

Fries, Face Wash, Forests

*Scoring America's Top Brands on Their
Palm Oil Commitments*

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April 2015



Executive Summary

Enter any supermarket in the United States and scan the shelves of packaged foods or personal care goods, whether name brand or store brand, and you will undoubtedly find a form of palm oil on the ingredient list. Stop in for a quick meal or snack at a fast food restaurant and you may be consuming palm oil. As an ingredient in everything from soap to cookies to frying oil, many people consume or use a product containing palm oil every day. But as conventionally produced, tropical forests are cut down and carbon-rich swampy areas known as peatlands are drained to establish large plantations of oil palm trees. Destruction of these ecosystems devastates endangered species habitats and contributes to climate change by releasing global warming emissions into the atmosphere. Tropical deforestation—to which expanding palm oil production contributes substantially—accounts for about 10 percent of annual carbon dioxide emissions.

Yet many consumers want to enjoy their favorite foods and use their preferred products knowing that the palm oil found in them is free from the ecosystem destruction, greenhouse gas emissions, wildlife loss, and human rights abuses that have traditionally accompanied the production of this raw material. Until companies commit to palm oil produced without deforestation or destruction of peatlands, consumers will have cause for concern. To understand the scope and trends of the problem, this scorecard—a follow-on to last year's scorecard—evaluates 40 of the largest companies selling products in the United States on their commitments to ending the destruction of forests and carbon-rich peat swamps associated with their use of palm oil.

Major efforts are currently underway in the palm oil industry to produce palm oil that does not cause the clearing of tropical forests and the draining of peatlands. In fact, 2014 was a historic year for businesses addressing the risks of buying palm oil irresponsibly. Many companies have already pledged to only purchase palm oil produced using these high-

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er standards of deforestation-free and peat-free palm oil. These pledges were bolstered by commitments from some of the largest palm oil traders that supply palm oil to large American brands. Events such as the New York Declaration on Forests and the United Nations Climate Summit added momentum as governments and companies endorsed the goal to end all global deforestation by 2030.

But many of Americans' favorite fast food restaurants, personal care companies, packaged food companies, and store brands still lack commitments to ensure the palm oil in the products they sell is deforestation- and peat-free. Our analysis shows wide disparity among companies, both within and among sectors.

RESULTS OF THE ANALYSIS

The past year has seen many positive developments. Previous leaders have continued to forge ahead and some new industry leaders have emerged. Nestlé remains the highest scoring company. In the personal care sector, companies such as Colgate-Palmolive and Henkel have stepped up to vie for industry leadership. Dunkin' Brands was the first fast food company to make a commitment to fully protect forests and peatlands and Safeway emerged as the clear frontrunner in the store-brand industry.

Of the 30 companies scored by UCS in 2014 and again this year, 21 improved their palm oil commitments, their sourcing practices, or both. These additional commitments resulted in eight of 40 companies now having full commitments to protect forests and peatlands, and recognizing that full commitment can be achieved only by establishing traceability and transparency throughout their palm oil supply chain. An additional five of 40 companies have pledged to ensure the palm oil in their products is not associated with the destruction of any forests or peatlands, but have failed so far to commit fully to adequate accountability measures.

Twelve of 40 companies, the majority of which come from the fast food and store-brand industries, have made either no commitment or one too weak to receive points on our scorecard. Kraft Foods and Clorox are the clear laggards in the packaged foods and personal care industries, respectively.

Most companies lie somewhere in the middle. They have shown that they understand the need to move beyond the destructive practices of conventional palm oil. However, they are lacking critical elements in their commitments to assure consumers that their favorite brands will only use deforestation-free and peat-free palm oil.

In total, 32 of 40 companies do not have adequate commitments to ensure that in the future they will be able to transparently show that their palm oil can be traced to land not obtained by clearing forests or draining peatlands.

All companies, even those with strong policies, still have a tremendous amount of work ahead to fulfill their palm oil commitments.

All companies, even those with strong policies, still have a tremendous amount of work ahead to fulfill their palm oil commitments. Until companies actually implement their palm oil commitments and start making changes on the ground, critically important forests, wildlife, and local communities will remain at risk from expanding oil palm plantations.

What is Palm Oil?

Palm fruit oil (derived from the flesh of the oil palm fruit), palm kernel oil (pressed from the seeds) and palm oil derivatives (chemicals resulting from the processing of both)¹ can



Palm oil, which comes from the fruit of the African oil palm, is an ingredient in everything from french fries to foaming face wash. Increasingly, companies are sourcing deforestation-free and peat-free palm oil, but there is a long way to go before consumers can be guaranteed that the products they buy are free of forest destruction.

From the Plantation to You

While the majority of palm oil comes from Southeast Asia, it spreads around the world via a global supply chain. The journey starts at the oil palm plantation, where producers grow oil palm trees and harvest their fruits. The fruits are transported to mills and then refineries, which process them to make palm fruit oil, palm kernel oil, and palm oil derivatives. Traders buy palm oil to sell in the global marketplace and transport it around the world. Consumer goods companies buy the palm oil to use in their products, which they then sell to consumers.

be used in a multitude of ways. Palm oil is frequently found in fast food, packaged food, baked goods, personal care products, and cleansing agents. Palm oil can also be used in fuel and as cooking oil, most often in the tropical regions where it is produced.

Palm oil has been cultivated for centuries in West Africa, where the oil palm species originated. However, it was only in the 1960s and 1970s that the industry began to expand rapidly in Indonesia and Malaysia, the two countries that now produce around 85 percent of the world's palm fruit oil (FAO 2015). Palm oil's rapid expansion is due in part to its relatively high yield, which makes it the cheapest and most prevalent vegetable oil on the global market, currently comprising about a third of all vegetable oil produced globally (Singh et al. 2013). Despite this inherent advantage, the process of producing palm oil has historically lacked protections for forests, peatlands, wildlife, workers, and indigenous communities' land rights and livelihoods.

