

Particulars

Organisation Name	PZ Cussons Plc
Corporate Website Address	http://www.pzcussons.com
Primary Activity or Product	Manufacturer
Related Company(ies)	None
Country Operations	Australia, Ghana, Greece, Indonesia, Kenya, Nigeria, Poland, Thailand, United Arab Emirates, United Kingdom, USA
Membership Number	4-0105-10-000-00
Membership Type	Ordinary Members
Membership Category	Consumer Goods Manufacturers
Primary Contacts	Sam Plant Address: Manchester Business Park, 3500 Aviator Way, Manchester United Kingdom M22 5TG
Person Reporting	Duncan Halliwell

Related Information

Other information on palm oil:

PZ Cussons annual report / statement of accounts

[Click here to visit the URL](#) - sustainability section on Palm oil

In common with our competitors, certain parts of our businesses utilise palm oil and we share the concerns of our consumers and other stakeholders in relation to palm oil sourcing, end use and the potential for damage to the environment.

In recognition of these concerns, PZ Cussons remains committed to membership of the Round table for Sustainable Palm Oil (RSPO). We are committed to promoting and communicating RSPO values across our supply chain and have committed to move to 100% Certified Sustainable Palm Oil via the use of RSPO approved supply chain mechanisms by 31 May 2015.

Since December 2010, we have been playing an active role in the production of palm oil in Nigeria. Alongside Wilmar International Limited, a fellow RSPO member and one of the world's leading producers of RSPO-certified sustainable palm oil, we formed a joint venture called PZ Wilmar.

The RSPO's principles and criteria are incorporated into the PZ Wilmar Standard Operating Procedures (SOP) for all plantation units to follow. We have employed an expert Sustainability Coordinator and local supervisors who report to him to enforce the implementation of the SOP.

Despite being a minority shareholder, we are proud of our contribution and believe this work is relevant to our Communication on Progress

Reporting Period	01 June 2012 - 31 May 2013
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Consumer Goods Manufacturers

Operational Profile

1. Main activities within manufacturing

End-product manufacturer, Food Goods, Home & Personal Care Goods, Own-brand

- Food Goods :
 - Margarine & Cooking Oil
- Home And Personal Care Goods :
 - Cleaning Agents
 - Laundry Detergents / Cleaning Products
 - Soap Tablet Finishing

Operations and Certification Progress

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

Yes

Total volume of all palm oil products used in the year in your own brand products:

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

22187

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

5311

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

2784

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

30282

4. Volume of Crude Palm Oil used in the year in your own brand products 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 used that is RSPO-certified:

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5. Volume of Palm Kernel Oil used in the year in your own brand products 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 used in the year in your own brand products 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 used that is RSPO-certified:

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7. What type of products do you use CSPO for?

We currently use palm oil and palm oil derivatives in bar soap manufacture. Our joint ventures in Nigeria will be refining and supplying edible palm oil to the Nigerian market.

8. 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

Suppliers report that 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

9. Date expected to/or started to use any RSPO certified oil palm products – own brand

2014

10. Date expected to be using 100% RSPO certified oil palm products from any supply chain option– own brand

2015

11. Date expected to be using 100% RSPO certified oil palm from physical supply chains (Identity Preserved, Segregated and/or Mass Balance) - own brand products

2023

12. Do your (own brand) commitments cover your companies' global use of palm oil?

Yes

13. Does your company use palm oil in products you manufacture on behalf of other companies?

No

14. Date expected to actively communicate to promote the use of certified sustainable palm oil in other manufacturers' brands that you sell.

2023

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

Australia, Ghana, Indonesia, Kenya, Nigeria, Poland, Thailand, United Arab Emirates, United Kingdom, USA

16. What are your interim milestones towards achieving RSPO certification commitment to your own-brands (year and progressive CSPO%) - please state annual targets/strategies.

Notes

1 all data / comments in this report apply to the PZ Cussons financial year reporting period 1st June 2012 to 31st May 2013.

