

No Deforestation, No Peat, No Exploitation Policy

Quarter 4 - 2017 Update



Wilmar's Honorary Wildlife Wardens in Sabah

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

In the final quarter of 2017, Wilmar made progress on a range of sustainability initiatives, such as our smallholder support programmes around the world and labour improvement programme in Indonesia.

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 Q3 2016 supplies with Q3 2017 supplies. The data below for all facilities relates to data on supplies and shipments for year Q4 2016 – Q3 2017. Data for Wilmar's refinery in Zambia has been added to the analysis in Q4 2017. In addition, feed facilities in Pasir Gudang & Liverpool have also been included this quarter.

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 9.17 million mt of CPO and 1.20 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	99.2	95.9	20.4	15.1
PT Multimas Nabati Asahan, Pulo Gadung	MNA, PG	99.9	-	1.0	-
PT Multimas Nabati Asahan, Paya Pasir	MNA, PPS	-	100.0	-	0.6
PT Multimas Nabati Sulawesi, Bitung	MNS, BTG	100.0	96.9	2.6	0.0
PT Sinar Alam Permai, Kumai	SAP, KMI	100.0	-	8.3	-
PT Sinar Alam Permai, Palembang	SAP, PLG	99.2	99.9	24.0	31.2
PT Usaha Inti Padang, Padang	UIP, PDG	-	99.6	-	21.9
PT Wilmar Cahaya Kalbar, Cikarang	WICA, CKG	-	99.9	-	27.3
PT Wilmar Cahaya Kalbar, Pontianak	WICA, PTK	89.1	96.8	35.7	14.9
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	94.7	44.1	19.4	4.2
PT Wilmar Nabati Indonesia, Gresik	WINA, GSK	93.7	91.6	17.8	24.5
PT Wilmar Nabati Indonesia, Padang	WINA, PDG	98.7	99.9	25.1	20.6
PT Wilmar Nabati Indonesia, Pelintung	WINA, PLT	98.1	97.1	25.5	19.2

Malaysia

In total, there are 5.70 million mt of CPO and 0.78 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	8.4	8.0
Lahad Datu Edible Oils Sdn Bhd, Lahad Datu	LDEO	100.0	98.2	26.5	34.5
Natural Oleochemicals Sdn Bhd, Pasir Gudang	NatOleo	89.6	90.0	18.0	17.4
PGEO (Lumut Division) Edible Oils Sdn Bhd, Lumut	PGEO, Lumut	98.2	100.0	1.3	5.2
PGEO Edible Oils Sdn Bhd, Pasir Gudang	PGEO, Pasir Gudang	97.4	100.0	6.0	20.1
PGEO (Prai Division) Edible Oils Sdn Bhd, Prai	PGEO, Prai	97.5	-	2.2	-
Sandakan Edible Oils Sdn Bhd, Sandakan	SEO	100.0	100.0	25.0	25.7
TSH-Wilmar Sdn Bhd, Kunak	TSHW	98.3	100.0	0.7	8.7
Volac Wilmar Feed Ingredients Sdn Bhd, Pasir Gudang	Volac Wilmar	98.0	-	2.8	-
Wilmar Edible Oils Sdn Bhd, Butterworth	WEO	97.0	-	1.3	-

India, Bangladesh & Sri Lanka

In total, there are 1.16 million mt of palm products and 0.09 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	89.1	-
Adani Wilmar Limited, Kakinada	AWL, Kakinada	82.8	96.1
Adani Wilmar Limited, Krishnapatnam	AWL, Krishnapatna	65.4	-
Adani Wilmar Limited, Mangalore	AWL, Mangalore	63.8	-
Adani Wilmar Limited, Mundra	AWL, Mundra	68.5	72.8
Adani Hazira Port Pvt. Limited	Hazira	78.9	-
KOG - KTV Foodstuffs (I) Pvt Ltd, Tuticorin	KOG-KTV	84.0	-
KTV Health Food Pvt Ltd, Chennai	KTV	70.0	76.2
Bangladesh Edible Oil Limited	BEOL	51.4	-
Shun Shing Edible Oil Limited	SSEOL	93.3	-
Pyramid Lanka (Private) Limited	PL	99.6	86.8

