



Palm Oil Sustainability Report 2023





About this Report

Kensing is dedicated to a transparent, traceable, and sustainable palm oil supply chain. This report outlines our 2023 progress toward enhancing transparency, supplier collaboration, and verification within our palm oil supply chain across our global operations. Data covers all palm oil derivatives purchased and handled in the past year.

To learn more about our broader sustainability initiatives, please visit our [website](#). For concerns about our palm oil commitments, contact KensingEthicsHotline@operationsinc.com. For general inquiries, reach out to esg@kensingolutions.com. We believe collaboration is key to transforming the palm oil industry, and we welcome your feedback.

FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. When we use words such as “believes”, “expects”, “anticipates”, “estimates”, “may”, “plan”, “will”, “goal”, or similar expressions, we are making forward-looking statements. Forward looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections about future events and are therefore subject to risks and uncertainties, which could cause actual results to differ materially from the future results expressed.



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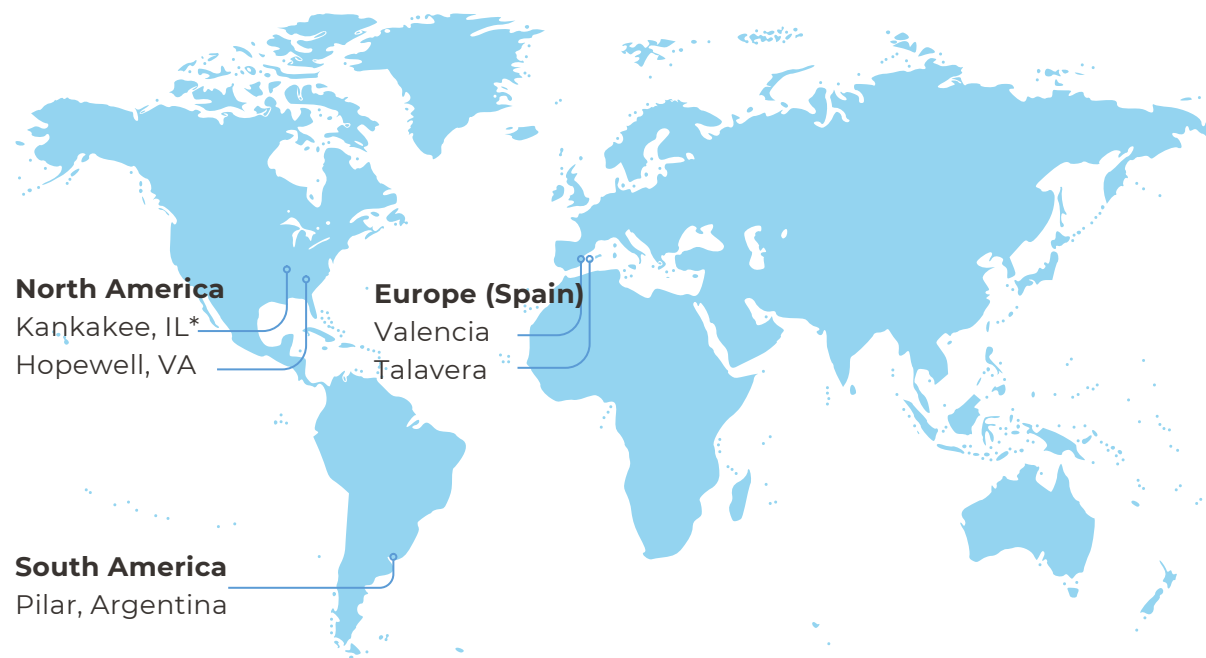
Kensing at a Glance

Kensing is a leading manufacturer of specialty chemicals derived from plants.

Our mission is to revolutionize sustainable chemistry by breathing new life into plant feedstocks and upcycling food waste. We will combine industrial scale innovation, responsible sourcing, and agile manufacturing to deliver exceptionally pure plant-based ingredients. We will uphold the highest industry standards not only for the global customers that count on us today, but for the generations of global citizens that will hold us accountable tomorrow.

Our products are used in personal care, food, and healthcare applications and include high-quality, natural sulfates, specialty esters, plant-based vitamin E and phytosterols.

Our legacy is rooted in 75+ years of industry-leading innovation. Kensing became an independent, privately-held company in 2021.



