




wilmar

We Care

SUSTAINABILITY REPORT 2016
 Wilmar International Limited



About This Design

At Wilmar International Limited, we care about sustainability and remain committed to nurturing a liveable future. As a key player in the global palm oil industry, we strive to achieve a strong triple bottom line within a social, environmental and financial accounting framework. Our business practices are aligned with universally acceptable standards, which guides us towards achieving profitability while safeguarding the environment and labour rights.

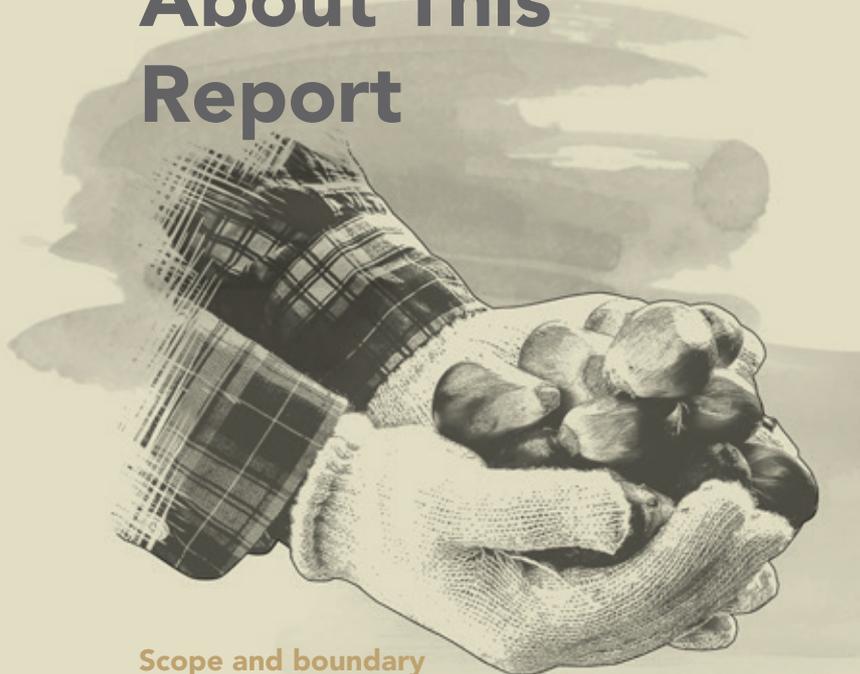
We care enough to lead by example. Wilmar was the first in the industry to launch our No Deforestation, No Peat and No Exploitation (NDPE) Policy ("Policy") in December 2013. This Policy extends beyond operations to encompass our entire supply chain, including third-party suppliers. Wilmar also invests substantial resources to address deforestation, improve labour practices and strengthen social issues across our supply chain.

Our continuous effort to uphold the highest standards and protocols include collaborations with subject matter experts to help us drive positive change across the industry. To this end, Wilmar has partnered with Verité Southeast Asia, an independent global advocate for workers which ensures that people worldwide work under safe, fair and legal working conditions. In all that we do, we do with heart. We believe in building a conducive and cohesive work environment for our people, thereby empowering them to deliver the best in all that they do.

The design for this Sustainability Report reinforces our commitment to our people. Be it staff in our corporate offices, workers in the oil palm fields or the children we support through community outreach programmes; we care about making a positive impact by making things right.

We are proud of the employees, their families and the local community members who are featured in all the images of people in this report.

About This Report



Scope and boundary

Wilmar International Limited ('Wilmar' or 'the Group') has sought to apply the guidance of Global Reporting Index (GRI) Sustainability Standards on the boundary settings, focusing on performance data and reporting on aspects that are most significant, as reflected in our No Deforestation, No Peat and No Exploitation (NDPE) Policy. We will report on the implementation progress against our policies with regards to crude palm oil (CPO) and lauric suppliers, as well as fresh fruit bunches (FFB) suppliers. While we now have better insights into the performance of our key suppliers, we have not included these in our metrics as such information is subject to confidentiality agreements.

The performance metrics detailed in this report are focused on Wilmar's global palm oil operations in our upstream business. As such, we are primarily focused on the performance of our own plantations in Indonesia, Malaysia and Africa, as these are the most scrutinised among our activities and the key concern of our stakeholders.

The performance data disclosed does not cover:

- Operations in which Wilmar has 50% ownership or less, or those in which the Group does not have management control.
- The Group's other upstream and downstream activities outside of oil palm plantations and mills (in particular suppliers and refineries), including in Indonesia, Malaysia and Africa.
- Unplanted areas inside Group plantations for environmental figures, except for conservation areas and fire incidents.

Reporting period

This report covers performance data for the calendar year 2016, as well as 5-year historical figures where available. Due to the fast-moving nature of the issues described, we have also included some information on progress in 2017 and have focused on activities planned for 2017–18.

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About This Report

Process for determining report content

Since our last Sustainability Report 2015, we have retained our focus on the key aspects covered in our NDPE Policy. Through our in-depth engagement in multi-stakeholder initiatives in the palm oil industry and the broader agricultural sector, we believe these aspects reflect the general landscape. While demands for sustainability performance are increasing, the focus is on ensuring robust implementation of specific Policy commitments (e.g. traceability and no deforestation), rather than the emergence of new focus areas. We have therefore chosen to retain our focus and seek to strengthen accountability in this report.

Identification and Prioritisation

We reviewed the major topics discussed in this report in various forums and engagements, and through email correspondence with stakeholders. We have also conducted interviews with stakeholders from the finance sector, the non-governmental organisations (NGO)/technical support sector, as well as from our third-party suppliers.

In addition, we reviewed the aspects covered by other palm-related initiatives, such as the High Carbon Stock (HCS) Approach Steering Group, the Zoological Society of London's (ZSL) Sustainable Palm Oil Transparency Initiative (SPOTT), CDP (formerly known as Carbon Disclosure Project), Ceres Reporting Guidance for Responsible Palm and the Fair and Free Labour Principles for Palm Oil Production.

We undertook a thorough review of our materiality matrix based on these latest developments. While no major new themes have emerged, the relative impacts on Wilmar's business and the interest of stakeholders have shifted somewhat over the past 18 months. Our 2016 materiality matrix has therefore been updated to reflect the volume of enquiries we receive on specific issues, as well as the commercial impacts related to these. For example, labour standards have become an increasingly significant topic, while fires and haze, for example, have been less prominent on stakeholders' agendas in 2016.

We have also made a minor change to the way we present our materiality matrix. We have eliminated 'low' priorities (e.g. philanthropy) and include only those topics that have some level of significance to both stakeholders and our business.



Validation and Review

We validate our material aspects and balance in reporting through three main processes:

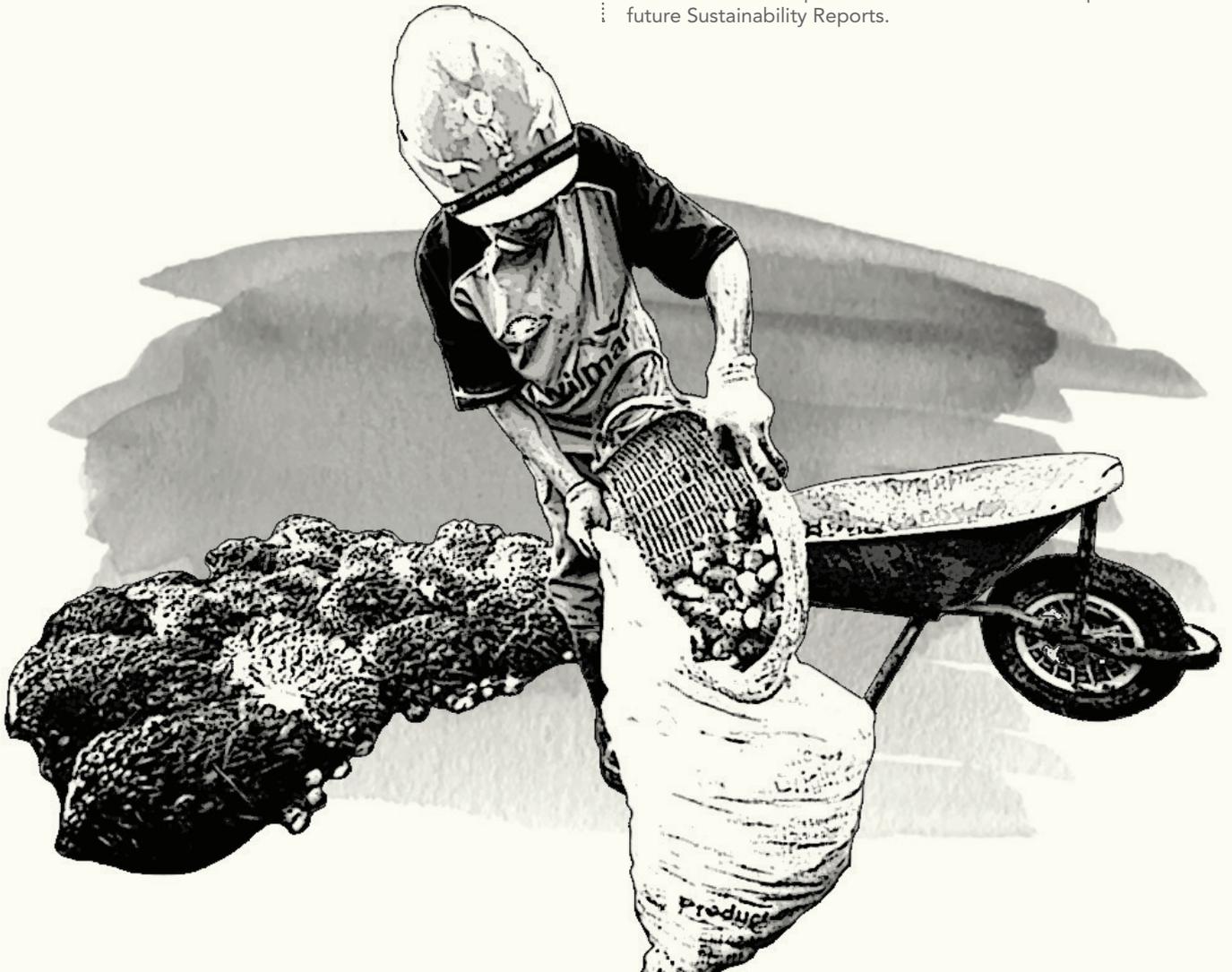
- Through the reporting process, continuously monitoring stakeholder concerns to ensure that these are covered by the report.
- Through advice from our report consultant, Helikonía, based on their in-depth knowledge of the palm oil industry and stakeholders.
- Through reviews and commentary from Neil Judd, the co-founder of Proforest, which is a leading technical support organisation in the sustainable palm oil space.

Assurance

We have engaged Ernst & Young (EY) to perform assurance work on selected information disclosed in the report. The assurance provided by EY is for the use of the Management of Wilmar only. Any use or reliance by a third party on the said assurance is at the third party's own risk. Please refer to the section "EY Assurance Statement" for details.

As sustainability reporting is an ongoing process, we chose to disclose and to discuss some of the most pertinent material issues for Wilmar and its stakeholders within the boundaries of the report. Due to the inherent limitations of the internal control structure, it is possible that errors or irregularities in the information presented in this report may occur and not be detected. We endeavour to increase our efforts on the reporting process and present information in as complete and accurate manner as possible.

We have decided to perform reviews on a limited scope of information disclosed in this Sustainability Report. Our aim is to extend the scope of the assurance work and opinion in future Sustainability Reports.



About The Workers We Employ



Sijohn

Harvester
PT Daya Labuhan Indah Plantation,
subsidiary of Wilmar International Limited



I like working at the plantation because of the stable income. Other than the basic income, I also received housing facilities, education for my children, bonuses and more. Growing up, I had a hard life. I couldn't go to school. I couldn't pursue my dreams. But it isn't the case for my children now. I want my children to receive an education so that their lives can be better than mine. I am proud of my daughter Ayu because she has many achievements, receives scholarships regularly and is well-liked by her teachers. I am proud of her.



About The Children We Support



Julpian Zalukhu

Student

Wilmar-funded private school within the
PT Gersindo Minang Plantation,
subsidiary of Wilmar International Limited

I like living here because I can meet and play with my friends everyday. My favourite subject is National Studies because I want to know more about Indonesian laws. I want to be a policeman because I want to keep Indonesia safe.



About The Communities In Our Vicinity



Perpetua George

General Manager
Group Sustainability,
Wilmar International Limited

Workers form the backbone of our company, and we at Wilmar have the responsibility to ensure that we provide them a decent and safe place to live and work. It is important that we create communities in our plantations, to allow our workers to have an opportunity for career advancement, to lead a good quality life, as well as a conducive environment to raise families.

Chairman and CEO's Statement

It gives me great pleasure to introduce Wilmar's Sustainability Report 2016. In the following pages, we present an overview of our activities, performance and challenges. We also set out our sustainability priorities and objectives for the future.

This, our fifth sustainability report, marks a shift in the frequency and focus of our sustainability disclosures. From now on we will publish an annual sustainability report in line with the requirements of the Singapore Exchange (SGX) to ensure our stakeholders are up-to-date on our sustainability strategies. We find these requirements timely as they coincide with a louder call for transparency from stakeholders, as well as an unprecedented change of pace in the drive towards sustainability, both in our company and our industry as a whole.

The palm oil industry has changed more in the past 36 months than it has in the last 15 years. Within a very short time, the majority of large palm oil and consumer sector companies have adopted No Deforestation, No Peat and No Exploitation (NDPE) policies, and many have begun implementing these policies in their supply chains. Technology such as remote sensing is also increasing the speed and reach



Kuok Khoon Hong

of implementation, enabling companies to monitor and take action in their supply chains in real time.

Yet, despite these positive changes, we are still witness to grave levels of deforestation and peatland destruction. And while support for sustainable palm oil is growing in many key markets, the uptake of unsustainable palm oil persists in many parts of the world.

From the outset of our sustainability journey we have aimed to set the highest example and contribute solutions to some of the world's most complex environmental and social challenges. While our focus on our own performance has remained undiminished, we have always recognised the need for broad changes across our sector as a whole. Collective action within our industry and along our supply chains is critical for achieving this transformation, as are the support and partnerships we foster with governments, inter-governmental organisations and civil society.

The need for unity in the fight against deforestation has never been more urgent. I am consequently discouraged to observe that companies that are taking the lead, that are setting the bar high, and that are operating transparently and accountably, continue to bear the brunt of attacks from non-governmental organisations (NGOs). I believe this situation is unfair and unproductive. I also believe it discourages underperformers from stepping up their efforts for fear of making themselves a target.

Despite this situation, we continue to be an energetic player in multi-stakeholder partnerships that are catalysing transformation in the agri-business industry. We are a longstanding member of the Roundtable on Sustainable Palm Oil and were a first mover in subscribing to the United Nations (UN) Global Compact. In recent years, we have also joined the global Tropical Forest Alliance (TFA 2020), a public-private alliance with a mission to mobilise collective action by financial, government and industry players to secure deforestation-free supply chains by 2020. Such collaborative multi-sector approaches enable us to leverage a wide range of expertise and local knowledge, expedite implementation processes, and offer assurance to civil society stakeholders.

In the past year, the greatest success delivered by such an approach has been the convergence of the High Carbon Stock (HCS) Approach methodology. The collaboration between palm oil companies, including Wilmar, and NGOs in agreeing a unified approach to implementing No Deforestation policies is a significant step towards enabling the palm oil industry to meet its commitments. It also demonstrates what can be achieved through constructive discussion and trust. It was a long road, but one illuminated by the expertise, insights and goodwill of a wide range of private sector and civil society partners globally.

At a more local level, I am encouraged by the formation of the Fire-Free Alliance, of which Wilmar is a founding member. The fire-free community programme, which seeks to educate, enable and empower villages against the use of fire, reached 61 villages around Wilmar's concessions in South Sumatra

"Our imperative for the future is therefore to support and engage in collective action across the full spectrum of sustainability. Not one of the UN Sustainable Development Goals will be achieved by a single actor, be that a government, company or civil society."



and Central Kalimantan in 2016. This has contributed to a 90% reduction in fires in our concessions.

For many years, sustainable agriculture initiatives were seen as solely a matter for the private sector and civil society. However, as our experiences with both deforestation and land rights issues have demonstrated, we need the public sector to join us at the table. I am encouraged to observe that several sub-national governments have actively embraced No Deforestation commitments as an opportunity for increased investment and green growth. Starting with Sabah, Central Kalimantan and South Sumatra, more state governments are realising the potential for improved land-use planning and tenure clarification, as well as smallholder inclusion and production practices. The need for supportive provincial regulations to enforce sustainable production practices is also becoming more widely recognised.

One of our greatest challenges in 2016 was the increased focus on labour rights by NGOs and media outlets. While working conditions are an important aspect of our NDPE Policy, a series of reports pointed to gaps in our industry. While we acknowledge that shortcomings exist, including in our operations, we also recognise that labour rights in plantations are complex to monitor due to the size and remoteness of many workplaces, and in many jurisdictions there is limited oversight and enforcement of labour policies and regulations. As such, this is a challenge that also requires

collective action from experts in the field, regulators, as well as our peers, to ensure that the bar is raised for all workers, and that industry-wide solutions are developed and shared.

Our imperative for the future is therefore to support and engage in collective action across the full spectrum of sustainability. Not one of the UN Sustainable Development Goals will be achieved by a single actor, be that a government, company or civil society.

We are willing to step up and do our part, but overall success will depend on agreed visions of sustainability supported by public policies, progress on land tenure, and enforcement of progressive regulations at national and regional levels. The transformation towards sustainable palm oil supply chains will require collective action from businesses, civil society and governments. This is the only way to ensure that the industry can meet the growing demand for palm oil while contributing its share to national fiscal earnings and socioeconomic development in production landscapes.

Kuok Khoon Hong

*Chairman and Chief Executive Officer,
Wilmar International Limited*

Report Review by Proforest



Neil Judd

Co-founder and Director, Proforest

Neil Judd is a co-founder and director of Proforest, a unique, non-profit group that supports organisations to implement their responsible production and sourcing commitments. Proforest was established in 2000 and works across a wide range of forest and agricultural commodities, including pulp and paper, timber, palm oil, soy, sugar, rubber, beef and cotton.

Neil has extensive experience of delivering practical solutions to sustainability requirements and has over 25 years' experience of working with environmental certification and the responsible management of natural resources. Neil specialises in responsible sourcing, and leads Proforest's development and delivery of responsible sourcing strategy and implementation to a range of corporate clients. His experience also includes managing the largest global forest certification programme and playing a leading role in the development of sustainable palm oil certification.

Proforest has been working with Wilmar since 2010 in various ways to support the implementation of the company's sustainability programmes within its palm oil operations.



This 2016 Sustainability Report continues Wilmar's strong track record of transparency, and of evident commitment to a range of sustainability objectives across its palm oil operations. Some of the specific achievements that are reported on include RSPO certification of over 80% of the company's plantation area in Indonesia, Malaysia and Ghana; set-aside of 12% of plantation land as conservation areas; involvement in a range of biodiversity conservation projects; and the continued development of the Fire-Free Alliance (FFA) community programme.

Rather than follow the approach of last year's external review, which attempted a wide-ranging evaluation of progress across the full range of topics, this review focuses on a smaller number of themes, where opportunities for improvement were identified last year. These key themes are: (1) the scope of the report, and the balance between Wilmar's own operations and third parties; (2) the specific topics of labour and working conditions, and smallholders; and (3) overall strategy and measurement of progress.

The Sustainability Report applies to the full scope of Wilmar's palm oil operations and supply base. This includes the company's own plantations, the company's palm oil mills and their wider supply base, and third-party mills and their supply base. However, the emphasis is on Wilmar's mills and plantations, and to a much lesser extent on third-party volumes. While it is understandable that there is a focus on the company's own operations because of the high degree of control, given the proportion of Wilmar's overall volumes that come from third-party suppliers it is very important to have a systematic review of both challenges and progress with these volumes and the implications for overall sustainability. This could be achieved by supplementing the materiality matrix to detail the relative levels of risk in the third-party supply base, together with the proportions of volumes being sourced through third parties, and then to set out the company's strategy in relation to the levels of influence that it is feasible and reasonable for Wilmar to exert on these sources and timeframes for doing so. The report does refer to the Aggregator Refinery Transformation (ART) programme that applies to third-party mills, and to proactive independent monitoring of supplying companies and training activities for suppliers, which is useful, though in future more information on timelines, effectiveness and progress would add more depth.

"Although the reporting again relates only to Wilmar's own operations, the level of detail across some of the key challenges and the clear commitment to address identified issues is extremely positive."

Our review of Wilmar's 2015 performance noted a need for a more robust approach to labour-related commitments. Although Wilmar has not yet defined specific indicators of labour performance that it will be systematically reporting against, this report does provide considerable detail on labour issues, including Wilmar's overall approach to date and detailed position on some issues. This is partly in response to specific grievances raised by stakeholders over the past year in relation to its operations in North Sumatra, but Wilmar also takes the opportunity to provide a wider context on performance in relation to topics such as wages, temporary workers, child labour, forced labour and safety. Although the reporting again relates only to Wilmar's own operations, the level of detail across some of the key challenges and the clear commitment to address identified issues is extremely positive. There is a recognition that working conditions and potential abuses are a systemic issue across the sector, and that Wilmar needs to play a role in pre-competitive efforts to address this. The company is also to be commended for taking the initiative to instigate a multi-stakeholder process on labour rights and working conditions, collaborating initially with Business for Social Responsibility (BSR) and Golden Agri-Resources (GAR).

The same review also highlighted the challenge represented by implementing policy commitments in the smallholder supply base. Indeed, Wilmar's materiality matrix recognises smallholder inclusiveness as a significant issue in terms

of importance to both Wilmar's business and to external stakeholders. This is mentioned and recognised in the report, which cites various specific examples of direct technical support to independent smallholders. As these programmes develop, more information on the planned level and timelines of Wilmar's proposed interventions to address independent smallholder livelihood and sustainability challenges, as well as progress being made, would be helpful.

The wider importance of multistakeholder collaboration, in order to address underlying social and environmental impacts and achieve genuine sector transformation, is recognised in the report. This is correct and welcome, although the level of Wilmar's current and potential future contribution to the required efforts is not explored in detail. This applies to labour and smallholder initiatives as already noted, and also to other options for potential involvement such as landscape-level approaches to address deforestation and HCV protection.

Finally, there remains a need to provide a stronger strategic framework for the undoubted progress that Wilmar is making, and reporting on, annually. This would include a more comprehensive set of practical key performance indicators (KPIs), as the basis for ongoing monitoring and reporting. Stakeholders are looking for clear evidence that the various activities are effectively building compliance with policy commitments, and that this is reflected by delivery of the expected positive impacts on the ground. This was identified as desirable in last year's review, and remains a key priority for action. This overarching observation does not reduce the significance of the many impressive achievements to date, but the recommended set of KPIs and roadmap would assist Wilmar in both prioritising actions and in demonstrating the progress of implementation.

Neil Judd

Co-founder and Director, Proforest

Achievements and Targets

What we achieved in 2016



Completed field assessments on **24 mills and a representation of their supply base** comprising third-party supplier and own operations.



Trained **359 supplier participants** on environmental and social best practices.



Completed **nine methane capture facilities** at palm oil mills; capable of potentially reducing the mills' greenhouse gas emissions by 90%.



Supported the certification of **2,700 independent smallholders** to the standards of Roundtable on Sustainable Palm Oil.



Completed socialising "Fire Free Community" programme to **61 villages** in Indonesia



Trained **1,980 smallholders** in Honduras (suppliers to Wilmar's refinery in Europe) on Wilmar's No Deforestation, No Peat and No Exploitation Policy, as well as Good Environmental Practices and Ecosystem Conservation.

