SUSTAINABILITY
REPORT 2009

wilmar

ABOUT THIS REPORT

SCOPE

This report covers oil palm plantations and mills of Wilmar International Limited (Wilmar) in Malaysia and Indonesia. The report does not cover the Group's other activities in these countries, plantation division businesses outside of these countries or operations in which Wilmar has less than 51% ownership. Further operations may be included in future reports, prioritised on the basis of stakeholder feedback.

We have chosen to report on this division, as our plantations are the most scrutinised among our activities, with the highest level of stakeholder concerns. It represents a significant part of our business at approximately 20% of our Group's profit before tax, a large proportion of our physical assets and almost 60% our total workforce.

MATERIALITY AND RESPONSIVENESS

We have endeavoured to ensure that the report covers issues which are important to our internal and external stakeholders. The report has been compiled by an external consultant who was given access to social impact assessments, high conservation value (HCV) area assessment reports and complaint registers. This was supplemented with interviews with external and internal stakeholders, including community representatives and NGOs. In addition, senior managers from across the Group attended a full day workshop designed to prioritise issues and contribute to building a materiality matrix.

COMPLETENESS

We have attempted to provide a complete overview of our operations within the established scope. However, since this is our first report, data availability and consistency across sites have yet to be fully aligned. We believe that the data presented are a fair representation of performance, and have included detailed notes in relevant sections to ensure transparency.

REPORT CYCLE

This is our first Sustainability Report. We plan to report every two years in line with the calendar year, depending on feedback from stakeholders.

REPORTING STANDARDS

We are reporting against the Global Reporting Initiative (GRI) G3 at application level C. We also seek to apply the principles of the AA1000 standard of materiality, responsive and completeness.

ASSURANCE

For this report, we have emphasised the views of key stakeholders familiar with our operations. To provide an overall opinion, we have engaged an expert with an in-depth understanding of our efforts on the ground and strong links in the NGO community to provide an opinion about the materiality and responsiveness of the report. To comment on specific material issues, we have also invited comments from organisations who we believe to be representative of the discussions we have with stakeholders.

CONTENTS

WELCOME STATEMENT FROM THE CHAIRMAN AND CEO

I am happy to be able to welcome readers to Wilmar's first Sustainability Report, which marks a new step in our ongoing journey towards transparency and accountability.

Our journey began in 1991, when Wilmar first established plantations in Indonesia. Back then, we were not using the word "sustainability", and there was no structured guidance for our industry. However, we still knew that productive and profitable plantations required high standards, both in terms of workers' conditions and in terms of good agricultural practices.

Today – almost two decades later – the world is a different place. Wilmar is fully committed to the Roundtable on Sustainable Palm Oil (RSPO) and its Principles and Criteria (P&C). We believe that this is an effective body and standard, which brings together the palm oil industry in improving its practices in a manner which is acceptable to stakeholders and communities while striving to conserve and protect the environment.

Sustainability is about continuous improvement, and we know that we must ensure that this mindset is embedded throughout the company. At Wilmar, we want to see pride and respect as values that are ingrained in every employee's action, whether management or workers. Thanks to the hard work of our employees, we have made tremendous strides forward over the past years. At the time of writing, we just passed an important milestone with the RSPO certification of two of our mills in Kalimantan, Indonesia and Sarawak, Malaysia – both a first in the industry. This also means that we have successfully completed certification for all our Malaysian operations, except for one. We believe that our certification in such complex regions demonstrates that palm oil can be sustainable, and contribute positively if developed carefully and responsibly, and with the shared commitment of employees.

Much debate has focused on the cost of sustainability and certification. We do not think that the cost is burdensome. The main challenge is accepting the opportunity cost of refraining from developing areas identified as having high conservation values that must be maintained, or the longer timelines involved in ensuring the free, prior and informed consent of communities before development. But in the longer term, these are sensible precautions that help us avoid problems in the future.

For larger companies, the cost involved in certification against the RSPO P&C is manageable – it is the price of a sound business. We believe that companies the size of Wilmar have an opportunity and an obligation to go beyond certification and compliance, and invest in continued improvements for our sector at large. Even for smaller established companies, the certification cost is negligible, and will pay for itself within a very short timeframe. The bottom line is that the standards set out in the RSPO P&C are basic sustainability standards, and should be adhered to by all operators in the industry. The palm oil industry is a profitable business, but companies need to be less concerned about their short-term P&L, and more concerned on their long-term operational health, which relies on good community and worker relationships, ethical business dealings and reductions in environmental impacts. Our industry should not wait for government intervention, but stay ahead and set an example.

We would of course hope that the buyers of palm oil will also see value in supporting sustainable palm oil. In our largest markets, China and India, we are seeing an increased interest in sustainable development, albeit it will still take some time before sustainable products become mainstream in those markets. Using the slow uptake of certified sustainable palm oil, however, as an excuse for inaction is neither acceptable, nor wise. For Wilmar, the driver for sustainability is simply that it makes good business sense. Responsible practices lead to higher productivity through better yields, worker retention and even cost savings.

Some stakeholders feel that irresponsible actions in our industry should lead to boycotts and exclusion of companies from the marketplace. We prefer to encourage improvements through positive engagement. Boycotts will not stop destructive behaviour. One of our key contributions is to demonstrate our continuous improvements, and share solutions with our industry, through e.g. co-chairing the RSPO working group on greenhouse gases, or working with conservation groups to develop ways to protect endangered species.

We are not perfect, and we have received our share of criticism. Some issues raised in the past were relevant and helped us move forward, but others were simply ill-informed. We welcome engagement with various stakeholders and see it as an opportunity for collaboration. The needs of local people, however, must never be ignored, so it is important to us that NGO partners share our vision to support opportunities for development and job creation while ensuring environmental protection.

For Wilmar, responsibility is not merely about philanthropy. In a world where climate change and poverty pose major threats to humanity, we must act. We believe that providing decent jobs and development opportunities for remote communities is the most effective contribution. Likewise, we want to conserve the natural environment pro-actively and reduce emissions, rather than trying to rectify damage afterwards.

As one of the largest companies in the industry, Wilmar has a responsibility to invest in sustainability and show leadership. Our size means that we can invest in finding innovative solutions, and document these in a way that we hope can enlighten and inspire others.

Kuok Khoon Hong
Chairman and Chief Executive Officer,
Wilmar International Limited

OVERALL ASSURANCE STATEMENT

It is a pleasure to comment on Wilmar International's first Sustainability Report for the Oil Palm Plantation Division of its global operations.

The report launches a biennial series to describe Wilmar's corporate commitments to sustainability, and performance toward meeting targets for continued improvement. It represents a major step forward in transparency for one of the world's largest corporations in vegetable oils, and a leading member of the Roundtable on Sustainable Palm Oil (RSPO). This report embodies significant work to compile, review and present data in relation to a broad range of sustainability concerns. Wilmar deserves substantial recognition for this effort.

As Wilmar's first ever Sustainability Report, this report will treat some issues too lightly in the minds of some readers, and overlook the others entirely. Wilmar seeks critical input on exactly this issue to deepen and broaden future reports to address issues of greatest concern. Here, I describe my views on where the report excels, and provide recommendations for how future reports can be strengthened.

ABOUT DR. GARY PAOLI

DR. GARY PAOLI IS AN ECOLOGIST AND BOTANIST WITH A PhD FROM THE UNIVERSITY OF MICHIGAN

He has conducted basic and applied research on biodiversity conservation in Indonesia since 1991, and is a founding Director of Daemeter Consulting, a leading provider of technical support to achieve responsible forestry and agricultural practices (www.daemeter.org). Dr. Gary is a leading advocate on proper use of the High Conservation Value (HCV) tool for balancing multiple objectives in natural resource sectors. He contributes to national and international meetings on sustainability and publishes peer-reviewed papers and reports on Indonesian biodiversity and its conservation in production and protected landscapes.

> This report embodies significant work to compile, review and present data in relation to a broad range of sustainability concerns.

Four topics stand out in the report and illustrate well Wilmar's proactive stance toward sustainability. These include:

TOPICS	DESCRIPTION
Transparency	Demonstrated by its participation in the Carbon Disclosure Project, an investor-led transparency initiative to highlight emission reduction potentials, and release into the public domain at least one High Conservation Value (HCV) area assessment of a new plantation in West Kalimantan.
Gender equality	Illustrated by programmes to improve gender balance among employees, especially opportunities for women, currently representing 30% of the workforce, to advance to managerial levels, where representation is currently low (10%) but steadily increasing.
Smallholder empowerment	Demonstrated by programmes for smallholders to improve practices and achieve RSPO certification against the smallholder standards. To my knowledge, Wilmar's time-bound (discussed later) to certify smallerholders in Indonesia and Malaysia is a first among growers.
Conflict resolution	Illustrated by Wilmar's new systematic approach for achieving fair and lasting solutions to legitimate disputes, as evidenced by the Sajingan Kecil case study featured in the later section.

These four issues stand out as strengths in the current report, including discussion of strengths, weakneses, and areas where further improvements will be made.

OVERALL ASSURANCE STATEMENT

In future reports, greater depth and analysis would be welcomed for a number of topics. Among these, leading issues include:

TOPICS	DESCRIPTION
Free Prior and Informed Consent (FPIC)	This report describes Wilmar's approach to implementing FPIC procedures to secure land release from local communities for planting. A fuller descriptioin of lessons learned from implementing FPIC in a variety of complex socio-political settings, especially in Indonesia, would contribute usefully to a broader understanding of these issues.
Greenhouse Gas (GHG) footprint	Wilmar has demonstrated leadership in relation to GHG reduction through participation in public disclosure programmes, modifications of mill practices to reduce emissions, and by commissioning an independent study of potential indirect land-use change impacts caused by new plantations. In future reports, a general accounting of Wilmar's overall GHG footprint would be of keen interest to a broad cross-section of stakeholders as a benchmark for tracking future improvements.
Contract labour	Like most palm oil companies, Wilmar relies heavily on the use of contract (temporary) employees in its plantations, especially during the early stages of plantation development. Future reports should provide data on number of contract labourers and specific targets for reduction and specific programmes to achieve this.
Supply Chain	As a major buyer of palm oil from other growers, Wilmar has the leverage to promote good practices throughout the plantation industry, and does so through a policy of engagement to engage broader adoption of sustainability practices among its supply partners. In the long-term, stakeholders may wish to know more about minimum pre-conditions for Wilmar to continue such engagement and under what conditions Wilmar would consider suspending a supply relationship.

It is acknowledged that some of the above topics are so complex that space limitations will preclude adequate treatment in future Sustainability Reports. In such cases, Wilmar should consider launching a series of sub-reports that address these key topics (and possibly others) in greater depth.

I would like to commend Wilmar on its first Sustainability Report. Overall, it provides a balanced coverage of Wilmar's current strengths and targets for continued improvement in relation to a broad range of concerns. Future reports will be improved further by addressing these comments, and especially inputs provided by other stakeholders. I wish Wilmar good luck in its efforts to continue improving in its quest for achieving sustainability, and look forward to future reports.

OUR TARGETS FOR IMPROVEMENT

We believe in accountability and want to ensure that we are constantly improving our practices in measurable and practical ways. As part of our reporting, we will be tracking our progress on material issues and areas where we are not satisfied with the current status. For some areas where we have a clear policy, but where measurements are less tangible, we choose to focus our commitment on future reporting. Key areas with specific targets for improvement are outlined here, and discussed in more detail throughout the report.

COMMITMENT	TIMELINE
RSPO Certification	
All Indonesian mills have completed RSPO P&C certification audits	2013
All Malaysian mills have completed RSPO P&C certification audits	2010
Production	
Achieve combined extraction rate (Percentage of crude palm oil + palm kernel that can be obtained from per tonne of fresh fruit bunch (FFB)) of: 26.75 for Kalimantan 25 for Sumatra 27.1 for Malaysia	2014
Achieve peak yields (tonnes of FFB per hectare) of: 27 for Kalimantan 28 for Sumatra 30 for Malaysia	2014
Biodiversity	
No new development prior to the completion of a high conservation value area assessment	Reporting on status in 2012
All existing plantations will have a high conservation value area assessment	2013
Herbicides	
No use of paraquat	2011
Health and safety	
Maintain Lost Time Incident Rate per 200,000 working hours (LTIR) below 2.5 in all Indonesian operations	2012
Achieve LTIR below 5 in all Malaysian operations	2012
Communities	
No expansion without Free, Prior and Informed Consent from local communities	Reporting on Status 2012
Smallholders	
All existing associated smallholders in Kalimantan have completed RSPO certification audits	2013
All existing associated smallholders have completed RSPO certification audits	2016

OUR BUSINESS

We are one of the world's largest producers and merchandisers of refined palm and edible oils, with operational presence in 25 countries and a customer base in over 50 countries.

OVERVIEW OF WILMAR INTERNATIONAL

Wilmar International Limited is one of the world's largest producers and merchandisers of refined palm and edible oils. We grow palm oil and purchase oilseeds which are processed into different grades of edible oils. Refined edible oils are sold to our customers, including food manufacturers, confectioneries and biofuel producers. We also produce consumer pack edible oil under our brand names and sell directly to consumers. We have an operational presence in 25 countries and a customer base in over 50 countries.

OUR HISTORY

Wilmar began operations in 1991 as a palm oil trading company. In 2007, we completed a merger with Kuok Oils & Grains Pte Ltd, PGEO Group Sdn Bhd and PPB Oil Palms Berhad in a deal worth USD2.7 billion. In the same year we also completed a restructuring exercise to acquire the edible oils, grains and related businesses of parent company, Wilmar Holdings Pte Ltd, including interests held by Archer Daniels Midland Asia Pacific and its subsidiaries in these businesses, for USD1.6 billion.

We are today:

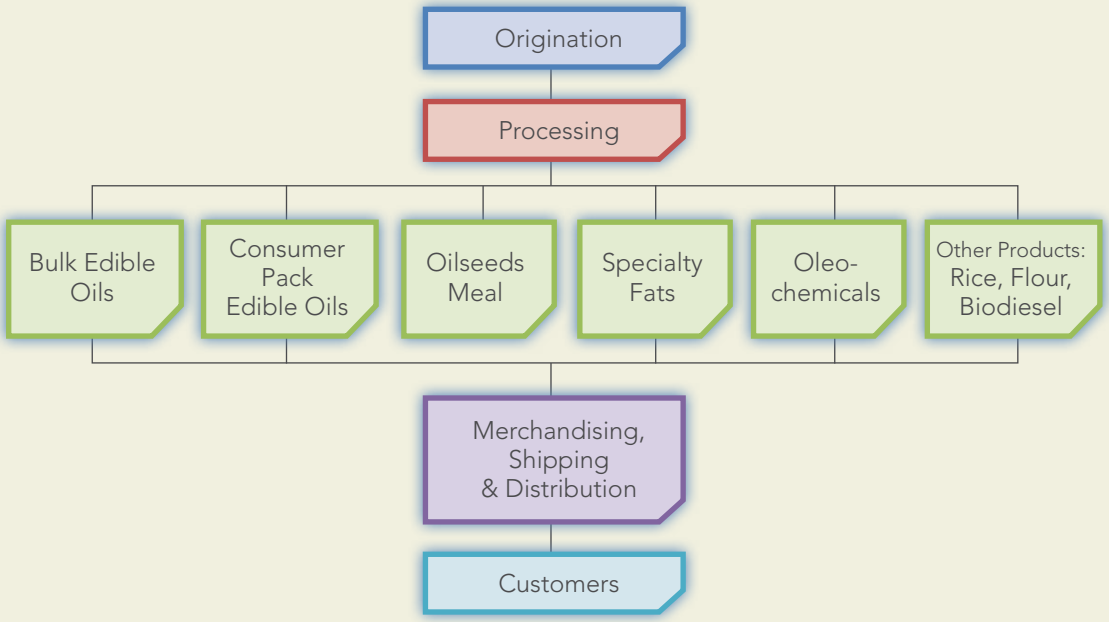
- the largest global processor and merchandiser of palm and lauric oils;
- one of the largest plantation companies in Indonesia and Malaysia;
- the largest palm biodiesel manufacturer in the world;
- a leading consumer pack edible oils producer, oilseeds crusher, edible oils refiner, specialty fats and oleochemicals manufacturer in China;
- one of the largest edible oils refiners and a leading producer of consumer pack edible oils in India;
- the largest edible oils refiner in Ukraine; and
- the leading importer of edible oils into East Africa.

AN INTEGRATED BUSINESS MODEL

Our business activities extend across the entire value chain from origination and processing to merchandising and distribution. Our integrated business model enhances our competitiveness and resilience against changing market conditions.

Our large and integrated manufacturing operations benefit from economies of scale and operational synergies. We have an in-house fleet of vessels to facilitate our shipping needs, and ports and jetties with deep draft next to our manufacturing complexes to minimise logistics costs. Our global distribution and marketing network allows us to reach a wide base of customers and provide excellent marketing information. With integration, we are able to extract margins at every step of the value chain and be one of the lowest cost producers providing the highest quality products.

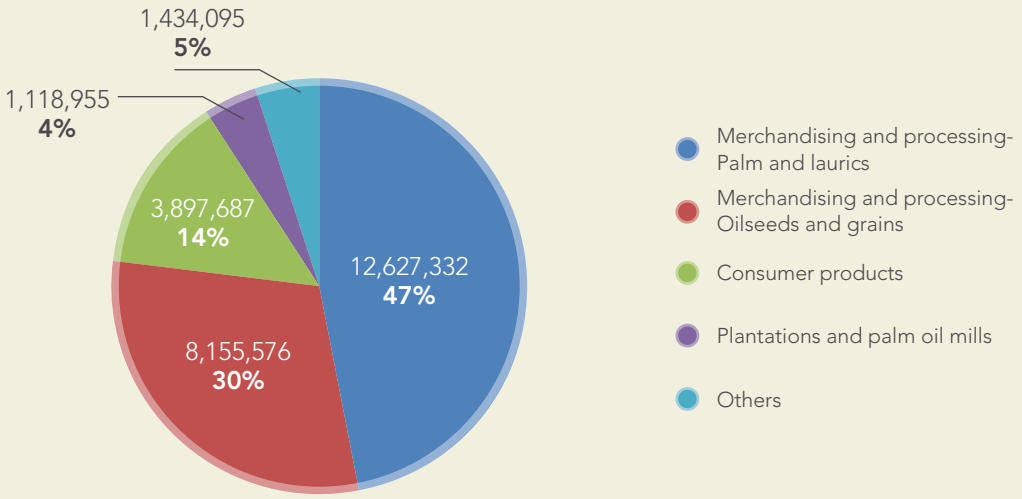
Integrated Agribusiness Model



FINANCIALS

The Group achieved revenues of USD23.9 billion and net profit of USD1.9 billion for the financial year ended 31 December 2009. Compared to the previous year, all our business segments continued to perform well as we remained focused on growing our businesses, extracting cost efficiencies and risk management. The Group's balance sheet continued to strengthen, as total assets increased to USD23.4 billion while shareholders' funds increased to USD10.9 billion.

