

**KnowTheChain Food & Beverage Benchmark Methodology
Version 2 (December 2017)**

SCORED DISCLOSURE

THEME 1 COMMITMENT AND GOVERNANCE

1.1 Commitment

The company:

(1) has publicly demonstrated its commitment to addressing human trafficking and forced labor.

Wilmar adheres to international human rights principles and complies with local applicable laws, drawing guidance from the following guidelines and policies:

- The United Nation (UN) Universal Declaration of Human Rights
- International Labour Organization (ILO) Core Conventions on Labour Standards
- Food and Agriculture Organization's Voluntary Guidelines on the Responsible Governance of Tenure

One of the key aspect of our Human Rights policy cover Labour Rights, where the components are: (a) Freedom of association; (b) No forced or bonded labour; (c) No Child labour & (d) Conducive working conditions.

Source: Human Rights Policy (<http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/02/Human-Rights-Policy.pdf#zoom=150>)

1.2 Supply Chain Standards

The company's supply chain standard:

(1) requires suppliers to uphold workers' fundamental rights and freedoms (those articulated in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work), including the elimination of forced labor;

Complementing the NDPE Policy is Wilmar's Human Rights Policy and its scope covers all of our own operations as well as the entire supply chain as well.

(2) has been approved by a senior executive;

Wilmar's Human Rights Policy has been signed off by our Chairman and Chief Executive Officer. Also, it is mentioned in below sources that the NDPE policy has been approved by our Chairman and CEO (Mr. Kuok Khoo Hong) in Dec 2013.

Sources:

1. http://media.corporate-ir.net/media_files/IROL/16/164878/WIL%20Announces%20No%20Deforestation,%20No%20Peat%20&%20No%20Exploitation%20Policy%20-%205%20Dec%202013_MR.pdf

2. pg. 4 of NDPE policy progress update (<http://www.wilmar-international.com/wp-content/uploads/2016/01/Wilmar-Policy-Progress-Report-Final.pdf>)

(3) is easily accessible from the company's website;

Both policies are available for download at our company's website (<http://www.wilmar-international.com/sustainability/integrated-policies/other-policies/>).

(4) is updated regularly, following internal review and input from external stakeholders; and

Under the "Analysis and Review" section for NDPE Policy, it is stated that Wilmar conducts constant analysis of the implementation process and reviews the effectiveness of the policies. As the current version is the first, there are no previous version numbers to show for past reviews.

To ensure that our NDPE Policy remains relevant to the current stakeholder landscape and latest scientific consensus, we will be refreshing our NDPE Policy in 2018.

Source: Page 26 of Wilmar's Sustainability Report 2017

(5) is communicated to the company's suppliers.

Wilmar has already completed engagements with suppliers, government and other key stakeholders on our NDPE Policy in Indonesia, Malaysia and Latin America.

Source:

Wilmar's POLICY PROGRESS UPDATE 2015, page 5:

<http://www.wilmar-international.com/wp-content/uploads/2016/01/Wilmar-Policy-Progress-Report-Final.pdf> (Sustainability Website > Resource Library > Policy Implementation Progress Reports > 2015)

1.3 Management and Accountability

The company:

(1) has a committee, team, program, or officer responsible for the implementation of its supply chain policies and standards that addresses human trafficking and forced labor; and

Other than the Sustainability Department headed by the Group Sustainability General Manager to support NDPE Policy implementation, Wilmar also has operations teams working on site and at regional levels, a communications team, and a Technical Advisory Group comprising of NGOs and sustainability partners that advise on specific issues where broader perspectives are needed. These teams provide input to the Joint Steering Committee (JSC) to deliberate and decide on the more complex NDPE Policy implementation matters. The JSC handles major strategic issues related to the execution of the NDPE Policy. The JSC reports directly to the Wilmar's CEO and Chairman. As the scope of policy covers the entire Wilmar's supply chain, therefore the JSC is responsible for the implementation of its supply chain policies and standards relevant to human trafficking and forced labor, as indicated in the NDPE policy.

Source: Page 28, Wilmar's Sustainability Report 2017

(2) has tasked a board member or board committee with oversight of its supply chain policies and standards that address human trafficking and forced labor.

Referring to pg. 28 of SR2017, it is stated that the Risk Management Committee (RMC under the Board of Directors) assesses and manages all sustainability-related risks, which includes supply chain

standard. An update paper on the sustainability issues (including implementation progress for supply chain work) is provided every quarterly to the RMC for their review and consideration.

