



wilmar

PALM NDPE
IMPLEMENTATION
ANNUAL REPORT

20
23

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SUMMARY OF PROGRESS



SATELLITE MONITORING

>23.4* MILLION HECTARES (HA)

OF LAND COVERED BY SATELLITE MONITORING

in Indonesia, Malaysia and other palm-producing countries¹

1,136* SUPPLIER GROUPS MONITORED

8,128* PLANTATION UNITS MONITORED



SUPPLIER ENGAGEMENT

948* (100%*) SUPPLIERS ASSESSED

885 SUPPLIERS TRAINED ON NDPE IMPLEMENTATION SINCE 2015

915* (96.5%*) SUPPLIERS ASSESSED AS LOW-PRIORITY MILLS

33* (3.5%*) SUPPLIERS ASSESSED AS HIGH-PRIORITY MILLS

31* (93.9%*) HIGH-PRIORITY MILLS ENGAGED
(e.g. field visit, action plan follow-up, meeting, email correspondence etc.)



APPROACH TO SUPPLIER NON-COMPLIANCE

34 SUPPLIER GROUPS SUSPENDED SINCE 2015

13 SUPPLIER GROUPS REMAIN ON OUR SUSPENSION LIST (covering 1.4 million ha of oil palm plantations)

21 SUPPLIER GROUPS (covering 1.2 million ha of oil palm plantations) MET WILMAR'S RE-ENTRY CRITERIA

2.6 MILLION HA OIL PALM PLANTATIONS REMOVED

from our supply chain due to suspension since 2015

12 SUPPLIER GROUPS HAVE BEEN SUSPENDED since the introduction of our "suspend first" approach effective 2019



GRIEVANCE CASES as of December 2023

85 GRIEVANCE CASES

4 CASES IN PROGRESS

81 CASES CLOSED



TRACEABILITY

98.8%* TRACEABILITY TO MILL **26.9*** MILLION MT OF PRODUCTS

90.6%* TRACEABILITY TO PLANTATION **24.6*** MILLION MT OF PRODUCTS



DELIVERING ON NDPE IMPLEMENTATION REPORTING FRAMEWORK (NDPE IRF)



96.7%* OF PALM AND LAURIC PRODUCT VOLUMES ACROSS WILMAR'S GLOBAL SUPPLY CHAIN

are from suppliers that have at least group-level commitments and/or action plans in place to address the No Deforestation requirements using the NDPE IRF

* Limited assurance conducted by CU.

¹ Other palm producing countries include Brazil, Cameroon, Colombia, Costa Rica, Democratic Republic of the Congo, Ghana, Guatemala, Honduras, Ivory Coast, Liberia, Mexico, Nicaragua, Nigeria, Papua New Guinea, Sao Tome and Principe, Sierra Leone, Solomon Islands, Sri Lanka and Thailand.



INTRODUCTION



GLOBAL CONTEXT

Palm oil is a valuable commodity that plays a crucial role in the global vegetable oil market, supplying about 40% of all traded vegetable oil globally² and has helped support the livelihoods of millions of people. The growing global demand for palm oil presents an opportunity to promote sustainable practices to protect our natural environment and support biodiversity by producing palm oil sustainably.

COMMITMENT TO NO DEFORESTATION, NO PEAT, NO EXPLOITATION (NDPE)

At the heart of our approach towards sustainable palm oil is our NDPE commitment. In 2013, Wilmar pioneered the industry's first **NDPE Policy** that extended beyond our own operations to include joint ventures regardless of shareholding and third-party suppliers. Since then, we have been at the forefront of advancing sustainability and our achievements and challenges have been detailed in our public reports.

In 2019, we updated our NDPE Policy to incorporate commitments, policies and procedures that were adopted after 2013, as well as to demonstrate a strengthened commitment towards a supply chain free of deforestation and conflict.

2023 marked the 10th anniversary of Wilmar's NDPE Policy. The last decade has been a demonstration of our unwavering commitment to addressing critical challenges facing the palm oil industry such as deforestation, climate change, social issues and supply chain transformation. We will continue to engage, monitor and manage our suppliers by providing awareness training to ensure compliance with our NDPE Policy and remove non-compliant suppliers from our supply chain.

Across the industry, companies have continued to invest significant resources to tackle deforestation in their supply chains, putting them in a strong position to adapt and ensure continuous compliance with evolving regulatory changes. There is ample evidence to show that collaborations foster success. The Tropical Forest Alliance, a multi-stakeholder platform hosted by the World Economic Forum, reported in 2021 that between 2016 and 2019, there was a 60% reduction in annual loss of intact forests in Indonesia and Malaysia. A **report** by Chain Reaction Research (CRR) also estimated that company NDPE commitments enabled approximately 6.4 million ha of forest (the size of Sri Lanka) to be spared from oil palm development in Indonesia between 2016 and 2018.

Wilmar supports collaborative action across the industry to aim for best global results. In 2022, Wilmar along with other major agricultural commodity companies launched the **Agriculture Sector Roadmap to 1.5-degree Celsius** at COP27 in Sharm El Sheikh, Egypt, which outlined pledges to halt deforestation and set emission reduction targets in line with the 1.5-degree Celsius pathway.

² <https://www.wwf.org.uk/updates/8-things-know-about-palm-oil>.

Please refer to our **SUSTAINABILITY DASHBOARD** for key elements of our NDPE Policy

Worker in Wilmar's palm oil mill in Sabah, Malaysia.

To ensure that sustainability is integrated into all relevant business processes, including our supply chain, we conduct due diligence on all new suppliers. Existing suppliers are subject to supplier assessments where relevant and necessary. For our palm oil operations, traceability is the most important first step towards achieving supply chain transformation. It allows us to map our supply base back to palm oil mills and eventually to plantations.

With this information, we evaluate suppliers' performance against our NDPE Policy, identify and assess high-risk suppliers and engage with them to drive continuous improvement.

As a leading palm processor and trader, we recognise our responsibility to drive positive changes in the sector and remain steadfast to our commitment to stay ahead of the curve in the evolving sustainability landscape.

EU DEFORESTATION REGULATION

To complement our deforestation-free efforts, we actively monitor our own operations and third-party suppliers at the group level³ using satellite monitoring. Any verified deforestation and new development on peatland will result in an immediate suspension at a group level in line with our "suspend first" approach. Wilmar is similarly committed to biodiversity conservation in our operations and our supply chain, extending from our overarching NDPE Policy.

To this end, we welcome and support the EU Deforestation Regulation as a positive step towards promoting the consumption of deforestation-free products by reducing the impact of global deforestation and forest degradation. Throughout 2023, we actively engaged with the European Union authorities and industry associations to share knowledge, experiences, challenges, concerns and recommendations pertaining to the implementation of the regulation. In addition, we also actively engage with our suppliers who remain pivotal to making sustainable agriculture and food production a reality.

ABOUT THIS REPORT

As we pursue the transformation of our supply chain, it is imperative that we maintain transparent and regular monitoring and reporting of our progress. Thus, we strive to provide our stakeholders with timely and public updates on our journey and progress through our Palm NDPE Implementation Annual Report. This Report contains data and information from the financial year from 1 January 2023 to 31 December 2023 and may reference events in previous years, where relevant.

To provide stakeholders with confidence in the data and information we disclose, material palm disclosures such as traceability to mill and plantation data, satellite monitoring efforts and the NDPE IRF disclosures, amongst others, have been assured by Control Union Certifications (CU), while other material ESG disclosures have been externally assured by Ernst and Young (EY). Wilmar's Internal Audit Department has also conducted internal assurance on the Group's sustainability reporting process by progressively assessing material topics that are not externally assured.

For further details on the assurance from CU, please refer to pages 34 to 35 of this Report. For external assurance from EY, please refer to pages 192 to 195 of our [Sustainability Report](#) and for the internal assurance, please refer to pages 200 to 201.



To be read together with our [Annual Report](#) and [Sustainability Report](#), this Report provides up-to-date progress relating to certification, conservation, supply chain monitoring, NDPE compliance, grievances and traceability. More information can also be found on our

[SUSTAINABILITY DASHBOARD](#)

³ Wilmar has adopted the RSPO's definition of "group".



Harvesting fresh fruit bunches in an oil palm plantation in Sabah, Malaysia.

NDPE IMPLEMENTATION

TRACEABILITY

Palm oil supply chains are exceedingly elaborate and convoluted. About 30% of the global supply is produced by more than seven million smallholders who rely on the commodity for their livelihoods.^{4,5} In Indonesia, which is the leading producer of the commodity, the palm oil sector is highly fragmented and dominated by smallholders. The process of mapping out growers, smallholders and agents adds considerable complexity to traceability.

As the world's largest palm oil trader and with third-party suppliers 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. Traceability back to palm oil mills and eventually plantations is therefore important, not only for visibility of sources, but as a vital step towards ensuring our suppliers' adherence to our NDPE Policy and driving sustainable practices across our entire production base.

TRACEABILITY TO MILL

To address risks related to our supply chain, knowing the provenance of our raw material is a key metric. Wilmar is committed to a fully traceable and transparent supply chain and first set out to achieve 100% **traceability to mill (TtM)** for all volumes handled by our refineries by 2015.

While significant progress has been made in traceability, achieving full transparency remains a challenge within complex commodity transportation and trading structures, particularly in countries such as China and India. We remain committed to working closely with our suppliers to overcome these obstacles by implementing robust processes and have therefore revised our target to achieve 100% traceability to palm oil mills by 2024.