450
Employees globally (FTEs)

3
Countries with direct operations

5
Production facilities
(3 facilities handle palm)

Supply Chain Overview

Kensing sources palm oil derivatives from oleochemical derivative manufacturers. Kensing does not directly source from third party refineries, third party kernel crushers or traders.*

As a leading producer of high-quality, natural sulfates, Kensing commits to help build transparent, traceable, and sustainable supply chains that protect forests and respect and uphold the rights of workers, Indigenous peoples, and local communities worldwide.

Though we are not a grower of crops, we work independently and with industry partners and other stakeholders to help protect forests, mitigate agriculture as a contributor to deforestation, and promote responsible supply chains that benefit farmers and respect people and human rights.

*Kensing purchases a de minimis amount of certified segregated and mass balance ascorbyl palmitate from a broker each year, for our Talavera site. As these amounts represent less than 1% of all purchases, we do not report on it.



9
Direct oleo derivative suppliers

100%
Total annual volume sourced from oleo derivative plants

95%
Traceability to mill level;
62%
Traceability to plantation level

100%
Kensing plants are RSPO certified (mass balance or segregated)

41%
RSPO mass balance certified volumes out of total volume

Our Commitments and Action Plan



Our Commitments

Kensing's commitment to sourcing palm oil derivatives in an economical, environmentally sustainable and socially responsible manner is detailed in our [Forest Policy](#). In accordance with the "No Deforestation, No Peat and No Exploitation" (NDPE) practices, Kensing seeks to:



PROTECT FORESTS AND BIODIVERSITY

We are taking steps to help eliminate deforestation and conversion, and to protect high conservation value (HCV) areas, high carbon stock (HCS) forests and peatlands regardless of depth in our palm oil derivative supply chain. We strive to do this in line with the High Carbon Stock Approach (HCSA) and the Accountability Framework initiative guidance, and consistent with Kensing's company-wide commitment detailed in our [Forest Policy](#).



PROTECT HUMAN RIGHTS AND SUPPORT LIVELIHOODS

We treat people with dignity and respect, provide equitable, safe and supportive workplaces and take action to promote human rights in our supply chains as described in our [Forest Policy](#) and [Sustainable Procurement Policy](#). Where possible, we seek to engage in collaborative initiatives that help improve smallholder livelihoods and living incomes.



ENSURE TRACEABILITY AND TRANSPARENCY

We strive to uphold high standards of transparency through reporting of traceability, timebound implementation plans, resolving grievances and achieving third-party verified policy compliance and physical certification of purchased palm oil derivative volumes through RSPO.

Building a Timebound Action Plan



Kensing is committed to a responsible and sustainable palm oil supply chain. We actively implement a time-bound plan, reviewed and updated annually, that addresses deforestation, peat, conversion, climate, biodiversity, water, and human rights. This plan encompasses both our own operations and third-party suppliers.

Development and Oversight

- The plan is a collaborative effort, developed with input from internal stakeholders (Board of Directors, Kensing Executive Team) and external experts.
- Bi-monthly ESG Steering Committee meetings and quarterly board meetings ensure ongoing monitoring and review of the plan's implementation.

Accountability and Incentives

- Clear roles and responsibilities are assigned across all relevant functions, with KPIs established to track progress.
- Buyers and the Kensing Executive Team have performance incentives tied directly to responsible sourcing KPIs.

Building a Sustainable Future

- Since launching our [Sustainable Procurement Policy](#) in 2023, we've made significant progress towards a traceable, transparent, and sustainable supply chain.
- A comprehensive roadmap with 2025 and 2030 goals guides our future actions. These goals include Biodiversity, Climate, Circularity, and Human Rights.
- Our action plan aligns seamlessly with our deforestation and conversion free palm oil derivatives commitment by 2025. Specific activities detailed throughout this report demonstrate our ongoing progress.