1.4 Training

The company undertakes programs which include:

(1) the training of all relevant decision-makers within the company on risks, policies, and standards related to human trafficking and forced labor; and

Under the partnership with Verite (http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/04/Joint-Statement-Wilmar-Verite-Collaboration_Final.pdf), Verite conducted a sustainability planning workshop in Medan in January 2018 with key managerial and operations staff in our North Sumatra operation. A Core Team, comprising of the operational management and the sustainability team, was then created to drive the implementation of the strategy and action plans, in close coordination with Verité. A series of capacity building activities will be conducted by Verité to ensure that the Core Team has the necessary support to succeed.

Source:

Initiatives to Provide a Better and More Conducive Environment for our Workers: Page 1 & 2 - Strengthening Labour Practices: Working with Verité to Develop an Integrated Management Strategy Framework for North Sumatra (<http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/03/Initiatives-to-provide-a-better-and-more-conducive-environment-for-our-workers.pdf>)

(2) the training and capacity-building of suppliers on risks, policies, and standards related to human trafficking and forced labor, covering key supply chain contexts.

- Wilmar has set a target to train 1000 suppliers (from 2015-2018) on environmental and social issues and to-date, 712 suppliers have been trained. (Source: Page 6 and 7 of Wilmar's Sustainability Report 2017). The scope of trainings are issue-specific and include conservation, labour rights, environmental impact management and health and safety. Training is conducted in the form of panel discussions, classroom lectures and interactive discussions. Sessions also provide space for the discussion of issues and examples of best practice, and serve as a forum for dialogue with government representatives, such as those from the labour and environment departments. (Source : page 42-43 of Wilmar's Sustainability Report 2017)
- As an update to our collaboration (<http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/11/News-Release-15-Nov-17-Collective-Action-to-improve-Labour-Conditions.pdf>) with BSR and our buyers, we have organised two training sessions for our suppliers entitled Human Resources and Labour in Indonesia. The sessions involved government, union and civil society speakers, and covered key issue such as wages, employment contract status and grievance mechanisms. The first workshop took place in Medan in November 2017, where more than 60 representatives from 30 different supplier companies participated. The second was held in January 2018, where more than 50 representatives from 33 different supplier companies took part. (Source: page 66 of Wilmar's Sustainability Report 2017)

1.5 Stakeholder Engagement

In the last three years, the company has engaged relevant stakeholders by:

(1) providing at least two examples of engagements on forced labor and human trafficking with policy makers, worker rights organisations, local NGOs, or other relevant stakeholders in countries in which its suppliers operate, covering different supply chain contexts; and

Please find below the updated examples of engagements with various parties on labour issues:

- Workers union – CNV

Collective Action with CNV & KSBSI-HUKATAN Makes Positive Impact in Labour Improvements

(<http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/05/CNV-video-on-Improving-Labour-Conditions-in-Indonesia-Oil-Palm.pdf>)

- Workers Union – Serbundo

Page 10 – 11 under Union Engagement

(<http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/12/Wilmar-Progress-in-Strengthening-Labour-Practices-FINAL-1.pdf>)

- Policy Makers – Passport retention

(<http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/10/Sustainability-Brief-Providing-a-Safe-Place-for-Workers%E2%80%99-Passports.pdf>)

- NGOs and Unions – Gender Equality Review

(<http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/03/Initiatives-to-provide-a-better-and-more-conducive-environment-for-our-workers.pdf>)

- Industry expert – Verite

(http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/04/Joint-Statement-Wilmar-Verite-Collaboration_Final.pdf)

- Policy Makers – Malaysia Palm Oil Certification Council

Assist all of Wilmar’s suppliers in Malaysia to obtain the Malaysian Sustainable Palm Oil (MSPO) certification by the end of 2019. MSPO criteria for certification covers labour rights, i.e. forced labour and human trafficking.

Sources:

1. <http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/03/News-Release-5-Mar-2018-MPOCC-and-Wilmar-to-help-over-260-mill-suppliers-attain-MSPO-certification.pdf>
2. <http://www.theedgemarkets.com/article/wilmars-srt-help-palm-oil-suppliers-assess-mspo-readiness>

(2) actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.