⁴ <https://www.solidaridadnetwork.org/news/first-palm-oil-barometer-challenges-negative-public-perception-palm-oil-sustainability/>.

⁵ <https://rspo.org/as-a-smallholder/>.



Wilmar palm oil mill in Sabah, Malaysia.

Our roadmap to full traceability involves requesting traceability information for volumes received from third-party refiners, traders and bulkers. Wilmar's Sustainability Department then continuously monitors the lists obtained from suppliers to ensure there are no breaches of our NDPE Policy. Furthermore, our procurement practices involve prioritising purchasing from suppliers who offer visibility to origin, thereby supporting responsible sourcing practices throughout our supply chain.

As of December 2023, we have achieved **98.8%*** TtM for crude palm oil (CPO) and palm kernel oil (PKO). This translates to about **26.9* million MT** of palm and lauric products traceable to mill across our global operations.

* Limited assurance conducted by CU.

98.8%*
(26.9* MILLION MT)
OF PALM AND LAURIC
PRODUCTS ARE
TRACEABLE TO MILL
ACROSS OUR GLOBAL
OPERATIONS

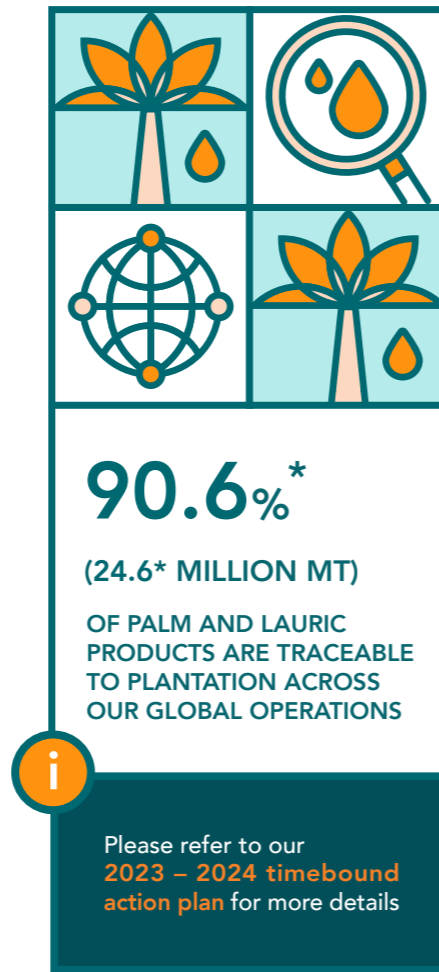
TRACEABILITY TO PLANTATION

Mapping to the plantation level can be intimidating for suppliers, depending on whether a mill is integrated or independent. An independent mill sourcing largely from third-party plantations and smallholders needs to put in more effort to engage and gather information on its supply base than an integrated mill procuring from its own or affiliated plantations. It is imperative to note that achieving full Traceability to Plantation (TtP) remains similarly difficult for both independent and integrated mills due to systemic issues surrounding the accuracy of maps and legal land titles which make managing and collecting accurate information from smallholders and dealers challenging.

Therefore, our approach to TtP is based on a set of **traceability criteria** specific to each type of supplier. Wilmar has maintained 100% TtP for all Wilmar-owned mills across our global operations since 2015 and has made our concessions' maps publicly available on the **Roundtable on Sustainable Palm Oil (RSPO)'s - GeoRSPO** and **Global Forest Watch (GFW) map platform**.

While we initially focused on achieving full TtP in our own mills, we have since expanded the scope of our traceability efforts to cover our supply chain and have committed to achieving 90% TtP by 2023 and 100% TtP by 2025. To ramp up our TtP efforts, we continue to engage with our suppliers to gather information on their sourcing. This includes voluntary disclosure of concession maps by our direct third-party suppliers, engaging relevant stakeholders to identify deforestation risks for smallholders' fresh fruit bunches (FFB) supplies and requesting information from direct third-party mills, refiners, traders and bulkers through self-assessment tools.

We are on track to meet our target and have achieved **90.6%*** TtP across our global operations as of December 2023. This translates to about **24.6* million MT** of palm and lauric products traceable to plantations across our global operations. Furthermore, approximately **92.1%** of our supply from third-party mills within our global supply chain is traceable to plantation level⁶.



Wilmar's supplier base


• **924**
MILLS
• **880**
THIRD-PARTY MILLS

FFB SUPPLY TO MILLS	% OF THIRD-PARTY MILLS	% OF THIRD-PARTY VOLUMES, MILL BASIS
OWN PLANTATIONS	10.0	6.3
THIRD-PARTY PLANTATIONS	22.5	25.1
OWN AND THIRD-PARTY PLANTATIONS	49.9	63.3
TOTAL	82.4	94.7

* Limited assurance conducted by CU.

⁶ While Wilmar does not publish or share plantation data of third-party supplying mills, we have been reporting TtP percentages on a per refinery basis on our Sustainability Dashboard since 2015.

OUR KEY PROGRAMMES IN ENSURING SUPPLIER COMPLIANCE

Engaging with our suppliers is important to ensure that our NDPE Policy is implemented effectively. To better assess our suppliers' progress and compliance to the Policy, Wilmar takes a three-pronged approach to monitor our entire supply chain:



SATELLITE MONITORING



SUPPLIER COMPLIANCE & DUE DILIGENCE



GRIEVANCE MECHANISM

SATELLITE MONITORING

The palm oil industry has become increasingly reliant on satellite as well as drone technology and visuals for monitoring purposes. Satellites and its imagery outputs are progressively becoming more sensitive and detailed with the complementary use of radar and laser technology.

Wilmar is among the industry players who have adopted satellite technology in our monitoring efforts. We use satellite imagery to proactively monitor **31,799 ha** of set-aside conservation areas and our suppliers.

In 2013, Wilmar launched the **Supplier Group Compliance Programme (SGCP)** with support from **Earthqualizer** to proactively monitor deforestation and peatland development at the supplier group level. Through SGCP, we receive deforestation, peatland development and fire alerts linked to the concessions and companies responsible. When an alert is received, the grievance mechanism is initiated and action is promptly taken to investigate, verify and address the non-compliance identified. The programme currently monitors more than **23.4* million ha** of land across Malaysia, Indonesia, Papua New Guinea, Brazil, Cameroon, Colombia, Costa Rica, Democratic Republic of the Congo, Ghana, Guatemala, Honduras, Ivory Coast, Liberia, Mexico, Nicaragua, Nigeria, Sao Tome and Principe, Sierra Leone, Solomon Islands, Sri Lanka and Thailand.

SGCP forms part of our supplier compliance verification framework and is complemented by our **Supplier Reporting Tool (SRT)**, grievance mechanism and proactive satellite monitoring by **Satelligence**.

Wilmar has worked with Satelligence since 2020 to monitor deforestation and peatland development in both our own and suppliers' operations. Satelligence monitors deforestation across sourcing landscapes with real-time notifications, historical and current deforestation risk analysis and progress towards sustainability commitments.

As part of our efforts to support deforestation monitoring across the wider landscape, Wilmar joined nine other palm oil producers and buyers in 2019 to support and fund the development of Radar Alerts for Detecting Deforestation (RADD)⁷ and verification protocols for when RADD alerts are triggered. The radar-based forest monitoring system captures forest changes across 44 countries in high resolution, enabling users to identify deforestation faster and take immediate action. RADD alerts are publicly available on World Resources Institute's GFW map platform.

* Limited assurance conducted by CU.

⁷ <https://www.wri.org/news/release-palm-oil-industry-jointly-develop-radar-monitoring-technology-detect-deforestation>.

SUPPLIER COMPLIANCE AND DUE DILIGENCE

Our NDPE Policy applies to all third-party suppliers at the group level, with no exceptions. In an industry first, we have also made the complete list of supplying mills available on our [Sustainability Dashboard](#) since 2015. To date, we have completed formal engagements with **100%** our group-level palm oil suppliers.

DUE DILIGENCE FOR POTENTIAL NEW SUPPLIERS

Thorough due diligence is undertaken for all our potential supplying mills before they are eligible to enter Wilmar's supply chain. This process covers various environmental and social criteria and allows for the collation of information on various aspects, including but not limited to:



PUBLIC INFORMATION OF POTENTIAL NON-COMPLIANCE OR GRIEVANCE



LOCATION AND PROXIMITY TO FOREST AND PEAT LANDSCAPE RISKS THROUGH CONCESSION MAPS OR SUPPLY CHAIN SOURCING INFORMATION



LEGAL COMPLIANCE



TRACEABILITY DATA



HIGH CONSERVATION VALUE (HCV) AND HIGH CARBON STOCK (HCS) APPROACH ASSESSMENT, WHERE APPLICABLE

This process is important in mitigating the risk of potential breaches to our NDPE Policy. We seek clarifications with any company allegedly involved in activities that are potentially in breach of our commitments. If the allegations are proven to be true, we require the company to either close the issue or agree on an action plan that meets our requirements before we begin sourcing from them. In addition, we require companies to provide a written confirmation of our NDPE Policy unless the company has already published and adopted our Policy in their operations.

