



## **Dunkin' Brands Guidelines for Sourcing Palm Oil Progress Report – December 2018**

### **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 2017 we became members of the Roundtable on Sustainable Palm Oil (RSPO) with the goal of being able to report our sustainably certified palm oil volumes publicly as part of our policy reporting process. We also helped found the North American Sustainable Palm Oil Network (NASPON) in 2017 to bring together associations, civil society organizations, consumer goods manufacturers, food-service retailers, and palm oil traders and producers committed to increasing the use of certified sustainable palm oil and certified sustainable palm kernel oil (CSPO) in North America, with the goal of continuing progress toward 100% CSPO globally. Since March 2015 we have provided frequent progress reports outlining our efforts toward achieving the targets most recently in December 2017. 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' 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' restaurants, and sources from suppliers approved by Dunkin' Brands.

Internationally, Dunkin' 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

### **Progress to Date**

For the third consecutive year, Dunkin' Brands partnered with Rainforest Alliance to assess our progress towards meeting our palm oil commitments. We completed our annual U.S. supplier survey to verify compliance with our policy on direct purchases of palm oil, e.g. uses of palm oil for frying donuts. We also explored the feasibility of sourcing 100% sustainably certified palm oil in the U.S. for our indirect purchases, e.g. uses of palm oil outside of donut frying oils. We also completed a training program to engage and educate our international licensees on the importance of responsible palm oil sourcing and to empower them to develop their own guidelines and action plans.

A key objective through the work completed in 2018 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 latest supplier assessment was to verify that our targets and goals are still



attainable and to build upon documentation verifying our progress. Successful completion of these key objectives has positioned Dunkin' Brands for successful implementation of our policy commitment to a sustainable palm oil supply chain, while also supporting engagement with key stakeholders at a higher level of detail and transparency.

In partnership with Rainforest Alliance, Dunkin' Brands repeated our direct survey of U.S. suppliers and developed an indirect U.S. supplier questionnaire to obtain information from the global supply chain for the 2017 reporting year. 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 continuous improvement of our policy implementation efforts. Efforts to continue this work with our suppliers are ongoing.

#### **Outcomes:**

##### *Key Domestic Outcomes:*

- Sustainably Certified Materials: In 2017, 82% of palm oil purchased through the NDCP was certified/sustainably sourced vs. 41% in 2016. 100% of the inputs for direct PO purchased through NDCP were claimed as RSPO certified, but only 82% was validated as certified.
- Indirect Palm Oil Purchases: This year's assessment scope was expanded to include eight U.S. suppliers representing indirect purchases of palm oil used in non donut products for fiscal year 2017. NDCP indirect results were analyzed and presented for the first time this year, thus establishing the initial baseline. Based on the data analysis, of the total indirect palm oil product volume, 16% was claimed as having RSPO inputs, but none were certified as sustainable. We will continue to investigate feasibility of, including indirect uses of, palm oil in our policy, while remaining focused on our most material use of palm oil, which is our direct use in donut products.

##### *Key International Outcomes:*

Though volumes of palm oil purchased internationally through Dunkin' Brands' franchisees were originally assessed in the 2016 baseline, they have not been included in the 2017 assessment. A separate work stream focused on engagement and education has been implemented in parallel for international suppliers. All resources have been developed, finalized, deployed and distributed. The expectations for licensees have been communicated by Dunkin' Brands as of July 30, 2018 and deliverable timelines have been established as follows:

**September 2018:** Identify a representative to oversee compliance with palm oil guidelines and policies.

**December 2018:** Develop palm oil sourcing guidelines and an action plan for implementation in 2019.

Additional expectations have also been introduced, including licensee implementation of guidelines during the 2019 sourcing year with the ultimate objective of sourcing 100% of direct palm oil purchases as certified sustainable.



**Next steps:**

- Continue monitoring to 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, and continue reporting on our progress towards 100%
- Monitor licensee implementation of action plans for palm oil sourcing in 2019
- Continue with Rainforest Alliance for 2018's palm oil sourcing assessment, addressing additional action items from the report
- Explore feasibility of supply chain certification for the NDCP, after new RSPO certification standards are established in 2019 for franchise organizations

**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.