy and shrinking population in China limits growth (rapeseed, soy)
- Population and economic growth will drive food consumption in India (palm, soy)
- Shift in usage from food to biofuels in Indonesia (palm) and USA, Brazil (soy)

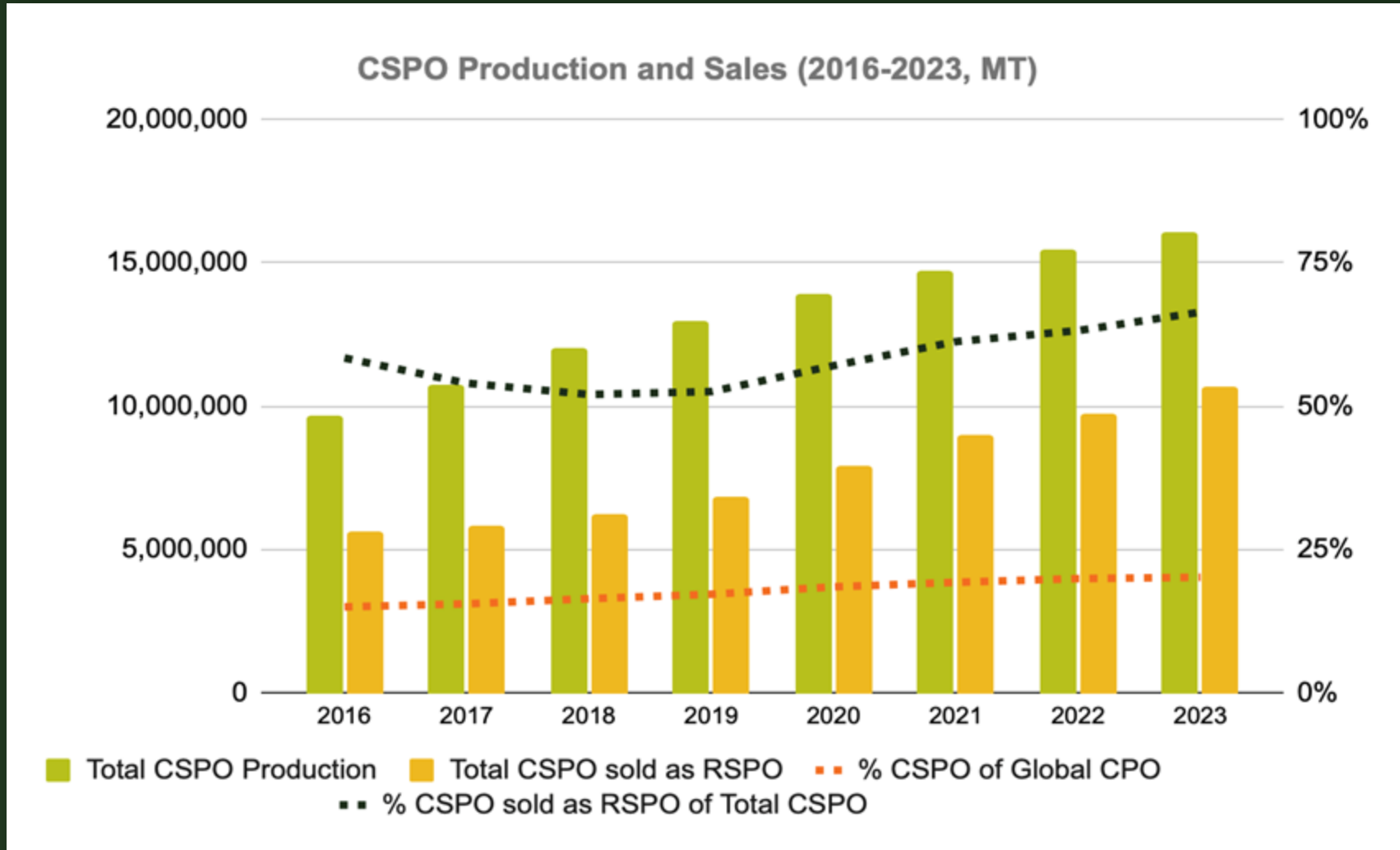


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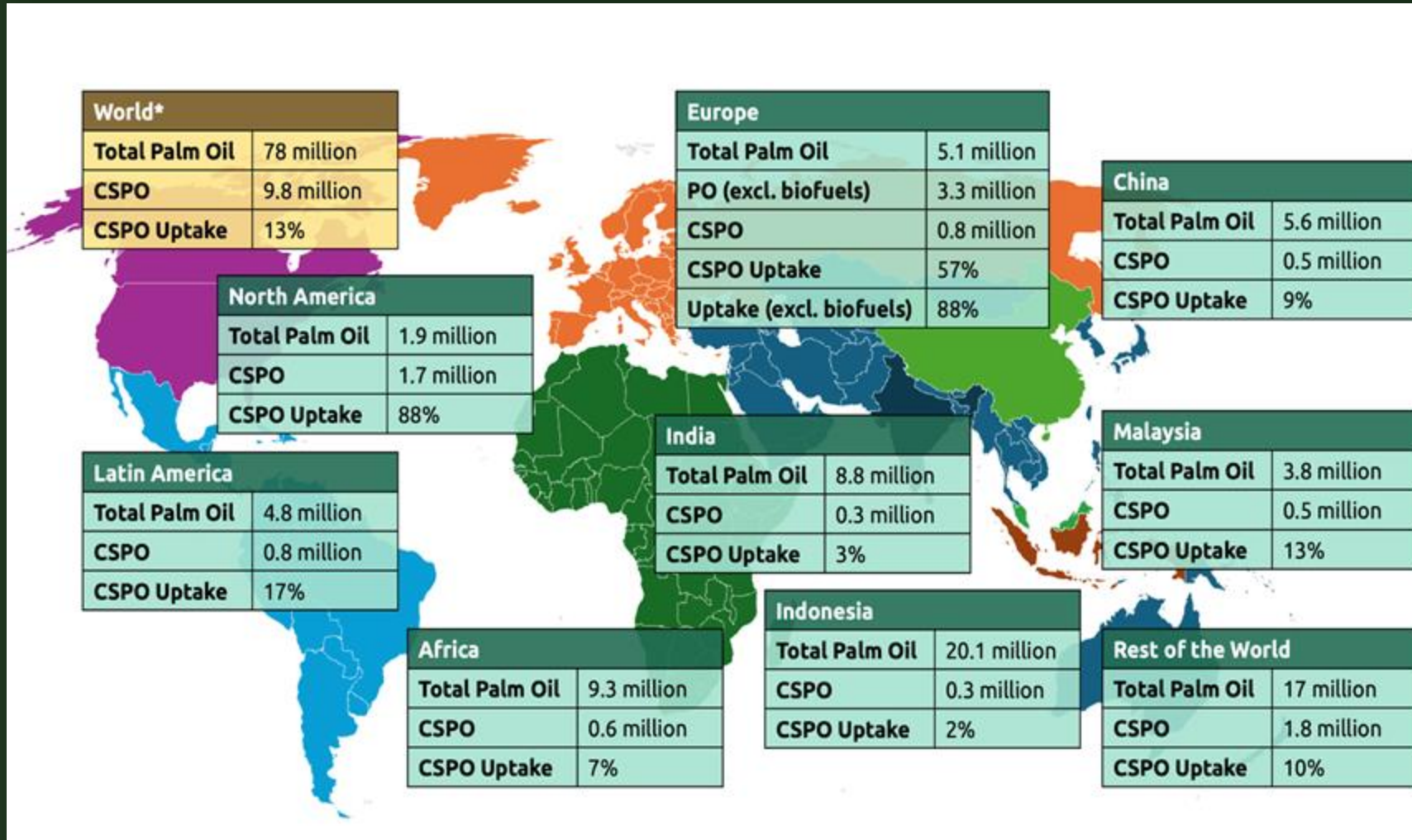
Certified Sustainable Palm Market Trends