ASSESSING EXISTING SUPPLIERS THROUGH SRT

We assess our suppliers' progress and implementation of the NDPE Policy through our **SRT**. Hosted on the OnConnect system, the SRT is an online self-reporting tool which is implemented annually to assess **100%** of Wilmar's direct supplying mills, including our own mills and their associated estates. Results from the SRT are then used to identify potential environmental and social risks in our supply chain which form a key part of our **Human Rights Due Diligence (HRDD)** approach. SRT covers the following core NDPE elements:

- Access to grievance mechanisms
- Women's rights
- Child protection
- Environmental and biodiversity impact management including HCV, HCS, fire and peat management and no burning
- Labour rights and standards including but not limited to forced labour and human trafficking, freedom of association and collective bargaining, non-discrimination, equal opportunities and fair living wages
- Recruitment fees
- Legality
- Legal and customary (or traditional) land rights
- Commitment to protect and respect Human Rights Defenders (HRDs)
- Occupational health and safety
- Traceability



Morning muster and assembly of plantation workers in West Sumatra, Indonesia.

SRT process



01 QUESTIONNAIRE REVIEW

Wilmar's Supplier Compliance team and Sustainability Department review and update the questionnaire annually. The amended questionnaire is reviewed by relevant teams (ESG, Grievance, Traceability, Conservation, Human Rights and Trading) across the business to ensure we effectively monitor and assess NDPE progress.



02 QUESTIONNAIRE LAUNCH

The questionnaire is disseminated to all Wilmar's supplying mills annually. To support our suppliers in completing the questionnaire, we follow up regularly through emails, physical/virtual meetings, phone calls and messages.



03 DATA COLLECTION AND ANALYSIS

Upon completion of the questionnaire, the OnConnect system generates action plans and recommendations for addressing gaps for every direct supplying mill. To ensure action plans are properly implemented, the Supplier Compliance team follows up regularly with the suppliers to provide support through the process.



04 DUE DILIGENCE SYSTEM

We conduct supplier due diligence through risk assessments, site assessments and action plans.

RISK ASSESSMENTS

Our risk assessments are based on SRT responses, mills' certification status, NDPE commitment, TtP, SCGP, grievances raised against them and GFW commodity risk geospatial analysis. Mills categorised as high priority are subjected to site assessments and/or direct engagement as part of our NDPE Policy implementation programme.

SITE ASSESSMENTS

Site assessments are conducted at high-priority mills and plantations to evaluate the accuracy of SRT responses and obtain further insights into identified gaps.

The following activities are undertaken during site assessments:

- Opening meeting which includes a refresher on Wilmar's NDPE Policy
- Documentation reviews
- Observations of practices and conditions at the mill and plantations, including workplaces and housing/living quarters on-site
- Interviews with mill/plantation management staff
- Confidential interviews with mill/plantation workers (without the presence of management staff)
- Closing meeting which includes an initial summary of the results with feedback and guidance

To ensure that suppliers receive assessment results and feedback with minimal lag time, we use **Nimbly**, a digital mobile audit tool, to generate reports with timebound action plans.

ACTION PLANS

Action plans are developed to address identified issues following the site assessment. Suppliers are expected to review, clarify findings and sign off on the proposed timebound action plans. Progress is monitored annually through the SRT and bi-annually through on-the-ground investigations and satellite imagery. Issues that cannot be resolved satisfactorily are escalated to Wilmar's Grievance team for further action.

ONGOING ENGAGEMENT WITH SUPPLIERS

Ongoing engagement with suppliers is an important component of our strategy to ensure suppliers adhere to our NDPE Policy. Our supplier engagement process holds suppliers accountable in delivering expected milestones in line with our NDPE commitments.

IN 2023, WE CONTINUED TO:



IMPLEMENT THE SRT AND SUPPLIER ENGAGEMENT PROGRAMMES

across global operations



ORGANISE SUPPLIER TRAINING SESSIONS



CONDUCT DUE DILIGENCE

on potential supplying mills before they enter Wilmar's supply chain



TAKE A GROUP-LEVEL APPROACH

towards supply chain transformation including managing non-compliant suppliers



Smallholder training conducted by the Sustainability team in Indonesia.

Supplier engagement in 2023

	NUMBER OF SUPPLIER MILLS	%
TOTAL DIRECT SUPPLIERS	948*	100*
SUPPLIERS ASSESSED AS LOW-PRIORITY MILLS	915*	96.5*
SUPPLIERS ASSESSED AS HIGH-PRIORITY MILLS (Denominator: Total direct suppliers)	33*	3.5*
ENGAGEMENT WITH HIGH-PRIORITY MILLS ⁸ (Denominator: Suppliers assessed as high-priority mills)	31*	93.9*

By enhancing suppliers' understanding and implementation of the NDPE principles, we can further strengthen our engagement efforts. Thus, we conduct capacity building programmes for our suppliers covering, but not limited to, topics on child protection, forced labour and ethical recruitment,

conservation and peat management, occupational health and safety as well as traceability. The sessions are held both virtually and in person and are carried out by Wilmar and/or external subject matter experts depending on the topics.

Supplier capacity building on NDPE

	IN 2023	SINCE THE IMPLEMENTATION OF WILMAR'S NDPE POLICY
TOTAL NUMBER OF CAPACITY BUILDING SESSIONS	18	75
TOTAL NUMBER OF PARTICIPATING MILLS	346 suppliers	885 suppliers

* Limited assurance conducted by CU.

⁸ Examples of engagement include field verification or direct communication with suppliers on SRT action plans, among others.

GRIEVANCE MECHANISM

Since 2015, Wilmar has put in place a robust **grievance mechanism** to allow stakeholders to raise concerns against Wilmar and/or our third-party suppliers regarding the implementation of our NDPE Policy. We recognise that providing this feedback mechanism for stakeholders is crucial as it allows us to monitor compliance with our NDPE commitments throughout our operations and supply chain.

WILMAR'S **GRIEVANCE PROCEDURE** UNDERWENT A SIGNIFICANT UPDATE IN 2019 AND NOW MORE SUCCINCTLY ADDRESSES NDPE NON-COMPLIANCES THROUGH THE FOLLOWING:



IMMEDIATE SUSPENSION AT THE GROUP LEVEL

for suppliers involved in verified cases of deforestation and/or new development on peatland, effective from 1 January 2019, based on Wilmar's "suspend first" approach



INTRODUCTION OF A RE-ENTRY CRITERIA

to enable suppliers to re-enter Wilmar's supply chain following a suspension related to non-compliance on deforestation and peat development. This includes a commitment to recovery plans for past non-compliances from a cut-off date of 31 December 2015



INTRODUCTION OF A NO EXPLOITATION PROTOCOL

to address the "No Exploitation of People and Local Communities" aspect of our NDPE Policy



COMMITMENT TO PROTECT HUMAN RIGHTS

including human rights defenders, whistleblowers, complainants and community spokespersons, while ensuring a provision of anonymity for whistleblowing and reporting of grievance cases



A STANDALONE POLICY ON HUMAN RIGHTS DEFENDERS

published in 2021



PUBLICATION OF A GUIDANCE

on development of recovery plan in 2023

100%
RESPONSE RATE FOR ALL GRIEVANCE CASES IN 2023



The grievance mechanism also promotes transparency and accountability by disclosing the full list of grievances and providing regular updates on our actions to address them. Investigations and findings of all valid cases are published on our **Sustainability Dashboard**, which is updated on an ongoing basis. To identify lessons learnt and continuously improve our mechanism, we also conduct regular reviews of case studies. We aim to achieve a 100% response rate for all grievances raised and resolve open cases in a timely and transparent manner. In 2023, our response rate was **100%**.

To ensure that the grievance mechanism remain effective, we engaged key stakeholders⁹ in the design, review and improvement of our No Exploitation Protocol. In addition to multi-stakeholder consultations, the Consortium of Resource Experts (CORE) supported Wilmar in working with a technical group consisting of labour rights and land rights specialist, Verité, Landesa and Earthworm Foundation.

⁹ Key groups include those with a vested interest in our sustainability or ESG performance and those in public positions who can influence our activities. They include certification bodies, civil society organisations, customers, employees, financial institutions, governments, industry bodies, shareholders and the investing public, smallholders and local communities, suppliers and sustainability collaborators. For more information, please refer to the **Stakeholder Engagement** section on our Sustainability Dashboard.

ALLEGED DEFORESTATION BY DERU SEMANGAT SDN BHD, A COMPANY WITH ALLEGED LINKS TO OUR SUPPLIER TH PLANTATIONS BERHAD

In 2020, CRR released a report alleging deforestation by **Deru Semangat Sdn Bhd (DSSB)**, which is linked to our supplier **TH Plantations Berhad (THP)**. While THP does not own any shares in DSSB, their holding company, Lembaga Tabung Haji, owns 55.0% of DSSB.

Following the report, Wilmar began working with THP towards re-entry into our supply chain in line with our **re-entry criteria**. THP also agreed to put in place **NDPE commitments**.

As of July 2021, THP has met all the requirements for re-entry including a commitment to the development of a Recovery Plan for Non-Compliant Land Clearing taking place from January 2016 onwards.

Since then, THP has established a partnership with **Global Environment Centre (GEC)** to carry out its recovery projects. An agreement was signed between GEC and THP in June 2022 to support the conservation of 19,966 ha of coastal forests and peatlands in Gunung Arong Forest Reserve (GAFR) in Johor, Malaysia. The project focuses on the long-term protection and rehabilitation of 4,300 ha in the northeast portion of the GAFR (to the east of the road between Mersing and Endau that runs through the forest). It mainly consists of the lowland forest with approximately 1,500 ha of peat swamp forest/peatland. The site has been degraded in the past due to the drainage and fire associated with earlier log extraction and road construction activities as well as plantation development in adjacent land. For more details, please see **Wilmar Grievance List**.



