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News Release

Wilmar Leads Palm Oil Industry to be Deforestation-Free

Singapore/Kuala Lumpur, 10 December 2018 - Wilmar International Limited (Wilmar) issued a Joint Statement with Aidenvironment and supporting consumer goods companies. The Joint Statement details Wilmar's new supplier monitoring and engagement programme that will accelerate its efforts towards a deforestation-free palm oil industry.

The programme was developed to step up the effectiveness of its current No Deforestation, No Peat, No Exploitation (NDPE) policy while also intending to provide remediation for past deforestation by its third-party suppliers. Wilmar will be supporting efforts by Aidenvironment to develop a comprehensive oil palm supplier group mapping database under the latter's Supplier Group Compliance Programme, which will enable land development activities of Wilmar's suppliers to be better monitored.

Jeremy Goon, Chief Sustainability Officer of Wilmar, explains, "We remain steadfast in our commitment to our NDPE policy and this new enhanced plan is part of our sustainability strategy as we strive towards a supply chain free of deforestation and conflict."

Jeremy further added, "However, we must be mindful that our pursuit of sustainability goals does not inadvertently create a negative impact on the smallholders. As importantly, we must ensure that by raising the bar even higher, we do not contribute to a growing market of unsustainable palm oil, also known as the 'leakage market'. Hence, we continue to place much importance on engagement so that we can continue to guide and assist our smallholders and suppliers towards compliance with our NDPE policy."

Commenting on the Joint Statement, Eric Wakker, Co-Founder of Aidenvironment Asia, said, "Companies in the palm oil supply chain will now gain better visibility into the plantation companies they source from in terms of their operational locations and especially their compliance with the NDPE policy. It will also allow companies to act faster against suppliers found to be involved in deforestation and peatland development."

Wilmar was the first palm oil company to launch its NDPE policy in 2013 which applies to Wilmar-owned plantations as well as its third-party suppliers at group-level. This had helped pave the way for other companies to adopt similar policies.

The Joint Statement by Wilmar and Aidenvironment is appended as well as available [here](#).

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ABOUT WILMAR'S SUSTAINABILITY PROGRAMME

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.

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JOINT STATEMENT

CREATING A DEFORESTATION-FREE PALM OIL SUPPLY CHAIN STEPPING UP EFFORTS IN SUPPLIER GROUP MAPPING AND ENGAGEMENT

The undersigned have established and implemented the **‘No Deforestation, No Peat, No Exploitation’** (NDPE) policy over the last five years in relation to the production and/or sourcing of palm oil. Substantial resources and investments have been and will continue to be channeled towards the successful implementation of these policies. The scope of our NDPE policy goes beyond the supplying mills in our direct supply chain as it extends to group-level oil palm plantation landbanks for companies that we have business relations with.

Significant progress has been achieved thus far, with many companies joining suit to adopt their own NDPE policy; achieving a level of commitment towards sustainability by a single agri-commodity that has far surpassed any other. However, during the course of implementation of our policy, we are challenged by the opaque ownership structures some companies have in place. Therefore, we are putting in more effort to map out our suppliers’ operations to ensure transparency and compliance.

The strategic position of national governments over the palm oil industry is paramount. We welcome the recent policies adopted by the governments of Indonesia and Malaysia, the world’s two largest palm oil producer countries, restricting the expansion of oil palm plantation landbanks in forest areas. The Indonesian and Malaysian governments as well as the oil palm industry agree that the primary focus should be on intensifying efforts to increase yield rather than through land expansion, especially if this involves deforestation.

We will accelerate our efforts to ensure a deforestation-free palm oil supply chain from 2020 onward. We will increase the effectiveness of our NDPE implementation while addressing remediation for past non-compliance to our NDPE policy. We are compelled to do so because we recognize that deforestation due to oil palm expansion continues to occur.

Effective from January 2019, suppliers involved in deforestation and/or new development on peatland will face immediate suspension of sourcing. However, to avoid suspensions from inadvertently contributing to a growing “leakage market”¹ or negatively impacting oil palm smallholders, post-suspension engagement is crucial, enabling us to assist suppliers in bringing their operations to compliance.

We will continue to strengthen our systems to identify non-compliances. Additionally, we welcome and continue to value input from our stakeholders including their concerns and grievances related to non-compliances with our NDPE policy.

