



TESTING COMMITMENTS TO

CUT CONFLICT PALM OIL

2015: THE YEAR TO DRIVE CHANGE - PROGRESS REPORT

INTRODUCTION

The secret is out. Conflict Palm Oil is a leading driver of tropical deforestation, land grabbing and serious international human and labor rights violations. Moreover, Conflict Palm Oil is working its way through opaque supply chains and is present in popular food brands manufactured by some of the world's largest corporations. Palm oil is now found in nearly half of products on supermarket shelves.

Indigenous Peoples and communities in Indonesia, Malaysia, Papua New Guinea, Liberia, Cameroon, Latin America and other rainforest regions are on the frontlines of palm oil expansion and too often face loss of their lands, threats to their security and marginal economic benefits by the relentless expansion of palm oil production. Driven by growing global corporate demand, palm oil production has quadrupled in only a few decades to become the most widely consumed vegetable oil on the planet.

Working with allies from around the world, Rainforest Action Network (RAN) is exposing the supply chains that link Conflict Palm Oil to the foods Americans are sold, focusing on a group of large corporate palm oil end-users we call the Snack Food 20. Together, the Snack Food 20 have the power to transform the way their suppliers produce palm oil, if they each adopt strong policies with clear public commitments and meaningful time-bound implementation plans.

Each year sees growing numbers of field investigations, reports, scientific studies, media stories, corporate engagement campaigns, and improvements in satellite monitoring, all profiling the widespread loss of rainforests, burning of peatlands, land grabbing, social conflict and the use of child and slave labor by bad actors in the palm oil sector. Corporate executives of consumer brand companies can no longer avoid the issues as public awareness and pressure to eliminate Conflict Palm Oil from their branded products grows. The impacts of these efforts to date are promising. In the last two years, more than twenty of the world's largest consumer brands and palm oil traders have announced new palm oil procurement commitments, which are intended to eliminate sourcing from growers associated with on-going deforestation, climate pollution and human rights abuses. This is a clear signal that business as usual in the palm oil sector will no longer be acceptable in growing numbers of international markets. The system-wide transformation that we, and our planet, so desperately need has begun, but real change is not yet secure.

Not all the key Snack Food 20 players have woken up to reality. While some companies are forging ahead, others are lagging increasingly behind by not changing the way the palm oil that they buy and use is produced, traded and sold onto the global market. For our forests and our future, we can't let that happen, and with your help, we won't.

We need to convince each of these laggards to adopt a truly responsible, global palm oil procurement policy with a tight time-bound implementation plan. These policies must demand fully traceable, legally produced palm oil, which is made by companies who are not destroying rainforests or carbon-rich peatlands, stealing community lands or violating human and workers' rights.

Adopting clear commitments is a crucial first step, but commitments alone are meaningless if they aren't tied to action. A major challenge lies in transforming company commitments into real change on the ground for forests and the communities that depend on them. This is why a time-bound implementation plan is crucial as it outlines the steps each of the Snack Food 20 companies will take to cut Conflict Palm Oil.

This 2015 progress report shines a spotlight on the laggards in the Snack Food 20 and outlines the actions that these companies, and the front runners who have begun implementing their commitments, can and must take to rapidly cut Conflict Palm Oil from our food system.

The Snack Food 20 is a globally significant group of snack food manufacturing companies that consume palm oil in their products—from cookies, chips, chocolates, candy and peanut butter to instant noodles and frozen meals. As a group they gross more than \$432 billion in revenue annually, and sell their products in hundreds of countries, including major markets in the U.S, Europe, the Middle East, Latin America, Southeast Asia, China, India and Japan. Together the Snack Food 20 have the power, through engagement with their global suppliers, to drive a fundamental transformation in the way that palm oil is produced.



PHOTO: PAUL HILTON

Together the Snack Food 20 have the power, through engagement with their global suppliers, to drive a fundamental transformation in the way that palm oil is produced.

