



Driving Transformation

WILMAR INTERNATIONAL LIMITED
SUSTAINABILITY REPORT 2018

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About This Design



At Wilmar, we are committed to change. As Asia's leading agribusiness group and one of the world's foremost palm oil producers, we believe in transforming for the better and are driven to create a vibrant and sustainable future.

Leveraging on an integrated agribusiness model enables us to optimise logistical advantages and take an end-to-end approach to drive sustainable growth. At every stage of our business operations, we seek to uphold the highest standards and practices, paving the way forward with effective strategy, strong governance and full transparency.

This year's Sustainability Report is symbolic of our commitment to drive positive transformation in the agricultural sector. The cover image features key icons integral to our growth and transformation. From palm trees and sugarcane, farms and mills, flora and fauna, staff and family, these different elements and stakeholders form the very essence of Wilmar and the impact we have on the industry, environment and community.

We are focused on **Driving Transformation**, working collectively with our stakeholders to build a better business and in doing so, build a better future.

About This Report

Scope and Boundaries

To determine the boundaries of this report, and the most significant aspects for disclosure, Wilmar International Limited ('Wilmar' or 'the Group') has been guided by the Global Reporting Index (GRI) Sustainability Reporting Standards and the Singapore Exchange (SGX) Sustainability Reporting Guide. This report provides an update on the Group's performance in relation to our sustainability commitments, placing particular focus on our No Deforestation, No Peat and No Exploitation (NDPE) policy. It also covers our contributions to the United Nations Sustainable Development Goals (SDGs) (see page 8).

The scope of this report includes both upstream and downstream businesses where we have a major presence and over 50% shareholding with operational control. For palm oil, our primary focus is the performance of our own plantations, mills and refineries in Indonesia, Malaysia, Ghana and Nigeria. Having expanded the scope of our reporting in 2017, we now also include our sugar operations in Myanmar, Australia, New Zealand and Indonesia.

In February 2014, Wilmar became an investor in Mumbai-based Shree Renuka Sugars (SRS) Ltd., India's leading sugar company. We subsequently increased our stake to 58% as part of a comprehensive debt restructuring exercise, and SRS became an indirectly owned subsidiary of Wilmar in June 2018. Performance data for SRS is currently limited due to the timing of this acquisition and will be included in our next sustainability report.

This report focuses on business areas and activities under our control: those of our own palm oil and sugar operations, our crude palm and lauric oil suppliers, and our fresh fruit bunch (FFB) suppliers. Data on our supply chain are therefore limited to traceability and supplier monitoring. Although we now have better insight into the performance of our key suppliers, we do not disclose this information as it is subject to confidentiality agreements.

The performance data disclosed does not cover:

- Downstream or upstream operations in which Wilmar has 50% ownership, or less, or operations over which the Group does not have management control unless otherwise stated;
- Other downstream and upstream activities outside the Group's palm oil and sugar operations;
- Environmental figures for unplanted areas inside Group plantations (although data on conservation areas and fire incidents are included).
- SRS Ltd. India sugar operations; and
- Data on third-party suppliers, except for traceability and supplier monitoring.

About This Report

Reporting Period

Unless otherwise stated, this report covers performance data for the calendar year 2018. Five-year historical figures are provided where available. As the issues under discussion are evolving rapidly, we have also provided information on our progress in 2019, our planned activities and targets for 2019/2020, and our long-term sustainability objectives.

For this report, our Myanmar figures are based on the 2018 calendar year. These figures are not comparable to our previous report, for which data were collated based on the harvesting season (April 2017 to March 2018).

Topic Identification And Prioritisation

The key topics included in this report were identified through various forums and engagements, including email correspondence and telephone interviews with key stakeholder groups. Interviews were conducted with representatives from the finance and investment sector, the non-governmental organisation (NGO) sector and the customer base for our palm operations. In addition, we reviewed topics covered by other palm oil and sugar related initiatives, such as the Zoological Society of London's (ZSL) Sustainable Palm Oil Transparency Initiative (SPOTT), KnowTheChain 2018 Benchmark Report, Global Child Forum 2018 benchmark study on Corporate Responses to Protecting Children's Rights in Southeast Asia, the High Carbon Stock Approach (HCSA) Steering Group and CDP disclosures.

Key environmental, social and governance issues were also verified in consultation with key internal stakeholders and plotted in materiality matrices (see next page). An internal

group sustainability meeting was then held in November 2018 to review the 2017 sustainability reporting process and discuss key material topics with each department representative.

For our palm oil business, several emergent issues have been evaluated as significantly important for both Wilmar and our external stakeholders. Especially noteworthy are third-party supply chain monitoring, supplier assessments, labour issues and challenges relating to land status in Indonesia.

For our sugar operations, the materiality matrix developed for our Sustainability Report 2017 was primarily based on our perception of general global themes, sector-specific impacts, and risks linked to landscapes in which we operate. For this report we have consulted with our operations in Australia, Myanmar and the trading department to refine the matrix and prioritise issues. As this exercise was carried out prior to Wilmar gaining a majority stake in SRS Ltd., our new sugar venture in India, this business has been excluded from the process. India shall be included in our 2019 report. Some indicators have also been consolidated for clarity.

In 2019, we will consider organising workshops for both internal and external stakeholders prior to conducting the materiality survey to ensure a comprehensive understanding of the exercise.

Validation and Review

We validate our material aspects and ensure balance in our reporting through the following processes:

- Through the reporting process, continuously monitoring stakeholder concerns to ensure



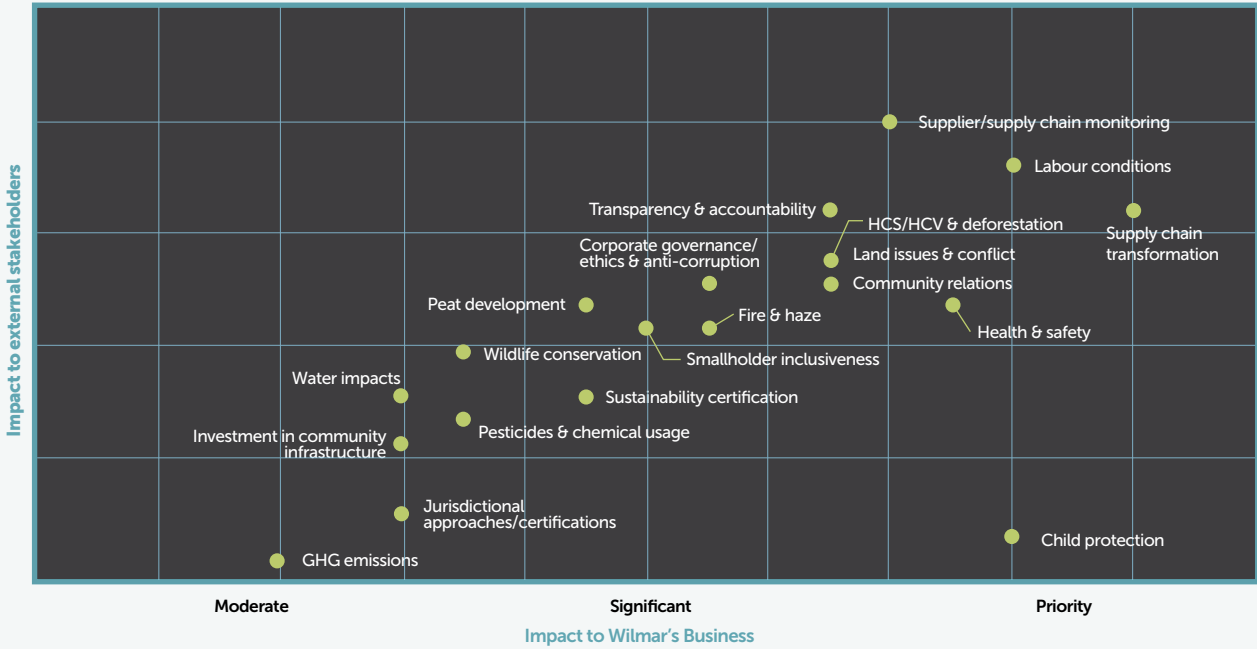
that these are covered by the report;

- Through advice from our reporting consultant, Helikonika, based on their in-depth knowledge of the palm oil industry and its stakeholders; and
- Through reviews and commentaries from various stakeholders and experts on critical aspects of our disclosure.

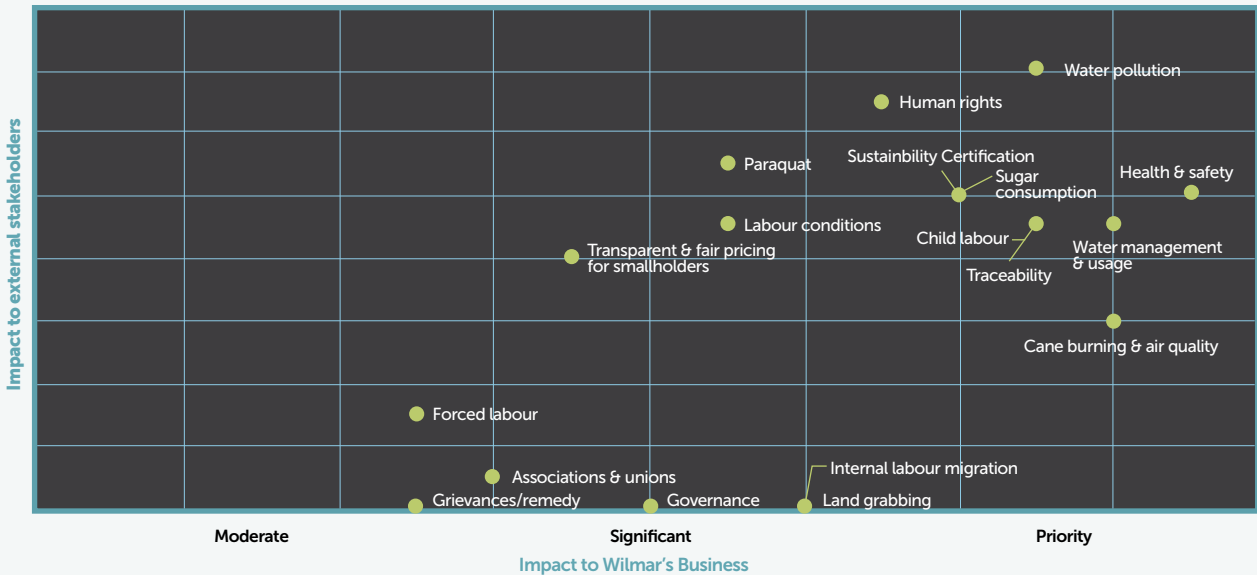
Assurance

Ernst & Young LLP (EY) has been engaged to perform assurance work on selected disclosures in this report. This assurance is for the use of the Management of Wilmar only, and any use of or reliance upon this assurance by a third party is at the third party's own risk. As sustainability reporting is an ongoing process, we have chosen to disclose and discuss some of the most pertinent material issues for Wilmar and its stakeholders within the boundaries of this report. Due to the inherent limitations of the internal control structure, it is possible that errors or irregularities in the information presented have occurred and have not been detected. We continually strive to strengthen our reporting processes and to present information in the most complete and accurate manner possible. Please refer to the section "Independent Limited Assurance Statement" on page 115 for more details.

Palm Oil Materiality Matrix 2018



Sugar Materiality Matrix 2018



Note: Sugar materiality matrix does not include feedback from our sugar operations in India.

Statement from the Board



From left to right:

1. *Juan Ricardo Luciano*
Alternate Director to
Mr Raymond Guy Young
2. *Teo Siong Seng*
Independent Director
3. *Teo La-Mei*
Executive Director
4. *Weijian Shan*
Independent Director
5. *Raymond Guy Young*
Non-Executive Director
6. *Lim Siong Guan*
Lead Independent Director
7. *Kuok Khoon Hong*
Chairman and
Chief Executive Officer
8. *Pua Seck Guan*
Chief Operating Officer
and Executive Director
9. *Kuok Khoon Ean*
Non-Executive Director
10. *Kuok Khoon Hua*
Non-Executive Director
11. *Tay Kah Chye*
Independent Director
12. *Kwah Thiam Hock*
Independent Director
13. *Kishore Mahubani*
Independent Director

We are pleased to present our 2018 Sustainability Report, covering our palm oil and sugar operations for the financial year 2018.

It has been more than a decade since Wilmar embarked on a structured sustainability programme, and it has been both a satisfying and challenging journey. As a Board, we have experienced a steep learning curve to understand the material, environmental and social impacts that stem from our operations, the constantly evolving stakeholder landscape, and the improvements we can make towards the goal of becoming a sustainable business and an inspiration to our industry peers.

We believe that Wilmar is a leader in sustainable and responsible practices in the palm oil industry. Our achievements to date far exceed the expectations we had when we began our own sustainable certification journey in 2007. Today, we are actively ensuring that our supply chain is free from deforestation, new peatland development and exploitation, a policy

that we put in place in 2013. Going beyond our own operations to also cover third-party suppliers means that we are taking responsibility to drive the wider industry, and this is something we are proud of.

Our journey has been guided by our commitment to multi-stakeholder engagement and certification schemes. Today, 76% of our planted palm oil area has achieved RSPO certification, and in 2018 we produced about 681,000 tonnes of certified sustainable palm oil. Furthermore, our efforts to map and engage with our suppliers have enabled us to trace 96% of the oil handled by our refineries to mills. We are now using this information to monitor and provide support to more than 1,500 plantations across almost 15 million hectares. This transparency in turn allows us to supply customers and consumers with palm oil that is free from exploitation and deforestation, and which does not contribute to peatland destruction.

In addition to sustainability in palm, we are pleased to report that we have

achieved 100% traceability of sugar to mills for both Australia refineries, as well as certification against the Bonsucro standard for three of our sugar mills and own farms supplying to them in Australia.

Small farmers make up a significant part of our supply chain. Without their success, we cannot claim to be making real change on the ground. We therefore continued our engagement efforts throughout 2018 to ensure that smallholders are part of our sustainability journey. In Myanmar, our sugar operations provided training on best practices for almost 1,000 sugar farmers, and a further 3,000 smallholders were engaged across Indonesia and Malaysia. Meanwhile, our pilot outgrower schemes in Nigeria continue to assist small farmers in strengthening sustainability standards and increasing access to markets.

Wilmar's operations are guided by a commitment to human rights. We work proactively to prevent the exploitation of workers and communities, and seek to immediately halt and remediate any infringement of our policies. Over the past two years, we have placed a great deal of our focus on strengthening worker rights in our plantations and

mills. In Indonesia, we achieved an important milestone by converting the contracts of all our temporary workers' in Central Kalimantan to permanent positions. Securing stronger labour union relations across our Indonesian operations has also been a key focus as we continue to build on a collaborative approach to workers' rights.

The UN Sustainable Development Goals guide our efforts relating to child welfare and protection. In 2018, we undertook a range of initiatives to identify risks for children in and around our estates. We have also escalated our work to ensure that the 12,400 children living in our plantations in both Asia and Africa have access to decent primary schooling. Currently, about 84% of these children now attend school, and our objective is to ensure that we reach 100% attendance by 2025. These efforts have been strongly supported throughout the company, and we are therefore proud to be ranked number one in the Global Child Forum 2018 [Corporate Responses to Protecting Children's Rights in Southeast Asia](#) report for the improvements we have made.

Our commitment to combat climate change remains steadfast across all

business areas. While we recognise that there is still much to do, we are pleased to report that we have exceeded our target to reduce our greenhouse gas emissions by 500,000 tonnes of carbon dioxide equivalent. This reduction has been secured primarily through ongoing investment in methane capture facilities at our palm oil mills.

We acknowledge that climate change is a fundamental threat to life on our planet, and that a combined effort is required from all agribusinesses to both curb emissions, through initiatives such as methane capture, and avoid emissions through strict bans on deforestation and peatland development. In this respect, we support the inclusion of the High Carbon Stock Approach and peat restrictions in the revised RSPO Principles & Criteria, which was agreed by the RSPO General Assembly in 2018. Wilmar was one of the many contributors to this laudable new standard, and we believe it will be instrumental in bringing larger palm oil companies onto a more responsible path.

We will continue to embrace sustainability wholeheartedly, improving the way we operate and inspiring other industry players in their own work to eradicate deforestation, peatland development and exploitation from their supply chains. We must be sincere and genuine in these efforts and collaborate with like-minded organisations towards this goal. As individual entities we can take steps, but only together can we complete the journey.



Workers accommodation in a Wilmar plantation

Board of Directors

Wilmar International Limited
27 May 2019

Message from the CEO

I am very proud to see the tremendous progress being made across all of Wilmar's sugar and palm oil operations. I believe that our commitment to the UN Sustainable Development Goals and our leadership on sustainability standards has set a great example for others to follow.

It is disappointing, however, that we continue to be singled out for criticism by a number of civil society organisations. While these organisations acknowledge our contribution towards sustainability in the industry as a whole, they appear to be leveraging our position to put pressure on the rest of the industry. I am glad to see that many of our commercial stakeholders, especially our customers, are now much better informed, and have more in-depth knowledge and understanding of the industry, their supply chains and the other environmental and social variables that need to be factored in.

Wilmar has always been, and will continue to be, open to discourse and engagement with both local and international NGOs. Such engagements can help the industry to identify gaps, and may potentially lead to improvements in best practice and efficiency in operations. However, the key elements of such engagements must be that all parties provide constructive feedback, agree to work together in providing solutions, and are able to manage expectations. I hope that the coming years will move us to a more collaborative space, where mutual guidance and the joint development of pragmatic solutions take the place of grievances and complaints.

Mr Kuok Khoon Hong

CEO of Wilmar International Limited
27 May 2019



Panoramic view of planted areas in a Wilmar plantation

2018 Highlights



Certification and conservation for Wilmar's operations

- 76% of planted area RSPO certified
- About 681,000 MT[#] RSPO-certified palm oil produced
- Six additional mills MSPO certified
- 29,613 ha of conservation area identified



Training for smallholders

132 training sessions on Wilmar's NDPE policy and certification works (ISPO & RSPO) conducted for 3,171 independent and associated smallholders across Malaysia and Indonesia



Certification for Wilmar's operations

3 mills in Australia have attained Bonsucro certified status

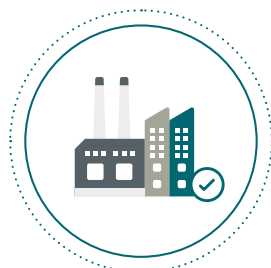
Palm Oil Operations



Traceability and supplier compliance

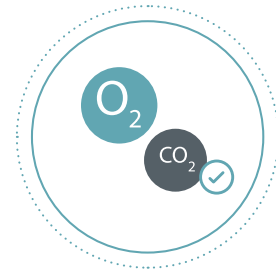
- 96% traceable to the mill
- 14.75 million[#] ha monitored by the Supplier Group Compliance Programme¹
- 201 parent groups covering 750 mills, representing approximately 1,500 plantations spanning Malaysia, Indonesia and Papua New Guinea covered by the monitoring programme
- 51 grievance cases registered
- 429 mills[#] shared their self-assessment results using Wilmar's Supplier Reporting Tool
- 1,622 suppliers trained on environmental and social best practices in Indonesia and Malaysia

Sugar Operations



Traceability

100% traceable[#] to mill-level achieved for both origin refineries in Australia



Reduction of GHG emissions for Wilmar's operations

- Completed construction target of 15 methane capture facilities at palm oil mills since 2015, totalling 23 plants as at end 2018
- Achieved GHG emissions reduction of 588,545² MT CO₂e in 2018, exceeding our target of 500,000 MT CO₂e for 25 facilities in operation



Conversion of temporary worker status

Achieved 100% conversion of temporary contracts to permanent contracts in Central Kalimantan³



Training for smallholders

Capacity building and best practice training conducted for 978 farmers across 19 locations in Myanmar

[#] EY has performed limited assurance procedures on this figure.

¹ Some portions of the area covered under the monitoring programme are fully developed plantations and do not have any further land clearing activities. Aidenvironment, as engaged by Wilmar, continues active monitoring of remaining undeveloped areas for any land clearing activities.














² GHG emissions reduction includes emissions avoided due to fuel replacement of diesel with biogas.

³ Indonesia is the only country in which Wilmar plantations operate without a fully permanent workforce.

Our Targets

We recognise that the private sector has a crucial role in the global mobilisation to address the most pressing economic, social and environmental challenges. This is why we are committed to contributing towards the United Nations Sustainable Development Goals (SDGs), and have identified five SDGs of particular relevance to our business: Quality Education (SDG 4), Decent Work and Economic Growth (SDG 8), Responsible Production and Consumption (SDG 12), Life on Land (SDG 15) and Partnerships for the Goals (SDG 17). More information on our SDG commitments can be found on page 21.








Our progress towards these five goals is mapped out below.

Target	SDG Link	Initial Target	Progress as at 31 Dec 2018
Certification and grievances			
Complete Roundtable on Sustainable Palm Oil (RSPO) certification for all our own palm operations ⁴	  	2018 for all operations	Target for refineries revised to 2020 To date, 78% of refineries are certified. Target for mills revised to 2023 All mills in Malaysia and Ghana as described in the 2013 timebound plan* have been certified, while the timebound plan for our mill in Nigeria is 2022. Seven out of 25 mills in Indonesia remain uncertified due to delays in finalising operation permits (<i>Hak Guna Usaha</i>). <i>*Note: One additional mill in Malaysia – Suburmas – is under a joint venture where Wilmar does not have majority shareholding. However, under the RSPO Certification Systems requirements, this was clarified as being under Wilmar management control in 2018. This mill is now included in our timebound plans and is scheduled for certification in 2021.</i>
Achieve 100% MSPO certification for all our Malaysian mills and estates	  	2019	On track To date, 8 out of 9 mills are MSPO certified ⁵ .
Complete Indonesian Sustainable Palm Oil (ISPO) certification audits for 10 stand-alone palm oil mills ⁶ in Indonesia	  	2025	Target revised to 2023 For our stand-alone mills, ISPO certification is only possible for independent mills when at least 20% of the crop received is certified. Wilmar is working with the independent fresh fruit bunch (FFB) suppliers towards certification.
100% response rate to all grievances raised via Wilmar's Grievance Procedure	 	Ongoing	Target achieved 100% response rate to all grievances raised via Wilmar's Grievance Procedure since 2015.
Supplier engagement			
Conduct training for 1,000 supplier participants in Indonesia and Malaysia		2018	Target achieved To date, 910 supplier participants have attended training sessions across Indonesia and Malaysia in 2018, bringing the total number of trained supplier participants to 1,622.
Environment			
Complete construction of 15 methane capture facilities at crude palm oil (CPO) mills on top of the 8 completed plants in 2015.		2018	Target achieved To date, 23 methane capture facilities have been completed.

⁴ Following RSPO Principles and Criteria for palm oil mills and RSPO Supply Chain Certification Standard for refineries that process palm oil products only.

⁵ Our Suburmas mill in Malaysia falls outside the scope of this report. However, it is included under our MSPO certification figures as MSPO certification covers all mills over which we have operational control.

⁶ This refers to independent mills as defined under the scope of the ISPO standard requirements.

Target	SDG Link	Initial Target	Progress as at 31 Dec 2018
Environment			
Reduce water consumption intensity (mill process only) for palm oil mills based on 2016 baselines with absolute targets: 1.2m ³ /MT FFB for Indonesia and 1.3m ³ /MT FFB for Malaysia and Ghana*		2023	On track Water usage for Sarawak, Central Kalimantan and Sumatra were within respective absolute targets in 2018.
<i>*Note: With a new mill in place in Nigeria, we are working to ensure data robustness prior to setting targets.</i>			
15% reduction in GHG emissions intensity for all palm oil mills from our 2016 baseline of 0.82 MT CO ₂ e/MT CPO (based on GHG Protocol)		2023	On track Our 2018 GHG emissions intensity was 0.72 MT CO ₂ e/MT CPO.
For palm oil mills discharging to waterways, maintain effluent levels to be within local regulation thresholds		Ongoing	Target achieved All operations were compliant with relevant local thresholds.
Employees and communities			
Establish Women's Committees (or Gender Committees) in 100% of Wilmar's palm estates, ensuring female representation in 100% of Wilmar's palm estates		Ongoing for Malaysia, Indonesia and Ghana	Target achieved All estates in Malaysia, Indonesia and Ghana have established Women's Committees, ensuring female representation in all of Wilmar's palm estates.
		2019 for Nigeria	On track
Upgrade and modernise schools in and around our oil palm estates (15 in Indonesia, 6 in Nigeria, 2 in Ghana)		2020	On track for Indonesia and Nigeria To date, 10 schools have been redeveloped in Indonesia and 3 schools have completed redevelopment in Nigeria. Target achieved for Ghana Both schools in Ghana have undergone redevelopment.
100% of smallholder suppliers in a smallholder support programme	 	2020 for Ghana	On track Adum smallholder programme launched in Ghana in 2018, and is expected to benefit all 300 farmers by 2020 (160 in 2019 and 140 in 2020).
		2023 for Nigeria	On track We plan to scale up the Pilot Outgrower programme to target 2,000 farmers in Nigeria; however, the timeline is dependent on when funds become available. All farmers are expected to be in full compliance within a year of project commencement.
		2025 for Indonesia	On track In 2018, 6,087 independent smallholders participated in the ISPO certification training programme in Indonesia. The target is to reach 24,218 by 2025.

Our Targets

Target	SDG Link	Initial Target	Progress as at 31 Dec 2018
Employees and communities			
100% of children of compulsory school-going age that live in Wilmar plantations attend schools, education programmes or equivalent		2025	On track Around 84%# of children of compulsory school-going age living in Wilmar's plantations attend school
100% of permanent workers in palm oil estates and mills are provided with onsite accommodation		Ongoing for Malaysia, Indonesia and Ghana	Target achieved All workers in Malaysia, Indonesia and Ghana have access to onsite accommodation. Those who stay offsite do so by choice.
		2025 for Nigeria	On track 11% of permanent workers are currently provided with accommodation in our estates.
100% of workers in palm estates and mills have access to healthcare		Ongoing	Target achieved All workers have access to healthcare facilities including insurance, onsite clinics, and transportation to and from clinics and/or hospitals (for emergencies).
No withholding of identification and/or travel documents		Ongoing	Target achieved No travel documents withheld.

EY has performed limited assurance procedures on this figure.



Accommodation for workers and their families at our Malaysia estate



Committed To Change

ABOUT WILMAR

Wilmar International Limited is Asia's leading agribusiness group and a Fortune Global 500 company. Founded in 1991 and headquartered in Singapore, we are one of the largest listed companies by market capitalisation on the Singapore Exchange (SGX).

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

Our global operations are supported by a multinational workforce of about 90,000 employees.

Wilmar's Global Presence

Our operational footprint includes over 900 manufacturing plants worldwide⁷, as well as an extensive distribution network that spans China, India, Indonesia and more than 50 other countries and regions.



Over **900** manufacturing plants in **33** countries and regions⁷



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



Multinational workforce of about **90,000** staff globally

Note: This map shows the extent of Wilmar's operations and goes beyond the scope of this report.

⁷ Including those of our subsidiaries, joint ventures and associates.

#1 PLAYER IN CHINA

- Largest edible oils refiner and specialty fats and oleochemicals manufacturer
- Leading oilseed crusher, producer of branded consumer pack oils, rice and flour
- One of the largest flour and rice millers

INDONESIA & MALAYSIA

- One of the largest oil palm plantation owners and the largest palm oil refiner, palm kernel and copra crusher, flour miller, specialty fats, oleochemicals and biodiesel manufacturer
- Largest producer of branded consumer pack oils in Indonesia

AFRICA

- One of the largest oil palm plantation owners, edible oil refiners and producers of consumer pack oils, soaps and detergents
- Third largest sugar producer

EUROPE

- Leading refiner of tropical oils

UKRAINE

- Largest edible oils refiner and specialty fats producer

INDIA

- Largest branded consumer pack oils, specialty fats and oleochemicals producer and edible oils refiner
- Leading oilseed crusher
- Leading sugar miller and refiner

RUSSIA

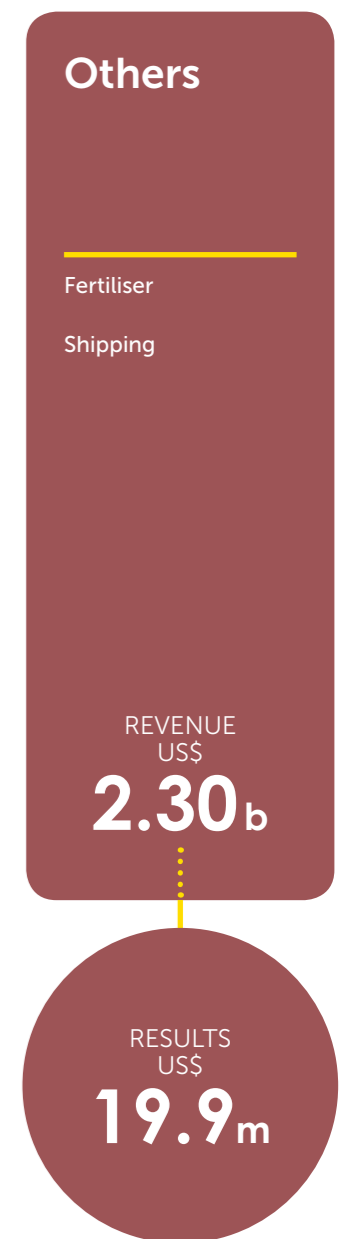
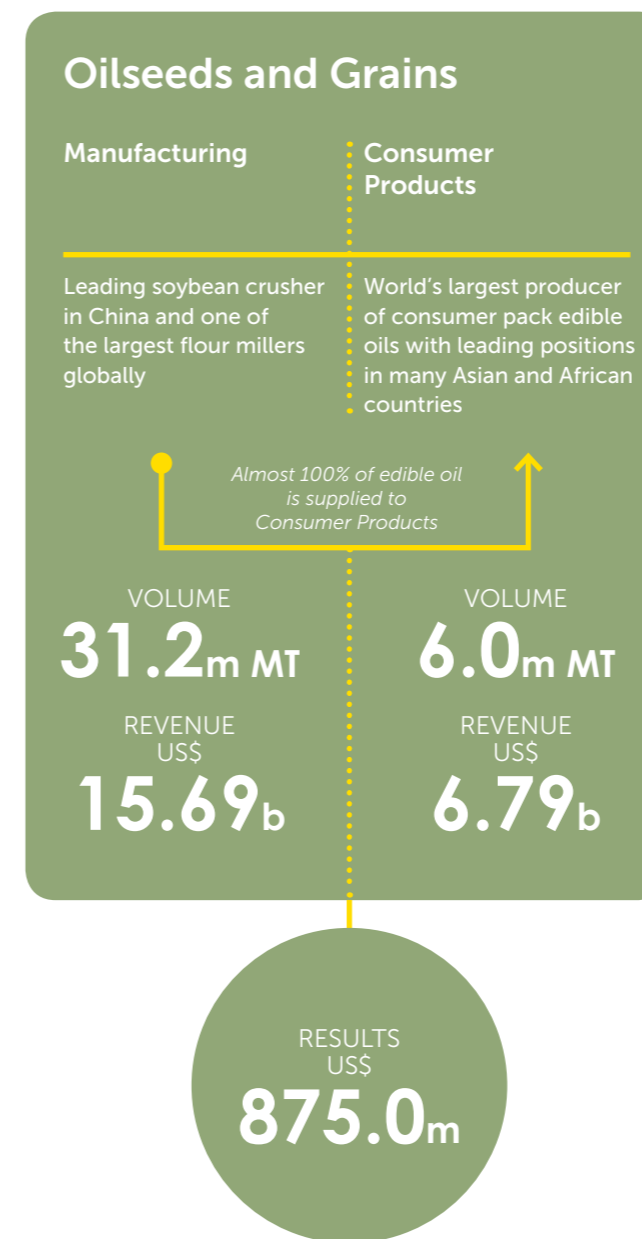
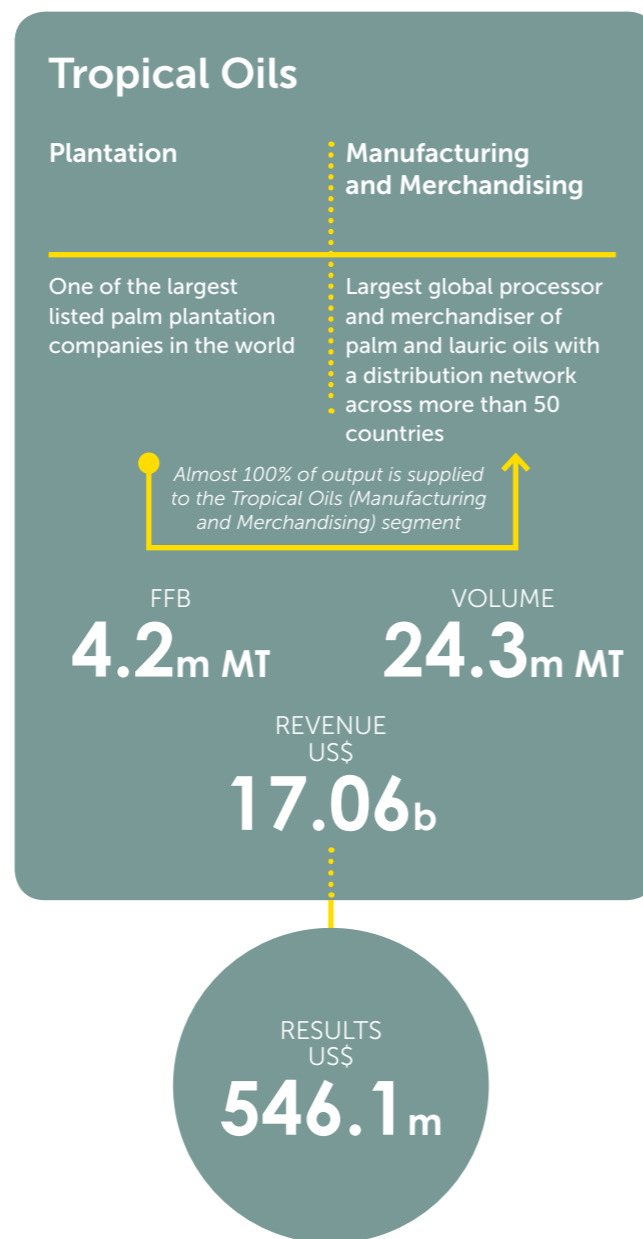
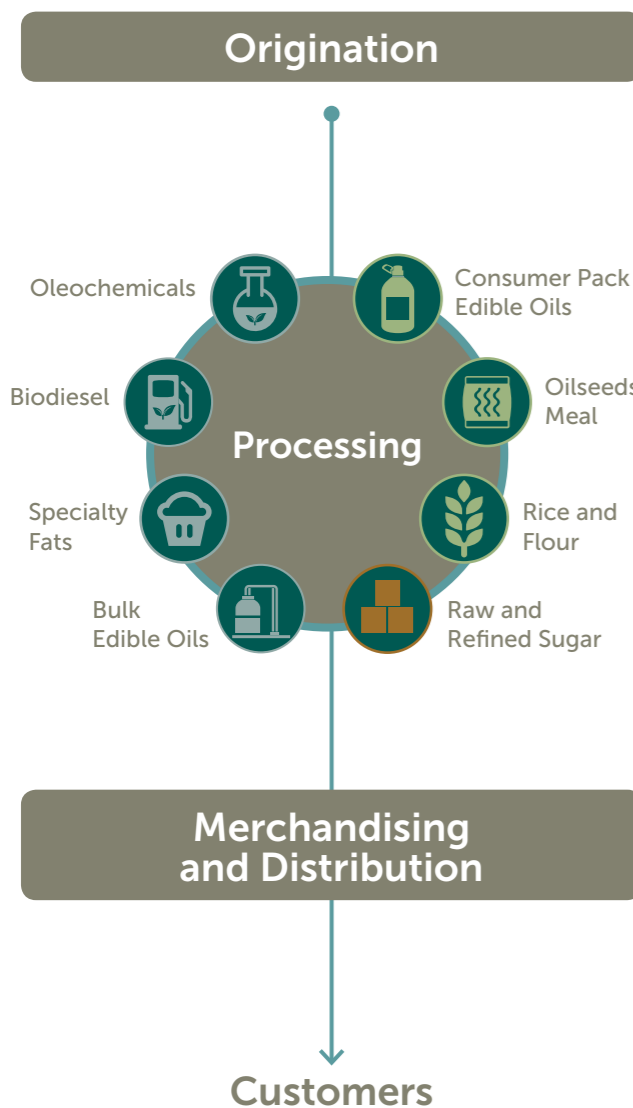
- Largest manufacturer of consumer pack margarine and mayonnaise



An Integrated Agribusiness

Our integrated business model encompasses the entire value chain of the agricultural commodity business, from cultivation and processing through to the manufacture, marketing and distribution of a wide range of high quality agricultural products. The

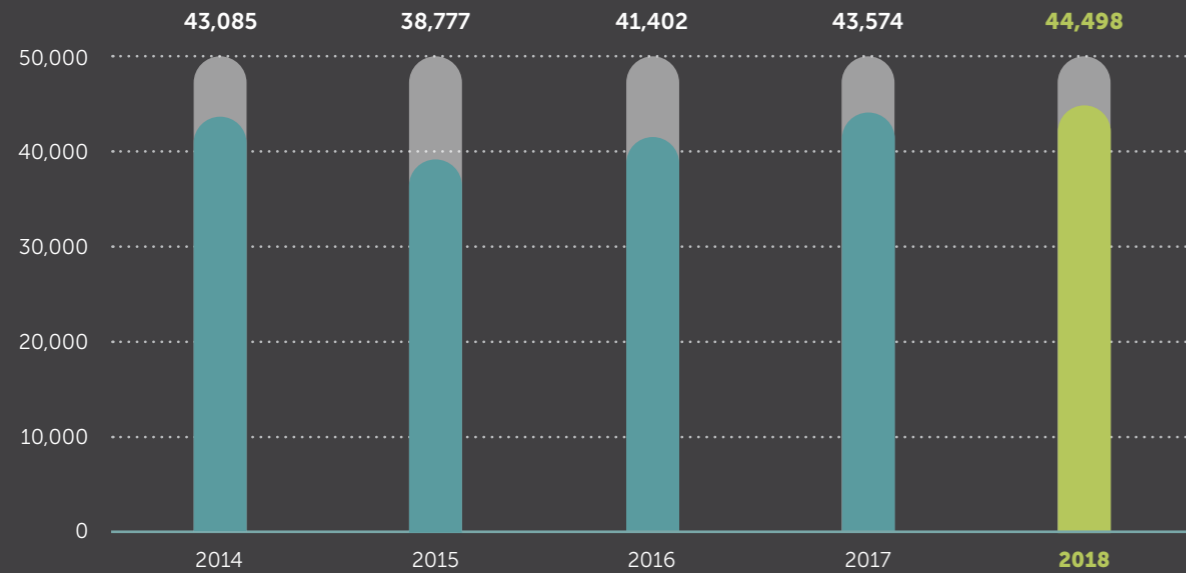
logistical advantages of this model enable us to maximise operational synergies and cost efficiencies at every step. They also enable us to take an end-to-end approach as we continue driving transformation towards sustainable growth throughout our operations – and beyond.