THE PROBLEMS

Irresponsible palm oil production can have severe environmental and social ramifications. Often, forests are cut down and peatlands are drained to provide land for new oil palm plantations. Such clearing releases carbon dioxide and other gases implicated in climate change into the atmosphere as the carbon stored in cut vegetation and drained soils decomposes. While oil palm plantations sequester some carbon, it is far less than the amount stored in intact forests and peatlands, so the result is a net increase in global warming. In total, around 10 percent of annual global carbon dioxide emissions result from tropical deforestation (UCS n.d.). The palm oil industry contributes to these heat-trapping emissions; oil palm cultivation in Indonesia alone accounted for an estimated

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2 to 9 percent of all tropical land use emissions from 2000 to 2010 (Carlson and Curran 2013).

The emissions come from the clearing of both primary and secondary tropical forests. Primary forests, also called old growth forests, contain the most carbon and biodiversity. While some primary forests are given some protection as national parks or other conservation areas, clearing of old growth forests still occurs. Secondary forests are those that

have previously been logged, used for agriculture, or otherwise disturbed; typically, secondary forests are at even greater risk of development, as they often lack the protections afforded primary forests (Thompson et al. 2013). Yet if allowed to recover from disturbances for a few to several decades, secondary forests can approach levels of stored carbon similar to those of primary forests (Martin, Newton, and Bullock 2013), making their protection vital.

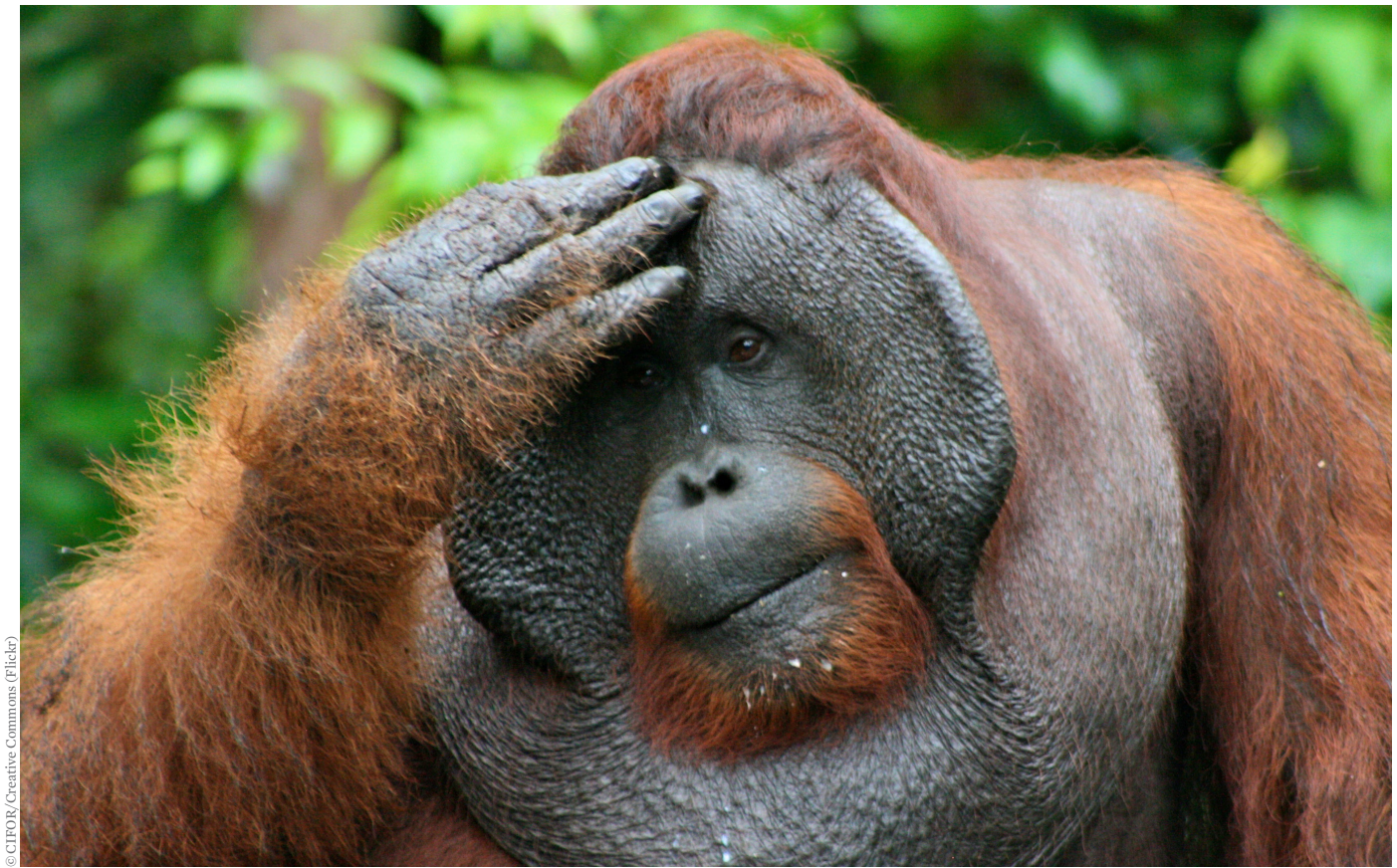
The destruction of ecosystems also means loss of habitats for many plant and animal species, threatening their survival. Tropical forests contain some two-thirds of the planet's terrestrial species (Gardner et al. 2009). When primary forests are cleared for oil palm development, only about 15 percent of their animal species can survive in the resulting plantations (Fitzherbert et al. 2008). Endangered species of orangutans, tigers, rhinoceros, and elephants native to Indonesia and Malaysia face extinction as their habitat disappears to make way for oil palm plantations.

