



As a major edible oils producer and merchandiser, Wilmar's long-term business success is closely linked to the well-being of the communities and environment it operates in. The Group sets stringent corporate social responsibility (CSR) policies and procedures to guide its business managers in their investment decisions and daily operations.

As developing a comprehensive CSR framework is a dynamic and on-going process, the Group regularly engages and consults with stakeholders and other interested parties on environmental and social issues.

### **ENVIRONMENT SUSTAINABILITY**

The Group considers environmental protection and enhancement to be important factors in the conduct of its operations. Its plantations and processing plants adhere strictly to the local environmental and plantation development regulations as well as to internationally recognised best practices. These include:

#### ***Zero burning in land clearing***

Wilmar adheres strictly to the policy of zero burning. Zero burning not only keeps the air pollution-free but yields several benefits as well. The remnant debris comprising bushes or small trees which are felled are left to biodegrade, releasing nutrients slowly, thus adding valuable organic matter to the soils, reducing the use of fertilisers during planting period and lowering carbon dioxide emission.

#### ***Approved land use***

Wilmar is committed to only developing plantations on land which is approved by the government for the cultivation of oil palms.

#### ***Maintain soil fertility***

To maintain soil fertility, best management practices are implemented. These include minimising soil erosion by establishing legume cover crops during planting and terracing in hilly terrain, allowing organic matter levels to be built up in the soil through frond placement and empty fruit bunch mulching, judicious and discriminatory fertiliser application and the use of appropriate equipment to minimise soil compaction.

#### ***Integrated pest management***

To increase efficiency and reduce environmental impact, Wilmar adopts an integrated pest management approach which emphasises cultural control, biological control, and monitoring and census system. The use of safe and approved pesticides is kept to a minimum and as a last resort. Understanding the pest's life cycle and its natural enemies is also part of integrated pest management.

#### ***Optimise fertiliser use***

Dependence on inorganic fertilisers is reduced through nutrient recycling from utilisation of processing waste or by-products. Empty fruit bunches are recycled back to



the fields for mulching. Palm oil mill effluent is used to irrigate the palms for irrigational and nutritional benefits. A discriminatory system of fertiliser recommendation is used to ensure optimal palm performance and minimal environmental impact.

#### ***Encourage use of renewables***

Waste products such as palm kernel shell and mill fibre are used as feedstock for co-generation plants to produce steam and electricity.

#### ***Efficient water use***

This includes incorporating an efficient land application of palm oil mill effluent system, minimising use of water in processing mills and harvesting fresh water and rainfall.

#### ***Waste treatment***

All processing plants have waste treatment equipment and system in place. Internal environmental personnel monitor compliance with environmental standards and identify opportunities for continuous improvement.

#### **COMMUNITY WELFARE**

Wilmar is committed to contributing to the local communities in which it operates by providing opportunities for residents to carve a livelihood for themselves to raise their economic and social well-being.

Wilmar's efforts in the larger communities include programmes to promote the health and welfare of the resident population. Wilmar is committed to making improvements to the physical environment such as the construction of roads, bridges and places of worship as well as providing the necessary funds for their repairs and upkeep.

Believing that the education of children is necessary for the progress of a community, Wilmar subsidises the recruitment of teachers for schools in the areas.

For its plantation workers, Wilmar provides infrastructure and amenities such as polyclinics, community halls, crèches, schools, places of worship and recreational facilities.

As a participant of the Plasma Programme, a project designed to assist small landholders to become independent plantation growers in Indonesia, Wilmar helps the small landholders to develop good quality oil palm plantations and work hand-in-hand with them to ensure that the plantations are efficiently managed. Wilmar is also committed to purchase all the fresh fruit bunches produced by them.



### **PRO-ACTIVE PARTICIPATION IN SUSTAINABLE PALM OIL**

Wilmar is a member of the Roundtable on Sustainable Palm Oil (RSPO), a multi-stakeholder association to promote the use and production of sustainable palm oil. Apart from plantation growers, the membership comprises processors, traders, consumer goods manufacturers, retailers, banks, investors and environmental and social non governmental organisations.