- “Pre-competitive platform to seek long-term solutions for labour improvement” refers to the initiative announced together with other palm producers and Forum for the Future

under the umbrella of the Decent Rural Living Initiative to improve the protection of human and labour rights of workers in the agriculture sector
<http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/03/Sustainability-Joint-Statement-FINAL-2-050318.pdf>)

- Collaboration with BSR and palm oil buyers in improving labour conditions
<http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/11/News-Release-15-Nov-17-Collective-Action-to-improve-Labour-Conditions.pdf>)

- Multi-stakeholder’s collaboration under RSPO platform

- RSPO Human Rights Working Group

<https://www.rspo.org/about/who-we-are/working-groups/human-rights-working-group>)

Wilmar is a member of the RSPO Human Rights Working Group (HRWG). The HRWG was established early 2014 and became an official part of the RSPO structure. The work of the HRWG is directly linked to the globally accepted UN Guidelines on Business and Human Rights (‘the Ruggie Framework’). Within the HRWG, Wilmar is actively participating in the Labour Taskforce, focusing on addressing the rights of plantation workers and vulnerable groups such as migrant workers and casual workers and to promote living wages, health and safety conditions at the plantation, Freedom of Association, etc. Most recently in August 2017, through the labour taskforce, we have also strongly supported the development of RSPO decent living wage definition and methodology, for public consultation and consideration by the RSPO/P&C Task Force.

- RSPO P&C taskforce

<https://rspo.org/principles-and-criteria-review>)

As a substantive member for the RSPO P&C taskforce, Wilmar has been actively participating in the P&C review. One of our key contributions in the review process, on the labour component, is to share our experiences and challenges in strengthening our labour practices. Our experiences in working to improve our labour practices and working conditions with industry experts have helped to add important insights and inputs to the RSPO standard setting process. This is expected to further improve labour related criteria in the RSPO P&C. The 2nd public consultation of the draft of the updated RSPO P&C is expected in July 2018.

- Multi-stakeholders collaboration with BSR, Palm oil buyer (Neste) and our peer (GAR)

http://www.wilmar-international.com/sustainability/wp-content/uploads/2016/11/News-Release-7-Nov-16-GAR_WIL_BSR_Joint_Collaboration-Final.pdf)

THEME 2 TRACEABILITY AND RISK ASSESSMENT

2.1 Traceability

The company discloses:

Additional comments to the Research Findings (Comment Text) in Excel file -

It is stated that for Palm oil, “*Wilmar details on its approach to concepts such as “traceable to plantation” or “fresh fruit bunch (FFB) traceability”*” but we would like to point out that those concepts are not the focal point of our work on traceability but the “aggregator refinery transformation (ART)” approach.

Under the comments for Palm oil at (2), the statement *“Specifically on the identification of below first-tier (refineries) suppliers, it states that it “currently does not have data of the supplying mills” but it discloses steps taken to achieve it.”* is inaccurate and would suggest to refer to our additional information below.

(1) the names and addresses of its first-tier suppliers;

(2) the countries of below first-tier suppliers (this does not include raw material suppliers);

PALM: We have focused our attention on traceability to mill because the mill is a good indicator of the approximate location of its suppliers. Specifically, on identification of below first-tier suppliers (i.e. direct mill suppliers to Wilmar refineries), we trace supply flows from ports and refineries back to palm oil sources to map our supply base, evaluate suppliers’ performance against our NDPE Policy, and engage with our suppliers to make improvements where needed.

Traceability analyses and summary data continued to be collected across Wilmar’s global operations throughout the year. As at 31 December 2017, we have achieved around **97.2% and 99.6%** traceability to mills for our operations in Indonesia and Malaysia respectively. In Indonesia, about 8.54 million tonnes of crude palm oil (CPO) and 1.16 million tonnes of palm kernel oil (PKO) processed by our refineries were traceable at least to mills. About 5.68 million tonnes of CPO and 0.53 million tonnes of PKO from our Malaysian refineries were also traceable at least to mills.

We have so far identified over 800 mills supplying each of our refineries in Indonesia and Malaysia. Each refinery typically has 50–100 mills in its supply network, although not all mills supply products in every quarter.

Source: Page 32-33 of Wilmar’s Sustainability Report 2017

Our annual traceability values are calculated on volumes supplied during the previous four quarters on a rolling basis for origin and destination refineries. As mill lists are updated on a quarterly basis, and each update covers four calendar quarters, it can therefore take up to four rolling quarters for changes at mill-level to be reflected on the mill list.

Source: <http://www.wilmar-international.com/sustainability/supply-chain-map/>

(3) the sourcing countries of raw materials at high risk of forced labor and human trafficking; and

Wilmar has made available complete mill information for all our facilities (at origination and destination) on our [Sustainability Dashboard](#) under the [Supply Chain Map](#) section.