In recent years, development of oil palm plantations has also increasingly put tropical peatlands at risk (Carlson et al. 2013). Peat soils store incredible amounts of carbon; typical carbon storage in an Indonesian peatland has been estimated to be around 22 times that of the forest standing above (Page, Rieley, and Banks 2011), although that factor can vary greatly



Irresponsible palm oil practices such as the cutting and burning of forests can lead to large scale forest fires. This clearing not only destroys habitats and drives indigenous peoples from their lands, but also contributes to climate change.

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Clearing of forests for palm oil destroys the habitats of species like the Sumatran tiger and rhinoceros, and pygmy elephant. Species like the Bornean orangutan, pictured, are driven ever closer to extinction as their homes are destroyed to make way for the cultivation of the oil palm trees to make the palm oil that ends up in products that American consumers use every day.

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The palm oil industry also affects the health and well-being of local people. Human rights abuses on oil palm plantations, including the use of forced labor, have been documented (Colchester 2011). Companies have also been accused of seizing land from indigenous peoples living in areas suitable for oil palm plantations (Colchester 2011). Millions more are affected when fires (commonly used to prepare land for planting) burn out of control, igniting the extremely flammable drained peat soils. Such widespread burning is one of the main causes of the haze that spreads yearly throughout Southeast Asia, causing both health impacts and significant economic losses (Goodman and Malik 2015).

SUSTAINABILITY IN THE PALM OIL INDUSTRY

depending on the depth of the peat and aboveground vegetation. However, when peat soils are drained and their forests cleared, the peat decomposes and emits global warming emissions into the atmosphere.

In recent years, many stakeholders have recognized that the palm oil industry must address the social and environmental impacts associated with its irresponsible practices. In 2003, the Roundtable on Sustainable Palm Oil (RSPO) held its first meeting. The RSPO comprises stakeholders throughout the palm oil supply chain: producers, traders, smallholders (those



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Increasingly, oil palm plantations are expanding into swampy peatlands. In order to be productive, these soils must be drained, releasing carbon that has been stored in the soil for centuries, contributing to global warming pollution.

working on smaller plantations or farms), consumer goods companies—including many of the companies rated in this scorecard—as well as civil society groups, such as the Union of Concerned Scientists (UCS). The RSPO has made some progress on sustainability, but due to the wide variety of stakeholders, the group has had difficulty reaching consensus on standards for the protection of all tropical forests and peatlands. As a result, palm oil certified by the RSPO is more sustainable than conventional palm oil but is not deforestation-free and peat-free.

Deficiencies in the RSPO standard have led consumers and nongovernmental organizations (NGOs) to call on com-

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panies that use palm oil to go beyond RSPO-certified palm oil to ensure their products are deforestation-free and peat-free. Nestlé and Unilever were two of the first companies to make deforestation-free, peat-free palm oil commitments as a result of consumer pressure and campaigns. Other companies followed their lead, making palm oil commitments of their own. In 2012, the Consumer Goods Forum—a global business network of retailers, consumer goods manufacturers, and service providers—partnered with governments to form the Tropical Forest Alliance 2020, which has a goal of reducing tropical deforestation by 2020. In response to the inadequacies of the RSPO standard, in 2013 international NGOs partnered with palm oil producing companies to form the Palm Oil Innovation Group, to create additional criteria on top of RSPO standards for producers. Through this collaboration, producers leading the way in the production of truly responsible palm oil can demonstrate how palm oil can be produced without deforestation, peatland destruction, or the exploitation of local communities and workers.

RECENT TRANSFORMATION OF THE INDUSTRY

The past year and a half has rapidly transformed the palm oil industry. In December 2013 Wilmar International Ltd (Wilmar)—the world’s largest palm oil trader—pledged to end deforestation, peatland destruction, and exploitation across its global operations, including the palm oil it buys from other palm oil growers and processors. This development was significant because Wilmar’s market share constitutes 44 percent of global palm oil supplies (Wilmar 2013), which provides the company considerable influence to change industry practices. Additionally, Wilmar’s actions signaled to palm oil buyers further up the supply chain that in the future there will be a supply of palm oil meeting the deforestation-free and peat-free standards that consumers are demanding.

In March 2014, UCS released an analysis rating 30 top companies in the packaged food, personal care, and fast food industries against a forest and peatland protection standard comparable to Wilmar’s commitment. The remainder of 2014 saw a flurry of activity with many consumer goods companies releasing new or strengthened palm oil commitments.

In 2014 and early 2015, other traders began to join Wilmar’s ranks. Golden Agri-Resources Ltd, the first palm oil producer to adopt a deforestation-free policy, expanded that policy to also cover the oil it trades. Cargill Inc. (Cargill), one of Wilmar’s competitors and the largest privately held company in the United States (Forbes 2014), committed to sourcing palm oil with standards similar to those of Wilmar. Cargill then quickly expanded its commitment to cover other commodities linked to deforestation, including sugar, soy,

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cattle, and cocoa. This shift in the commitments of leading traders established a new benchmark for palm oil production and trading; it also made clear that business as usual was no longer an option for companies wanting to remain competitive. Soon other traders began to make commitments of varying degrees, including trader giants Bunge Ltd, IOI Group, and Musim Mas Holdings, although stricter standards

are still needed from these traders to ensure full ecosystem protection.

Climate change emissions from commodity-based tropical deforestation also started garnering attention on the global stage and were a focus of the United Nations Climate Summit 2014. At the summit, world leaders, corporations, and NGOs—including UCS—signed onto the New York Declaration on Forests, endorsing a timeline to reduce deforestation 50 percent by 2020 and to eliminate it by 2030.

