

# Wilmar – Towards a Zero Deforestation Supply Chain



Daphne Hameeteman – Sustainability Lead Europe

June 2021

# About Wilmar

Wilmar is a global leader in processing and merchandising of palm and lauric oils, as well as production of oleochemicals, specialty fats, palm biodiesel and consumer pack oils. In oilseed crushing, flour milling and rice milling, we are a leading player especially in China. We are also amongst the top 10 global raw sugar producers.



**Over 1,000 manufacturing plants in 33 countries and regions\***



**Extensive distribution network in China, India, Indonesia and some 50 countries and regions**

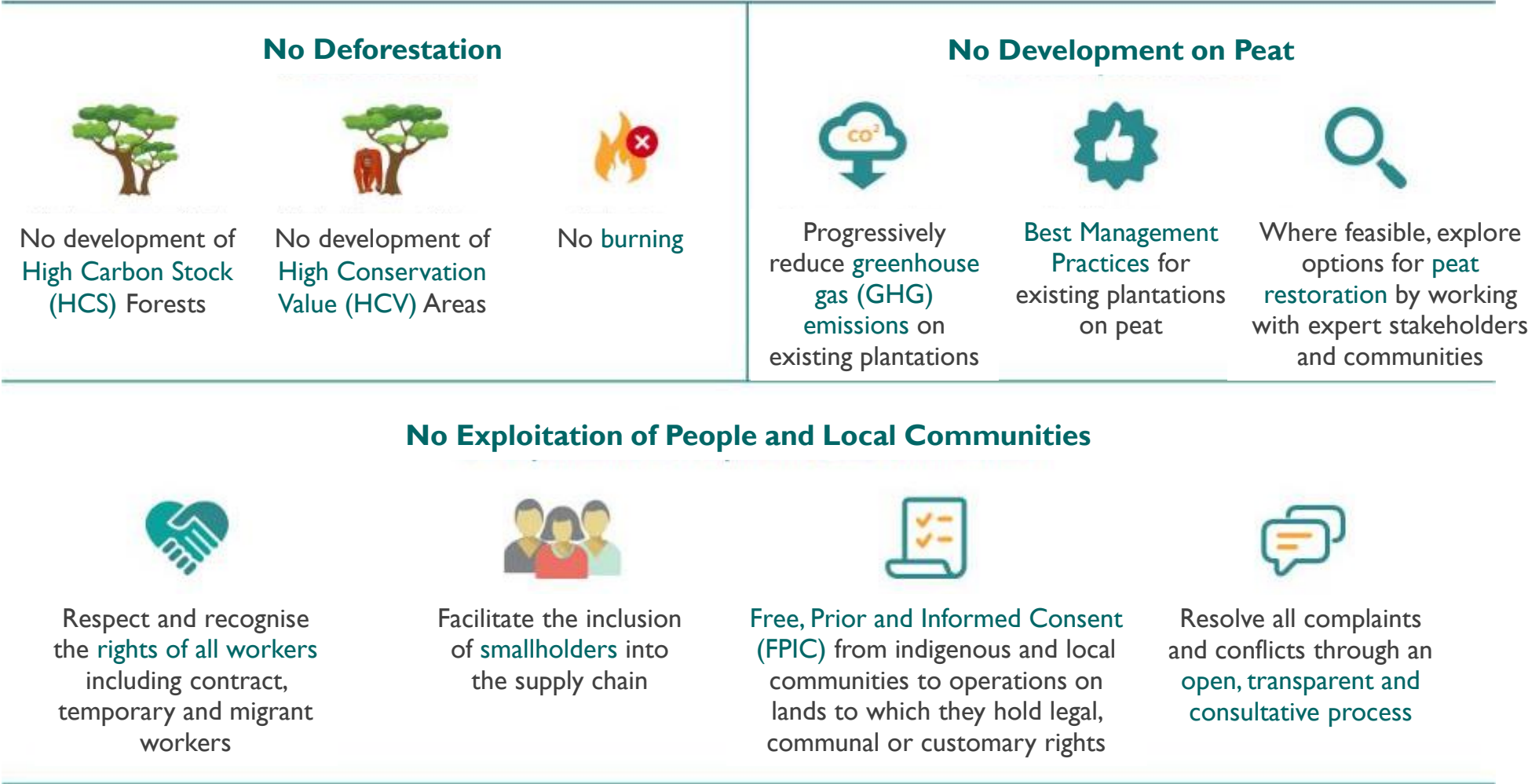


**Multinational workforce of about 100,000 staff globally**



# Wilmar Sustainability Policy

- Announced on 5<sup>th</sup> December 2013; **updated November 2019**
- First palm oil company to launch an NDPE policy which applies to Wilmar-owned plantations as well as third-party suppliers at group-level.





