

## SUSTAINABILITY

### OUR APPROACH TO SUSTAINABILITY

As a leading agribusiness group engaged in the entire value chain of the agricultural commodity business, Wilmar believes that we are in a unique position to leverage our expertise and scale to lead and embrace a more sustainable and responsible approach to how agricultural and food products are manufactured, distributed, consumed and disposed of.

Globally, our operations are guided by a comprehensive array of sustainability-related guidelines including our No Deforestation, No Peat, No Exploitation (NDPE) policy to move the Group towards our sustainability commitments, which are focused on three priorities:

- Protecting our environment
- Prioritising people and human rights
- Responsibility to our consumers and the marketplace

The above priorities cover all our major business segments and take into

account our material Environmental, Social and Governance (ESG) topics which were updated in 2020.

To help us fulfil our commitments, we adopt a three-pronged strategy:

- Constructive engagement with our stakeholders, which includes providing grievance mechanisms that allow concerns to be raised
- Participating in and obtaining relevant sustainability certification schemes
- Building capacity and transferring knowledge to our suppliers so that we can progress together on our journey to become more sustainable and responsible

### Reporting and Communicating Progress

Meeting our sustainability commitments is incomplete without effective reporting of our progress in a manner that is transparent and accountable to our stakeholders. In addition to the Global Reporting Initiative (GRI) standards, we also report against the Sustainability

Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD).

Starting 2020, our reporting scope and coverage have expanded beyond the Oil Palm Plantation and Sugar Milling segments to include all our major business segments.

### PROTECTING OUR ENVIRONMENT

Wilmar is steadfast in our commitment to safeguard natural resources and to protect the environment including the fragile ecosystems in regions where we operate. We focus our efforts on protecting High Conservation Value (HCV) and High Carbon Stock (HCS) forests and peatlands while minimising our environmental footprint as well as developing sustainable packaging solutions. This is part of our ongoing endeavour to strike a balance between our commitment to protect the environment while also playing a key role in addressing food security for a growing global population.



*We conserve, manage and rehabilitate High Conservation Value and High Carbon Stock forests and peatlands as well as areas identified for biodiversity conservation in our concessions.*





Wilmar has 25 methane capture facilities at our crude palm oil mills to mitigate mill greenhouse gas emissions.

### Biodiversity and Conservation

Wilmar recognises that tropical forests play an important role in maintaining healthy ecosystems and defending against climate change. We remain steadfast in our commitment to No Deforestation and No Peat across our entire supply chain. Our focus is to increase yields and extraction rates to meet production demand without any further land clearing.

Where there are HCV and HCS forests and peatlands in our operations, we work to conserve, manage and rehabilitate them as guided by the High Conservation Value Network (HCVN) and the High Carbon Stock Approach (HCSA) toolkit through integrated HCV-HCS assessments. Additionally, there are areas in our estates that we have identified for biodiversity conservation. We are meticulously and carefully implementing a range of programmes to monitor and manage these reserved areas.

Forest fires also pose a risk to the delicate ecosystems in Indonesia. We take a strong stand against the illegal use of fire and adhere strictly to a No Burn policy. We work with the Fire Free Alliance (FFA) programme for better prevention, early detection and rapid

suppression of fire incidences. We also engage with communities surrounding our concessions to raise awareness and transfer knowledge on alternative land clearing methods to replace the traditional slash-and-burn practices.

In addition to our own concessions and a five-kilometre radius around them, our fire monitoring coverage extends to our third-party suppliers under our Supplier Group Compliance Programme (SGCP). The SGCP is part of Wilmar's three-pronged approach to proactive monitoring of our third-party suppliers, which also includes satellite imageries and our Grievance Procedure.

Wilmar has been an active member of the NDPE-Implementation Reporting Framework (IRF) since 2019. The IRF, which is led by Proforest, allows us to measure and communicate our NDPE progress to suppliers and stakeholders more effectively.

