

Ginger Cassady  
Executive Director  
Rainforest Action Network  
425 Bush Street, Suite 300  
San Francisco, CA 94108  
USA

12 October 2021

Dear Ms Cassady,

### **Response to Evaluation by RAN for North and East Kalimantan**

We appreciate you reaching out to us seeking our response, in your letter dated 6<sup>th</sup> October 2021. We would like to take this opportunity to share additional information for further context and depth prior to our response to the letter.

1. We continue to invest significant effort and resources towards ensuring that our supply chain is geared towards the sustainable production and sourcing of palm oil, as per our 'No Deforestation, No Peat and No Exploitation'<sup>1</sup> (NDPE) policy, which applies to all our third-party suppliers at group-level, with no exception. We recognise that it is potentially a mammoth task that no single organization can hope to accomplish in a solitary effort. Hence, we continue to consult and work closely with other private sector companies, civil societies and subject matter experts in a collaborative effort towards achieving our shared goals.
2. The complete list of our supplying mills has been publicly available on our Sustainability Dashboard<sup>2</sup> since 2015. We also would like to note that all our supplying mills are updated bi-annually in our Supply Chain Map<sup>3</sup> section.
3. To date, we have completed formal engagements with 100 percent of our group-level palm oil suppliers. We conduct a stringent due diligence process for potential new suppliers while our existing suppliers provide data annually on compliance to our NDPE policy and where relevant and necessary<sup>4</sup>, subjected to supplier assessments.
4. Traceability is important to achieve supply chain transformation, as it allows us to map our supply base back to palm oil mills and eventually to plantations. We are then able to evaluate our suppliers' performance against our NDPE policy, while allowing us to identify and assess high-risk suppliers for us to engage and drive them towards continuous improvement. As of December 2020, 97.7 percent<sup>5</sup> of crude palm oil (CPO) and palm kernel oil (PKO) equivalent, which translates to about 23.9 million tonnes, is traceable to mills across our global operations.
5. Wilmar is the only company to implement a 'Suspend First' approach, whereby effective 1 January 2019, any verified deforestation and new development on peatland will result in immediate suspension at a group-level<sup>6</sup>. Seven supplier groups have been suspended since adopting this approach. Wilmar has suspended 30 parent companies, managing 2.5 million hectares, from our supply chain since 2015 due to non-compliance to our NDPE policy.

<sup>1</sup> [https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/policies/wilmar-ndpe-policy---2019.pdf?sfvrsn=7870af13\\_2](https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/policies/wilmar-ndpe-policy---2019.pdf?sfvrsn=7870af13_2)

<sup>2</sup> <https://www.wilmar-international.com/sustainability>

<sup>3</sup> <https://www.wilmar-international.com/sustainability/traceability/supply-chain-map>

<sup>4</sup> See section on Supplier Reporting Tool (SRT), <https://www.wilmar-international.com/sustainability/supply-chain-transformation>

<sup>5</sup> Data has undergone limited external assurance, see Wilmar Sustainability Report 2020 [https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/resource/wilmar-sustainability-reports/wilmar-sr2020.pdf?sfvrsn=28c7b4f9\\_4](https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/resource/wilmar-sustainability-reports/wilmar-sr2020.pdf?sfvrsn=28c7b4f9_4)

<sup>6</sup> [https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/grievance/grievance-sop/grievance-procedure\\_final.pdf](https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/grievance/grievance-sop/grievance-procedure_final.pdf)

