

## The Real Problem with Palm Oil

Mackenzie Denyer and Tim Hunt, from Ethical Consumer magazine, explore the complex issues with palm oil, why deforestation rates are still climbing and why big brand manufacturers have the power to stop it

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*As post-war Britain escaped from rationing in the 1950s a new ingredient arrived from the rainforests in Malaysia. This versatile, solid fat would provide an alternative to more expensive butter.*

It was high-yielding, cheap to produce and it provided both the crunch and creaminess needed for a variety of manufactured foodstuffs.

But this miracle ingredient – palm oil – was set to ignite one of the most environmentally damaging practices of the 21st Century: deforestation.

Through deforestation, we have seen the loss of unique habitats for endangered species, premature death rates for local populations due to air pollution and a major contribution to climate change.

But with new certification schemes and corporate sustainability policies in place, palm oil is no longer linked to deforestation, right?

Wrong.

### **A football pitch every 25 seconds**

At *Ethical Consumer*, we've been tracking the palm oil problem for over 20 years. But, as highlighted in our recent report, despite involvement from governments, the World Bank, environmental groups and certification bodies, the rate of deforestation due to the [production of palm oil is increasing](#).

A football pitch sized patch of rainforest is lost every 25 seconds and 24 million hectares were destroyed in Indonesia alone between 1990 and 20152.

A growing global demand for palm oil and lack of control in the supply chain is allowing this deforestation to continue unchecked and it is crucial that we take action to stop it – now.

### **Where does the power lie?**

Undoubtedly, a huge amount of the power to change this situation lies with global food manufacturers. Together they hold the purchasing power to transform the supply chain but

they simply aren't doing enough to bring about this change.

On paper, they look to be buying from certified palm oil sources and meeting their commitments to the Roundtable on Sustainable Palm Oil (RSPO) and other certification schemes, but this is obscuring an underlying problem.

Some of the palm oil used by the most popular brands is still being sourced from new plantations seeded after deforestation.

### **Spotlight on Mondelēz**

We've put the spotlight on one of the major manufacturers known to be using this palm oil, in order to understand how deforestation palm oil is still entering the supply chain.

But they are by no means the worst offender on the issue - they score a middle ethical consumer rating. The way they report and present their palm oil usage does raise some interesting questions.

Mondelēz is a US company who owns many snack brands popular here in the UK - including Cadbury, Green & Blacks, Barny, Bel Vita, Tuc and Oreo. According to a recent WWF report into palm oil usage, they used 289,255 tonnes of palm oil in 2015 of which 96 percent was certified sustainable palm oil (CSPO).

Our investigation into Mondelēz's 2017 RSPO filing and company policy shows that only 1.2 percent of their overall figure was segregated supply (down from 11 percent in 2016), meaning that the palm oil was kept separate from other supplies and could be fully traced back to the mills who processed it and the producers who grew it.

The vast majority of its CSPO was certified under the book and claim scheme, meaning that they bought credits through RSPO-certified suppliers.

By relying on third-party traders to take care of their supply, they have removed themselves from the checking process and therefore don't fully understand their supply chain from producer to the factory.

We know that this book and claim process is often ineffective. Just last month Wilmar, a major trader for Mondelēz was investigated for its close family ties to Gama, a producer who was reported by Greenpeace to have destroyed more than 50,000 hectares of rainforest and tropical peatland in Indonesia in the past five years.

By devolving their role in the supply chain to a third party, Mondelēz is able to tick the CSPO box, without ensuring that the palm oil is from a deforestation-free supply.

Sadly they are not alone in doing this, and many of the companies we investigated in our recent guides to chocolate, bread, biscuits and margarine used this same method.

### **The clock is ticking**

Mondelēz and other major brands made a commitment in 2010 under the Consumer Goods Forum (CGF) to clean up the supply chain within a decade, having faced pressure from environmental groups

With less than two years to effect these changes, Greenpeace unearthed evidence in March 2018, that none of the big food brands has yet to clean up their supply chains other than to release [policies and join certification schemes](#).

Of the 16 global brands approached, eight refused to share the names of their traders and mills and of the other eight, including Mondelēz, there was proven evidence of palm oil sourced from producers linked to deforestation.

Mondelēz is not operating in isolation here. In truth, certification schemes are weaker than they could be and some of the palm oil in our food is still coming from land that was recently covered in virgin rainforest.

### **So, what needs to change?**

Along with Greenpeace and other environmental action groups, we're calling for global brands such as Mondelēz to take responsibility for their supply chains, to stop hiding behind traders and certification labels and meet their commitment to using only deforestation-free palm oil by 2020.

The power to make the biggest change sits with these brands and they must act now.

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*Ethical Consumer gives consumers the information they need to make ethical purchasing decisions.*

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