

## Particulars

### About Your Organisation

#### 1.1 Member Name

Stepan Company

#### 1.2 Membership Number

2-0248-11-000-00

#### 1.3 Membership Sector

Palm Oil Processors and/or Traders

#### 1.4 Membership Category

Ordinary

#### 1.5 Country

United States

### 2.0 Does your company or organisation produce, process, consume or sell any palm oil or any products containing derivatives of palm oil?

Yes

### 2.1 Please select all description(s) that describe the palm oil-related activities of your company or organisation. Multiple selections are allowed, and not limited to the primary sector of the member's RSPO membership. You will be required to complete the relevant ACOP section based on your selection(s).

- I own and operate oil palm estate(s) and/or palm oil mill(s)
- I represent a palm oil Independent Smallholder farmer Group
- I own and operate independent palm oil mills
- I own and operate independent palm kernel crushing plants - Processors and/or Traders
- I trade or broker palm oil, palm kernel oil or related products - Processors and/or Traders
- I am a refiner of palm oil or palm kernel oil - Processors and/or Traders
- I am a processor of intermediate (B2B) palm oil, palm kernel oil or related fractions/derivatives - Processors and/or Traders
- I am a B2B distributor or wholesaler of palm oil, palm kernel oil or related products - Processors and/or Traders
- I manufacture final consumer (B2C) products containing palm oil, palm kernel oil or related products. This includes products manufactured by 3rd party contractors - Consumer Goods Manufacturers
- I retail final consumer (B2C) products containing palm oil, palm kernel oil or related products - Retailers
- I operate food retail outlets that use palm oil, palm kernel oil or related products - Retailers
- I am a conservation and environmental NGO supporting the sustainable development of the palm oil industry
- I am a social and human development NGO supporting the sustainable development of the palm oil industry

## 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
- Intermediate Products 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 2.0 - Palm Oil and Certified Sustainable Palm Oil Sourcing is a mandatory declaration in your ACOP. This includes volume data on palm oil, palm kernel oil and related products consumed of individual members, sectors and RSPO members as a whole. ACOP reports without reported volume data will be considered as incomplete and will not be accepted. Incomplete ACOP reports may lead to suspension or termination of RSPO membership.*

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

Stepan is a manufacturer of surfactants, polymers, specialty products and chemical intermediaries. Within our surfactant and specialty products business segments, we utilize palm kernel oil derivatives and are able to offer mass-balance certified versions of our products across our regions of operation. For a smaller portion of business we sometimes utilize palm oil derivatives, also with the option for mass balance certified for interested customers. Our production facilities convert palm kernel oil derivatives into intermediate ingredients for the production of food and/or non-food products. Our RSPO certified facilities are located in the United States (Anaheim, CA; Fieldsboro, NJ; Maywood, NJ; Millsdale, IL; Winder, GA); Ecatepec, Mexico; Manizales, Colombia; Vespasiano, Brazil; Salto, Brazil; Bauan Batangas, the Philippines; Voreppe, France; Stalybridge, UK; and Harlem, the Netherlands.

**2.1.1 In which markets do you sell goods with palm oil and palm oil-related products?**

Europe ,North America ,China, Latin America ,Rest of the World

**DL.2.0 In order to facilitate ease of reporting and transparency, RSPO members operating within the palm oil demand supply chain can now choose to report palm oil and palm oil product volumes on:**

an aggregate level (as in previous ACOP reporting cycles)

**2.2 Total volume of RSPO-certified (IP, MB, SG and RSPO Credits/Book and Claim) and Non RSPO-certified palm oil, palm kernel oil and related product sourced in the year**

<b>Description</b>	<b>Tonnes</b>
Crude palm oil, including derivatives refined from CPO (tonnes)	11827.00
Crude palm kernel oil, including derivatives refined from CPKO (tonnes)	174696.00
Crude palm kernel expeller (tonnes)	0.00
<b>Total</b>	<b>186523.00</b>

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

<b>Description</b>	<b>Crude Palm Oil (CSPO) and CSPO Derivatives</b>	<b>Crude Palm Kernel Oil (CSPKO) and CSPKO Derivatives</b>	<b>Palm Kernel Expeller (CSPKE)</b>
RSPO Credits from Mill / Crusher	0.00	0.00	0.00
RSPO Credits from Independent Smallholder	0.00	0.00	0.00
Mass Balance (MB)	8098.00	17454.00	0.00
Segregated (SG)	0.00	0.00	0.00
Identity Preserved (IP)	0.00	0.00	0.00
<b>Total</b>	<b>8098.00</b>	<b>17454.00</b>	<b>0.00</b>

**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, palm kernel oil and related products uptake is:**

13.70%

**2.4.1 Please provide additional information on your certified palm oil, palm kernel oil and related products uptake calculated in PT.2.4. This may include changes due to business environment, evolving nature of operations or variations due to stock positions**

Stepan initiated work for stronger material tracking for our palm-based products and raw materials over the past year. The aim is to support traceability efforts and to have better visibility into material movements. Through this process we are reporting larger volumes of purchased conventional material than in prior years. The volume of RSPO certified material was comparable to prior year. The decrease in the percentage of RSPO certified material that we are reporting this year is a result of more complete records for our conventional raw material purchases.

