

Responses from palm oil buyers to investigation

Background

In November 2023, “[Chasing Shadows](#),” an investigation by The Gecko Project, found evidence suggesting that the palm oil producer First Resources, which brands itself as a “sustainable” company, has secretly controlled an apparent network of companies that have been clearing rainforests in Indonesia for more than a decade.

The investigation is part of [Deforestation Inc](#), a collaboration coordinated by The International Consortium of Investigative Journalists involving reporters from 28 countries.

In early 2024, The Gecko Project asked a group of consumer goods firms, palm oil processors and palm oil traders what actions they had taken since the publication of the investigation. This document lists their responses.

AAK

Our [Group Policy and Code of Conduct](#) for responsible sourcing of plant-based oils applies to all direct and indirect suppliers. We treat these allegations in accordance with our grievance procedure upon publication of the report. The grievance actions include further investigating traceability data as well as extending the inquiries to our Tier 1 suppliers. While we adhere to a policy of not commenting on specific customer or supplier relationships, as you correctly noted, it's important to clarify that First Resources is not a direct supplier but is indirectly connected through a Tier 1 supplier.

The disputes of ownership is known and is currently undergoing the RSPO's complaint progress. We recognize the process takes time and we respect the investigation outcome from RSPO. All our Tier 1 suppliers are required to comply with AAK's No Buy List and ensure the suspended groups are not entering the supply chain.

While I trust that you may already possess a well-rounded understanding, I wish to underscore the ongoing progress within the palm industry. This continuous effort is directed toward establishing a sustainable future for a crucial feedstock essential to meeting the nutritional needs of the global population. As of first half 2023, AAK has increased its verified deforestation-free volumes to 77 percent (71 percent in 2022). We have also increased traceability to plantation to 91 percent (87 percent in 2022).

While there is still a lot of work to be done, AAK tighter with the industry, is moving in the right direction.

We welcome potential non-compliance findings, such as the Gecko Project, as an addition to our own due diligence. We believe that it is important to engage with the sector, together with our suppliers, RSPO, and other stakeholders, to stimulate positive changes for the growers whose livelihood are dependent on the sector.

BASF

After BASF learned of the initial suspicion, it has examined the case and decided to suspend First Resources until the initial suspicion could be disproved. BASF has informed its suppliers about this step in January 2024.

Barry Callebaut

Please note that we do not source directly from First Resources and we do not source from New Borneo Agri (formerly the Salaidy group [sic]). In order to ensure that our policies are adhered to, we monitor suppliers that we are directly and indirectly linked to. Part of this monitoring is to engage our direct suppliers to also keep us informed on their engagement with First Resources.

For our direct supply chain we have verified that we do not source from First Resources. Furthermore, we have immediately contacted all our suppliers and are still investigating our indirect supply chain in this matter.

Additionally, as we source under the most acknowledged standard of sustainable palm oil, we engaged with the RSPO - the prime organization for all members - on their formal investigation and are awaiting the outcome.

I would like to reiterate that we are not directly sourcing from First Resources and have no commercial relationship with them. Based on this, the investigative process has to take place in close cooperation with our suppliers.

We have immediately contacted all our suppliers and are still investigating our indirect supply chain in this matter. As a key priority, we have asked our suppliers to verify their link to the mills/suppliers in question, to verify whether palm oil from these mills entered the BC supply chain, and to inform us of any steps/actions they have taken to investigate these allegations and if applicable, to remediate. While we request timely action, the timeline of the investigation is stipulated by our suppliers'

grievance processes. However, we are closely monitoring all new developments regarding this investigation and will happily reach out with updates once available.

I would also like to outline that RSPO is the prime organization and therefore main platform for investigation for any company that sources under this most acknowledged standard of sustainable palm oil. We are regularly checking with RSPO the status of their investigation. As of our last contact, we were informed that they are in the process of appointing an independent investigator.

Beyond reactive investigations based on grievances, we also set-up a multi-faceted approach that combines traceability, certification, satellite monitoring, supplier evaluation and industry collaboration, in order to advance our commitment to sourcing sustainably produced palm oil that supports our No Deforestation, No Peatland and No Exploitation (NDPE) commitments. Please find more detailed information on our approach [here](#).

