

NDPE Sugar Policy – working in partnership with our suppliers

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Introduction and purpose

Working in partnership with our suppliers is an integral way of working for Wilmar in order to strengthen our supply chain relationships, to mitigate risk and to promote responsible and sustainable practices.

In 2013, Wilmar launched our [NDPE](#) policy, focussing implementation on our palm supply chain. As Wilmar is one of the largest sugar trader in the world and also has its own operations and joint ventures¹, we believe it is important to also extend our approach to sustainability in our sugar supply chain.

To reflect this progression of our overall commitment to sustainable supply chains, while maintaining relevance to issues most material to the sugar supply chain, we introduce the **NDPE Sugar² policy** in this document. The **NDPE Sugar policy** remains aligned with our approach and core beliefs as indicated in the original NDPE policy and will address similar commitments specifically to protect forests, people, and communities, while promoting progress in operational efficiencies and best practice.

This document sets out the key principles and approaches that will support partnerships with our suppliers to drive improvement in the sugar sector for sustainable long-term benefits.

Wilmar recognises the importance of having flexibility in our approach in different origins in order to reflect the realities and tools already available at origin. In origins such as Australia, legal frameworks, enforcement and national programmes will be considered when determining compliance with our policies. Wilmar also recognises some third-party verification and certification schemes, for example Smartcane BMP, Sedex Member for Ethical Trade Audit (SMETA), and Bonsucro which demonstrate alignment to this policy.

Core to this programme is a commitment to create a transparent sourcing network through traceability mapping in order to understand our supply chains and gain visibility to origin. This will support us to implement our policy.

The approach taken to achieve progress against the principles will vary between Wilmar's own operations including joint ventures, and third-party suppliers and traded volumes where Wilmar's leverage and responsibility is different. We acknowledge that such progress takes time to implement so we believe that the biggest impact within our supply chain will be most efficiently achieved through an initial implementation focus on our directly contracted mill suppliers to refineries.

Wilmar will work on progressively cascading our principles and approach through the various actors in our supply chain to drive industry-wide sustainability transformation. We acknowledge there are potential sustainability risks within trades and transactions via the global sugar exchanges, and we are supportive of industry-wide collaborative efforts to improve the sustainability performance of these traded volumes.

Scope

All provisions in this policy apply to:

- All Wilmar sugar operations worldwide, including those of our subsidiaries, any sugar refinery, sugar mill or farm that we own, manage, or invest in, regardless of stake.
- All directly contracted third-party suppliers (farms, mills, refineries and traders).

As described in the introduction, Wilmar will adopt a progressive phased approach in implementing this programme and will continuously work together with various actors to ensure smooth implementation.

¹ <https://www.wilmar-international.com/our-businesses/feed-and-industrial-products/sugar>

² No Deforestation, No People Exploitation (NDPE) Sugar

Principles

The following principles are the core of this policy for our sugar supply chain.

Principles 1 and 2 are mandatory principles relating to the minimum expected sustainability requirements of all Wilmar's supply base. Wilmar requires explicit commitment to our NDPE policy and demonstration of actions, plans and progression against Principles 1 and 2.

Principle 3 recognises the importance of continuous improvement and enhancing operational practices through a progressive and ongoing implementation approach.

Principle 1. Protecting and Respecting People and Communities

- Respect and support internationally recognised human rights
- Respect and recognise the rights of all workers
- Respect and protect the rights of children and their welfare
- Respect land tenure rights
- Respect the rights of indigenous and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operations on lands to which they hold legal, communal, or customary rights
- Identify measures to provide remediation where the company has caused or contributed to negative human rights impacts

Principle 2. Protecting natural ecosystems

- No conversion of legally protected areas or HCV areas
- GHG emissions are measured, with reduction targets in place

Principle 3. Enhancing operational practices

- Improving overall efficiency of operations
- Effective management of water
- Progressive implementation of agricultural best practice
- Preserve and enhance relevant biodiversity and ecosystem services

More details on the principles are provided in the sections on Mandatory Principles and Continuous Improvement Principle.

Adherence to Wilmar's Human Rights Framework, No Exploitation Protocol, and Supplier Guidelines are also relevant here.

Mandatory Principles

Principle 1: Protecting and respecting people and communities

Wilmar is committed to ensuring that the following principles apply to the rights of all people directly impacted by any operation covered under the full scope of this policy, whether through employment or proximity. This includes people living locally in nearby or adjacent communities, and people working as employees and contractors, including temporary, seasonal and domestic and international migrant workers.

Respect and Support Internationally Recognised Human Rights

We commit to upholding and promoting internationally recognized human rights as described in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights) and the International Labour Organization (ILO) eight fundamental Conventions and Declaration on Fundamental Principles and Rights at Work. This commitment also extends to national level legal requirements and standards on human rights and employee rights.

