

Our Palm Oil Promise

Our 2020 Action Plan

July 2018




Our Palm Oil Promise

Our aim is that by 2020 100% of the palm oil used in our personal and home care, beauty and food products will come from producers whose entire operations have been independently verified compliant with No Deforestation/No Peat/No Exploitation (NDPE) standards. Our 2020 strategy & action plan on palm oil sets out five strategic objectives to help us meet our commitments:




Our Palm Oil Promise – Action Plan 2020

Key
 Achieved
 On track
 Behind schedule



Governance – reinforcing good governance to drive NDPE compliance

Goals	Action plan	Status	Deadline
<p>Interim goal: 75% from direct suppliers with NDPE commitments.</p>	<p>Work with fewer suppliers and only those with aligned NDPE commitments.</p> <p>Prioritise NDPE within our procurement process.</p>		End 2018
<p>100% from producers with NDPE commitments.</p>	<p>Ongoing supplier engagement to encourage transparency and adoption of NDPE commitments.</p>		End 2019
<p>Early visibility of non-compliance within our suppliers' entire operations.</p>	<p>Require suppliers to demonstrate use of credible systems to proactively monitor the producers in their supply chain at group level, making use of concession maps and other relevant data.</p> <p>Actively monitor suppliers' grievance procedures and drive compliance across their physical supply chains, including wider group company activity.</p>		Process embedded by end 2018 – on-going implementation
<p>Create and roll-out a consistent non-compliant supplier protocol:</p> <ul style="list-style-type: none"> • applies to all suppliers and third-party producers • includes a conversion cut-off date • includes acceptable timescales for mitigation before excluding non-compliant producers. 	<p>Update our policy to include a conversion cut-off date of 31 December 2015.</p> <p>Work collaboratively with The Forest Trust (TFT), Greenpeace and our suppliers to agree a consistent and mutually acceptable approach to mitigation and exclusion.</p> <p>Adopt and promote an industry-wide protocol, once available, to address non-compliance.</p> <p>Integrate new protocol into supplier selection and engagement process.</p> <p>Measure adoption rate with suppliers.</p>		End of 2018

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- Key**
- ☑ Achieved
 - ➔ On track
 - ⚠ Behind schedule



Traceability – achieving full traceability of our entire palm oil supply chain



Goals	Action plan	Status	Deadline
100% traceability across our palm oil supply chain, including derivatives.	<p>Work with direct suppliers and TFT to:</p> <ul style="list-style-type: none"> • trace 100% back to the mill • achieve full traceability to plantation. <p>Engage with suppliers to achieve traceability of all ingredients containing palm oil derivatives.</p>	➔	End 2018
Full disclosure of palm oil supply chain including: all our direct suppliers, mill parent companies and mill co-ordinates.	<p>Obtain permission to publish this data for 100% of our palm oil supply chain.</p> <p>Publish an updated list on our website every six months – next update September 2018.</p> <p>pzcussons.com/en_int/CSR/Palm-oil</p>	➔	End 2018

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- Key**
-  Achieved
 -  On track
 -  Behind schedule



Transformation – investing in transformation and independent verification of the palm oil industry

Goals	Action plan	Status	Deadline
Support transformation programmes that align with our NDPE commitments.	<p>Use supplier data to help prioritise where we contribute to on-the-ground transformation.</p> <p>Quarterly planning and evaluation meetings with TFT</p> <p>Ongoing engagement with high impact suppliers to facilitate transformation via deep engagement.</p> <p>Ensure suppliers have time bound action plans for NDPE compliance.</p> <p>Ensure that refineries at origin in our supply chain (either direct or indirect sourcing) develop and implement an actionable time bound plan for compliance with NDPE commitments for the entirety of the refinery’s upstream supply chain.</p> <p>We will collaborate with our suppliers and contribute to on-the-ground transformation to advance these plans.</p> <p>Follow and monitor progress on implementation of Action Plans resulting from past assessments in our upstream supply chain.</p> <p>In collaboration with TFT, support the implementation of landscape level, multi-stakeholder approach to ensure environmentally and socially sensitive land-use plans are in place for key geographies linked to our supply chain.</p>	 Ongoing	Ongoing
Develop an actionable plan to address regeneration of previously cleared forests and conservation of forest areas within concessions.	<p>Work with TFT to identify and evaluate the possible regeneration routes to understand where and how we can achieve most impact.</p>		2018

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- Key**
- ☑ Achieved
 - ➔ On track
 - ⚠ Behind schedule



Transformation *Continued*

Goals	Action plan	Status	Deadline
Support multi-stakeholder initiatives to deliver regeneration of degraded areas and conservation of forest areas within concessions.	With TFT, we will support the pilot for forest conservation platform.	➔	2019
Independent verification of NDPE compliance across supply chain.	<p>Investigate verification methodologies and tools for social aspects as well as deforestation.</p> <p>Trial Starling, which uses a combination of high-resolution optical and radar satellite imagery, to provide unbiased monitoring of forest cover change – pilot planned in Sarawak in East Malaysia in 2018.</p> <p>Report on the pilot.</p> <p>Trial Kumacaya which is independent monitoring by local CSOs of social and environmental issues in geographies relevant to physical palm oil supply chain.</p> <p>Prioritise verification of supply based on volumes, business critical nature, opportunity to partner with others and ease of verification.</p> <p>Create a timetable for verification of whole supply chain based on priorities.</p>	➔	2020

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Key
 ✓ Achieved
 → On track
 ⚠ Behind schedule



Nigeria – taking a lead in developing Nigeria’s palm oil sector

Goals	Action plan	Status	Deadline
Maximise our capital in Nigeria to support local development in line with NDPE.	Continue to work closely with Wilmar, our JV partner, to ensure that our JV’s production is fully compliant with our shared NDPE commitments. Obtain independent verification that our JV plantations comply with NDPE standards.	→	2019
	Work with Wilmar to promote the sustainable growth of the sector by: <ul style="list-style-type: none"> • Working with government and industry stakeholders to share best practice • Support national and local programmes to increase yields • Support programmes to educate and assist smallholder farmers 	✓ Ongoing	2020

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- Key**
- ☑ Achieved
 - ➔ On track
 - ⌚ Behind schedule



Transparency – an open and transparent approach to reporting on progress

Goals	Action plan	Status	Deadline
We will move from annual updates to six monthly reports.	<p>Continue to assess our progress on an on-going basis and will report on our progress and plans via existing annual reporting mechanisms.</p> <p>Work with TFT to agree most effective KPIs.</p> <p>Publish a progress update via our website and the TFT Transparency Hub every six months when we publish our supplier data.</p>	➔	2019
Provide progress updates on our various programmes.	Put in place the resources to plan and execute more frequent updates.	➔	