### Climate Change

We recognise the dire consequences of climate change on humanity and the direct risks they pose to our operations. We are reducing our impacts on climate change through our conservation efforts, adopting best management practices in planted areas on peatland,

developing methane capture facilities as well as using biomass to generate electricity at our mills.

We continue to identify risks and opportunities to strengthen the Group's business resilience while striving to adapt as the world transitions to a low-carbon economy. For instance, our research and development efforts include palm seedlings that are able to potentially withstand extreme weather events.

### Environmental Footprint of Our Operations

Our business, like all others, is dependent on various resources such as water and energy. Thus, we have an important role in ensuring that we minimise our environmental footprint while continuing to support sustainable production. Staying committed to our Environmental Policy, energy and water efficiency measures are consistently implemented across all our operations, and where possible, we continue to adopt the 3R approach of Reuse, Recover and Recycle waste from our operations. We have also



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### Sustainable Packaging

Packaging is essential in maintaining food safety and quality, as well as reducing food wastage by extending shelf life. However, packaging waste and particularly plastic waste is a growing concern and we endeavour to improve our product packaging by:

- Reducing the overall amount of resources required and materials used
- Improving the quality of materials used to increase recyclability
- Ensuring materials are from sustainable sources by improving our sourcing requirements

Our businesses have also been working towards customised packaging to better meet local consumers' preferences and expectations.

### PRIORITISING PEOPLE AND HUMAN RIGHTS

The welfare and close engagements with the communities that host our operations globally as well as our employees who form the backbone

of our business remain a key priority to Wilmar. Furthermore, we focus our efforts and resources on improving and strengthening the rights of communities and our employees as well as ensuring the safety and well-being of our employees.

### Human Rights and Labour Standards

Safeguarding human and labour rights is of utmost importance to the Group and we take responsibility to ensure they are also protected throughout our value chain which includes our subsidiaries, associates, suppliers and contractors.

The Group's commitments are set out in our Human Rights Policy, Human Rights Framework, and Child Protection Policy which guide the development and implementation of our due diligence mechanisms to identify, account, prevent, mitigate and remediate any adverse impacts on human rights.

Our Women's Charter outlines Wilmar's commitment to respecting women's rights and overseeing their welfare. It is implemented by local women committees, also known as Women's Working Groups (WoW), across our

upstream palm oil operations. Key focus areas of the Women's Charter include:

- Women's health
- Maternity care
- Awareness of sexual harassment
- Children's safety and well-being
- Improving livelihoods

We continue to strictly adhere to the Free, Prior and Informed Consent (FPIC) process prior to any plantings or related activities to ensure that communities have clear and specific avenues to engage and deliberate the conditions with us.

Initiating and participating in collaborative efforts, partnerships and multi-stakeholder platforms are part of our efforts to implement and strengthen our commitments to human and labour rights. These include working closely with various technical partners and experts in Indonesia such as Business for Social Responsibility (BSR), Earthworm Foundation (EF) and Verité.

For example, in December 2020, we launched our Child Protection Policy Implementation Manual, which was developed jointly with BSR. The manual is part of a programme launched in 2019



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to strengthen and protect the rights of children living in oil palm plantations, in collaboration with industry leaders including Colgate-Palmolive, Nestlé, Procter & Gamble, PepsiCo and Nestlé, among others.

Developed in consultation with the Indonesian child protection authorities, non-governmental organisation (NGO) experts, unions, and international organisations such as the Roundtable on Sustainable Palm Oil (RSPO), the manual is designed to be comprehensive and pragmatic to facilitate implementation while incorporating pictorial field guidance for universal understanding. A series of workshops attended by 190 participants were also organised to build capacity and guide our suppliers towards a better understanding of child protection within their operations.