Our Human Rights framework and position on No Exploitation are guided by the United Nations Guiding Principles on Business and Human Rights, which encompasses the three pillars of 'Protect Respect and Remedy', plus promotion of human rights. We are also guided and informed by the United Nations Global Compact and the FAO's Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the context of national food security (VGGTs). These provisions apply for all workers, contractors, indigenous people, local communities and anyone affected by our operations under the full scope of this policy, as outlined in our [Human Rights Policy and Human Rights Framework](#).

Respect and Recognise the Rights of All Workers

We commit to ensuring that the rights of all people working in any operation covered under the full scope of this policy are respected according to local, national and ratified international laws. We also commit to ensuring international best practices where legal frameworks are not yet in place, and use as reference:

- the United Kingdom (UK) Modern Slavery Act
- Australia's Modern Slavery Act
- other Wilmar policies that support our human rights values and commitments (i.e. Human Rights Framework, Child Protection Policy, Occupational Health and Safety Policy, Equal Opportunity Policy, and Sexual Harassment, Violence and Abuse, and Reproductive Rights Policy, Whistleblowing Policy, and Women's Charter).

The following requirements are central to successful implementation of this policy:

- i. Elimination of forced, bonded (including debt bondage) or indentured labour, slavery and trafficking of persons, and restrictions on workers' freedom of movement. Wilmar is committed to upholding the rights to freedom of movement and the right to resign from employment.
- ii. Upholding the rights of workers to freedom of association, collective bargaining, and to form and join trade unions of their choice.
- iii. Ensuring ethical recruitment such that workers do not incur any recruitment fees at any stage of the recruitment process, and no retention of passports/identity documents. Workers may voluntarily want to have their passports or identity documents held by the management for safekeeping purposes. In such cases, the documents should be returned

to the workers upon request. There should be evidence of due diligence in applying this to all contract workers and suppliers.

- iv. Providing a safe and healthy workplace, as outlined in our [Health and Safety Policy](#). Wilmar will work to protect workers from poor and potentially harmful working conditions due to lack of access to sufficient potable water, rest and shade and inadequate personal protective equipment.

Wilmar will also work to protect workers local communities and the environment from exposure to hazardous chemicals. Pesticides that are categorised as World Health Organization Class 1A or 1B and listed by the Stockholm or Rotterdam Conventions are not used, except in specific and urgent situations. We will work with stakeholders to determine and implement alternative pest control strategies to avoid these pesticides.

- v. Respect for diversity, and provision of a working environment free from discrimination, harassment and abuse, as outlined in our [Women's Charter](#), [Equal Opportunity Policy](#) and [Sexual Harassment, Violence and Abuse, Reproductive Rights Policy](#).

- vi. Commitment to best practices in terms of fair working conditions, including the payment of wages that meet or exceed legal requirements, taking into account reasonable production targets, piece rates³ and working hours. Other focus areas include workplace accident insurance, documented employment contracts, confidentiality, adequate and decent accommodation when provided by company or others, and access to remedy.

Respect and Protect the Rights of Children and Their Welfare

Wilmar does not tolerate child labour, any forms of child exploitation and child abuse; committing to its elimination throughout our supply chain. Ensuring welfare and special care for children in our own operations as well as our third-party suppliers' operations is under the full scope of this policy, as outlined in our Child Protection Policy.

Respect Land Tenure Rights

Making reference to the UN Food and Agriculture Organization's Voluntary Guidelines on the Responsible Governance of Tenure, Wilmar will respect indigenous peoples' and local communities' formal and customary rights to lands, territories and resources where proven, in the context of our operational activities. This includes where the rights to own, occupy, use and administer these lands, territories and resources are proven. This is done in cognizance of the national obligations, constitutions, national and local laws and regulations of the country in which we are operating.

Respect the Rights of Indigenous and Local Communities to Give or Withhold their Free, Prior and Informed Consent (FPIC) to Operations on Lands to Which They Hold Proven Legal, Communal or Customary Rights

Wilmar pledges to respect and recognise the long-term formal and customary rights and individual rights of indigenous and local communities in accordance with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and the HCSA Social Requirements. Wilmar commits to ensuring legal compliance as well as international best practices in FPIC are implemented, in accordance with the full scope of this policy, prior to commencing any new operations or activities. Wilmar will engage with local and international stakeholder communities to ensure FPIC processes are correctly implemented and continuously improved.

³ Rates are set so that they do not disadvantage workers. For example, through mutually agreed calibration processes, collective bargaining agreements, annual multistakeholder industry processes, etc.

