

General Announcement::News Release - Wilmar launches new ambitious action plan to accelerate NDPE implementation

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News Release

Wilmar launches new ambitious action plan to accelerate NDPE implementation

Singapore, 5 October 2018 - Wilmar International Limited (Wilmar) launched a new and ambitious time-bound plan, developed in collaboration with The Forest Trust (TFT), with the goal of obtaining a 100 percent independently, verified No Deforestation, No Peat and No Exploitation (NDPE) compliant supply chain from 2020 onwards.

“This new action plan is us further strengthening our commitments and continuing to take the lead for sustainability in the oil palm industry. Over the last five years, we have managed to raise the bar on transparency in the industry, reduced our impacts on deforestation and improved labour conditions. However, our work does not stop here. We must continue to push for improvements where tough challenges remain and where more complex issues are raised,” said Jeremy Goon, Wilmar’s Chief Sustainability Officer.

“With this action plan we are looking to ensure 100 percent NDPE compliance across Wilmar’s entire supply chain and that of its suppliers’,” Bastien Sachet, CEO of TFT said. “We are encouraged by the commitment Wilmar is making and will be monitoring their progress carefully. A tough road lies ahead, but we believe that by implementing these commitments we can move significantly closer to the goal of responsible palm oil production that benefits both people and the environment”.

Progress updates will be reported regularly from January 2019. Wilmar will collaborate closely with TFT and other implementation partners to continue driving change in its supply chain. The detailed action plan is attached as [Annex](#). Key priorities of the plan are as follows.

1. Delivering higher transparency and verification of Wilmar’s No Deforestation commitment across its entire palm oil supply chain

With the support of TFT and other partner organisations, Wilmar will provide even higher levels of transparency across its entire palm oil operation, as well as those of third-party suppliers, to further ensure that they are compliant with its commitment to No Deforestation as stipulated in the NDPE policy. To achieve this, Wilmar will use near real-time satellite monitoring and provide independent verification of land use change on its own as well as its third-party suppliers’ plantations and operations at the group level.

Wilmar will start working on the global monitoring mechanism now, with the aim of fully deploying it across supplying mill locations and concession maps at group level, during the first quarter of 2019.

2. Leading cross-industry collaboration to tackle deforestation beyond Wilmar’s supply chain

Oil palm often covers the majority area in the landscapes where Wilmar sources its palm products, although other commodities do co-exist within the same landscapes. Hence, while current efforts by Wilmar are focused on ending deforestation in its own supply chain, TFT and Wilmar understand that forests cannot be protected by only focusing on a single

commodity as other commodities are also implicated in deforestation. As an industry leader, Wilmar is in a key position to drive such changes in the palm oil supply chains and beyond.

In order to secure forest conservation across these landscapes, Wilmar will lead the initial development of a collaborative platform to provide accurate data about at-risk forests to initiate constructive discussions with government bodies, local and international civil society organisations and the relevant commodity industries. By prioritising these areas and monitoring them, it will be possible to understand what is driving deforestation and mobilise multiple actors to take joint action on forest conservation and explore options for remediation/restoration. To achieve the above, Wilmar will work with civil societies, clients, governments and industry peers to identify forest areas that are a priority for conservation efforts and, for large, high priority areas, to run a deforestation driver analysis, with findings reported during the first quarter of 2019.

3. Monitoring labour and community issues to ensure No Exploitation

Wilmar has developed a three-stage process that it plans to implement with the support of partner organisations to tackle labour and community related issues in its own operations and across its supply chain. This involves a thorough review of all the work that has been undertaken to date so as to identify ways to strengthen its practices. Wilmar will design a framework for social audits across its entire supply chain to demonstrate compliance or otherwise of its No Exploitation Policy. It will also undertake independent community and labour assessments in line with the audit framework by the first quarter of 2019. An updated public time-bound action plan will be published at the beginning of the second quarter of 2019.

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About Wilmar's Sustainability

As a leading agribusiness group, Wilmar recognises we have a fundamental role to play in developing quality products required by the world while ensuring a responsible and sustainable manner of production. We adopt a holistic approach to sustainability that is fully integrated with our business model. Guided by the philosophy that our business must enhance stakeholder value while minimising our environmental footprint, our business practices are aligned with universally acceptable social and environmental standards. Wilmar's No Deforestation, No Peat and No Exploitation policy underpins our aspiration to make a positive impact and drive transformation across the palm oil industry. For more information, go to www.wilmar-international.com/sustainability.