# Traceability



## PT Wilmar Nabati Indonesia, Gresik Traceability Summary - Supplies July 2019 - June 2020

Refinery Details					
Parent Name	Refinery Name	RSPO Status	Latitude	Longitude	Address
Wilmar International Ltd	PT Wilmar Nabati Indonesia, Gresik	Yes - SG;MB	-7.18123	112.6648	Jl. Kapten Darmo Sugondo No-56, Kel. Indro, Kec Kebomas, Kab Gresik, East Jawa, 61124, Indonesia

### Supplying mills (direct) according to region

	Palm	Lauric
Central Kalimantan	34	42
East Kalimantan	20	9
Jambi	1	2
North Kalimantan	2	1
Riau	2	1
South East Sulawesi	0	1
South Kalimantan	1	2
West Kalimantan	19	4
West Papua	1	1
West Sulawesi	1	2
West Sumatra	1	0
Unknown	1	0
<b>Total</b>	<b>83</b>	<b>65</b>

### Traceability

	Palm	Lauric
Unknown	0.3%	0.3%
Traceable to mill*	99.7%	99.7%
*(includes traceable to plantation)	23.7%	24.4%

### No of Suppliers

Wilmar owned mill	9	9
Supplying mills (direct)	74	56
Wilmar refineries	1	4
Others(refiners/traders/bulkers)	2	2

### Volume Percentage

Wilmar owned mill	6.5%	8.8%
Supplying mills (direct)	88.6%	41.5%
Wilmar refineries	0.1%	44.2%
Others(refiners/traders/bulkers)	4.7%	5.6%

### No of Certified Mills

RSPO	21	15
------	----	----



### PT Wilmar Nabati Indonesia, Gresik (July 2019 - June 2020)

#### List of Wilmar's own mills

Parent company	Palm Oil Mill	UML ID	RSPO Status	Latitude	Longitude	Address	Palm	Lauric
Wilmar International Ltd	Agro Palindo Sukid 2 (Sungai)	PO1000007432	No	0.301000°	110.109960°	Ds.Mandang Sengk, Kec. Tayan Hulu, Sanggau, West Kalimantan	x	
Wilmar International Ltd	Agropolis Intersilene 2	PO1000004475	No	0.275300°	109.751410°	Ds.Sebah, Kec.Sungai Terik, Landak, West Kalimantan	x	
Wilmar International Ltd	Batu Sani Kemuning	PO1000001063	Yes - IP;MB	-2.730180°	112.491750°	Ds.Sebah, Kec.Telawang,Kotawaringin Timur, Central Kalimantan	x	x
Wilmar International Ltd	Karasa Kemuning Permai	PO1000004150	Yes - IP	-2.730850°	112.670450°	Ds.Tangar, Kec.Montaya Hulu,Kotawaringin Timur, Central Kalimantan	x	x
Wilmar International Ltd	Kerry Sewi Indonesia 1	PO1000000146	Yes - MB	-2.784630°	112.509530°	Ds.Sebah/Terik, Kec.Darau Sembak, Seruyan, Central Kalimantan	x	
Wilmar International Ltd	Kerry Sewi Indonesia 2	PO1000000523	Yes - MB	-2.686750°	112.483000°	Ds.Sebah/Terik, Kec.Darau Sembak, Seruyan, Central Kalimantan	x	
Wilmar International Ltd	Martara Sari Mui	PO1000003130	Yes - MB	-2.164680°	112.569420°	Ds.Tangar, Kec.Montaya Hulu,Kotawaringin Timur, Central Kalimantan	x	x
Wilmar International Ltd	Musika Sembak 1	PO1000000144	Yes - MB	-2.590500°	112.511280°	Ds.Pondok Damar, Kec.Montaya Hulu,Ulu,Kotawaringin Timur, Central Kalimantan	x	x
Wilmar International Ltd	Musika Sembak 2	PO1000007954	Yes - MB	-2.457100°	112.499730°	Ds.Tanah Putih, Kec.Telawang,Kotawaringin Timur, Central Kalimantan	x	x
Wilmar International Ltd	Ranah Harapan Sakti	PO1000003406	Yes - MB	-2.335700°	112.571760°	Ds.Pematang Limas, Kec.Seruyan Hilir, Kab.Seruyan, Central Kalimantan	x	x
Wilmar International Ltd	Sarasa Tiran Permai 1 (Tanjung Bangau)	PO1000000600	No	-2.894440°	112.543610°	Ds.Buang, Kec.Seruyan Hilir, Central Kalimantan	x	x
Wilmar International Ltd	Sarasa Tiran Permai 2 (Pematang Limas)	PO10000010026	No	-2.904530°	112.612770°	Ds.Pematang Limas, Kec.Seruyan Hilir, Central Kalimantan	x	x

