

Annual Reports and Related Documents::

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Additional Details

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Attachments	<p>@Wilmar News Release on NDPE Policy Progress Report 21 Jan 2016.pdf</p> <p>@Wilmar Policy Progress Report - Dec 2013 to Dec 2015.pdf</p> <p>Total size =2028K</p>

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NEWS RELEASE

WILMAR MAKES SIGNIFICANT PROGRESS IN ITS NO DEFORESTATION, NO PEAT, NO EXPLOITATION AGENDA

Singapore, 21 January 2016 – Wilmar International Limited (“Wilmar” or “the Group”) released a progress report on its No Deforestation, No Peat, No Exploitation Policy (Integrated Policy) today. This report summarises Wilmar’s progress towards the aspirations set out in its Integrated Policy, and identifies areas for improvement.

Wilmar, the world’s largest processor and merchandiser of palm and lauric oils, committed to delinking its entire supply chain, including joint ventures and third-party suppliers, from deforestation, peatland development, and human rights abuses in December 2013; a first in the palm oil industry. In the last two years, Wilmar has been working closely with its suppliers and partners in non-governmental organisations (NGO), local communities, and government agencies to implement this policy, in an effort to steer the palm oil industry towards responsible and sustainable practices.

The progress report provides details about Wilmar’s performance in several key areas, including:

- **Traceability:** Wilmar’s approach to defining and calculating traceability, a supply chain overview, and traceability statistics.
- **Supplier compliance:** Progress on mill assessments, the Aggregator Refinery Transformation (ART) approach to provide a collaborative framework of solutions and shared best practices, and a proactive supplier monitoring programme.
- **Support for smallholders:** Incentivising smallholder suppliers to pursue sustainable practices.
- **Transparency and accountability:** Sustainability dashboard and grievance procedure, to mitigate risks and drive change along the supply chain.
- **New targets in 2016 and beyond:** An overview of Wilmar’s plans to address ongoing challenges and bring the industry closer to its sustainability goals.

“I am proud of the progress our team has achieved thus far, and heartened that Wilmar’s Integrated Policy has kick-started change in the palm oil industry with almost all our industry peers having announced similar sustainability policy over the last two years. However, we recognise that much remains to be done, including the development of a clear means to measure and track the progress of sustainability commitments to assess its effectiveness in reducing actual deforestation,” said Wilmar Chief Sustainability Officer, Mr Jeremy Goon. “In 2016, we will continue working with our partners and stakeholders in the endeavour to achieve our collective aspiration of a sustainable palm oil industry.”

Wilmar's No Deforestation, No Peat, No Exploitation policy progress update is available at <http://www.wilmar-international.com/sustainability/policies/progress-reports-on-policy-implementation/>.

About Wilmar

Wilmar International Limited, founded in 1991 and headquartered in Singapore, is today Asia's leading agribusiness group. Wilmar is ranked amongst the largest listed companies by market capitalisation on the Singapore Exchange.

Wilmar's business activities include oil palm cultivation, oilseeds crushing, edible oils refining, sugar milling and refining, specialty fats, oleochemicals, biodiesel and fertilisers manufacturing and grains processing. At the core of Wilmar's strategy is a resilient integrated agribusiness model that encompasses the entire value chain of the agricultural commodity processing business, from origination and processing to branding, merchandising and distribution of a wide range of agricultural products. It has over 500 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries. The Group is backed by a multinational workforce of about 92,000 people.

Wilmar's portfolio of high quality processed agricultural products is the preferred choice of the food manufacturing industry, as well as the industrial and consumer food businesses. Its consumer-packed products occupy a leading share in its targeted markets. Through scale, integration and the logistical advantages of its business model, Wilmar is able to extract margins at every step of the value chain, thereby reaping operational synergies and cost efficiencies. Wilmar remains a firm advocate of sustainable growth and is committed to its role as a responsible corporate citizen.

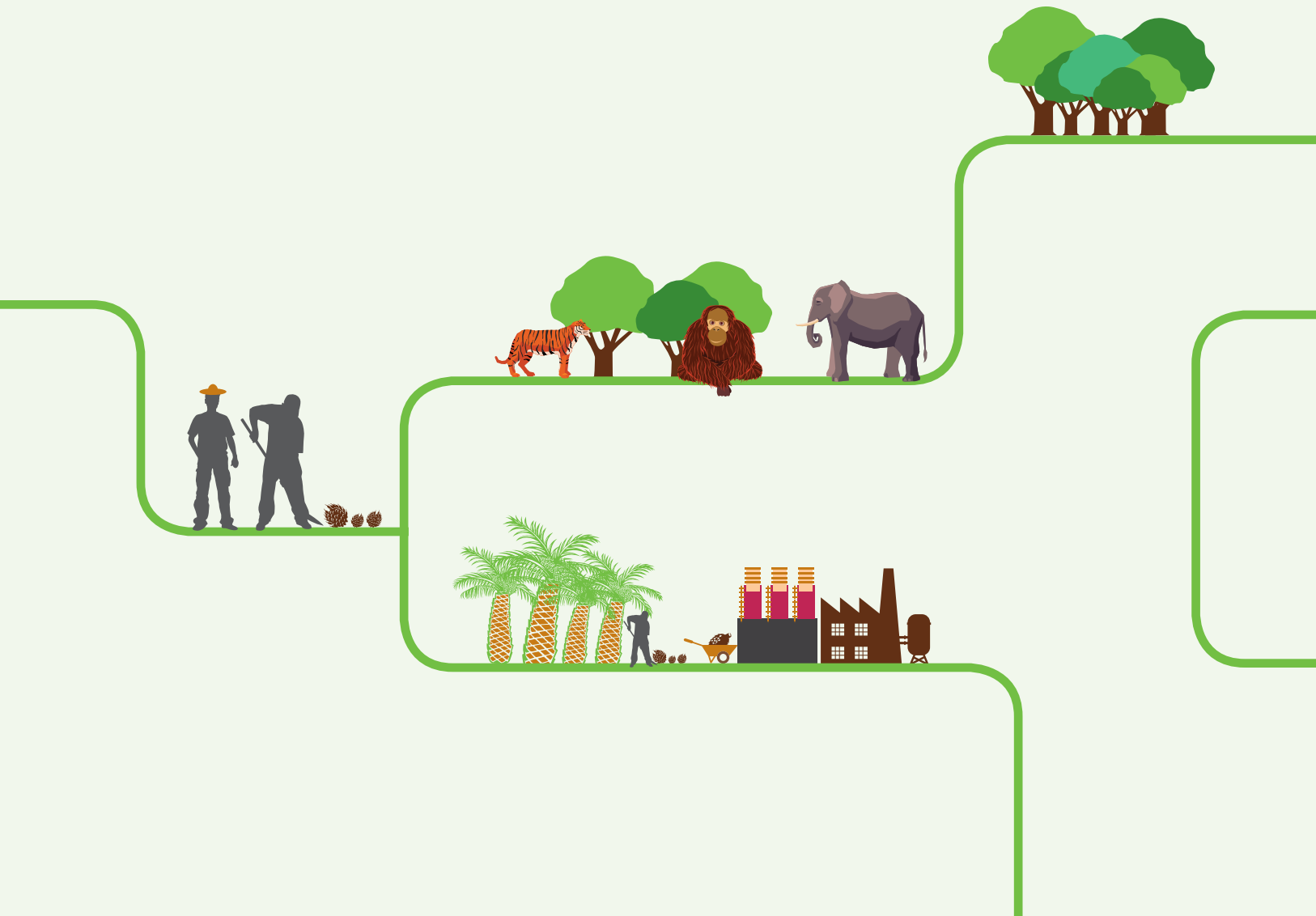
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NO DEFORESTATION, NO PEAT, NO EXPLOITATION