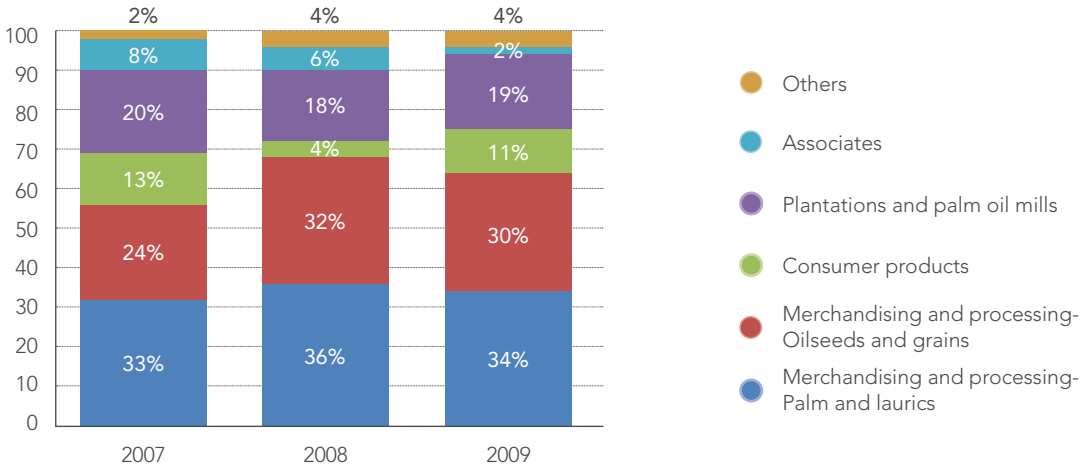
Revenue by segment 2009
Total: USD27,234 million*



** Revenue before elimination of inter-segment sales*

OVERVIEW OF WILMAR INTERNATIONAL

Profits before tax by business segment - % of total
2009: USD2,294 million



OUR BUSINESSES

Processing and Merchandising – Palm and Laurics

We process palm and lauric oils into refined palm oil, specialty fats, oleochemicals and biodiesel. We are the largest processor and merchandiser of palm and lauric oils and the largest palm biodiesel manufacturer in the world[1]. As at 31 December 2009, the Group had refineries located in the following countries:

- 22 plants in Indonesia
- 15 plants in Malaysia
- 42 plants in China
- 5 plants in Europe
- 2 plants in Vietnam
- 14 plants in India (associate)
- 2 plants in Africa (associate)
- 1 plant in Ukraine (associate)
- 3 plants in Russia (associate)

Processing and Merchandising – Oilseeds and Grains

We process oilseeds into edible oils and oilseeds meal, and mill paddy and wheat into rice, flour and other related products. We are the largest oilseeds crusher and one of the leading wheat and rice millers in China. As at 31 December 2009, the Group had a total of 38 oilseeds crushing plants.

Consumer Products

We produce consumer packs of edible oils, rice, flour and grains which are marketed under our own brands. In China, we are the largest producer of consumer pack edible oils. We also have market-leading positions for consumer pack edible oils in Indonesia, India, Vietnam and Bangladesh.

[1] *Total CPO and WIL %*

Plantations and Palm Oil Mills
Our plantation operations are located in Indonesia and Malaysia, with over 235,000 hectares (ha) in total planted area. We also own plantations in Uganda and West Africa via joint ventures. Total planted areas in Uganda and West Africa are approximately 6,000ha and 37,000ha respectively.

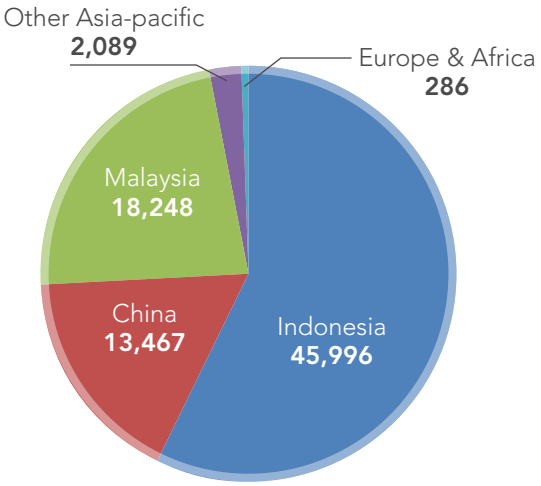
We operate nine mills in Malaysia and 26 mills in Indonesia which process fresh fruit bunches that we source from our own plantations, smallholders under the Group's Plasma Smallholder scheme and third-party suppliers. We manage some 34,000ha and 125,000ha under the smallholders scheme in Indonesia and West West Africa respectively.

Other Divisions consist of businesses which are complementary to our core business activities. We manufacture and distribute fertilisers, as well as ship liquid and dry bulk.

EMPLOYEES

Our global workforce of over 80,000 employees contributes unique expertise and experience to drive Wilmar's growth. Around 60% of our employees work in the oil palm plantation business in Indonesia and Malaysia.

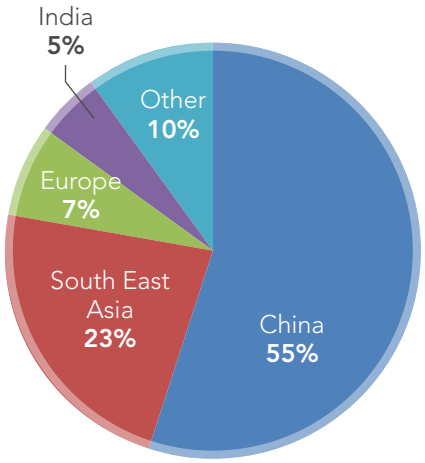
Wilmar Group employees by region
Total 2009 employees: 80,086



OUR MARKETS

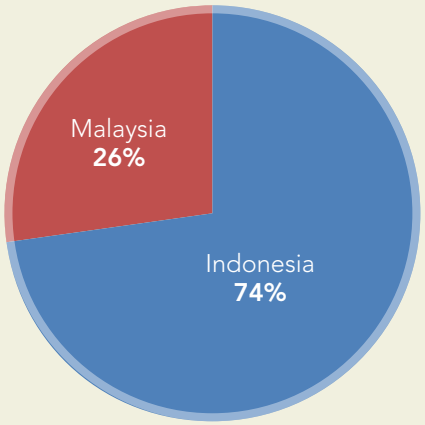
Our products are sold to customers in over 50 countries. Our largest markets are shown in the pie chart below:

Wilmar FY2009 sales by geography



OUR PLANTATIONS

Planted area by country
2009: 235,799 hectares



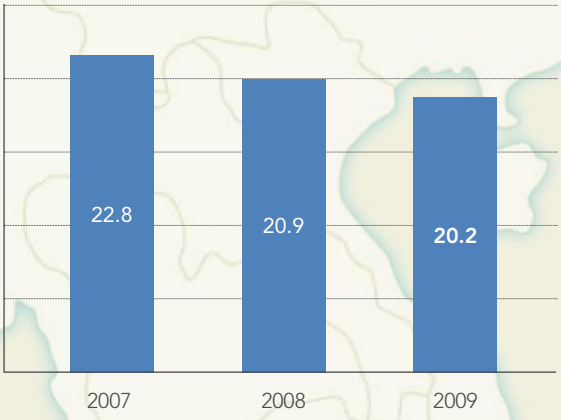
Wilmar is Asia's leading agribusiness group. In oil palm, we are among the leaders, with a total planted area of 235,799ha as at 31 December 2009. About 74% of the total planted area is located in Indonesia with the remaining 26% in East Malaysia. We process fresh fruit bunches (FFB) that we source from our own plantations and also from almost 34,000ha of plasma smallholders in Indonesia. The crude palm oil (CPO) and palm kernel produced by our palm oil mills are predominantly supplied to our refineries and palm kernel crushing plants.

We undertake the entire process of oil palm cultivation on our plantations. We develop seedlings, monitor their growth, harvest and mill the fresh fruit bunches. We are improving the variety and quality of seeds through plant breed research.

SMALLHOLDERS

We support the government-initiated smallholder (plasma) programme by helping to manage a total of 33,747ha of oil palm as at 31 December 2009. This scheme supports smallholders in micro-financing, land-clearing, planting, and advice on good agricultural practices. From 2007 to 2009, we invested more than USD4.7 million in this programme.

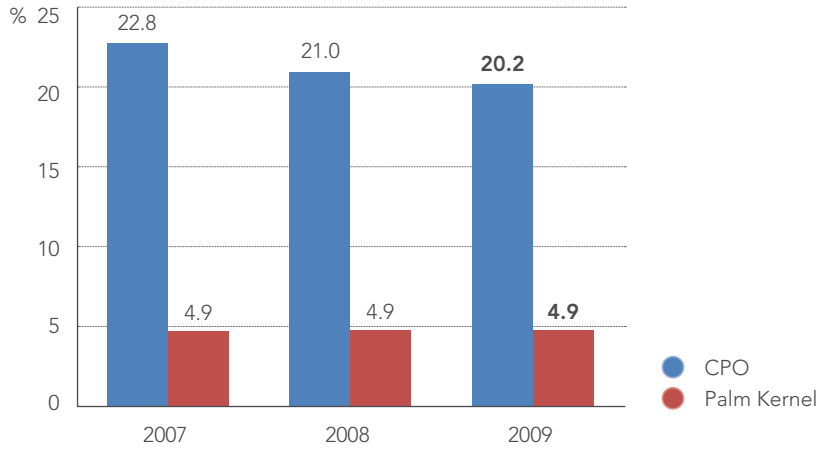
FFB Yield (mt/ha)



NB: due to drought in our areas of operation in 2007, FFB yields suffered a lag effect and production declined.

OUR PLANTATIONS

Extraction Rate
(% per tonne of fresh fruit brunch)



IN HECTARES	AVERAGE AGE OF PALM					
31-Dec-09	0 - 3 yrs	4 - 6 yrs	7 - 14 yrs	15 - 18 yrs	>18 yrs	Total
Indonesia	65,751	38,840	37,366	19,847	11,562	173,366
Malaysia	2,848	8,085	25,687	17,906	7,907	62,433
Total Planted Area	**68,599**	**46,925**	**63,053**	**37,753**	**19,469**	**235,799**
% of Total Planted Area	29.1	19.9	26.7	16.0	8.3	100
Plasma Programme	1,047	1,624	18,131	9,484	3,461	33,747
% of Planted Area	3.1	4.8	53.7	28.1	10.3	100

PALM OIL IN INDONESIA AND MALAYSIA

Indonesia and Malaysia account for a combined 90% of the world's palm oil production and 40% of the world's vegetable oil. Situated in the tropics, the region is ideally suited to the cultivation of African palm, experiencing an average temperature of 32°C and receiving on average over 200mm of rain a month. A cultural melting pot, there are hundreds of different ethnic communities with their own unique language, dialect and culture.

The biodiversity of the region is as rich as its people. It is home to over 27,000 species of plants, mammals, birds, reptiles and fresh water fish. Close to 60% of species found here are endemic and cannot be found anywhere else on earth. However, this natural wealth is under threat: deforestation is occurring twice as fast as in other parts of the world. Though protection of large mammals such as the Orang-utan, the Sumatran Tiger and the Asian Rhino have been at the forefront of the struggles to protect this biological heritage, often lost is the fact that an estimated 162[2] endemic birds, mammals and amphibians remain threatened.

Oil palm in Malaysia

Malaysia produced 17.7 million metric tonnes (mt) of fresh fruit bunches on 4.69 million ha of planted area in 2009. The sector employed over 590,000 employees, and contributed to 3.2% of the country's real GDP in 2008 and 7% of total exports in 2009.

Oil palm in Indonesia

In 2009, Indonesia produced over 20 million mt of fresh fruit bunches, and 14.2 million mt or 44.7% of the world's palm oil. The industry contributes USD12.4 billion in exports and 4.5% of the country's GDP[3,4]. It has a planted area of 7 million ha and employs over 3.5 million people. In Indonesia, 41.4% of planted oil palm is smallholder or plasma areas. The major oil palm producing areas are on the islands of Sumatra and Kalimantan, but new developments are taking place in other areas of Indonesia, such as Papua.

Comparison of social indicators for Indonesia and Malaysia

	INDONESIA	MALAYSIA
Area	1,919,440 km	329,845 km
Population	229 million	28 million
GDP per capita	USD3,900	USD14,081
% living below USD2 per day	50%	
% living under national poverty	17.8%	5.7%
Gini Coefficient	34.3	40.3
Human Development Index	111	66
Corruption Perception Index	111	56
USD1	IDR9,045	RM3.2

[2] *http://www.biodiversityhotspots.org/xp/hotspots/sundaland/Pages/default.aspx*
[3] *Minister of Agriculture at the Indonesian Palm Oil Conference and Price Outlook 2010. Bali. 2 December 2009*
[4] *http://www.istockanalyst.com/article/viewiStockNews/articleid/3660667*


CERTIFICATE
Field of attention:
RSPO
CERTIFICATE NO:
CUC809360RSPO-1.2008
Issued to
PPB Oil Palms Berhad
15th Floor Wisma Jerneh, No.38 Jalan Sultan Ismail, Kuala Lumpur, Malaysia

SUSTAINABILITY GOVERNANCE AND STRATEGY

We have developed a governance and management structure which seeks to ensure that all our operations are operating to consistent standards and in a manner that is responsive to both our shareholders and the wider stakeholder environment.

LEADERSHIP FROM THE TOP

As one of the leading companies in our sector, it is our responsibility to demonstrate leadership by example. Over the past years, we have developed a governance and management structure which seeks to ensure that all our operations are operating to consistent standards and in a manner that is responsive to both our shareholders and the wider stakeholder environment.

BOARD OF DIRECTORS

The 12-member Board of Directors is responsible for the strategy of Wilmar International Limited. The Board is led by Mr Kuok Khoon Hong who holds the combined offices of Chairman and Chief Executive Officer. The Board includes five Executive Directors and seven Non-executive Directors, four of whom are independent directors in accordance with the Singapore Code of Corporate Governance. The presence of one-third independent directors provides for internal checks and balances to ensure accountability, transparency and good governance.

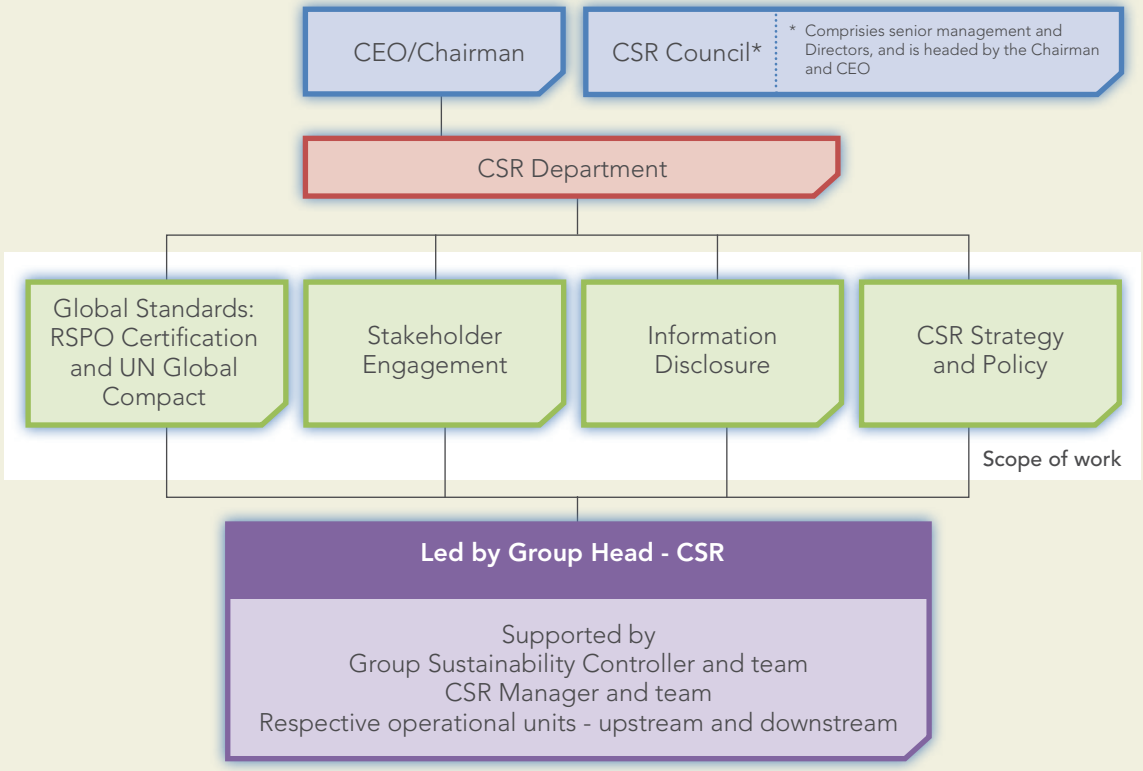
The Board of Directors consists of nine Singaporeans, two Malaysians and an American. They have been elected to the board based on their diverse skill sets and professional expertise across the banking, accounting and agribusiness industries.

The Board convenes four times during the financial year. The Audit, Risk Management, Remuneration and Nominating Committees facilitate the working of the Board.

CSR COUNCIL

As a signatory to the United Nations Global Compact since 2008, the growth of our business is predicated on global principles that require us to respect human and labour rights, protect the environment, and be transparent in our governance. We are committed to enshrining these higher overarching goals as the foundation of our sustainability strategy for our continued growth.

CSR Management Structure



The Chairman of Wilmar International Limited is the head of the CSR Council. The council consists of senior managers and Board Directors, whose role is to approve policies to meet sustainability principles and criteria, and provide the necessary support in terms of resources and funding. The CSR Council drives, monitors and reviews the progress of RSPO implementation.

