

# PLANT-BASED OPPORTUNITY

Palm oil is positioned to serve the next generation of plant-based products.  
**Here's why.**

"Booming" isn't a strong enough word to describe the plant-based category.

Yes, plant-based is growing at upwards of 20% per year. And yes, 60% of trendsetting Gen-Zers say they want to eat more plant-based foods, according to the Plant Based Foods Association. But as products featuring the "plant-based" claim grew 67% between the Natural Products Expos in 2017 to the Natural Products Expos in 2019, the more appropriate word to describe plant-based growth would be "meteoric."

Taste, health and sustainability are top reasons

consumers of all ages, demographics and locations embrace plant-based eating. Over half of consumers say they choose plant-based foods for the taste (cue the coconut milk ice cream!), while according to the Plant Based Foods Association 40% eat plant-based for health reasons such as lowering cholesterol, on the advice of their doctor due to a health event or to achieve general wellness.

But the Plant Based Foods Association also reports that shoppers are interested in plant-based foods because they are more environmentally friendly than meat and dairy. Sustainability and animal welfare remain powerful motivators for plant-based eating, with 24% of consumers saying they eat plant-based foods for these reasons.

From the plains of Ohio to the trendy streets of Los Angeles and everywhere in-between, shoppers are waking up to the benefits of eating (mostly) plants. Such growth is stoked by the proliferation >>







of new products that offer more choices for discerning, taste-focused shoppers. There is a reason myriad meat-like plant-based burgers and dairy-ish nut cheeses have appeared on natural retail store shelves and fast-food restaurants alike: they sell.

From Burger King's Impossible Burger to Carl's Jr.'s Beyond Famous Star With Cheese (which use Impossible and Beyond Meat patties, respectively), the majority of fast food restaurants have at least piloted a vegan meat replacement option. Even KFC is testing Beyond Meat fried chicken strips in some establishments.

As consumer health and immunity remains top-of-mind throughout 2020 due to COVID-19, sales of plant-based meat replacements at retail have grown, too. In Q2, Beyond Meat said their grocery sales had nearly tripled because more shoppers were cooking at home, according to the company's website.

It's clear that plant-based consumers are sold on the taste of vegan and vegetarian foods, especially as food manufacturers race to offer new options that have the taste and performance that consumers are looking for.

**And that's where palm oil comes in. >>**





# Palm possibilities for plant-based foods



Flip over the label of nearly any package of soap, cookies or peanut butter and chances are, you'll find palm oil as a key ingredient. There's a reason why palm oil is found in nearly 50% of all processed foods, according to Friends of the Earth. The most widely consumed vegetable oil on the planet, palm oil is shelf stable, as well as neutral in smell and flavor. Palm oil has high saturated fat content, making it naturally solid at room temperature, without requiring any modifications such as hydrogenation. It is also more cost-effective than butter or other vegetable oils, making it an affordable solution that doesn't cut corners on performance. Because there are a wide variety of natural palm oil products available — think, palm fruit shortenings, refined (RBD) palm fruit and palm kernel oils, palm kernel stearin and more — there are many options for a broad spectrum of needs for vegetarian and vegan use.



For baking applications, palm shortening has long been a reliable ingredient for vegan use. It provides excellent functionality for a variety of products. It offers a light, flaky texture for biscuits, pie crusts, soft and airy or pleasantly crunchy for cookies (depending on what's desired), and it is also a creamy and neutral base for vegan icings.

For more specific plant-based applications, such as dairy-free spreads, vegan cheese and vegan meat replacements, palm oil is also an excellent resource. Specialized natural liquid or solid components of the palm provide targeted performance based on the desired mouthfeel and behavior. For these reasons, palm is an attractive ingredient across various categories.



According to New Hope Network's NEXT Data & Insights research, from the Natural Products Expos in 2016 to the Natural Products Expos in 2019, palm oil usage in baked goods increased a whopping 96.6%. In the diet and nutrition category (think, nutrition bars, powders, beverages and more), palm oil grew a solid 37%, and the ingredient spiked by 21% in the frozen food sector. >>

# Why it's so important that Palm be sustainable

Many natural foods manufacturers know that palm oil is a rock-star ingredient. But as consumers grow increasingly mindful of where their food comes from—and how it impacts both the planet and the people who grew it—incorporating palm in a responsible way has become a trickier business. Palm oil has a reputation for unsustainable farming practices.

But Daabon, a 100-year old family-owned company with a focus on sustainable palm production, has been pioneering responsible palm oil production for decades. And as more product formulators, consumers, retailers and buyers value environmentally



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friendly ingredients, Daabon continues to supply verifiably better-for-the-planet palm.

Palm oil's potential for sustainability is robust. Daabon's palm oil is completely deforestation free because it's grown on land that has been historically used for agricultural purposes—not primary forests or peatlands, which are crucial carbon sinks.

Daabon was the first company worldwide to offer certified organic palm oil products,

and also the first certified organic palm oil grower to achieve Rainforest Alliance certification. The Rainforest Alliance is an organization dedicated to preserving the animal habitats of native species across the world. In addition, Daabon is consistently ranked first worldwide for transparency in palm production by the Zoological Society of London.



In addition to striving for our own environmental stewardship, Daabon also helps develop standards to push the palm oil industry forward. In 2013 the company helped launch the Palm Oil Innovation Group (POIG), which enables stakeholders across the palm oil industry to build sustainability into their businesses, too. This progress over three generations of operation shows that true system change takes a village. >>





## Why to choose Palm

As consumers continue to seek out sustainable products across categories, manufacturers should choose ingredients with as low of a carbon footprint as possible to inspire brand loyalty, repeat purchases and word-of-mouth recommendations. For example, when farmed responsibly, palm oil is a more environmentally friendly fat than dairy products such as butter.

According to a study conducted by the National Resources Defense Council, butter has among the highest greenhouse gas (GHG) emissions, just after beef and lamb. This is because the dairy supply chain is similar—and intricately tied—to beef's. The majority of cows are fed grain, which typically requires fertilizers and pesticides. Shockingly, livestock represents 14.5% of the world's human-induced GHG emissions, according to the Food and Agriculture Organization of the United Nations, which is largely due to cattle off-gasses.

The world's top climate scientists believe plant-based ingredients are a vital solution to global warming. Project Drawdown, an organization launched by longtime climate activist Paul Hawken, reports "business-as-usual emissions could be

reduced by as much as 70% through adopting a vegan diet, and 63% for a vegetarian diet."

In 2015, Daabon reached its goal to become completely carbon neutral by embracing renewable energy initiatives such as a methane gas recapture program. This allows the company to generate energy through its palm production process, with enough leftover to put energy back onto the grid. According to the latest version of the Palm GHG tool developed by the RSPO (Roundtable for Sustainable Palm Oil), Daabon's carbon emission is just 0.03 tCO<sub>2</sub>e per ton of crude palm oil, versus 450 tCO<sub>2</sub>e per ton for a similar quantity of butter (based on data from FoodEmissions.com). In other words, the carbon footprint of butter is substantially higher than that of Daabon's sustainable palm.

Mindful consumers will continue to seek out realistic, can't-tell-the-difference plant-based alternatives for meat and dairy — food groups that are ripe for palm oil inclusion due to their high saturated fat content.

Manufacturers can harness shopper values for both plant-based and carbon-friendly processes by choosing certified sustainable palm oil from Daabon.

