



WILMAR'S NO DEFORESTATION, NO PEAT, NO EXPLOITATION POLICY

Third Update Report: 1 July - 30 September 2014

Introduction

This third quarterly report is produced by Wilmar and The Forest Trust (TFT); and is organised into two parts:

- 1) engagement and supply chain mapping;
- 2) progress update against each of the commitments set out in Wilmar's Policy.

The third quarter has seen a shift towards improving transparency in the Wilmar supply chain, including working on traceability and undertaking more visits to mills and fresh fruit bunches (FFB) suppliers.

The effort on addressing social issues has included training on ethical recruitment and fair labour practices.

I) Engagement & Supply Chain Mapping

STAKEHOLDERS			REMARKS
Suppliers	INDONESIA*	MALAYSIA	It has recently been alleged that Genting in Indonesia has breached some of the Policy commitments. Initial meetings with Genting have been very positive and Genting has offered to cease development on the two concessions identified until HCS studies have been undertaken. Furthermore, Genting has invited Wilmar and TFT to visit one of its mills and the surrounding FFB suppliers to better understand how it may be able to improve its practices.
	<ul style="list-style-type: none"> • Kencana Agri • PT Provident Agro • PT Sumatra Jaya Agro Lestari (SJAL) • Genting <p>*List of suppliers here is not exhaustive</p>	<ul style="list-style-type: none"> • Borneo Samudera • NPC Resources • IOI • Kuala Lumpur Kepong (KLK) 	
NGOs	<ul style="list-style-type: none"> • AidEnvironment and Sarawak Dayak Iban Association (SADIA) 		Both NGOs organised a workshop in Kuching, Sarawak on Native Customary Rights (NCR) in

	<ul style="list-style-type: none"> • Rainforest Action Network (RAN) <p>Group of stakeholders including David Kureeba, the Coordinator of the Forests and Biodiversity Programme of Friends of the Earth Africa</p>	<p>July to discuss with Wilmar the perspectives and experiences of affected communities. Following that, Wilmar has been discussing NCR issues with communities near our Saremas/Suai plantations. SADIA also visited the communities around our Saremas/Suai plantations after the meeting to inform them that Wilmar recognises community rights through a mutual agreement by allowing a number of communities to occupy the area based on their long-standing and resource usage in accordance to their traditional customs.</p> <p>Discussion mostly focused on human and labour rights issues; RAN was also invited to review our Grievance Procedure.</p> <p>The meeting focussed on trying to resolve issues over land claims and obtain additional information.</p>
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Internal activity
Capacity Building

In September the International Organisation for Migration (IOM) provided training on ethical recruitment and fair labour in the palm oil sector for Wilmar staff and TFT participants to raise awareness on issues related to exploitation. Participants discussed international labour laws, migration issues, child labour, methods for identifying exploitation issues and approaches to avoid or address them. One day was spent in the field to visit Wilmar operations and their suppliers primarily talking with workers about their experiences ranging from recruitment and labour to living conditions and dealing with problems and concerns.

The focus was on the Wilmar Policy and practices; and what might need to be enhanced or developed to assist the entire supply chain move away from labour-related issues.

Supply Chain Mapping

We have made good progress with the traceability analysis and summary data for refineries in Malaysia, Indonesia, Europe and India are provided below.

In all the traceability work, the emphasis is on identifying details of the mills. The locations of the mills are required to conduct an assessment of the potential risk in relation to forest reserves, peat soils, deforestation events and other environmental and social factors. This helps identify priority for supplier engagement to discuss Wilmar's Policy and its implications with mill owners and their FFB suppliers. This process provides greater visibility on the plantation estates, smallgrowers and smallholders in terms of locations, planted and undeveloped areas, existing issues and changes required in order to comply with the policy.