Beiersdorf

We would like to emphasize (as this was not correctly displayed in your previous articles), that we as Beiersdorf are not sourcing palm oil directly. As explained in our comprehensive response in November 2023 already, as a global skincare company we are purchasing so-called palm-based derivatives for our cosmetics products and not crude palm (kernel) oil. The corresponding supply chains for palm-based derivatives are much longer and hence, more complex. They are not at all easy to see through and to manage. None of the companies you have identified as grievance cases are in our direct supply chain, none of them are direct business partners of us.

As this aspect had not been mentioned in the published articles so far, we wanted to point this out again. It's crucial to understand the scope of action that is possible for us. We as Beiersdorf – purchasing palm (kernel) oil derivatives for cosmetics products – cannot be compared with the food industry that sources palm (kernel) oil directly. For the food industry, there is a more direct business connection – due to shorter supply chains – to the level of mills and refineries. In these cases, a company can directly suspend suppliers and must not activate several instances of suppliers and get them to act, which is taking more time and efforts.

Nevertheless, we are deeply concerned about these grievance cases and we are taking as much action as possible to positively influence our direct and indirect supply chain.

As you know from our last correspondence in November 2023, we have contacted our direct suppliers right away with the reception of your letter and have repeatedly followed up with them during November and December 2023. We asked our suppliers to investigate their palm supply chains thoroughly to identify, if First Resources and/or any of their sub companies are among their suppliers and if yes, to suspend them. Also, we involved the initiative “Action for Sustainable Derivatives” and the RSPO to take action on a broader level.

Today, we can share with you the progress that two of our key suppliers identified First Resources among their suppliers and successfully suspended their sub-companies. This is a first success and an important step forward in the fight against violations of human rights and deforestation.

However, it’s not a satisfactory achievement for us and we will keep the pressure up with all of our suppliers and also towards the RSPO to push for a stronger and faster cross-industry-approach to get these grievances resolved. We have engaged the RSPO Complaint Panel and asked for more progress on the identified grievance case as the RSPO is the official body to handle such grievance cases.

Bunge

We are following the RSPO complaint process and will respect the final decision made.

Cargill

We take The Gecko Project’s allegations very seriously and immediately initiated an investigation into their validity. In specific response to your question, our actions have included an initial meeting with First Resources (FR); a thorough review of FR’s public statement dated 28 November; follow-up communications with FR regarding their public statement; and additional inquiry (with FR and others). We continue to monitor the situation. Any decision regarding our ongoing relationship with FR will be based upon their clear and sustained response to our concerns.

Colgate

Colgate remains engaged with our direct suppliers on the allegations raised from the investigation including the alleged ties of First Resources to New Borneo Agri/the Sulaidy group. Through our engagement with the Earthworm Foundation we continue to monitor independent actions by associated supply chain actors and progress of the complaint as raised to the RSPO complaints panel. Colgate is currently drafting a communication to the RSPO Secretariat asking that information from The Gecko

Project's investigation be considered in light of the complaint. *[Note: In a follow-up email, Colgate-Palmolive stated to The Gecko Project that this communication was sent on 26 January 2024.]* We also continue to encourage our suppliers to engage the RSPO Secretariat on the matter. In regards to the status of the RSPO complaint, we are aware that objections have been raised with respect to the selected Independent Investigator. We expect this will delay any ruling on the issue from the RSPO.

To further assist our engagement with the RSPO, beyond publication of the investigation results, we ask that The Gecko Project share with us measures you have taken to engage the RSPO regarding the updated information presented in your Chasing Shadows report as we do not have visibility on the exchanges between RSPO and complainants.

Danone

We recognise the urgent need to continue and amplify our effort in protecting and restoring forests. We are committed to our principles of no deforestation, no conversion of natural ecosystems, no development on peat, and no exploitation of the rights of workers (NDPE), indigenous peoples and local communities in our supply chains.

We have a large global supply chain, and we make clear to all our direct suppliers that we expect them to adhere to our principles and will take action if they do not. The fact that our suppliers in turn source from other suppliers, creates a very large indirect supply chain. This brings challenges and we constantly work to monitor, identify and address any issues that may arise.

That is why we have a robust grievance process to handle any allegations of misconduct or non-compliance. This process is supported by the independent non-governmental organisation Earthworm Foundation, with whom we work closely. While we can confirm that First resources is not in our current supply chain mill list, we take these allegations very seriously and will examine the findings of Gecko's investigation closely to assess if further action needs to be taken.

