

## No Deforestation, No Peat, No Exploitation Policy

Quarter 3 - 2017 Update



**Leading Transformational Change**  
Supply Chain Mapping & Traceability  
Stakeholder Engagement  
Empowering Smallholders  
Policy Compliance  
Other Updates

Smallholder training session in Riau

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

In the third quarter of 2017, Wilmar made progress on a range of sustainability initiatives, such as our smallholder support programmes around the world and school redevelopment programme in Africa. We are also happy to announce the release of our 2016 Sustainability Report.

## 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 Q2 2016 supplies with Q2 2017 supplies. The data below for all facilities relates to data on supplies and shipments for year Q3 2016 – Q2 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 8.37 million mt of CPO and 1.18 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  | 99.1          | 95.5   | 15.9       | 15.8   |
| PT Multimas Nabati Asahan, Pulo Gadung   | MNA, PG   | 99.6          | -      | 0.0        | -      |
| PT Multimas Nabati Asahan, Paya Pasir    | MNA, PPS  | -             | 100.0  | -          | 1.9    |
| PT Multimas Nabati Sulawesi, Bitung      | MNS, BTG  | 99.1          | 96.5   | 2.7        | 0.0    |
| PT Sinar Alam Permai, Kumai              | SAP, KMI  | 100.0         | -      | 8.2        | -      |
| PT Sinar Alam Permai, Palembang          | SAP, PLG  | 99.6          | 100.0  | 22.7       | 28.5   |
| PT Usaha Inti Padang, Padang             | UIP, PDG  | -             | 99.6   | -          | 20.6   |
| PT Wilmar Cahaya Kalbar, Cikarang        | WICA, CKG | -             | 99.0   | -          | 0.0    |
| PT Wilmar Cahaya Kalbar, Pontianak       | WICA, PTK | 93.1          | 98.3   | 40.3       | 14.2   |
| PT Wilmar Nabati Indonesia, Bagendang    | WINA, BGD | -             | -      | -          | -      |
| PT Wilmar Nabati Indonesia, Balikpapan   | WINA, BLK | 100.0         | -      | 0.0        | -      |
| PT Wilmar Nabati Indonesia, Dumai        | WINA, DMI | 95.0          | 60.2   | 20.9       | 0.0    |
| PT Wilmar Nabati Indonesia, Gresik       | WINA, GSK | 93.1          | 90.0   | 13.2       | 11.9   |
| PT Wilmar Nabati Indonesia, Padang       | WINA, PDG | 98.0          | 78.5   | 20.5       | 0.0    |
| PT Wilmar Nabati Indonesia, Pelintung    | WINA, PLT | 98.4          | 95.3   | 12.2       | 4.7    |

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

## Malaysia

In total, there are 5.62 million mt of CPO and 0.77 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  | 8.2        | 8.1    |
| Lahad Datu Edible Oils Sdn Bhd, Lahad Datu       | LDEO               | 100.0         | 100.0  | 36.0       | 47.0   |
| Natural Oleochemicals Sdn Bhd, Pasir Gudang      | NatOleo            | 87.4          | 89.4   | -          | -      |
| PGEO (Lumut Division) Edible Oils Sdn Bhd, Lumut | PGEO, Lumut        | 98.0          | 100.0  | 1.3        | 5.6    |
| PGEO Edible Oils Sdn Bhd, Pasir Gudang           | PGEO, Pasir Gudang | 98.0          | 99.9   | 5.8        | 29.4   |
| PGEO (Prai Division) Edible Oils Sdn Bhd, Prai   | PGEO, Prai         | 98.1          | -      | 1.7        | -      |
| Sandakan Edible Oils Sdn Bhd, Sandakan           | SEO                | 100.0         | 100.0  | 28.0       | 27.4   |
| TSH-Wilmar Sdn Bhd, Kunak                        | TSHW               | 98.4          | 100.0  | 0.6        | 8.2    |
| Wilmar Edible Oils Sdn Bhd, Butterworth          | WEO                | 98.2          | -      | 0.5        | -      |