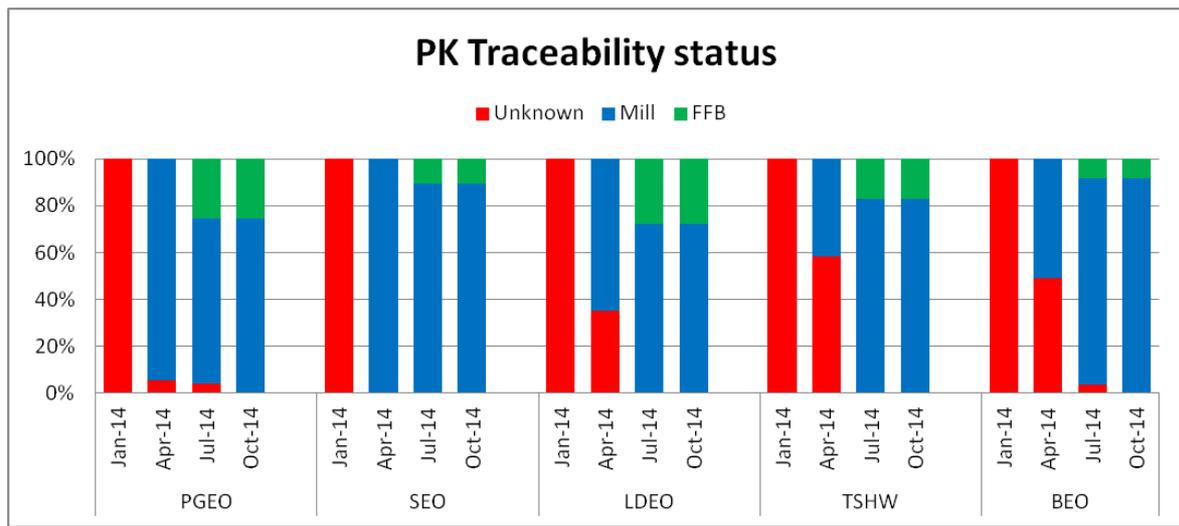
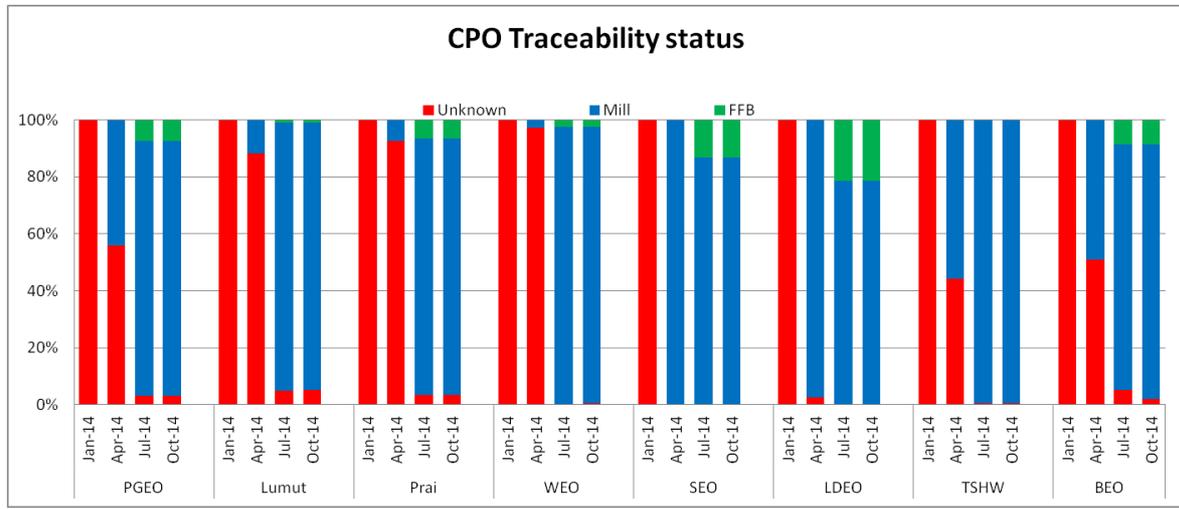
In the Sandakan refinery catchment area, visits have been made to four mills, 13 plantation estates, 10 smallgrowers and 14 smallholders, as well as five FFB collecting centres. Two other mills and a sample of their FFB suppliers will be visited in the coming quarter. The aggregated outcomes of all of the visits will be shared with all 52 mills supplying the refinery to raise awareness of common issues in the region and steps that can be taken to address them. Mills will be encouraged to share results with their FFB suppliers in order to accelerate the transformation process.

While progress tends to increase traceability from one period to the next, it should be noted that the values can also decrease. The supplies available from different sources can change and hence if a new mill is added to the supply network or more FFB is derived from a supplier where full traceability data has not yet been obtained, it is possible that overall traceability can reduce. The objective remains to encourage transformation throughout the industry, and while traceability is a component of this, it is not an end in itself.

The traceability data on the following pages for Malaysia and Indonesia are based on 2013 supplies; these will be updated with the latest 2014 supply data in Q4 update. The results for Europe and India are based on shipments from January to September 2014, referencing traceability calculation of Malaysia and Indonesia as mentioned above.