POLICY PROGRESS UPDATE
(DECEMBER 2013 - DECEMBER 2015)

Wilmar International Limited



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ENVIRONMENTAL LEADERSHIP IN A TIME OF CHALLENGE

Glenn Hurowitz
Senior Fellow, Centre for International Policy

Two years ago, I was privileged to stand with Wilmar CEO Kuok Khoon Hong, TFT's Scott Poynton, and Unilever's Marc Engel to launch the company's groundbreaking "No Deforestation, No Peat, No Exploitation" policy. Since then, Wilmar has undertaken an impressive effort to work with plantations and smallholders alike to help them rapidly transition to deforestation-free production. Wilmar's publication of their suppliers and mill locations for the first time brought a measure of transparency to an industry that had been synonymous with opacity.

Wilmar has also helped bring environmental leadership to the soy industry, working with ADM to advance deforestation-free production across Latin America. While more information is needed, they have also begun environment and community initiatives in Africa and in Myanmar sugar operations.

Nonetheless, global agriculture, including Wilmar, still has a long way to go. NGOs continue to find some suppliers clearing forests and abusing community rights. Wilmar deserves credit for responding quickly to most of these grievances. They have worked hard to improve supplier performance, and have been willing to cut off rogue companies when engagement just isn't working. But there are still too many breaches, showing the need for more education or more rigorous sanction. In addition, no company is providing comprehensive information on supplier performance on reducing deforestation, the metric that ultimately matters. This transparency gap should be an area of major focus for the industry in 2016.

Despite Wilmar's progress, this was still a terrible year for Southeast Asia's forests. On several days, Indonesia's forest fires released more pollution

than China's entire economy. Palm oil alone is hardly to blame, but the industry should do its share to restore what has been lost, and work with government, other industries, and civil society to ensure that this disaster never repeats itself.

There are some signs of hope in Indonesia, but the need for action remains great. A successful model is Brazil's Amazon deforestation moratorium, where all companies together agreed not to buy from any district where forest destruction was occurring. The result: Brazil's deforestation has declined by more than two thirds while increasing production.

Despite the challenges, Wilmar's actions make it the clear sustainability leader among large-scale agriculture companies. Because Wilmar is working to provide customers the responsibly grown products they demand, it has become much more attractive to customers and investors. While these initiatives have yet to fully realize their goal of ensuring a long-term future for forests and people, Wilmar is showing the world that responsible business and profitable business can indeed go hand in hand.

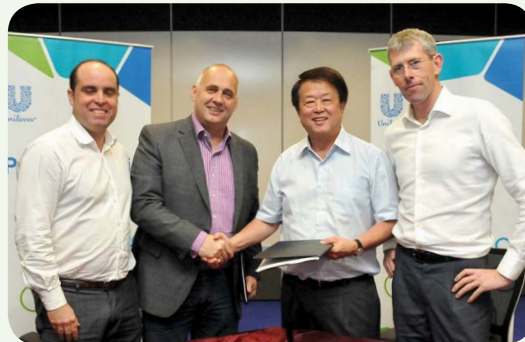


Left: Glenn Hurowitz
Senior Fellow, Centre for
International Policy

OUR ASPIRATION: A SUSTAINABLE PALM OIL INDUSTRY

Wilmar is the world’s largest processor and merchandiser of palm and lauric oils, with oil palm plantations in Indonesia, Malaysia, and West Africa. We recognize we have the responsibility and ability to steer the industry towards more responsible and sustainable practices, in order to maintain the competitiveness of palm oil.

In December 2013, we made a commitment to drive sustainable practices and accelerate transformation in the palm oil industry, by announcing our No Deforestation, No Peat, No Exploitation Policy (Integrated Policy). This Integrated Policy extends across Wilmar’s entire supply chain, including our joint ventures and third-party suppliers, differentiating it from commitments that have been



Left: Wilmar Integrated Policy Launch. Left to right: Glenn Hurowitz (Forest Heroes), Marc Engel (Unilever), Kuok Khoon Hong (Wilmar International), and Scott Poynton (The Forest Trust)

made by other companies. Its objective is to delink our entire supply chain from deforestation and exploitation by 2015. This report summarises our progress towards that objective, and identifies areas where more work is needed.

NO DEFORESTATION, NO PEAT, NO EXPLOITATION POLICY

NO DEFORESTATION



No development of High Carbon Stock (HCS) Forests



No development of High Conservation Value (HCV) Areas



No burning

NO DEVELOPMENT ON PEAT



Progressively reduce greenhouse gas (GHG) emissions on existing plantations



Best Management Practices for existing plantations on peat



Where feasible, explore options for peat restoration by working with expert stakeholders and communities

NO EXPLOITATION OF PEOPLE AND LOCAL COMMUNITIES



Respect and recognise the rights of all workers including contract, temporary and migrant workers