RSPO IMPLEMENTATION AND MONITORING

At an operational level, RSPO implementation is the responsibility of the General Managers of our plantations, led by the Group Head of Plantations. They are required to ensure that all aspects of the RSPO P&C are enforced and incorporated into standard operating procedures and processes. To safeguard full compliance, monitoring and auditing teams are in place across all operations – either on-site, or as a regional resource. These teams consist of specialised staff with expertise in one or more aspects of sustainability.

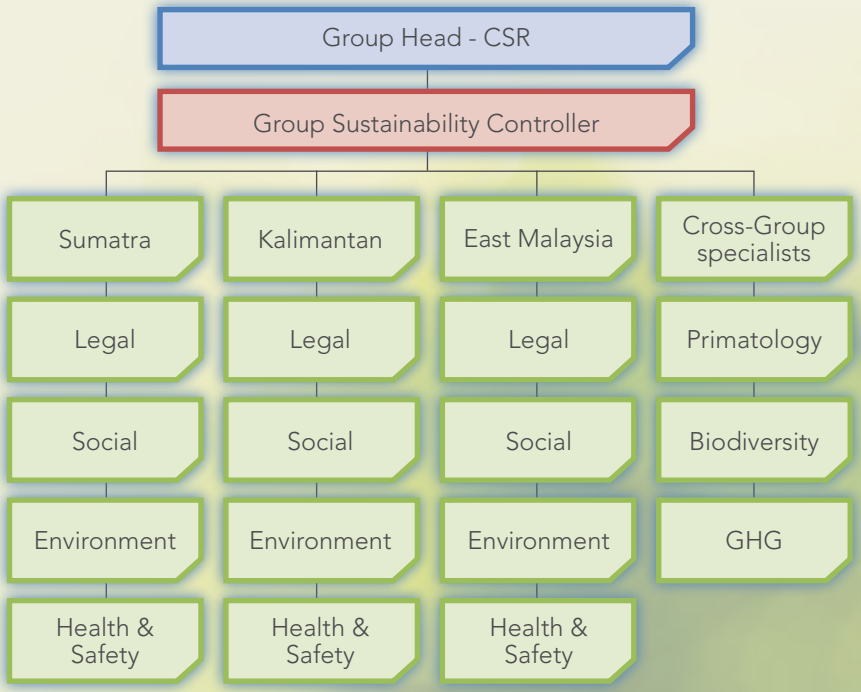
BUSINESS ETHICS

In line with our commitment to the Global Compact 10th Principle, we believe that businesses should work against corruption in all its forms, including extortion and bribery. Our company Code of Conduct, which is part of our employee handbook, prohibits the giving and receiving of any types of bribes, including gifts, entertainment or other benefits which may influence our employees' ability to carry out duties legally and/or in line with company interest. Any benefits or gifts must be declared to the nearest superior.

ALLEGATIONS REGARDING VAT PAYMENTS IN INDONESIA

In May/June 2010, media reports in Indonesia suggested that Wilmar's Indonesian subsidiaries were being investigated by the Indonesian tax office over fictitious value added tax (VAT) refunds. We responded immediately to these reports to deny the allegations by stating that we are fully confident that our subsidiaries are and have at all times been in full compliance with the Indonesian VAT laws.

RSPO internal audit and monitoring structure



THIRD-PARTY STANDARDS, CERTIFICATIONS AND COMMITMENTS

We are committed to ensuring that our businesses are sustainable through the attainment and maintenance of globally recognised certifications and standards. These commitments provide us with a baseline to benchmark us with players in the industry with clear goals and targets to be achieved.

RSPO CERTIFICATION

We are committed to attaining 100% certification for our plantations and mills by 2013. By the end of 2013, Wilmar aims to produce one million metric tonnes (mt) of certified palm oil. We have developed a time-bound plan based on the National Interpretations of the Roundtable on Sustainable Palm Oil (RSPO) Principles & Criteria (P&C). The plan defines the requirements for documentation, specific management actions and defines the role of individuals involved in the process. The plan is linked to our standard operating procedures in order to address the requirements of each of the major and minor indicators of the respective national interpretations of the RSPO standard.

TIME-BOUND PLAN FOR RSPO AUDITS
INDONESIA - as at 1 October 2010

PALM OIL MILLS	LOCATION	CSPO (METRIC TONNES)	YEAR OF AUDIT/STATUS
PT Milano (Pinang Awan)	North Sumatra	27,554	Certified
PT Mustika Sembuluh	Central Kalimantan	81,350	Certified
PT Tania Selatan	South Sumatra	12,800	Audited
PT Kencana Sawit Indonesia	West Sumatra	43,300	2010
PT Kerry Sawit Indonesia	Central Kalimantan	65,800	2010
PT Bumi Sawit Kencana	Central Kalimantan	27,700	2011
PT AMP Plantation	West Sumatra	37,900	2011
PT Buluh Canang Plantations	South Sumatra	33,800	2011
PT Agro Nusa Investama (Sambas)	West Kalimantan	17,600	2011
PT Sarana Titian Permata	Central Kalimantan	37,800	2011
PT Sinarsiak Dianpermai	Riau	6,400	2012
PT Daya Labuhan Indah - 2	North Sumatra	25,800	2012
PT Citra Riau Sarana (ML) 1+2	Riau	46,300	2012
PT Gersindo Minang Plantations	West Sumatra	35,300	2012
PT Mentaya Sawit Mas	Central Kalimantan	28,800	2012
PT Asiatic Persada	Jambi	57,300	2012
PT Agro Nusa Investama (Landak)	West Kalimantan	30,600	2013
PT Murini Sam Sam	Riau	7,500	2013
PT Musi Banyuasin Indah	South Sumatra	35,400	2013
PT Karunia Kencana Permaisejati	Central Kalimantan	41,400	2013
PT Agro Palindo Sakti 1	West Kalimantan	19,400	2013
PT Citra Riau Sarana 3	Riau	20,000	2013

MALAYSIA - as at 1 October 2010

PALM OIL MILLS	LOCATION	CSPO (TONNES)	YEAR OF AUDIT/STATUS
Sapi Mill	Sandakan, Sabah	28,400	Certified
Sabahmas Mill	Lahad Datu, Sabah	60,600	Certified
Reka Halus Mill	Sandakan, Sabah	33,900	Certified
Saremas Mill 1	Miri, Sarawak	52,000	Certified
Saremas Mill 2	Miri, Sarawak	52,000	Certified
Terusan Mill	Sandakan, Sabah	42,800	Certified
Ribubonus Mill	Sandakan, Sabah	20,000	Certified
Sri Kamusan Mill	Sandakan, Sabah	24,000	2010

In December 2008, as a result of the certification of four of our plantations and three mills in Sabah, we became one of the first palm oil companies to be RSPO certified. All of our mills in Malaysia, with the exception of one, have now been RSPO P&C certified. Our certification covers just over 21,000ha in Sarawak and around 50,000ha in Sabah, supplying a combined 290,000 tonnes of certified sustainable palm oil (CSPO).

Two of our Indonesian mills have achieved RSPO certification, and one additional mill has undergone audit. Combined, these mills produce over 109,000mt of CSPO from around 21,000ha.

In total, these represent about 40% of our planted area being RSPO certified.

RSPO SUPPLY CHAIN CERTIFICATION

We are preparing our facilities and management systems to ensure that our operations are able to trace our palm oil supply back to their respective plantations. Prior to the adoption of the RSPO P&C, we were already certified with the Green Gold Label Certificate for Chain of Custody and Processing Standards (GGL01) in 2007 for our plantations, mills, refineries and bulk storage facilities in Indonesia. The GGL01 certification demonstrates operational compliance with the criteria of Agricultural Source for Green Gold Label (*www.greengoldcertified.org*).

In July 2009, our mills in Sapi Palm Oil Mill, Sabahmas Palm Oil Mill, Sandakan Edible Oils Sdn Bhd, Lahad Datu Edible Oils Sdn Bhd and PT. Wilmar Bioenergi Indonesia achieved the RSPO Supply Chain Certification for the supply of CSPO using the Mass Balance Supply Chain option. Our two refineries in Rotterdam (The Netherlands) and Brake (Germany) were also awarded similar certification and could supply CSPO using both Segregation and Mass Balance Supply Chain options.

ADHERING TO INTERNATIONAL COMMITMENTS

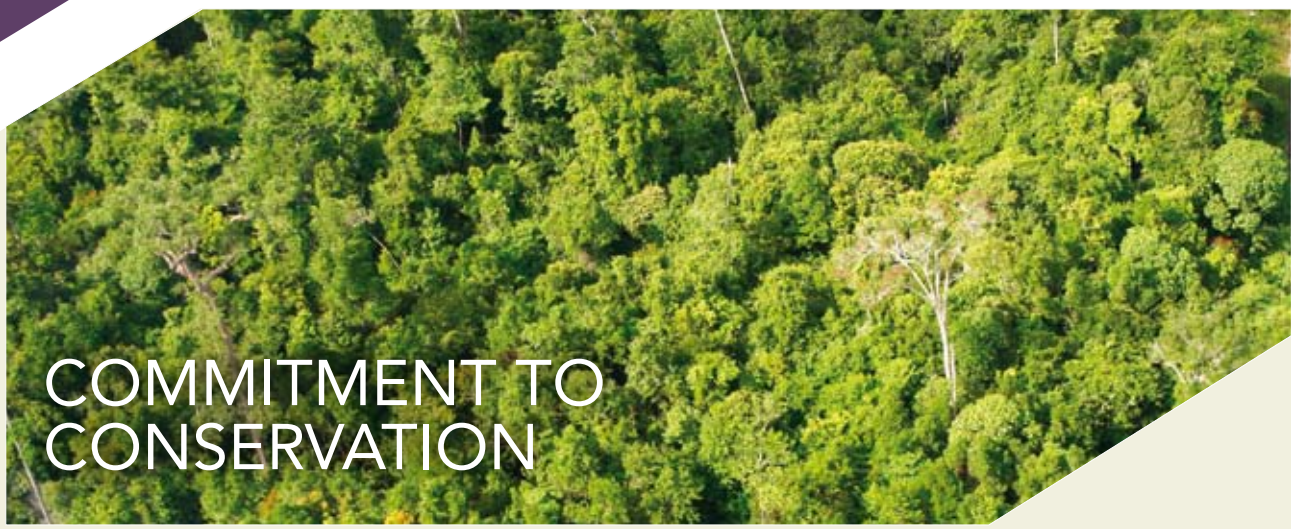
As a global business operating in many of the world's poorest countries, we are committed to supporting sustainable development. In 2008, we became a signatory to the UN Global Compact (UNGC), which addresses businesses' responsibility on environmental protection, human rights, workers' rights and anti-corruption. In 2009, we contributed to the promotion of the UNGC by submitting a training case study to the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). The case study illustrated one of the least understood principles on complicity in human rights abuses, focusing on our adoption of the free, prior and informed consent framework (see Community section of this report).

In addition, we aim to contribute to the UN Millennium Development Goals, which seeks to address the most severe global development gaps. Our focus has been on access to education for all children (see page 59).

We have also participated in the Carbon Disclosure Project by reporting on our carbon emissions, and have signed up to the UN CEO Water Mandate. These two initiatives are crucial to addressing two of the biggest environmental threats facing the planet and our sector.

ENVIRONMENTAL PERFORMANCE

We have built a structured and continuously evolving set of activities to ensure that our operations are run in a way which does not cause threats to wildlife habitats and endangered ecosystems.



COMMITMENT TO CONSERVATION

Most of our plantations are established on logged-over land and degraded forests with relatively low biodiversity value. We nevertheless recognise that areas near to where we operate – and in some cases conservation set aside within our plantations – might be home to unique mammal species such as orang-utans, elephants and proboscis monkeys. We understand that this gives us a great responsibility, but also a significant opportunity to support the conservation of these natural habitats. Over the past years, we have built a structured and continuously evolving set of activities to ensure that our operations are run in a way which does not cause threats to wildlife habitats and endangered ecosystems.

A PRECAUTIONARY APPROACH

We are guided by the concept of High Conservation Value (HCV) Forest, ensuring that a precautionary approach is taken to each new development, and existing developments are reassessed at replanting. We engage third-party assessors to assist us in identifying the presence and distribution of individual HCV, as well as landscape-level impacts of our operations. We also require that all new operations undergo a third-party HCV area assessment prior to development.

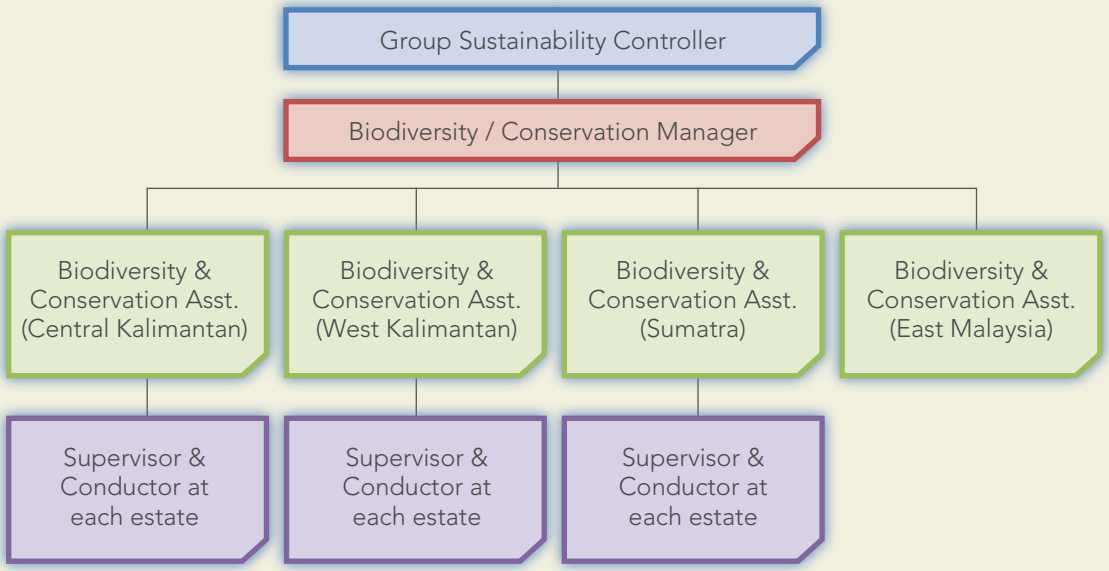
CONSERVATION MANAGEMENT STRUCTURE

While conservation is the daily task and responsibility of estate managers, we recognise that there is a need for coordination and specialist support. Our efforts are led by our Group Sustainability Controller, and supervised by a Conservation Manager, who is supported by site-level managers, tasked with ensuring that there is an active programme taking place on the plantation level. This structure is under constant development and subject to change as our activities require specific attention. Currently there is no conservation manager in Sumatra, as there are relatively limited conservation areas within our largely established plantations. On the other hand, we add resources where needed. In 2009, we also strengthened our focus on the conservation of primates - with focus on orang-utans - by recruiting a dedicated primatologist to conduct research in our HCV areas and guide best management practices.

CONSERVATION AREAS AND MANAGEMENT PLANS

HCV assessments for new development areas are conducted by third-party consultants, while existing plantations make use of internal expertise and other team members for assessments. Management and monitoring plans are developed for all plantations and designed according to unique circumstances on the ground. Special management practices include the establishment of buffer zones and wildlife corridors, or setting aside land for conservation and the protection and enrichment of HCVs. We estimate that approximately 28,500ha (over 10% of our planted area) has been set aside across our operations to date.

Management Structure of HCV Areas



CONSERVATION IN MALAYSIA

Riparian zones generally serve as an excellent protection for bank erosion and to filter off surface run-offs. In Sabah, the Segama River in our Sabahmas Plantation is an important habitat for the Proboscis Monkeys, a species commonly found in mangrove and riverine forest areas. Listed as an endangered species on the IUCN Red list, these monkeys are endemic to Borneo and have suffered population decline of more than 50% in the past four decades.

We have developed a five-year riparian conservation and management plan aimed at enriching the riparian area with tree species specifically for the Proboscis Monkeys in the area along the Segama River. In partnership with the Sabah Forestry Department, the plan calls for the enlargement of the riparian area and the restoration of habitats of the Proboscis Monkeys, Silver Leaf-nosed Monkeys and the migratory Borneo Pygmy Elephants. The project not only aims to rehabilitate a 20-metre (m) riparian strip under the statutory Sabah State laws for compulsory riparian zones, but also to provide a further 30m of our Sabahmas plantation land to enrich the area (total width 50m). In total, 382ha of riparian area will be restored and enriched over the project duration.

COMMITMENT TO CONSERVATION

We also contributed towards the operations of Rainbow Ridge, a company set up by one of our shareholders to manage a 527ha wildlife conservation corridor along a contiguous hill that extends from Tabin Wildlife Reserve (a 120,000ha forest/wildlife reserve) into our Sabahmas plantation. Tabin Wildlife Reserve is home to several endangered, rare and threatened (ERT) species including the critically-endangered Sumatran Rhinoceros which is on the brink of extinction, the endangered Clouded Leopard, the Banteng (Tembadau - a wild cattle species) and the endemic Borneo Pygmy Elephant, with populations larger than any other forest/wildlife reserve in Sabah. Tabin Reserve is a critical reserve, as it is home to the remaining population of 30 Sumatran Rhinos and possibly the single largest population of Tembadau, which numbers less than 400 in the whole of Sabah.

Summary of Wilmar's conservation areas (in hectares)

REGION	FOREST	RIPARIAN
Sabah	5,040	930
Sarawak	1,579	374
Sumatra	3,809	923
Kalimantan	14,659	1,270
Total	**25,087**	**3,497**

Note : This data excludes West Kalimantan because the HGU (Hak Guna Usaha – Cultivation right to land) cadastral has not been finalised.


CONSERVATION
AREA
HCV 1

COMMITMENT TO CONSERVATION

The Rainbow Ridge Game Warden Unit consisting of 16 Honorary Game Wardens was established in September 2008. This unit is entrusted with the task of protecting not only this important corridor from illegal poachers, but also to assist in the protection of the Tabin Reserve from illegal encroachment and poaching, and to augment the Sabah Wildlife Department's fight against illegal poaching and illegal wildlife trade in the region. The Game Wardens are empowered under the Sabah State laws, and carry the same authority as the Sabah Wildlife Department officers to enforce laws, including to arrest illegal poachers and confiscate wild meat.