RSPO: CSPO Market Trends



- Total CSPO Production has grown from 9.6 million MT in 2016 to 16 million MT in 2023
- In terms of global production, CSPO share of production has grown from 15% in 2016 to 20% in 2023, keeping with growing overall production since 2021
- Total CSPO produced that is sold as RSPO (physical or Credits) has grown from 5.6 million MT in 2016 to 10.6 million MT in 2023
- In terms of share, CSPO sold as RSPO has grown from 58% in 2016 to 66% in 2023
- CSPO sold under other schemes has declined, considerable volumes still sold as conventional

RSPO: CSPO Regional Dynamics



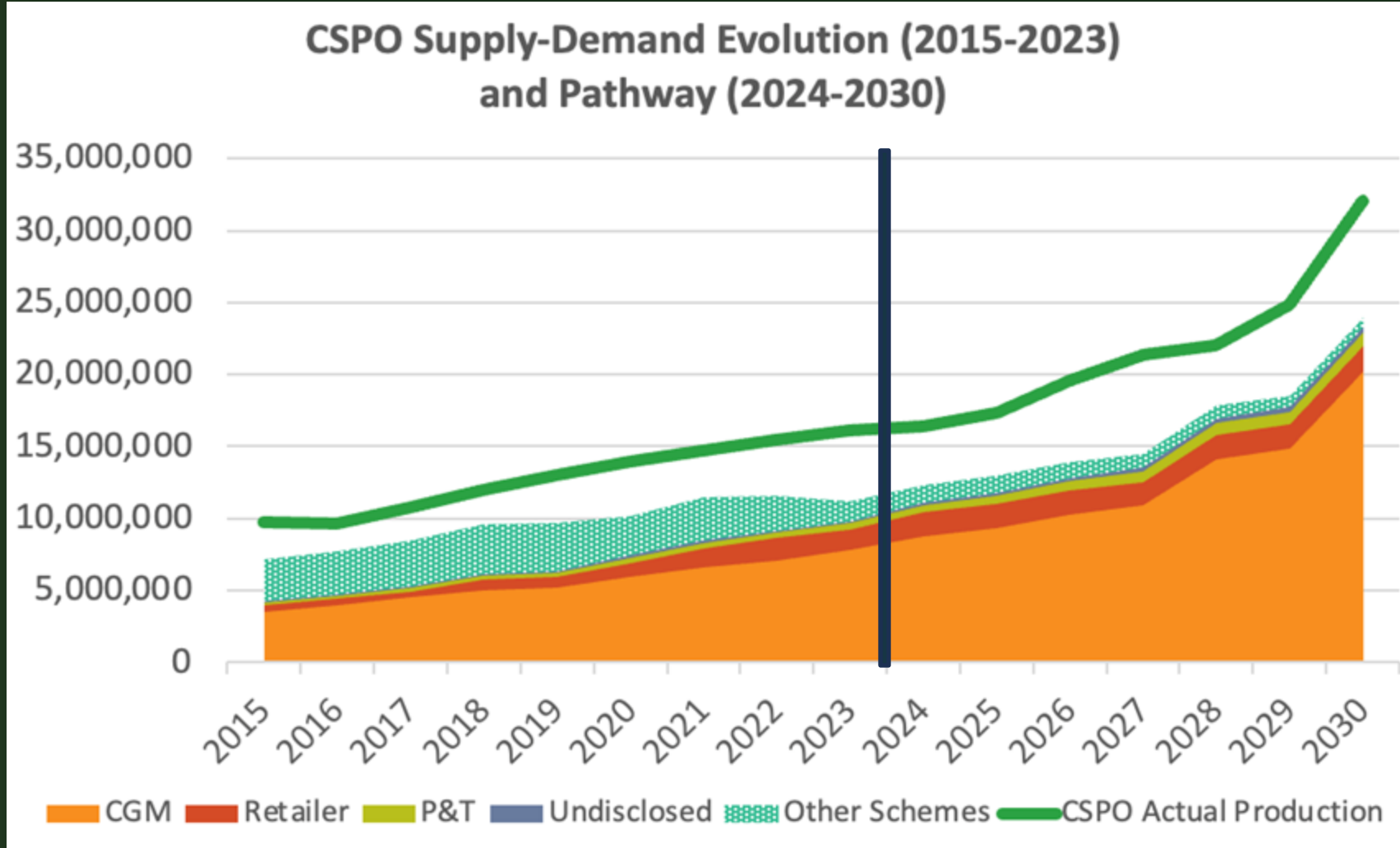
- In terms of CSPO used in final consumer or industrial products, leakages along the supply chain reduces CSPO consumption to 9.8 million MT, or 13% of global palm oil consumption in 2023

