

Wilmar's No Deforestation, No Peat, No Exploitation Policy

First Quarter Update Report: 1 January – 31 March 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 key highlights of the first quarter of 2015 have been the launch of the Sustainability Dashboard, including mill lists for all refineries in Indonesia and Malaysia, and Grievance Procedure. All stakeholders can request access to the Dashboard which is the main repository for traceability data, and information on all aspects of the Wilmar policy implementation, including the grievance cases lodged.

1. Supply chain mapping

Traceability definitions

Traceability back to mill

There has been much debate over the definitions of traceability in recent months and it appears there are different interpretations being used. The Wilmar approach has been to promote transparency, providing stakeholders with data and information on various aspects. The Group focuses on traceability based on the quantity of oil from traceable sources (Volumetric calculation), but it also identifies the number of mills in its supply chain, the names of mills supplying CPO and PK to its downstream facilities, and certification status of its products. Wilmar welcomes any input from its customers and other stakeholders on its approach.

The industry recognises there may be different approaches to calculating traceability to mill which do not require supplied volumes from the mills in the overall calculation. For example, the proportion of known mills over total mills suffices in performing the traceability percentage of a given refinery/bulking terminal. In order that its stakeholders better understand the various definitions in discussion, Wilmar will provide a more detailed explanation of the Volumetric and Numeric calculations on the "Traceability" section of its Dashboard*.

Traceability back to plantation

The definition of traceable to plantation, or fresh fruit bunch (FFB) traceability, is also the subject of considerable debate. As noted previously, Wilmar has focussed its attention on traceability to mill, because the mill is a good indicator of the approximate location of its suppliers. Wilmar has prepared maps of all its own mills, showing all estate boundaries and the location of each smallholder and dealer, and is pursuing options to help its third party suppliers to do likewise.

While obtaining GPS coordinates and/or maps of each FFB supplier is an objective, it is not the immediate priority. The priority for Wilmar is to engage with mill owners who can reach their own FFB suppliers to ensure the process of transformation can begin across the entire supply shed. The current assessment is based on having considerable detail on all growers, which may result in more conservative results than if the agreed industry definitions are lower than this.

Notwithstanding the ongoing discussions amongst various stakeholders over the definition of “traceability back to plantation”, the initial criteria Wilmar uses to assess FFB traceability are as follows:

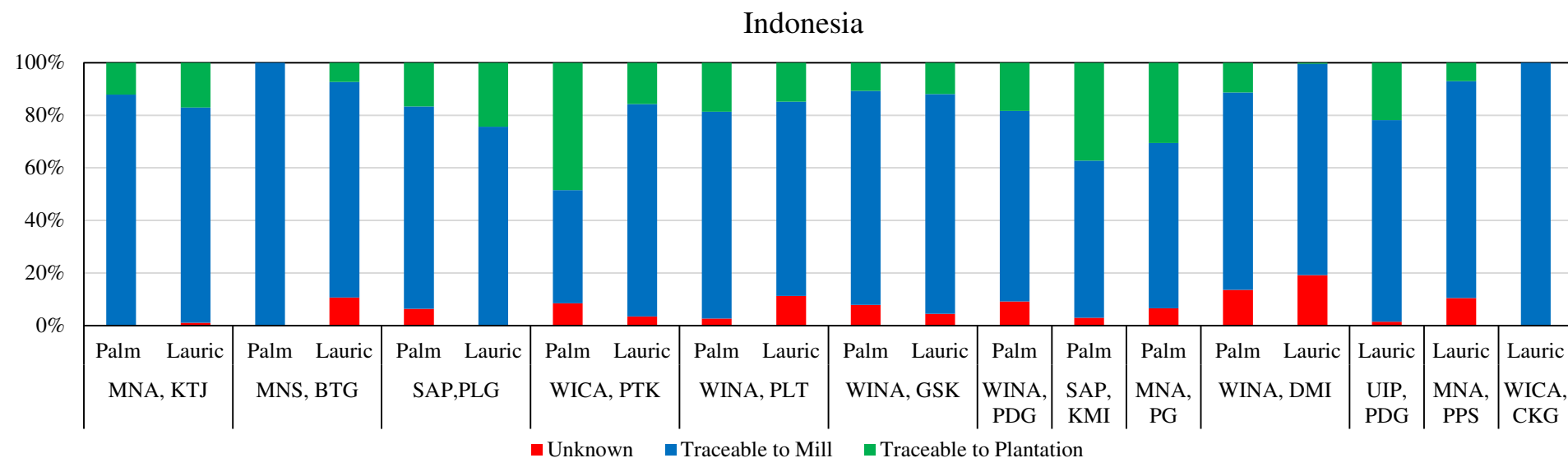
	Estates	Smallgrowers	Smallholders	Dealers
Parent company name	Y			
Estate/grower/dealer name	Y	Y	Y	Y
GPS and address	Y	Y	Y	
Planted area	Y	Y	Y	
Number of growers		Y	Y	Y
Certification status	Y			
% (volume) from this source	Y	Y	Y	Y