¹ <https://chainreactionresearch.com/wp-content/uploads/2018/05/Leakage-Refiners-CRR-020518-Final.pdf>

We hereby **reaffirm** our commitment to break the link between oil palm cultivation and deforestation, peatland development and social conflicts. We therefore commit to pursue the following actions:

1. Enforcing NDPE Policy on Suppliers

Wilmar's NDPE policy applies to our suppliers at group-level since it was launched in December 2013. Beginning January 2019, we will require our suppliers at group-level to provide written confirmation of their commitment to adhere to our NDPE policy by Q1 2019, unless they have an acceptable public NDPE policy (see Annex 2).

January 2019 is also when we begin enforcing our new grievance approach of "*Suspend then Engage*" on the basis of verified proof of deforestation or peatland development was committed by our supplier at group-level from 1st January 2019 onwards. This is aligned with and in support of Indonesian² and Malaysian³ government policies and moratoriums on oil palm expansion.

Since May 2018, the provision of group-level maps has been a condition of trade for all new suppliers to allow comprehensive monitoring of potential NDPE non-compliances. By end 2019, the mapping for all our other suppliers in our supply chain will be complete, and this process will be initiated via the process of confirmation of maps beginning from Q2 2019 (see Annex 2 for confirmation procedure). All maps will be uploaded into the Aidenvironment supplier group mapping platform (see Annex 1). Failure to comply or cooperate with this process will trigger the Grievance Procedure.

By Q1 2019, specific to the cases under the "*Suspend then Engage*" approach, we will publish a Re-Engagement Protocol specifying the time-bound process to engage suppliers that have been suspended, including the terms and conditions to resume sourcing. This will be managed by a system to ensure these suppliers will not re-enter our supply chain if the Re-Engagement Protocol has not been fulfilled.

2. Mapping of Suppliers at Group-Level⁴

We are supporting the development of a comprehensive oil palm supplier group mapping database under Aidenvironment's Supplier Group Compliance Programme. Already having a high degree of map coverage in Indonesia and Malaysia, Aidenvironment will continue the identification of all our supplier groups' land bank ('concession') maps including in other oil palm growing regions.

The mapping database will enable us to monitor our suppliers' land development activities, if any, using detailed forest cover and peatland baseline maps with high-resolution satellite imagery. The maps will include key attributes such as group-level links, names of subsidiary companies, mill capacity, available landbanks as well as written or public commitment to the NDPE policy.

The maps applicable to our supply chain could be made accessible to relevant parties that raise concerns on possible non-compliance of our own and / or supplier's operation (see Annex 1).

² <https://www.indonesia-investments.com/news/todays-headlines/widodo-signs-moratorium-on-new-palm-oil-plantations-in-indonesia/item8978>

³ <https://www.malaymail.com/s/1669208/teresa-kok-govt-to-stop-oil-palm-expansion-keep-50pc-land-as-forest>

⁴ Group-level of suppliers is based on [RSPO's definition of "group"](#). Further to that, national interpretations will be applicable in the respective regions.

[3. Addressing Non-Compliance through Recovery Plans](#)

We acknowledge that establishing a deforestation-free supply chain from 2020 onwards requires the provision of remediation measures, also known as Recovery Plans, for past non-compliance(s) related to deforestation and peat development. Adopting a conversion cut-off date of 31 December 2015 to determine the extent of non-compliance, we will develop a high-resolution forest cover and peatland baseline maps for 2016 onwards, beginning with Indonesia and Malaysia, which is expected to be completed in 2019.

For cases linked to deforestation and/or new peat development after 1 January 2019, challenges to the baseline maps and/or implied non-compliant oil palm development can only be done through verified joint HCV-HCS Assessments using the integrated methodology as defined in the HCSA Toolkit⁵ (for challenges to cases between 1 January 2016 and 31 December 2018, see Annex 2).

Before the end of 2019, relevant suppliers already in registered grievance cases will be required to submit their Recovery Plans commensurate with the scale of their non-compliant development. The Recovery Plans may include options to protect and restore forest, bare land and/or peat swamps and to assist local communities to secure social forestry rights. Corrective actions already taken will be part of the Recovery Plans, which will then be incorporated into the mapping database.

We will contribute to cross-industry collaborations and participate actively to develop industry recognized remediation or restoration guidelines and best practice. Additionally, we will also support integrated action plans designed to strengthen forest conservation efforts, especially through landscape-level programs and community or smallholder programs, among others.

[4. Supporting the Smallholders](#)

While striving to increase our accountability as responsible corporate citizens and, whilst working to fulfil our NDPE commitments of 'No Deforestation' and 'No Peatland', we must also ensure that our efforts do not negatively impact smallholders.

