

## 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 the palm oil-related activity(ies) that describe your company or organisation as multiple selections are allowed. ACOP reporting is 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)
- ☐ I represent a palm oil Independent Smallholder farmer Group
- ☐ I own and operate palm oil mills
- ☐ I own and operate palm kernel crushing plants - Processors and/or Traders
- ☐ I trade or broker palm oil, palm kernel oil or related products - Processors and/or Traders
- ☐ I am a refiner of palm oil or palm kernel oil - Processors and/or Traders
- ☒ I am a processor of intermediate (B2B) palm oil, palm kernel oil or related fractions/derivatives - Processors and/or Traders
- ☐ I am a B2B distributor or wholesaler of palm oil, palm kernel oil or related products - Processors and/or Traders
- ☐ I manufacture final consumer (B2C) products containing palm oil, palm kernel oil or related products. This includes products manufactured by 3rd party contractors - Consumer Goods Manufacturers
- ☐ I retail final consumer (B2C) products containing palm oil, palm kernel oil or related products - Retailers
- ☐ I operate food retail outlets that use palm oil, palm kernel oil or related products - Retailers
- ☐ I am a conservation and environmental NGO supporting the sustainable development of the palm oil industry
- ☐ I am a social and human development NGO supporting the sustainable development of the palm oil industry

## 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 personal care, health and wellness, cleaning, and numerous other uses, including some food products. Our RSPO certified facilities are located in the United States (Anaheim, CA; Fieldsboro, NJ; Maywood, NJ; Millsdale, IL; Winder, GA); Ecatepec, Mexico; Matamoros, Mexico; Manizales, Colombia; Vespasiano, Brazil; Salto, Brazil; Bauan Batangas, the Philippines; Voreppe, France; Stalybridge, UK; and 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 Total volume of RSPO-certified (IP, MB, SG and RSPO Credits/Book and Claim) and Non RSPO-certified palm oil, palm kernel oil and related product sourced in the year**

<b>Description</b>	<b>Tonnes</b>
Crude palm oil, including derivatives refined from CPO (tonnes)	16862.00
Crude palm kernel oil, including derivatives refined from CPKO (tonnes)	52265.00
Crude palm kernel expeller (tonnes)	0.00
<b>Total</b>	<b>69127.00</b>

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

<b>Description</b>	<b>Crude Palm Oil (CSPO) and CSPO Derivatives</b>	<b>Crude Palm Kernel Oil (CSPKO) and CSPKO Derivatives</b>	<b>Palm Kernel Expeller (CSPKE)</b>
RSPO Credits from Mill / Crusher	0.00	0.00	0.00
RSPO Credits from Independent Smallholder	0.00	0.00	0.00
Mass Balance (MB)	6886.00	10985.00	0.00
Segregated (SG)	0.00	0.00	0.00
Identity Preserved (IP)	0.00	0.00	0.00
<b>Total</b>	<b>6886.00</b>	<b>10985.00</b>	<b>0.00</b>

**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:**

25.85%

**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**

NOTE: the auto-calculated field above is a mistake. The denominator should be the total RSPO certified volume plus the conventional volume of palm. Currently the denominator does not include conventional volumes, so the percentage shown is too high. Stepan's 2024 certified palm uptake was 20.5%.

**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	37
North America	19
Malaysia	0
Indonesia	0
China	0
India	0
Latin America	20
Africa	0
Rest of World	25

### 3. TimeBound Plan

**3.1 Which year did your company achieve (or expects to achieve) 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.**

We have sourced certified materials since 2015.

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

2025

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

Stepan has certified all of our active manufacturing facilities that handle palm oil. This year we will work to certify a new manufacturing facility that is expected to come online in 2025.

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

2030

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

We have indicated 2030, however setting a specific date is difficult due to various factors. Stepan utilizes PO and PKO derivatives and we have seen an increase in customers who are looking for RSPO certified material since our first certification, however uptake can vary year over year and achieving 100% sourcing of RSPO certified material is challenged by supply chain impacts that affect availability and pricing, as well as other influences. In addition, other regulations (such as EUDR) create additional requirements that may affect customer needs. Stepan is fully committed to delivering the RSPO certified products that our customers are looking for, and we continue to take actions to ensure our ability to meet the market demand for certified products based on PO and PKO derivatives.

**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 have certified sites in all our regions of operation and in 2025 will work to certify a new facility that will come online in 2025.

#### 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)

- ☐ Participation in RSPO Working Group or Task Forces
- ☐ Support Independent Smallholders (ISH)
- ☐ Contribute to the RSPO Smallholder Trainer Academy
- ☐ Financial contribution to the RSPO Smallholder Support Fund
- ☐ Direct investments in Smallholder Certification projects
- ☐ Involvement/direct investments in Jurisdictional/Landscape approach
- ☐ Direct/collective investments in conservation and restoration initiatives
- ☐ Financial contribution to support members with Remediation and Compensation (RaCP) process, direct/collective investments in conservation and restoration initiatives
- ☐ Allocating FTE to promote the production or consumption of certified sustainable oil palm products
- ☒ Specific policies and action plans by the member to promote CSPO production or consumption in the upstream or downstream supply chain, including target dates or broader policies that include such efforts
- ☐ No activities planned
- ☒ Others

Other

Stepan Company engages with our customers to meet their responsible sourcing goals. In addition to being supply chain certified, this includes engaging our supply chain on responsible sourcing issues and working to facilitate supply chain transparency. Stepan maintains and promotes our Responsible Sourcing Policy and our Third Party Code of Conduct which define our expectations for suppliers and aims 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 meetings with customers and colleagues, through our website, and on social media. We also engage our suppliers to identify sources and obtain volumes of needed CSPKO derivatives. In early 2023 Stepan joined ASD with the goal of increasing our understanding of our supply chain and promoting supply chain transparency. ASD represents companies that use PKO derivatives and focuses on issues within that supply chain. With the new EU Deforestation Regulation, Stepan is working to understand impacts to our supply chain and we are engaging our suppliers to discuss availability of compliant volumes. This is expected to result in possible disruptions and/or impacts, but with some details of the requirements still unclear, the impacts are not clearly understood.

## 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

Concern over connection to deforestation is a growing topic for our customers. Concern over human and labor rights issue also remains a concern. We advocate for RSPO certified products as an approach to promote best practices through clearly defined expectations and a governance structure that supports effective management. Emerging regulations may create new priorities for our customers, and we may see a shift in needs from our customers in response.

### 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?

- ☐ Communication and/or engagement to transform the negative perception of palm oil
- ☒ Engagement with business partners or consumers on the use of CSPO
- ☐ Engagement with government agencies
- ☒ Engagement with peers and clients
- ☐ Promotion of CSPO through off product claims
- ☐ 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

Stepan joined Action for Sustainable Derivatives in early 2023. Through that organization we work to support improved traceability of palm supply chains and effective engagement of supply chain partners for shift toward best practices. ASD collaborates with RSPO and other organizations on behalf of its member companies.



**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://stepan.gcs-web.com/2023-Sustainability-Report>

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