Supply Chain Mapping

Further progress has been made on the traceability analysis and summary data with traceability now measured across Indonesia, Malaysia, India, Bangladesh, Sri Lanka, China, Ghana, Nigeria, South Africa, United States of America, Europe and Vietnam.

The traceability data below for all facilities relates to data on supplies and shipments for the complete calendar year from January - December 2014; they will be updated on the Dashboard.

Indonesia



LEGEND

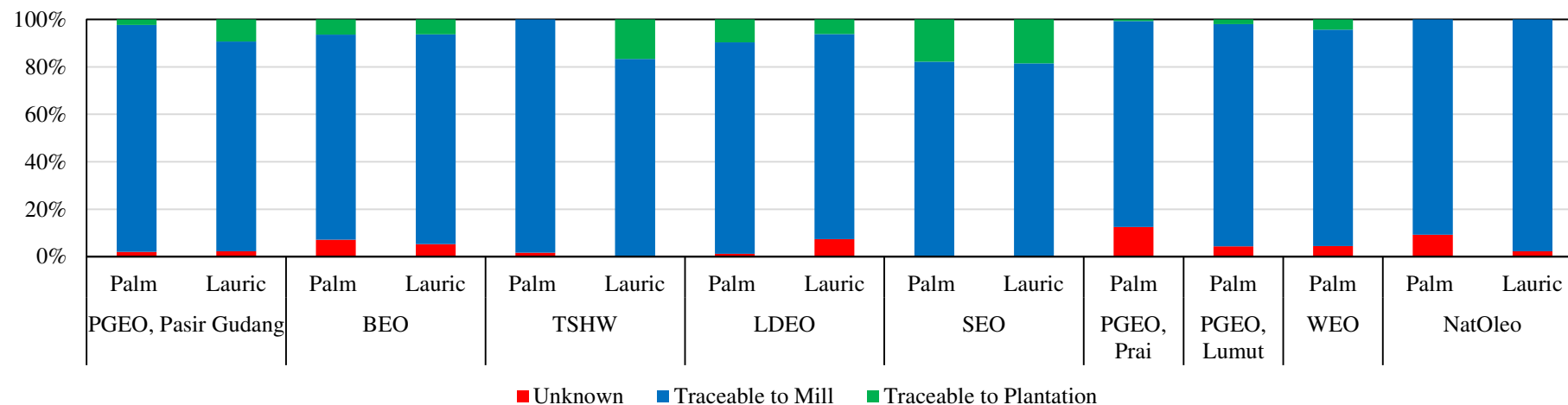
Refinery	Code
PT Multimas Nabati Asahan, Kuala Tanjung	MNA, KTJ
PT Multimas Nabati Sulawesi, Bitung	MNS, BTG
PT Sinar Alam Permai, Palembang	SAP, PLG
PT Wilmar Cahaya Kalbar, Pontianak	WICA, PTK
PT Wilmar Nabati Indonesia, Pelintung	WINA, PLT
PT Wilmar Nabati Indonesia, Gresik	WINA, GSK
PT Wilmar Nabati Indonesia, Padang	WINA, PDG

Refinery	Code
PT Sinar Alam Permai, Kumai	SAP, KMI
PT Multimas Nabati Asahan, Pulo Gadung	MNA, PG
PT Wilmar Nabati Indonesia, Dumai	WINA, DMI
PT Usaha Indah Padang, Padang	UIP, PDG
PT Multimas Nabati Asahan, Paya Pasir	MNA, PPS
PT Wilmar Cahaya Kalbar, Cikarang	WICA, CKG

In total there are 9 million metric tonnes (mt) of crude palm oil (CPO) and 1.1 million mt of palm kernel oil (PKO) from its Indonesian refineries that are traceable at least to mills.