Our Targets



To complete construction of 15 methane capture facilities at CPO mills

Timeline	Progress Status as at Dec 2016
2017	On track Completed nine methane capture facilities in 2016



To assess annually at least 32 mills and their supply base

Timeline	Progress Status as at Dec 2016
Ongoing	Conducted 24 assessments in 2016. The majority of high priority suppliers in Wilmar's six sourcing landscapes had already been assessed in 2014–2015. High priority suppliers are mostly identified through a risk analysis process, known as the Mill Prioritisation Process (MPP), which combines spatial and non-spatial information relating to environmental and social components to identify potential risks within a 50 km radius of a mill. Most of the mills assessed in 2016 are the remaining high priority suppliers identified in the MPP exercise, and this is reflected in the reduced number of mill assessments for the year. From 2017 onwards, the scope of assessments will be broadened to include medium to lower priority suppliers.



To complete sustainability certification audits for 10 stand-alone mills¹ in Indonesia

Timeline	Progress Status as at Dec 2016
2017	All stand-alone mills have completed one audit round ² .



To halve the 2011–2015 mean average incidents of fires in Indonesia plantations³ and reduce the number of fires occurring in buffer areas 5 km beyond plantation boundaries.

Timeline	Progress Status as at Dec 2016
2017	On track



To conduct training for 1,000 supplier participants in Indonesia and Malaysia

Timeline	Progress Status as at Dec 2016
2018	On track 359 suppliers attended workshops in 2016



To reduce emissions from palm oil mill effluent (POME) by 275,000 tCO₂e against the 2013 baseline.⁴

Timeline	Progress Status as at Dec 2016
2020	On track

¹ This refers to independent mills as defined under the scope of the Indonesian Sustainable Palm Oil (ISPO) standards requirements.

² ISPO certification requires two rounds of audits.

³ Threshold is 100 fire incidents.

⁴ Baseline for International Sustainability and Carbon Certification (ISCC) certified sites only.

About Wilmar

Wilmar International Limited, founded in 1991 and headquartered in Singapore, is today Asia's leading agribusiness group. Wilmar is ranked amongst the largest listed companies by market capitalisation on the Singapore Exchange.

Wilmar's business activities include oil palm cultivation, oilseed crushing, edible oils refining, sugar milling and refining, manufacturing of consumer products, specialty fats, oleochemicals, biodiesel and fertilisers as well as flour and rice milling. At the core of Wilmar's strategy is an integrated agribusiness model that encompasses the entire value chain of the agricultural commodity business, from cultivation, processing, merchandising to manufacturing of a wide range of branded agricultural products. It has over **500** manufacturing plants and an extensive distribution network covering China, India, Indonesia and some **50** other countries. The Group has a multinational workforce of about **90,000** people.

Wilmar's portfolio of high quality processed agricultural products is the preferred choice of consumers and the food manufacturing industry. Its consumer-packed products have a leading share in many Asian and African countries. Through scale, integration and the logistical advantages of its business model, Wilmar is able to extract margins at every step of the value chain, thereby reaping operational synergies and cost efficiencies.

Wilmar is a firm advocate of sustainable growth and is committed to its role as a responsible corporate citizen.

Global Presence

Wilmar is the global leader in processing and merchandising of palm and lauric oils, as well as production of oleochemicals, specialty fats, palm biodiesel and consumer pack oils.

Over **500** manufacturing plants in 15 countries*

* Subsidiaries only, not including associates

Multinational workforce of about **90,000** staff globally

Extensive distribution network covering China, India, Indonesia and some **50 other countries**



Europe

- Leading supplier of quality edible oils and fats

Russia & Ukraine

- Largest manufacturer of consumer pack margarine, mayonnaise and solid soap in Russia
- Largest edible oils refiner and specialty fats producer in Ukraine

China

- Largest edible oils refiner and specialty fats and oleochemicals manufacturer
- Leading oilseed crusher, producer of branded consumer pack oils, rice and flour
- One of the largest flour and rice millers

India

- Leading branded consumer pack oils and oleochemicals producer, oilseed crusher and edible oils refiner
- Strategic industrial partner of the leading sugar company

Africa

- Leading supplier of edible oils
- Operates oil palm plantations, refineries and produces consumer pack oils, soaps and detergents
- Third largest sugar producer

Indonesia & Malaysia

- One of the largest oil palm plantation owners and the largest palm oil refiner, palm kernel and copra crusher, specialty fats, oleochemicals and biodiesel manufacturer
- Largest producer of branded consumer pack oils in Indonesia

Australia

- Largest raw sugar producer and refiner
- Leading consumer brands in sugar and sweetener market
- Top 10 global raw sugar producers
- Owns 50% of Goodman Fielder - Australasia's leading food company

Vertically Integrated Business Model

At the core of Wilmar's strategy is a resilient business model encompassing the entire value chain of the agricultural commodity business, from processing, to branding, merchandising and distribution. Through scale, integration and the logistical advantages of its business model, we are able to extract margins at every step of the value chain, thereby reaping operational synergies and cost efficiencies.



Tropical Oils



Oilseeds and Grains



Sugar



Others



Strong Volumes and Profitability Across All Segments (FY2016)

FFB: 3.8 m MT
Revenue: US\$64.1 m

Volume: 23.4 m MT
Revenue: US\$16.79 b

Volume: 24.0 m MT
Revenue: US\$11.40 b

Volume: 5.5 m MT
Revenue: US\$6.42 b

Volume: 13.5 m MT
Revenue: US\$5.86 b

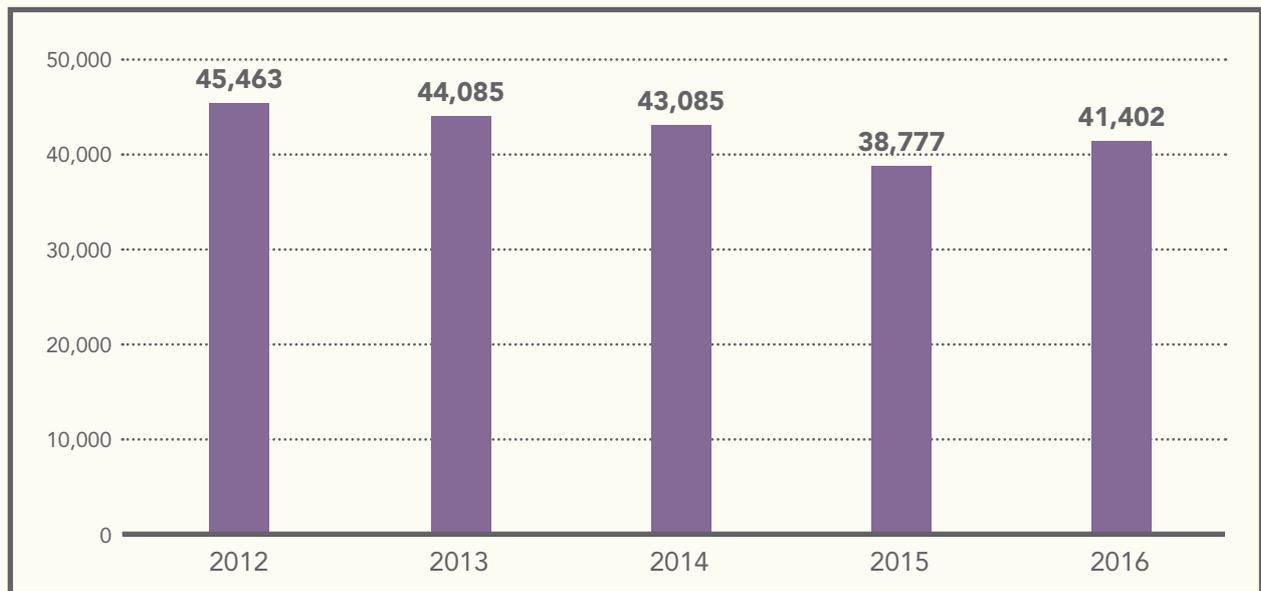
Revenue: US\$1.87 b



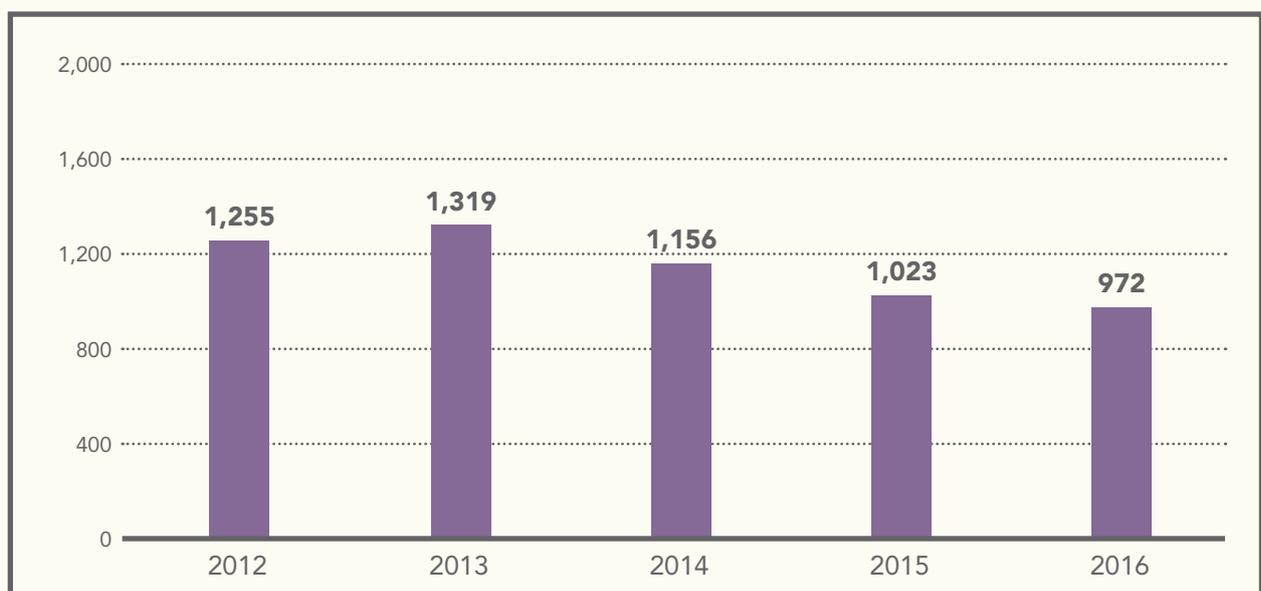
* Excluding the gains/(losses) from investment securities, profit before tax for Others segment would be US\$62.6 million for FY2016 (FY2015: US\$46.6 million)

Financial Highlights

Revenue USD Million



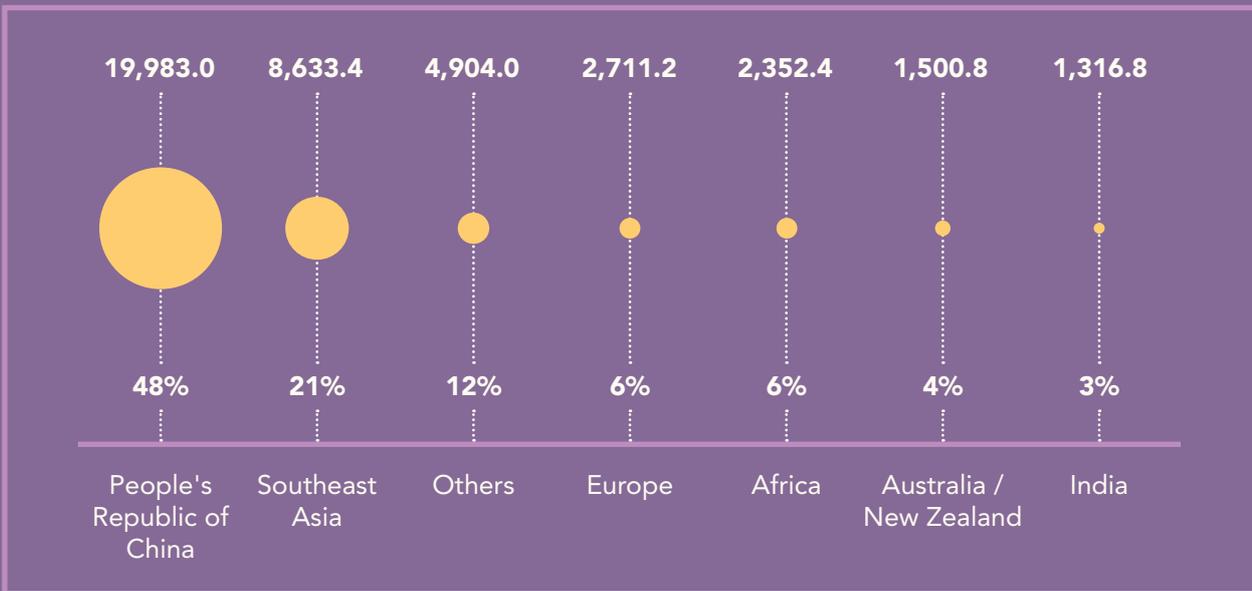
Net Profits¹ USD Million



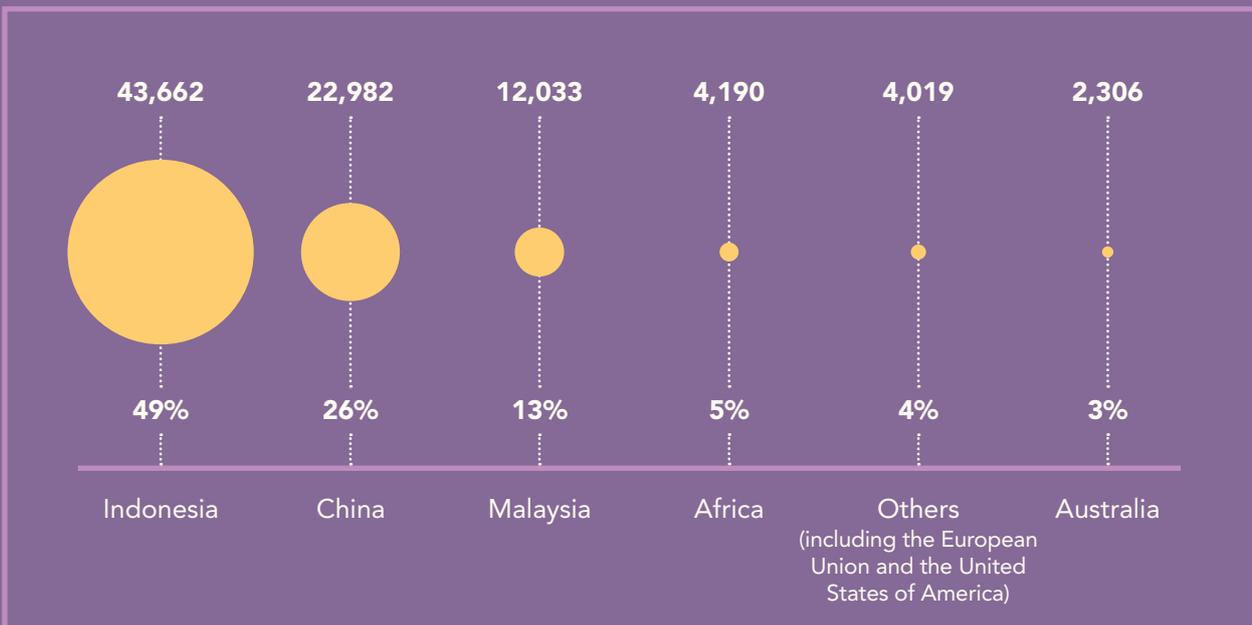
¹ FY2015 figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants. FY2012 – FY2014 figures are not adjusted.

Revenue by Country / Region

USD Million



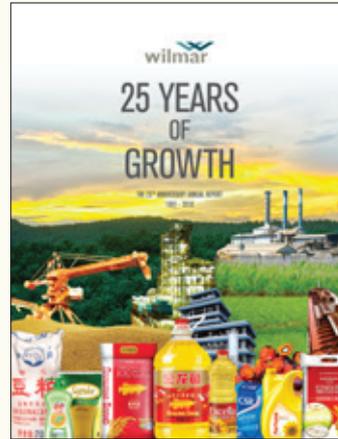
Employees by Country



Corporate Governance

Our Board of Directors is the highest governing body of Wilmar and is responsible for the strategic direction of the Group. The Board is made up of Directors with a wide range of skills and qualifications in areas such as accounting, finance and business management, as well as specific experience in relevant industries.

As at 31 December 2016, the Board has 11 members, comprising three Executive Directors and eight Non-Executive Directors, of whom four are considered independent. Nine are Singaporeans, one is a Malaysian and one is an American. The Board is led by Mr Kuok Khoon Hong, who is the Chairman and Chief Executive Officer (CEO). A Lead Independent Director, Mr Yeo Teng Yang, has been appointed to ensure adequate accountability and transparency in the decision-making process. The Board is supported by a management team that is responsible for the execution of the Group's strategy and operations.



Sustainability risk management is incorporated into the Group's risk management structure under the purview of the Board's Risk Management Committee which reviews sustainability reports and issues on a quarterly basis.

For more details on our corporate governance structure and processes, please refer to our [Annual Report 2016](#).

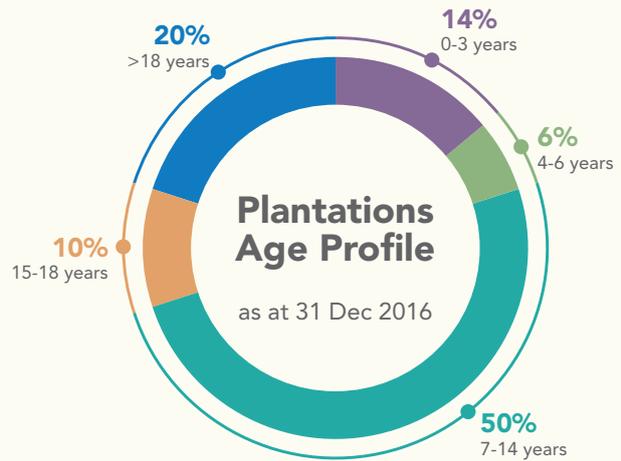
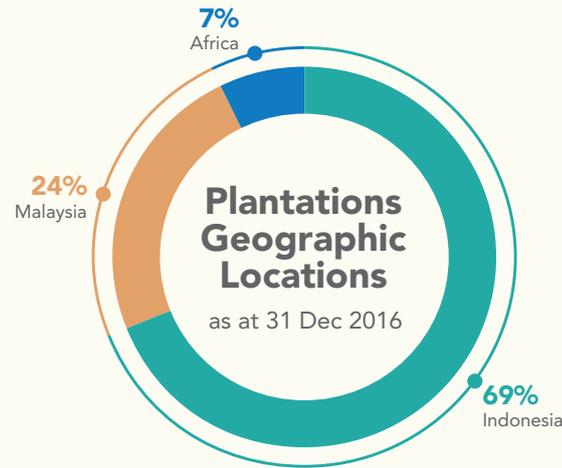


Palm Oil Operations

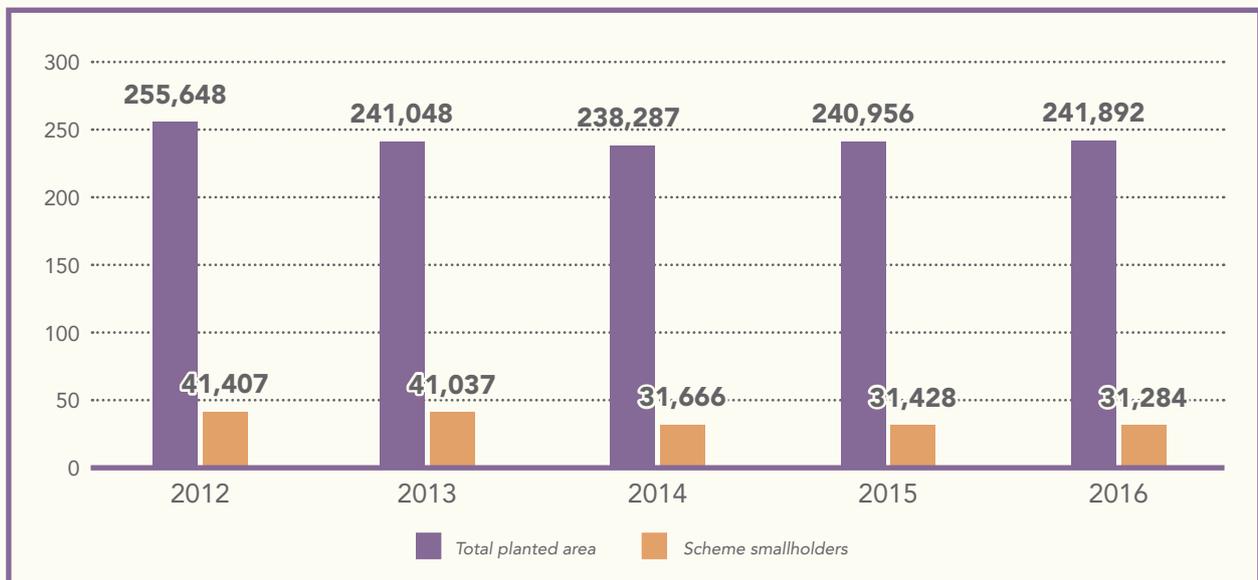


Plantations and Mills

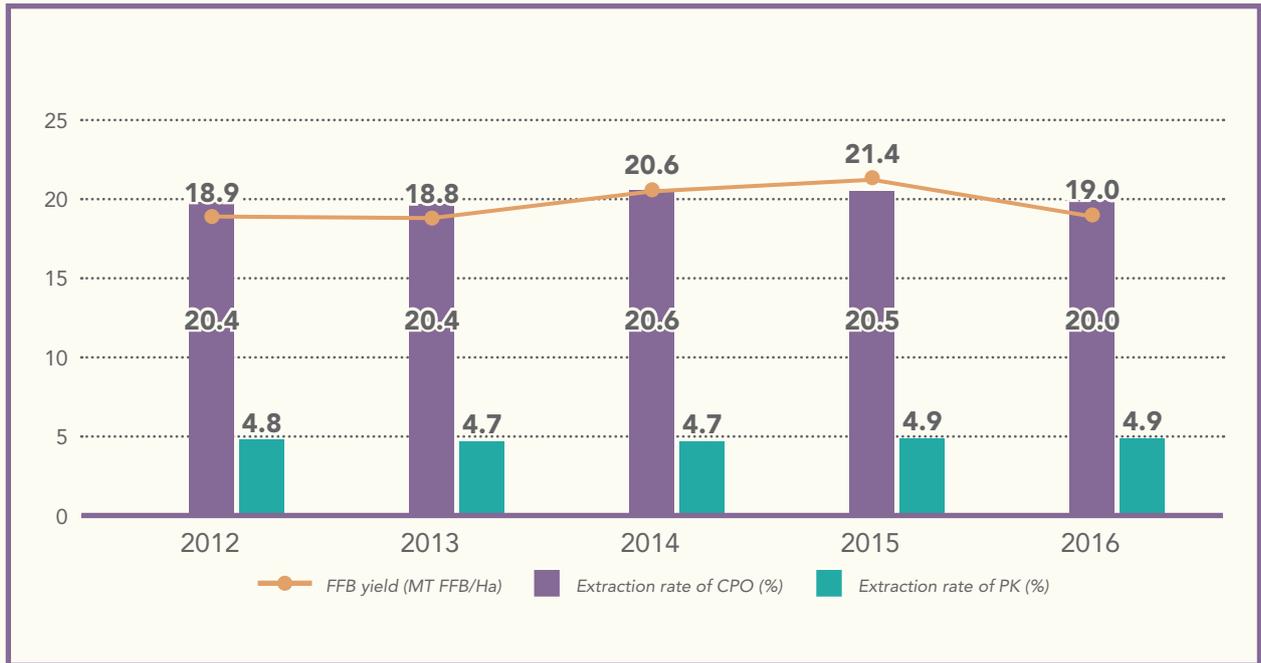
We are one of world's largest oil palm plantation owners with a total planted area of 241,892 hectares (ha) as at 31 December 2016. Around 69% of our total planted area is in Indonesia, 24% in East Malaysia and 7% in Africa. Through joint ventures, we own plantations in Uganda and West Africa totalling approximately 47,000 ha. Wilmar also directly manages 31,284 ha under smallholder schemes in Indonesia and Ghana. We have another 149,000 ha under smallholder and outgrower schemes through joint ventures and associates in Africa. We operate 43 mills, including nine independent mills that buy Fresh Fruit Bunches (FFBs) exclusively from third-party suppliers. Of these 43 mills, 26 are currently certified to the standards of the Roundtable on Sustainable Palm Oil (RSPO).