Overall, the recent change in the industry is unprecedented. Of the 30 companies scored by UCS in 2014, 21 have taken steps to improve sourcing practices or strengthen commitments over the past year. This is in large part due to the public demanding responsibly produced deforestation-free and peat-free palm oil. Improvements by companies range from incremental progress resulting in small score increases to policies that fully protect tropical forests and peatlands. However, nine companies from last year's scorecard did not respond to public pressure. And out of 40 companies rated this year, 27 still do not have commitments to fully protect forests and peatlands. In addition, all the companies that have made commitments must now continue, or in many cases begin, the process of ensuring that the commitments on paper result in real changes in practices on the ground.



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2014 was a year of major progress in the palm oil sector, with more than two dozen consumer companies committing to protect tropical forests and peatlands.

Scorecard Criteria

In March 2014, UCS released our first scorecard that evaluated 30 companies on their commitments to source deforestation-free and peat-free palm oil—specifically the 10 largest companies in each of three industries: packaged food, fast food, and personal care (May-Tobin and Goodman 2014). This year, UCS again scored the commitments and current palm oil sourcing practices of those same 30 companies and compared the results to last year's to assess the progress made in each sector. This scorecard also includes a new sector, scoring the top ten largest supermarket, pharmacy, and discount companies based on their sourcing commitments for their store-brand products (also referred to as store brands), bringing the total to 40 companies examined.

All the companies in this year's scorecard were scored using the same criteria and methodology used in 2014². Companies are rated on their commitment to using palm oil that is free from deforestation and peatland destruction as well as on three additional measures, described below.³

Deforestation-free. Companies are scored based on their commitment to sourcing palm oil that protects tropical forests. This includes primary and secondary forests⁴, and commitments must apply to all the palm oil used in a company's global operations.

Peat-free. The carbon-rich soils found in peatlands make the protection of these ecosystems vital. Companies are scored based on their commitment to ensure palm oil used across their global operations does not come from new conversion of peatlands. If palm oil is sourced from existing plantations created by draining peatlands, those plantations must use best management practices.

Traceability. To ensure companies are making significant steps towards meeting their commitments, UCS also evaluated companies based on their commitment to source traceable palm oil. Traceability means that companies can follow their palm oil purchase back to the plantation of origin where the oil palm fruit was grown. Only by knowing the origin of their palm oil can companies assure their customers that the oil they use does not contribute to deforestation or peatland destruction.

Transparency. In order to evaluate whether a company is making real progress towards its palm oil goals, a company must be transparent. Companies must identify suppliers and work with them to communicate and implement their palm oil goals within the entirety of the supply chain. UCS also evaluated companies based on their commitment to other transparency measures, including whether a company regularly and

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publicly communicates about the goals, progress, and measures taken to meet its palm oil commitments.

Current Sourcing. If companies report their current sourcing practices, or how much and what types of palm oil they buy, the public can assess their progress towards the goal of sourcing 100 percent deforestation-free, peat-free palm oil. Current sourcing is the only scoring method by which UCS rates companies on what actions they are now taking to implement their palm oil commitments, as opposed to what they have committed to do in the future. Most companies in this scorecard are currently earning partial points based on purchasing certified sustainable palm oil through the RSPO. While RSPO-certified palm oil has higher standards than conventional palm oil, these standards still fail to protect all forests and peatlands. Thus full points are awarded only for adhering to the standards of sourcing only deforestation-free and peat-free palm oil.











The Scorecard: Company Palm Oil Commitment Analysis











Our examination of company commitments and current sourcing shows significant improvements in the packaged foods and personal care sectors. Many of the companies scored here have adopted ambitious and comprehensive palm oil commitments that are transforming the palm oil industry. But just as some companies are rising to the challenge, many others—in particular, the large majority of those in the fast food industry and store-brand sector—continue to ignore consumer demand for deforestation-free and peat-free palm oil (see table, beginning p. 9).

PACKAGED FOODS

The packaged foods sector remains the clear leader among all the scored industries. In 2014, the packaged foods sector

Companies, Brands, and Overall Scores

Packaged Food			
Company	Example Brands	Score 2015	Score 2014
 Nestlé <i>Good Food, Good Life</i>	Toll House, Gerber	90.5	85.5
 DANONE	Danimals	89.2	51.5
 Kellogg's	Pop-Tarts, Nutri-Grain	88.5	52.8
 ConAgra Foods <i>Food you love</i>	Act II Popcorn, Marie Callender's	84.1	35.5
 Unilever	Ben and Jerry's, Popsicle, Slimfast	83.4	83.5
 PEPSICO	Quaker, Frito-Lay	80.7	33.7
 GENERAL MILLS	Pillsbury, Nature Valley	77.8	42.6
 Heinz	Ore-Ida, Smart Ones	42.9	37.1
 Mondelēz International	Oreo, Ritz, Nutter Butter	36.8	68.6
 Kraft	Cool Whip, JELL-O	10	0

Personal Care			
Company	Example Brands	Score 2015	Score 2014
 COLGATE-PALMOLIVE COMPANY	Softsoap, Irish Spring	88	35
 Henkel	Dial, Right Guard	86.3	40
 P&G	Cover Girl, Old Spice	84.2	16.1
 L'ORÉAL	The Body Shop, Kiehl's, Lancôme	80	80
 Reckitt Benckiser	Veet, Clearasil	72.3	68.3
 KAO	Jergens, Curél	54.8	34
 Beiersdorf	Nivea, Aquaphor	51.3	37.3
 ESTÉE LAUDER COMPANIES	Clinique, Bumble and bumble	28.3	0
 AVON	-	20	15
 THE CLOROX COMPANY	Burt's Bees	0	0

To download detailed information on each company's score, including the documents we examined to calculate it, visit www.ucsusa.org/palmoilscorecard.