China – Specialty Fats

In total, there are 0.38 million mt of palm products and 0.07 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	13.7	71.3
Kerry Specialty Fats (Shanghai) Ltd	Kerry SF - Shanghai	31.6	89.4
Kerry Oils & Grains (Tianjin) Ltd	Kerry O&G - Tianjin	44.7	98.0
Yihai (Lianyungang) Specialty Fats Industries Co.Ltd	Lianyungang SF	48.7	69.3
Qinhuangdao Goldensea Foodstuff Industries Co Ltd	QHD Goldensea	20.9	97.1
Southseas Oils & Fats Industrial (Chiwan) Ltd	Southseas - Chiwan	44.9	98.7

China – Oleochemicals

In total, there are 0.29 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	77.7	80.6
Wilmar Oleochemical (Lianyungang) Co., Ltd	Oleo - Lianyungang	78.6	35.3
Wilmar Oleochemical (Shanghai) Co., Ltd	Oleo - Shanghai	74.4	31.8
Wilmar Oleochemical (Tianjin) Co., Ltd	Oleo - Tianjin	88.2	93.1

Africa

In total, there are 1.10 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	87.4	-
Wilmar Continental Edible Oils & Fats (Pty) Limited	Wilmar Continental	98.6	92.2
Sania CIE	Sania	99.8	100.0
Bidco Uganda Limited	Bidco	27.1	85.0
Global Industries Limited	GIL	16.8	-

* Global Industries Limited (Zambia) has been included this quarter

Europe

In total, there are 1.10 million mt of palm products and 0.19 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	-	68.7
Olenex Edible Oils GmbH – V	Noblee	100.0	100.0
Olenex Edible Oils GmbH – V	OMH	98.8	-
Olenex Edible Oils B.V.	Rotterdam	99.3	100.0
Wilmar Oleochemicals B.V.	Rozenburg	-	96.4
Volac Wilmar Feed	Liverpool	96.9	-

*Volac Wilmar Feed Ingredients Ltd (Liverpool) has been included this quarter

United States of America

In total, there are 0.17 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	98.4	-

Vietnam

In total, there are 0.38 million mt of palm products and 0.005 million mt of lauric products entering our refineries in Vietnam that are traceable at least to mills.

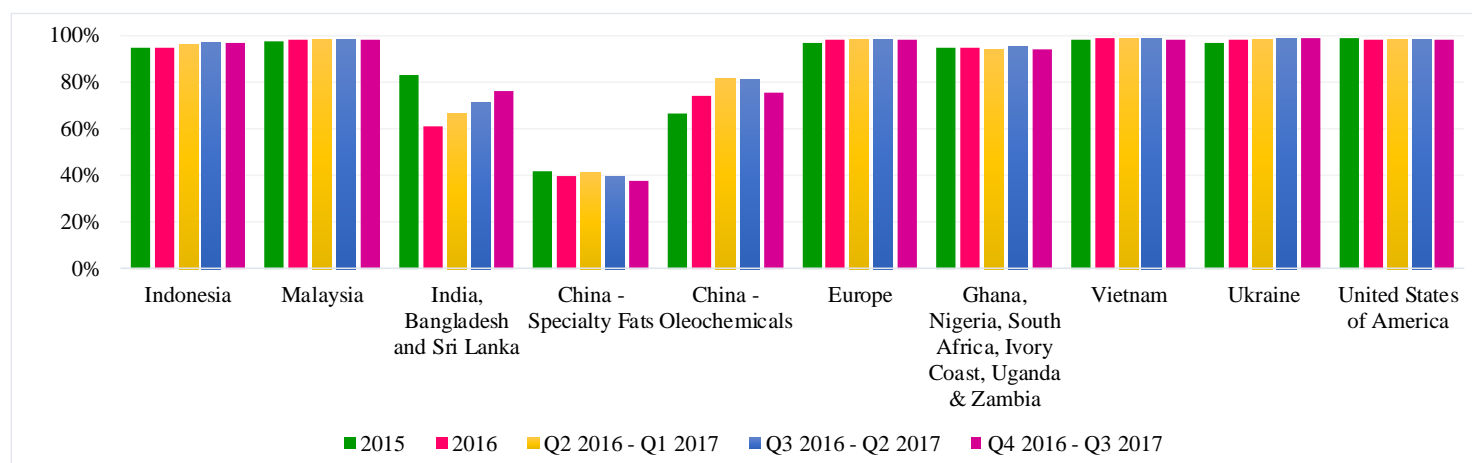
Refinery	Code	%Traceability	
		Mill	
		Palm	Lauric
Calofic Hiep Phuoc	Hiep Phuoc	99.2	91.6
Calofic Quang Ninh	Quang Ninh	97.7	-

Ukraine

In total, there are 0.20 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	99.2	95.9

The following graph represents our progress from the time we started traceability reporting back to mills in 2015 to Q3 2017



Stakeholder Engagement

Active Participant in Multi-stakeholder Partnerships

Sabah Jurisdictional Approach

Wilmar is part of the Sabah Jurisdictional Approach Steering Committee, to help the Sabah Government achieve its vision of 100% RSPO-certified sustainable palm oil in Sabah by 2025.