Malaysia

Malaysia



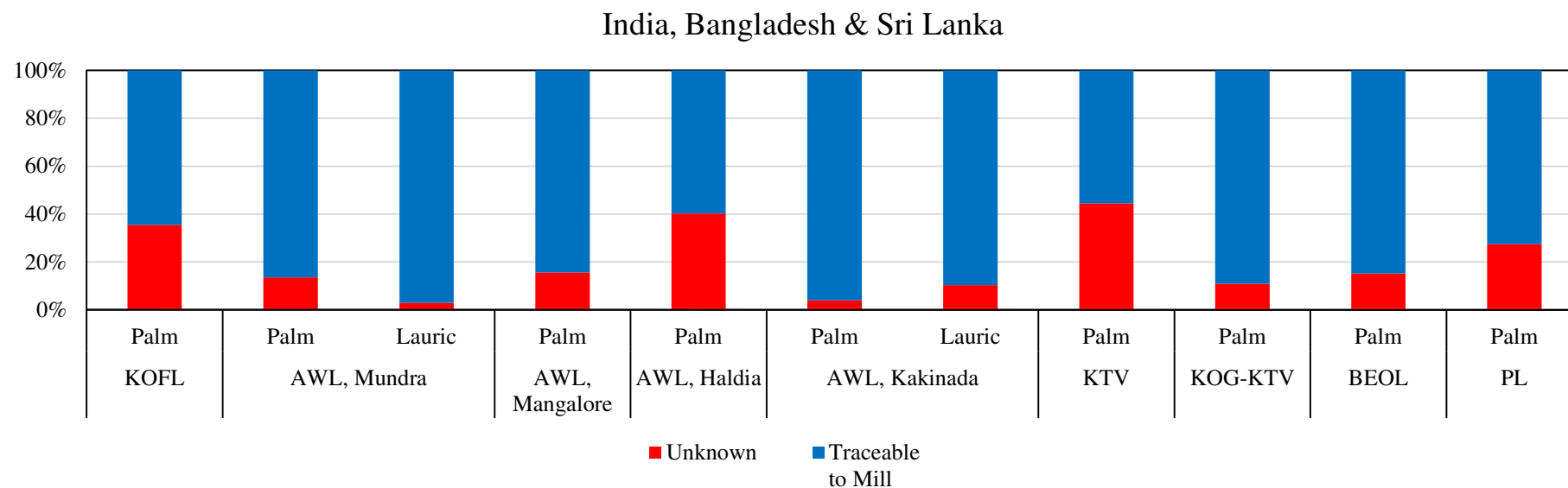
LEGEND

Refinery	Code
PGEO Edible Oils Sdn Bhd, Pasir Gudang	PGEO, Pasir Gudang
Bintulu Edible Oils Sdn Bhd, Bintulu	BEO
TSH-Wilmar Sdn Bhd, Kunak	TSHW
Lahad Datu Edible Oils Sdn Bhd, Lahad Datu	LDEO
Sandakan Edible Oils Sdn Bhd, Sandakan	SEO

Refinery	Code
PGEO (Prai Division)Edible Oils Sdn Bhd, Prai	PGEO, Prai
PGEO (Lumut Division)Edible Oils Sdn Bhd, Lumut	PGEO, Lumut
Wilmar Edible Oils Sdn Bhd, Butterworth	WEO
Natural Oleochemicals Sdn Bhd, Pasir Gudang	NatOleo

In total, there are 5.5 million mt of CPO and 0.5 million mt of PKO from its Malaysian refineries that are traceable at least to mills.

