



## **Dunkin' Brands Guidelines for Sourcing Palm Oil Progress Report – May 2016**

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

In September 2014, Dunkin' Brands created guidelines for sourcing our 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, we provided our first progress report outlining our efforts toward achieving the targets. The complete guidelines and the March 2015 progress report 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. As such, 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.

### **Progress to Date**

At the time we published our palm oil policy, we had mapped 100% of our U.S. palm supply chain. Internationally, countries purchasing palm locally represent 26% of our global palm oil purchasing. We are currently focusing our efforts on the palm oil used to fry our donuts, which is the most material use of palm oil in our global supply chain. We are researching our indirect and less material uses of palm oil and will provide a status update in a later phase. We also continue to engage in ongoing dialogues with external stakeholders including Greenpeace, Rainforest Action Network and Union of Concerned Scientists.

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

We pursued a multi-stakeholder engagement process to complete the mapping of our international palm oil supply chain. Our Corporate Social Responsibility, Commercialization and Supply Chain teams leveraged the international Dunkin' Donuts Operations team, which worked directly with our international Dunkin' Donuts franchisees to identify their local palm oil suppliers. Franchisees asked their palm oil supplier to sign a letter verifying if and when they 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:** As of December 31, 2015, we have mapped 100% of our international palm oil supply chain.

**Next steps:**

**1. Verify compliance with commitments and targets for international suppliers**

We have received and reviewed signed letters from all of our international suppliers. Eighty-eight per cent of our international suppliers indicated that they could comply with Dunkin' Brands policy and 12% indicated that they are unable to comply. Over the course of the next several months, we will reach out to suppliers who indicated that they were unable to comply to determine the reasons for non-compliance. In addition, once we have completed the process of verifying that our U.S. suppliers are compliant with our targets, we will apply what we have learned in terms of process and best practices to verify that our international suppliers are compliant with our targets.

**2. Design action plans for international suppliers**

Dunkin' Brands expects our suppliers to work toward full compliance with our Guidelines for Sourcing Palm Oil. 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 franchisees to set a timeline for transitioning to a supplier who can comply with the policy.

**Phase 2: Verify compliance with 2015 commitments and U.S. targets**

When we published our Guidelines for Sourcing Palm Oil, we set a target to source palm oil that is 100% fully traceable to the mill by December 31, 2015 for U.S. operations. Over the past year, we have held calls with our U. S. palm oil suppliers one to three times every quarter to review progress toward achieving that target.

**Status:** As of December 31, 2015, 88% of the palm oil that Dunkin' Brands sources for U.S. operations is traceable to the mill. The remaining 12% will be traceable to the mill in 2016.

**Phase 3: Verify compliance with 2016 commitments and U.S. targets**

When we published our Guidelines for Sourcing Palm Oil, we set a target to source palm oil that is 100% fully traceable to the plantation, RSPO certified and compliant with the Dunkin' Brands Responsible Palm Oil Principles by December 31, 2016 for U.S. operations. We continue to work with our suppliers to demonstrate progress toward achieving that target. In addition, NDCP will begin purchasing RSPO mass balance palm oil for palm oil used in the U.S. in Q4 2016.

**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.