

## Particulars

<b>Organisation Name</b>	Stepan Company
<b>Corporate Website Address</b>	http://www.stepan.com
<b>Primary Activity or Product</b>	Processor and/or Trader
<b>Related Company(ies)</b>	None
<b>Country Operations</b>	Brazil, Canada, Colombia, France, Germany, Mexico, Philippines, Poland, Singapore, United Kingdom, USA
<b>Membership Number</b>	2-0248-11-000-00
<b>Membership Type</b>	Ordinary Members
<b>Membership Category</b>	Palm Oil Processors and Traders
<b>Primary Contacts</b>	Kyle Montgomery <b>Address:</b> 22 West Frontage Road, Northfield, IL USA 60091  United States
<b>Person Reporting</b>	Charlotte Bryant

## Related Information

### Other information on palm oil:

Stepan Company supports the mission of the RSPO to make sustainable palm oil and palm oil derivatives the industry standard. We make customer needs our primary interest and are, therefore, responsive to changes in markets with regard to sustainable palm oil and derivatives. Stepan plans to work with our supply chain partners to begin purchasing PO and PKO derivatives from certified sustainable sources by 2015, provided the global supply chain continues to develop at the current pace. Further, we expect to begin the certification process of select Stepan manufacturing sites within this same time frame, based on current market trends.

<b>Reporting Period</b>	01 July 2012 - 01 July 2013
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## Palm Oil Processors and Traders

### Operational Profile

1. What are the main activities of your organisation?

- Ingredient manufacturer

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Other:

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### Operations and Certification Progress

2. Do you have a system for calculating how much palm oil and palm oil products you use?

No

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3. Total volume of all palm oil products handled in the year:

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3.1. Total volume of Crude Palm Oil handled in the year:

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3.2. Total volume of Palm Kernel Oil handled in the year:

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3.3. Total volume of other Palm Oil Derivatives and Fractions handled in the year:

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3.4. Total volume of all palm oil and palm oil derived products handled in the year:

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4. Volume of Crude Palm Oil that is RSPO-certified

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4.1. Book & Claim

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4.2. Mass Balance

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4.3. Segregated

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4.4. Identity Preserved

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**4.5. Total volume of Crude Palm Oil handled that is RSPO-certified:**

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**5. Volume of Palm Kernel Oil handled in the year that is RSPO-certified**

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**5.1. Book & Claim**

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**5.2. Mass Balance**

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**5.3. Segregated**

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**5.4. Identity Preserved**

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**5.5. Total volume of Palm Kernel Oil handled that is RSPO-certified**

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**6. Volume of all other palm-based derivatives and fractions handled in the year that is RSPO-certified**

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**6.1. Book & Claim**

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**6.2. Mass Balance**

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**6.3. Segregated**

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**6.4. Identity Preserved**

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**6.5. Total volume of palm-based derivatives and fractions handled that is RSPO-certified**

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**7. Do you ask your suppliers if the palm oil supplied comes from growers who disclose their GHG emissions within the RSPO P&C 5.6 & 7.8?**

No

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**Report on suppliers if the palm oil supplied comes from growers who disclose their GHG emissions within the RSPO P&C 5.6 & 7.8**

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## Time-Bound Plan

### 8. Date of first supply chain certification (planned or achieved)

2015

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### 9. Time-bound plan - Year expected to achieve 100% RSPO certification of all supply chains

2020

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### 10. What are your interim milestones towards achieving this RSPO certification commitment (year and progressive CSPO%)?

Stepan Company expects to begin the supply chain certification process, under the mass-balance model, by 2015. Stepan partners with customers to help them meet their milestones relating to CSPKO, and as such we will continue to evaluate our customer's needs and expectations through customer/supplier meetings and surveys in order to remain responsive in this process. We will work with our suppliers, as they move toward RSPO certification, to meet our customer needs.

Stepan strives to keep all employees informed of market trends and has created an e-learning tool that explains the RSPO, our use of PKO derivatives, market trends, and common customer inquiries on the matter. This tool is meant to facilitate information sharing with clients and suppliers as we move toward the use of CSPKO and supply chain certification. To date, 10% of Stepan employees have viewed this e-learning tool.

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### 11. Timebound plan - Year expected to only 'handle/supply' RSPO certified oil palm products

2025

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### 12. What are your interim milestones towards achieving this RSPO certification commitment (year and progressive CSPO%)?

In 2015, we expect to begin supplying CSPKO derivatives subject to supply and demand. We will set interim milestones at a later date, but our long-term target is to handle 100% RSPO certified PO/PKO derivatives by 2025. Stepan will continue to work with our supply chain partners to identify those suppliers that can provide CSPKO derivatives. If, through customer engagement, we see a demand for CSPKO derivatives prior to these dates, Stepan is prepared to begin purchasing certified sustainable material, assuming sufficient availability and competitive pricing for CSPKO derivatives.

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### 13. How do you promote RSPO and RSPO certified sustainable palm oil to your customers proactively?