We know tackling such breaches in our supply chain that run counter to our commitments is a priority for our customers and consumers. And that's why we remain ever vigilant and committed in our work to tackle deforestation and conversion.

Additional background points

1. We published our Renewed Forest Policy in 2022, which incorporates operational guidance from the Accountability Framework initiative (Afi)
2. We also upgraded our Danone Sustainability Principles, to include the land rights of communities and indigenous peoples and refer to the principles of free, prior, and informed consent (FPIC).
3. All of our suppliers are expected to adhere to these principles
4. Our Renewed Forest policy outlines our commitment on palm oil: that all our palm oil will be traceable to plantation by 2023 and that 100% our palm oil will come from RSPO Segregated or Independent Smallholder Credits by 2025.
5. We have never had a direct relationship with any of the named entities, but we understand that some of our suppliers have sourced from them in the past.
6. We have instructed our suppliers to ensure these entities are not part of our supply chain and we are closely monitoring the situation through our grievance process, designed with the support of Earthworm Foundation, to enhance transparency and capacity to act.

FrieslandCampina

We take these allegations very seriously and we appreciate your efforts in bringing this matter to our attention.

As a company committed to sustainability and sustainable practices, we have maintained strict policies and standards when it comes to our supply chain. We are also a member of the Roundtable on Sustainable Palm Oil (RSPO) and have consistently followed their guidelines for responsible sourcing. Therefore, we are deeply concerned about the findings of this investigation and are currently conducting our own internal review.

The status of our findings are as follows: we have taken proactive measures to gather information and clarify the actions of our direct suppliers and First Resources. Based on the first results, we can confirm that our supplier Wilmar does not source from Sulaidy group. However, our inquiries about the source of their mills have not yet yielded clear answers. We source RSPO segregated palm for Europe and our supplier Bunge has confirmed that there is no supply from First Resources in this supply chain in 2023. Additionally, we have filed a complaint with RSPO. While awaiting the outcomes of the RSPO investigation and until our inquiries have been answered sufficiently, we have suspended First Resources as a supplier of palm oil of our supply chain until further notice.

In order to stay informed about any potential malpractices within our supply chain, we will tighten up our monitoring and are currently in talks with a non-profit organization that can help us take swift action.

We appreciate your continued efforts in holding companies accountable for their actions and we are committed to working towards a more sustainable future.

Our complaint has been added to an existing case, which has the number RSPO/2021/04/EN. This case was already under investigation by RSPO and they have included our complaint in it.

Henkel

As announced in our initial answer, we have taken up the case and (re-)examined whether and to what extent a (direct/indirect) relationship exists between Henkel and First Resources. We had previously pointed out that First Resources is not in our supplier list, which can be confirmed. Since we have no contractual relationship with First Resources, this company is not a direct supplier of Henkel, i.e. Henkel is not buying palm oil from First Resources.

In cases where a possible violation of rights within the deeper supply chain is in question, we apply the principles of our Responsible Sourcing Policy, which stipulates that our expectations and principles from this policy are passed on along the entire supply. This, inter alia, means that suppliers are obliged to cooperate with us when it comes to the clarification of facts involving a potential infringement. Furthermore, we require our suppliers to cooperate with us to ensure that reasonable efforts are taken to terminate the breaches and ensure systematic documentation and records.

We work with experts at ASD (“Action for Sustainable Derivatives“) to support us on grievance management specific to the palm oil derivatives supply chain. Since we last communicated with you, they provided us with the list of suppliers potentially connected to First Resources as well as additional context on the grievances in question. On a case-by-case approach, we are validating their potential connection to First Resources and working to understand their perspective on this matter and on options moving forward. In some cases, our direct suppliers confirmed right away that they do not have a connection to First Resources. Together with the other suppliers we are evaluating which steps are appropriate and feasible in the context of the ongoing evolution of this high priority grievance case.

Responding to our initial request and in our continuous engagement with the RSPO, they informed us that they are in the process of involving an independent investigator to clarify this case.

As mentioned before, we continue to engage with the RSPO and, in parallel, with our direct suppliers that are potentially sourcing from First Resources and request them to enter discussions directly with First Resource regarding the allegations. In this targeted process, they have learned about [this statement](#) from First Resources.

