



**Wilmar's No Deforestation, No Peat, No Exploitation Policy  
Third Quarter Update Report: 1 July – 30 September 2015**

## **Introduction**

This report is produced by Wilmar and The Forest Trust (TFT), and is organised into two parts:

- 1) Supply chain mapping;
- 2) Progress update against the commitments set out in Wilmar's Policy.

The third quarter (Q3) of 2015 has seen individual mill and grower visits continued and expanded, with a new focus hub added to the work in Indonesia. Wilmar also continued to engage with companies in response to concerns raised through the grievance procedure. The work to engage a wide range of stakeholders has accelerated with a focus on sharing the progress and challenges with local and international NGOs.

## **1. Supply chain mapping**

Traceability analysis and summary data continue to be measured across Wilmar's global operations: Indonesia, Malaysia, India, Bangladesh, Sri Lanka, China, Nigeria, Ghana, South Africa, Vietnam, United States of America and Europe. Data for Ukraine has been added to the analysis this quarter.

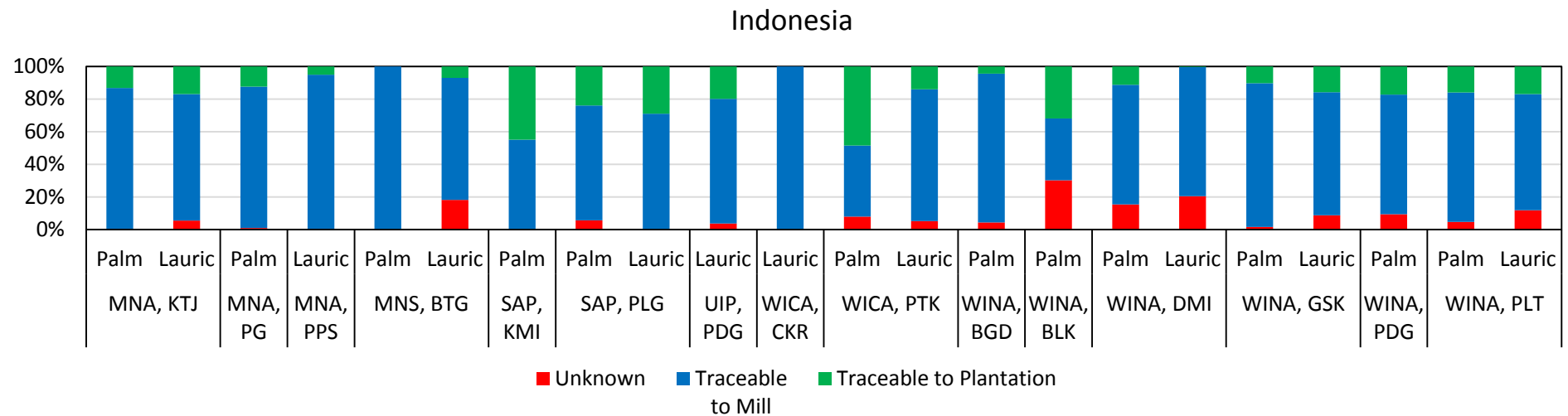
Traceability data has been updated to include the most recent four quarters, replacing Q2 2014 supplies with Q2 2015 supplies. The data on the next few pages for all facilities relates to data on supplies and shipments for the year from July 2014 – June 2015.

While Wilmar strives to increase traceability from one period to the next, it should be noted that the traceability values may also decrease. Such trends occur predominantly because supplies available from different sources may vary from one period to another. For example, if a new mill is added to the supply network where mill data per Wilmar's traceability criteria is unavailable, the supplier is treated as untraceable, thereby resulting in lower traceability scores.

In the Q1 2015 report, the definition of “traceability back to plantations” takes into account the addresses of estates, small growers and smallholders. Over the last few months, in discussion with TFT, it was agreed that GPS co-ordinates sufficiently serve as a good indicator to gauge the areas from which Wilmar’s or its suppliers’ fresh fruit bunches (FFB) are sourced. For this reason, the definition has been revised to exclude the addresses as a necessary criteria – please see table illustration below.

	Estates	Small growers	Smallholders	Dealers
Parent company name	Y			
Estate/grower/dealer name	Y	Y	Y	Y
GPS co-ordinate	Y	Y	Y	
Planted area	Y	Y	Y	
Number of growers		Y	Y	Y
Certification status	Y			
% (volume) from this source	Y	Y	Y	Y