Oil palm plantation in Sabah, Malaysia.

Grievance cases received

NUMBER OF GRIEVANCE CASES RECEIVED PER YEAR



OVERALL STATUS IN 2023



CLOSED



IN PROGRESS

CASE TYPE	NO. OF CASES RAISED	STATUS	
		IN PROGRESS	CLOSED
DEFORESTATION	53	-	53
HUMAN RIGHTS DEFENDERS	3	1	2
LABOUR RIGHTS	12	1	11
LAND RIGHTS	5	1	4
DEFORESTATION AND HUMAN RIGHTS DEFENDERS	1	-	1
DEFORESTATION AND LAND RIGHTS	6	-	6
LAND RIGHTS AND LABOUR RIGHTS	1	-	1
DEFORESTATION, LAND RIGHTS AND LABOUR RIGHTS	2	1	1
ENVIRONMENTAL POLLUTION, LAND RIGHTS AND LABOUR RIGHTS	2	-	2
TOTAL	85	4	81



IMPLEMENTATION OF "NO DEFORESTATION" AND "NO PEAT"

NDPE IMPLEMENTATION REPORTING FRAMEWORK (NDPE IRF)

The **NDPE IRF** is a tool that provides palm oil companies with an industry-wide approach to measure progress on NDPE commitments across the entire production base connected to their supply chain. As companies implement activities to deliver on these commitments, the NDPE IRF provides a way to systematically capture all these different activities, assess how they contribute towards improved sustainability performance and highlight remaining gaps.

Wilmar has found the tool to be highly effective in understanding performance across our whole production base. Since 2019, we have been an active member of the NDPE IRF initiative which supports discussions to help align thinking on key issues and identify areas for collaborative action.

REPORTING ON PROGRESS USING THE NDPE IRF

A key tenet of the NDPE IRF is that it focuses on implementation actions and breaks them down into concrete steps. By including information on initial engagement actions such as workshops and policy developments as well as long-term, on-the-ground interventions and initiatives, the tool can summarise any progress or gaps in the implementation of a company's NDPE commitments.

Our target remains to shift all our volumes into the "Delivering" category using the NDPE IRF by 2025. This aligns with the palm oil sector's ambitious timeline of reducing greenhouse gas emissions from land use change by ending deforestation, as noted in the **Agriculture Sector Roadmap to 1.5-degree Celsius** published at COP27.

Wilmar has taken a number of steps to enhance the identification and closing of gaps on implementing NDPE, particularly with regard to third-party supply to mills in 2023. This includes improving our approach to collecting data on TtP, updating our satellite monitoring methodology and promoting the adoption of IRF through meetings and trainings. Through these efforts, we hope to support companies progress on their NDPE IRF reporting which will in turn enable us to improve our own reporting.

Bukit Durang Conservation Area, one of our key HCV areas, in Sarawak, Malaysia.

In 2023, of the total volumes sourced by our Origin Refineries in Indonesia and Malaysia, **91.4%*** originated from mills delivering on No Deforestation commitments. This correlates to **91.4%*** of volumes from supplying mills in the "Delivering" NDPE IRF category. Of the remaining volumes sourced, **8.1%*** originated from mills that have committed or have taken action to ensure their volumes comply with our No Deforestation commitments. Of the total volumes sourced by our Destination Refineries, **81.5%*** was from supplying mills that are delivering on NDPE commitments.

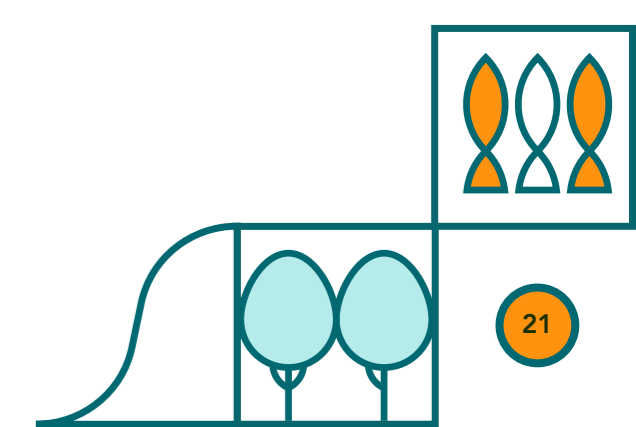
As of December 2023, **88.4%*** across our global supply chain were from suppliers that are delivering on No Deforestation requirements.

In 2023, while good progress was noted due to improved data collection processes, shifting volumes away from the "Unknown" category still remains a challenge as many suppliers are still reluctant to provide detailed information on traceability. NDPE IRF reporting also remains low for small and medium enterprises (SMEs) as compared to large companies and not all companies publish profiles for their entire scope of operation.

* Limited assurance conducted by CU.

While we appreciate the efforts of those who have published their NDPE IRF profiles, more engagement and support are needed to encourage the participation of SMEs and other small suppliers in order to progress towards implementing NDPE commitments. Wilmar's NDPE IRF profiles have been independently verified by CU for all our global operations. As such, data collected across our **70** global facilities through our SRT, Traceability and SCGP, among others, have been externally verified.

i Please see
**WILMAR'S NDPE IRF ACTION
PLAN 2023-2024**



Progress of deforestation-free by volumes based on NDPE IRF reporting categories

No deforestation progress at production level (%)	ORIGIN REFINERIES ¹⁰			DESTINATION REFINERIES ¹¹		
	2023*	2022	2021	2023*	2022	2021
	DELIVERING	91.4	45.4	41.5	81.5	45.8
PROGRESSING	4.3	1.2	0.0	5.7	4.6	0.6
COMMITMENTS AND STARTING ACTIONS	3.8	45.2	46.8	3.2	35.0	36.6
AWARENESS	0.0	0.7	4.5	0.0	0.4	3.3
KNOWN	0.4	7.5	7.2	5.8	9.7	16.9
UNKNOWN	0.0	0.0	0.0	3.7	4.5	5.2

No peat progress at production level (%)	ORIGIN REFINERIES ¹⁰			DESTINATION REFINERIES ¹¹		
	2023*	2022	2021	2023*	2022	2021
	DELIVERING	91.5	45.4	41.5	81.0	45.8
PROGRESSING	4.3	0.5	0.0	5.7	0.5	0.2
COMMITMENTS AND STARTING ACTIONS	3.8	45.9	47.8	3.4	39.4	31.0
AWARENESS	0.0	0.7	3.4	0.0	0.3	6.5
KNOWN	0.4	7.5	7.2	6.2	9.5	26.4
UNKNOWN	0.0	0.0	0.0	3.7	4.5	5.2

Overall progress ¹²	NO DEFORESTATION PROGRESS AT PRODUCTIONLEVEL (%)			NO PEAT PROGRESS AT PRODUCTION LEVEL (%)		
	2023*	2022	2021	2023*	2022	2021
	DELIVERING	88.4	45.5	40.0	88.2	45.5
PROGRESSING	4.7	2.2	0.2	4.7	0.5	0.1
COMMITMENTS AND STARTING ACTIONS	3.6	42.1	43.2	3.6	43.9	41.9
AWARENESS	0.0	0.6	4.1	0.0	0.6	4.5
KNOWN	2.1	8.1	10.6	2.2	8.1	13.9
UNKNOWN	1.2	1.3	1.8	1.1	1.3	1.8

* Limited assurance conducted by CU.

¹⁰ Origin Refineries refer to refineries and kernel crushing plants that are in palm oil producing countries, such as Malaysia and Indonesia.

¹¹ Destination Refineries refer to refineries that import crude or refined palm/ lauric oil from other regions to meet local demand for palm products, such as those in China, Europe, the United States, etc.

¹² Consolidated data of Origin and Destination.

IMPROVING UNDERSTANDING AND PROTECTION OF HCV-HCS AREAS

The identification and protection of HCV-HCS areas are important first steps in managing, maintaining and sustaining the biodiversity and ecosystems within our operations and beyond.

We actively support and provide technical guidance to our stakeholders, especially suppliers, in integrating biodiversity conservation into their practices. To facilitate this, we developed and published a series of **Best Management Practices (BMPs) Guidelines** to support the implementation of conservation actions on the ground, including the monitoring of HCV-HCS areas. The **BMPs Manual for Growers on Forest Conversation and Community Collaboration** is available in English and Bahasa Indonesia while the **Practical Guidance on Conservation Areas Monitoring** is available in **Bahasa Indonesia** and **Bahasa Melayu**. For our West African suppliers, the publication of a similar guidance in English is in the pipeline for 2024.

In collaboration with Proforest, we conducted four BMPs training workshops for our Malaysian third-party suppliers between 2021 and 2023. These workshops covered topics including riparian management, biodiversity monitoring as well as HCV-HCS identification and management. Over **250** participants benefited from the interactive learning sessions, case studies and practical field exercises.

Our commitment to BMPs in managing HCV-HCS areas extends beyond our own supply chain. We work with external parties on multi-stakeholder initiatives such as:

- **South East Asia Rainforest Research Partnership (SEARPP):** We co-develop research-led programme to promote BMPs in the plantation landscape.
- **RSPO Biodiversity and High Conservation Values Working Group, RSPO Remediation and Compensation Procedure, Compensation Task Force 2** and the Compensation Panel: Through these groups, we offer strategic and technical support on implementing the RSPO's HCV approach and reviewing matters related to remediation and compensation plan.