■ Strong Commitment
 ■ Some Commitment
 ■ Little Commitment
 ■ No Commitment







scored highest with Nestlé and Unilever receiving the two highest scores in the scorecard. However, no company had full commitments to traceability and transparency. This year, half of the companies scored— ConAgra Foods, Danone, Kellogg Co., Nestlé, and PepsiCo—have strengthened their public commitments that, once implemented, will protect forests and peatlands and will improve transparency and traceability in their supply chains. Of all the companies examined, Nestlé has the strongest commitment and current sourcing, but is

joined this year by Danone and Kellogg Co. as the three highest scoring companies in the scorecard. General Mills and Unilever have commitments that protect forests and peatlands, but lack a full traceability commitment.

The sector as a whole remains committed to continuous improvement. Nine of 10 packaged food companies either strengthened their commitment or improved their palm oil sourcing and scored better this year than last⁵, making it the only sector in which all 10 of the companies scored have some

Companies, Brands, and Overall Scores (continued)

Fast Food			
Company	Restaurant Chains	Score 2015	Score 2014
	Baskin-Robbins, Dunkin' Donuts	70	0
	-	38	38
	-	24.4	21.1
	-	10	0
	-	10	0
	-	0	0
	-	0	0
	Carl's Jr/ Green Burrito, Hardee's/Red Burrito	0	0
	-	0	0
	KFC, Pizza Hut, Taco Bell	0	0

Store Brands*		
Company	Example Brands	Score 2015
	O Organic, Safeway Select, Safeway Care	72.1
	365 Everyday Value, Whole Foods Market	30
	Equate, Great Value	28.8
	Simple Truth, Private Selection	23
	CVS/Pharmacy, Gold Emblem	0
	Nice!, Good & Delish, Well at Walgreens	0
	Archer Farms, Market Pantry	0
	Kirkland Signature	0
	Clover Valley, DG Body	0
	Sassy + Chic, Landmark Confections	0

To download detailed information on each company's score, including the documents we examined to calculate it, visit www.ucsusa.org/palmoilscorecard.

*Store brands were not included in the 2014 scorecard.

 Strong Commitment  Some Commitment  Little Commitment  No Commitment

level of palm oil commitment. Kraft Foods remains the clear laggard in the industry.

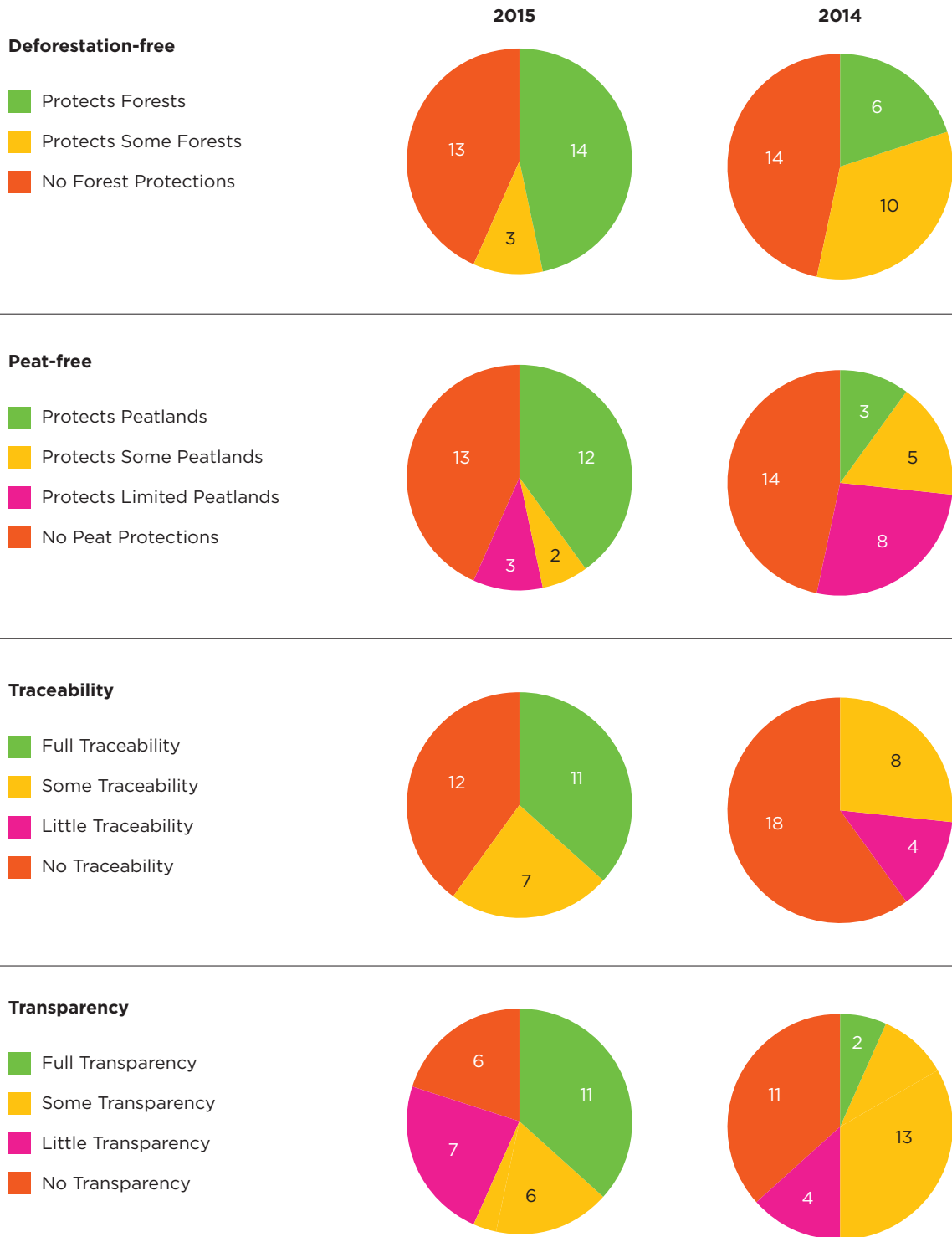
PERSONAL CARE

There was substantial movement in the personal care industry over the past year, with eight of 10 companies improving their palm oil commitments or current sourcing practices. Progress in the personal care sector is especially difficult because many personal care products use palm oil derivatives. Because the production of these specialized types of palm oil

requires extra processing, tracking them from plantation to store shelves can be challenging. Despite such difficulties, the commitments and current sourcing of the personal care industry are generally quite strong.