## India, Bangladesh & Sri Lanka

In total, there are 1.04 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 Limited, Haldia                | AWL, Haldia       | 82.8          | -      |
| Adani Wilmar Limited, Kakinada              | AWL, Kakinada     | 69.7          | 94.8   |
| Adani Wilmar Limited, Krishnapatnam         | AWL, Krishnapatna | 59.2          | -      |
| Adani Wilmar Limited, Mangalore             | AWL, Mangalore    | 54.1          | -      |
| Adani Wilmar Limited, Mundra                | AWL, Mundra       | 69.4          | 73.1   |
| Adani Hazira Port Pvt. Limited              | Hazira            | 40.60         | -      |
| KOG - KTV Foodstuffs (I) Pvt Ltd, Tuticorin | KOG-KTV           | 75.4          | -      |
| KTV Health Food Pvt Ltd, Chennai            | KTV               | 61.7          | 67.7   |
| Bangladesh Edible Oil Limited               | BEOL              | 65.4          | -      |
| Shun Shing Edible Oil Limited               | SSEOL             | 97.8          | -      |
| Pyramid Lanka (Private) Limited             | PL                | 99.7          | 88.1   |

## China – Specialty Fats

In total, there are 0.36 million mt of palm products and 0.08 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       | 19.6          | 99.4   |
| Kerry Specialty Fats (Shanghai) Ltd                  | Kerry SF - Shanghai | 27.0          | 92.4   |
| Kerry Oils & Grains (Tianjin) Ltd                    | Kerry O&G - Tianjin | 35.1          | 98.7   |
| Yihai (Lianyungang) Specialty Fats Industries Co.Ltd | Lianyungang SF      | 48.0          | 73.2   |
| Qinhuangdao Goldensea Foodstuff Industries Co Ltd    | QHD Goldensea       | 11.7          | 97.9   |
| Southseas Oils & Fats Industrial (Chiwan) Ltd        | Southseas - Chiwan  | 42.9          | 98.8   |

## China – Oleochemicals

In total, there are 0.34 million mt of palm products and 0.04 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    | 93.7          | 96.1   |
| Wilmar Oleochemical (Lianyungang) Co., Ltd | Oleo - Lianyungang | 78.9          | 32.4   |
| Wilmar Oleochemical (Shanghai) Co., Ltd    | Oleo - Shanghai    | 79.7          | 31.8   |
| Wilmar Oleochemical (Tianjin) Co., Ltd     | Oleo - Tianjin     | 88.3          | 95.3   |

## Africa

In total, there are 1.17 million tonnes of palm products and 0.04 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                | 99.6           | 100.0  |
| PZ Wilmar Ltd                                       | PZ Wilmar          | 84.9           | -      |
| Wilmar Continental Edible Oils & Fats (Pty) Limited | Wilmar Continental | 99.4           | 95.8   |
| Sania CIE   | Sania              | 99.9           | 100.0  |
| Bidco Uganda Limited                                | Bidco              | 32.6           | 77.0   |

## Europe

In total, there are 1.06 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          | 99.9   |
| Wilmar France Holdings                | Lavera    | -              | 61.6   |
| Olenex Edible Oils GmbH – Werk Noblee | Noblee    | 100.0          | 100.0  |
| Olenex Edible Oils GmbH – Werk Noblee | OMH       | 100.0          | -      |
| Olenex Edible Oils B.V.               | Rotterdam | 99.7           | 99.0   |
| Wilmar Oleochemicals B.V.             | Rozenburg | -              | 93.4   |

*\*Olenex Edible Oils GmbH (Brake), Olenex Edible Oils GmbH – Werk Noblee (Noblee), Olenex Edible Oils GmbH – Werk Noblee (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 0.19 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 | 98.3           | -      |

## Vietnam

In total, there are 0.36 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.