## Indonesia



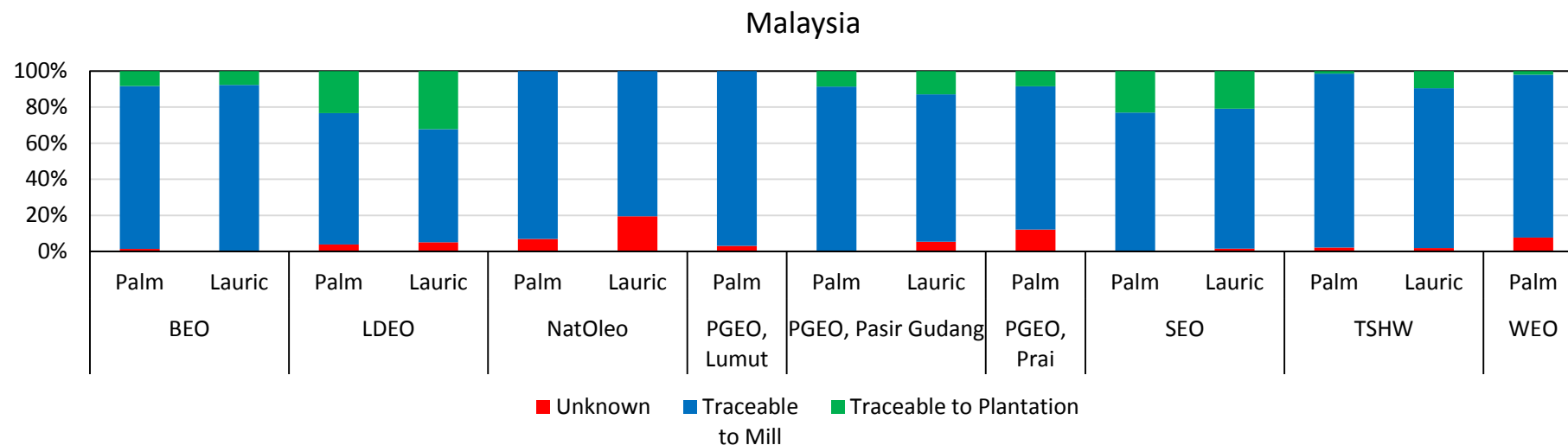
### LEGEND

Refinery	Code
PT Multimas Nabati Asahan, Kuala Tanjung	MNA, KTJ
PT Multimas Nabati Asahan, Pulo Gadung	MNA, PG
PT Multimas Nabati Asahan, Paya Pasir	MNA, PPS
PT Multimas Nabati Sulawesi, Bitung	MNS, BTG
PT Sinar Alam Permai, Kumai	SAP, KMI
PT Sinar Alam Permai, Palembang	SAP, PLG
PT Usaha Inti Padang, Padang	UIP, PDG
PT Wilmar Cahaya Kalbar, Cikarang	WICA, CKR

Refinery	Code
PT Wilmar Cahaya Kalbar, Pontianak	WICA, PTK
PT Wilmar Nabati Indonesia, Bagendang	WINA, BGD
PT Wilmar Nabati Indonesia, Balikpapan	WINA, BLK
PT Wilmar Nabati Indonesia, Dumai	WINA, DMI
PT Wilmar Nabati Indonesia, Gresik	WINA, GSK
PT Wilmar Nabati Indonesia, Padang	WINA, PDG
PT Wilmar Nabati Indonesia, Pelintung	WINA, PLT

In total there are 8.77 million metric tonnes (mt) of crude palm oil (CPO) and 1.10 million mt of palm kernel oil (PKO) from its Indonesian refineries that are traceable at least to mills. This represents a decrease of 1.20%.

