



Reason for Standard

Palm oil is a tropical oil that comes from the fruit of the African oil palm, *Elaeis Guineensis*, one of two main fruit-bearing tropical palm species. Palm oil is a saturated fat that can be used in a multitude of ways. It adds stability, emulsification, and a smooth mouthfeel and texture to products, without trans fats.

Palm oil today is in roughly 50 percent of U.S. consumer products.ⁱ Found not only in foods from crackers and ketchup, palm oil is also in soaps and body lotions, cosmetics, household cleaners, dish detergents and even animal feed. Demand for palm oil has soared since the U.S. Food and Drug Administration (FDA) required food labels to list trans fats content (usually from hydrogenated fats) in 2006.ⁱⁱ Palm oil is a perfect substitute for trans fats because it's shelf stable at room temperature and isn't inherently unhealthy in the ways that have been identified in trans fats.

Unfortunately, palm oil's promotion has prompted massive clear-cutting of tropical forests, especially in Indonesia and Malaysia, to plant palm plantations. Conventional palm is cultivated on large plantations, which are established by draining and burning peat swamps and forests.ⁱⁱⁱ Destruction of tropical forests releases greenhouse gases (GHG), drives already-threatened animal species toward extinction, such as orangutans, and displaces indigenous communities.^{iv} Because tropical forests and peat swamps are large carbon sinks (areas containing significant amounts of stored carbon), the clearing and destruction of these resources release carbon, methane, and other GHGs into the atmosphere and contribute to climate change.^{v,vi} The palm oil industry is also among the most notorious for forced and child labor.^{vii}

However, if done right, palm oil could be one of the most sustainable oils available. Palm oil is very versatile and it's an efficient crop. It produces more oil per acre of land compared to other oils, such as coconut, soy, or sunflower.^{viii} Since palm comes from trees, it can be harvested for years without requiring soil tilling or planting new crops. The yield of oil from the fruit is also incredibly high. Palm oil also provides an important substitute for animal-based saturated fats and thus is popular in vegan products.

PCC identified palm oil as an issue of high concern in 2016 and since that time we have researched the topic and explored steps to address palm oil in our supply chain. Given its prevalence in the market and potential positive impact if 'done right,' we determined that PCC should focus on supporting sustainably sourced palm oil, rather than seeking to eliminate palm oil from our supply chains.

We identified products that PCC has direct production control over as the first category where we would be able to implement a sustainably source palm oil standard. Because there is a shortage of sustainable palm oil, we also identified the need to encourage sustainably produce palm and look for opportunities to work with stakeholders on sustainable production expansion.

Scope

This standard applies to all grocery items, PCC-made deli or bakery items, and PCC Private Label products, including those in the Health and Body Care Department, which contain palm-derived ingredients, such as palm oil or shortening.

Standard

1. Sourcing Requirements for PCC made (deli and bakery) and Private Label

- 1.1. All palm-derived ingredients, such as oil or shortening, used in products that fall under the scope of this standard must be sourced through Palm Done Right.
- 1.2. In the event of supply chain shortages or lack of commercial availability for Palm Done Right products, palm oil and other products using palm oil must utilize RSPO certified palm or work with Natural Habitats to identify suitable alternatives.

2. Sourcing priorities for all other grocery and bakery items containing palm oil

- 2.1. PCC prioritizes products utilizing RSPO and Palm Done Right certified palm oil.
- 2.2. PCC encourages vendors and distributors to source palm oil from ethical and sustainable suppliers whenever possible.

Standard-Specific Glossary

Clear Cutting is a method of tree removal whereby most or all trees of an area are cut down simultaneously, usually for the purposes of timber harvest or agricultural production. The practice contributes to the deforestation of old growth and tropical forests. Clearcutting of forests in Southeast Asia for palm oil plantations is a common practice.

Deforestation is the removal of trees and destruction of forested land. Conventional palm oil production contributes significantly to deforestation in areas like Borneo, as large swaths of jungle are cleared away for plantations of palm trees. Deforestation contributes to climate change and biodiversity loss.