#### List of supplying mills (direct)

Parent company	Palm Oil Mill	UML ID	RSPO Status	Latitude	Longitude	Address	Palm	Lauric
Eagle High Plantations	Aditya Dhamasari	PO1000004102	No	-1.388930°	112.861880°	Ds.Tanjung Jering, Kec.Parengasan, Kotawaringin Timur, Central Kalimantan	x	
Agri Sani Perdana	Agri Sani Perdana	PO1000000550	No	0.869910°	110.696440°	Ds.Pengadik, Kecamatan Kapuas, Kabupaten Sanggau, Kalimantan Barat		
Agri Sani Mandiri	Agri Sani Mandiri	PO10000010407	No	-2.345480°	112.306380°	Ds.Ringan Rapi, Kecamatan Darau Sembak, Kabupaten Seruyan, Kalimantan Tengah	x	x
Goodhope Asia Holdings Ltd	Agro Baku	PO1000003333	Yes - MB	-2.562250°	112.768070°	Kec.Martara Baru,Kotawaringin Timur, Central Kalimantan	x	
Goodhope Asia Holdings Ltd	Agro Baku (PKS Terusan)	PO1000002677	Yes - MB	-2.559960°	112.373600°	Ds.Terusan, Kec.Seruyan Baru,Seruyan, Central Kalimantan	x	
Agro Agro Lestari	Guntung Segitiga Puri Permai	PO1000004176	No	-2.346250°	111.955130°	Ds.Amin Jaya, Kec.PJ1Banyang,Kotawaringin Barat, Central Kalimantan	x	x
Goodhope Asia Holdings Ltd	Agro Indonus II (Pis Sungai Puntar)	PO1000002676	Yes - IP;MB	-2.524250°	112.414800°	Sungai Puntar - Ds.Terusan, Kec.Seruyan Raya,Seruyan, Central Kalimantan	x	
Goodhope Asia Holdings Ltd	Agro Wana Lestari	PO1000001927	Yes - MB	-1.862500°	112.395830°	Ds.Kuala Krayan, Kec. Montaya Hulu,Kotawaringin Timur, Central Kalimantan	x	
Agro Agro Lestari	Surya Indah Nusantara Pagi	PO1000005703	No	-2.255000°	111.956000°	Kel.Pagut, Kec.Arat Ulu, Kotawaringin Barat, Central Kalimantan	x	
Bengkala Sewi Lestari	Awana Sewi Lestari		No	-1.775278°	119.469722°	Jl. Srik Pangsang, Kecamatan Pangsang Kabupaten Marau Ulu Provinsi Sulawesi Barat		x
Bisma Dharma Kemuning	Bisma Dharma Kemuning	PO1000004438	No	-1.401000°	113.181700°	Ds.Hampala, Kec.Kalangan Hilir, Kutaijaya, Central Kalimantan	x	x
Madura Agro	Agri Metro Palm (Cipta Tani Kurni Segitiga)	PO1000005210	No	-2.183900°	112.054270°	Ds.Sukamandaya, Kec.Seruyan Tengah, Seruyan, Central Kalimantan	x	
Agro Agro Lestari	Agro Sani Perdana	PO1000004509	No	-1.966500°	115.509270°	Ds.Hitap,Kec. Harau, Telukong, South Kalimantan	x	
Budimasa Agri Ltd	Agro Sani Perdana	PO1000004866	Yes - MB	-2.546700°	110.304970°	Ds. Seruyan, Kec.Seruyan, Sanggau	x	x
NT Corp	Bungkilan Ulu Mandiri	PO1000008211	No	-1.472610°	112.742850°	Ds.Tanjung Kalang & Tanjung Jering, Antang Kalang, Kotawaringin Barat, Central Kalimantan	x	x
Budimasa Agri Ltd	Gungunya Karyo Gemilang	PO1000003491	Yes - MB	-2.445830°	110.265830°	Dn Berian, Ds.Mekar Ulu, Kec.Kendawangan, Kotayap, West Kalimantan	x	
Agro Agro Lestari	Buana Indah Mayang	PO1000004096	No	-2.033200°	116.401020°	Ds.Labuan, Kec. Paur Bidinglong, Paser, E. Kalimantan		x