**2.5 What is the estimated percentage of Certified Sustainable Palm Oil in the palm oil, palm kernel oil and related products sold, traded or processed by your company in the following regions:**

<b>Countries/Regions</b>	<b>Percentage</b>
Europe	48
North America	19
Malaysia	0
Indonesia	0
China	0
India	0
Latin America	29
Africa	0
Rest of World	4

### 3. TimeBound Plan

**3.1 Which year did your company achieve (or expects to achieve) the RSPO supply chain certification or RSPO trader/distributor licence?**

2014

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**3.2 Which year did your company start (or expect to start) to source any RSPO-certified palm oil and oil palm products?**

2015

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**3.2.1 If the previous target year has not been met, please explain why.**

We have sourced certified materials since 2015.

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

2025

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**3.3.1 If the previous target year has not been met, please explain why.**

We have certified our sites as customer interest emerges in our different regions. Stepan expects to gain RSPO certification for our last facility that handles palm oil in 2024. If certification is successful, we will meet our target a year earlier than anticipated.

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**3.4 Year expected to only source RSPO-certified palm oil and oil palm products.**

2028

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**3.4.1 If target has not been met, please explain why.**

We have indicated 2028, however setting a specific date is difficult due to various factors. Stepan utilizes PKO derivatives and we have seen an increase in customers who are looking for RSPO certified material since our first certification, however uptake can vary year over year and achieving 100% sourcing of RSPO certified material is challenged by supply chain impacts that affect availability and pricing, as well as other influences. Stepan is fully committed to delivering the RSPO certified products that our customers are looking for, and we continue to take actions to ensure our ability to meet the market demand for certified products based on PKO derivatives.

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**3.5 If the TimeBound Plan commitments declared above do not cover all countries in which the member operates, please explain why**

Our goal does include all of Stepan facilities that handle palm-based material. We have certified sites in all our regions of operation and in 2024 will certify our remaining site that handles palm material.

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#### 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)

- Participation in RSPO Working Group or Task Forces
- Support Independent Smallholders (ISH)
- Contribute to the RSPO Smallholder Trainer Academy
- Financial contribution to the RSPO Smallholder Support Fund
- Direct investments in Smallholder Certification projects
- Involvement/direct investments in Jurisdictional/Landscape approach
- Direct/collective investments in conservation and restoration initiatives
- Financial contribution to support members with Remediation and Compensation (RaCP) process, direct/collective investments in conservation and restoration initiatives
- Allocating FTE to promote the production or consumption of certified sustainable oil palm products
- Specific policies and action plans by the member to promote CSPO production or consumption in the upstream or downstream supply chain, including target dates or broader policies that include such efforts
- No activities planned
- Others

##### Other

Stepan Company engages with our customers to meet their responsible sourcing goals. In addition to being supply chain certified, this includes engaging our supply chain on responsible sourcing issues and working to facilitate supply chain transparency. Stepan maintains and promotes our Responsible Sourcing Policy and our Third Party Code of Conduct which define our expectations for suppliers and aims 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 meetings with customers and colleagues, through our website, and on social media. We also engage our suppliers to identify sources and obtain volumes of needed CSPKO derivatives. In early 2023 Stepan joined ASD with the goal of increasing our understanding of our supply chain and promoting supply chain transparency. ASD represents companies that use PKO derivatives and focuses on issues within that supply chain. With the new EU Deforestation Regulation, Stepan is working to understand impacts to our supply chain and we are engaging our suppliers to discuss availability of compliant volumes. This is expected to result in some disruptions and/or impacts, but with some details of the requirements still unclear, the impacts are not clearly understood.

## Shared Responsibility

*The Board of Governors of the Roundtable on Sustainable Palm Oil approved new Shared Responsibility rules on 31 October 2019, requiring all members to share sustainability requirements and obligations. Reporting of Shared Responsibility (SR) requirements will be done through ACOP and MyRSPO. As the process of verification of the reports is in development, the Shared Responsibility section in ACOP may change in future ACOP cycles. Evidence to show compliance to the SR requirements shall be uploaded via your membership profile in MyRSPO. Please login to your MyRSPO account and upload the relevant policies, plans and relevant reports there. If you do not have a policy or your policy does not cover all items, you will be required to provide a Declaration of Support for the relevant policy items in your MyRSPO profile. Additional information on the required policies and plans applicable to all sectors as well as the annual uptake targets for supply chain actors can be found on <https://rspo.org/members/shared-responsibility> or email the Shared Responsibility team at [sharedresponsibility@rspo.org](mailto:sharedresponsibility@rspo.org).*