Action Plan & Progress

By implementing this timebound action plan and holding ourselves accountable, Kensing strives to be a leader in the transition to a sustainable palm oil industry. The figures below are for calendar year 2023 and are for palm oil derivatives purchased and handled by our business in North America.

| Pillar | Focus Area | Goal/KPI and Target Date | 2023 Progress |
|--------------|------------------------|--|--|
| Climate | Operational emissions | Support our Science Based Targets Initiative (SBTi) goal to reduce Scope 1 and 2 absolute greenhouse gas (GHG) emissions in our operations by 42% against a 2022 baseline by 2030 | 30% GHG reduction vs. 2022 |
| | Supply chain emissions | By 2025, set a SBTi goal to reduce our Scope 3 GHG emissions from our extended supply chain, including land use change | Established Scope 3 inventory and disclosed to CDP |
| Nature | Land use | Achieve 100% traceability to mill (TTM) and to plantation (TTP) by 2025 | 95% TTM; 62% TTP |
| | | Source 100% certified sustainable palm derivatives by 2030 | 41% certified (MB) |
| | Biodiversity | Promote conservation of important vegetation and minimize impact on biodiversity by eliminating deforestation and land conversion from our palm oil derivative supply chain by 2025. | 90% DCF volumes |
| Circularity | Water | Implement water and waste management initiatives at all sites by 2025 | 7% decrease in water consumption vs. 2022 |
| | Waste | Divert 99% of global production waste by 2030 | 89% production waste diverted from landfill |
| Human Rights | Commitment | By 2025, 100% of direct suppliers have human rights commitments in their NDPE policy | 98% |
| | Living income | Pay a living wage to all Kensing employees by 2030 and undertake activities to support smallholders to earn a living income | 100% of U.S. employees earn a living wage |
| | Inclusive sourcing | Improve farmer livelihoods and address common environmental, land and labor issues through relevant inclusive sourcing or landscape programs | 1 project funded (in 2024) |

Biodiversity & Landscapes

Our Goal

Assess and disclose our biodiversity risks and impacts by 2025

Kensing is committed to reducing the impact on biodiversity of our operations and supply chain. Specifically, we seek to help promote conservation of important vegetation in priority landscapes and support restoration and/or compensation in response to losses or degradation of biodiversity.

Kensing conducted our first biodiversity risk assessment using the WWF Landscape Risk Filter in 2023. We expanded this assessment to include our Tier 1 palm supply chain in 2024. The assessment helps us to identify biodiversity impacts and dependencies of our operations and supply chain, and to prioritize potential levers that allow us to advance in our goals.

Further, we aim to assess and disclose our biodiversity risks and impacts using TNFD guidance and the LEAP framework by 2025. We are in the process of integrating these frameworks into our approach.

To further mitigate and prevent deforestation and conversion, Kensing intends to actively support field projects and landscape or jurisdictional initiatives in key regions from which we source. In 2024, we made a funding commitment to the ASD Impact Fund, which seeks to restore ecosystems and drive economic growth among smallholder farmers in key palm producing regions.

2023 Progress

100%

Operational sites have been assessed for biodiversity risk

100%

Tier 1 palm suppliers have been assessed for biodiversity risk

Climate Action

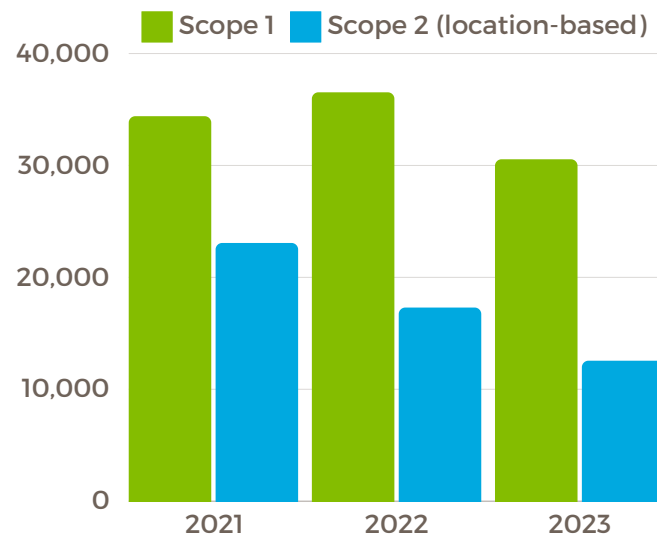
Our Goal

By 2030, reduce absolute Scope 1 & 2 emissions by 42% vs. 2022



Kensing is committed to reducing greenhouse gas (GHG) emissions in our operations and supply chain, including emissions from land use change. Our approved science-based target is aligned with a 1.5 degree pathway and the Paris Agreement.

