

Making Progress on No Exploitation Commitments – Ongoing work within Wilmar operations and suppliers

Wilmar's No Deforestation, No Peat, No Exploitation (NDPE) policy conveys our strong commitment to protect the rights of workers, and uphold the principles enshrined in the International Labour Organisation (ILO) core labour standards.

Social impact issues, in particular those that involve labour and human rights; are complicated issues, and in the palm oil industry, these are particularly complex as the major producer countries are all developing nations. A collaborative effort is needed to identify, mitigate and address the root causes of human and labour rights issues on-the-ground. Wilmar is constantly seeking ways to improve practices, particularly in Indonesia, where many legacy issues linked to land reform and transmigration often make resolution additionally complicated.

Working with our suppliers

As Wilmar sources from 1000 mills globally, we believe that taking a landscape approach coupled with continuous monitoring, engagement and enforcement efforts, is the only way to catalyse the transformation towards more sustainable and responsible practices. Wilmar is working with our suppliers to implement the [Aggregator Refinery Transformation plan](#), in partnership with The Forest Trust (TFT). This is a collaborative framework to share best practices for common issues faced by mills and growers in each region, in order to strengthen every actor in the supply chain. On top of mill and grower assessments, we have also started a series of one-day regional specific trainings open to all our suppliers, and also to any growers in that region. These trainings include a day specifically devoted to Labour issues, and provides space to discuss the issues, provide examples of best practice and dialogue with local Labour authority representatives. We have carried out four such Labour training days in Malaysia so far, and will be launching similar trainings in Indonesia in 2017.

We have also established a [Grievance Procedure](#), which allows any stakeholder to raise suspected breaches to our NDPE policy, including those related to human and labour rights, directly to us. To promote transparency and accountability, the full list of grievance cases, and updates on our handling of these cases, are publically available via our sustainability dashboard.

In 2015, a number of cases concerning human rights abuses among some of our suppliers were raised. We have registered these cases on our Grievance Procedure, which has been critical to oversight and compliance with our NDPE policy. Through continuous engagement with these suppliers, we understand that despite increased awareness on issues related to human and labour rights, the diversity and complexity of these issues are beyond the power of any one company to resolve. One of these

grievance cases had also triggered the Roundtable for Sustainable Palm Oil (RSPO), to conduct an integrity audit to evaluate the overall compliance to RSPO requirements related to human rights in Malaysia. This integrity audit may be extended to other countries, depending on the findings of their first audit.

In 2016, we embarked on a collaboration with Business for Social Responsibility (BSR), a global non-profit organisation dedicated to sustainability, Neste, and another palm oil grower to benchmark our labor rights conditions and management processes in Indonesia, specific to the oil palm sector. We have further engaged BSR to identify areas of relevance for the development of a Wilmar Labour Rights programme covering our entire oil palm growing operations in Indonesia.

Wilmar Own Operations

Wilmar is committed to the implementation of best practices, and putting an end to exploitative human and labour practices in collaboration with our partners and stakeholders in business, civil society, and government. As part of our efforts to regularly review practices on human and labour rights in our own operations, and ensure that they remain aligned with our NDPE policy, we are embarking on a systematic review of each of the regions we operate in.

In Indonesia we have started the review on our operations in North Sumatra and Central Kalimantan. The four highly complex areas we have focused on are: (1) child labour, (2) wages, (3) fair and equal treatment of workers, and (4) occupational health and safety. Engagements with affected workers are ongoing, and we seek to resolve disputes and assuage all concerns amicably and transparently.

To facilitate a more in-depth analysis on our labour practices, we have also engaged BSR to produce a detailed report on our labour practices, which will form the basis of a new Wilmar Labour and Human Rights programme covering our entire oil palm growing operations.

1. Child labour

Wilmar takes the safety and welfare of children very seriously. We are aware that casual child labour (where children are brought into the work fields to help their parents) is not uncommon in plantation landscapes, and as part of our NDPE policy, we seek to identify risks to children in our operations and supply chain and take firm measures to mitigate these risks.

Wilmar employs a strict No Child Labour policy. We do not employ anyone under the age of 18. Workers are also not allowed to bring their children to work with them. To the best of our knowledge and based on available evidence, there is no child labour in our operations. We conduct regular spot checks of our own estate operations, especially in areas where we receive information of potential non-compliance.

