

WILMAR INTERNATIONAL LTD (WIL:SP)

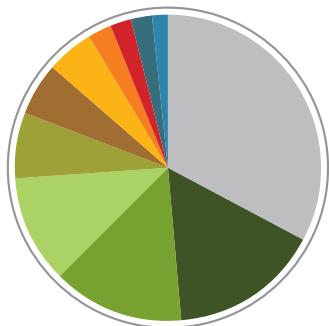


The world's biggest buyer and trader of palm oil products, controlling 43% of the global palm oil trade, Wilmar continues to face significant risk exposure to labor rights violations, unresolved land conflicts, illegal palm oil plantations, deforestation and high GHG emissions through its own operations, joint ventures, subsidiaries, associates or extensive supply chain reach.

COMPANY PROFILE & SUSTAINABILITY COMMITMENTS

CEO	Kuok Khoon Hong	FOREST RISK COMMODITIES	Palm oil
PARENT COMPANY	-	SUPPLY CHAIN EXPOSURE	Plantations, processing, trading, manufacturing, wholesale
MARKET CAP (USD)	16.3 billion USD (FT.com)	AFFECTED TROPICAL FOREST AREAS	Indonesia, Malaysia, Nigeria, Liberia, Uganda, Latin America
ANNUAL REVENUE (USD)	FY2015 41.3 billion USD (FT.com)	RELEVANT SUBSIDIARIES	PT Permata Hijau Pasaman 1, PT Daya Labuhan Indah, PT Perkebunan Milano
HEADQUARTERS	Singapore	KNOWN BUSINESS RELATIONSHIPS	Joint venture Partner: First Pacific (Goodman Fielder)
LANDBANK (HA)	Total : 282,575 ha Planted: 240,956 ha		
NDPE POLICY	Yes		
THIRD PARTY VERIFICATION	Partial RSPO member, applies ISPO & HCS Approach. 10% of its plantation estates not RSPO certified. (SPOTT, 2017) Lack of adequate information on verification of NDPE compliance for entire supply chain.		Other buyers: Unilever, PepsiCo, Nestlé, Mondelez, Mars, Kellogg, McDonalds, Procter & Gamble, Colgate-Palmolive, Reckitt Benckiser, Archer Daniels Midland, Itochu, Agrupación de Fabricantes de Aceites Marinos (AFAMSA), Elevance Renewable Sciences (Amnesty International, 2016)
TRACEABILITY	Weak SPOTT.org score on traceability to mill: 50%		
TRANSPARENCY	Partial SPOTT.org scores: RSPO reporting: 86.7% Landbank and maps: 100%		

INVESTORS AND FINANCIERS



BOND AND SHAREHOLDINGS IN WILMAR GROUP

246 MILLION USD

(MAY 2017, FOREST-RISK SECTOR ADJUSTED,
INSTITUTIONAL INVESTORS ONLY)*

LOANS & UNDERWRITING TO WILMAR GROUP

3,720 MILLION USD

(2010 - 2016, FOREST-RISK SECTOR ADJUSTED)*



- Vanguard
- BlackRock
- T. Rowe Price
- Northern Trust
- State Street
- Govt Pension Investment Fund Japan

- TIAA-CREF
- Van Eck Global
- Första AP-Fonden (API)
- Bank of New York Mellon
- Others

- HSBC
- DBS
- Mitsubishi UFJ Financial
- Sumitomo Mitsui Financial

- BNP Paribas
- Mizuho Financial
- Oversea-Chinese Banking Corporation
- Other

SOURCE: 'EXPLORE THE DATA' | [forestsandfinance.org](#)

* Forest-sector adjusted financing at group company level. See methodology note on summary page.



Aerial view of PT. Koperasi Prima Jasa.

