



Addressing Supply Chain Issues through Dialogue: Wilmar, Supplier and NGO meet to discuss on actions needed to move forward

Wilmar International Limited (Wilmar) set up the Grievance Procedure with the objective of enhancing our supply chain management as part of our No Deforestation, No Peat and No Exploitation Policy commitment to accelerate the market transformation for responsible palm oil. Stakeholders are encouraged to raise issues about Wilmar or our suppliers via this channel; and progress on actions taken to address these grievances can be tracked on its [Sustainability Dashboard](#) which is accessible to all stakeholders.

Greenomics, in its recent report “Wilmar’s palm oil products continue to be associated with deforestation”, suggested that the manner in which we manage our grievance cases and supply chain needed improvement. We acknowledge there is much room for improvement in the current mechanism, including the monitoring system; and we thank Greenomics for their feedback.

Wilmar convened a meeting on 3 November 2015 between Genting Plantations Berhad (Genting Plantations), Greenomics, Aidenvironment and the Secretariat of Indonesia Palm Oil Pledge (IPOP) soon after Greenomics raised their concerns about Genting Plantations’ alleged non-compliance with Wilmar’s Policy in their subsidiary PT Citra Sawit Cemerlang (CSC). The spirit in which the meeting was conducted, and its outcome, were encouraging.

Greenomics questioned the rationale behind the decision to close Genting Plantations’ PT CSC case for monitoring. Our explanation is as follows:

- In a meeting held in October 2014, Wilmar recommended Genting Plantations to undertake high carbon stock (HCS) assessments for PT CSC and PT Permata Sawit Mandiri (PSM).
- In view of PT CSC being an existing development¹, Genting Plantations engaged Aidenvironment to determine the areas which could be developed in order to comply with Wilmar’s Policy. At that time, the final HCS toolkit methodology to guide HCS assessments was unavailable.

¹ Land development at PT CSC started in February 2013, following the completion of high conservation value (HCV) area assessment in 2012. HCS assessment was not a Wilmar pre-requisite when PT CSC first commenced land development works. Furthermore, the final HCS toolkit methodology to guide the assessment was unavailable until March 2015.

- In January 2015, Aidenvironment completed a land use change and cover (LUCC) study². During this study, land development was stalled until the assessment was completed. After the study was completed, Aidenvironment recommended that since their study only covers part of the HCS assessment, Genting Plantations may want to consider conducting HCS Forest Patch Analysis as a follow up exercise at a later date.
- The LUCC assessment for PT CSC was therefore essentially a vegetation cover stratification and identification of areas that could be potential HCS forests, resulting in an indicative “go” and “no-go” map³.
- In the case of PT PSM, a greenfield project, a HCS assessment was conducted by a consultant recommended by Wilmar, i.e. Ata Marie.

After closing the case for monitoring in March 2015, Wilmar continued to follow up on the case with a LUCC map analysis of PT CSC which showed that Genting Plantations had continued to adhere to the indicative “go” and “no-go” map.

Genting is now reviewing the issues raised in the Greenomics report and will update Wilmar on its findings and next steps.

On Genting Plantations’ alleged breaches of the New Planting Procedures (NPP) of the Roundtable on Sustainable Palm Oil (RSPO) relating to clearance of high conservation value (HCV) area, Genting Plantations offered the following explanation:

- The RSPO had lifted the “stop-work” order on Genting Plantations in September 2014 after it had complied with all requirements which originated from the complaint on non-reporting of NPP previously brought against Genting Plantations by Borneo Rhino Alliance (BORA).
- Nevertheless, as suggested by BORA, Genting Plantations engaged with Aidenvironment to conduct the LUCC described above and also worked with the Yayasan International Animal Rescue Indonesia (YIARI) to conduct “Orangutan Population and Habitat Quality” studies. The studies by YIARI did not indicate any presence or evidence of orangutans at PT CSC.
- The HCV map that Greenomics referred to on the RSPO website is an indicative HCV map which was submitted earlier to RSPO as NPP.

² The study undertaken by Aidenvironment was a Land Use /Cover Change (LUCC) assessment as required by RSPO’s Compensation and Remediation Procedure.

³ The “go” and “no-go” mapping exercise was conducted with the intention to provide an indication of the total area that could possibly be developed and the areas to be set-aside. It is not a complete HCS assessment.

The land clearance for development at PT CSC was guided by the HCV map, following the completion of the HCV assessment. However, ground checks carried out subsequent to the release of the HCV report and submission of NPP have found discrepancies, where some areas deemed riparian reserves have turned out to be inaccurately marked. Since then, field verification has failed to detect the existence of any functioning rivers in these areas. It was found that these discrepancies arose because the HCV consultant depended on a Rupa Bumi Indonesia (RBI) map to make assumptions on the presence of a river from the forest cover map.

- Genting Plantations is taking the necessary measures to rectify these mapping errors to ensure actual conditions on the ground are accurately reflected. Genting Plantations is also dispatching a team to the relevant sites to conduct a thorough verification to determine the issues raised in the Greenomics report, and together with the relevant stakeholders will take the necessary remedial actions where required.

Wilmar will follow up closely on the case of PT CSC and its progress will be updated on our dashboard.

Having launched the Grievance Procedure in January 2015, Wilmar believes that its effectiveness will strengthen as we continuously tighten the mechanism over time. To this end, we have committed to an annual review of our grievance mechanism, with the first review scheduled for early 2016. We will incorporate the experiences and lessons drawn from the past year to strengthen our mechanism. We welcome further feedback from Greenomics in this regard.

Taking this opportunity, we would also like to clarify that it is factually incorrect to state that Genting Plantations is a major or second largest supplier of Wilmar in Indonesia. Genting Plantations' supply accounts for about 0.1% of the total palm oil Wilmar procures in Indonesia.

We take our No Deforestation, No Peat and No Exploitation Policy commitment seriously, and have been working diligently towards ensuring both our own operations and companies from which we source will provide products that are free from links to deforestation or human rights abuse.

To ensure that our policy is being implemented appropriately across our supply chain, we have been mapping and tracing our supply flows from ports and refineries back to sources. Having detailed supply chain maps facilitates risk analysis and the monitoring of practices on the ground, promoting greater transparency and accountability. The mapping exercise also enables us to uncover challenges faced by growers in the implementation of our policy and thereby allowing us to provide the requisite support in a targeted manner.

The Grievance Procedure serves to reinforce our efforts in supply chain management. We welcome any constructive assistance with supply chain monitoring from civil society organisations.