Facilitate the inclusion of smallholders into the supply chain

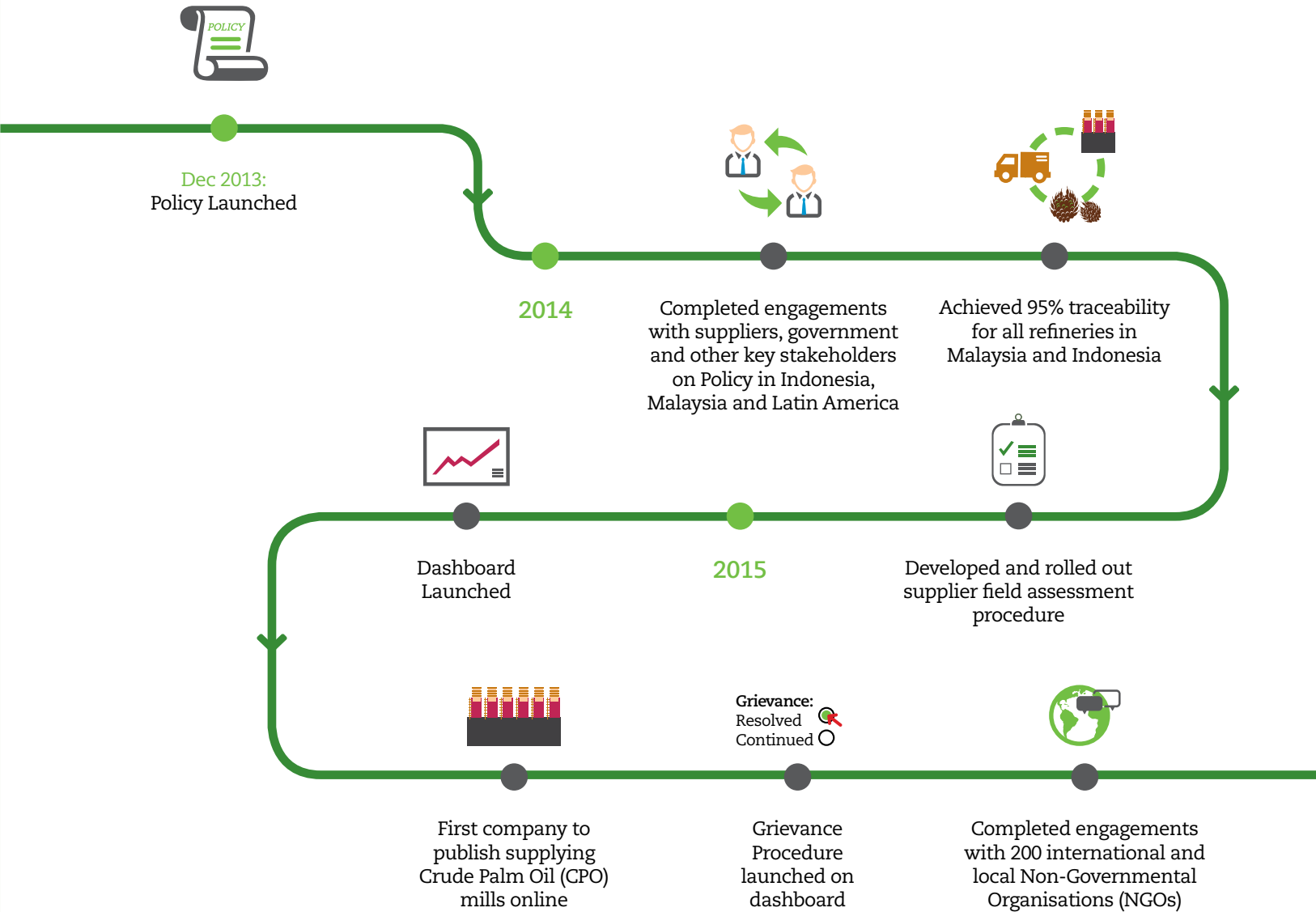


Free, Prior and Informed Consent (FPIC) from indigenous and local communities to operations on lands to which they hold legal, communal or customary rights



Resolve all complaints and conflicts through an open, transparent and consultative process

WILMAR'S KEY POLICY MILESTONES



OUR PROGRESS IN TWO YEARS

A Traceable Supply Chain

We started tracing our supply flows from ports and refineries back to palm oil mill sources even before the launch of our policy. Traceability is useful because the information can be utilised to evaluate our suppliers’ performance against our policy, and to engage with our supply base to achieve improvements where needed.

In mid-2013 we worked with our customer Unilever to pilot the development of the FoodReg system, Known Sources. Many days were spent pursuing our suppliers, collecting data and plotting maps, in order to be able to achieve transparency of our originating CPO mill sources. It has not been an easy task as palm oil supply chains are multi-tiered and complex (See Figure 1: Overview of Wilmar’s Supply Chain).

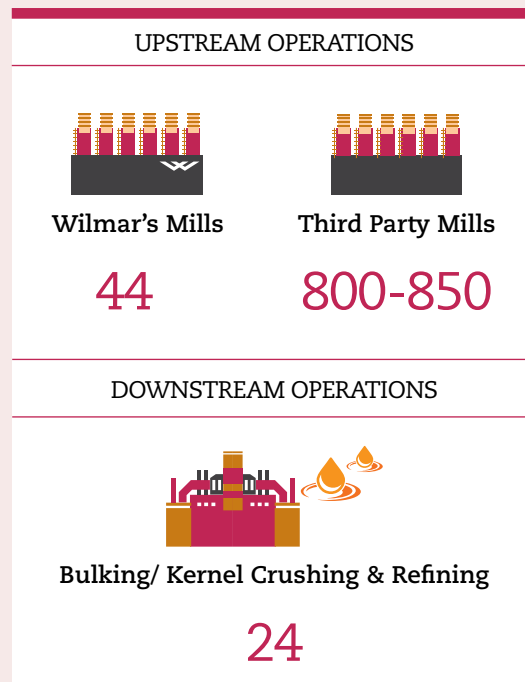
In January 2015, Wilmar published the list of known CPO mill sources that supply our refineries¹; we were the first company ever to do so. As of mid-2015, we had identified all the direct mills supplying each of our operational facilities in Indonesia and Malaysia.

In addition, supplies from approximately 100 mills from other palm oil producing countries that contribute to the throughput of our destination operations have also been mapped.

We recognize that many palm oil companies lack the resources and knowledge to adequately conform to higher sustainability requirements. To help our suppliers overcome this challenge, we have focused significant effort over the past two years in engagement sessions to ensure that all suppliers recognize our key policy requirements, and to provide geographically specific advice and feedback.

