



# **PALM OIL**

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## **PROGRESS REPORT**

SEPTEMBER 2024 UPDATE

# INTRODUCTION AND CONTEXT

In this report, we share the actions taken and the progress achieved throughout our 2024 fiscal year, which ran from 1<sup>st</sup> June 2023 to 31<sup>st</sup> May 2024, as we work towards fulfilling our Palm Oil Commitment: to ensure 100% of the palm oil we source comes from producers whose operations have been independently verified as compliant with No Deforestation, No Peat, No Exploitation (NDPE) standards.



The responsible sourcing of palm oil is a key element of our wider sustainability strategy. While our company uses less than 0.001% of the world's palm oil supply, we take full responsibility for the palm oil we source. This includes palm oil from mills in Indonesia, Malaysia, Thailand, and Nigeria. Through our efforts, we aim to contribute positively to the transformation of the industry.

This report builds on the commitments we have made, including our continued membership of the Roundtable on Sustainable Palm Oil (RSPO). In 2024, we remain committed to reporting our progress, with the aim of sustaining and strengthening our deforestation-free ambition.

The report focuses on five strategic areas:

1.  **GOVERNANCE**
2.  **TRACEABILITY**
3.  **TRANSFORMATION, CONSERVATION & REGENERATION**
4.  **VERIFICATION**
5.  **TRANSPARENCY**

Our approach encompasses our entire global supply chain, including all derivatives and fractions, and recognises the importance of collaboration. We work closely with our suppliers and their supply chains, industry partners, and non-profits to achieve our goals. Furthermore, we ensure that the principles of responsible sourcing are embedded within PZ Cussons, uniting all relevant teams behind this ambition.

# WHERE WE ARE IN OUR JOURNEY

In 2024, we are proud to report that we have maintained high levels of suppliers aligned with NDPE commitments, alongside strong traceability to mill scores. Notably, we have significantly improved traceability to mill for derivatives compared to the previous year. Our traceability to plantation scores has also increased significantly, reaching 55.7%—up from 50% in our latest progress report—thanks to enhanced engagement with key suppliers and increased transparency regarding mill and plantation locations.

As part of our commitment to continuous improvement and maximising our positive impact across all geographies, PZ Cussons has strengthened due diligence and supplier engagement efforts in Africa. This is crucial, as our African operations represent a significant portion of our palm oil volumes. To deepen our understanding of the Nigerian supply chain, we have made substantial investments in engagement with local vendors, scrutinising their processes to ensure compliance.

This deeper engagement has led to a rebaselining of our previous data, resulting in greater accuracy and transparency. Consequently, there has been a slight decrease in traceability to mill scores for palm oil and palm kernel oil. To address this, we are implementing an intervention plan to support smallholders and family businesses in meeting transparency requirements. This initiative not only aims to improve our traceability scores but also fosters sustainable business practices, benefiting the communities that depend on the palm oil supply chain.

Through independent third-party monitoring and verification with Starling, the percentage of our supply that is deforestation-free has increased to 50%, up from 37% in our last reporting cycle. This progress has been driven by a combination of improved Traceability to Plantation (TTP) data and proactive engagement with strategic suppliers to monitor alerts and address non-compliance.

From a procurement perspective, engaging with suppliers to address non-compliance within PZ Cussons' supply chain has been a key focus. We continue to gather data via Starling satellite monitoring and maintain a comprehensive approach to addressing non-compliances across all 1,710 mills from which we source. Our direct supplier engagement is further bolstered by our participation in the Earthworm Foundation's Derivative Collective Action Group, which facilitates collaboration with shared suppliers. This has helped accelerate progress by strengthening relationships and improving transparency. We have also enhanced our efforts through collaboration with other users of Starling satellite monitoring, enabling joint supplier engagement and shared data for common supply chains.

In Indonesia, we have continued to invest in sustainable initiatives, most notably through our Associate Sponsorship of the Riau Landscape Programme. This multi-stakeholder, multi-commodity initiative has seen us provide both financial and practical support, with dedicated resources for workshops and active participation in decision-making processes.

# PRIORITIES FOR THE NEXT SIX MONTHS

Our primary focus in the coming year is to engage with direct suppliers globally, with a particular emphasis on strategic suppliers in Africa, to further improve traceability to both mill and plantation levels. In addition, we will continue to engage with both direct and indirect suppliers to address non-compliance alerts and increase the volume of deforestation-free palm oil within our supply chain.

This will be achieved through close and ongoing collaboration with our suppliers and fellow Earthworm Foundation members.