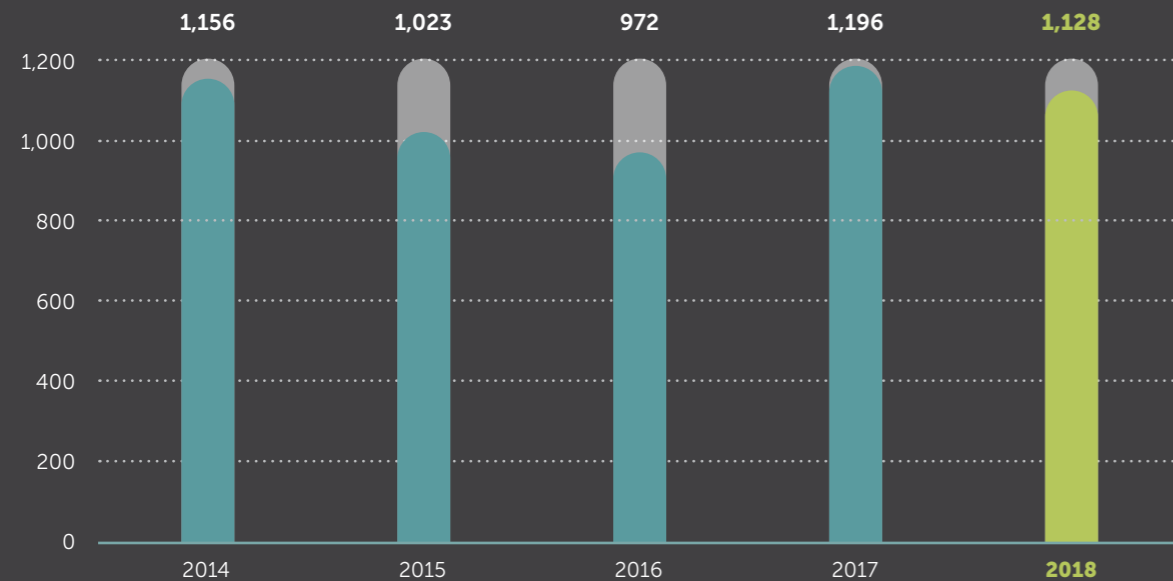
* Includes impairment of assets & goodwill of US\$138.6m.

Financial and Employee Highlights

Revenue^{8a} US\$ Million



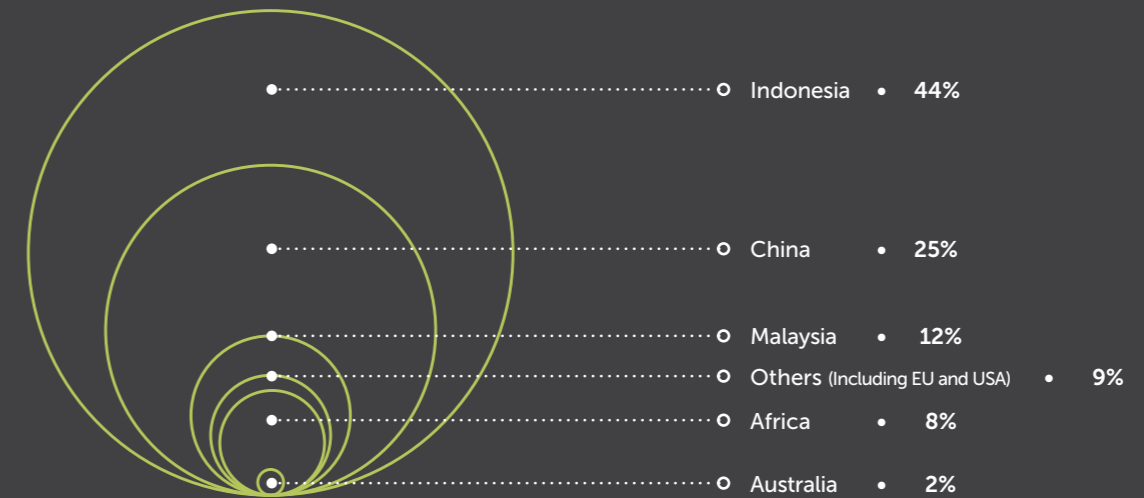
Net Profit^{8a,8b} US\$ Million



Note: FY2015 and FY2017 figures have been restated.

Note: The data in this section highlights financials relating to the whole of Wilmar's operations and goes beyond the scope of this report.

Employee breakdown by geographic region 2018



Note: Employee figures are based on subsidiaries only and exclude joint ventures and associates.

^{8a} FY2017 figures were restated upon adoption of SFRS (I) 9 Financial Instruments, SFRS (I) 15 Revenue from Contracts with Customers and IFRS Convergence. FY2014 to FY2016 figures are not adjusted.

^{8b} FY2015 figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agricultural: Bearer Plants. FY2014 figures are not adjusted.

Governance and Management

Corporate Governance and Management

Wilmar's Board of Directors is responsible for the strategic direction of the Group and is its highest governing body. The Board is composed of Directors with diverse skills and qualifications in areas such as accounting, legal, finance and business management, as well as specific industry-relevant experience.

As at the date of this report, the Board has 12 members, including three Executive Directors and nine Non-Executive Directors, six of whom are Independent Directors. Nine Board members are citizens of Singapore, one is a citizen of Malaysia, one is a citizen of the United States of America

and one is a citizen of the People's Republic of China. The Board is led by Mr Kuok Khoon Hong, who is our Chairman and Chief Executive Officer (CEO). The Lead Independent Director acts as a counter-balance on management issues in the decision-making process. In February 2019, Wilmar appointed its first female Director to the Board.

The Board is supported by a key management team responsible for executing the Group's strategy and operations. For more details about our corporate governance structure and processes, please refer to our [2018 Annual Report](#).



Governance and Management

Sustainability Governance and Management

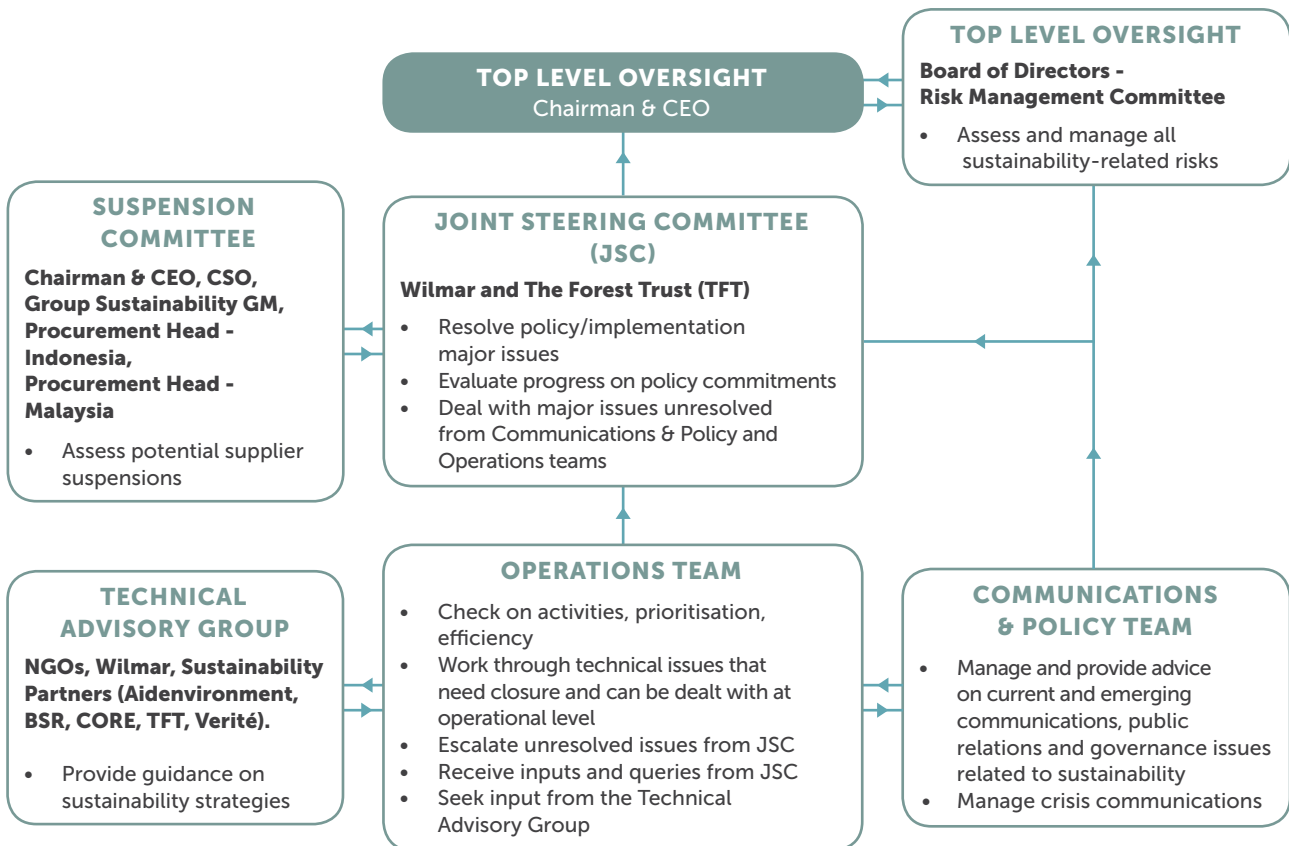
Sustainability governance is a core function within the Group's overall risk management structure. Our Chairman and CEO oversees the implementation of our No Deforestation, No Peat and No Exploitation (NDPE) policy, and is supported by the Risk Management Committee, which reviews sustainability reports and emerging issues on a quarterly basis. Wilmar will continue to review and enhance key performance indicators (KPIs) related to sustainability to further strengthen our governance practices in 2019.

Wilmar's Sustainability Department is responsible for the implementation of the Group's sustainability strategies. Its mandate covers the NDPE policy, the principles of the United Nations Global Compact, certifications, stakeholder engagement, corporate governance and reporting. The department is staffed by more than 60 employees worldwide, combining a wide range of relevant local and technical expertise across South East Asia, Europe and Africa. Wilmar's Chief Sustainability Officer (CSO) spearheads the Group's overall sustainability agenda, while the Group Sustainability General Manager (GM) is responsible for the

implementation of these strategies and policies throughout our supply chain, as well as reviewing the progress of execution.

The implementation of our NDPE policy is supported by site- and regional-level operation teams, a communications team, and a Technical Advisory Group comprising NGOs and other sustainability partners. These teams provide input to the Joint Steering Committee, which oversees important strategic issues relating to the implementation of the NDPE policy and evaluates progress against policy targets. In addition, we have

Sustainability Governance Structure



Note: The governance structure also covers sugar operations, with the exception of involvement by The Forest Trust and the Suspension Committee.

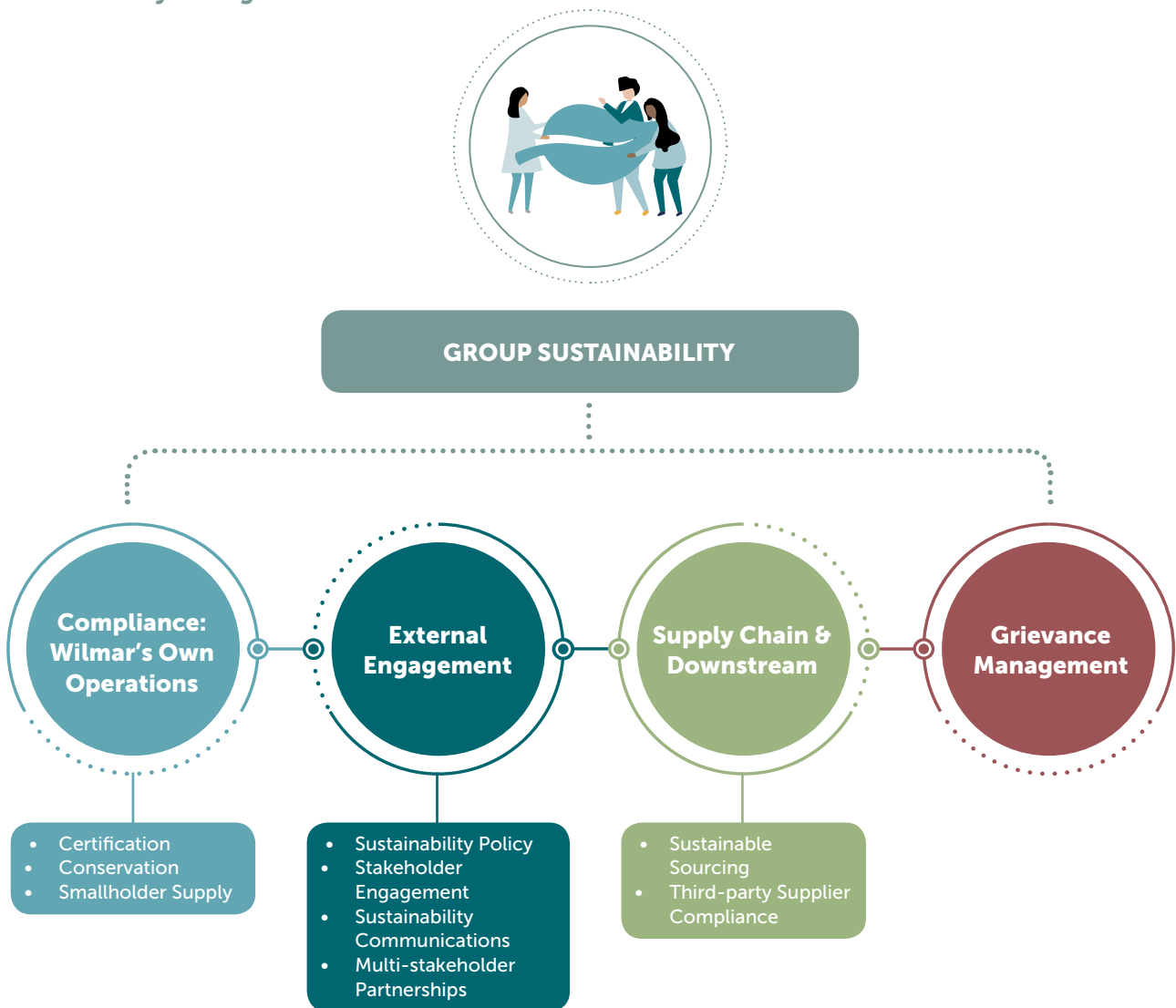
established local teams in Malaysia and Indonesia to provide on-the-ground support for our third-party suppliers. For suppliers who fail to comply with our NDPE policy, a Suspension Committee has been set up to review trading relationships.

In addition to this formal governance structure, we have made strategic agreements with

various implementation partners to support our ongoing NDPE policy implementation and supply chain compliance work. These partners include Aidenvironment, TFT (now known as Earthworm Foundation), Proforest and Daemeter of the Consortium of Resource Experts (CORE), Business for Social Responsibility (BSR) and Verité Southeast Asia.

At an operational level, Wilmar's Technical Managers are assessed against the Environment, Health & Safety (EHS) performance of the respective operations under their charge. In addition, a site-level KPI scorecard for EHS has been introduced for factory managers.

Sustainability Management Structure



Governance and Management

Sustainability Values and ESG Topics Relating to the Five SDGs

In 2015, countries around the world adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). Also recognising the private sector's role and responsibility to support and

build on these commitments, we have embedded five of the SDGs into our long-term sustainability strategy and, where applicable, have measured our performance against them. While specific reference to individual targets will not always be made, we have highlighted where our actions align with or contribute to the five identified SDGs in this report.

Furthermore, and as a responsible corporate citizen, Wilmar remains committed to good environmental, social and governance (ESG) practices. These ESG objectives steer the Group's decisions and ensure that our approach to sustainability is integrated in all aspects of our business. We constantly engage with our stakeholders and evaluate ESG risks for all activities we are involved in.

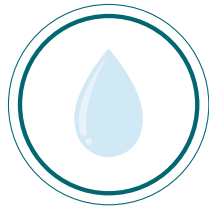


Road through the mature palm trees in Wilmar estate

WILMAR'S SUSTAINABILITY VALUES



Conserving Forests and Species (Environment)



Reducing Climate Change Impacts



Giving Back to the People (Social)



Sustainable Business

RELEVANT ESG COMPONENTS

- HCV/HCS/no deforestation
- Wildlife conservation
- Water and pollution impact and management
- No peatland development
- Pesticides and chemical usage

- Air quality
- Fire and haze
- Greenhouse gas (GHG) emissions

- Child protection
- Community relations and conflict resolution
- Freedom of association
- Food safety and nutrition
- Health & safety
- Human rights
- Investment in community infrastructure
- Labour conditions
- Smallholder inclusiveness

- Corporate governance & anti-corruption
- Food safety and nutrition
- Grievance resolution
- Jurisdictional approaches and certification
- Supply chain monitoring
- Supply chain transformation
- Sustainability certification
- Transparency and accountability

KEY INDICATORS

- No deforestation
- HCV/HCS/peat
- Riparian areas
- Anti-poaching (species)
- Water

- GHG emissions/methane recovery
- Fire mitigation

- Provision of schools, daycare facilities and crèches
- School redevelopment programmes
- Provision of scholarships
- Community development programmes
- Human rights & labour conditions policies & practices
- Community development programmes
- Philanthropy & CSR initiatives

- NDPE policy
- Supply chain traceability and smallholders
- Certification
- Banks (sustainability loans)
- Research and development
- Partnerships and engagement



Palm Oil Operations

Plantations and Mills

Wilmar is one of the world's largest oil palm plantation owners. As at 31 December 2018, our total planted area covers 230,409⁹ hectares in three main regions: 67% in Indonesia, 25% in East Malaysia and the remaining 8% in Africa, specifically Ghana and Nigeria. We own an additional 14,000 hectares of infrastructure area.

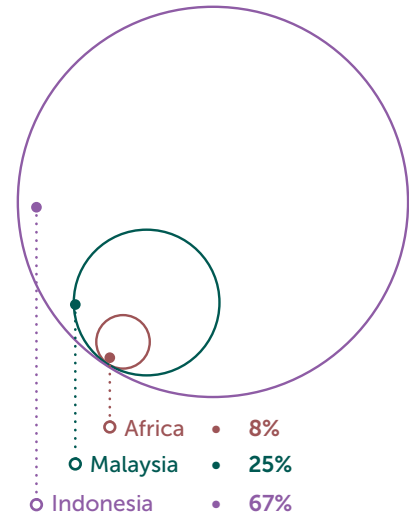
Wilmar directly manages about 35,800 hectares belonging to smallholder schemes in Indonesia and Africa. Through joint ventures, we also own plantations covering approximately 46,000 hectares in Uganda and West Africa¹⁰. An additional 149,000 hectares owned by smallholder and outgrower schemes are managed through these joint ventures and associates.

Wilmar operates 45 palm oil mills located across East Malaysia, Indonesia, Ghana and Nigeria¹¹. In 2018, a new mill was commissioned in Nigeria to replace an old, smaller-capacity mill. Nine mills in Indonesia are independent operations that purchase fresh fruit bunches (FFB) exclusively from third-party suppliers.

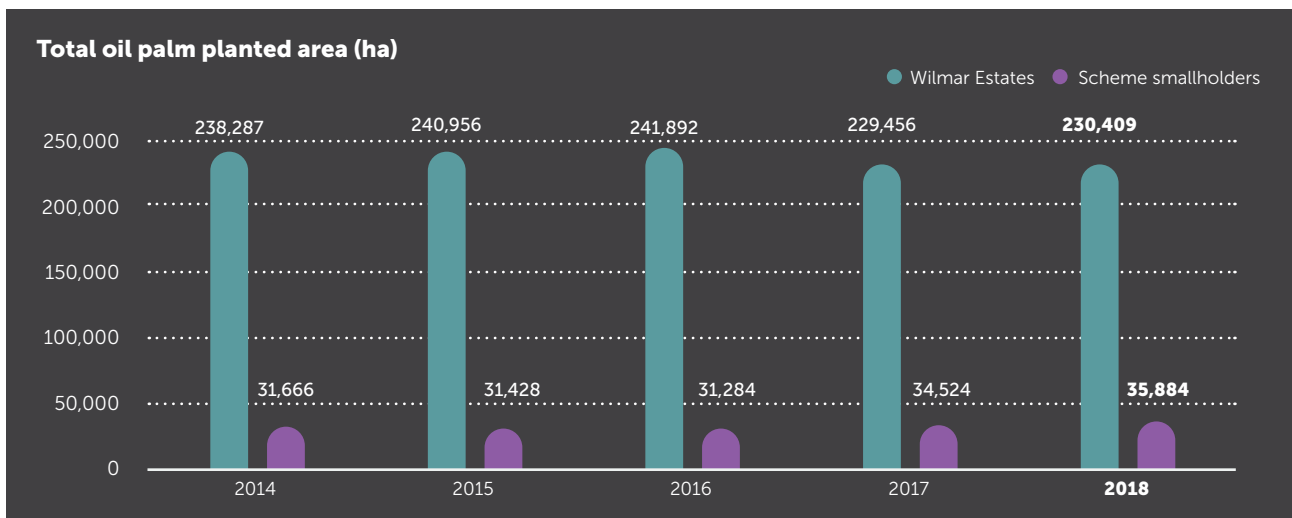
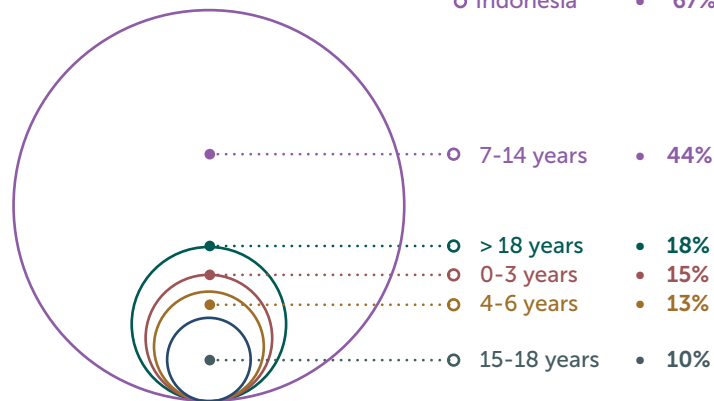
Around 53% of our total supply base is composed of third parties, while 5% is composed of scheme smallholders.

As at 31 December 2018, we have achieved Roundtable on Sustainable Palm Oil (RSPO) certification for 25 of our mills, and 16 are certified against two further national sustainable certifications (eight in Malaysia and eight in Indonesia). We have also achieved certification for 36 sites across our biodiesel supply chain under the International Sustainability & Carbon Certification (ISCC) standards. For more information on our certifications, see page 30.

Plantations by geographic region 2018 (Total: 230,409)



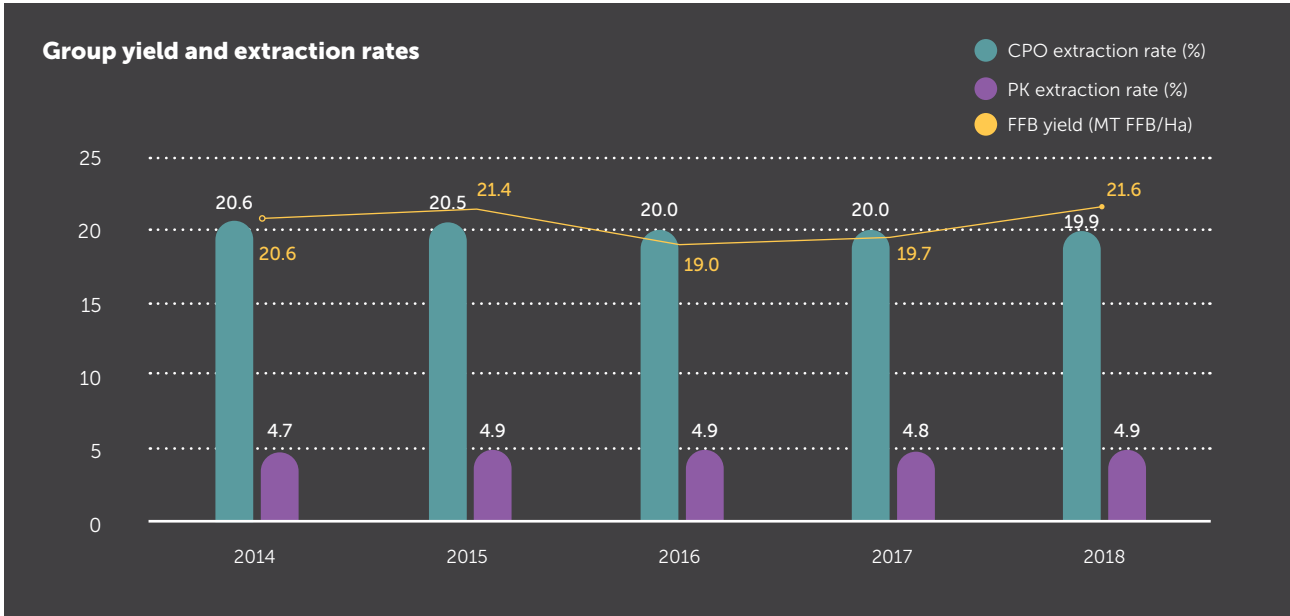
Plantations age profile 2018



⁹ Excluding one area in Suburmas, which is leased from the local government.

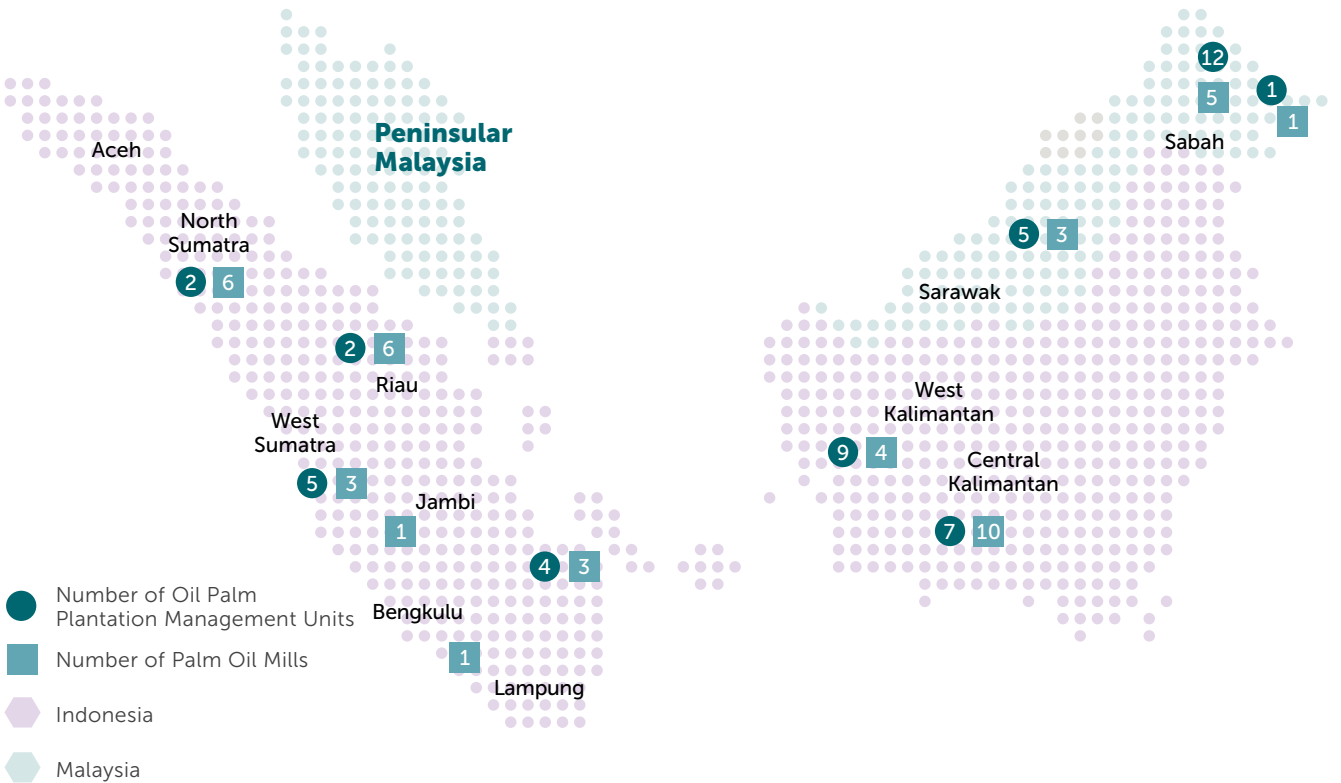
¹⁰ Outside the scope of this report.

¹¹ We have an additional palm oil mill in Malaysia, Suburmas, where we have less than 50% shareholding. Unless otherwise stated, this mill is outside the scope of this report.



Wilmar's Palm Oil Plantations and Mills 2018 (Southeast Asia and West Africa)

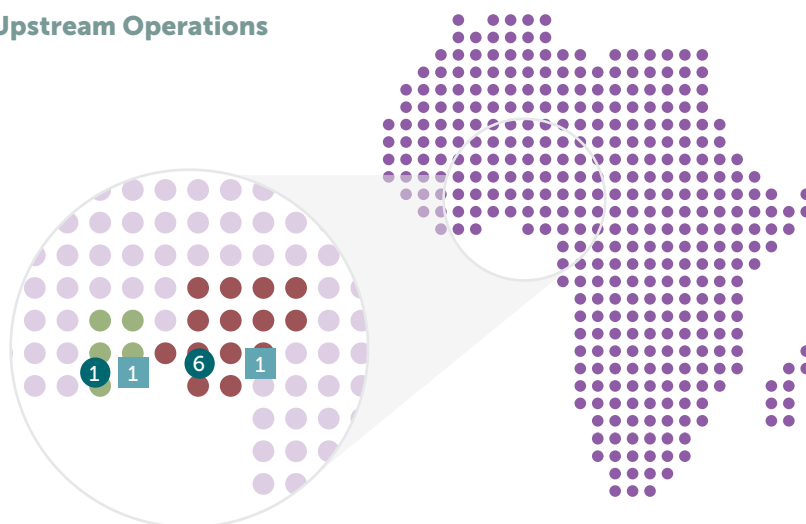
Geographical Location of our Upstream Operations in Indonesia and Malaysia



Note: Our Suburmas mill in Sarawak falls outside the scope of this report, unless otherwise stated.

Geographical Location of our Upstream Operations in Africa

- Number of Oil Palm Plantation Management Units
- Number of Palm Oil Mills
- Ghana
- Nigeria



Palm Oil Refineries

Wilmar is the world's largest processor and merchandiser of palm and lauric oils, from which we derive refined palm oil, specialty fats, oleochemicals and palm biodiesel. We source crude palm and lauric oils from our own plantations and third-party suppliers.

As at 31 December 2018, the Group has plants located in the following countries:

	Refinery	Oleochemicals	Specialty Fats	Biodiesel
Subsidiaries				
Indonesia	25	4	4	11
Malaysia	15	3	1	2
China	51	10	6	0
Vietnam	4	0	2	0
Europe	0	1	0	0
Africa	2	0	2	0
Others	4	0	1	0
Total no. of plants	101	18	16	13
Total capacity (million MT p.a)	30	2	2	3
Associates				
India	45	3	6	0
China	7	2	3	0
Russia	4	0	1	0
Ukraine	2	0	1	0
Malaysia	3	0	0	0
Africa	10	0	4	0
Bangladesh	2	0	0	0
Europe	6	1	1	0
Indonesia	0	0	0	1
Singapore	0	0	1	0
Total no. of plants	79	6	19	1
Total capacity (million MT p.a)	14	<1	<1	<1

Note: Refinery capacity includes palm oil and soft oils

Explore our supply chain at wilmar-international.com/sustainability/supply-chain-map.

Sugar Operations

Wilmar has been involved in sugar production since 2010, and is now one of the world's top 10 raw sugar producers. We are the largest raw sugar producer and refiner in Australia, the leading sugar refiner in Indonesia, and the top consumer pack sugar manufacturer in Australia and New Zealand. Our sugar business employs more than 4,000 employees globally.

Our sugar operations span Myanmar, Indonesia, Australia and New Zealand, and we have recently expanded our business in India. We made an additional investment in Mumbai-based Shree Renuka Sugars (SRS) Ltd., increasing our shareholdings from 27% to 58% by the end of June 2018. SRS manages seven sugar cane mills with integrated ethanol and cogeneration units, two port-based refineries and

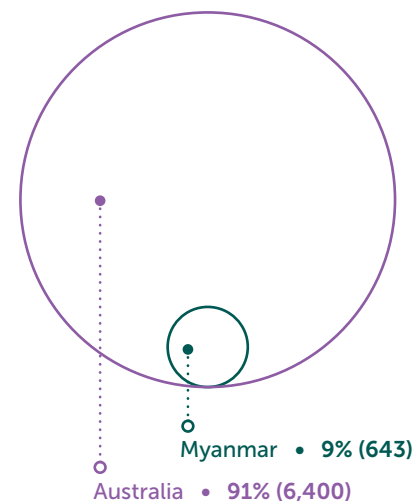
the leading national sugar brand, Madhur. SRS is supplied by sugar farms that source all sugarcane from smallholders¹².

Sugarcane Plantations, Mills and Refineries

Approximately 91% of our planted area is in Queensland, Australia, while the remaining 9% is situated in Northern Myanmar¹³. In 2018, our total planted area of 7,043 hectares produced 505,363 tonnes of sugarcane.