2 - PZ Cussons are still in the early stages of the process of moving to CSPO, and as such whilst we are making a 2023 commitment to physical use of CSPO there are significant commercial and supply factors which could well affect this implementation date. Therefore we consider this date as tentative at present.

3 Comments also apply only to organisations where PZ Cussons exerts financial control (as per CDP definitions) therefore activities in companies where PZ Cussons has a minority interest are excluded.

One exception is our inclusion of information about our three joint ventures with Wilmar, under the PZ Wilmar name. These are focused on the production, processing and marketing of sustainable palm oil and are therefore directly relevant despite our minority shareholding. PZ Wilmar is working towards internationally-recognised plantation best practice in Nigeria.

Historically, PZ Cussons has conducted in house manufacture of soap in eight locations each with their own extensive supplier base for soap feedstock materials.

In addition, we use a number of third party soap manufacturers using bought-in soap noodles where control of soap feedstock materials is outside of our direct control.

We plan to exert influence and control over this diverse supplier base re RSPO principles, values and eventual use of RSPO approved supply chain mechanisms are as follows:

Stage 1 - The rationalisation of manufacturing both in house and external - Target fiscal year 2012/13.

Progress - achieved - PZ's operations in Australia, Ghana and Poland now no longer manufacture soap products - which are now supplied from our operations in SE Asia where we exercise significantly more control over the supply chain.

Stage 2 - Engage with the reduced and selected number of suppliers to gain understanding of their supply chains and promote RSPO values. Target - supplier(s) identified and in use by end fiscal 2012/13.

Progress - achieved – most, if not all, of the Palm oil products now used by PZ Cussons are sourced from one main supplier who is a long standing member of the RSPO.

Stage 3 - Implement process mechanisms to enable all palm oil used in PZ soap manufacture to be covered by RSPO approved supply mechanisms. Target May 2015

Progress - assessed feasibility of CSPO supply - interim decision to proceed via the Book and Claim GreenPalm scheme made.

Actions for Next Reporting Period

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

Please note that we do not intend to use the RSPO trademark in the coming year on any of our products. This web form is not allowing us to select the no box in question 20

June 2013 / May 2014

Continue supplier engagement program re RSPO values and possibility of physical CSPO supply (mass balance route).

Commence purchase of GreenPalm certificates.

- Despite being a minority shareholder, we include the continuation of our work, via our joint venture with Wilmar, PZ Wilmar, towards internationally recognised plantation best practice in Nigeria. The RSPO's principles and criteria are incorporated into the PZ Wilmar Standard Operating Procedures (SOP) for all plantation units to follow.

18. Do you publicly report the GHG emissions of your operations?

Yes

Public report of GHG emissions on operations

M-GHG-Emissions-Report.pdf

For administration purpose, attachment files are renamed automatically

Reasons for Non-Disclosure of Information

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

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- Other reason:

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Trademark Related

20. Do you use or plan to use the RSPO trademark on any of your products?

No

If yes, when will you start?

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21. Do you undertake or support any other projects related to sustainable palm oil that have not been captured in this report?

Yes

Application of Principles & Criteria for all members sectors

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

- Water, land, energy and carbon footprints
- Land Use Rights
- Ethical conduct and human rights
- Labour rights
- Stakeholder engagement

- 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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23. What steps will your organization take to minimize its resource footprints?

We aim to identify and vigorously pursue opportunities across our Group to reduce our reliance on increasingly scarce materials and minimise our impact on the environment while delivering margin improvement and continuing to build a sustainable business, thereby creating a “win:win” both for the environment and our business.

We have now completed the first year of our three year environmental performance plan, with all of our operating units actively engaged in our targets

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

We believe in doing business the right way, and we aim to demonstrate ethical behaviour in all our business activities, and in all our dealings with third parties. We are open, honest and fair with our suppliers, customers, business partners, and regulatory authorities and we demonstrate respect and integrity in our dealings with each of them.

