



## **Dunkin' Brands Guidelines for Sourcing Palm Oil Progress Report – March 2015**

### **Commitment to Responsible Palm Oil**

In September 2014, Dunkin' Brands created guidelines for sourcing palm oil to share our commitment to sourcing responsibly produced palm oil with our stakeholders, set forth clear requirements for our suppliers and guide our own decision-making regarding palm oil in our global supply chain. The complete guidelines can be found [here](#).

### **The Global Supply Chain**

Like many multi-national corporations, Dunkin' Brands global supply chain is complex. In the U.S., Dunkin' Donuts franchisees purchase all of the supplies for their restaurants – from product supply, equipment, and packaging and other dry goods – from the National DCP, LLC (NDCP), a nonprofit, franchisee-owned and operated cooperative with distribution centers across the country. The NDCP is the exclusive procurement and distribution entity for support of the Dunkin' Donuts brand and sources from suppliers approved by Dunkin' Brands. Seventy four percent (74%) of the direct palm oil purchased in our global supply chain is purchased through the NDCP and is covered by our current palm oil guidelines.

Internationally, our business is primarily conducted via joint ventures and territorial license agreements. International Dunkin' Donuts franchisees are responsible for sourcing their own supplies, including palm oil, subject to compliance with Dunkin' Brands standards. In certain countries, our international franchisees purchase everything locally while others may purchase supplies from the NDCP. In countries where our international franchisees purchase palm oil from the NDCP, these suppliers also supply the U.S. and are subject to the existing targets established for our U.S. operations.

### **Progress to Date**

At the time we published our palm oil policy, we had mapped our U.S. palm oil supply chain. We also set a target to develop and publish a phased implementation plan, including mapping our international supply chain, by March 1, 2015. We are currently focusing our efforts on the most material use of palm oil in our supply chain, which is in our Dunkin' Donuts global supply chain. We will focus on indirect and less material uses of palm oil in a later phase.

### **Phase 1: Map the supply chain by market**

Following the publication of our palm oil policy, we reconvened our internal cross-functional team to begin the process of mapping our international palm oil supply chain. The team identified which countries source palm oil from the NDCP and which countries source palm oil locally. Countries which purchase palm oil locally represent 26% of our global palm oil purchasing.

The team then launched a formal multi-stakeholder engagement process to distribute the palm oil policy to international palm oil suppliers. The team worked directly with our international operations team who then worked directly with the international franchisees. Our international franchisees verified their local palm oil supplier and shared a copy of Dunkin' Brands' palm oil guidelines directly with their supplier. The franchisees asked their palm oil supplier to sign a letter verifying if and when their supplier would be compliant with our policy. If the supplier could not comply with our policy, a separate letter



stating non-compliance was signed. Franchisees were asked to return signed letters from their palm oil suppliers to the cross-functional team for review.

**Status:** We have identified which countries currently source from the NDCP. A full list of countries that currently source from the NDCP can be found in the appendix to this progress report. As of March 1, 2015, we have mapped 79% of our international supply chain. We expect to complete the mapping process by May 1, 2015. Further information will be forthcoming once we have more data.

### **Phase 2: Verify compliance with commitments and U.S. targets**

Once we have completed the mapping process, the internal team will review the letters of compliance and work with the international operations team and our international suppliers to verify compliance with the commitments and targets outlined in our current palm oil policy. While this represents 26% of our global palm oil purchases, it represents 26 countries and more than a dozen suppliers.

**Deadline:** March 1, 2016

### **Phase 3: Design Action Plans**

Dunkin' Brands expects our suppliers to work toward full compliance with our Sustainable Palm Oil Guidelines. For suppliers who cannot currently comply with our commitments and U.S. targets, we will work with our international franchisees to develop action plans for each supplier. The objective of each action plan will be to bring suppliers into compliance with our palm oil policy or work with our international franchisee to set a timeline for transitioning to a supplier who can comply with the policy.

### **Reporting**

Dunkin' Brands will continue to release progress reports annually, or on an interim basis as needed, in addition to our Corporate Social Responsibility report, which is published every two years.

## Appendix A

### **Countries Sourcing from the NDCP**

These countries currently source palm oil from the NDCP and are already subject to the U.S. targets set forth in our palm oil policy.

- Mexico
- Honduras
- Bahamas
- Chile
- Panama
- Aruba
- Guatemala
- U.S. Military bases
- Bulgaria
- Lebanon
- Qatar