## Malaysia



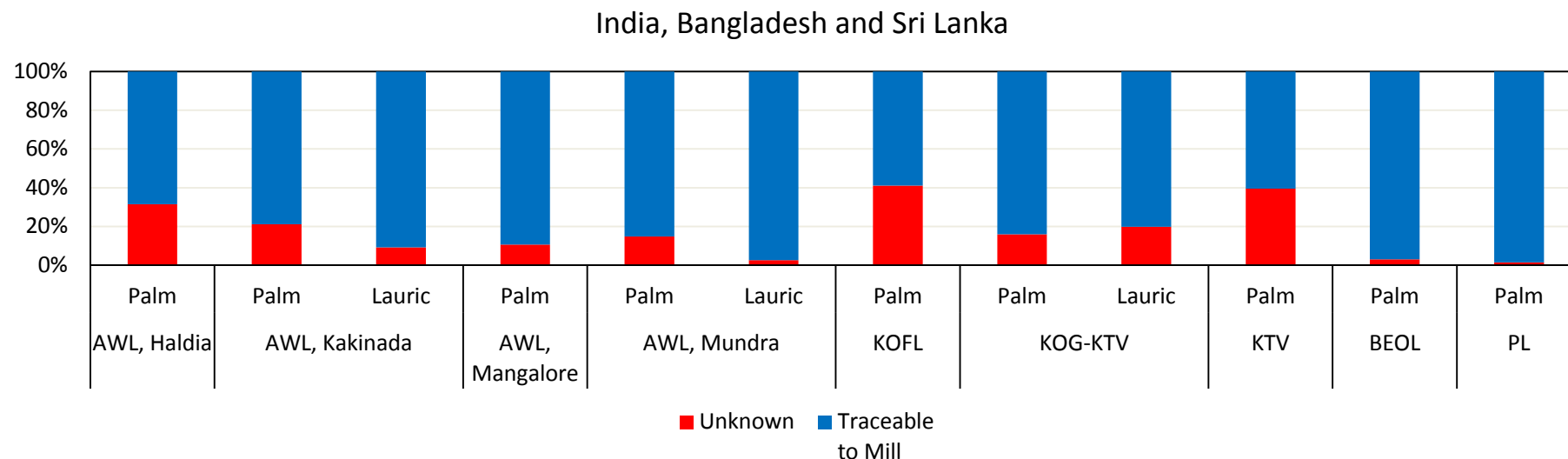
## LEGEND

Refinery	Code
Bintulu Edible Oils Sdn Bhd, Bintulu	BEO
Lahad Datu Edible Oils Sdn Bhd, Lahad Datu	LDEO
Natural Oleochemicals Sdn Bhd, Pasir Gudang	NatOleo
PGEO (Lumut Division)Edible Oils Sdn Bhd, Lumut	PGEO, Lumut
PGEO Edible Oils Sdn Bhd, Pasir Gudang	PGEO, Pasir Gudang

Refinery	Code
PGEO (Prai Division)Edible Oils Sdn Bhd, Prai	PGEO, Prai
Sandakan Edible Oils Sdn Bhd, Sandakan	SEO
TSH-Wilmar Sdn Bhd, Kunak	TSHW
Wilmar Edible Oils Sdn Bhd, Butterworth	WEO

In total, there are 5.69 million mt of CPO and 0.59 million mt of PKO from its Malaysian refineries that are traceable to mills. This represents an increase of 0.14%.

## India, Bangladesh and Sri Lanka



## LEGEND

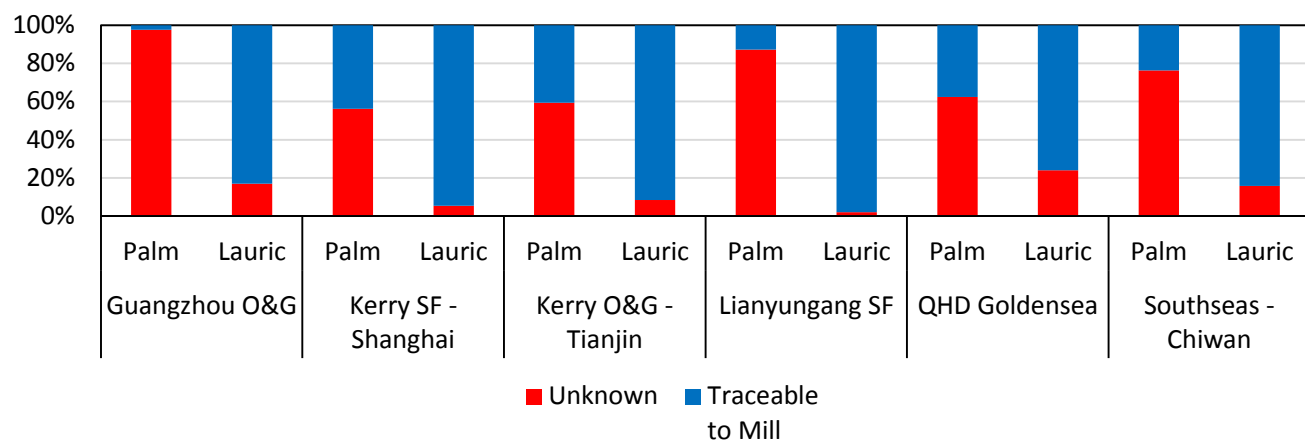
Refinery	Code
Adani Wilmar Limited, Haldia	AWL, Haldia
Adani Wilmar Limited, Kakinada	AWL, Kakinada
Adani Wilmar Limited, Mangalore	AWL, Mangalore
Adani Wilmar Limited, Mundra	AWL, Mundra
Krishnapatnam Oils and Fats Pvt Ltd , Nellore	KOFL

Refinery	Code
KOG - KTV Foodstuffs (I) Pvt Ltd, Tuticorin	KOG-KTV
KTV Health Food Pvt Ltd, Chennai	KTV
Bangladesh Edible Oil Limited	BEOL
Pyramid Lanka (Private) Limited	PL

In total, there are 0.81million tonnes of palm products and 0.05 million tonnes of lauric products entering the above refineries that are traceable to mills. This represents a decrease of 1.20%.