TRUE LEADERS

True leaders have cut Conflict Palm Oil from global supply chains by adopting and fully implementing a time-bound, responsible palm oil procurement policy. They can guarantee to their customers that all their branded products, regardless of which country they are sold in, are free of Conflict Palm Oil. While some companies have moved further than others, none of the Snack Food 20 have yet reached this goal.

2015 is a critical year for Indonesia's rainforests, our climate and communities. The Snack Food 20 must take the steps required to source exclusively from suppliers with traceable, transparent, verified and accountable supply chains across all operations. *

The Snack Food 20 must use its collective buying power and devote adequate resources to transform the global palm oil supply chain to drive real change on the ground. They must invest in supply chain mapping and monitoring, engage with all suppliers and achieve a full transition to physically traceable and verified responsible sources and supply chains. False solutions, including purchasing of GreenPalm Certificates, are not acceptable.

Will the Snack Food 20 step up and break the link between their products and the bad actors responsible for the destruction of rainforests, peatlands and the abuse of communities and workers?

* For a full list of responsible palm oil production practices that should be verified in all operations review the Palm Oil Innovation Group Charter at poig.org



PHOTO: PAUL HILTON

Will the Snack Food 20 step up and break the link between their products and the bad actors responsible for the destruction of rainforests, peatlands and the abuse of communities and workers?

POLICY CHECKLIST:

What is a leading responsible palm oil procurement policy?

A truly responsible palm oil procurement policy outlines the practices that suppliers must comply with to continue to sell palm oil products to a buyer, such as a Snack Food 20 company.

Responsible production practices must include:

- » **Protection of rainforests and peatlands**
- » **Respecting and upholding human rights, including the right for communities to give or withhold their Free, Prior and Informed Consent to development on their lands**
- » **Respecting and upholding workers' rights**
- » **Resolving social conflicts and providing remedy and redress for past violations**
- » **Reducing greenhouse gas emissions and instituting a ban on burning**
- » **Including smallholders in supply chains and ensuring equitable benefit sharing**
- » **Legally acquiring land rights and operations**

The scope of the policy should apply to all products with palm oil that a company sells, in all the countries where it operates. Simply put, if a company's brand is on a product, the policy should apply. A comprehensive policy includes a **time-bound implementation plan** that includes performance-based milestones, such as achieving the third party verification of compliance in a company's supply chain, which must be met in order to fully implement the policy. Given the severity of social conflict between companies and communities, and the increasingly dire biodiversity and climate crisis, it is crucial that a policy sets an ambitious deadline for third-party verified compliance.

In order to ensure that the palm oil purchased meets these practices, the Snack Food 20 must only buy from suppliers who can:

Trace the palm oil fruit they source and process to a known plantation or farm;

Verify, via an independent third party, that the practices on all plantations or farms meet the responsible production standards outlined above;

Transparently report on the location of plantations, mills and refineries from which they source and on their progress in verifying that the palm oil they source meets responsible production practices, and;

Identify and cut bad actors responsible for the destruction of rainforests or carbon-rich peatlands, land grabbing, the violation of human and workers' rights or illegal operations.

If the Snack Food 20 companies do not take action to expose and eliminate the bad actors in their global supply chains, we will hold them accountable for their role in the loss of the last stands of the world's tropical rainforests, the extinction of the orangutans, rhinos, and elephants and the ongoing abuse of human and workers' rights.

SNACK FOOD 20: THE FRONT RUNNERS

Since the launch of the Snack Food 20 campaign, a number of companies have emerged as front runners in global efforts to cut Conflict Palm Oil. Front runners have released responsible palm oil commitments that reset the bar above and beyond the inadequate standards of the Roundtable on Sustainable Palm Oil (RSPO), and the strongest commitments include ambitious deadlines of cutting suppliers trafficking Conflict Palm Oil by the end of 2015.