Wilmar is committed to respecting and protecting the human rights of workers who are part of our business, and we have policies in place that make our position clear. We are guided by international standards as set out in the UN Global Compact, the Guiding Principles on Business and Human Rights, International Labour Organization (ILO) conventions, the Universal Declaration of Human Rights and its covenants, and the UK Modern Slavery Act. In accordance with Section 54 of the UK Modern Slavery Act, we have developed a transparency statement for the 2017 financial year. This highlights our risk-based approach to due diligence in our supply chain and our proactive and collaborative strategy towards monitoring and identifying issues that could be linked to our suppliers at plantation, mill or Group level. Wilmar is a member of the RSPO Human Rights Working Group (HRWG), which was established in 2014 and is now a part of the RSPO structure.

In addition to our NDPE Policy, we have established the following labour and human rights policies: Human Rights, Child Protection, Occupational Health and Safety, Equal Opportunity and Sexual Harassment, Violence & Abuse, and Reproductive Rights.

Source: Page 64-65 of Wilmar's Sustainability Report 2017

Further, Wilmar implements the ART programme that is built to strengthen every actor in the supply chain to promote transformation, providing a collaborative framework for refiners, millers and growers with an opportunity to work closely to overcome challenges faced on the ground. Through ART, our refineries provide a central point for growers and millers to progress on HCV; HCS and peat protection; environmental impact management; **labour standards; Free, Prior and Informed Consent (FPIC);** and traceability.

This programme is being implemented across key landscapes at origin, encompassing three Wilmar refineries in Sabah, two refineries in Riau, and one in Peninsular Malaysia, Sarawak, North Sumatra and East Java respectively.

The ART programme does not seek to equally engage all mills in the supply shed simultaneously. Instead it adopts a Mill Prioritisation Process using spatial and non-spatial information to prioritise and target higher risk mills in a vast supply shed for deep engagement. Based on the above factors, supplying mills are ranked and 10% of the high priority mills for each refinery will be selected for further engagement.

At year-end 2017, we have conducted 69 assessments in these areas.

Source: Page 39-43 of Wilmar's Sustainability Report 2017

(4) some information on its suppliers' workforce.

2.2 Risk Assessment

The company discloses:

(1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks or assessments that focus specifically on forced labor risks; and

As part of our progress towards covering a larger part of our supply shed, in 2017 Wilmar began a process to also cover additional medium and low risk mills, beyond those identified as the 10% high priority mills. Known as the Supplier Reporting Tool (SRT), the tool is designed to aid and align supplier operations along NDPE commitments of producers and consumers. The outcome of the questionnaire may result in a visit to specific suppliers. Force labour risk is one of the criteria under the scope of our NDPE Policy.

Sources:

1. Page 43: Wilmar's Sustainability Report 2017
2. <http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/03/News-Release-5-Mar-2018-MPOCC-and-Wilmar-to-help-over-260-mill-suppliers-attain-MSPO-certification.pdf>
3. <http://www.theedgemarkets.com/article/wilmars-srt-help-palm-oil-suppliers-assess-mspo-readiness>

(2) details on forced labor risks identified in different tiers of its supply chain.

The risks identified in our ART programme & several Overarching reports are not just limited to the first tier suppliers (CPO mills) but also the second tier suppliers in the form of FFB suppliers. More detailed information on ART can be found here:

1. <http://www.tft-earth.org/stories/blog/artintro/>
2. <http://www.tft-earth.org/wp-content/uploads/2017/11/TFT-ART-approach-for-palm-oil-transformation.pdf>

List of criterion and indicators under the ART Programme which cover the forced labour criteria is available at Appendix 1 on Page 11-14

(<http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/05/Joint-Sabah-Overarching-Report.pdf>)

Below are two examples on how Wilmar identifies labour issues in supply chain and how Wilmar works towards improving supplier's practices:

1. Malaysia – Passport retention
 - a. <http://www.tft-earth.org/stories/blog/passports/>
 - b. <https://youtu.be/1esjpsGs2w>
2. Indonesia – Labour Rights
(<http://www.tft-earth.org/stories/blog/abm/>)

THEME 3: PURCHASING PRACTICES

3.1 Purchasing Practices

Purchasing practices and pricing may both positively impact labor standards in the company's supply chain, and increase risks of forced labor and human trafficking. The company:

(1) is taking steps towards responsible raw materials sourcing;

