



## RESPONSE TO GREENPEACE REPORT

21 October 2013 - Wilmar International Limited ("Wilmar") recognises the concerns about the sustainability of palm and appreciates Greenpeace's outreach to us in the discussion of these issues. We had a very open face-to-face discussion with Greenpeace involving our top management, and this was followed by written correspondences, in which we tried to openly and honestly address the issues raised by Greenpeace in the spirit of engagement, transparency and accountability.

We are therefore deeply disappointed that despite our efforts at genuine dialogue and engagement with Greenpeace, during which we mentioned that we are currently reviewing our business strategy and practices with certain international supply chain experts, and even invited Greenpeace to be part of the review process when we have finalised our plans, they went ahead to publish this report.

Nonetheless, we remain undaunted and will continue to focus on strengthening our business policies and practices, as we believe our efforts will see progress in advancing sustainability within the industry.

In the meantime, please find our response to the issues raised in the report, including some factual errors which we would like to clarify:

### **PT Agrindo Indah Persada (AIP)**

The Greenpeace report claimed that "PT AIP's 2009 management plan also undertook to reforest 370 ha of HCV area, yet recent field investigation found extensive clearance."

**Clarification:** PT AIP received its Location Permit (Izin Lokasi) only in November 2010; conducted HCV assessment in January 2011; underwent the New Planting Procedure and received approval from the RSPO through an independent Certification Body in September 2011 to proceed with the land development after no complaint was received after the 30-day consultation period. The fact that it went through the New Planting Procedures Process of the RSPO means that the High Conservation Value (HCV) assessment had been conducted, Social & Environmental Impact Assessments had been completed, local communities' claims to the land - if any - had been identified, there was no peat in the area and all legal permits were in order.

In particular, Greenpeace alleged that we did not respect the HCV assessment results and planted in the HCV areas.

The HCV assessment for PT AIP was conducted by an RSPO-approved assessor, and they identified about 370 ha or 31% of the concession to be conserved. The HCV assessment, through the precautionary approach, identified these areas as potential home range for the

tigers. For this reason, a small stream in the area with a width of just two-metres was accorded a buffer which is six times larger than what is usually recommended for natural waterways of that size. These large networks of streams or natural waterways double up as wildlife corridors linking the steep hills and the lowlands.

It must be reiterated that not all steep areas are considered as HCVs. What makes a steep slope a HCV depends on the erosivity and depth of the soil, as well as the amount of rainfall in the area. In the case of PT AIP, it used to be a human-dominated landscape that had been subjected to continuous slash and burn by local communities for their subsistence farming. It would be a better idea to develop and cultivate some of these exposed hill slopes, using best management practices for such terrain. Steep hills become HCV only if they still have an intact forest or vegetation cover and a functional natural ecosystem. It should be noted that the RSPO Principles & Criteria do not ban planting on steep areas; the standard's guidelines only informed on no extensive planting on steep slopes.

To ensure that HCVs are protected we have the following procedures in place:

1. *Marking and Awareness Training on HCV*

After the completion of the HCV assessment, the consultant will conduct training on HCV for our operational staff and the HCV areas will be marked accordingly on the ground. Contractors are under very strict and specific orders that there will be severe penalties if they clear land that did not get the management's prior approval.

Greenpeace should not have distorted our statement as shirking from our responsibility by saying that "The company responded by saying that it had strict procedures on plantation establishment and that any clearance of HCV areas would be the fault of the contractors."

2. *Identification of Areas for Land Development by our Geographic Information Systems department.*

In our Standard Operating Procedures (SOP), any land that is slated for development will go through our Geographic Information Systems (GIS) Department who will overlay the area of interest against our legal boundary and also the HCV being identified by the RSPO-approved consultant. Only areas within the legal boundaries and not identified as HCVs are approved by the land development team.

3. *Confirmation of Developed Areas*

Areas that have been developed are then measured again and this data will be submitted to support payment claims. The surveyed area will be superimposed on to the legal and HCV boundaries to ensure that no HCVs are cleared.

With the above system in place, we do not see how PT AIP could have cleared any HCV areas intentionally. So far we have only developed less than 112 ha in that area. Having said that, we also understand the complexities of identifying exact boundaries of HCVs on the ground. If there were to be any accidental clearance of any HCV areas, our SOP would dictate that it will be restored.

We have urged Greenpeace, in the interests of transparency and accountability, to provide evidence that HCVs within our concession have indeed been cleared, and we will take the

appropriate steps to rectify the situation. Regrettably we did not hear further from them; instead they went ahead to publish their report.

### **Tesso Nilo**

**Clarification:** It cannot be assumed that all crops (FFB-Fresh Fruit Bunches) delivered through our FFB agents are illegal. In fact, these agents are the only means for small farmers who are trying to make ends meet and who cannot afford to buy their own transport to deliver. Nevertheless, we understand there are cases where these agents can be used as a vessel to buy crops established on unclear land status. To minimise these risks, Wilmar has undertaken the following initiatives:

#### *Policy and Awareness Campaign*

1. Top management has issued a stern reminder to all staff and executives that we will only buy FFB from a legal source.
2. Wilmar has incorporated a clause in the agreement with all its FFB suppliers and buying agents to supply only FFB from a legal source or land which has an Agriculture licence.
3. Any FFB supplier or agent found to be in default of this agreement will be severely penalised and dropped altogether.
4. An awareness campaign among FFB suppliers on this policy has already been conducted.