India, Bangladesh and Sri Lanka



LEGEND

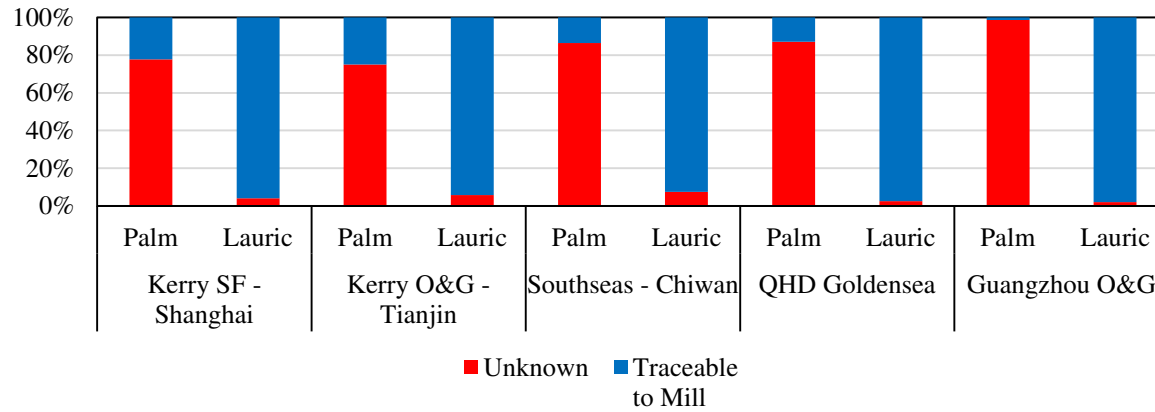
Refinery	Code
Krishnapatnam Oils and Fats Pvt Ltd , Nellore	KOFL
Adani Wilmar Limited, Mundra	AWL, Mundra
Adani Wilmar Limited, Mangalore	AWL, Mangalore
Adani Wilmar Limited, Haldia	AWL, Haldia
Adani Wilmar Limited, Kakinada	AWL, Kakinada

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

In total, there are 0.8 million tonnes of palm products and 0.05 million tonnes of lauric products entering the above refineries that are traceable at least to mills.