## China

### China - Specialty Fats

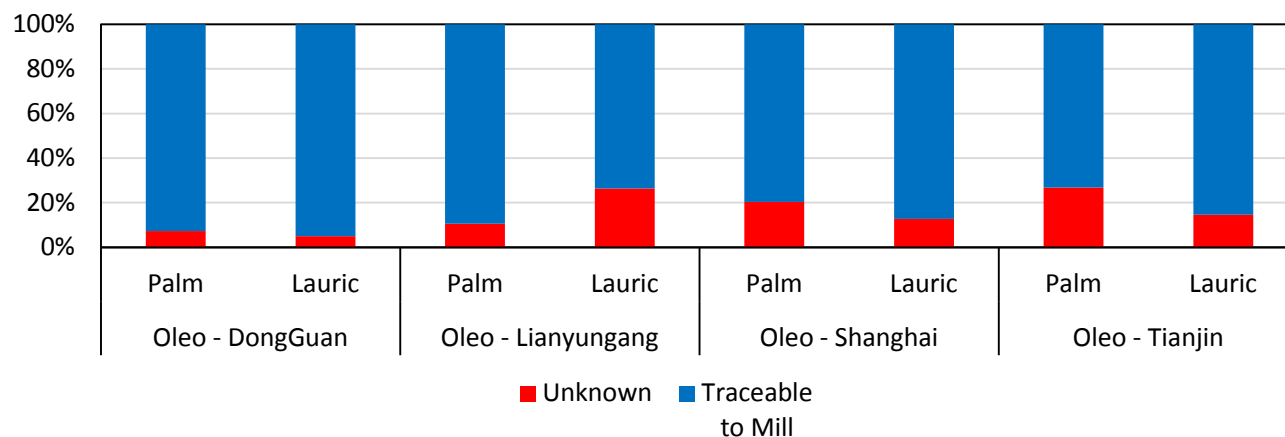


## LEGEND

Refinery	Code
Yihai (Guangzhou) Oils & Grains Industries Co Ltd	Guangzhou O&G
Kerry Speciality Fats (Shanghai) Ltd	Kerry SF - Shanghai
Kerry Oils & Grains (Tianjin) Ltd	Kerry O&G - Tianjin
Yihai (Lianyungang) Speciality Fats Industries Co.Ltd	Lianyungang SF
Qinhuangdao Goldensea Foodstuff Industries Co Ltd	QHD Goldensea
Southseas Oils & Fats Industrial (Chiwan) Ltd	Southseas - Chiwan

In total, there are 0.26 million mt of palm products and 0.15 million mt of lauric products entering the above refineries in China that are traceable to mills. This represents an increase of 8.10% for palm products and a decrease of 6.00% for lauric products respectively.

### China - Oleochemicals



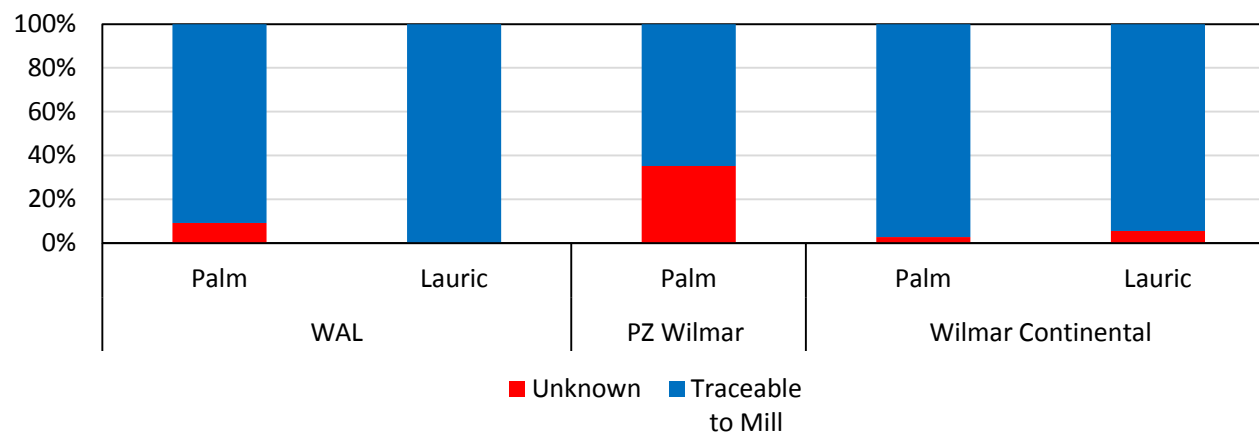
#### LEGEND

Refinery	Code
Wilmar Oleochemical (Dongguan) Co., Ltd	Oleo - Dongguan
Wilmar Oleochemical (Lianyungang) Co., Ltd & Sasol Yihai (Lianyungang) Alcohol Industries Co., Ltd	Oleo - Lianyungang
Wilmar Oleochemical (Shanghai) Co., Ltd	Oleo - Shanghai
Wilmar Oleochemical (Tianjin) Co., Ltd	Oleo - Tianjin

In total, there are 0.38 million mt of palm products and 0.10 million mt of lauric products entering the above refineries in China that are traceable to mills. This represents a decrease of 1.26%.