The ASD provided us with a list of suppliers that are potentially connected to First Resources. In some cases, our direct suppliers confirmed right away that they do not have a connection to First Resources. With regard to the others, it is not said that they actually work with First Resources, but we are validating their potential connection to First Resources, discussing their perspective on this matter and options moving forward. We have high standards of transparency and therefore publish a list of our key palm (kernel) oil suppliers on our website, which can be found here: [Henkel Palm \(Kernel\) Oil Suppliers List 2022](#).

Please understand that we do not provide further details regarding our supplier relationships.

Henkel has given clear instructions to its direct suppliers to ensure that there is no connection to the First Resources-related palm oil mills (as listed in your initial request) in the upstream stages of our supply chain. Of the few direct suppliers that could potentially be connected to these mills, almost all have already confirmed to us that none of the respective mills are linked to their supply chain, or that they will exclude them. Here, our direct suppliers have started to engage with their trading partners for investigation to thus follow our instruction.

This procedure is in line with Henkel's Responsible Sourcing Policy and the German Supply Chain Due Diligence Act, according to which direct suppliers must always be covered by the company's own risk management system. It is also due to the fact of a highly complex supply chain that information is passed on via direct suppliers and cascaded down step by step.

Wherever possible, we go beyond our legal obligations and work actively with our partners and initiatives to further clarify a matter. For example, we are in close contact with the ASD and the RSPO on this topic.

As the process on this grievance case is still ongoing, it is not possible to make a reliable prediction as to when the clarification will be completed. For further information, please contact the RSPO.

Louis Dreyfus Company

LDC engaged with First Resources in November 2023. First Resources provided updates on the ongoing RSPO investigation and their [public statement](#) on this case. LDC will continue to monitor the progress of the RSPO investigation.

Meanwhile, FAP Agri and Ciliandry Anky Abadi (CAA) have already been on our “no-buy” list, given the high-risk result of our internal supplier NDPE due diligence.

We have also included this update in our [public grievance log](#).

Musim Mas

As per our sustainability policy, in the event of confirmed non-compliance of our supplier, we have a [Grievance Mechanism](#) in place, that is not only to find resolutions to grievances, but also to support our suppliers to improve their sustainability performance.

With regards to the investigation, please be informed that Ciliandri Anky Abadi and New Borneo Agri are not part of MM supply chain.

We have engaged with the suppliers and activated our Grievance Mechanism. We wish to share the following updates:

1. First Resources and FAP Agri have made public responses on their websites respectively dated [24th November 2023](#) and [28th November 2023](#) to clarify their positions.
2. Currently, the FR issue is being addressed through RSPO Complaint System, we will monitor the progress.
3. Regarding land conflict issue between FAP Agri and Dayak Agabag communities, we have reached out to FAP Agri to investigate the same issues raised in the report published by Forest People Programme titled: “First Resources’ shadow hangs over the Dayak Agabag” (November 2022).

The result of our engagement is available on [our grievance page](#).

New Borneo Agri is not our supplier. We have engaged FR on this, and their clarification is aligned with the public response released on 24 November 2023.

Oleon

The content of Oleon's Sustainable Sourcing Policy and NDPE commitment is imposed on our direct suppliers. Oleon acts as a responsible company within the supply chain trajectory and utilizes all necessary tools within its reach.

Oleon is very far removed from First Resources, and we have no direct contact with them. Several of our suppliers are however in direct contact with First Resources. These suppliers share monthly updates with Oleon on the progress First Resources is making.

Currently we have not suspended First Resources. Oleon's approach is to urge companies in our supply chain to take corrective actions. When there is no willingness to correct the grievance, Oleon will suspend the company from its supply chain. Oleon is in close contact with our direct suppliers who are following the situation closely and are reporting on the improvements made by First Resources.

Several of Oleon's direct suppliers are working with First Resources on corrective actions. Oleon supports the actions that our direct suppliers have taken and we closely follow their updates.

PepsiCo

There is no place in our supply chain for companies engaged in deforestation. In line with our Global Policy on Sustainable Palm Oil, we are finalizing our course of action with our grievance committee. We are currently engaging with our suppliers on the allegations, as well as with the Roundtable on Sustainable Palm Oil to address this complaint.

