

# THE NATIONAL LAW REVIEW

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## Problem with Palm Oil (Or, Next Wave of Supply Chain Class Actions?)

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In previous post ([here](#)), we discussed a litigation trend that began in September of this year: putative class action lawsuits against U.S. retailers based on alleged unethical practices in their supply chains. The first lawsuits asserted the presence of trafficked labor in the Thai and Indonesian shrimp and fishing industries, with complaints filed against **Costco, Proctor & Gamble, Nestle**, and other. A later round of lawsuits alleged child labor at African cocoa plantations, with complaints filed against major U.S. chocolate producers. Other lawsuits involved alleged unethical animal care practices by **Whole Foods** suppliers and general allegations of poor labor practices in supply chains supplying to mega-retailer **Wal-Mart**. All of these lawsuits allege that the defendants' practices differ from what they represent to consumers or shareholders.

Now, the media has identified a new likely target: companies whose supply chains include palm oil.

Palm oil is a nearly ubiquitous vegetable oil made from palm trees found in numerous food and cosmetic products. Palm oil typically comes from plantations in Africa and Southeast Asia, and generally passes through many supply chain steps before making its way into products that we find on our grocery and drug store shelves. Indonesia is the largest producer of palm oil today, with Malaysia a close second. Nigeria, Thailand, and Colombia are also major palm oil producers.

The problems with palm oil, according to some activists, are multifarious. First, palm oil is charged with deforestation, as palm oil producers allegedly clear large swaths of natural forest to make room for their crop. Another issue is "land grabbing," the allegation that palm oil producers displace indigenous communities. A third issue is alleged child labor in the harvesting of palm oil. Although users of palm oil have initiated a number of initiatives designed to reduce the unsavory practices associated with palm oil, such as the [Roundtable on Sustainable Palm Oil](#), not everyone is satisfied.

Palm oil supply chain practices have been a feature of recent media articles, some of which urge greater action. On November 9, 2015, [SupplyChainBrain](#) featured an article entitled, "[From Minerals to Palm Oil: Another Supply-Chain 'Conflict'](#)," which discusses the criticisms against palm oil, the difficulty in combating these issues, and possible solutions. On November 17, 2015, the Wall Street Journal reported that various groups were "pressing the [food] industry over issues such as antibiotics and palm oil" (subscription required). However, industry and activist groups addressing palm oil issues generally acknowledge that changes have come slowly.

Thus, the important lesson for U.S. companies whose products include palm oil is to monitor public statements about your supply chain practices. Also, there are many initiatives you can join to work on finding solutions.

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