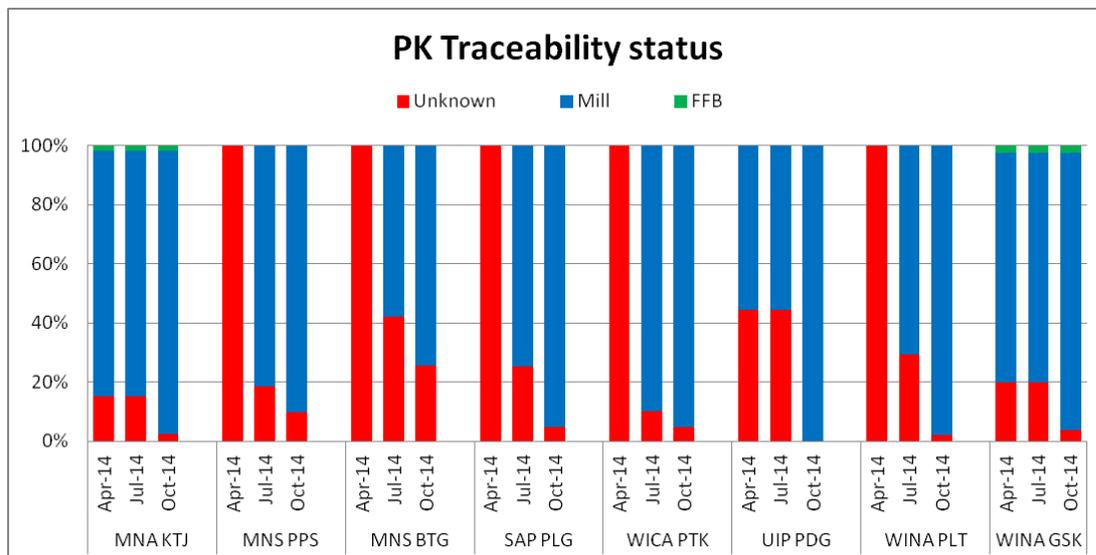
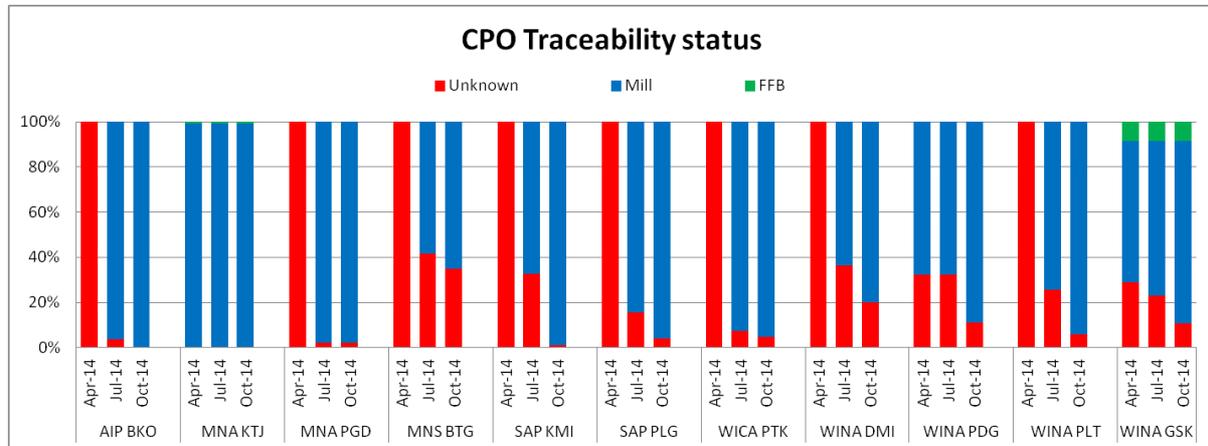
Malaysia

There are eight key locations of Wilmar refineries that have been analysed in Malaysia:



Indonesia

There are 12 key locations of Wilmar refineries in Indonesia that have been analysed:

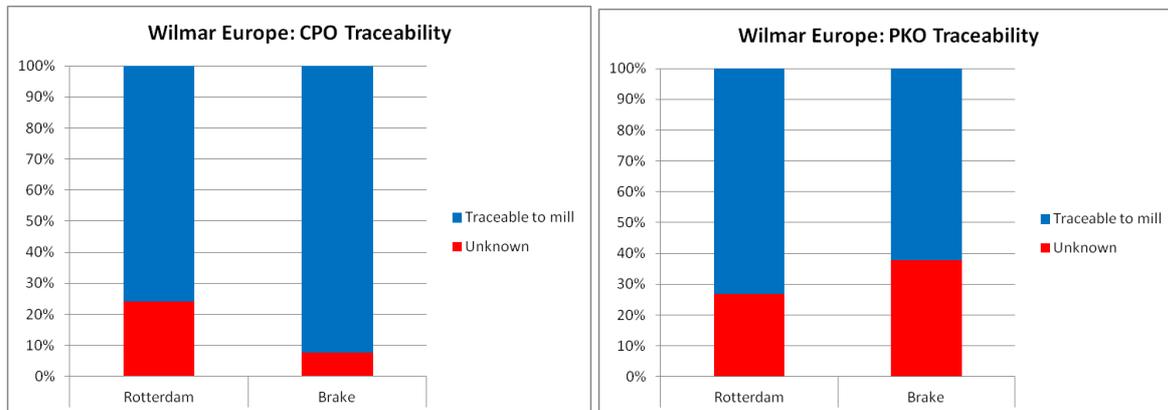


LEGEND

Indonesia		Malaysia	
Multimas Nabati Asahan, Kuala Tanjung	MNA KTJ	PGEO Edible Oils, Pasir Gudang	PGEO
Wilmar Nabati Indonesia, Dumai	WINA DMI	PGEO Edible Oils, Lumut	Lumut
Wilmar Nabati Indonesia, Pelintung	WINA PLT	PGEO Edible Oils, Prai	Prai
Sinar Alam Permai, Palembang	SAP PLG	Wilmar Edible Oils	WEO
Agrindo Indah Persada, Jambi	AIP BKP	Sandakan Edible Oils	SEO
Multimas Nabati Asahan, Pulo Gadung	MNA PGD	Lahad Datu Edible Oils	LDEO
Wilmar Cahaya Indonesia, Pontianak	WICA PTK	TSH-Wilmar, Kunak	TSHW
Sinar Alam Permai, Kumai	SAP KMI	Bintulu Edible Oils, Bintulu	BEO
Multimas Nabati Sulawesi, Bitung	MNS BTG		
Wilmar Nabati Indonesia, Gresik	WINA GSK		

In all, there are about 5 million tonnes and 7 million tonnes of CPO; and 0.9 million tonnes and 1.7 million tonnes of PK supplied to our Malaysia and Indonesia facilities respectively that are traceable back to mills.

Europe

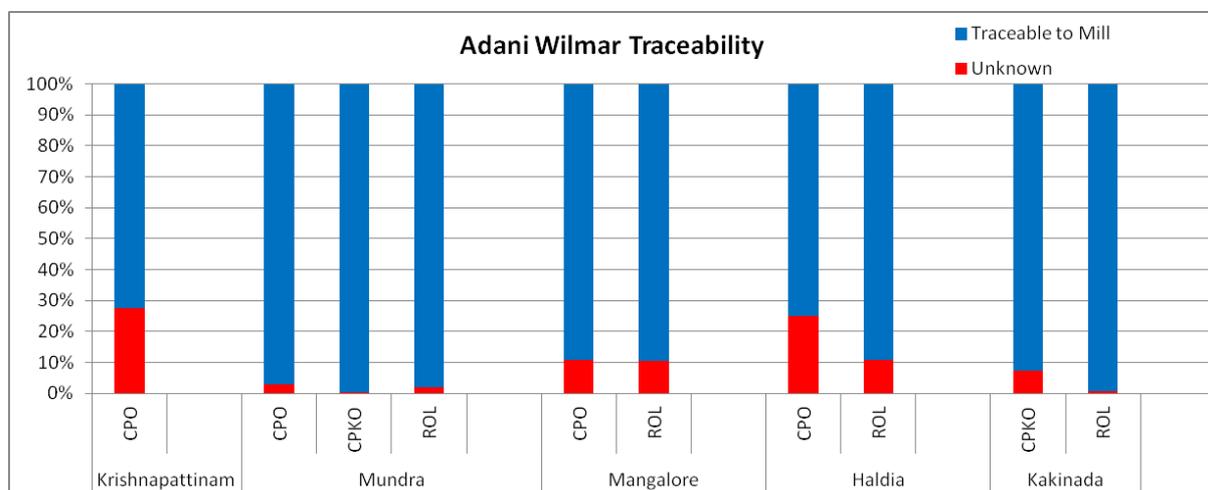


* Figures are inclusive of all arrivals at Rotterdam and Brake. Traceability figures used for Wilmar Indonesia and Malaysia's own shipments are based on 2013 figures (featured in this report).