Kensing GHG Emissions (MT CO₂e)



Our Goals

- Reduce absolute Scope 1 & 2 emissions by 42% by 2030 vs. 2022 (SBTi)
- Achieve 100% renewable electricity by 2030
- Set a science-based Scope 3 target by 2024, including land use change

Reducing operational emissions

To reduce emissions from manufacturing, we have implemented energy-saving projects across all locations and invested in more efficient technologies (e.g., waste-heat recovery, leak repairs). We also have on-site solar in our Spain facilities and purchase renewable electricity through RECs in the U.S.

Supplier engagement and risk assessment

We survey our direct suppliers, which includes information about their climate risk and transition plans. Priority levers within our palm supply chain to reach climate targets focus on the sourcing of certified sustainable palm products, which will yield reductions in GHG emissions related to land use change or induced land use change. We will continue to improve collaboration and transparency on climate action in our supply chain, including by increasing the availability of sustainability data and partnering with suppliers and customers to reduce value chain emissions.

Reporting and Recognition

Kensing reports on annual GHG emissions (Scope 1, 2, 3) as part of our CDP Climate Change Disclosure. In 2023, we were awarded a CDP B rating for climate action. In 2024, we intend to begin assessing Product Carbon Footprint of our palm-based products.

Circularity

Our Goal

Implement water and waste management initiatives at all sites by 2025

Kensing is dedicated to minimizing our environmental footprint by focusing on water conservation, waste reduction, and renewable materials in our own operations and supply chain. By 2025, Kensing aims to implement water and waste management initiatives across all sites, achieve RC14001 certification, and by 2030, divert 99% of global production waste.

2023 Progress

89%

Production waste diverted from landfill across all operations

7%

Reduction in water consumption across all operations vs. 2022

Water Management

We have installed closed-loop water towers to conserve and recycle water, and we conduct water stress assessments to identify and mitigate risks across our operations, including our palm supply chain. Wastewater is treated and monitored to reduce pollutants and ensure regulatory compliance. These efforts have yielded significant results, with a 7% year-over-year decrease in water usage. Notably, 6% of this reduction can be attributed to water initiatives implemented at our Kankakee facility, where we identified and addressed water wastage through initiatives like an "excess water hunt." These actions have enhanced our understanding of water consumption and allowed us to optimize water usage at the plant.

Waste Management

Kensing is committed to minimizing waste through material reuse, recovery, and repurposing, as well as optimizing processes to reduce material consumption. In 2023, we reused or recycled 89.42% of production waste across our operations, with only 820 MT destined for landfill, treatment, or incineration. Waste reduction efforts include the recovery and reuse of solvents and the selling of certain waste byproducts into the biofuels market.

Kensing's commitment to circularity is also evident in our use of renewable raw materials, in particular materials which are upcycled from other plant-based waste streams.

Human Rights

Our Goal

By 2025, 100% of direct suppliers have human rights commitments in their NDPE policy

Kensing is committed to protecting the human rights of workers, indigenous people and local communities in our supply chains as detailed in our [Sustainable Procurement Policy](#) and [Forest Policy](#) and in line with international human rights principles and local applicable laws.

2023 Progress

98%

Direct suppliers have human rights commitments in their NDPE policy

100%

Kensing employees earn a living wage in the U.S.

Human Rights Risk Assessments

Kensing conducts risk assessments for our own operations to identify existing and potential human rights risks in compliance with our policies. In 2023, all sites conducted SMETA/SEDEX Ethical Trade Audits with no material non-compliances found. For Tier 1 palm oil derivative suppliers, we have conducted a mapping of potentially impacted human rights based on country-level ratification of international human rights instruments and worker scores, using the WWF Risk Filter Labor and Human Rights indicator. This provides an overview of labor and human rights risk in our direct supply chain and offers a foundation for further risk assessment of our direct and indirect suppliers in future years.

Mitigation and prevention

In 2023, Kensing provided training on human rights and labor rights to our employees as part of three sustainability training sessions, including a dedicated sustainable procurement training completed by 100% of buyers.