Many of the companies had meaningful updates to their palm oil commitments in the past year, and a corresponding jump in their scores. In 2014, L'Oréal was the standout leader as the only company with full forest and peat protections⁶. This year, three other companies committed to provide these protections: Colgate-Palmolive, Henkel, and Procter & Gamble. In to-

FIGURE 1. Progress of Sectors for 2014 to 2015 by Scoring Criteria



Of the 30 companies scored in both 2014 and 2015 (fast food, packaged food, and personal care), there has been progress across the four scoring criteria assessing commitments. However, as can be seen by examining the figures above, there are many companies with no commitments in each of the criteria.

tal, five companies, including the four mentioned above, as well as Reckitt Benckiser, have strong palm oil commitments overall.

Clorox remains the only personal care company with no palm oil commitment, and consequently is the only company in this sector with a score of zero.

FAST FOOD

Last year, the fast food sector was well behind the other two sectors scored. Moreover, since UCS published the first edition of this scorecard last year, the fast food industry has made only minimal movement. It was by far the worst-scoring industry in the 2014 edition and continues to perform poorly in 2015.

Dunkin' Brands is the clear leader among the fast food restaurants, having released a new commitment in September of 2014. It has the only commitment that requires the full protection of tropical forests and peatlands. While Dunkin' Brands' commitment still has room for improvement, this development is especially notable in showing that it is possible to change from a laggard to a leader in the fast food sector in only a year.

Aside from this bright spot, little has changed in the fast food industry. Only three other companies made improvements in their palm oil commitments or current sourcing in the past year: Burger King, McDonald's, and Starbucks. Yet none of the changes in the commitments from these three companies were big steps forward. In fact, as the highest scoring fast food company in 2014, Subway still has the second-highest scoring commitment in the fast food industry, despite a commitment that, while it commits to the protection of tropical forests and some peatlands, lacks crucial traceability and transparency measures and is thus relatively weak overall.

Five of the companies—CKE Restaurants, Dairy Queen, Domino's, Wendy's and Yum! Brands—received zero points as these companies have either very weak commitments or none at all.

STORE BRANDS

UCS has added store brands as a new category this year. According to the nonprofit association Private Label Manufacturers Association, in large supermarkets one out of every four products sold is a store brand (PMLA 2014). Given their wide and ever-increasing market and influence, supermarkets, pharmacies, and discount stores have the ability to drive change in the palm oil industry given their sale of private label food and personal care products.

Yet for the most part, the palm oil commitments for store-brand products fall short of industry standards. The current industry leader is Safeway: the only company fully committing to deforestation-free and peat-free palm oil and the only company with any kind of commitment to traceabil-

Fast food was by far the worst-scoring industry in the 2014 edition and continues to perform poorly in 2015.

ity. Only three other companies—Kroger, Walmart, and Whole Foods—have a palm oil commitment of any kind but their commitments are fairly weak.

The store brands of the biggest discount stores and pharmacies for the most part either have no palm oil commitments or ones too weak to receive points. These six companies are Costco, CVS, Dollar General, Dollar Tree, Target, and Walgreens.

Moving Forward

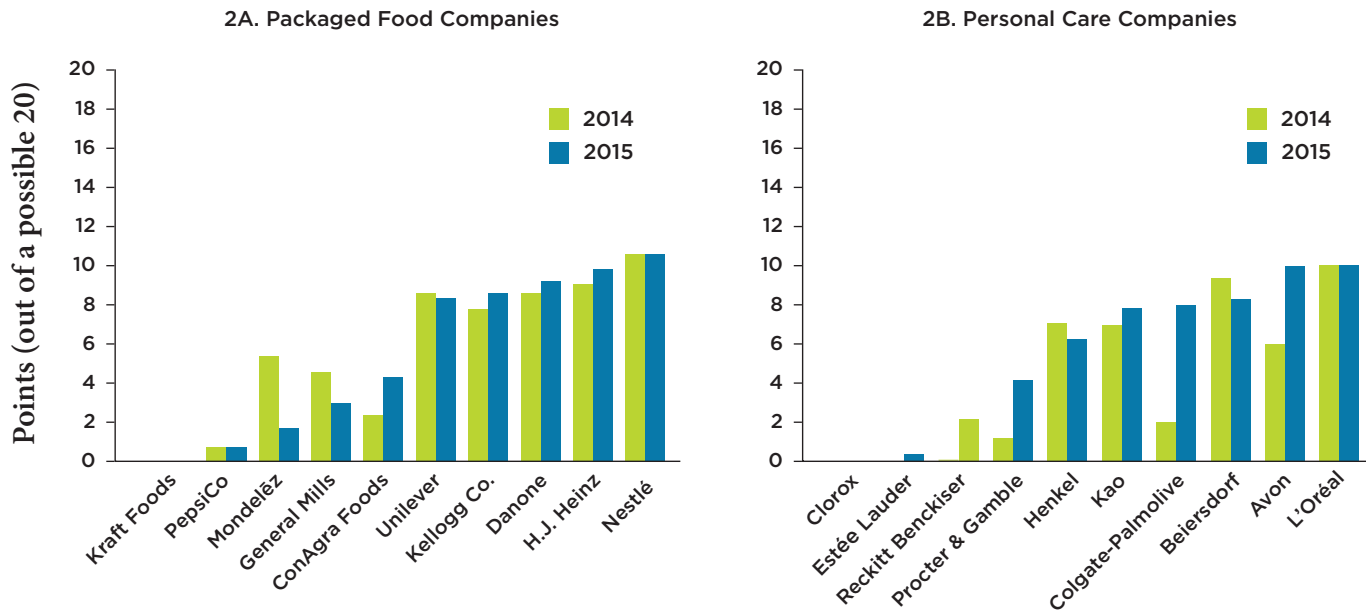
The actions of consumers and NGOs have led to an array of successes, from small changes to sweeping commitments that cover all major commodities that drive tropical deforestation, including soy, beef, pulp and paper, and timber in addition to palm oil (UCS 2011). Analysis of the shifts in companies' palm oil commitments in the past year tells a story of leaders and laggards. However, while making a commitment is a key step in a company's journey towards deforestation-free and peat-free palm oil, it is only a step. The real purpose of any commitment is to achieve on-the-ground success to protect ecosystems, the climate, human rights, and endangered species. Without action, commitments don't make changes in the real world.

