

## Particulars

### About Your Organisation

#### 1.1 Name of your organization

Stepan Company

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

- Oil Palm Growers
  - Palm Oil Processors and/or Traders
  - Consumer Goods Manufacturers
  - Retailers
  - Banks and Investors
  - Social or Development Organisations (Non Governmental Organisations)
  - Environmental or Nature Conservation Organisations (Non Governmental Organisations)
  - Affiliate Members
  - Supply Chain Associate
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#### 1.3 Membership number

2-0248-11-000-00

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#### 1.4 Membership category

Ordinary

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#### 1.5 Membership sector

Palm Oil Processors and/or Traders

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## Palm Oil Processors and Traders

### Operational Profile

#### 1.1 Please state your main activity(ies) within the supply chain

- Refiner of CPO and CPKO
- Post-refinery processor
- Trader with physical possession
- Trader without physical possession
- Kernel Crusher
- Food and non-food ingredients producer
- Power, energy and bio-fuel
- Animal feed producer
- Producer of oleochemicals
- Distributor and wholesaler
- Other:  
Intermediate chemical ingredients manufacturer

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### Palm Oil and Certified Sustainable Palm Oil Use

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#### 2.1 Please include details of all operations using palm oil majority owned and/or managed by the member and/or related entities

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##### 2.1.1 In the markets where you operate, in which do you supply goods containing palm oil and oil palm products?

- Brazil
- Colombia
- France
- Germany
- Mexico
- Philippines
- Singapore
- United Kingdom
- United States

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##### 2.1.2 Do you have a system for calculating how much palm oil and oil palm products you handle?

Yes

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##### 2.1.3 In which markets where you operate, do you calculate how much palm oil and oil palm products you handle?

- Brazil
- Colombia
- France
- Germany
- Mexico
- Philippines
- Singapore
- United Kingdom
- United States

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### 2.2 Volumes of palm oil and oil palm products

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**2.2.1 Total volume of crude and refined Palm Oil handled/traded/processed in the year**

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**2.2.2 Total volume of crude and refined palm kernel oil handled/traded/processed in the year**

816.00 Tonnes

**2.2.3 Total volume of Palm Kernel Expeller handled/traded/processed in the year**

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**2.2.4 Total volume of other palm-based derivatives and fractions handled/traded/processed in the year**

60,184.00 Tonnes

**2.2.5 Total volume of all palm oil and oil palm products handled/traded/processed in the year**

61,000.00 Tonnes

**2.3 Volumes of palm oil and oil palm products certified****2.3.1 Volume handled/traded/processed in the year that is RSPO-certified (Tonnes):**

Description	Crude and Refined Palm Oil	Crude and Refined PKO	PKE	Other Palm-based Derivatives and Fractions
2.3.1.1 Book & Claim				
2.3.1.2 Mass Balance				2422.00
2.3.1.3 Segregated				
2.3.1.4 Identity Preserved				
2.3.1.5 Total volume	-	-	-	2,422.00

**2.3.2 How much certified products have you sold to other RSPO certified companies ? (tonnes)**

Description	Crude and Refined Palm Oil	Crude and Refined PKO	PKE	Other Palm-based Derivatives and Fractions
2.3.1 Book & Claim	-	-	-	-
2.3.2 Mass Balance	-	-	-	-
2.3.3 Segregated	-	-	-	-
2.3.4 Identity Preserved	-	-	-	-
2.3.5 Total volume	-	-	-	-

**2.4 Total annual crude, refined palm kernel oil and derivatives production (only if applicable)**

0 Tonnes

**2.5 What is the percentage of certified sustainable palm oil in the total palm oil your company sells in:****2.5.1 Africa**

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**2.5.2 Australasia**

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**2.5.3 Europe**

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**2.5.4 North America**

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**2.5.5 South America**

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**2.5.6 Middle East**

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**2.5.7 China**

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**2.5.8 India**

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**2.5.9 Indonesia**

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**2.5.10 Malaysia**

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**2.5.11 Asia**

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**Time-Bound Plan****3.1 Year of first supply chain certification (planned or achieved)**

2014

**3.2 Year expected to/or started to handle/trade/process any RSPO-certified palm oil and oil palm products**

2015

**3.3 Year expected to achieve 100% RSPO certification of all supply chains**

2018

**Comment:**

Stepan's Time Bound Plan is a commitment to certify by mass-balance, all Stepan facilities that process PO/PKO derivatives, but not necessarily all product lines moving through each certified facility. We expect to achieve certification of all our global facilities that handle palm oil material by 2018.

In 2016 to early 2017, Stepan Company significantly expanded the number of our facilities that are RSPO mass-balance certified from 3 to 11. Our newest additions include 5 U.S. sites, one in Brazil, one in the Philippines, and one in the Netherlands. We will continue to certify our remaining few sites that handle palm products as customer interest in RSPO material expands to those regions.

Stepan works closely with our customers in an effort to support sustainable sourcing goals. We also engage with our suppliers to identify volumes and availability of certified feedstocks at mass-balance and segregated certification levels.

