

No Deforestation, No Peat, No Exploitation Policy

Quarter 2 - 2017 Update



Leading Transformational Change
 Supply Chain Mapping & Traceability
 Stakeholder Engagement
 Empowering Smallholders
 Conservation Initiatives
 Policy Compliance
 Others – Providing Access to Education

Kindergarten students in Wilmar's estate in West Sumatra

Wilmar's No Deforestation, No Peat, No Exploitation (NDPE) Policy Implementation Progress

In the second quarter of 2017, Wilmar made progress on a range of sustainability initiatives, such as the Wilmar Smallholder's Support in Honduras (WISSH) programme and school redevelopment programmes in Indonesia and Nigeria. We are also happy to announce the formation of the PONGO Alliance, comprising of leading palm oil companies, NGOs and wildlife conservation experts, aimed at supporting the management of orang-utans and other wildlife in palm oil landscapes.

Supply Chain Mapping & Traceability

Traceability Improvements Across Our Global Operations

Traceability analysis and summary data continue to be measured across Wilmar's global operations: Indonesia, Malaysia, India, Bangladesh, Sri Lanka, China, Nigeria, Ghana, South Africa, Ivory Coast, Vietnam, United States of America, Uganda, Ukraine and Europe. Traceability data has been updated to include the most recent four quarters, replacing Q1 2016 supplies with Q1 2017 supplies. The data below for all facilities relates to data on supplies and shipments for year Q2 2016 – Q1 2017. For China – Oleochemicals the drop-in traceability ratings is mainly due to inclusion of lauric-based fine chemical sourcing for our Shanghai Oleochemical facility since Q4 2015. Traceability rating for India continues to remain low due to volumes received from high-seas parcels which is accounted untraceable. In addition, traceability sections for Wilmar's bulking terminals- PT Wilmar Nabati Indonesia, Bagendang (WINA, BGD) and the lauric portion for PT Wilmar Nabati Indonesia, Balikpapan (WINA, BLK (Lauric)) are excluded in this quarter report as there was no movement of oil recorded for the accounting period considered.

Indonesia

In total, there are 8.63 million mt of CPO and 1.15 million mt of PKO from our Indonesian refineries that are traceable at least to mills.

Refinery	Code	% Traceability			
		Mill		Plantation	
		Palm	Lauric	Palm	Lauric
PT Multimas Nabati Asahan, Kuala Tanjung	MNA, KTJ	98.8	97.7	16.8	17.2
PT Multimas Nabati Asahan, Pulo Gadung	MNA, PG	98.8	-	0.0	-
PT Multimas Nabati Asahan, Paya Pasir	MNA, PPS	-	100.0	-	2.8
PT Multimas Nabati Sulawesi, Bitung	MNS, BTG	99.8	96.4	5.3	0.0
PT Sinar Alam Permai, Kumai	SAP, KMI	100.0	-	7.5	-
PT Sinar Alam Permai, Palembang	SAP, PLG	96.0	98.7	23.2	29.4
PT Usaha Inti Padang, Padang	UIP, PDG	-	99.9	-	17.9
PT Wilmar Cahaya Kalbar, Cikarang	WICA, CKG	-	90.1	-	0.0
PT Wilmar Cahaya Kalbar, Pontianak	WICA, PTK	91.7	97.9	40.2	14.2
PT Wilmar Nabati Indonesia, Balikpapan	WINA, BLK	67.7	-	6.7	-
PT Wilmar Nabati Indonesia, Dumai	WINA, DMI	95.7	63.6	20.0	4.2
PT Wilmar Nabati Indonesia, Gresik	WINA, GSK	93.0	88.4	14.6	12.5
PT Wilmar Nabati Indonesia, Padang	WINA, PDG	96.5	100.0	19.4	0.0
PT Wilmar Nabati Indonesia, Pelintung	WINA, PLT	98.2	95.6	18.2	18.1

*WINA, BGD and WINA, BLK (Lauric) are excluded from this quarterly report as there was no movement of oil recorded for the accounting period considered.

Malaysia

In total, there are 5.39 million mt of CPO and 0.64 million mt of PKO from our Malaysian refineries that are traceable at least to mills.