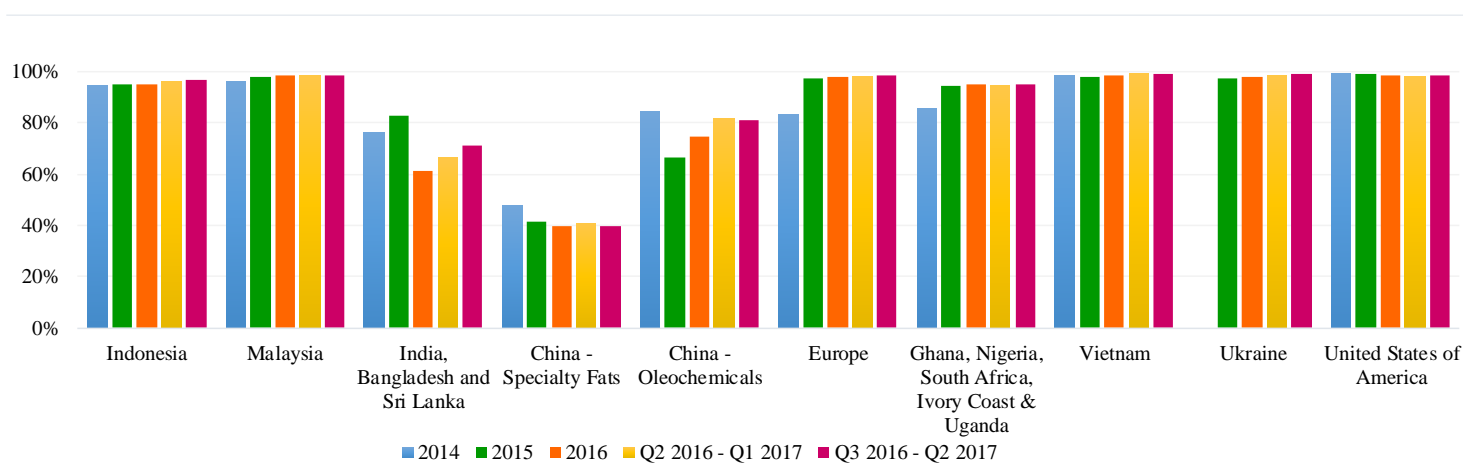
| Refinery           | Code       | % Traceability |        |
|--------------------|------------|----------------|--------|
|                    |            | Mill           |        |
|                    |            | Palm           | Lauric |
| Calofic Hiep Phuoc | Hiep Phuoc | 99.3           | 92.6   |
| Calofic Quang Ninh | Quang Ninh | 98.1           | -      |

## Ukraine

In total, there are 0.23 million mt of palm products and 0.005 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   | 99.0           | 95.5   |

The following graph represents our progress from the time we started traceability reporting back to mills in 2014 to Q2 2017





---

## Stakeholder Engagement

Active Participant in Multi-stakeholder Partnerships

---

### Governors' Climate and Forest Task Force Annual Meeting in Balikpapan, Indonesia

A Wilmar team comprising of representatives from plantations, government relations, and sustainability participated in the Governors' Climate and Forest Task Force (GCF) Annual meeting in late September 2017.



The purpose of the meeting was (i) to advance commitments made by GCF member states and provinces on jurisdictional programmes, and

(ii) to launch the Balikpapan Challenge, a formal commitment to achieving a producer-driven global framework for supporting jurisdiction-wide transitions to sustainable, low-emissions development in tropical forest regions.

Wilmar representatives gain valuable insights into the plans advance jurisdictional programmes in the areas we operate, and explored opportunities for collaboration to catalyse this transition.

---

## Empowering Smallholders

Building Capacity of Independent Smallholders

---

### WISSH Programme (Wilmar Smallholders Support in Honduras)

The WISSH programme, a partnership between Wilmar Europe and The Industrial Association of Palm Oil Producers in Honduras (AIPAH), has completed its second year at the end of August 2017. To date, there



are more than 3,200 smallholders trained over 426 sessions on several topics with the aim to empower and improve livelihoods,

while maintaining responsible sustainable practices.

Next year would be the final year of WISSH, with plans to conduct two remaining independent smallholder trainings and assessments. The assessments have been planned, targeting around 170 smallholders, to

verify the implementation and identify the gap towards compliance with Wilmar NDPE policy. As an outcome, an action plan will be created to close any gaps.

