

Seema Joshi  
Head of Business and Human Rights

Amnesty International  
1 Easton Street  
London, WC1X 0DW  
United Kingdom

17 October 2016

Dear Seema,

We write to you with regard to your letter dated 6 October 2016 which highlighted concerns of labour practices in Wilmar's supply chain. We regret the missed opportunity to engage on these issues previously as your earlier email was sent to a wrong email address and hence we did not receive it.

We appreciate the issues raised in your letter; we take our sustainability policy seriously and are therefore deeply concerned about the alleged non-compliance in our supply chain. We are looking into the matter accordingly, and will take the necessary corrective actions if a breach is found.

As you will understand, much of the information on suppliers and customers you have requested for is business-sensitive which may limit our response.

Given that we have about 1,000 palm oil mill suppliers in our supply chain, including Wilmar's own subsidiaries, your observations about our supply chain will enable us to better and faster address these critical issues. We don't always have the ability to resolve these multi-faceted problems in isolation, as solutions tend to require collaboration, such as with organizations like Amnesty International. For this reason, we would very much appreciate if you could provide us with more detailed information, in particular the Wilmar subsidiaries in North Sumatra and Central Kalimantan and third-party suppliers in question; as well as the period in which your investigation was conducted. Providing us with this transparency, will enable us to follow-up on the matter and hopefully find resolution.

#### Labour issues in Wilmar's supply chain

In the course of implementing our sustainability policy, we have increased our understanding of the labour issues confronting the palm oil industry at large. While we

expect our suppliers to fully comply with our policy, more importantly, we recognise we need to work with them and provide the support they need to operate responsibly.

Wilmar acknowledges that there are ongoing labour issues in our supply chain and they are clearly identified and recognized in our “[Overarching Reports](#)”, as part of the [Aggregator Refinery Transformation \(ART\)](#) approach we have embarked on to drive sustainable transformation and real change on the ground. The findings, along with recommendations on improvements are then shared through one-on-one meetings and regional supplier-group workshops. This is an ongoing programme which is carried out in phases and began in 2014.

To enable a more in-depth look at labour issues, we are also currently developing a labour programme to identify labour best practices and prevent exploitative practices, in collaboration with Business for Social Responsibility (BSR), a global non-profit organisation dedicated to sustainability. This is part of a wider project also in collaboration with BSR and other industry peers to benchmark human rights and labour issues in the Indonesian palm oil industry. The review will reference some of the relevant labour standards, including the ILO labour guidelines and the Free and Fair Labour Principles for Palm Oil Production, amongst others.

#### *Temporary versus permanent workers*

The ratio of workers by province can be found on Page 58 of our [Sustainability Report 2015](#). You will note that the number of temporary workers in Central Kalimantan and Sumatra in 2015 has reduced significantly, compared to 2011 and we have worked hard to get to this progress. While the number of temporary workers remains high in West Kalimantan for the same reasons cited in our Sustainability Report 2011, the ratio has also significantly improved in 2015. It should be noted that temporary contract employment is offered on the basis of mutual agreement between workers, who have alternative sources of employment and prefer to work on casual basis to supplement their regular source of income, and the plantation management. This is done with the support of labour unions or worker representatives and the local government’s District Labour Office.

#### *Child Labour*

Child labour has no place in Wilmar’s operations, and is a non-negotiable requirement for our suppliers.

Children in the plantation workplace is a complex issue, and a lack of access to education and child care is one of the key reasons why this happens. To that end, Wilmar invests

substantially in providing primary education and child care facilities to the children of our workers - building and refurbishing schools, providing school materials and funding teachers etc. to ensure that children of plantation workers are tended to while their parents are at work. Wilmar has funded and continues to invest year on year in infrastructure, educational activities, scholarships and teaching support in all the countries in which we operate upstream, including in Indonesia.

As well as putting up signage on prohibition of child labour, regular patrols on the ground by estate supervisors and managers are conducted to monitor child labour in the plantations. Where presence of children is detected, specifically during the school holidays when some workers may bring their children to the plantations because there is no one to look after them at home, stern warnings are given to the workers not to bring children to their workplace. Disciplinary action is taken against repeat offenders.

#### Fires and Haze

Along with environmental and economic impact, fires and haze also carry a tremendous human and social cost for communities, including our workers. Wilmar has a strict No Burning policy, and does not tolerate the use of fire in land preparation and development. This policy applies to all Wilmar operations worldwide, including those of our subsidiaries and third-party suppliers. Any breach of our No Burn policy, if proven to be deliberate, will result in the immediate termination of business dealings.

Central Kalimantan was one of the affected regions in 2015 where we provided aid to the local communities. Free face masks and food supplements were handed out to almost 13,000 villagers, and shelter and medical assistance were provided to the communities facing the highest risks.

To prevent the predicament of 2015 from happening again, we joined leading forestry and agriculture companies to establish the Fire-Free Alliance (FFA). Established in March 2016, the FFA is a voluntary, multi-stakeholder platform that works to find a solution to land and forest fires in Indonesia. Members of the Alliance commit to implementing the Fire Free Village Programme (FFVP) in their operations, collaborating and sharing knowledge and information, and also to enhance fire monitoring, detection and suppression. Wilmar has committed to piloting this initiative in three estates in Central Kalimantan and South Sumatra respectively, and may expand to other regions, including North Sumatra, if proven effective.

As part of the fire prevention and suppression measures, Wilmar has:

- Conducted a series of FFVP awareness and socialisation with its surrounding communities, in collaboration with the local government;
- Upgraded its fire-fighting equipment;
- Stepped up training on fire suppression;
- Employed the use of drones to help with fire monitoring;
- Constructed more ponds, tube-wells and boreholes in strategic areas.