- CSPO uptake is highest in Europe and North America (88%)
- CSPO uptake is growing steadily (from a lower base) in Malaysia, Latin America and China

- Price sensitivities in India and high biofuels usage in Indonesia limit CSPO uptake growth, though actual volumes are rising

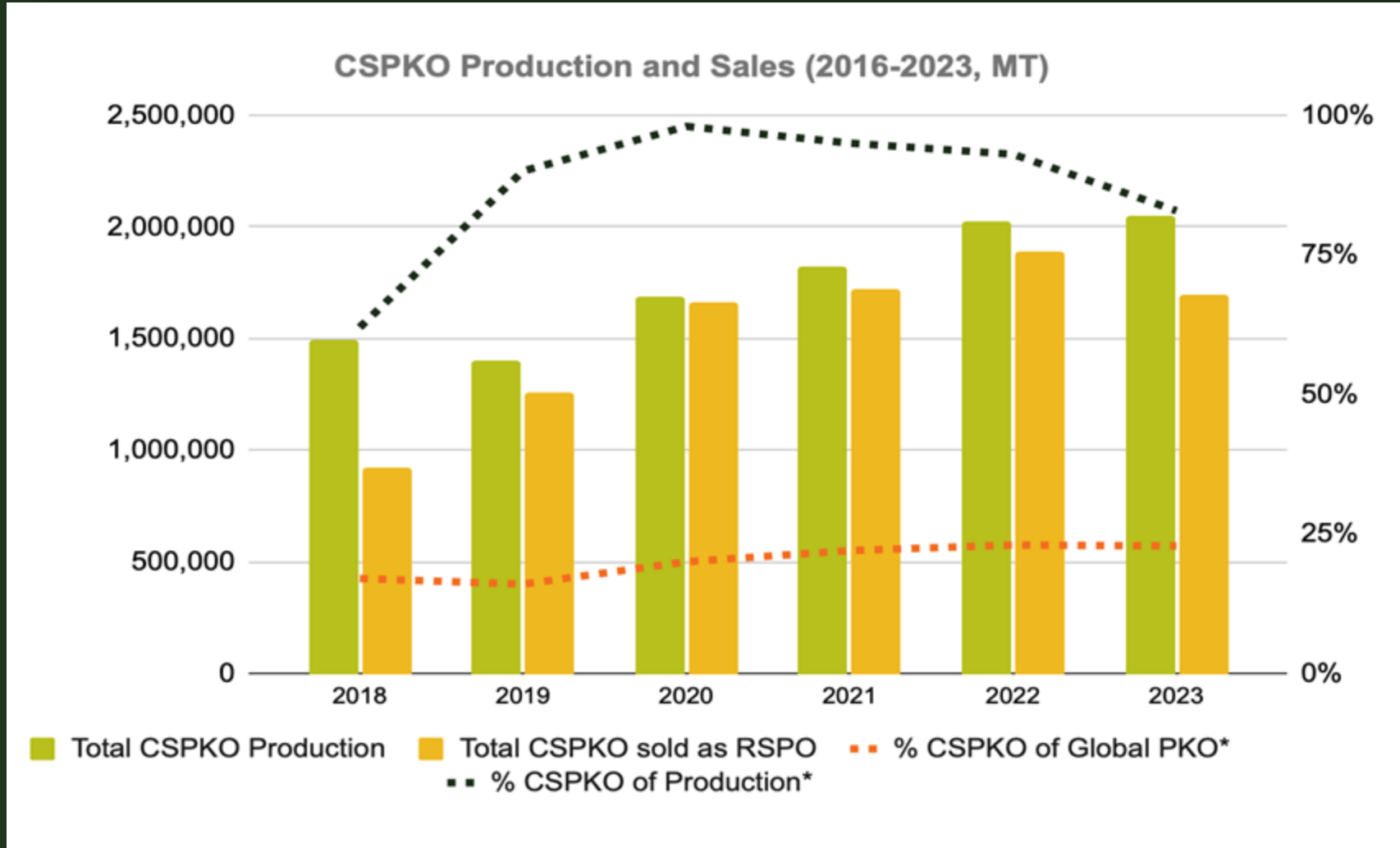
- CSPO uptake in Africa and ROW is generally localised, to South Africa, Japan, Australia, Thailand

