

Personal Care Industry Progress in supporting Sustainable Palm

RSPO
Roundtable on Sustainable Palm Oil

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SUSTAINABILITY
WHAT'S NEXT?



Content

- Why do Personal Care Consumer Companies need to support Sustainable Palm?
- How complicated is it?
- The Physical Supply Chain Solution and progress

Why Personal Care Consumer Companies need to support Sustainable Palm?

- Consumers connect with brands
- Consumers have access to information
- Palm oil, a hot media topic
- Reputational and ethical stance
- No viable alternative

The choice is inevitable

Palm Oil Usage



70% of cosmetic products contain palm derivatives

Mintel reports

11,700 new launches in the last 12 months with INCI names containing:

- “palm”
- “elaeis”,
- “palmitic”
- “palmate”
- “palmitate”

Consumer Awareness

- Sustainable Palm – Consumer Awareness
- News Media
- Social Media – “Cosmetics Palm Oil” 1 million internet search hits
- NGOs

Consumer awareness will continue to grow

Consumer Awareness



The Role of the Ingredient Supplier

- The majority of consumer facing businesses have sustainability programs
- Ingredient suppliers need to be aligned with these programs and proactively contribute

Importance of RSPO Membership

- Published Time bound in Annual Communication of Progress
- Communication of internal deadlines and milestones
- Clear open and transparent communication
- The ACOPs can be viewed at:
www.rspo.org/en/annual.communications.of.progress

Commitment against Deforestation

Croda is committed to reducing its contribution to deforestation and any resultant impacts on climate change and biodiversity through working with organisations such as the Roundtable on Sustainable Palm Oil (RSPO), and with suppliers and customers to ensure traceability of critical raw materials back to suitably accredited sources.

CDP

"CDP's forests program was formerly known as the Forest Footprint Disclosure Project (FFD). In June 2012 CDP and the Global Canopy Programme (GCP) announced an alliance to merge GCP's Forest Footprint Disclosure Project with CDP. This strategic merger brings corporate disclosure on the climate, water and forests under one roof, resulting in the world's largest and most comprehensive natural capital disclosure system, and provides companies and investors with a single, integrated source of information for these interrelated issues."