CONSERVATION IN INDONESIA

Biodiversity Conservation

Wilmar International has partnered with the Zoological Society of London (ZSL) on the Biodiversity and Agricultural Commodities Product (BACP) project titled "Increasing the Effectiveness of Biodiversity – Related RSPO Principles and Criteria". ZSL is an international conservation organisation and a registered charity both in Indonesia and the United Kingdom. They are working together with the Wildlife Conservation Society (WCS) and the Indonesian Institute of Sciences (LIPI) at addressing the critical issues under the RSPO Biodiversity Principles and Criteria (P&C). The WCS is currently doing the gap analysis and compiling data on conflicts between Indonesian laws and RSPO, which make the conservation of HCV areas in Indonesia so challenging, while LIPI will provide expertise in the biodiversity assessments. The biodiversity assessments focus on four taxonomic groups: fish, birds, mammals and reptiles. They will help to determine what is the most effective length

and in-depth research required for an effective HCV monitoring and management on oil palm plantations, as well as developing an HCV guide for plantation managers to manage HCV areas on their plantations. Two of Wilmar's sites were chosen – one developed plantation (PT Kencana Sawit Indonesia in Sumatra) and the other a new development plantation (PT Mentaya Sawit Mas in Central Kalimantan). The project will run for two years with a possible one-year extension.

Less than one percent of all publications on the oil palm industry are related to biodiversity and the research that has been done is often locked in scientific journals unavailable to plantation managers. ZSL has already produced a website related to oil palm and biodiversity and the data base of the research that has been done on biodiversity in oil palm can be accessed from there in both Bahasa Indonesia and English - *http://www.oilpalm-biodiversity.info/*

Besides field support and provision of field sites, Wilmar's role in this partnership includes the matching of funds awarded from the BACP, which is a requirement under the grant. To date, Wilmar has contributed USD250,000 in direct financial contributions.

COMMITMENT TO CONSERVATION

Orang-utan conservation

The Indonesian government has ordered the closure of all orang-utan sanctuaries and rehabilitation centres by 2015 under a 10-year plan aimed at carbon conservation. The plan sets out to conserve forests and release orang-utans into these forests. Many orang-utan centres are already so full that they can no longer take in further animals. We are currently in dialogue with an international orang-utan conservation organisation to trial run Best Management Practices (BMPs) for orang-utan conservation within our Central Kalimantan plantations. These BMPs look predominantly at minimising conflict between orang-utans and plantation activities through the provision of forest buffer zones and habitat enrichment. The intention is to eventually transfer these BMPs to other plantation companies to ensure no more orang-utans are sent to rehabilitation centres because of oil palm expansion.

Wilmar's dedicated primatologist and our Central Kalimantan team are currently carrying out an orang-utan population census in the HCV areas on the plantation to assess the approximate number of orang-utans, their exact locations, their home range and the carrying capacity of the land area. Alongside the BMPs for orang-utan conservation, we hope that some areas of forested HCV land may provide a suitable location to receive trans-located orang-utans from small forest fragments where the habitat is no longer suitable for this great ape species.

Image courtesy of Melissa Tolley, Wilmar's primatologist

WILDLIFE IN THE ECO-REGION – LANDAK DISTRICT, WEST KALIMANTAN (INDONESIA) AND RIBUBONUS ESTATE, NORTH OF TELUPID (SABAH)		IUCN RED LIST STATUS
Threatened bird species	Black Hornbill	Near Threatened
	Blue-rumped Parrot	Near Threatened
	Diard's Trogan	Near Threatened
	Garnet Pitta	Near Threatened
	Great Argus	Near Threatened
	Helmeted Hornbill	Near Threatened
	Long-tailed parakeet	Near Threatened
	Reddish Scops Owl	Near Threatened
	Red-naped Trogon	Near Threatened
	Red-throated Sunbird	Near Threatened
	Rhinoceros Hornbill	Near Threatened
	Rufous-collared Kingfisher	Near Threatened
	Scarlet-rumped Trogon	Near Threatened
	White-crowned Hornbill	Near Threatened
	Wrinkled Hornbill	Near Threatened
	Blu-banded Kingfisher	Vulnerable
	Bornean Wren-babbler	Vulnerable
	Hook-billed Bulbul	Vulnerable
	Large Green Pigeon	Vulnerable
	Short-toed Coucal	Vulnerable
	Straw-headed Bulbul	Vulnerable
Threatened mammal species	Sarawak Sunli	Critically endangered
	Asian Elephant	Endangered
	Bornean gibbon	Endangered
	Hairy-nosed otter	Endangered
	Otter-civet	Endangered
	Sunda pangolin	Endangered
	Giant Squirrel	Near Threatened
	Large flying fox	Near Threatened
	Long-tailed (crab-eating) macaque	Near Threatened
	Long-tailed macaque	Near Threatened
	Silver langur	Near Threatened
	Banded palm civet	Vulnerable
	Bearded pig	Vulnerable
	Binturong (Bearcat)	Vulnerable
	Clouded Leopard	Vulnerable
	Oriental Small-clawed Otter	Vulnerable
	Pig-tailed macaque	Vulnerable
	Sambar deer	Vulnerable
	Slow loris	Vulnerable
	Smooth otter	Vulnerable
	Sun Bear	Vulnerable
	Sunda Tarsier	Vulnerable
	Tufted ground squirrel	Vulnerable
Number of mammal species	Landak District, West Kalimantan, Indonesia: 45 Ribubonus estate (located north of Telupid, Sabah, Malaysia): 27	

IUCN Red list status is an official classification used to categorise threat levels.

ACTION AGAINST CLIMATE CHANGE

Climate change is one of the most serious challenges facing mankind. We believe that it is crucial for our sector to understand and implement mitigation actions to reduce our impact. Shifts in rainfall patterns and other climatic variables have a direct impact on our operations across our entire supply chain, from fertiliser application for our upstream operations, to shipping schedules further downstream.

OUR GLOBAL CARBON FOOTPRINT

In 2007, we commissioned a full overview of the Wilmar group of companies' greenhouse gas (GHG) emissions, involving most of our operations globally. The resulting study gave us a complete carbon footprint from the field to the market – measuring GHG emissions resulting from plantations, mills and refineries to shipping and transport. The overall findings were that 54% of Wilmar's global emissions came from plantations, 40% from mills and refineries, and 6% from other activities. Our Indonesian operations accounted for around two-thirds of emissions and our Malaysian operations approximately 7%. The study serves both as a benchmark on which we can measure future emission reductions, and has also been crucial in allowing us to invest in GHG emission reduction initiatives. We want to continuously monitor our carbon footprint resulting from our operations and find ways to integrate engineering solutions into management practices to lower our environmental impact.

ADDRESSING PLANTATION EMISSIONS

Following our first carbon footprint study, findings on land use, land-use change and forestry (LULUCF) have become an important consideration for our upstream operations, with particular focus on new plantation development projects.

We found that LULUCF and peat soils are the main GHG contributors – accounting for 97% of emissions for our upstream operations. Interestingly, we also found that our plantations have very different levels of emissions based on the year of greenfield development. For newly established operations, such as those in Kalimantan, we saw emissions of over 100 tonnes of CO_2e per hectare, compared with around 30 tonnes of CO_2e per hectare for our matured operations in Sarawak, based on a 20-year amortisation rate.

MITIGATING GREENHOUSE GASES (GHG) FROM MILLS

Effluent treatment accounts for 88% of GHG emissions originating from our palm oil mill operations, with fossil fuel consumption for power generation and transport accounting for the remainder. This highlights the great importance of methane-capture and biogas utilisation projects, which could reduce emissions and supply electricity to our operations and local communities.

We currently have six Clean Development Mechanism (CDM) projects registered with the United Nations Framework Convention on Climate Change (UNFCCC) and some have already generated carbon credits in the form of Certified Emission Reductions (CERs). Most of these projects involve biomass boiler plants generating steam and power, utilising waste products such as empty fruit bunches, shells and mesocarp fibre. While the baseline emission levels vary from one project to another, its goal in displacing fossil fuel consumption is constant, be it Scope 2 GHG emission arising from electricity from the grid or Scope 1 GHG emission from the use of coal, medium fuel oil (MFO) or diesel burning for steam/power consumption. Several more projects are in progress – ranging from avoidance of methane emission from palm oil mill effluent treatment ponds to steam/power generation utilising biomass from our rice milling operations in Vietnam and China.

PROMOTING CLIMATE CHANGE ACTION IN OUR SECTOR

In 2009, the RSPO decided to delay the addition of a set of criteria on GHG proposed for the RSPO Principles and Criteria. These criteria would mean stronger monitoring of emissions, as well as severe restrictions on new development on certain soil types – mainly peat. The proposed criteria had been developed in a multi-stakeholder RSPO-led working group. We support the adoption of these criteria as necessary to achieve reductions, and will proceed in adopting them as soon as they become available.

However, we are committed to encouraging emissions reductions throughout our industry. To address concerns from some producers on the criteria, and propose amendments, a second GHG working group was established, and our Group Head for Corporate Social Responsibility was elected to co-chair the second RSPO GHG Working Group in 2009.

INCREASING TRANSPARENCY

In 2008, we took part in the Carbon Disclosure Project (CDP) – an investor-led transparency initiative aimed at encouraging reporting of carbon emissions and reduction initiatives. We reported both in 2008 and 2009, and are currently one of only five Singapore-listed companies to participate.

Due to operational complexities arising from rapid expansion of our Group's businesses, we were unable to take part in subsequent CDP reporting but will resume reporting once we are able to consolidate and streamline operational data.

SOIL MANAGEMENT

Good soil means healthy and productive palms. We take this into account, both when selecting land for new developments and in maintaining and improving our existing plantings. A combination of suitable soil, reuse of biodegradable waste and optimal fertiliser use is the key to attaining the yield potential of the palms.

MAINTAINING AND IMPROVING SOIL FERTILITY

We follow best industry practices, such as application of empty fruit bunches to new plantings and establishing cover crops and leave biodegradable materials during the land-clearing stages. Such processes are recognised to release nutrients and organic matters into the soil, improve soil properties, reduce erosion and lowers carbon dioxide emissions.

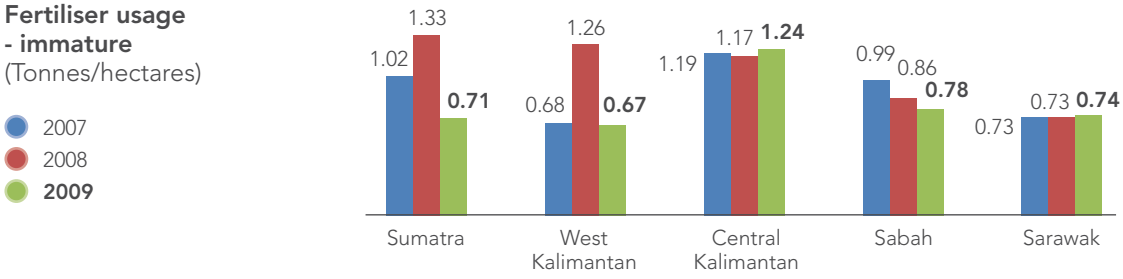
In addition, we conduct research on the use of soil microbes to improve soil fertility with the aim of reducing usage of inorganic fertiliser. Studies have also been done on improvement of fertiliser application techniques with the aim of reducing leaching. We use controlled release fertiliser and practice sub-surfacing manuring where appropriate to reduce leaching losses. Our soil conservation measures include construction of planting platforms and terraces for soil, and water conservation terraces in non-terraced areas.

SELECTING SUITABLE SOILS – AVOIDING PEAT

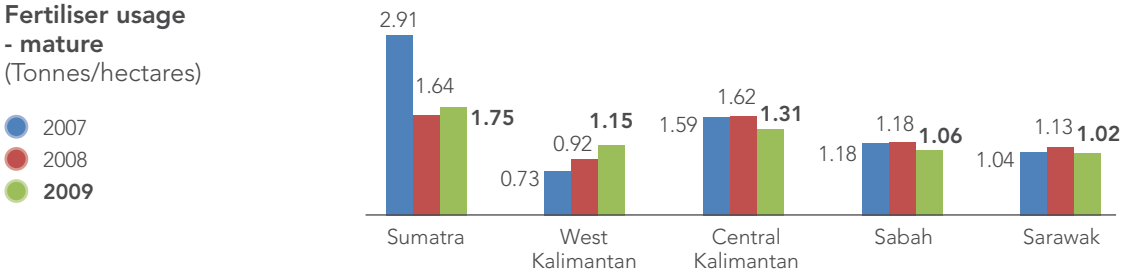
Although good management practices can significantly improve the productivity of most types of tropical soil, we aim to develop only on land which is suitable from both a production and environmental perspective.

Peatland is generally a difficult growing medium for oil palm, requiring significantly more management than other soil types. In addition, we recognise the role of peatlands as a "carbon sink" and the detrimental effect on carbon emissions which the clearing and drainage of such areas can have. As a consequence we have a policy to avoid extensive developments on peat. In Malaysia, none of our estates are on peatland. In Indonesia, we do not allow any clearing of extensive peat land of more than three metres, but our existing plantations in Indonesia have 17,228ha of peat, ranging from a few square metres to around 2,400ha in size. These plantings were established prior to the debate and recognition of the role and value of tropical peatlands. Our focus for these areas is strict monitoring and managing of water tables.

Fertiliser usage - immature
(Tonnes/hectares)

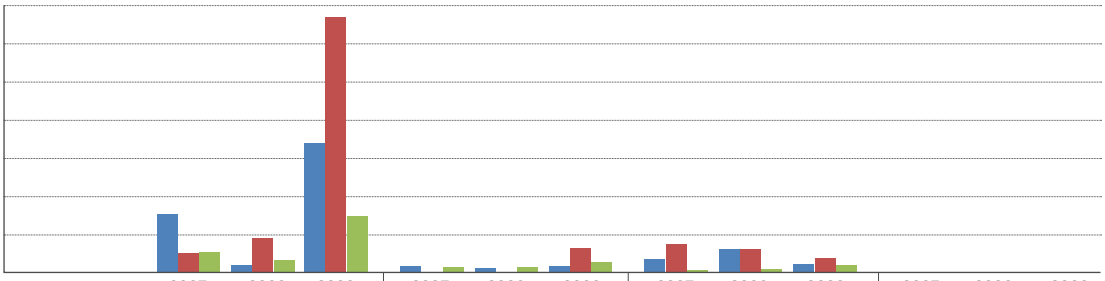


Fertiliser usage - mature
(Tonnes/hectares)



CONTROLLING FIRE AND HAZE

Fires by region



	Central Kalimantan			West Kalimantan			Sumatra- Riau			Malaysia		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Planted Hectares Burnt	78.0	4.1	173.0	4.0	0.7	6.3	15.0	30.0	8.5	0	0	0
Unplanted Hectares Burnt	22.5	46.6	339.0	0	0	20.0	37.0	30.0	15.0	0	0	0
Number of Fires	25	13	76	2	1	8	1	2	7	0	0	0

Open burning is a significant problem in some of the regions where we operate, damaging high conservation value areas, planted areas and soils; polluting the air throughout the region; and creating severe impediments to our work. We adhere strictly to a policy of zero-burning for site preparation and work continuously to put an end to any use of open fire within our operations and surrounding areas.

Within plantations with significant fire risks, we have initiated local fire brigade crews, installed watch towers and water pumps, and have a monitoring system for fire-prone areas. We also conduct fire drills as part of our emergency response plan. To augment our field-based early-detection system, we have a satellite monitoring system in place which detects hotspots.

In 2009, our fire crews were called out to 91 reported cases of fires, which caused damage to 560ha of our plantations. Of the total burnt areas, 38% was on planted areas at a high cost to our operations. Further, due to severe drought in Central Kalimantan, there was a significant increase in fires, with 76 reports. This is an increase from an average of 19 fires from the two previous years.

We have investigated the reason for the fires through an independent assessment. Most fires were started by villages bordering our plantations that used burning to clear land for shifting cultivation, which is part of their local tradition. These fires often are uncontrolled and spread to our plantations. We are engaging with the local communities to support them in using alternative methods to clear land.

REDUCTION IN CHEMICALS USE

Our plantations have a well-established integrated pest management (IPM) system which is designed to minimise the use of pesticide. We continuously explore better management practice where the use of chemical control is considered only as a last resort when alternative biological and cultural methods fail.

As part of our commitment to the RSPO, we are setting targets for reductions in pesticides and herbicides. However, tracking and addressing chemicals usage reductions in short timeframes can be misleading, as it will reflect specific weather conditions, pest outbreaks and will vary with the palm age profile. In addition, some non-chemical pesticide strategies such as beneficial plant species will only take effect after a number of years.

Our plantations are based in distinctly different climatic and geographical regions, and as a result, weeds, insects, fungi and other pest management strategies vary tremendously. In addition, the age of the palms also require different levels of chemicals applications. For example, our Central Kalimantan operations are recently established, and require a "stabilisation" regime to control long-established weeds and pests, whereas some of the estates in the West Kalimantan region have been in operation for over seven years; barring any immediate pest outbreaks, most chemicals usage is for maintenance purposes.

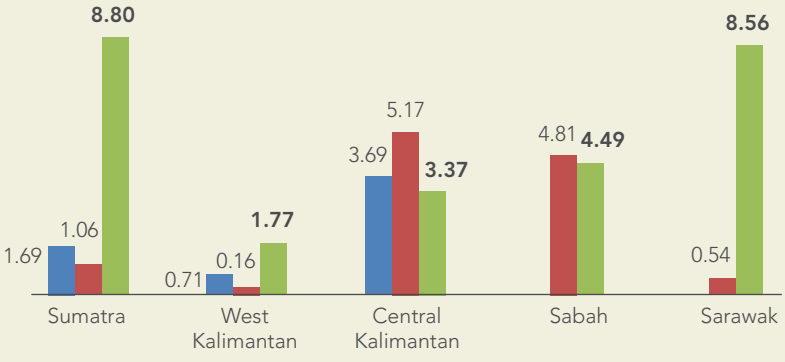
PHASE-OUT OF PARAQUAT

Paraquat remains one of the most highly-publicised and controversial herbicides used in oil palm. Although we believe it can be used safely and effectively, we understand that our stakeholders continue to have concerns. Our Malaysian plantations, as well as our largest development in Central Kalimantan, Indonesia have already phased out all paraquat usage; and remaining units follow a strict minimisation policy working towards phase-out. We have set a target to eliminate all use of paraquat in Indonesia by year-end 2011.