Total Planted Area of Oil Palm Hectares



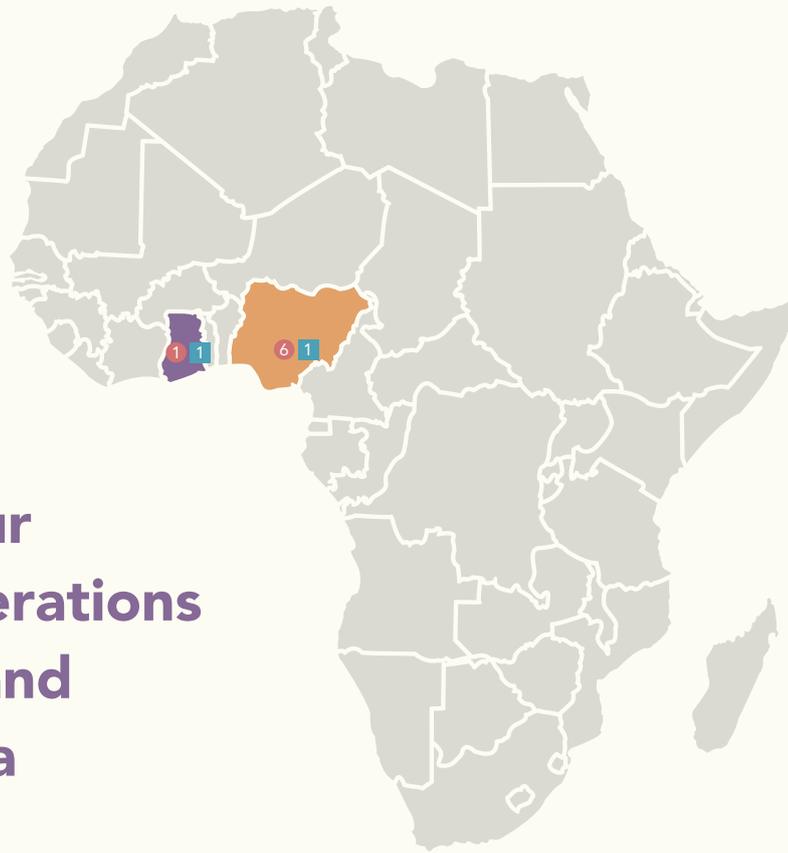
Group Yield and Extraction Rate



Note: Yields were affected by the El Niño phenomenon, declining 11.6% to 19.0 MT per ha and resulting in a 14.8% decrease in total fresh fruit bunches to 3,817,969 MT for the year.



- Oil Palm Plantation Management Units
- Palm Oil Mills
- Ghana
- Nigeria



Geographical location of our upstream operations (plantations and mills) in Africa

Refineries

Wilmar is the world's largest processor and merchandiser of palm and lauric oils, processing them into refined palm oil, specialty fats, oleochemicals and biodiesel. The crude palm and lauric oils are sourced from our own plantations, smallholder schemes and third-party suppliers.

As at 31 December 2016, the Group has plants located in the following countries:

	Refinery	Oleochemicals	Specialty Fats	Biodiesel
Subsidiaries				
Indonesia	25	4	4	11
Malaysia	14	3	1	2
China	49	10	6	0
Vietnam	3	0	2	0
Europe	0	2	0	0
Africa	2	0	2	0
Others	4	0	1	0
Total no. of plants	97	19	16	13
Total capacity (million MT p.a)	28	2	2	3
Associates				
India	29	1	5	0
China	8	2	2	0
Russia	4	0	1	0
Ukraine	2	0	1	0
Malaysia	3	0	0	0
Africa	10	0	3	0
Bangladesh	2	0	0	0
Europe	5	1	2	0
Total no. of plants	63	4	14	0
Total capacity (million MT p.a)	11	<1	1	0

Note: Refinery capacity includes palm oil and soft oils

A map of Wilmar's supply chain is available at <http://www.wilmar-international.com/sustainability/supply-chain-map/>

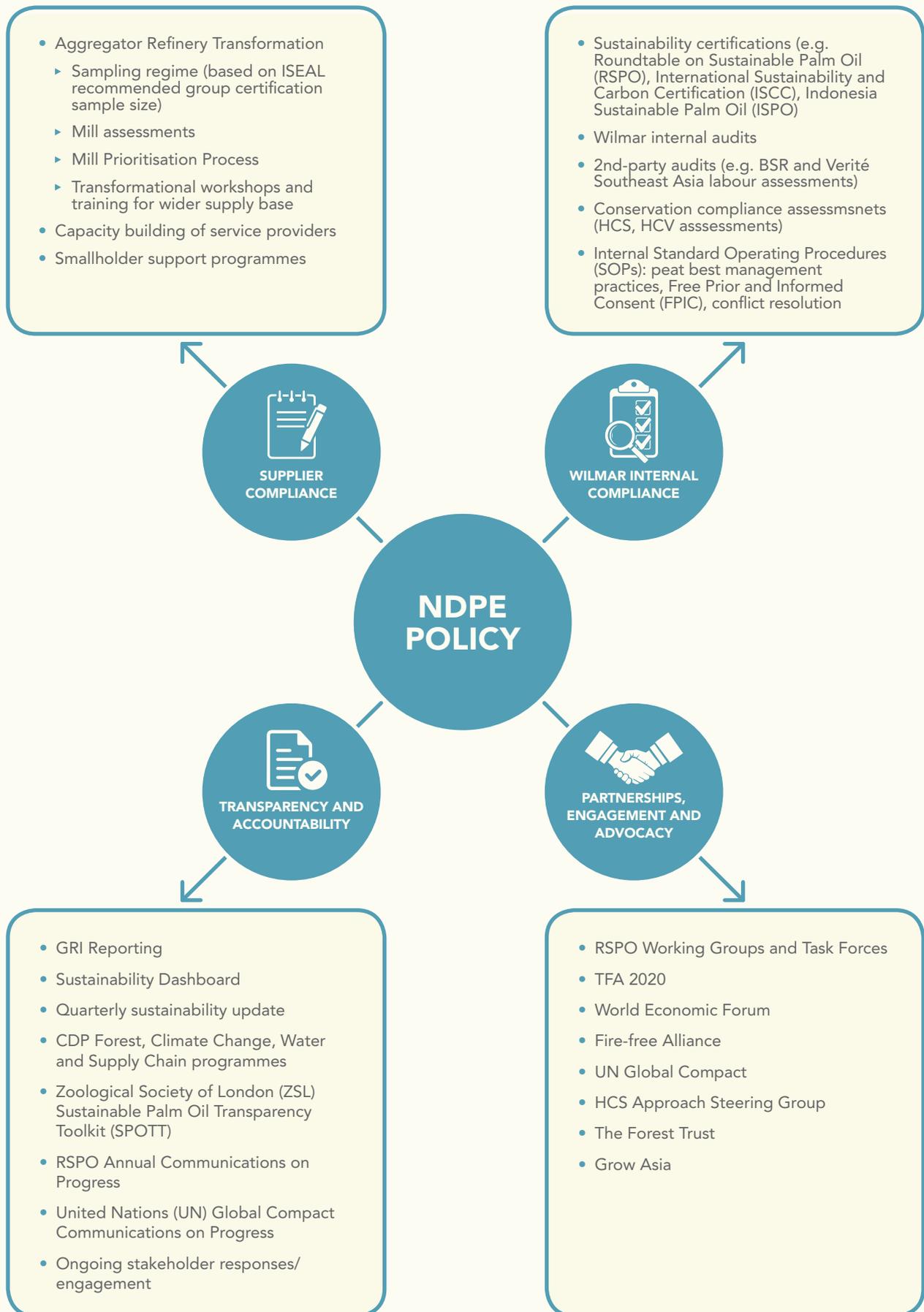
Our Approach to Sustainability

Our No Deforestation, No Peat, No Exploitation (NDPE) Policy (“Policy”) sets the overall direction in our journey towards sustainability. It guides our efforts to mitigate deforestation, peat development and exploitation, both in our own operations and in our supply chain.

We seek to address our impact and compliance with our NDPE Policy at multiple levels. For Wilmar’s operations and our scheme smallholders, we pursue continuous improvements by strengthening standard operating procedures and participating in relevant certification schemes. In our wider supply chain, we use our refineries as a central point for engaging, assessing and improving supplier performance through our Aggregator Refinery Transformation (ART) programme, as well as through direct technical support for independent smallholders.

The aim of our NDPE Policy has always been to achieve genuine transformation in the palm oil industry towards the mitigation of deforestation, peat development and exploitation. These challenges are bigger than the palm oil industry and need to be addressed holistically through the collaborative effort of governments, civil society organisations, smallholders, suppliers and industry players. We therefore invest significant resources to support multi-stakeholder partnerships and jurisdictional and landscape approaches as part of our sustainability strategies.

Building blocks for NDPE Policy compliance



Sustainability Management and Governance Structure

Wilmar's Chairman and CEO is responsible for the oversight of our NDPE Policy. The implementation of its sustainability strategies (including the NDPE Policy, United Nations (UN) Global Compact principles, certifications, stakeholder engagement, corporate governance and reporting) is delegated to the Sustainability Department. This department is staffed by more than 60 employees globally, combining a wide range of relevant local and technical expertise across Malaysia, Indonesia, Europe, Africa and Singapore.

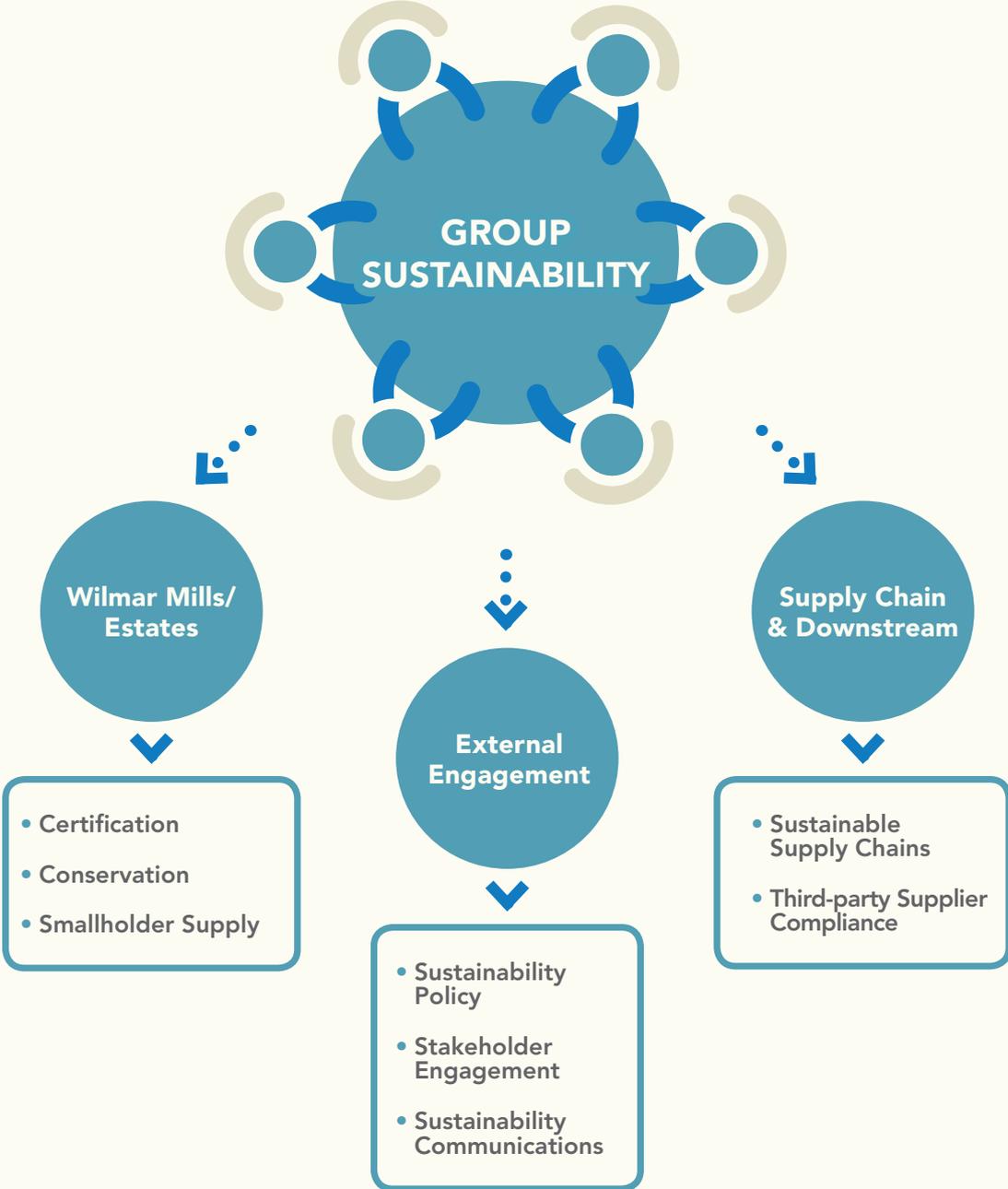
Wilmar's Chief Sustainability Officer (CSO) spearheads the overall strategy of the Group's global sustainability agenda. The Group Sustainability General Manager is responsible for the implementation of these policies and strategies in our supply chain, as well as reviewing the progress of execution.

To support Policy implementation, we also have a Technical Advisory Group comprising non-governmental organisations (NGOs) and sustainability partners that advises Wilmar on specific issues where broader perspectives are needed, operations teams working on site and at regional levels, and a communications team. These teams provide input to the Joint Steering Committee to deliberate and decide on the more complex Policy implementation matters. The Committee handles major strategic issues related to the execution of the Policy. It also evaluates our progress against Policy targets. For suppliers who fail to comply with Wilmar's Policy, a suspension committee has been appointed to review the trading relationship. Additionally, we have established a team in Malaysia and Indonesia to provide support to suppliers to ensure compliance with our Policy.

Sustainability Governance Structure



Sustainability Department Core Functions



In addition to this formal structure, we have also recently entered into strategic agreements with Proforest and Daemeter of the Consortium of Resource Experts (CORE), as well as Verité Southeast Asia in 2017 to support our ongoing Policy implementation and supply chain compliance work.

Sustainability Certification

Roundtable on Sustainable Palm Oil (RSPO)

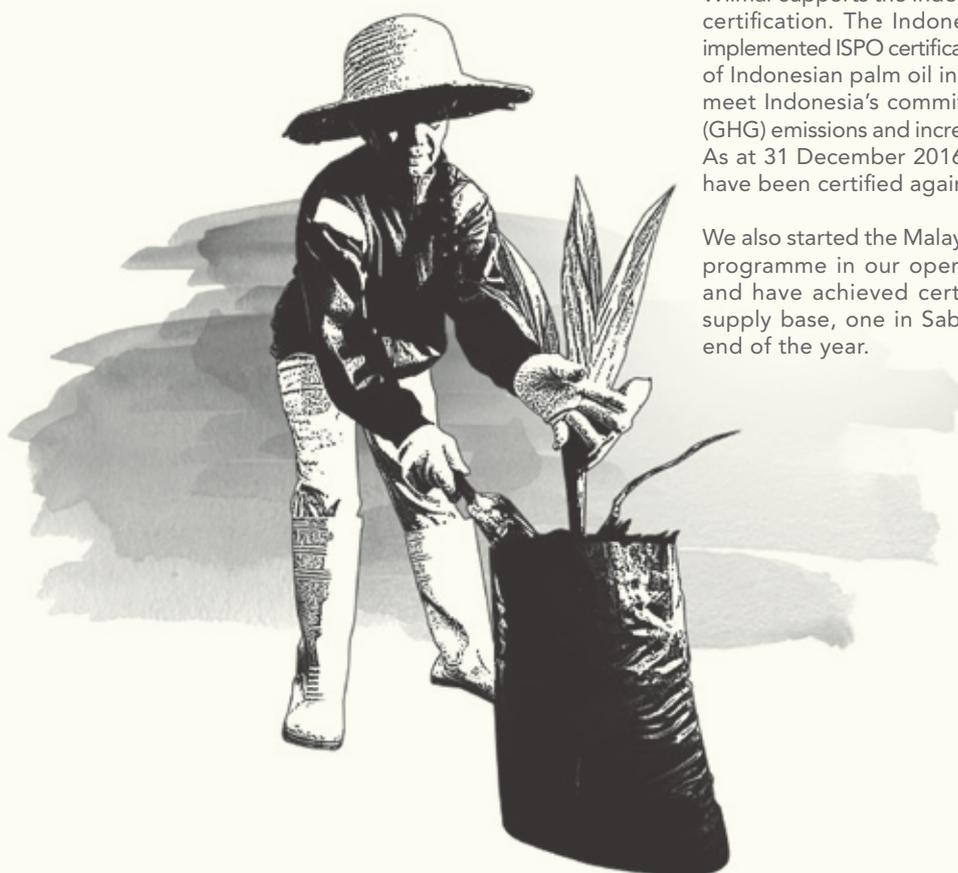
As at 31 December 2016, 26 of our mills and more than 80% of our planted area across Malaysia, Indonesia and Ghana are RSPO certified, producing 810,000 MT and 175,000 MT of certified sustainable palm oil and palm kernels respectively. On the smallholder front, production of certified sustainable palm oil and palm kernels was reduced by 20%

and 14% to 9,400 MT and 2,400 MT respectively as some smallholder groups have become independent after repaying their loans and redeeming their land titles.

In our midstream and downstream operations, we have 57 sites certified under the RSPO Supply Chain Certification Scheme. These can deliver palm products under the Segregation and Mass Balance supply chain models.

Timebound Plan – Outstanding Mills

	Company Name	Target Date
Central Kalimantan	PT Karunia Kencana Permaisejati	Certification process initiated
West Kalimantan	PT Bumi Pratama Khatulistiwa	Certification in progress
West Kalimantan	PT Agro Nusa Investama (Landak)	2018
West Kalimantan	PT Agro Palindo Sakti 2	2018
South Sumatra	PT Musi Banyuasin Indah	2018
Riau	PT Sinarsiak Dianpermai	2018
Jambi	PT Agrindo Indah Persada 2	2018



National Palm Oil Schemes

Wilmar supports the Indonesian Sustainable Palm Oil (ISPO) certification. The Indonesian Ministry of Agriculture has implemented ISPO certification to improve the competitiveness of Indonesian palm oil in world markets, as well as to help meet Indonesia's commitment to reduce greenhouse gas (GHG) emissions and increase focus on environmental issues. As at 31 December 2016, six mills and their supply bases have been certified against ISPO standards.

We also started the Malaysian Palm Oil (MSPO) certification programme in our operations in East Malaysia in 2016, and have achieved certification for two mills and their supply base, one in Sabah and the other in Sarawak, at end of the year.

Supply Chain and Traceability

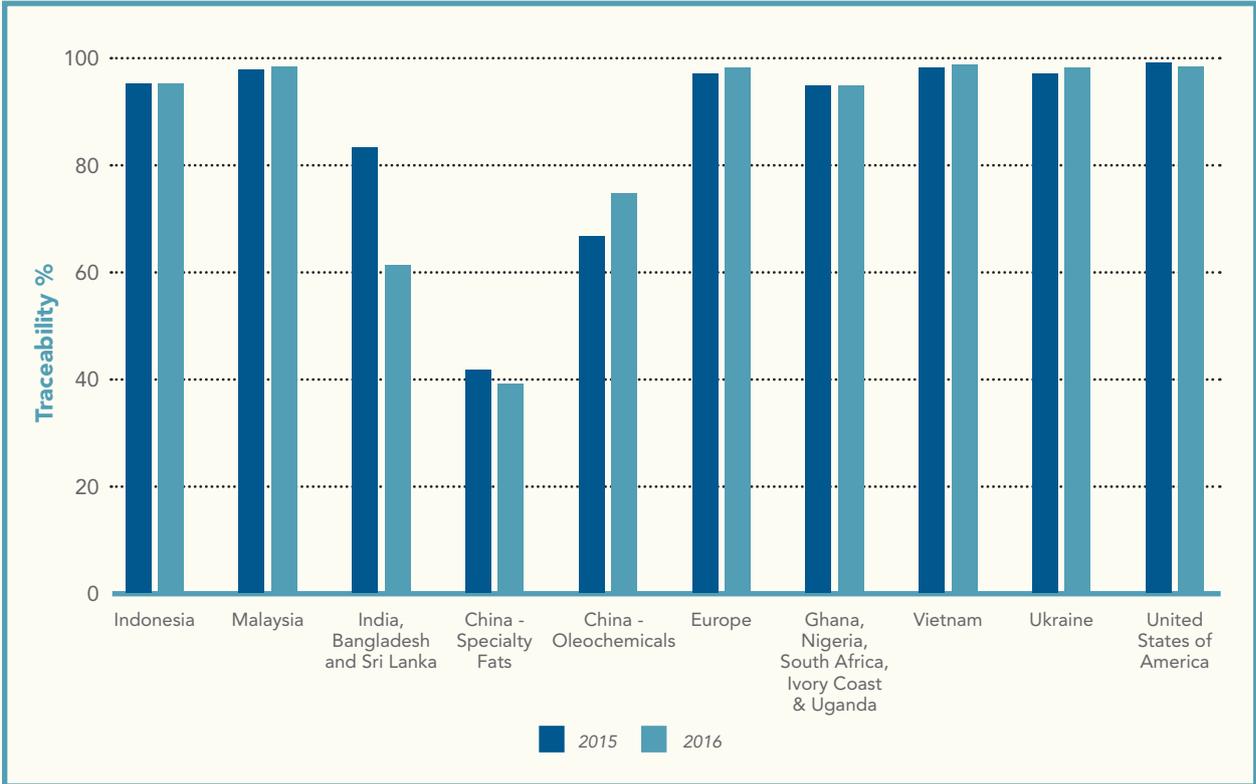
We recognise that a large part of our footprint lies beyond our own operations. Our suppliers therefore have a critical role to play in forging the path towards sustainable palm oil production.

Since 2014, we have been putting in place a series of measures to ensure that all palm oil physically handled by Wilmar is traceable to the mill where it is processed. In 2016, traceability analyses and summary data continued to be collected across Wilmar’s global operations (see below bar chart).

As at 31 December 2016, we achieved about 95% traceability to mills for our operations in Indonesia and Malaysia.