With over 20 palm refineries in Indonesia and Malaysia, and many hundreds of mills in our supply shed, we have adopted a risk-based approach to due diligence. Focus is first placed on identifying and creating transformation in areas with commercial importance, as well as higher risk in terms of environmental and social impact, before progressing to medium and low risk areas. Based on these initial criteria, we have chosen nine key refineries covering six key landscapes in Malaysia and Indonesia (page 39 in Wilmar's Sustainability Report 2017). List of Criterion and indicators under the ART Programme which cover the forced labour criteria is available at Appendix 1 on Page 11-14

(<http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/05/Joint-Sabah-Overarching-Report.pdf>)

We had also participated in several collaborative initiatives that include due diligence on labor issues at the raw material level:

(1) Pre-competitive collaboration with our peers
(<http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/03/Sustainability-Joint-Statement-FINAL-2-050318.pdf>)

(2) Collaboration with BSR, and palm oil buyers in improving labour condition
(<http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/11/News-Release-15-Nov-17-Collective-Action-to-improve-Labour-Conditions.pdf>)

We have organised two training sessions for our suppliers entitled Human Resources and Labour in

Indonesia. The sessions involved government, union and civil society speakers, and covered key issues such as wages, employment contract status and grievance mechanisms (page 66 in Wilmar's Sustainability Report 2017).

(2) is adopting responsible purchasing practices in the first tier of its supply chain; and

As mentioned in section 1.4, we have already engaged with all of our suppliers with regards to our NDPE Policy. On-going trainings focusing on the implementation of the NDPE Policy were also provided as part of the wider ART Programme.

As part of our progress towards covering a larger part of our supply shed, in 2017 Wilmar began a process to also cover additional medium and low risk mills, beyond those identified as the 10% high priority mills. Known as the Supplier Reporting Tool (SRT), the tool is designed to aid and align supplier operations along NDPE commitments of producers and consumers. The outcome of the questionnaire may result in a visit to specific suppliers (page 43 of Wilmar's Sustainability Report 2017).

(3) provides procurement incentives to first-tier suppliers to encourage or reward good labor practices (such as price premiums, increased orders, and longer-term contracts).

1. Own scheme smallholders are smallholders who are structurally bound by contract, a credit agreement or planning to a particular mill. The scheme farmers receive training and resources to operate more efficiently in exchange for selling exclusively to the mills. By committing to help our own scheme smallholders achieve RSPO certification under the Smallholder Principles & Criteria (page 80 in Wilmar's Sustainability Report 2017), the smallholders would be able to achieve better yield and higher premium while operating under good labor practices.
2. Our NDPE policy extends across Wilmar's entire supply chain, including our joint-ventures and third-party suppliers.
When non-compliances to our policy are identified, we engage with the relevant suppliers to work on compliance to our policy. For suppliers who fail to comply with Wilmar's NDPE Policy, a Suspension Committee has been appointed to review the trading relationship. Wilmar has also established a Grievance Procedure as a reference for management and staff of Wilmar to handle any grievance from any external parties, including individuals, government organizations and non-governmental organizations concerning the implementation of Wilmar's Policy.

Source: Wilmar's Sustainability Report 2017 page 28 and Sustainability website (<http://www.wilmar-international.com/sustainability/grievance-procedure/>)

3.2 Supplier Selection

The company:

(1) assesses risks of forced labor at potential suppliers prior to entering into any contracts with them.

3.3 Integration into Supplier Contracts

The company:

(1) integrates supply chain standards addressing forced labor and human trafficking into supplier contracts.

An example of the language used in supplier contracts:

“For the duration of the contract, the Seller shall adhere in all respects to Wilmar’s sustainability policy. The Seller acknowledges that its collaboration on the Policy will help advance the transformation of the palm oil industry towards sustainable development.”

Labor compliances form part of our sustainability policy and although we have samples of purchase contracts showing such procurement requirement, we are unable to disclose in public as these are confidential documents.

3.4 Cascading Standards through the Supply Chain

The company:

(1) requires its first-tier suppliers to take steps to ensure that their own suppliers implement standards that are in-line with the company's supply chain standards addressing forced labor and human trafficking.

Referring to our NDPE policy, it extends across Wilmar’s entire supply chain, including joint-ventures and third-party suppliers.

THEME 4: RECRUITMENT

4.1 Recruitment Approach

(1) has a policy that requires direct employment in its supply chain;

(2) requires employment and recruitment agencies in its supply chain to uphold workers' fundamental rights and freedoms (those articulated in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work), including the elimination of forced labor; and

Wilmar’s NDPE policy covers its entire supply chain, which are applicable to its supplier/sub-contractor while forced labour commitments are clearly stated under **Forced and bonded labour** (below explanation).