Herbicide excl. paraquat - immature
(Litres/hectare)

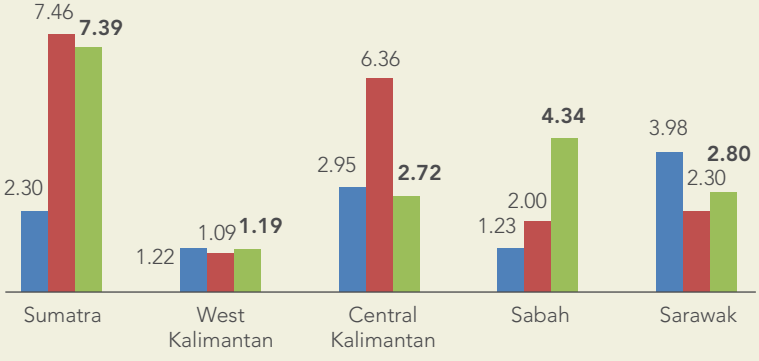
- 2007
- 2008
- **2009**

NB: Sarawak usage increased due to changes in cover crop and oil palm age profile

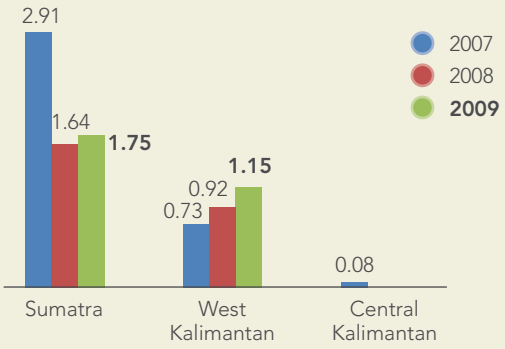


Herbicide excl. paraquat - mature
(Litres/hectare)

- 2007
- 2008
- **2009**

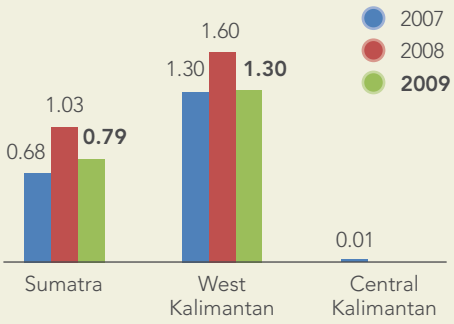


Paraquat - immature
(Litres/hectare)



No data available for Sabah and Sarawak for 2007

Paraquat - mature
(Litres/hectare)



No data available for Sabah and Sarawak for 2007

HANDLING

Chemicals are only applied manually and by trained spraying crews, who receive ongoing training in chemical-handling. All sprayers are required to wear authorised personal protective equipment (PPE), which covers the full body, as well as hair, eyes and mouth; and must shower after each shift. Supervisors are charged with ensuring compliance, and safety procedures are monitored through internal audits. Spraying crews are also required to go for medical check-ups on a monthly basis at facilities provided by Wilmar.

DISPOSAL AND STORAGE

All chemicals are stored in specially designed locked facilities with a drain installed to prevent any accidental spillage polluting the ground or nearby water sources. Likewise, any containers previously used for chemicals are collected, stored and disposed of separately in accordance with the legal requirements.

PROTECTION OF WATER QUALITY AND SUPPLY

Our business is heavily dependent on water. Our oil palm plantations require water for continuous fruiting, and our employees and local community neighbours rely on clean and drinkable water to sustain their lives and livelihoods. Recognising that water is going to be the next global crisis linked to climate change, we have joined leading international companies to endorse the United Nations CEO Water Mandate to help address the world's water challenges.

Chemical pollutants and agricultural wastes compromise water quality, and pose a threat to the entire ecosystem. Many unknown environmental risks have arisen from the widespread use of chemicals and inappropriate management of agricultural wastes. We are therefore committed to using sound water management practices to ensure that the quality of local water resources is not compromised by our operations.

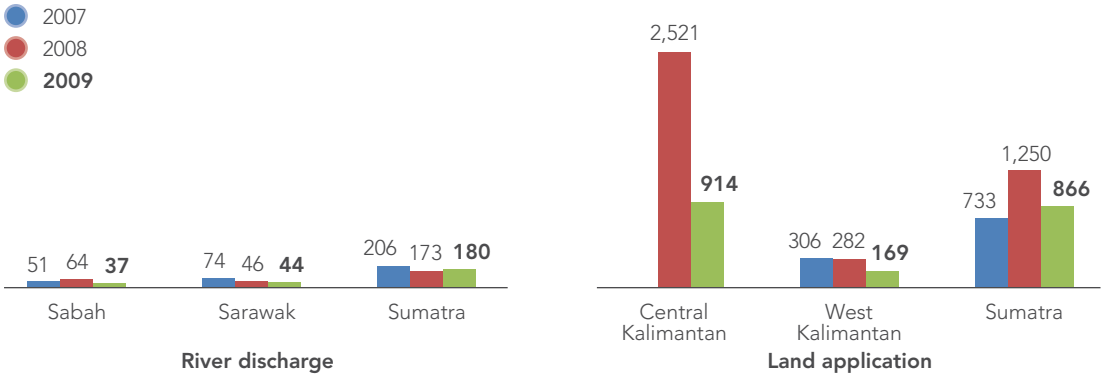
At the mill, we monitor and treat all effluent and waste-water before discharging into the natural waterways. We have effluent ponds in our mills that collect waste-water generated by milling activities. The organic materials in the waste-water are broken down by natural activities of aerobic and anaerobic bacteria. This process eliminates the need to add chemicals before the water is discharged. In Indonesia, we also use effluent for land application. In some of our mills in Malaysia, we have installed tertiary treatment plants to further reduce the Biological Oxygen Demand (BOD) levels.

We also use effluent water for land irrigation and fertilisers, enabling us to reduce water usage and minimise the need for additional fertilisers.

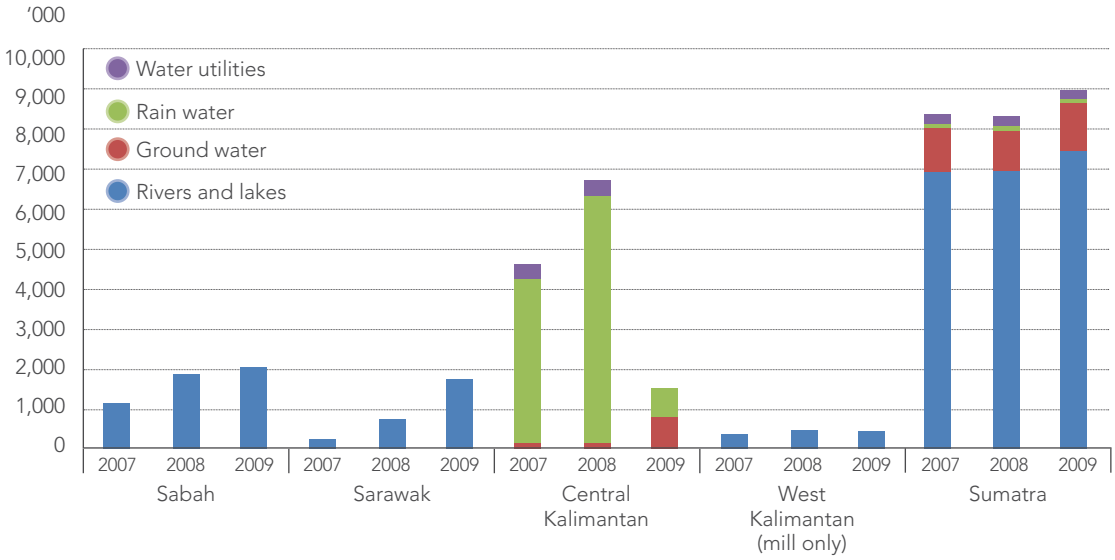
In the management of our plantations, we established practices that minimise soil erosion, using techniques such as planting ground-cover crops, and planting platforms and manual clearing on steep or otherwise sensitive slopes. Excessive soil erosion encourages loading of water-courses and disturbs aquatic ecosystems.

We avoid excessive use of chemicals, as this practice may contaminate the soil, and subsequently surface and groundwater. We prefer the use of an integrated pest management approach (IPM) instead.

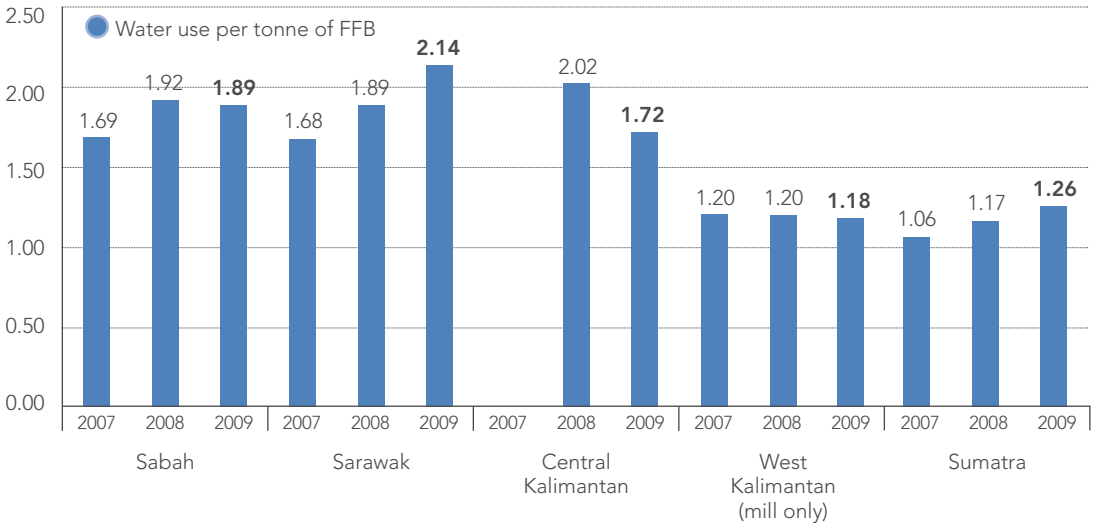
BOD levels by region and discharge destination (mg/l)



Water usage by source (m^3)



Water use (m^3) per tonne of FFB (Mills)



Note: Malaysia operations have installed water meters in 2010. These indicate lower water usage than previously reported.

EMPLOYEES

We are committed to fundamental human rights and core labour standards which include respect for freedom of association, non-discrimination, decent pay and working hours, as well as a complete ban on forced or child labour.

DECENT WORKING CONDITIONS

Our commitment to the UN Global Compact as well as our RSPO programme requires us to assess our adherence to fundamental human rights and core labour standards. These include respect for freedom of association, non-discrimination, decent pay and working hours and a complete ban on forced or child labour.

With more than 40,000 employees relying on our plantations and mills for their livelihood, most of whom also live in the estates, one of our foremost responsibilities is to ensure that basic working and housing conditions are fair and decent.

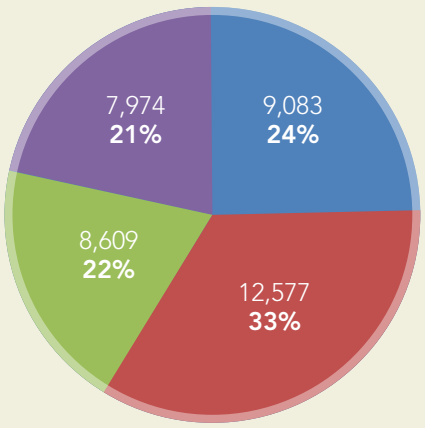
In tandem with our growth, we have seen an increase in the total number of employees, mainly in the category of operational workers who accounted for 89% of our employees in 2009. The operational workers category of employees includes harvesters, sprayers, drivers, mill operators as well as general workers.

DECENT PAY AND CONDITIONS

Minimum wages in Indonesia are not set by national standards, but rather by provincial and district wage councils that set different minimum wage requirements that vary by province and sector. It can be as high as 1,100,000 rupiah per month (USD118) in Papua to as low as 500,000 rupiah per month (USD54)[5] in East Java. Under law, Indonesia has a 40-hour work week and a seven to eight-hour work day.

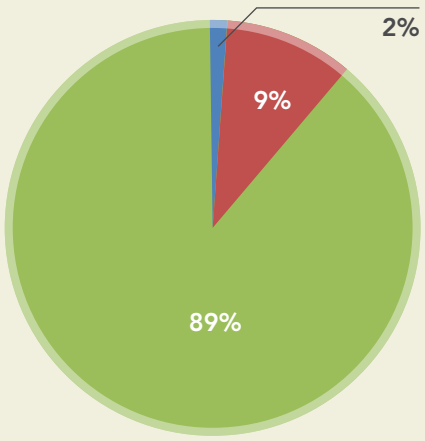
Our minimum wage in our Indonesia operations for both temporary and permanent employees is equal to or higher than the regional minimum established by the wage council. Our lowest minimum wage is in Western Kalimantan at USD81 per month or USD3 per day[6]. This wage is supplemented further by benefits such as housing, transportation, utilities, education and medical services to our staff, benefits that many workers in Indonesia do not receive.

Employees by Region



BHL- Buruh Harian Lepas (freelance daily workers)

Employee breakdown by category in 2009



[5] *RP1 = USD0.000108*

[6] *USD81/26 days*

Minimum wage established by region versus Wilmar minimum pay for 2008

	WAGE COUNCIL	WILMAR
Riau	Rp 800,000	Rp 800,000
Jambi	Rp 724,000	Rp 724,000
West Kalimantan	Rp 645,000	Rp 663,333
Central Kalimantan	Rp 765,868	Rp 867,725

There is no minimum wage in Malaysia. Based on an eight-hour day, 26 working days a month, a typical monthly wage can range from approximately MYR650-1,000 (USD210-325) for a general worker, and up to MYR1,700 (USD550) for a harvester. In addition to this, all workers are provided with free housing, water and electricity free of charge.

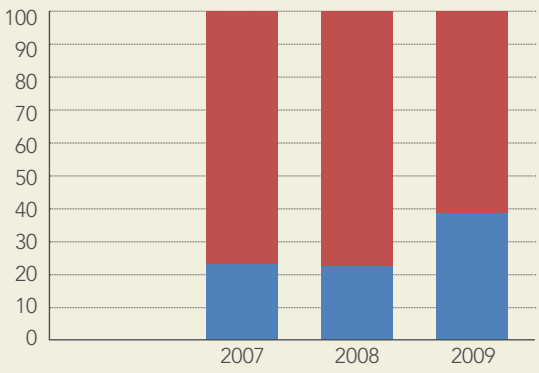
CASUAL AND TEMPORARY WORKERS

A high proportion of our workers in Indonesia are temporary workers. This is largely a function of the new developments in Central Kalimantan. We are reducing our reliance on temporary workers significantly over the coming years, both to provide better conditions, and because we wish to grow a stable and productive workforce.

FREEDOM OF ASSOCIATION

In Indonesia, the law protects the right of all workers to form and join unions regardless of political affiliation. Ten or more workers can form union and there are thousands of unions registered in Indonesia. With the exception of civil servants, workers have the right to strike after mandatory mediation is attempted but fails. Wilmar fully supports the right of employees to form or participate in trade unions, and in Indonesia the proportion of our workforce with union membership has grown to just under 40% as of 2009.

Union members (% of employees)



	2007	2008	2009
Non-union	34,116	38,747	21,771
Union	10,312	10,932	13,442

Central Kalimantan and Sumatra only.

MALAYSIA

Trade Unions in Malaysia are regulated under the Industrial Relations Act (1967), which provides for freedom of association. Wilmar fully supports the right of employees to form or participate in trade unions; however, there are currently no trade unions in our Malaysian operations.

EMPLOYMENT OF CHILDREN

No individual below the age of 16 in Malaysia and 18 in Indonesia is allowed to work on our plantations. We do recognise the presence of children on our plantations and we aim to make sure that they are provided with education and health-care. During our RSPO audit in one of our estates, some workers were found to have been employed before the age of 18 (but above the legal age of 16). The policies on minimum age requirements have now been highlighted to all managers for the non-compliances to be corrected.

FORCED LABOUR

We do not allow any type of forced or bonded labour on our plantations. Each worker is documented, with salaries and compulsory contributions clearly stated on pay-slips written in the national language.

HOUSING

We aim to provide clean and comfortable housing conditions for all of our employees, whether they are temporary labourers, permanent operational staff or management. In our more established operations in Malaysia and Sumatra, workers are typically housed in brick buildings with indoor plumbing and electricity. Families are housed together, and single workers usually housed in gender-separated units with four workers to one house. We aim for a similar standard for our new developments, even for temporary housing.

A SUPPORTIVE WORK ENVIRONMENT

Contrary to public perception, oil palm cultivation requires a high level of specialist skill – whether at the field worker or managerial level. We are therefore strongly focused on attracting, developing and retaining employees as well as expanding our potential labour pool through local capacity building and a proactive equal opportunities policy.

DEVELOPING LOCAL TALENT

In our Indonesian operations, it can often be difficult to attract and retain experienced managers, due to an increasingly competitive labour market. However, we are committed to developing local management skills, and therefore send our experienced managers from other regions to train and mentor new colleagues. Expatriates account for 7% of management staff as they bring expertise to plantation management. As we build local capacity, our reliance on expatriates in management has decreased, and we have seen a steady decline.

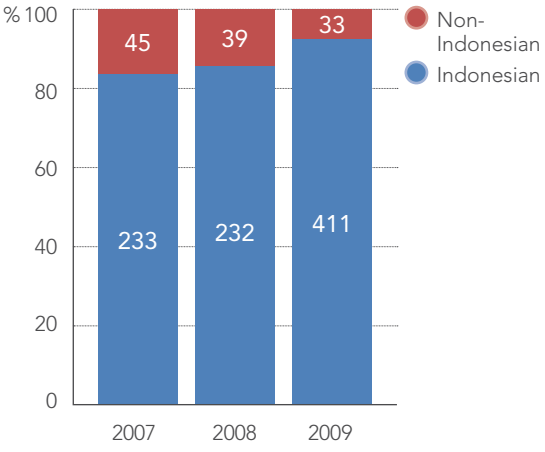
In Malaysia, we have focused on developing a strong local management team. Almost 60% of our managers are indigenous to the two states in which we operate – Sabah and Sarawak.

As far as the general workforce is concerned in Malaysia, the situation is very different. Due to the severe worker shortage in our industry, the majority of our workers are foreign workers – mainly Indonesian.