Nestlé is considered by many as a leader in global efforts to transform the palm oil sector. Nestlé recognized its Conflict Palm Oil problem after international campaigns exposed the link between rainforest destruction in Indonesia and Kit Kat chocolate bars. In 2010, Nestlé publicly committed to source palm oil that was verified as free from the destruction of rainforests, peatlands and land grabbing and has worked to clean up its supply chain. Since that time, Nestlé has taken leading action amongst the Snack Food 20 to verify that the plantations it sources from are not associated with the destruction of forests, including critically important High Conservation Value and High Carbon Stock forests. It has played a crucial role in the development of a tool, known as the High Carbon Stock Approach, that is used to protect forests from conversion to palm oil plantations. Nestlé remains a front runner due to the early action the company has taken to cut Conflict Palm Oil, but it no longer has the strongest palm oil commitment in the Snack Food 20. In order to drive real change, Nestlé should require compliance across suppliers' entire operations, strengthen its requirements on upholding human and labor rights and publish a time-bound implementation plan with an assertive deadline to cut Conflict Palm Oil.

Since the public launch of the Snack Food 20 campaign in September 2013, companies such as Kellogg Company, Mars, Inc., Mondelēz International, Inc., The Hershey Company, General Mills, Inc., ConAgra Foods, Inc., The J.M. Smucker Company, Krispy Kreme Doughnuts Corp., and Dunkin' Brands Group, Inc., have all released strengthened palm oil commitments. In order to lead the way and address their Conflict Palm Oil problem, these companies now need to publish time-bound implementation plans that outline the actions each company will take to clean up its palm oil supply chain.

Not all of the palm oil commitments adopted are equal as they each have specific strengths and weaknesses. Kellogg Company, Mars, Inc., General Mills, Inc., ConAgra Foods, Inc., The J.M. Smucker Company and Krispy Kreme Doughnuts Corp. have all set an ambitious deadline of cutting suppliers trafficking Conflict Palm Oil by the end of 2015. The Hershey Company, Mondelēz International, Inc., and Dunkin' Brands Group, Inc. have not set the same ambitious deadline and are at risk of falling behind on the implementation of their commitments.

Mars, Inc., Mondelēz International, Inc., ConAgra Foods, Inc., and The J.M. Smucker Company have set stricter requirements for their suppliers to comply with responsible production practices across their entire operations. These companies are committing to only do business with responsible companies, and to cut bad actors if they are found to be clearing forests, peatlands or abusing human rights in any operations.

Kellogg Company has shown leadership by its commitments to trace the palm oil it buys to the plantation or farm where the fruit was grown, instead of merely tracing it to the palm oil mill from which it was sourced. Traceability to the plantation is key to be able to guarantee that the palm oil used was grown on a responsibly run plantation that has been verified by a third party as compliant with their requirements.

Mondelēz International, Inc., is recognized as a front runner due to its commitment to set higher requirements than the inadequate standards of the RSPO, but it needs to fix the critical gaps in the scope of its commitment so these requirements apply to all palm oil products it sources in all countries where it has food manufacturing operations.

» **Comprehensive summaries of the strengths and weaknesses of the Snack Food 20 companies' palm oil commitments can be reviewed at www.ran.org/sf20scorecard**



PHOTO: PAUL HILTON

Since the launch of the Snack Food 20 campaign, a number of companies have emerged as front runners in global efforts to cut Conflict Palm Oil.

SNACK FOOD 20: THE LAGGARDS

By any measure, 2014 was a turning point in the international movement to reform Conflict Palm Oil practices rife in the palm oil industry. Many of the sector's biggest players announced groundbreaking, globally responsible palm oil commitments and pledged to eliminate forest and peatland destruction, human rights abuses, labor violations including forced and child labor and climate pollution from their palm oil supply chains. These commitments reset the bar above and beyond the inadequate standards and misleading sustainability claims made by the Roundtable on Sustainable Palm Oil (RSPO).