¹ Available on the Wilmar dashboard: <http://www.wilmar-international.com/sustainability/dashboard/>

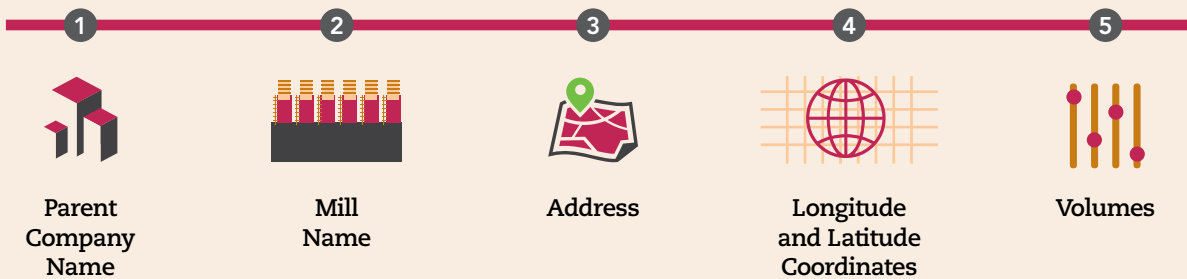
Operations in Malaysia and Indonesia:



Defining and Calculating Traceability: Wilmar's Approach



For a mill to be considered traceable Wilmar requires the following information:

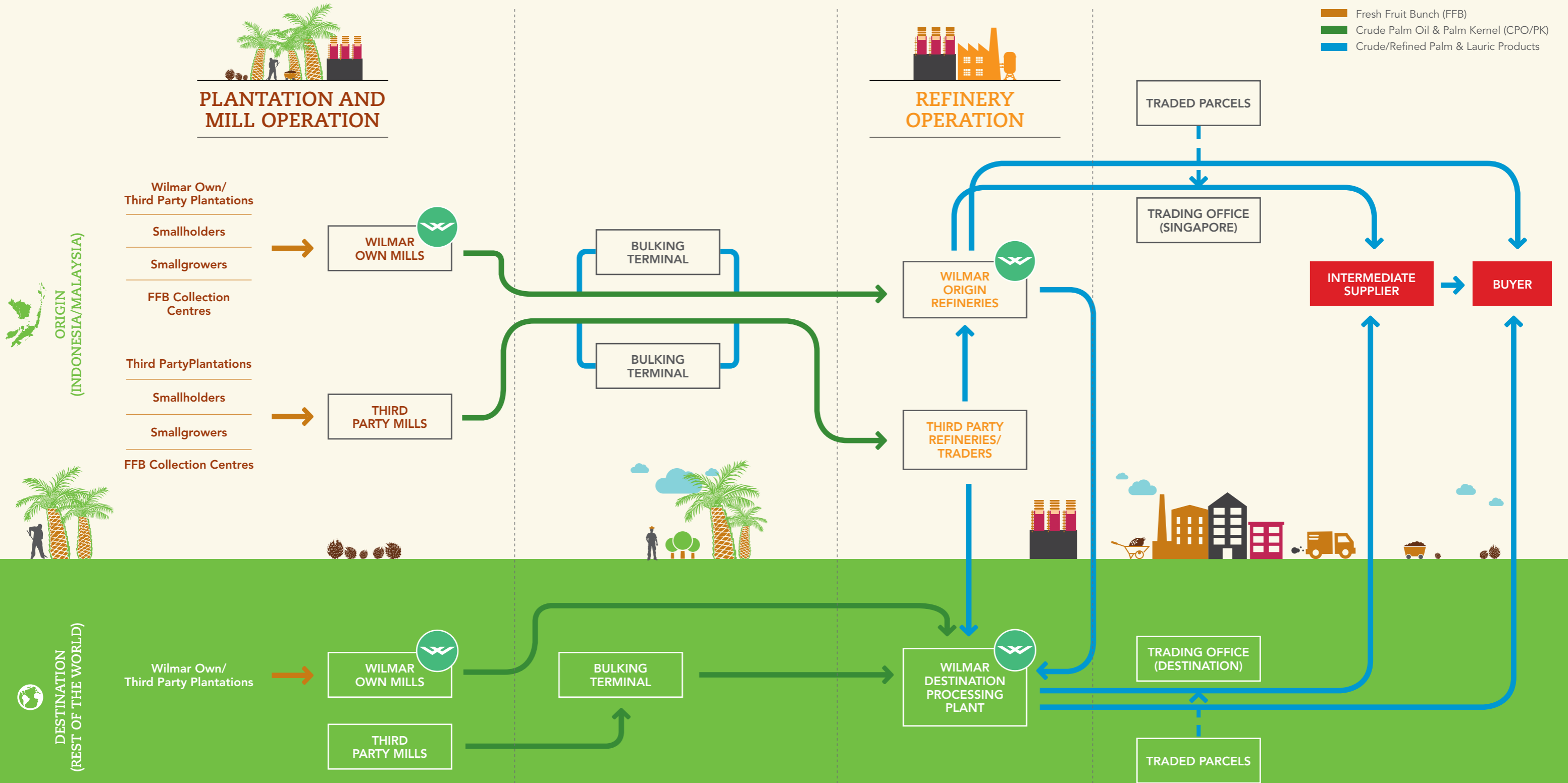


Where any part of this information is incomplete, volumes from that particular supplier will be treated as “untraceable”. “Untraceable” does not mean that we do not know who we procure from but that it does not fully meet the above criteria.

The traceability performance of our refineries is calculated in percentages of the total volume received by the refinery. Refineries can receive supplies from individual mills, refinery transfers, traders, or bulking terminals.

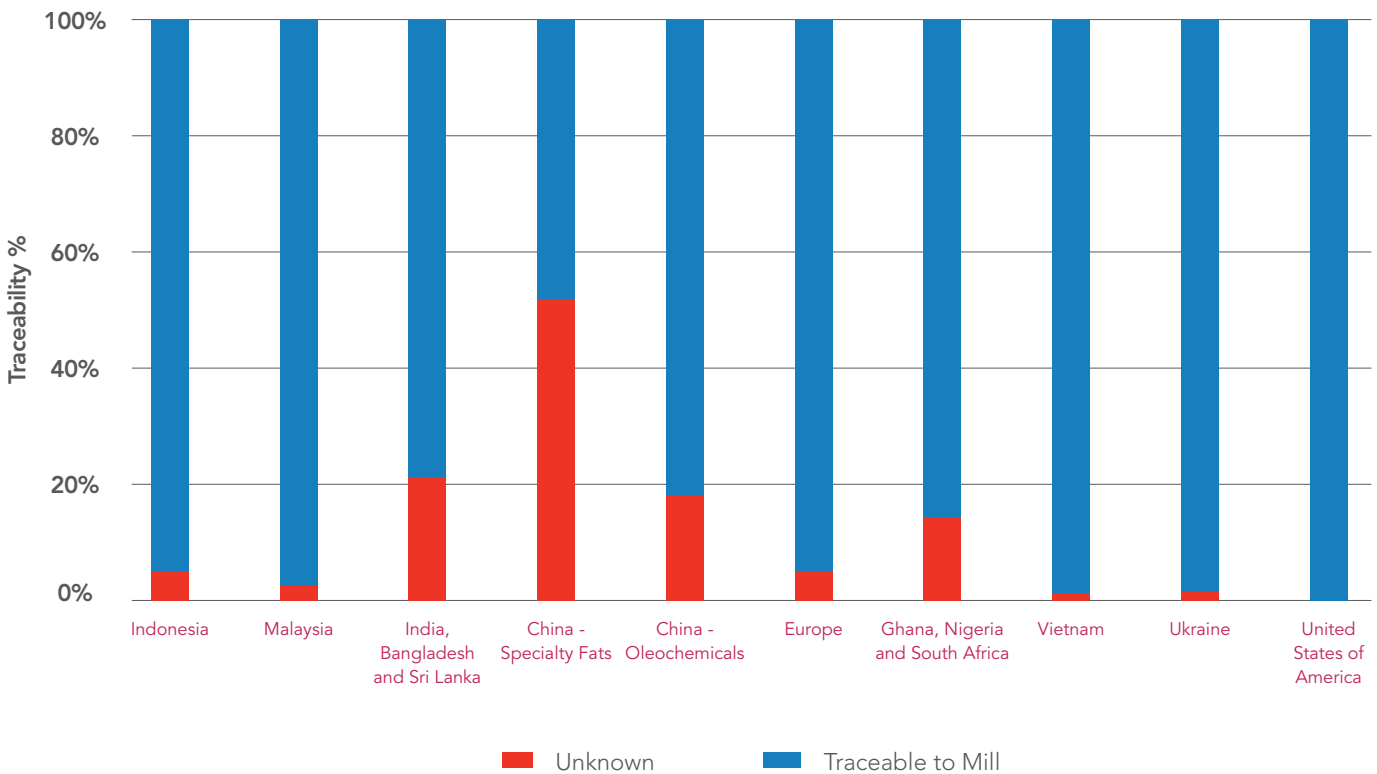
Tracking traceability through a volumetric approach means that we can more accurately track the physical flows of our oil, and supports a traceable physical supply chain. While we strive to increase traceability from one period to the next, it should be noted that the traceability values may also decrease. Such trends occur predominantly because supplies available from different sources may vary from one period to another.