#### *Check and Monitoring*

1. The farm/holdings of respective FFB suppliers are recorded on a GPS by our FFB procurement team.
2. The GPS co-ordinates will be overlaid with the Government's Land-Use Planning map for the region as well as the concerned areas highlighted by WWF.
3. Any supplier located within these contentious areas will be excluded from the supply chain. The same approach applies to those who send their crop through the agent.
4. Trucks which usually carry crops from these contentious areas will have their truck registration number recorded, and are banned from delivering FFB into our mills.
5. In anticipation that these suppliers might switch trucks to avoid detection, we have stationed a full-time staff at the junction of the Tesso Nilo Complex to keep track of trucks that are used to transport crops out of that area; and to ensure that those trucks do not deliver the crops to any of our three mills.

### **PT Jaya Jatim Perkasa (JJP)**

Wilmar takes the issue of clearing of land by fire very seriously. We remain committed to cutting ties with any suppliers that have been proven to clear land with fire.

In the case of PT JJP which Wilmar had previously sold in 2005, we have communicated directly with PT JJP and the RSPO (who investigated the allegations).

With the former, we requested for their boundary map and overlaid it with the GPS coordinates and the Tiger habitat map in the Greenpeace report.

### *1. Burning Incident*

The GPS co-ordinates were taken at the edge of the boundary of PT JJP, not inside PT JJP. The background shows the area was already planted, and logically speaking no one would set fire on a planted area. Our earlier statement “we will terminate our business relationship with any suppliers found to be flouting the law against forest burning” applies only for those who burn the land for clearing purposes. The burning incident in PT JJP was accidental, rather than intentional.

Furthermore, we have been in communication with the RSPO Secretariat and they have informed us that:

- i. The fire incident or hot spot in PT JJP was recorded in their planted area.
- ii. There were local people who are occupying their land and these farmers were burning and the fire spread to PT JJP's planted area.
- iii. The reason for the spread of fire is because PT JJP did not have a good water management system to maintain sufficient water table during the dry weather.

PT JJP's corrective action:

PT JJP will submit to RSPO an action plan to set up a good water management system and to establish a well-trained fire-fighting team to contain fires if similar accidental fires should ever occur again.

From the information we have obtained from PT JJP and the RSPO so far, and in the absence of a judgement by the RSPO on PT JJP, we are taking the position for now that PT JJP did not clear land illegally by fire, as it does not make logical sense for them to set fire to an already planted area. It appears they need to improve on managing the water table in the peat area and on establishing well-trained fire fighting team to control any accidental fire in their holdings. We will also advise PT JJP to have a public “No Burning” campaign to the surrounding community prior to a dry season and they should not be receiving any FFB from local communities that establish oil palm holdings by the use of fire.

### *2. Tiger Habitat*

The map clearly shows that PT JJP is not part of the Tiger Habitat, contrary to the Greenpeace report. There is no more forest in PT JJP, as confirmed in the report. An interesting point to note is the red spot or deforestation between 2011 and 2012 recorded in the Greenpeace Report just outside PT JJP boundary that clearly showed that local communities were very active doing land development outside PT JJP. These activities may have likely caused the accidental fires in June 2013.

The basis of our decision-making here is the information we have received from both our supplier and the RSPO. If Greenpeace feels that there is evidence to the contrary, we would also be happy to take that into consideration and ask for an explanation from the supplier and also share this with the RSPO so that a complete picture is ascertained.

We have also reviewed our supply chain and there is no evidence to suggest that we are purchasing from any suppliers who have been proven to be responsible for the fires in Sumatra in June 2013.

In view of the above, we stand by our earlier statement that the fire in PT JJP was not deliberately set but rather an accidental fire that originated from outside their concession and spread into their land holdings.

### **Landbank**

Greenpeace, in their report, claimed that “Wilmar controlled 500,000 ha of plantation land, of which 230,000 ha were planted....This implies that the company has a landbank of almost 250,000 ha yet to be planted.”

**Clarification:** Wilmar’s total land bank is approximately 331,000 ha in Indonesia, Malaysia and Africa. This is significantly down from the previously published figures because our landbank holding in Indonesia is affected by a number of factors, including:

- Differences between mapping basis in the respective master plans under relevant local governments and the Central National Land Board (Badan Pertanahan Nasional), resulting in delayed approvals for land permits. As a prudent measure, the affected hectarage has been excluded from our landbank
- Certain land parcels which were recognised to be inconsistent with the Roundtable of Sustainable Palm Oil’s definition of agricultural land suitable for palm oil plantation (e.g. plantation converted from previously forest land)

Wilmar takes its role as a responsible corporate citizen very seriously. Our sustainability certification achievement in RSPO and ISCC (International Sustainability & Carbon Certification), as well as our efforts at regularly reviewing our business practices as part of continuous improvement, is a testament of that commitment.

## **About Wilmar's Commitment to Sustainability**

Wilmar International Limited is Asia's leading agribusiness group engaged in oil palm cultivation, oilseeds crushing, edible oils refining, sugar milling and refining, specialty fats, oleochemicals, biodiesel and fertilisers manufacturing and grains processing. At the core of Wilmar's strategy is a resilient integrated business model that encompasses the entire value chain of the agricultural commodity processing business. Headquartered in Singapore, it has over 450 manufacturing plants globally and an extensive distribution network covering more than 50 countries. The Group is backed by a multinational workforce of about 92,000 people.

As a responsible corporate citizen, Wilmar endeavours to create and build an enduring business that is economically viable, socially beneficial and environmentally sustainable. Since 2005, Wilmar has been an active member of the Roundtable on Sustainable Palm Oil (RSPO), an international multi-stakeholder organisation that promotes the production and use of sustainable palm oil. The Group adopts an environmental management system conforming to the RSPO Principles & Criteria and the United Nations Global Compact, amongst others. In managing oil palm plantations, it upholds stringent policies of zero-burning and non-development on peatland while respecting the rights of communities by adopting the 'free, prior and informed consent' (FPIC) principle.

For more information on Wilmar's sustainability efforts, please visit <http://www.wilmar-international.com/sustainability/>