For more information on our HCV-HCS initiatives, please see the

BIODIVERSITY AND CONSERVATION

section in our Sustainability Report 2023



The Identification and protection of HCV-HCS areas are important first steps in managing, mantaining and sustaining the biodiversity and ecosystems within our operations and beyond.



MINIMISING RISK OF FIRES IN PLANTATIONS

The occurrence of fires in oil palm plantations is a convoluted and multifaceted issue that must be considered with other factors such as traditional agricultural practices, peatland management, weather patterns and natural causes. Preventing forest fires involves overcoming challenges such as raising public awareness on responsible land management, strengthening law enforcement against unauthorised burning, addressing difficulties in remote or inaccessible areas through early detection and specialised firefighting teams as well as adapting to prolonged dry seasons exacerbated by climate change.

Wilmar has zero tolerance for using fire in land preparation or development and takes a comprehensive approach to addressing the risk of forest fires. We identify fire hotspots using satellite imagery which covers all our plantation operations and following the guidelines provided by the Fire Free Alliance (FFA). The FFA is a multi-stakeholder initiative that aims to prevent, detect, suppress and report fires by educating and empowering local communities to eradicate the use of fire for agricultural purposes.

Wilmar joined the FFA in 2016 and has since launched the Fire Free Community programme in **145** villages across Sumatra and Kalimantan in Indonesia.

Our fire management approach includes protocols outlined for the prevention, monitoring, suppression and reporting of fire incidents. This is supported by a fire monitoring system that operates 24/7 to detect and provide alerts on fires within our concessions as well as the surrounding areas.

Wilmar also uses satellite imagery to monitor fires within and up to five kilometres outside our concessions. Our daily monitoring process utilises the Visible Infrared Imaging Radiometer Suite and NASA satellite imagery to identify hotspot alerts. To further strengthen our monitoring efforts, we also conduct daily fire monitoring on the ground which has proven to be highly effective in identifying and suppressing fires even before satellite detection.

i For more information on our fire prevention and management initiatives, please refer to the **BIODIVERSITY AND CONSERVATION** section in Sustainability Report 2023



Fire response team made up of Wilmar employees in Indonesia.

LANDSCAPE-LEVEL INITIATIVES

Wilmar is dedicated to fostering transformation at the landscape level through active participation in various partnerships and collaborations. This approach is integral to our efforts to facilitate sector-wide transformation. We believe this approach will enable Wilmar to address complex sustainability challenges including deforestation, while promoting sustainable practices and development across our value chain.

As such, we support and contribute to collaborative groups such as the Palm Oil Collaboration Group (POCG) including Production and Protection Beyond Concessions

(PPBC) Working Group, Sabah Jurisdictional Approach Steering Committee, and **Private Sector Coalition for Green Siak**, amongst others. In collaboration with the **Community Forest Ecosystem Services**, we also promote sustainable community-based forest management in Telaga Village Forest in Kalimantan, Indonesia. In Malaysia, we similarly support the conservation of forest landscape in the Sugut region of Sabah through the implementation of our Sekar Imej Conservation Area Project.

AGRICULTURE SECTOR ROADMAP TO 1.5-DEGREE CELSIUS

Following the 26th United Nations Climate Change Conference of the Parties (COP26) in Glasgow, Wilmar and 13 other major agricultural commodity companies **committed** to delivering a shared roadmap for accelerated action within the supply chain to halt commodity-linked deforestation in line with a 1.5-degree Celsius pathway.

Since the launch of the **Agriculture Sector Roadmap to 1.5-degree Celsius** at COP27 in 2022, Wilmar has been implementing the roadmap individually and collectively, working within the sector and collaborating with relevant partners, including the POCG, to advance the roadmap goals.

Also in 2022, Wilmar signed up to the Science Based Targets initiative (SBTi) and committed to setting both near-term and net-zero targets. Work is currently underway to develop a practical roadmap that delineate our strategy to achieving targets aligned with SBTi's requirements. In the meantime, to better align our data with the latest Forest, Land and Agriculture guidance and to reflect the delay in projects due to the COVID-19 pandemic, we have recently updated our base year from 2020 to 2022 and are remapping our Scope 3 emissions for our new base year.

For more information, please refer to our **Palm Oil Sectoral Roadmap Commitment Index** which outlines our progress to date and our next steps to ensure we deliver on our targets. Furthermore, the 2023 progress update from the signatories can be found [here](#).

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Wilmar is dedicated to fostering transformation at the landscape level through active participation in various partnerships and collaborations.

99

PRODUCTION AND PROTECTION BEYOND CONCESSIONS¹³

Wilmar is an active member of the PPBC Action Group which is a joint effort by 12 companies and technical support organisations coordinated by Proforest, a global non-profit organisation.

Several monitoring systems today provide regular alerts on deforestation. When alerts are raised from inside a concession with known supply chain linkage, companies can use existing commercial relationships to take targeted action through direct engagement with the supplier group. In contrast, when alerts are triggered outside of a company's concession, it remains a challenge for companies to address this due to issues such as illegal encroachment, land belonging to communities or smallholders and a lack of commercial leverage with these actors.

The Action Group is therefore working to identify equitable solutions that companies can take to support livelihoods as well as forest and peatland conservation in areas outside of their concessions. Key efforts include focussing on prioritising locations where action is needed through geospatial analysis, stakeholder engagement and initiative mapping. The objective is to develop, collectively agree and implement action plans and monitoring protocols for oil palm priority areas, mainly in Indonesia and Malaysia.



MALYSIAN SUSTAINABLE PALM OIL

The Malaysian Sustainable Palm Oil (MSPO) Certification Scheme is a national scheme for oil palm production which forms the basis of mandatory legal frameworks for oil palm production in Malaysia. With the main objective of promoting sustainable practices in oil palm production, the MSPO scheme is designed to ensure that palm oil is produced in an environmentally responsible, socially beneficial, and economically viable manner. It is mandatory for all oil palm operators in Malaysia including smallholders.

Working groups (WGs) provide inputs and recommendations to the MSPO Standards to ensure the relevance and effectiveness of the scheme in meeting its sustainability objectives. As a member of the WG, Wilmar was a significant contributor to the MSPO's revised Standards along with other industry peers and relevant agencies.

The MSPO Standards were revised and launched in 2022 using improved industry baseline knowledge on sustainable oil palm management practices and organisations' capacity to implement them. The Malaysian Palm Oil Certification Council, owner of the MSPO scheme, has stipulated a transition period from 1 August 2023 to 31 December 2024 for organisations to comply with the revised Standards.



¹³ <https://palmoilcollaborationgroup.net/ppbc>.

SUPPORTING PALM OIL SMALLHOLDERS IN INDONESIA TOWARDS SUSTAINABILITY

Smallholders play an important role in the palm oil sector but receive limited support to improve the productivity, profitability and sustainability of their land. They face several challenges including a lack of access to high quality seeds, fertilisers and training as well as exclusion from markets due to involvement in practices such as slash-and-burn and deforestation.

Since 2017, Wilmar has piloted several integrated programmes to help our independent smallholders across Riau, Jambi, and North Sumatra in Indonesia to establish sustainable practices and comply with NDPE commitments, particularly those related to no deforestation and no conversion. Our smallholder certification roadmap outlines the initiatives we implement to improve smallholder livelihood including trainings on no deforestation commitments, traceability, organisational management, adopting sustainable practices, achieving Indonesian Sustainable Palm Oil (ISPO) certification, market access, as well as assisting independent smallholders to obtain financial support from the government and the Indonesian Oil Palm Plantation Fund Management Agency.

To complement our programmes, we partner with NGOs and industry peers in these high-priority regions with the collective goal of establishing a sustainable and traceable supply chain.

In 2019, in order to help smallholders improve their traceability, Wilmar developed and established a traceability tracking tool and system. The tool also assists mills and cooperatives to monitor and measure the deforestation-free status of their FFB supply. It can be integrated with Wilmar's geographic information system to enable users to access geo-location databases to combine with deforestation data from remote sensing.

As of 2023, Wilmar has helped **3,271** smallholders that supply our mills to obtain ISPO certification through our support programmes.

FACILITATING JURISDICTIONAL APPROACHES

The state of Sabah in Malaysia is a major exporter of palm oil which contributes to about 10% of the annual global trade. The industry is crucial to the livelihoods of many smallholders but it is also linked to environmental and social concerns¹⁴.

In 2015, Sabah became the world's first region to pilot a jurisdictional certification approach to sustainable palm oil, when the government committed to reaching 100% RSPO certification by 2025. Wilmar plays a multifaceted role in the Sabah Jurisdictional Approach by acting as a key stakeholder and collaborator. We actively participate in the Sabah Jurisdictional Certification Steering Committee, which guides the overall strategy and implementation of the approach.

Priority actions are:

- Achieve no loss of HCV and HCS forests
- Enable zero-conflict in production landscapes
- Strengthen smallholder sustainability
- Uplift livelihoods

As a member, we leverage our expertise in the palm oil industry, sustainability practices and supply chain management to inform decision-making at the state level. We also collaborate with government agencies, industry peers and civil society organisations to support the jurisdictional approach.

As of November 2023, Sabah Jurisdictional Certification of Sustainable Palm Oil achieved Step 1 of the **Stepwise Approach of the RSPO Jurisdictional Approach Piloting Framework**.

i
Read more about the **SABAH JURISDICTIONAL APPROACH**

¹⁴ https://rspo.org/wp-content/uploads/Sustainable-Palm-Oil-Europes-Business-Report_SEP2022.pdf.