# Supplier Monitoring

## 1. Potential New Suppliers: Due Diligence Assessment

- Commit to our NDPE Policy OR provide equal own policy
- Provide Group-level maps for monitoring

## 2. Existing Suppliers: Assessments and Supplier Reporting Tool

- Risk Assessment – desktop
- Mill Assessments – on the ground
- Workshops – Face2Face
- Supplier Reporting Tool (SRT) - An online Self Reporting System to identify and assess compliance with our NDPE policy. Covers 100% of our suppliers

## 3. Satellite Monitoring - Supplier Group Compliance Progr. (SGCP)

- Launched in 2013 with Aidenvironment Asia (now known as Earth Equalizer)
- Provides Deforestation and Fire alerts
- Enables us to better identify non-compliance within our supply chain

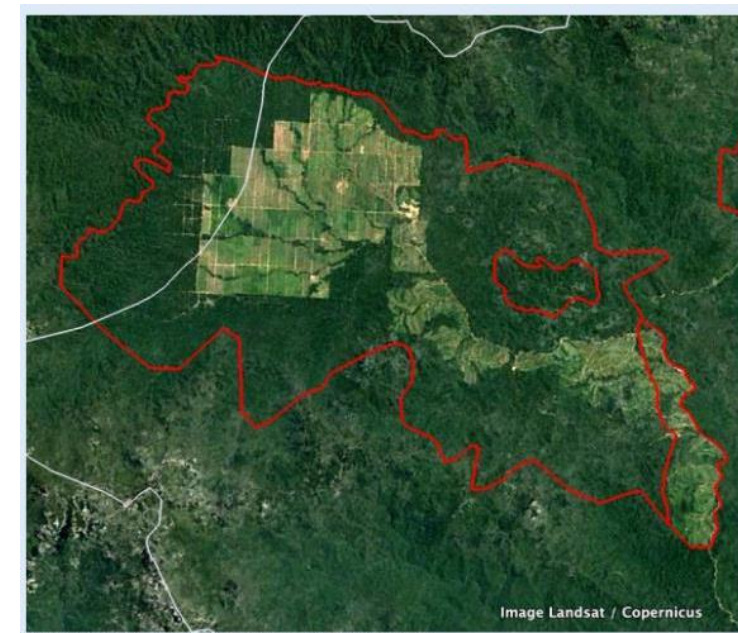
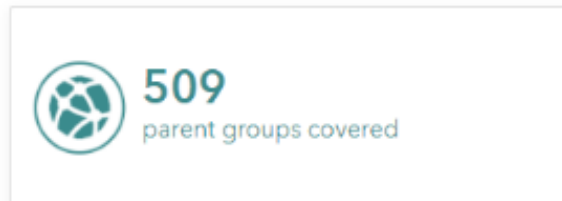
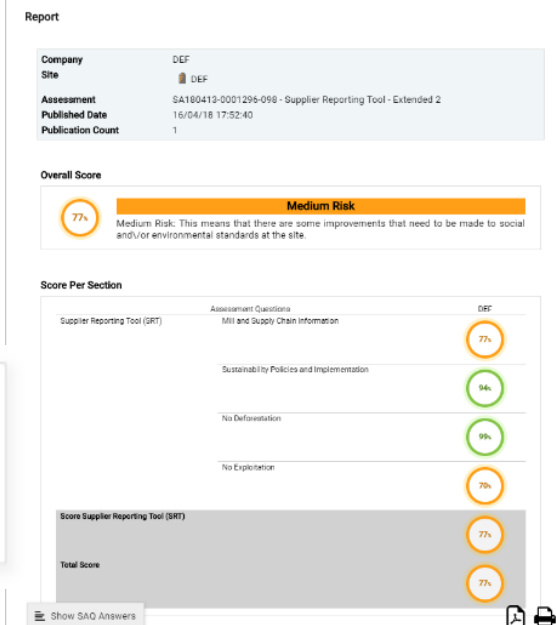


