

Sustainable palm oil statement

Using natural resources brings a responsibility to ensure there are no associated negative social or environmental impacts, and an opportunity to advocate for, and contribute to, positive change. This is only possible through intimate knowledge of our supply chains, collaboration with all parties in them, and with complete transparency and traceability. This is the heart of SDG 17, Partnership for Goals, with effective collaboration in the supply chain resulting in greater positive impacts.

Croda is a founder member of the Action for Sustainable Derivatives (ASD) organisation, who overlay environmental and social risk data and assessments to enable members to focus our transparency, risk management, and engagement efforts to improve and influence best practices. In 2022, we worked with ASD to publish our Grievance Policy in the palm derivatives sector and supported the launch of the first ASD Impact Fund, Kaleka Mosaik Initiative, aimed at driving positive impact in priority production landscapes in Central Kalimantan and Indonesia. We are also participating with ASD in a collaborative satellite monitoring pilot to create a methodology to identify and confirm deforestation-free mills, refineries and plantations.

Our palm sourcing policies fully support the RSPO Principles and Criteria 2018, and we have achieved our goal of 100% certified palm purchasing on a mass balance or segregated basis for our global operations. We are working with our joint venture partner in China to convert palm purchasing to certified sources, and we aim to achieve this by the end of 2025. We are also working to align our supply chains with the High Carbon Stock Approach (HCSA) requirements and the Accountability Framework Initiative roadmap. We recommend the use of the HCSA framework to identify and conserve high carbon stock forests.

Requirements

Both Croda operations and our suppliers are required to comply with NPDE (no Deforestation, no Peat, no Exploitation) providing confirmation of compliance based on the following:

1. A public policy of no deforestation including a commitment to no-conversion production or sourcing.
2. No fires and no plantation on peatlands regardless of depth.
3. No planting on High Conservation Value (HCV) areas and High Carbon Stock (HCS) areas with management and monitoring plans that follow the HCV and HCS approaches.
4. Respect for workers' rights, of the legal and customary rights as well as the Free Prior and Informed Consent (FPIC) of Indigenous communities, no forced labour, no slave labour, and no child labour. In the absence of a Decent Living Wage in a given country, palm oil growers must engage with their workers to mutually agree terms.
5. Full compliance with the laws in the country where Croda and/or suppliers operate.
6. Support for smallholders and growers to develop outreach programmes to support smallholders with sustainability and business skills.
7. Management and monitoring plans that include targeted reductions of GHG emissions.
8. Support of our transparency and traceability work either directly or through a designated Croda third party.

To meet the requirements of the EUDR legislation from 1 July 2023, we shall ensure that our specific commodities and related products (palm and other regulated feedstocks) are:

- Produced free of deforestation/forest degradation, produced on land that was not subject to deforestation after 31 December 2020. A retrospective assessment is required.
- Produced in compliance with the laws of the country of origin covering human rights; labour laws; environmental and land use regulations; anti-corruption; and tax, trade and customs legislation.
- Accompanied by a due diligence statement confirming the deforestation-free and legality status.

Responsibilities

The President Operations owns this Policy, and the Exec Sustainability Committee Chair working with the Sustainability Committee leads corporate governance oversight of the Policy and compliance.

The Global Head of Procurement ensures corporate Policy and implementation processes are in place, develops organisational competence, and reports compliance quarterly.

Regional Vice Presidents are responsible for implementing the Policy, organisation, procedures and assurance processes for all suppliers in scope within their region.

Michelle Marie

Global Head of Procurement and Sustainable Sourcing

We will continue to publish progress against our commitments through our annual Sustainability Report, on our website and within the RSPO's Annual Communication of Progress.