Identify Measures to Provide Remediation Where the Company has Caused or Contributed to Negative Human Rights Impacts

Wilmar own operations will also cooperate to identify and provide remediation where Wilmar has caused or contributed to negative human rights impacts. This includes in relation to indigenous and local communities' rights and labour rights.

Principle 2: Protecting natural ecosystems

No conversion of natural ecosystems

Wilmar does not allow conversion nor the use of fire in areas of natural ecosystems that are defined internationally or nationally as legally protected areas, or identified as High Conservation Value (HCV) areas. Any sugarcane farm development activity must demonstrate that such activities do not involve areas internationally or nationally legally protected or HCV areas⁴.

Greenhouse Gas (GHG) emissions are measured with reduction targets in place

For Wilmar-owned operations, we will adopt and implement GHG emissions reduction targets, which will be achieved through for example best management practices in fertiliser and chemical inputs, limiting sugarcane burning, efficient use of diesel and effective co-generation of power, etc. We will regularly report progress in monitoring and reducing significant pollutants and emissions from our farm and mill operations using appropriate tools available in industry.

For mill suppliers, it will be important to map greenhouse gas emissions footprint as a starting point with a commitment to improve emissions, which entails setting of targets to reduce emissions.

⁴ Based on international best practice guidance from the [High Conservation Value Network \(HCVN\)](#)

Continuous Improvement Principle

Principle 3. Enhancing operational practices

This principle is framed as a continuous improvement principle as it recognises that our suppliers are at different stages of their sustainability journey and require a flexible approach to identify and address continuous improvement priorities relevant to their individual context. Wilmar encourages and supports suppliers to develop their approach to the overall enhancement of operational practices and will support suppliers to do so.

Improving overall efficiency of operations

Wilmar encourages mills to monitor overall production and process efficiency and identify areas where practices can be introduced or improved for better overall efficiency. Operational efficiency helps contribute to sustainability goals and can include amongst others the introduction of practices that lower energy use, reduce waste, and save costs.

Effective management of water

Wilmar encourages the mills to implement practices that promote responsible water use and management. Where water management plans exist as part of regulatory regional frameworks or as part of regulation, these plans are recognized and suppliers are expected to apply actions and practices that support these regional water management plans. Where water management plans do not exist as part of the operational ecosystem, it is recommended that a water management plan is developed for the mill and where possible, the sugarcane supply base that identifies main water resources, water stress, and practices to increase efficiency of water usage.

Progressive implementation of agricultural best practice

We recognize that some sustainability expectations are specific to the farms where sugarcane is produced. It is therefore important to recognize that working with sugarcane farms and farmers is an important part of the implementation of this policy. We recognize that it may not be immediately possible to have total coverage of all farm suppliers to a sugar mill, and so the emphasis for improving agricultural best practice is through engagement and knowledge sharing.

Some areas of importance include soil health, use of agronomic inputs, and harvesting practices amongst others, depending on what is locally relevant. Where working with sugarcane smallholders, it is recommended to work with local outreach organizations to provide simple solutions and approaches.

Improving soil health: Management and enhancement of soil health is an important component for improved sugarcane production. The focus is on practices to limit erosion, retain topsoil, and increasing organic content of soil. This can be achieved for example through better planting design, drainage/waterflow measures, and machinery considerations.

Efficient use of agrochemicals and fertilizers: The use of agrochemicals and fertilizers is an important part of crop management. The excessive use of agrichemicals and fertilizers can have an impact on the wider ecosystem. The focus on sugarcane farms is on how to most efficiently use these agricultural inputs to find a balance to maximize crops while also minimizing pests and weeds. This could include implementing steps to using more organic sources of fertilizers and putting in place more targeted approaches to applying pesticides.

Proactive and regular review of burning practices pre- and post-harvest: Wilmar recognizes that in certain geographies - notably in the Burdekin region of Queensland, Australia – the use of controlled pre-harvest burns is necessary to avoid issues affecting soil drainage and has the least environmental impact regionally. Where fire is not identified as the least environmental impactful option, we encourage regular reviews of burning practices where fire continues to be used. Requirements for pre-harvest burning should be clearly explained and documented. If sugarcane is burnt prior to harvest, the use of cool burns would be recommended.

Post-harvest/trash burning should be minimised and where feasible, halted, as the benefits of leaving the residual biomass after harvest to improve soil cover should be considered.

Preserve and enhance relevant biodiversity and ecosystem services

Where regional identification of protected areas and areas of ecosystem importance do not exist, Wilmar encourages the identification of biodiversity resources and ecosystem services⁵ of the sugarcane supply base and any that may be impacted by the sugarcane production. Where feasible this should include consultation with external stakeholders. This is to help ensure that the best possible environmental mitigation and restoration measures can be identified and take into account any High Conservation Values (HCVs) that have been identified.