In 2018, our plantations recorded yields of 91.4 tonnes and 69.4 tonnes of sugarcane per planted hectare in Australia and Myanmar respectively. Myanmar's lower yields are attributed to different climatic conditions and lower levels of mechanisation.

Sugarcane planted area by country (ha) 2018 (Total 7,043 ha)



Cane delivery to our sugar mill in Australia

¹² The timing of this acquisition puts the performance of our new India operations beyond the scope of this report. Data will be included in our 2019 sustainability report.

¹³ Data for Myanmar are based on the calendar year (January to December 2018) and are not comparable to our previous report, where data were collated based on the harvesting season (April to March).

Wilmar operates 10 mills in Australia and Myanmar, which produced a total of around 2.35 million tonnes of raw sugar during the reporting period. Bonsucro certification for our sugar operations in Australia expanded in 2018 to include all our farms and three mills in Burdekin, North Queensland. Our efforts to retain our Smartcane Best Management Practices accreditation for two of our Australian farms continue, and we are working towards accreditation for two additional farms – one targeted for 2019 and one for 2020 (see page 31 for more information on certification).

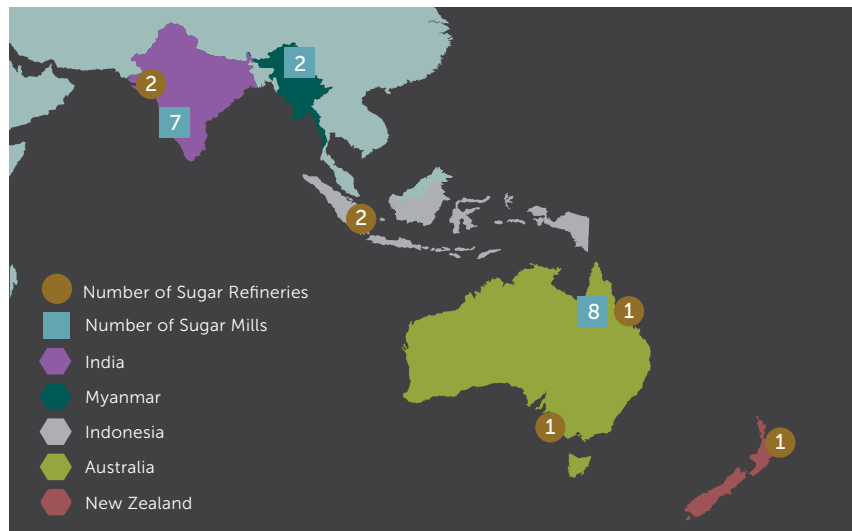
Wilmar operates one refinery in New Zealand and two refineries in Australia through a joint venture with Mackay Sugar. We also operate two refineries in Indonesia. All of our refineries and warehouse operations in Australia and New Zealand, as well as one refinery in Indonesia, have been certified against the Bonsucro Chain of Custody Standard.

In Australia, third parties (including leaseholders and independent producers) manage 198,371 hectares of our total planted area and delivered 14,961,969 tonnes of sugarcane to our Australian mills in 2018. Meanwhile in Myanmar, a total of 36,603 hectares was contracted to be managed by scheme smallholders in 2018. These smallholders supplied 1,310,830 tonnes of sugarcane to the mill under our joint venture, Great Wall-Wilmar Holdings.

Overall, third-party suppliers represent 97% of Wilmar’s sugarcane supply base.

[Find a full overview of our sugar operations on page 21 of our 2017 Sustainability Report.](#)

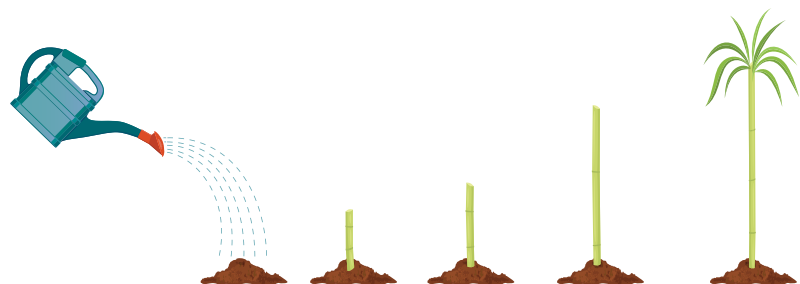
Wilmar’s Global Sugar Operations 2018



Note: India does not fall under the scope of this report

As at 31 December 2018, the Group has sugar mills and refining plants in the following countries:

	Milling	Refining
Subsidiaries		
Australia	8	2
New Zealand	0	1
Indonesia	0	2
India	7	2
Myanmar	2	0
Total no. of mills/plants	17	7
Total capacity (million MT p.a)	27	4
Associates		
Morocco	7	1
Total no. of mills/plants	7	1
Total capacity (million MT p.a)	4	1





Small Steps Towards Big Impact

OUR POLICIES AND PRACTICES
TO SUSTAINABILITY

Our Approach to Sustainability

Sustainability is firmly embedded in Wilmar's core business strategy and operations, and we are committed to driving transformation in the agricultural sector. In December 2013, we became the first palm oil company to launch an integrated No Deforestation, No Peat and No Exploitation (NDPE) policy extending across the entire supply chain. Supported by international standards and our multi-stakeholder partnerships, this policy has set the Group's overall direction towards mitigating deforestation, peat development and exploitation.

Also recognising the private sector's responsibility to support and build on the commitments of the Sustainable Development Goals, we have embedded five SDGs into our long-term sustainability strategy (see page 21). We will continue to measure our performance against targets aligned with these goals. Overall, our NDPE framework and overarching sustainability strategy greatly overlaps with **SDG 12 on Responsible Consumption and Production**, which is one of the most relevant goals to our sustainability efforts. Many of our existing activities and much of what we currently report demonstrates our progress towards this goal.

Accelerating NDPE Policy Implementation

Reports by [Tropical Forest Alliance 2020 and Forest Trends](#) show that the palm oil industry has made significant progress in the last four to five years, both in the quality of no deforestation commitments and in their implementation. At the time of reporting, 29% of Indonesia's leased out landbank is protected under the NDPE policies of 365 traders and

consumer goods companies. This is equivalent to [6.1 million hectares](#), or ten million football fields. Meanwhile other industry players are lining up to adopt their own NDPE policies, achieving a level of commitment to sustainability that has far surpassed that seen with any other agricultural commodity.

At Wilmar, we maintain our focus on the impact of our oil palm operations and drive compliance with our NDPE policy at multiple levels. For our own operations and for scheme smallholders, we pursue continuous improvement by strengthening standard operating procedures and participating in relevant certification schemes. In our wider supply chain, we use our refineries as central hubs for engaging, assessing and enhancing supplier performance. Reaching beyond our direct supplier mills, the scope of our policy extends to group-level¹⁴ oil palm plantations owned by companies that we have business relationships with.

A key learning from this process is that the challenges we face in effective policy implementation extend beyond the palm oil industry itself, and therefore need to be addressed holistically through the collaborative effort of governments, civil society organisations, smallholders, suppliers and other industry players. To ensure successful implementation, we continue to invest significant resources to support multi-stakeholder partnerships and jurisdictional and landscape approaches as part of our sustainability strategies. Nevertheless, as we implement our policy, we are still obstructed by the opaque ownership structures used by some companies, and recognise that deforestation due to oil palm expansion continues to occur.

Facing these challenges head on, we have re-affirmed our commitment to break the link between oil palm cultivation and deforestation, peatland development and social conflict. In December 2018, Wilmar issued a [Joint Statement](#) with Aidenvironment and supporting consumer goods companies that details our new supplier monitoring and engagement programme. This programme has been designed to accelerate our efforts towards a deforestation-free palm oil industry.

Effective from 1 January 2019, Wilmar will immediately halt sourcing from suppliers at the group level who are involved in verified cases of deforestation and/or new developments on peatland. Suspended suppliers will need to meet re-entry criteria that specify minimum thresholds for Wilmar to consider resuming sourcing. This policy supports our recently launched timebound action plan to accelerate NDPE implementation, which has the following three priorities:

1. Higher transparency and verification of NDPE compliance across the supply chain;
2. Participation in cross-industry collaboration to fight deforestation; and
3. Monitor labour and community issues to ensure no exploitation.

In order to establish a deforestation-free supply chain from 2020 onwards, Wilmar recognises that the provision of remediation measures, also known as Recovery Plans, is required for past non-compliances related to deforestation and peat development. Adopting a conversion cut-off date of 31 December 2015 to determine the extent of non-compliance, we will develop high-resolution forest cover and peatland baseline maps for 2016

¹⁴ Group-level of suppliers is based on the [definition of "group"](#) provided by RSPO. In addition, national interpretations will be applicable in the respective regions.

onwards, beginning with Indonesia and Malaysia. We expect this work to be completed in 2019.

[Read more about our Joint Statement and NDPE action plan here.](#)

We will also continue working to ensure that our commitments and approach to NDPE are equally relevant and impactful to our sugar business. We are currently adopting best management practices at our mills and will subsequently engage in partnerships to encourage changes throughout the industry. Our NDPE policy was scheduled for review in 2018 to ensure full alignment with our sugar business; however, due to limitations in capacity, this has now been rescheduled for completion in 2019. We are currently convening public consultation processes relating to relevant sustainability policies and procedures.

Sustainability Certification Roundtable on Sustainable Palm Oil (RSPO)

As at year-end 2018, 25 of our mills and 172,047 (76%) hectares of our planted area across Malaysia, Indonesia and Ghana are RSPO certified. Of the total hectareage, 3,690 hectares are owned by scheme smallholders. In 2018, we produced approximately 681,000# tonnes of certified sustainable palm oil (CSPO) and around 149,000# tonnes of certified sustainable palm kernel (CSPK). A further 11,425 tonnes of CSPO and 2,929 tonnes of CSPK were produced by our plasma smallholders. Around 5% of all the palm oil products we handle, trade and process are RSPO-certified.

As of year-end 2018, 78% of our refineries are certified against the

Timebound plan for outstanding mill certifications as of 31 December 2018

Location	Company name	Target date
Central Kalimantan	PT. Sarana Titian Permata 1 & 2	2023 - In process of finalising operation permits (HGU)
West Kalimantan	PT. Agro Nusa Investama (ANI) Sambas (Kumpai)	2019 - New certification exercise taking over from ANIS Senabah
West Kalimantan	PT. Agro Nusa Investama Pahauman	2020 - In process of finalising operation permits (HGU)
West Kalimantan	PT. Agro Palindo Sakti 2	2020 - In process of finalising operation permits (HGU)
South Sumatra	PT. Musi Banyuasin Indah	2020 - In process of finalising operation permits (HGU)
West Sumatra	PT. Kencana Sawit Indonesia	2019 - Recertification exercise
Riau	PT. Sinarsiak Dianpermai	2020 - In process of finalising operation permits (HGU)
Jambi	PT. Agrindo Indah Persada 2	2023 - In process of finalising operation permit (HGU)
Sarawak	Suburmas Palm Oil Mill Sdn. Bhd.	2021 - Updated RSPO membership rule requires Wilmar to include Suburmas in our timebound action plans moving forward
Calaro	Biase Plantation Ltd. (Calaro mill)	2022 - New mill, pending maturity of plantation

Note: Delays in certification due to HGU finalisation are a result of the [revised legality requirements](#) set out by the RSPO in June 2018.

RSPO Supply Chain Certification Standard and can deliver palm oil products under the Segregated and Mass Balance supply chain models. We target to complete certification for all refineries by 2020.

We continue working to achieve RSPO certification for all our estates and mills. There has been a decrease in certified volumes for our own operations since 2017 because certificates have expired at three of our mills. One of these mills is undergoing an ongoing process to obtain operation permits, or *Hak Guna Usaha (HGU)*; one is in the process of resolving a land title issue relating to a plasma smallholder that will be re-certified in 2019; the third mill has been re-certified but is awaiting closing out of non-compliances

before the certificate is obtained. In addition to the issues stated above, there are increasing challenges with the RSPO certification process due to the variable interpretation of the certification standard by parties involved in the certification process.

All of Wilmar mills in Malaysia and Ghana have been RSPO certified¹⁵, while the timebound plan for our mill in Nigeria is set for 2022. Seven of our 25 mills in Indonesia remain uncertified due to the ongoing process of obtaining operation permits. Our target for 100% RSPO certification for all mills has therefore been revised to 2023. We will continue working diligently with all relevant parties to overcome these barriers – including with the necessary government

EY has performed limited assurance procedures on this figure.

¹⁵ This refers to all Malaysia and Ghana mills as described in the 2013 timebound plan. An additional mill in Malaysia, Suburmas, is operated under a joint venture and Wilmar does not hold the majority shareholding. However, the status of this mill was clarified in 2018 as being under Wilmar management control according to RSPO Certification Systems requirements. This mill is now included in our timebound plans and is scheduled for certification in 2021.

Our Approach to Sustainability

bodies towards an efficient process in obtaining the operation permits. We will provide the RSPO with regular updates on our progress.

National Palm Oil Certification Schemes

The Indonesian Sustainable Palm Oil (ISPO) certification is a national requirement implemented by Indonesia's Ministry of Agriculture and has been applied to all mills since 2011. As at 31 December 2018, eight of our mills and their supply bases are certified against the ISPO standard. For independent mills, ISPO certification is only possible when at least 20% of the crop received is certified. Wilmar is working with independent FFB suppliers and smallholders towards achieving ISPO compliance by 2023.

We have been implementing the Malaysian Sustainable Palm Oil (MSPO) certification programme and its Principles and Criteria (P&C) for our own operations since 2016. We certified six additional mills and their supply bases in 2018, and after achieving certification for the remaining Malaysian mill in February 2019, we now operate all nine mills under the standard.

In addition, Wilmar is also partnering with the Malaysian Palm Oil Certification Council (MPOCC) to support all of our suppliers as they work to achieve MSPO certification by the end of 2019 (see page 41 for more information).

International Sustainability and Carbon Certification (ISCC)

Wilmar is a member of the ISCC Association, which promotes the sustainable cultivation, processing and utilisation of biomass and bioenergy. The ISCC scheme is geared towards greenhouse gas (GHG) emissions reduction, sustainable land use, protection of natural biospheres and

social sustainability. At the end of the current reporting period, 20 mills and 16 refineries across our biodiesel supply chain are certified against the ISCC standard.

Bonsucro

Wilmar adheres to the Bonsucro Production Standard for its sugarcane mills and supply operations, and the Bonsucro Chain of Custody Standard for all products handled above mill level.

As of 31 December 2018, about 51% of total sugarcane planted area owned by Wilmar is certified against the Bonsucro Production Standard. Our Bonsucro certified sites cover Wilmar's Burdekin farms, as well as three of our raw sugar mills in Australia. We have also obtained Bonsucro Chain of Custody certification for all downstream operations in Australia and New Zealand, as well as for the Jawamanis sugar refinery in Indonesia and our sugar trading office in Singapore.

Smartcane Best Management Practice (BMP)

Smartcane BMP is a voluntary accreditation system for cultivating sugarcane in Australia. The system provides best practice guidance on farming and business management.

We worked throughout 2018 to retain our Smartcane BMP accreditation for the farms that we operate in Burdekin and Herbert, as well as to secure accreditation for our Proserpine farms. We will begin the process at our Plane Creek farms in 2019, with an aim to achieve accreditation in 2020.

Improving Productivity and Palm Oil Yields

Improving our productivity, increasing our yields and optimising our use

of resources are all vital strategies as we work to fulfil the global demand for palm oil. We invest significant resources in research and development (R&D) to find new ways to boost our performance, all the while ensuring that our palm oil is produced responsibly and sustainably.

Since 2009, we have collaborated with Temasek LifeScience Laboratory on research to shorten the palm breeding cycle through the use of genetic screening. Significant progress has been made, and we are currently field-testing genetic markers against FFB yields in selected palms. If successful, this research may enable us to halve the breeding process time compared to conventional methods.

This technique is currently housed under Wilmar's palm breeding units. We plan to distribute the superior seeds throughout our plantations in Indonesia, and eventually make them commercially available.

Among other R&D initiatives, we are working closely with Orillion, a New Zealand-based pest control expert, on a new rodenticide. This initiative supports our Integrated Pest Management (IPM) programme, which includes the mass rearing of barn owls for biological rat control and the use of target-specific rat baits. Of these, the solution developed by Orillion has been identified as the most appropriate. We have also been conducting best management practice trials in conjunction with the International Plant Nutrition Institute. This collaboration has produced a book – "Oil Palm Best Management Practices for Yield Intensification" – which was published in 2014 for the benefit of the oil palm industry. In addition, we are setting up a new laboratory in Central Kalimantan to explore palm-cloning techniques. This facility is expected to be operational in the second half of 2019.

Supply Chain Traceability

As the world's largest palm oil trader, and with third parties representing over 90% of our total supply base, we have both a responsibility and an opportunity to lead our supply chain towards sustainable palm oil production. By tracing supply flows we are able to map our supply base, evaluate suppliers' performance against our NDPE policy, and engage with suppliers to drive continuous

improvement. We are also able to make our supply chain as visible as possible to all stakeholders. To learn about our approach, visit our [traceability to mill](#) page.

We publish a list of our palm oil suppliers on [an interactive map](#) on our website, including company names and addresses. Based on the 2018 KnowTheChain Benchmark

Report, it was reported that while some companies disclose the names of selected suppliers, Wilmar is the only company out of the 38 studied to disclose a full list of its first-tier suppliers. We also achieved almost double the average company score for traceability and risk assessment.

[See our scorecard at 2018 Food and Beverage Benchmark](#)



Worker harvesting the fresh fruit bunches at a Wilmar plantation

Supply Chain Traceability

Traceability Status in 2018

The majority of palm oil produced and traded by Wilmar is sourced from plantations and processing facilities in Indonesia and Malaysia. However our products are often refined further in other countries, and we are committed to tracing them, regardless of destination. In addition to Indonesia and Malaysia, European refineries also source palm oil products from Latin

America and Papua New Guinea, while refineries in Africa source products from local markets.

Indonesia and Malaysia have been prioritised in our traceability exercise, but good progress has also been made in other countries where we have a presence.

As at 31 December 2018, we have achieved 96% traceability to mills.

Specifically, we have achieved 98.5%[#] traceability to mills in Indonesia, and 99.4%[#] traceability to mills in Malaysia.

In Indonesia, about 10.20[#] million tonnes of CPO and 1.32[#] million tonnes of palm kernel oil (PKO) processed by our refineries were traceable at least to mills. About 5.87[#] million tonnes of CPO and 0.77[#] million tonnes of PKO from our Malaysian refineries were also traceable at least to mills.

[#] EY has performed limited assurance procedures on this figure.

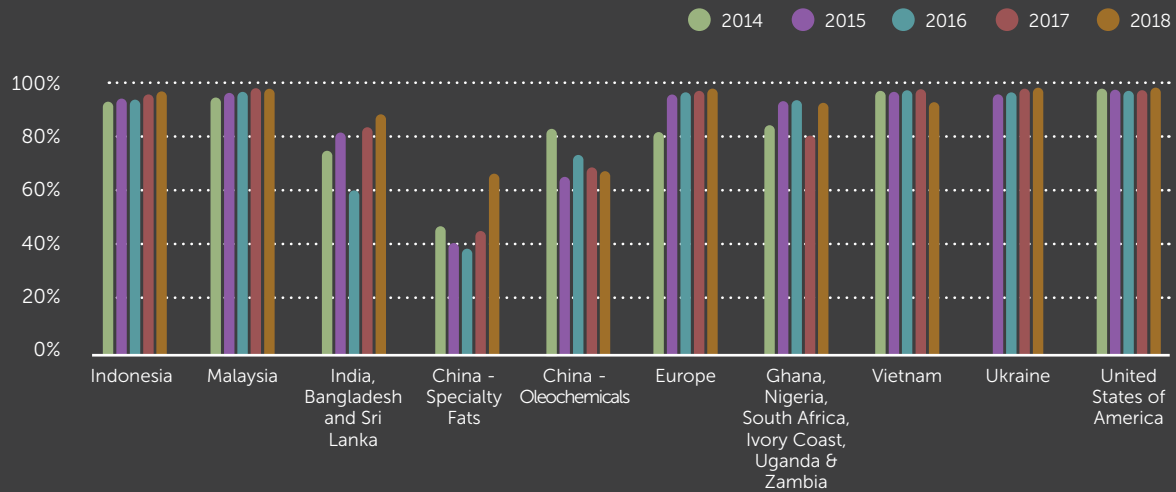
Traceability data for all origin and destination facilities relating to supplies and shipments as at 31 December 2018

Country	Traceability Rating (%) [#]	Traceable Volume (million MT) [#]	
		Palm (CPO)	Lauric (PKO)
Bangladesh	87.6%	0.09	–
China - Oleo*	68.6%	0.33	0.04
China - Specialty fats*	67.7%	0.98	0.02
Germany	99.5%	0.47	0.03
Ghana	100.0%	0.23	–
India	90.0%	1.35	0.13
Indonesia	98.5%	10.2	1.32
Ivory Coast	100.0%	0.40	0.01
Malaysia	99.4%	5.87	0.77
Netherlands	99.6%	0.44	0.14
Nigeria	75.9%	0.08	–
South Africa	99.8%	0.20	0.02
Sri Lanka	100.0%	0.01	0.002
Uganda	76.5%	0.13	0.004
Ukraine	99.8%	0.15	0.004
United States of America	99.9%	0.18	–
Vietnam	96.2%	0.37	–
Zambia	–	–	–

Notes:

1. China is out of scope for the limited assurance undertaken for this report.
2. No volumes or rating were recorded for Zambia in 2018, however data is being collated and measured.

Traceability status of Wilmar's palm oil operations by geographic location



Note: As mill lists are updated on a quarterly basis, and each update covers four calendar quarters, it can take up to four rolling quarters for changes at mill-level to be reflected.

We committed to achieving full traceability to mills for all palm oil physically handled by Wilmar refineries by 2015. However, securing full traceability remains extremely difficult due to the inherent challenges of commodity transportation and trading. The task is further complicated by hesitance on the part of refiners and/or traders to share information about supplying mills. Nonetheless, we believe industry attitudes are shifting. With Wilmar's support, this process will now be accelerated with the [new resolution passed](#) at the RSPO General Assembly in 2018 requiring members involved in primary procurement to publish third-party supplying mill lists. We also continue to work diligently with our suppliers to secure accurate

information, for instance through suppliers' quarterly self-declaration documents.

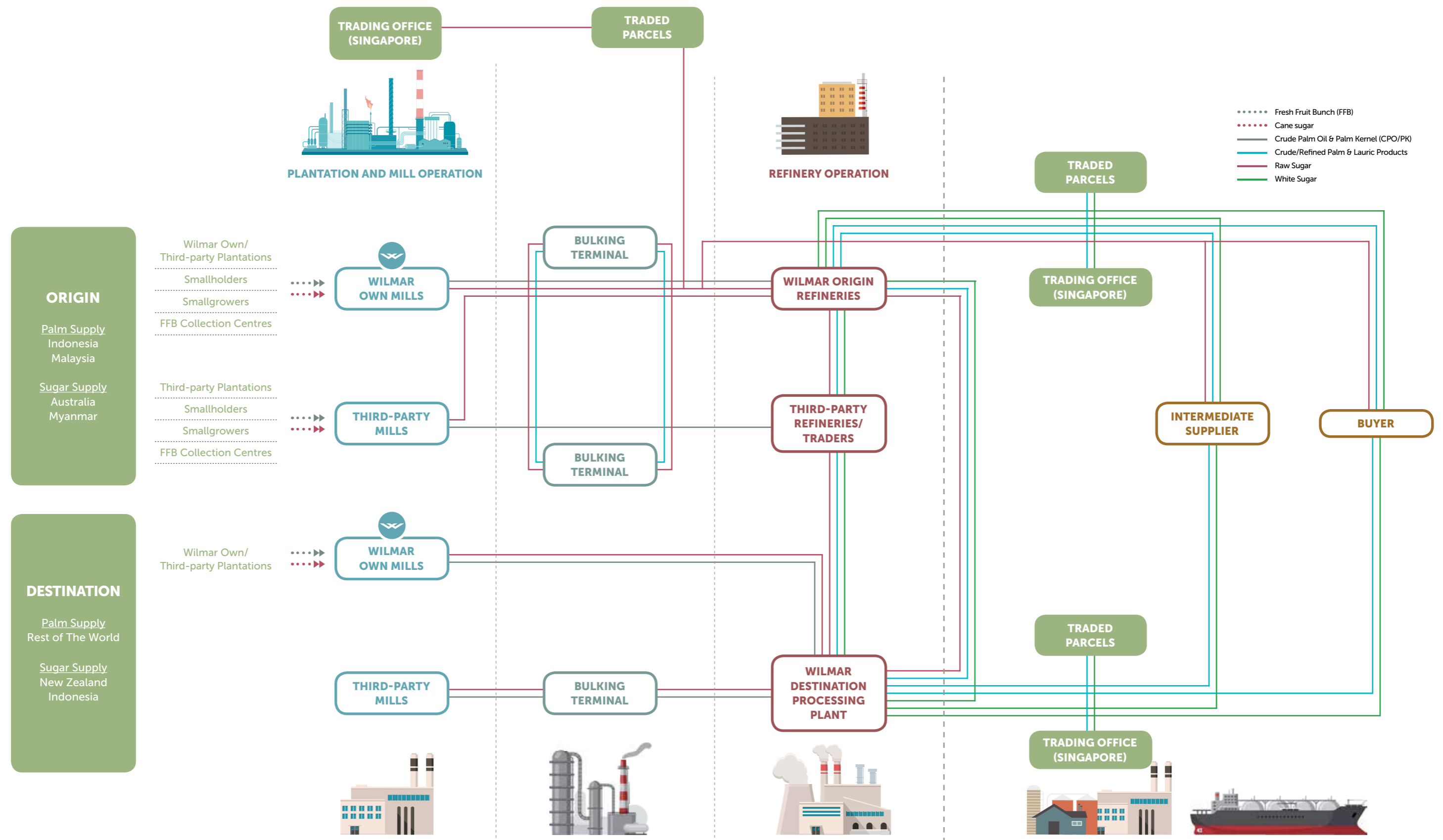
For our palm oil operations, our primary focus to date has been on traceability to mill. This is because a mill is a good reference point for the approximate location of its suppliers. Due to the multi-tiered nature of the supply chain, we have found that pursuing traceability further upstream is extremely resource intensive and can, beyond a certain point, prove ineffective, especially as traceability information does not in itself address environmental or social issues. Nevertheless, all palm oil handled by Wilmar-owned mills have been 100% traceable to plantation since 2014, as

these mills have been mapped showing estate boundaries and the location of every smallholder and dealer.

Given that 94% of the raw sugar processed through our operations is sourced from third-party suppliers, we have embarked on a similar traceability exercise for both of our origin refineries in Australia and have achieved 100% traceability[#] to mill for 2018 sources. Through the exercise, we recognise the challenges in traceability to individual mills along the supply chain due to the way in which sugar is processed and stored. We will work towards further refining this traceability exercise before implementation at other operations.

[#] EY has performed limited assurance procedures on this figure.

Overview of Wilmar's Palm Oil and Sugar Supply Chains



Driving Supply Chain Transformation

Our journey towards sustainability began in our own operations following the inception of the RSPO in 2004. Through the subsequent years of trial, error and internal troubleshooting we have developed an experienced internal team and have identified tools and best practices that have proven to be effective. Our supply chain transformation programme is built on this collective experience.

Our internal compliance teams continue to conduct annual internal audits of our own mills to assess compliance against our NDPE policy, as well as other sustainability-related standards. At the same time, we believe that working with our suppliers is the best way to tackle the issues of deforestation and exploitation in our industry.

Since 2013, we have continually addressed the risk of non-compliance with our direct mill suppliers, of which there are about 1,000 globally. We also include mills and plantations that we do not source from directly, as long as they belong to an existing supplier group.

To accelerate and intensify our efforts towards our target of a deforestation-free palm oil supply chain from 2020, we recently announced that we have been working on group-level compliance monitoring alongside Aidenvironment since 2013. This scope of this work includes operations that we do not source from directly, but which are associated with our suppliers.

Compliance at Refinery- and Mill-Level

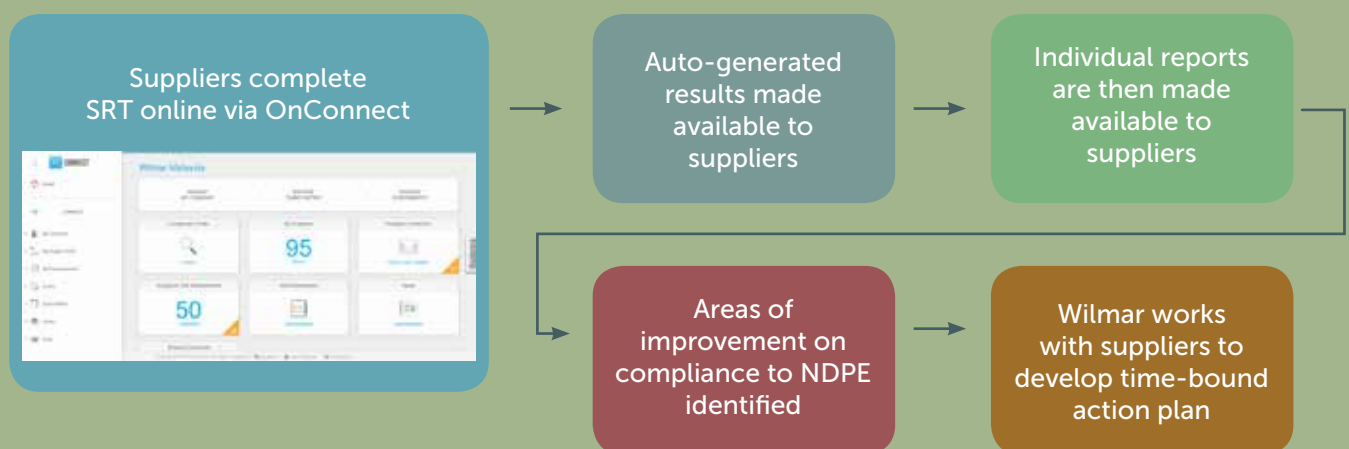
For our NDPE policy to be effective, engagement with our third-party suppliers and smallholders is key. To this end, we have implemented initiatives such as the Aggregator Refinery Transformation (ART) programme and the Supplier Reporting Tool (SRT) to assess our suppliers' level of compliance with our NDPE policy.

Launched in 2014, the ART programme was conceptualised as a means to strengthen every actor in the supply chain. It promotes transformation and provides a collaborative framework for refiners, millers and growers to overcome challenges on the ground.

ART enables our refineries to provide a central point for growers and millers to report on their progress towards environmental, social and traceability targets. The programme incorporates a risk screening for supplying mills, and has built-in verification assessments that assess compliance in sample groups of supplying mills selected from highest to medium risk categories.

As part of our progress towards having 100% of our supply base assessed, we launched the SRT in 2017 for suppliers that have been evaluated to be of lower risk. The SRT is an online self-reporting system that enables suppliers to report their current compliance with Wilmar's NDPE policy. These assessments aid our understanding of environmental and social risk-related issues within our supply chain, including legality; identification on high conservation value (HCV), high carbon stock (HCS) and peat protection; environmental impact management; child protection; occupational health and safety, workers' rights and labour standards; access to grievance mechanisms; Free, Prior and Informed Consent (FPIC); and traceability.

Supplier Reporting Tool process overview





Training session on SRT with suppliers in Latam

The SRT was launched in Malaysia, Honduras and Guatemala in April 2018. The results were subsequently analysed and action plans have been formulated. In September 2018, we carried out three supplier engagement sessions in Indonesia to introduce SRT to our suppliers in Jakarta, Medan and Palembang. The SRT was then made available in Indonesia, followed by Colombia. To date, 429[#] mills have shared their self-assessment results using the tool.

Compliance at Group-level

Our NDPE policy has been applicable to our suppliers at group-level since its

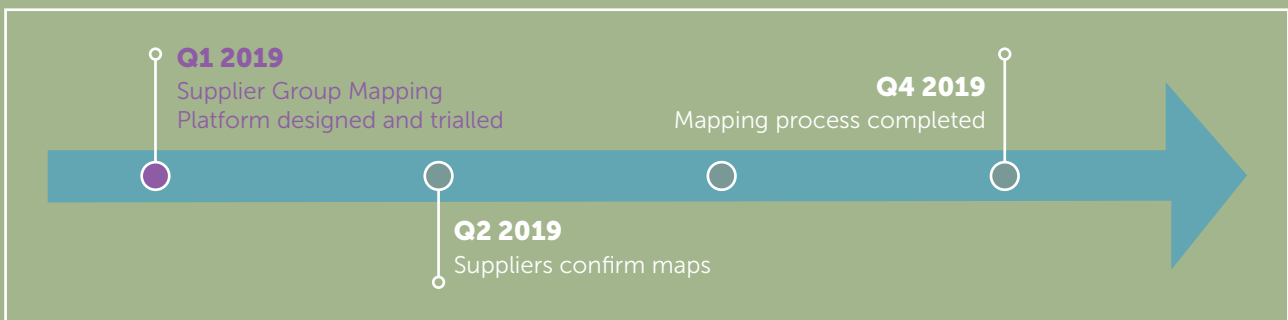
launch in December 2013. Since then, we have engaged Aidenvironment to conduct proactive mapping and monitoring of geospatial information using regular satellite updates of at-risk areas. In December 2018, we raised the bar even higher through intensified efforts via our new supplier monitoring and engagement programme, which has been designed to accelerate our efforts towards a supply chain free from deforestation from 2020 onward. The Supplier Group Compliance Programme (SGCP) entails a more efficient mapping and monitoring process and helps to strengthen our suppliers' commitments and compliance to our NDPE policy. Key

priorities of the programme include: enforcing NDPE policy with suppliers, supplier mapping and monitoring, and supplier suspension and engagement.

Today, the SGCP monitors more than 14.75 million[#] hectares. Its scope covers 201 parent groups and 750 mills, representing approximately 1,500 individual plantations across Malaysia, Indonesia and Papua New Guinea.

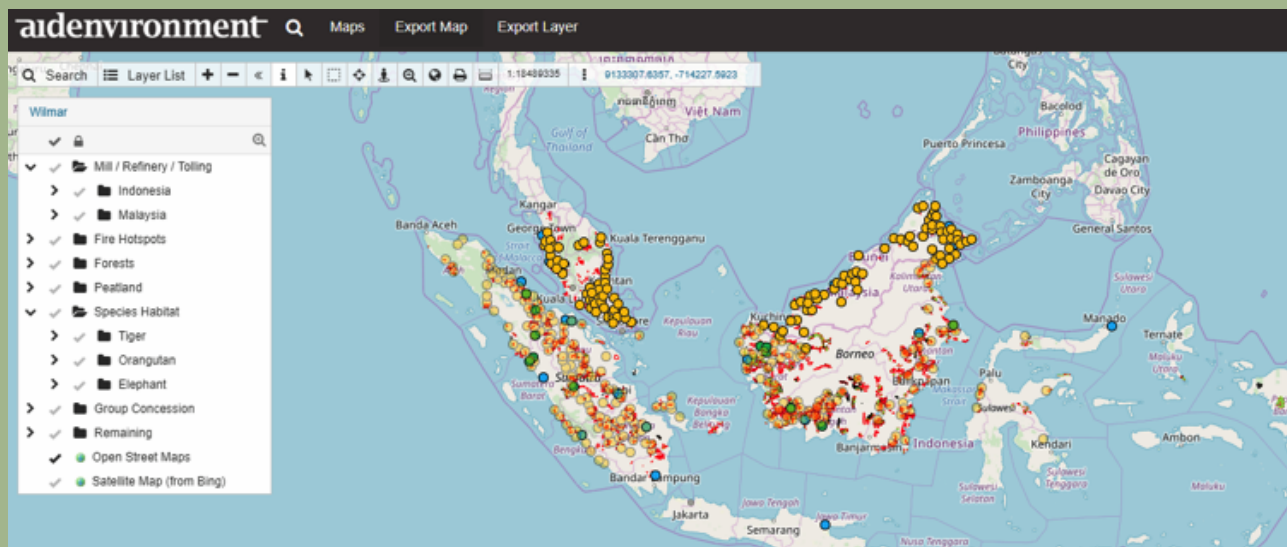
Enforcing NDPE policy with suppliers

With effect from 1 January 2019, Wilmar requires all suppliers at group-



[#] EY has performed limited assurance procedures on this figure. Refer to footnote 1 on page 7 for further context on this monitoring programme.