Refinery	Code	% Traceability			
		Mill		Plantation	
		Palm	Lauric	Palm	Lauric
Bintulu Edible Oils Sdn Bhd, Bintulu	BEO	100.0	100.0	8.5	8.5
Lahad Datu Edible Oils Sdn Bhd, Lahad Datu	LDEO	100.0	100.0	29.3	40.1
Natural Oleochemicals Sdn Bhd, Pasir Gudang	NatOleo	89.7	84.6	-	-
PGEO (Lumut Division) Edible Oils Sdn Bhd, Lumut	PGEO, Lumut	97.8	100.0	0.8	3.8
PGEO Edible Oils Sdn Bhd, Pasir Gudang	PGEO, Pasir Gudang	98.0	100.0	4.9	25.0
PGEO (Prai Division) Edible Oils Sdn Bhd, Prai	PGEO, Prai	97.6	-	0.9	-
Sandakan Edible Oils Sdn Bhd, Sandakan	SEO	100.0	100.0	28.1	27.2
TSH-Wilmar Sdn Bhd, Kunak	TSHW	98.3	100.0	0.8	7.7
Wilmar Edible Oils Sdn Bhd, Butterworth	WEO	97.8	-	0.6	-

India, Bangladesh & Sri Lanka

In total, there are 0.86 million mt of palm products and 0.08 million tonnes of lauric products entering our refineries in India, Bangladesh & Sri Lanka that are traceable at least to mills.

Refinery	Code	% Traceability	
		Mill	
		Palm	Lauric
Adani Wilmar Ltd, Haldia	AWL, Haldia	79.1	-
Adani Wilmar Ltd, Kakinada	AWL, Kakinada	70.6	99.2
Adani Wilmar Ltd, Krishnapatnam	AWL, Krishnapatnam	54.2	-
Adani Wilmar Ltd, Mangalore	AWL, Mangalore	52.0	-
Adani Wilmar Ltd, Mundra	AWL, Mundra	64.1	85.1
Adani Hazira Port Pvt. Ltd	Hazira	40.70	-
KOG - KTV Foodstuffs (I) Pvt Ltd, Tuticorin	KOG-KTV	66.1	-
KTV Health Food Pvt Ltd, Chennai	KTV	47.0	76.3
Bangladesh Edible Oil Ltd	BEOL	96.5	-
Shun Shing Edible Oil Ltd	SSEOL	76.9	-
Pyramid Lanka (Private) Ltd	PL	99.7	100.0

China – Specialty Fats

In total, there are 0.38 million mt of palm products and 0.09 million mt of lauric products entering our refineries in China that are traceable at least to mills.

Refinery	Code	% Traceability	
		Mill	
		Palm	Lauric
Yihai (Guangzhou) Oils & Grains Industries Co Ltd	Guangzhou O&G	22.0	99.4
Kerry Speciality Fats (Shanghai) Ltd	Kerry SF - Shanghai	37.0	93.1
Kerry Oils & Grains (Tianjin) Ltd	Kerry O&G - Tianjin	29.4	93.4
Yihai (Lianyungang) Speciality Fats Industries Co.Ltd	Lianyungang SF	39.5	0.0
Qinhuangdao Goldensea Foodstuff Industries Co Ltd	QHD Goldensea	12.4	98.5
Southseas Oils & Fats Industrial (Chiwan) Ltd	Southseas - Chiwan	46.4	99.6

China – Oleochemicals

In total, there are 0.36 million mt of palm products and 0.05 million mt of lauric products entering our refineries in China that are traceable at least to mills.

Refinery	Code	% Traceability	
		Mill	
		Palm	Lauric
Wilmar Oleochemical (Dongguan) Co., Ltd	Oleo - Dongguan	89.7	96.4
Wilmar Oleochemical (Lianyungang) Co., Ltd	Oleo - Lianyungang	84.3	42.1
Wilmar Oleochemical (Shanghai) Co., Ltd	Oleo - Shanghai	75.5	43.2
Wilmar Oleochemical (Tianjin) Co., Ltd	Oleo - Tianjin	90.5	95.6

Africa

In total, there are 1.06 million tonnes of palm products and 0.05 million tonnes of lauric products entering our refineries in Africa that are traceable at least to mills.

Refinery	Code	% Traceability	
		Mill	
		Palm	Lauric
Wilmar Africa Limited	WAL	99.7	100.0
PZ Wilmar Ltd	PZ Wilmar	87.0	-
Wilmar Continental Edible Oils & Fats (Pty) Limited	Wilmar Continental	99.1	98.0
Sania CIE	Sania	99.9	100.0
Bidco Uganda Limited	Bidco	39.4	89.5

Europe

In total, there are 1.01 million mt of palm products and 0.18 million mt of lauric products entering our refineries in Europe that are traceable at least to mills.