IMPLEMENTATION OF COMMITMENTS

One way to judge a company's actual progress in meeting its commitment is to look at the palm oil it is currently sourcing (see Figure 2). As it stands, none of the 40 companies examined is currently sourcing 100 percent deforestation-free, peat-free palm oil; moreover, only one—Nestlé—reports using any palm oil fulfilling these requirements.

Forest, peat, and climate protections come not when a company releases a statement making these commitments, but when the company fully implements its commitments. Real action is needed now, especially given that a number of companies have committed to eliminate the use of irresponsible sources of palm oil by the end of this year (2015). And some global palm oil traders and producers have also commit-

FIGURE 2. Progress of Companies Based on Current Palm Oil Sourcing Practices



This figure demonstrates the incremental progress in this criterion, with all of the companies still needing to improve their sourcing of sustainable or deforestation-free and peat-free palm oil. Some companies received fewer points in 2015 than in 2014⁷. Due to limited reporting, fast food and store brands sectors were not graphed⁸.

ted to begin supplying deforestation-free and peat-free palm oil by that same date. Consumer companies truly dedicated to stopping tropical deforestation must show their commitments by purchasing and using deforestation-free and peat-free palm oil in their products.

As companies flesh out their commitments, many are announcing time-bound implementation plans. While the dates vary, many consumer goods companies with commitments set a target of 2020 to achieve their goals to source 100 percent deforestation-free, peat-free palm oil. A handful of ambitious companies from the packaged foods sector—ConAgra, General Mills, and Kellogg Co.—have accelerated timelines committing to source 100 percent deforestation-free, peat-free palm oil by the end of 2015. The majority of personal care companies with time-bound plans—including Colgate-Palmolive, Henkel, L'Oréal, and Procter & Gamble—have set a 2020 deadline. The personal care deadline of 2020 is likely in response to the increased difficulty of tracing the complex ingredients needed for their products through the manufacturing process.

In contrast, not one company in either the fast food or store-brand industries has committed to a deadline for sourcing deforestation-free and peat-free palm oil. Subway

is the single fast food restaurant with a time-bound goal, and its goal is to purchase only RSPO-certified palm oil by 2017. On the store-brand side, only Kroger and Walmart have plans to buy all their palm oil through the RSPO, with deadlines of the end of 2015 and of 2020, respectively. As noted, purchasing 100 percent RSPO-certified palm oil is an important first step; however, RSPO-certified palm oil fails to fully protect all forests. Just as with their overall scores, the timelines of fast food and store-brand sectors' palm oil commitments lag when compared to the personal care and packaged food industries.

TROPICAL DEFORESTATION BEYOND PALM OIL

As companies continue to adopt palm oil-specific deforestation-free and peat-free policies, many are beginning to recognize the need to end deforestation associated with all of their ingredients, not just palm oil.

Many companies evaluated in this scorecard are members of the Consumer Goods Forum, which aims to achieve net-zero deforestation by 2020 for palm oil, soy, paper and pulp, and beef products. Thirty-four companies, including some featured in this scorecard, signed the United Nations' New York Declaration on Forests, endorsing a global timeline to cut

deforestation in half by 2020 and to end it by 2030. In addition to these collaborative agreements, individual companies are committing to these broad deforestation-free and peat-free policies, and cross-commodity commitments are quickly becoming the new standard that companies should meet.

Companies such as Danone, L'Oréal, and Nestlé have comprehensive cross-commodity commitments that cover multiple materials such as palm oil, pulp and paper, and soy. Agribusiness traders Cargill and Wilmar have adopted similar deforestation commitments that apply to multiple agricultural commodities. As companies consider next steps in their deforestation-free, peat-free commitments, such cross-commodity commitments will become increasingly important in protecting tropical forests, our climate, and endangered species.

CONCLUSION

Consumer pressure to change the palm oil industry is working. A new industry standard for sourcing deforestation-free and peat-free palm oil has been set in the global marketplace. Seventy percent of the companies scored in 2014 listened to consumers and improved their palm oil commitments or sourcing practices to address the risk of deforestation and peatland destruction. However, many companies have no commitment whatsoever or still have a long way to go in adopting commitments that protect all tropical forests and peatlands to minimize climate change emissions.

Momentum continues to build. Companies with commitments on paper must also now translate them into on-the-ground action and rid deforestation from all the commodities they buy. Consumers must continue to put pressure on the palm oil industry until it becomes entirely free of deforestation, peatland destruction, and exploitation. Only then can consumers enjoy their favorite foods and products knowing that their purchases are not harming tropical forests and peatlands.

Forest, peat, and climate protections come not when a company releases a statement making these commitments, but when the company fully implements its commitments.