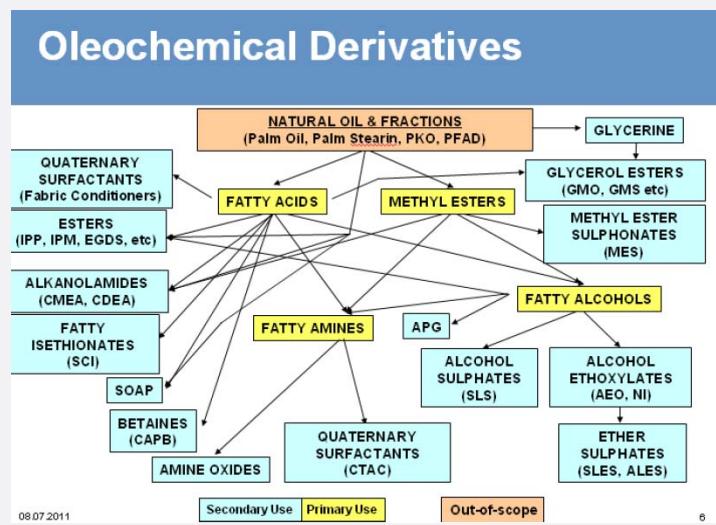
Source: CDP Global Forest Report



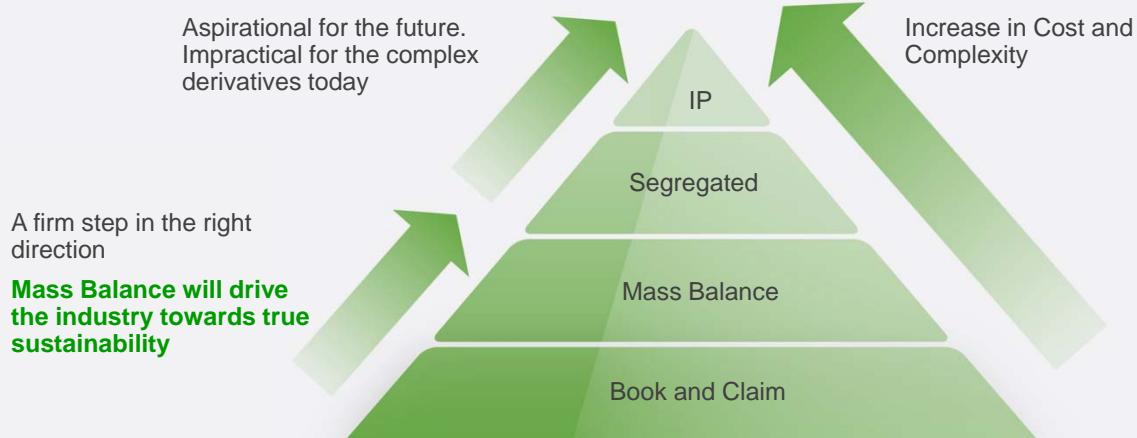
The Complexity of Derivatives

- 21,000 monographs of International Nomenclature Cosmetic Ingredient (INCI) labeling names for the United States, the European Union, and other countries
- More than 68,000 trade and technical names and 3,000 suppliers from 100 countries
- It is estimated that around 5% of INCI references are palm derived
- These are the *chassis ingredients* used in the majority of cosmetics

The Raw Material Feedstocks in Personal Care



Certified Sustainable Palm Oil (CSPO)



Book and Claim

- CSPO growers gain certificates for each tonne of oil they produce
- End manufacturer purchase certificates for the equivalent volume of oil that goes into their product



-Advantages: Connects CSPO producers to end users of palm oil, without the involvement of the entire supply chain

-Disadvantages: Administrative only. Delivered physical palm oil is not likely to be the CSPO produced by a certified plantation, small holder or miller

Mass Balance

- CSPO and non-CSPO can be mixed through the supply chain, but the mass of CSPO produced and sold administratively monitored throughout



Advantages:

- Actively encourages support for growers to produce CSPO and move towards a segregated supply chain system
- Fully audited and draws sustainable oil into the supply chain
- Creates pull towards segregated product

Switching to SP Ingredients

Does not involve any change to the:

- ingredient specification
 - manufacturing process
 - quality
- ...so no re-approval is required

- SP POLAWAX NF MBAL
- “SP” = Sustainable Palm origin
- “MBAL”= system by which Sustainable Palm is supported (Mass Balance)

Purchasing Mass Balance certified products confirms support of the physical supply chain

Croda's Progress and Aspirations



Innovation you can build on™

CRODA

Global Supply Chain

- Singapore
- Rawcliffe Bridge
- Mill Hall
- Atlas Point
- Mevisa
- Brazil
- Thane

Innovation you can build on™

CRODA

What are the Major Personal Care Consumer Companies doing?

- Book & Claim based on PO/PKO volume equivalents is well established together with discrete pockets of segregated oil
- The big change is with in increasing number of derivatives now moving to Mass Balance which is rapidly having an effect
- It is drawing volume into the Personal Care consumer industry
- With the range of ingredients now available, it is helping to drive CSPO via Mass Balance volumes
- CSPO Mass Balance ingredients now have momentum and gaining increasing importance in major Personal Care consumer companies purchase volumes

Summary

- Palm Oil is the most efficient oil crop and environmentally sound
- Personal Care ingredients are complex; RSPO Supply Chain Certification by Mass Balance is the key
- It is about volume but also the number, breadth & range of ingredients available to consumer companies in making CSPO MBAL ingredients the norm
- Mass Balance serves to ensure that sustainable volume is drawn into the supply chain for the manufacture of Personal Care consumer products
- Mass Balance is a very important step beyond “Book & Claim”
 - physically involves the processing of sustainable palm derivatives
 - ensures Sustainable Oil is not left unsold

Summary

- Segregated, Identity Preserved traceable Palm Oil derivatives will only fully develop in Personal Care with the **transition through Mass Balance**
- Certified Sustainable Palm based ingredients provide the mechanism for the Personal Care industry to make a **step change, meeting consumer expectations** and developing the pathway to full traceability
- A wide range of **RSPO Supply Chain Certified Sustainable Palm based** ingredients are now available **globally**

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Questions?

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