China

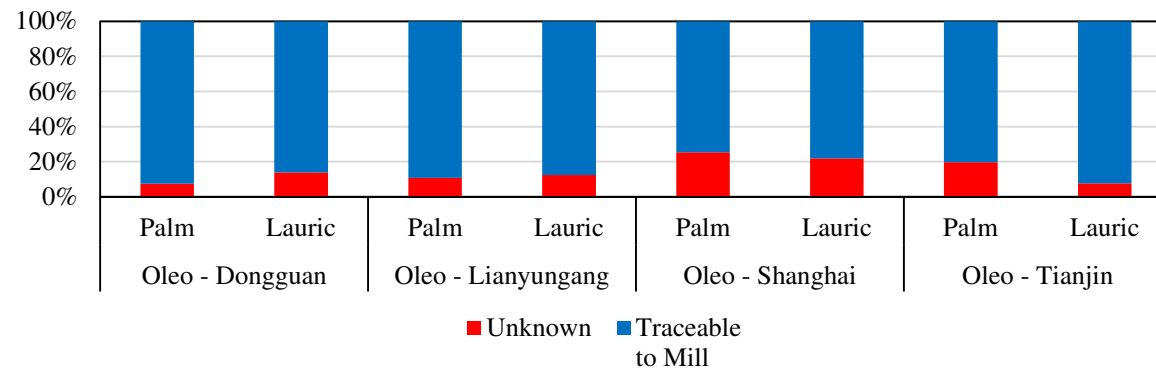
China - Specialty Fats



LEGEND

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

China - Oleochemical



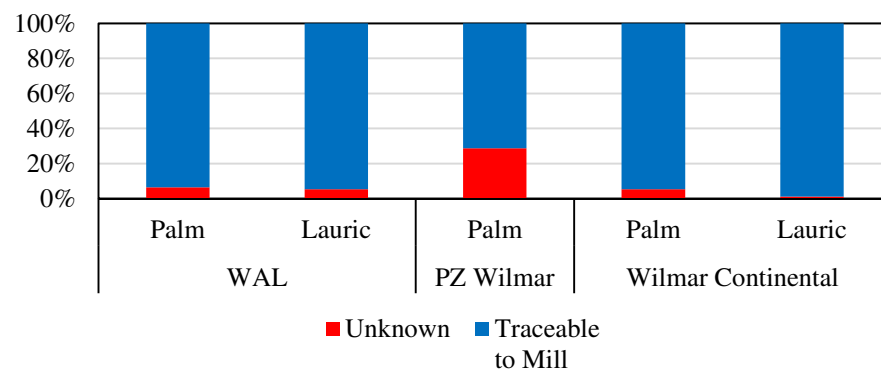
LEGEND

Refinery	Code
Wilmar Oleochemical (Dongguan) Co., Ltd	Oleo - Dongguan
Wilmar Oleochemical (Lianyungang) Co., Ltd	Oleo - Lianyungang
Wilmar Oleochemical (Shanghai) Co., Ltd	Oleo - Shanghai
Wilmar Oleochemical (Tianjin) Co., Ltd	Oleo - Tianjin

In total, there are 0.5 million mt of palm products and 0.2 million mt of lauric products entering the above refineries in China that are traceable at least to mills.

Africa

Ghana, Nigeria & South Africa

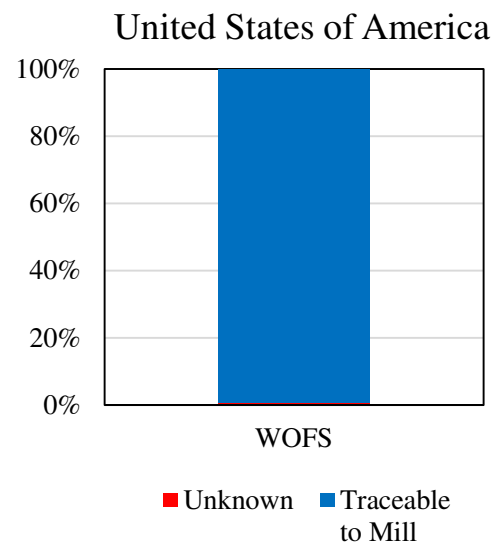


LEGEND

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

In total, there are 0.5 million tonnes of palm products and 0.01 million tonnes of lauric products entering the above refineries in Africa that are traceable at least to mills.

United States of America

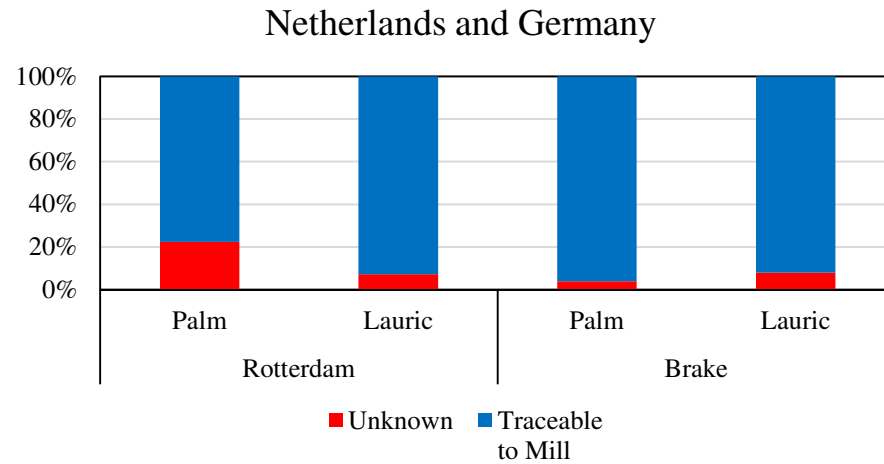


LEGEND

Refinery	Code
Wilmar Oils & Fats (Stockton) LLC	WOFS

In total, there are 0.09 million mt of palm products entering the above refinery in United States of America that are traceable at least to mills.

