

Particulars**About Your Organisation****Organisation Name**Stepan Company

Corporate Website Address<http://www.stepan.com>

Primary Activity or Product

- Processor and/or Trader
-

Related Company(ies)No

Membership

Membership Number	Membership Category	Membership Sector
2-0248-11-000-00	Ordinary	Palm Oil Processors and/or Traders

Palm Oil Processors and Traders**Operational Profile****1.1 Please state your main activity(ies) within the supply chain**

- Ingredient manufacturer

1.2 Operation and Certification Progress

--

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

Yes

1.3 Total volume of all palm oil products handled in the year (Tonnes)

--

1.3.1 Total volume of Crude Palm Oil (CPO) handled in the year (Tonnes)

20

1.3.2 Total volume of Palm Kernel Oil (PKO) handled in the year (Tonnes)

495

1.3.3 Total volume of other Palm Oil Derivatives and Fractions handled in the year (Tonnes)

--

1.3.4 Total volume of all palm oil and palm oil derived products handled in the year (Tonnes)

515

1.4 Volume handled in the year that is RSPO-certified (Tonnes):

No	Description	Crude Palm Oil (Tonnes)	Palm kernel oil (Tonnes)	All other palm-based derivatives and fractions handled in the year that is RSPO-certified (Tonnes)
1.4.1	Book & Claim	-	-	-
1.4.2	Mass Balance	-	-	242.00
1.4.3	Segregated	-	-	-
1.4.4	Identity Preserved	-	-	-
1.4.5	Total volume of Oil Palm handled that is RSPO-certified:	-	-	242.00

What is the percentage of certified sustainable palm oil in the total palm oil your company sells in:

Europe --%
India --%
China --%
South East Asia --%
North America --%

What is the percentage of certified sustainable palm kernel oil in the total palm kernel oil your company sells in:

Europe 100%
India --%
China --%
South East Asia --%
North America --%

Time-Bound Plan

2.1 Date of first supply chain certification (planned or achieved)

2014

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

2016

Comment:

Assuming availability of supplies and committed customer demand for certified derivatives.

2.3 What are your interim milestones towards achieving this RSPO certification commitment (year and progressive CSPO%)? Please state annual targets/strategies.

- Stepan's 2016 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. Achieving 100% supply chain certification depends upon customer demand for certified products and supply availability of certified feedstocks.
 - Stepan continues to work closely with our customers in an effort to help reach their sustainability goals.
 - In 2014 we conducted customer surveys to promote communication on customer needs, enabling us to better understand and respond to market changes.
 - In 2015 we expect to solicit similar information from customers in different areas of our business. This information will be used to identify greatest areas of interest in sustainable PO/PKO products and will guide planning for certification.
 - Stepan continues to engage with our suppliers to identify volumes and availability of certified feedstocks at mass-balance and segregated certification levels.
 - Stepan Company has completed the supply chain certification process under the mass-balance model with certification of two European facilities.
 - We expect to proceed with certification of another European site and select North American facilities in 2015 and plan to complete certification of all PO/PKO/derivatives handling facilities by end 2016, assuming we have committed customer demand for certified derivatives.
-

2.4 Timebound plan - Year expected to only "handle/supply" RSPO certified oil palm products

2020

Comment:

Assuming availability of supplies and committed customer demand for certified derivatives.

2.5 What are your interim milestones towards achieving this RSPO certification commitment (year and progressive CSPO%)? Please state annual targets/strategies.

- Stepan Company's commitment to certification and to handling/supplying 100% RSPO certified oil palm products depends upon sufficient development of certified PKO supplies from our supply chain partners and upon a willingness on the part of our customers to invest in the additional costs associated with sustainable supply chains.

Our efforts listed below are directed at anticipating market need and demonstrating preparedness to meet those needs.

- Stepan Company has completed the supply chain certification process for two of our European facilities under the mass-balance model. We are able to offer CSPKO derivatives from these two facilities, subject to demand and pricing agreement.
- We expect to continue certification of our PO/PKO handling facilities, including certification of a third European site and steps toward certifying N. American sites in 2015.
- We have targeted end 2016 for completing certification of all sites that handle PO/PKO products, assuming we have committed customer demand for certified derivatives.
- We work to promote our certified PO/PKO products with marketing tools, at industry gatherings, and through direct customer engagement.
- We continue to proactively work with our PO/PKO derivative suppliers to identify sources of certified sustainable PO/PKO derivatives at volumes, pricing, and certification levels necessary to meet our customers' needs.
- We will continue to engage with our customers to understand changing needs related the palm industry, including sensitivity to deforestation, GHG emissions, human rights, and labor standards.