PHOTO: NANANG SUJANA / RAN

ESG PERFORMANCE

HUMAN RIGHTS

- » Wilmar faces a significant number of serious un-resolved social and land conflicts related to its operations in Indonesia, Nigeria, Liberia and Uganda, in violation of its 2013 commitment to respect 'Land Tenure Rights and Free Prior and Informed Consent' ([Forest Peoples Programme \(FPP\), 2016; FoE Europe, 2015 & FoE Europe, 2014](#)).
- » In February 2017, Wilmar was found to be in violation of Roundtable for Sustainable Palm Oil (RSPO) standards for taking customary lands in a West Sumatra concession without obtaining the community's consent ([FPP, 2017](#)).
- » Evidence of human rights abuses, including forced labour, child labour, gender discrimination and exploitative and dangerous working conditions, were recently documented by Amnesty International ([2016](#)) on plantations owned by two of Wilmar's subsidiaries (PT Daya Labuhan Indah and PT Perkebunan Milano) and three of its suppliers (PT Sarana Prima Multi Niaga, PT Abdi Budi Mulia and PT Hamparan Masawit Bangun Persada). Researchers concluded the abuses were part of systemic practices by Wilmar's subsidiaries and suppliers.
- » Wilmar sources from Reforestadora de Palma de Petén SA (REPSA), a Guatemalan palm oil plantation company with a history of severe labour rights violations, coercive land acquisition and causing major river pollution and fish die-offs, operating in a region where local human rights defenders that have challenged the company have been kidnapped and murdered ([RAN, 2015](#)).

CLIMATE AND BIODIVERSITY

- » Wilmar has a legacy of forest destruction over the course of its operations, including clearing tiger and orangutan habitats, sourcing from national parks and burning peatlands in violation of a moratorium ([Greenomics, 2011; Mongabay, 2013 & FoE, 2015](#)).
- » In 2015, Wilmar was linked to the clearance of HCV areas and HCS forests in Kalimantan through Genting Plantations, its second largest supplier at the time ([Greenomics, 2015](#)).
- » In December 2016, Wilmar's supplier PT. Raja Marga was found sourcing from a company engaged in forest clearance, dredging of peat drainage canals and the destruction of orangutan habitat in the Leuser ecosystem ([RAN, 2016](#)). Evidence documented in

2017 also confirmed the destruction of the critically important Singkil-Bengkun lowland rainforests in the Leuser Ecosystem in close proximity to mills supplying Wilmar, including PT. Samudera Sawit Nabati, PT. Ensem Lestari, PT. Nafasindo and PT. Perkebunan Lembah Bakti (a subsidiary of PT. Astra Agro Lestari owned by Jardine Matheson Holdings Ltd) ([RAN, 2017](#)).

- » Evidence confirmed supply chain links to clearance of forest occupied by critically-endangered Sumatran elephants by PT. Agra Bumi Niaga (PT. ABN) in 2017, a company producing palm oil fruit for one of Wilmar's suppliers ([National Geographic, 2017](#)).

GOVERNANCE

- » Wilmar adopted a No Deforestation, No Peat, No Exploitation policy for all of its operations and third party suppliers in 2013, but it relies extensively on third party palm oil suppliers and serious gaps exist in its monitoring of compliance as demonstrated above.
- » Wilmar maintains a dashboard on its supply chain, which includes information on supplying mills ([Wilmar, 2017](#)) and logged grievances relating to Wilmar's operations and those of its suppliers ([Wilmar, 2017](#)). However, it has yet to achieve traceability to the plantation, which puts it at risk of breaching its NDPE policy ([Eyes on the Forest, 2016](#)).
- » In April 2016, investigations confirmed crude palm oil tainted by illegally grown palm fruit from government-protected areas was entering Wilmar's supply chain.
- » Wilmar subsidiaries and suppliers may have breached Indonesian labour law, including the worst forms of child labour, forced labour, discrimination against women, payment below the minimum wage and workers suffering injuries from toxic chemicals. Under Indonesian law, many of these abuses can amount to criminal offences.
- » Wilmar's demand for palm oil continues to drive the destruction of forests and peatlands by third party suppliers across Indonesia, in violation of its own NDPE policy as well as the Indonesian government moratorium on the clearance of forests and peatlands for new palm oil plantations.

Note: for the full reference list, see the original report '[Every Investor Has A Responsibility](#)'