Procter & Gamble

In 2023, concerns were brought to our attention by several groups in relation to First Resources operations. We take all such concerns seriously and began an investigation in-line with our Forest Grievance Investigation Process. Whilst we were able to confirm that we had not purchased any materials directly from First Resources, we determined that sourcing may have occurred in-directly via Tier 1 Suppliers. We completed our assessment in late 2023 and made the decision to require suspension of supply directly or indirectly from First Resources. In January 2024, we communicated

this to our direct suppliers who are now in the process of implementing this suspension. We have shared this decision directly with the concerned stakeholders and in February we made this public via our Responsible Palm Grievance Tracker ([Link Here](#)).

PZ Cussons

We're in the process of investigating this and engaging with the identified suppliers.

We have followed [our grievance process](#), as we do to all grievances that come to our attention.

PZ Cussons is also a member of Earthworm Foundation, having used their grievance service since 2020. We have received updates from Earthworm on the progress RSPO's Complaints Panel is now making towards an independent investigation to deal with allegations against First Resources and we will continue to monitor developments.

At PZ Cussons, we take a comprehensive approach to addressing non-compliance issues with our suppliers. Our rigorous process involves initiating grievance procedures with all identified suppliers. Furthermore, we prioritise direct engagement with our strategic partners, emphasizing grievance resolution as a primary focus.

Recognizing the importance of collective action, we actively participate in industry-wide initiatives such as the Earthworm Foundation and RSPO (Roundtable on Sustainable Palm Oil). By collaborating with other industry leaders, we amplify our impact and drive positive change across the supply chain.

In addition to our proactive measures, we demonstrate our commitment to environmental conservation and community well-being through tangible actions. Through investments in landscape projects via the Forest Conservation Fund, we contribute to forest preservation, biodiversity conservation, and community resilience. These initiatives underscore our dedication to sustainability and responsible business practices.

Upfield

We recognise the importance of these complex allegations. We have continued our discussions with RSPO, and have raised FTM and The Gecko Project's allegations with them, in the context of their ongoing investigation. We await the results of RSPO's investigation following their official process, as this is the appropriate and recognised decision-making body to assess these allegations. We have also followed up with our

direct suppliers. We reconfirm that we do not source from CAA or New Borneo Agri, and that 100% of the palm oil we source is physically certified sustainable palm oil.

We are not at liberty to share details of our actions regarding specific suppliers. We support RSPO as the arbiter of such allegations, and believe that its investigation is the appropriate mechanism for these deliberations.

Vandemoortele

We can confirm that currently First resources is not in our active milling list, and therefore nor directly nor indirectly in our supply chain.

Our grievance mechanism has taken up these latest allegations against First Resources. Through our grievance mechanism we contact our direct suppliers and ask them to investigate with First Resources. They are currently in the process of investigation, and if the accusations against First Resources are confirmed, then we will ask our different suppliers to suspend all business linked to Vandemoortele with them. Until final conclusions are made, we have asked to avoid First Resources in the milling list.

We also want to underline that we are continuously stepping up our efforts to ensure we work with fully sustainable raw materials, including palmoil, and this in full transparency.

As part of our grievance mechanism, we are following the case by engaging with our suppliers and requesting frequent updates to make sure that the case is being followed up in return. This led to the suspension of First Resource from one of our direct suppliers, while the others keep engaging and meeting directly with First Resources and will base their commercial decision on sustained information from First Resources self.

In November, we also submitted a request to RSPO itself vis their complaint portal to also push the certification body itself to accelerate their investigation and provide more information about the case.

We will keep monitoring the case and engaging with our suppliers to make sure the case will be addressed with the right actions by the different stakeholders involved.

Wilmar

We continue to monitor closely the progress of the investigation by RSPO into the alleged links between First Resources with other companies allegedly to be part of the FR group.

We clarified in our correspondence with Follow the Money that Greenpeace made an error in their report, 'The Final Countdown', when mentioning that Wilmar excluded First Resources from our supply chain. However, it was still quoted otherwise in the Gecko Project article, 'Chasing Shadows'. Wilmar had instead investigated and suspended PT CAA from our supply chain.

Furthermore, we recognise the effort by The Gecko Project and the International Consortium of Investigative Journalist [sic] to investigate this case. We welcome any evidence that can be shared with the RSPO Complaints Panel and / or Wilmar as currently, we have yet to be presented with substantial and legal documentation and evidence to draw these links. Meanwhile, we remain reliant on the RSPO Complaints Panel to complete its investigation and present its findings once ready.