

Particulars

About Your Organisation

1.1 Member Name

Stepan Company

1.2 Membership number

2-0248-11-000-00

1.3 Membership sector

Palm Oil Processors and/or Traders

1.4 Membership category

Ordinary

1.5 Country

United States

2.0 Does your company or organisation produce, process, consume or sell any palm oil or any products containing derivatives of palm oil?

Yes

2.1 Please select all description(s) that describe the palm oil-related activities of your company or organisation. Multiple selections are allowed, and not limited to the primary sector of the member's RSPO membership. You will be required to complete the relevant ACOP section based on your selection(s).

- I own and operate oil palm estate(s) and/or palm oil mill(s)
- I represent a palm oil Independent Smallholder farmer Group
- I own and operate independent palm oil mills
- I own and operate independent palm kernel crushing plants
- I trade or broker palm oil, palm kernel oil or related products
- I am a refiner of palm oil or palm kernel oil
- I am a processor of intermediate (B2B) palm oil, palm kernel oil or related ingredients
- I am a B2B distributor or wholesaler of palm oil, palm kernel oil or related products
- I manufacture consumer (B2C) products containing palm oil, palm kernel oil or related products. This includes products manufactured by 3rd party contractors.
- I retail consumer (B2C) products containing palm oil, palm kernel oil or related products
- I operate food retail outlets that use palm oil, palm kernel oil or related products
- I support the sustainable development of the palm oil industry as a conservation and environmental NGO
- I support the sustainable development of the palm oil industry as a social and human development NGO

Processors & Traders

1. Operational Profile

1.1 Please state your company's main activity within the palm oil supply chain.

- Refiner of CPO and PKO
- Palm Kernel Crusher
- Trader with Physical Possession
- Trader without Physical Possession
- Integrated Refiner-Trader-Processor
- Intermediate Products Producer
- Power, Energy and Biofuel Processor
- Animal Feed Producer
- Oleochemicals Producer
- Distribution & Logistics
- Other

Other

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2. Palm Oil and Certified Sustainable Palm Oil Consumption

Information in Section 2.0 - Palm Oil and Certified Sustainable Palm Oil Sourcing is a mandatory declaration in your ACOP. This includes volume data on palm oil, palm kernel oil and related products consumed of individual members, sectors and RSPO members as a whole. ACOP reports without reported volume data will be considered as incomplete and will not be accepted. Incomplete ACOP reports may lead to suspension or termination of RSPO membership.

2.1 Please include details of all certified and uncertified operations using palm oil, palm kernel oil and related products, owned and/or managed by the member and/or all entities that belong to the group.

Stepan is a manufacturer of surfactants, polymers, specialty products and chemical intermediaries. Within our surfactant and specialty products business segments, we utilize palm kernel oil derivatives and are able to offer mass-balance certified versions of our products across our regions of operation. For a smaller portion of business we sometimes utilize palm oil derivatives, also with the option for mass-balance certified for interested customers.

Our production facilities convert palm kernel oil derivatives into intermediate ingredients for the production of food and/or non-food products. Our RSPO certified facilities are located in the United States (Anaheim, CA; Fieldsboro, NJ; Maywood, NJ; Millsdale, IL; Winder, GA); Ecatepec, Mexico; Manizales, Colombia; Vespasiano, Brazil; Bauan Batangas, the Philippines; Voreppe, France; Stalybridge, UK; and Harlem, the Netherlands.

2.1.1 In which markets do you sell goods with palm oil and palm oil -related products?

Europe, North America, China, Latin America, Rest of the World

DL.2.0 In order to facilitate ease of reporting and transparency, RSPO members operating within the palm oil demand supply chain can now choose to report palm oil and palm oil product volumes on:

an aggregate level (as in previous ACOP reporting cycles)

2.2 Volumes of uncertified and certified palm oil, palm kernel oil and related product sourced in the year

Description	Tonnes
Crude palm oil, including derivatives refined from CPO (tonnes)	12800.0
Crude palm kernel oil, including derivatives refined from CPKO (tonnes)	130377.0
Crude palm kernel expeller (tonnes)	0.0
Total	143177