Driving Supply Chain Transformation



Screenshot of the Supplier Group Mapping Platform

level to provide written confirmation of their commitment to adhere to our NDPE policy (to be provided by Q1 2019), unless they already have an acceptable public NDPE policy.

Supplier mapping and monitoring

The provision of group-level maps has been a condition of trade for all new suppliers since May 2018. Such maps allow comprehensive monitoring of potential NDPE non-compliances. Under the SGCP, we are supporting the development of a Supplier Group Mapping Platform, which will contain comprehensive data, including group-level links, names of subsidiary companies, mill capacities, available landbanks, as well as written or public commitments to our NDPE policy. Combined with detailed forest cover and peatland baseline maps, and supported by high-resolution satellite imagery, the mapping database will enable us to monitor any land development activities undertaken by our suppliers.

Addressing non-compliances through grievance procedure and supplier engagement

Wilmar launched a Grievance Procedure in January 2015 to

record and investigate reports from stakeholders about potential breaches of our NDPE Policy by either Wilmar's own operations or our suppliers.

As at 31 December 2018, we have ceased sourcing from a total of 17 suppliers due to non-compliance with our NDPE policy. This has resulted in a volume loss of more than one million tonnes to our operations.

Nevertheless, Wilmar has observed that in some cases suspension only moves these suppliers to sell to operators that do not have NDPE policies. According to studies by [Chain Reaction Research](#), there has been a growth in "leakage markets" outside of NDPE-compliant markets. Suspension may also have a disproportionate and negative impact on smallholders. To mitigate these risks, we place equal importance on post-suspension engagement to assist suppliers in bringing their operations back into compliance. Wilmar is committed to providing support and guidance throughout this process.

To accelerate our efforts towards a deforestation-free palm oil industry, new grievances with verified proof of deforestation and/or peatland development will result in an

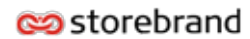
immediate halt of purchases from the supplier at group-level. We will continue working with the suspended supplier to assist them in moving towards compliance via timebound action plans. Suspended suppliers must meet minimum re-entry criteria before we are able to resume sourcing. Action plans are required to be proportionate to the scale of the supplier's non-compliant developments, and may include options to protect and restore forest, bare land and/or peat swamps, and to assist local communities to secure social forestry rights.

Existing grievances relating to deforestation and/or peat development raised before 1 January 2019 will be dealt with based on the Grievance Procedure released in January 2015.

In addition, Wilmar will contribute to cross-industry collaborations and participate actively to develop industry-recognised remediation and restoration guidelines and best practices. Further, we will also support integrated action plans designed to strengthen forest conservation efforts, especially through landscape-level programmes and community or smallholder programmes.

STAKEHOLDER COMMENTARY BY STOREBRAND ASSET MANAGEMENT

By Tulia Machado-Helland, Senior Legal Adviser, ESG



It is a positive development that Wilmar is joining efforts with Aidenvironment to better monitor its supply chain. If properly implemented, the full mapping of Wilmar's supply chain will increase transparency and allow Wilmar to identify those producer groups in violation of the NDPE policy, and in turn provide the tools for Wilmar to focus on specific areas or specific supplier groups to help them implement the policy. Storebrand sees this as a step in the right direction. Once maps have been established, this needs to lead to action, and we would like to see Wilmar take a proactive role.

Furthermore, the new grievance approach can produce positive results if properly implemented, so that those suspended suppliers end up implementing the NDPE policy through a constructive engagement process. Spelling out these clear requirements is beneficial to suppliers so that they have the framework to meet the requirements before being readmitted into Wilmar's supply chain. Investors do need transparent information on this process in order to monitor progress and be reassured that suppliers are changing their behaviour and actually implementing the NDPE policy.

About

The Storebrand Group is a leading player in the Nordic market for long-term savings and insurance and has been working with sustainability since the 1990s. Tulia joined Storebrand Asset Management's sustainable investments team in 2008. Her specialty areas are international humanitarian law, human rights, indigenous peoples' rights and active ownership.



Supplier training workshop on SRT held in Palembang

Engagement and Empowerment

Wilmar is actively involved with governments, the private sector and civil society organisations. These partnerships are built on shared principles and values for the benefit of people and the planet. Aligned with **SDG 17 – Partnership for the Goals** – our engagements focus on strengthening the means by which sustainable practices are implemented in our industry and our supply chains.

Collective action by various stakeholders at international, regional, national and local levels is essential for driving transformation in the palm oil industry. Wilmar plays an increasingly active role in certification and assessment organisations, as well as in various multi-stakeholder platforms that support the production of sustainable commodities and the

elimination of deforestation. We also collaborate with international labour rights organisations as we work to strengthen labour practices in our supply chains. Until November 2018, we were an active member of the RSPO Principles & Criteria Review Taskforce. The latest P&C were formally ratified and adopted by RSPO members at the 15th Annual General Assembly on 15 November 2018.

We continue building partnerships to achieve transformation at the landscape level. In doing so, we have found the collaborative framework offered by jurisdictional approaches to be highly effective in addressing environmental and social constraints in land use scenarios.

For an overview of our partnerships as of end 2018, see page 89.

Capacity Building and Empowerment

We constantly engage with and support suppliers to adopt sustainable practices. We provide regular training programmes and access to all relevant facilities at our disposal.

In March 2018, we partnered with the Malaysian Palm Oil Certification Council (MPOCC) in a project to assist all of our Malaysian operations in obtaining MSPO certification by the end of 2019. This project engages more than 260 mill suppliers representing over 55% of the total number of mills in Malaysia. To generate impact, we rolled out our Supplier Reporting Tool at the end of 2017. Where small and medium growers in Malaysia are faced with challenges in meeting MSPO requirements, we link them to



SRT training workshop for suppliers in Medan

specific mills and provide access to training and assistance to help them achieve group certification. We are also conducting a series of roadshows in collaboration with MPOCC to build local capacities in line with MSPO requirements.

Since 2017, Wilmar has collaborated with Business for Social Responsibility (BSR) and several other global brands to run a [series of supplier workshops](#) in the world's major palm oil producing regions. These workshops focus on improving working conditions and workers' livelihoods, and involve speaker representatives from the government, unions, civil society, business organisations, buyers and our suppliers. Tailored for Wilmar suppliers, these engagements target small and medium plantation companies with specific focus on their human resources personnel. Participants from our supplier companies participated in the workshops held in Medan, Pekanbaru and Jakarta throughout 2018. Following positive feedback, a second phase of capacity building workshops is scheduled for 2019.

In 2018, we conducted multiple workshops and training sessions. These were attended by 910 suppliers under the programme with BSR, as well as those taking part in the ART and SRT programmes. This brings the total number of suppliers trained to 1,622 by year-end, surpassing our target of 1,000 suppliers to be trained by 2018.

We have also been expanding support for communities along our sugar and palm oil supply chains. Training programmes have been conducted in Myanmar for 978 smallholder farmers who supply our joint venture, Great Wall-Wilmar Holdings. For specific details on smallholder training programmes, see page 80.



Key speaker from Hukatan-KSBSI presenting in one of the BSR workshops

Responsible Financing

To be a truly responsible business, Wilmar believes that sustainability metrics should be incorporated into every aspect of the business. We were the first palm oil company to peg the interest rate on loans to our performance based on pre-set targets for a comprehensive range of ESG metrics. When targets are met, the interest rate on the facility is reduced on a tiered basis. The first collaboration was undertaken with ING Bank in 2017. Two subsequent partnerships, with OCBC Bank and DBS, were undertaken in 2018 with credit facilities totalling US\$ 350 million.

Ethical Policies and Transparency

We launched our revised ethical policy framework in 2017, and this is now disseminated through our Code of Ethics, Anti-Fraud Policy, Privacy Policy and our updated Code of Conduct. The revisions address a range of ethical concerns, including the prohibition of all forms of corruption and bribery. In 2018, we updated our Whistleblowing Policy to ensure a robust process for the independent investigation of alleged improprieties as well as follow-up actions. Whistleblowers are guaranteed confidentiality and freedom from reprisals, in good faith and without malice. The Policy has been communicated to employees and is made available on the Group's website.

In line with our practices on transparency, Wilmar produces annual reports on sustainability and quarterly updates on traceability. Our annual corporate and sustainability reports

are compliant with the Singapore Exchange (SGX) requirements and are published on our website. We also conduct tailored meetings for key stakeholder groups to update them on our sustainability practices and provide forums for constructive discussion.

In January 2015, we established an online Sustainability Dashboard that can be accessed on our corporate website. The Dashboard ensures that we are responsive to our stakeholders' concerns, and is regularly updated with the latest information on grievances, traceability, certifications, policies and statements. We redesigned the Sustainability Dashboard in November 2018 to provide a better user experience.

[Explore our Sustainability Dashboard and subscribe to updates.](#)

Wilmar submits an Annual Communication on Progress (ACOP)

to RSPO detailing our progress against the standard and its P&C. Our performance has been benchmarked or rated by the following assessment platforms:

- **Sustainable Palm Oil Transparency Initiative (SPOTT), Zoological Society of London (ZSL):** As of November 2018, our Group score is 83%, making Wilmar one of the top-scorers among peers in Indonesia and Malaysia.
- **CDP (formerly the Carbon Disclosure Project):** Wilmar submitted Forests, Climate Change and Water Programmes to CDP in 2018.
- **Green Cats Index Ranking, Forest Heroes:** In 2018, Wilmar was placed second out of 22 companies where our score improved from 74.5 in 2016 to 77 in 2018.

The screenshot shows the Wilmar Sustainability Dashboard with a navigation bar at the top containing 'About Us', 'Our Businesses', 'Sustainability', and 'Investors & Media'. The main heading is 'A sustainable approach'. Below this, there are three paragraphs of text explaining the company's sustainability strategy and its commitment to responsible operations. The dashboard features two main sections: 'Certification and Conservation' and 'Monitoring to Ensure Compliance to Wilmar's NDPE Policy'. Each section contains several data points presented in a clean, modern layout with icons and brief descriptions.

Certification and Conservation		
76% of planted area is RSPO-certified	681,000 MT RSPO-certified palm oil produced in 2018	29,613 HA of conservation area

Monitoring to Ensure Compliance to Wilmar's NDPE Policy		
>14.75 mil HA Monitored in the Supplier Group Compliance verification programme	201 Parent Groups Covered, representing approximately 1,500 plantations	750 mills Covered which spans across Malaysia, Indonesia, and Papua New Guinea
96% Traceable To mills across our global operations	24 mil MT To mills across our global operations	51 Grievance cases Registered in our system

Screenshot of revamped dashboard

- 2018 Food and Beverage Benchmark, KnowTheChain:** Wilmar ranked eighth out of 38 companies in 2018, achieving the highest score on the theme of "Remedy". Our overall score improved by eight points compared to 2016, and we scored full points for commitment, management and accountability, and stakeholder engagement.
- 2018 report on Corporate Responses Protecting Children's Rights Southeast Asia, Global Child Forum:** This independent report rated Wilmar as the best-performing company in the region for corporate responses in three impact areas: Workplace, Marketplace, and Community and Environment. We scored 8.74 out of a maximum of 10 points and were commended for our Child Protection Policy.

Grievances

We invite input from our stakeholders as this helps enhance transparency in our supply chain. To address issues raised by stakeholders, and ensure that dialogue is open and inclusive, we have established a Grievance Procedure that incorporates timelines and public updates on progress.

Grievance cases 2018

Nature of grievance cases	New cases in 2018	Total cases listed as grievance (as at December 2018)
Deforestation	8	36
Social conflict		4
Human right violations		3
Deforestation/social conflict		6
Deforestation/human rights		1
Deforestation/human rights violation/social conflict		1
Total	8	51

Our Grievance Procedure and Grievance List can be accessed at wilmar-international.com/sustainability/grievance-procedure



STAKEHOLDER COMMENTARY BY NESTLÉ S.A.

By Emily Kunen, Global Responsible Sourcing Leader, Palm Oil & Seafood, Nestrade Procurement Division

Wilmar adopts a proactive approach in being responsive to stakeholders' concerns, and understands our requests when we raise issues or concerns. Where there is an allegation or question of an NDPE policy violation within the supply chain, they are usually already well informed and have often already started to investigate. The Wilmar team typically responds within a few hours and often reaches out to stakeholders first, or ensures that the information is available on their website through the grievance log. In instances where they cannot send out proactive communication until matters are clarified, they will at least respond with an informal status pending further proactive communications.

About

Wilmar has been one of Nestlé's long-standing suppliers, both as a direct and an indirect supplier. Nestlé works with Wilmar to map and assess the supply chain as well as on specific initiatives to address gaps with Nestlé's standard. Emily works on Nestlé's Responsible Sourcing team, which is part of the company's procurement division. Emily covers the responsible sourcing of palm oil and seafood, working with buyers and suppliers to ensure that purchased products come from origins that meet Nestlé's responsible sourcing standard.

Ethical Policies and Transparency

Our management and staff use the Grievance Procedure as guidance when handling grievances filed by external parties concerning the implementation of Wilmar's policies. We have standard operating procedures (SOPs) in place at all sites to handle such cases, which are generally overseen by local Human Resources departments and are not usually registered on the grievance list published on our Sustainability Dashboard. Exceptions may occur if the complainant submits the grievance officially through the Grievance Procedure, or if an NGO publishes a grievance in the public domain on the complainant's behalf. For grievances registered by external stakeholders, we evaluate each case based on the

SOP. Grievances will not be registered or investigated if they lack supporting information or are undergoing legal procedure.

There were 51 recorded grievance cases related to our supply chain in 2018. In the same timeframe we have achieved our ongoing target of a 100% response rate to all grievances raised through the Grievance Procedure.

From 2019, our public Grievance List will also include cases identified through our internal monitoring process. Where non-compliances are confirmed, timebound actions are required to be taken by the supplier to remain or re-enter our supply chain.

From Q2 2019 onwards, we will report clear information about the progress of our suppliers at group-level, relating to:

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

Constructive Engagement and Collaborative Progress

Wilmar advocates constructive engagement and collaboration with all its stakeholders. We firmly believe this is an efficient and progressive means of improving our own business and moving the industry as a whole towards becoming more sustainable and responsible.

The publishing of our Joint Statement together with Aidenvironment and supported by major consumer goods brands was a direct result of constructive engagement with Greenpeace, and is the outcome of fruitful discussions and well-intentioned partnerships that will pave the way for Wilmar in expediting efforts to put in place a supply chain that is free from deforestation, peatland development and exploitation.

In the spirit of continuous improvement, Wilmar welcomes all stakeholders, including the NGO community, to guide, support and work with us as we identify and resolve gaps and improve the way we operate from a sustainability aspect.

While campaigning efforts can be an effective means to bring attention to concerns surrounding the palm oil industry, they do not always offer effective and pragmatic solutions, and may even be counter-productive. By portraying the entire industry in a negative light, such campaigns omit the genuine and strenuous efforts being made by the more sustainable and responsible companies to transform the industry. A more balanced picture should also acknowledge the significant benefits that the industry contributes, such as millions of job opportunities, developments in education and healthcare, and improvements in living conditions and infrastructure.



Turning Ability Into Sustainability

ENVIRONMENTAL – PROTECTING OUR ENVIRONMENT

Environmental Protection and Conservation

Embracing our vital role as custodian of the landscapes in which we operate, we work to protect threatened and endangered species, place special emphasis on wildlife conservation, and enforce a strict No Burn policy.

Wilmar acknowledges the major risks that climate change poses for communities, ecosystems and supply chains. We have therefore pledged to progressively reduce greenhouse gas (GHG) emissions on existing plantations and we prohibit development on peatland regardless of depth. Mindful of our duty to conserve the natural resources we share with neighbouring communities, we continue our diligent efforts to safeguard water quality and reduce our use of chemicals where possible.

Beyond No-Deforestation

We recently reaffirmed our commitment to work towards a deforestation-free supply chain from 2020 onward. Through our Supplier Group Compliance Programme, we are collaborating with implementation partners to closely monitor our supply chain, which covers 14.75 million#

hectares belonging to Wilmar and third-party suppliers at group-level. Our practices are aligned with the components in **SDG 15 – Life on Land** – and specifically the sustainable management of forests, combating desertification, halting and reversing land degradation, and halting biodiversity loss. According to ZSL’s SPOTT, Wilmar scored 100% on deforestation and biodiversity efforts in 2018.

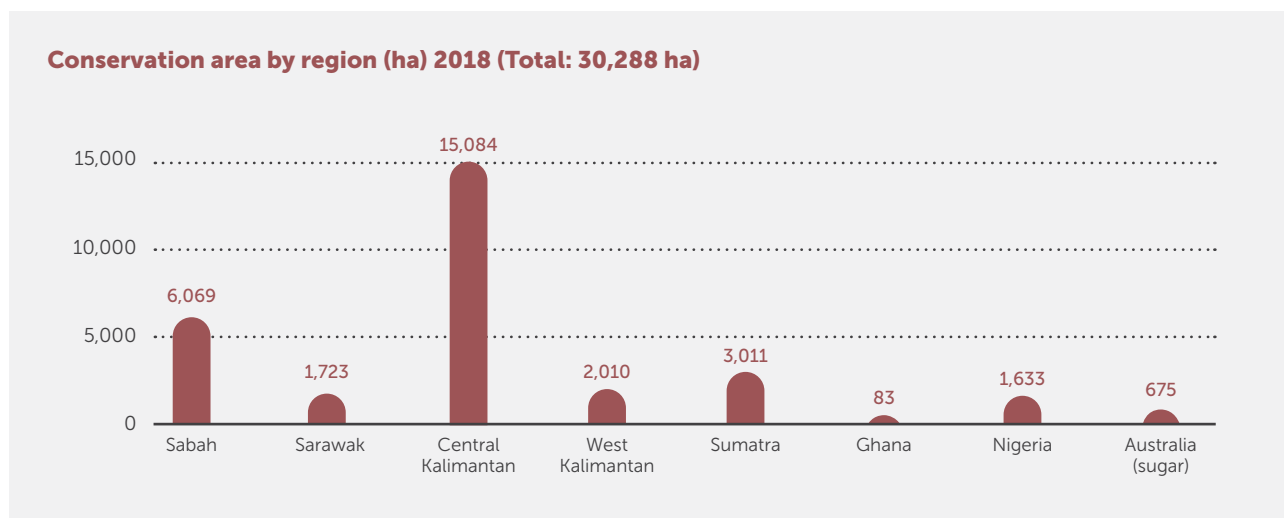
Guided by our NDPE policy, we are strongly committed to the use of High Conservation Values (HCV) and the High Carbon Stock (HCS) Approach to identify areas suitable for planting and areas to be set aside for conservation. Wilmar has always used registered HCV and HCS licensed assessors to conduct these assessments and, following the 2017 launch of the integrated HCV-HCSA Assessment Manual, we only appoint licensed assessors that are able to work with the integrated approach. To date, we have conducted one such HCS Approach assessment, in our Nigerian operations, which has subsequently undergone the HCS Approach Peer Review Process.

Access the summary and peer review report at highcarbonstock.org/registered-hcsa-assessments/.

Wilmar has been a member of the Sabah Jurisdictional Steering Committee (JCSC) since its inception in 2016. The JCSC assists the Sabah Government towards its vision of achieving 100% RSPO-certified sustainable palm oil in the state by 2025. Wilmar has helped the JCSC enlist the support of the HCS Approach Executive Committee in funding a pilot project to develop an HCS Approach assessment at the jurisdictional level. This project will in turn provide essential input to the jurisdictional certification initiative, providing a state-level HCV and HCS map to inform sustainable development and conservation strategies at a jurisdictional level.

Forest Conservation and Wildlife Protection

Through our HCS and HCV assessments, we have identified and set aside 29,613 hectares for conservation in Indonesia, Malaysia, Ghana and Nigeria. In our sugar operations in Australia, we identify our



EY has performed limited assurance procedures on this figure. Refer to footnote 1 on page 7 for further context on this monitoring programme.



Wilmar staff patrolling our conservation areas to monitor wildlife species

vegetation classes under the categories “not of concern”, “of concern” and “endangered” in accordance with Queensland Government laws. Approximately 675 hectares have been set aside for conservation under this system in 2018.

Wilmar does not operate in internationally or nationally designated protected areas. Furthermore, if high conservation values are present on our operational sites, we implement appropriate measures to conserve them.

Overseen by our Global Conservation Lead, our conservation areas in Malaysia, Indonesia, Ghana and Nigeria are managed by regional

conservation specialists. These specialists work closely with plantation managers to ensure that these areas are maintained and, in some cases, enhanced in terms of their biodiversity value. Their work includes monitoring and protecting endemic and endangered species and habitats from threats such as poaching, illegal logging and encroachment. Wilmar monitors conservation areas using a combination of strategies to ensure vigilance and responsiveness, such as manual patrolling by onsite teams as well as technological solutions. We also conduct awareness briefings for our workers and community members where we socialise the importance of reporting encroachment and other environmental threats.

We are also one of the few oil palm companies with government-appointed Honorary Wildlife Rangers and Wildlife Wardens. These individuals are invested with authority similar to that of State Rangers and Wardens, and are empowered to stop any illegal wildlife activity within our plantations. As at 31 December 2018, we have 70 Wildlife Rangers and Wardens operating in Sabah and Sarawak. Ten of these posts are filled by women.

Wilmar collaborates in a broad range of initiatives to conserve and enhance populations of endangered and flagship species. Our focus includes our own conservation areas and areas surrounding our operations. Our work with these partnerships can be found on page 89.

Enhancing Biodiversity Values around Wilmar's Estates

Siamang Rehabilitation Programme, Sumatra

Conservation Area

Location: PT. Kencana Sawit Indonesia (KSI), Solok, Sumatra

Total planted area: 7,617.34 ha

HCV areas: Bukit Tengah Pulau and Bukit Salo

Total conservation area: 1,760 ha

About The Programme

Partner organisation: Yayasan Kalaweit

Partner since: 2014

Project mission: Rehabilitation of captive siamang gibbons into HCV areas in PT KSI

Overview of Programme

Our siamang rehabilitation programme was launched in 2014 as a partnership between Kalaweit Foundation and our PT. Kencana Sawit Indonesia operations. KSI's HCV area forms part of the forest landscapes in which gibbons, including siamangs, were once prevalent before becoming locally extinct. The HCV area is home to tree species that can provide both habitat and adequate food to support a siamang population. It is also well protected from illegal activities such as poaching, logging and encroachment.

Following reintroductions, including the release of eight individuals in 2015, the team from Kalaweit has closely monitored the population's health and behaviour. Positive early results included the birth of two infants, a significant milestone that demonstrated successful adaptation by a siamang pair previously rescued from the pet trade. The programme has continued to make significant progress in 2018, with 24 siamangs observed in two HCV areas at KSI.

It is likely that, over time, more pairs will start breeding. When this occurs, our programme will mark the first successful reintroduction of a locally extinct siamang species globally. This would also make it the first successful case in which a sustainably managed production landscape contributes to the enhancement of biodiversity in a conservation area through provision of a suitable habitat to support the survival of an endangered species.

About Siamangs

Scientific name: Symphalangus syndactylus

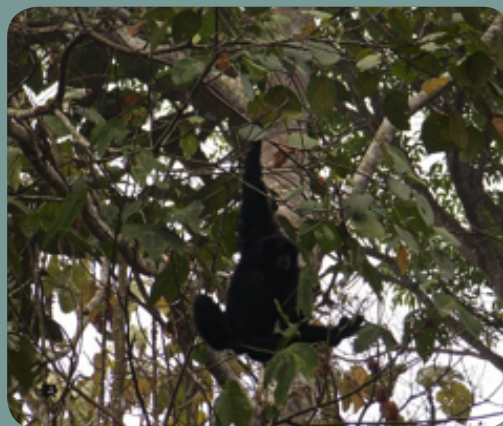
Found in: Peninsular Malaysia, Sumatra, Indonesia, Southern Peninsular Thailand

Interesting facts: Arboreal, with webbed second and third toes. Neck vocal pouches produce calls for socialising and for defending territories. Social structure consists of monogamous pairs that mate for life.

Diet: Leaves, fruits, flowers and insects

IUCN Red List species status: Endangered

Local status: Protected in Indonesia, Thailand and Malaysia



Securing Viable Habitat for Primates, Sabah

Conservation Area

Location: Sabahmas plantation, Sabah

Riparian areas: Segama river reserve

Total area: ~288 ha (47km in length)

About The Programme

Partner organisation: Sabah Forestry Department

Partner since: 2009

Project mission: Rehabilitating and enriching the Segama River Reserve in our Sabahmas plantation; providing a suitable habitat and wildlife corridor for proboscis monkeys and silvered langurs

Overview of Programme

Through this programme we are working to enhance riparian areas by expanding their width and restoring native tree species to provide food for local wildlife, including the proboscis monkey and silvered langur. Since 2009, we have expanded the width of riparian reserves from 20m to 50m in some areas.

We have also established a monitoring programme to collect data on populations of proboscis monkeys and silvered langurs at the Segama river, and this continues to show promise. Early data indicates that both populations remain relatively stable[#]. The monitoring programme is the first of its kind to be conducted in a production landscape, and may provide the most secure habitat for the Borneo-specific proboscis monkey, as the area is within the boundaries of our estate in Sabahmas.

About Proboscis Monkeys

Scientific name: *Nasalis larvatus*

Found in: Borneo

Interesting facts: Arboreal, living in coastal areas and along rivers. One of the largest monkey species native to Asia, and known for its unusually large nose. A very aquatic primate.

Diet: Leaves, fruits, flowers, seeds and insects

IUCN Red List species status: Endangered

Local status: Protected in Malaysia and Borneo



About Silvered Langurs

Scientific name: *Trachypithecus cristatus*

Found in: Peninsular Malaysia; Borneo; Sumatra, Indonesia

Interesting facts: Arboreal, living in coastal areas, mangrove and riverine forests. Specialist folivore (leaf-eating) and able to feed on tougher and more mature leaves than any of its close relatives.

Diet: Leaves, fruits, flowers and seeds

IUCN Red List species status: Near Threatened

Local status: Protected in Malaysia, Borneo and Indonesia



[#] EY has performed limited assurance procedures on this programme.

Wilmar's No Burn Policy

We take an active role in mitigating the occurrence of haze by implementing a strict No Burn policy within the palm oil operations. Any deliberate burning activities for land clearing by our suppliers shall result in an immediate termination of business relations.

All Wilmar operations have onsite fire brigades and are equipped with firefighting infrastructure and equipment. We operate a 24/7 monitoring system to alert us to fires occurring within a five-kilometre radius of our concessions, and conduct fire prevention and suppression programmes to reduce the incidence and impact of fires and haze. Our workers undergo training to ensure they remain vigilant and able to respond quickly and decisively in the event of a fire.

In 2016, we became a founding member of the Fire Free Alliance (FFA), a voluntary initiative that provides its members with a methodology for producing a fire risk map five kilometres beyond their plantation boundaries, among other tools and resources. We are actively involved in the Fire-Free Village Programme (FFVP), a community-based incentive scheme to help reduce the incidence of fires. FFVP provides us with a platform to engage with local communities and help build their firefighting capacities. We also provide communities with fire suppression equipment. Since the start of our FFA initiative, we have conducted socialisation with 145 villages along the boundaries of our plantations in Indonesia. These villages are given joint training by the relevant government agencies on the use of fire suppression equipment and methods for extinguishing forest and land fires.

Despite our best efforts, fires may occasionally occur in our concessions, particularly during the dry season. Most of these fires originate from enclaves within our concessions that are set aside and controlled by small-scale farmers and local communities that continue to practice burning as a means to clear land. Some fires also originate outside our concession areas and spread to our concessions due to topography or wind.

We keep detailed documentation on every fire incident, including its location, the affected area, the action taken, the cause of the fire and its duration. We support this with photographic records. Police reports are filed for all fire incidences in Indonesia, as forest burning is a criminal offence.

Our efforts have resulted in a major drop in the number of fire incidents in recent years. However, in 2018, there

were 64 reported fires in Indonesia – almost three times the number recorded in 2017 – affecting 423.25 hectares within our operations. A significant rise in the number of fires reported within a five-kilometre radius of our concessions was also recorded – 98 fires in 2018 compared to 28 in 2017. Although rainfall for 2018 was closer to 2017 levels, a larger affected area was reported as our monitoring systems have become more advanced over the years and are now better at detecting and recording fires. Fire incidence and total affected areas were higher in 2015 due to decreased rainfall.

We recorded seven fires in Nigeria and Ghana during the reporting period. These fires spread into plantations from land clearing activities carried out by local communities, affecting a total of 1.7 hectares of planted area. We are developing an SOP on fire monitoring, suppression and reporting to mitigate





Activation of Wilmar's fire fighting team in plantation to control detected fires

the impact of such occurrences in these countries.

The Use of Fire in Sugarcane Cultivation

With guidance from Smartcane BMP, we only allow the use of fire during cane harvesting, where it is a necessary solution in specific contexts in sugar cultivation. In our Australian operations, the use of prescribed, controlled burning is only permissible in isolated blocks where there are weed or pest issues, or when conditions arise that obstruct the normal harvesting or irrigation process.

In our Burdekin operations, fire is used to remove build-up of dead-leaf trash that is a barrier to irrigation water flow. This is the most economic and viable solution compared to alternative methods. The fires used for these burns are relatively clean and quick in comparison to smouldering trash fires that produces copious amounts of blue smoke that lingers for hours. Wilmar commits to abide by all applicable local regulations, and to have robust SOPs in place to govern all prescribed burnings.

In 2018, a total of 2,917 hectares was burnt in our Australian sugar operations using prescribed and controlled methods. We discontinued burning practices in our Myanmar operations in 2017 after having set up an overhead irrigation system for harvesting.

We will update our NDPE policy to include our sugar division and reflect these scenarios.

Reducing Greenhouse Gas (GHG) Emissions

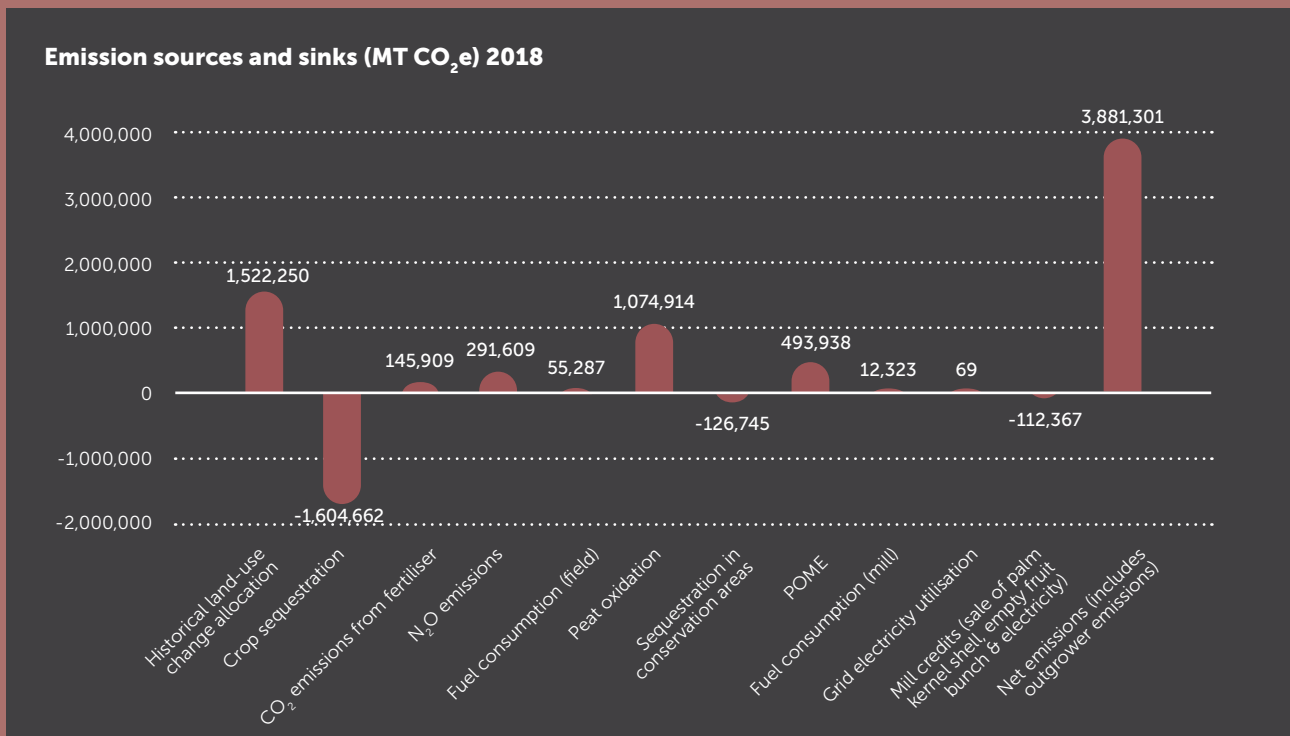
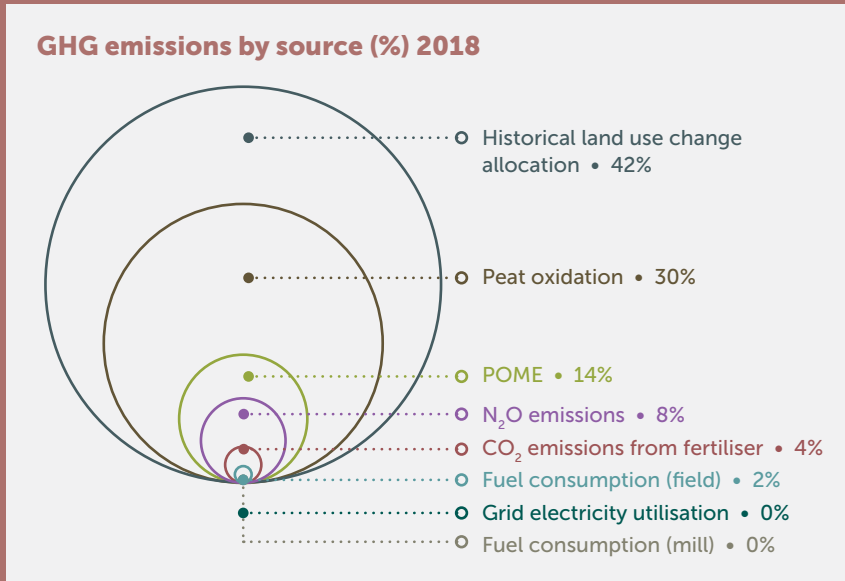
We have committed to progressively reduce our GHG emissions, as prescribed in our NDPE policy. To monitor and minimise our carbon footprint, we identify significant pollutants and emissions and implement comprehensive mitigation plans.

RSPO PalmGHG Calculator

We use the RSPO PalmGHG calculator to measure the GHG emissions of our RSPO-certified palm oil mills on an annual basis, in accordance with the requirements of the RSPO standard. As there have been substantial changes made across the different versions of the calculator, historical data cannot be used as a definitive indicator of year-on-year reductions and/or increases in carbon dioxide emissions prior to 2016. Version 3.0.1 has been used to map our 2018 emissions. We recorded a reduction in our overall

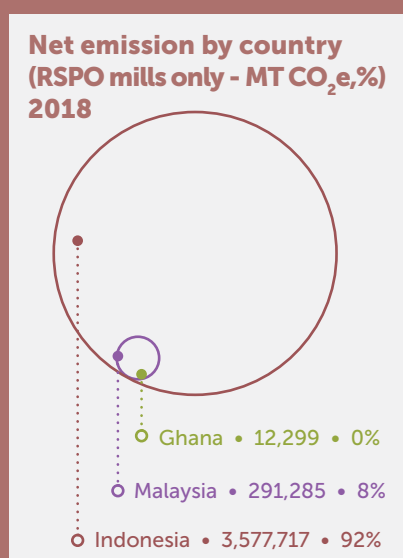
carbon intensity of 0.11 tonnes of carbon dioxide equivalent per tonne of CPO produced (MT CO₂e/MT CPO) between 2017 and 2018 for our RSPO-certified operations.