We are committed to taking action to address the root cause of child labour, by raising awareness of child labour issues and focusing on increasing access to education.



Kindergarten class in Wilmar's estate in Indonesia

Wilmar provides a range of services such as child care, kindergartens and schools in our plantations to ensure that all of our workers' children have access to education. We have built 19 schools in Indonesia, and are financially supporting another 135 government schools. Schools are routinely upgraded and refurbished. We also provide schooling materials, such as computers, books and uniforms, and fund the employment of teachers.

Our strict No Child Labour policy is also regularly reiterated to workers, and sign boards are put up in estates as an additional reminder.

2. Wages

Wilmar maintains transparent and reliable records of working hours and wages for all workers. We ensure that workers are given the details of their working conditions in writing, including but not limited to the nature of the work to be undertaken, pay rates and arrangements, working hours, vacation and other leave, and all other benefits of employment. This information is provided in a language that is understood by the employee.

All workers are paid at least the legal minimum wage or higher. This is documented on page 58 of our [Sustainability Report 2015](#). Wilmar also fully complies with Indonesian law and regulations on minimum daily wages for temporary workers.

However there may be instances where disputes arises, and where this is the case we work with our workers directly or through their union representatives, to resolve these disputes.

2.1. Staples provided as part of wage

In certain remote estates in North Sumatra, where workers face transport constraints in obtaining their basic necessities, rice had been incorporated as part of basic wages. While this practice is in place, the price of rice has been benchmarked to prices set by the Bureau of Logistics in Indonesia.

Due to the newly introduced law in Indonesia restricting this practice (PP No. 78/2015), Wilmar has initiated the phasing out the part payment of wages with rice; this practice will be discontinued with effect from November 2016.

In some estates, such as PT Daya Labuhan Indah, workers still prefer receiving rice as part of their wages. Besides being viewed as more convenient, this is also seen as a better deal for rice than what these workers think they can get in the market. We have ongoing engagements with workers and their unions to manage their concerns about perceived issues such as quality of rice, while this practice is being phased out. Rice can also be purchased from cooperative shops within the estates, at fair market prices, which are monitored by Wilmar.

2.2. Fair payment of wages

In plantation landscapes, climatic factors will inevitably impact work, which is predominantly carried out without shelter. Workers sometimes may not show up for daily registration in the mornings if it is raining. Workers who do not register in the mornings will be recorded as absent from work on that day, and will therefore not be paid.

Wilmar complies with the Indonesia laws and regulations (UU No 13 Year 2003, PKB 2015-2017), which states that workers will be paid the full amount once they have started work, even if they have to stop midway due to climatic factors, such as rain. In order to enable the calculation of pay, workers still need to register at the start of the work day. Without registering, there is no way to confirm whether work has been completed or not. This is included in Wilmar's work rules and communicated to all workers.

Efforts are underway to remind workers of their duty to report for work in order to qualify for pay.

3. Fair and equal treatment of workers

3.1. Temporary contract-workers

Wilmar does not have the intention to keep large percentages of our workforce on temporary contracts, and are working towards reducing the ratio of temporary workers in our plantations.

In Central Kalimantan where there is a lack of workers from the resident population (Central Kalimantan is among the lowest populated provinces in Indonesia), the number of workers with temporary status is relatively low because there are not enough workers for the amount of

plantation work required. Most of the workers in Central Kalimantan originate from other parts of Indonesia and tend to reside in our plantations for housing benefits. Hence, they stay longer than the required three-month period and are categorised as permanent employees.

In other areas, such as Sumatra, Wilmar offers employment to local communities. Most of these workers have alternative sources of income, such as their own oil palm, rubber or paddy fields, and prefer to work on a casual basis to supplement their regular source of income. Temporary employment is offered on the basis of mutual agreement between these workers and the plantation management, and is supported by labour unions or worker representatives, as well as the local government's district labour office.

The ratio of permanent to temporary workers by province is stated on page 58 of our [Sustainability Report 2015](#). As far as possible, we seek to improve this ratio year-on-year.

3.2. Female workers

It has been noted that Wilmar's permanent workers in Indonesia are predominately male, and that the number of female temporary workers is disproportionately high. This seems to suggest that Wilmar discriminates against female workers.