2.6 How do you promote RSPO and RSPO certified sustainable palm oil to your customers proactively?

- Stepan strives to keep all employees informed of market trends related to RSPO with e-learning tools, company updates/newsletters, and other internal communications. Through informed engagement with our customers, employees directly relate Stepan Company's position on RSPO and sustainable PO/PKO.
- 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.
- Stepan Company is positioning ourselves as a preferred source for surfactants containing sustainable palm oil derivatives from our European facilities offering product lines with mass-balanced PO/PKO derivatives.
- Stepan will follow the criteria for proper messaging of RSPO membership status, sustainability claims, and use of logos.

GHG Emissions**3.1 Are you currently assessing the GHG emissions from your operations?**

Yes

3.2 Do you publicly report the GHG emissions of your operations?

Yes

Actions for Next Reporting Period**4.1 Outline actions that you will take in the coming year to promote CSPO use along the supply chain**

- Market Stepan products that are RSPO certified to our customers.
- Develop and use communications resources to ensure our sales team is fully equipped to engage on topics related to RSPO, certification, and understanding customer needs.
- Public availability of company position and actions related to RSPO through customer-facing communication tools and our internet website.
- Continued engagement with our suppliers and customers through surveys and meetings.
- Continue certification of select facilities under mass-balance supply-chain model, including a third European site and steps toward certification of North American sites.
- Continue to work with our suppliers to identify sources and obtain volumes needed of CSPKO derivatives.

Reasons for Non-Disclosure of Information**5.1 If you have not disclosed any of the above information please indicate the reasons why**

At this time we are unable to track volumes of our palm-based derivatives and fractions due to the complexity of this supply chain. Mixing of CNO and PKO fractions/derivatives can occur at numerous steps in the supply chain and we lack visibility and traceability for this area of business.

Application of Principles & Criteria for all members sectors

6.1 Related to your sourcing, do you have (a) policy/ies, that are in line with the RSPO P&C such as:

- Ethical conduct and human rights
[P-Policies-to-PNC-ethicalconducthr.pdf](#)
 - Labour rights
[P-Policies-to-PNC-laborrights.pdf](#)
-

6.2 Where relevant, what prevents you from trading/processing only CSPO?

Stepan is responsive to market conditions and is taking steps toward using and offering responsibly sourced oil palm products. We utilize PKO derivatives to a greater extent than PO and are working with our suppliers to identify sources and volumes at certification levels that meet our customer needs. Our commitment to 100% CSPO/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 CSPO/CSPKO derivatives and their willingness to invest in the cost of 100% certified sustainable product lines.

Commitments to CSPO uptake

As you don't source 100% CSPO through physical supply chains (IP/SG/MB), please answer the following questions: Do you have plans to?

Yes

Please specify:

As stated above, we expect to shift toward handling 100% certified sustainable supplies of palm oil products by 2020 based on continued development of the market and supplies. As our customers make the commitment to sustainable PO/PKO Stepan, will be ready to support their sustainability targets, assuming a willingness on their part to invest in the cost of sustainable supplies and assuming our suppliers can provide needed volumes.

7.1. Do you have plans to immediately cover the gap using Book & Claim?

No

Please explain why:

Our customers purchase GreenPalm certificates to cover the ingredients that they purchase from Stepan Company in order to meet their sustainability targets. We are working to meet our commitment through certification of our sites and by preparing to handle physical supplies to meet customer need.

Concession Map

Do you agree to share your concession maps with the RSPO?

No

Please explain why: --

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?

We look for continued development and availability of certified PKO and derivatives supplies. Traceability is increasingly the first priority over handling certified material, and a rapid shift toward supply chain traceability will facilitate a faster shift toward sustainable supplies. However this process is very complicated and has resulted in a heavy reporting burden from multiple data collection organizations.

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

--

Cost Effective:

Yes

Robust:

Yes

Simpler to Comply to:

Yes

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

- Certification of two European facilities. Other sites to be certified 2015 and 2016.
 - Working with our suppliers to identify sources of certified sustainable PO/PKO and derivatives.
 - Engagement via surveys to and from our customers.
 - Informing employees of market trends, company efforts, and RSPO progress.
 - Marketing efforts to promote new certified products.
 - Partnering directly with customers to identify and meet their needs related to PO/PKO.
 - Increased information sharing to promote transparency along the supply chain.
-

4 Other information on palm oil (sustainability reports, policies, other public information)

no additional information