Women sprayers attending a morning muster briefing in Sabah, Malaysia.



IMPLEMENTATION OF "NO EXPLOITATION"

NO EXPLOITATION PROTOCOL

Our **No Exploitation Protocol** was developed to ensure that the "No Exploitation of People and Local Communities" tenet of our NDPE Policy is upheld while safeguarding the most vulnerable groups in our supply chain. The Protocol covers additional measures and oversight procedures to address issues of non-compliance pertaining to No Exploitation, beyond those described in our Grievance Procedure. It also outlines a framework for our suppliers to implement corrective actions, undertake remediation, address systemic change and report on their progress.

This includes adhering to several principles, including:



THE RIGHTS OF WORKERS



THE RIGHTS OF INDIGENOUS PEOPLES, COMMUNITY RIGHTS AND LAND RIGHTS



THE RIGHTS OF HRDs

Addressing exploitation is a complex and sensitive topic that demands actions and oversight to minimise potential negative impacts to the rights of those involved. To ensure that our policies effectively protect vulnerable groups in our supply chain, we partnered with stakeholders and experts from the CORE to establish a technical working group comprising labour and land rights specialists from **Verité**, **Landesa** and **Earthworm Foundation**. Two rounds of multi-stakeholder consultations, involving local and international NGOs as well as human rights experts, have helped shape the development of this Protocol.

Wilmar remains committed to exhausting all possible efforts before suspending a supplier as it may impact the ability of affected workers and communities to access remedies and reparation. This approach on responsible disengagement is aligned with the principles set out in the Organisation for Economic Co-operation and Development Due Diligence Guidance for Responsible Business Conduct and the United Nations Guiding Principles on Business and Human Rights (UNGPs).



OUR HUMAN RIGHTS DUE DILIGENCE APPROACH

The HRDD process is vital in providing a systematic approach to respecting human rights and ensuring compliance with our Human Rights Framework and related policies. Wilmar has identified eight key focus areas for human rights:

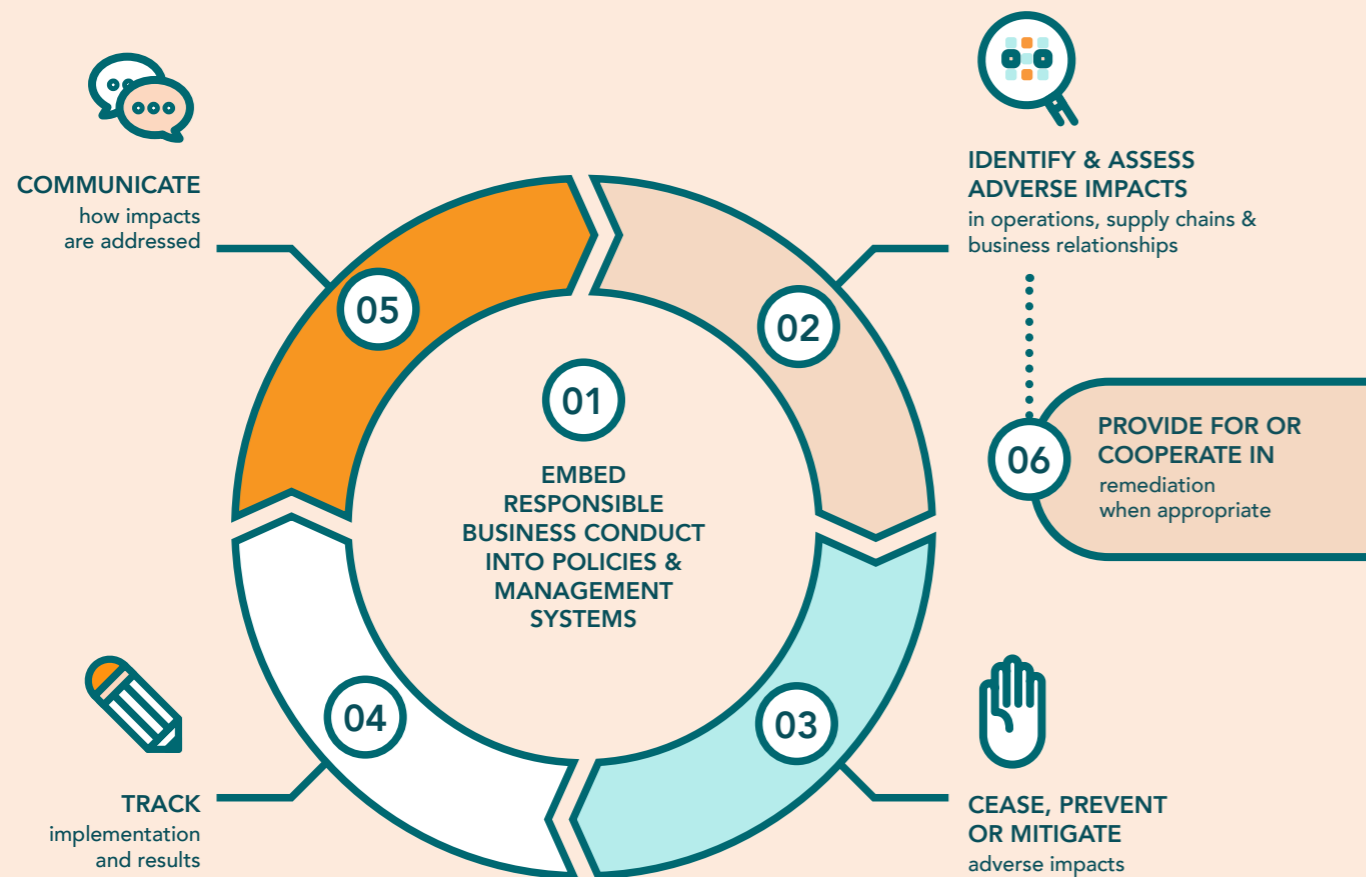
- Women's rights
- Child protection
- No forced or bonded labour
- Supporting smallholders
- Community development, land and indigenous rights
- Occupational health and safety
- Freedom of association
- Non-discrimination and equal opportunities

Our HRDD approach is aligned with the UNGPs on Business and Human Rights, which include the following elements:

- Policy commitment
- Assessment of actual and potential human rights impacts
- Integration of findings
- Tracking performance
- Communicating how we address impacts
- Implementing processes for remediation

The diagram¹⁵ below outlines the key components of this framework, which include but are not limited to the following activities:

HRDD Key Components



¹⁵ <https://www.oecdguidelines.nl/oecd-guidelines/ue-diligence>.

HRDD is an ongoing process and we regularly evaluate our strategies and programmes. During the implementation of our HRDD process, we carry out regular external stakeholder consultations to get a holistic view of issues on the ground and identify ways to mitigate and address them. One such example is our No Exploitation Protocol which was developed with the support of local and international stakeholders including NGOs, trade unions and worker unions. The Protocol provides guidelines to address, mitigate and remedy grievances linked to human rights. We supplement these consultations with our SRT and Grievance Procedure which enable us to assess our suppliers' progress and their implementation of our NDPE Policy, and identify concerns against Wilmar and/or our third-party suppliers which require action.

Capacity building is important in raising awareness of human rights related topics among our employees and suppliers. Through stakeholder engagements and SRT assessments, ethical recruitment has been identified as a key focus for our Malaysia suppliers. To this end, we organised capacity building and training workshops to address challenges surrounding forced labour and ethical recruitment and provide an opportunity for participants to seek clarification from domain experts. These sessions covered several critical topics including the updated Employment Act and an in-depth interpretation of its clauses. Through these efforts, we aim to promote more responsible and sustainable business practices in the region.

LIVING WAGE

In addition to ensuring that all our employees and contractors are paid a living wage, we assess our suppliers on elements such as provision of food, water, accommodation, healthcare, transport, education and daycare through the SRT.

In countries and regions where universal benchmarks on living wages are unavailable, we strive to ensure that all our employees and contractors of our suppliers are paid at least minimum wage.



A plasma smallholder family outside their home, near Wilmar's plantation operations in South Sumatra, Indonesia.