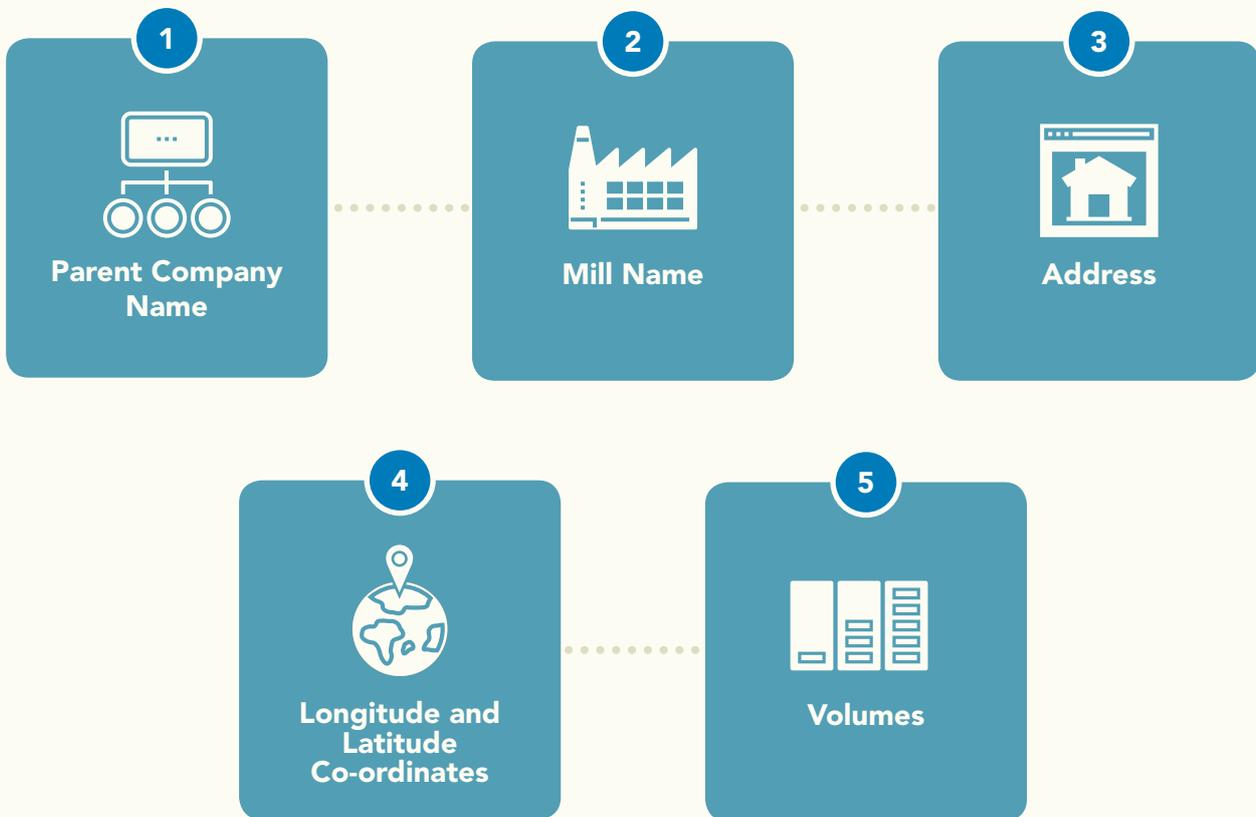
Traceability Progress



There is a drop in traceability rating for India because of increased volumes received from high sea parcels which is accounted untraceable.

Defining and Calculating Traceability: Wilmar's Approach

For a mill to be considered traceable, Wilmar requires the following information:



Where any part of this information is incomplete, volumes from that particular supplier will be treated as "untraceable". "Untraceable" does not mean that we do not know who we procure from but that it does not fully meet the above criteria.

The traceability performance of our refineries is calculated in percentages of the total volume received by the refinery. Refineries can receive supplies from individual mills, refinery transfers, traders, or bulking terminals.

Tracking traceability through a volumetric approach means that we can more accurately track the physical flows of our oil, and supports a traceable physical supply chain. While we strive to increase traceability from one period to the next, it should be noted that the traceability values may also decrease. Such trends occur predominantly because supplies available from different sources may vary from one period to another.

We have focused our attention on traceability to mill, because the mill is a good indicator of the approximate location of its suppliers.

The palm oil supply chain is multi-tiered. A typical palm oil mill could be supplied by hundreds of growers, and also by dealers that may source from many more growers. In turn, a refinery may likely be supplied by thousands of FFB suppliers, as it sources from multiple mills. For mills that do not have their own integrated plantations, which is typical in Sumatra and Peninsular Malaysia, a mill's FFB supplier base changes constantly, as farmers move from mill to mill on the basis of best price. This revolving supply situation is further intensified where there is an increase of milling capacity in a given area (e.g. with the addition of new palm oil mills, or the upgrading of existing mills), resulting in a sudden boost in demand for FFB.

Obtaining traceability information to farm or plantation level can therefore be highly resource intensive in terms of man-hours and cost. Traceability information, by itself, does not address environmental and social issues. Moreover, the definition of 'traceable to plantation', or 'fresh fruit bunch (FFB) traceability', is also a subject of considerable debate.

We believe resources are more effectively utilised in supporting the transformation of mills and their supply bases towards

responsible practices, such as through the Aggregator Refinery Transformation (ART) programme. This is mainly because the issues linked to sustainability (or NDPE compliance) will be similar within a mill's supply base (i.e. within a radius of approximately 50 km). It therefore serves no real purpose to identify the specific source of FFB at this level, as issues within the radius will be mapped as part of the mill assessments, such as extensive peat areas, proximity to national parks and populations of endangered species. As Wilmar's intent is to transform as much of the supply base as possible, it makes more sense to invest resources in efforts to raise the floor for sustainability and good practice for all suppliers and estates within a mill's supply base. Traceability to plantation primarily serves the purpose of delivering 100% segregated sustainable supply – which can mean the exclusion of the most vulnerable producers, such as smallholders.

However, we have prepared maps of all our own mills in Malaysia and Indonesia, showing all estate boundaries and the location of each smallholder and dealer. We are pursuing options to help third-party suppliers do likewise.

For more detail on Wilmar's traceability efforts and progress, please visit www.wilmar-international.com/sustainability/progress/traceability/

Wilmar's Position on Traceability to Plantation

Starting in 2011 and continuing through 2015, we have focused our efforts to trace supplies of FFB to our own mills in Malaysia and Indonesia.

This mapping exercise was led by an in-house team of full-time, dedicated and experienced Geographical Information Systems (GIS) practitioners, supported by regional FFB procurement teams and the involvement of individual mill operations. The entire process was relatively extensive in terms of cost, time, requiring a skilled workforce specialised in cartography and the use of high precision equipment and software.

In addition to Wilmar's own mills, over 800 mills also directly supply to Wilmar's refineries in Indonesia and Malaysia. Having completed the mapping process for our own mills, we recognise that replicating and enforcing this mapping process for all our third-party suppliers is a big challenge. We also recognise that mapping our supply chain on this scale will require the development of a robust information-gathering system which must be easily replicated and implemented, and which must also be both efficient and cost-effective.

We will continue to work with our third-party suppliers as well as independent smallholders to develop and build an operative model. We strongly advocate the importance of encouraging transformation throughout the industry, and while traceability is a component of this, it is not an end in itself.

Traceability to plantation will only add value in a true sense when larger issues faced by the industry are addressed – people and environment. We therefore continue to focus our efforts on driving real change on the ground through a dynamic capacity-building programme known as the Aggregator Refinery Transformation (ART) model, which has been co-developed with The Forest Trust, and which we are currently implementing across six landscapes.

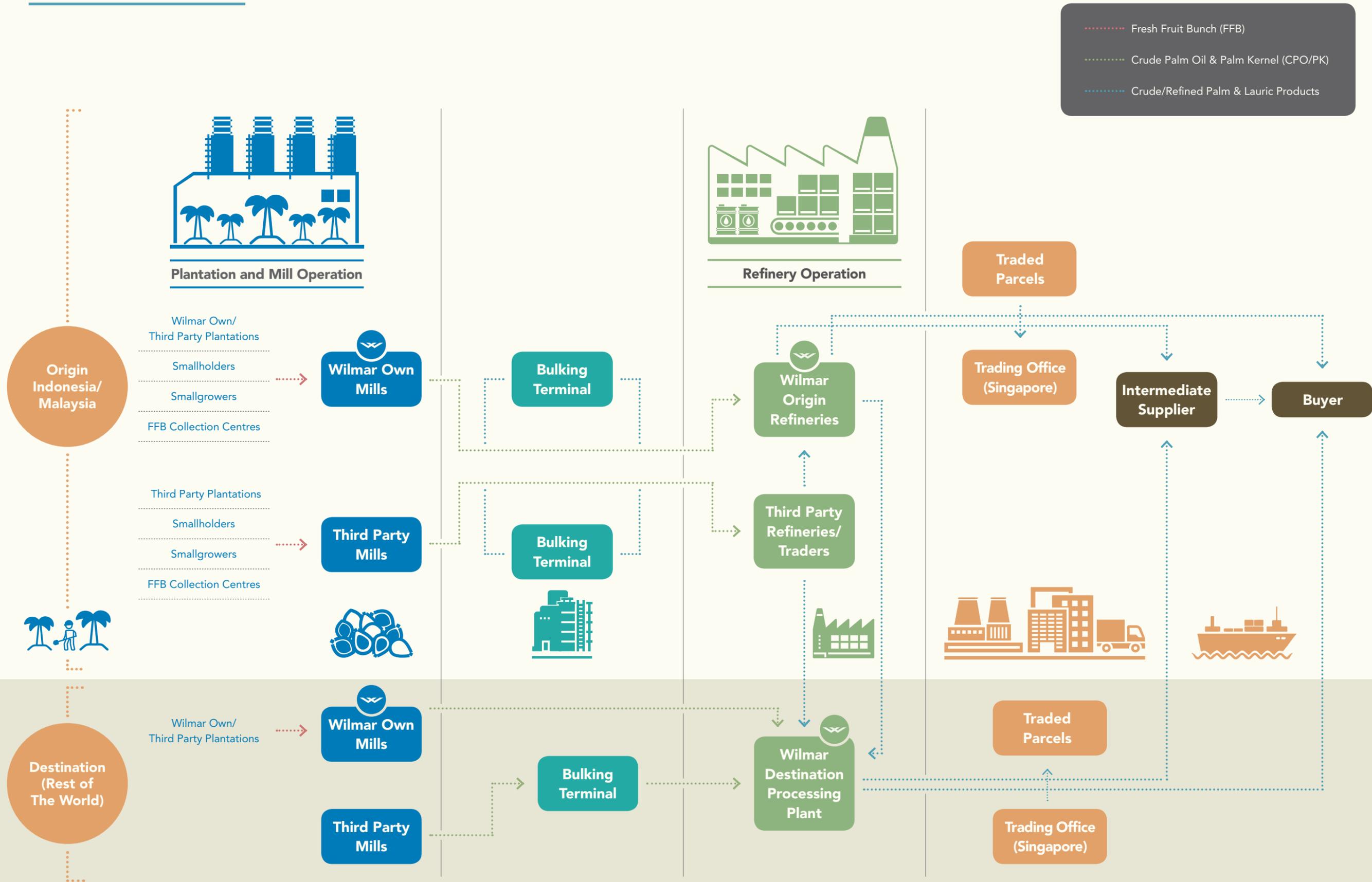
The ART model offers a holistic approach for bringing our suppliers along with us on the sustainability journey. It is a platform for providing active support and training and enables the sharing of best management practices. This empowers suppliers (mills and their supply bases) to identify specific and systemic issues that exists within their operating environments, provides solutions and tools to aid the adoption of good practices, and allows for monitoring.

Wilmar believes the ART programme will yield longer-term benefits by bringing suppliers and customers together to accelerate real transformation, and by shaping a traceable, resilient and sustainable supply chain.

More information on ART can be found on page 38-39.



Overview of Wilmar Supply Chain



Engagement and Empowerment

Creating Partnerships Globally

We recognise that many of the sustainability challenges confronting the world today are too big for any one company, or any one industry, to tackle alone. Over the last decade, Wilmar has intensified its involvement in the global food production sector to engage with players throughout the supply chain, especially in the creation of partnerships that include not only the private sector and civil society, but also governments and inter-governmental organisations.

We continue to play an active role in certification and assessment organisations, such as the Roundtable on Sustainable Palm Oil (RSPO) and the High Carbon Stock (HCS) Approach Steering Group, where we are involved in numerous working groups and governance bodies.

We also actively participate in a variety of multi-stakeholder platforms that seek to support the production of sustainable commodities and eliminate deforestation from commodity supply chains.

Stakeholder	Areas of interest	Wilmar's involvement
RSPO	Sustainable palm oil production	<ul style="list-style-type: none"> Member of RSPO's Sabah Jurisdictional Approach for Sustainable Palm Oil Production Steering Committee Chair of the RSPO smallholder Support Fund Panel Co-Chair of: <ol style="list-style-type: none"> the RSPO Smallholder Working Group (SHWG) the Biodiversity and High Conservation Value Working Group (BHCVWG) the FFB Legality & Traceability Task Force Member of: <ol style="list-style-type: none"> the Human Rights Working Group the Emissions Reduction Working Group the Trade and Traceability Standing Committee
High Carbon Stock Approach (HSCA) Steering Group	No deforestation	Member of the Executive Committee
Fire-Free Alliance (FFA)	Fire and haze	Founding member. Seek to prevent the fires rather than fight or suppress them through community-based initiatives.
Tropical Forest Alliance 2020	Responsible growth without depleting natural capital	Member of the Steering Committee
Grow Asia	Sustainable and inclusive agricultural development in South-East Asia, focusing on smallholder development and the environmental sustainability of agriculture.	Member of the Grow Asia Business Council
Business for Social Responsibility (BSR) and Golden-Agri Resources (GAR)	Labour rights and working conditions	Collaborative Partner. Helped seek improvement and solutions to existing labour challenges in palm oil industry in Indonesia

While such engagements are helpful in driving change, we are also conscious that capacity building and engagement on the ground is critical to achieving our sustainability mission and ensuring that programmes are effective and realistic. We are therefore involved in more practical programmes to engage communities in issues that are locally specific.

Most of this work is done through our day-to-day operations, including our community and smallholder projects. These are covered in relevant sections of this report. However, we are supporting communities throughout our supply chains as well. In Latin America, for example, we have launched the Wilmar Smallholders Support in Honduras (WISHH) initiative (see page 61 for more information), while in Africa we have initiated a community outreach programme in Cross River State, Nigeria (see page 60 for more information).

Transparency

We have maintained an online sustainability dashboard on our company website since 2015. To ensure we are responsive to stakeholder concerns, the dashboard carries updates on grievances, traceability and certification, as well as policies and statements on issues raised by stakeholders or in the media. The dashboard can be accessed at www.wilmar-international.com/sustainability/.

We produce a quarterly sustainability update highlighting our most important initiatives, and submit an Annual Communication of Progress (ACOP) to the RSPO. We also provide disclosures in support of various benchmarking and ranking initiatives, including the Forest, Climate Change, Water and Supply Chain programmes by CDP (formerly the Carbon Disclosure Project).

Our efforts to increase transparency and accountability have been recognised, in particular by the Zoological Society of London's (ZSL) Sustainable Palm Oil Transparency Initiative (SPOTT), where [our Group's score](#) has improved from 57% in 2014 to 77.5% in the 2017 update. SPOTT ranks palm oil companies based on a number of indicators relating to Policy scope, certification progress, improvement targets and transparency.

For broader audiences, such as our financial stakeholders, we produce annual reports, quarterly updates, and, until FY2015, a biennial sustainability report. Based on feedback from our stakeholders, as well as new stock exchange regulations, we have adjusted our reporting timeline, and will from now on produce a sustainability report annually.

Progress on Aggregator Refinery Transformation (ART)

ART was co-conceived with TFT in 2014 as a landscape approach to ensuring Policy compliance from our more than 1,000 CPO and lauric suppliers, as well as their FFB sources. Through ART, our refineries provide a central point for growers and millers to progress on HCV, HCS and peat protection, environmental impact management, labour standards, FPIC, and traceability.

ART is implemented in strategic areas in Malaysia, Indonesia, Latin America and West Africa. At year-end 2016, we have conducted 64 assessments in these areas.

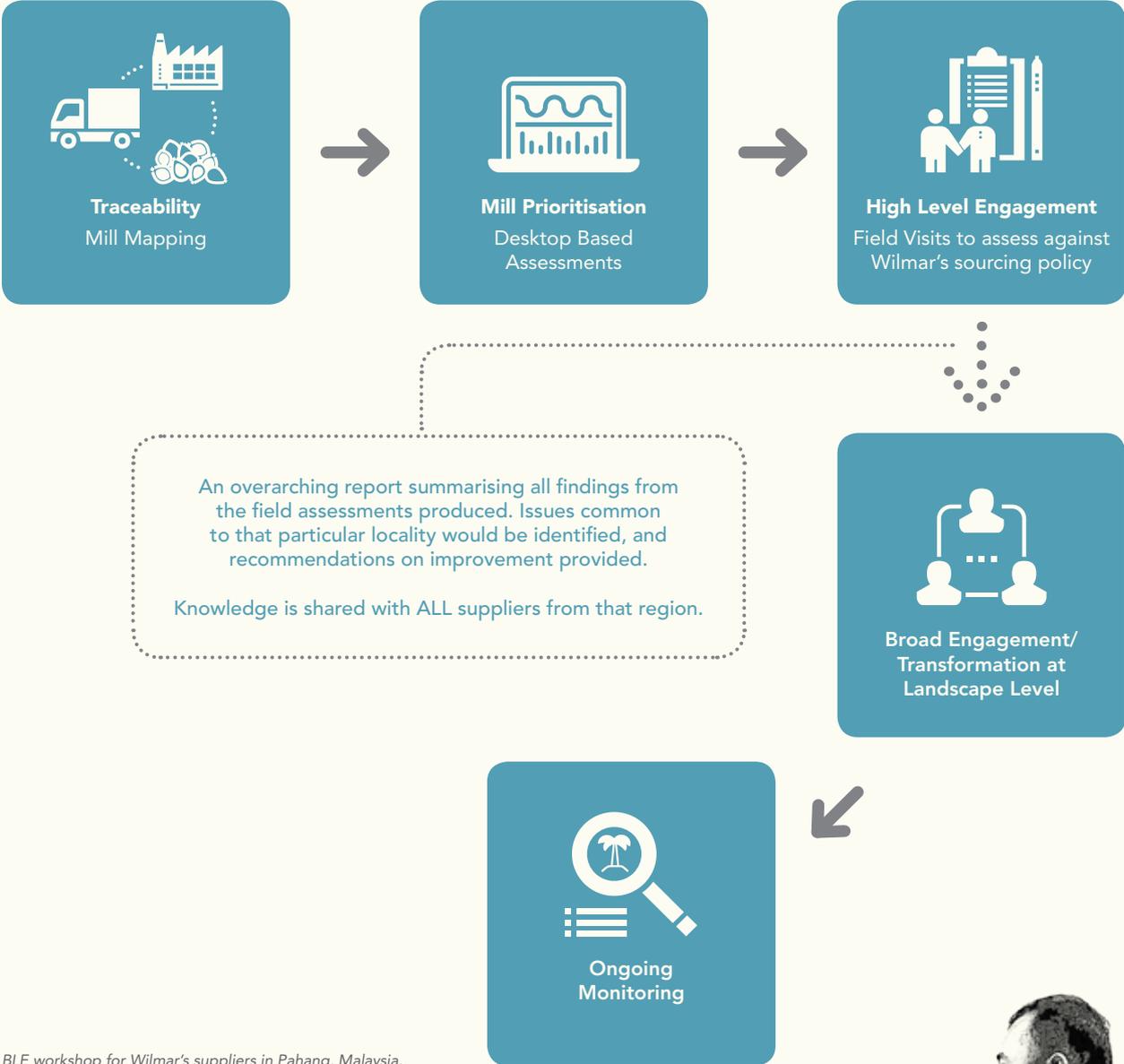
These assessments are compiled into anonymised overarching reports by landscape, and each report summarises representative issues that may be prevalent in that landscape. Through Broad-Level Engagement (BLE) workshops, we socialise the common issues to all suppliers operating in that region and share learnings and recommendations on improvement. Topics include findings from mill assessments, guidance on land-use planning, and respecting the rights of workers and indigenous and local communities.

	2016	
	Malaysia	Indonesia
Broad-level engagement workshops	3	1
Mills represented	49	80
Participants	199	110

Following up from the assessments, we engage with suppliers on details of mill assessment findings and the development of action plans. We have also conducted return visit programmes with some of our suppliers who participated in the 2015 ART field assessment. The objective of the return visits is to assess suppliers' progress and provide further guidance on closing identified gaps.

In addition to mill and grower assessments, we have also started a series of one-day, region-specific training sessions open to all our suppliers, as well as to their FFB suppliers. Training sessions are issue-specific and include conservation, labour rights, environmental impact management and health and safety. Sessions also provide space for the discussion of issues and examples of best practice, and serve as a forum for dialogues with government representatives, such as those from the labour and environment departments. Two training sessions were conducted in Malaysia in 2016 that were attended by 50 participants from 30 supplier mills. We will conduct similar sessions in Indonesia in 2017.

Overview of Aggregator Refinery Transformation (ART) Approach



BLE workshop for Wilmar's suppliers in Pahang, Malaysia.



Sustainability Governance and Ethics

We have in place a Code of Conduct that prohibits the giving and receiving of any type of bribe. These include gifts, entertainment or other benefits that may affect our employees' ability to carry out their duties legally and/or in line with company interests. Any benefits or gifts must be declared to a reporting superior. The Code of Conduct is codified in our employee handbook.

Our [Whistleblowing policy](#) sets out guarantees for confidentiality and freedom from reprisals. It also identifies several contact points for reporting fraud, corruption and non-compliance with legal requirements and company policies.

The policy ensures that a process is in place for independent investigations of alleged improprieties and for appropriate follow-up actions, including providing assurance that the complainant will be protected from reprisals for whistleblowing in good faith and without malice. The policy highlights that any employee who raises a genuine concern and makes a disclosure in good faith will not be at risk of losing his or her job, nor suffer adverse treatment or harassment for doing so.

We strictly adhere to the spirit of this policy, and do not penalise employees for raising concerns to ensure that Wilmar's business conduct meets its policies on compliance, including when they choose to raise the issues through third parties.

The implementation of the policy has been communicated to employees of the Group and the policy is posted on the [Group's website](#). The policy is also socialised to employees at staff training sessions, as part of the Group's efforts to promote awareness of fraud control.

Grievances

There was a total 30 grievance cases related to our supply chain in 2016, compared to 20 in 2015. Of the 10 cases registered in 2016, we have put on hold trading with two suppliers as engagement with them towards resolution yielded little results.

Nature of grievance cases	New cases in 2016	Total cases listed on grievance (as at December 2016)
Deforestation	3	17
Social conflict	1	3
Human rights violations	2	4
Deforestation/Social conflict	1	2
Deforestation/Human right violations/Social conflict	3	4
Total	10	30

Grievances relating to HCS, HCV, peatland and burning issues are classified as Deforestation; labour issues as Human Rights violations and land disputes with local communities as social conflicts

More information on these grievance cases can be found by navigating to [grievance procedure](#) on our sustainability dashboard.

Proactive Supply Chain Monitoring

Proactive monitoring of non-compliances that could potentially be linked to our supply chain is also undertaken by an international NGO on an on-the-ground basis. We increased the monitoring of palm oil mills and plantation company groups by 50%, from 40 groups in 2015, to 60 in 2016.

Protecting Our Environment

No Deforestation

A major focus for our business over the last three years has been to ensure that neither our own operations, nor those in our supply chain, are contributing to deforestation. Our NDPE Policy commits us to the use of the High Carbon Stock (HCS) Approach and the High Conservation Value (HCV) framework as primary tools to identify areas suitable or unsuitable for planting. We have previously appointed RSPO-approved assessors to identify HCV areas. Since 2015, with the launch of the HCV Assessor Licencing Scheme, we have only appointed licensed HCV assessors to undertake our assessments.

Through the HCS and HCV assessments, Wilmar has identified around 30,000 hectares in Indonesia, Malaysia and Africa to be set aside and managed for value conservation.

Conservation Area 2016



The HCS Approach was launched in 2013 to categorise forests and define a better landscape-level methodology for preventing deforestation. In 2014, a broad group of stakeholders established the HCS Approach Steering Group (HCSA SG) to strengthen and evolve the methodology, as well as to provide a governance body for its use. In parallel, the Sustainable Palm Oil Manifesto (SPOM), a group consisting of major palm oil growers and scientists undertook to develop an alternative approach focused on addressing socio-economic concerns related to forest set-asides, and on determining a carbon neutral approach towards development. Wilmar took an active role in both groups to ensure that the significant progress made by each could be harnessed. It was therefore a major achievement when, in November 2016, the two initiatives announced that they had reached a convergence agreement through which all actors can now look to a single definition and methodology to reduce deforestation.

