

PUBLIC STATEMENT

9th December 2020



Updated Statement (18th December 2020) with Corrections

We would like to express our sincere apologies for any inconvenience caused with regard to the following:

- 1. We previously referred to the HCV Network (HCVN) as the 'HCV Resource Network', which was their previous organizational name. We have amended this reference throughout the updated statement.*
- 2. In paragraph seven, the term "assertion" was used incorrectly, as this was not referencing explicit statements made on the HCV-HCS methodology and quality control process within the Mongabay article. We have rectified this with the use of the term "implied" for better accuracy and to avoid potential misunderstanding.*

Response to Mongabay Article on PT Medco Papua Hijau Selaras

Wilmar International Limited (Wilmar) takes every allegation related to non-compliance to our 'No Deforestation, No Peat, No Exploitation' (NDPE) policy very seriously, including those related to deforestation. In response to the Mongabay article published on 8 December 2020, titled "Palm oil giant Wilmar unfazed as watchdogs cry foul over Papua deforestation"¹, we would like to reiterate that PT Medco Papua Hijau Selaras (MPHS) is an existing grievance case that is publicly reported on Wilmar's grievance listing². Furthermore, an investigation was initiated when a first alert was received in March 2020.

It is important to emphasize that PT MPHS has an existing HCV and HCS assessment, which was conducted by assessors approved by the HCV Network Assessor Licensing Scheme³ (ALS) and completed in 2019. ALS is a licensing mechanism under the HCV Network (HCVN) that monitors the performance of licensed practitioners to ensure robustness in the identification of HCV and HCS forests. Thus, expectations are that the HCV and HCS assessment reports developed for PT MPHS is at a certain level of confidence.

Wilmar is not disputing the land clearing activities, which were noted as "industrial development", as these were carried out in areas assessed in the reports to **not** be HCV or HCS forest. We are however highlighting that based on our investigation with PT MPHS, 26 sporadic patches of land clearance totalling between 20 to 30 hectares occurred within areas identified as HCV or HCS to develop smallholder plasma plantations, due to continuous pressure by the community.

Meanwhile, PT MPHS committed to rehabilitate the affected areas, as identified in the HCV and HCS assessment reports. Working together with *Balai Pengawas Daerah Aliran Sungai*⁴ (BPDAS) since November 2020, PT MPHS also committed to plant 30,000 trees as part of their rehabilitation plan.

It is important to note that the HCV and HCS reports for PT MPHS preceded the November 2019 update of Wilmar's NDPE policy that requires mandatory peer reviews for HCV and HCS assessment reports. Nevertheless, PT MPHS arranged for the HCV and HCS assessment reports to be peer reviewed, and agreed to halt their operations while awaiting the results.

¹ https://news.mongabay.com/2020/12/wilmar-medco-papua-capitol-deforestation-high-carbon-stock-conservation-value/?utm_term=Autofeed&utm_medium=Social&utm_source=Twitter#Echobox=1607420197

² <https://www.wilmar-international.com/sustainability/grievance-procedure>

³ <https://hcvnetwork.org/als>

⁴ Indonesian Watershed Monitoring Agency

It has become apparent from the Mongabay article that there is a lack of alignment in definition, capacity and methodology to identify and monitor forest, evident from the varying findings and data, with questions being raised surrounding the competency of the HCV and HCS methodologies. It is a disconcerting turn of events, given that both HCV and HCS methodologies are well established and recognized as a scientific and objective means to define “forests”.

The article contains quotes that heavily imply that the HCV and HCS methodologies, and HCVN’s ALS mechanism for quality control, need to be strengthened. This creates a conundrum for the many companies, civil society organizations, and sustainability certification schemes that have worked tirelessly since the early 2000s to have these definitions and methodologies recognized and accepted. Thus, if there are legitimate concerns from certain stakeholders on the HCV-HCS methodology or the quality control process, it is paramount and in our collective interests that the stakeholders quoted in the article raise these concerns directly with HCVRN and the High Carbon Stock Approach (HCSA).

While the Mongabay article demonstrates the importance of the peer review process to enhance transparency of the HCV and HCS assessment process and results, it should also prompt the wider industry to make it a mandatory requirement. To date, Wilmar is the only company to publicly require mandatory peer reviews of HCV and HCS assessment reports.

Please see Annex 1, for our full response to Mongabay delivered via email on 18 November 2020. For further information or clarification, please contact Wilmar Sustainability via csr@wilmar.com.sg.

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ANNEX 1: FULL RESPONSE PROVIDED TO MONGABAY ON 18 NOVEMBER 2020

From: Ravin Trapshah Ismail

Sent: Wednesday, 18 November 2020, 16:41

To: Hans Jong

Cc: Perpetua George

Subject: RE: Inquiry from Mongabay about Medco Papua Hijau Selaras

Dear Hans,

We filed the PT Medco Papua Hijau Selaras (MPHS) case as an eligible grievance case, but only publicly reported it on our grievance listing once we completed our verification process, in line with our grievance procedure.

Firstly, PT MPHS clarified that their HCV and HCS assessments by ALS registered and recognized assessors were finalized in 2019, and have been using the HCV / HCS map to guide their land development activities. Wilmar's suppliers are required to provide their boundary maps as well as their HCV / HCS assessments to Wilmar, which are referred to during such investigations to ensure that land clearing activities are guided by HCV / HCS maps. However, we can only publish the maps and related documents received from our suppliers with explicit consent allowing us to do so, due to strict Non-Disclosure Agreements (NDAs) in place. This includes documents received during the course of grievance investigations. Our objective is to encourage our suppliers to embrace transparency while providing us with the resources to investigate grievances related to compliance to our NDPE policy.

As previously shared, Wilmar began engaging PT MPHS immediately after allegations of deforestation against them were brought to our attention. Desktop monitoring by Wilmar identified 26 small sporadic patches, totalling between 20 to 30 hectares, which may have occurred inside HCV / HCS areas. Field verification by PT MPHS found that land clearance, which were outside the identified and permissible "Go Areas" defined by the HCV / HCS assessment, resulted from community pressure to develop areas for plasma smallholder programmes.

Subsequent field assessments, which helped determine further details related to the affected areas and its locations, were finally completed in September 2020. This was also when Wilmar duly registered the case on our grievance listing, upon completion of the investigation.

We reiterate that viewing satellite imagery alone will not suffice in providing actionable data to identify and address deforestation. It must be supported by the correct and updated variables, including boundaries, ownership and more, paired with necessary ground truthing. By overlaying the HCV / HCS map for PT MPHS, we discovered that outside the 26 sporadic patches, the remaining areas that were allegedly "detected" as deforestation actually occurred within the identified and permissible "Go Areas" for development, as defined by the HCV / HCS assessment.

The said HCV / HCS assessment, conducted by ALS registered and recognized assessors, are yet to be peer reviewed but PT MPHS have agreed to submit the assessment reports for peer review. Once the peer review has been completed, external stakeholders can download the summary report from the ALS website, where the maps and outcome of the assessment will be duly reported in the summary. In the meantime, PT MPHS committed to observe a strict moratorium on further land clearance, which has been in place since September 2020.

Wilmar is currently the only company to have a mandatory requirement for HCV / HCS assessments to be peer reviewed, as per our NDPE policy which was updated in November 2019. This effort by Wilmar is to

further address transparency while further strengthening the quality of the HCV / HCS assessment. The initial HCV / HCS assessment by PT MPHS however was conducted prior to our NDPE update, and thus, had not been submitted for peer review at the time.

Regards,

Ravin