

Our Palm Oil Promise

Our 2023 Action Plan



Our Palm Oil Promise – 2023 Action Plan

Introduction and context

Part of PZ Cussons' Good 4 Business (G4B) strategy to drive positive change in society, our Palm Oil Promise sets out clear goals to help address one of the most important sustainability issues facing our planet: deforestation.

Palm oil continues to sit at the centre of a global debate around rainforest preservation and protection of endangered species – and yet, when sourced responsibly, it is actually one of the most sustainable compared to many other commonly-used oils.

We use less than 0.001% of the world's supply of palm oil, however many of our products, in particular our personal care products, contain palm oil or palm oil derivatives. We hold ourselves accountable for the palm oil we source from mills in Indonesia, Malaysia, Thailand and Nigeria and are fully committed to playing our part in the reform of the industry.

We only want to use palm oil that is responsibly produced, protects animal habitats, respects local and indigenous communities and does not contribute to deforestation. That's why, alongside Earthworm Foundation, we have been working to influence real change on-the-ground – from supporting small-scale farmers that rely on palm oil to make a living, to empower local communities to conserve and protect vital forest areas.

This action plan builds on the commitments we made in our 2014 PZ Palm Oil Promise, our membership of the Roundtable on Sustainable Palm Oil (RSPO) and the progress we have made via implementation of our 2020 Action Plan. It sets out five strategic areas of focus: governance, traceability, transformation, regeneration and conservation, verification and transparency, each with its own set of time-bound targets and KPIs.

Our approach covers our entire global supply including all derivatives and fractions and recognises the essential nature of collaboration. We are working together with our suppliers and their supply chains, industry partners and not-for-profits towards our goal: 100% of our palm oil being sourced from producers whose entire operations have been independently verified compliant with No Deforestation, No Peat, No Exploitation (NDPE) standards.

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Introduction and context *continued*

Where we are in our journey

Today, 100% of our Crude Palm Oil (CPO) and Palm Kernel Oil (PKO) suppliers and 99% of our palm oil derivative suppliers have NDPE commitments to ours. Additionally, 99% of our palm oil and 94% of our palm oil derivatives are traceable to mill. So, we've made good progress and our commitment to our 100% target remains as strong as ever.

This progress has continued despite the ongoing challenges and complexity of the palm oil industry and global disruption caused by the COVID-19 pandemic, which has had a direct impact to our work on-the-ground. We have continued to invest significant resource in supplier relationships, transformation projects and transparency which has enabled us to meet 12 of the 16 goals we set in our 2020 Action Plan.

We have learnt a lot in getting here and we are carrying this knowledge forward into the next phase of our palm oil journey together with stronger, deeper supplier relationships and partnerships.

Priorities for the next six months

Priorities for the next six months will be to develop a methodology to score suppliers on adherence to our NDPE goal, increase traceability to plantation level across our supply chain, continuing to use Starling data to independently verify compliance, and engage suppliers to address High Impact Supplier connections. We also hope to see a fuller resumption of on-the-ground transformation projects, however this will depend on COVID-19 restrictions being eased.

PZ Cussons' Palm Oil Promise – action plan to meet our 2023 commitment



Governance – reinforcing good governance to drive NDPE compliance

Goals	Action plan	Progress	Deadline
Maintain 100% supply from CPO / PKO suppliers that share our NDPE commitment.	Forms part of supplier selection policy and criteria. Suppliers without aligned commitments cannot pass through the gateway. Procurement team to continue to work with technical and NPD teams to ensure this policy is implemented.	100% of our crude palm oil and palm kernel oil is supplied by direct suppliers all with NDPE commitments aligned with ours.	Ongoing
100% of palm oil derivative supply from producers with NDPE commitments.	Continue to engage with all derivative suppliers to encourage transparency and adoption of NDPE commitments.	99% of palm oil derivatives are supplied by suppliers with NDPE commitments aligned with ours. We are now hitting areas where securing policy alignment through supplier engagement is more difficult to achieve. We will complete engagement currently underway and implement sourcing changes if required.	End 2021
Rank suppliers' implementation of NDPE & use to inform supplier choice.	Create a methodology to 'score' suppliers based on their adherence to NDPE goals and rank in order of ability to support PZ Cussons in meeting its own commitments. Use rankings to inform supplier choice.	Working alongside Earthworm Foundation, we are currently developing this methodology. Once methodology developed, we will use rankings to inform supplier choice on a six-monthly basis.	July 2021
Actively monitor to achieve early visibility of any non-compliance within our suppliers' entire operations.	Through Starling satellite monitoring, Kumacaya monitoring, Earthworm Foundation knowledge and data from NGOs/ industry.	Active monitoring ongoing.	Ongoing
Apply non-compliant supplier protocol.	Follow defined approach for non-compliant suppliers. Our protocol can be downloaded from our palm oil landing page .	Application of protocol ongoing.	Ongoing