We are committed to applying this methodology to all new developments, including extensions of existing plantations. We have to date undertaken one such HCS process in our Nigerian operations. The assessment was completed in 2015, and in 2016 we were among the first oil palm companies to submit an assessment to the HCS Approach Peer Review Process. The full peer review is available [here](#).

Conservation and wildlife

Our NDPE Policy places special emphasis on the protection of endangered species and wildlife conservation. We do not operate in internationally or nationally designated protected areas, and we have established management plans for reducing illegal activities, including poaching, encroachment and logging, in our conservation areas.



Setting up a wildlife camera trap in Wilmar's conservation area in Sabah, East Malaysia.

A group of regional conservation specialists monitor and manage our conservation areas overseen by a global Forest Sustainability Manager. Specialists in Sabah, Sarawak, Indonesia and Africa work in partnership with estate and plantation management to ensure that Conservation Management Plans are implemented throughout our operations and that conservation areas are monitored and protected. We partner with local research bodies to continually improve our management plans, and employ a combination of manual monitoring (such as our ranger programme – see page 44 for more information), as well as smart satellite and Global Positioning System (GPS)-based monitoring tools. We also train estate workers to identify and report encroachment and other threats to protected areas.



Wilmar supports a wide range of initiatives set up to protect iconic wildlife species, both in our set-aside areas as well as in areas adjoining our plantations.

Partners	Initiative
Provincial Government of Central Kalimantan and Borneo Orangutan Survival Foundation (BOSF)	<p>An ongoing collaboration to safeguard almost 4,000 ha of High Conservation Value (HCV) areas in our PT Mentaya Sawit Mas (MSM) estate in Central Kalimantan.</p> <p>The partnership was initiated in 2011 to ensure that orangutan populations identified in Wilmar's concession could continue to thrive.</p> <p>In May 2016, the partnership commissioned an external evaluation to review the progress and outcomes of the conservation programme against its initial objectives set five years previously. Three independent conservation experts conducted the evaluation, all of whom have more than 25 years of experience in conservation and orangutan-related work in the palm oil industry.</p> <p>Key findings from the external evaluation include: (i) that the tripartite partnership has succeeded in increasing community awareness and understanding on the importance of orangutans and conservation; (ii) that there is a need for greater coordination among all partners in order to resolve outstanding issues with local communities; and (iii) that there is potential for the programme to contribute significantly to the conservation of orangutan populations in Central Kalimantan, as the HCV area in PT MSM remains connected to a larger forest landscape extending beyond the concession's borders.</p>
South East Asia Rainforest Research Partnership (SEARRP)	<p>A memorandum of understanding (MOU) to advance the knowledge and application of sustainable plantation practices in Malaysia, Indonesia and the wider tropics through a five-year research and training programme.</p> <p>Both parties commit to support and facilitate research by academics from leading universities, including the UK universities of York, Oxford, Cambridge, Leeds, Nottingham and Aberdeen, and Universiti Malaysia Sabah, with a strong focus on biodiversity conservation and the management of conservation areas within oil palm plantation landscapes.</p> <p>Wilmar and SEARRP will also work together to develop simplified methods for environmental assessment and monitoring. By deepening the partnership between a leading palm oil processor and one of the foremost research programmes in the tropics, Wilmar and SEARRP aim to make a major contribution to science which is critical to underpinning conservation, sustainability and environmental best practices for the palm oil industry.</p>
Kalaweit Foundation	<p>An NGO collaboration on gibbon rehabilitation</p> <p>We have extended our gibbon programme with the Kalaweit Foundation through a rehabilitation programme for rescued siamangs to be returned to the wild. The programme is now set to continue for an additional five years, ensuring that we can monitor and sustain the achievements so far.</p>
University Malaysia Sarawak (UNIMAS), University Andalas, South East Asia Rainforest Research Partnership (SEARRP), Zoological Society of London (ZSL) and Borneo Orangutan Survival Foundation (BOSF)	<p>Bringing together technical experts working in our plantation areas to exchange knowledge and findings, and to improve the management of our HCV areas.</p> <p>We organised a workshop with our research partners in Sampit, Central Kalimantan. The workshop was attended by most of our research partners from University Malaysia Sarawak, University Andalas, SEARRP, Zoological Society of London and Borneo Orangutan Survival Foundation. The discussions covered findings from the research undertaken by the agencies in Wilmar's conservation areas in Sumatra, Central Kalimantan, Sabah and Sarawak, as well as the potential for new collaborations.</p> <p>The participants from this workshop identified three areas of future work: (i) continued floral and faunal surveys, (ii) knowledge on ecosystem restoration, and (iii) economic and social research into alternative incomes for communities.</p> <p>The workshop also boosted the capacity of our internal HCV and managerial teams by exploring the latest research findings on HCV management.</p>

Unsung Heroes of the Forest



We often read in the media about brave police officers arresting dangerous criminals, saving victims from harm and ensuring law and order in society; or about iconic wildlife facing threats of extinction due to rampant illegal hunting activities. And yet, little is mentioned or reported about the valiant forest rangers and game wardens working beyond the boundaries of concrete jungles on the frontline of the war with poachers. These are the unsung heroes from the forest, and John Anak Alit is one of them.

John Anak Alit is our High Conservation Value (HCV) Assistant Manager. Originally from Sarawak, East Malaysia, he has been working with PPB Oil Palms Bhd (PPBOP), a subsidiary of Wilmar International Limited, since 2011. Based in Saremas Plantation in Sarawak, he became an Honorary Wild Life Ranger, a voluntary vocation, in 2015. In November 2016 he was presented with the "Outstanding Honorary Wild Life Ranger" award by the Chief Minister of Sarawak.

In states like Sabah and Sarawak, where poaching and illegal logging activities do happen and government resources are limited, ranger volunteers like John Alit and other Wilmar employees can help to keep illegal activities at bay. Despite knowing that the work of a wildlife ranger can be dangerous at times, John sees it as an honour to serve his beloved Sarawak State by helping to protect its forest resources.

To qualify as Honorary Wild Life Rangers, John and his colleagues underwent a three-day training course led by the Sarawak Forest Corporation. They were trained on the relevant skills and knowledge, including the relevant State laws, law enforcement tactics, surveillance methods and procedures for reporting to the authorities. A background check was also conducted by the Malaysian Police Department in Kuala Lumpur to ensure that they would not have any criminal records prior to being appointed as Honorary Wild Life Rangers.

According to John Alit, all this effort and work is worthwhile. "Since the establishment of PPBOP's Honorary Wild Life Ranger Programme in Sarawak in March 2015, we have observed a reduction in encounters with poachers and people with guns moving into our plantation area," he reports. Asked whether he is concerned about safety when confronted with armed suspects John said, "At times we encounter suspicious characters or poachers during our patrolling or road-block duty, who can be quite aggressive, but we are adequately trained to handle such situations."

Wilmar is the first plantation company in Sarawak to have an Honorary Wild Life Ranger Programme, and we currently have 40 Honorary Wild Life Ranger appointed. As part of this programme, PPBOP has also conducted a series of awareness sessions on wildlife with local indigenous communities in or near conservation areas. Six headmen have also been enlisted as Honorary Wild Life Ranger in the programme.

We have a similar programme in Sabah, which has 15 Honorary Wildlife Wardens to help protect iconic species such as orangutans and Sumatran rhinoceroses. Given our success and track record in the neighbouring state, we are confident these initiatives will help us to maintain the integrity of the conservation area and contribute meaningfully to Sabah's and Sarawak's conservation initiatives.



Promoting Zero-Burn Practices

Wetter weather conditions in 2016 led to fewer fires, and consequently less haze in the Southeast Asian region (particularly in Singapore, Malaysia and Indonesia) than in previous years. We have continually enforced our zero burn policy over the past decade, and we continue to monitor and control any outbreak of fires within the immediate vicinity of our operations.

In 2016, Wilmar expanded its fire prevention efforts through the Fire-Free Alliance (FFA), which was launched in February 2016. Central to the FFA is the Fire-Free Village Programme (FFVP), a community-based incentives scheme to help reduce the incidents of fires. The founding members are APRIL, Asian Agri, IDH, Musim Mas, PM.Haze and Wilmar. Sime Darby and IOI Group officially joined as members in March 2017.

The FFA provides a tool to identify the risk of fires in plantation boundaries. Our adoption of the FFA approach also included the extension of fire monitoring to areas 5 km outside our plantation boundaries. Since February 2016, Wilmar has socialised the FFVP to 61 villages in South Sumatra and Central Kalimantan. Some 1.39 ha of planted area and 82.88 ha of unplanted area were burnt in 2016, representing an overall improvement of approximately 90% on previous years. Our 2017 goal is to halve the 2011–2015 mean average incidents

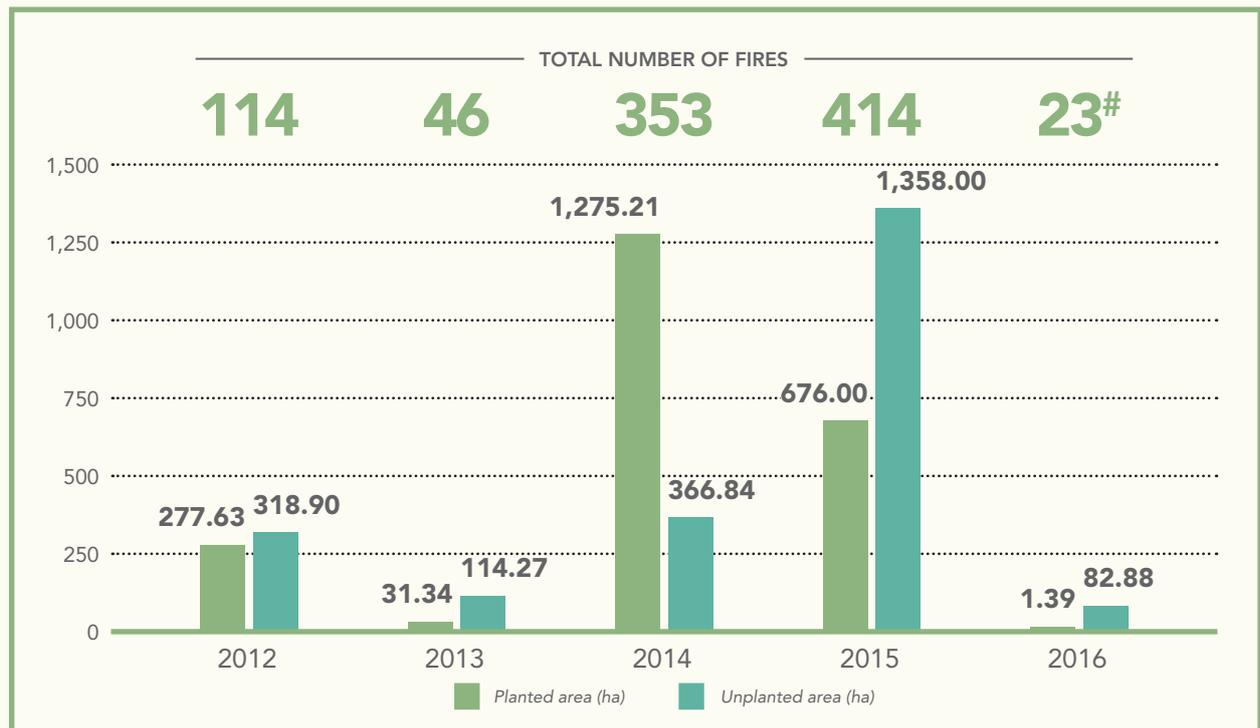
of fires in our Indonesian plantations and reduce the number of fires occurring in the extended buffer zones.

According to the FFA Members Review 2016 report released in March 2017, the FFA has rapidly expanded fire prevention outreach to 218 villages in various parts of Indonesia. Of these, 77 villages signed up with FFA members for training programmes in 2016. This is a 756% increase in the number of participating villages since the FFVP was launched in mid-2015.



Wilmar's fire-fighting crew in Indonesia.

Fire Incidents in Wilmar's Concessions in Indonesia



Note: the fire data in 2016, as reported in Wilmar's Annual Report 2016, has been restated following EY's limited assurance procedure. # EY has performed limited assurance procedures on this figure.

Reducing Our Greenhouse Gas Emissions

Reducing our greenhouse gas (GHG) emissions remains a top priority within our NDPE Policy, and we are committed to avoiding emissions to the best extent possible.

In 2016, using both the latest RSPO PalmGHG calculator and the GHG Protocol accounting standard, we continued our emissions mapping exercise with expansion of the reporting scope. The data collected helps us monitor our emissions footprint and design measures to reduce emissions.

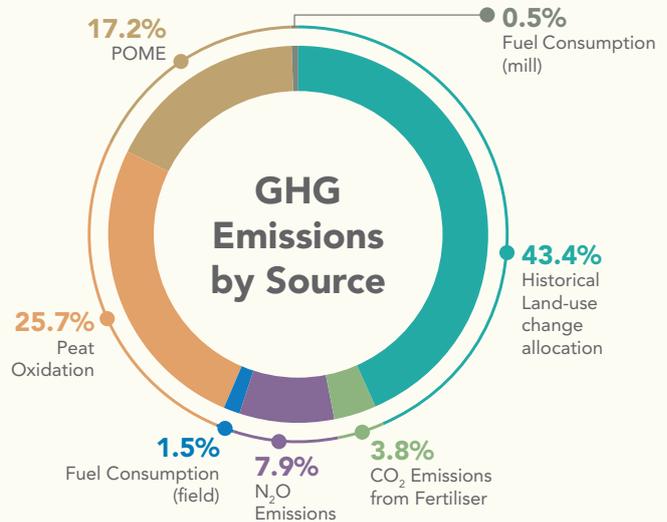
RSPO PalmGHG Calculator

We follow the RSPO PalmGHG calculator to measure the GHG emissions of our RSPO-certified palm oil mills annually, as required by the RSPO standards. We tested the RSPO PalmGHG version 1 calculator in 2013, and used the PalmGHG version 2.1.1 to calculate emissions for 2014 and 2015.

For 2016, we have used the latest version, PalmGHG 3.0.1. There were substantial variations from version 1 to version 2, and further changes have been made for version 3 (major changes have been summarised in the [RSPO PalmGHG website](#)). Historical data can therefore not be used as a definitive indicator of reductions and/or increases in carbon dioxide emissions year-on-year.

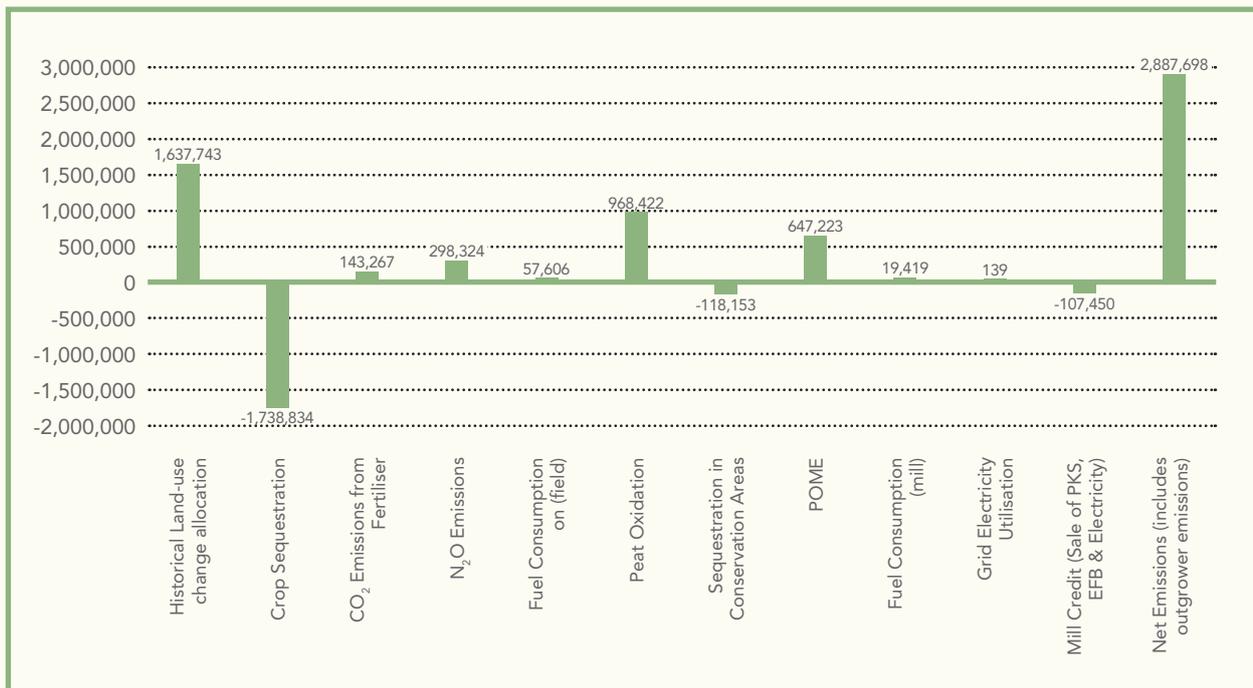
Emission Sources and Sinks

Based on the calculated figures, our most significant emissions derive from historical land use change after November 2005 (43%). While we cannot undo these earlier conversions, our commitment to expansion only in low carbon landscapes will ensure that all future developments have a significantly lower carbon footprint.



Emission Sources and Sinks 2016

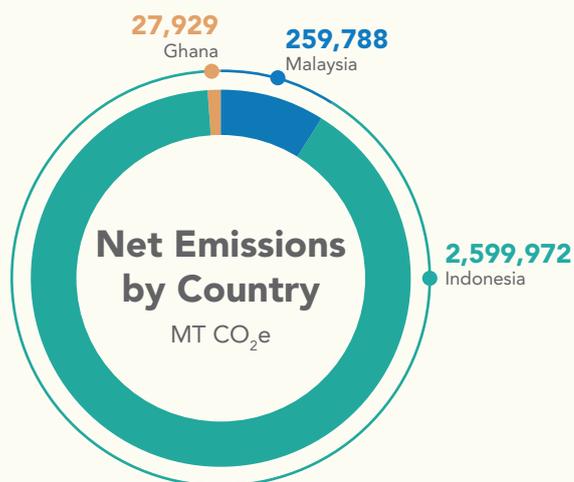
tCO₂e



Reducing Our Greenhouse Gas Emissions

RSPO PalmGHG Calculator

RSPO PalmGHG Calculator – Carbon Intensity (tCO ₂ e/MT CPO)	
	2016
Sabah	0.56
Sarawak	0.86
Malaysia	0.63
Sumatra	4.08
Central Kalimantan	1.46
West Kalimantan	7.50
Indonesia	3.03
Ghana	1.04
Wilmar overall	2.23



CDP and GHG Protocol Emissions

We participate in the annual reporting for CDP Climate Change module, and this year's scope of reporting has been expanded to include all of our operations in Indonesia and Malaysia, which covers the various processing units in the supply chain as well as different commodities. The report, which is publicly available, outlines Wilmar's carbon footprint as per the reporting scope, in accordance with the standards defined by the GHG Protocol. It also presents our assessment of the business risks associated with climate change, as well as details on our emission reduction efforts.

There is an increase in 2016 emissions for our Indonesian operations as compared with data from previous years due to the enlarged scope of reporting for downstream operations. Similarly, emissions from our Malaysian operations increased slightly due to the inclusion of other downstream operations not directly related to palm. This offset the decrease of

GHG emissions achieved through the installation of biogas plants at mills. Additional operations reported in the 2016 scope include our fertiliser and feed ingredients plants, as well as tank terminals.



Wilmar's downstream operations in Pelitung, Indonesia.

	Malaysia	Indonesia	Plantations	Mills	Refineries & Others
	Emissions by country		Emissions by business activity/division		
Scope 1 (tCO ₂ e)	558,277.35	2,992,261.33	337,574.58	1,401,119.19	1,811,844.91
Scope 2 (tCO ₂ e)	188,399.53	385,208.76	7,342.37	666.9	565,599.03

Note: In 2016, we started to trial a new Environmental, Health and Safety (EHS) data collation & reporting system (Enablon) and moving forward, this platform will be used to collect our GHG emissions and other relevant environmental performance data.



Canvas-covered methane capture lagoon in PT Tania Selatan in Sumatra, Indonesia.

Methane recovery to mitigate GHG Emissions

Methane from palm oil mill effluent (POME) is our biggest source of avoidable GHG emissions, and has been a major strategic focus for our emissions reduction efforts. Over the past year, we have made tremendous headway in our efforts to reduce POME emissions. As at end 2016, we have 17 operational methane capture plants, which capture biogas for either flaring or electricity generation, and eight more are in various phases of construction. These facilities provide alternative sources of electricity for our operations and help to reduce our overall fossil fuel consumption. Through this initiative, we estimate that we can achieve an annual emission reduction (from methane gas capture only, excluding the emissions avoided by not using fossil fuels for electricity generation) of about 500,000 tonnes of carbon dioxide equivalent (tCO₂e) when all 25 sites are in full operation.

Avoiding Peat

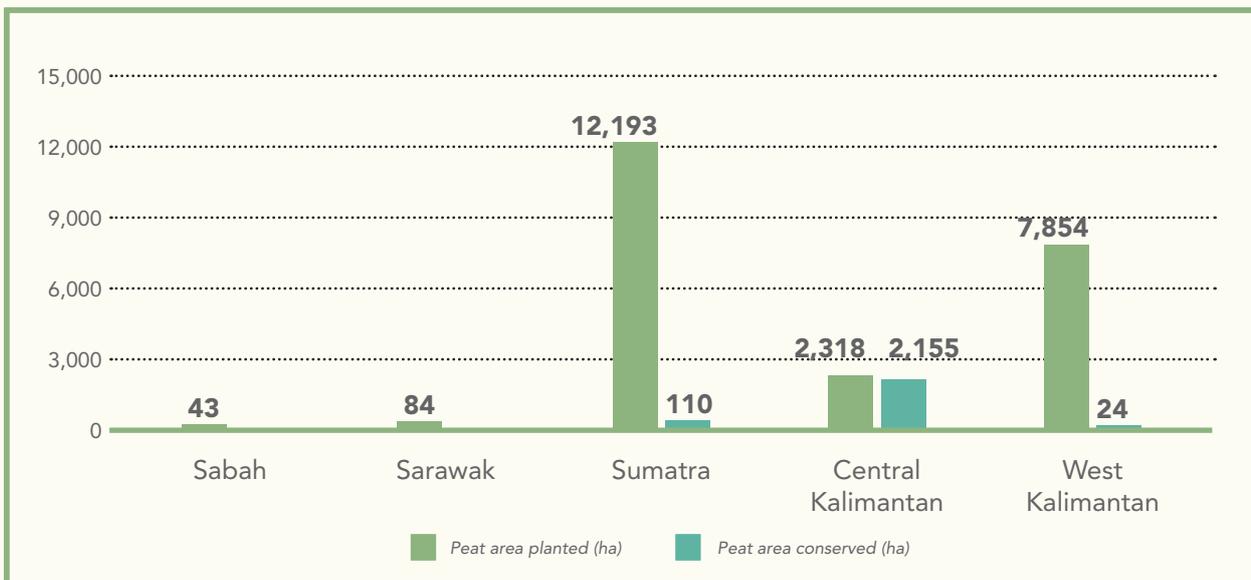
Peat oxidation results in significant carbon emissions due to the peat soil being mostly organic. Although peatland makes up a small portion of our planted area, it still accounts for 26% of our total gross emissions.

In 2012, Wilmar was among the first companies in the palm oil sector to ban new plantings on peat, regardless of depth. Our 2013 NDPE Policy expanded this commitment to cover all our suppliers.

Around 8% of our planted area is currently on peat, with the vast majority in our older estates in Sumatra. In these areas, we apply best management practices, such as maintaining appropriate water tables and other practices recommended by technical experts and working groups in the RSPO. We are also sharing best practices with third-party suppliers to ensure that they have access to the latest knowledge and insights on responsible peat management. As crops planted on peat meet the end of their current rotation, we will explore options for the long-term restoration of peatland and peat forest where feasible.