Figure 1:
Overview of Wilmar's Supply Chain



Traceability (October 2014 to September 2015)

The graph below illustrates the traceability status of Wilmar's operations globally from October 2014 - September 2015



In view of the ongoing challenges of commodity transport and trading, we acknowledge that achieving 100% traceability has not been possible. In palm oil procurement and trading, the supply network to refineries is not just limited to direct purchase of CPO and/or palm kernels (PK) from mills; refineries may also procure bulk and redistributed oil from third-party refiners

or traders. Where these type of purchases are made, the CPO mill origin may not be available.

In terms of traceability to plantations², Wilmar will be publishing the FFB sourcing of our own mills in phases, starting with the Malaysian maps which are now available on our dashboard.

² <http://www.wilmar-international.com/wp-content/uploads/2016/01/Traceability-Back-to-Plantation.pdf>

Supplier Compliance to the Wilmar Policy

Mills Assessments

By the end of 2015, field assessments had been carried out on 47 mills and a representation of their supply base in Indonesia, Malaysia, Latin America, and Ghana. This represents about 145% of the recommended ISEAL sample size for 1,000 mills³ that we procure from globally.

A sampling regime was necessary given the large number of supplying mills, as it is not possible to conduct an assessment on all 1,000 mills. The selection of mills was conducted with The Forest

Trust (TFT) through the Mill Prioritisation Process (MPP)⁴, which is based on the analysis of spatial and non-spatial data pertaining to potential risks within a 50km radius. Developed together with TFT as part of the Aggregator Refinery Transformation (ART) approach (see Figure 2: Overview of ART Approach) aimed at driving transformation at a given region, the MPP involves identification of all specific mill locations (i.e. through verified Global Positioning System (GPS) points) supplying to a specific Wilmar refinery and overlaying these locations on a map with information on national parks, forested areas, peatland and biodiversity hotspots, etc.

³ The number of mills selected is based on the ISEAL's recommended sampling regimen for group certification, which is \sqrt{y} , where y is the total number of entities involved. For Wilmar, we have adopted 1,000 as the total number of mills in our supply base.

⁴ <http://www.wilmar-international.com/wp-content/uploads/2016/01/Prioritizing-Mill-Visits.pdf>

Assessments Completed	External	Internal
Indonesia	26	2
Malaysia	13	3
Latin America	2	-
Ghana	-	1
Total	41	6

ART – a Landscape Approach to Ensuring Policy Compliance

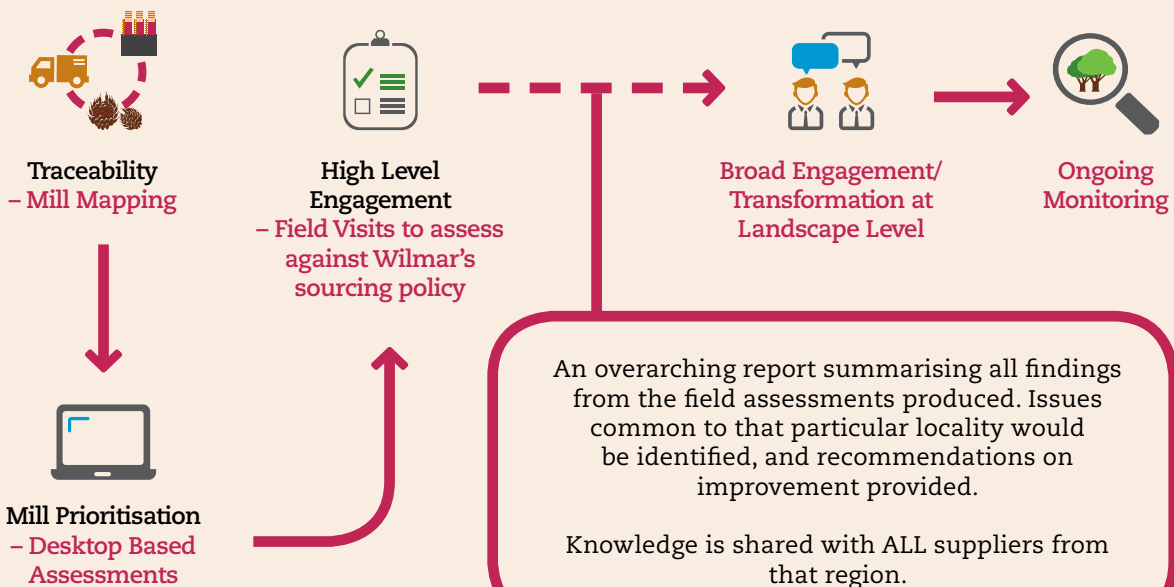
With over 1,000 suppliers, it is important for Wilmar to address supplier compliance through a collective and regional approach. While we conduct mill assessments based on a sample in a specific region, the results of these assessments are consolidated into a wider generalised report that is shared to all Wilmar suppliers in that particular region. Called the 'Overarching Report', this is part of ART process which aims to provide a collaborative

framework of solutions and shared best practices to common issues for mills and growers within a region. We believe such an approach helps affect transformation on the ground. Monitoring is required, and will be an ongoing process.

