



Update on Labour Progress in Wilmar's North Sumatran Operations

Singapore, 6 March 2017 – Wilmar continues to have regular and constructive engagements with our workers and the union representatives. We take very seriously any allegation that we use intimidation and coercion tactics on our workers in relation to ongoing labour related grievances.

We received an email from Amnesty International on [13 January 2017](#) on allegations that Wilmar coerced union representatives to sign letters denying allegations raised in the Amnesty International report. In an email response on [16 January 2017](#), we had clarified that this was not the case, and a copy of the meeting minutes with the union representatives was provided to Amnesty International. This was also published on Wilmar's grievance dashboard. We did not receive any further response from Amnesty International regarding this matter.

In another step towards labour progress in Wilmar's palm oil supply chain, we have formalised a collaboration with Verité South East Asia, a non-profit organisation focused on labour rights. The partnership with Verité builds on [our collaborative work with Business for Social Responsibility \(BSR\)](#) on the review of current labour practices in three of our plantations in North Sumatra and Central Kalimantan.

Our partnership with Verité will help us formulate sustainable solutions to systemic labour problems existing in the Indonesian palm oil sector as well as ensure sustained company-wide conformance to social standards and to legal and customer requirements.

A chronological summary of Wilmar's ongoing efforts in addressing the labour related grievances in North Sumatra is appended below.

Chronological update of progress

Wilmar was made aware of labour related issues in our operations in North Sumatra in August 2016. This was followed by the Amnesty International report in November 2016. This grievance was raised voluntarily by Wilmar in order to be transparent and accountable to all stakeholders and to share the findings of our investigations, as well as the actions we have taken to mitigate issues which have been identified. In August 2016, we conducted internal assessment in the subsidiaries in question and work is underway to resolve the issues. The assessment report is available [here](#).

We have also initiated an internal review process which is still ongoing:

| Date | Process | Location |
|------------------------------|---|--|
| 10 August 2016 | Received information on labour-related issues | PT Daya Labuhan Indah (DLI), PT Perkebunan Milano (PM) |
| 12 August – 2 September 2016 | Initial assessment and consultations to verify the issues | PT DLI, PT PM |

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| September – October 2016 | Conducted an inquiry into wage practices with the Human Resources (HR) Department of PT DLI and checked against the local government regulations on wages, PP No. 78/2015 (replacing PP No. 8/1981) to ensure compliance | Wilmar head office and regional office |
| 28 November – 2 December 2016 | Conducted 2nd assessment to monitor and check on progress | PT DLI, PT PM |
| 11 – 15 December 2016 | Conducted site visit with BSR and Wilmar internal team in North Sumatra | PT PM |
| 16 – 19 January 2017 | Conducted site visit with BSR and Wilmar internal team in Central Kalimantan | PT Mustika Sembuluh (PT MS) |

Some of the identified issues are common challenges shared by the industry, and we seek to address and improve labour practices through our collaboration with Business for Social Responsibility (BSR), to review current labour practices in the palm oil sector in Indonesia. More information about our collaboration with BSR can be found [here](#).

28 Nov – 2 Dec 2016 - Our internal team has completed the second assessment. The assessment report is available [here](#).

12 Dec 2016 – Wilmar released a [statement](#) that reaffirms commitment to uphold code of business conduct and protect whistle blowers. Wilmar has had in place a [Whistleblowing Policy](#) since April 2013.

12 Dec – 15 Dec 2016 - BSR has completed field assessments in PT PM and PT DLI. The assessment methodology involved visual observations, interviews, focus group discussions, and documentation review. Over 100 employees, mostly non-management workers, were interviewed by BSR. More information on the preliminary findings of the independent assessment can be found [here](#).

The full report by BSR will be delivered to Wilmar in early March 2017; details of the findings will be published by end March 2017.

16 – 19 Jan 2017 - Following the field assessments on PT PM and PT DLI in North Sumatra in December 2016, BSR has also completed assessment on PT Mustika Sembuluh (MS) in Central Kalimantan. The methodology adopted by the independent assessor is similar to the one used in North Sumatra, which included interviewing a total of 56 non-management workers without the presence of management personnel. The preliminary findings of the assessment are enclosed [here](#). The full report by BSR on PT MS will follow.

9 Jan 2017 - As part of our investigation process, we have met with union representatives from Serikat Pekerja Seluruh Indonesia and Serbundo. The meeting was to clarify labour issues in PT Milano and PT DLI, and to seek feedback and suggestions. The minutes of meeting can be found [here](#).

16 Jan 2017 – Wilmar received a query from Amnesty International in regards to a meeting with union representatives in January 2017 and allegations that Wilmar coerced union representatives to sign letters denying allegations raised in the Amnesty International report.

We had clarified that this was not the case, and a copy of the meeting minutes with the Union representatives was provided to Amnesty International and also published on Wilmar's grievance dashboard. There was no further follow up from Amnesty International regarding this matter. A copy of the correspondence can be found [here](#).

2 – 3 Feb 2017 - In addition to the assessments by BSR, PT PM has also undergone a two-day independent assessment by the International Sustainability and Carbon Certification (ISCC). More information on the report can be requested from grievance_procedure@wilmar.com.sg

Some of the key findings in the report include:

- "That no children are present on the plantation to help their parents"
- "That the workers are not paid a minimum wage on the basis of achieving a target in 4 terms of tons FFB, number of sprayed tanks or number of fertilizer bags applied to the land"
- "That the minimum monthly wage is always paid to permanent workers regardless of their performance"
- "That non-permanent workers are paid 90,000 IDR (= min. wage) even if they don't achieve their targets." Updates will be provided on any progress made in respects with these identified issue.

Further engagement with Amnesty International

In January 2017, Amnesty International in an email to Wilmar alleged that "Wilmar's management asked the workers to sign a statement that says that the human rights abuses documented by Amnesty International and presented in the video are not happening on their plantations to the best of their knowledge." In the spirit of full transparency, our full response to Amnesty International can be read [here](#).