Forced and bonded labour - the company and its suppliers/sub-contractors shall not knowingly use or promote the use of forced or bonded labour or human trafficking and shall take appropriate measures to prevent the use of such labour in connection with their activities. The company shall employ remedial actions in the case that such labour or trafficking is uncovered to ensure that victims are referred to the existing services for support and assistance.

As an implementation example, Wilmar’s ART programme have evaluated the suppliers’ recruitment agent’s compliance to the NDPE Policy as per page 16-17 of PGEO Overarching Report (<http://www.wilmar-international.com/wp-content/uploads/2016/04/PGEO-Overarching-Report.pdf>):

4.2. Forced labour, bonded labour, abuse, etc.

The ILO defines forced labour as ‘work or service exacted from a person under threat or penalty, which includes penal (jail) sanctions and the loss of rights and privileges, where the person has not

offered him/herself voluntarily' (ILO 2001a). Whereas bonded labour is when labour is demanded as a means of repayment for a loan. The person is then tricked or trapped into working for very little or no pay.

From interviews with workers and limited document review, no evidence was found of forced or bonded labour during the visits. However there is a risk that due to the outsourcing of operating centre works to third party contractors by many of the entities visited, there is currently limited visibility on the employment arrangements.

(3) discloses information on the recruitment agencies used by its suppliers.

Under the Supplier Reporting Tool (SRT), specific questions related to forced labour risks are directed to our suppliers who are required to disclose their recruitment details as per below example:

- How do you recruit foreign workers?
 - Direct recruitment
 - Via recruitment agents (to source workers only, workers paid directly by you)
 - Via referral (from current workers)
 - Via contractors (workers currently paid directly under contractor)
 - Through walk-ins
 - Other
 - Please specify

4.2 Recruitment Fees

The company:

(1) requires that no worker in its supply chain pay for a job—the costs of recruitment should be borne not by the worker but by the employer ("Employer Pays Principle"); and

Please refer to page 74 of Wilmar's Sustainability Report 2017 under Bonded Labour section.

(2) takes steps to ensure that such fees are reimbursed to the workers, in the event that it discovers that fees have been paid by workers in its supply chain.

1. As part of the ART programme to assess our supplier's compliance to the NDPE Policy, the provision of recruitment fees has to be evaluated as one of the criterion/indicators on page 12 of Sabah Overarching Report (<http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/05/Joint-Sabah-Overarching-Report.pdf>).

4.8: The company and its suppliers/sub-contractors shall ensure that no fees or costs have been charged, directly or indirectly, in whole or in part, to jobseekers and workers for the services directly related to recruitment for temporary or permanent job placement, including when using the services of Private Recruitment or Employment Agents or performing recruitment activities directly.

2. Under the Supplier Reporting Tool (SRT), specific questions related to forced labour risks are directed to our suppliers who are required to disclose their recruitment details as per below example:

- Which of the following applies to your operations?
 - Recruitment fees are paid by workers to the agent in home country

- Recruitment fees are paid by workers to the agent/contractor in country of employment
- Recruitment fees are paid to agent/contractor up-front by management and deducted from workers' wages
- No fees/costs charged directly or indirectly to the workers
- Management is unaware of what fees are paid by workers for recruitment

4.3 Monitoring and Ethical Recruitment

The company:

(1) takes steps to ensure employment and/or recruitment agencies used in its supply chain are monitored to assess and address risks of forced labor and human trafficking; and

Please refer to our answers in section 4.1 Recruitment Approach.

(2) provides details of how it supports ethical recruitment in its supply chain.

Please refer to page 74 of Wilmar's Sustainability Report 2017 under Bonded Labour section on the various approaches taken to support ethical recruitment in supply chain. We also provide various trainings to our suppliers to increase their awareness and support of ethical recruitment in their supply chain. Please refer to our answers in section 1.4 (2) Training.

4.4 Migrant Worker Rights

The company:

(1) takes steps to ensure migrant workers understand the terms and conditions of their recruitment and employment, and also understand their rights;

(2) takes steps to ensure its suppliers refrain from restricting workers' movement, including through the retention of passports or other personal documents against workers' will;

(3) takes steps to ensure migrant workers are not discriminated against, and not retaliated against, when they raise grievances; and

Under Wilmar's ART programme, various issues related to migrant workers were evaluated to ensure that migrant worker's rights are upheld (please refer to page 16 – 23: <http://www.wilmar-international.com/wp-content/uploads/2016/04/PGEO-Overarching-Report.pdf>)

(4) provides evidence of how it works with suppliers to ensure migrant workers' rights are respected.