Despite progress, a number of companies still lack deforestation-free and peat-free palm oil commitments. It's up to consumers to demand that these companies address the irresponsible practices in their supply chains.

To learn more and join UCS in pursuing this important goal, visit www.ucsusa.org/palmoilscorecard.

Appendix

KEY FOREST- AND PEATLAND-PROTECTION PROVISIONS FOR GLOBAL PALM OIL SOURCING POLICIES

In order to mitigate the impacts of palm oil development on forests and the climate, companies must adopt policies that ensure none of their operations contribute to tropical deforestation or peatland depletion. In addition, companies should adopt provisions that mitigate conflicts with local communities and address social and labor violations⁹.

Companies must commit to a palm oil sourcing policy for all of their global operations that ensures 100 percent of their palm oil purchases:

- Are deforestation-free and protect all natural forests (including primary forests, secondary forests, High Conservation Value forests, and High Carbon Stock forests) from conversion due to plantation expansion or new plantation development
- Originate from producers that protect peatlands of any depth from new plantation development

- Originate from producers using best management practices (for example, those prescribed by the RSPO) for oil palm plantations on existing peat soils
- Originate from producers that comply with all relevant local, national, and international laws
- Originate from producers that track and report on the carbon footprint of their production
- Are conflict-free and protective of the rights of workers and indigenous communities
- Are compliant with existing RSPO Principles and Criteria, or equivalent standards

To prove that they are meeting these commitments, companies should:

- Establish an ambitious time-bound plan, which includes intermediate benchmarks, for physically sourcing 100 percent of their palm oil from suppliers that meet the above commitments
- Articulate a process to verify that they and their suppliers are executing the plan¹⁰
- Make their palm oil policy, time-bound implementation plan, and verification process available to the public on the company website
- Trace their palm oil to a point in the supply chain where they can prove that the palm oil meets the above commitments¹¹
- Annually and publicly report on their progress toward meeting their goals, including reporting the volume (or percentage) of palm oil they are currently sourcing that meets the above criteria

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ACKNOWLEDGMENTS

This report was made possible by the generous support of the European Federation of Transport and Environment.

The authors express their gratitude to colleagues at UCS who took the time to help craft the report: Angela Anderson, Doug Boucher, Sarah Goldberg, Calen May-Tobin, Kathy Rest, Sharon Smith, and Miriam Swaffer. Thanks are also due to various NGO colleagues and business contacts who provided input. Gratitude goes to Bryan Wadsworth and Cynthia DeRocco for their help in coordinating the production, to Trudy E. Bell for her editing skills, and to Rob Catalano for layout and design expertise.

The opinions expressed herein do not necessarily reflect those of the organizations that funded the work or the individuals who reviewed it. The authors bear sole responsibility for the report's content.

ENDNOTES

- ¹ For the remainder of this report we use the term "palm oil" to refer to palm fruit, palm kernels, and palm derivatives collectively.
- ² Details about the methodology are at www.ucsusa.org/sites/default/files/attach/2015/03/ucs-palm-oil-scorecard-methodology-2015.pdf

- ³ UCS recognizes there are also other issues associated with the production of palm oil beyond the criteria we chose. For example, all companies should also be working toward the inclusion of strong social safeguards that include upholding the human rights of all workers and requirements to resolve conflicts through consultation with appropriate organizations and institutions focused on social and labor safeguards. Companies can refer to *The Free and Fair Labor Principles and Implementation Guidance*—endorsed by more than 26 global organizations—which provides a common point of reference on what constitutes free and fair labor in palm oil production. These principles are based on the frameworks enshrined in International Labor Organization core conventions and the United Nations Guiding Principles on Business and Human Rights, and build on the existing standard established by the RSPO. But worker conditions and other related human and labor issues are beyond the scope of this report, which is focused on the destruction of tropical forests and peatlands.
- ⁴ As defined by the High Carbon Stock Approach Steering Group for both secondary and primary forests, and as defined by the High Conservation Value Resource Network for primary forests.
- ⁵ Mondelez International has an improved commitment compared with 2014 despite a decreased score. Mondelez International loses points for a deforestation-free and peat-free commitment based only on a clarification of the commitment. However, it scores higher in transparency and traceability due to improved commitments.
- ⁶ Due to correction of the 2014 scoring, the breakdown of L'Oréal's score has changed. While the commitment remains unchanged and its score is the same as 2014, upon careful review L'Oréal's score has been modified to receive fewer points for traceability and additional points for transparency.
- ⁷ The scores of General Mills and Mondelez International are lower due to errors in reporting in 2014 that have since been corrected. Other scores that were inaccurately or incorrectly reported were calculated using our best knowledge of the industry. For more information on individual company current sourcing calculations and the assumptions made in calculations, download more information at www.ucsusa.org/palmoilscorecard.
- ⁸ McDonald's scored 1.1 in 2014 and 4.4 in 2015 and is the only fast food company that reports its current sourcing. Store brands were scored for the first time this year and only Safeway and Walmart reported their current sourcing, and scored 2.1 and .8 respectively.
- ⁹ Through consultation with appropriate NGOs and institutions focused on social justice, human rights, and labor safeguards, companies should adopt policies that require their suppliers to mitigate conflicts with local communities and prevent the violation of human and labor rights. Key policy elements should include (but not be limited to): free, prior, and informed consent (FPIC); conflict-mediation mechanisms for land and labor disputes; and a prohibition on forced and child labor.
- ¹⁰ Some options for verifying supplier compliance include third-party auditing and independent NGO evaluation.
- ¹¹ Currently, the best way for a company to prove that its palm oil meets its commitments is to trace the oil back to the plantation level. However, if a mill, processor, trader, or jurisdiction can demonstrate that all of the palm oil it sells meets the commitments as laid out in this document, the company needs only to trace its palm oil to that point in the supply chain.

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