We have continued to inform and educate our employees, suppliers and business partners around our CSR values, including the development of additional learning materials and policies, further embedding our values in workplace activities, and the introduction of stretching targets for the future. We expect our suppliers and contractors to demonstrate similar high ethical standards and we take due account of this when establishing or continuing business relationships. We scrutinise our suppliers and contractors to ensure that they are diligent, responsible, honest and fair and we choose to work with those who demonstrate the same commitment to ethical values and doing good business as we do. Additional procedures have been developed during the course of the year to further strengthen the controls we have over supplier selection, engagement, monitoring and auditing.

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

We recognise our responsibilities to society and in particular, to those local communities in which we operate and support various local initiatives. For example the PZ Cussons Nigeria Foundation was established in 2007 with the objective of positively impacting local communities through schemes related to improving education, health, potable water and infrastructure. So far 40 projects in 30 locations have been completed or are in progress.

We continue to support Global Handwashing Day, run annually by the Global Public-Private Partnership for Handwashing. This aims to foster and support a global culture of handwashing with soap, raising awareness of the health benefits of health hygiene. Our Carex teams support the initiative through a range of activities. For example, in Kenya, we took hand hygiene on the road, reaching over 2,000 people, before bringing together six local schools for an educational and fun hand hygiene event. Our operation in Poland supports Global Handwashing via its ‘Carex Clean Hands Academy’ programme which offers a full educational package to schools including, demonstrations, lesson plans, educational materials and competitions about hand hygiene. This programme continues to grow with over 1,300 schools joining in October 2012.

26. Are you sourcing 100% physical CSPO?

No

26.1. Please 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.

PZ Cussons plans, that by end of fiscal year 2014/15 (i.e. 31st May 2015) – all palm oil used in PZ soap manufacture will be covered by RSPO approved CSPO supply mechanisms. This is likely to be via the Book and claim system. We are working with our suppliers to investigate the commercial possibilities of mass balance

Challenges

1. Significant economic, social or environmental obstacles

Key issues PZ Cussons is encountering are:

- 1 Commercially unacceptably high price premiums being charged for segregated / identity preserved CSPO palm oil. The soap market is highly competitive and price sensitive - unlike other finished product areas, in soap palm oil accounts for over 60% of the end product - the premiums currently charged for this type of Palm oil reduce or eliminate margins. Currently in the locations where we operate we cannot obtain this material at an economic price to enable us to compete profitably.
- 2 - Availability of mass balance CSPO in correct locations and at appropriate time is also an issue.

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

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Cost Effective:

No

Robust:

Yes

Simpler to Comply to:

Yes

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

We are working hard to increase our understanding of the palm oil supply chain and have been members of the Roundtable for Sustainable Palm Oil (RSPO) since 2010. Through the RSPO we have joined forces with all players in the palm oil supply chain – from producers and traders to consumers and NGOs – to promote the growth and use of sustainable oil palm products. In addition, in December 2010, we decided to play an active role in the production of palm oil and invested in palm oil plantations of our own in Nigeria. Alongside Wilmar International Limited, a fellow Roundtable for Sustainable Palm Oil (RSPO) member and one of the world's leading producers of RSPO-certified sustainable palm oil, we formed a joint venture called PZ Wilmar in which we hold a 49% share.

The plantations are working towards internationally-recognised plantation best practice and will contribute to the wider Nigerian palm oil industry and economy

The RSPO's principles and criteria are incorporated into the PZ Wilmar Standard Operating Procedures (SOPs) for all plantation units to follow.

In less than 3 years we have:

- Appointed an expert Sustainability Coordinator and local supervisors who report to him to enforce the implementation of the SOPs.
- Purchased and begun to regenerate over 30,000 hectares of previously state-owned palm oil plantation. Our long-term ambition is to increase this substantially
- Planted and nurtured over two million seedlings at four nursery sites within our plantations
- Transplanted over 600,000 nine-month-old palm oil trees
- Built a state-of-the-art US\$56m crude palm oil refinery and packaging facility in Lagos State
- Supported the local farmers by implementing a smallholder farmers scheme with the support of the State Government
- Training schools have been built on site to provide education and skills development in plantation management to local Nigerian employees
- Generated significant direct and indirect employment, both within the plantations and the supply chain
- Invested in local schools and medical facilities