### Employee Health, Safety and Well-being

Safety is one of the Group's core values and inculcating a culture of workplace safety across our operations globally is an ongoing priority. We have in place an integrated Environmental, Health and Safety Management System covering all our operations and our employees. Governed by our Workplace Health and Safety Policy, we conduct regular trainings and access to education materials to raise awareness and build knowledge among our employees on best practices and up-to-date requirements. These help us to identify work-related hazards, take measures to eliminate or minimise them and prevent accidents in the workplace.

Wilmar transitioned towards an online learning management system in 2020 and have since been developing online training materials that can be accessed and assessed by employees. We are also developing a five-year programme specialising in health and safety audits and trainings.



*Wilmar's Equal Opportunity Policy is a commitment that every employee has the right to equal opportunities and treatment.*

To further improve employee well-being, there are various initiatives designed to promote and support work-life balance and healthy lifestyles, both in the workplace and at home.

### Diversity and Inclusion

Given Wilmar's international footprint, our workforce is diverse and brings to the business a unique benefit of different and new perspectives. The Group's Equal Opportunity Policy is a commitment to ensure every employee has the right to equal opportunities and treatment, regardless of ethnic origin, gender, national origin, age, social class, religion, sexual orientation, gender identity, union membership, political affiliation, or disability.

### Talent Management

It is a constant race to acquire and retain good talent globally, hence we endeavour to offer attractive and competitive remuneration and benefits while creating an engaging environment for our employees to reach their full potential and pursue their career goals.

We also firmly believe in providing opportunities for our employees to grow and thrive within the Group. This is further complemented by our ongoing efforts to strengthen and upskill our current workforce through various initiatives including the setting up of training academies in Indonesia and China.

More information on our Talent Management efforts can be found in the Human Capital Management section on page 28.

### Economic and Community Contribution

We recognise that the scale of our business and geographical presence put Wilmar in a unique position to contribute to the socioeconomic development of the communities we operate in. More importantly, we recognise the varying degrees of economic, social and environmental impacts, both positive and negative, that our business has on our communities.

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*We continue to support our scheme and independent smallholder suppliers with the tools and knowledge to improve their livelihoods while guiding their efforts to fulfil our NDPE commitments.*

The establishment of our oil palm estates have brought about infrastructure development such as roads, electricity and clean drinking water to remote rural areas. Our plantation workers live with their families in proper housing and have access to facilities such as clinics, schools and places of worship. All workers receive at least the applicable local minimum wage in line with legal regulations.

We continue to ensure that all our scheme and independent smallholder suppliers are supported by various and relevant smallholder programmes tailored to the context and specific needs of smallholders from different regions. These include providing them with the tools and platform to access expertise and to share best practices in order to improve their livelihoods while guiding and supporting their efforts to fulfil our NDPE commitments.

With our sugar cane outgrowers in India, we continue to focus on building capacity in a myriad of topics ranging from Super Cane Nursery technology, raising awareness on new varieties and arrangement of planting materials and bio-pesticides as well as Best Management Practices (BMP), health

and safety and financial literacy. Our engagement was carried out through conference calls during the country's Covid-19 lockdown while in-person trainings and demonstrations resumed after restrictions were lifted.

Similar engagement programmes on capacity building and BMP were undertaken with sugar cane outgrowers in Myanmar. In addition, there is a fertiliser programme in place where we sell fertiliser to outgrowers at competitive market rates with an extended credit period as a means to further support them.

Despite having to suspend our regular face-to-face sessions and tours with sugar cane growers in Australia amid the pandemic, we conducted educational and information sharing sessions through video conferencing to provide expert market updates on pricing and pooling options. Our trials on applying mill and mud ash are still ongoing to help sugar cane growers reduce the potential loss of nutrients from farms while potentially increasing their profits.

We allocate about 1% of the Group's annual profit which is approximately US\$10 million to support various

philanthropic activities. Some of these include building schools in China, Indonesia, Malaysia and Africa; supporting cataract operations and prosthetic limb surgeries for the needy; building orphanages and nursing homes in China; and contributing to disaster relief efforts.