## GOVERNANCE

Goals	Action Plan	Progress	Deadline
Achieve 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.	99.8% of crude palm oil and palm kernel oil is supplied by suppliers with NDPE commitments aligned with ours.	Achieved
Achieve 100% supply from derivatives suppliers that share our NDPE commitment.	Continue to engage with all derivative suppliers to encourage transparency and adoption of NDPE commitments.	98.4% of palm oil derivatives are supplied by suppliers with NDPE commitments aligned with ours.	Ongoing
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.	Palm Supplier Selection Methodology approach developed and implemented. Publicly available on our website.	Achieved
Actively monitor and achieve early visibility of any non-compliance within our suppliers' entire operations.	Gain visibility through Starling satellite monitoring, supported by the grievance service provided by Earthworm Foundation. Engage with suppliers to seek resolution.	Active monitoring followed by resolution engagement is ongoing via internal teams and supported by the Earthwork Foundation Derivatives Collective Action Group.	Ongoing
Apply non-compliant supplier protocol.	Follow defined approach for non-compliant suppliers.	Palm Supplier Non-Compliance Process approach developed and implemented. Publicly available on our website. Active monitoring followed by resolution engagement is ongoing via internal teams and supported by the Earthwork Foundation Derivatives Collective Action Group.	Ongoing



# TRACEABILITY

Goals	Action Plan	Progress	Deadline
Achieve close to 100% traceability of CPO/PKO to mill (TTM).	Continue to scrutinize supplier mill data and ensure traceability remains above 95%.	97.6% of the crude palm oil and palm kernel oil is we use is fully traceable to mill. Engagement continues with suppliers to achieve 100%.  Since last report we have deepened our engagement with our Africa major suppliers. In scrutinizing their processes, we have rebaselined our previous data, leading to greater accuracy, understanding, and transparency. Consequently, there has been a slight decrease in our traceability to mill scoring for CPO/PKO. To address this, we are implementing an intervention plan to support smallholders and family businesses in meeting transparency requirements.	Ongoing
Achieve close to 100% traceability of derivatives to mill (TTM).	Continue to engage with suppliers to achieve traceability of all ingredients containing palm oil derivatives, aiming to remain above 95%.	98.1% of the derivatives we use are fully traceable to the mill. This represents a significant improvement versus last report due to the increase engagement with key suppliers and more transparency provided by them.	Ongoing
Achieve close to 100% traceability of CPO/PKO and derivatives to plantation (TTP).	Continue engagement with suppliers to obtain plantation data for all mills as part of traceability exercise.	55.7% of our overall supply is now traceable to the plantation.  This represents a significant improvement versus last report due to the increase engagement with key suppliers and more transparency provided by them.	Ongoing
Provide full disclosure of our CPO/PKO and palm oil derivative supply chain including: all our direct suppliers, mill parent companies and mill co-ordinates.	Work with our suppliers and with Earthworm Foundation to obtain permission to publish this data for 100% of our palm oil supply chain.  Publish an updated list on our website annually.	Latest <a href="#">mill list</a> is publicly available on our website.	Ongoing



## TRANSFORMATION, CONSERVATION & REGENERATION

Goals	Action Plan	Progress	Deadline
<p>Drive transformation, conservation and regeneration, for alignment with our NDPE commitments.</p>	<p>Continue to support programme that champion transformation, protect animal habitats, respects smallholders and local and indigenous communities.</p>	<p>Associate Sponsor for Earthworm Foundation's Landscapes Programme in Riau, and inclusion in workshops and decision making.</p> <p>Support the Forest Conservation Fund (FCF) work with the Mului community in Borneo, Indonesia. Contributing to the protection of the 7,200 hectares of pristine rainforest where they live, from logging and conversion to palm oil and other crops and to develop forest-friendly businesses to ensure their thriving future.</p>	<p>Ongoing</p>



## 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.	Increased engagement with suppliers for concession boundary data and follow-up with deforestation alerts both with direct engagement and through group engagement with other Earthworm members via the Derivatives Collective Action Group.	Ongoing
Continue to access independent, local on-the-ground reports via the Global Impact Framework, a field verification tool that allows us to measure outputs, outcomes and impact (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 the industry to progress these further.	The Global Impact Framework (GIFT) is used to report from the Landscape team in Riau, Indonesia for integration in diagnostics and work plan for follow up.	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 quarterly meetings.  This goal will require industry-wide progress and will not be possible through our efforts alone.	Thanks to our increased engagement with suppliers as well as the advancement of stricter regulations, most suppliers are now responding to alerts and providing concession boundary data.  This has led to improved traceability scores across the industry, facilitating effective understanding and follow-up.  PZ Cussons are consistently making progress by increasing engagement with key suppliers, both directly and through collective efforts with other Starling users who share the same supply chain.	Ongoing
<b>Interim goal:</b> Reach 50% independently verified deforestation-free supply.		50% of our palm oil is now independently verified as deforestation-free, marking a significant improvement from last year's report. This progress is due to a combination of enhanced TTP data and proactive measures taken engaging with suppliers, monitoring deforestation alerts and addressing non-compliance.	Achieved





## TRANSPARENCY

Goals	Action Plan	Progress	Deadline
Disclose mill lists – annually.	Publish progress update via our website and the Earthworm Foundation website.	Next update scheduled for September 2025.	Ongoing
Disclose our Palm Oil Progress Update – annually.	Publish a progress update via our website and the Earthworm Foundation website.	Next update scheduled for September 2025.	Ongoing
Disclose RSPO Communication of Progress – annually.	Submit our RSPO ACOP on an annual basis.	RSPO ACOP submitted in May,2024 for Jan.-Dec. 2023 activity.	Ongoing