PARTNERSHIPS AND PLATFORMS

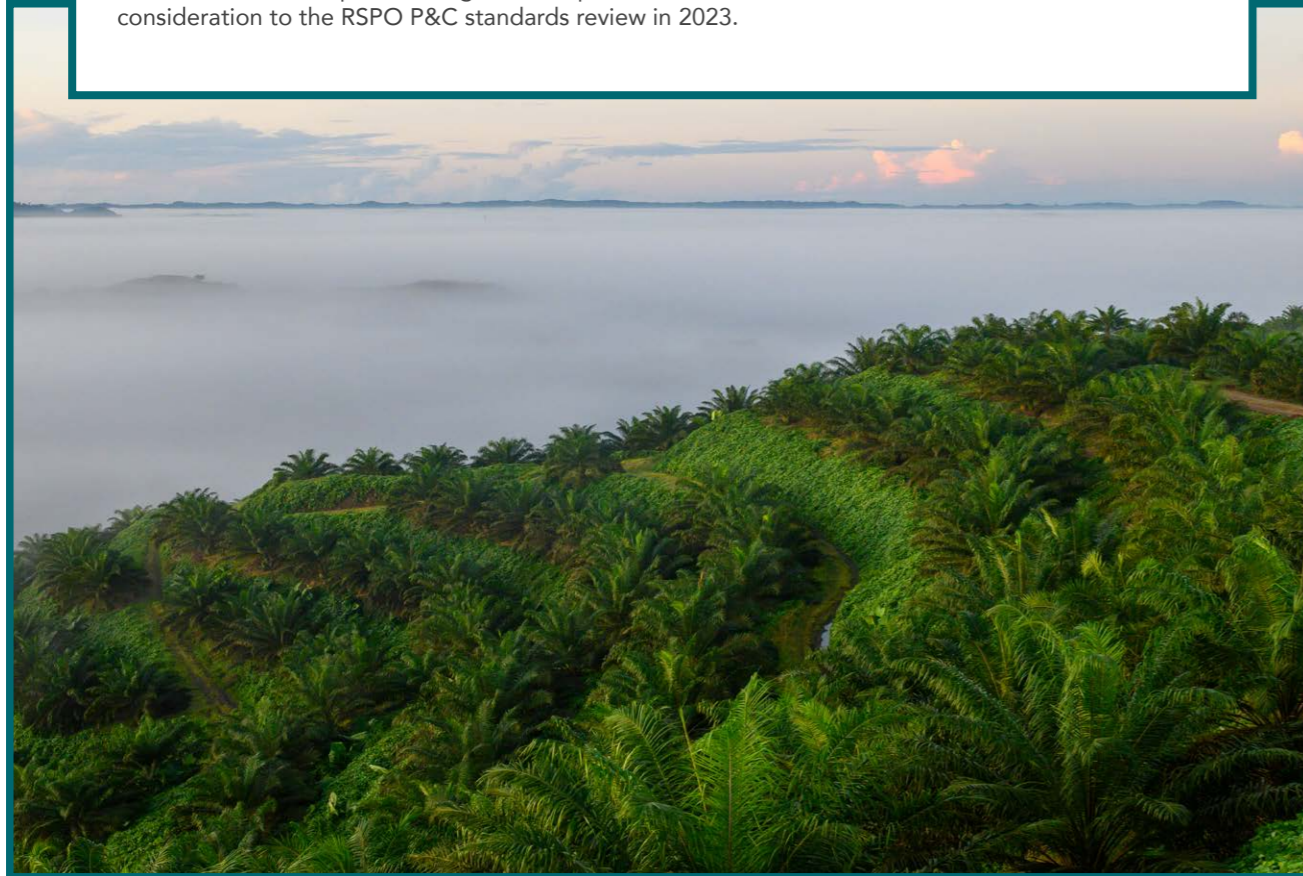
Wilmar participates in several partnerships and multi-stakeholder platforms to promote and support the protection of human rights.

SOCIAL ISSUES WORKING GROUP

Apart from financial contributions, Wilmar participates in the POCG, including its Social Issues Working Group. The working group brings 32 companies together to address human rights issues faced by the sector such as the HRDD in Management Systems, Responsible Recruitment in Malaysia and Indigenous Peoples and Local Communities' Rights through collaborative actions.

RSPO LIVING WAGE TASK FORCE

We have been a co-chair of the RSPO Living Wage Task Force since 2021 and are currently working with stakeholders to develop living wage benchmarks for each region that the RSPO operates in. This initiative strives to ensure the payment of a living wage to workers and their families to enjoy a decent standard of living. This work builds on the [RSPO Guidance for Implementing a Living Wage](#), to which Wilmar has provided significant input. The Task Force submitted recommendations for consideration to the RSPO P&C standards review in 2023.



View from an observation tower overlooking Wilmar's plantation in Sabah, Malaysia.

SMALLHOLDERS

Smallholders play an important role in helping Wilmar achieve our business and sustainability goals. In Indonesia, where most of the world's palm oil is produced, independent smallholders are expected to manage 60% of the country's plantation area by 2030¹⁶.

In 2023, we received **95,247 MT** of FFB from more than **27,000** scheme smallholders and **294,640 MT** of FFB from over **12,600** independent smallholders, representing **1.0%** and **3.3%** of our overall supply respectively. We therefore strive to promote an inclusive model that integrates smallholders into the global sustainable supply chain.

SMALLHOLDER PROGRAMMES

To support the inclusion of smallholders into sustainable supply chains, we work with external partners to develop independent smallholder programmes aimed at improving agricultural practices in line with global sustainability standards.

Wilmar is committed to ensuring **100%** of our scheme and independent smallholders who are covered by our programmes have access to expertise and best practices to help them achieve NDPE compliance and enhance their livelihoods.

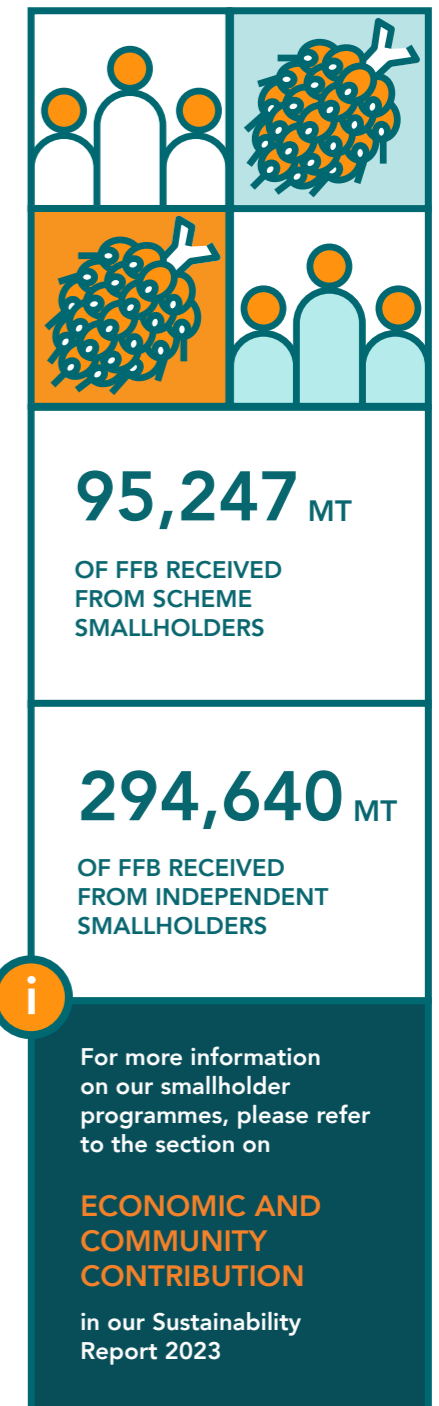
Our scheme smallholder programmes provide training and support for farmers to improve sustainability practices, increase FFB yield and achieve RSPO certification as well as other applicable national certifications. Our independent smallholder programmes are tailored to address the unique challenges farmers face in each location and provide support on good agricultural practices and improving yields.



We strive to promote an inclusive model that integrates smallholders into the global sustainable supply chain.



¹⁶ <https://www.wri.org/insights/smallholder-farmers-are-key-making-palm-oil-industry-sustainable>.



EXTERNAL ASSURANCE FROM CONTROL UNION CERTIFICATIONS

Control Union Certifications was commissioned by Wilmar to conduct an independent assurance of the following disclosures: Traceability to Mill (TtM), Traceability to Plantation (TtP), NDPE Implementation Reporting Framework (NDPE IRF), Satellite Monitoring, Supplier Engagement, Certifications, and Biodiversity and Conservation of Peat. The scope of this assurance covers palm oil and lauric.

The information provided for verification in both the Sustainability Report 2023 and the Palm NDPE Implementation Annual Report 2023 is the exclusive responsibility of Wilmar. Control Union Certifications was not involved in the preparation of any materials included in this Report.

The responsibility of Control Union Certifications is to express an opinion concerning the statements included in the Report regarding TtM, TtP, NDPE IRF, Satellite Monitoring, Supplier Engagement, Certifications, and Biodiversity and Conservation of Peat disclosures, within the assurance scope mentioned below, with the purpose to inform all the interested parties.

ASSURANCE SCOPE

The assurance engagement has been planned and performed in accordance with AA1000AS v3. The assurance process involves verification of the following aspects:

INCLUSIVITY

Engagement with stakeholders in the Report development process and their involvement in organisational decision making

Wilmar employs various ways of engaging their stakeholders depending on stakeholder category and stakeholder location. The ways in which the different categories of stakeholders are engaged includes regular meetings, memberships and partnerships with associations, whistleblowing mechanisms and grievance processes.

MATERIALITY

Identification of issues in the Report that are relevant and significant to the organisation's stakeholders, the presence of and the extent to which these material issues are disclosed in the Report

The disclosures stated in this Report are a prerequisite to implement sustainability programmes within the supply chain. Thus, within the scope of this review they have been identified as relevant material topics. As a result, Wilmar has a policy in place that addresses traceability; NDPE compliance such as satellite monitoring and supplier engagements; grievance mechanisms processes; and obtaining relevant sector-related certifications.

RESPONSIVENESS

Acting on stakeholder issues and provision of feedback through decisions, actions, performance and communication

Wilmar runs an annual supplier programme to assess suppliers' progress and their implementation of the No Deforestation, No Peat, No Exploitation (NDPE) Policy. Based on the outcome of this programme, action plans are generated to assist suppliers in resolving NDPE-related issues at their mills and associated estates. In addition, Wilmar also has grievance processes and whistleblowing mechanisms through which stakeholders can provide feedback.

IMPACT

Monitoring, measuring and providing accountability for how the actions of the organisation affect the economy, environment, society, stakeholders or the organisation itself

For 2023, Wilmar's progress against their commitments and targets are categorised below according to the disclosures within the scope of this assurance statement.