Europe

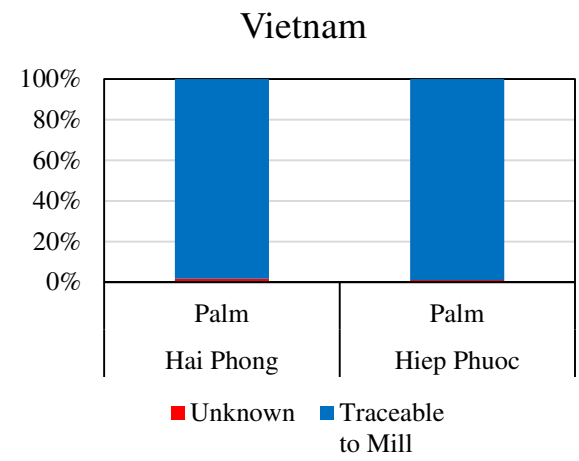


LEGEND

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

In total, there are 0.7 million mt of palm products and 0.04 million mt of lauric products entering the above refineries in Europe that are traceable at least to mills.

Vietnam



LEGEND

Refinery	Code
Hai Phong	Hai Phong
Hiep Phuoc	Hiep Phuoc

In total, there are 0.25 million mt of palm products entering the above refineries in Vietnam that are traceable at least to mills.

2. Policy commitment progress

Apart from its supply chain mapping exercise, Wilmar continued to focus in Q1 on avoiding deforestation and development on peat, as well as social issues wherever and whenever these have been identified.

Transparency and Accountability

Transparency to transformation

The issues and solutions identified during visits to seven mills and their FFB suppliers in Sabah, Malaysia have been discussed with the participating (host) companies in Q1 2015. A range of items have been identified that can help the mills work with their FFB suppliers to adopt more responsible practices. Feedback will be sought from these companies before conducting workshops with the wider industry in East Malaysia. An anonymised report summarising issues and solutions identified will be the basis for these discussions with all suppliers to Wilmar refineries to clarify Wilmar's expectations and explain the assistance available to them.

The process to collect details of all mills supplying the PGEO refinery in Pasir Gudang, Johor, Malaysia and the Gresik refinery in Java, Indonesia is underway. The PGEO prioritisation process will begin early in Q2 and the Gresik process soon thereafter. This will be followed by supplier engagement, and visits to the selected mills and their FFB suppliers will commence later in Q2; approximately 10% of the total number of supplier mills will be visited in each case.

A desktop process has been undertaken of mills supplying Paya Pasir and Kuala Tanjung facilities in North Sumatra, Indonesia in Q1 2015 to identify priority companies for engagement and visits. Two mills have already hosted visits, and more mills will be engaged. Several of the visits focus on mills near to the Leuser ecosystem to identify if or how such mills need support to ensure their suppliers do not pose a threat to this ecosystem.

Dashboard

The Dashboard, a microsite decided to reporting Wilmar's sustainability endeavor, including the implementation progress of its Policy commitment, was officially launched in January 2015. While the Group recognizes that its Dashboard is a work-in-progress, there has been positive feedback from many users. Wilmar will be adding to and enhancing the site on a regular basis in response to stakeholder feedback and as new information becomes available.

* Stakeholders can request login details at <http://www.wilmar-international.com/sustainability/dashboard/>

Grievance Procedure

The Procedure had its formal launch in January and is available on the Wilmar Dashboard. Grievances raised are also listed on the Dashboard with information on actions taken and status of each of them.

Supplier

In particular, the grievance against Genting has already been closed for monitoring. Genting plantations agreed to cease clearing on concessions in Kalimantan until HCS studies had been completed. These have now been completed and clearing of low risk areas has commenced. The site will be monitored to ensure that the clearing does not extend into areas that have been set aside for conservation. Furthermore, Genting has hosted a visit by Wilmar and TFT to their mill and plantations in Sabah.

Associate Companies

One grievance, involving allegations of land grabbing in Uganda, has resulted in court action against Wilmar's associate companies, Bidco Uganda and Oil Palm Uganda Limited. Wilmar has released a response to the allegations on its website (<http://www.wilmar-international.com/wp-content/uploads/2013/01/Wilmar-Refutes-Allegation-of-land-grab-in-Uganda-25-Feb-2015-Update.pdf>), and is continuing to investigate the claims. TFT have met with Friends of theEarth (FoE) Uganda/National Association of Professional Environmentalists (NAPE) and spoken to eight of the 20 claimants (provided to TFT by FoE Uganda); TFT has to date been unable to locate the remaining claimants.