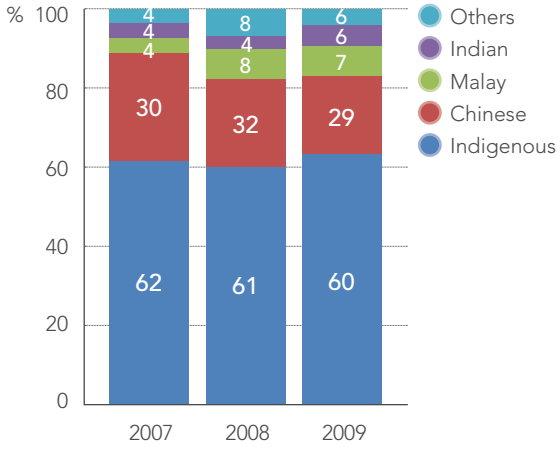
BUILDING FUTURE CAPACITY

The Ipas Training Centre was set up in 1993 in the Sapi Plantation Estate, Sandakan, Sabah. Ipas was developed to provide technical training on best management practices in

Management Composition
(Indonesia)



Management by ethnicity
(Malaysia)



oil palm cultivation, including those required for compliance with the RSPO Principles and Criteria. To date, Ipas has produced 365 graduates. The trainees get theoretical and practical lessons on botany, people management skills and even budget planning and management. In 2005, we also established a similar training school in Sampit, Central Kalimantan, Indonesia.

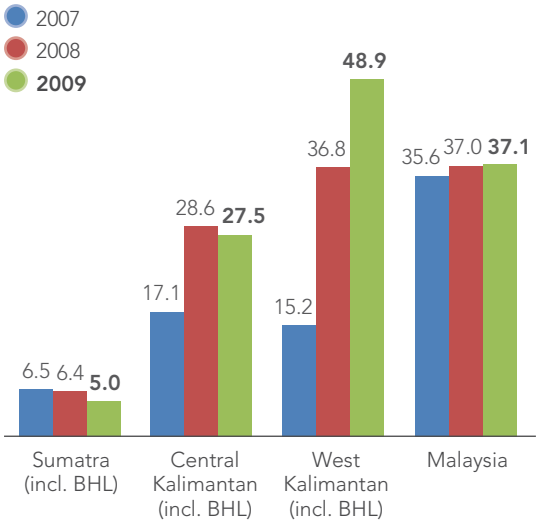
OPPORTUNITIES FOR WOMEN

We believe that a diverse workforce creates a more harmonious workplace and community. Although we operate in an environment that has traditionally been male-dominated, we have made a conscious effort to ensure that our plantations offer opportunities for women to advance in a non-threatening environment. As a result, over 30% of our total workforce is female, a level we believe to be among the highest in the industry.

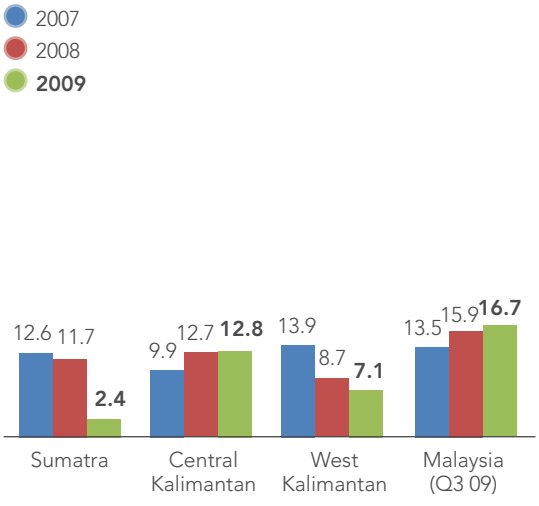
Women are also represented at management level, albeit at a much lower rate – around 10% of our managers are female. We hope to see this proportion increase, as more women in the general workforce are given opportunities to advance.

We have achieved this through a number of initiatives, including structured women's committees in which elected representatives have the opportunity to meet to discuss work and housing-related issues. In addition, these committees assist in resolving issues related to our sexual harassment policies, ensuring that any cases are addressed sensitively and effectively.

Women as % of employees

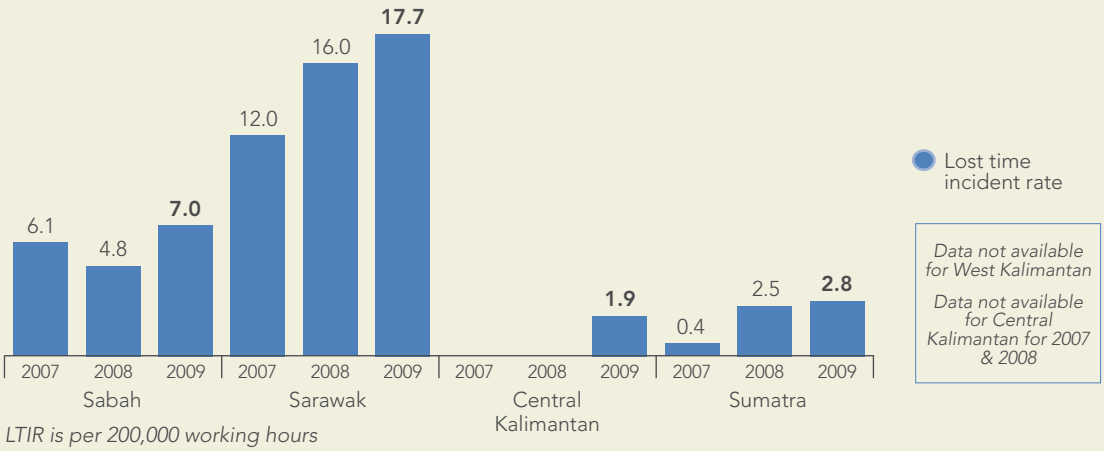


Women as % of management



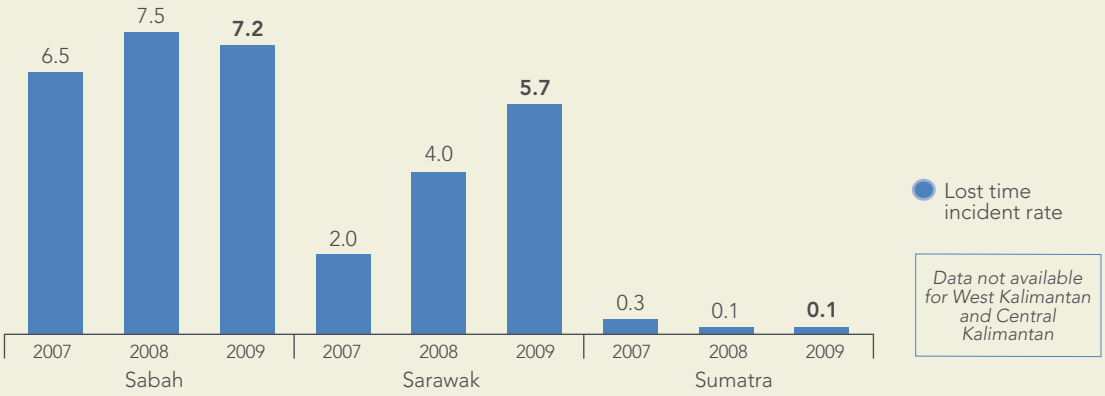
A SAFE WORKPLACE

Lost time incident rate - plantation



LTIR is per 200,000 working hours

Lost time incident rate - mills



Note: Lost time accidents in Malaysia are recorded after one day's absence, while Indonesia records lost time accidents after 3 days' absence, in accordance with national legislation. We aim to create a new reporting system for 2011, allowing comparison across the two countries.

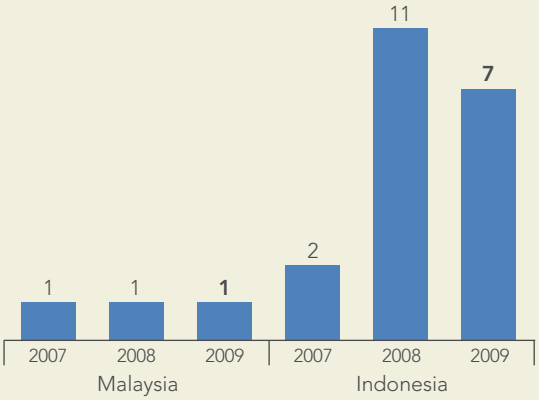
All employees have the right to a safe working environment. To achieve this, we have implemented a system of hazard identification, risk assessment and control (HIRAC), which empowers our staff to identify areas of danger and work towards eliminating these risks.

ACCIDENTS - INDONESIA

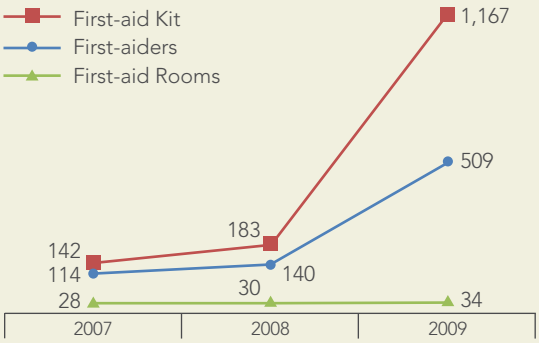
Our operations in Indonesia have a relatively low accident rate due to the ongoing training of all field workers and vigorous enforcement of personal protective equipment (PPE) use in both plantation and mill operations. Our Indonesian operations have workers and management committees which identify potential safety improvements and concerns. The relatively new machinery found in our mills in Kalimantan also helps to reduce industrial accidents. For example, our Central Kalimantan mill uses a vertical steriliser which prevents some of the severe accidents associated with the traditional cage system by reducing human interaction with potentially dangerous machinery.

Our commitment to health and safety for our workers resulted in the Zero Accident Award from the Ministry of Labour and Transmigration of Indonesia for the period of 1 January 2005 to 30 September 2007, awarded to four of our subsidiaries. Our target for Indonesia is to maintain lost time accident rates at less than 2.5 per 200,000 working hours at all operations.

Fatalities
(Number of work-related deaths)



First-aid facilities



ACCIDENTS - MALAYSIA

Lost time accidents have increased in Malaysia over the past years. We believe that this is primarily due to an effort to change in the culture of reporting and recording accidents. Nevertheless, we are adopting aggressive targets to reduce lost time accident rates to 5 in our Malaysian operations by 2012.

FATALITIES

Unfortunately, we recorded eight fatalities in 2009. Even one death is unacceptable, and is followed up by a thorough review of cause and actions to prevent recurrence. Most accidents took place in the field, and were traffic-related. The reviews are followed up by continued efforts to ensure that drivers are well-trained and aware of the hazards of driving, and that workers exercise caution when travelling within the estates.

ACCESSIBLE HEALTH SERVICES

The majority of accidents in the field involve minor cuts and thorn pricks, which can become septic if not treated. Immediate treatment prevents this, resulting in much less discomfort and lower lost time rates. In 2009, we developed a campaign to ensure that our workers had access to immediate first-aid for such cases, as well as for emergencies. We constructed first-aid rooms, trained first-aid delivery persons and provided first-aid kits for use in the field.

COMMUNITY

We believe that our business success can only be achieved if the local communities grow in tandem with our own growth.

FREE, PRIOR AND INFORMED CONSENT FROM COMMUNITIES

We are fully committed to contributing to sustainable community development wherever we operate. We believe that our business success can only be achieved if the local communities grow in tandem with our own growth. However, our experiences in Indonesia over the past years have highlighted areas where such efforts require major changes in policy implementation to safeguard the protection of human rights.

LAND CONFLICT IN INDONESIA

In Indonesia, the granting of land use rights is extremely complicated – community land rights are rarely well-defined, and boundaries are unclear and overlapping. To some extent, land rights and tenure agreements in Indonesia still reflect the imposition of Western tenure systems on pre-existing customary systems, creating conflicts in the way rights to natural resources are distributed between the state and indigenous communities. Land in Indonesia is predominantly state-owned; companies and individuals are given land-use rights by the local government under licensed areas for which fees or royalties are payable. An exception to this system is traditional village land, usually small plots on which villagers grow subsistence and cash crops.

Disputes often arise from overlapping claims to the same land, or through lack of demonstrable land titles and claims of traditional rights. As a consequence, commensurate with industrial forestry and agricultural expansion, conflicts over land in Indonesia have increased, and companies like ours can be found at the centre of conflicts around land-use claims and human rights, despite complying fully with national and local legislations.

In 2007, our West Kalimantan operations (PT ANI in Sambas District) was challenged by a group of international and grassroots NGOs, representing communities objecting to ongoing development of the area (see account of conflict from the community's perspective on pages 56-57).

The conflict attracted international attention, and affected the company's reputation with customers and reduced investor confidence. The conflict was eventually resolved through a multi-stakeholder process involving NGOs, lenders and extensive consultation with the affected communities.

Due to the complex land tenure landscape, we understand that this case is not unique. Indeed, we are currently in the process of resolving 43 conflicts in Kalimantan and 5 in Sumatra.

NATIVE CUSTOMARY RIGHTS IN MALAYSIA

In Malaysia, Native Customary Rights (NCR) to land are in principle much clearer. We are aware that there are ongoing dispute cases relating to oil palm in both Sabah and Sarawak. In Sarawak, we have not had any significant issues, but in Sabah, we are currently resolving an ongoing dispute over 57ha in Sabah.

OUR APPROACH TO FPIC AND COMMUNITY COLLABORATION

The West Kalimantan case in Sambas has prompted significant changes to our handling of conflicts, and our efforts to avoid and prevent them in the first place. We have strengthened our control and documentation procedures, but more importantly are working to understand and incorporate the free, prior and informed consent (FPIC) principles developed by Forest Peoples' Programme (FPP).

On the basis of this experience, we realise that our engagement needs to be more proactive, which could enable us to help resolve ambiguity over land ownership, and avoid allegations of land conflicts and human rights abuses. This new approach ensures that customary and indigenous rights are respected, and that communities are empowered to give their free, prior and informed consent to development.

As a result of our experiences in Indonesia, we have strengthened our land acquisition procedures to ensure that we do not inadvertently contribute to the disenfranchisement of indigenous populations, or breach customary rights. We have developed a number of policies and procedures to ensure that all mutual agreements with communities and individuals are clearly defined, documented and legally established, thus demonstrating clear evidence of long-term use rights of land. Although our current FPIC procedures differ slightly to reflect differences in the regions where we operate, the principles apply to all of our operations.

FREE, PRIOR AND INFORMED CONSENT FROM COMMUNITIES

The approach is as follows:

- We do not develop oil palm in areas where local communities are not supportive, are divided or where they dispute development. This is done through the use of the FPIC framework for all new developments.
- Implementation of FPIC is secured through negotiations directly with individual landowners (where applicable), community landowners and community leaders.
- This entire process is witnessed by local officials, and is documented in detail.
- The company pays statutory compensation to the individual local community members or leaders (as appropriate) for the existing crops or trees that may be replaced with oil palm, together with a full notarization of agreements documenting ownership of land rights.
- In areas where our presence is welcome, and communities are happy with the benefits our development may bring, we continue to play an active role in enhancing socio-economic development, especially through employment and plasma small-holder schemes.
- Aside from monetary compensation for agreement to plant oil palm, we also offer employment that enables the villagers to earn a long-term income.
- In cases where local communities are unwilling to give up their land, those areas will be delineated as social enclaves for community use and will not be planted unless community members change their mind.

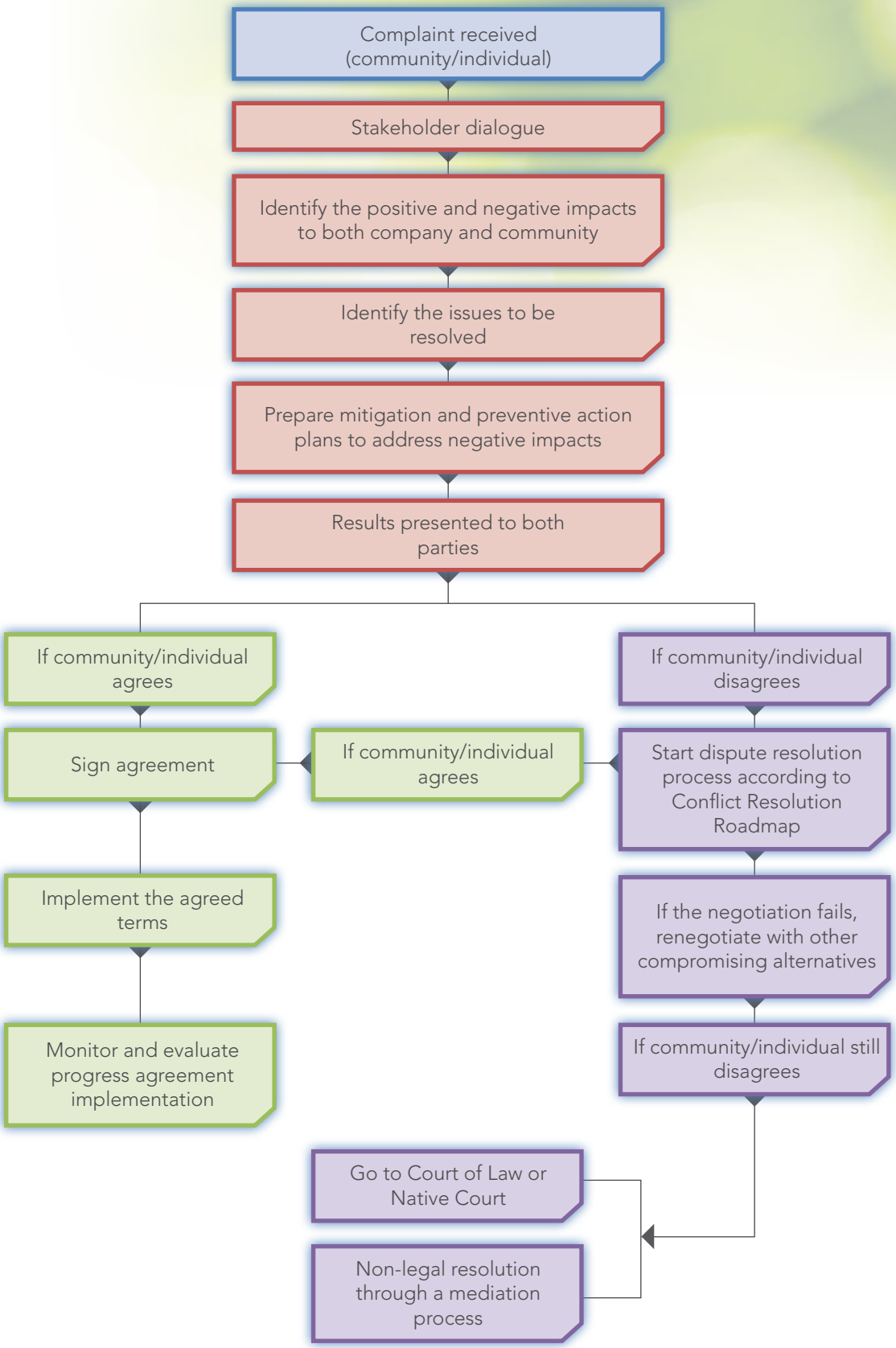
In cases where there are existing conflicts, we use a similar approach, based on Free and Informed Consent (albeit Post rather than Prior). Our Land Claims Resolution System encompasses an inclusive multi-stakeholder approach, working closely especially with local civil society organisations.