## Africa

### Ghana, Nigeria and South Africa



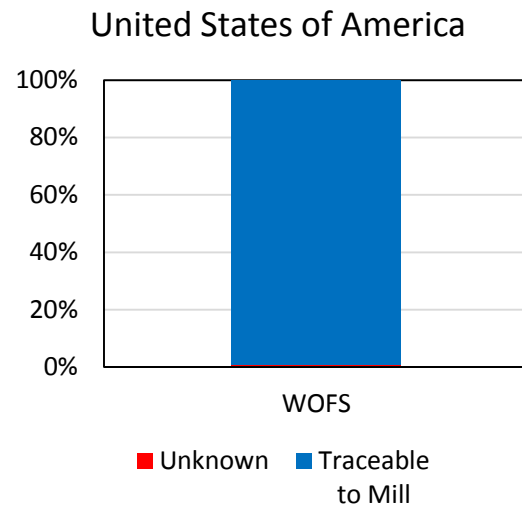
## LEGEND

Refinery	Code
Wilmar Africa Limited	WAL
PZ Wilmar Ltd	PZ Wilmar
Wilmar Continental Edible Oils & Fats (Pty) Limited	Wilmar Continental

In total, there are 0.51 million tonnes of palm products and 0.02 million tonnes of lauric products entering the above refineries in Africa that are traceable to mills. This represents a decrease of 1.74%



### United States of America

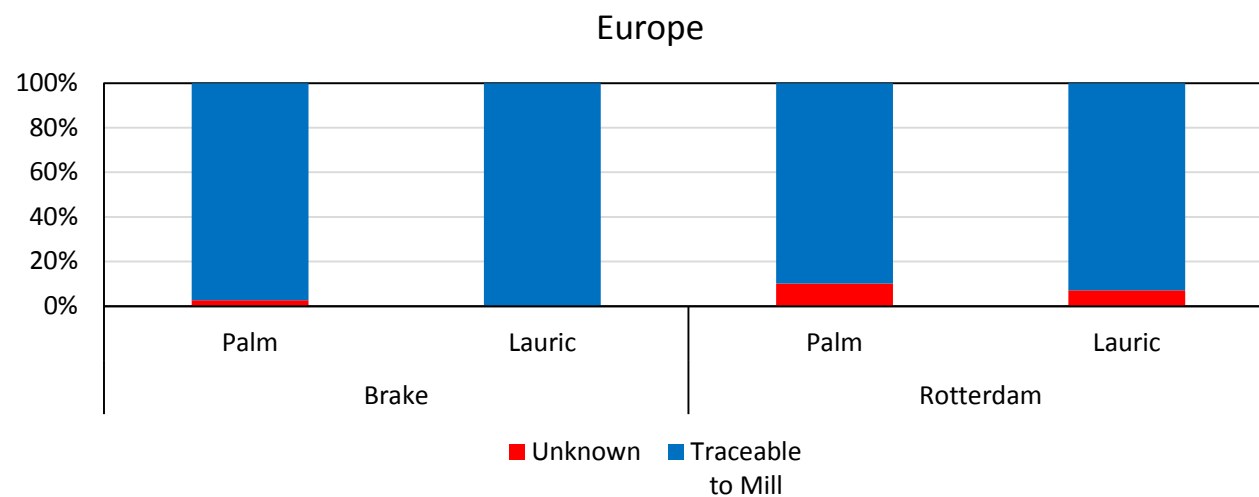


### LEGEND

Refinery	Code
Wilmar Oils & Fats (Stockton) LLC	WOFS

In total, there are 0.05 million mt of palm products entering the above refinery in United States of America that are traceable to mills. This represents an increase of 0.24%.

## Europe

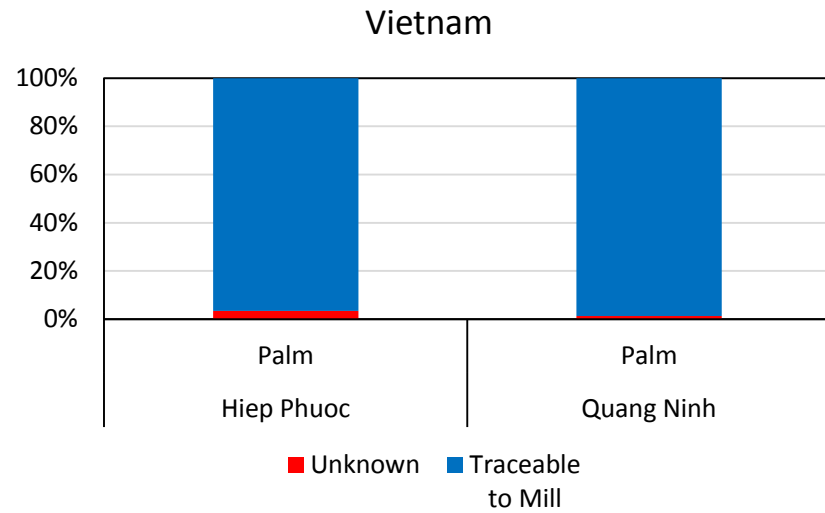


## LEGEND

Refinery	Code
Wilmar Edible Oils GmbH	Brake
Wilmar Edible Oils BV	Rotterdam

In total, there are 0.78 million mt of palm products and 0.05 million mt of lauric products entering the above refineries in Europe that are traceable to mills. This represents an increase of 3.71%.