In 2018, we see an overall reduction of 152,136 MT CO₂e in net GHG emissions compared to 2017. The most significant source of our 2018 emissions is historical land use change



Note: For our 2018 PalmGHG calculations we have included the land area breakdown by types in Indonesia. Therefore, sequestration in conservation area figures are significantly higher than 2017 figures, due to the inclusion of Indonesia's HCV areas for emission calculations. See base data for further details.

occurring after November 2005 (39.2%), followed by peat oxidation (27.7%) and palm oil mill effluent (12.7%). Although we are unable to undo historical land conversions, we remain committed to expansion only in low carbon landscapes. This commitment will continue to ensure that all future developments have a significantly lower carbon footprint.



GHG Protocol and CDP Reporting

The GHG Protocol accounting standard is utilised for both our palm

Carbon intensity (MT CO₂e/MT CPO)

Region	2016	2017	2018
Sabah	0.74	0.81	0.73
Sarawak	0.86	0.75	0.73
Malaysia	0.77	0.79	0.73
Central Kalimantan	1.46	1.17	0.92
West Kalimantan	7.50	16.04	22.47
Sumatra	4.08	4.66	4.7
Indonesia	3.03	3.83	3.68
Ghana	1.04	0.98	0.40
Wilmar Overall	2.27*	2.88	2.77

* 2016 sequestration data was previously calculated incorrectly and has been restated in this report. Note: Our West Kalimantan operations shows a significant jump from 2017 as data only reflects the intensity from one RSPO-certified mill in 2018, which is supplied mainly from estates planted on peat.

oil and sugar operations. For sugar, we calculate scope 1 and scope 2 GHG emissions in accordance with the Australian Government Clean Energy Regulator under the National Government Clean Energy Reporting scheme. For our three Bonsucro certified mills in Australia, we also report net GHG emissions data for both mills and farms in line with certification requirements.

Wilmar is the largest producer of renewable energy from biomass in Australia. Our eight sugar mills are powered by renewable steam

and electricity generated onsite by burning bagasse (a by-product of sugar milling). This cogeneration process generates a total capacity of about 199 megawatts. A significant portion of the electricity produced is exported into the Queensland power grid, thereby reducing the region's overall GHG emissions. Three of our mills use cogeneration facilities to increase their export capacities and further drive the efficient use of biomass. Surplus bagasse is stockpiled on specially designed pads to ensure a ready source of renewable energy outside the crushing season.

Scope 1 & 2 GHG emissions breakdown by country and business activity 2018

Emissions by country					
	Malaysia	Indonesia	Africa	Australia & New Zealand	Myanmar
Scope 1 (MT CO ₂ e)	1,325,580	3,330,205	18,822	206,673	6,748
Scope 2 (MT CO ₂ e)	230,596	345,221	71	47,610	0

Emissions by business activity/division						
	Oil palm plantations	Palm oil mills	Palm refineries/ others	Sugar farms	Sugar mills	Sugar refineries
Scope 1 (MT CO ₂ e)	328,586	1,363,413	2,661,969	13,426	133,649	386,985
Scope 2 (MT CO ₂ e)	5,092	405	570,326	1,341	22,843	23,492

Reducing GHG Emissions



Flaring of biogas captured from the methane capture system in operation

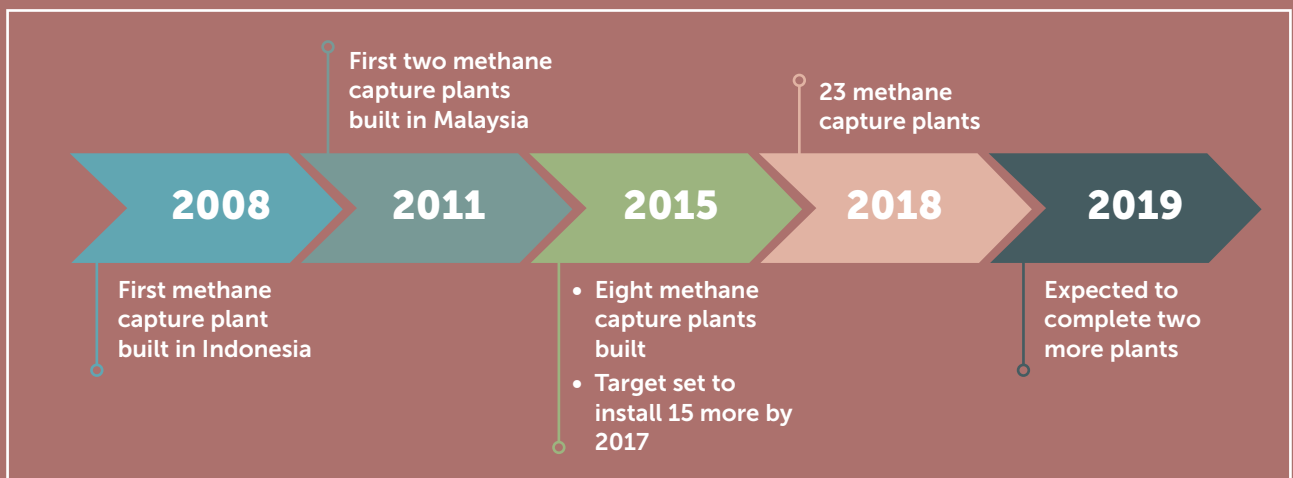
Looking forward, we aim to reduce the overall GHG emissions intensity of our mills by 15% by 2023. This reduction will be measured from a 2016 baseline of 0.82 MT CO₂e/MT CPO. As at 31 December 2018, we recorded a GHG intensity of 0.72 MT CO₂e/MT CPO.

Wilmar participated in three CDP programmes in 2018, including annual reporting for the Climate Change Module. The report discloses Wilmar's carbon footprint in line with the reporting scope¹⁶ and in accordance with the standards defined by the GHG Protocol. The report also presents our assessment of the business risks

associated with climate change, as well as information on our emission reduction efforts.

Mitigating GHG Emissions through Methane Recovery

Methane from palm oil mill effluent (POME) is one of our largest sources



¹⁶ The scope of the 2018 CDP report is the same as the scope of this sustainability report.

of avoidable GHG emissions. To reduce our carbon footprint, and in line with industry best practice, we have invested heavily in the construction of methane capture and power generation facilities at a number of our mills. As at 31 December 2018, we have 23 operational methane capture facilities at our CPO mills, and expect to complete two additional plants in 2019.

The biogas captured from these facilities is used for flaring or electricity generation. This provides alternative sources of electricity for our operations, and helps to reduce our overall fossil fuel consumption. An operational methane capture facility can potentially reduce a palm oil mill's GHG emissions by 90%.

We initially estimated that once all 25 methane capture facilities were in place, we would achieve an annual emissions reduction of more than

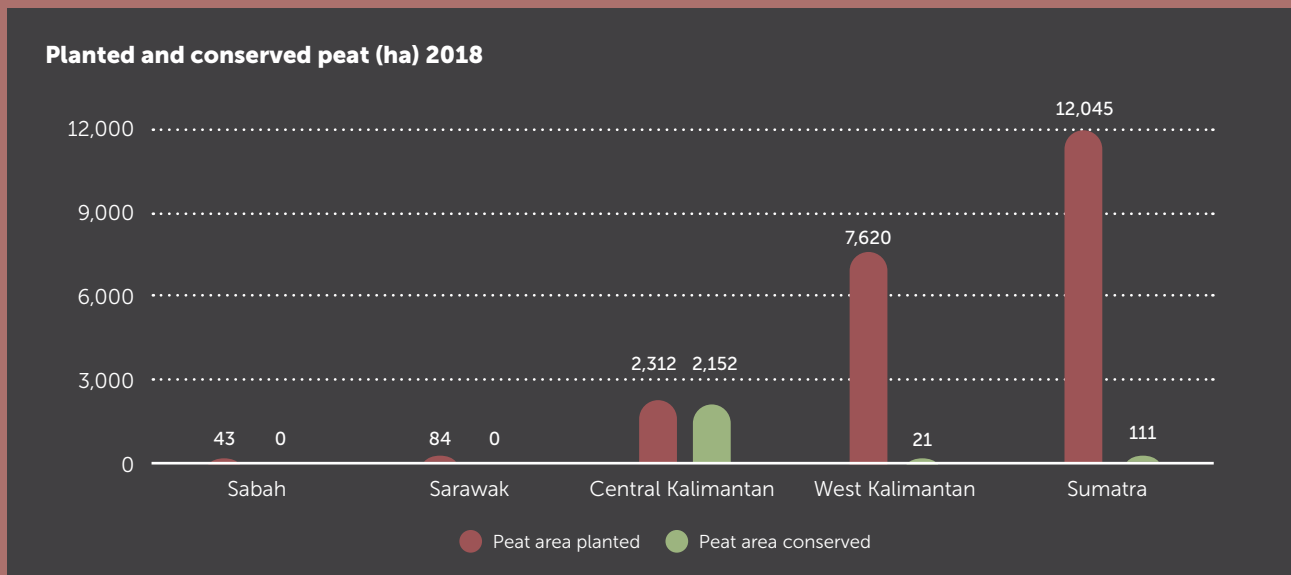
500,000¹⁷ MT CO₂e. However, we have already exceeded this target based on the data from our 23 operational mills in 2018, where we achieved a total POME GHG emissions reduction of 588,545 MT CO₂e.

Peat Conservation and Restoration

Wilmar prohibits development on peatland, regardless of the depth, in accordance with the full scope of our NDPE policy and adopts best practices in agricultural management to prevent soil erosion and degradation. Where feasible, we explore options for peat restoration by working with expert stakeholders and communities. Where plantations have been established on peat in the past, we work closely with expert stakeholders to develop and implement remediation measures as defined by RSPO and peat specialists. These measures include

the implementation of practices that maintain water tables at appropriate levels. Around 8% of our planted and plasma areas is currently on peat. Most of this area is located in our older estates in Sumatra.

Together with other key stakeholders, we collaborate with Tropical Forest Alliance 2020, a global public-private partnership that, among other activities, brings palm oil and pulp and paper companies together to exchange best practices in peatland conservation and restoration. We also collaborate with the Indonesian Peatland Restoration Agency (*Badan Restorasi Gambut (BRG)*), sharing information and supporting progress towards their peatland conservation target of restoring two million hectares of peatland in seven Indonesian provinces by 2020.



¹⁷ This excludes the emissions avoided by not using fossil fuels for electricity generation.

Safeguarding Water Quality

We recognise the need to carefully manage our use of water, an essential and finite global resource. We have therefore implemented comprehensive measures to safeguard water quality, increase water efficiency and improve water management. We are also working to minimise the use of potable water across all our operations. These measures are designed to mitigate any negative impacts that our palm oil and sugar operations have on waterways.

Managing Effluents

The processing of palm oil results in highly polluted wastewater known as palm oil mill effluent. POME is often discarded in waterways, resulting in contaminants that pollute groundwater and soil.

At Wilmar, however, we repurpose POME as fertiliser. Applied to land, it provides moisture, nutrients and organic matter that enhance the soil and in turn reduce our reliance on inorganic fertilisers. When POME is released into local rivers, it is treated before discharge. In both instances, we comply with local environmental limits to minimise any risk of groundwater pollution or disturbance to aquatic life.

Our Central Kalimantan mills have recorded higher biological oxygen demand (BOD) readings in 2018, compared to previous years. Our mills generally have higher readings for a number of reasons, including the impact of repairing existing treatment plants, lower rainfall and an increase in total suspended solids in clay-bath water. Our ongoing target is to maintain BOD levels below local thresholds for all effluent discharged to waterways from our palm oil mills.

All Wilmar operations were compliant with relevant local thresholds in 2018.

To mitigate the impact of our sugar operations on waterways and aquatic ecosystems, our raw sugar mills process surplus water and effluents through detention ponds and sludge plants, or treat them in constructed wetlands. Treated water is then recycled back to our mills or directed to facilities managed jointly by local government and the mill for further treatment. Treated water, and sometimes the effluent itself, can also be used for irrigation. We ensure that all effluent discharged to local waterways is in compliance with local regulations on water quality and discharge limit requirements. Where regulatory requirements do not exist for water surplus used for irrigation, we follow good practice. This involves monitoring water quality to ensure suitability for irrigation without long-term negative impacts to soil.

Water Initiatives for Sugar Operations

Wilmar is actively involved in specific initiatives in Australia, to address the impacts of declining water quality and climate change on the health of the Great Barrier Reef.

Wilmar is a founding member of the Baratta Creek Action Group (BCAG), a partnership between sugarcane farmers, the government and providers of research, development and agricultural extension. BCAG captures data on nutrients and pesticide loads in runoff water to influence on-farm activities to improve water flowing to the Great Barrier Reef, as well as to increase awareness of potential loss



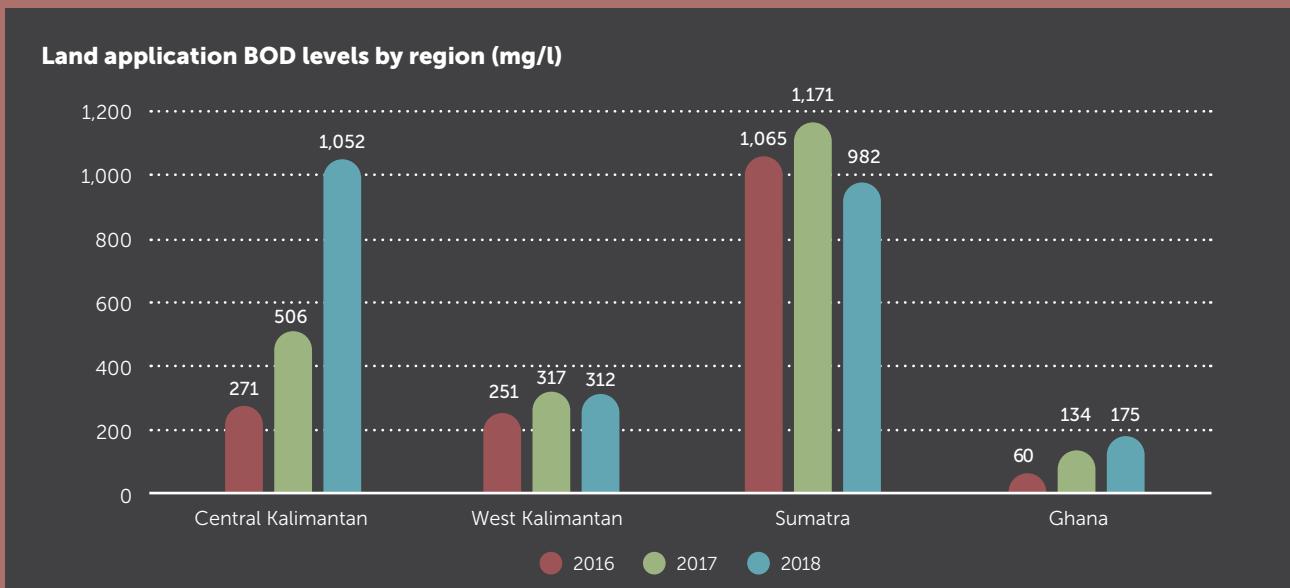
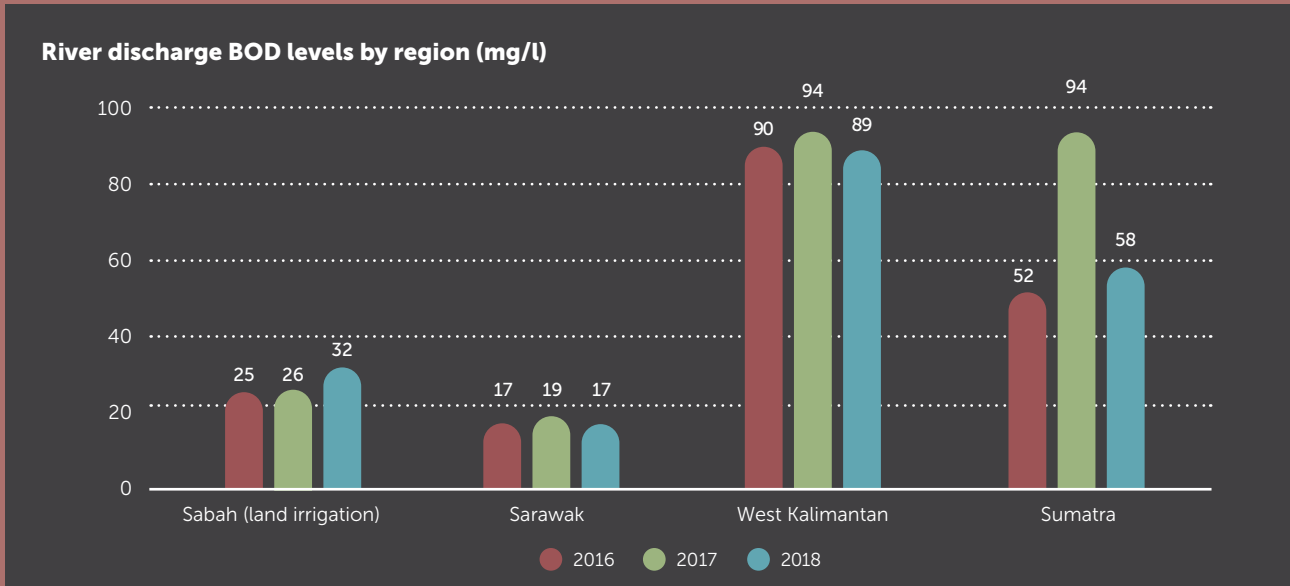
Inspection at a water sampling station to assess the impact of farming practices on runoff water from cane farms

pathways for fertilisers and pesticides applied to the land by producers.

We are also involved in trialling approaches to the sustainable use of mill by-products through our Cane Supply Improvement Programme (CSIP). Under this programme, trials were conducted from 2016 to 2017 in Herbert to test different mill by-product application methods and application rates to identify how to use these products to improve industry profitability while minimising their environmental impact. The results indicated that banding mill by-products at low rates, and burying them below plant mounds, significantly reduces nitrogen and phosphorus in runoff water, compared to a broadcast application or using higher rates of the by-products[#]. Wilmar has convened a working committee of technical experts and government and industry service providers to develop recommendations on the use of mill by-products for industry application.

[#] EY has performed limited assurance procedures on this programme.

Biological oxygen demand (BOD) levels by region and discharge destination



Notes:

- In Nigeria, there was sufficient pond capacity to contain all effluent without land discharge.
- BOD level legal limits of the respective regions for river discharge:
 - Sabah: 20/50/100 mg/l, depending on the year the mill is built
 - Sarawak: 50 mg/l
 - Indonesia: 100 mg/l
- BOD level legal limits of the respective regions for land application:
 - Indonesia: 5,000 mg/l
 - Ghana: Not applicable

Safeguarding Water Quality

Water Usage

Mills account for the majority of water used in our palm oil operations. This water is drawn from local waterways and wells to process FFB. Aside from mills, water is also used for nursery irrigation and household use.

Our 2018 mill water usage levels were in line with industry levels across all regions. For our palm oil mills, we target to reduce water consumption intensity to 1.2m³ per tonne of FFB processed for Indonesia and 1.3m³ per tonne of FFB processed for Malaysia and Ghana by 2023. We will set a target for Nigeria once we have ensured data robustness with the new mill in place.

Our sugar operations in Australia source water from nearby surface water bodies or artesian bores for use in mills. Government approval is needed to draw from these sources in all cases. In accordance with Bonsucro

standards, we monitor net water consumed per unit mass of product for our sugarcane plantations and mills, and in 2018 our consumption was well within the water usage limits set up by the standard. We also try

to ensure that all irrigated water is efficiently used and applied to our fields. In 2018, we were just below the Bonsucro threshold for our Burdekin operations due to low rainfall that resulted in increased water use.

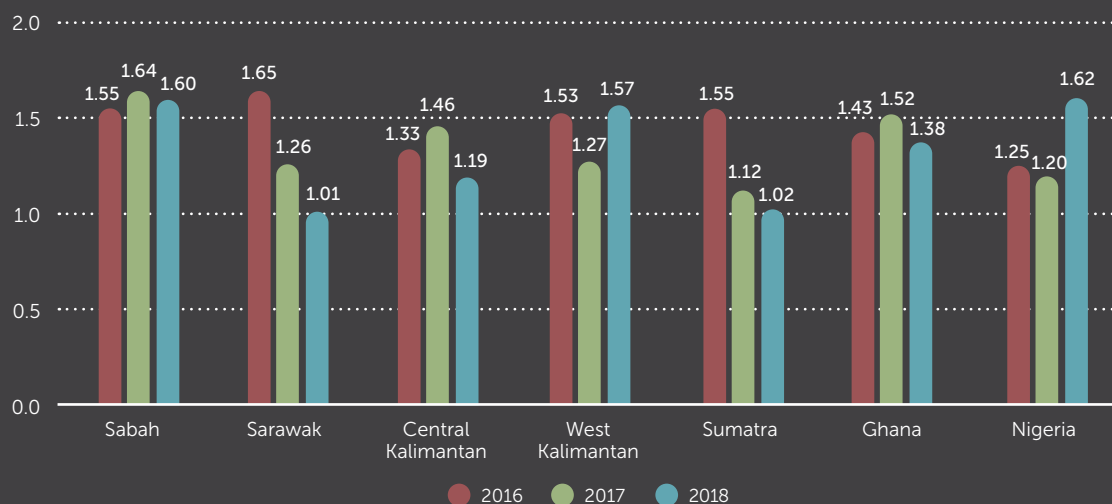
Net water consumed per unit mass product and water efficiency in Australia

	Net water consumed per unit mass product (kg of water/kg of mass product)		Efficient use of water (kg/ha)/mm	
	2017	2018	2017	2018
Plantations	97.89	107.35	95.90	88.43
Mills	0.64	0.38	Not Applicable	

Notes:

1. For net water consumed per unit mass product, Bonsucro's limits are <130kg of water/kg of mass product for farms, and <20kg of water/kg of mass product for mills (sugar only).
2. For efficient use of water, Bonsucro's threshold is >90 (kg/ha)/mm. Efficient use of water only applies to fully irrigated sugarcane and therefore data is only representative for all farms in Burdekin where irrigation is used. Our remaining farms are rain-fed or supplemented with irrigation.

Water usage (m³/MT FFB processed)



Reducing Chemical Use

At Wilmar, we work towards optimising our use of pesticides and implement safeguards to eliminate exposure to hazardous chemicals for workers, communities and the environment. Any use of fertiliser is based on a thorough management plan, as outlined in our standard operating procedure, to ensure its optimal use with minimal excess. We also incorporate Integrated Pest Management (IPM), which combines cultural, mechanical, biological and chemical strategies to control pests while minimising economic, public health and environmental risks. Recycled palm fronds and other organic products are used to increase the fixing capacity of soils.

We closely monitor toxicity within all our palm oil operations on a regular basis, and undertake strict and detailed risk assessments for all substances that pose a potential hazard to our workers or the environment. Wilmar strictly prohibits the use of any pesticide categorised as World Health Organization (WHO) Class 1A or 1B, or those listed by the Stockholm or Rotterdam Conventions, except in specific situations¹⁸.

Supported by our R&D laboratory in Indonesia, we will continue to seek, develop and adopt environmentally friendly solutions to prevent oil palm diseases and improve palm growth. We are also working with local stakeholders to determine and implement alternative pest control strategies in our operations.

Strict Use of Paraquat

The use of paraquat is strictly prohibited in our palm oil operations, and we enforce this prohibition in our joint ventures and with third-party suppliers. In adherence to this policy, all Wilmar businesses involved with fertilisers and/or chemicals have ceased the selling of paraquat as of 2018. However, paraquat is still widely used in the sugar sector, including in our own plantations in Australia and Myanmar. This continued usage is due to the absence of viable alternatives.

For our cane operations, and specifically in the Australian context, paraquat use remains the most practical solution and may even curb our overall environmental impact. It is generally considered as reef-friendly when compared to alternative means

available due to it being a contact chemical with no residual activity.

Nonetheless, Wilmar recognises that paraquat is a substance of concern, and we have established strict procedures governing its use. This includes only allowing application via mechanised spraying, ensuring use of personal protective equipment (PPE), ensuring conducive climate conditions for its use and equipping tractors with proper filtration systems. By law, only highly trained workers are allowed to handle chemical application, and their license must be renewed every three years.

We will be clarifying our policies in 2019 to reflect these strict conditions under which paraquat use is permitted in our sugar operations.



Mechanised and controlled application of fertiliser in our sugar farms

¹⁸ Wilmar uses some pesticides in the form of pre-formulated mixtures. In these instances, the final classification that we adopt is based on the classification set by the manufacturer for the actual formulation. This is explained on page 7 in the document "The WHO Recommended Classification of Pesticides by Hazard and Guidelines for Classification 2009" available at <http://www.who.int/foodsafety/publications/classification-pesticides/en/>.

Reducing Chemical Use



Application of empty fruit bunches as organic fertiliser to reduce the use of synthetic materials

Worker Safety

All workers handling chemicals onsite in our operations are required to undergo extensive and regular training. The wearing of PPE onsite is compulsory, including protective eyewear, facial masks, gloves and boots. Showering is mandatory after each shift, and shower facilities are provided at each site. Only authorised personnel have access to chemicals, which are stored in locked facilities, and all containers used for storing chemicals are collected, stored and disposed of in accordance with legal requirements for hazardous waste. All workers are subject to regular health checks and more information on our 2018 PPE initiatives is provided on page 76.

Monitoring Chemical Use and Toxicity

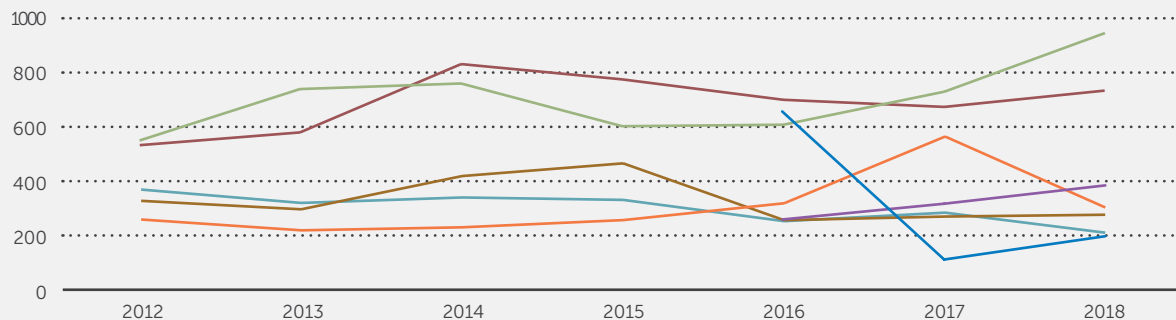
Herbicide use is part of good agricultural practice within the palm oil sector. The amount of herbicide used is largely based on planting cycles, with new plantings and young crops requiring greater amounts compared to mature crops. Local climate conditions, pest profiles and agricultural and soil conditions are also taken into consideration in herbicide application.

We only permit the use of fungicides, rodenticides and insecticides in specific and urgent situations – such as a particularly aggressive outbreak. Because these outbreaks occur on a

random basis, we do not believe it is meaningful to monitor the use of these pesticides on a year-on-year basis.

For a more accurate assessment of our performance against palm oil peers, we monitor toxicity levels per hectare by region. We track this data to ensure that changes in the type or volume of herbicides or pesticides used do not adversely affect our environmental footprint. Comparison can be difficult, as only a few oil palm plantation companies disclose toxicity levels. However, we believe that our current range of below 1,000 units per hectare is largely in line with industry best practice.

Toxicity units/ha by region (palm oil operations)



	2012	2013	2014	2015	2016	2017	2018
● Sabah	452	508	801	737	647	617	687
● Sarawak	471	694	718	534	541	684	937
● Central Kalimantan	367	318	337	328	253	283	209
● West Kalimantan	327	296	416	464	256	271	277
● Sumatra	258	219	231	257	317	563	304
● Ghana	-	-	-	-	259	316	382
● Nigeria	-	-	-	-	629	111	193

Notes:

- 1 With the exceptions of Ghana and Nigeria, historical data for 2012-2015 were incorrectly stated in Wilmar’s 2016 Sustainability Report for all other locations. The data for 2012 - 2015 have therefore been restated in this report.
- 2 The significant decrease in toxicity units per hectare for Nigeria between 2016 and 2017 is due to the estate not having access to all herbicides used in 2016. Only one herbicide was applied in 2017.

In adherence to the Bonsucro Production Standard, we monitor the level of active ingredients per hectare for our sugar operations. These measurements cover all agro-chemicals applied, including pesticides, herbicides, insecticides, fungicides and ripeners. In 2018, our

chemical usage for both Australia and Myanmar plantations were within the Bonsucro limit set for total active ingredient used per hectare. In terms of toxicity levels, our sugarcane farms range from 2,400 - 2,900 toxicity units per hectare.

Total active ingredient per hectare (sugar operations) (kg/ha)

Country	2017	2018
Australia	4.07	3.60
Myanmar	2.65	3.04

Notes:

1. Bonsucro limit: <5kg per hectare per year.
2. 2017 data has been restated.

Information about herbicides used in Wilmar plantations can be found on page 97.



Shaping Our Future

SOCIAL – RESPECTING AND EMPOWERING PEOPLE

Empowering People and Communities

Wilmar is committed to No Exploitation of people and communities, and to respect, protect and uphold the human rights of every worker associated with our business.

Our position on exploitation is guided by international standards, including the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the conventions of the International Labour Organization (ILO), the Universal Declaration of Human Rights and its covenants, the United Kingdom (UK) Modern Slavery Act, and the Bonsucro Production Standards for respecting human rights and labour standards. We have a Board-approved UK Modern Slavery Act Transparency Statement in place that was signed off on 1 January 2018.

Wilmar is an active member of the RSPO Human Rights Working Group, specifically the Labour Taskforce, which addresses the rights of plantation workers and vulnerable groups. As part of the Taskforce, we strongly supported the definition and methodology for a sector-specific living wage standard that was adopted under the revised RSPO P&C in November 2018. We have also contributed to the development of the RSPO Policy on Human Rights Defenders, Whistleblowers, Complainants and Community Spokespersons, which was adopted by the RSPO Board of Governors in September 2018.

Wilmar sits on the HCS Approach Social Requirements sub-groups relating to Labour Rights and the Application of Social Requirements to Existing Operations. We are currently working to formalise these as part of the 14 HCS Approach Social Requirements, 11 of which were adopted by the HCS Approach Steering Group into the methodology in November 2018.

In line with our new action plan to accelerate NDPE compliance, we have been conducting a thorough review of the work that has been undertaken to date to identify ways to strengthen labour practices. Wilmar will be designing a framework for implementing social audits across our entire supply chain to demonstrate compliance (or otherwise) with our No Exploitation policy. Independent community and labour assessments aligned to this audit framework are being conducted in early 2019. These will be followed by a timebound action plan to monitor labour and community issues pertinent to our No Exploitation commitments.

In Myanmar, Social Impact Assessments (SIAs) were conducted in 2015 covering our sugarcane and sugar plant operations. The SIAs did not identify any critical issues related to the labour force, and are now focused on potential impacts to nearby communities. While there have been delays on reporting the SIAs due to circumstances with the hired consultants (final reports were received in late 2018 only), we are still working closely with the local team to ensure that increasingly reliable data is available on labour conditions in Myanmar.

Decent Work and Economic Growth

Our employees form the backbone of our operations, and we see it as our responsibility to provide good livelihoods and development opportunities for all our workers and their families. In line with **SDG 8 on Decent Work and Economic Growth**, we have been rolling out reforms since 2017 to entrench good labour practices throughout our operations. These include converting temporary employment contracts to permanent

contracts, restructuring wages, and reinforcing gender equality. Health and safety standards have also been a priority.

We have in place the following labour and human rights policies: Human Rights, Child Protection, Occupational Health and Safety, Equal Opportunity and Sexual Harassment, Violence and Abuse, and Reproductive Rights. Our Human Rights Policy guides our approach to due diligence within the supply chain. It also guides our strategy of using partnerships and platforms to monitor labour risks linked to our suppliers at plantation-, mill- or group-level. For our sugar business, we have additional policies covering Environmental Health & Safety and Injury Management.

Collaborations with international organisations and multi-stakeholder partnerships that specialise in labour rights also play a key role in our efforts to strengthen labour practices. In March 2018, Wilmar, Cargill, Golden Agri-Resources, Musim Mas and Sime Darby Plantation established the Decent Rural Living initiative, convened by Forum for the Future. The aim of the initiative is to improve the protection of human and labour rights in the agriculture sector by delivering practical and realistic recommendations to support rural workers and secure their long-term ability to thrive. Cross-industry and stakeholder partnerships will be established to address worker-centric barriers and going beyond compliance. More information can be found in this [joint statement](#).

We also collaborate with key partners such as Business for Social Responsibility (BSR) on collective actions to improve working conditions and livelihoods across the palm oil

New Strategic Plan With Verité To Strengthen Labour Practices

Wilmar began collaborating with Verité in 2017 with an aim to develop robust and sustainable solutions to labour issues in our operations and the wider palm industry. We subsequently underwent a 12-month programme, aligned with international standards and global market demands. Since then, we have been working with Verité to raise awareness on human rights and labour issues in plantations, specifically in the Indonesian context. We have set up systematic sustainability goals and have developed a strategy to change mindsets and entrench sustainability as the priority approach for our company.

In January and August 2018, two workshops were organised with the key managerial and operations staff at PT. Daya Labuhan Indah (DLI) and PT. Perkebunan Milano (Milano). The focus of these workshops was strategic planning and problem solving in teams. The outcomes from the first workshop were working drafts of three-year strategic objectives, a three-year plan, and a 2018 action plan. The second workshop involved an assessment of the sustainability framework's coherence in light of the three-year strategic objectives.

As a result of these workshops, the following priorities were identified for mitigating the risk of recurring serious labour issues:

- Exploring the possible root causes of child labour;
- Understanding the link between work and pay practices; and
- Screening for emergent labour issues.

Moving forward, we plan to launch the programme throughout Indonesia to both strengthen Wilmar's sustainability structure and design value-based labour and community engagement initiatives.

supply chain in Indonesia. These actions include capacity building programmes and supplier workshops. More information can be found on page 41.

Wages and Benefits

We pay fair wages to all employees and comply with minimum wage regulations, at the very least, for our lowest paid workers for all palm oil and sugar plantations, mills and refineries. This applies to both full-time and temporary workers that are subject to key performance indicators (KPIs).

In 2018, all our workers received wages¹⁹ of at least the applicable minimum wage for our palm oil operations in Indonesia, Malaysia, Nigeria and Ghana. All permanent workers are also provided with free housing for themselves and their

immediate families, as well as other benefits, such as facilities for children, including playgrounds, daycare centres for children of pre-school age, and access to education for children of school-going age. All workers in Malaysia, Indonesia and Ghana have access to onsite accommodation for those who require housing. Those who stay offsite do so by their own choice. As our operations are still developing in Nigeria, only 11% of permanent workers are provided with accommodation in our estates as of year-end 2018. We target to provide all workers with accommodation choices by 2025.

Over the years we have seen a steady increase in workers' pay throughout the industry, and we are committed to driving further improvements by incentivising the harvesting of quality fruit. We are also introducing a formal

policy on overtime work on official rest days. In parallel to the initiatives implemented above, we are also collaborating with peer companies on the decent living wage for workers and plan to conduct an external assurance of wage payments as part of the programme.

Through work with our partner Verité, we are looking to calculate work completed after regular hours for piece-rate workers with the aim of better compensating work rendered upon exceeding the minimum productivity output. We are also considering alternative measures to financial penalties for breaches in company regulations on discipline and performance. Such measures may include switching our approach to positive reinforcement for non-breaches. Now that payslips are available in Bahasa Indonesia, our

¹⁹ Wages includes basic pay, fixed allowances and variable allowances.

Empowering People and Communities

focus is shifting to ensure that workers understand the pay system, and to empower them to be more active and engaged in their involvement with the business. We are working with unions to provide clarification of the link between KPIs and wages.