Refinery	Code	% Traceability	
		Mill	
		Palm	Lauric
Olenex Edible Oils GmbH	Brake	100.0	100.0
Wilmar France Holdings	Lavera	-	64.3
Olenex Edible Oils GmbH – Werk Nolee	Nolee	100.0	100.0
Olenex Edible Oils GmbH – Werk Nolee	OMH	99.9	-
Olenex Edible Oils B.V.	Rotterdam	99.7	98.5
Wilmar Oleochemicals B.V.	Rozenburg	-	91.4

Olenex Edible Oils GmbH (Brake), Olenex Edible Oils GmbH – Werk Nolee (Nolee), Olenex Edible Oils GmbH – Werk Nolee (OMH) and Olenex Edible Oils BV (Rotterdam) is now under parent company name Olenex Holdings B.V.

United States of America

In total, there are 0.16 million mt of palm products entering our refinery in United States of America that are traceable at least to mills.

Refinery	Code	% Traceability	
		Mill	
		Palm	Lauric
Wilmar Oils & Fats (Stockton) LLC	WOFS	97.6	-

Vietnam

In total, there are 0.35 million mt of palm products and 0.009 million mt of lauric products entering our refineries in Vietnam that are traceable at least to mills.

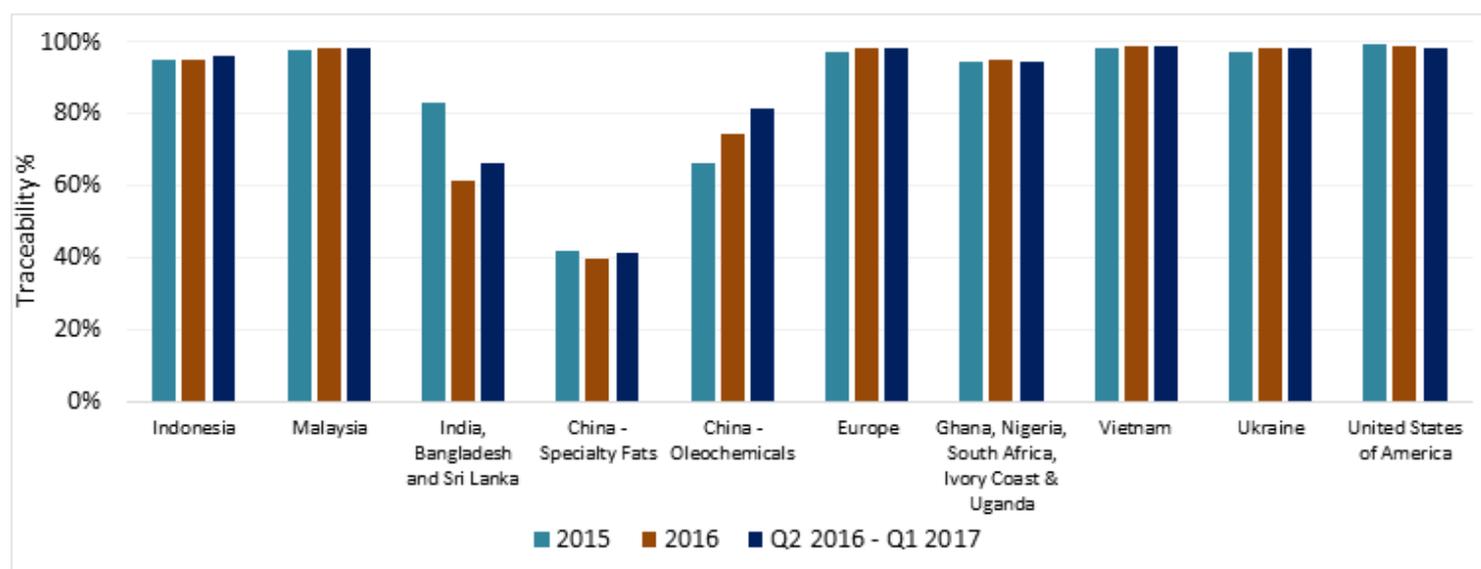
Refinery	Code	% Traceability	
		Mill	
		Palm	Lauric
Calofic Hiep Phuoc	Hiep Phuoc	99.3	93.0
Calofic Quang Ninh	Quang Ninh	98.3	-

Ukraine

In total, there are 0.19 million mt of palm products and 0.004 million mt of lauric products entering our refineries in Ukraine that are traceable at least to mills.