Supporting livelihoods and living incomes

Kensing is committed to paying a living wage to our employees globally by 2030. We conducted our first living wage analysis in 2023 for our U.S. sites, confirming that 100% of U.S. employees earn a living wage. We plan to expand this assessment to our global sites in 2024. Beyond our own operations, we aim to support inclusive sourcing and living incomes among smallholder farmers in producing regions from which we source. Our [Forest Policy](#) outlines our commitments to no exploitation of people and local communities, while our participation in the ASD Impact Fund as of 2024 extends further support to smallholder farmers in palm producing communities.

Supply Chain Transparency



Traceability

Our Goal

Traceability to the plantation level by 2025

Traceability is a cornerstone of our commitment to a transparent palm oil supply chain. It's a tool that empowers us to understand our sourcing areas, supplier practices, and deforestation risks. This knowledge helps us to prioritize supplier engagement, monitor environmental concerns, and ensure regulatory compliance.

2023 Progress

95%

Traceable to the mill level

62%

Traceable to the plantation level

Progress and Goals: We achieved 95% traceability to mills of our Tier 1 palm derivative suppliers in 2023, on track to meet our 2025 goal of 100% traceability to the mill. Full plantation traceability remains a 2025 target (with 62% achieved in 2023), but hinges on supplier information. This is being addressed, as many suppliers are implementing traceability initiatives, and our timeline reflects their progress. In 2024, we have begun to prioritize high-risk deforestation zones with a phased, risk-calibrated approach, requesting more detailed data from suppliers exposed to high-risk areas. Finally, we encourage suppliers to share concession boundary maps for enhanced tracking and smoother issue resolution.

Measurement and Reporting: We strive to track our progress toward full traceability with clear goals. Our KPI is achieving 100% traceability to plantations by 2025. To measure this, we request specific data points from palm derivative suppliers, such as plantation and smallholder plot coordinates (point data) and polygon data representing 90% of our palm oil derivative volume. This allows us to map our supply chain effectively. In the future, we plan to involve a third-party - such as [Action for Sustainable Derivatives \(ASD\)](#) - to enhance transparency and accountability. Kensing became an ASD member in 2024.

Transparency Efforts: In 2024, we published a list of our direct suppliers and their mills on our website, with annual updates to follow. This allows stakeholders to see where our palm oil derivatives come from. We also intend to provide more detailed product descriptions when selling palm-based products where this information is available, for example, plantation and smallholder plot coordinates.

Monitoring

Our Goal

NDPE compliance verified across Kensing's palm oil derivative supply chain

To ensure suppliers are adhering to our NDPE commitments, Kensing seeks to use a combination of supplier engagement and satellite technology to monitor for potential land use changes in our palm derivative supply chain.

2023 Progress

90%

Volume reported by direct suppliers as deforestation and/or conversion free

5 of 8

Direct suppliers publicly reported DCF volumes in their 2023 CDP Forest disclosures

Kensing aims to monitor compliance of our supply chain with our commitments on deforestation and conversion in an effort to avoid further conversion, assess and manage supplier compliance, and assist suppliers in remediation and other improvement processes. Specific actions may include:

- Monitoring suppliers' DCF control mechanism using our supplier assessment and engagement tool and by regularly checking supplier mill and plantation lists to confirm negligible risk status.
- Monitoring regularly and remotely using the GWFC Palm Risk Tool to confirm negligible risk status of the production area and to identify potential Out of scope clearing.

Through this monitoring, we believe that 90% percent of our total volume of palm oil derivatives sourced in 2023 is demonstrated to be deforestation and conversion free (DCF). Our methodology for claiming DCF volume relies on referencing our direct suppliers' CDP Forests disclosure (section F1.5a-b), which details total reported DCF volumes by methodology (e.g., verified through monitoring systems, physical certification, etc.). As our access to data improves, we intend to refine our methodology by tracing to production areas assessed remotely as DCF using satellite monitoring. We also intend to seek third party verification of our DCF methodology and reporting in future years.

Certification

Our Goal

100% RSPO certification of palm oil derivative volumes by 2030



Kensing recognizes the critical role of global sustainability standards in driving a more responsible palm oil supply chain. We actively support the adoption of these standards and increased market demand for certified products.