The steering committee has successfully enlisted the support of the High Carbon Stock Approach (HCSA) Executive Committee in funding a pilot project to assist in the development of the HCS assessment at the jurisdictional level, in support of the jurisdictional certification initiative. The HCS assessment would be looking at proposing a revised methodology which would fulfil the HCS decision tree, which could be applied at the state level. The funds will also allow for some involvement from the HCV Resource Network (HCVRN) to help guide the Sabah jurisdictional process, following the newly launched Integrated HCV-HCS Assessment Manual. This support is part of the Sabah Jurisdictional process in producing a state-level HCV and HCS map.

Progress Updates on Strengthening Labour Practices in Indonesia

Wilmar released a [12-month progress report](#) on strengthening our labour practices on 4 December 2017. This provides information on the improvements we have put in place over the last year, including actions and interventions that have taken place within Wilmar, as well as our suppliers.

Complementing this progress report, Wilmar also held two stakeholder engagement events, together with our partners Verite and TFT, to socialise our progress updates with our key customers and bankers and respond to their concerns.

AIM-Progress Forum

Wilmar was invited to speak at AIM-Progress Responsible Sourcing Forum in Kuala Lumpur on 24 October to provide testimonies on our efforts to strengthen labour practices. AIM-Progress is a group of Fast Moving Consumer Goods companies, representing approximately \$900 million in annual turnover. Speakers at the Forum include representatives from the AIM-Progress members, [Verité](#), [International Organization for Migration](#), [TFT](#), Sime Darby, Elevate and Responsible Business Alliance. Wilmar's Grievance Coordinator, Loo Siew

Wai spoke about common labour challenges in the palm oil industry and how Wilmar is addressing them.

Empowering Smallholders

Building Capacity of Independent Smallholders

Wilmar Smallholders Support Honduras (WISSH) Programme

WISSH released the [Fifth Progress Report](#) in December 2017. This report covers the activities from March to October 2017. The WISSH program will continue in February 2018, completing the last two training topics for independent smallholders and assessments for associated smallholders.

Wilmar Small Growers Support Colombia (WISSCo) Programme

WISSCo is the second capacity building program initiated by Wilmar Europe, in partnership with Sustainable Trade Platform (STP) – Solidaridad, focusing on social and environmental aspects in line with Wilmar's No Deforestation, No Peat, No Exploitation (NDPE) policy.



The first two topics covered in 2017 were Wilmar NDPE Policy and Ecosystem Conservation. There were 170 independent smallholders and independent smallgrowers trained over 22 sessions, 11 sessions for each topic, with average participation rate of 70%. The trainings were delivered directly by NES Naturaleza, the executor of WISSH and WISSCo. STP and NES Naturaleza, together with the 11 mills, are continuing the engagement with the independent smallholders and smallgrowers to increase the participation in the next training sessions. The program will continue in 2018, completing the remaining 4 topics.

Launch of Pilot Outgrower Scheme in Biase Plantations, Nigeria

On the 9 October 2017, Biase Plantations Ltd (BPL) launched its Pilot Outgrower Scheme for outgrowers around the Biase Local Government Area. The project is fully funded by BPL and covers four smallholder groups and is expected to benefit 43 smallholders. The Pilot programme is aimed at demonstrating best

practice for sustainable smallholder oil palm development and empowering local farmers.



BPL is implementing this pilot programme in partnership with the Heritage Bank of Nigeria. In December, 2017, Heritage Bank was awarded by the Central Bank of Nigeria as the BPL Pilot Outgrower Programme won second place in the Sustainability Transaction of the Year in Agriculture award.

Conservation Initiatives

HCV and HCS Conservation

Honorary Wildlife Wardens

In late 2017, Wilmar staff from the Sustainability and EHS departments participated in a training as Honorary Wildlife Wardens in Sabah. Twelve of the total participants are existing Honorary Wildlife Wardens while the others are new recruits. All participants had to undergo the training to understand the responsibilities and the powers of Honorary Wildlife Wardens as gazetted under the Sabah Wildlife Conservation Enactment 1997. The training includes a mock roadblock scenario and evidence collection and concluded with an examination. As of January 2018, a total of 32 new Wardens have been appointed and 12 of the old Wardens were re-appointed.