6. Wilmar adopted Re-entry Criteria<sup>7</sup> for suspended non-compliant suppliers to re-enter into our supply chain. As of December 2020, 11 out of the 30 suspended suppliers at group-level have met our re-entry criteria while the remaining 19 supplier groups, managing about 1.8 million hectares of oil palm plantations remain on our suspension list.
7. Wilmar is also the only Processor and Trader company to adopt 31 December 2015 as a clear deforestation cut-off date, aligned with Greenpeace's recommended deforestation cut-off date. Suppliers involved in verified deforestation or new development of peatland after the cut-off date are required to develop Recovery Plans to address non-compliance. Wilmar is also, through specific mention in our NDPE policy, the only company that mandates all HCV-HCS assessment reports to be peer reviewed under the HCV Network's Assessor Licensing Scheme<sup>8</sup> (ALS).
8. Through our Supplier Group Compliance Programme<sup>9</sup> (SGCP), Wilmar actively monitors our own operations and our third-party suppliers at group-level to help identify deforestation. SGCP, which is delivered by Earthqualizer, currently monitors over 20 million hectares<sup>10</sup> across Indonesia, Malaysia, Papua New Guinea, Cambodia, Myanmar and Thailand, covering over 500 parent groups representing more than 3,000 plantation units. Wilmar also uses supporting tools and alerts provided by World Resources Institute (WRI), RADD<sup>11</sup> and Satelligence.
9. 89.5 percent<sup>12</sup> of palm oil and lauric volumes to Wilmar's origin refineries in Malaysia and Indonesia are from suppliers that have at least company group-level commitments and / or action plans in place to address the 'No Deforestation' requirements. This is per the categorization of supplier mills using the NDPE Implementation Reporting Framework<sup>13</sup> (NDPE IRF).
10. Wilmar was the first company to launch a Grievance Procedure<sup>14</sup> in 2015 to publicly report grievance cases on our websites and the outcomes of our investigations. Our Grievance Procedure provides an avenue for stakeholders to raise concerns against Wilmar and our third-party suppliers. It also helps us to monitor compliance to our NDPE policy across our operations and supply chain while holding us accountable through increased transparency by providing stakeholders with access to timely and publicly available updates on grievances.

Given the information and related context shared above, please find our responses to your letter.

Firstly, we would like to clarify that **we do not source from First Resources' mills in North Kalimantan**. As mentioned, we are transparent on our supplier mills, which is publicly available. This includes mills supplying to our Gresik and Bitung refineries. The companies you listed are indeed suppliers to Wilmar. We invite you to check on the status of the relevant grievance cases publicly available on our Grievance Listing<sup>15</sup>.

We also intend to clarify that **Wilmar does not have a refinery in Balikpapan**. The Wilmar facility in Balikpapan that you are referring to is a bulking station. In accordance with our commitment to fully conduct HCV and HCS assessments in 2015, we did not proceed with the earlier-planned expansion to develop a refinery in Balikpapan. This was publicly documented<sup>16</sup> and was also previously resolved through the RSPO Complaints System<sup>17</sup>.

<sup>7</sup> [https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/grievance/grievance-case-report/minimum-requirements-for-supply-chain-re-entry\\_final.pdf?sfvrsn=c0792f8c\\_2](https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/grievance/grievance-case-report/minimum-requirements-for-supply-chain-re-entry_final.pdf?sfvrsn=c0792f8c_2)

<sup>8</sup> The ALS is managed under the HCV Network and is the only recognized quality control assurance for integrated HCV-HCS assessments <https://hcvnetwork.org/als/>

<sup>9</sup> [https://www.wilmar-international.com/sustainability/supply-chain-transformation/supplier-group-compliance-\(sgc\)](https://www.wilmar-international.com/sustainability/supply-chain-transformation/supplier-group-compliance-(sgc))

<sup>10</sup> Data has undergone limited external assurance, see Wilmar Sustainability Report 2020 [https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/resource/wilmar-sustainability-reports/wilmar-sr2020.pdf?sfvrsn=28c7b4f9\\_4](https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/resource/wilmar-sustainability-reports/wilmar-sr2020.pdf?sfvrsn=28c7b4f9_4)

<sup>11</sup> Wilmar supported the development of WRI's Radar Alert for Detecting Deforestation (RADD) in 2019 <https://www.wri.org/news/release-palm-oil-industry-jointly-develop-radar-monitoring-technology-detect-deforestation>

<sup>12</sup> Data has undergone limited external assurance, see Wilmar Sustainability Report 2020 [https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/resource/wilmar-sustainability-reports/wilmar-sr2020.pdf?sfvrsn=28c7b4f9\\_4](https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/resource/wilmar-sustainability-reports/wilmar-sr2020.pdf?sfvrsn=28c7b4f9_4)

<sup>13</sup> [https://ndpeirf.files.wordpress.com/2020/05/ndpe-irf\\_summary.pdf](https://ndpeirf.files.wordpress.com/2020/05/ndpe-irf_summary.pdf)

<sup>14</sup> [https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/grievance/grievance-sop/grievance-procedure\\_final.pdf](https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/grievance/grievance-sop/grievance-procedure_final.pdf)