### Fighting against Covid-19

The Covid-19 pandemic is an unprecedented crisis that not only disrupts businesses but impacts the well-being and livelihoods of our employees and communities. Apart from implementing safe management measures at the workplace to ensure the safety and well-being of our employees, Wilmar is doing our part to support local governments and communities in a collective effort to mitigate the impact of Covid-19.

We modified factories, where possible and necessary, to manufacture hand sanitisers and disinfectants according to World Health Organisation (WHO) guidelines for distribution to staff, their families and our surrounding communities. Across our global operations, we donated masks, gloves, face shields, rapid test kits, medical equipment and essential food items such as rice, cooking oil, sugar, flour, bread and noodles to the vulnerable, on top of financial contributions. We will continue to support the ongoing global fight against Covid-19.

For the children of our oil palm plantation workers living in the estates, learning did not stop despite the closure of schools. Working closely with schools, we improvised and introduced tools to aid learning such as virtual classrooms and the use of messaging apps, social media and our estate audio system. Where internet access is a challenge, we distributed printed materials and homework.

## RESPONSIBILITY TO OUR CONSUMERS

It is our commitment to customers that our products are manufactured to the highest quality at the most competitive cost. With consumers at the heart of everything we do, we will continue to prioritise their health, safety and well-being in the development of better quality and innovative products through research and development (R&D), as well as transparent product marketing and labelling.

### Product Quality and Safety

The quality and safety of our products are of utmost importance and we have in place the Food Safety Policy, Food Fraud Policy and Food Defence Policy to ensure that our food products consistently meet regulatory and compliance standards.

Our food factories are required to be certified under the food safety certification scheme accredited by the Global Food Safety Initiative (GFSI) while a majority of our factories are also certified under the Food Safety System Certification (FSSC 22000) scheme, both of which are internationally-recognised food safety certifications. Where relevant, Wilmar also complies with the British Retail Consortium (BRC) Global Standard for Food Safety as well as the Safe Quality Food (SQF) programme for our operations in the United States of America.

We also adhere to the Good Manufacturing Practice (GMP) which ensures our products meet food safety, quality and legal requirements. To control food safety risks especially in retail products, we aim to implement the Hazard Analysis Critical Control Point (HACCP) system in 2021.

## Responsible Marketing and Labelling

Wilmar strictly complies with legal requirements and regulatory guidelines, as outlined in each region where we operate, to ensure that we market and label our products in a responsible manner while upholding a high level of ethical standards. This includes, but is not limited to, not targeting children in our sales and marketing activities.

### Innovating for the Future

The expansion of our R&D centres globally is a testament to our commitment to innovation. Our R&D work is carried out worldwide and focuses on developing new products, enhancing the quality of existing products and optimising operational processes.

More information on our R&D efforts can be found in the Research and Development section on page 23.

## RESPONSIBILITY TO THE MARKETPLACE

Operating in a responsible and sustainable manner with the ability to continuously adapt, evolve and improve is the cornerstone of our success. At Wilmar, we foster an ethical culture that encourages business conduct with integrity to earn and maintain the trust and confidence of our stakeholders.

### Business Ethics and Compliance

To ensure that ethical business practices are applied and the right values and culture are instilled across the Group, we have established a robust and appropriate governance structure with the relevant controls and oversight of the business.

All Wilmar employees receive training and specific guidance on our policies, either during on-boarding or refresher training sessions. These policies, which are reviewed and approved by our Board of Directors, include:

- Code of conduct
- Code of ethics
- Anti-fraud policy
- Whistleblowing policy

### Data Security and Privacy

Wilmar has established a dedicated system to address concerns surrounding data management as we strive to protect our employees' and stakeholders' rights to privacy while preventing cyber-attacks from occurring.

More information on our efforts can be found in the Information Technology section on page 25.