**3.4 Year expected to only handle/trade/process 100% RSPO-certified palm oil and oil palm products**

2020

**Comment:**

Our ability to shift to handling 100% RSPO certified oil palm products will be driven by our customers interest and commitment to purchasing certified material. We also depend upon continued development and availability of PKO derivative supplies.

**3.5 Which countries that your organization operates in do the above own-brand commitments cover?**

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

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**3.6 How do you proactively promote RSPO and RSPO certified sustainable palm oil and oil palm products to your customers?**

In 2016 Stepan increased the number of our supply chain certified facilities from 3 to 9. We keep our customers informed about our RSPO supply chain certifications and have communications to announce availability of products they may be interested in. Stepan has greatly expanded the RSPO certified products that we offer and will continue to expand to meet customer needs.

We work to support our customers and distributors in their efforts to understand requirements related to supply chain certification. Stepan continues to foster understanding and awareness of RSPO objectives through meetings with customers and suppliers, information sharing through presentations, surveys to and from our customers, and company communications.

Our sales team has received training and communications tools for sharing our progress and our targets related to RSPO, and we strive to keep all employees informed of market trends related to RSPO with e-learning tools, company updates/newsletters, and other internal communications.

Stepan Company is positioning ourselves as a preferred source for ingredients containing sustainable palm oil products globally. Stepan follows the criteria for proper messaging of RSPO membership status, sustainability claims, and use of logos.

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**Trademark Use****4.1 Do you use or plan to use the RSPO trademark on your own brand products?**

No

**Please explain why:**

Stepan uses the RSPO trademark in company communications, but we do not currently label our products. We comply with the RSPO criteria for proper trademark usage.

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**Actions for Next Reporting Period****5.1 Outline actions that you will take in the coming year to promote the use of RSPO certified sustainable palm oil and oil palm products along the supply chain**

In addition to engaging with our customers and distributors as outlined above, we are in the process of developing sustainable sourcing guidelines that will define expectations related to environmentally and socially responsible production and sourcing of oil palm products. We will ask our PO/PKO derivative suppliers to partner with Stepan to demonstrate progress against these guidelines. Our expectation is to complete the sourcing guidelines in 2017. For the few remaining Stepan sites that handle oil palm material but that are not yet certified, we will assess market need and will proceed with certification based on customer demand in those regions. We will market Stepan products that are RSPO certified to our customers. We will continue to develop and use communications tools to ensure our sales team is fully equipped to engage on topics related to RSPO, certification, and understanding customer needs. We make publicly available company position and actions related to RSPO through customer-facing communication tools and our internet website. • We will continue to engage with our suppliers and customers through surveys and meetings. We will continue to work with our suppliers to identify sources and obtain volumes needed of CSPKO derivatives.

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**Reasons for Non-Disclosure of Information****6.1 If you have not disclosed any of the above information please indicate the reasons why****Application of Principles & Criteria for all members sectors**

**7.1 Do you have organizational policies that are in line with the RSPO P&C, such as:** Water, land, energy and carbon footprints Land Use Rights Ethical conduct and human rights

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Related link: <http://phx.corporate-ir.net/phoenix.zhtml?c=118345&p=irol-govconduct> Labour rights

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Related link: <http://phx.corporate-ir.net/phoenix.zhtml?c=118345&p=irol-govconduct> Stakeholder engagement None of the above**7.2 What best practice guidelines or information has your organization provided in the past year to facilitate the uptake of RSPO certified sustainable palm oil and oil palm products? What languages are these guidelines available in?**

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.

**GHG Emissions****8.1 Are you currently assessing the GHG emissions from your operations?**

Yes

**8.2 Do you publicly report the GHG emissions of your operations?**

No

**Please explain why**

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**Support for Smallholders****9.1 Are you currently supporting any independent smallholder groups?**

No

**Do you have any future plans to support independent smallholders?**

No

## Challenges

### **1 What significant economic, social or environmental obstacles have you encountered in the production, procurement, use and/or promotion of CSPO and what efforts did you make to mitigate or resolve them?**

While we have worked to obtain supply chain certification of numerous sites in a relatively short period of time, some customers are slow to make the shift to physical supplies of RSPO material and continue to rely on the Book and Claim system of RSPO credits to cover their claims. The time and financial cost of certifying all sites and all distribution centers is burdensome for some companies. In additions, some customers are not willing to pay premiums for certified material despite being interested in certified product.

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### **2 How has your organization supported the vision of RSPO to transform markets? (e.g. Funding; Engagement with key stakeholders; Business to business education/outreach)**

Stepan has worked directly with customers and distributors that are exploring RSPO certification. Through this engagement, we share our experiences and work to answer questions they may have on the steps required, the process, and the need for supply chain certification. During these exchanges we direct business partners to RSPO resources that are available online. We also proactively engage with our supply base to ensure access to feedstocks and to follow-up on supply chain traceability work, which is often an early step in customer transitions to purchase of sustainable palm oil. We work with customers and suppliers in the effort to align supply chain sustainability goals. This includes working to meet deadlines for certification of our sites, engaging with customers new to RSPO to help them understand requirements, identifying suppliers that are committed to sustainable, responsible sourcing and production, and information/progress reporting.

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### **3 Other information on palm oil (sustainability reports, policies, other public information)**

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