Planted and Conserved Peat

As at 31 December 2016



Note 1: No peat areas are found in Ghana and Nigeria.

Note 2: The classification of soils has evolved steadily over the past years, as research bodies and government agencies have improved the available methodologies. This has resulted in changes to the soil maps we use to calculate our total peat area – as we seek to follow best available science – and consequently incremental increases in planted areas classified as peat. We have not developed new areas containing peat since we adopted the No Peat policy in 2012. To avoid misunderstandings, we have decided not to report peat figures from previous years, as they are not comparable. Previously reported figures can be found in our 2015 Sustainability Report.

Safeguarding Water Quality

We recognise that clean, accessible water is critical for the wellbeing of communities, wildlife and aquatic ecosystems. We continuously monitor our impact on local waterways to ensure that we do not affect water availability or quality, and we are seeking to minimise the use of potable water in all our operations.

Wastewater from FFB processing at mills – POME – is disposed of either through land application as a fertiliser, or by release

into local rivers. In the former way, the wastewater provides moisture, nutrients and organic matter which helps to reduce the need for commercial fertiliser. In the latter way, wastewater is treated before discharge.

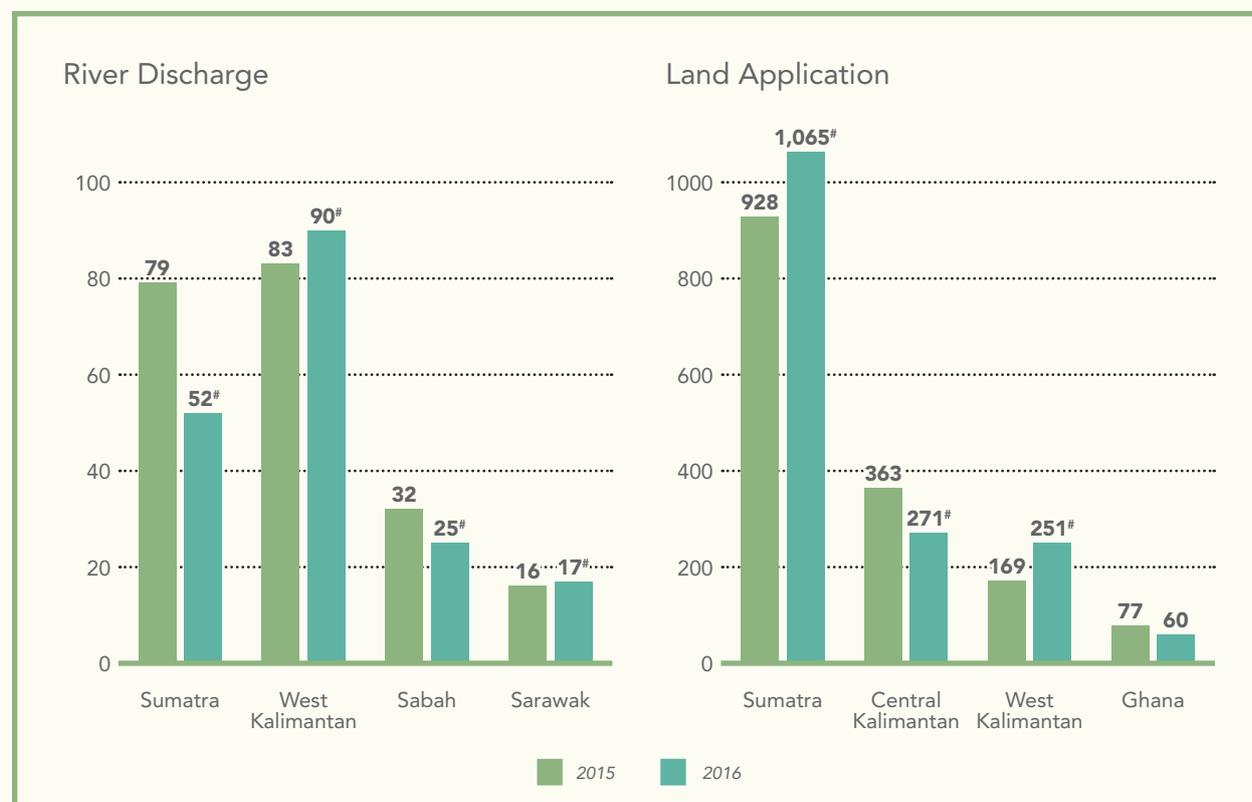
In both cases, we comply with local environmental limits* to minimise the risk of both disturbance to the aquatic environment and pollution of ground water. All our operations were in compliance with all relevant local thresholds in 2016.

Biological Oxygen Demand (BOD) Levels

BOD is the amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

BOD Levels by Region and Discharge Destination

Mills (mg/L)



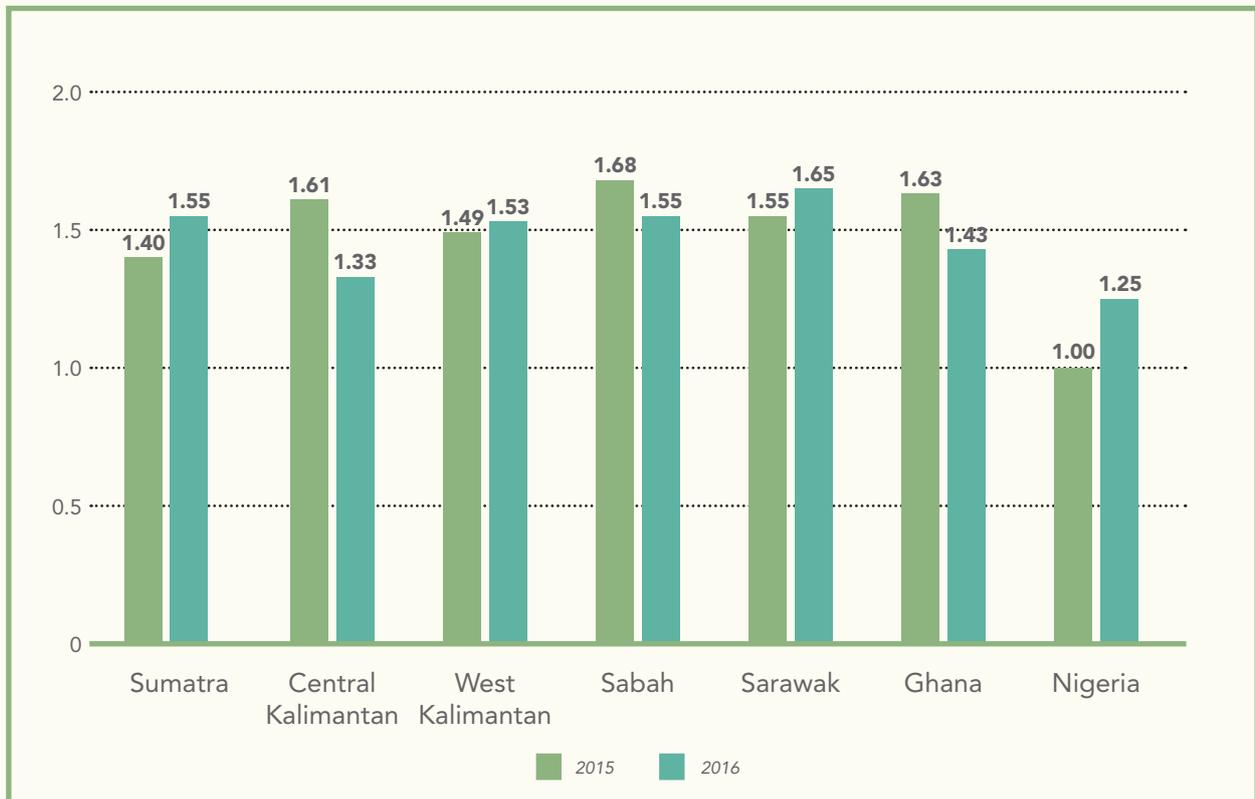
Note: 1) In Nigeria, there was sufficient pond capacity to contain all effluent without land discharge.
 2) The BOD data in 2016, as reported in Wilmar's Annual Report 2016, has been restated following EY's limited assurance procedure.
[#] EY has performed limited assurance procedures on this figure.
 * BOD level legal limits of the respective regions for river discharge:
 • Sabah: 20/50/100 mg/l, depending on the year the mill is built
 • Sarawak: 50 mg/l
 • Indonesia: 100mg/l
 BOD level legal limits of the respective regions for land application:
 • Indonesia: 5,000mg/l
 • Ghana: Not applicable

Water Usage

Our mills account for the majority of our water use, drawing supplies from local waterways and wells in order to process FFB. In addition to mill water, we also draw some water for nursery irrigation and household use. In our mills, we typically use around 1.5 m³ of water per tonne of FFB processed. We believe this is in line with normal industry levels.

Water Use per Tonne of FFB Processed

Mills (m³/MT FFB)



We ensure that wastewater is treated and the BOD level complies with or is better than the legal limits before discharging back to the natural waterways.

Reducing Chemicals Use



It is compulsory for workers who handle chemicals to wear PPE on site and shower after each work shift.

The use of chemicals to enhance production and prevent pests and diseases is a critical aspect of good agricultural practice. However, we recognise that such chemicals should be handled and applied in a way that does not risk the safety of workers and the environment in which we operate.

To minimise our pesticide use, we have adopted an integrated pest management system that applies a combination of natural and mechanical pest reduction strategies, including the introduction of natural predators. We also work to minimise pesticide usage through precision application. Our R&D laboratory in Indonesia has also identified beneficial microbes that are being used to develop environmentally friendly approaches to controlling or preventing oil palm diseases. These may also reduce our reliance on synthetic fertilisers and improve plant growth.

Protecting workers

Workers that handle chemicals are required to undergo extensive and ongoing training. It is mandatory that they wear personal protective equipment (PPE) on site – including protective eyewear, facial masks, gloves and boots – and showering is compulsory after each shift. These workers are subject to regular check-ups to detect any presence of residual chemicals. All chemicals are stored in locked facilities to which only authorised personnel have access. Containers used for storing chemicals are collected, stored

and disposed of in accordance with the legal requirements for hazardous waste.

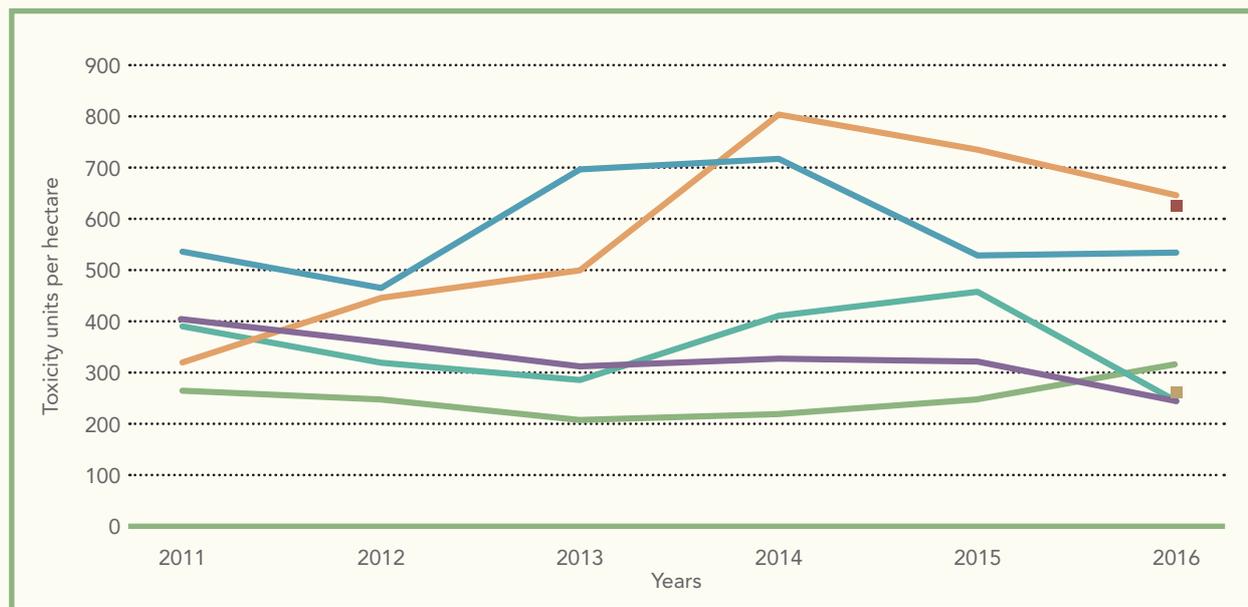
In 2016, as part of our in-depth review of our operations in North Sumatra, we identified non-conformances in some sections, including insufficient PPE stock, which resulted in workers not being issued replacement PPE in a timely manner. These issues have now been addressed, and we are following up to ensure that such breaches in standard operating procedures do not take place elsewhere in our operations.

Chemicals policy

We monitor toxicity and restrict the use of a number of chemicals of concern in order to minimise the potential hazards of pesticides for workers, communities and ecosystems. We have banned paraquat in our operations since 2011, and pesticides that are categorised as World Health Organization Class 1A or 1B, or listed by the Stockholm or Rotterdam Conventions, are not used, except in specific urgent situations.

We monitor our pesticide usage and focus on tracking the use of herbicides as these are applied as part of good agricultural practice. Fungicides, rodenticides and insecticides are used only to contain outbreaks and attacks, and year-on-year comparisons would not be meaningful.

Toxicity Per Hectare by Region



		2011	2012	2013	2014	2015	2016
	Sarawak	542	471	694	718	534	541
	Sabah	330	452	508	801	737	647
	Sumatra	275	258	219	231	257	317
	Central Kalimantan	411	367	318	337	328	253
	West Kalimantan	398	327	296	416	464	256
	Ghana	-	-	-	-	-	259
	Nigeria	-	-	-	-	-	629

The use of herbicides is largely determined by planting cycle, as new plantings and young palms require greater amounts of herbicide. Herbicide usage is also determined by local climatic conditions, such as heavy rainfall, as well as agricultural and soil conditions and pest profiles. Tracking toxicity enables us to more accurately assess our performance against peers over time, as well as ensure that changes to the type or volume of herbicides used do not adversely affect

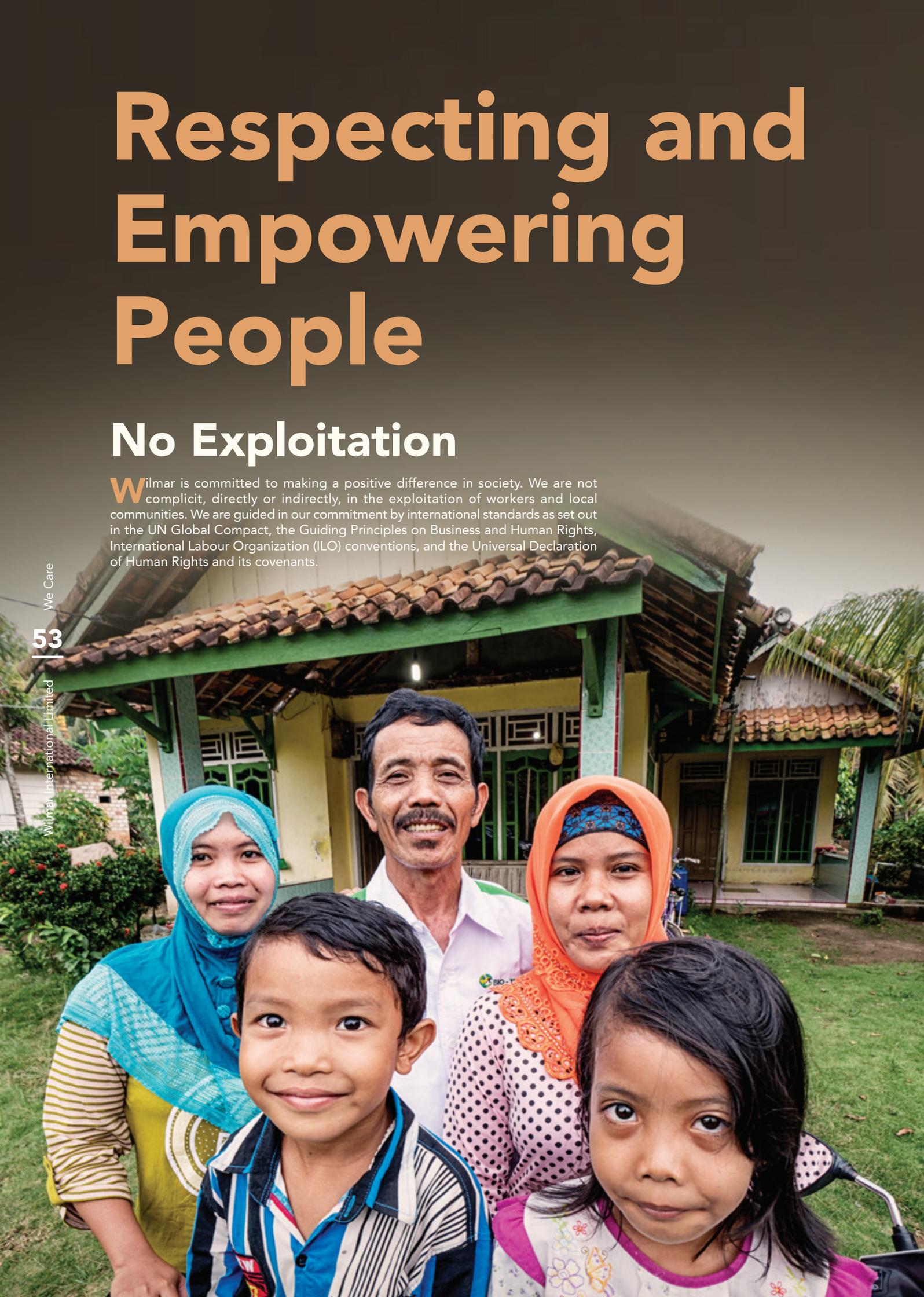
our environmental footprint. Although only a few plantation companies disclose toxicity levels – making comparison difficult – we believe that our current range of 200-800 toxicity units per hectare is largely in line with best practice.

Information on the types of herbicides currently used in Wilmar plantations can be found on page 67.

Respecting and Empowering People

No Exploitation

Wilmar is committed to making a positive difference in society. We are not complicit, directly or indirectly, in the exploitation of workers and local communities. We are guided in our commitment by international standards as set out in the UN Global Compact, the Guiding Principles on Business and Human Rights, International Labour Organization (ILO) conventions, and the Universal Declaration of Human Rights and its covenants.



Rights of Workers

With over 51,000 people employed in our oil palm operations, we have a major challenge as well as a great opportunity to provide good livelihoods and development opportunities to all our workers and their families.

Review of Current Practices

In late 2016, some civil society groups drew attention to concerns about labour practices at our North Sumatra operations, PT Perkebunan Milano (PM) and PT Daya Labuhan Indah (DLI).

By the end of 2016, a total of two internal and two external assessments were successively undertaken to investigate the matter.

One of the external reviews was conducted by Business for Social Responsibility (BSR) in December 2016. The assessment methodology involved visual observations, interviews, focus group discussions and documentation reviews. More than 100 Wilmar employees, almost all non-management workers, were interviewed by BSR, and the findings have been made public.

External due diligence audits also took place in these operations via the RSPO and ISCC certification processes in January and February 2017 respectively.

A compilation of all external findings and our action plan has been published on our [grievance list](#) on our [sustainability dashboard](#).

We are continuing our efforts In Indonesia with BSR and Verité Southeast Asia in 2017 to define practical approaches to improving labour practices across the sector, focusing on four highly complex areas:

- Presence of children in the workplace
- Wages
- Fair and equal treatment of workers
- Occupational health and safety

Engagements with affected workers are ongoing, and we are seeking to resolve disputes.



Training workers on the proper use of PPE.

Fair Wages and Benefits

We are committed to paying fair wages to all employees, and to ensuring that our lowest wage paid always meets at least the applicable minimum wage. This also applies to workers subject to quotas, such as harvesters, who will never earn below the minimum wage, even if the set quotas are not met.

In Indonesia, the legal minimum wage in different provinces and/or districts may vary. This is because minimum wages are determined by the governor of each region using a formula based on the previous year's minimum wage, inflation and economic growth.



	Wilmar Lowest Monthly Wage (Excl. Piece-rate)	Legal Minimum Wage
Indonesia (Rupiah)*	1,605,000	1,605,000**
Malaysia*** (Ringgit)	920	920
Nigeria (Naira)	23,400	18,000
Ghana (Cedi)****	550.26	216.0

* Click [here](#) for Indonesia's 2016 list of legal minimum wages in different provinces.

** This refers to the lowest legal minimum wage listed amongst the provinces in Indonesia.

*** For Sabah and Sarawak.

**** Ghana's minimum wage is based on a daily wage of 8 Cedi. To calculate the monthly national minimum wage, we multiply this daily wage by 27 working days.

In addition to wages, our permanent workers and their immediate family also enjoy free housing and other benefits, including access to facilities such as playgrounds and day-care facilities for babies, toddlers, and children of pre-school age.#

We reiterate that all workers are paid at least the legal minimum wage or higher. However, due to a lack of details on payslips, including cash advances made to workers and rice allowances in some regions, we recognise that workers may not have fully understood that they have been paid the full minimum wage.

For this reason, we are reviewing the details provided on our payslips and will issue them in Bahasa Indonesia instead of English. We will also provide guidance to workers to ensure greater understanding of the various components

that make up their take-home salary and how these are detailed on payslips.

There were also concerns that workers are given high "targets and quotas" to meet. The "targets and quotas" referred to are in fact similar to key performance indicators (KPIs). While workers are encouraged to meet the KPIs for the task at hand, the minimum wage will still be paid even if the work is not completed within the given timeframe (in this case, a seven-hour working day).

In the specific case of KPIs for harvesters, these are set annually and take into consideration a number of factors, including terrain, palm maturity, operational practices (e.g. different tools or equipment specifications) and workers of different productivity levels (i.e. high, medium and low

EY has performed limited assurance procedures on this statement.

Workers' housing complex in Wilmar's plantation.



productivity). Following an extensive review and consultation with workers' union representatives, the process is currently being improved and updated to also factor in the different age groups when defining productivity levels. The process will now be conducted in the presence of union leaders who will sign off on the outcome.

Following a review with the management in 2017, it has also been found that it is unnecessary to continue communicating KPIs for spraying and manuring. While spraying and manuring work is integral to plantation management, it is carried out at most twice a year per palm in any given block, and will therefore no longer require the communication of a KPI for productivity. Instead, workers will be assigned to a seven-hour working day (including one hour for travel, five hours for work, and one hour for showering and drinking milk).