## Vietnam

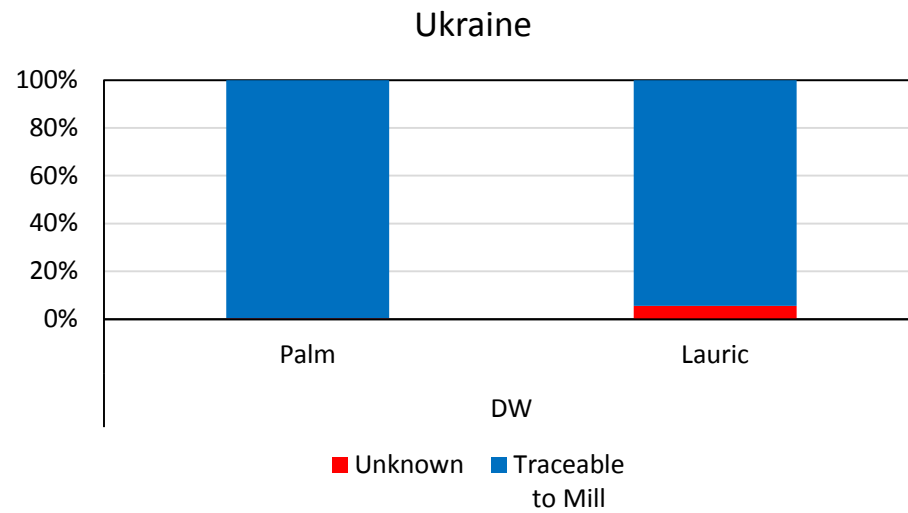


## LEGEND

Refinery	Code
Calofic Hiep Phuoc	Hiep Phuoc
Calofic Quang Ninh	Quang Ninh

In total, there are 0.28 million mt of palm products entering the above refineries in Vietnam that are traceable to mills. This represents a decrease of 1.49%.

## Ukraine

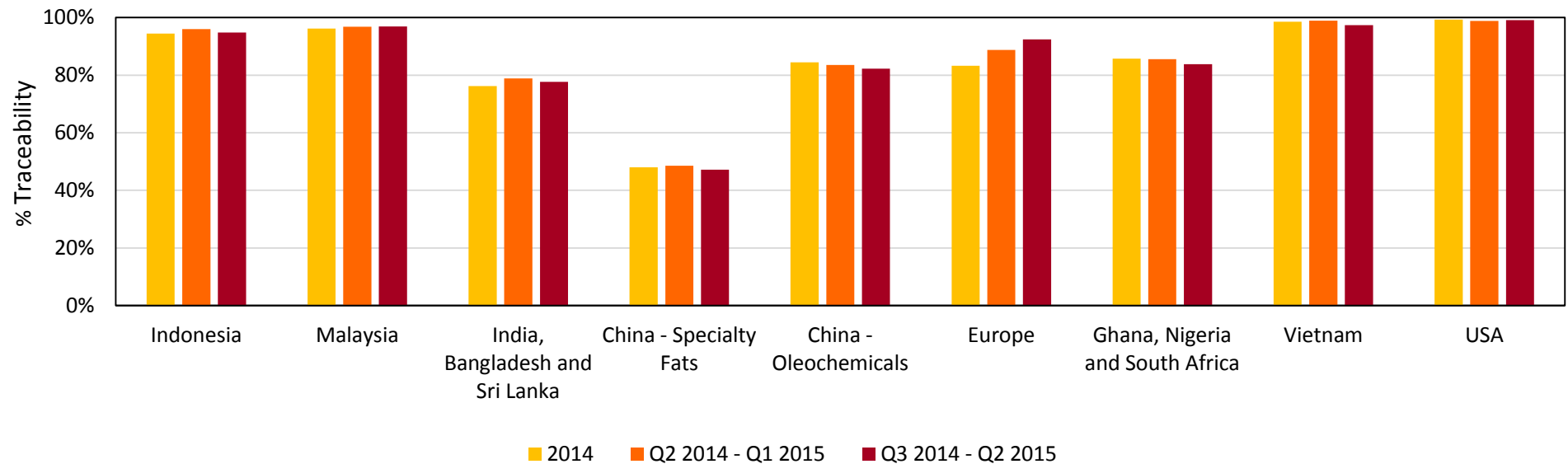


## LEGEND

Refinery	Code
Delta Wilmar CIS Ltd	DW

In total, there are 0.05 million mt of palm products and 0.004 million mt of lauric products entering the above refineries in Ukraine that are traceable at least to mills.

The following graph represents our progress from the time we started our traceability reporting back to mills in 2014.