<sup>15</sup> <https://www.wilmar-international.com/sustainability/grievance-procedure#wilmar-grievance-list>

<sup>16</sup> [https://www.earthworm.org/uploads/files/Wilmar\\_Balikpapan\\_14th\\_Nov\\_final.pdf](https://www.earthworm.org/uploads/files/Wilmar_Balikpapan_14th_Nov_final.pdf)

<sup>17</sup> Please refer to: <https://ap8.salesforce.com/sfc/p/#90000000YoJi/a/90000000PXuU/75WDMJD52xZSehZpGkdY060rJoXNWKdHJNLrbw.X4z8> and [https://ap8.salesforce.com/sfc/p/#90000000YoJi/a/90000000PXuP/x.Ss8bo9OWrvi6jTZLw4\\_QuLSbWqrxYxYuH.veH2ILM](https://ap8.salesforce.com/sfc/p/#90000000YoJi/a/90000000PXuP/x.Ss8bo9OWrvi6jTZLw4_QuLSbWqrxYxYuH.veH2ILM)

There also appears to be clear misunderstanding by RAN on how the IRF categories are interpreted, in reference to your statement on our 2020 traceability report for our Gresik refinery<sup>18</sup>. For our Gresik refinery, as cited from the report in your letter, 85 percent of total volumes of palm oil is sourced from suppliers is from IRF categories stated below, which shows that the supplier has made an explicit commitment to no deforestation and/or are making clear performance progress in meeting these commitments. The IRF categories referred to are:

- i. Have commitments to 'No Deforestation' and starting action;
- ii. Making progress against 'No Deforestation' commitments; and / or
- iii. Delivering on 'No Deforestation' commitments

Similarly, for lauric volumes from the same Gresik refinery report cited, the total from suppliers under the same IRF categories listed above equate to 84 percent. It is important to note that Wilmar's IRF performance numbers are assured externally by Control Union<sup>19</sup>.

Additionally, we are not able to comment on the alleged loss of 700,000 hectares of rainforest within concessions of Wilmar's suppliers in North and East Kalimantan from 2009 to 2019, as we have not been given any details in your letter for us to investigate, verify, and determine whether these are indeed linked to our supply chain. Kindly furnish us the below additional information

- i. Name of the companies
- ii. Year the alleged deforestation occurred
- iii. The location of alleged deforestation

Given that our Grievance Procedure has been well established since 2015, and considering the key role played by RAN in supporting our efforts to further strengthen it in 2019, it is only fitting for you to apply the correct channels and procedures in a collective effort to address deforestation through constructive engagement. We therefore highly encourage RAN to raise a grievance to enable us to investigate and take further action if verified.

For additional perspective, the summarized time frame between 2009 to 2019 of when these incidents of rainforest loss occurred, does not appear to take into consideration that the first NDPE policy in the sector to apply to palm oil suppliers was launched by Wilmar in December 2013. Wilmar has also invested considerable resources and effort towards fulfilling as well as strengthening our NDPE commitments.

Finally, I would like to take this opportunity to appreciate the team at RAN for being highly constructive in our engagements thus far, notably in Wilmar's NDPE policy refresh in 2019, our No Exploitation protocol development in 2019/2020, and in the ongoing discussions on our planned Human Rights Defenders policy. We look forward to continuing engagement positively and in a solutions-driven manner.

Thank you.

Yours Sincerely,



**Ms Perpetua George**

General Manager - Group Sustainability, Wilmar International Limited

**On behalf of**

**Mr Jeremy Goon** - Chief Sustainability Officer, Wilmar International Limited

*Cc: Mr Kuok Khoon Hong – Chairman and Chief Executive Officer, Wilmar International Limited*

<sup>18</sup> [https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/supply-chain/traceability-report-fy-2020/indonesia/wina-gresik\\_210423.pdf?sfvrsn=44af7615\\_2](https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/supply-chain/traceability-report-fy-2020/indonesia/wina-gresik_210423.pdf?sfvrsn=44af7615_2)

<sup>19</sup> See Wilmar Sustainability Report 2020 [https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/resource/wilmar-sustainability-reports/wilmar-sr2020.pdf?sfvrsn=28c7b4f9\\_4](https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/resource/wilmar-sustainability-reports/wilmar-sr2020.pdf?sfvrsn=28c7b4f9_4)