Temporary Workers

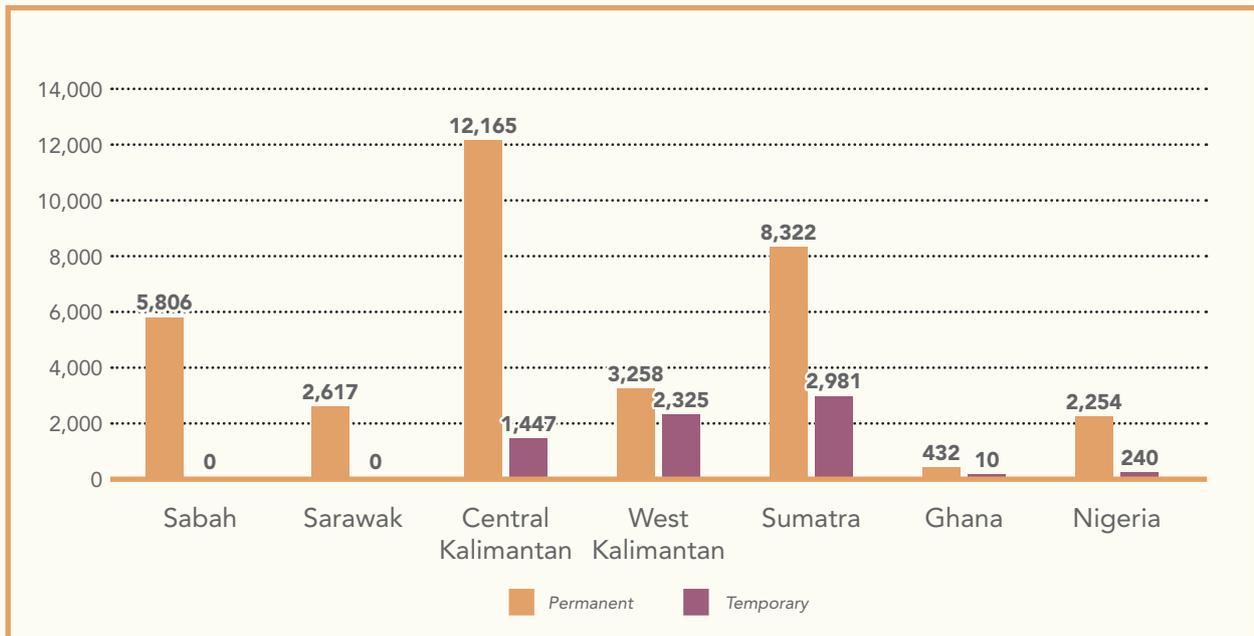
Temporary workers are hired to perform seasonal work and to allow for work flexibility for our workers.

In Central Kalimantan, where there is a lack of workers from the resident population (Central Kalimantan is one of the least populous provinces in Indonesia), the number of workers with temporary status is actually lower than in other regions precisely because there are not enough workers to do the plantation work required. Although most of the workers in Central Kalimantan originate from other parts of Indonesia, they tend to reside in company housing in our plantations and stay longer than the required three-month period. Hence they are categorised as permanent employees.

In other regions, many of our employees are locals who live in communities near our plantations. Most of these workers have alternative sources of income, such as their own oil palm, rubber or paddy fields, and prefer to work on a casual basis to supplement their regular source of income.

Wilmar is now working towards reducing the ratio of temporary workers in our plantations, by moving them from temporary contracts to permanent contracts.

Employees by Contract Type 2016 (Plantations)



Non-Discrimination

Wilmar has in place non-discrimination and equality policies that are published on our [sustainability dashboard](#), along with other sustainability-related policies.

We are committed to providing equal employment opportunities, regardless of gender. However, typically work in agriculture attracts a higher proportion of male workers. The latest available statistics for Indonesian 'labour in agriculture' from the UN Food and Agriculture Organization (FAO) shows that the number of male workers exceeded female workers by about 40%*.

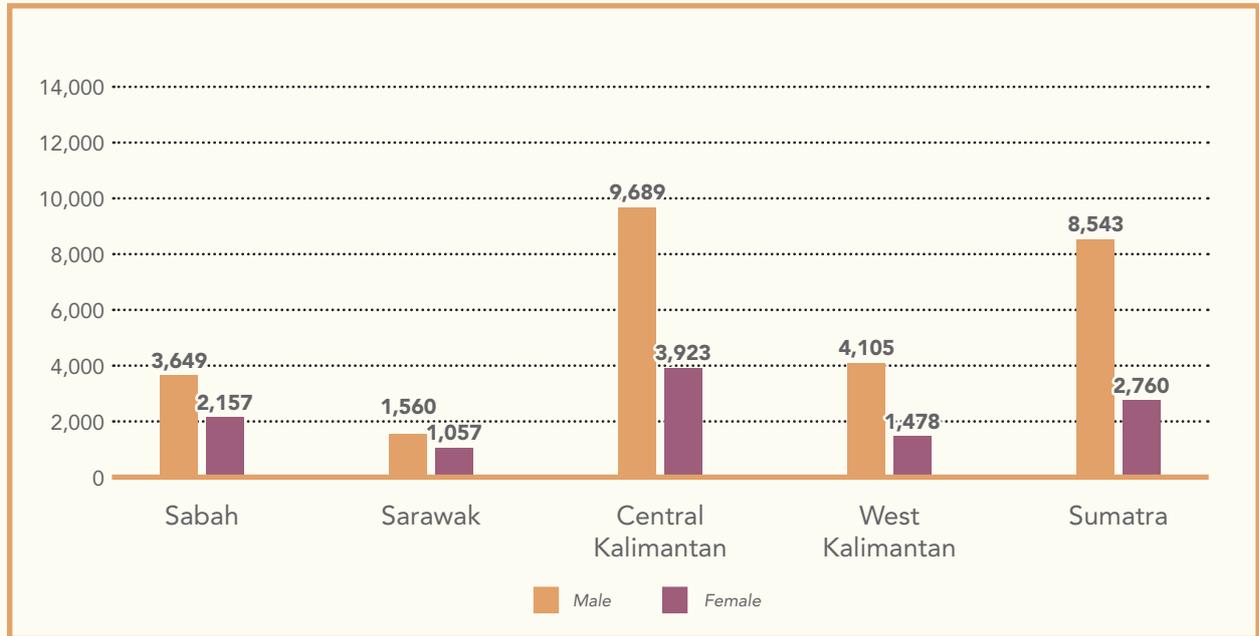


* FAO's 2013 employment in agriculture' statistics of Indonesia - <http://www.fao.org/faostat/en/#data/OE>.

Indicators selected:

- 1) employment in agriculture
- 2) employment in agriculture, males
- 3) employment in agriculture, females

Breakdown of Workers by Gender



On the other hand, the proportion of women on temporary work contracts is greater than that of men on temporary contracts. This is because many temporary workers are wives of permanent workers who have specifically requested to be employed on a casual basis, with flexible working hours that allow them to tend to their households. Permanent work contracts do not allow for flexible working hours. We continue to have dialogues with our workers to improve their contract terms, work conditions and work-life balance.

Child Labour

We launched our first [No Child Labour Policy](#) in 2010, and our [NDPE Policy](#) includes a strict No Child Labour provision. We do not employ anyone under the age of 18, and workers are not allowed to bring their children to work with them.[#]

However, in a plantation landscape where there are communities working and living in the same spatial environment, we do have some difficulties in preventing a child being present in the field. We have therefore now made estate managers directly responsible if breaches to the rule are found, and this has a direct impact on their KPIs.

A number of internal and external assessments found no evidence that Wilmar was employing any children. Checks through independent interviews with teachers in the nearby schools, which compared Wilmar's census data against

school attendance records, found that almost all children were attending school daily, and that the few who were not accounted for were not likely to be missing school to work with their parents. Through our own internal investigation, we did find instances where children were not being sent to school. In particular, 36 out of a total of 1,391 children residing in PT PM and PT DLI in North Sumatra were of school-going age (up to 18 years old) but did not attend school. The most common reason cited was that the children did not want to attend school. Our management team is currently working out potential solutions with parents to resolve this problem.

Interviews with union representatives conducted by independent assessors also indicated that children were not present on the plantation to help their parents. The interviews also found that the rule that children cannot accompany parents in the field is well understood by workers.

We are committed to keeping children out of plantation operations, and we are taking the following actions to that end:

- Conducting a survey at two estates in North Sumatra to identify why children drop out of school, and developing a solution based on the findings to encourage their attendance.[#] Survey will be extended to more estates in Indonesia in 2017.
- Developing a pocket book that lists potential hazards for children in the plantation to raise parents' awareness of the risk.[#]
- Consistently socialising the No Child Labour Policy to all workers by providing written notifications, management instructions and regular reminders during the muster.

[#] EY has performed limited assurance procedures on this statement.

Bonded Labour

In accordance with the RSPO and our NDPE Policy, we do not accept any forced, trafficked or bonded labour, either in our own operations or in our supply chain.

Should we encounter instances of such practices, we will undertake remedial actions to ensure that victims are referred to existing services for support and assistance. In the oil palm sector, the most prominent risk of force or coercion occurs during the recruitment of workers through employment agencies. This is a particular risk in the case of foreign workers.

In Malaysia and Indonesia, we recruit all workers for our upstream operations (i.e. plantations and mills) directly and do not pay fees to recruitment agencies. Workers are either hired directly or referred through friends and relatives. In some cases we ask team leaders to assist in the recruitment of local workers and they are paid an incentive to. We do, however, use agents to help with the processing of recruitment documents, such as work permits and passports, as well to arrange the transportation of workers to our plantations. These agents are fully paid by the company and no cost is charged to the workers.

In countries like Ghana and Nigeria, we do use agents in the recruitment process, but we do not allow any requirement that jobseekers lodge monetary deposits or other collateral as a condition of employment.

Fees or costs must not be charged to job-seekers and workers for services directly related to their recruitment, in either a temporary or permanent job placement, including when they use the services of private employment agencies.

We also seek to ensure that employees are never subject to the unlawful withholding of wages, identification cards, passports or other travel documents, or other personal belongings, without their consent. To ensure that all employees have access to a secure place to store their personal belongings, we are now embarking on the installation of lockers for workers in Sabah and Sarawak. We installed 750 lockers in 2016 and are on target to install a total of 9,640 lockers by the end of 2017.



Workers' passport lockers in Wilmar's plantation in East Malaysia.

EY has performed limited assurance procedures on this statement.

Employee Engagement and Complaints Mechanisms

Our NDPE Policy and the RSPO Principles & Criteria (P&C) set out clear requirements to ensure that workers have access to a complaints mechanism and a process for settling grievances.#

In Indonesia, for example, all employees (including temporary workers) can make complaints verbally or in writing to their direct supervisor.# If the complaint concerns the direct supervisor, the employee may also go to a union representative or make use of on-site feedback boxes to make an anonymous complaint.# If a complaint cannot be settled satisfactorily, the matter may be escalated to the Human Resources (HR) Department and subsequently to the senior management (general manager level).# Should a complaint not be resolved in a manner that is satisfactory to the employee, he or she may seek the assistance of a mediator from the Department of Manpower, or may ultimately resort to legal action.#

Confidentiality and anonymity of the complainant may be requested and will be guaranteed, depending on the degree of sensitivity of the problem, the scale of the impact if the issue is made public, and the risk of retaliation to the complainant.

In addition to our general grievance mechanism, complaints mechanism and workers' unions, we have in place gender committees in our plantations to ensure that women can access support and raise concerns.#

The assessment conducted with BSR in Indonesia found that workers had a low level of awareness about grievance mechanisms, and that it was unclear whether temporary workers were covered by existing mechanisms. We are now reviewing ways to ensure that all employees are aware and clear about the complaints options available to them.

Freedom of Association

We support the rights of employees to form and join trade unions of their choice and to bargain collectively.# Where the rights to freedom of association and to collective bargaining are restricted under law, parallel means of independent and free association and bargaining are made available for all personnel.

Unions are a very important partner in ensuring that we understand and appropriately address the concerns and grievances of our employees. In many of our operations in Indonesia, Collective Labour Agreements (CLAs) have been developed jointly with workers' union representatives to provide clarity and assurance on the rights and responsibilities of both plantations/mills and workers, as well as on workers' benefit entitlements. CLAs are negotiated between the plantation/mill management and workers, who are represented by the respective labour union, and are valid for workers who are members of the union. CLAs are reviewed every two years.

Workers can also use the union as a grievance channel or for collective bargaining purposes, such as to negotiate with the company on issues related to wages and premium incentives.

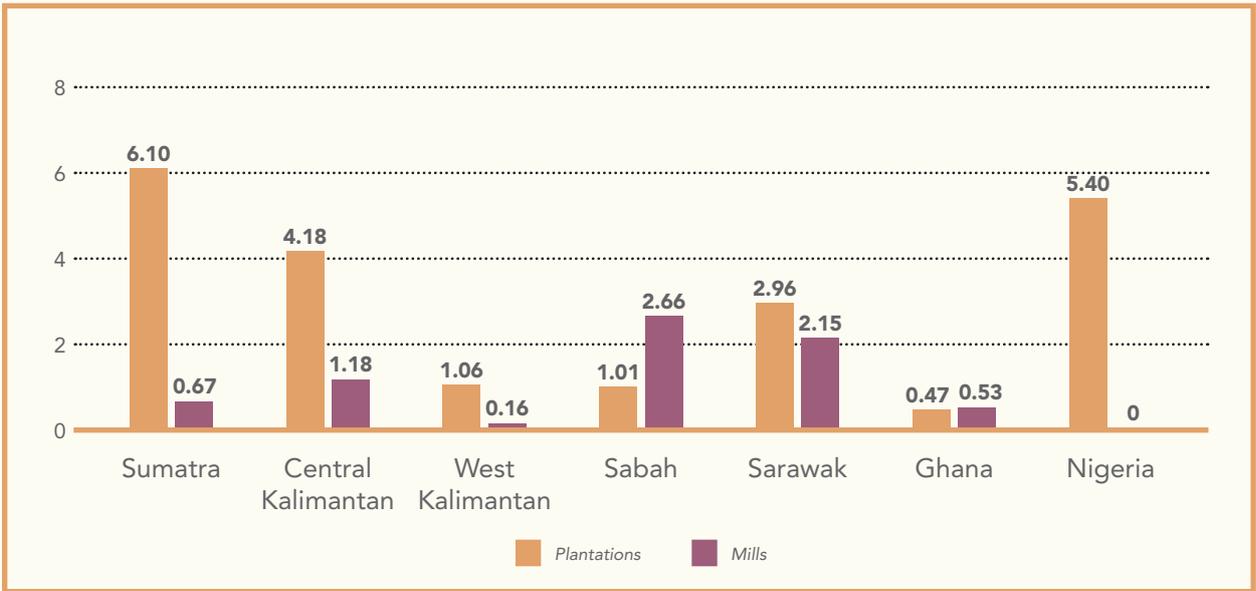
Lost Time Incident Rate and Fatalities

As an integral part of our labour assessments, we are strengthening our focus on health and safety at our plantations and mills. This includes better enforcement of existing standard operating procedures, such as appropriate use of personal protective equipment (PPE), and improved training for all workers. We are also looking to address certain non-work related behaviours that put workers at risk. For example, to stop workers using herbicide containers for storing drinking water, we are providing drinking containers

and potable water in the field. We have also implemented a triple-rinsing process for empty herbicide containers.

We maintain our focus on safety and are following through with our efforts to strengthen our safety culture. Key indicators that tie employees' remuneration to their health and safety performance are now being set to instil a behaviour-based safety culture, support increased safety awareness and improve safety practices.

Lost Time Incident Rate Per 200,000 Working Hours



Note: In the course of compiling the 2015 Sustainability Report, it was discovered that the methodology for collating incidents differed across our sites. Therefore, historical incident rates for 2015 are not reported. We have resumed LTIR reporting in our 2016 Sustainability Report after setting a more consistent reporting standard across the Group.

Fatalities

We regret that our oil palm operations recorded one work-related fatality in our plantation in Sabah in 2016 as a result of a tractor accident. The incident was reviewed in collaboration with the Department of Occupational Health and Safety. A range of controls has been put in place, and additional driver training has been carried out to prevent similar accidents.

	2012	2013	2014	2015	2016
Nigeria	0	0	0	0	0
Ghana	0	0	0	0	0
Indonesia	5	0	1	3	0
Malaysia	3	1	1	1	1
Total	8	1	2	4	1

Smallholders

Facilitating the inclusion of smallholders into the supply chain is a priority for Wilmar. Smallholder inclusion is of critical importance for securing our social license to operate, our future fruit supply and our ongoing good relations with local communities.

While certification is an important component in incentivising sustainable practices, we do not believe it is the only solution for smallholders. We believe that smallholders must understand the direct value of sustainable practices, and that “sustainability” is part of a quality component for FFB. While our formal programmes with smallholders and external partners have so far focused on certification as an end goal, we also want farmers to focus on improving yields – primarily through consistent use of fertiliser and the correct interventions for key pests and weeds, and through improving FFB harvested

quality (e.g. harvesting only ripe FFBs, correct cutting of stalks, picking of loose fruits, etc.) – so that they can benefit from better extraction rates and pricing.

To address a vast diversity of cultures, traditions, land tenure models and local development needs, the format and focus of our smallholder work is shaped locally and in partnership and dialogue with communities and local government bodies.

Wilmar sources from both scheme and independent smallholders. We are committed to helping our own scheme smallholders achieve certification under the RSPO Smallholder P&C. Of the total scheme smallholder planted area in Indonesia and Ghana, about 90% is RSPO-certified. We aim to have the remaining smallholder planted area certified by 2018.

Scheme smallholders as at 31 December 2016:

Country	Smallholder planted area (ha)	RSPO-certified smallholder area (ha)
Indonesia (plasma)	29,634	26,054
Ghana	1,650	1,650
Total	31,284	27,704

In addition to scheme smallholders, we are also working to grow our independent smallholder base and increase our direct FFB purchases from them. In 2016, we bought a total of 516,038.53 MT of FFB from independent smallholders, of which about 80% was from Indonesia, about 13% from Malaysia and the remainder from Ghana.

We are also focusing on supporting independent FFB suppliers in Nigeria. We have partnered with the Central Bank of Nigeria (CBN) to run an outgrower programme known as the CBN Anchor-Borrower Programme. Our Biase Plantation has been selected to anchor the programme in Cross River State, Nigeria. As at end 2016, more than 400 farmers in over 40 cooperatives (representing over 1,000 ha of land) have been identified for participation in the programme. The programme is still being fine-tuned before its launch date in 2017.

To complement the CBN Anchor-Borrower Programme, Biase Plantations and Eyop Industries are working on a pilot outgrower programme to test the functionality of a “Nucleus-Estate” model within Wilmar’s operations in Cross River State. Three farmer cooperatives who fulfil all legal requirements with regards to their land, and who share common boundaries with our estates have been identified as suitable. Wilmar will be entering into an agreement with them to develop their land as part of the pilot. This model will then be refined for replication through the CBN Anchor-Borrower Programme. So far, 140 ha of land neighbouring our Calaro and Ibiae estates has been identified. We have been working with farmers to fulfil legal, customary and environmental due process before the land clearing begins.

Independent Smallholder FFB Volume Purchased as at 31 December 2016

Country	FFB volume purchased (MT)
Indonesia	415,316.17
Malaysia	67,590.51
Ghana	33,131.85
Total	516,038.53

Supporting Smallholders Beyond Our Direct Smallholder Supply Base

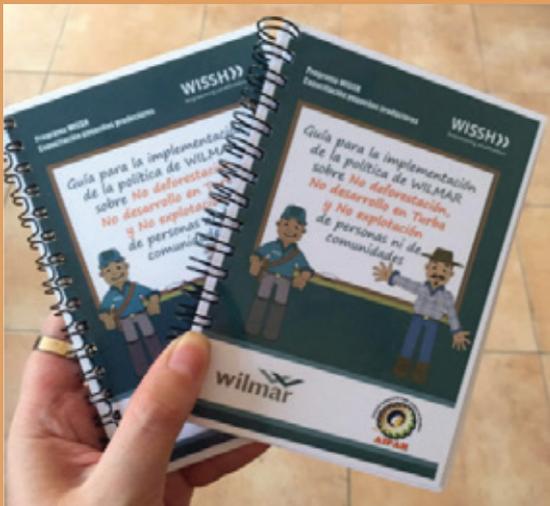


In addition to our direct smallholder supply base, Wilmar also supports the smallholders of our suppliers. The Wilmar Smallholders Support in Honduras (WISSH) was initiated at the beginning of 2016 to empower smallholders' knowledge and build technical capacities on best agricultural management practices so they can increase productivity and improve their livelihoods, while maintaining responsible sustainable practices.



WISSH is a partnership between Wilmar (Europe) and The Industrial Association of Palm Oil Producers in Honduras (AIPAH). A total of 1,980 smallholders were trained on two key topics –Wilmar's NDPE Policy and good environmental practices and ecosystem conservation – in over 119 sessions.

Besides providing training, our implementation partner, NES Naturaleza, also developed a "Monitor & Control" mobile application (app) to facilitate crop management. This app enables record keeping for field activities, such as pesticide application, fossil fuel use and harvesting schedules.



Over the course of 2016, three editions of pocket guidebooks featuring information about the training topics and functionalities of the mobile app were published and distributed to participating smallholders. As part of this initiative, we started collecting the GPS-coordinates of associated smallholders to map out the supply base of our supplier mills. At end 2016, we have produced concession maps that capture the supply shed of 1,500 smallholders.

Community Relations and Conflict Resolution

Wilmar works to obtain the Free, Prior and Informed Consent (FPIC) of local communities in all development projects. FPIC is based on good faith negotiation, through which local communities can give or withhold their consent to relinquishing their land rights to the company.

In most of the countries where we operate, land use and land ownership are highly complex, with overlapping or un-delineated land rights in land concessions. Shaped by national development policies and projects, these can sometimes have an unintentional impact on local communities and result in conflicts and disagreements.

We endeavour to be respectful of local communities whenever such conflicts arise. We are committed to long-term relationship building as part of our goal to maintain harmonious relations with all our stakeholders. We engaged with affected communities in an open and consultative manner to bring about a free, prior, informed and consensual solution that benefits all parties. Our NDPE Policy mandates that we only develop in areas where we are welcomed by local communities. We will respect the wishes of local occupants who want to keep their land, and these areas will be delineated as social enclaves for community use.

Making reference to the UN Food and Agriculture Organization's Voluntary Guidelines on the Responsible Governance of Tenure, Wilmar's policy guidelines are:

- Wilmar will respect the resource (e.g. land, forests and fisheries) and tenure rights of local communities. This is done in cognisance of the national obligations, constitutions, local laws and regulations of the country

we are operating in. We diligently strive to ensure that we use land to which we have a legal right, and in which the country's government recognises us as the rightful entity to manage the land in question.

- If there are land disputes, Wilmar seeks to resolve them in an open and consensual manner. In the event of loss or damage affecting legal or customary rights, property, resources or livelihoods, we endeavour to undertake all measures to help avoid such loss or damage.

Wilmar pledges to respect and recognise the long-term customary and individual rights of indigenous and local communities. We also commit to ensuring legal compliance and that international best practices on FPIC are implemented, in accordance with the full scope of our NDPE Policy, prior to commencing any new operations.

Our standard practice involves negotiating with individual landowners and local community leaders, or the government, depending on the country. With respect to compensation, we strive for a fair compensation to the local community leaders for existing crops, with statutory levels of compensation as a minimum. We also implement progressive community development programmes through employment opportunities and smallholder schemes, making every effort to ensure that communities are satisfied with the socio-economic benefits that development will bring.

We continually strive to improve and strengthen our land claims resolution system through an inclusive, multi-stakeholder approach, and by working closely with local civil society groups and social experts.

Dialogue with local communities in Indonesia.



Supporting Community Development

Many of our operations are located in remote parts of developing countries, and often close to local communities. Our business activities therefore have a direct impact on the quality of life and livelihoods of our employees and our neighbours.

Our approach is to ensure that we bring meaningful and lasting benefits to communities, and build open, honest and mutually beneficial relationships that promote harmony with them.

We seek to address local needs and encourage community self-reliance, particularly through our provision of and support for education, healthcare and infrastructure.

Access to Schools

We provide a range of services in our plantations, including childcare, kindergartens and schools, to ensure that all our workers' children have access to day-care and education while their parents are at work.

Wilmar has 10 schools in its Indonesian plantations. Together, these cover kindergarten, primary and secondary-level curricula. We also support the education of more than 5,000#

EY has performed limited assurance procedures on this figure.

children in our local communities, including our employees' children. We also support and contribute to another three government schools outside our estates, including through the provision of new school buildings and routine upgrades and refurbishments, which altogether serve 1,200 children. We also provide educational materials, such as computers, books and uniforms, and fund the employment of teachers.

We have a total of 17 primary schools in our estates in Malaysia – 15 in Sabah and two in Sarawak. These benefit a total of 747# children. As many children are of Indonesian origin or Indonesian nationals, we collaborate with the Indonesian government to run Community Learning Centres (CLCs). CLCs provide secondary education to 144# children in Sabah, and primary education to 170# children in Sarawak.