Wilmar has two wholly-owned refineries in Europe which procures palm and laurics-based products from Malaysia, Indonesia, Latin America, Papua New Guinea & Solomon Islands and others. Our ongoing engagement with suppliers has not just been limited to Malaysia and Indonesia, we also engaged with 14 suppliers in Latin America, namely Honduras, Guatemala, Columbia and Brazil who collectively represent about 25% of the total volume received at the two refineries in Europe between January and September 2014.

We started our supply chain mapping exercise in Europe in the second quarter and have implemented appropriate processes to increase visibility in the supplying mills to the chain. One such process includes creating transparency in the origin of the volumes received from the CPO CIF Rotterdam paper trade market.

India



* Traceability figures used for Wilmar Indonesia and Malaysia's own shipments are based on 2013 figures (featured in this report).

Adani Wilmar Limited is a joint-venture between Wilmar International Limited and the Adani Group in India. Adani Wilmar owns eight refineries in India that supply palm and lauric based products to several suppliers. Attaining traceability to the supplying mill has been largely successful for five refineries in India, while the other three refineries – two in Chennai and one in Tuticorin are still work in process. The refineries source most of their PO- and PKO-based products from Wilmar refineries in Malaysia and Indonesia.

Bangladesh

During this quarter, Wilmar expanded its traceability study to Bangladesh for its joint venture Bangladesh Edible Oil Limited. The refinery sources most of its palm products from Wilmar refineries in Malaysia/Indonesia* and scored over 75% traceable to mill based on volumes recorded between January and September 2014.

**Traceability figures used for Wilmar Indonesia and Malaysia's own shipments are based on 2013 figures (featured in this report).*

The fourth quarter report will include further updates on traceability information for Europe and India; as well as new traceability information on China and other joint ventures.

II) Policy commitment progress

This section highlights Wilmar's progress and activities related to each of its policy commitments set out on 5 December 2013. The focus in this early stage remains on avoiding deforestation and development on peat, although there is also considerable work being undertaken on social issues wherever and whenever these have been identified.

Grievance Procedure

The Grievance Procedure has been completed and is being used in some current grievances raised against third party suppliers. A stakeholder review on the Grievance Procedure is also underway seeking input on the process and timeframes proposed. The procedure and a list of grievances will be made available on the Dashboard when it is ready.

No Deforestation

No development of High Carbon Stock (HCS) forests or High Conservation Value (HCV) areas; no burning; progressively reduce greenhouse gas emissions on plantations.

An introductory HCS workshop was held for consultants already engaged by Wilmar suppliers to conduct HCS assessments. The purpose of the HCS workshop was to share details of the HCS methodology and discuss experiences from application of the methodology.

An HCS toolkit is being put together with input from a wide range of stakeholders. This will also be made available in Q4 and Wilmar will support TFT to train more service providers, to help meet the increasing demand for such services.

In Nigeria, Africa, an HCS field assessment at a Wilmar concession (Ibiae) has been completed and is nearing completion on another (Calaro Extension). Maps including HCS and HCV areas will be completed during Q4 for both of these sites to define potential development and conservation areas. Legal issues relating to the land acquisition process (Environmental Impact Assessments, overlapping concessions etc) are also being addressed.

Wilmar would like to recognise the recent news release from Bumitama Agri reporting on their HCS and other assessments in their concessions. Wilmar has been engaging with Bumitama Agri for several months and is delighted with their decision to halt development on five concessions in order to conduct studies by independent consultants.

No Exploitation of People and Local Communities

Respect the Universal Declaration of Human Rights and workers' rights; facilitate smallholder involvement; respect indigenous and local communities' rights; resolve grievances through consultation.

An introductory workshop on Free Prior and Informed Consent (FPIC) and Social Impact Assessment (SIA) was conducted for key Wilmar employees in Indonesia. A manual on FPIC is in the final stages of preparation and its release will coincide with a training session for Wilmar staff which will take place during Q4.

In Uganda, assessments have been carried out on Wilmar operations (Oil Palm Uganda Limited - OPUL) leading to the development of an action plan covering a wide range of activities. Following the initial assessment, training sessions have been conducted and workshops have been held with Wilmar employees as well as government representatives and the smallholders association.

Planned investigations and training on grievances and FPIC in Nigeria has been postponed due to concerns about Ebola but this is anticipated to recommence during Q4.