⁵ Biodiversity refers to: rare, threatened, or endangered species, and habitats and habitat corridors; natural areas protected by legislation, patches of natural vegetation and natural ecosystems including woodlands, forests, wetlands and grasslands/rangelands. Ecosystem services refer to: riparian areas, natural wind screens, vegetative buffer zones, flood control, filtration areas.

Complaints and grievances

Resolve All Complaints and Conflicts through an Open, Transparent and Consultative Process

Wilmar's [Grievance Procedure](#) and [No Exploitation Protocol](#) are avenues to receive any relevant issues related to non-compliance within our supply chain. Any identified and verified non-compliances against this policy's core principles requires timebound action plans for remedy. In addition, as Wilmar is a Bonsucro member, stakeholders also have access to the Bonsucro grievance mechanism⁶. Where grievances or non-compliances are raised, Wilmar will engage and collaborate with relevant parties to help remedy these.

Wilmar also operates a [Whistleblowing Policy](#), under the full scope of this policy, where internal and external personnel may, in confidence, raise concerns about possible corporate improprieties, and establishes a framework for independent investigations.

Wilmar supports protection for environmental and human rights defenders and prohibits threats, harassment, intimidation, the use of violence, or retaliation against anyone who raises a concern, lodges a complaint or participates in an investigation or whistleblowing.

Finally, Wilmar maintains a clear and strong commitment to non-violence and will do whatever possible, in all contexts, to prevent the use of force or the threat or real application of violence.

Claims and communication

Wilmar intends to communicate our approach and the levels of achievement and progress of implementation of this policy on an annual basis.

[Public reporting and stakeholder engagement](#)

Wilmar values stakeholder input and commits to proactive and constructive engagement with all stakeholders, including communities, governments, customers and CSOs at the local, national and international level. This includes a commitment to make information more inclusive and accessible such as through regular public reporting through sustainability reports and the Wilmar websites, and where locally relevant in formats and languages relevant to the affected stakeholders. In our reporting of progress of implementation of this policy, we also welcome stakeholders to provide constructive input where relevant. Wilmar's aim is to constantly improve implementation. As new information and knowledge comes to light, either through our experience or through external research or experience, Wilmar will adjust and improve our policy implementation in ways that are consistent with our goals of protecting forests, natural ecosystems, local communities and human rights.



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Chairman and Chief Executive Officer

Wilmar International Limited

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⁶ <http://www.bonsucro.com/complaints-and-grievances/>

Glossary

Bonsucro - Bonsucro is a multistakeholder global membership organisation that promotes sustainable sugarcane production, processing and trade around the world.

Cool burn – A type of fire management technique that utilises low-intensity burns with slow burn speed and low temperature.

High Carbon Stock Approach (HCSA) - The High Carbon Stock (HCS) Approach is a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed.

High Conservation Value (HCV) - An area designated on the basis of High Conservation Values (HCVs) which are biological, ecological, social or cultural values considered outstandingly significant at the national, regional or global level.

Farms – Sugarcane farms that supply sugarcane to sugar mills

Free, Prior and Informed Consent – (FPIC) A collective human right of indigenous peoples and local communities to give and withhold their consent prior to the commencement of any activity that may affect their rights, land, resources, territories, livelihoods, and food security. It is a right exercised through representatives of their own choosing and in a manner consistent with their own customs, values, and norms.

Manufacturer – An operator within the sugar supply chain who manufactures products using raw or refined sugar and sells into international markets. **Retailer** - A company that sells products directly to individual consumers.

Mill suppliers – Sugarcane crushing sugar mills that supply raw sugar to sugar refineries

Mill/refiner – An operator which both crushes sugarcane in a mill and also refines the raw sugar into higher value refined sugar.

Natural Ecosystem - An ecosystem that substantially resembles—in terms of species composition, structure, and ecological function—one that is or would be found in a given area in the absence of major human impacts. This includes human-managed ecosystems where much of the natural species composition, structure, and ecological function are present.

Refiner - A production site that processes raw cane into higher value refined sugar.

Sedex Members Ethical Trade Audit (SMETA) - A social auditing methodology developed by Sedex which can be used by businesses to assess their sites and suppliers to understand working conditions in their supply chain.

Supply Area – The fields supplying a mill or refinery including the mill's owned areas, leased areas, and third-party supply base (smallholders and farmers)

Traceability - The ability to follow a product or its components through stages of the supply chain.

Trader – An operator within the sugar supply chain who trades physical and/or non-physical volumes of raw or refined sugar. A trader may purchase directly from a mill or refinery, or indirectly through other traders and sell downstream to manufacturers and retailers.