Fire Free Alliance

The annual Fire Free Alliance Technical meeting was held in Pekanbaru from 8 – 10 November to discuss progress, success and lessons learnt from the implementation of the Fire Free Alliance programme by each of the different companies.



The technical meeting was followed by a meeting of the founding members of FFA. One of the shared elements from all the companies was the use of Whatsapp for communications and monitoring. It was observed that companies have used different approaches to engage with villages around their plantations. One company engaged with a village to stop burning through the development of Peraturan Desa or village regulations with sanctions agreed and enforced at the village level for those breaking the regulations. There is an obvious need to develop alternative economies if villages do not burn to clear land.

The next step for the FFA is to establish a formal structure for the purpose of communications and sharing of experiences among members.

Business in Environmental Stewardship Network

Wilmar's Benso Oil Palm Plantation in Ghana is a member of the Business in Environmental Stewardship Network (BESNet). The network successfully collaborated with civil society organisations to engage with the government to crack down on illegal mining activities in the Atewa Range Forest Reserve, resulting in a significant improvement of surface water quality.

Atewa Range Forest Reserve is recognised as a Global Significant Biodiversity area and is home to a large diversity of plants and animals. It is a source for three important rivers in Ghana.

Policy Compliance

Supply Chain Compliance and Transformation

Grievance Procedure

One new grievance case was logged in Q4 2017.

Wilmar supplier PT Kahayan Agro Plantation (PT KAP), a subsidiary of Anglo Eastern Plantations, was allegedly involved in deforestation, land conflict, licensing issues and sourcing of non-compliant palm products. Prior to receiving the grievance, we have already initiated engagement with Anglo Eastern Plantations (AEP) on the allegations of non-compliance to our NDPE Policy following our monitoring activity. AEP has shared a letter of clarification and their HCV report on PT KAP with Wilmar for further review. The HCV assessment

was conducted by Aksenta in 2011. AEP has also confirmed that they are not sourcing non-complaint palm from PT Guntur Madu Agrotama. Wilmar's team met with AEP in Medan on 15 December 2017 to discuss the reports and seek PT AEP's commitment on a moratorium on land clearing while they are exploring options for various assessments.

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/>

Progress on Aggregator Refinery Transformation (ART)

As of end Q4 2017, we have completed 69 assessments covering mills in Indonesia, Malaysia, Latin America, and West Africa.

Malaysia

The Wilmar team continued engaging with suppliers on details of mill assessment findings and the development of action plans. We conducted two follow up meetings this quarter, taking place at the headquarter level to discuss the findings of field visits, and to establish action plans to improve practices and close gaps. We have also conducted five return visit programmes to our suppliers who participated in the ART field assessment. The objectives of the return visits were to assess their policy compliance, supply-chain compliance and transformation progress, and to provide further guidance to the suppliers to close the gaps identified in the previous field assessments.

Indonesia

In Q4, 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 Q4 2017, we have successfully carried out three trainings in Jakarta and three trainings in Medan for close to 200 participants from the palm milling and growing industry.

Other Updates

Community Engagement and Outreach

Community Football Gala in Nigeria

In December 2017, Biase Plantations Limited, Eyop Limited together with PZ Wilmar organised a football league for the 20 host communities around Wilmar's plantations in the Cross River State. A total of 12 teams drawn from all the host communities were involved in the league. The Idoma team, one of the host communities from our Ibiae Estate, won the final match on 27 December 2017.



The league provided an opportunity to interact and engage with host communities, and served as an important social event attended by community leaders, women and the youth from all host communities. The league was also followed by professional coaches from the Nigeria league and at the end of the tournament, two players were scouted for trials with a premier league club in Nigeria.

Construction of Boreholes for Akamkpa and Njagachan Communities

In November 2017, Wilmar's Biase Plantations Limited completed the construction of two solar panel bore holes for two of its host communities; Akamkpa and Njagachan. This is aimed at facilitating access to potable water for the indigenes in these communities.



Community Engagements in Ghana

The Wilmar team held its Q4 2017 meeting with community leaders and elders from the Adum Bansa, Benso, Dominase, Trebuom, Esaman, Ebusem, K3 and K9 communities in November 2017. Besides quarterly meetings aimed at strengthening trust and building relationships, the company also supports neighbouring communities through donations for activities and festivals, road improvement works, renovation and refurbishments of community infrastructure, etc.

