Dunkin’ Brands Guidelines for Sourcing Palm Oil
Progress Report – December 2017

Commitment to Responsible Palm Oil
In September 2014, Dunkin’ Brands created guidelines for sourcing our palm oil and in December 2017, we issued revised Guidelines for Sourcing Palm Oil. These guidelines communicate 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. In March 2015 and May 2016, we provided progress reports outlining our efforts toward achieving the targets. The revised guidelines and previous progress reports can be found here.

The Global Supply Chain
As a global franchised organization with U.S. and international businesses that are structured differently, Dunkin’ Brands’ global supply chain is complex. In the U.S., Dunkin’ Donuts franchisees purchase nearly all of their restaurant supplies – from product supply and equipment to packaging and other dry goods – from 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 Dunkin’ Donuts restaurants, and sources from suppliers approved by Dunkin' Brands.

Internationally, Dunkin' Donuts franchisees are responsible for sourcing their own supplies, including palm oil, subject to compliance with Dunkin’ Brands specifications. In certain countries, our international franchisees purchase everything locally while others may purchase supplies from NDCP – including palm oil. NDCP suppliers who supply palm oil to international markets are subject to the existing targets established for our U.S. operations. Our most recent assessment indicates that eighty three percent (83%) of the direct palm oil purchased in our global supply chain is purchased through the NDCP. We are taking action to engage with our international franchisees and their suppliers representing the remaining 17% to achieve our commitment to 100% of directly sourced palm oil as sustainable.

Progress to Date
In September 2016, Dunkin’ Brands partnered with Rainforest Alliance to review and update our Guidelines for Sourcing Responsible Palm Oil as well as conduct a baseline assessment of our U.S. and international supply chains to determine next steps for policy implementation and time bound target-setting.

A key objective was to understand current performance of U.S. suppliers and suppliers of international franchisees/licensees, identify existing gaps, and determine action steps to close those gaps to move toward full policy compliance over the next several years. A second objective of the supplier baseline assessment was to determine what could be considered realistic timelines for us to make measurable progress on our commitments relating to direct palm oil purchases. The will allow us to communicate these time bound targets to both internal and external stakeholders. Successful completion of these key objectives have positioned Dunkin’ Brands for successful implementation of our policy commitment to a sustainable palm oil supply chain and to support engagement with key stakeholders with a higher level of detail and transparency.
In partnership with Rainforest Alliance, Dunkin’ Brands developed a supplier questionnaire to obtain a set of baseline information from the global supply chain. Individual questionnaires were developed for all supply chain participants. These questionnaires were tested with a pilot group of suppliers and the final questionnaire was distributed to all U.S. suppliers, international franchisees/licensees and their suppliers. Once all completed surveys were received, the survey data was reviewed and validated by Rainforest Alliance for accuracy, data errors and other potential issues. Where possible, Rainforest Alliance referred to public sources of information available on supplier policies, performance, traceability, or other elements of the survey. The validated data was then analyzed by Rainforest Alliance to provide clear results on the status of U.S. suppliers, international franchisees/licensees and their suppliers’ conformance with Dunkin’ Brands policy to date, identify compliance gaps and identify an action plan for phase two of our policy implementation efforts.

In 2016, we instructed U.S. suppliers to source only certified sustainable materials and that we expect them to be able to verify compliance by December 2017. We have also joined the Roundtable on Sustainable Palm Oil (RSPO) membership with the goal of being able to report our sustainably certified palm oil volumes publicly as part of our policy reporting process.

Outcomes:
Based on the data analysis, 83% of the direct palm oil sourced in our global supply chain are from U.S. suppliers through the NDCP. Further, the top six international markets which procure palm oil directly account for 70% of Dunkin’ Donuts International stores and 76% of all international supplier direct palm oil volumes. In addition, over 90% of our North American palm oil supply chain is traceable to the mill, per suppliers’ public reporting. Currently only 17% of the international palm oil supply chain is traceable to the mill. In 2016, 41% of palm oil purchased through the NDCP was certified/sustainably sourced.

Next steps:
- Ensure U.S. Suppliers are in compliance with our Guidelines for Sourcing Responsible Palm Oil
- Verify sourcing of 100% certified materials for direct palm oil purchases through the NDCP
- Engage with international franchisees and their direct palm oil suppliers in the top six priority markets on sustainable palm oil and Dunkin’ Brands Guidelines for Sourcing Responsible Palm Oil

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.