2.3 Volume of RSPO-certified palm oil, palm kernel oil and related products sourced in the year (tonnes):

Description	Crude Palm Oil (CSPO) and CSPO Derivatives	Crude Palm Kernel Oil (CSPKO) and CSPKO Derivatives	Palm Kernel Expeller (CSPKE)
RSPO Credits from Mill / Crusher	0.0	0.0	0.0
RSPO Credits from Independent Smallholder	0.0	0.0	0.0
Mass Balance (MB)	7208.0	31160.0	0.0
Segregated (SG)	0.0	0.0	0.0
Identity Preserved (IP)	0.0	0.0	0.0
Total	7208.0	31160.0	0.0

2.4 According to the volume information you have provided in Question PT.2.2 and Question PT.2.3, your company's certified palm oil, palm kernel oil and related products uptake is:

26.80%

2.4.1 Please provide additional information on your certified palm oil, palm kernel oil and related products uptake calculated in PT.2.4. This may include changes due to business environment, evolving nature of operations or variations due to stock positions

Stepan increased the absolute volume of RSPO certified palm material purchased over last year by about 30%, however we also saw a significant in demand for non-certified material due to the pandemic. This shift resulted in a decrease in the percentage of our total palm material that is RSPO certified in 2020.

2.5 What is the estimated percentage of Certified Sustainable Palm Oil in the palm oil, palm kernel oil and related products sold, traded or processed by your company in the following regions:

Countries/Regions	Percentage
Europe	32.0
North America	22.0
Malaysia	0.0
Indonesia	0.0
China	0.0
India	0.0
Latin America	39.0
Africa	0.0
Rest of World	7.0

3. TimeBound Plan

3.1 Which year did your company achieve/obtain (or expects to achieve/obtain) the RSPO supply chain certification or RSPO trader/distributor licence?

2014

3.2 Which year did your company start (or expect to start) to source any RSPO-certified palm oil and oil palm products?

2015

3.2.1 If the previous target year has not been met, please explain why.

Stepan has achieved this goal.

3.3 Which year did your company achieve (or expects to achieve) 100% RSPO certification of all palm product processing facilities.

2022

3.3.1 If the previous target year has not been met, please explain why.

Stepan has not seen customer interest in RSPO certified products in our remaining sites that utilize or can use palm based material. Our goal continues to be to certify all of our sites, but we will do so based on customer interest in certified material.

3.4 Year expected to only source 100% RSPO-certified palm oil and oil palm products.

2023

3.4.1 If target has not been met, please explain why.

Stepan saw a steady increase in customers looking for RSPO certified material, however we have not seen a commitment from enough of our customers to believe that we will achieve 100% use of certified material in 2021. Our commitment to handle 100% certified palm products is dependent upon customer interest and readiness to purchase these materials, as well as continued development of available PKO derivative supplies.

3.5 If the TimeBound Plan commitments declared above do not cover all countries in which the member operates, please explain why

Our goal does include all of Stepan facilities that handle palm based material. We will respond to market conditions and interest in RSPO certified material to drive our certification and sourcing decision across our operations.

4. Actions For Next Reporting Period

4.1 Please outline activities that your company will take in the coming year to promote the production or consumption of certified sustainable palm oil (CSPO)

Stepan Company continues to engage with our customers to meet their responsible sourcing goals. In addition to being supply chain certified, this includes having clear commitments for NDPE, engaging our supply chain on responsible sourcing issues, and working to facilitate supply chain transparency. We have worked to meet the criteria our customers have outlined so that we can be a preferred supplier of RSPO certified material.

Stepan maintains and promotes our Responsible Sourcing Policy, which defines our expectations for suppliers and aim to align with customer goals for responsible sourcing. We continue to support customers and distributors who are new to RSPO by providing information about our MB ingredients and also by promoting RSPO supply chain certification awareness. Stepan will continue to promote our RSPO engagement and global supply chain certifications in customer-facing tools, meetings with customers and colleagues, our website, and social media tools. We continue to engage our suppliers to identify sources and obtain volumes of needed CSPKO derivatives.