We will support the mapping of independent oil palm smallholder plantations in Indonesia and Malaysia, many of which are linked to independent mills in our supply chain, using the best available high-resolution satellite imagery. See Annex 1 for more details.

[5. Public Reporting on Progress](#)

Beginning Q1 2019, our public Grievance List will be expanded to include all ongoing non-compliance cases, including those identified through our internal monitoring process. Each recorded case will specify time-bound actions to be taken for the supplier to remain or re-enter our supply chain. From Q2 2019 onwards, we will report clear information about progress of our suppliers at group-level relating to:

- Availability of written confirmation of adherence to our NDPE policy or public commitment to NDPE policy
- Accuracy of concessions maps submitted and updated on the group mapping database
- Remaining undeveloped forests and peatland within the holding of suppliers at group-level
- Appearance on the Grievance List for supplier at group-level

We will commence to present overviews and related materials on the percentage of palm oil sourced from suppliers whose entire operations have been independently verified to comply with our NDPE policy. This information and figures will also be reflected in our Sustainability Reports from 2019 onwards.

6. Shared Responsibilities



Our efforts alone will not suffice if we are to keep global temperatures from rising above 1.5°C, and if we are to create deforestation and conflict-free supply chains. We have a shared responsibility with the rest of the upstream and downstream industry players as well as consumer goods companies and NGOs to prioritize forest protection at the heart of our operations.

Conclusion

We will make progress in moving the industry through the implementation of these stricter controls. However, our efforts may continue to be undermined by a growing “leakage market” whereby errant suppliers and traders continue to resist the need to change as they face limited pressure after they have been placed outside our sphere of influence.

Thus, we call upon NGOs together with other downstream industry players to accelerate pressure on these non-compliant suppliers to commit to and implement NDPE policies. It is only through such collaborative, multi-stakeholder actions that we can ensure that the entire palm oil industry moves towards long-term sustainability commitments and goals that will result in the assurance of deforestation-free supply chains.

Primary Signatories:

	
<p>Kuok Khoon Hong Chairman & CEO Wilmar International Limited</p>	<p>Eric Wakker Co-Founder Aidenvironment Asia</p>

Supporting Signatories:

<p>Dhaval Buch Chief Procurement Officer Unilever</p>	<p>Mark Dady Chief Procurement Officer Mondelez International</p>
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[Annex 1: Supplier Group Mapping Platform](#)

The signatories of the Joint Statement will enable Aidenvironment to develop and maintain a Supplier Group Mapping Platform as part of their on-going Supplier Group Compliance Program (SGCP).

The Supplier Group Mapping Platform will contain comprehensive data on oil palm suppliers in and outside the supply chains of companies with NDPE policies, including plantation land bank boundaries held by individual companies and the connections between them. Platform subscribers will be able to download suppliers' sustainability performance profiles and monitor, near real time, land development and conservation efforts in suppliers' land banks. There will be an interactive component in the system, allowing subscribers to raise questions and suggest improvements.

Some of the layers that will be uploaded in the Mapping Platform are the following:

- **Supplier group profiles**, including but not limited to:
 - Plantation company subsidiary names and parent companies' shareholders and beneficial owners
 - Mills and refinery locations and (publicly available) processing capacities
 - Total landbank and locations of operation
 - Commitment to No Deforestation, No Peat, No Exploitation (NDPE) policy
 - Grievance cases
 - The visible results of companies' NDPE commitments and the stories behind these results.
- **Land bank boundaries**, including but not limited to:
 - Concession maps related to relevant permits issued at national and regional level including forestland release permits or EIA survey areas
 - The outer boundaries for plantation areas under land use rights held by oil palm supplier companies
 - Corporate-owned planted areas within, and where they exist, outside land use rights boundaries
 - Without individual boundaries, areas planted by (unnamed) independent smallholders.
- **Areas of Interest for Conservation, Recovery and Social Justice:**
 - Baseline (2016) forest cover and peatland map for Indonesia and Malaysia to enable monitoring against the accepted cut-off date of 31st December 2015
 - Remaining areas of potential high carbon stock (forest and undeveloped peat) and areas where plantation expansion is likely to occur in future
 - Available boundaries of confirmed HCV and HCS conservation set asides (based on availability HCV-HCSA assessment public summary report in public domain)
 - Forestland status based on latest available versions issued by relevant government agencies
- **Satellite imagery layers**
 - Daily updated high-resolution satellite imagery for key Areas of Interest (non-compliance cases)
 - Spatial analysis of forest and peat loss within oil palm concessions at a scale 1:5,000 beginning from the year 2016 with annual updates
- **Supply chain data**
 - Status of certified supply from individual mills (RSPO, MSPO, ISPO)
 - Connections between supplier groups, their mills and buyers, based on available supplier lists and export-import data
 - Note: commercially sensitive data related to value and volume will not be uploaded on the Platform.