## 2. Policy commitment progress

The proactive transformation work focussed on refinery 'hubs' has progressed rapidly this quarter with visits to suppliers supplying our refineries in Asia continuing at Sandakan, Pasir Gudang, Kuala Tanjung and Paya Pasir; and beginning at Gresik. Wilmar's own operations are no exception, with ongoing work in Uganda and Nigeria underway.

## **Engagement & Field Visits**

### Malaysia

This quarter has seen the continuation of deep-engagement visits to suppliers in Peninsular Malaysia. Five mills supplying Wilmar's Pasir Gudang refinery have been visited to date. Overall, issues found have been more commonly linked to labour practices.

The final three visits are targeted for completion in Q4. The priority focus will then be on revisiting those suppliers to support them towards solutions for both their own mills and estates, as well as their third-party FFB suppliers. The learnings from these visits will then be shared through broad engagement with all suppliers in Peninsular Malaysia, as has already taken place with the suppliers of Wilmar's refineries in Sabah.

### Indonesia

Engagement with suppliers in Indonesia has continued this quarter both at a company headquarters and field-site level. Headquarters meetings and supplier site visits have been completed with the prioritised mills supplying the Paya Pasir and Kuala Tanjung refineries in north Sumatra. This includes engagement with suppliers in the vicinity of the Leuser Ecosystem, a highly biodiverse landscape containing lowland and mountainous rainforests, peatlands, as well as numerous valuable fauna and flora species. To date, 13 mills supplying Paya Pasir and Kuala Tanjung refineries have been visited.

In these supplier visits, a variety of issues with room for improvement were identified, including high carbon stock (HCS) forest and high conservation value (HCV) area management, community/worker rights and FFB traceability. Suppliers will be revisited with reports on the issues found, and time-bound actions for each gap will be discussed in the next quarter.

Visits have also begun this quarter to Wilmar's Gresik refinery in East Java. Six mills and some of their FFB suppliers across Kalimantan and Belitung have already been visited. These visits will continue until the end of the year; feedback and recommendations will be shared with those visited.

### Latin America

Due diligence research has continued for Wilmar's supply base in Latin America. After undertaking a visit to one supplier in Honduras last quarter, the report has been finalised, and or has been shared with supplier for further action, where applicable. A supplier visit in Guatemala is scheduled for the next quarter.

### West Africa

In Nigeria, a team was established with representatives from the Cross River National Park and a field visit undertaken to agree on a buffer zone to be established between Wilmar's concession and the national park. Once the boundaries have been established, a management plan will be put in place.

Discussions with the local communities in our Ibiae estate continued as part of our ongoing community engagement efforts. An MoU has been drawn up and will soon be signed by Wilmar and the communities to guide engagement. Meetings with 12 farmers in Ibiae have led to an agreement on goodwill payments to be made by Wilmar.

New hires were also brought onboard to assist on future Free Prior and Informed Consent (FPIC) work. Wilmar's Sustainability team has also been trained on dealing with social impacts in agribusiness.

Wilmar's responses to Rainforest Resources Development Centre's allegations about its operations in Nigeria is published on Wilmar's dashboard and corporate website, "[Wilmar Remains Undaunted by Detractors and Continues to Focus on Responsible Development in Nigeria](#)".

Further to this, engagement on traceability work has continued for supplies in Nigeria, in particular to PZ Wilmar, a joint venture between Wilmar and PZ Cussons.

TFT has also conducted assessments in Wilmar's subsidiary, Benso Oil Palm Plantations, and its smallholder base in Ghana.

### Uganda

Another visit to Oil Palm Uganda Limited's (OPUL) operations found further improvements in practices, particularly in regards to workers' health and safety, with the provision of good quality gumboots, proper disposal of expired chemicals and the monitoring of rest days. The construction of another set of workers' quarters began in August.

The first draft of the Collective Bargaining Agreement has been produced and a new Community Liaison Officer was hired in September. The smallholder gap assessment, including results from the interviews with 161 farmers, has also been completed. It will be shared with key stakeholders during Q4.

### **Grievance Procedure**

Continuing the wide socialisation of the grievance procedure from the last quarter, Q3 has seen more NGO outreach in both Malaysia and Indonesia. These meetings were intended to help NGOs understand Wilmar's grievance procedure process and how they can utilise that platform to help Wilmar monitor its extensive supply base.

Meetings and site visits have taken place with suppliers in Indonesia and Malaysia around alleged social and environmental issues during this quarter. Wilmar initiated dialogue with all suppliers in such grievance cases to seek clarification, and where relevant and applicable, resolution.

There are six new grievance cases filed with Wilmar this quarter, relating to alleged deforestation and burning activities, as well as labour issues by Wilmar's suppliers.

With attention focussed on the alleged burning activities taking place in Indonesia, Wilmar reaffirms its commitment to the key tenet of "No Burning" as part of its integrated Policy that applies to its entire supply chain, including its third-party suppliers.