Fair Trade is a movement aimed at creating equitable and sustainable trade relationships and production of goods, particularly for commodities produced in developing countries. The values underpinning this movement center around the fair treatment of a labor force, accomplished by guaranteeing worker rights and freedoms, higher wages, better working conditions, prohibition on child labor, and community empowerment. There are a number of organizations and certifications dedicated to verifying products to meet those goals (read more about some of the most commonly seen labels [here](#) and check out two of the leading certifications at [Fair Trade USA](#) and [Fair Trade International](#)). [Fair trade certifications](#) are particularly important for some commodities that are at greater risk of human exploitation, such as chocolate, palm, sugar, bananas, and coffee.

Natural Habitats is an international company committed to the sustainable production of organic and fairly traded products, including organic palm oil. Natural Habitats products are cultivated using only 100% organic practices by independent farmers and owned plantations in South America and add organic credibility to food, personal care and animal nutrition products.

Organic refers to the practices associated with organic food production and processing that prohibit the use of most synthetic inputs and pesticides and require other environmental and animal-friendly agricultural and food handling practices. Established by the Organic Foods Production Act (a federal law), the National Organic Program (NOP) within the U.S. Department of Agriculture manages the organic certification standards, enforcement, and accreditation of independent certifying bodies. Many other countries also have organic certification programs.

Palm Done Right[®] is a philosophy and sourcing approach developed by Natural Habitats to support and expand the availability of ethically and sustainably grown palm oil. Their palm oil is sourced directly from independent farms in Ecuador that are certified fair trade and organic, and do not contribute to deforestation or exploitation of workers.

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[Roundtable on Sustainable Palm Oil \(RSPO\)](#) is the international certification for sustainably sourced palm oil. The organization was founded in 2004 as a joint effort by the Worldwide Fund for Nature (WWF), palm oil industry associations, manufacturers, and retailers. RSPO's objectives are to promote palm oil production practices that reduce deforestation, preserve biodiversity, and respect the livelihoods of rural communities in oil-producing countries. However, as a collaborative effort between industry and conservation advocates, RSPO has received significant criticism for not having strong enough standards.

ⁱ "8 Things to Know about Palm Oil," WWF, accessed July 16, 2020, <https://www.wwf.org.uk/updates/8-things-know-about-palm-oil>.

ⁱⁱ Justin Worland, "The Surprising Link Between Trans Fat and Deforestation," *Time*, June 19, 2015, <https://time.com/3927023/trans-fat-ban-deforestation/>.

ⁱⁱⁱ "Palm Oil," World Wildlife Fund, accessed July 16, 2020, <https://www.worldwildlife.org/industries/palm-oil>.

^{iv} Union of Concerned Scientists, "Palm Oil and Global Warming," Fact Sheet, December 2013, https://www.ucsusa.org/sites/default/files/legacy/assets/documents/global_warming/palm-oil-and-global-warming.pdf.

^v "Palm Oil," World Wildlife Fund, accessed July 16, 2020, <https://www.worldwildlife.org/industries/palm-oil>.

^{vi} Hannah V. Cooper et al., "Greenhouse Gas Emissions Resulting from Conversion of Peat Swamp Forest to Oil Palm Plantation," *Nature Communications* 11, no. 1 (January 21, 2020): 407, <https://doi.org/10.1038/s41467-020-14298-w>.

^{vii} Laura Villadiego, "Palm Oil: Why Do We Care More about Orangutans than Migrant Workers?," *The Guardian*, November 9, 2015, sec. Guardian Sustainable Business, <https://www.theguardian.com/sustainable-business/2015/nov/09/palm-oil-migrant-workers-orangutans-malaysia-labour-rights-exploitation-environmental-impacts>.

^{viii} "8 Things to Know about Palm Oil," WWF, accessed July 16, 2020, <https://www.wwf.org.uk/updates/8-things-know-about-palm-oil>.