This short video showcases the impact of WISSH in the last two years: [https://youtu.be/HGR0\\_EP1Ym4](https://youtu.be/HGR0_EP1Ym4)

---

### Wilmar Small Growers Support Colombia (WISSCo)

As the WISSH programme finished its second year, Wilmar Europe, together with Sustainable Trade Platform (STP) – Solidaridad and NES Naturaleza, have formally launched the second programme for independent smallholders and independent smallgrowers, supplying to 10 mills in Colombia, known as WISSCo. This programme aims to enhance the knowledge and capacity on good environmental practices and social aspects, in accordance with Wilmar No Deforestation, No Peat, No Exploitation (NDPE) policy.



WISSCo adapts the previous successful smallholder programme, WISSH (Wilmar Smallholders Support Honduras),

and taking the next step in engaging independent smallgrowers, focusing on growers with land below 500 hectares. In total, this programme reached out 235 smallgrowers, covering a total area of 28,715 hectares. The first out of eight planned Training of Smallgrowers (TOSG), was conducted in the last week of August 2017; focused on Sustainability and Wilmar NDPE policy.

---

### Training and ISPO Certification of Independent Smallholders in Riau, Indonesia

Wilmar's smallholder development team in Indonesia has embarked on a programme to train and facilitate the smallholders with the Indonesia Sustainable Palm Oil certification (ISPO).



The programme was piloted in the Riau province, where 225 smallholders, covering 450 ha, from the Sekato Jaya Lestari cooperative participated in the pilot.

As part of the pilot programme, the Wilmar team conducted a 4 day training in August 2017, covering the following topics:

- Socialisation on ISPO certification
- Organisation of farmer groups for ISPO certification, including the establishment of a group manager and internal control organisation structure
- ISPO principles and criteria for smallholders

The mid-long term plan is to scale this programme up to reach 4,300 smallholders, covering 8,600 ha.

---

## Policy Compliance

### Supply Chain Compliance and Transformation

---

#### Grievance Procedure

One new grievance case was logged in Q3 2017.

The case involves non-compliant palm products in and around the Leuser Ecosystem from PT. Agra Bumi Niaga's (ABN) allegedly entering Wilmar's supply chain through our supplier, PT Ensem Sawita (ES). Wilmar met with PT ES on 28 July 2017, and PT ES informed us that they have ceased sourcing from PT ABN since early July 2017 when they were alerted that PT ABN's fruits had entered their supply chain. PT ES decided to suspend purchases from PT ABN until they are assessed to have implemented the necessary corrective actions as recommended by an independent assessor. We are following up closely with PT ES on the progress in improving their sourcing practices.

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/>

#### Child Protection Workshop in Sabah

Wilmar together with The Forest Trust (TFT) and the Malaysian Palm Oil Certification Council (MPOCC) held a workshop titled "Children in Plantation" to hear from experts about the best practices in preventing children from being in plantation and also share challenges and potential solutions. The workshop was held on 5 Sep 2017 in Sabah with 47 participants from 25 supplying companies.

Perpetua George, General Manager Group Sustainability from Wilmar,



explained during the workshop that it is important to understand the sustainability standards for oil palm production. Collective efforts are needed to put an end to the practice of having children working in plantation. This was echoed in the opening remarks by the Deputy Chairman of East Malaysia Planters' Association (EMPA), Mr Anthony John Wong.

Speakers at the workshop include representatives from the Indonesian Consulate, MPOCC, UNICEF, ILO and the Humana Child Aid Society.

This workshop was a good platform to bring awareness to Wilmar suppliers and also to understand better the challenges that they faced in their plantation and steps that can be taken. With this workshop, we are able to create more awareness and have better understanding on the problems faced by industry players regarding this issue.

#### Industrial Relations and Workers' Rights Training by Konfederasi Serikat Buruh Sejahtera Indonesia – (KSBSI) Hukatan

Wilmar supports the right to freedom of association and have regular ongoing engagements with union organizations. We recently participated in the Indonesian Union, KSBSI – Hukatan's training event on Industrial Relations and Worker's Right, in Riau, from 16-17 July 2017. Wilmar's Industrial Relations Manager, Mr. Feberianta Ginting, together with the Head of Industrial Relations Supervision Division of the



Manpower Office of Bengkalis Regency, the Head of Social Insurance Administration Organization

(Badan Penyelenggara Jaminan Sosial, BPJS) Dumai Branch, and the Head of KSBSI-HUKATAN were the speakers at the training event.

