



Wilmar's Response on Issues in the Tesso Nilo Region

Singapore, 12 April 2016 – Wilmar International Limited (“Wilmar” or “the Group”) refers to the report “No One is Safe” by Eyes on the Forest (“EoF”) dated 6 April 2016. The Group recognises the issues raised in the report; and concur with EoF on their observations on the challenges faced by the palm oil industry in and around the Tesso Nilo region of Sumatra, Indonesia.

The Group communicated to its suppliers its expectations on compliance to Wilmar's No Deforestation, No Peat and No Exploitation Policy, immediately following its launch in December 2013; and that a breach of its Policy will lead to a review of, and possibly discontinuation of business relationship in cases of ongoing non-compliance.

Wilmar appreciates the investigative efforts of EoF and the World Wide Fund for Nature (“WWF”), in particular, their recognition that some of the issues are systemic, including illegality issues: “EoF realizes that fighting the systemic illegality in Indonesia's palm oil sector is not a challenge which can easily be solved by one mill/refinery/company or group alone.” for the simple reason that “If one mill stops purchasing illegal FFB, the supplies will find their way to another mill.”

To holistically address the illegality and deforestation issues require concerted efforts from all stakeholders in the value chain, including the government and civil society. Wilmar believes the jurisdictional landscape approach potentially presents one of the best solutions to resolving these issues as it involves deep and constructive engagement with the local government at the sub-national levels to collaboratively develop and implement jurisdiction-wide sustainability improvements that will look into natural resource management and land rights issues of the region.

On this front Wilmar is actively involved in a number of multi-stakeholder initiatives that focus on empowering independent smallholders in various jurisdictions such as in Riau, South Sumatra and Central Kalimantan, and whose one key objective, amongst others, is to address their legality status, including those operating in and around conservation areas.

With respect to the issues in Tesso Nilo, Wilmar will

- 1) log EoF's concerns on its Grievance Procedure;
- 2) engage with all relevant CPO suppliers listed in the report to re-emphasise Wilmar's policies again; clarify the allegations; conduct field audits and assess its findings accordingly, including developing a corrective action plan to address the issues in question; and
- 3) update the progress of its efforts on the Grievance Procedure.