

On May 26, 2020, a Swedish news article made allegations and several references to AAK and our palm oil sourcing. The article alleges that AAK is complicit in sourcing illegal palm oil from the Tesso Nilo Nature Reserve in Indonesia.

AAK is a multi-oil company, aiming to provide healthy, sustainable and cost-effective solutions based on different plant-based raw materials. Responsible sourcing of our raw materials is built into our everyday activities combining social and environmental sustainability with financial health. Our aim is continuously to make a positive and sustainable impact on the raw material supply chains we are part of. We do this through understanding our supply base, engaging with our suppliers and working to drive impact beyond our supply chain. Smallholder engagement is also a priority. For example, in our shea supply chain, we work directly with more than 230,000 women in West Africa, and within our palm oil supply chain, we collaborate with Forever Sabah.

Illegal supply from Tesso Nilo

We are aware of the allegations of illegal plantations within Tesso Nilo as a result of the Eyes on the Forest report in 2018. Tesso Nilo is a high-risk area. We have engaged with each of the major processors in Tesso Nilo. They confirm that they have put in place measures to ensure no FFBs (Fresh Fruit Bunches) supplied to any mills are sourced illegally, and that they have banned illegal FFBs in their supply chain.

AAK takes any allegation regarding the palm oil supply chain seriously and always welcome information where new allegations of illegality have been made in relation to Tesso Nilo. If bad practices and/or illegally produced palm fruit are identified, we are taking appropriate actions to resolve the situation to improve the supply chain.

Traceability to plantation

AAK's ambition to achieve 100 percent traceability to plantation remains in place. Progressive insights proved that with around 40 percent of all palm production in Southeast Asia from smallholders, corresponding to hundreds of thousands of farmers, the scale of this traceability journey has become significant. Our efforts have led to driving change in a different way, a more focused, risk-based approach to traceability to plantation specifically in high-risk regions. This is achieved in close partnership with our suppliers and Proforest, a sustainable agriculture specialist and implementation partner of AAK.

AAK has achieved almost 100 percent traceability to mill (the first point of processing for all palm fruit and always close to the farms), and 55 percent traceability to plantation, of the volumes that we are sourcing globally (the gap consisting of traceability to individual small farmers).

Our suppliers in Tesso Nilo have confirmed 100 percent traceability to plantation.

Driving progress

We improve the palm supply chain by having a strong policy, and a short- and long-term implementation plan in place to ensure that palm oil supplied to AAK meets our policy requirements, whether RSPO certified or not. AAK mainly sources from refineries at origin. We work with our suppliers to drive progress across their supply base. Where there are identified contraventions of our sustainable palm oil policy, we take actions to engage with suppliers in order to resolve such issues, or we decide to suspend sourcing from suppliers in case of the absence of an adequate response.

Even though significant progress has been made towards increased traceability and improved practices on the ground, we acknowledge that there are still issues. One of them is the “leakage” market, meaning rogue growers and processors who have lower standards and who may be operating illegally. AAK does not source from the leakage market.

Palm oil is an important vegetable oil

Palm oil has the highest level of production of any vegetable oil globally. It is a vital ingredient in many products worldwide and an essential food source to feed an ever-growing world population. When produced sustainably, including without destruction of rainforest, palm oil can justifiably claim to be the most efficient and high-yielding major vegetable oil. Palm oil yields per hectare are multiple times those of other vegetable oils, including rapeseed, soy and sunflower. Moving away from palm oil would almost certainly have a negative impact on the environment as more land is required to grow alternative crops and would diminish the livelihoods of many small farmers dependent on palm oil for their daily living.

For palm oil it is our ambition to contribute to making the supply chain better and to help drive the sustainability transformation within the industry. Our objective is that all palm oil is produced in a sustainable way, including without destruction of rainforest.

Please contact AAK for any further questions.