Major work remains to truly implement these newly achieved commitments and translate them into real change on the ground. At the same time, there also remain major corporate laggards who have so far failed to raise their palm oil policies to the new global benchmark for responsible palm oil production set by their peers. **The Snack Food 20 laggards who have failed to put adequate policies and procurement practices in place, and are almost undeniably using Conflict Palm Oil, are PepsiCo, Inc., Toyo Suisan Kaisha, Ltd., Nissin Foods Holdings Co., Ltd., Hillshire Brands Company, Grupo Bimbo, Kraft Foods Group, H.J. Heinz Company, Campbell Soup Company, Hormel Foods Corporation and Unilever.**

These laggards have either no responsible palm oil commitment, or a weak palm commitment that lacks adequate requirements for suppliers to end destruction of rainforests, peatlands and abuse of human and labor rights. Most of the laggards' commitments rely on inadequate certification such as the RSPO, and all lack a time-bound implementation plan to cut Conflict Palm Oil.

PepsiCo, Inc. (PepsiCo), a key laggard amongst the Snack Food 20 companies, uses an immense amount of palm oil: enough to fill Pepsi soda cans full of palm oil and circle the earth at the equator four times,

every year. Put another way, the tropical land base needed to feed PepsiCo's global appetite for palm oil, each year, is a quarter million acres of land, most of which used to be rainforest.

Deforestation is on the rise, conflicts between companies and communities are escalating, and reports on child and forced labor are increasingly grim. PepsiCo must break its ties to the drastic deforestation and shocking human rights violations in its supply chain, especially in Indonesia and Malaysia, where the risks of destroying critical rainforest and continued human rights abuses are unacceptably high.

PepsiCo is a laggard company because the revised palm oil commitment it released in May 2014 failed to outline strong human rights protections for local communities and workers; did not commit to tracing its palm oil to the plantations where the oil palm fruit is grown; did not apply to all PepsiCo branded products; and failed to state that PepsiCo would undertake independent verification of its suppliers' entire operations — the only way to ensure PepsiCo is not purchasing from companies trafficking Conflict Palm Oil. As a matter of urgency, PepsiCo should strengthen its current commitment and publish a time-bound plan to cut Conflict Palm Oil. Given its size and influence, PepsiCo has a strong role to play in transforming the palm oil sector in Indonesia, Malaysia and Latin America.

Toyo Suisan Kaisha, Ltd. is the 'worst performing' laggard as the company has not taken the first step to address its Conflict Palm Oil problem by adopting a palm oil commitment. As a matter of urgency, Toyo Suisan Kaisha, Ltd. needs to adopt a global, responsible palm oil procurement policy that includes a time-bound plan to cut Conflict Palm Oil from all of its products, including its famous Maruchan noodle products.



Nissin Foods Holdings Co., Ltd., Hillshire Brands Company, and Grupo Bimbo have made public statements that outline a commitment to source so called 'sustainable' palm oil, but fail to outline the detailed requirements set for their suppliers. These commitments need to be strengthened to include the elimination of forest and peatland destruction, human rights abuses, forced and child labor and climate pollution from their palm oil supply chains, and supported with time-bound implementation plans.

Unilever is considered by many as the first company to recognize their Conflict Palm Oil problem after international campaigns exposed the link between rainforest destruction in Indonesia and Dove personal care products. In 2008, Unilever agreed to support an immediate moratorium on the destruction of forests for palm oil and the company has been a leading advocate in talking about the need to break the link between palm oil and deforestation ever since. However, it is now lagging behind its peers as the palm oil commitment it released in 2013 lacks both clear requirements and a deadline for suppliers to end destruction of rainforests, peatlands and abuse of human and labor rights in all operations.

Unilever has failed to cut problematic suppliers from its supply chain and, despite a stated commitment to source 100% RSPO certified palm oil, it has failed to move beyond purchasing GreenPalm certificates. Unilever's reliance on GreenPalm certificates remains a critical shortfall in its approach, as this offset model does not directly improve the practices of the companies from which it sources palm oil. As a matter of urgency, Unilever should strengthen its current commitment and

publish a time-bound plan that includes an ambitious deadline to cut Conflict Palm Oil and bad actors, including Kuala Lumpur Kepong Berhad (KLK), from its supply chain.

