



Dunkin' Brands Guidelines for Sourcing Palm Oil Progress Report – December 2019

Commitment to Responsible Palm Oil

In September 2014, Dunkin' Brands created our Guidelines for Sourcing Palm Oil, which we updated in December 2017. These guidelines communicate our commitment to sourcing responsibly produced palm oil, set forth clear requirements for our suppliers, and guide our own decision-making regarding palm oil in our global supply chain. Additionally, 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, palm oil traders and producers committed to increasing the use of certified sustainable palm oil (CSPO) and certified sustainable palm kernel oil (CSPKO) in North America. The goal of NASPON is to enable continued progress toward 100% CSPO globally. Since March 2015, and most recently in December 2018, we have provided progress reports outlining our efforts in support of CSPO and the progress we have made in achieving our targets. The revised guidelines and previous progress reports can be found [here](#).

The Global Supply Chain

As a 100% franchised, global organization, Dunkin' Brands' supply chain is complex. In the U.S., Dunkin' franchisees purchase nearly all of their restaurant supplies 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 Dunkin' restaurants in the United States, and it sources only from suppliers approved by Dunkin' Brands.

Internationally, Dunkin' franchisees are responsible for sourcing their supplies, including palm oil, subject to compliance with Dunkin' Brands specifications. In some countries our international franchisees purchase everything locally, while others may purchase supplies from NDCP – including palm oil. Suppliers who supply palm oil to international markets through the NDCP are subject to the existing targets established for our U.S. operations

Progress to Date

For the fourth consecutive year, Dunkin' Brands partnered with Rainforest Alliance to assess our progress with respect to 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. palm oil used for frying donuts). For the first time, supplier mill lists were analyzed for proximity to risk factors such as deforestation, peatlands and biodiversity hotspots.

Key objectives of the work completed in 2019 were to: 1) understand current performance of U.S. suppliers and suppliers of international franchisees/licenses; 2) identify existing gaps; and 3) determine action steps to close those gaps to move toward full policy compliance over the next several years. An additional 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. Completion of these key objectives has positioned Dunkin' Brands for the 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 to obtain information from the global supply chain for the 2018 reporting year. Once the 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: 1) provide clear results on the status of U.S. suppliers, international franchisees/licensees and their suppliers' conformance with Dunkin' Brands policy to date; 2) identify compliance gaps; and 3) 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 2018, 98% of palm oil purchased through the NDCP was certified/sustainably sourced vs. 82% in 2017 and 41% in 2016. 100% of the inputs for direct palm oil purchased through NDCP were claimed as RSPO certified, but only 98% was validated as certified.

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 2018 assessment. All of our licensees have identified a representative to oversee compliance with palm oil guidelines and policies. Additionally, all licensees have developed palm oil sourcing guidelines and an action plan for implementation. Additionally, in 2018 our key suppliers for most of Europe switched to using only segregated palm oil.

Currently, we are in the process of assessing our volume of palm oil purchased internationally in support of our goal of sourcing 100% of direct palm oil purchases certified as sustainable. We will report on this progress in our 2020 Progress Report.

Next steps:

- Continue monitoring to ensure U.S. suppliers remain in compliance with our Guidelines for Sourcing Responsible Palm Oil.
- Verify sourcing of 100% certified materials for direct palm oil purchases through NDCP, and continue reporting on our progress towards 100% RSPO certified palm oil.



- Assess volume of palm oil purchased internationally through Dunkin' Brands' franchisees/licensees in partnership with Rainforest Alliance for 2018's palm oil sourcing assessment.
- Continue with Rainforest Alliance for 2019's palm oil sourcing assessment, addressing additional action items from the report.
- Explore feasibility of supply chain certification for the NDCP.
 - Develop timeline for delivery on this goal in 2020.
- Examine palm oil mill risks in further detail with suppliers by using information provided from our ArcGIS analysis.

Reporting

Dunkin' Brands will continue to release progress reports annually, or on an interim basis as needed. Additionally, we include this information in our Sustainability report, which is published every two years. We will be reporting on our progress internationally by December 2020.