### Paraquat

In 2008, we were among the first large-scale palm oil producers to begin phasing out paraquat in response to stakeholder concerns over the safety and potential abuse of this widely used herbicide. We completed this process in 2011. As part of our sustainability policy, we require our suppliers to do the same by the end of 2015. Only a number of our suppliers have been able to fully implement this to date. Many of our suppliers are undergoing trials to identify practical alternatives, and Wilmar continues to support this process to eliminate paraquat use.

### Monitoring

In addition to the supplier compliance work and ART programme with our collaborative partner The Forest Trust (TFT), as well as the supply chain surveillance work by an international NGO partner on more than 40 palm oil companies at plantation, mill or group level, our [grievance procedure](#) is the other platform used to identify, address and monitor potential supply chain non-compliance. Stakeholders are able to view the full list of cases, and follow the latest developments in our handling of grievance cases via the dashboard.

We have yet to suspend any supplier specifically for labour issues, as many of the suppliers we engaged with have shown commitment to and demonstrable efforts in improving their practices. We want to encourage them to continue with such progress through commercial relationship; only when suppliers have repeatedly failed to show any improvement, or have resolutely refused to comply with our policy would we consider discontinuing relationship with them.

### Traceability and Customer Information

Your letter mentioned about PT BEST (Batara Elok Semesta Terpadu) who is a supplier to Wilmar. We would appreciate if you could clarify if there is any particular issue with this supplier which we could help look into.

Wilmar's traceability information is accessible to all stakeholders, and is publicly available from the "[Supply Chain Map](#)" and "[Traceability](#)" sections of its sustainability dashboard; traceability details, as defined on Page 26 of our [Sustainability Report 2015](#), are shared with customers.

The information on buyers which you requested is considered business-sensitive and we are not able to disclose further than what we have already published publicly.

We very much welcome the opportunity to meet with you for a deeper discussion so as to better understand the precise gaps and take the most appropriate gap-closure steps to address them accordingly. We will be attending the coming Roundtable on Sustainable Palm Oil conference (RT 14) in Bangkok from 7-9 November, and have some availability to potentially arrange a meeting if you are attending.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Perpetua George'.

(Ms) Perpetua George

Assistant General Manager – Group Sustainability

Seema Joshi  
Head of Business and Human Rights

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11 November 2016

Dear Seema

Thank you for your second letter dated 4 November 2016, which provided more details about the findings of your investigations in our plantations in North Sumatra and Central Kalimantan.

We appreciate your engagement with us on these issues. Our workers form the backbone of our company, and we are committed to ensuring that they are treated fairly and with respect. This is reflected in our No Deforestation, No Peat and No Exploitation (NDPE) policy in which one of the core provisions stipulates recognising and respecting the rights of all workers, including contract, temporary and migrant workers. We expect our suppliers to comply with our policy, and our own operations are no exception.

In August 2016, we have been made aware of labour issues in the same plantations cited in your letter, and we immediately initiated an internal review process which is still ongoing:

<b>Timing</b>	<b>Process</b>	<b>Location</b>
10 August 2016	Received information on labour-related issues	PT Daya Labuhan Indah (DLI), PT Perkebunan Milano (PM)
12 August – 2 September 2016	Initial assessment and consultations to verify the issues	PT DLI, PT PM
September – October 2016	Conducted an inquiry into wage practices with the Human Resources (HR) Department of PT DLI and checked against the local government regulations on	Wilmar head office and regional office

	wages, PP No. 78/2015 (replacing PP No. 8/1981) to ensure compliance	
November 2016	Planned 2 <sup>nd</sup> assessment to monitor and check on progress	PT DLI, PT PM
December 2016	Planned site visit with BSR and Wilmar internal team in North Sumatra	PT PM
January 2017	Planned site visit with BSR and Wilmar internal team in Central Kalimantan	PT Mustika Sembuluh (PT MS)

Wilmar will report on the actions that we have already started to take and the progress of the action plan. Whilst we have already started our own internal procedures to resolve these issues, we are also open for any further collaboration or ideas on how best to address these. We would be happy and willing to discuss any potential suggestions or solutions that Amnesty International would like to share with us.

We recognize that these issues, including the ones raised in your letters, are systemic challenges shared by the industry. We are committed to addressing these labour issues in our own operations and the industry, both independently and collaboratively. Working with Business for Social Responsibility (BSR) to review current labour practices in the palm oil sector in Indonesia is one such approach, and we hope to be able to work with you too. More information about our collaboration with BSR can be found [here](#)<sup>1</sup>.

We regret that we are unable to respond to some of your questions. As explained in our first letter to you, the information required, especially those relating to our buyers, are deemed business-sensitive and we are not able to disclose further than what we have already published publicly.

We do, however, wish to clarify and assure you that Wilmar neither restricts our customers from sharing traceability information provided by Wilmar, i.e. mill names and GPS coordinates, with other parties. We do not deem traceability information (with an exception on volumes) as commercially sensitive or confidential.

<sup>1</sup> [http://media.corporate-ir.net/media\\_files/IROL/16/164878/News-Release-7-Nov-16-GAR-WIL-BSR-Joint-Collaboration-Final.pdf](http://media.corporate-ir.net/media_files/IROL/16/164878/News-Release-7-Nov-16-GAR-WIL-BSR-Joint-Collaboration-Final.pdf)

We are glad to have the opportunity to meet your colleague, Makmid Kamara, which we hope will open the way for deeper engagement, and potentially collaboration to resolve some of the critical labour issues in the palm oil section in the near future.

I will be reaching out to you shortly to organize a follow up phone call.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Perpetua George'.

(Ms) Perpetua George  
Assistant General Manager – Group Sustainability