As a grower, Wilmar is a participant in a two-year trial implementation project till November 2007 to field-test and review a set of principles and criteria for sustainable palm oil production before subsequent adoption as the RSPO standard for sustainable palm oil production.

As a member of its Verification Working Group, Wilmar is also tasked to develop a verification procedure and protocol for the RSPO principles and criteria.

Wilmar collaborates with other interest groups on issues such as conservation of natural resources as well as biodiversity in plantation development or operations. For example, Wilmar has entered into a Memorandum of Understanding with the Zoological Society of London to support its research on the conservation of endangered species in and around the oil palm plantation owned by one of its plantation companies in the province of Jambi, Sumatra.

In addition, Wilmar is a member of GAPKI (Indonesian Palm Oil Producers' Association) which is a private sector initiative to promote sustainable palm oil production and present a unified stand on issues facing the industry, such as security and interpretation of RSPO principles and criteria to local Indonesian context.

As part of its initiatives to benchmark compliance with the RSPO principles and criteria and other standards on sustainable palm oil production, Wilmar participates in evaluations and audits on its environmental and social (E+S) performance. These include the following:

- In May 2005, Rabobank commissioned an E+S audit in two of Wilmar's plantations and mills in West and South Sumatra according to the Rabobank Code of Conduct and the Draft RSPO principles & criteria. It was found that Wilmar's plantation and mill operations were in general compliance with both standards.
- In May 2006, three E+S experts from the International Finance Corporation (IFC) visited Wilmar's plantations and mills in South Sumatra and West Kalimantan to assess its E+S management and performance. They reported that the Group's Indonesian plantation and mill operations that were physically evaluated appeared to be managed appropriately, in line with best international practice. Overall, social and occupational health



and safety performance met applicable IFC guidelines. Corporate labour policies and practices followed, and in many areas exceeded, national legal requirements. Corporate relations with the community, government, Plasma cooperatives, and other stakeholders were strong.

- In November and December 2006, Control Union Certifications (The Netherlands) conducted a chain of custody audit on Wilmar's plantations, mills, refineries and bulk storage facilities in Indonesia. The audit was commissioned by Essent, a Netherlands-based power company. The findings indicated that crude palm oil from Wilmar's plantations and used by its refineries in producing refined products, were sustainably produced and traceable for the entire production process and chain. As a result of the study, a Green Gold Label Certificate for Chain of Custody and Processing Standards was awarded to Wilmar in January 2007.
- In January 2007, Wilmar commissioned a Verification Audit on its compliance to the RSPO principles and criteria in six Indonesian provinces to benchmark its overall E+S performance. This verification audit will enable the Group to further enhance its E+S management vis-à-vis the RSPO principles and criteria, and make continuous improvement.

## CHALLENGES AHEAD

In striving to be a good corporate citizen, Wilmar will continue to face challenges to ensure that the projects under its CSR framework are relevant and beneficial. In its community development programmes, the Group will continue to identify and address priority community needs – to establish an atmosphere of trust and confidence amongst the relevant stakeholders. In addition, it will look into ways to enhance the multiplier effect of the community development programmes through participatory techniques and methodologies.

On environment care and conservation, the main challenge will be to reduce the environmental footprints of the Group's operations. Similarly, it will study ways to enhance and conserve natural resources and biodiversity in existing plantation lands.

Fully aware that resources are not unlimited, Wilmar has set its sights on the following priority areas:

- Internalise the RSPO principles and criteria into its Standard Operating Procedures;
- Collaborate with key agencies to address issues on conservation of natural resources as well as biodiversity in plantation development or operations, within the RSPO framework;
- Collaborate with relevant research organisations on best management practices in oil palm cultivation;
- Make continuous improvement in enhancing its E+S performance; and
- Establish third-party verification for Wilmar's operations according to the RSPO principles.