Figure 2 Kencana Agri concession as viewed on the Webgis platform



# Grievance Mechanism

- [Grievance Procedure](#) including “Suspend first” and [Re-Entry Criteria](#) for Suspended suppliers
- [No Exploitation Protocol](#) to support Grievance Procedure
- Public [Grievance List](#)

[Wilmar Grievance List](#)
[RSPO Complaints List](#)

Search by Company, Stakeholders, Subject Matter and Progress

75 grievances found

Company	Received	Grievance Report	Stakeholders	Subject Matter and Progress
Pundi Lahan Khatulistiwa	20 Aug 2020	Report can be found <a href="#">here</a>	Chain Reaction Research	<p><b>Status:</b> <span>Case closed</span></p> <p>Non-compliant palm products allegedly enter Wilmar's supply chain through its supplier, PT Pundi Lahan Khatulistiwa</p> <p><b>Progress Update</b>            Wilmar immediately initiated engagement with PT Pundi Lahan Khatulistiwa (PLK) when allegations of PT PLK's sourcing from PT Palmdale Agrosia Lestari (PAL) were brought to our attention.</p> <p>PT PAL is allegedly linked to Sulaidy-associated companies, where Sulaidy's companies were reported to involve in several cases of deforestation. It appeared that Sulaidy's company is a minor shareholder of PT PAL, where their shareholdings are less than 5% in PT PAL.</p> <p>PT PLK has ceased sourcing from PT PAL with effective from 1<sup>st</sup> September 2020 after the case was brought to their attention. PT PLK has also shared the list of their FFB suppliers with Wilmar for ongoing monitoring.</p> <p>Our last meeting with PT PLK was on 2 September 2020.</p>

## Grievances



85%

of 75 total grievances cases lodged as at end 2020 have been closed



1.8 mil<sup>HA</sup>

non compliant oil palm plantation areas to NDPE policy, managed by 19 parent groups removed from supply chain