Representatives from Wilmar's PT Murini Sam Sam (MSS), a subsidiary in Riau, also attended the training sessions to gain more insight on provisions of unions, the national health insurance scheme, as well as national regulations applicable in the field of industrial relation.

Wilmar intends to work closely with various unions in Indonesia to establish similar trainings internally for our workers.

#### Progress on Aggregator Refinery Transformation (ART)

As of end Q3 2017, we have completed 69 assessments covering mills in Indonesia, Malaysia, Latin America, and West Africa.

#### Malaysia

We continued engaging with suppliers on details of mill assessment findings and the development of action plans. We have conducted ten follow up meetings this quarter, taking place at headquarter levels to discuss the findings of field visits, and to establish action plans to improve practices and close gaps. We have also conducted two return visit programmes to our suppliers who participated in the ART field assessment in 2015. The objectives of the return visits were to assess their



progress and to provide further guidance to the suppliers to close the gaps identified in the previous field assessments.

### Indonesia

In Q3, the continued focus in Indonesia was on broad level engagement trainings workshops. These trainings focused on:

- i) Environment land use planning/ management, HCS/HCV, peat management and environmental impact management
- ii) Fair Labour Practices - Contracts, Child Labour, Access to Remedy, Freedom of Association, Harassment, etc
- iii) Community Conflict Resolution, Free Prior & Informed Consent (FPIC), Land Tenure, and Social Impact.

At the end of Q3 2017, we have successfully carried out two trainings in Jakarta and one training in Medan for more than 100 participants from the palm milling and growing industry.

---

## **Other Updates**

Improving Access to Education and Launch of 2016 Sustainability Report

---

### **School Redevelopment Programme in Africa**

The Wilmar team in Africa has embarked on a school redevelopment programme as part of our 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.

#### Uganda

In Uganda, there were two new developments on this front in Q3 2017.

Wilmar adopted and redeveloped a neighbouring government school, St. Thereza Bwendero Primary School, which was in desperate need of upgrading.



*St Thereza Bwendero Primary School before (left) and after (right) redevelopment.*

The school was fully redeveloped with the addition of a new block that houses a library, staff offices and classrooms. A dormitory to accommodate students from distant locations is currently under construction.



Construction of a new kindergarten was also completed in Q3.

Lastly, the redevelopment of Santos Kizito Bbetta Primary school is underway, and

will be completed in 2018.

#### Nigeria

Redevelopment works have also started for schools in the vicinity of Wilmar's estates in Nigeria.



Construction at Mbrakom (Onun) Secondary School is almost done, with two new classroom blocks, a canteen

and a computer lab completed.

Works at Ibiae Primary School and Eyop Aningeje Secondary School have also started. These schools will be equipped with new classrooms, computer labs, libraries and play areas.

#### Ghana



The Pak Goh Memorial Junior High School in Ghana was officially opened in Q3 2017.

### **Sustainability Brief on Plasma Scheme in Central Kalimantan**

Wilmar published a sustainability brief on the complexity of meeting plasma obligations in Central Kalimantan while balancing conservation priorities.

There is an opportunity for greater sustainable impact in Central Kalimantan with the collective action of NGOs, industry and the government. In particular, the support of the provincial and local government agencies to look at land allocations at the landscape level is urgently needed. In the meantime, we remain fully committed to finding a solution that is beneficial for both local communities and wildlife species.

For more information, please refer to the sustainability brief at this link: [Sustainability Brief: Plasma-Obligation-versus-Conservation-Objectives](#)

## **Release of 2016 Sustainability Report**

Wilmar released our Sustainability Report for year 2016, titled “We Care” in August 2017. The report centres on our commitment to our staff and workers, with a focus on labour rights issues. It includes expert commentary by Proforest, and has undergone a limited assurance by Ernst & Young.

Wilmar’s Sustainability Report 2016 is available via this link: <http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/08/Wilmar-SR-2016-Final.pdf>