About TFT

TFT ([The Forest Trust](http://www.tft-earth.org)) is a global non-profit organisation focused on transforming supply chains for the benefit of nature and people. Its supply chain, social and environmental experts work in over 25 countries to ensure that commodities are sourced with respect for people and planet. TFT leverages the transformational power of companies to innovate and bring value to everyone in the supply chain – from grower to customer. Its members include Nestlé, Wilmar International, Reckitt Benckiser, Golden Agri-Resources, Bunge, Cargill, Colgate, ADM, Johnson & Johnson, Ferrero, Louis Dreyfus Company, Mars, Asia Pulp and Paper, B&Q and Lindt.

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ACTION PLAN TO IMPROVE AND ACCELERATE NDPE IMPLEMENTATION

5 October 2018

Since committing to our landmark [No Deforestation, No Peat and No Exploitation \(NDPE\) policy](#) on 5 December 2013, Wilmar has been investing in resources and efforts to ensure a NDPE-compliant supply chain. In doing so, we have consulted different partner organisations such as The Forest Trust (TFT), Aidenvironment and CORE (Daemeter and Proforest). Since 2017 we have also partnered with Verite to assess and develop comprehensive Human and Labour Rights systems for our internal as well as our suppliers' operations.

Whilst progress has been made, we acknowledge that challenges still remain. To address these challenges, we are pleased to announce an ambitious time-bound plan that will expedite progress to fulfill our environmental and social commitments, with a goal of a 100% independently verified NDPE-compliant supply chain from December 2020 onwards.

We will communicate the implementation of this high-level framework through regular progress reporting in a public and transparent way.

NO DEFORESTATION – Delivering Transparency & Verification of our commitment for our entire palm supply chain

We will provide evidence that our operations as well as those of our third-party suppliers are compliant with our policy.

To achieve this, we will develop a system that will accurately monitor land use change across countries we source palm oil from. The system will use near real-time satellite monitoring that will provide independent verification that our operation and our suppliers' operations are in compliance with our NDPE policy. Wilmar implements a 31 December 2015 conversion cut-off date through the actions under this plan. If non-compliance is identified, it will be dealt with under our [Grievance Procedure](#) where updates are reported publicly.

The output of our monitoring and the actions we take to address issues will be shared publicly and transparently through regular progress reporting. The monitoring report will include both plantation areas that currently supply the third-party mills in our supply chain, as well as plantation areas (developed or under development at the Group level) that our suppliers own and manage taking into account Group-level links.

Timeline associated with these actions is as follows:

Action Plan Targets	Target Date
A. Upload all of Wilmar's own plantation concession maps to a public platform.	Completed
B. Write a letter to all suppliers requesting that they submit their concession maps, to Group level, and for them to upload these publicly in shape file format or equivalent.	Completed
C. Review and update Grievance Procedure to strengthen the grievance handling process.	November 2018
D. Review the concession data of our third-party suppliers, including to Group level, which is already in the public domain or currently available to us and ensure clear next steps are in place to address any potential expansion that would not be in line with our policy.	December 2018
E. Develop and publish a concise process for securing the publication of all concession maps of our suppliers.	January 2019
F. Develop a forest monitoring system that will accurately monitor land use change across all countries we source palm oil from.	Q1 2019
G. Deploy the global monitoring mechanism, combining supplying mill locations and concession maps at Group level.	Q1 2019
H. Develop independent verification methodology and criteria, in conjunction with stakeholders, to achieve our goal of an independently verified NDPE-compliant supply chain from December 2020 onwards.	Q2 2019

NO DEFORESTATION – Lead a cross-industry collaboration to tackle deforestation beyond our supply chain

While palm oil is a dominant commodity in many landscapes from where we source, many of those landscapes contain areas of important conservation value. Deforestation follows complex dynamics that cannot be addressed simply through a linear, single commodity supply chain approach. As such, forest areas to be conserved need to be well identified alongside the conditions that represent a future deforestation risk.

We will accelerate this identification process by leading the initial development of a collaborative platform that will allow Wilmar and other actors e.g. Government, local civil society organisations (CSOs), palm and any other industry actors, to access accurate data about forests, to prioritise, monitor and provide evidence to jointly take the needed actions to support the implementation of our No Deforestation commitment and similar commitments many brands and peer companies around the world have made. This will also be linked to the High Carbon Stock (HCS) Approach that is already well-established.