Stepan continues to foster understanding and awareness of RSPO objectives through meetings with customers and suppliers, information sharing through surveys we receive from our customers, and company communications. We engage with our supply chain business partners to facilitate the needed certifications at select sites, so that we are prepared to meet market needs for sustainably produced products. Stepan seeks opportunities to advance the P&C of RSPO through engagement with the company's customers and suppliers who are likewise RSPO members. Stepan works to understand and communicate the availability of sustainable palm products, in particular, palm kernel oil derivatives for use in the production of the company's surfactants. We will also strive to position our company as a preferred source for surfactants containing sustainable palm oil derivatives. Stepan will follow the criteria for proper messaging of RSPO membership status and use of logos.

Stepan wants all employees to be informed about the RSPO and its mission as a way of ensuring we are best able to understand and meet our customer needs. Through e-learning presentations and company-wide newsletters and updates, we share relevant information on Stepan's commitment to and progress with the RSPO.

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### 14. Do you plan to use the RSPO trademark?

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### If yes, when do you plan to apply for the trademark license?

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**15. Which countries that your organization operates in do the above commitments cover?**

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### **Actions for Next Reporting Period**

**16. Outline actions that will be taken in the coming year to promote sustainable palm oil**

- Company-wide release of e-learning tool on RSPO, concerns relating to the oil palm industry, Stepan's position, and customer inquiries.
  - Company-wide Q&A to address RSPO-related questions and concerns from employees.
  - Release of presentation for use with customers on RSPO and Stepan's commitment to CSPKO.
  - Continued engagement with our suppliers and customers through surveys and meetings.
  - Further evaluation of supply chain certification process.
  - Selection of facilities for certification under mass-balance supply-chain model.
  - Identification of suppliers for CSPKO derivatives.
  - Informing customers of Stepan's plans for supplying CSPKO and for becoming mass-balance certified.
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**17. Does your company have a public commitment relating to the GHG emissions of your operations?**

No

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**Public commitment relating to the GHG emissions**

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**18. Does your company have a public commitment to only purchase palm oil from suppliers that disclose their GHG emissions?**

No

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**Public commitment to only purchase palm oil from suppliers that disclose their GHG emissions**

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### **Reasons for Non-Disclosure of Information**

**19. If you have not disclosed any of the above information please indicate the reasons why**

Confidential

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**- Other reason:**

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### **Application of Principles & Criteria for all members sectors**

**20. Related to your sourcing, do you have (a) policy/ies, that are in line with the RSPO P&C**

- Ethical conduct and human rights
  - Labour rights
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**Water, land, energy and carbon footprints policy**

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**Land use rights policy**

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**Ethical conduct and human rights policy**

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**Labour rights policy**

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**Stakeholder engagement policy**

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**20.1. If none, please specify if/when you intend to develop one**

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**21. What steps will your organization take to minimize its resource footprints?**

Stepan's Innovation, R&D, and Manufacturing groups work with customers to develop products that meet their sustainability needs. Stepan offers products that offer sustainability advantages, including reduced energy and resource consumption, reduced GHG emissions, and reduced impact to ecosystems. Stepan also provides customers with numerous biologically-based product options, as listed in our 'Biorenewable Carbon Index.' Stepan has worked to establish effective and accurate data collection and data validation systems across all sites. Stepan tracks numerous environmental metrics, and moving forward will use this data to further evaluate and establish environmental reduction targets.

**22. What steps will your organization take to realize ethical conduct using business-applicable regulations and industry practices?**

Stepan adheres to company policies on ethical conduct, child labor, and worker exploitation. These policies apply to all Stepan facilities and to Stepan suppliers.

**23. Has your company supported any community programmes on its own or through partnerships? How do you benchmark the impacts of these programmes?**

Stepan supports the communities in which we operate through charitable donations, volunteerism, apprenticeships, and community involvement. Stepan employees work in partnership with local organizations to facilitate science education and community safety. Stepan works with minority-owned businesses and tracks those partnerships annually. Stepan does not currently track the impacts of these activities.

**24. Where relevant, what prevents you from trading/processing only CSPO?**

Stepan is responsive to market conditions and is taking steps toward using and offering CSPKO derivatives. Our commitment to 100% CSPKO will depend firstly upon the speed of certification of our supply chain partners and the volume of certified material made available, and secondly on customer desire to use only CSPKO derivatives and their willingness to pay potential price differences that may exist between certified and non-certified PKO.

**25. Are you sourcing 100% physical CSPO?**

No

**Details your organization's plan to cover sourced palm oil and palm kernel oil, which is not yet segregated or identity preserved, through Mass Balance. If you have not committed to sourcing 100% of palm products under the Mass Balance supply chain system until the goal of 100% segregated or identity preserved CSPO can be achieved, please explain why**

Stepan plans to work with our supply chain partners to begin purchasing PO and PKO derivatives from certified sustainable sources by 2015, provided the global supply chain continues to develop at the current pace. Further, we expect to begin the certification process of select Stepan manufacturing sites within this same time frame, based on current market trends.

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**26. Has your company integrated aspects of traceability into any other products handled? If so, how?**

No.

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## Challenges

**1. Significant economic, social or environmental obstacles**

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**2. How would you qualify RSPO standards as compared to other parallel standards?**

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**Cost Effective:**

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**Robust:**

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**Simpler to Comply to:**

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**3. How has your organization supported the vision of RSPO to transform markets?**

Engagement via surveys to and from our customers, education/training tools for Stepan global sales team.

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