7 supplier groups

have been suspended since the introduction of our 'suspend first' approach



# Rimba Collective: Addressing forest positive

**Aims to provide US\$1 billion to Protect and Restore 500.000 hectares of forest**



**Deforestation in Indonesia reduced by 34% in 2017-2018**



**NDPE pledges spared ~ 6.4 mil ha from palm development**

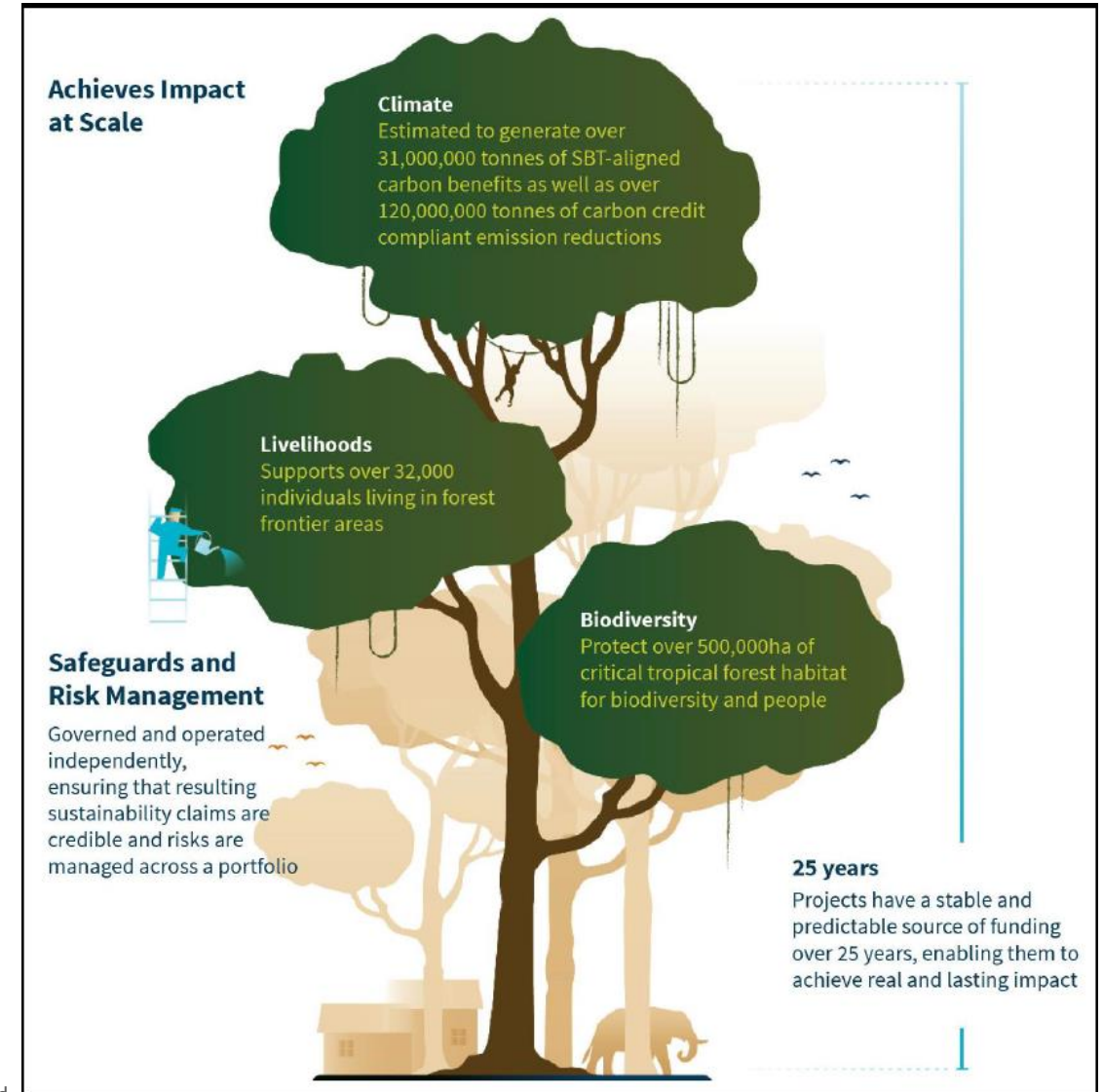


**The palm industry taking collective forest positive action by creating a self-sustaining and scalable financial mechanism for investment in conservation**

**Projects already identified in portfolio will enable:**



- Protection/ restoration of 500,000 ha
- Support for over 32,000 people living in forest frontiers
- Generate over 31 mil tonnes of SBT-aligned carbon benefits, and up to 120 mil tonnes of carbon credit compliant emission reductions