### SR 1. Transparency

**1.1 Does your organisation have organisational management documents publicly-available?**

Yes

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### SR 2. Ethical Conduct

**1.2 Does your organisation have a publicly-available policy covering Ethical Conduct, including for recruitment and contractors?**

Yes

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### SR 3 and SR 4. Legal Compliance

**1.3 Does your organisation comply with all applicable legal requirements?**

Yes

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**1.4 Does your organisation require its third party contractors to comply with legal requirements?**

Yes

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### SR 7. Claims and labels

**1.7a Does your organisation promote the use of off-product RSPO claims and labels?**

Yes

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### SR 8. Information and outreach activities

**1.8 Does your organisation implement transparent communication and outreach activities to promote sustainable palm oil?**

Yes

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### SR 9. Human Rights

**1.9 Does your organisation have a publicly-available Policy on respect for human rights, including for suppliers and sub-contractors?**

Yes

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**SR 10. Complaints & Grievances****1.10 Does your organisation have a Grievance Mechanism that is accessible to all affected parties?**

Yes

**1.10.1 Is your Grievance mechanism in line with the principles of the RSPO's Complaints System?**

Yes

**SR 11 and SR 12. Land Use and FPIC****1.11a Does your organisation have a policy covering Commitment to respect Free Prior and Informed Consent (FPIC) in the operational Palm Oil Supply chain?**

Yes

**1.11a.1 Does your organisation have a procedure in place to identify legal, customary or user rights, and people entitled to compensation?**

No

**SR 13 and SR 14. Smallholders inclusion****1.13 Does your organisation support oil palm smallholders (groups)?**

No

**SR 15 - SR 20. Labour & Labour Rights****1.15 Does your organisation have a publicly-available policy covering Labour & Labour Rights?**

Yes

**1.15.1 Does the policy cover:**

- No discrimination and equal opportunities
- Pay and conditions of the workers.
- Freedom of association and Collective bargaining
- Protection of children and remediation for suppliers and third party contractors.
- Prevention of all forms of harassment, including sexual harassment
- No forced or trafficked labour

**SR 21. Occupational Health & Safety****1.21 Does your organisation have a publicly-available Policy covering Occupational Health & Safety?**

Yes

**SR 22. Waste Management****1.22a Does your organisation have a waste management plan that includes reduction, recycling, reusing and disposal based on the hazardous characteristics?**

Yes

**1.22a.1 Is this plan implemented?**

Yes

**SR 23. Water Management****1.23 Does your organisation have a water management plan to promote efficient use and continued availability of water sources?**

Yes

**1.23.1 Is this plan implemented?**

Yes

**SR 24. Energy Use****1.24 Does your organisation have an energy use plan to improve the efficiency of the fossil fuels used and to optimise renewable energy?**

Yes

**1.24.1 Are there records of implementation of the plan ie. monitoring and reporting?**

Yes

**SR 25. Climate Change and Greenhouse Gases (GHG)****1.25 Does your organisation have a publicly-available policy covering Climate Change & Greenhouse Gas (GHG) including identification and assessment of GHG emissions and implementation of a plan to reduce or minimise them?**

No

**SR 26. Promotion of certification/uptake****1.26b Does your organisation meet the SR CSPO uptake target?**

No

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**1.26b.1 Why not?**

- Lack of knowledge on the SR uptake target and /or how to calculate it
- Lack of suppliers.
- Lack of demand from my clients
- Other

Others

Stepan has over 90% of our sites that handle palm material MB certified and ready to deliver to customers interested in these products. We are working to gain certification for our remaining site this year. The current limitations to the volume of certified material that we purchase is driven by customer demand.

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**SR 27. Sustainable Palm Oil Policy****1.27a Does your organisation have other relevant policies as a sustainable palm oil sourcing policy?**

Yes

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**SR 28 and SR 29. Support and resourcing****1.28 Does your organisation provides services and support to RSPO and resources to implement SR?**

No

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## Challenges and Support

### 1.1 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

Concern over connection to deforestation is a growing concern for some of our customers. This seems to be increasing with the EU Deforestation Regulation.

### 1.2 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?

- Communication and/or engagement to transform the negative perception of palm oil
- Engagement with business partners or consumers on the use of CSPO
- Engagement with government agencies
- Engagement with peers and clients
- Promotion of CSPO through off product claims
- 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

Stepan joined Action for Sustainable Derivatives in early 2023. Through that organization we work to support improved traceability of palm supply chains and effective engagement of supply chain partners for shift toward best practices. ASD collaborates with RSPO and other organizations on behalf of its member companies.

**1.3 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/content/stepan-dot-com/en/sustainability/third-party-partnerships.html>

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