RSPO: CSPO Supply/Demand Balance



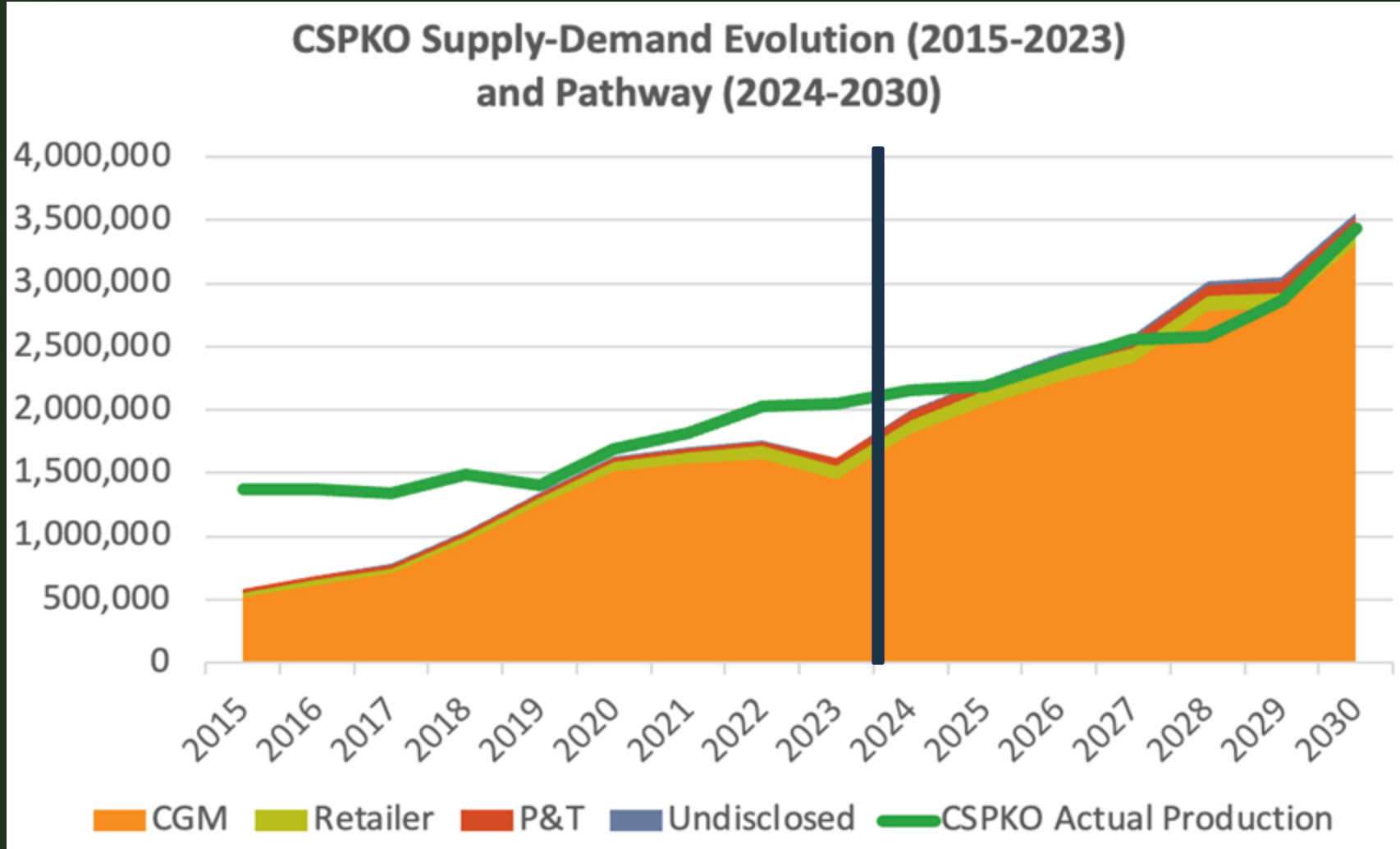
- There is a consistent gap between CSPO Production and Consumption; CSPO sold under other schemes accounts for only part of this gap
- Shared Responsibility has been a driver of rising consumption since 2020, specifically cited by some members as a reason
- Based on each member's remaining uncertified portion of PO volumes and their ACOP Time Bound Plans to achieve 100% certified production or consumption, the supply-demand gap in CSPO will persist to 2030
- Expansion of membership in key markets needed to close the gap