2023 Progress

41%

RSPO mass balance certified volumes out of total volumes, representing a 25% YOY increase since 2022

0%

RSPO certified segregated volumes out of total volumes

RSPO Membership and Certification:

- Kensing is a proud member of the Roundtable on Sustainable Palm Oil (RSPO), the leading global standard for palm oil sustainability.
- We are committed to achieving 100% certification of our palm oil derivative volumes by 2030 (including through the purchase of mass balance (MB) certificates).
- We actively encourage our suppliers to pursue similar levels of RSPO certification.

2023 Kensing Certification Progress:

- In 2023, we significantly increased our certified sustainable palm oil (CSPO) volumes, reaching 41% through the MB scheme. Specifically, we purchase MB certificates to certify our purchased palm oil derivative volumes.
- This represents a 25% increase year-over-year and far exceeds the RSPO's recommended annual growth rate of 2%. We are targeting 75% MB by the end of 2024.
- All our facilities which handle palm oil derivatives hold RSPO MB certification or higher, with one facility achieving the even stricter Segregated level.

By prioritizing RSPO certification and collaborating with our supply chain partners, Kensing is demonstrating leadership in the transition to a more sustainable palm oil industry. Kensing will continue to promote usage of RSPO material to customers across all markets and engage with suppliers to pursue RSPO certification.

Supplier Engagement

Our Goal

Direct suppliers are compliant with Kensing's Forest & NDPE Policy

To ensure our suppliers are operating in compliance with our Supplier Code of Conduct and NDPE commitments, we engage with them through self-assessments and capacity building. Our engagement covers both environmental and human rights issues, and is prioritized based on a risk-calibrated traceability methodology.

2023 Progress

78%

Direct and indirect suppliers verified as compliant with NDPE principles (using SPOTT)

40%

Targeted supplier self-assessment completion rate

Setting Expectations and Assessing Performance: We aim to establish clear requirements for Tier 1 suppliers based on our own commitments to sustainability, related to no deforestation and conversion, human rights, biodiversity, circularity and climate change. These requirements are outlined in our Supplier Code of Conduct and in our supplier contracts. We assess Tier 1 supplier compliance through surveys and on-site audits. We offer capacity building and support to help Tier 1 suppliers develop time-bound plans to address any shortcomings identified.

Monitoring Progress and Taking Action: We monitor Tier 1 suppliers' progress on improvement plans using annual assessments. Addressing gaps through support and capacity building, we enforce compliance through corrective actions or termination. While primarily focused on Tier 1, we recognize the importance of engaging Tier 2 and upstream suppliers. We track progress towards our goals through KPIs such as achieving 100% completion of self-assessments and NDPE policy adoption by direct suppliers

NDPE Compliance and Risk Management: We focus on high-risk palm oil supply chain areas identified by supplier assessments and the GFWC PALM Risk Tool. While we rely on direct suppliers for NDPE compliance information and tools like SPOTT Palm Oil for verification, our goal is to source palm oil derivatives only from direct suppliers verifying NDPE compliance in their supply chains.

Addressing Grievances

Our Goal

Transparent, public reporting on all grievances in our supply chain

Kensing is committed to transparency and accountability throughout our palm oil derivative supply chain. We achieve this through a robust grievance mechanism and a multi-tiered supplier engagement strategy.