As of end of 2015, Wilmar has completed on the ART process for Sandakan⁵. Many of our projects and collaborations in 2015 are focussed in Sabah, as there is already a supplier-centric movement to develop solutions with Wilmar.

⁵ <http://www.wilmar-international.com/wp-content/uploads/2016/01/Sabah-Overarching-Report.pdf>

Figure 2: Overview of Aggregator Refinery Transformation Approach



Proactive Monitoring of Suppliers

Wilmar has enlisted the support of an international NGO partner to actively monitor and identify issues that could be linked to Wilmar’s suppliers at the plantation, mill or group level. This is a proactive strategy to manage risks, ensure compliance and eventually achieve transformation within the larger palm oil industry.

More than 40 groups of palm oil mill/plantation companies are on our monitoring list. We have initiated engagements with companies where issues were identified, and recommended the necessary corrective actions or improvements, where relevant.

Smallholder Suppliers

In Sabah, Peninsular Malaysia, North Sumatra and Uganda, TFT has conducted smallholder assessments on compliance to the Wilmar Integrated Policy. Further consultations will be carried out in order to draft an action plan which will be agreed upon by key stakeholders involved in its implementation.

Wilmar’s own compliance to the Policy

Certification as Basis for Good Practice

The implementation of the Roundtable on Sustainable on Sustainable Palm Oil (RSPO) Principles and Criteria in Wilmar’s own operations enables us to ensure that we are adhering to the requirements of our Integrated Policy.

RSPO Certification remains a priority for Wilmar, as part of our commitment to continuous improvement and to provide assurance to stakeholders.

As of the end of 2015, more than 80% of our planted areas are RSPO certified.

More information on Wilmar’s certification endeavour can be found on our RSPO Annual Communication on Progress (ACOP) 2014 reports⁶. 2015 updates will be available when the ACOP 2015 report submission is due in 2016.

⁶ 2014 ACOP of Wilmar International Limited and PPB OIL Berhad

<http://www.rspo.org/file/acop2014b/submissions/wilmar%20international%20ltd-ACOP2014b.pdf>

<http://www.rspo.org/file/acop2014b/submissions/ppb%20oil%20palms%20berhad-ACOP2014b.pdf>



Left: Wilmar employee harvesting palm oil

Conservation of Biodiversity Values

Wilmar has about 30,000 ha of conservation areas across our operations in Malaysia, Indonesia and Africa. These conservation areas are continually being managed and maintained; this includes the protection and conservation of rare, threatened and endangered species and ecosystems, as well as areas that provide ecosystem services and community livelihoods, and heritage sites. Our experience has shown that while some management

actions can be implemented unilaterally, some need to be strengthened through partnerships.

One such example is the tripartite partnership between the Government of Central Kalimantan, Borneo Orangutan Survival Foundation (BOSF) and Wilmar. This partnership was established to work with the local communities around our plantations in Central Kalimantan, to protect and manage orangutan habitats in the area.

Conserving Orangutans through Tripartite Partnership with Government, Civil Society and Industry



Orangutan habitats were identified in parts of our concessions in Central Kalimantan; these areas were earmarked as High Conservation Value (HCV) to be set aside. Wilmar collaborated with the provincial government of Central Kalimantan and the Borneo Orangutan Survival Foundation (BOSF), to better safeguard these HCV areas and ensure that orangutan populations are able to thrive.

With our partners, we completed a community participative mapping exercise for five of the villages adjacent to Wilmar's PT Mentaya Sawit Mas (PT MSM). This mapping exercise provided the basis for joint agreements between village communities, the provincial government, BOSF and Wilmar to manage and conserve the 3,979 ha of HCV orangutan habitat in Wilmar's concessions. Best management practices for Orangutan Conservation were also developed, and used as a guide for stakeholders.

This tripartite partnership was further extended for another two years to 2017 to continue the work on the ground.



Above: Signing of extension of tripartite partnership, 25 November 2015



Reducing our Greenhouse Gas Emissions

Wilmar closely monitors our Greenhouse Gas (GHG) emissions, particularly for our operations in Indonesia and Malaysia. We constantly strive to adopt best practices to reduce our carbon footprint at major sources of GHG emissions that have been identified. This is demonstrated in our ongoing effort to retrofit our palm oil mills with methane capture facilities. An operational methane capture facility can potentially reduce a palm oil mill's GHG emissions by 90%. The recovered biogas will be used for renewable power generation.

As of end 2015, we have eight operational methane capture facilities, with 14 more under construction.

No Exploitation of Labour

From our 2014 and 2015 mill assessments in Sandakan, we identified labour issues as one of the more commonly occurring issues in the Sandakan Overarching Report⁷, amongst our suppliers and their supply base.

We have started working with a small number of our suppliers, linked to our Ribubonus Mill, to work out a joint plan to address the issue of education access for children of foreign workers. We have also shared samples of contracts and conditions, as well as Standard Operating Procedures (SOPs) that Wilmar uses to help our suppliers implement better work documentation and procedures for their workers. These initiatives will be furthered in 2016.

Support for Smallholders

In 2015, our focus has been to identify incentives for our smallholder suppliers to pursue sustainable practices.

In Malaysia, we are working with Wild Asia, a Malaysian social enterprise, to help independent smallholder suppliers in Sabah attain RSPO certification. In conjunction with this initiative, Wilmar started a fertiliser scheme⁸ to help these smallholder suppliers gain access to fertilisers, at wholesale prices, with application advice and monitoring.

In Indonesia, our focus has been on setting up groups of independent smallholders to enable better management. We have started working directly with independent smallholders in South Sumatra to help them achieve RSPO group certification.

⁷ <http://www.wilmar-international.com/wp-content/uploads/2016/01/Sabah-Overarching-Report.pdf>

⁸ <http://www.theborneopost.com/2015/12/13/fertilizer-credit-scheme-to-benefit-oil-palm-planters/>



Left: Sprayers in Wilmar's plantations

Incentivising Sustainability for Smallholders



Project: Sustainable Palm Oil and Traceability with Sabah small producers (SPOTS)
Partners: Wild Asia Group Certification Scheme, L'oreal, Clariant, Global Amines

Officially launched at RSPO RT13 Meeting in November 2015, the SPOTS project is an expansion of an existing collaboration between Wilmar and Wild Asia in the Beluran district of Sabah, to certify smallholder farmers through a group certification scheme. The project now includes off-taker partners, which strengthens the demand for certified Fresh Fruit Bunches (FFB) from smallholders. The project aims to help 500 smallholders become certified against the RSPO standard, and produce the equivalent of about 70,000 MT of FFB by 2020.