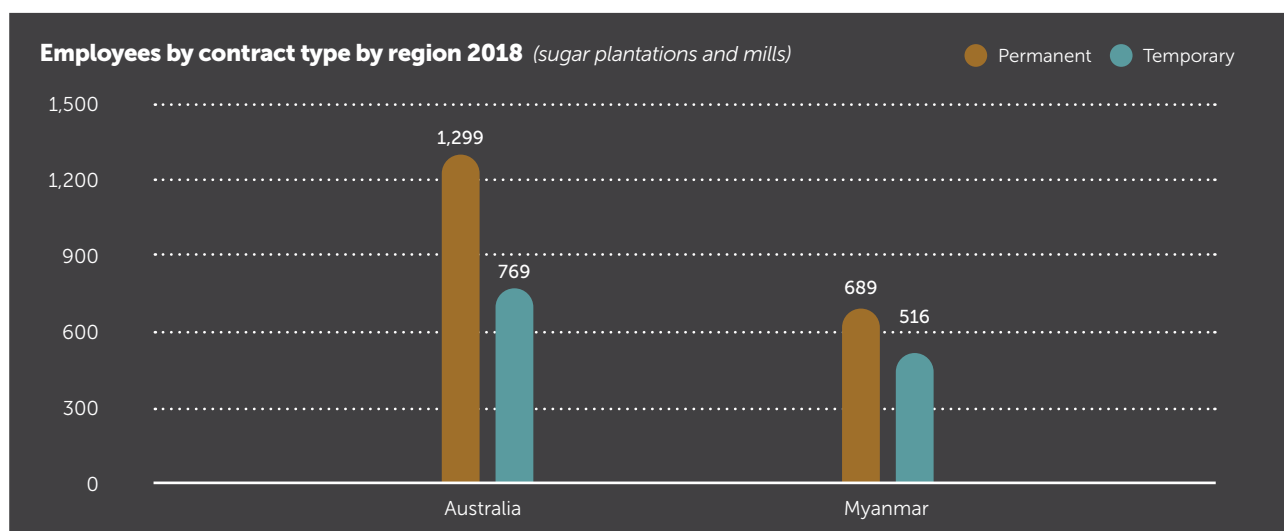
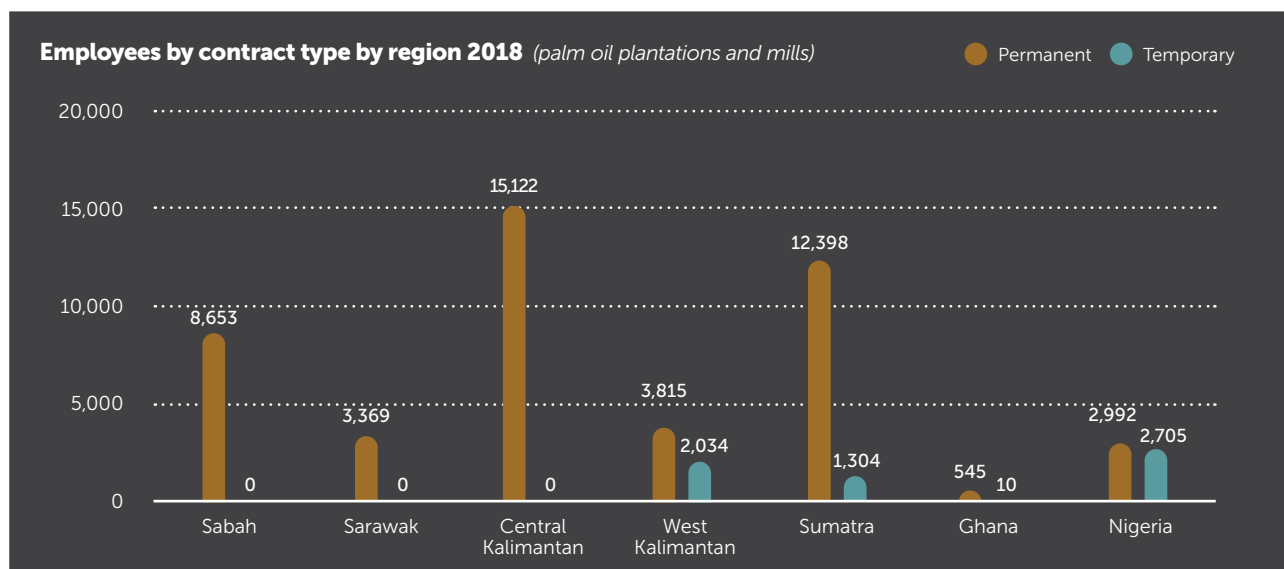
In our sugar operations in Australia, New Zealand and Myanmar, we also pay workers at least the applicable legal minimum wage, and are in compliance with labour rules and regulations covering overtime and breaks.

Under Australian legislation, sugar employees may have higher minimum wages based on the sugar industry award agreement. Wilmar also has an enterprise agreement, which is a tailored collective agreement made at enterprise-level between employers and employees that stipulates pay rates higher than award wages. All employees are provided wage information through common law contracts. These contracts are tested against national employment standard wages to ensure our contract rates exceed standard rates.

In Myanmar, our employees are provided with additional benefits, including staff housing and meal allowances. While the majority of our workers are paid directly by Wilmar on a daily rate, some workers are sub-contracted through an independent agency (mainly those working in planting, harvesting and the application of fertilisers and herbicides).

Temporary Workers

Temporary workers play an important role in the oil palm industry, particularly



in providing services for specialist and timebound jobs. Overall, we continue to reduce the number of temporary workers in our operations in line with responsible employment practices.

We have already made great progress towards this goal in North Sumatra. As of October 2018, there are no temporary contract holders in PT. DLI and PT. Milano in the region, and we are working towards the same goal at our other estates. The conversion of temporary contract holders to permanent contract holders is consistent with Wilmar's overall efforts countrywide.

As at December 2018, 90.4% of our workers in Indonesia hold permanent employment status. We have achieved 100% conversion of temporary contracts to permanent contracts in Central Kalimantan, and 90.5% in Sumatra. Only 65.2% of our workers in West Kalimantan are of permanent status.

Our Nigeria operations embarked on a large-scale exercise in 2018 to fill gaps created by dead seedlings. Many temporary jobs were created for this purpose, and people from nearby communities were recruited to help. We expect this exercise to be completed by end-2019 or 2020.

As sugarcane is a seasonal crop, a large proportion of the workforce in our sugar plantations is temporary and composed of seasonal workers. While many seasonal workers in Australia are locals, non-locals must undergo checks to prove they are permitted to work and reside in the country. In recent years, cases of exploitation involving foreign seasonal workers have been reported, raising concerns in the Australian media and among public, government and civil society stakeholders. To our knowledge, these cases are not related to the sugar industry.

Equal Opportunity

Wilmar is committed to the principle of equal opportunity for each employee. In line with our Equal Opportunity Policy, we do not discriminate based on race, colour, gender, age, social class, religion, sexual orientation, politics, or disability when making decisions on hiring, promotion or retirement.

Given the vast cultural differences between the countries and regions in which we operate, gender distribution among workforces varies greatly. In Malaysia, the number of women employees in Wilmar's operations is largely proportionate to the relatively high participation of women in the general workforce. This can be compared to other regions where women have less access to the formal labour market. In some countries, such as Australia, agriculture tends to be a male-dominated industry and our operations reflect this trend.

We seek to ensure that pay and conditions are equal for men and

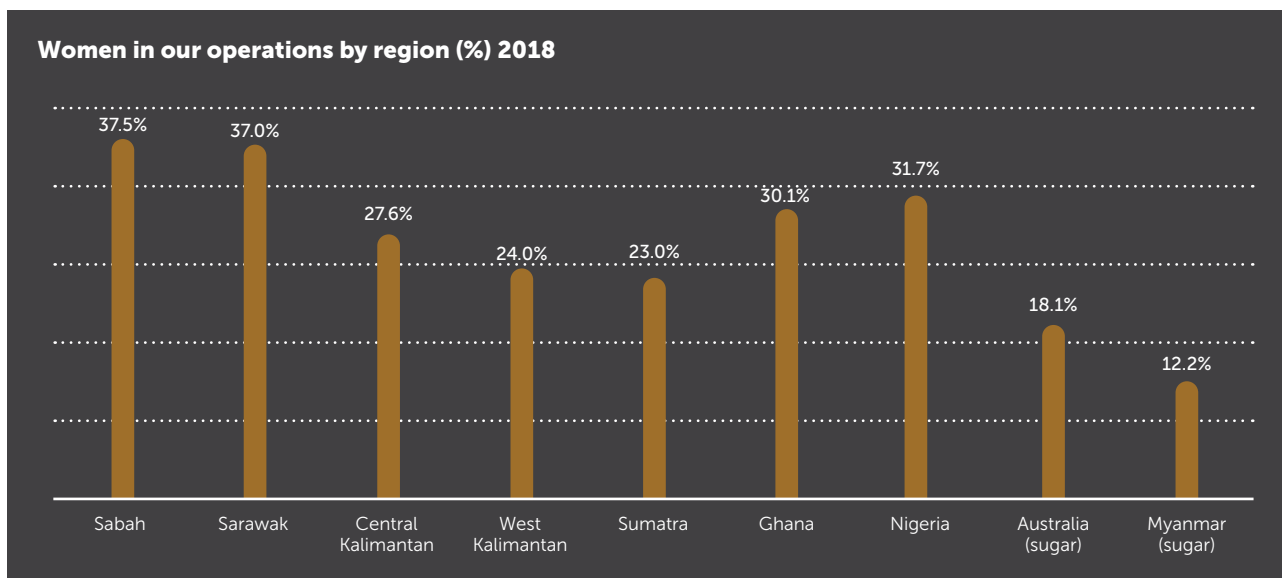
women. However, we recognise that many women in our oil palm plantations are on temporary rather than permanent work contracts for the purposes of having flexible working hours to manage domestic and childcare responsibilities. In Central Kalimantan, where all temporary workers have now been converted to permanent status, we have ensured that all female workers can now enjoy maternity benefits. Menstrual leave application processes have also been made easier and less intrusive. All benefits and subsidies paid out to women are now on par with those paid out to our male workforce.

In January 2018 Oxfam, *Serikat Buruh Perkebunan Indonesia (Serbundo)* and *Kapal Perempuan* conducted onsite research in PT. DLI focusing on the working conditions of women employees and their reproductive rights in oil palm plantations. Several key stakeholders were interviewed, including representatives from company management, medical officers and, most importantly, female



Training for women workers

Empowering People and Communities



Note: Data for Myanmar excludes the number of women in the temporary workforce and those hired through third party agents, as data is unavailable.

workers. The researchers concluded that the following conditions could be further improved within Wilmar's operations:

- Provision of basic adult education for women and men;
- Protection of reproductive health rights;
- Engagement to socialise the concept of gender equality in the estate;
- Safeguards for the security and safety of female workers and female-specific grievance processes; and
- Empowerment through the existing Gender Committee, and increasing female representation in general.



Meeting of the Women's Committee in one of our Malaysia estates

We have started to build improvements that specifically address these gaps into our management workplans for enhancing gender equality in our operations and estates. Gender sensitisation is also a component of our three-year strategy developed with Verité.

We have already established Women's Committees across our estates in Malaysia, Indonesia and Ghana. These ensure female representation, regardless of labour or workers' association. In Nigeria, we target to establish Women's Committees for 100% of all estates by end-2019.

In 2018, we began work to standardise the focus of Women's Committees at estate-level in Malaysia. This includes setting up a specific taskforce to look at the key issues of child care in our crèche centres, as well as collating women- and family-specific data for each of our estates. In 2019, we will

be launching guidelines for Women's Committees across all Wilmar operations. These guidelines will cover governance, areas of focus, as well as decision-making roles in estate management. A dedicated steering group will oversee the running of Women's Committees, and will be led by the General Manager for Group Sustainability.

Caring for Children in Our Plantations

We launched our Child Protection Policy (CPP) in November 2017. The CPP supersedes our longstanding No Child Labour Policy, and is formulated to address issues of children's rights and welfare in a more holistic way. It specifically enjoins us to ensure that all children in our plantations, schools and facilities, as well as those under the care of our third-party suppliers and contractors, are provided with safeguards and protection from abuse and exploitation. The CPP is guided by global standards, including ILO and UNICEF, and includes remediation actions for instances where child labour has occurred.

In September 2018, we were recognised by Global Child Forum for the improvements we have made, ranking number one in their [Corporate Responses to Protecting Children's Rights in Southeast Asia](#) report. The Global Child Forum is a non-profit foundation initiated in 2009 by the Swedish royal family as an independent platform for promoting action on children's rights. The report commended our CPP, particularly in its provision of a remediation plan should incidents involving child labour come to light in our own or our suppliers' operations. The report further highlights our efforts in providing



Children in one of our Malaysia estates going to school

various facilities and other benefits for our workers' children, including schools in many estates.

Child Safety

Building on the CPP, a review of our plantations and operations from the perspective of child safety was completed in July 2018. This included an assessment using the Hazard Identification, Risk Assessment, and Risk Control (HIRARC) approach.

The child safety assessment has been shared with plantation operations management, and we are currently developing a cohesive child safety programme to ensure that safety measures are in place and are consistently applied. The programme will focus on:

- Educating caretakers and children about safety risks and mitigation measures;
- Designing safer environments for children; and
- Continuously reviewing children's interactions with the immediate surroundings and identifying potential safety risks.

This programme will be rolled out across all Wilmar estates.

Specific safety improvements for crèche facilities were also implemented in 2018. Focus was placed on all aspects of childcare, including hygiene. A checklist of minimum standards was developed for childcare workers based on a dedicated crèche safety review conducted in April 2018, and this has now been incorporated as part of their daily routine. Additional training was also provided for childcare workers to ensure a minimum standard of care is provided. This initiative has been incorporated as a set programme under the sub-committee of Women's Committee (Women and Children Committee) and is being rolled out across Wilmar's operations from 2019.

School Attendance for Children Living in Plantations

We believe that by providing access to quality education for all children, and from a very young age, we can empower them to build meaningful and prosperous lives. All children of compulsory school-going age that live in Wilmar's plantations are required to attend full-time education programmes. Our conviction is reflected in **SDG 4 on Quality Education**.

Empowering People and Communities

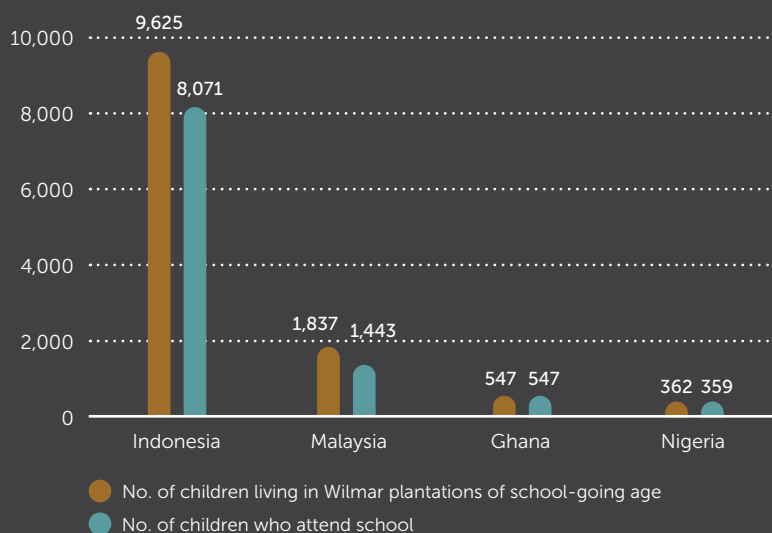


Class in session at one of our Humana schools in Sabah

In 2018, we engaged in an exercise in which every Wilmar estate was asked to obtain a census on the number of children living within its boundaries, and to clarify which schools they attend. As at 31 December 2018, there are about 12,400 children of compulsory school-going age living in our oil palm plantations in Indonesia, Malaysia, Nigeria and Ghana. In 2018, we recorded that around 84%[#] of these children attend school²⁰, and we target to secure 100% attendance at schools, education programmes or equivalent by 2025.

As part of our efforts to provide access to quality education, we have embarked on a school redevelopment programme. More information can be found on page 86.

Children living in plantations of school-going age who attend school by country 2018



[#] EY has performed limited assurance procedures for this figure.

²⁰ In 2017 we had reported that around 88.3% of children at school-going age who are living in Wilmar's plantations attend school. We have revised figures for 2018 due to improved data accuracy with Wilmar's census exercises and expanded scope of the verification process.

Notes:

- Compulsory school-going ages vary by country based on government requirements. These are:
 - Indonesia: 12 years compulsory education for ages 7-18 years
 - Malaysia: 6 years compulsory education for ages 7-12 years
 - Ghana: 11 years compulsory education for ages 5-15 years
 - Nigeria: 9 years compulsory education for ages 6-15 years
- 143 children attending Humana school in our Sabahmas estate have been excluded from Malaysia figures due to unavailability of supporting documents.

Provision of Crèches throughout Wilmar's Estates

The childcare nursery at Sapi Estate is one of 45 Wilmar-run crèches in its Malaysian operations. These nurseries make it possible for plantation workers like Zubaidah Kama, who is from Indonesia, to work and supplement their household income and savings. While Zubaidah carries out her task as a sprayer until 2pm, her son is cared for by trained workers. This benefit was not available when she had her first two children some 20 years ago. Wilmar works closely with the well established Women and Children Committee to meet its sustainability goals and policies. This includes ensuring that there are sufficient crèches and primary schools at its estates in Sabah and Sarawak.

In the early days, crèche employees were only provided with basic training. Through continuous feedback from employees and external parties, Wilmar and the Committee saw the urgency of focusing on the learning needs of children and detailed safety requirements, as well as equipping caregivers with the right knowledge. In 2018, we carried out in-depth training on the CPP to Wilmar crèche caretakers and nannies with a primary focus on child safety and handling. A series of meetings was held with the main Committee to define and introduce the role of a dedicated crèche sub-committee. This sub-committee allows for easier reporting to the management on crèche-related issues and to facilitate regular updates on crèche matters and child welfare. Wilmar is also rolling out a crèche inspection form and daily checklist for all crèches in its Malaysian operations.

In August 2018, selected Wilmar crèche workers visited two established nurseries and kindergartens in Kota Kinabalu to learn more about best childcare practices. They picked up tips on meal plans, safety and health checks. Following their visit, crèche workers understood the need to introduce educational, play-based activities for children. They had also learned effective communication methods. The Committee will continue to monitor crèches and improve this facility by interacting regularly with crèche sub-committees, parents and estate management. Wilmar hopes to extend the crèche model implemented successfully in its Malaysian operations to its other locations in Indonesia and Africa.



Empowering People and Communities

Bonded Labour

In line with our NDPE policy, RSPO requirements and the ILO core labour standards, we do not permit any forced, trafficked or bonded labour in our operations or supply chain. Wilmar employees are not subject to the unlawful withholding of wages, identification cards, passports or travel documents, or other personal belongings without consent. We provide secure locker facilities for our workers to store their personal belongings.

Within our palm oil plantation and mill operations, we ensure that we recruit workers directly and without engaging third party agencies, where there are higher risks of force or coercion. The agents we do use are only contracted for administrative and logistical purposes, but full responsibility for payment is borne by Wilmar. In cases where team leaders are required to assist in the recruitment of local workers, they are paid an incentive to do so. While agents are commonly used for this purpose in Ghana and Nigeria, we regulate the process and do not permit the agent to request monetary deposits or other collateral as a condition of employment. We also ensure that these appointed agents comply with our NDPE policy.

We recognise the risk of forced labour occurring beyond our own operations, and have adopted a risk-based approach to due diligence. This approach is informed by our ART and SRT traceability programmes and ensures our policies are socialised throughout all associated operations.

The human rights and labour provisions of the Bonsucro Production Standard have been socialised throughout our sugar operations to eliminate the risk of forced or compulsory labour. The provisions apply to all workers on mill and farm premises, including contract



Training on human rights in business by Hukatan-KSBSI

workers. In Myanmar, our labour head is subcontracted to hire workers for daily operations. In Australia, our farms operate in a heavily unionised and legislated environment where strong trade union involvement ensures that labour is voluntary and that employees are free to terminate employment at any time.

KnowTheChain's 2018 Benchmark Report reviewed the forced labour policies and established procedures at 38 of the largest global food and beverage companies. The report concludes that despite increasing adoption of the UN Guiding Principles on Business and Human Rights, there is a noticeable lack of remedial actions in the sector. In fact, of the 12 companies for which KnowTheChain identified forced labour allegations, Wilmar was one of only three to have outlined the steps taken to address the allegations. We were also the only company to disclose remedy outcomes for workers.

We will conduct a risk assessment exercise for labour issues within our sugar supply chain in due course.

Employee Engagement and Complaints Mechanisms

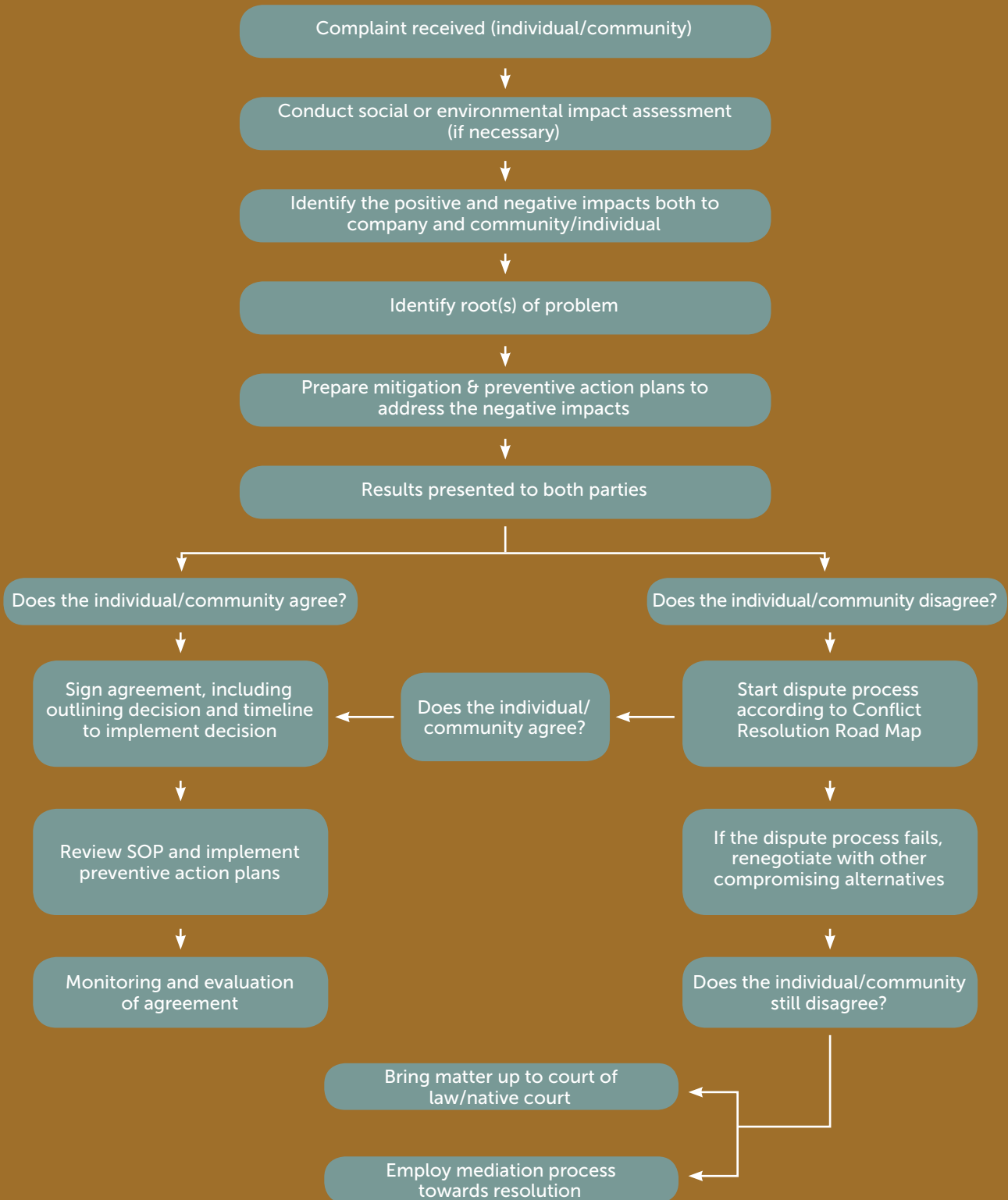
An appropriate complaints mechanism and process for addressing grievances

is in place for all Wilmar employees, including permanent and temporary workers. All plantation and mill units have site-specific complaints and grievances procedures, which have been a requirement of the RSPO P&C since 2005. These site-specific procedures are accessible to workers as well as other stakeholders. Employees can address verbal or written complaints to their supervisor or union representative, or make an anonymous complaint using an onsite feedback box.

Employees are made aware of the grievance process at the point of employment and receive regular reminders via online and offline channels. They are also issued an employee handbook that outlines the grievance mechanism. Women committees have been established across our oil palm plantations to ensure that women can raise concerns and access support.

A 2016 BSR assessment found that workers in Indonesia had a low level of awareness about grievance mechanisms, and were unclear whether temporary workers were covered. To address this, we are working with the RSPO to trial a [mobile telephone-based grievance reporting tool](#) called Ulula across our estates in 2019.

Conflict resolution flowchart for employees



Empowering People and Communities

STAKEHOLDER COMMENTARY BY CNV INTERNATIONAAL

By Karen Bouwsma, CSR Advisor
By Amalia Falah, Country Representative (Indonesia)



Wilmar's proactive approach to working with labour unions in Indonesia is commendable and they have made great progress.

One of Wilmar's biggest challenges is the size of its business, which opens it up to risks in the supply chain and presents difficulties in managing social issues. While it is positive that Wilmar has been more open to critical NGOs and trade unions, and tries to involve them in solutions, this may complicate implementation.

CNV sees opportunities for Wilmar and the industry to connect better through trade unions with a common agenda and approach. By having an improved structure to manage suppliers, and by collaborating more with trade unions, there will be stronger support for the industry in becoming more sustainable on labour issues. Wilmar should use this opportunity to collaborate with trade unions and GAPKI, who are present in every region, to conduct pilots.

An eventual solution could be for Wilmar to encourage the Indonesian government to adopt a new and innovative approach, such as multi-company collective bargaining agreements, with the help of critically constructive unions. This could be a good opportunity for Wilmar, as its size gives it the means to have this type of conversation with governments as well as suppliers.

About

Wilmar collaborates with CNV Internationaal through Hukatan-KSBSI on collective bargaining agreements. Karen worked with CNV Internationaal for 10 years and was the CSR Advisor for the Netherlands team. Her work included supporting colleagues in their respective regions and local trade union partners/programmes in line with theories of change, CSR covenants, OECD and UNGP guidelines. Amalia represents CNV Internationaal within the Indonesia context. In the palm oil sector, CNV has one project with the trade union Hukatan, which is affiliated to KSBSI, the Indonesian Trade Union Prosperity, and Amalia works with these organisations on the ground. Her work, together with ILO, facilitates the Palm Oil Trade Union Network, Japbusi, which consists of nine federations and four confederations, bridging this network to the Indonesian Palm Oil Association (GAPKI), RSPO and other relevant stakeholders in palm oil.

Freedom of Association and Union Relations

Wilmar respects the right of all employees to form and join trade unions and to bargain collectively. Unions are our key stakeholders in ensuring that we understand and appropriately address the concerns and grievances of our employees. Workers can also utilise the union as a grievance channel or for collective

bargaining purposes. Our engagement with unions supports our ambition to continuously strengthen labour practices in our operations.

While our estates and mills have established forms of labour representation, most refineries do not have such associations. Therefore, in the absence of any proper collective agreement or association, Wilmar does not restrict workers from joining

other unions. We also provide parallel means for workers to participate in independent free association and bargaining.

Indonesia

We continue to take a proactive approach to working with labour unions in Indonesia and have built good working relationships with key union organisations. To date, we

have three established *Perjanjian Kerja Bersama*, or collective labour agreements (CLAs), and one that is currently undergoing negotiations. These CLAs provide clarity on the link between KPIs and wages and are valid for workers who are union members. CLAs are negotiated between worker or union representatives and management.

Through our work with Serbundo (a North Sumatra-based union affiliated with the International Union of Food Workers) we have established a CLA for PT. DLI and PT. Milano in North Sumatra. We have also established multi-site CLAs for PT. Bumi Pratama Katulistiwa in West Sumatra, and PT. ANI Sambas in West Kalimantan, in partnership with *HUKATAN-Konfederasi Serikat Buruh Sejahtera Indonesia (KSBSI)*, a national union affiliated to the Dutch federation CNV.

In our sugar business, we have a CLA in place for our refinery in Indonesia, PT. Refined Jawamanis. Negotiations are currently ongoing at PT. Murni Sam Sam in Riau, and we are confident that a new CLA will be in place soon.

We hope to be able to introduce our CLA format in other operations throughout Indonesia, though this may be a time-consuming affair as CLAs are valid for two years upon negotiation and approval by the regional representative of the Indonesian Manpower Ministry.

Throughout 2018, we have focused on sharing our extensive knowledge and experience of labour relations with our stakeholders. In February 2018, Wilmar and Serbundo hosted a delegation of Belgian government

officials at Wilmar's PT. DLI, where our progress in strengthening labour practices was showcased. Addressing the delegation, the Serbundo leader of PT. DLI explained the various changes and improvements we have achieved in partnership. Both Hukatan-KSBSI and Serbundo participated as expert union commentators at the series of capacity-building workshops conducted by BSR for Wilmar's suppliers.

In early 2018, we opened our doors to CNV to film a short documentary in our PT. Murini Sam Sam estate in Riau. The documentary includes recorded interviews with our workers. The video is available in both [English](#) and [Bahasa Indonesia](#), and is a testament to the constructive social dialogue and positive outcomes of this partnership. Our next step is to build on this momentum by facilitating conversations and collective action between unions and our suppliers.

About 26%# of the workers in our Indonesian operations, from estates to refineries, are formally covered by collective bargaining agreements.

Malaysia, Ghana and Nigeria

Our Malaysian operations are not unionised, but we have ongoing engagements with workers on conditions and pay. For collective bargaining purposes, 100%# of our estates have a Social & Welfare Committee in place, with established SOPs to discuss matters such as wages. The Committee meets three times a year, is chaired by the manager of the estate or mill, and is attended by both management and worker representatives.

Excluding managerial staff (who are precluded from union membership to prevent conflicts of interest), 100%# of our permanent workers in Ghana are unionised. About 70%# of our permanent workers in Nigeria are unionised. This figure is based on overall employee data which include staff and management.

Australia, New Zealand and Myanmar

Union rights and collective bargaining rights are well embedded in Australia and New Zealand. A large percentage of our workforce is unionised, and there are collective bargaining agreements in place. Some of our sugar suppliers are Bonsucro certified, and we are therefore confident that they also have such practices in place, as it is a core requirement under indicator 2.1.4 (Respect the right of all workers to form and join trade unions and/or to bargain collectively). Furthermore, 100%# of our waged employees in Australia are covered by an industrial agreement (Award or Enterprise Agreement), while the remaining staff and managerial employees are covered through stand-alone contracts.

Unions also play a significant role in our Myanmar operations, particularly in securing legislated protection and rights for workers. We have a robust framework and process in place for determining rates of pay, and these include regular negotiations with trade unions. There is one major union worker association present at our farms and mills in Myanmar, of which roughly 28%²¹ of our workers are currently members.

EY has performed limited assurance procedures on this figure.

²¹ This figure has been excluded from the assurance process due to difficulties in obtaining supporting documents which are deemed sensitive by the union.

Empowering People and Communities

Health and Safety

Wilmar is committed to providing a safe working environment for all employees, and upholding health and safety standards remains an ongoing priority. In accordance with our Health and Safety policy, we ensure all health and safety measures and facilities are up-to-date and conduct occupational safety and health training for our workers on a regular basis.

For our palm oil operations, our emphasis for 2018 was on improving the efficacy of personal protective equipment (PPE). This focus has driven the implementation of new SOPs for working during haze occurrences and for reducing workers' risk of exposure to chemicals. All workers are provided with PPE, and while the tropical climate we operate in can restrict the type of PPE that is suitable, we never compromise on worker safety when choosing the right equipment. As part of our continued efforts to inculcate a safety mindset, our workers are reminded repeatedly of the importance of PPE at work. In 2018, we completed a Group-wide PPE best practice review, where best practices from around the various Wilmar operations were shared for internal alignment and improvement.

We have also developed an Air Pollution Emergency Response procedure for our workers who risk exposure to smog resulting from forest fires, which is not an unusual occurrence in Indonesia. This SOP is under the purview of the emergency response team managers at each plantation, and covers several situations, including:

1. Ensuring adequate PPE is provided, such as N95 respirator masks;
2. Having special provisions for

workers with heart or respiratory problems;

3. An outline of when stop-work orders will be issued; and
4. Procedures for medical treatment and emergency evacuation of workers and their family members arising from air pollution.

This SOP is being socialised throughout Wilmar's plantations in Indonesia to support operational preparedness among management and workers (including healthcare workers) during haze events.

We are also undergoing trials for mandatory rotation systems for workers that handle pesticides in North Sumatra. While we always conduct regular medical checks for chemical sprayers, and give workers access to their tests, we are now our increasing efforts to minimise prolonged exposure and maintain safe chemical levels in our workers' bodies. The rotational system requires workers who work with pesticides

to be switched every three months to work with no chemical exposure. Once successfully implemented in North Sumatra, the rotation system will be scaled up and implemented across our plantation operations.

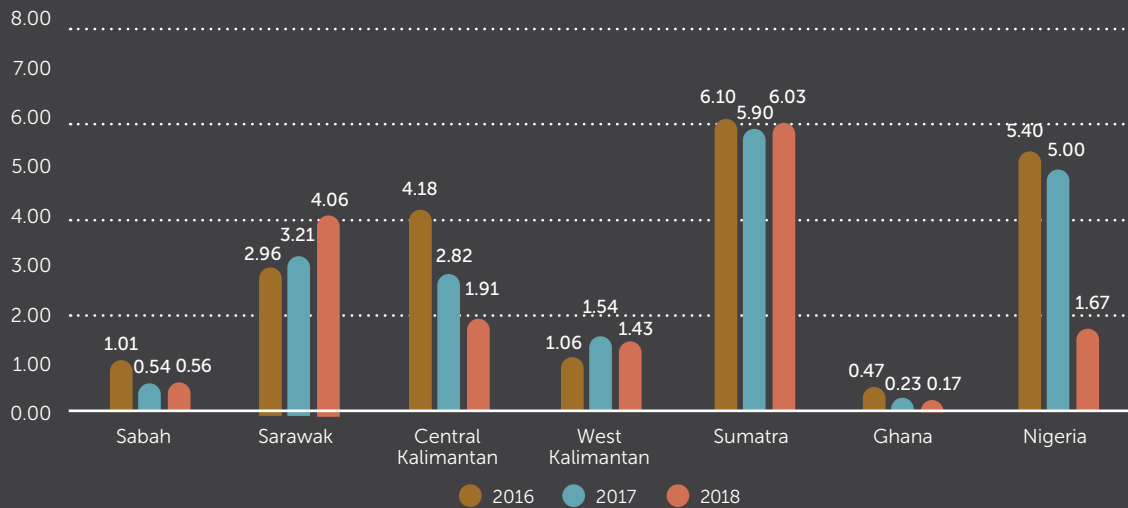
We provide free healthcare from Wilmar-funded estate clinics to all permanent and temporary workers and their families across all our estates. Permanent workers are also covered by medical insurance, dental care benefits and subsidies on spectacles, dentures and hearing aids. Regular checks are conducted for our mill employees that work in areas with elevated noise levels. All onsite doctors prioritise clear communication when explaining medical procedures and test results. All workers have access to healthcare facilities, including health insurance, onsite clinics, and transportation to and from clinics and/or hospitals (for emergencies). Our ongoing target is to ensure all estate and mill workers have access to healthcare.