We are committed to respecting and protecting international human rights. However, the legal ambiguities of land rights can endanger our operations and reputation through allegations of denying communities their traditional land rights. The FPIC framework has helped to provide guidance for us, particularly in areas where customary and indigenous rights are not fully reflected in the national legal frameworks. Although the FPIC framework should ideally be used to prevent conflicts through prior consent, our experience shows that the framework can also be helpful in resolving existing conflicts.

The FPIC framework has helped us develop a procedure that is designed to facilitate a dispute resolution process between the management, employees, local communities and other external parties. The next page shows how the mechanism is implemented. This is based on a case-study of a social conflict that we have resolved in one of our projects taking place in Indonesia.

Our approach to land acquisition and development has improved significantly as a result of the changes described, and the company believes that this will benefit not only communities, but also our commercial relationships with lenders and customers, which will be strengthened. In addition to these direct benefits, Wilmar is also committed to sharing its experiences through increased transparency and accountability to help communities and other companies operating in ambiguous legal environments.

Complaint & Grievance Procedure



A COMMUNITY'S PERSPECTIVE

Dusun Sajingan Kecil is a small community in Desa Semanga, West Kalimantan, Indonesia. We are 1,114 people – around 245 families. Our traditional livelihood has been rubber, padi (rice), rattan, pepper and fishing. 70% of our cash income has come from forest timber.

In early 2005, we were working in the jungle and we saw that some land was being cleared. When we tried to find out who was doing this, we found out that it was PT ANI.

The land has always been ours, but we gave it to the old government. We used it to collect nuts and rattan. The loss of the land costs us our livelihood.

Our community leader met with the estate manager. We were told that the company didn't know it belonged to us. We asked that the company stop the clearing and restore the cleared area, but they did not do this and we could not find a solution. We then contacted a local NGO who looked into the matter for us. They then contacted international NGOs and through that we got in touch with the World Bank. In 2007, the CAO (World Bank Compliance Advisor Ombudsman) was assigned to the case.

An official complaint was lodged and we signed an Memorandum of Understanding to start a resolution process.

We held on to our claim that the land should be restored and converted back to jungle. To relinquish the land, we wanted Rp2 million per planted hectare, no more forest conversion and a 80% plasma scheme, as well as Rp200,000 for village education per hectare.

The company offered to establish a community development programme, to develop a 40% plasma scheme, compensation of Rp300,000 for every hectare, to rehabilitate the river, and to build a road from the plasma smallholder plantation to the village.

Q How is your relationship with the company now?

A There has been a big change. Before, the company would not speak with us, but now there is an open door. We now have a good relationship with the company, although it's not 100% yet. Some of the agreed terms and conditions are not realised. Approximately 40% of the promised plasma is in place. We receive Rp40 million per year in community development. The rehabilitation of the agreed area has not been done – they say it will happen in 2010. We would like to see a timeline, so we know what to expect.

We feel that there is much more transparency and openness. We can resolve a lot together. We are a bit worried because we feel that we are being discriminated against. For example, transportation of our workers to the fields is not consistent. We are also concerned about the standard of our plasma. It has been stacked but not planted. We want to be sure that the techniques used are appropriate and of a high standard.

The case has created some instability in our community. Some who supported negotiations were suspected of being given money by the company.

Q **Do you think that oil palm makes a positive contribution to communities like yours?**

A If the company hadn't been here, we would have been happy with our traditional livelihoods, but from what we hear, it can be positive. However, the techniques have to be right. If the company does all it has promised, this will not be the end of the relationship. There is a responsibility for both parties to continue to work together. We know that we would not like to depend completely on oil palm – we want diversification.

About the interview

This interview was done in September 2009 in the office of PT ANI. Dusun Sajingan Kecil – Desa Semanga was represented by nine community members – all of whom had been active in the CAO negotiations. The main spokespeople were Pak Muksidin, Pak Syar'ie, Pak Saptudim and Pak Matani.

The interview was conducted by Rikke Netterstrom from CSR Asia and the discussions were translated by Wilmar's Sustainability Manager. All participants were informed that the purpose of the interview was not a dialogue or negotiation between the company and the community, but to understand the perspective of the Sambas community and their view on progress against the agreed actions. Three representatives from PT ANI and two representatives from Wilmar International's CSR Team were present as observers. Observers were instructed not to participate in the interview.

INVESTMENT IN COMMUNITY DEVELOPMENT

Our estates are located in provinces and states with low population density and high incidence of poverty. A low population density compounds the issue of development, as it does not provide government agencies economies of scale for the provision of roads, utilities, community and health services, piped water and education.

Our plantations are often the closest sizeable population for many of these communities. This places responsibility onto us to look after their welfare. We are committed to helping countries in which we operate attain the United Nations Millennium Development Goals.

BUILDING INFRASTRUCTURE

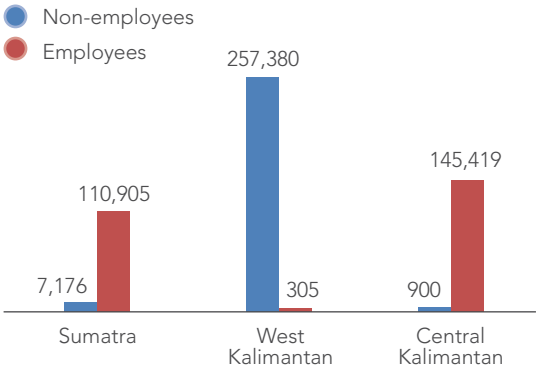
We have constructed 40km of new roads in Indonesia, which are accessible to communities. On average we maintained 302km of roads in Indonesia and 509km in Malaysia annually at a cost of USD1.5 million per year. In West Kalimantan and Sabah, we operate a ferry allowing the community to cross important waterways.

More than 70 million Indonesians do not have access to reliable and affordable electricity services, of which 80% live in rural areas[7]. We supplied 403 generators to communities that previously had no electricity. Though generators are not ideal in our efforts to reduce our reliance on fossil fuel, there are limited options in isolated areas. In Padang, we are experimenting with mini hydro electricity to 250 families.

IMPROVING HEALTH

Our 63 estate clinics and 7 mobile units are kept busy tending to the needs of our employees and community members. We are continuously training hospital assistants and midwives to support these medical efforts.

Medical Services



IMPROVING NUTRITION

In areas not suitable for planting oil palm, we have converted the area to padi fields. Rice that is planted is sold to the local community. We also support the breeding of cattle to provide additional protein to the diets.

IMMUNISING CHILDREN FROM DISEASES

On average, two babies are born in our estate clinics each day. At the end of 2009, there were 10,098 children living on our plantations, an increase of almost 60% from 2008. Over 43% of the children are under the age of six. To support the effort to reduce child mortality, we have provided immunisation programmes for over 11,000 children.

[7] *(World Bank, 2005).*

BASIC EDUCATION FOR CHILDREN

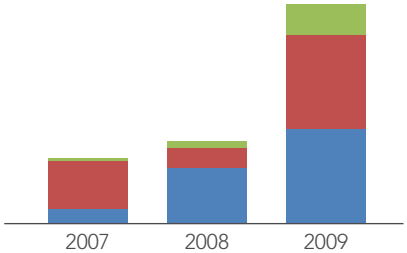
Most of our employees are migrant workers, with families remaining in their home region. However, as our operations have grown and housing facilities have improved, many choose to bring their families to live in our estates and there are now around 10,000 children resident across our operations. In most of the rural areas where our plantations are located, there are fewer facilities for children's education and welfare than in urban environments. To ensure that all children have access to adequate basic education, we have invested significantly in primary school education, funding buildings, school materials and providing teachers.

In Indonesia, we have constructed 10 schools in our plantations. To ensure that standards and opportunities remain adequate, we have also provided financial support of operational cost for 347 schools. This includes renovation, furnishing, provision of books for libraries, computers and monthly honoraria for 106 teachers as hardship allowance. In total we have invested over USD770,000 in education of children in our local communities since 2007.

Malaysia has a stronger basic state-funded education system than Indonesia, providing free primary school education to Malaysian children. However, we have found that there is a significant gap, as children of migrant workers on our plantations in Malaysia are not entitled to national education services. To overcome this dilemma, we partnered with the Borneo Child Aid Society in 2007 to build schools on our estates in Sabah. Today, we have given 1,300 children the opportunity to receive a basic education in Sabah – effectively ensuring education for all. Our support of education in Malaysia represents an investment of almost MYR2 million (USD650,000) to date.

In our Malaysia operations, we administer the daily logistics, such as buildings, materials and food for the schools as well as children in the community. We worked with our partners to deliver an education syllabus integrating both the Malaysian curriculum with Indonesia-centric subjects. This allows children to acculturate into both societies, depending on whether they choose to return to Indonesia or stay in Malaysia.

Children by age
(Malaysia)



	2007	2008	2009
13 to 18	169	285	1,437
6 to 12	2,129	829	4,222
Below 6	704	2,624	4,331

COMMENT FROM BORNEO CHILD AID SOCIETY

In our experience, a lack of education facilities will inevitably lead to child labour issues in oil palm plantations. Since there are no child-carers at home, children follow their parents to the field, picking loose fruits without being registered on the payroll and are hence excluded from general safety precautions. On the other hand, where education is provided for the children, the rate of full time child labour will drop to less than 10% and in some cases none at all.

Our estimates of the number of school-age children living in plantations industry-wide ranges from 24,000 to 50,000 in Sabah. These children do not have access to government schools because of immigration status, distance and poverty. This estimate is based on the actual presence of an average of 300 to 400 school-age children per 10,000ha of oil palm plantation at our own project sites, indicating that the total number of children in Sabah could be above 40,000 across a total of more than 1,500,000ha planted with oil palm. According to the Indonesian Consulate General, 45,000 children have no access to education in Sabah's plantations.

Since 1991, the Borneo Child Aid Society has sought to provide a solution to this problem, by starting learning centres in cooperation with plantation companies. Presently, we are operating 112 centres in Sabah with more than 9,000 children. Our aim is to reach as many children as possible.

The children and their parents are usually overwhelmingly enthusiastic when education is provided as they are aware of the bleak future possibilities of spending an entire childhood without education.

The plantation industry has a responsibility to tackle this problem by providing education to the children of plantation workers. Since the outlook of government schools taking up this responsibility is very slim, it remains with the plantations, which employ the parents and house the children.

In our initial engagement with Wilmar, the main challenges were to persuade the company that our system of informal education could solve the lack of education problem in Wilmar's plantations. We also had to convince Wilmar that

ABOUT TORBEN VENNING

Torben Venning has been the Project Director of the organisation since 2004. He has a background in education in Denmark and abroad, and more than ten years experience in development projects. Torben holds a degree in anthropology from the University of Copenhagen.

we could undertake an expansion of that scale, and find ways to combine our NGO's traditions and methods of independently-run centres with Wilmar's tradition of close management of every aspect of plantations.

The projects proved very successful. Since 2007, Wilmar has constructed 14 high-standard learning centres for about 1,300 children. Each centre includes classrooms, toilet facilities, outdoor facilities and teachers quarters. The company also covers the basic cost of running the centres, as well as uniforms, books and transportation for the children every morning.

The projects supported by Wilmar have brought about a great change for the children – from basically no education to a situation with good basic education in a conducive setting. Notably, the involvement in children's education has become part of the company culture at Wilmar's plantations. It has been beneficial that the projects have received support from both the Indonesian and Malaysian governments through provision of teachers and relevant permits.

We believe that education is now provided to nearly all children in Wilmar's plantations, all in good classrooms with outdoor activity facilities. However, we are still hoping to raise the quality of education, by adding mini libraries and laboratories to each centre, and have asked Wilmar to support this. We also wish to see improvements in our present system with Malaysian and Indonesian curricula for children returning to Indonesia.

ABOUT BORNEO CHILD AID SOCIETY

Borneo Child Aid Society is registered in Sabah and known as "Humana Child Aid Society Sabah". The society was formed in 1991 with an initial sponsorship of the Europe based-NGO, Humana, until 1998, when the sponsorship ended. At that time the main sponsorship was taken over by the Malaysian Company Hap Seng Consolidated's "Lau Gek Poh Foundation" under the initiative of its CEO Mr. John Madsen with whom we have had a close cooperation since then. Presently Borneo Child Aid Society operates as an independent social NGO without formal ties to any international organisations. But we are seeking support and cooperation from NGOs, corporations and funding organisations for our efficient and wide-reaching education projects for thousands of deserving children in Sabah and elsewhere in Malaysia. Borneo Child Aid Society is also a member of CRIN (Child Rights Information Network) and INEE (Inter-Agency Network for Education in Emergencies), and a full NGO member of the Roundtable on Sustainable Palm Oil where we are raising the issue of plantation children's right to education.

INCLUDING SMALLHOLDERS

Smallholders, as defined by the RSPO, are farmers growing oil palm, sometimes along with subsistence production of other crops, where the family provides the majority of labour and the farm provides the principle source of income. Smallholders are a core stakeholder for our operations – particularly in Indonesia, where smallholders account for more than 10% of the planted area supplying fruit to our mills.

The planted area of oil palm is usually below 50ha in size – often much smaller. There are government-initiated smallholder schemes in Indonesia and Malaysia, and we participate actively in these schemes.

Given their size, smallholders typically have limited access to resources like marketing information, technical expertise and capital.

Under the smallholder scheme, Wilmar helps smallholders develop the plantation, including land-clearing for cultivation. Once developed, the plantation will be handed over to the smallholder for self-management.

SMALLHOLDERS IN INDONESIA

In Indonesia, Wilmar is active in a government project known as the Plasma Scheme, designed to assist smallholders to become independent plantation growers. This scheme was first conceived as part of the Indonesian government's transmigration programme in the 1980s. This was done to move Indonesians from densely populated areas to the less populated ones, in order to achieve a more balanced demographic-geographical spread. It is also hoped that the scheme will provide more opportunities for the migrants and help alleviate poverty. In the early years of plantation development before the oil palm trees reached maturity, the livelihoods of smallholders are supported through employment by the company. They typically work as labourers on the estates, while at the same time learning the agronomy of oil palm cultivation.

SMALLHOLDERS IN MALAYSIA

Similarly in Malaysia, we also participated in a government-initiated smallholder programme. In Sabah, we handed over more than 1,600ha of oil palm plantation – out of the 7,500ha of land available for planting in Sugut – to the local government for a smallholder oil palm project. This is a pioneer collaboration between the private sector and the state government in the state of Sabah, Malaysia. It strives to promote entrepreneurship and enhance socio-economic development. We invested about USD6 million to develop the project. By the time the land was presented to the smallholders, it was valued at more than USD15 million.

ASSISTING SMALLHOLDERS TOWARDS RSPO CERTIFICATION

There have been significant concerns from smallholders and other stakeholders that the stringent RSPO certification standard might over time result in the marginalisation of smallholders. If they cannot achieve certification, some mills might refuse to buy their fruit. We see smallholders as an integral part of our supply chain, and have therefore developed a time-bound plan to certify smallholders to a timeline that we consider both challenging and realistic. We are already engaging with smallholders to implement the RSPO requirements. We provide smallholders with sufficient resources and commit to buying their end produce at government-determined rates. To further assist them, we provide vital training on plantation management practices and financial arrangement. With this programme, we hope to steer them away from illegal logging, as well as slash-and-burn activities that can have a huge negative impact on the environment.

We will be using the experience of our own certification teams to ensure that smallholders can be certified in a practical way that considers their specific challenges.

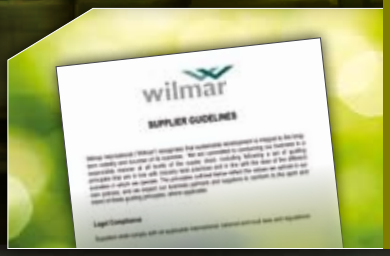
Time-bound plan for inclusion of associated smallholders and outgrowers

NAME OF PLANTATION	PROVINCE WITHIN INDONESIA	AREA		TIME-BOUND TIMETABLE FOR CERTIFICATION
		CATEGORY	PLANTED (HA)	
PT Mustika Sembuluh	Central Kalimantan	Plasma	186	2010
PT AMP Plantation	West Sumatra	Plasma	611	2011
PT Permata Anak Negeri Pasaman	West Sumatra	Outgrower	1,320	2011
PT Kencana Sawit Indonesia	West Sumatra	Plasma	650	2011
PT KAMU	West Sumatra	Outgrower	1,800	2012
PT Permata Anak Negeri Pasaman	West Kalimantan Sambas	Outgrower	1,947	2012
PT Citra Riau Sarana	Riau	Plasma	5,070	2013
PT Permata Anak Negeri Pasaman	West Kalimantan Landak	Outgrower	1,550	2013
PT Gersindo Minang Plantations	West Sumatra	Plasma	1,306	2013
PT Permata Hijau Pasaman	West Sumatra	Plasma	354	2014
PT Musi Banyuasin Indah	South Sumatra	Plasma	1,492	2014
PT Jama Tulen	Jambi	Outgrower	1,576	2015
PT Musi Banyuasin Indah	South Sumatra	Plasma	1,442	2016
PT Maju Perkasa Sawit	Jambi	Outgrower	401	2016


Sania
Minyak Goreng
Bebas Bahan Pengawet
Netto : 6 x 2 Liter

MARKETPLACE

We take a long-term view and responsible approach to our plantation business and extend this principle to our procurement practices; and make every possible effort to encourage our business partners to adopt industry best practices.