The Supplier Group Mapping Platform will be designed and trialed in Q1-2019 and further expanded throughout 2019, and continuously updated in subsequent years. Aidenvironment's on-going Supplier Group Compliance Program (SGCP) will deliver the required inputs for the Supplier Maps Confirmation and Risk Assessment Procedure during the Supplier Group Mapping Platform design and trial phase.

The development and maintenance of the Supplier Group Mapping Platform will be overseen by a Steering Group consisting of no more than five representatives from the Consumer Goods and Food Manufacturers (CGFM) industry, trader-refiners, civil society and growers.

Access to and usage of data uploaded on the Supplier Group Mapping Platform will be subject to terms and conditions stipulated in an End Users License Agreement.

[Annex 2 Supplier Confirmation Procedure](#)

The Supplier Confirmation Procedure outlined below will be used to engage with the ultimate beneficiary owners of the company groups in our supply chain:

a) Signed commitment to adhere to our NDPE policy

In Q1-2019, suppliers will be requested to acknowledge in writing their commitment to comply with our NDPE policy unless they already have an acceptable public NDPE policy. As follows, we will:

- Review acceptability of publicly available NDPE policies
- Identify groups without policies
- Write to these groups with request to confirm in writing their commitment to adherence to our NDPE policy
- Review responses and mobilize Grievance Procedure, if required.

b) Correctness and completeness of the supplier group's land bank maps

Throughout Q2 and Q3-2019, supplier groups will be required to review, confirm as correct or adjust a list of plantation assets and related land bank maps owned and/or managed by them, in accordance to the following:

- In Q1-2019, Aidenvironment will assist us in developing clear internal guidelines for the interpretation of rules and legislation related to company groups and ultimate beneficiary owners. We will consult with external stakeholders and explain our interpretation.
- Aidenvironment will assist in the preparation of lists of plantation assets and related land bank maps for every supplier group. This information, along with identified planted area and remaining forest and peat and identified non-compliance against the 31st December 2015 cut-off date, will be presented to supplier groups for review and confirmation.
- Presented maps shared with supplier are assumed correct if a response is not received within two months; should the information later be found incorrect or incomplete at the time of confirmation, then our Grievance Procedure will be enforced.
- Suppliers who wish to challenge the non-compliance assessment may do so through the joint HCV-HCS Approach methodology and the HCSA Toolkit⁶. Any approved HCV-HCSA will be reviewed by Wilmar and implementation partners.
- Suppliers will be given technical support should they inform us that they lack the resources or competency to comply with our request.
- Suppliers who solely operate independent mills (without owned or managed land bank) will be engaged through a special strategy.

⁶ Link: [<https://rspo.org/key-documents/supplementary-materials>].

c) Willingness to submit Recovery Plans

Suppliers groups with non-compliant forest clearing and peat development after the cut-off date of 31st December 2015 up to 1 January 2019 land are required to submit Recovery Plans commensurate with the scale of their non-compliant development:

- Beginning Q1-2019, Wilmar will work with multiple stakeholders to develop technical guidelines and criteria for acceptable Recovery Plans.
- In Q2 and Q3-2019, Aidenvironment will identify potential non-compliance and prepare its findings for confirmation with our suppliers.
- Suppliers who confirm these non-compliances are required to submit their Recovery Plans by Q4-2019.
- Suppliers who wish to challenge the non-compliance assessment may do so by submitting their peer reviewed HCV and/or HCS assessments. In cases related to peatland areas, a semi-detailed soil map will be referenced. If these are not available, they will be required to submit a Land Use Change Assessment (LUCA)⁷, following the RSPO methodology, to be reviewed by Wilmar and/or implementation partners.
- Before the end of 2019, relevant suppliers already in registered grievance cases will be required to submit their Recovery Plans commensurate with the scale of their non-compliant development.
- Suppliers who are unwilling to commit submitting their Recovery Plan will enter the Grievance Procedure.

Risk assessment will be applied to all confirmation steps above, to ensure that our resources are focused on high risk cases.

⁷ Link: [<https://rspo.org/key-documents/supplementary-materials>].