



Wilmar's Efforts to Mitigate Forest Burning in Indonesia

Singapore, 17 September 2015 – Wilmar has taken on an active role in mitigating the occurrence of haze in the region, through the implementation of our No Deforestation, No Peat, and No Exploitation integrated policy. This policy applies to all Wilmar operations worldwide, including those of our subsidiaries and third party suppliers. We supplement these efforts with community education and awareness campaigns, as well as multi-stakeholder partnerships to entrench sustainable practices throughout the industry.

No Deforestation – No Burning

One of the key tenets of the No Deforestation pillar is a strict No Burning policy. We do not tolerate the use of fire in land preparation or development. Mechanical methods are employed in land development, and wood debris is left to decompose. This returns nutrients back into the land and reduces the need for inorganic fertilisers, thereby also reducing the greenhouse gas footprint.

In recent years, Wilmar has not had substantive reasons to clear land, as we have not expanded our planted areas in Indonesia. All our suppliers have been notified that any deliberate breach of our No Burn policy will result in the immediate termination of business dealings.

Active Fire Monitoring and Rapid Response

Wilmar has a 24/7 fire monitoring system in place to alert us of fires in and around our concessions, and a well-established fire prevention and suppression programme to minimise the incidence and impact of fire and haze. Our concessions are equipped with fire-fighting infrastructure and equipment, and staffed with an on-site fire brigade. On-the-ground personnel are also trained to be vigilant and prepared to respond to fire incidences quickly and decisively.

Despite our best efforts, fires may occasionally occur in our concessions, particularly during the dry season. Most of these fires originate from (i) enclaves within our concessions that are set-aside and controlled by small-scale farmers and local communities who continue to practice slash-and-burn, and (ii) outside our concession areas, and have been propelled into our concessions by topography and wind. We keep detailed documentations of each fire incident, which include the location and size of the affected area, action taken, cause and duration of the fire, as well as photographs. Police reports are filed for all fire incidences, as forest burning is illegal in Indonesia. Fire incidences will also be published in our sustainability report.

Community Engagement

While we are committed to No Burning, we recognise that slash-and-burn practices remain rampant among small-scale farmers and local communities. This often leads to uncontrolled fires that may inevitably spread to our plantations or those of our suppliers. Wilmar partners with community leaders and local governments to routinely conduct awareness campaigns at the grassroots level. Communities also undergo basic fire management training and are provided with fire-fighting equipment.

No Development on Peat

Peatland development is a major source of fire and haze. 63% of Indonesia's current fire hotspots are on peatland¹, 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, we work with expert stakeholders to ensure that best management practices are implemented, greatly reducing the risk of fires. Beyond this, we are also exploring options for the long term restoration of peatlands, as crops planted on peat reach the end of their current rotation.

No Exploitation – Support for Smallholder Farmers

Research has found that majority of fires occur outside large concessions (those operated by large plantation companies)². Over 40% of plantation areas in Indonesia are managed by smallholders, who often use fire as the most cost-effective way of clearing land.

Wilmar recognises that smallholders face unique challenges in conforming to enhanced sustainability requirements, and in attaining Roundtable for Sustainable Palm Oil (RSPO) certification. We conduct ongoing consultations with smallholders to support their compliance with our integrated policy. We have a time-bound plan in place to assist our associated smallholders to qualify for RSPO certification by 2019, and are on-track to achieve this by 2017. We are also working with reputable NGOs, such as Wild Asia and IDH, to help independent smallholders achieve RSPO certification.

RSPO certification provides many benefits, such as improved yield from the use of good agronomic practices, as well as improved market access. RSPO principles also restrict the use of fire in palm oil plantations, mitigating the occurrence of fire and haze. Between January and August this year there were no fire alerts for RSPO-certified palm oil concessions, compared with 627 for those without certification.³

Supply Chain Mapping & Traceability

To ensure that our No Deforestation, No Peat, No Exploitation integrated policy is being implemented appropriately across our supply chain, we have been mapping and tracing our supply flows from ports and refineries back to sources. Having detailed supply chain maps facilitates the monitoring of practices on-the-ground, promoting greater transparency and accountability. The mapping exercise also enables us to uncover challenges faced by growers in the implementation of our integrated policy, allowing us to provide the requisite support in a targeted manner.

Remote sensing technologies also play an important role in monitoring practices and identifying fire hotspots. In the spirit of transparency, we have provided our concession maps to the World Resources Institute, for inclusion in their Global Forest Watch (GFW) platform. GFW uses satellite imagery and data analytics to identify fires to the precision of one square kilometre. We are closely monitoring the situation, and are prepared to deal with fire incidences in our

¹ Global Forest Watch (Sept. 5-12)

² Global Forest Watch (Sept. 5-12)

³ <http://www.theedgemarkets.com/my/article/sustainable-palm-oil-body-eyes-broader-approach-certification>

concessions quickly and decisively. Should fires be detected in our suppliers' concessions, we will engage with them and investigate the root causes of the fires.

Members of the public are encouraged to raise their grievances against Wilmar or our suppliers via our [grievance procedure](#). This will be tracked on our [Sustainability Dashboard](#), accessible to all stakeholders, together with progress updates on the actions taken to address these grievances.

Wilmar is firmly committed to sustainable production of palm oil, and will continue to undertake industry-leading efforts to steer the industry towards responsible practices. We are a signatory and founding member of the [Indonesian Palm Oil Pledge](#) (IPOP), together with five other palm oil majors, as well as the Indonesian Chamber of Commerce. IPOP seeks to find solutions for sustainable palm oil, and is actively engaging the Indonesian government on regulatory reforms to support and institutionalise sustainable practices in the agricultural industry.