

4th July 2018

Dear Kiki,

Thank you for your letter of 26 June 2018.

When Mr Martua Sitorus stepped down as Wilmar's Executive Deputy Chairman in March 2017, he had wanted to leave the Board as well. I requested him to stay in a non-executive advisory role to ensure a smooth transition. Mr Hendri Saksti informed me in March this year that he wanted to resign as our Indonesian Country Head to pursue his own business. I persuaded him to stay on for the time being until we could appoint his successor. In view of the allegations made in the Greenpeace report, Mr Sitorus and Mr Saksti have decided, in the interest of Wilmar, to leave earlier, to put to rest any doubts about potential conflict as senior executives of Wilmar and members of the family that own Gama.

Regarding concerns over our sustainable supply chain efforts, as per our No Deforestation, No Peat, No Exploitation (NDPE) policy, we screen, document and monitor third party supplier compliance at various levels, including the group level ever since we embraced our NDPE Policy.

Wilmar has an existing Aggregator Refinery Transformation (ART) programme, which has been implemented with The Forest Trust (TFT) since 2014. The ART programme assesses NDPE compliance at refinery level, and currently covers over 83% of our direct mill suppliers (out of 950 mill suppliers within our direct supply chain). We are working to extend this initiative through our Supplier Reporting Tool (SRT) and to strengthen the existing ART programme as explained in point 3 below. Additionally, we will be starting to publicly report key performance indicators linked to our NDPE compliance on the Wilmar sustainability dashboard.

In addition to the ART programme, based on Wilmar's supplier monitoring programme, we have visibility on concession maps of 70 groups of suppliers, which cover more than 8 million hectares (ha), across Malaysia, Indonesia and other palm producing countries. This includes over 250 mills that are direct suppliers, and hundreds of other mills not supplying to Wilmar directly. However, this database is not owned by Wilmar, and consists of proprietary intelligence collected by a third-party NGO. The maps therefore cannot be made public via Wilmar directly.

Wilmar's own maps and those of our suppliers that are RSPO members are already published by the RSPO on the WRI Global Forest Watch (GFW) tool.

OUR NEXT STEPS

1. Supplier concession maps:

We are committed to have supplier maps released publicly with immediate priority on those suppliers that are included in our grievance process. For all remaining suppliers as mentioned previously, this database is not owned by Wilmar and therefore, the publishing of maps could be done for example, via the High Carbon Stock Approach, HCSA (which Greenpeace and Wilmar co-chair) which has finalised and set up a mechanism and agreement with GFW to act as the HCSA's mapping and monitoring platform, or through platforms developed by other organisations.

2. Protection of remaining undeveloped forests:

We are also committed to take a leading role in pursuing the protection and rehabilitation of remaining forests in concession areas. The challenges are that there is no clear guidance on what would constitute 'rehabilitation' (e.g. leaving areas to regrow vs active replanting, etc), and we believe that this can only be defined with involvement of other parties, including environmental NGOs. Additionally, many supplier companies are not in a financial position to actively protect, maintain and rehabilitate undeveloped forests in oil palm concession areas. Efforts such as the Forest Conservation Fund, co-developed by TFT and other NGOs, could provide a valuable solution to this. We will consider all options available to help resolve this challenge.

3. Verification of NDPE compliance:

We will continue to work with TFT as a partner, and other like-minded organisations in our NDPE implementation. We will conduct proactive monitoring of specific group of companies as well as through our grievance procedure to ensure full compliance of our NDPE commitment. We are currently working on enhancing our existing ART programme, and target to have an updated and strengthened framework for verifying NDPE compliance at refinery level by end 2018. Since the start of this year, in addition to our existing ART programme, we have initiated coverage of our supply base in stages with the roll out of our SRT to initiate operation level visibility of all our suppliers globally. The SRT has been implemented in Malaysia and Latin America, and will soon be extended to Indonesia and Africa.

We would like to re-emphasize the following points, highlighting the work that Wilmar has carried out with our sustainability implementation partners since 2013:

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 the palm sector as a whole.

In 2013, Wilmar was the first company in the palm oil industry to launch an integrated NDPE Policy that extended to all third-party suppliers. We did not do this due to pressure from NGOs. We did so because having seen the deterioration in the environment in many countries and changes in global climate, we felt something needed to be done and that big corporates must take the lead and work together as never before. Within a very short time, the majority of large palm oil and consumer sector companies have adopted similar NDPE policies, and many have begun implementing these policies in their supply chains.

In 2015, we became the first company to launch a public Sustainability Dashboard to transparently report our full list of supplying mills and have been conscientious in monitoring our supply chain and addressing grievances raised by our stakeholders which set new standards for transparency and accountability in the agribusiness industry. Wilmar and TFT, together have been constantly engaging with non-compliant suppliers and this is documented via the 44 cases on our grievance list, of which 11 have resulted in suspensions at a group level. There is data showing that the efforts of Wilmar and our peers have had a significant impact. As of 2017, 6.1 million ha of forests have been spared from palm oil development in Indonesia, largely attributed to individual NDPE commitments of key companies within the sector, alongside government policies¹. I believe NGOs should pay attention to this data and give credit where it is due.

¹ Chain Reaction Research, February 2017 <https://chainreactionresearch.com/reports/indonesian-palm-oilsstranded-asset>

NDPE commitments from the private sector, including ours are geared towards excluding deforestation and peat development from our supply chain and not to single-handedly take responsibility for stranded assets that remain in our supplier's landbanks or associated holdings or to re-habilitate non-compliant development. Collective action from the 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.

I firmly believe that we are on the right path and have made significant positive changes in the last few years. I value Greenpeace's comments as potential building blocks for our continuous improvement, but painting us as laggards in the industry with the same brush by recommending our buyers to boycott us, would not be constructive for the real transformative work.

Lastly, I would like to reiterate that we believe in sustainability and will continue to improve our NDPE compliance systems and engage in other initiatives like reforestation. We will continue to engage and work with our stakeholders to ensure that we are accountable for our supply chain.

Yours faithfully,
WILMAR INTERNATIONAL LIMITED



KUOK Khoon Hong
Chairman & CEO