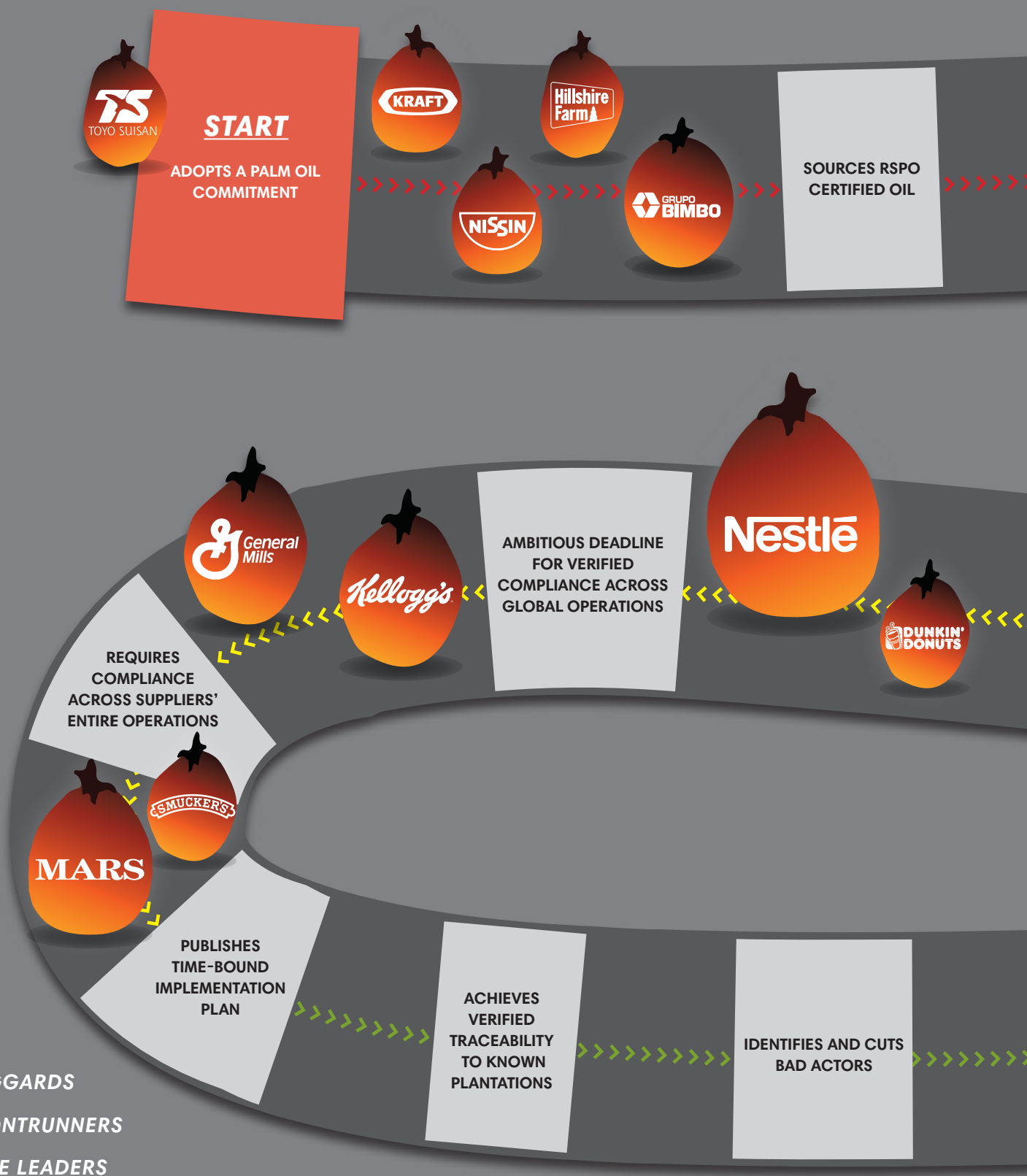
Kraft Foods Group, Inc. has only recently become a member of the Roundtable on Sustainable Palm Oil (RSPO) and has not taken any meaningful steps to deal with their Conflict Palm Oil problem. H.J. Heinz Company, once recognized as a leading company through its reduction of the use of palm oil and its sourcing of traceable and RSPO certified palm oil, is now lagging behind its peers. H.J. Heinz Company's palm oil commitment relies solely on the inadequate RSPO certification system and lacks requirements for suppliers to end destruction of rainforests, peatlands and abuse of human and labor rights. Since the launch of The Snack Food 20 campaign, Kraft Foods Group and H.J. Heinz Company have merged as one company called The Kraft Heinz Company. The Kraft Heinz Company is yet to release an updated palm oil procurement policy. As a matter of urgency, The Kraft Heinz Company needs to adopt a global responsible palm oil procurement policy that includes a time-bound plan to cut Conflict Palm Oil.

