

Pathway to Transform Palm Oil Supply Chains

DuPont Nutrition and Biosciences

July 2020

Our Implementation Plan for Sustainable Palm Oil is structured along four interconnected areas that bring together multidisciplinary teams across DuPont Nutrition and Biosciences (N&B).

Transforming palm oil supply chains through:

1. Understanding our supply base and managing risks
2. Working within our supply chains, engaging suppliers and requiring assurance that our palm based raw materials are traceable and responsibly sourced
3. Working beyond our supply chains delivering positive impact for people and the environment by working on specific landscapes and in collaboration with other actors
4. Promoting transparent and regular reporting and embracing continuous improvement

Understanding our supply base and managing risks

Supply chain transparency and risk management in palm oil supply chains through traceability

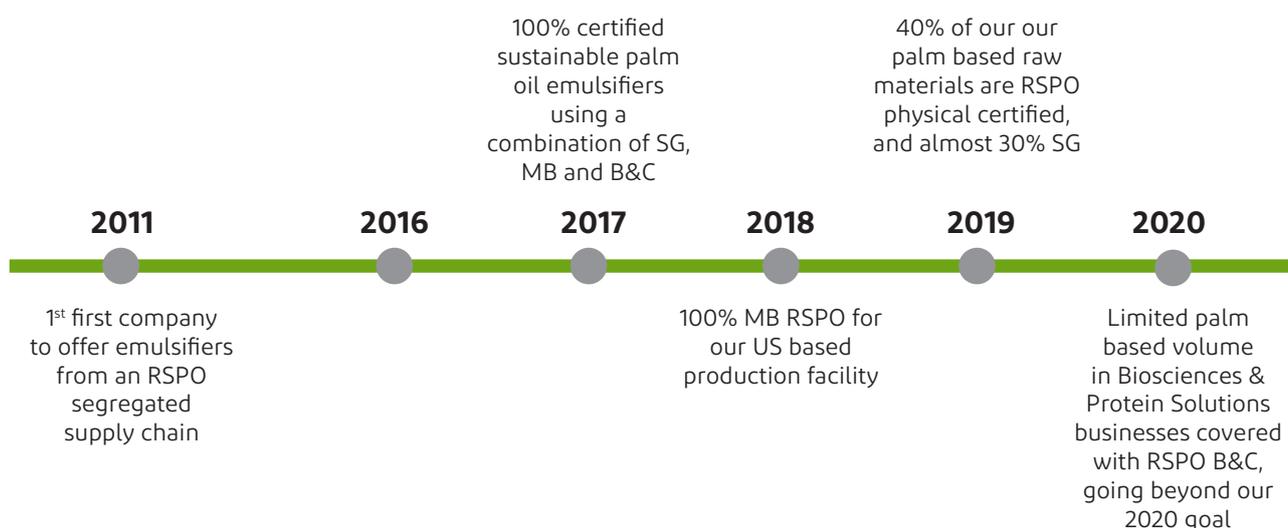
Understanding the origin of palm based raw materials is central to assessing and mitigating social and environmental risks in our supply chains. Traceability is essential to deliver on our responsible sourcing commitments, that is why we are working with Proforest to track and assess traceability information from our suppliers, helping us achieve **100% traceability to mill** by 2025 and progress towards **traceability to plantation**. We will be using insights from traceability, supplier performance, and external data sets to **assess risks** of palm oil producers not meeting our responsible sourcing policy and prioritise impactful actions.

Working within our supply chains, engaging suppliers and requiring assurance that our palm based raw materials are traceable and responsibly sourced

Purchases of certified material

DuPont Nutrition and Biosciences operates in the business to business (B2B) market. Our products provide innovative solutions to consumer goods manufacturers. We purchase processed palm oil, sourcing materials that contain refined palm oil, derivatives and fractions. Our total purchase of palm oil-based products represents less than 0.15% of palm oil production worldwide and our first-tier suppliers are refineries and oleochemical companies supplying refined palm oil and derivatives. Palm based raw materials are used primarily in the production of palm based emulsifiers.