At the time of writing this report, Wilmar understands the High Court of Uganda is considering the option of mediation between the affected local community member, John Muyisa, who is the plaintiff of the case-in-question; the daughter of the original landowner Sylvia Gloria N.K Sempa; Bidco Uganda and Oil Palm Uganda Limited, associate companies of Wilmar, to settle the land disputes in lieu of litigation. Only if no settlement is reached at mediation will the case be scheduled for a formal court hearing.

Updates will be provided when more information becomes available.

HCS Toolkit and Training

The HCS approach toolkit is now available online at www.highcarbonstock.org. Wilmar is one of the organisations on the HCS Steering Group that has endorsed the publication of the first version of a Toolkit which gives commodity-producing companies practical guidance on how to identify tropical forests for conservation and degraded lands for potential plantation development. Further training will be rolled out in the next two quarters.

Assessments on Plantation Working Conditions

In March TFT visited and assessed two Wilmar estates in Sabah on their working conditions in the mill and plantation operations. Visits to the estates included interviews with field workers, visits to accommodation, clinics, schools and crèches, discussions with operations staff and viewing documents.

It was evident that both estates have adequate and satisfactory operational structures in place and have made efforts to address issues. However there are still some social issues and the major areas of weakness that have been identified that require remedial action. The visit revealed areas for improvement in management structures, documentation and workers' rights. Among these are unclear salary deductions, withholding of travel documents, and recruitment methods that could result in unfair recruitment or employment of under-aged workers. A range of helpful information and guidance, such as templates, sample contracts and payslips, were developed and provided to the estate management.

Conflict Resolution Workshop

TFT conducted a four-day conflict resolution training session to many Wilmar staff (30 implementers and 45 managers) at end March. The training included conflict mapping, conflict management and resolution, with reference to practical examples of conflicts in Wilmar plantations. TFT is compiling a Conflict Resolution toolkit using materials from the training as well as other resources, which will include a list of NGOs active in conflict resolution.

Wilmar commenced a trial of a conflict mapping tool prepared by TFT at two estates in Kalimantan. The trial will continue in April with the aim of incorporating the conflict mapping tool into the Conflict Resolution toolkit.

Smallholders

Wilmar has been pursuing its work with Indonesian Oil Palm Smallholders Union (SPKS) in Riau, with a visit to two Wilmar mills and holding discussions with some of their smallholder suppliers in March. A number of issues were raised along with possible options to address them. Additional data collection for independent mapping of smallholders is being undertaken with advice from TFT as the basis for further action.

Africa

Nigeria

Another visit to Nigeria was made by TFT in January-February to evaluate and assist with progress on the action plan developed previously. Good progress was observed in some aspects and feedback from communities consulted was generally positive. Further progress was made with HCV assessments, including mapping seasonal swamp extent (used for fishing), and adoption of FPIC procedures.

An HCS assessment has been completed for one concession (Ibiae estate), which was largely degraded land containing only one patch (25ha) of Low Density Forest which is considered to be HCS. Following the HCS Approach, TFT is integrating some community and FPIC data into the report alongside the HCS forest aspects. The HCS study in another concession (Calaro Extension) was interrupted by the outbreak of Ebola and the recently concluded elections, but the field inventories are due to be finished early in Q2, following which the HCS analysis will be completed. Some of the experiences gained in these HCS studies will be shared at the RSPO meeting in Amsterdam, The Netherlands, in June.

Uganda

Good progress was also observed in several areas in the operations of Oil Palm Uganda Limited (OPUL) in January, ranging from improvements in documentation to positive developments in health and safety (e.g. provision of free Personal Protective Equipment – PPE and new drinking water tank; the appointment of a doctor). The TFT team also interviewed 161 farmers as part of the broad smallholder assessment plan, as well as local community members with land claim concerns.

There are still some issues to be resolved and actions to be completed. Further progress is needed with regard to the environmental management plan.