Wilmar is committed to providing equal employment opportunities regardless of gender. However, plantation work tends to be physically demanding, and inevitably attracts a higher number of male workers.



Workers in Wilmar's estate in Indonesia

While the proportion of female temporary workers is higher than male, it is important to note that almost 50% of the temporary workers are wives of the permanent workers. They prefer to be

employed on a casual basis, with flexible working hours that allow them to tend to their household. Permanent work contracts do not allow for flexible working hours. We continue to have dialogues with our workers and their families to create better work conditions and improve work-life balance.

4. Occupational health and safety

4.1. Handling of hazardous chemicals

The spraying of herbicides is an integral part of plantation operations. We take the health and safety of workers handling hazardous chemicals, such as herbicides, very seriously.

All spraying workers are required to undergo trainings and regular refresher courses on the use of Personal Protective Equipment (PPE) and on the safe handling and storage of chemicals. Standard PPE wear provided to all sprayers include (i) protective eye-wear, (ii) facial masks, (iii) gloves, (iv) boots, and (v) aprons. The use of the full set of PPE is mandatory for all sprayers when carrying out their duties. Potable water as well as water for hand-washing is available for all sprayers. In addition, showering is compulsory after each shift.



Spraying workers in Wilmar's estate in Indonesia

Due to the hazardous nature of their work, sprayers only work five hours per day. They are tasked to handle 120-144 litres of herbicide per day (depending on field conditions), and this quota is maintained year-on-year, even if there is an increase in the fixed daily minimum wage.

Sprayers undergo regular medical check-ups to detect the presence of residual chemicals. Female sprayers who become pregnant are temporarily reassigned to less hazardous responsibilities.

All chemicals are stored in locked facilities to which only authorised personnel have access. Containers used for storing chemicals are collected, stored and disposed of according to legal requirements for hazardous waste. Wilmar uses a triple puncture process for empty herbicide containers.

4.2. Access to potable water

Free access to a reliable source of potable water is an important right, including for our workers. Wilmar ensures that ample amounts of potable water are provided to all workers. This evidenced in work records.

Where water sources are deemed to be insufficient to meet the needs of our workers, additional water depots will be built. In North Sumatra, two water depots are available at PT Daya Labuhan Indah, while water sources are sufficient in PT Milano Sei Daun (185 M³ /day) and PT Milano Merbau (66 M³ / day). Additional water depots are being built in other estates in North Sumatra, to supplement existing water sources.

4.3. Fire and haze

Central Kalimantan was one of the regions which was most affected by fire and haze in 2015. Wilmar provided aid, in the form of facial masks, food supplements, shelter and medical assistance to workers and communities.

Fire and haze is a not uncommon in plantation landscapes in Indonesia. Operations had to resume despite the haze for all workers; field managers and top management were no exception. However, facial masks were provided to all, and medical check-ups and treatments were enhanced.



Wilmar representatives attend Fire Free Alliance workshop in Jakarta

To find a long-term solution to forest fires and haze, Wilmar became a founding member of the [Fire Free Alliance](#) (FFA) in March 2016. The FFA focuses on fire prevention rather than suppression, through the implementation of the Fire Free Village Programme (FFVP), which has been shown to drastically reduce fire incidences in landscapes.

Moving from “business as usual” to improved practices

Wilmar strives for continuous improvement in labour relations. We are committed to providing equal employment opportunities, treating our employees fairly and maintaining positive working relationships. We invest in training and developing our people, support their health and welfare, and equip them with the skills they need to carry out their work safely and well.

Wilmar is firmly committed to implement the UN Guiding Principles on Business and Human Rights, which states that companies have a responsibility not only to identify actual or potential human rights violations in their operations, but to remediate these if they are found to exist. We are doing the best we can to identify and remediate any and all human and labour rights violations in our own operations and throughout our supply chains. In addition, we also rely on all stakeholders to commit to the same principles, and where there is awareness of any suspected or confirmed violations, to provide us with necessary details, through our grievance procedure or otherwise, to enable us to take action. This will enable us to investigate, and take appropriate remedial actions swiftly, to alleviate the suffering of those affected.

A concerted effort between stakeholders in business, civil society, and government is required to put an end to exploitative human and labour practices in the palm oil industry.