LEADERSHIP BRIEF – PALM OIL DIVERSIFICATION

Supplier Concentration Analysis & Diversification Strategy

Total Category Spend 2025: USD 864,000

CURRENT STATE – SUPPLIER CONCENTRATION RISK

Metric	2025 Original
Supplier	Indo Palm Corp
Supplier Location	Indonesia
Spend Share	100%
Key Risk	Extreme single-supplier lock-in and APAC supply corridor dependency

OVERALL RISK STATEMENT

Our current palm oil procurement is sourced entirely from Indo Palm Corp, representing 100% of the total category spend (USD 864,000 in 2025). All suppliers operate from Indonesia. We currently do not source palm oil from Mediterranean Oils, an already approved Edible Oils supplier in our system with operational presence across Spain, Ukraine, Malaysia, USA. This creates both a critical single-supplier dependency risk and a correlated geographic concentration risk. It is recommended to activate palm oil with Mediterranean Oils to offset this dependency, introduce price competition, diversify geographic exposure, and enable alternate logistics routing, while continuing optimization and quarterly rebalancing.

STRATEGIC OUTCOME

- Reduce single-supplier concentration from 100% to 60% in Phase 1
- Activate 40% of spend via incumbent supplier (Mediterranean Oils) with multi-region presence
- Improve pricing leverage through supplier competition
- Reduce southeast asia supply corridor risk by ~25%
- Achieve estimated annual cost advantage of USD 31,104–77,760 while improving supply continuity

NEXT STEPS

1. Activate palm oil with Mediterranean Oils
2. Initiate 8–12 week pilot allocations
3. Benchmark pricing and delivery quarterly
4. Continue phased reduction based on pilot performance