2023 Results

0

Deforestation-related grievances logged and publicly reported

0

Labor and human rights-related grievances logged and publicly reported

Grievance Mechanism

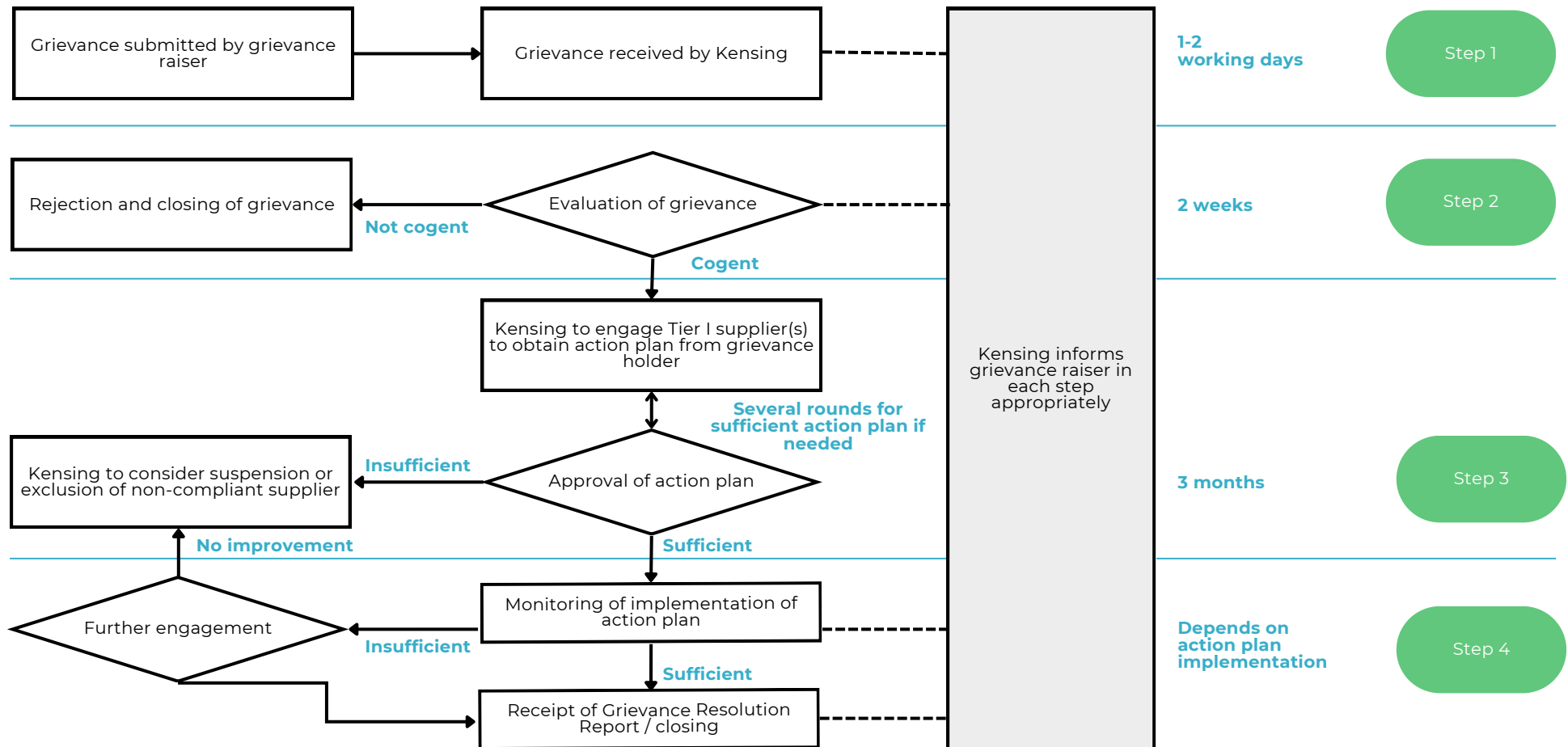
Our publicly available grievance mechanism covers our entire operations, including our sourced palm oil derivative volumes. A grievance committee (the ESG Steering Committee) with diverse stakeholder representation manages the process, with a single point of contact for ultimate accountability. We plan to involve a credible third party for future independent reviews. We maintain a publicly accessible grievance log on our website, where we report on progress and resolution of grievances, including those deemed out of scope. To date, no grievances have been reported. An anonymous email address is available for reporting non-compliance. Stakeholders (suppliers, workers, communities) are informed about the grievance mechanism through our [Forest Policy](#), [Supplier Code of Conduct](#), and [Kensing Code of Conduct](#).

Supplier Engagement

For non-compliant suppliers, we prioritize engagement through suspension or exclusion as a last resort. Our goal is to encourage corrective action by the supplier. We have clear requirements for suppliers to regain access to our supply chain after NDPE non-compliance. This includes developing time-bound action plans to achieve compliance and commitments to restoration or compensation for social and environmental breaches. While we haven't had any supply chain grievances to date, our plan includes corrective measures like restoration and community reparations, guaranteed by a third party.

Grievance Mechanism

We prioritize collaboration with suppliers on sustainability. Action plans address concerns, with escalation for severe issues. Both Kensing and suppliers are responsible for resolving grievances transparently, with zero tolerance for retaliation. Our public grievance mechanism and sustainability policies reflect this commitment.



Contact Us

2525 S. Kensington Ave.
Kankakee, IL 60901

P 815.932.6751

www.kensingsolutions.com
esg@kensingsolutions.com

