

Progress Update on SUSTAINABLE PALM DERIVATIVES

Our Sustainable Palm Roadmap

At Beiersdorf we rely on natural raw materials for the ongoing development of our product formulas. Many ingredients which are essential for the production of our cosmetic products – such as emulsifiers and surfactants – contain palm-based raw materials.

As a global skin care company we purchase mainly palm-based derivatives and fractions, further processed substances based on palm (kernel) oil. Our annual requirement of palm-

based ingredients is around 33,000 tonnes, which is equivalent to just 0.04 % of global palm oil production.

Beiersdorf strives to take a leading position with regard to sustainability in the palm supply chain. We have already implemented our ambitious **Sustainable Palm Roadmap** in 2010 and are continually driving our activities towards ensuring:



SUSTAINABILITY CERTIFICATION

Sustainably sourced
palm-based raw
materials via
RSPO certification



SUPPLY CHAIN TRANSPARENCY

Transparency and
effective risk mitigation
along our
palm supply chain



TRANSFORMATION IN SOURCING COUNTRIES

Support for smallholder
farmer and landscape
projects in our
sourcing countries



STAKEHOLDER COLLABORATION

Proactive collaboration
with our main
supply chain partners
and multi-stakeholder
initiatives

Our Progress Towards a Sustainable Palm Industry – 2019 Highlights

- 91% of our palm-based raw materials were certified to the standards of the **RSPO** Mass Balance supply chain model (our target is to achieve 100% by the end of 2020). The remaining 9% have been covered via RSPO Book & Claim certificates.
- In 2019 we achieved an **A-** rating in the Forest Palm Oil Assessment carried out by the **Carbon Disclosure Project**.
- In our **smallholder farmer project** with **WWF** in West Kalimantan, Indonesia we provided training on sustainable palm cultivation to approx. 240 smallholder farmers and supported the local communities through access to safe drinking water supplies, the development of a “Green School” and additional sources of income.
- We also support the **FONAP** smallholder project “Impact of the FONAP Add-on Criteria on Small Producers in Malaysia”. This project is carried out by Wild Asia in Perak, Malaysia in cooperation with WWF Germany. The aim of the project is to gather feedback from smallholder farmers on the four additional criteria of FONAP, to test their applicability and ensure their feasibility.
- Detailed information on our initiatives and progress in the abovementioned areas is published in our annual **Sustainability Review** and in the **Sustainability section** of our corporate website.



RSPO 4-0125-10-000-00



BEIERSDORF
SUPPORTS WWF'S
SMALLHOLDER
PROJECT IN
INDONESIA

Beiersdorf



Transparency in the Palm Supply Chain

Driving supply chain transparency and risk mitigation is a further key pillar of our Sustainable Palm Roadmap. In contrast to the crude palm (kernel) oil supply chain, the palm derivatives supply chain is very complex and involves a wide range of different supply chain parties:

These comprise plantations including small-holder farmers, mills, crushers, refineries, fractioners, traders, and oleochemical manufacturers. We purchase our palm-based raw materials from oleochemical suppliers and thus have only a limited and indirect influence on our upstream supply chain. Achieving sustainability in the palm derivatives supply chain is of fundamental importance to us. However, we

know that the reach of our actions as an individual company is limited. We therefore collaborate proactively with peers and supply chain partners and have co-founded the **“Action for Sustainable Derivatives” (ASD)** initiative to support this.

ASD aims to increase the transparency and sustainable transformation of derivatives supply chains. We work closely with our strategic supply chain partners to trace our palm-based raw materials right back to the refinery, mill, and plantation level. Our aim is to reinforce collective engagement in order to achieve sectoral change and greater impact on the ground.

Our Achievements within the Action for Sustainable Derivatives Initiative

KEY FIGURES 2019:

- 100% of Beiersdorf's palm suppliers in project scope were engaged
- 92% of our palm-based raw material volumes are traceable to refinery, mills or plantation level
- Over 900 individual mills identified that are linked to our supply chain with a high possibility
- Main palm sourcing regions: Indonesia (74%), Malaysia (23%), Thailand, Colombia and others (3%)

We could trace back our palm derivatives in project scope to the following levels:

- 98% up to the level of refineries
- 86% up to the level of mills
- 28% up to the level of plantations



ASD
ACTION FOR SUSTAINABLE DERIVATIVES



Outlook

By the end of 2020 we aim to source 100% of our palm-based ingredients from sustainably certified origins in all our products worldwide. Furthermore, we

are striving to achieve a deforestation-free palm supply chain by 2025 and to continually improve our supply chain transparency data within the ASD initiative.

Beiersdorf