Other laggards—Campbell Soup Company and Hormel Foods Corporation—have weak palm oil commitments that rely on the inadequate standards and performance of the Roundtable on Sustainable Palm Oil (RSPO). Companies cannot outsource their responsibilities to the RSPO, especially given its weak standard which allows the destruction of forests and peatlands, and its track record of poor enforcement.

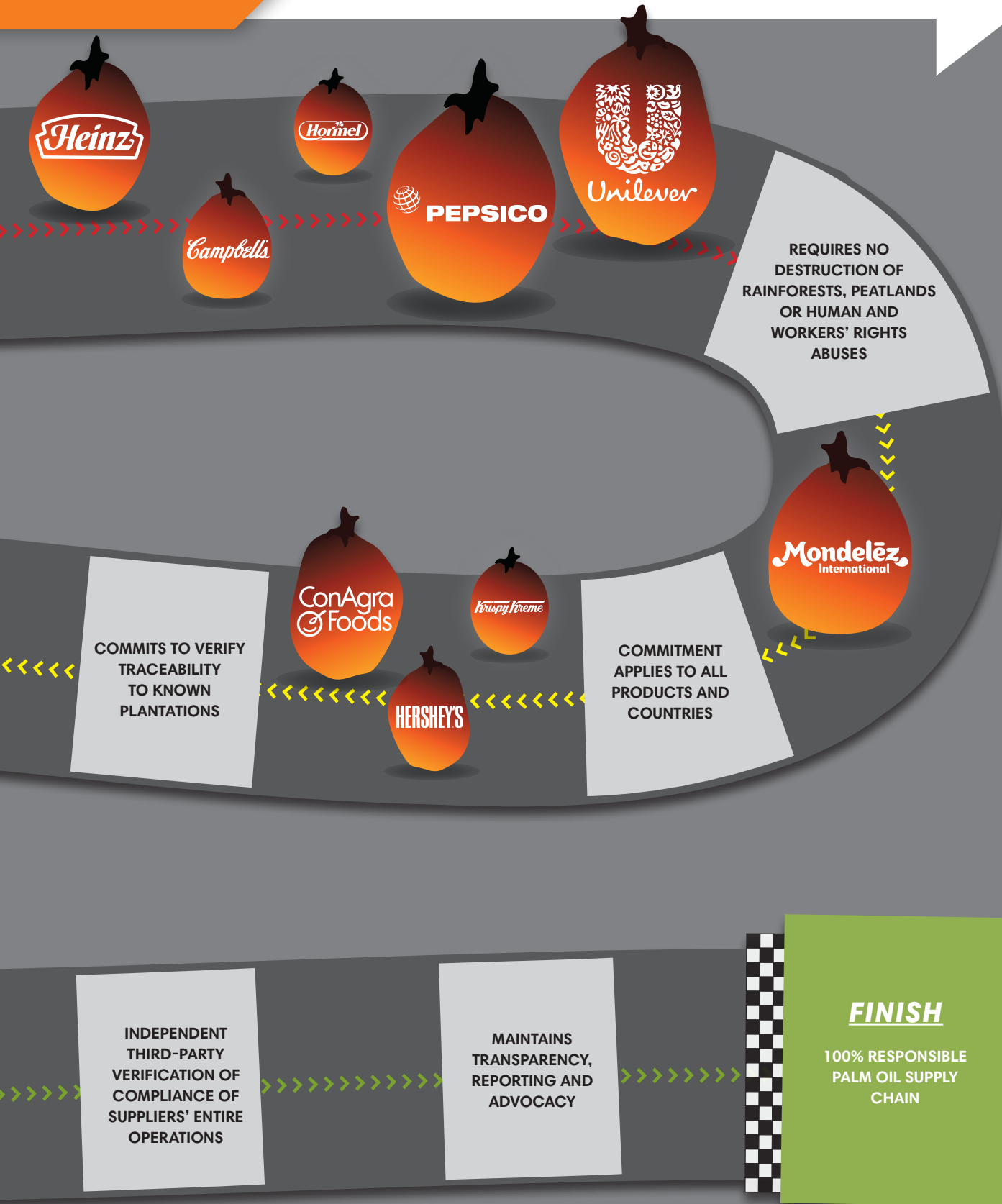
These laggards will continue to cause havoc for forests, our climate, local communities and workers until they adopt or strengthen their policies and cut bad actors trafficking Conflict Palm Oil from their supply chains.