Wilmar has zero-tolerance towards any use of fire in land preparation or development. The Group has strictly adhered to No Burn practices even prior to the launch of its integrated Policy, and only employ mechanical methods in land development. In recent years, Wilmar has not had substantive reasons to clear land, as it has not expanded its planted areas in Indonesia.

Peatland development is a major source of fire and haze. 63% of Indonesia's current fire hotspots are on peatland<sup>1</sup>, which have the tendency of becoming highly flammable once drained for development. Peatland fires are particularly problematic as it has the ability to smoulder for months, producing large quantities of smog/haze.

Since October 2012, Wilmar has put an end to the development of plantations on peatlands, regardless of depth. Where plantations have been established on peat in the past, the Group works with expert stakeholders to ensure that best management practices are implemented, greatly reducing the risk of fires. Beyond this, Wilmar is also exploring options for the long term restoration of peatlands, as crops planted on peat reach the end of their current rotation.

On the supplier front, Wilmar has supported research on companies alleged to be involved in the forest fires. A field visit was carried out with one supplier and Wilmar has temporarily halted supplies from two accused suppliers pending further investigation.

Engagement with these six suppliers is ongoing; full details of grievances and their current status are provided on Wilmar's Dashboard.

Stakeholders are encouraged to raise their grievances, including suspected burning cases, against Wilmar or its suppliers via its grievance procedure through the Wilmar Dashboard. New grievances that have been raised during Q3 and progress on actions taken to address these grievances can be tracked from this platform, accessible to all stakeholders.

### **High Carbon Stock (HCS) and Green House Gas progress**

HCS trainings have taken place in Indonesia and Malaysia during Q3 in order to train staff on the HCS approach toolkit (available at [www.highcarbonstock.org](http://www.highcarbonstock.org)) and on conducting HCS assessments. As members of the HCS Approach and Sustainable Palm Oil Manifesto HCS

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<sup>1</sup> Global Forest Watch (Sept. 5-12)



technical committees, Wilmar has continued to participate and provide inputs on implementation in an effort to help ensure the eventual convergence as well as integration of the two methodologies with the shared objective of identifying, conserving and managing HCS forests.

A meeting also took place to advance the creation of an investment fund for promotion of methane capture projects to reduce emissions at palm oil mills. As of October 2015, Wilmar has commissioned two more methane capture facilities in its Central Kalimantan operations. To-date, Wilmar has seven operational methane capture facilities in Indonesia and Malaysia.

### **Assessments on Plantation Working Conditions**

TFT has re-engaged with representatives from Wilmar estates in Sabah where the initial assessments of working conditions were conducted, in order to find out about the progress in implementing the agreed recommendations. The estates have reportedly made notable efforts in implementing the action plans. The outcomes of the follow-up are being compiled, and monitoring of progress will continue.

In collaboration with its customer, Neste, Wilmar field-tested a pilot social risk assessment tool focusing on working conditions and labour rights in one of its plantations in Sabah. Designed with the help from sustainability experts from Business for Social Responsibility (BSR) with the aim to identify and address potential labour issues in the palm oil industry, the assessment tool also takes into account the prevalent use of foreign migrant workers in the Malaysian palm oil supply chain. Findings of the social risk assessment will be used to develop an action plan to guide suppliers towards best practices.

### **Smallholders**

In Sabah, the Wilmar "Smallholder Fertiliser Scheme" was initiated and offered to all smallholders supplying to Wilmar's mills in Sabah. The scheme enables smallholders to buy fertiliser at bulk cost and on credit from Wilmar, as well as offers training on best practices, including fertiliser application regime.

In Sarawak, Wilmar has commissioned an initial scoping study of a Native Customary Rights (NCR) Oil Palm Project in Sarawak linked to one of Wilmar's suppliers. This project, which started in 2005, has a total of 560 participants from 25 long houses who voluntarily offered their land to be developed by a local plantation company. The resulting 3-way joint venture company (owned by communities, the Land Custody and Development Authority and the local plantation company) has planted around 5,000 ha to date.

Wilmar engaged Wild Asia for this assessment to help understand the following for future best practices implementation:

- Overall benefits to the community;
- Livelihood improvement as a result of the project;
- Rights of land owners;
- Involvement of community in the land development process; and
- Challenges faced and how they were overcome.

In South Sumatra, progress is underway for the RSPO certification of independent smallholders that are supplying to one of Wilmar's mills. The group covers 6,000 ha and 3,000 farmers. The project has received partial funding from the RSPO Smallholder Support Fund, and is receiving support from Wilmar's Sustainability team.

**Recognition**

Wilmar was delighted to receive a Special Recognition Award in the "Large Organisations" category at the inaugural Singapore Apex Corporate Social Responsibility (CSR) Awards held in late August. Co-organised by Global Compact Network Singapore, the Singapore Business Federation, and The Business Times, the awards are given in recognition of companies that holistically embed sustainability and CSR into their business.