# Transparency - Website

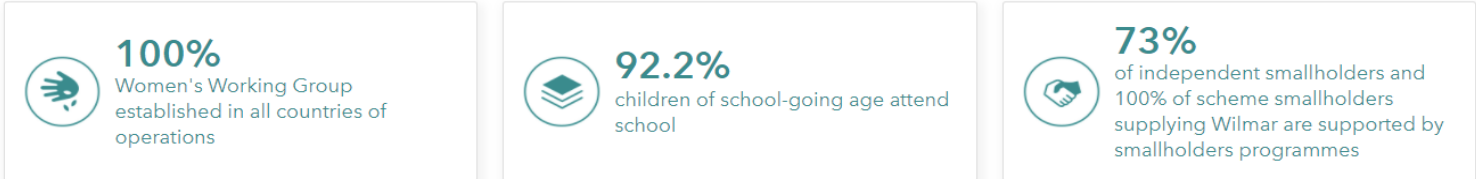
## Certification and Conservation



## Traceability

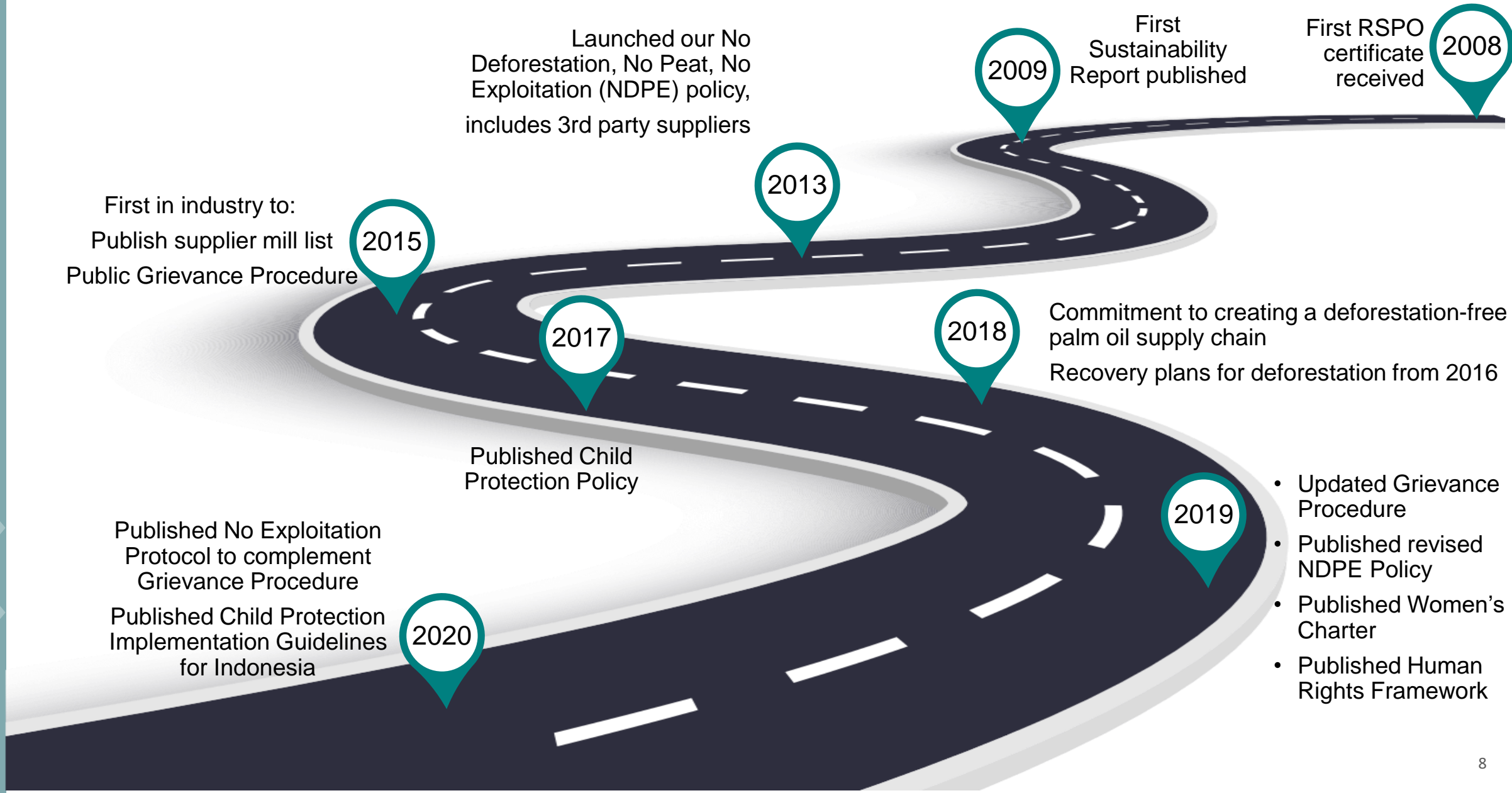


## Protecting Human Rights





# Wilmar's Sustainability Journey



# What needs to improve?

*NDPE by P&Ts cover over 75-80% of global palm oil production*

## Maximum impact:

- Alignment on how to **remove deforesters** from our supply chains
- Alignment on and how to collectively **move towards forest positive:**

For example, Wilmar implemented as the only P&T:

- **“Suspend First”** commitment – on a group level
- **Recovery plans** as part of re-entry criteria

*Important: Private sector can't do this alone!*

Consuming countries need to assist to provide alternative livelihoods for forest landowners



**EXPECTATION:** *In a recent panel discussion Joanna Drake, Deputy Director General, DG ENV, confirmed that **due diligence obligations will be stricter for products from countries with high deforestation rates**. She also raised the possibility of a **strict prohibition** from the highest risk areas.*

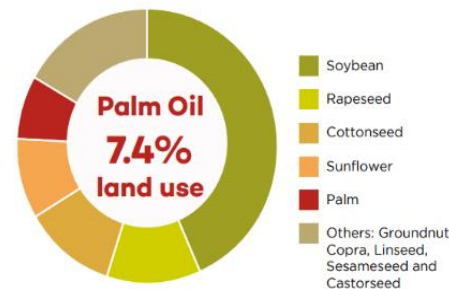
## FEAR:

- Focusing on “high-risk” geographical areas/regions **displaces the problem**.
- Penalizing sustainable actors** and putting them at a competitive disadvantage
- Producers from those products/regions have **no incentives to produce sustainably**

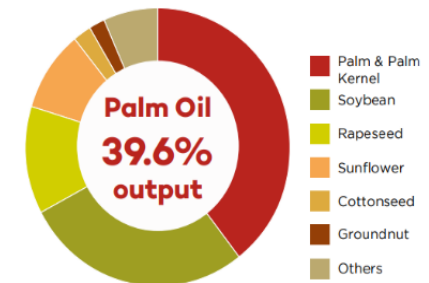
## RECOMMENDATION:

- Follow palm industry: sector wide NDPE policy, currently coverage 75-80%
- Implement **level playing field** policies; do not discriminate products/regions
- EU **partner** with production countries and focus on **transformation on the ground** (including conservation) instead of only cleaning EU supply chain.