2015: WHO LEADS THE RACE



TO CUT CONFLICT PALM OIL?



ENDING THE TRAFFICKING OF CONFLICT PALM OIL: CUTTING BAD ACTORS

The time for inaction is over; words are no longer enough.

What's needed now is for the Snack Food 20 to understand where their palm oil is coming from, verify that their suppliers are compliant with responsible practices outlined in their commitments, and cut ties with suppliers found to be trafficking Conflict Palm Oil.

The Snack Food 20 companies must put their commitments and policies into action immediately by identifying and eliminating bad actors from their supply chains. If a supplier is found to be destroying forests and peatlands, driving social conflict, or exploiting workers and children anywhere in their supply chain, that supplier must be completely eliminated from the supply chains of the Snack Food 20.





PHOTO: LAUREL SUTHERLIN / RAN

BAD ACTORS

Destroy Forests and Peatlands

The Snack Food 20 companies must work with suppliers to proactively protect rainforests and peatlands. Suppliers that drive bulldozers into forests and peatlands, or continue to source from third party suppliers who do, must be immediately cut from supply chains.

A moratorium on the clearance of forests and development of peatlands of any depth is urgently required in the palm oil sector. Responsible companies will stop Conflict Palm Oil in its tracks by halting further expansion until comprehensive social and environmental assessments are undertaken to identify High Conservation Value areas, High Carbon Stock forests and peatlands and determine if Indigenous Peoples give consent to palm oil development on their customary lands.

Any new developments should be restricted to degraded lands that are not covered with forests more established than young shrubs, and where communities consent to palm oil plantations with protections in place for their water sources, food systems and livelihoods.

Sell Palm Oil from Unknown or Illegal Sources

The Snack Food 20 companies must know the plantations they source from and independently verify that practices do not contribute to the destruction of rainforests, peatlands and abuse of human and labor rights. Suppliers that continue to source palm oil products from companies with mills that accept palm oil fruit from unknown sources must be cut from supply chains.

Suppliers who operate plantations without required permits or that have acquired land through bribery, corruption or the forced relocation of local communities, must be cut from supply chains.

TEST 1

THE LEUSER ECOSYSTEM

Suppliers responsible for driving palm oil expansion into the heart of the Leuser Ecosystem, a global biodiversity hotspot on the island of Sumatra, must be cut from supply chains. An immediate moratorium must be enforced to ensure the protection of carbon-rich peatlands and the lowland rainforest inside the Leuser Ecosystem that are home to the last wild Sumatran Orangutans, tigers, elephants, rhinoceros and sunbears.