Access to Healthcare

All our employees and their families have access to medical services, including hospitals, local clinics and mobile aid posts. In addition, clinics are open to local communities to provide them with basic healthcare services.

Our employees are also highly supportive of our healthcare programmes. For example, our Malaysian operations organise annual blood donation drives to support local hospitals.

Children going to school in Terusan 2 Estate in Sabah, East Malaysia.



Base Data

Income Statement¹

US\$ Million	FY2016	FY2015	FY2014	FY2013	FY2012
Revenue	41,402	38,777	43,085	44,085	45,463
Profit before tax	1,300	1,379	1,538	1,775	1,655
Net Profit	972	1,023	1,156	1,319	1,255

Balance Sheet

US\$ Million	FY2016	FY2015	FY2014	FY2013	FY2012
Total assets	37,032	36,926	43,558	46,632	41,920
Total liabilities	21,653	21,625	27,147	30,745	26,725
Shareholders' funds	14,435	14,394	15,495	15,005	14,346

Segmental Sales Volume²

MT '000	FY2016	FY2015	FY2014
Tropical oils ³	23,368	23,500	24,607
Oilseeds & Grains	29,529	28,706	25,801
Sugar	13,544	13,118	9,714

Segmental Profit Before Tax Breakdown¹

US\$ Million	FY2016	FY2015	FY2014	FY2013	FY2012
Tropical Oils	689.2	491.5	969.2	1,125.4	1,182.0
Oilseeds and Grains	251.1	689.8	348.5	451.1	171.3
Sugar	125.3	84.3	134.4	126.6	99.8
Others	100.6	17.4	20.0	-21.3	110.3

Geographical Revenue Breakdown

US\$ Million	FY2016	FY2015	FY2014	FY2013	FY2012
Southeast Asia	8,633	7,661	10,024	9,645	11,842
People's Republic of China	19,983	19,371	19,622	22,000	21,222
India	1,317	1,338	1,463	1,245	1,752
Europe	2,711	2,485	3,390	3,479	3,599
Australia/ New Zealand	1,501	1,411	1,724	1,800	1,789
Africa	2,352	2,024	2,036	1,503	1,519
Others	4,904	4,488	4,826	4,413	3,741

¹ FY2015 figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants. FY2012 – FY2014 figures are not adjusted.

² Due to the segmental reclassification with effect from FY2015, sales volume information for FY2012 and FY2013 are not available.

³ Excludes plantation volume.

Production

	FY2016	FY2015	FY2014	FY2013	FY2012
FFB Production (MT)	3,817,969	4,481,022	4,323,960	4,040,785	4,210,490
FFB yield (MT FFB/ha)	19.0	21.4	20.6	18.8	18.9
CPO (MT)	1,740,298	1,995,800	1,909,355	1,848,148	1,909,330
PK (MT)	424,913	472,968	437,776	423,481	449,984
CPO Extraction Rate (%)	20.0	20.5	20.6	20.4	20.4
PK Extraction Rate (%)	4.9	4.9	4.7	4.7	4.8

Conservation area (ha)

Hectares	FY2016	FY2015	FY2014	FY2013	FY2012
Sabah	6,060	6,083	6,083	6,038	6,764
Sarawak	1,721	1,658	1,658	1,658	1,953
Central Kalimantan	15,088	15,088	15,098	15,098	14,714
West Kalimantan	2,036	2,033	2,168	3,255	19,110
Sumatra	3,128	3,043	3,325	4,631	7,112
Ghana	83	83	57		
Nigeria	1,635	1,635			
Total	29,751	29,662	28,416	30,725	49,653

Fire incidents

Year	Item	Central Kalimantan	West Kalimantan	Sumatra
2012	Planted hectares burnt	97.42	112.52	67.69
	Unplanted hectares burnt	318.90	0.00	0.00
	Total number of fires	85	8	21
2013	Planted hectares burnt	15.00	7.09	9.25
	Unplanted hectares burnt	113.87	0.40	0.00
	Total number of fires	33	8	5
2014	Planted hectares burnt	448.10	711.93	115.18
	Unplanted hectares burnt	386.74	0.00	2.10
	Total number of fires	245	82	26
2015	Planted hectares burnt	504.30	9.11	428.30
	Unplanted hectares burnt	1,028.40	2.00	205.10
	Total number of fires	323	9	82
2016	Planted hectares burnt	0	1.37	0.02
	Unplanted hectares burnt	82.88	0	0
	Total number of fires	17*	5*	1*

EY has performed limited assurance procedures on this figure.

BOD levels by region and discharge destination (mg/l)

	FY2016	FY2015	FY2014	FY2013	FY2012
BOD Level – River Discharge					
Sabah	25 [#]	32	25	24	21
Sarawak	17 [#]	16	13	14	16
West Kalimantan	90 [#]	83	74	63	282
Sumatra	52 [#]	79	57	84	82
BOD Level – Land Application					
Central Kalimantan	271 [#]	363	448	636	1,178
West Kalimantan	251 [#]	169	241	236	301
Sumatra	1,065 [#]	928	898	768	835
Ghana	60	77	93		

Water usage

	FY2016	FY2015	FY2014	FY2013	FY2012
Water Use (m³) Per Tonne of FFB (Mills)					
Sabah	1.55	1.68	1.59	1.59	1.46
Sarawak	1.65	1.55	1.13	0.98	1.40
Central Kalimantan	1.33	1.61	1.46	1.68	1.35
West Kalimantan	1.53	1.49	1.50	1.66	1.58
Sumatra	1.55	1.40	1.74	1.47	1.37
Ghana	1.43	1.63	1.52		
Nigeria	1.25	1.00	0.97		

Herbicide usage

	FY2016	FY2015	FY2014	FY2013	FY2012
Herbicide Usage Toxicity units per ha					
Sabah	541	534	718	694	471
Sarawak	647	737	801	508	452
Central Kalimantan	317	257	231	219	258
West Kalimantan	253	328	337	318	367
Sumatra	256	464	416	296	327
Ghana	259				
Nigeria	629				

[#] EY has performed limited assurance procedures on this figure.

Herbicide types

Herbicides currently used in Wilmar plantations	Usage
Glyphosate (isopropylamine/isopropylammonium)	Systemic and non-selective herbicide to control Imperata cylindrical, Paspalum conjugatum and Ottochloa nodosa.
Metsulfuron-methyl	Systemic herbicide used to control both narrow and broad leaf weeds when mixed with glyphosate isopropylamine.
Triclopyr butotyl (triclopyr butoxy ethyl ester)	Systemic and selective broad leaf weeds used to control Asystasia intrusa, Mikania micrantha, Clidemia hirta and Melostoma malabathricum.
Glufosinate ammonium	Used as a general narrow leaf weed control such as Paspalum conjugatum, Ottochloa nodosa, Fimbristylis miliacea and Borreria latifolia.
2,4-D-(dimethylamine/dimethylammonium)	2,4-D- (dimethylamine/dimethylammonium) is a systemic and selective herbicide from the group of aryloxyalkanoic acids. This herbicide is used to control Mikania micrantha, Borreria latifolia, Ageratum conyzoides, Paspalum conjugatum, Ottochloa nodosa and Nephrolipsis bisserata.
Fluroxypyr-meptyl	Used to control broad leaf and common weeds such as Asystasia intrusa, Mikania micrantha, Melostoma malabathricum, Ottochloa nodosa, Paspalum conjugatum and Axonopus compressus.
Sodium chlorate	Non-organic and selective herbicide used for general weeds control, such as Ottochloa nodosa, Paspalum conjugatum, Axonopus compressus, Mikania micrantha and Gingantochloa levi.
Clethodim	Selective post-emergence herbicide. Systemic, rapidly absorbed and translocated from treated foliage to the root system and growing parts of the plant. Mostly used to control Eleusine indica.
Indaziflam	A pre- and post-emergence herbicide. Often mixed with Glyphosate isopropylammonium to prevent or control common and major weeds in plantation such as Paspalum conjugatum, Axonopus compressus, Ottochloa nodosa, Hedyotis verticillata, Asystasia intrusa, Ageratum conyzoides, Cyperus rotundus and Digitaria ciliaris.
Diuron	A selective systemic herbicide used to control broad leaf weeds and grasses.

Lost Time Incident Rate (Plantations)

	FY2016	FY2015*	FY2014	FY2013	FY2012
LTIR – Plantations (per 200,000 working hours)					
Sabah	1.01		1.37	2.33	2.19
Sarawak	2.96		7.82	8.60	7.09
Central Kalimantan	4.18		5.27	6.56	4.40
West Kalimantan	1.08		0.79	0.09	0.23
Sumatra	6.10		7.06	4.12	4.40
Ghana	0.47		0.26		
Nigeria	5.40				

* In the course of compiling data for our 2015 Sustainability Report, we discovered that methodology for collating incidents differed across our sites, with some sites using national or regional thresholds for reporting, while some used international Occupational Safety and Health Administration (OSHA) standards. Due to these inconsistencies, we excluded LTIR reporting in our 2015 report. We have resumed LTIR reporting in our 2016 Sustainability Report after setting a more consistent reporting standard across the Group.

Lost Time Incident Rate (Mills)

	FY2016	FY2015*	FY2014	FY2013	FY2012
LTIR – Mills (per 200,000 working hours)					
Sabah	2.66		3.99	3.44	2.96
Sarawak	2.15		0.84	4.01	4.74
Central Kalimantan	1.18		1.01	3.62	1.45
West Kalimantan	0.16		0.51	0.75	0.23
Sumatra	0.67		0.84	0.33	0.74
Ghana	0.53		0.18		
Nigeria	0.00				

* In the course of compiling data for our 2015 Sustainability Report, we discovered that methodology for collating incidents differed across our sites, with some sites using national or regional thresholds for reporting, while some used international Occupational Safety and Health Administration (OSHA) standards. Due to these inconsistencies, we excluded LTIR reporting in our 2015 report. We have resumed LTIR reporting in our 2016

Sustainability Report after setting a more consistent reporting standard across the Group.

Fatalities

	FY2016	FY2015	FY2014	FY2013	FY2012
Fatalities - Plantations					
Sabah	1	1	1	0	1
Sarawak	0	0	0	1	0
Central Kalimantan	0	1	1	0	0
West Kalimantan	0	0	0	0	0
Sumatra	0	0	0	0	1
Ghana	0	0	0		
Nigeria	0	0			
Fatalities – Mills					
Sabah	0	0	0	0	1
Sarawak	0	0	0	0	1
Central Kalimantan	0	0	0	0	0 ³
West Kalimantan	0	0	0	0	0
Sumatra	0	2	0	0	1
Ghana	0	0	0		
Nigeria	0	0			

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	305-5	Reduction of GHG emissions	Reducing our greenhouse gas emissions 46-48 CDP submission 2016
Effluents and Waste			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Safeguarding water quality 49-50
	103-2	The management approach and its components	Safeguarding water quality 49-50
	103-3	Evaluation of the management approach	Safeguarding water quality 49-50
GRI 306: Effluents and Waste 2016	306-1	Explanation of the material topic and its Boundary	Safeguarding water quality 40-50
	306-2	The management approach and its components	Methane recovery to mitigate GHG emissions 48 Safeguarding water quality 49-50
	306-3	Evaluation of the management approach	No significant spills recorded

Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our approach to sustainability 26-40
	103-2	The management approach and its components	Our approach to sustainability 26-40
	103-3	Evaluation of the management approach	Our approach to sustainability 26-40
Supplier Environmental Assessment			
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Sustainability management and governance structure 28-29 Sustainability certification 30 Supply chain and traceability 31-36 Progress on Aggregator Refinery Transformation (ART) 38-39
	308-2	Negative environmental impacts in the supply chain and actions taken	Sustainability certification 30 Progress on Aggregator Refinery Transformation (ART) 38-39 Sustainability governance and ethics 40 No deforestation 41-42 No exploitation 53-62 Smallholders and outgrowers 60-61
GRI 400 SOCIAL			
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Rights of workers 54-58
	103-2	The management approach and its components	Rights of workers 54-58
	103-3	Evaluation of the management approach	Rights of workers 54-58
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Rights of workers 54-58 Supporting community development 63
Labour/Management Relations			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	No exploitation 54-58
	103-2	The management approach and its components	No exploitation 54-58
	103-3	Evaluation of the management approach	No exploitation 54-58
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Review of current practices 54 Lost time incident rates and fatalities 59
	103-2	The management approach and its components	Review of current practices 54 Lost time incident rates and fatalities 59
	103-3	Evaluation of the management approach	Review of current practices 54 Lost time incident rates and fatalities 59
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Reducing chemicals use 51-52 Lost time incident rates and fatalities 59

Non-discrimination			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Non-discrimination 56-57
	103-2	The management approach and its components	Non-discrimination 56-57
	103-3	Evaluation of the management approach	Non-discrimination 56-57
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Freedom of association 58
	103-2	The management approach and its components	Freedom of association 58
	103-3	Evaluation of the management approach	Freedom of association 58
Child Labour			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Child labour 57
	103-2	The management approach and its components	Child labour 57
	103-3	Evaluation of the management approach	Child labour 57
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Child labour 57
Forced or Compulsory Labour			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Bonded labour 58
	103-2	The management approach and its components	Bonded labour 58
	103-3	Evaluation of the management approach	Bonded labour 58
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Bonded labour 58
Rights of Indigenous Peoples			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Community relations and conflict resolution 62 Supporting community development 63
	103-2	The management approach and its components	Community relations and conflict resolution 62 Supporting community development 63
	103-3	Evaluation of the management approach	Community relations and conflict resolution 62 Supporting community development 63

Human Rights Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Rights of workers 53-54
	103-2	The management approach and its components	Rights of workers 53-54
	103-3	Evaluation of the management approach	Rights of workers 53-54
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	Grievances 40
Local Communities			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Smallholders 60-61 Supporting smallholders beyond our direct smallholder Supply base 61 Supporting community development 63 Community relations and conflict resolution 62
Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our approach to sustainability 26-29 Progress on Aggregator Refinery Transformation (ART) 38-39
	103-2	The management approach and its components	Progress on Aggregator Refinery Transformation (ART) 38-39
	103-3	Evaluation of the management approach	Progress on Aggregator Refinery Transformation (ART) 38-39
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	Grievances 40 Proactive supply chain monitoring 40

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EY Assurance Statement

Independent Limited Assurance Statement to the Management of Wilmar International Limited ('Wilmar')

We have performed limited assurance procedures in relation to Wilmar's Sustainability Report 2016 ('the Report') as detailed in the 'Subject Matter' below.

The Management's Responsibility

Wilmar's Sustainability Report 2016 has been prepared by the Management of Wilmar, which is responsible for the collection and presentation of the information it contains and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process. For the purpose of the Sustainability Report 2016, there are no legally prescribed requirements relating to the preparation, publication and verification of sustainability reports.

The Auditor's Responsibility

Our responsibility in performing our limited assurance activities is to the Management of Wilmar only and in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at their own risk.

Our review was limited to the information on the select indicators set out within the Report from 1 January 2016 to 31 December 2016 and our responsibility does not include:

- Any work in respect of sustainability information published elsewhere on Wilmar's annual report, company website, sustainability dashboard, policy progress updates and other publications,
- Sustainability information prior to 01 January 2016 and subsequent to 31 December 2016, and
- Management's forward looking statements such as targets, plans and intentions.

Our multi-disciplinary team has the required competencies and experience to conduct this assurance engagement. Our professionals have experience in both assurance skills and in the applicable subject matter including environmental, social and financial aspects.

Reporting Criteria

As a basis for the assurance engagement, we have used the criterion of accuracy in the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards). We consider this reporting criterion to be relevant and appropriate.

Assurance Standard Used and Level of Assurance

Our limited assurance engagement has been planned and performed in accordance with the ISAE 3000¹ Assurance Engagement Other Than Audits or Reviews of Historical Financial Information. We have also considered the Global Reporting Initiative Standards ('GRI Standards') reporting guidelines in conducting our limited assurance procedures.

A limited assurance engagement consists of making enquiries and applying analytical and other limited assurance procedures. Our procedures were designed to provide a limited level of assurance and as such do not provide all the evidence that would be required to provide a reasonable level of assurance.

The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

¹ International Federation of the Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE3000)

Scope of work

We have been engaged by the Management of Wilmar to perform limited assurance on the Subject Matter below.

Subject Matter

The Subject Matter for our limited assurance engagement covers the following:

No.	Category	Subject Matter
1	Grievance	Availability of complaints mechanisms and measures to create awareness of workers on complaints mechanisms
2	Labour practices	Types of benefits provided for each group of workers - permanent vs. temporary
3	Human rights	Policies on workers' rights to collective bargaining
4	Human rights	Measures to prevent child labour
5	Human rights	Number of children who attend schools
6	Fire disclosure	Total number of fire incidents
7	Water quality	BOD of water discharge

A hash symbol (#) in the Report denotes statements and claims on which we have performed limited assurance procedures. The above Subject Matter covers Wilmar's palm oil plantations and mills in Indonesia and Malaysia only.

What we did to form our conclusions

The procedures performed aim to verify the plausibility of information. We designed our procedures in order to state whether anything has come to our attention to suggest that the Subject Matter detailed above has not been reported in accordance with the reporting criterion cited earlier. In order to form our conclusions we undertook the steps below:

1. Inquiries with Wilmar's Sustainability team to:
 - a. Understand principal business operations,
 - b. Appreciate key sustainability issues and developments,
 - c. Map out information flow for sustainability reporting and the relevant controls,
 - d. Identify data providers with their responsibilities, and
 - e. Recognise the likelihood of fraud on the sustainability information.
2. Undertake multiple visits to:
 - a. Wilmar's headquarters in Singapore, and
 - b. Wilmar's selected plantations and mills in West Sumatra.
3. Interviews with employees and Management in Singapore, Indonesia and Malaysia (e.g. Sustainability team, Geographical Information Systems (GIS) team, Human Resources, estate managers, fire coordinators) to understand key sustainability issues related to the selected indicators, collection processes and accuracy of reporting.
4. Conduct process walk-through of systems and processes for data aggregation and reporting, with relevant personnel to understand the quality of checks and control mechanisms, assessing and testing the controls in relation to the concerned subject matters.
5. Obtain documentation through sampling methods to verify assumptions, estimations and computations made by Management in relation to the concerned subject matters.
6. Conduct general media research (including reports from reputable NGOs) on the concerned subject matters.
7. Checking that data and statements had been correctly transcribed from corporate systems and / or supporting evidence, in relation to concerned subject matters.

Our independence

EY has provided independent assurance services in relation to Wilmar's Sustainability Report 2016.

In conducting our assurance engagement, we have met the independence requirements of the Institute of Singapore Chartered Accountants and Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities. Our EY independence policies prohibit any financial interests in our clients that would or might be seen to impair independence. Each year, partners and staff are required to confirm their compliance with the firm's policies.

Observations and areas for improvement

Our observations and areas for improvement will be raised in an internal report to Wilmar's Management. These observations do not affect our conclusions on the Report set out below.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter was not presented fairly, and calculated in all material respects in accordance with the criterion detailed above.

Other Matter

The Subject Matter No. 7 for the years ended 31 December 2012 to 2015 were not audited and our opinion does not relate to this Subject Matter for that year.

The Subject Matter No. 6 for the years ended 31 December 2012 and 2013, were audited by another auditor who expressed an unmodified opinion on this Subject Matter on 26 August 2014.



Ernst & Young LLP
Signed for Ernst & Young LLP by

K Sadashiv
Managing Director, Climate Change and Sustainability
Services

Singapore, 17 August 2017

Glossary

Biodiversity

The diversity (number and variety of species) of plant and animal life.

Biological Oxygen Demand (BOD)

The amount of oxygen used when organic matter undergoes decomposition by micro-organisms. Testing for BOD is done to assess the amount of organic matter in water.

CO₂ Equivalents

Carbon dioxide equivalents (CO₂eq) provide a universal standard of measurement against which the impacts of releasing (or avoiding the release of) different greenhouse gases can be evaluated.

Effluents

Water discharged from one source into a separate body of water, such as mill process water.

Extraction rate

The amount of oil extracted from oil palm fruit at a mill. Crude palm oil (CPO) is extracted from the flesh; palm kernel oil (PKO) from the nut.

Free, Prior and Informed Consent (FPIC)

FPIC the principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use.

Fresh fruit bunch (FFB)

Bunch harvested from the oil palm tree. The weight of the fruit bunch ranges between 10 kg to 40 kg depends on the size and age.

Global Reporting Initiative (GRI)

A multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators.

High Conservation Values (HCVs)

HCVs are biological, ecological, social or cultural values which are considered outstandingly significant or critically important, at the national, regional or global level.

High Carbon Stock approach

The HCS Approach is a methodology to avoid deforestation in land development, initially developed in a partnership between Greenpeace, TFT and Golden Agri-Resources. The approach stratifies the vegetation on an area of land into different classes using analyses of satellite images and field plot measurements. Each vegetation class is validated through calibrating it with carbon stock estimates in the above-ground tree biomass.

Independent Director

According to the Listing Manual of SGX, an independent director is one who has no relationship with the company, its related corporations (i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary), its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company.

Independent smallholder

Small growers with less than 50 hectares, which are self-financed, managed, and equipped and are not bound to any one mill. They may deal directly with local mill operators of their choice or process their own palm oil using personal or community manual palm oil presses (more common in Africa)

Integrated Pest Management (IPM)

IPM is the careful consideration of all available pest control techniques and subsequent integration of appropriate measures that discourage the development of pest populations and keep pesticides and other interventions to levels that are economically justified and reduce or minimise risks to human health and the environment. IPM emphasises the growth of a healthy crop with the least possible disruption to agro-ecosystems and encourages natural pest control mechanisms.

International Labour Organization (ILO)

Is a tripartite world body representative of labour, management and government, and is an agency of the United Nations. It disseminates labour information and sets minimum international labour standards called “conventions”, offered to member nations for adoption.

Mass Balance

The Mass Balance system allows for mixing of RSPO certified and non- certified palm oil at any stage in the supply chain provided that overall company quantities are controlled. The mass balance model is constructed in such a way that volumes of RSPO certified product shipped will never exceed volumes received by the end-user

Non-executive director

A board director who does not currently hold other employment with the company. Unlike an independent director, a non-executive can have significant financial interests or close personal ties to the company.

Non-governmental organisation (NGO)

Is used in this report to refer to grassroots and campaigning organisations focused on environmental or social issues.

Palm oil mill effluent (POME)

By-product of processed fresh fruit bunch (FFB).

Peat and Peatland

Peat is an accumulation of partially decayed vegetation matter. Peat forms in wetlands or peat lands, variously called bogs, moors, muskegs, pocosins, mires, and peat swamp forests. Land with soil having more than 65% organic matter is considered peatland.

Plasma schemes

A programme initiated by the Indonesian government to encourage the development of smallholders' plantations with the assistance and cooperation of plantation companies (the nucleus) which assist and support the surrounding community plantations (the plasma).

Roundtable on Sustainable Palm Oil (RSPO)

A multi-stakeholder organisation based in Kuala Lumpur, Malaysia. The organisation has developed a certification scheme for sustainable palm oil.

Segregation

The Segregation supply chain model assures that RSPO-certified palm oil and its derivatives delivered to the end-user come only from RSPO certified sources. It permits the mixing of RSPO-certified palm oil from a variety of sources.

Stakeholders

Any group or individual who are affected by or can affect a company's operations.

Sustainability

A term expressing a long-term balance between social, economic and environmental objectives. Often linked to sustainable development, which is defined as “development that meets the need of current generations without compromising the needs of future generations”.

Contact

We welcome suggestions on improvements to ensure that we remain cognisant responsive and inclusive. If you have any comments or questions on the contents of this report or on our sustainability performance, we would welcome your contribution. Please contact us here:



by email:
csr@wilmar.com.sg



by post:
Wilmar International Limited
56 Neil Road, Singapore 088830
Attention to: Sustainability Department

To report a grievance or complaint regarding our sustainability commitments, please refer to

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



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