Refinery	Code	% Traceability	
		Mill	
		Palm	Lauric
Delta Wilmar CIS Ltd	DW	98.7	97.7

The following graph represents our progress from the time we started traceability reporting back to mills in 2015 to Q1 2017



Stakeholder Engagement

Active Participant in Multi-stakeholder Partnerships

Stakeholders' Forum in London

The Wilmar Sustainability Team organised a stakeholders' forum on the side lines of the Roundtable on Sustainable Palm Oil (RSPO) European Roundtable in June 2017.



The forum was attended by over 30 stakeholders, mostly comprising of our customers, with representation from our partners and civil society organisations. Perpetua

George (General Manager of Group Sustainability, Wilmar International), Melizel Asuncion (Research and Stakeholder Engagement Programs Manager, Verite Southeast Asia), Isaac Abban-Mensah (Africa Sustainability Controller, Wilmar International), and Loo Siew Wai (Grievance Coordinator, Wilmar International) were speakers at the forum. Wilmar and Verite provided updates on our progress in addressing labour issues, and the challenging realities of labour practices in Indonesia. In particular, Wilmar focused on the [progress update](#) on the implementation of our labour action plan that was released in [April 2017](#). Verite also discussed the [Wilmar – Verite collaboration](#) at length.

RSPO Roadshow in Malaysia

The RSPO Roadshow in Malaysia was held in Subang in April 2017. The objective of the roadshow was to increase awareness of RSPO's mission and to further encourage local businesses to take the first steps towards adopting sustainable palm oil practices.

Wilmar participated in two sessions:

Perpetua George (General Manager of Group Sustainability, Wilmar International), spoke on a panel about Strengthening Sustainability in Palm Oil Supply Chains in Malaysia. She shared about Wilmar's No Deforestation, No Peat, No Exploitation (NDPE) policy, and how RSPO certification provides a basis for good practices, and complements Wilmar's sustainability efforts. She also spoke about her experience supporting smallholders to adopt sustainable practices and facilitating them for RSPO certification.

Ms Loo Siew Wai (Grievance Coordinator, Wilmar International), participated in the second session focused on the social implications, and the need to ensure that plantation workers and local communities share in the benefits of oil palm development.

Empowering Smallholders

Building Capacity of Independent Smallholders

WISSH Programme (Wilmar Smallholders Support in Honduras)

The WISSH programme was initiated at the beginning of 2016 with the aim to empower smallholders 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).

At the end of March 2017; a new group of independent smallholders were included in the WISSH program. Training focused on the NDPE policy; in total 1237 independent smallholders were trained over 26 sessions. Training sessions for smallholders, which started in 2016, continued with the topic of Pest and Disease Management. In total 1873 smallholders from the AIPAH group received this training in 2017.



Two new pocket guide books were developed; one covering Integrated Management on Pests and Diseases, the other one covering Social Responsibility and Labour Rights. To date, a total of 3300 smallholders have been trained through the WISSH programme from 2016 to Q2 2017.

Conservation Initiatives

Biodiversity Conservation

Launch of PONGO Alliance

Wilmar, together with a group of leading palm oil companies, including Sime Darby and Musim Mas, together with the Orangutan Land Trust and a number of wildlife conservation experts and NGOs have formed the PONGO Alliance. This is a new initiative aimed at supporting the management of orang-utans and other wildlife in palm oil landscapes.



The PONGO Alliance's approach will be to engage with all stakeholders on the ground, including palm oil companies, local governments and local communities to implement best

management practices for the protection of orang-utans and wildlife in the oil palm landscape.

For more information, please refer to the [joint press release](#).

Policy Compliance

Supplier Compliance and Fire Management

Grievance Procedure

One new grievance case was logged in Q2 2017.

The case is about labour rights concerns in PT Murini Sam Sam (MSS), a subsidiary of Wilmar in Riau. Wilmar was given the opportunity to review the draft report from Centre for Research on Multinational Corporations (SOMO) on 10 May 2017, following their interview with our workers in January. Upon receipt of the draft report, Wilmar immediately conducted an internal field verification on the allegations. We then responded to SOMO, based on the findings of our verification, providing clarifications on their allegations and corrections on factually inaccurate content in their report.

Wilmar's detailed responses to SOMO is available [here](#). We have also met with SOMO in Amsterdam on 4 July 2017, to engage with them on the allegations.

Stakeholders can view our full list of grievance cases, and follow the latest developments of the cases at this link: <http://www.wilmar-international.com/sustainability/grievance-procedure/>

Wilmar's Appeal on Land Conflict in West Sumatra Granted by the RSPO Complaints Panel

The RSPO Complaints Panel has agreed to review its decision on the case of PT Permata Hijau Pasaman I (PHP I), following an appeal from Wilmar International Limited (Wilmar) submitted on 18 April 2017. An Appeals Panel independent of the Complaints Panel presiding over this case has been convened to deliberate Wilmar's appeal. The Appeals Panel met for the first time on 18 May 2017 and has granted approval to Wilmar's request for a Stay of Execution of the participatory mapping exercise, while they review the Appeal.