RSPO: CSPKO Market Trends



- Market dynamics in CSPKO in recent years are markedly different from CSPO
- Since 2019, the market has become tighter with demand exceeding supply
- Especially in 2020-2022, when COVID-19 caused a surge in CSPKO demand for pharmaceutical and hygiene applications; structural lags in responding to market signals caused a supply crunch
- Market dynamics in CSPKO have eased since 2H 2023, and have largely normalised, but there is still more demand than supply

RSPO: CSPKO Supply/Demand Balance



- 2020-2023 CSPKO supply crunch more clearly shown here
- There is still more demand than there is supply; if consumption of CSPKO for final consumer and industrial goods keeps pace with TBP targets, the CSPKO market will remain tight through to 2030
- CSPKO supply did react to market signals in 2021/2022, but with structural lags in shifting sourcing behaviour and certifying new kernel crushing operations
- Between Dec 2019 and Dec 2023, 57 new crushers were certified; some not yet be reflected in the data, potentially easing upcoming tightness

In summary



Production of palm oil will continue to grow although the major producer countries may see a slowdown; improving yields will take priority of expansion of production area

Demand for palm oil will continue to grow with an increasing human population and welfare.

Price fluctuations in palm oil & palm kernel oil have generally normalised in 2024 after severe disruptions, i.e. COVID, wars, droughts, introduction of legislations, and cost of living crisis. However, there are **more uncertainties ahead that may impact short-term and longer-term price trends** - impending regulations, potential tariffs, changing weather patterns, macroeconomic trends, etc.

Supply and demand for Certified Sustainable Palm Oil continues to grow but we need faster growth in demand beyond our mature markets. For **Certified Sustainable Palm Kernel Oil, tight supply is projected to be met by demand** so more emphasis should be placed on increasing supply.

The image features two glowing wireframe spheres on a dark green background. The larger sphere is positioned in the upper left, and a smaller one is below it. Both spheres are composed of interconnected white lines forming a mesh, with bright yellow and green light emanating from their surfaces. Small, glowing particles are scattered around the spheres, and a soft green glow is visible at the bottom center. In the upper right, there is white text: 'RT2024' in a large font, 'AN EVENT BY RSPO' in a smaller font below it, a vertical line separator, and 'PARTNERS FOR THE Next20' where 'Next20' has a stylized '20' with a circular arrow.

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Thank you