

July 2021

Evonik recommendations for responsible use of palm oil, palm kernel oil, and derivatives

Our aspiration

Evonik accepts responsibility — for its business, its employees, the environment, and society. For us, responsible conduct and business success are inseparably linked. We started to integrate ecological and social criteria into our business decisions at an early stage in order to move in a new, sustainable direction.

Leading beyond chemistry means that Evonik creates innovative and sustainable solutions that add value for customers. Our product portfolio, investments, and innovation management are aligned to sustainability. Sustainability has also become an important growth driver for our business.

Evonik uses renewable raw materials responsibly. The following recommendations focus on sustainable sourcing and the responsible use of palm oil, palm kernel oil, and their derivatives.

The challenge

There is a growing debate among consumers and non-governmental organizations (NGOs) about the responsible production and use of plant-based oleochemical feedstocks. At the same time, the ecological and, above all, social aspects of industrial-scale production are becoming transparent as a result of global digitalization. In the light of specific market requirements, reliable criteria for the sustainable use of plant-based resources have become essential.

The objective

In addition to the quantities required and potential future applications, critical ecological and sociopolitical aspects are taken into account when defining supply chain criteria. These recommendations have been developed for Evonik's business lines, including the employees responsible for sourcing, and are intended to support compliance with the relevant standards.

Procedure

There are no generally applicable or established industry-wide standards covering sustainable production of renewable raw materials. Furthermore, self-imposed commitments are not available from all parties or at all stages in the supply chain.

For the relevant stakeholders, the ecological and sociopolitical aspects of palm oil are currently of high concern. The criteria and principles developed by the Roundtable on Sustainable Palm Oil (RSPO), which has close to 5,000 members, have become established as an industry standard.

The RSPO-compliant cultivation of palm oil allows a significant reduction in the carbon footprint compared with products from conventional plantations.

In view of the rising demand for renewable raw materials, land-use change and the associated regional, ecological, and social aspects are the biggest challenges. Supply chains, especially for oleochemical derivatives, are complex and flexible. Compliance with the established criteria requires identification of all partners in the supply chain.

The cross-sector initiative Action for Sustainable Derivatives (ASD), where Evonik is a founding member, is therefore working on a uniform standard for responsible supply chains and traceability. The aim is to protect and preserve valuable ecosystems and forest areas in the production of palm oil, palm kernel oil and their derivatives. In 2019, Care Solutions already published a commitment on this¹. A similar declaration was issued by Oil Additives in 2020 when it joined the ASD².

Evonik sources about 100,000 metric tons of palm-based derivatives a year, mainly for the Care Solutions and Oil Additives business lines.

Evonik's goal for the end of 2025 is that all products should be based exclusively on RSPO-certified palm oil, palm kernel oil, and their derivatives, provided that the necessary raw materials are available and the transformation is commercially acceptable.

¹ <https://personal-care.evonik.com/product/personal-care/en/sustainability/responsible-sourcing/>

² <https://oil-additives.evonik.com/en/about/sustainability>

Criteria

Evonik intends to apply the following criteria for the use of palm oil, palm kernel oil, and their derivatives:

1. **Traceability**

Identification of supply chain partners and specification of the source of the raw materials and their region of origin.

2. **Compliance with legal requirements**

Direct suppliers must confirm compliance with the law, especially anti-corruption laws and land tenure rights, at all stages in their regional supply chain.

3. **Conservation of the environment**

Expanding palm plantations must ensure the protection and, where necessary, restoration of high conservation and carbon stock areas and peatlands.

4. **Local compliance and consent**

Compliance and the informed consent of indigenous people affected by the new agricultural areas must be ensured, with a focus on land grabbing procedures and the labor and social standards of the International Labour Organization (ILO).

5. **Compliance with standardized procurement criteria**

Direct suppliers of palm-based raw materials need to be members of the RSPO or organizations with equivalent, validated principles and obligations.

6. **RSPO-certified supply chains for raw materials and products**

Evonik evaluates the use of RSPO-certified palm oil-/palm kernel oil-based raw materials. Evonik aims to ensure that by 2025 it only markets products based on RSPO-certified palm oil, palm kernel, and their derivatives.

7. Responsible supply chains to protect and conserve valuable forest areas

Realistic, public declaration of intent on implementing responsible supply chains. Support projects to ensure the availability and integration of palm oil, palm kernel oil, and their derivatives into Evonik's supply chains, taking into account the protection and conservation of valuable forest areas.