1. Wilmar is a member of the RSPO Human Rights Working Group (HRWG), which was established in 2014 and is now a part of the RSPO structure. The work of the HRWG is directly linked to the globally accepted UN Guidelines on Business and Human rights (the "Ruggie Framework"). Wilmar is actively participating in the HRWG Labour Taskforce, addressing the rights of plantation workers and vulnerable groups such as migrant workers and casual workers, as well as issues including the promotion of living wages, health and safety conditions at plantations and freedom of association.

(Source: page 64 in Wilmar's Sustainability Report 2017)

2. Evidence of how Wilmar worked with a supplier on migrant workers' rights: <http://www.tft-earth.org/stories/blog/passports/>.

THEME 5: WORKER VOICE

5.1 Communication of Policies

The company takes steps to ensure:

- (1) its policies and standards, which include human trafficking and forced labor, are available in the languages of its suppliers' workers; and
- (2) its human trafficking and forced labor policies and standards are communicated to workers in its supply chain.

5.2 Worker Voice

The company:

- (1) works with relevant stakeholders to engage with and educate workers in its supply chain on their labor rights;

- Workers union – CNV

Collective Action with CNV & KSBSI-HUKATAN Makes Positive Impact in Labour Improvements

<http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/05/CNV-video-on-Improving-Labour-Conditions-in-Indonesia-Oil-Palm.pdf>

- Workers Union – Serbundo

Page 10 – 11 under Union Engagement

<http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/12/Wilmar-Progress-in-Strengthening-Labour-Practices-FINAL-1.pdf>

- Policy Makers – Passport retention

<http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/10/Sustainability-Brief-Providing-a-Safe-Place-for-Workers%E2%80%99-Passports.pdf>

- Policy Makers – Malaysia Palm Oil Certification Council

Assist all of Wilmar's suppliers in Malaysia to obtain the Malaysian Sustainable Palm Oil (MSPO) certification by the end of 2019. MSPO criteria for certification covers labour rights, i.e. forced labour and human trafficking.

Sources:

1. <http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/03/News-Release-5-Mar-2018-MPOCC-and-Wilmar-to-help-over-260-mill-suppliers-attain-MSPO-certification.pdf>
2. <http://www.theedgemarkets.com/article/wilmars-srt-help-palm-oil-suppliers-assess-mspo-readiness>

- Wilmar has set a target to train 1000 suppliers (from 2015-2018) on environmental and social issues and to-date, 712 suppliers have been trained. (Source: Page 6 and 7 of Wilmar's Sustainability Report 2017). The scope of trainings are issue-specific and include conservation, labour rights, environmental impact management and health and safety. Training is conducted in the form of panel discussions, classroom lectures and interactive discussions. Sessions also provide space for the discussion of issues and examples of best practice, and serve as a forum for dialogue with government representatives, such as those from the labour and environment departments. (Source : page 42-43 of Wilmar's Sustainability Report 2017)

(2) takes steps to ensure that there are worker-to-worker education initiatives on labor rights in its supply chain;

Through our workshops with BSR, we have invited Unions (Serbundo or Hukataan KSBSI) to speak directly with our suppliers on ways to improve labour practices, from a union's perspective – please see page 2 (<http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/05/Collective-Action-with-CNV-Hukatan-KSBSI-Makes-Positive-Impact-in-Labour-Final.pdf>) and page 11 (<http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/12/Wilmar-Progress-in-Strengthening-Labour-Practices-FINAL-1.pdf>).

We are keen to share our positive experience working with Hukatan-KSBSI and CNV with our third-party suppliers in Indonesia. We have actively included leaders of unions including Hukatan-KSBSI, as speakers in our series of capacity building sessions focusing on labour and human rights concerns in Indonesia. Facilitated by the global non-profit, Business for Social Responsibility (BSR) and supported by consumer goods companies, these sessions gathered perspectives from NGOs, consumer goods companies, Labour Ministry officers and the unions, which were extremely valuable to our suppliers, many of which are smaller companies with little direct exposure to international sustainability concerns. This series of workshops was attended by 112 participants from 74 suppliers companies. Hukatan-KSBSI presented in two of these workshops at Pekanbaru (January 2018) and Jakarta (May 2018) while Serbundo spoke at our first workshop in Medan in November 2017.