ENCOURAGING SUSTAINABLE PRACTICES IN THE SUPPLY CHAIN

Wilmar's business model is somewhat different from many players in the agri-commodity business because we are an integrated player. As well as being one of the world's leading producers of palm oil, we are the world's largest processor and merchandiser of palm and laurics oil.

Just as we take a long-term view and responsible approach to our plantation business, we also extend this principle to our procurement practices. We are working closely with our suppliers to create awareness about sustainable sourcing. As a commitment to the goal of a more sustainable supply chain, we are making every possible effort to encourage our business partners to adopt industry best practices.

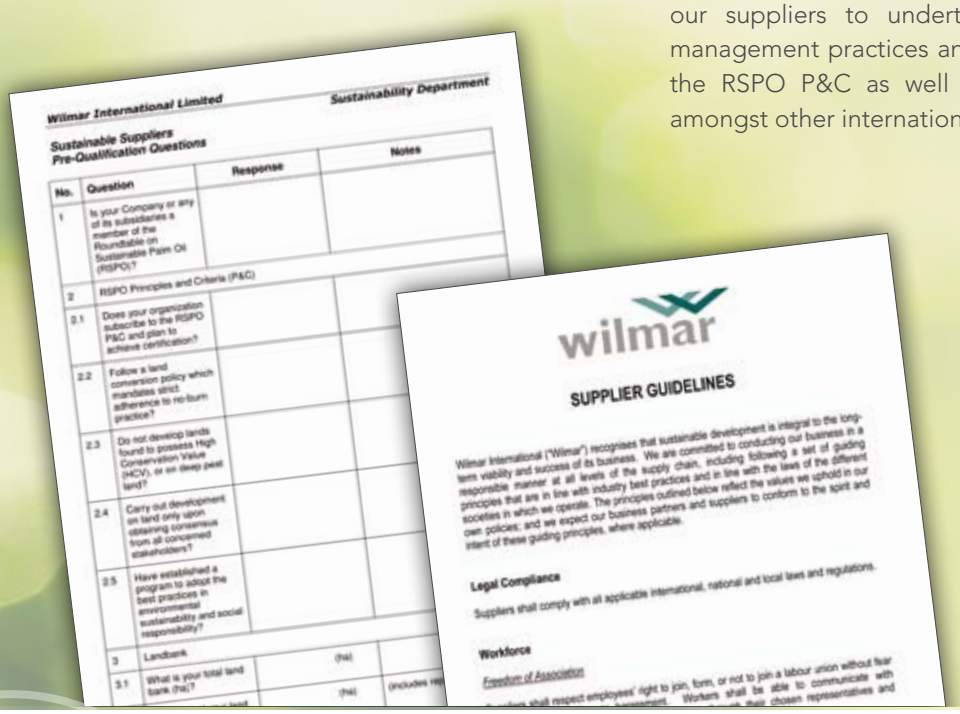
We believe in positive engagement. We recognise that some of our suppliers may not meet our expectations immediately, but we will continue to engage them as part of our commitment to encouraging all in the industry to work towards a sustainable supply chain.

We have a structured process to engage our suppliers, with two key components:

- the "Wilmar Supplier Guidelines" which serves as a basic framework for our business relationships;
- the "Sustainable Supplier Pre-Qualification Questionnaire," which requires our suppliers to provide information about their business practices and demonstrate their commitment towards sustainability, if they wish to initiate or to deepen business relationships with us.

We have committed ourselves to implement documented management systems at all our manufacturing facilities that provide customers the assurance of delivering sustainable products to their doorstep. To that end, we have various traceable supply chain systems available, in line with the RSPO Supply Chain System Requirements (SCSR) and based on verifiable audit procedures. We have been granted the RSPO Supply Chain Certification for the supply of RSPO-certified sustainable palm oil and palm oil products via the Mass Balance and Segregation options.

In a similar manner, we will encourage our suppliers to undertake the same best management practices and systems, especially the RSPO P&C as well as the RSPO SCSR, amongst other international standards.



RESPONSIBILITY IN THE MARKET

As an active member of the RSPO we have signed up to promote and support the use of certified sustainable palm oil in the market place. We believe that the long-term target should be for all palm oil to be sustainably produced, but we recognise that the main objective in the short-term is to engage the downstream supply chain.

Although Wilmar's operations extend into refineries and trading, we are not in a position to make significant headway in switching to certified sutainable palm oil (CSPO) in the immediate future as the availability of CSPO is still far from covering the needs of the market-place. As of mid 2010, only 4% of global palm oil production is certified, and all available CSPO is absorbed by the market.

However, in the short-term we aim to support greater supply by ensuring there is a credible supply chain to the markets in which CSPO is sold. In July 2009, our palm oil mills in Sabah were awarded interim RSPO supply chain certification for the "mass balance" option, and in March 2010 our subsidiary Wilmar Edible Oils, Netherlands & Germany was certified for the "mass balance" and "segregation" options.

In addition, we are encouraging demand in some of the markets which do not currently ask for CSPO. In 2009, we attended a China roundtable organised by WWF China with the purpose of creating greater awareness in that market and identifying means to encourage demand in the world's second-largest palm oil importing country.

FOOD VERSUS FUEL

Some stakeholders are concerned that increased demand for palm-based biofuels will lead to either crowding out of palm oil necessary for food uses or drive rampant deforestation to create new agricultural fields displaced by oil palm. The industry does not see this as an immediate threat. At the moment, there is not only sufficient production to cover current food needs, but also still ample degraded land that can be used for biofuel crops.

GLOBAL REPORTING INITIATIVE G3 INDEX

GRI DISCLOSURE		LOCATION – SECTION
Strategy and analysis		
1.1	CEO statement	Introduction
1.2	Description of key impacts, risks, and opportunities	Commitment to improvement Our business Our plantations
Organisational Profile		
2.1	Name of the organisation	Our business
2.2	Primary brands, products, and services	Our business
2.3	Operational structure	Our business
2.4	Headquarters location	Our business
2.5	Countries of operation	Our business
2.6	Nature of ownership and legal form	Our business
2.7	Markets served	Our business
2.8	Scale of organisation	Our business
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Our business
2.10	Awards received during the reporting period	Our business
Report Parameters		
3.1	Reporting period	About this report
3.2	Date of most recent previous report	About this report
3.3	Reporting cycle	About this report
3.4	Contact	Contact us
3.5	Process for defining report content	About this report
3.6	Boundary of the report	About this report
3.7	Limitations of the scope or boundary of the report	About this report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that could affect comparability	About this report
3.9	Data measurement techniques and assumptions	About this report
3.10	Explanation of the effect of any restatements of information provided in earlier reports	N/A (this is first report)
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	N/A (this is first report)
3.12	GRI content index	GRI Index
3.13	Policy and current practice with regard to seeking external assurance for the report	About this report

GRI DISCLOSURE		LOCATION – SECTION
Governance, Commitments, and Engagement		
4.1	Governance structure	Sustainability governance and strategy
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Sustainability governance and strategy
4.3	State the number of members of the highest governance body that are independent and/or non-executive members	Sustainability governance and strategy
4.4	Mechanism for shareholders and employees to provide recommendations or direction to the board	Sustainability governance and strategy
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	Not reported
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Not reported
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	Not reported
4.8	Statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Sustainability governance and strategy
4.9	Board procedures for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Sustainability governance and strategy
4.10	Processes for evaluating the board's own performance	Not reported
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Environmental performance Commitment to conservation
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Sustainability governance and strategy Third-party standards, certifications and commitments
4.13	Memberships in associations or advocacy organisations	Sustainability governance and strategy Third-party standards, certifications and commitments
4.14	List of stakeholder groups engaged by the organisation	About this report – materiality and responsiveness Sustainable palm oil from a lender´s perspective
4.15	Basis for identification and selection of stakeholders with whom to engage	About this report – materiality and responsiveness
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	About this report – materiality and responsiveness Sustainable palm oil from a lender's perspective Including smallholders Responsibility in the market

GRI DISCLOSURE		TYPE	LOCATION – SECTION
Economic Performance			
Disclosure on Management Approach		Core	Sustainability governance and strategy Marketplace
EC1.	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Core	Our business – financials Employees Community
EC2.	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Core	Action against climate change
EC3.	Coverage of the organisation's defined benefit plan obligations	Core	Not reported
EC4.	Significant financial assistance received from government	Core	Not reported
EC5.	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	Additional	Employees – decent pay and conditions
EC6.	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	Core	Our business – an integrated supply chain Including smallholders
EC7.	Procedures for local hiring and proportion of senior management hired from local community of significant operations	Core	A supportive work environment – developing local talent
EC8.	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro-bono engagement	Core	Community – investing in community development
EC9.	Understanding and describing significant indirect economic impacts, including the extent of impacts	Additional	Our business Employees Community
Environmental			
Disclosure on Management Approach		Core	Sustainable governance and strategy Environmental performance
EN1.	Materials used by weight or volume	Core	Not reported
EN2.	Percentage of materials that are recycled input material	Core	Not reported
EN3.	Direct energy consumption by primary energy source	Core	Not reported
EN4.	Indirect energy consumption by primary source	Core	Not reported
EN5.	Energy saved due to conservation and efficiency improvements	Additional	Not reported
EN6.	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Additional	Action against climate change
EN7.	Initiatives to reduce indirect energy consumption and reductions achieved	Additional	Action against climate change
EN8.	Total water withdrawal by source	Core	Protection of water quality and supply

GRI DISCLOSURE		TYPE	LOCATION – SECTION
Environmental			
EN9.	Water sources significantly affected by withdrawal of water	Additional	Protection of water quality and supply
EN10.	Percentage and total volume of water recycled and reused	Additional	Protection of water quality and supply
EN11.	Location and size of land owned, leased and managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Core	Commitment to conservation
EN12.	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Core	Commitment to conservation
EN13.	Habitats protected or restored	Additional	Commitment to conservation
EN14.	Strategies, current actions, and future plans for managing impacts on biodiversity	Additional	Commitment to conservation
EN15.	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Additional	Commitment to conservation
EN16.	Total direct and indirect greenhouse gas emissions by weight	Core	Action against climate change
EN17.	Other relevant indirect greenhouse gas emissions by weight	Core	Action against climate change
EN18.	Initiatives to reduce greenhouse gas emissions and reductions achieved	Additional	Action against climate change
EN19.	Emissions of ozone-depleting substances by weight	Core	Not reported
EN20.	NOx, SOx, and other significant air emissions by type and weight	Core	Not reported
EN21.	Total water discharge by quality and destination	Core	Protection of water quality and supply
EN22.	Total weight of waste by type and disposal method	Core	Not reported
EN23.	Total number and volume of significant spills	Core	Not reported
EN24.	Weight of transported, imported, exported, or treated waste deemed hazardous under the term of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Additional	Not reported
EN25.	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	Additional	Not reported
EN26.	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Core	Not reported
EN27.	Percentage of products sold and their packaging materials that are reclaimed by category	Core	Not reported
EN28.	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Core	Not reported
EN29.	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	Additional	Not reported
EN30.	Total environmental protection expenditures and investments by type	Additional	Not reported

GRI DISCLOSURE		TYPE	LOCATION – SECTION
Social			
Labour Practices and Decent Work			
Disclosure on Management Approach		Core	Sustainable governance and strategy Employees
LA1.	Total workforce by employment type, employment contract, and region	Core	Our business Employees
LA2.	Total number and rate of employee turnover by age group, gender and region	Core	Not reported
LA3.	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Additional	Not reported
LA4.	Percentage of employees covered by collective bargaining agreements	Core	Employees – freedom of association
LA5.	Minimum notice period(s) regarding significant operational charges, including whether it is specified in collective agreements	Core	Not reported
LA6.	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	Additional	Not reported
LA7.	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Core	A safe workplace
LA8.	Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	Core	A safe workplace Borneo Child Aid Society Investing in community development
LA9.	Health and safety topics covered in formal agreements with trade unions. Health and safety topics covered in formal agreements with trade unions	Additional	Not reported
LA10.	Average hours of training per year per employee per category	Core	A supportive work environment
LA11.	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Additional	A supportive work environment
LA12.	Percentage of employees receiving regular performance and career development reviews	Additional	Not reported
LA13.	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Core	Not reported
LA14.	Ratio of basic salary of men to women by employee category	Core	Not reported

GRI DISCLOSURE		TYPE	LOCATION – SECTION
Social			
Human Rights			
Disclosure on Management Approach		Core	Sustainable governance and strategy Employees Community
HR1.	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Core	Not reported
HR2.	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Core	Not reported
HR3.	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Additional	Not reported
HR4.	Total number of incidents of discrimination and actions taken	Core	Not reported
HR5.	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Core	Employees – decent working conditions
HR6.	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	Core	Employees – decent working conditions
HR7.	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour	Core	Employees – decent working conditions
HR8.	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	Additional	Not reported

GRI DISCLOSURE		TYPE	LOCATION – SECTION
Social			
Society			
Disclosure on Management Approach		Core	Sustainable governance and strategy
SO1.	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	Core	Sustainability governance and strategy
SO2.	Percentage and total number of business units analysed for risks related to corruption	Core	Not reported
SO3.	Percentage of employees trained in organisation's anti-corruption policies and procedures	Core	Not reported
SO4.	Actions taken in response to incidents of corruption	Core	Not reported
SO5.	Public policy positions and participation in public policy development and lobbying	Core	Not reported
SO6.	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	Additional	Not reported
SO7.	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Additional	Not reported
SO8.	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Core	Not reported

GRI DISCLOSURE		TYPE	LOCATION – SECTION
Social ***Product Responsibility***			
Disclosure on Management Approach		Core	Sustainable governance and strategy Marketplace Responsibility in the market
PR1.	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Core	Not reported
PR2.	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes	Additional	Not reported
PR3.	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Core	Not reported
PR4.	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Additional	Not reported
PR5.	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Additional	Not reported
PR6.	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Core	Marketplace
PR7.	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Additional	Not reported
PR8.	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Additional	Not reported
PR9.	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Core	Not reported

GLOSSARY

BIODIVERSITY
The diversity (number and variety of species) of plant and animal life within a region.

BIOFUELS
Biofuels are fuels that are derived from biomass (recently living organisms such as wood or vegetable oil) or their metabolic by-products, such as manure from cows. They are a renewable energy source, unlike other natural resources such as petroleum or coal.

BIOLOGICAL OXYGEN DEMAND (BOD)
The amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

CLEAN DEVELOPMENT MECHANISM (CDM)
A Kyoto Protocol initiative under which projects set up in developing countries to reduce atmospheric carbon generate tradable credits called Certified Emission Reductions (CERs). The credits can be used by industrialised nations to offset carbon emissions at home and meet their Kyoto reduction targets. The projects include afforestation, reforestation and implementation of clean fuels technology.

CO_2 EQUIVALENTS
Carbon dioxide equivalents (CO_2 eq) provide a universal standard of measurement against which the impacts of releasing (or avoiding the release of) different greenhouse gases can be evaluated.

EFFLUENT
Water discharged from one source into a separate body of water, such as mill process water.

GLOBAL REPORTING INITIATIVE (GRI)
A multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators.

HIGH CONSERVATION VALUES
The concept of High Conservation Value Forests (HCVF) was first developed by the Forest Stewardship Council (FSC) in 1999 as their ninth principle. The FSC defined HCVF as forests of outstanding and critical importance due to their environmental, socio-economic, cultural, biodiversity and landscape value.

ILO (INTERNATIONAL LABOUR ORGANISATION)
Is a tripartite world body representative of labour, management and government and is an agency of the United Nations. It disseminates labour information and sets minimum international labour standards called "conventions", offered to member nations for adoption.

INDEPENDENT DIRECTOR
According to the Singapore Exchange (SGX) Code of Corporate Governance (2005), a Director is considered independent if he/she has no relationship with the Group, which would otherwise interfere with the excercise of independent judgement of the Group's affairs.

INTEGRATED PEST MANAGEMENT (IPM)
IPM refers to the science-based approach which aims to reduce the use of inorganic pesticides through biological control, which attempts to utilise the pests' natural enemies, or modify the environment to favour its natural enemies. This will mean a lower cost of production and a more ecologically-friendly method.

IUCN RED LIST
The International Union for Conservation of Nature and Natural Resources (also known as The World Conservation Union) is an organisation based in Switzerland which is involved in preservation of natural resources. Publishes the Red Data Book, which lists the endangered species of every nation.

MASS BALANCE
The Mass Balance system allows for mixing of RSPO and non-RSPO certified palm oil at any stage in the supply chain provided that overall company quantities are controlled. The mass balance model is constructed in such a way that volumes of RSPO certified product shipped will never exceed volumes received by the end-user.

NON-EXECUTIVE DIRECTOR
A Board Director who does not currently hold other employment with the company. Unlike an Independent Director, a non-executive can have significant financial interests or close personal ties to the company

NGO
Non-governmental organisation. In this report, it is used to refer to grass-roots and campaigning organisations focusing on environmental or social issues.

PEAT
Peat is an accumulation of partially decayed vegetation matter. Peat forms in wetlands or peatlands, variously called bogs, moors, muskegs, pocosins, mires, and peat swamp forests

PLASMA SMALLHOLDERS
Smallholders that are structurally linked to and dependent on one mill. Often these are also referred to as schemed ("plasma" schemes around "nucleus" plantations in Indonesia, associated or tied). The structural link can for instance be caused by historic reasons (land ownership), geographical reasons (mill monopsony), contractual reaons (partnership) or financial reasons (debt).

ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)
A multi-stakeholder organisation based in Kuala Lumpur, Malaysia. The organisation has developed a certification scheme for sustainable palm oil.

SEGREGATION
The Segregation supply chain model assures that RSPO-certified palm oil and its derivatives delivered to the end-user come only from RSPO-certified sources. It permits the mixing of RSPO-certified palm oil from a variety of sources.

SOCIAL IMPACT ASSESSMENT
Social impact assessments includes the processes of analysing, monitoring and managing the intended and unintended social consequences - both positive and negative - of planned interventions (policies, programmes, plans, projects) and any social change processes invoked by those interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment.

STAKEHOLDERS
Any group or individual who is affected by or can affect the company's operations.

SUSTAINABILITY
A term expressing a long-term balance between social, economic and environmental objectives. Often linked to Sustainable Development which is defined as "Development that meets the needs of current generations without compromising the needs of future generations".

CONTACT US

This is our first Sustainability Report. We see this as part of our ongoing engagement with our stakeholders, and would welcome your comments and questions.

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