We joined the [Roundtable for Sustainable Palm Oil](#) (RSPO) in 2004 and since then we have achieved significant milestones:



We support the strengthened [2018 RSPO Principles and Criteria for Sustainable Palm Oil](#) production and are committed to the [Shared Responsibility Framework of RSPO](#). We believe that through the demand of physical certified material we contribute to the transformation of the palm oil supply chains globally that is why we are committing to **phasing out RSPO credits by 2025 and moving towards 100% physical certified palm oil**. Credits are still an important mechanism to start building sustainable supply chains in some regions and to enable upstream actors, such as smallholders to access sustainable supply chains. Hence why this phasing out will be undertaken in a staggered manner, making sure that our strategies are fit for purpose.

With our global presence, both in terms of manufacturing and the markets we serve, we believe in partnership with our suppliers and manufacturers should be the way forward to ensuring availability of physical certified palm oil products for end consumers. Only then will we be able to address particularly challenging areas of oleochemical supply chains or specific consumer markets where there is less demand for sustainable palm oil.

Working with our partners, suppliers of palm based raw materials

Our direct and indirect suppliers are essential partners on this journey. Given our position in the palm oil supply chains - where mills and plantations are not our 1st tier suppliers – we depend upon our suppliers to be able to achieve our goals. To that extent, we are keen to work with suppliers that are also committed to sustainability and able to demonstrate actions and sustainability impacts. Our action plan to achieve this includes sourcing exclusively from **RSPO members and engaging with suppliers** to understand and support their sustainability performance, which will be regularly assessed in a palm oil **scorecard mechanism** in collaboration with [Proforest](#).

The Key Performance Indicators (KPIs) include, for example, the requirement of having sustainable palm oil policies and time-bound implementation plans aligned with [DuPont N&B's policy](#) on sustainable palm oil. Our supplier base is diverse, and our scorecard items reflects this. For example, we expect suppliers who own mills or purchase direct from mills or growers to use a **satellite monitoring system** to identify clearance in directly managed areas. Climate change is one of the biggest challenges the world is facing today. We will work with our suppliers to encourage them to **minimize Greenhouse Gas (GHG) emissions** and to report on progress via CDP Forest, RSPO and Science Based Targets.

Transparency is a key ingredient for trust. We look for suppliers that have **robust grievance mechanisms** in place and address grievances accordingly. If they consistently fail to address grievances suppliers will be removed from our supply chains. Ultimately, we are looking for suppliers that are transparent with us about challenges in their supply chains and take actions to address them.

Working beyond our supply chains delivering positive impact for people and the environment working on specific landscapes and in collaboration with other actors

In the palm oil industry, there are complex and multifaceted issues such as deforestation or human rights. Addressing these in an effective manner requires long terms collaboration between stakeholders. Just like these issues go beyond an individual supply chain, solutions also need to be collective. That is why, in particular landscapes and regions, we are partnering with suppliers to **support smallholders** entering sustainable supply chains. Where deforestation or other types of conversion took place, we will engage with suppliers and other actors to support programs geared towards **restoration efforts**. By 2025 we will be contributing to at least two efforts in specific locations.

Multi-stakeholder industry platforms such as the RSPO are well suited for convening and driving action around common challenging issues such as deforestation. We will continue to engage with the RSPO and other NGOs, such as Proforest to drive continuous improvement as well as adapt our policies and implementation plan as required.

Transparent and regular reporting and embracing continuous improvement

DuPont N&B is committed to reporting on regular progress on our implementation plan targets through our website and by producing annual reporting dashboards. We are also reporting to [WWF Palm oil scorecard](#) and the [RSPO ACOP report](#).

¹ Using a combination of Segregated, Mass Balance and Book and Claim.

² Note that protein solutions as well as heritage Industrial Biosciences (hIB) were not part of the initial 2020 goals. hIB joined heritage Nutrition and Health (HN&H) in 2019 becoming N&B.

³ In 2019, our purchase of RSPO physical certified material represented 40% of our global purchases of palm based raw materials. The remaining 60% was covered by RSPO credits.