01	TtM AND TtP
	98.8% which translates to approximately 26.9 million MT of palm and lauric products is traceable to mill level
	90.6% which translates to approximately 24.6 million MT of palm and lauric products is traceable to plantation level
02	NDPE IRF
	NDPE IRF profiles are published for 70 facilities globally
	99.6% of palm oil and lauric product volumes to Wilmar's Origin Refineries in Malaysia and Indonesia and 96.7% across Wilmar's global supply chain are from suppliers that have at least company group-level commitments and/or action plans in place to address the No Deforestation requirements
03	SUPPLIER ENGAGEMENT
	948 (100%) suppliers assessed
	915 (96.5%) suppliers assessed as low-priority mills
	33 (3.5%) suppliers assessed as high-priority mills
	31 (93.9%) high-priority mills engaged (e.g. field visit, action plan follow-up, meeting, email correspondence, etc)

04

CERTIFICATIONS

For operations in Malaysia, Indonesia, Ghana and Nigeria:

- 29 mills are RSPO-certified (80.6%)
- 251,906 ha of oil palm plantations are RSPO-certified (82.0%)

For operations in Indonesia:

- 15 mills are ISPO-certified (44.1%)
- 5 independent palm oil mills completed ISPO certification audits (50.0%)

For operations in Malaysia:

- 9 mills are MSPO-certified (100%)
- 20 oil palm plantations are MSPO-certified (100%)

05

SATELLITE MONITORING

>23.4 million ha of land covered by satellite monitoring across Wilmar's global operations and supply base¹⁷

1,136 supplier groups and 8,128 plantation units monitored

06

BIODIVERSITY AND CONSERVATION (PEAT AREA)

Total peat area and total planted peat area in Wilmar's concession areas in Malaysia and Indonesia were verified

	SABAH	SARAWAK	WEST KALIMANTAN	SUMATRA	TOTAL
PLANTED PEAT AREA (HA)	10	84	15	1,593	1,702

Approximately 1,702 ha of the total planted area in Wilmar's oil palm plantations across Indonesia and Malaysia, is classified as peat

LEVEL OF ASSURANCE

The level of assurance is used to determine the depth of detail that an assurance provider uses to identify if there are material errors, omissions, or misstatements. The level of assurance for this Report is moderate.

METHODOLOGY

- **REVIEW** of internal and external documentary evidence presented by Wilmar.
- **VERIFICATION** of data presented in the Report including a detailed review of sample data.
- **INTERVIEWS** of personnel within relevant divisions responsible for management of the programmes presented within the scope of this statement i.e. TtM, TtP, NDPE IRF, Satellite Monitoring, Supplier Engagement, Certifications, and Biodiversity and Conservation of Peat.

¹⁷ Indonesia, Malaysia, Papua New Guinea, Brazil, Cameroon, Colombia, Costa Rica, Democratic Republic of the Congo, Ghana, Guatemala, Honduras, Ivory Coast, Liberia, Mexico, Nicaragua, Nigeria, Sao Tome and Principe, Sierra Leone, Solomon Islands, Sri Lanka and Thailand.

INDEPENDENCE AND QUALITY CONTROL

Control Union Certifications is accredited according to ISO 17021-1:2015/ISO 17065:2012 covering our global scope and operations. This includes the need to maintain a comprehensive system of quality control including documented policies and procedures on compliance to ethical and legal requirements as well as objectivity throughout our operations. The auditors performing the data check were selected appropriately based on our internal qualifications, training, and experience. It is also reviewed by management to ensure that the applied approach and assurance are strictly followed and operated transparently.

CONCLUSIONS

Based on our moderate process, nothing has come to our attention that causes us to believe that the scope (subject matter) as detailed above and presented in the Report is not presented fairly in accordance with the criteria.

Hence, our work confirms that the information included in the Report is reliable and objective and is presented clearly and understandably.



ZULKARNAIN ISHAK
MANAGER SUSTAINABILITY ASSURANCE
22 APRIL, 2024



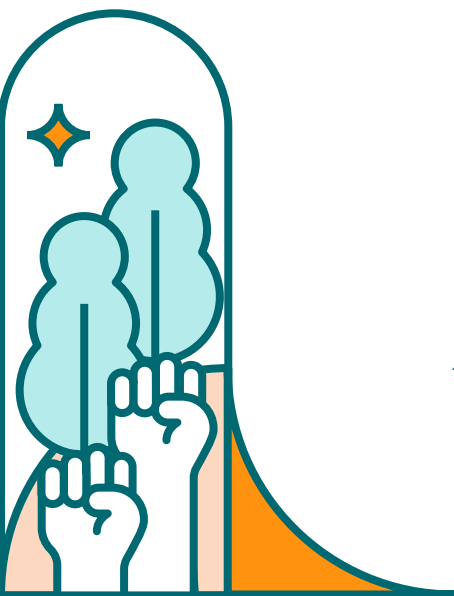
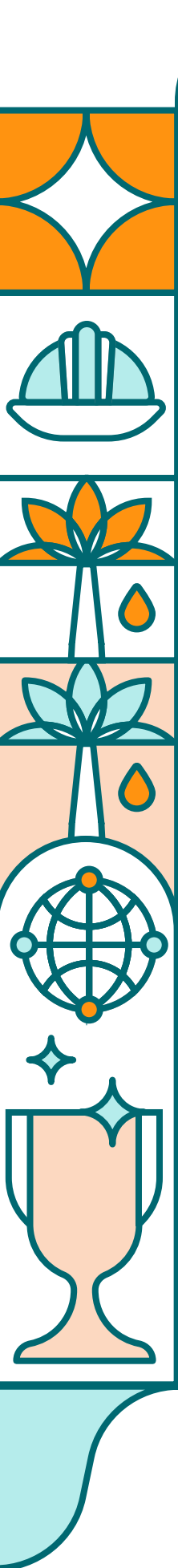
AGRICULTURE SECTORAL ROADMAP TO 1.5-DEGREE CELSIUS: PALM OIL SECTORAL ROADMAP COMMITMENT INDEX

AGRI SECTOR PILLARS	PALM OIL SECTOR IMPLEMENTATION	2023 UPDATES	SOURCES
PILLAR 1 ACCELERATE SUPPLY CHAIN ACTION TO REDUCE EMISSIONS FROM LAND USE CHANGE	ALL PALM OIL VOLUMES ARE IN THE "DELIVERING" CATEGORY OF THE NDPE IRF by 2025	<ul style="list-style-type: none"> Refer to our NDPE IRF profile here 	PALM NDPE IMPLEMENTATION ANNUAL REPORT 2023: <ul style="list-style-type: none"> NDPE Implementation Reporting Framework (NDPE IRF), pages 20 to 22 Reporting on Progress Using the NDPE IRF, pages 20 to 22
PILLAR 2 DRIVE TRANSFORMATION OF COMMODITY PRODUCING LANDSCAPES	COMPANIES WILL AIM TO SCALE UP FOREST POSITIVE ACTION for production and forest protection in priority landscapes through proactive interventions, action protocols and targeted monitoring, with a particular focus on independent smallholders in palm oil supply chains	<ul style="list-style-type: none"> Wilmar actively participates in partnerships and collaborations to promote transformation at the landscape level, including but not limited to, the PPBC Working Group, government-led jurisdictional approach and RSPO and MSPO working groups Wilmar has also partnered with L'Oreal and Nestlé to support smallholders in Sumatra, Indonesia to achieve ISPO certification 	PALM NDPE IMPLEMENTATION ANNUAL REPORT 2023: <ul style="list-style-type: none"> Landscape-level Initiatives, pages 25 to 27 SUSTAINABILITY REPORT 2023: <ul style="list-style-type: none"> Partnerships and Multi-stakeholder Initiatives, page 16

AGRI SECTOR PILLARS	PALM OIL SECTOR IMPLEMENTATION	2023 UPDATES	SOURCES
PILLAR 3 SUPPORT FOREST POSITIVE SECTOR TRANSFORMATION	ENGAGE WITH INDUSTRY PEERS AND OTHER SUPPLY CHAIN ACTORS to mainstream ISPO and MSPO to ensure that supply chain targets are met by the entire sector ENGAGE WITH KEY GOVERNMENTS to strengthen the enabling environment for forest positive production by accelerating the uptake and recognition of ISPO and MSPO	<ul style="list-style-type: none"> We work with partner organisations to develop programmes aimed at facilitating the inclusion of smallholders into sustainable supply chains and ultimately achieve certification under applicable national and voluntary certification schemes (ISPO, MSPO and RSPO) Wilmar has been an active member of the NDPE IRF initiative, supporting discussions to help align thinking on key issues and identifying areas for collaborative action We work with SEARPP and are an active member of MSPO, ISPO and RSPO task forces, working groups and/or focus groups 	SUSTAINABILITY REPORT 2023: <ul style="list-style-type: none"> Partnerships and Multi-stakeholder Initiatives, page 16 Supporting Smallholders, page 123 Biodiversity and Conservation, pages 22 to 37 PALM NDPE IMPLEMENTATION ANNUAL REPORT 2023: <ul style="list-style-type: none"> NDPE Implementation Reporting Framework (NDPE IRF), pages 20 to 22 Smallholder Programmes, page 33 Improving Understanding and Protection of HCV-HCS Areas, page 23



Women workers in an oil palm trees replanting area in West Sumatra, Indonesia.



**WILMAR
INTERNATIONAL
LIMITED**

CO. REG. NO. 199904785Z
28 Biopolis Road
Singapore 138568
T. (65) 6216 0244