Wilmar was compelled to file an appeal after our review found possible breaches in the complaint handling process within the RSPO. Along with the appeal, Wilmar

requested to postpone the participatory mapping activities set out in RSPO's decision letter. The participatory mapping exercise requires the direct involvement of Indonesian government regulatory bodies and as such, proceeding with the exercise would not be appropriate until the appeal process is completed.

Following the decision of the RSPO regarding the case of PT PHP I on 1 February 2017, Wilmar immediately initiated the process of identifying an independent expert to conduct the prescribed activities of participatory mapping. Agreement on the choice of the independent expert was also obtained from the complainant, Alman Gampo Alam of the Nagari Kapa community. We then initiated the development of the Terms of Reference (ToR) with the NGO Forest Peoples Programme (FPP) through the independent expert as well as with the RSPO. FPP supported the complainant to file the original complaint to the RSPO in October 2014. However, in the process of carrying out the required actions as contained in the 1 February letter, we found several oversights in the handling of the case.

Wilmar's statement on the appeal process can be accessed at this [link](#).

Labour Progress in Wilmar's North Sumatra Operations

Wilmar met with Amnesty International on 13 June 2017 to further discuss labour progress in our North Sumatran operations. We provided updates on our labour programme, including the internal audit process, and collaboration with Business for Social Responsibility (BSR) and Verite. We are committed to providing regular updates to all our stakeholders, including Amnesty International, on our progress in implementing our labour action plan.

To give stakeholders a better understanding of Wilmar's labour related practices and efforts on-the-ground, we have also produced a short video documenting the lives of our plantation workers in North Sumatra and West Sumatra. The video includes interviews with workers and their children, union representatives, as well as an estate doctor.

The full video is available on the homepage of our sustainability dashboard, at this link: <http://www.wilmar-international.com/sustainability/>

Progress on Aggregator Refinery Transformation (ART) in Malaysia and Indonesia

As of end Q2 2017, we have completed 68 assessments covering mills in Indonesia, Malaysia, Latin America, and West Africa.

Indonesia

One of the key objectives of the ART plan is to draw upon available tools and guidance to support our suppliers in addressing issues identified during the initial supplier visits and summarised in the overarching reports. In Q2 2017, we have been focussing on broad level engagement trainings workshops in Indonesia.

The training sessions brought together expertise from relevant government departments (notably the Labour Department), practitioners of High Carbon Stock (HCS), High Conservation Value (HCV) and peatland management. These trainings focused on:

- a) Environment land use planning/ management, HCS/HCV, peat management and environmental impact management
- b) Importance of conserving the Leuser Ecosystem
- c) Fair Labour Practices - Contracts, Child Labour, Access to Remedy, Freedom of Association, Harassment, etc
- d) Community Conflict Resolution, Free Prior & Informed Consent (FPIC), Land Tenure, and Social Impact

At the end of Q2 2017, we have successfully carried out two trainings in Medan for 94 participants from the palm milling and growing industry.

Other Updates

Providing Access to Education

School Redevelopment Programme in Indonesia

As part of Wilmar's endeavour to ensure that the children of our workers, as well as members of the local community where we operate, have access to quality education and share in the benefits of oil palm development, we have embarked on a school redevelopment programme.



Modelled after Wilmar funded schools in China, the programme is in progress in

Indonesia. Two pilot schools have been completed, and will be replicated across the 22 schools within Wilmar's

estates throughout Indonesia. Five more schools are already in the process of being re-developed.



Students will have access to computer labs, science labs, a well-stocked library, as well as a range of extra-curricular

activities ranging from music and arts to sports and uniformed groups.

School Redevelopment and Scholarship Programme in Cross River State, Nigeria

Wilmar's team in Cross River State, Nigeria, has kickstarted a project to rebuild schools within surrounding communities who contributed land for plantation development. Besides overseeing the construction and renovation of schools, Wilmar's staff volunteers will also support the management of schools. The aim is to improve the quality of school infrastructure and facilities, teaching standard and extra-curricular activities offered to students.



Another batch of scholarships were awarded to outstanding students from local communities to support tertiary education. So far, Wilmar has awarded 115 scholarships to

universities. This year's award ceremony was attended by the Deputy Governor of Cross River State, Prof. Evara Esu.