Shared Responsibility

The Board of Governors of the Roundtable on Sustainable Palm Oil approved new Shared Responsibility rules on 31 October 2019, requiring all members to share sustainability requirements and obligations. Reporting of Shared Responsibility indicators will be done through several channels, including ACOP. As the implementation of Shared Responsibility reporting is still on-going and in development, the Shared Responsibility section in ACOP is not yet final and may change in future ACOP cycles. For more information on Shared Responsibility, please go to <https://rspo.org/news-and-events/news/what-are-the-new-shared-responsibility-rules> or email the ACOP team at acop@rspo.org

Labour & Labour Rights

1.1 Does your company have a publicly-available policy covering Labour & Labour Rights?

Yes

1.1.1 Does the policy cover:

- No discrimination
- Wage and working conditions
- Freedom of association
- No child labour
- No harassment
- No forced or trafficked labour

Ethical Conduct & Human Rights

1.2 Does your company have a publicly-available Policy covering Ethical Conduct & Human Rights?

Yes

1.2.1 Does the policy cover:

- Recruitment
- Contractors
- Sub-Contractors & Third-Party Contractors

Land Use

1.3 Does your company have a publicly-available Policy covering Land Use?

Yes

1.3.1 Does the policy cover:

- Free Prior and Informed Consent (FPIC)
- Compensation

Occupational Health & Safety

1.4 Does your company have a publicly-available Policy covering Occupational Health & Safety?

Yes

Climate Change & Greenhouse Gas (GHG)

1.5 Does your company have a publicly-available policy covering Climate Change & Greenhouse Gas (GHG)?

Yes

1.5.1 Does the policy cover:

- Identification and assessment of GHG
- Monitored implementation plan to reduce or minimise GHG emissions

Complaints & Grievances

1.6 Does your company have a Complaints & Grievances Mechanism?

Yes

1.6.1 Is your Complaints & Grievance mechanism in line with the principles of the RSPO's grievance mechanism, which are the elements of fairness, transparency, and impartiality?

Yes

Smallholders

1.7 Does your company support oil palm independent smallholder groups?

No

1.7.3 Do you have any future plans to support oil palm Independent Smallholders?

No

1.7.4 Please explain why you are not planning to support oil palm independent smallholders

We have evaluated potential projects in the past few years and we may consider it over the next few years, but we don't currently have specific plans in place.

Sustainable Palm Oil Policy

1.8 Does your company have a publicly-available Policy covering the implementation of RSPO Shared Responsibility principles?

No

Waste Management

1.9 Does your company have a waste management plan?

Yes

Water Management

1.10 Does your company have a water management plan?

Yes

Energy Use

1.11 Does your company have an energy use plan covering fossil fuels and renewable energy?

Yes

RSPO Services and Support

1.12 Does your company provide services and support to the RSPO, eg. participation in RSPO Working Groups and Task Forces

No

Shared Responsibility Resourcing

1.13 Does your company have a plan to commit resources to ensure effective implementation of RSPO Shared Responsibility principles?

No

Challenges and Support

1.1 What significant obstacles or challenges has your company encountered in the promotion of certified sustainable palm oil (CSPO)? What efforts has your company taken to address these obstacles or challenges?

- Awareness of RSPO in the market
- Difficulties in the certification process
- Certification of smallholders
- Competition with non-RSPO members
- High costs in achieving or adhering to certification
- Human rights issues
- Insufficient demand for RSPO-certified palm oil
- Low usage of palm oil
- Reputation of palm oil in the market
- Reputation of RSPO in the market
- Supply issues
- Traceability issues
- No challenges faced
- Others

Others

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1.2 In addition to the actions already reported in this ACOP report, what other ways has your company supported the vision of the RSPO to transform markets to make sustainable palm oil the norm?

- Engagement with business partners or consumers on the use of CSPO
- Engagement with government agencies
- Promotion of CSPO outside of RSPO venues such as trade workshops or industry associations
- Promotion of physical CSPO
- Providing funding or support for CSPO development efforts
- Research & Development support
- Stakeholder engagement
- No actions taken
- Others

Others

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1.3 If your company has any other publicly-available reports or information regarding its palm oil-related policies and activities, please provide the links here

<https://www.stepan.com/content/stepan-dot-com/en/sustainability/third-party-partnerships.html>