The incentives provided to the smallholders are based on a two-pronged approach. The first is the provision of a direct premium for FFB sales to Wilmar mills, with an additional premium of any RSPO certified CPO volumes purchased by the off-taker partner paid to the smallholder. The premiums help to encourage interest in smallholders to see that there is payback for sustainability efforts, and increases the physical flow of RSPO certified FFB to CPO. The second is the provision of agronomic advice and extension services to committed smallholders to enable productivity increases. Both incentives create a 'reward loop' for smallholders to continue with sustainable practices.



Above: Fresh fruit bunch grading and quality training with smallholders

Risk Management: Transparency and Accountability

Wilmar embarked on a number of initiatives tailored to manage risks and drive change in both our direct and indirect supply chains.

Dashboard

We believe that increasing transparency means added accountability. Our sustainability dashboard was launched in January 2015, and provides updates on the progress of our Integrated Policy implementation work. While access has been provided to all who ask (requiring login) since its launch, login requirements will be removed by the end of the first quarter of 2016.

Our sustainability dashboard is accessible at <http://www.wilmar-international.com/sustainability/dashboard/>

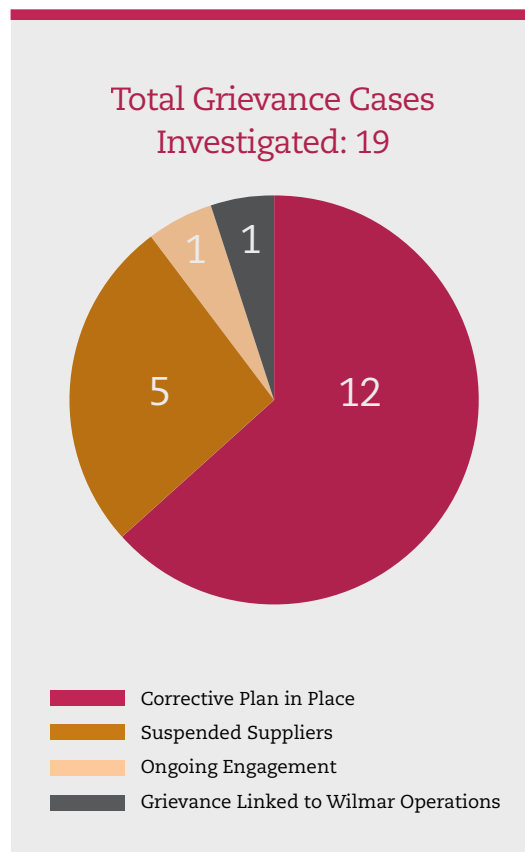
Grievance Procedure

Although we carry out field assessments to ensure that our suppliers fully comply with our Integrated Policy, we recognise that policy breaches may occasionally go undetected given the scale of our global operations, especially for suppliers that do not feed directly into our supply chain. To this end, Wilmar launched the Grievance Procedure in January 2015, as part of risk management. A panel of civil society organisations was invited to review and provide feedback to the preliminary draft of the Grievance Procedure prior to its finalisation.

A first for the industry, this platform records and investigates reports from stakeholders on potential breaches of our Integrated Policy by either Wilmar’s own operations or our suppliers. Stakeholders are

able to view the full list of grievance cases, and follow the latest developments in our handling of grievance cases via the dashboard. As of end 2015, we have registered and investigated 19 cases.

We have learned and drawn many lessons from the one year the grievance procedure has been in operation. As part of continuous improvement, our grievance procedure will undergo its first review in 2016, and we will again invite civil society organisations to be part of this review process.



CHANGES IN THE INDUSTRY

Following Wilmar’s announcement of our Integrated Policy, others in the industry have also made similar sustainability commitments. These include Musim Mas⁹, Cargill¹⁰, IOI¹¹, Bumitama¹² and First Resources¹³. The transformation of the palm oil industry relies on change at scale; with similar commitments made by other large buyers of palm, this has helped effectively change how the industry operates, building sustainability as part of “business as usual”.

Nevertheless, a good proportion of the palm oil trade is represented by small and medium-sized companies, and is not covered by these policy commitments. This remains a challenging area for Wilmar and our like-minded peers to influence and effect change.

Stakeholder Engagement

Wilmar’s Integrated Policy has resulted in a greater engagement with a broad range of stakeholders, and created opportunities for closer collaboration and more effective solution development with our suppliers as well as NGOs and civil society.

Suppliers: We have socialised our Integrated Policy with all our direct suppliers, providing them with a platform to discuss the implications and requirements of adopting similar policies. This also provided us with a means to create awareness of the market demands for the need to delink our palm oil supply chain from deforestation and human rights abuses.

⁹ <http://www.musimmas.com/news/general-news/2014/musim-mas-affirms-its-commitment-to-sustainability>

¹⁰ https://www.cargill.com/wcm/groups/public/@ccom/documents/document/palm_oil_policy_statement.pdf

¹¹ <http://www.ioigroup.com/Content/S/PDF/IOI%20Sustainability%20Policy%20Statement.pdf>

¹² http://files.shareholder.com/downloads/AMDA-WWON6/1174383945x0x846018/02AC9BB3-06DC-4649-8CD3-B00824B95F1E/Released_Cover_-_Bumitama_-_Sustainability_Policy_and_Report.pdf

¹³ <http://www.first-resources.com/sustainability.php?pc=policy>



Left: Supplier engagement meeting in Sandakan, East Malaysia

Civil society and non-governmental organisations (NGOs): Several stakeholder dialogues were held in Indonesia, Malaysia, Europe and Australia over the last two years. This has provided us with a platform to engage more directly with this network. There is also an appreciation from these stakeholders of the ability to engage directly with Wilmar to seek solutions for sustainability challenges, including breaches of our Integrated Policy. NGOs have also been approached to help us improve our processes, such as the Global Environment Centre (GEC) and Sabah Environmental Protection Association (SEPA), to evaluate and suggest improvements on our MPP.

Multi-stakeholder Collaborations

Wilmar is an active participant in a variety of multi-stakeholder partnerships. We are a signatory and founding member of the **Indonesian Palm Oil Pledge (IPOP)**, together with five other palm oil majors, as well as the Indonesian Chamber of Commerce. IPOP seeks to create an environment in Indonesia which enables and promotes the production of sustainable palm oil that is deforestation free, expands social benefits, and improves palm oil's market competitiveness. Wilmar is also a partner of the **Tropical Forest Alliance 2020**, which brings governments, private sector and civil society together to end deforestation in commodity production, and the **Banking Environment Initiative's Sustainable Trade Finance Council**, which seeks to incentivise the trade of sustainably produced commodities at scale.

At the local level, Wilmar has been playing a leading role in bridging partnerships between governments, communities and civil society, to bring about optimal environmental and social outcomes.