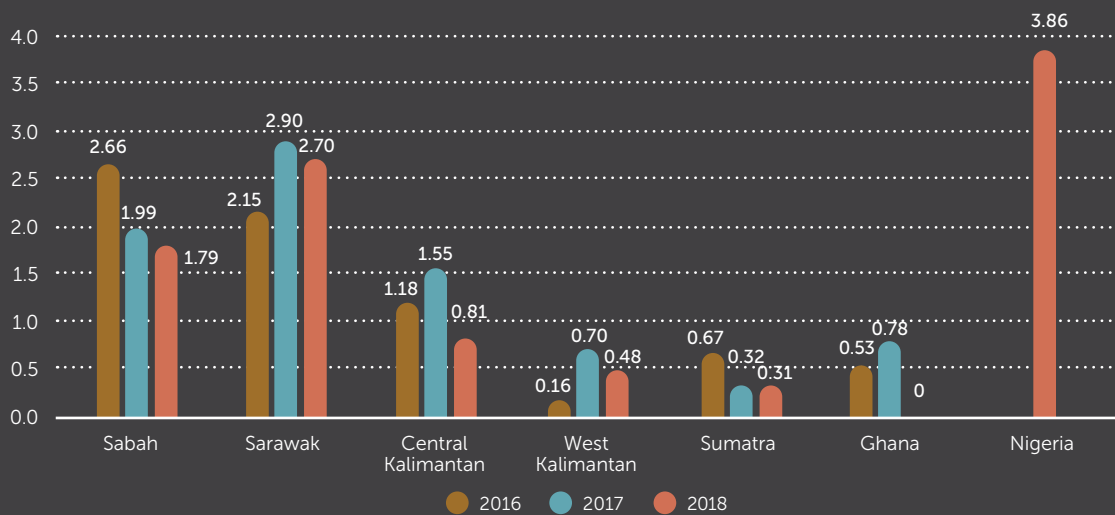
Workers in full PPE prior to work commencement

Lost time injury frequency rates (LTIFR)

LTIFR per 200,000 working hours (palm oil plantations)



LTIFR per 200,000 working hours (palm oil mills)



Empowering People and Communities

We work persistently to reduce the occurrence of workplace accidents and injuries. The significant reduction in lost time injury frequency rate (LTIFR) at our Nigerian operations is due to the fact that we now have more estates in operation in the country, resulting in a higher number of working hours across the board. Despite this, we have managed to keep the occurrence of accidents relatively low. Our mill in Nigeria was replaced in 2018 and we are now able to better monitor and report accident figures.

In our sugar operations in Australia and New Zealand, we work to instil proper health and safety practices through our Sugar Environment, Health and Safety (EHS) policy. This policy is complemented by our dedicated EHS management system, which outlines social policies, standards and procedures. In Myanmar, our joint venture Great Wall-Wilmar Holdings has a Safety Committee that oversees the company's production safety management and employee health and safety. This committee is responsible for ensuring that practices are in line with the relevant national safety laws and regulations, as well as with Wilmar's standards and NDPE requirements.

In Australia, our processes for planting, harvesting and chemical-application are mechanised, which significantly lowers our workers' risk of injury or accident.

Fatalities

Every fatality is taken seriously and is followed up by an investigation into its cause. The outcome of this investigation forms the basis of an

action plan to prevent recurrence. These action plans are reinforced through continual efforts in health and safety training and PPE use to minimise and/or eliminate the risk of fatal incidents in the future.

We are deeply saddened to report six work-related employee fatalities in 2018. Two fatalities occurred in our plantations in Central Kalimantan, one at our plantation in West Sumatra, one at our plantation in North Sumatra, one at our mill in Sumatra, and one at our plantation in Nigeria. Two of these fatalities were precipitated by critical health conditions: one was a result of hypertension, the other was caused by a heart attack. Three fatalities occurred in onsite accidents, one involving a vehicle accident during loading at a warehouse, one caused by injuries from a sickle, and one caused by a burn injury from a CPO splash. One worker died as a result of a truck accident on his return home from work.

In response to these incidents, we have conducted thorough investigations and have taken steps to ensure that the risks relating to these fatalities are mitigated in future. We have established and socialised health memoranda and counselling to ensure workers understand how to maintain healthy lifestyles. We have also revised employee recruitment

procedures to ensure candidates who are indicated for hypertension in their medical examinations do not qualify for strenuous work.

Workers who are indicated to have high blood pressure, high cholesterol or high blood sugar levels will have their tasks and position reviewed alongside the company doctor's recommendations. Provisions will also be made for better supervision of these individuals.

To address the fatalities related to onsite accidents, we have strengthened safety checks and SOPs for the loading and unloading process. Specific measures include ensuring wheel chokes are provided for all operational trucks and heavy equipment, and the socialising of contractor safety management systems. We also have revised inspection checklists for sickle sheath worthiness, developed systematic arrangements for their mobilisation, and have conducted training on work safety. At the mill, a breather system and a strainer were installed at the digester to prevent further CPO blockage. A review of the appropriate modes of transportation has been undertaken and road tests have been carried out to ensure vehicles are roadworthy.

There were no fatalities reported within our sugar operations.

LTIFR per 200,000 working hours (sugar operations)

	Plantations	Mills	Refineries
Australia	0	1.87	1.26
Myanmar	0	0.10	
New Zealand			1.64

Number of fatalities across Wilmar's operations

	2014	2015	2016	2017	2018
Australia		0	0	0	0
Myanmar		0	1	0	0
Nigeria	0	0	0	0	1
Ghana	0	0	0	0	0
Indonesia	1	3	0	4	5
Malaysia	1	1	1	1	0
Total	2	4	2	5	6

Note: Fatality data covers Wilmar employees only



Safety boards with relevant warning signs are installed at areas with potential hazards

Smallholder Support

Smallholder Support

Smallholders account for 40% of the world's palm oil production. We therefore place significant importance on providing them with guidance and support to produce oil palm sustainably while ensuring they are very much a part of our integrated global operations. Smallholder inclusivity is not only a prerequisite for our social license to operate, and for maintaining our good relations with local communities, but also ensures the commercial operability of our palm oil mills. While we strongly support certification as a component in incentivising smallholders to implement sustainable practices, it is equally important to make sure that these farmers understand the direct value of sustainability as an integral part of producing quality FFB.

Wilmar sources FFB from both scheme (or plasma) smallholders and independent smallholders. We are committed to helping our oil palm scheme smallholders achieve certification under applicable national certifications, and where relevant, the RSPO Smallholder Principles & Criteria. A total of 3,690 hectares of smallholder area was certified in 2018, reflecting a reduction in certified area due to some certifications expiring at end-2018.

Meanwhile, we have also continued to grow our independent smallholder base. In 2018, we bought a total of 554,333 tonnes of FFB from independent smallholders, of which 80% was from Indonesia, 13% from Malaysia, 6% from Ghana and the remainder from Nigeria.

Our joint venture mill – the largest mill in Myanmar – has a market share of

Scheme smallholders as at 31 December 2018

Country	Smallholder planted area (ha)	RSPO-certified smallholder area (ha)
Indonesia	34,149	2,040
Ghana	1,650	1,650
Nigeria	85	0
Total	35,884	3,690

Independent smallholder FFB volume purchased as at 31 December 2018

Country	FFB volume purchased (MT)
Indonesia	441,761
Malaysia	73,009
Ghana	35,511
Nigeria	4,052
Total	554,333

nearly 30%, and smallholder farmers account for a significant proportion of its sugarcane supply. In 2018, 36,603 hectares of smallholder-managed area was contracted and produced 1,310,830 tonnes of sugarcane.

We engage with our oil palm and sugar smallholder suppliers, and provide them with technical assistance towards compliance and certification requirements through training and support initiatives. As a result, they implement good practices that increase their own yields and improve their access to markets. We take a local, grassroots approach and partner with communities and governments to ensure we address the vast diversity of cultures, traditions, land tenure models and local development needs that coexist in the regions we operate in. To support these efforts, we have developed comprehensive engagement programmes together with our partner organisations across the world.

Smallholder Programmes

To support palm oil smallholders, Wilmar has contributed to the development of programmes under the RSPO smallholder certification schemes in Malaysia and Indonesia. We provide training and facilitation to help independent smallholders obtain ISPO certification. We also work with the Malaysian Palm Oil Certification Council to assist all suppliers in achieving the MSPO certification before the end of 2019. Central to this initiative is our Supplier Reporting Tool (SRT), which we are rolling out to identify gaps and deploy resources more effectively. In 2018, the SRT was successfully implemented among our suppliers in Malaysia, Indonesia, Colombia, Honduras and Guatemala.

We are working towards ensuring that 100% of our smallholder suppliers are supported by smallholder programmes: in Ghana by 2020, in Nigeria by 2023 and in Indonesia by

2025. This means that each smallholder linked to our supply chain will have access to a platform for expertise and best practice sharing to meet their sustainable production requirements and for economic growth.

In Indonesia, our efforts in 2018 have continued to focus on grouping and partnering independent smallholders with our stand-alone mills to enable ISPO certification. This includes training on best management practices, as well as sustainability requirements. In 2018, 6,087 independent smallholders participated in the ISPO certification training programme, and our target is to train 24,218 smallholders by 2025. We also have a voluntary fertiliser programme for our Indonesian independent smallholders.

In Ghana and Nigeria, our focus has been on improving the livelihoods of the smallholders in our scheme

Smallholders supported by Wilmar 2018

Country	Number of scheme smallholders	Number of independent smallholders covered by Wilmar programmes
Malaysia	N/A	159
Indonesia	15,402	12,960
Ghana	438	550
Nigeria	43	N/A

programmes (see following pages for more information).

For Malaysia we have introduced specific smallholder programmes for sustainable certification (covering both RSPO and MSPO) in collaboration with Wild Asia's group smallholder programme, as well as a fertiliser access programme through a subsidised loan structure. In 2018, a total of 132 training sessions on Wilmar's NDPE policy and certification works were conducted for 3,171 independent

and associated smallholders across Malaysia and Indonesia.

We conduct training programmes for our sugar outgrowers in Myanmar, expanding technical capacity and knowledge of best management practices. Training sessions reaching 978 farmers were conducted at 19 locations in 2018. These provided forums to share knowledge on good farming practices for land preparation, planting systems, cane nutrient requirements, fertiliser application,



Group photo with various stakeholders at the completion event for WISSH programme

Smallholder Support

weed control, and the safe handling and application of chemicals. A total of 12 demonstration plots were planted during the 2018 season. These plots enabled farmers to gain hands-on experience of working with sustainable methods. On top of training provided, site visits to farmers' fields were also conducted to help analyse their problems with suggestions for resolution.

We are also working with our first-tier suppliers across Latin America to build capacity and provide training to their smallholder suppliers. Meanwhile, we continue to enhance smallholders' capacity to implement good environmental and social practices in accordance NDPE policy through innovative local partnership platforms,

such as Wilmar Small Growers Support Colombia (WISSCo) programme and the Wilmar Smallholders Support Honduras (WISSH) programme.

After three years of implementation, the WISSH programme has successfully completed its objective with 3,300 smallholders successfully trained on multiple sustainability topics over 448 training sessions. A completion event was organised to provide various stakeholders the opportunity to exchange experiences and challenges throughout the programme. The programme was well received with attendance from many smallholders, mill participants, programme sponsors, representatives of the Honduras banking industry and the regional government.

Smallholder Mapping

While we work to fulfil and enforce our NDPE commitments of No Deforestation and No Peat, we are simultaneously undertaking measures to ensure that our efforts do not negatively impact smallholders. We will continue working closely with any suspended supplier to help them bring their operations back into compliance and prevent inadvertent losses for smallholders.

We will also support the mapping of independent oil palm smallholder plantations in Indonesia and Malaysia – many of which are linked to independent mills in our supply chain.

Providing Access to Sustainable Practices and Alternative Livelihoods in Africa

Pilot Outgrower Scheme, Nigeria

The presence of Wilmar's Biase Plantation Ltd (BPL) and Eyop Industries present a unique opportunity in rural Cross River State, Nigeria. Through our programmes, scores of farmers are beginning to revive their once-abandoned oil palm plantations whilst others are commencing a process to replant their old farms.

In 2017, BPL launched a Pilot Outgrower Scheme with four cooperative groups from the surrounding areas of the plantation. This initially included conducting assessments to ensure there will be no deforestation or damage to HCV areas and surveying lands and ensuring locals obtain proper land ownership documentation from the local government. This was then followed by providing trainings to the cooperatives on four key areas: Group Dynamics and Group Management, Farm Management and Sustainable Production. During the planting season of 2018, BPL started working with the outgrowers to establish their plantations, following Wilmar's planting procedures. High yielding and improved seedlings were made available to the cooperatives and BPL supervised the land preparation and planting.

The BPL Pilot Outgrower Programme currently covers a land area of 150 hectares and benefits a total of 43 farmers from the four cooperative groups. Through the scheme, local farmers are beginning to take advantage of the improved planting stock, plantation management technologies and ready market opportunities that Wilmar offers. The company also provides low interest funding for the entire project.

Over 2,000 farmers have expressed interest in joining the second phase of this programme and we are currently engaging with the Central Bank of Nigeria and other potential funders on a scaling up. We expect all farmers to be in full compliance within a year of commencing the project.

Providing Access to Sustainable Practices and Alternative Livelihoods in Africa

Adum Smallholder Scheme, Ghana

In 2016, three communities in Mpohor District of the Western Region of Ghana approached Wilmar's subsidiary, Benso Oil Palm Plantations (BOPP) Limited, to seek assistance in sustainable and best agricultural practices for development of 1,400 hectares of their farmlands into a smallholder oil palm plantation.

The Adum Smallholder Scheme is a unique community initiative that was launched in 2018 and we expect the programme to benefit all 300 farmers by 2020 (160 in 2019 and 140 in 2020). From its onset, it was designed with three components aimed at protecting the environment, enhancing livelihoods and also promoting socio-economic development.

Detailed HCV and impact assessments have been conducted to ensure that the planned plantation development would not replace high conservation values or forests. Farmers are still awaiting the completion of the RSPO New Planting Procedure process and the commencement of plantation development. However, to avoid possible encroachment into forested areas and also to ensure that local farmers do not suffer unduly during the plantation development phase, BOPP in partnership with the local communities and Proforest secured some support from Partnership for Forests (P4F) to develop a forest protection mechanism and implement alternative/additional livelihood schemes.

Two important protected forest reserves exist within the landscape – the Subiri and Nueng Forest Reserves. The partners of the programmes are working with local government authorities and the communities to develop enforceable by-laws that would prevent encroachments and degradation of the protected areas in the landscape.

At the same time, an alternative/additional livelihood scheme has been introduced to provide income generating ventures in the communities, which also prevents farmers and hunters from extending their activities into nearby forests in line with the agreed local government by-laws. The livelihood enhancing activities include baking, piggyery, poultry farming, bee-keeping, livestock farming and gari processing. For each of these livelihood activities, detailed on-the-job technical trainings are provided to the beneficiaries followed by start-up capital. Further trainings on fund management and book keeping are provided as well. Additionally, the beneficiaries are linked to markets in the cities to ensure the economic sustainability of their businesses and good pricing for their products.

This diversification of incomes is expected to make them more resilient to commodity price fluctuations and provide them with reliable income sources both during the immature phases of plantation development and also throughout the life of the project.



Community Relations

Wilmar pledges to recognise and respect the long-term customary and individual rights of indigenous and local communities and recognising food security needs in new developments. We diligently strive to ensure that we only use land to which we have a legal right, and where we are recognised as the rightful managing entity by the local and national governments.

We also commit to ensuring legal compliance and that international best practices on Free, Prior and Informed Consent (FPIC) are implemented prior to commencing any new operations, which is a participatory process that empowers local communities to negotiate the conditions under which a project will be designed, implemented, monitored and evaluated. The principle of FPIC is recognised in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), which states that local communities have the right to give or withhold their consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use.

Land issues and conflict

Land use and land ownership are inherently complex matters in most of the countries where we operate, with overlapping or undelineated land rights in land concessions being a common challenge. Shaped by a nation's development policies and projects, these can sometimes have an unintentional impact on local communities and result in disagreements and conflicts. This has resulted, for example, in delays in the issuing of HGU for some of our estates in Indonesia.



Community members having a game of volleyball at our workers' residential area

Our standard practice involves negotiating with individual landowners and local community leaders, or the government, depending on the country. We endeavour to be respectful of local communities whenever such disputes arise and are committed to building long-term relationships in a consensual manner as part of our goal of achieving harmonious relations with

all our stakeholders. We have engaged with many of these communities through participative mapping and strive to address concerns through mediation processes. In the event of loss or damage affecting legal or customary rights, property, resources or livelihoods, we endeavour to undertake all measures to remedy such loss or damage.

We strive for a fair compensation to the local community leaders for existing crops, with statutory levels of compensation as a minimum. We also implement progressive community development programmes through employment opportunities and smallholder schemes, making every effort to ensure that communities are satisfied with the socioeconomic benefits that development will bring. In 2018, Wilmar commissioned TFT (now known as Earthworm Foundation) to undertake a thorough evaluation on issues and risks related to our West Sumatran operations stemming from historical land acquisition in the 1990s. The programme focuses on:

- The current policies, procedures and practices related to grievance management in and around each company subsidiary's operational areas;
- Existing and past grievance cases raised by local communities;
- The original and historical land acquisition processes in the 1990s (linked to many existing grievances); and
- The original setup of local partnership schemes between companies and local people linked to the management of plasma and the original land acquisition.

The programme will continue to early 2019, and the results from this will be used to develop timebound action plans for resolution.

RSPO Complaint Cases

As of March 2019, there are two ongoing RSPO complaint cases against our subsidiaries. As a committed member of the RSPO, Wilmar has always followed the due process of the RSPO Complaints Panel and is always cooperative in any investigations.

In September 2018 we received news of a complaint lodged with RSPO in July 2018 against our subsidiary, PT. Primatama Mulia Jaya by the Luhak indigenous community. The complaint concerns the issuance of Right of Utilisation over the land without prior consultation with the community. This case is currently undergoing review by the Complaints Panel.

A second complaint was submitted to RSPO in October 2018 over concerns that our subsidiary, PT. AMP Plantation, has breached plasma scheme arrangements (based on a 1997 plasma agreement) by failing to perform necessary land certificate arrangements, and by not disclosing profit made from sales of FFB between 2002 and 2014. There is also an allegation concerning embezzled funds relating to land certification for 100 hectares. We take these allegations seriously and will work diligently through the RSPO Complaints Process to ensure these issues are addressed in an appropriate manner.

Updates on previous cases

The case lodged in 2016 against our subsidiary PT. Bumi Sawit Kencana II concerns allegations that the company has not yet paid compensation for 78 hectares of land owned by the villagers. After a review and deliberation by the RSPO Complaints Panel the [case was dismissed](#) in March 2019.

In September 2018, the RSPO complaint case concerning our subsidiary PT. Permata Hijau Pasaman (PHP I) was closed after a participatory mapping process and agreed implementation plan were finalised. In this case, the local community, Nagari Kapa, requested clarity on PT. PHP I's nucleus estate and land use right application. A participatory mapping process was carried out through consultation with Nagari Kapa and local government bodies followed up with an implementation plan. The case is now with the RSPO Investigation & Monitoring Unit.

Supporting Local Communities

Many of our operations are located in remote parts of developing countries and are often close to local communities. Our business activities therefore have direct and indirect impacts on the livelihoods of our employees, their families and neighbouring communities. We seek to facilitate self-reliance, particularly through the provision of education, healthcare and infrastructure. This includes the provision of schools, maintaining workers' housing, and establishing public facilities in and around our plantations, such as places of worship, sporting facilities, orphanages and nursing homes. It also includes organising programmes for community development and relief in areas struck by natural disasters.

Access to Education

We are firm believers in supporting efforts to empower community development through education. Wilmar invests substantially to provide workers' children with access to education, in line with **SDG 4 on Quality Education**. Besides ensuring inclusive and equitable quality education, we are heavily invested in providing a range of services in our plantations, including childcare and daycare facilities, crèches, kindergartens and schools.

We have 15 schools in our Indonesian plantations, which together cover kindergarten, primary and secondary-level curricula. We also support the education of more than 5,000 children in our local communities, including our employees' children. In our estates in Malaysia we have a total of 17 primary schools that benefit a total of 747 children. In addition, we are working with the Sabah-based non-profit organisation Humana Child Aid Society to provide for the

children of migrant workers in our operations in Malaysian Borneo. The educational syllabus is designed based on the Malaysian curriculum, but also integrates Indonesia-centric subjects to help ease the Indonesian children's transition into mainstream societies whether they choose to stay in Malaysia or return to Indonesia. As well as providing free education, we also subsidise uniforms, books and food every year.

Through our joint venture, Great Wall-Wilmar Holdings, we are providing donations for school redevelopment programmes in the vicinity of our mill in Myanmar. For our Myanmar sugar farms, about 93% of children of school going age attend schools operated by the government. There are also kindergartens in the factory compound, and 80 students are children of employees.

School Redevelopment Programme

We are working closely with the Indonesian Education Ministry to

ensure that our privately run schools are in compliance with all government standards. Where there are already existing government schools close to our estates, we have also planned for their improvement.

Wilmar has ongoing school redevelopment programmes in Indonesia, Nigeria and Ghana to ensure that schools are upgraded with adequate facilities, including computer labs, science labs and libraries. We also aim to ensure that all settings are equipped for extra-curricular activities, such as music, arts, sports and uniformed groups. The redevelopment programme annually benefits between 6,500 and 7,000 children from pre-primary school age through to secondary school age. As of 2018, 10 schools have been redeveloped in Indonesia, while the five remaining schools are targeted for completion by 2020. Three schools have completed redevelopment in Nigeria while the remaining schools are targeted for completion by 2020. Both schools in Ghana have undergone redevelopment.



Computer access and learning for students at one of our redeveloped schools in Indonesia

Access to Education

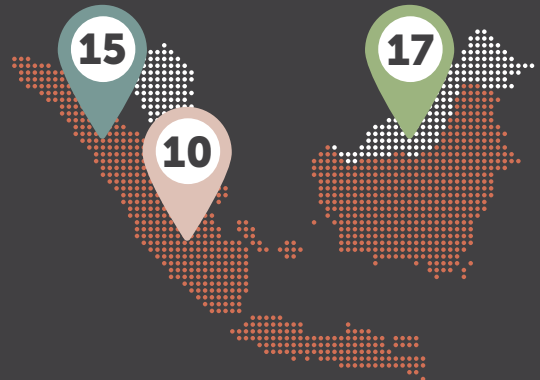
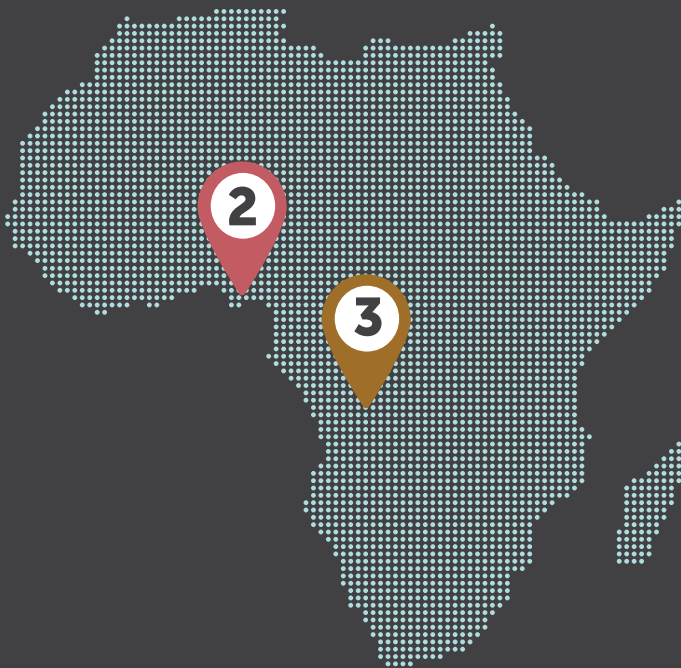


Great Wall-Wilmar Holdings in Myanmar

(Providing donations for school redevelopment programmes in vicinity of mill, kindergartens in the factory compound, **80 students are children of employees**)

The redevelopment programme

(Benefits between **6,500 and 7,000 children** from pre-primary school age through to secondary school age annually)



15

schools in Indonesian plantations

(Kindergarten, primary- and secondary-level)

17

primary schools in Malaysia

(Benefitting a total of 747 children)

10

schools redeveloped in Indonesia

(5 remaining, targeted completion by 2020)

3

schools redeveloped in Nigeria

(3 remaining schools, targeted completion by 2020)

2

schools redeveloped in Ghana

Supporting Local Communities



Health check-up being conducted for our workers in a Wilmar clinic

In addition to upgrading and providing new facilities, outstanding students are offered scholarships to pursue further education at provincial and national universities. In Australia, we provide educational bursaries to students at local high schools near our operations. We also offer sponsorships and internship opportunities to schools and tertiary education institutions. And to inspire potential future employees, we provide site tours and milling process explanations to students from schools throughout our milling regions.

Healthcare and Community Safety

At Wilmar, we consider health and wellbeing to be essential components of sustainable development. This is in line with SDG 3, which focuses on ensuring healthy lives and promoting wellbeing for all. In addition to providing healthcare for our workers and their families, the clinics in our oil palm plantations are also accessible to local communities for basic

healthcare services. In 2018, we have invested in building new clinics as well as maintaining existing facilities in Indonesia and Nigeria.

In Australia, we contribute to raising awareness on issues such as mental health, suicide prevention, cancer prevention and domestic violence. These engagements target workers and community member in and around our cane operations, as well as students from neighbouring schools.

We continue to encourage our people to go out and make a difference in our communities. In 2018, employees from Sugar Australia in Yarraville volunteered their time to contribute to Foodbank Australia, where they packed an estimated 17,840 meals. This would be enough to feed a family of four people three meals a day for 1,460 days.

In the local community hubs and schools close to our cane farms with mills where railroads are used

for logistical purposes, Wilmar contributes to and participates in various community events to promote "cane train" safety programmes. We also provide financial support to various rescue organisations and initiatives, including Central Queensland Rescue, Burdekin Volunteer Marine Rescue, Whitsunday Volunteer Marine Rescue and Cardwell Coast Guard. Among other projects, our donations have contributed towards the construction of a fence for a new emergency helipad installed in a Burdekin fishing community.

On the business-to-consumer front, we recognise that sugar consumption is rising in many parts of the world, and that excessive sugar consumption can be harmful to health. We seek to ensure that we are fully transparent about the nutritional content of our sugar-packed products, and have ongoing projects to enhance sugar properties, such as testing for varieties with a low Glycaemic Index.

Overview of Partnerships 2018

Stakeholder	Themes	Wilmar's involvement
Certification and compliance		
Aidenvironment	NDPE policy implementation and supply chain compliance	Implementation partnership for supplier group mapping and engagement (Supplier Group Compliance Programme)
Consortium of Resource Experts (CORE)	NDPE policy implementation and supply chain compliance	<ul style="list-style-type: none"> Implementation partnership to improved verification systems of NDPE compliance at refinery level Convening of public consultation processes relating to sustainability policies and procedures
TFT (now known as Earthworm Foundation)	NDPE policy implementation and supply chain compliance	Implementation partnership for NDPE policy socialisation for suppliers
Malaysian Palm Oil Certification Council (MPOCC)	MSPO certification	Assisting over 260 suppliers in achieving MSPO certification by end-2019
Eliminating deforestation and sustainable production		
Australian Packaging Covenant (APC)	Sustainable packaging with a focus on encouraging resource efficiency through sustainable design while reducing disposal wastages and increasing recycling	Signatory through Sugar Australia Pte Ltd
Barratta Creek Action Group (BCAG)	Water quality monitoring in Queensland, Australia, focusing on improving the quality of water flowing to the Great Barrier Reef	Founding Member
Fire Free Alliance (FFA)	Fire and haze	<ul style="list-style-type: none"> Founding Member (2016) Member of Fire-Free Village Programme (FFVP), a community-based incentive scheme to help reduce the incidence of fires
Grow Asia and Grow Africa	Sustainable and inclusive agricultural development in Southeast Asia and Africa, focusing on smallholder development, economic growth and environmental sustainability of agriculture	<ul style="list-style-type: none"> Member of Grow Asia Business Council Signatory of Grow Africa Letter of Intent and participants in Grow Africa forums and discussions
High Carbon Stock (HCS) Approach Steering Group	No deforestation	<ul style="list-style-type: none"> Member of HCSA Steering Group Member of the HCSA Executive Committee Member of the Protection and Social Requirements Working Groups Member of the Africa, Communications and Funding Taskforces
International Sustainability & Carbon Certification (ISCC) Association	Sustainable cultivation of biomass and its sustainable and traceable processing and utilisation	Member

Stakeholder	Themes	Wilmar's involvement
Eliminating deforestation and sustainable production		
Roundtable on Sustainable Palm Oil (RSPO)	Sustainable palm oil production	<ul style="list-style-type: none"> Member of RSPO Board of Governors Member of the RSPO Sabah Jurisdictional Approach for Sustainable Palm Oil Production Steering Committee Chair of the RSPO Smallholder Support Fund Panel Co-Chair of the Smallholder and Biodiversity and High Conservation Value Working Groups; Co-Chair of the FFB Legality & Traceability Taskforce Member of the Human Rights, Emissions Reduction Working Groups and the Trade and Traceability Standing Committee Ex-Member of the RSPO P&C Review Taskforce (updated P&C adopted in November 2018)
Tropical Forest Alliance (TFA) 2020	Responsible growth without depleting natural capital	<ul style="list-style-type: none"> Member of the TFA 2020 Steering Committee and Africa Regional Committee Collaboration on best practice in peatland conservation and restoration
Conservation and wildlife protection		
Business in Environmental Stewardship Network (BESNet)	Promote and support natural capital inclusion and security in business development and company production value chains (key roles and functions of the network include championing advocacy for the long-term sustainability of Atewa Forest, Ghana)	Member through Wilmar's subsidiary, Benso Oil Palm Plantation
Kalaweit Foundation	NGO collaboration on gibbon rehabilitation	Partner
Peatland Restoration Agency (Badan Restorasi Gambut, (BRG))	Responsible for restoring two million hectares of peatland across seven Indonesian provinces with severely degraded lands by 2020	Partner
PONGO Alliance	Support the conservation of orangutans and other wildlife within oil palm landscapes by engaging with growers, businesses, independent experts and NGOs	<ul style="list-style-type: none"> Founding partner On Board of Directors
Sabah Forestry Department	Riparian Rehabilitation Project to enrich and enlarge riparian areas on state and company land and restore habitats for populations of endangered Proboscis Monkeys and Silvered Langurs	Partner since 2009 (current project established in 2014)

Overview of Partnerships 2018

Stakeholder	Themes	Wilmar's involvement
Conservation and wildlife protection		
South East Asia Rainforest Research Partnership (SEARRP)	Advance knowledge and application of sustainable plantation practices in Malaysia, Indonesia and the wider tropics through a five-year research training programme, with a focus on biodiversity conservation and management of conservation areas	<ul style="list-style-type: none"> Partner since 2011 Signed Memorandum of Understanding to facilitate research and training on biodiversity conservation and management of conservation areas
University of Malaysia Sarawak (UNIMAS)	Gather baseline data on the diversity and abundance of flora and fauna species found in HCV areas within Wilmar's plantations in Sarawak	Partner since 2014
Labour practices		
Business for Social Responsibility (BSR)	Labour rights and working conditions	Partner
CNV Internationaal	Labour rights and unions	Partner
Decent Rural Living Initiative (DRLI)	Improve overall protection of labour and human rights in the agriculture sector by developing and delivering practical and realistic recommendation and plans that will further support and benefit rural workers and communities in developing countries	Founding Member
Verité	Labour rights	Partner
Smallholder programmes		
Association of Palm Oil Producers (AIPAH)	Smallholder support	Partner in implementing Wilmar's Smallholders Support in Honduras (WISSH)
Heritage Bank of Nigeria	Smallholder support	Partner in implementing the Pilot Outgrower Scheme in Nigeria
Sustainable Trade Platform, Solidaridad & NES Naturaleza	Smallholder support	Partner in implementing Wilmar Small Growers Support Colombia (WISSCo)
Finance initiatives		
OCBC Bank and DBS Bank	Sustainable finance	Wilmar's loan interest rate pegged to ESG performance

Base Data

Income Statement

US\$ Million	FY2018	FY2017 ¹	FY2016	FY2015	FY2014
Revenue	44,498	43,574	41,402	38,777	43,085
Profit before tax	1,617	1,563	1,300	1,379	1,538
Net Profit	1,128	1,196	972	1,023	1,156

Balance sheet²

US\$ Million	FY2018	FY2017	FY2016	FY2015	FY2014
Total assets	45,680	40,933	37,032	36,926	43,558
Total liabilities	28,913	23,947	21,653	21,625	27,147
Shareholders' funds	16,049	15,964	14,435	14,394	15,495

Segmental sales volume

MT '000	FY2018	FY2017	FY2016	FY2015	FY2014
Tropical oils ³	24,275	23,163	23,368	23,500	24,607
Oilseeds & Grains	37,179	33,295	29,529	28,706	25,081
Sugar	11,742	10,974 ⁴	13,544	13,118	9,714

Segmental profit before tax breakdown

US\$ Million	FY2018	FY2017	FY2016	FY2015	FY2014
Tropical oils	546	426.2	689.2	491.5	969.2
Oilseeds & Grains	875	735.0	251.1	689.8	348.5
Sugar	-123	-24.6	125.3	84.3	134.4
Others	20	242.0	100.6	17.4	20.0

Geographical revenue breakdown

US\$ Million	FY2018	FY2017	FY2016	FY2015	FY2014
Southeast Asia	7,560	8,930	8,633	7,661	10,024
People's Republic of China	24,993	22,392	19,983	19,371	19,622
India	1,280	1,754	1,317	1,338	1,463
Europe	2,520	2,586	2,711	2,485	3,390
Australia/New Zealand	765	779	1,501	1,411	1,724
Africa	2,473	2,445	2,352	2,024	2,036
Others	4,908	4,687	4,904	4,488	4,826

¹ FY2017 figures were restated upon adoption of SFRS (I) 9 Financial Instruments, SFRS (I) 15 Revenue from Contracts with Customers and IFRS Convergence. FY2014 to FY2016 figures are not adjusted.

² FY2015 figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants. FY 2014 figures are not adjusted.

³ Excludes plantation volume.

⁴ Sugar volume has been restated for FY2017 upon adoption of SFRS(I) 15 Revenue from Contracts with Customers.

Base Data

Production – Palm oil

	FY2018	FY2017	FY2016	FY2015	FY2014
FFB production (MT)	4,189,728	3,922,904	3,817,969	4,481,022	4,323,960
FFB yield (MT FFB/ha)	21.6	19.7	19.0	21.4	20.6
CPO (MT)	1,966,505	1,742,618	1,740,298	1,995,800	1,909,355
PK (MT)	482,977	421,574	424,913	472,968	437,776
CPO extraction rate (%)	19.9	20.0	20.0	20.5	20.6
PK extraction rate (%)	4.9	4.8	4.9	4.9	4.7

Production – Sugarcane

	FY2018	FY2017	FY2016
Sugarcane production (MT) – Australia	484,038	491,340	521,777
Sugarcane production (MT) – Myanmar ⁵	21,325	29,146	13,979
Sugarcane yield (MT/ha) – Australia	91.4	94.0	102.0
Sugarcane yield (MT/ha) – Myanmar ⁵	69.4	64.8	73.1

Scheme smallholders – Palm oil

	FY2018	FY2017	FY2016	FY2015	FY2014
Total no. of scheme smallholders					
Malaysia	0	0			
Indonesia	15,402	7,527			
Ghana	438	438			
Nigeria	43	43			
Total	15,883	8,008			
Total scheme smallholder area (ha)					
Malaysia	0	0			
Indonesia	34,149	32,874	31,284	31,428	31,666
Ghana	1,650	1,650			
Nigeria	85	0			
Total	35,884	34,524			
Total RSPO-certified smallholder area (ha)					
Malaysia	0	0			
Indonesia	2,040	4,012 ⁶			
Ghana	1,650	1,650			
Nigeria	0	0			
Total	3,690	5,662			

⁵ FY2018 Myanmar data is reported based on the calendar year (January to December 2018) due to unpredictable shifts in harvesting cycles and is not comparable to previous years' data, where they were first collated based on an April to March harvesting cycle. Moving forward, all sugarcane production data will be reported as at end-December of the reporting period.

⁶ Certified smallholders planted area in Indonesia has been restated for 2017.