Land use in 2018: **288.7**  
million Hectares



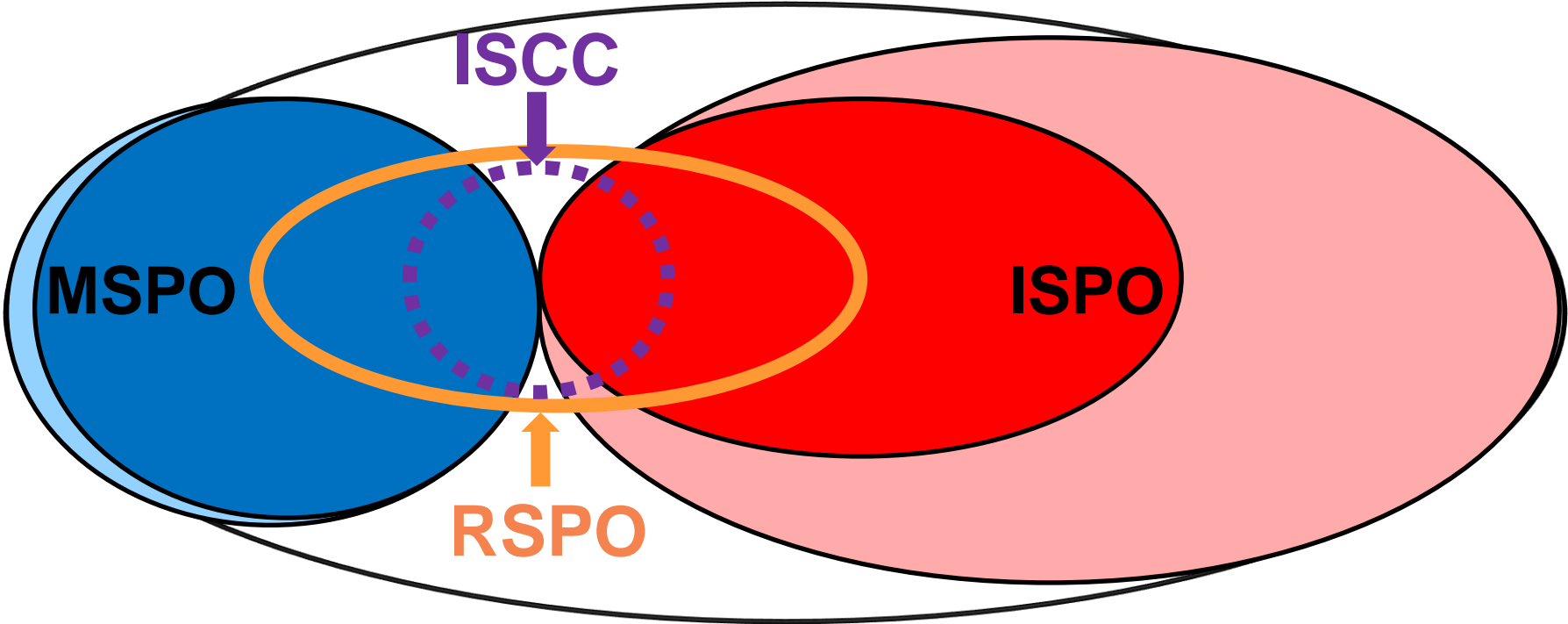
Production in 2018: **203.3**  
million Tonnes





# High Risk?

## Certified Palm Oil vs Global Volumes



- ☐ GLOBAL VOLUMES
- ☐ MALAYSIAN VOLUMES
- ☐ INDONESIAN VOLUMES

# Discussion & Questions

## Wilmar Sustainability Report 2020



Contact us at: [sustainability@eu.wilmar-intl.com](mailto:sustainability@eu.wilmar-intl.com)