Once identified, further studies of those areas will be required to highlight the drivers and causes of deforestation in their local context with the aim to support local efforts to enhance forest conservation outcomes, explore options for remediation/restoration and community development opportunities.

Wilmar acknowledges our position in the industry and that to realise a truly responsible production base, we need to take a strong leadership position. We see this as an opportunity to set an example for others to follow or as a basis to work more concretely with others on the challenges we must overcome together. We invite other major industry players to undertake similar efforts and to collaborate with us where our shared supply chains make it sensible to do so. We also invite CSOs as well as the government to join us in building this platform.

Timeline associated with this initiative is as follows:

Action Plan Targets	Target Date
A. Engage actors and partners to join and support the No Deforestation large scale programme.	Q4 2018
B. Support the development of an accurate High Carbon Stock (HCS) stratification for the whole of Indonesia. [<i>First geographical focus to be further expanded</i>]	Q1 2019
C. Run historical deforestation analysis to identify deforestation patterns in Indonesia and develop a roll-out plan thereafter.	Q1 2019
D. Work with stakeholders, governments and industry peers to identify forest areas that are a priority to focus conservation efforts on. For large high priority areas, run deforestation drivers analysis and report findings.	Q1 2019
E. Drive collaborative industry actions to support local integrated action plans to strengthen forest conservation and explore options for remediation/restoration, for example via Landscape level programmes or community/smallholder programmes.	From Q2 2019 onwards

NO EXPLOITATION – Labour-related activities and monitoring

While the No Deforestation aspect of our sustainability policy has received significant attention, we have also worked hard to advance the No Exploitation component. In respect of workers' rights, we have partnered with a number of organisations, such as Business for Social Responsibility (BSR), TFT, Verite and Forum for the Future, to develop strategies towards addressing a number of issues we have come to realise are chronic and widespread. We will continue to collaborate with our partners to strengthen the application of our No Exploitation commitments in practice.

We will now undertake a three-stage process to re-focus and drive forward our strategy. Firstly, we will carry out a review of our work to date; secondly, we will identify shortfalls from the best practice standard that have been applied to third-parties and develop tools and approaches to address these issues; and thirdly, we will share an updated public time-bound action plan to address priority issues and risks in our suppliers' upstream operations.

Timeline associated with this initiative is as follows:

Action Plan Targets	Target Date
A. Design an audit framework for social audits across Wilmar's entire supply chain to demonstrate compliance with our No Exploitation Policy and undertake independent labour assessment in line with this framework.	Q1 2019
B. Establish a clear ongoing monitoring plan.	January 2019
C. Publish first progress update.	January 2019
D. Develop a time-bound action plan to address major labour risks identified across our entire supply chain identified through the audit framework.	Starting Q2 2019

NO EXPLOITATION – Community-related activities. grievance handling and monitoring

Timeline associated with this initiative is as follows:

Action Plan Targets	Target Date
A. Develop a proactive approach to mapping conflict across our entire global operations and support transparent and fair conflict resolution processes.	Q1 2019
B. Collaborate with the HCS Approach and our partners around the ongoing development of social requirements.	Q1 2019
C. Field-test the revised approach with a view to taking on learnings and rolling out a wider scale programme accordingly.	Q1 2019

CAPACITY BUILDING AND COMMUNICATIONS

Alongside this enhanced implementation programme, we will also commit to a more robust communication plan that will provide a complete picture of our NDPE journey to all interested stakeholders. We will develop and publish roadmaps for our major origination refineries in which we will set out the mechanisms and programmes to deliver our NDPE commitments. This will be complemented by clearly defined metrics against which progress will be made.

Timeline associated with this initiative is as follows:

Action Plan Targets	Target Date
A. Develop and communicate Wilmar's first progress update against this action plan.	January 2019
B. Publish multi-year strategic roadmaps for our major origination refineries and Key Performance Indicator (KPI) framework for our overall NPDE commitment.	Q2 2019

We anticipate many challenges on the road ahead, and acknowledge and welcome the scrutiny we will continue to receive as we head towards 2020. Wilmar is not alone in having made a commitment to achieve compliance with our NDPE policy by then. Being able to demonstrate achievement is something we will address in progress updates, but we call on and invite other players in the industry to make similar statements of intent and to work with us. Wilmar firmly believes that collective action is the way forward.