



Responsible Sourcing

Sustainability remains firmly embedded in our operations and business strategies. We remain committed to implementing best practice within our own operating influence, but also recognise that a large part of our footprint lies beyond our own operations. Our suppliers, therefore, have a critical role to play in more sustainable and responsible palm oil production. As the world's largest palm oil trader, Wilmar is in a unique position to have a lasting impact on our supply chains. This potential for wider positive sustainability impact is the reason we allocate significant effort and resources in encouraging the industry towards responsible production.

In 2019, we updated our [NDPE policy](#) to incorporate the commitments, policies, and procedures that Wilmar adopted after 2013. Our NDPE policy applies to all third-party suppliers at group level, with no exceptions.

The principles outlined in our [Supplier Guidelines](#) reflect the values we uphold in our own policies; and we expect our suppliers to conform to the spirit and intent of these guiding principles. Suppliers are also expected to communicate and implement the principles within this Supplier Guidelines throughout their supply chain.

Wilmar's sustainability team supports the commercial team at origin and destination¹ with guidance in implementing our NDPE policy, assessing potential non-compliance, evaluating progress, and help identify areas for improvement across our entire supply chain.

➤ **Traceability to Mill Level**

For our palm oil operations in particular, traceability is an important first step towards achieving supply chain transformation. It allows us to map our supply base back to palm oil mills and eventually to plantations. With this information, we evaluate suppliers' performance against our NDPE policy, identify and assess high-risk suppliers and engage with them to drive continuous improvement.

Wilmar first set out to achieve full palm oil mill traceability for all volumes handled by our refineries by 2015. Due to challenges in commodity transportation and trading structures in certain markets, we have revised our target to 2022. We have put in place additional processes to ensure we meet our target. We request traceability information for volumes received from our third-party refiners/traders/bulkers - this is considered a self-declaration document. Wilmar's sustainability team continually monitors the lists obtained from suppliers to ensure that there is no breach in relation to our NDPE Policy. Our procurement practices also now involve buying largely from sources that can provide visibility of origin.

➤ **Due diligence for potential new suppliers**

A thorough due diligence process is undertaken for 100% of our potential new supplying mills before it is eligible to enter Wilmar's supply chain. The process covers various environmental

¹ Destination mentioned within this document includes all Wilmar refineries outside Malaysia/Indonesia (including our joint ventures)

and social criteria, and allows for collating of information on various aspects, including but not limited to:

- Public information of potential non-compliances or grievances.
- Location and proximity to forest and peat landscape risks through concession maps or supply chain sourcing information.
- Legal compliance.
- Traceability data.
- High Conservation Value (HCV) and High Carbon Stock Approach (HCSA) assessments, where applicable.

Refineries at origin (Malaysia/Indonesia) and destination (rest of the world) may also procure bulk and redistributed oil from third-party refiners or traders/ bulkers. Where these types of purchases are made from new supplier companies, traceability data is required to complete the vetting process to assess social and environmental information as mentioned above.

The above processes are important to mitigate the risk of potential breaches to our NDPE policy. If the potential new supplier company has been involved in an activity that is in breach of our commitments, we will seek clarification from them in order to be able to close the issue or agree on an action plan that meets our requirements before we begin sourcing from them.

➤ **Suspended mills in Supply Chain**

Wilmar implements a ‘suspend first’ approach for suppliers. Effective 1 January 2019, suppliers involved in verified cases of deforestation and/or new development on peatland face immediate suspension at group-level. To avoid any suspension contributing to a growing unsustainable market or negatively impacting oil palm smallholders, Wilmar sees post-suspension engagement as crucial, enabling us to assist suppliers in bringing their operations back to compliance. Through corrective measures and action, suspended suppliers can re-enter our supply chain. To guide suppliers on the lifting of suspension, we published our supplier [re-entry criteria](#) in 2019. This re-entry criteria guides our suspended suppliers on our required actions and expectations for our consideration in lifting suspensions.

The sustainability team periodically updates the Wilmar’s global commercial teams via an internal memo of the suspended suppliers list. It is actively communicated to all traders across our global operations that we cannot directly buy from any suspended groups or their respective mills as indicated in the suspension list memo, unless the suspension is lifted officially

Below section outlines process taken by Wilmar’s global operations when the facility/ facilities unintentionally receive palm oil volumes from Suspended mills in destination refineries, and / or supply via another third - party refiner/trader.

- a. **Direct sourcing from suspended supplier:** The sustainability team is immediately alerted as a non-compliance to Wilmar’s NDPE policy is noted and commercial team immediately halts purchases from the supplier until further investigation
- b. **Indirect sourcing from suspended supplier:** Relevant commercial team alerts the sustainability team and follows – up with the direct seller party to indicate that Wilmar cannot receive volumes from the group/mill(s) concerned until the group/mill(s) has already address the grievance as per Wilmar’s satisfaction.