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

Goals	Action plan	Progress	Deadline
Maintain close to 100% traceability of CPO / PKO to mill.	Continue to scrutinise supplier mill data and ensure traceability remains above 95%.	Currently 99% of the CPO/PKO we use is fully traceable to mill. We will continue to engage with all our direct suppliers and with Earthworm Foundation to trace our palm oil back to the mill.	Ongoing
Achieve 100% traceability of derivatives to mill.	Continue to engage with suppliers to achieve traceability of all ingredients containing palm oil derivatives.	Currently, 94% of the derivatives we use are fully traceable to the mill (against 91% in June 2020). Our challenge in achieving 100% is driven by three factors: <ul style="list-style-type: none"> Some derivative suppliers will only share global lists for their entire supply, regardless of where our physical oil comes from. It is difficult for us to allocate resources across such a large number of mills and we continue to engage with these suppliers to urge them to share tailored data COVID-19 is impacting supplier ability to provide full updates Our decision to broaden the scope of the derivatives we trace – following intense work, we have been able to identify and include all fractions (ingredients with very small amounts) Whilst a challenge due to their complexity, we are aiming to achieve our target.	End 2021
Achieve 100% traceability of CPO / PKO to plantation (TTP).	Regular engagement with suppliers to obtain plantation data for all mills as part of traceability exercise.	All CPO/PKO suppliers are now providing some or all plantation data and are working on full traceability.	End 2021
Achieve 100% traceability of derivatives to plantation (TTP).	Regular engagement with suppliers to obtain plantation data for all mills as part of traceability exercise.	Some derivatives suppliers are able to provide partial plantation data however they are at an earlier stage of progress than CPO/PKO suppliers.	End 2022

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Traceability *continued*

Goals	Action plan	Progress	Deadline
<p>Interim goal: 50% traceability of derivatives to plantation.</p>			End 2021
<p>Full disclosure of our CPO / PKO and palm oil derivative supply chain including: all our direct suppliers, mill parent companies and mill co-ordinates.</p>	<p>Work with our suppliers and with Earthworm Foundation to 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. The next list will be published in July 2021.</p>	<p>You can view the latest list on our website.</p>	End 2021

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Transformation, Conservation & Regeneration

Goals	Action plan	Progress	Deadline
Drive transformation and alignment with our NDPE commitments.	Continue to support programmes that champion transformation, protect animal habitats, respects smallholders, and local and indigenous communities.	Ongoing commitment to continue support for Earthworm Foundation's Landscapes Project in Aceh Tamiang and Southern Aceh; and a smallholder resilience project with one of our main suppliers in West Kalimantan – both in Indonesia.	Ongoing
Take a forest positive approach to our conservation footprint – by continuing to support the Forest Conservation Fund (FCF).	Financial support for FCF, a market-based mechanism to channel conservation funding from companies directly to forests.	Current funding levels protect an area of forest equivalent to the land required to grow 14% of our palm oil volumes.	Ongoing

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Verification

Goals	Action plan	Progress	Deadline
Continue to use satellite technology to independently verify compliance across our global supply chain, and prioritise work with High Impact Suppliers.	Starling identifies high risk areas and deforestation alerts using satellite imagery. Through on-going engagement with suppliers, reports are shared for follow-up action.		Ongoing
Continue to access independent, local on-the-ground reports (via Kumacaya), and ground verification reports (via Earthworm Foundation).	We remain committed to pursuing independent verification for exploitation, however solutions for this area are still under development within the industry. We are using tools and methodologies currently available and we're working with industry to progress these further.		Ongoing
Reach 100% independently verified deforestation-free supply.	Regular engagement with suppliers using Starling data to verify deforestation-free areas and identify areas for action – through monthly meetings. This goal will require industry-wide progress and will not be possible through our efforts alone.		End 2023
Interim goal: Reach 50% independently verified deforestation-free supply.		As at December 2020, 22% of our palm oil can be independently verified as deforestation free.	End 2021

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Transparency – an open and transparent approach to reporting on progress

Goals	Action plan	Progress	Deadline
Continuation of six-monthly disclosure of mill lists & plantation data.	Publish a progress update via our website and the Earthworm Foundation website.	Next update scheduled July 2021.	Ongoing
Continuation of six-monthly progress updates.	Publish a progress update via our website and the Earthworm Foundation website.	Next update scheduled July 2021.	Ongoing
Annual RSPO Communication of Progress.	Submit our RSPO ACOP on an annual basis.		Ongoing
Annual update in Annual Report and Accounts.	Provide an update on our progress in our Annual Report.		Ongoing