

8 December 2016

Wilmar's Full Response to ABC Australia and RAN's Allegations

We are aware that many consumers especially in Australia became concerned about Wilmar being linked to deforestation in the Leuser Ecosystem after reading about allegations by the Rainforest Action Network (RAN) that "Wilmar is connected to the destruction of the Leuser Ecosystem" on ABC Australia.

We wish to reiterate that Wilmar remains firmly committed to our integrated policy of [No Deforestation, No Peat and No Exploitation](#), as well as to the protection of the Leuser Ecosystem. We have registered alleged threats to the Leuser Ecosystem on our [Grievance Procedure](#) in January 2015 after they were raised by RAN. We have since then provided regular updates, and issued an [progress update](#) on the actions we have taken to address the issues in Leuser Ecosystem in November 2015, and have also updated RAN accordingly.

The mill (PT Raja Marga) identified by RAN to be sourcing from a plantation that was clearing land in the ABC story was never mentioned in any of RAN's reports. Nevertheless, through Wilmar's own monitoring and due diligence, we have of our own accord halted buying from PT Raja Marga since October 2016.

We appreciate ABC Australia contacting us on 5 December 2016 for our response to RAN's allegations. We append below our full response, provided to ABC Australia on 7 December, below. It includes our approach and next steps in protecting the Leuser Ecosystem. We had also offered ABC Australia a contact at The Forest Trust to speak about the landscape plans to monitor land cover change in the landscape using radar and satellite technologies.

Wilmar's full response to ABC Australia:

Wilmar shares the concerns raised by Rainforest Action Network (RAN) in protecting the Leuser Ecosystem and has registered this case onto our Grievance Procedure, covering all the relevant companies mentioned by RAN in their report. This was one of the first grievances that was publicly reported following the launch of Wilmar's Grievance Procedure in January 2015. We have since then provided regular updates, and issued an [progress update](#) on the actions we have taken to address the issues in Leuser Ecosystem in November 2015, and have also updated RAN accordingly.

In regard to PT Raja Marga, this company has never been named by RAN in their previous or latest reports nor in bilateral engagements on the subject of Leuser Ecosystem. Nevertheless, through Wilmar's own monitoring and due diligence, we have of our own accord halted buying from the company since October 2016.

Wilmar's Proactive Supply Chain Compliance Programme

Wilmar assesses our suppliers through a proactive process, in addition to the reactive grievance process as previously described.

The proactive process is covered through the Wilmar's Aggregator Refinery Transformation (ART) plan, a collective and regional approach to addressing supplier non-compliance. It is a more effective way to drive transformation and effect real change on the ground; a detailed

explanation on our ART plan is available on our website: <http://www.wilmar-international.com/sustainability/progress/aggregator-refinery-transformation-art/>

As part of our ART programme, we have:

- 1) identified and conducted field assessments on high priority suppliers supplying to our Kuala Tanjung refinery and Paya Pasir kernel crushing plant which included those operating in and around the Leuser Ecosystem. We visited 14 third-party suppliers' mills and one Wilmar-owned mill in 2015.
- 2) consolidated the findings and summarised into an anonymised report known as the "Overarching Report" for sharing with all suppliers supplying into that refinery and kernel crushing plant. The report was uploaded on our website in June: <http://www.wilmar-international.com/sustainability/progress/aggregator-refinery-transformation-art/art-overarching-reports/>
- 3) shared the findings of the assessments and recommendations on improvements with our suppliers from that region through workshop, which was held in Medan in October.

Our immediate next step is to organise a series of one-day regional-specific trainings open to all our suppliers and their suppliers, as well as any interested growers in that region. Our trainings will focus on following topics:

- I. Environment – land use planning/ management, HCS/HCV, peat management + environmental impact management.
- II. Fair Labour Practices - Contracts, Child Labour, Access to Remedy, Freedom of Association, Harassment, etc.
- III. Community – Conflict Resolution, FPIC, Land Tenure, Social Impact.

Landscape Approach

We concur with RAN that the best approach is through a multi-stakeholder process to address the challenges of the Leuser Ecosystem, and Wilmar has committed to participating in such a process. The landscape requires no less than such an approach as a means to holistically address the complex socio-economic and cultural considerations in looking at the sustainable development of the Leuser Ecosystem and reduce the threat of deforestation in this important landscape.

Since the issues of Leuser Ecosystem have been brought to our attention in Sept 2014, we have been in dialogue with RAN and other peer palm oil companies to address those challenges, the most recent one facilitated by IDH, the Sustainable Trade Initiative (IDH) in August 2016 in Jakarta. The meeting discussed the way forward in supporting the Aceh government's moratorium on forest clearance, starting with Aceh Tamiang and Aceh Timur as the area of first priority for the landscape approach.

Ms Perpetua George, Assistant General Manager of Group Sustainability at Wilmar, said, "The Leuser Ecosystem is the last refuge in Sumatra for iconic wildlife species such as orangutans, elephants, tigers, rhinos, and sun bears, and something needs to be done to combat deforestation and protect their stronghold without trading off the livelihood of local communities living in that landscape. The moratorium initiative by the Aceh government has provided an opportunity for private sector players like Wilmar, as well as RAN and IDH to potentially work together to overcome the trade-off dilemma and achieve this agenda."

Our policy implementation partner, The Forest Trust (TFT), who is actively involved in dialogues with many key stakeholders in the management and protection of the sensitive landscape in Leuser, has recently launched Starling together with SarVision and Airbus Defence and Space. Starling uses a combination of high-resolution optical satellite and radar imagery to provide unbiased monitoring of forest cover change which will enable companies to provide evidence of how they are implementing their No Deforestation commitments.

“Wilmar will be partnering with TFT and some other industry peers to monitor land cover change in the landscape using radar and satellite technologies, through TFT’s Starling programme. This programme was recently launched as a means to monitor with greater accuracy land cover change using radar and new optical technology which would provide images with greater resolution and ensure functionality, regardless of cloud cover. The availability of this technology means that Wilmar will be notified of any land clearing which is not compliant with our [No Deforestation, No Peat and No Exploitation policy](#), and allows us to take the necessary action,” said Perpetua.

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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.