Conservation area

Hectares (ha)	FY2018	FY2017	FY2016	FY2015	FY2014
Sabah	6,069	6,063	6,060	6,083	6,083
Sarawak	1,723	1,705	1,721	1,658	1,658
Central Kalimantan	15,084	15,083	15,088	15,087	15,098
West Kalimantan	2,010	2,041	2,036	2,033	2,168
Sumatra	3,011	3,114	3,128	3,043	3,352
Ghana	83	83	83	83	57
Nigeria	1,633	1,653	1,635	1,635	
Australia	675	675	675		
Myanmar	0	0	0		
Total	30,288	30,417	30,426	29,622	28,416

Infrastructure area

Hectares (ha)	FY2018	FY2017	FY2016	FY2015	FY2014
Sabah	3,396				
Sarawak	2,403				
Central Kalimantan	3,794				
West Kalimantan	1,236				
Sumatra	2,173				
Nigeria	870				
Ghana	135				
Total	14,008				

Fire incidents

Year	Item	Central Kalimantan	West Kalimantan	Sumatra	Australia	Myanmar
2014	Planted ha burnt	448.10	711.93	115.18		
	Unplanted ha burnt	386.74	0.00	2.10		
	Total number of fires	245	82	26		
2015	Planted ha burnt	504.30	9.11	428.30	2,808	119
	Unplanted ha burnt	1,028.40	2.00	205.10	0	0
	Total number of fires	323	9	82	0	0
2016	Planted ha burnt	0	1.37	0.02	2,807	312
	Unplanted ha burnt	82.88	0	0	0	0
	Total number of fires	17	5	1	0	0

Base Data

Fire incidents (cont'd)

Year	Item	Central Kalimantan	West Kalimantan	Sumatra	Australia	Myanmar
2017 ⁷	No. of fires within concession	20	1	2	1 ⁸	0
	Affected area within concession (ha)	307.9	2.25	0.91		
	No. fires within 5km radius of concession	20	6	2		
	Planted ha burnt				2,859	0
	Unplanted ha burnt				60	0
2018	No. of fires within concession	51	11	2	0	0
	Affected area within concession (ha)	371.1	37.2	14.4		
	No. fires within 5km radius of concession	40	16	42		
	Planted ha burnt				2,917	0
	Unplanted ha burnt				0	0

Carbon emissions (RSPO PalmGHG)

	FY2018	FY2017	FY2016	FY2015	FY2014
Net GHG emissions (MT CO₂e/year)					
Total	3,881,301	4,033,437	2,943,672	3,412,351	
Emission sources and sinks (MT CO₂e/year)					
Historical land use change allocation	1,522,250	1,733,027	1,637,743	1,478,029	
Crop sequestration	-1,604,662	-1,867,781	-1,738,834	-1,602,795	
CO ₂ emissions from fertiliser	145,909	183,310	143,267	137,170	
N ₂ O emissions	291,609	349,525	298,324	224,442	
Fuel consumption (field)	55,287	60,822	57,606	61,127	
Peat oxidation	1,074,914	1,261,404	968,422	1,002,722	
Sequestration in conservation areas	-126,745	-58,718 ⁹	-62,170 ¹⁰		
POME	493,938	546,262	647,223	556,585	
Fuel consumption (mill)	12,323	18,866	19,419	16,902	
Mill credits (sale of palm kernel shell, empty fruit bunch & electricity)	-112,367	-109,959	-107,450	-186,261	
Grid electricity utilisation	69	125	139		

⁷ Since 2017, reporting is based on area burnt within concession boundaries and area burnt outside concession boundaries (within 5km radius).

⁸ Burnings in Australia are usually prescribed. There was one accidental fire in 2017.

⁹ For 2018 PalmGHG calculations we have included breakdown by area into the calculator. Therefore, sequestration in conservation area figures are significantly higher than 2017 figures due to the HCV area breakdown for Central Kalimantan.

¹⁰ Conservation area offset data for 2016 was previously incorrectly calculated and reported. This figure has now been restated in this report.

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

	FY2018	FY2017	FY2016	FY2015	FY2014
BOD levels – River discharge (mg/l)					
Sabah	32	26	25	32	25
Sarawak	17	19	17	16	13
West Kalimantan	89	94	90	83	74
Sumatra	58	94	52	79	57
BOD levels – Land application (mg/l)					
Central Kalimantan	1,052	506	271	363	448
West Kalimantan	312	317	251	169	241
Sumatra	982	1,171	1,065	928	898
Ghana	175	134	60	77	93

Water usage – Palm oil

	FY2018	FY2017	FY2016	FY2015	FY2014
Water usage – Palm oil mills (m³/MT FFB)					
Sabah	1.6	1.64	1.55	1.68	1.59
Sarawak	1.01	1.26	1.65	1.55	1.13
Central Kalimantan	1.19	1.46	1.33	1.61	1.46
West Kalimantan	1.57	1.27	1.53	1.49	1.50
Sumatra	1.02	1.12	1.55	1.40	1.74
Ghana	1.38	1.52	1.43	1.63	1.52
Nigeria	1.62	1.20	1.25	1.00	0.97

Herbicide usage

	FY2018	FY2017	FY2016	FY2015	FY2014
Herbicide usage – Palm oil operations (toxicity units/ha)					
Sabah	687	617 ¹¹	647	737	801
Sarawak	937	684	541	534	718
Central Kalimantan	209	283	253	328	337
West Kalimantan	277	271	256	464	416
Sumatra	304	563	317	257	231
Ghana	382	316	259		
Nigeria	193	111	629		
Herbicide usage – Sugar operations (total active ingredient/ha)					
Australia	3.60	4.07 ¹²			
Myanmar	3.04	2.65			

¹¹ Sabah data for 2017 were incorrectly stated in Wilmar's 2017 Sustainability Report and has been restated in this report.

¹² Australia data for 2017 were incorrectly stated in Wilmar's 2017 Sustainability Report and has been restated in this report.

Base Data

Herbicide types

Herbicides currently used in Wilmar plantations	Usage	Palm	Sugar
Glyphosate (isopropylamine/ isopropylammonium)	Systemic and non-selective herbicide to control Imperata cylindrical, Paspalum conjugatum and Ottochloa nodosa.	✓	✓ ¹³
Paraquat	Non-selective contact herbicide used to control a wide range of annual grasses and broad-leaved weeds and the tips of established perennial weeds. Paraquat is not systemic so it can be applied up to the four-leaf stage of sugarcane without lasting damage.		✓
Pendimethalin	Herbicide used in pre-mergence and post-emergence applications to control annual grasses and certain broadleaf weeds. It inhibits cell division and cell elongation.		✓
Metsulfuron-methyl	Systemic herbicide used to control both narrow and broad leaf weeds when mixed with glyphosate isopropylamine.	✓	✓
Isoxaflutole	Selective herbicide used to control certain broad leaf and grass weeds.		✓
S-metolachlor	Isomer herbicide mixture used to control grasses and some broad-leaved weeds in a wide range of crops.		✓
Haloxypop	Selective herbicide for the control of grass weeds in broad leaf crops. Originally it was produced as a racemic mixture.		✓
Flumioxazin	Broad-spectrum contact herbicide, which works by interfering with the plants' production of chlorophyll.		✓
MCPA	Herbicide used in sugarcane production to control: Blue Top, Chinese Burr, Flannel Weed, Gambia Pea, Bell Vine, Streaked Rattle Pod, Bindweed, Pink Convolvulus, Cupids Flower, Merremia Vine, Morning Glory.		✓
Triclopyr butyl (triclopyr butoxy ethyl ester)	Systemic and selective broad leaf weeds used to control Asystasia intrusa, Mikania micrantha, Clidemia hirta and Melostoma malabathricum.	✓	
Glufosinate ammonium	Used as a general narrow leaf weed control such as Paspalum conjugatum, Ottochloa nodosa, Fimbristylis miliacea and Borreria latifolia.	✓	✓
2,4-D-(dimethylamine/ dimethylammonium)	2,4-D- (dimethylamine/dimethylammonium) is a systemic and selective herbicide from the group of aryloxyalkanoic acids. This herbicide is used to control Mikania micrantha, Borreria latifolia, Ageratum conyzoides, Paspalum conjugatum, Ottochloa nodosa and Nephrolipis bisserata.	✓	✓
Fluroxypyr-meptyl	Used to control broad leaf and common weeds such as Asystasia intrusa, Mikania micrantha, Melostoma malabathricum, Ottochloa nodosa, Paspalum conjugatum and Axonopus compressus.	✓	✓

¹³ For our sugarcane operations, Glyphosate is only used for managing weeds in fallow, end of row and headlands areas. Glyphosate is not applied in sugarcane crop.

Herbicides currently used in Wilmar plantations	Usage	Palm	Sugar
Sodium chlorate	Non-organic and selective herbicide used for general weeds control, such as <i>Ottochloa nodosa</i> , <i>Paspalum conjugatum</i> , <i>Axonopus compressus</i> , <i>Mikania micrantha</i> and <i>Gingantochloa levi</i> .	✓	
Clethodim	Selective post-emergence herbicide. Systemic, rapidly absorbed and translocated from treated foliage to the root system and growing parts of the plant. Mostly used to control <i>Eleusine indica</i> .	✓	
Monosodium Methanearsonate (MSMA)	Broad-spectrum herbicide used to control grasses and broad leaf weeds.	✓	
Fluazifop-p-butyl	Selective phenoxy herbicide used for post-emergence control of annual and perennial grass weeds.	✓	
Indaziflam	Pre- and post-emergence herbicide. Often mixed with Glyphosate isopropylammonium to prevent or control common and major weeds in plantation such as <i>Paspalum conjugatum</i> , <i>Axonopus compressus</i> , <i>Ottochloa nodosa</i> , <i>Hedyotis verticillata</i> , <i>Asystasia intrusa</i> , <i>Ageratum conyzoides</i> , <i>Cyperus rotundus</i> and <i>Digitaria ciliaris</i> .	✓	
Imazapic	Selective herbicide for both the pre and post-emergent control of some annual and perennial grasses and some broad leaf weeds.		✓
Imazethapyr (ammonium/isopropylammonium)	Non-selective herbicide used for the control of a broad range of weeds including terrestrial annual and perennial grasses and broad leaf weeds.	✓	
Diuron ¹⁴	Selective systemic herbicide used to control broad leaf weeds and grasses.	✓	✓
Metribuzin	Herbicide used to control certain broadleaf weeds and grassy weed species.		✓
Ametryn	Herbicide which inhibits photosynthesis and other enzymatic processes. It is used to control broad leaf weeds and annual grasses in pineapple, sugarcane and bananas.		✓
Acifluorfen	Contact diphenolic ether herbicide used to control broad leaf weeds and grasses, which can be applied before or after crop emergence.		✓
Atrazine ¹⁴	Herbicide of the triazine class, used to prevent pre- and post-emergence broad leaf weeds in crops such as maize (corn) and sugarcane.		✓
Asulam	Broad-spectrum herbicide used for post-emergent weed control in sugarcane.		✓

¹⁴ Strict controls in place for when and how much can be applied for Australia operations.

Base Data

Wilmar's lowest wage rates and legal minimum wage by country

	Wilmar lowest monthly wage (excl. piece-rate)	Legal minimum wage
Palm oil operations		
Indonesia (Rupiah) ¹⁵	2,075,000	2,046,900 ¹⁶
Malaysia (Ringgit) ¹⁷	920	920
Nigeria (Naira)	24,200	18,000
Ghana (Cedi)	715	288 ¹⁸
	Wilmar lowest wage (excl. piece-rate)	Legal minimum wage
Sugar operations (excluding Australia)		
Myanmar (Burmese Kyat)	144,000/month	144,000/month
Indonesia (Rupiah) – PT Duta Sugar International Refinery	3,637,700/month	3,633,714/month
Indonesia (Rupiah) – PT Jawamanis Refinery	3,878,113/month	3,622,215/month
New Zealand (NZD)	17.86/hour	16.50/hour

Wilmar's lowest wage rates and legal minimum wage – Australia¹⁹

	Legal minimum wage/hour (Australia)	Sugar Industry Award minimum wage/hour	Wilmar Enterprise Agreement rate/ hour	Wilmar's employee rate/ hour
2016 - 2017	(Effective From 1 July 2016 - 30 June 2017)	(Effective From 1 July 2016 - 30 June 2017)	(Effective from 6 Dec 2015 - 3 Dec 2016)	
Milling general operator - level 2	17.70 (AUD)	17.70 (AUD)	24.47 (AUD)	24.47 (AUD)*
Distilling and services operator - level 2	17.70 (AUD)	17.70 (AUD)	24.47 (AUD)	24.47 (AUD)*
Cultivation/cane production level 1	17.70 (AUD)	19.21 (AUD)	Not Applicable	21.12 (AUD)**
	Legal minimum wage/hour (Australia)	Sugar Industry Award minimum wage/hour	Wilmar Enterprise Agreement rate/ hour	Wilmar's employee rate/ hour
2017 - 2018	(Effective From 1 July 2017 - 30 June 2018)	(Effective From 1 July 2017 - 30 June 2018)	(Effective from 4 Dec 2016 - 2 Dec 2017)	
Milling general operator - level 2	18.29 (AUD)	18.29 (AUD)	25.08 (AUD)	25.08 (AUD)***
Distilling and services operator - level 2	18.29 (AUD)	18.29 (AUD)	25.08 (AUD)	25.08 (AUD)***
Cultivation/cane production level 1	18.29 (AUD)	19.84 (AUD)	Not Applicable	21.12 (AUD)****

¹⁵ Indonesia's 2018 list of legal minimum wages in different provinces can be accessed at <https://wageindicator.org/salary/minimum-wage/indonesia/archive/4/>

¹⁶ This refers to the lowest legal minimum wage listed among the provinces where Wilmar has oil palm operations.

¹⁷ For Sabah and Sarawak.

¹⁸ Ghana's legal minimum wage is based on a daily wage of 10.65 Cedi. To calculate the monthly national minimum wage, we have multiplied this daily wage by 27 working days.

¹⁹ Minimum wage is updated by Fairwork annually, taking effect from 1 July each year. The Sugar Industry Award is updated at the same time.

Wilmar's lowest wage rates and legal minimum wage – Australia (cont'd)

	Legal minimum wage/hour (AUD)	Sugar Industry Award minimum wage/hour (AUD)	Wilmar Enterprise Agreement rate/hour (AUD)	Wilmar's employee rate/hour (AUD)
2018 - 2019	(Effective From 1 July 2017 - 30 June 2018)	(Effective From 1 July 2017 - 30 June 2018)	(Effective from 4 Dec 2016 - 2 Dec 2017)	
Milling general operator - level 2	18.93	18.93	25.71	25.71*****
Distilling and services operator - level 2	18.93	18.93	25.71	25.71*****
Cultivation/cane production level 1	18.93	20.54	Not Applicable ²⁰	Not Applicable ²⁰

* Effective from 6 Dec 2015 - 3 Dec 2016.

** Effective from 1 July 2016 - 30 June 2017.

*** Effective from 6 Dec 2016 - 3 Dec 2017.

**** Effective from 1 July 2017 - 30 June 2018.

***** Effective from 6 Dec 2017 - 3 Dec 2018.

Breakdown of Wilmar employees by gender – plantations, mills, refineries

	FY2018		FY2017		FY2016		FY2015		FY2014	
	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females
Number of male and female employees – Palm oil operations										
Sabah	5,410	3,243	3,968 ²¹	2,414 ²¹	3,649	2,157	4,053	2,155	4,010	2,067
Sarawak	2,121	1,248	1,601	1,028	1,560	1,057	1,808	1,137	1,937	1,183
Central Kalimantan	10,952	4,170	10,604	3,984	9,689	3,923	11,223	4,694	10,567	5,262
West Kalimantan	4,444	1,405	4,478	1,280	4,105	1,478	4,974	1,628	4,114	1,436
Sumatra	10,552	3,150	10,590	3,365	8,543	2,760	9,928	3,771	10,224	3,964
Ghana	1,151	496	517*	40*			1,808*	1,137*	1,937*	1,183*
Nigeria	3,939	1,827	1,604	821			898	463	941	475
Number of male and female employees – Sugar operations										
Australia	1,868	452	1,717 ²²	342 ²²						
New Zealand	146	41	185	39						
Indonesia	–	–	–	–						
Myanmar	542*	172*	843	255						

*Figures exclude number of women and men in temporary workforce as gender data was not available for temporary workers.

²⁰ There were no workers holding that starting grade so all employees who were above this level in 2018 have been paid at a higher pay scale.

²¹ Restated for 2017.

²² Excludes data from refinery operations as gender data was not available.

Base Data

Lost time injury frequency rate (LTIFR) (plantations)

	FY2018	FY2017	FY2016	FY2015 ²³	FY2014
LTIFR – Palm oil plantations (per 200,000 working hours)					
Sabah	0.56	0.54	1.01		1.37
Sarawak	4.06	3.21	2.96		7.82
Central Kalimantan	1.91	2.82	4.18		5.27
West Kalimantan	1.43	1.54	1.06		0.79
Sumatra	6.03	5.90	6.10		7.06
Ghana	0.17	0.23	0.47		0.26
Nigeria	1.67	5.00	5.40		
LTIFR – Sugarcane plantations (per 200,000 working hours)					
Australia	0	2.3			
Myanmar	0	0			

Lost time injury frequency rate (mills)

	FY2018	FY2017	FY2016	FY2015 ²³	FY2014
LTIFR – Palm oil mills (per 200,000 working hours)					
Sabah	1.79	1.99	2.66		3.99
Sarawak	2.70	2.90	2.15		0.84
Central Kalimantan	0.81	1.55	1.18		1.01
West Kalimantan	0.48	0.70	0.16		0.51
Sumatra	0.31	0.32	0.67		0.84
Ghana	0.00	0.78	0.53		0.18
Nigeria ²⁴	3.86				
LTIFR – Sugar mills (per 200,000 working hours)					
Australia	1.87	1.09			
Myanmar	0.10	0.12			

²³ In the course of compiling data for our 2015 Sustainability Report, we discovered that methodology for collating incidents differed across our sites, with some sites using national or regional thresholds for reporting, and others using international Occupational Safety and Health Administration (OSHA) standards. Due to these inconsistencies, we have excluded LTIR reporting in our 2015 report. We resumed LTIR reporting in our 2016 Sustainability Report after setting a more consistent reporting standard across the Group.

²⁴ Robust systems for our accident reporting for our Nigeria mills were still being established prior to 2018. We will now include accident reporting moving forward.

Fatalities

	FY2018	FY2017	FY2016	FY2015	FY2014
Fatalities – Palm oil and sugarcane plantations					
Sabah	0	1	1	1	1
Sarawak	0	0	0	0	0
Central Kalimantan	2	0	0	1	1
West Kalimantan	0	0	0	0	0
Sumatra	2	2	0	0	0
Ghana	0	0	0	0	0
Nigeria	1	0	0	0	
Australia	0	0	0	0	
Myanmar	0	0	0	0	
Fatalities – Palm oil and sugar mills					
Sabah	0	0	0	0	0
Sarawak	0	0	0	0	0
Central Kalimantan	0	1	0	0	0
West Kalimantan	0	0	0	0	0
Sumatra	1	1	0	2	0
Ghana	0	0	0	0	0
Nigeria	0	0	0	0	
Australia	0	0	0	0	
Myanmar	0	0	1	0	

GRI Content Index

The Global Reporting Initiative (GRI) is a multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators. GRI is the first and most widely adopted global standard for sustainability reporting and has been designed to enhance the global comparability and quality of information on environmental and social impacts, thereby enabling greater transparency and accountability of organisations. Sustainability reporting based on the GRI Standards should provide a balanced and reasonable representation of an organisation's positive and negative contributions towards the goal of sustainable development. We report in accordance with the latest version of the GRI Standards, which are 2016 for all disclosures except for disclosures 303 and 403, which were updated in 2018.

There are two options for preparing a report in accordance with the GRI Standards: Core and Comprehensive. This report has been prepared in accordance with the GRI Standards: Core option.

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GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Sugar operations 26-27 Driving supply chain transformation 37-40 Smallholder support 80-83
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	103-3	Evaluation of the management approach	Driving supply chain transformation 37-40 Smallholder support 80-83
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	Driving supply chain transformation 37-40 Smallholder support 80-83
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GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Ethical policies and transparency 43-45
	103-2	The management approach and its components	Ethical policies and transparency 43-45
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GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	About Wilmar 11-17 Palm oil operations 23-25 Sugar operations 26-27 Smallholder support 80-83
	103-2	The management approach and its components	About Wilmar 11-17 Palm oil operations 23-25 Sugar operations 26-27
	103-3	Evaluation of the management approach	About Wilmar 11-17 Palm oil operations 23-25 Sugar operations 26-27
GRI 301: Materials	301-1	Materials used by weight or volume	About Wilmar 11-17 Palm oil operations 23-25 Sugar operations 26-27
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GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	GHG Protocol and CDP reporting 54-55
	103-2	The management approach and its components	GHG Protocol and CDP reporting 54-55
	103-3	Evaluation of the management approach	GHG Protocol and CDP reporting 54-55

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Disclosure			Page or reason for omission
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GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Safeguarding water quality 57-59
	103-2	The management approach and its components	Safeguarding water quality 57-59
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GRI 303: Water 2018	303-1	Interactions with water as a shared resource	Safeguarding water quality 57-59
	303-2	Management of water discharge-related impacts	Safeguarding water quality 57-59
	303-4	Water discharge	Safeguarding water quality 57-59
	303-5	Water consumption	Safeguarding water quality 57-59 Base data 96
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GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach to sustainability 29-30 Environmental protection and conservation 47-50
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GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Our approach to sustainability 29-30 Environmental protection and conservation 47-50
	304-2	Significant impacts of activities, products, and services on biodiversity	Environmental protection and conservation 47-50
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GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Environmental protection and conservation 47 Reducing GHG emissions 53-56
	103-2	The management approach and its components	Our targets 8-10 Reducing GHG emissions 53-56
	103-3	Evaluation of the management approach	2018 Highlights 7 Reducing GHG emissions 53-56

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GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Wilmar's No Burn policy 51 Reducing GHG emissions 53-56 CDP submission 2018
	305-2	Energy indirect (Scope 2) GHG emissions	Reducing GHG emissions 53-56 CDP submission 2018
	305-3	Other indirect (Scope 3) GHG emissions	Reducing GHG emissions 53-56 CDP submission 2018
	305-4	GHG emissions intensity	Reducing GHG emissions 53-56 CDP submission 2018
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GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Safeguarding water quality 57-59
	103-2	The management approach and its components	Safeguarding water quality 57-59
	103-3	Evaluation of the management approach	Safeguarding water quality 57-59
GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	Safeguarding water quality 57-59
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GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach to sustainability 29-30 Supply chain traceability 32-34 Driving supply chain transformation 37-40
	103-2	The management approach and its components	Our targets 8-10 Our approach to sustainability 29-30 Supply chain traceability 32-34 Driving supply chain transformation 37-40 Smallholder support 80-83
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GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	2018 Highlights 7 Our targets 8-10 Sustainability certification 30-31 Supply chain traceability 32-34 Driving supply chain transformation 37-40
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GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Decent work and economic growth 64-69
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GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Reducing chemical use 60-62 Decent work and economic growth 64-69 Health and safety 76-79
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GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Decent work and economic growth 65 Caring for children in our plantation 69-71
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GRI 408: Child Labour	408-1	Operations and suppliers at significant risk for incidents of child labour	Caring for children in our plantation 69-71

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GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Community relations 84-85
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GRI 412: Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	Driving supply chain transformation 37-40 Grievances 44-45

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	103-3	Evaluation of the management approach	Smallholder support 80-83 Community relations 84-85 Supporting local communities 86-88
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Smallholder support 80-83 Community relations 84-85 Supporting local communities 86-88
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GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach to sustainability 29-30 Driving supply chain transformation 37-40 Empowering people and communities 64
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GRI 414: Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	Driving supply chain transformation 37-40 Grievances 44-45

Independent Limited Report Assurance



INDEPENDENT LIMITED ASSURANCE STATEMENT IN CONNECTION WITH THE SUBJECT MATTERS INCLUDED IN THE SUSTAINABILITY REPORT OF WILMAR INTERNATIONAL LIMITED

In connection to our Engagement Letter dated on 20th December 2018 and the related Addendum dated on 09th May 2019, we have performed a limited assurance engagement on the Subject Matters set out in the *Subject Matters* section below. These Subject Matters are included in the attached Sustainability Report of Wilmar International Limited ('Wilmar') for the financial year ended 31 December 2018 ('the Sustainability Report').

Subject Matters

Our limited assurance engagement covers the following Subject Matters:

No	Material Matter	Information for Assurance	Scope for Palm Oil segment		Scope for Sugar segment	
1	Labour conditions	Percentage of eligible workers represented by unions & workers association in Wilmar (2018)	Plantations, Mills	Indonesia, Malaysia, Ghana and Nigeria	Plantations, Mills	Australia
			Refineries	Indonesia and Malaysia	Refineries	Indonesia, New Zealand, Australia
2	Child protection	Percentage of compulsory school-going age children living in Wilmar plantations who attend schools (both Wilmar & government schools)	Plantations	Indonesia, Malaysia, Ghana and Nigeria	N.A.	N.A.
3	Supplier/supply chain monitoring; Supply chain transformation	Percentage of annual production volume traceable to mill	Supplying mills to origin and destination refineries	Indonesia, Malaysia, Bangladesh, India, Sri Lanka, Ghana, Nigeria, South Africa, Uganda, Ivory Coast, Zambia, Ukraine, United States, Vietnam, Netherlands, Germany	Supplying mills to origin refineries	All origin refineries in Australia (2 refineries in total)
4	Supplier/supply chain monitoring; Supply chain transformation	Number of suppliers self-assessed through the Supplier Reporting Tool (SRT)	Suppliers to mills & refineries	Indonesia, Malaysia, Latin America	N.A.	N.A.
5	Water pollution	Improvements to runoff water quality after implementation of Cane Supply Improvement Program	N.A.	N.A.	Plantation in Australia	Australia (the Orient)
6	HCS/HCV + Deforestation	Number of proboscis monkeys/ proboscis monkeys' groups observed over time	Plantations	Malaysia	N.A.	N.A.
7	Sustainability Certification	Total production volume of CPO and PK certified under RSPO	Mills, Kernel Crushers	Indonesia, Malaysia, Ghana	N.A.	N.A.
8	Supplier/supply chain monitoring	Supply base area (in hectare) under monitoring program by independent consultant	Suppliers to refineries	Indonesia, Malaysia	N.A.	N.A.

A hash symbol (#) in the Sustainability Report denotes statements and claims on which we have performed limited assurance procedures.

Management's and Board of Directors' responsibility

The Management is responsible for the preparation of the Subject Matters in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards. The Board has ultimate responsibility for the company's sustainability reporting

The Management is responsible for the collection and presentation of the information and for

maintaining adequate records and internal controls that are designed to support the sustainability reporting process. For the purpose of the Sustainability Report 2018, there are no legally prescribed requirements relating to the verification of sustainability reports.

Auditor's Independence and Quality Control

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code)*, which is founded on fundamental

principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Singapore Standards on Quality Control 1 of the Institute of Singapore Chartered Accountants and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have the required competencies and experience to conduct this assurance engagement. Our professionals have both

the required assurance skills and experience in the applicable subject matters including environmental, social and financial aspects

Auditor's responsibility

Our responsibility is to form a conclusion on Wilmar's preparation of the Subject Matters based on our work. We performed our work in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000) (Revised) – *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (the "Standard"). This Standard requires that we plan and perform our work to form the conclusion. The extent of our work performed depends on our professional judgment and our assessment of the engagement risk.

Our review was limited to the information on the select indicators set out within the Report from 01 January 2018 to 31 December 2018 and our responsibility does not include:

- Any work in respect of sustainability information published elsewhere in Wilmar's annual report, website and other publications,
- Sustainability information prior to 01 January 2018 and subsequent to 31 December 2018, and
- Management's forward looking statements such as targets, plans and intentions.

Reporting criteria

As a basis for the assurance engagement, we have used the criterion of "Accuracy" as defined by GRI and specific criteria determined by Wilmar as being relevant for its sustainability performance. We consider these reporting criteria to be relevant and appropriate to review the Report.

Assurance standard used and level of assurance

Our limited assurance engagement has been planned and performed in accordance with the ISAE 3000¹ Assurance Engagement Other Than Audits or Reviews of Historical Financial Information.

A limited assurance engagement consists of making enquiries and applying analytical and other review procedures. Our procedures were designed to provide a limited level of assurance and as such do not provide all the evidence that would be required to provide a reasonable level of assurance.

The procedures performed depend on our judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

What we did to form our conclusions

We designed our procedures in order to state whether anything has come to our attention to suggest that the Subject Matters detailed above has not been reported in accordance with the reporting criteria cited earlier. In order to form our conclusions, we undertook the steps below:

1. Inquiries with Wilmar's Sustainability team to:
 - a. Understand principal business operations,
 - b. Appreciate key sustainability issues and developments,
 - c. Map out information flow for sustainability reporting and the relevant controls,
 - d. Identify data providers with their responsibilities, and
 - e. Recognise the likelihood of fraud on the sustainability information.
2. Undertake multiple visits to:
 - a. Wilmar's headquarters in Singapore,
 - b. Wilmar's selected palm oil plantations, mills and refineries in West Sumatera and South Sumatera, and
 - c. Wilmar's selected sugar plantations, mills, and refineries in Australia
3. Interviews with and clarifications sought from employees and Management in Singapore, Indonesia, Malaysia, Ghana, Nigeria, Myanmar, Australia and New Zealand (e.g. Sustainability team, Human Resources, Estate Managers) to understand key sustainability issues related to the selected indicators, collection processes and accuracy of reporting.
4. Conduct process walk-through of systems and processes for data aggregation and reporting, with relevant personnel to understand the quality of checks and control mechanisms, assessing and testing the controls in relation to the concerned subject matters.
5. Obtain documentation through sampling methods to verify assumptions, estimations and computations made by Management in relation to the concerned subject matters.
6. Checking that data and statements had been correctly transcribed from corporate systems and/or supporting evidence, in relation to concerned subject matters.

Observations and areas for improvement

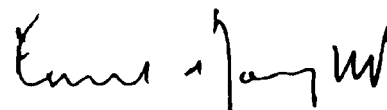
Our observations and areas for improvement will be raised in a separate report to Wilmar's Board of Directors and Management. These observations and areas for improvement do not affect our conclusion on the aforementioned Subject Matters included in the Sustainability Report.

Other matters

Our responsibility in performing our limited assurance activities is to the Management of Wilmar only and in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at their own risk.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the information in the Report was not presented fairly, and calculated in all material respects in accordance with the reporting criteria detailed above.



Ernst & Young LLP
Signed for Ernst & Young LLP by

Simon Yeo
Partner, Climate Change and
Sustainability Services

Singapore, 17 May 2019

¹ International Federation of Accountants' International Standard on Assurance Engagements for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE3000)

Glossary

Annual Communications of Progress (ACOP)

ACOPs are mandatory reports submitted by Ordinary and Affiliate RSPO members to gauge their progress towards 100% RSPO-certified sustainable palm oil.

Bagasse

The dry, fibrous matter that remains after the extraction of juice from sugarcane.

Biodiversity

The diversity (number and variety of species) of plant and animal life.

Biological Oxygen Demand (BOD)

The amount of oxygen used when organic matter undergoes decomposition by micro-organisms. Testing for BOD is done to assess the amount of organic matter in water.

Bonsucro

A global standard for responsible sugarcane production aimed at creating lasting value for people, communities, businesses, economies and eco-systems in all cane-growing areas.

Carbon dioxide equivalents (CO₂e)

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

Effluents

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

Extraction rate

The amount of oil extracted from oil palm fruit at a mill. Crude palm oil (CPO) is extracted from the flesh; palm kernel oil (PKO) from the nut.

Fire Free Alliance (FFA)

FFA is a multi-stakeholder group initiated for the management of recurrent haze and fire problems occurring in Indonesia. Under this, the Fire-Free Village Programme (FFVP) is a community-based incentive scheme to help reduce the incidence of fires.

Free, Prior and Informed Consent (FPIC)

FPIC is the principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use.

Fresh fruit bunch (FFB)

Bunch harvested from the oil palm tree. The weight of the fruit bunch ranges between 10kg to 40kg depends on the size and age.

Greenhouse gas emissions (GHG)

Scope 1 GHG emissions are emissions released to the atmosphere as a direct result of an activity, or series of activities at a facility level. Scope 2 GHG emissions are those released to the atmosphere from the indirect consumption of an energy commodity.

High Conservation Values (HCVs)

HCVs are biological, ecological, social or cultural values which are considered outstandingly significant or critically important, at the national, regional or global level.

High Carbon Stock Approach (HCS Approach)

A global methodology used in agricultural land development planning that is currently being applied in fragmented tropical landscapes on mineral soils in the humid tropics. The methodology distinguishes HCS forest areas for protection from degraded lands with low carbon and biodiversity values that may be considered for development.

Independent Director

According to the Listing Manual of SGX, an independent director is one who has no relationship with the company, its related corporations (i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary), its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company.

Independent smallholder

Small growers with less than 50 hectares, which are self-financed, managed, and equipped and are not bound to any one mill. They may deal directly with local mill operators of their choice or process their own palm oil using personal or community manual palm oil presses (more common in Africa).

Indonesian Sustainable Palm Oil (ISPO) standard

Mandatory requirement for all oil palm growers and millers operating in Indonesia with the objective to holistically address environmental issues within the oil palm industry and thereby improve the competitiveness of Indonesian palm oil in the global market.

Integrated Pest Management (IPM)

IPM is the careful consideration of all available pest control techniques and subsequent integration of appropriate measures that discourage the development of pest populations and keep pesticides and other interventions to levels that are economically justified and reduce or minimise risks to human health and the environment. IPM emphasises the growth of a healthy crop with the least possible disruption to agro-ecosystems and encourages natural pest control mechanisms.

International Labour Organization (ILO)

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.

International Sustainability and Carbon Certificate (ISCC)

ISCC is a sustainability certification system covering the entire supply chain and all kinds of bio-based feedstocks and renewables.

Land application

In the context of Wilmar's palm oil operations, land application refers to wastewater from FFB processing at Wilmar's mills (POME) applied to land as a fertiliser.

Mass Balance

The Mass Balance system allows for mixing of RSPO-certified and non-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.

Malaysian Sustainable Palm Oil (MSPO)

The MSPO Certification Scheme is the national scheme in Malaysia for oil palm plantations, independent and organised smallholdings, and palm oil processing facilities to be certified against the requirements of the MSPO Standards.

New Planting Procedure (NPP)

RSPO's NPP consists of a set of assessments and verification activities to be conducted by RSPO grower members and certification bodies prior to a new oil palm development, in order to help guide responsible planting and ensure that social and environmental requirements have been met.

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.

Non-governmental organisation (NGO)

Is used in this report to refer to grassroots and campaigning organisations focused on environmental or social issues.

Palm oil mill effluent (POME)

By-product of processed fresh fruit bunch (FFB).

Peat and Peatland

Peat is an accumulation of partially decayed vegetation matter. Peat forms in wetlands or peat lands, variously called bogs, moors, muskegs, pocosins, mires, and peat swamp forests. Land with soil having more than 65% organic matter is considered peatland.

Plasma schemes

A programme initiated by the Indonesian government to encourage the development of smallholders' plantations with the assistance and cooperation of plantation companies (the nucleus) which assist and support the surrounding community plantations (the plasma).

Glossary

Raw sugar

Sugar that still contains molasses, giving it more colour (and impurities) than white sugar. Mills produce raw sugar, and white sugar is produced during the refining phase.

River discharge

In the context of Wilmar's palm oil operations, river discharge refers to wastewater from FFB processing at Wilmar's mills (POME) released into local rivers.

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.

Social Impact Assessment (SIA)

Social impact assessments include the process 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.

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.

Singapore Exchange (SGX)

The Singapore Exchange is Asia's leading market infrastructure, operating equity, fixed income and derivatives markets to the highest regulatory standards. SGX is a member of the World Federation of Exchanges and the Asian and Oceanian Stock Exchanges Federation.

Stakeholders

Any group or individual who are affected by or can affect a 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 need of current generations without compromising the needs of future generations".

Sustainable Development Goals (SDGs)

Building on the Millennium Development Goals, the SDGs is a set of 17 global goals with the aim to end poverty, protect the planet and ensure that all people enjoy peace and prosperity with specific targets to be achieved by 2030.

Contact Us

We welcome suggestions on improvements to ensure that we remain cognisant, responsive and inclusive. If you have any comments or questions on the contents of this report or on our sustainability performance, we welcome your contribution. Please contact us:

Email:

csr@wilmar.com.sg

Post:

Wilmar International Limited

56 Neil Road, Singapore 088830

Attention to: Sustainability Department

To report a grievance or complaint regarding our sustainability commitments, please refer to www.wilmar-international.com/sustainability/grievance-procedure/





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