PHOTOS (CLOCKWISE FROM TOP LEFT):
PAUL HILTON; SUSTAINABLE
DEVELOPMENT INSTITUTE; E. BENJAMIN
SKINNER, SCHUSTER INSTITUTE FOR
INVESTIGATIVE JOURNALISM, BRANDEIS
UNIVERSITY; SHUTTERSTOCK



Drive Social Conflict

The Snack Food 20 companies must work with suppliers to proactively and transparently remedy social conflict. Suppliers that continue to drive conflict or fail to resolve outstanding conflicts with Indigenous Peoples and local communities, or source from third party suppliers who do, must be cut from supply chains.

The palm oil sector is rife with outstanding conflict between communities and palm oil companies. Responsible companies must resolve outstanding conflicts with urgency and ensure that future conflicts are averted by respecting the rights of Indigenous Peoples and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to any developments on lands to which they hold legal, communal or customary rights. Where plantations have been established without FPIC, companies must provide redress, including compensation or return of lands, for any negative impacts on livelihoods or loss of lands that resulted from the establishment of a plantation.

Exploit Workers and Children

The Snack Food 20 companies must work with suppliers to proactively and transparently remedy labor violations. Suppliers which continue to abuse the rights of workers, directly employ children or incentivize unpaid child labor through using an unjust quota system, or source from third party suppliers who do, must be cut from supply chains.

Palm oil has been listed on the U.S. Department of Labor’s *List of Goods Produced by Child Labor or Forced Labor* as a commodity associated with both forced labor and child labor since 2010. Even those plantation workers not subject to forced labor often face harsh working conditions and challenges to basic human and labor rights. It is imperative that responsible palm oil companies align their practices with the *Free and Fair Labor in Palm Oil Production: Principles and Implementation Guidance* and ensure that plantation workers have basic labor rights and the opportunity to earn a decent livelihood for themselves and their families.



TEST 2

KUALA LUMPUR KEPONG (KLK)

Malaysian-based palm oil company Kuala Lumpur Kepong Berhad must be cut from the supply chain until the company resolves outstanding land conflicts with communities in Papua New Guinea and Liberia, and addresses outstanding issues around deforestation and its use of child and forced labor in its supply chain. In order to be a responsible supplier, KLK must adopt and implement a truly responsible palm oil policy requiring all palm oil from its own operations and that of its third-party suppliers to be fully traceable, legally grown and verified as not associated with deforestation, expansion on carbon-rich peatlands of any depth, or the violation of human or labor rights.

2015: THE YEAR TO DRIVE CHANGE

2015 is a crucial year to transform the global palm oil supply chain. If we fail in our efforts to stop Conflict Palm Oil in its tracks the results will be devastating. RAN will be calling on its network of activists and supporters from around the world to make meaningful lasting change this year—we hope you will join us.

The Snack Food 20 companies must cut bad actors trafficking Conflict Palm Oil immediately. Each company must be able to prove to their customers that the snacks they make aren't being produced at the expense of rainforests, a stable climate or the lives and livelihoods of countless species, including our own.

Leading companies have committed to clean up their supply chain by December 31, 2015. With your help we will hold all the Snack Food 20 companies and their suppliers to an ambitious deadline.

You can take action by sending a message to the Snack Food 20 laggards at www.ran.org/call_on_the_conflict_palm_oil_laggards to demand that they adopt a responsible palm oil policy and cut Conflict Palm Oil from their supply chains.

The Palm Oil Action Team is a global network of activists who are working together to build pressure on the Snack Food 20 by organizing in their local communities, taking action online, and participating in fun national tactics. Take action to expose the laggards and hold the Snack Food 20 accountable for the conflict and rainforest destruction in their supply chains — join the Palm Oil Action Team today at ran.org/joinpoat



THE POWER IS IN YOUR PALM



PUBLICATION DATE: JUNE, 2015

PHOTO: DONTE TATUM