

Particulars

About Your Organisation

1.1 Name of your organisation

Stepan Company

1.2 What is/are the primary activity(ies) or product(s) of your organisation?

- Palm Oil Grower
- Processor and/or Trader
- Consumer Goods Manufacturer
- Retailer
- Bank and/or Investor
- Social and/or Development NGO
- Environmental and/or Conservation NGO
- Affiliate

1.3 Membership number

2-0248-11-000-00

1.4 Membership category

Palm Oil Processors and/or Traders

1.5 Membership sector

Ordinary

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
- Food and Non-Food Ingredients 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 - Palm Oil and Certified Sustainable Palm Oil Sourcing is a mandatory declaration in your ACOP. This includes volume data on palm oil and palm oil products consumed, to enable the RSPO to accurately calculate uptake on a member, sector and total level. ACOP reports without reported volume data will be considered incomplete and will not be accepted.

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

Production facilities converting palm kernel oil derivatives into intermediate ingredients for the production of food and/or non-food products. Our certified facilities are located in the United States, Mexico, Colombia, Brazil, the Philippines, and Europe.

2.1.1 In which countries does your company sell goods with palm oil and palm oil products?

Brazil ,Canada ,Colombia ,France ,Germany ,Mexico ,Netherlands ,Philippines ,United Kingdom ,United States

2.2 Total volume of all palm oil and palm oil products sourced in the year:

Description	Tonnes
Crude palm oil, including derivatives refined from CPO (tonnes)	233.5
Crude palm kernel oil, including derivatives refined from CPKO (tonnes)	75350.0
Crude palm kernel expeller (tonnes)	0.0
Total	75583.5

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

Description	Crude Palm Oil (CPO) 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)	0.0	28744.0	0.0
Segregated (SG)	0.0	0.0	0.0
Identity Preserved (IP)	0.0	0.0	0.0
Total	0.0	28744.0	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 and palm oil products uptake is:

38.03%

2.5 What is the estimated percentage of Certified Sustainable Palm Oil in the palm oil and palm oil products sold by your company in the following regions:

Countries/Regions	Percentage
Europe	38.0
North America	21.0
Malaysia	0.0
Indonesia	0.0
China	0.0
India	0.0
Latin America	30.0
Africa	0.0
Rest of World	11.0

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 for PT.3.2 has not been met, please explain why.

Stepan did meet this expectation.

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

2021

3.3.1 If the previous target year for PT.3.3 has not been met, please explain why.

We have certified all but one of our facilities that handle palm material, representing 92% of relevant sites. Our expectation was to have all sites certified by 2020, but we have not had business interest for certified material from the last of our facilities to be certified. We will certify that site, achieving 100% RSPO certification of our facilities, when we have customers indicating an interest in purchase of MB material, and expect that will happen by 2021.

3.4 Which year did your company begin (or expects to begin) sourcing only 100% RSPO-certified palm oil and oil palm products.

2023

3.5 If the TimeBound Plan commitments declared above do not cover all countries in which the member sells goods with palm oil or palm oil products, please explain why

While we have seen a steady increase in the volumes of certified material being requested, we have not seen the level of commitment from our customers to enable handling 100% RSPO certified material. 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.

3.6 How does your company proactively promote RSPO and RSPO-certified sustainable palm oil and oil palm products to your customers?

Stepan continues to engage customers on our ability to offer RSPO certified ingredients through direct customer communications, our website, industry meetings, and social media. We work to support our customers and distributors in their efforts to understand requirements related to supply chain certification. Stepan strives to keep all employees informed of RSPO related updates and trends through internal communications and training, to enable effective engagement with our suppliers and customers. We also work with our suppliers to communicate expectations and needs related to responsible, sustainable palm material production and procurement. In Stepan's Responsible Sourcing Policy, we clearly state our commitment to RSPO goals and standards, and we encourage our customers to support the transition to responsible and sustainable supply chains through adherence to those commitments.

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. In 2019 Stepan released an updated 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, industry meetings, our website, and social media tools. We continue to engage our suppliers to identify sources and obtain volumes of needed CSPKO derivatives.

5. Shared Responsibility

The Board of Governors of the Roundtable on Sustainable Palm Oil (RSPO) 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

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

Yes

5.1.1 Does the policy cover:

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

5.1.2 Has your company previously uploaded or linked its Labour & Labour Rights policy in previous ACOP reporting cycles?

Yes

Ethical Conduct & Human Rights

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

Yes

5.2.1 Does the policy cover:

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

5.2.2 Has your company previously uploaded or linked its Ethical Conduct & Human Rights policy in previous ACOP reporting cycles?

Yes

Land Use

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

Yes

5.3.1 Does the policy cover:

- Free Prior and Informed Consent (FPIC)
- Compensation

5.3.2 Has your company previously uploaded or linked its Land Use policy in previous ACOP reporting cycles?

Yes

Occupational Health & Safety**5.4 Does your company have a publicly-available Policy covering Occupational Health & Safety?**

Yes

5.4.1 Has your company previously uploaded or linked its Occupational Health & Safety policy in previous ACOP reporting cycles?

No

Climate Change & Greenhouse Gas (GHG)**5.5 Does your company have a publicly-available policy covering Climate Change & Greenhouse Gas (GHG)?**

No

Complaints & Grievances**5.6 Does your company have a Complaints & Grievances Mechanism?**

Yes

5.6.1 Is your Complaints & Grievances mechanism in line with the RSPO's grievance mechanism? For details of the RSPO's grievance mechanism, please go to <https://askrspo.force.com/Complaint/s/>

Yes

Smallholders**5.7 Does your company support oil palm independent smallholder groups?**

No

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

No

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

We are many steps removed from smallholders in the palm supply chain, and do not currently have plans to initiate or engage in a project to directly support smallholders. Many of our suppliers or indirect suppliers engage to promote smallholder development in their sourcing area.

6. Challenges

6.1 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

Stepan is fully supportive of the RSPO mission to transition the market to responsible and sustainable palm oil. We do face questions from customers and some NGOs regarding the ability of certification programs to fully implement responsible practices and to ensure human and labor rights are met. We work closely with our customers to promote traceable supply chains, and encourage them to support further progress by engaging in the RSPO initiative. Some customers work for traceability without also engaging in certified supply chains, in part out of concern that certifications don't necessarily equate to alignment with NDPE commitments. The actions of RSPO over the past year or so have improved perceptions of the RSPO, strengthened the ability to identify breaches within the supply chain, and have also supported efforts to achieve traceability. Continued work on these commitments and initiatives should help to drive the changes needed in the palm supply chain and support shifts in public perception. If and when a shift from customers for fully certified volumes takes place, supply availability will likely be an issue.

6.2 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

We inform our customers of progress toward RSPO certification and of new ingredients available as mass balance certified. We engage directly with customers at meetings and conferences, as well as providing information through the internet and social media. We also provide guidance to our customers and our distributors on the requirements for RSPO membership, certification, and obtaining a license, through direct engagement. Our Third Party Code of Conduct and Responsible Sourcing Policy are available on our website in English.

6.3 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/sustainability.html>