The Landscape & Jurisdictional Approach

The drivers of deforestation and degradation are dynamic and interlinked, and need to be addressed holistically. The Landscape Approach has emerged as a potential way to achieve the multiple objectives required from a landscape, including agricultural production, provision of ecosystem services, and protection of biodiversity and local livelihoods. The Landscape Approach forms the basis of Wilmar's "No Deforestation, No Peat, No Exploitation" Integrated Policy.

Where the government is building a regulatory framework in a specific region to address deforestation or other sustainability issues, this is called the jurisdictional approach.

Since the launch of Wilmar's Integrated Policy, several jurisdictional approaches for sustainable oil palm production have been launched. In 2015, the respective governments announced jurisdictional approach for palm oil certification in Central Kalimantan¹⁴, and Sabah¹⁵. These are regions where Wilmar has a significant oil palm production presence, and we have committed to supporting the government in setting up the regulatory and policy frameworks.

Wilmar is also pursuing a similar landscape approach in Riau, with a focus on smallholders, in collaboration with the Indonesian Sustainable Palm Oil (ISPO) and United Nations Development Programme¹⁶.

¹⁴ <http://www.rspo.org/news-and-events/news/central-kalimantan-announces-jurisdictional-certification-for-sustainable-palm-oil>

¹⁵ <http://www.forest.sabah.gov.my/media-centre/press-release/474-statewide-certified-sustainable-palm-oil>

¹⁶ <http://www.inpop.id/en/news/read/11-13-2015-in-the-field-improving-land-legality-for-smallholders>

2016 AND BEYOND: NEW TARGETS AND FACING THE CHALLENGES

Wilmar has come a long way, but we recognise that there is still much work to be done. We are gearing up for 2016 and beyond with a line-up of programmes which we believe will help address ongoing challenges and bring the industry closer to its sustainability goals.

Furthering Supplier Compliance through a Regional Landscape Approach

In 2016, Wilmar aims to complete the ART process in North Sumatra, Central Kalimantan, and Peninsular Malaysia based on mill assessments already carried out in 2015. Supplier mill assessments will focus on Sarawak, Riau and Latin America in 2016, which will translate into ARTs in due course.

Traceability Back to Plantations

Engagement with our third-party CPO suppliers to establish traceability of their FFB supply bases started in 2015, and will continue this year. In partnership with Geotraceability and IDH, we will undertake trials using three of our Sabah mills and work with two major suppliers and their supply bases to develop a working model to set up a large-scale farmer performance management and traceability system to include all FFB suppliers. Our end-goal is to replicate this for all our third-party suppliers.

More information on Wilmar's approach to FFB traceability can be found on our dashboard: <http://www.wilmar-international.com/sustainability/dashboard/>

Empowering Smallholders

Our smallholder projects in 2015 have built in incentives to encourage and reward sustainable practices. This year we will extend these projects to include elements important to increasing smallholder productivity, including:

- Responsible replanting with improved crop materials
- Access to affordable fertilizer
- Agronomic advisory and support
- Building traceability systems for smallholders' FFB source

We have received commitments of external donor funds to pursue these smallholder projects in 2016 and beyond.

Our target is to increase smallholder sustainability, mainly through certification, in key smallholder supply areas identified for Wilmar; notably Riau, South Sumatra, and Sabah. We are also targeting five smallholder-centric projects to be initiated by our third-party suppliers in 2016.

We are actively working with local governments in Sabah, Central Kalimantan and Riau, to identify the most effective way to promote sustainable practices amongst smallholder producers. In 2016 Wilmar will be actively involved in the jurisdictional approach for certification.

Identifying Labour Best Practices & Removing Exploitation

In 2016, Wilmar will be developing a Labour Programme in collaboration with a respectable labour organisation that will involve Wilmar's operations and FFB suppliers in Malaysia and



Left: Delivery of fresh fruit bunches to the mill

Indonesia. This programme, which will include material development and training, is targeted to be rolled out to our third-party suppliers by end 2016.

Reducing Deforestation Caused by Fires

The South East Asian region experienced one of the worst incidents of haze in 2015, caused by the widespread forest fires in Indonesia, and exacerbated by the El-Nino weather phenomenon. While Wilmar has a strict No Burn Policy in place, we were nevertheless affected by fires in our operating landscapes.

Recognising that a long-term solution is needed to address the fire and haze issue, which is often attributed to land-clearing activities of small farmers, Wilmar is looking to adopt the “Fire Free Village¹⁷” approach, which has proven to be

effective in the Riau Province of Indonesia. This is an incentive-based fire prevention scheme aimed at encouraging local communities to steer away from using fires to clear land.

Plans are already underway to pilot this initiative in three estates in Central Kalimantan and South Sumatra respectively.

Greenhouse Gas Reductions

We are pursuing efforts to further reduce our GHG emissions, through collaborative academic research wherever relevant and applicable, including where we have existing peat plantings. We are pursuing this with the Royal Society’s South East Asia Rainforest Research Programme¹⁸, amongst other research objectives in 2016.

¹⁷ The Fire Free Village approach was pioneered by APRIL Group, a leading producer of pulp and paper.

¹⁸ http://www.wilmar-international.com/wp-content/uploads/2016/01/Wilmar’s-partnership-with-the-Royal-Society’s-South-East-Asia-Rainforest_Final.pdf

CONCLUDING REMARKS

Jeremy Goon
Chief Sustainability Officer, Wilmar International



Left: Jeremy Goon, seated 5th from right, with the Wilmar Sustainability Team

Wilmar has dedicated significant resources over the last two years to realising our goal of removing deforestation, peat and human rights abuses from our operations and external supply-chain. The targets, timelines, and level of transparency we have committed to are some of the most ambitious in the palm oil industry. Along the way, we have been open and honest about the progress we have made, as well as the challenges and deficiencies we still need to overcome. I greatly appreciate the understanding and support from our internal and external stakeholders, who have been with us in this journey in helping and pushing us towards our goal.

I am proud of the progress our team has achieved thus far, and heartened that Wilmar's Integrated Policy has kick-started change in the palm oil industry with almost all our industry peers having announced similar sustainability policy over the last two years. However, we recognise that much remains to be done.

It is important to recognise that sustainability is a shared responsibility. The drivers of deforestation and degradation are bigger than the palm oil industry, and need to be addressed holistically. Collective endeavour by businesses, governments, communities and civil society is required in order to effect real and lasting change on the ground. There is also a need to define a clear means to measure and track the progress of these commitments by both Wilmar and the industry as a whole, to assess whether it has been effective in reducing actual deforestation. Wilmar is willing to work with partners in 2016 towards this end, as part of our continued efforts to steer the palm oil industry towards responsible and sustainable practices.



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