(3) provides evidence of the positive impact of worker engagement in its supply chain; and

Below are some examples of how Wilmar identifies labour issues in our supply chain and the approach Wilmar takes towards improving supplier's practices together with TFT:

- Malaysia – Passport retention
 - <http://www.tft-earth.org/stories/blog/passports/>
 - <https://youtu.be/1esjpsGs2w>
- Indonesia – Labour Rights
 - <http://www.tft-earth.org/stories/blog/abm/>
 - Page 40 of Wilmar's Sustainability Report 2017

Suppliers also provide their testimonial in suppliers workshop on how they work with Wilmar to improve their labour practices. (See page 12 at <http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/12/Wilmar-Progress-in-Strengthening-Labour-Practices-FINAL-1.pdf>)

(4) provides at least two examples of worker engagement initiatives covering different supply chain contexts.

1. For Indonesia's context, please refer to our response to Section 5.2 (2) for worker engagement initiatives.
2. For Malaysia's context, the returning of worker's passport is a good example of worker engagement initiatives done.
 - a. <http://www.tft-earth.org/stories/blog/passports/>
 - b. <https://youtu.be/1esjpsGs2w>
3. Wilmar and the Industrial Association of Palm Oil Producers in Honduras (AIPAH) have established an alliance to help strengthen environmental and social practices of palm oil smallholders. In this regard, the WISSH program (Wilmar Smallholders Support in Honduras) was created.

Under this program, the Social Responsibility training sessions were carried out simultaneously in mid-June 2017 for associated and independent smallholders. A total of 3,077 smallholders were trained in 95 sessions. The main topics were 'Working Contracts', 'Prohibition of Child Labor', and 'Respect for Indigenous and Local Communities'. Through the trainings, smallholders recognized the importance of implementing basic themes, such as respect and non-violence in the plantations. During this Social Responsibility sessions a new pocket guidebook was shared with all participants. The book emphasizes the topics discussed (labor rights, land and property rights, respect for indigenous people and local communities, and no violence) by means of everyday examples.

Sources:

1. <http://www.olenex.com/wissh.html>
2. <http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/12/WISSH-Programme-Fifth-Progress-Report-Mar-%E2%80%93-Oct-2017.pdf>

5.3 Freedom of Association

The company:

(1) describes how it works with suppliers to improve their practices in relation to freedom of association and collective bargaining;

Please refer to page 75-76 under Freedom of Association and Union Relations in Wilmar's Sustainability Report 2017.

(2) works with local or global trade unions to support freedom of association in its supply chain;

- Through our workshops with BSR, we have invited Unions (Serbundo or Hukataan KSBSI) to speak directly with our suppliers on ways to improve labour practices, from a union's perspective – please see page 2 (<http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/05/Collective-Action-with-CNV-Hukatan-KSBSI-Makes-Positive-Impact-in-Labour-Final.pdf>) and page 11 (<http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/12/Wilmar-Progress-in-Strengthening-Labour-Practices-FINAL-1.pdf>).

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Responsibility (BSR) and supported by consumer goods companies, these sessions gathered perspectives from NGOs, consumer goods companies, Labour Ministry officers and the unions, which were extremely valuable to our suppliers, many of which are smaller companies with little direct exposure to international sustainability concerns. This series of workshops was attended by 112 participants from 74 suppliers companies. Hukatan-KSBSI presented in two of these workshops at Pekanbaru (January 2018) and Jakarta (May 2018) while Serbundo spoke at our first workshop in Medan in November 2017.

- Working with CNV
 - <http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/05/CNV-video-on-Improving-Labour-Conditions-in-Indonesia-Oil-Palm.pdf>
 - <http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/05/Collective-Action-with-CNV-Hukatan-KSBSI-Makes-Positive-Impact-in-Labour-Final.pdf>

(3) takes steps to ensure workplace environments in which workers are able to pursue alternative forms of organizing (e.g., worker councils or worker-management dialogues) where there are regulatory constraints on freedom of association; and

Through our workshops with BSR, we have invited Unions (Serbundo or Hukataan KSBSI) to speak directly with our suppliers on ways to improve labour practices, from a union's perspective – please see page 2 (<http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/05/Collective-Action-with-CNV-Hukatan-KSBSI-Makes-Positive-Impact-in-Labour-Final.pdf>) and page 11 (<http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/12/Wilmar-Progress-in-Strengthening-Labour-Practices-FINAL-1.pdf>).

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(4) provides at least two examples covering different supply chain contexts of how it improved freedom of association for supply chain workers.

1. Socialization of our NDPE policy with all our suppliers and monitoring & enforcing supplier compliance to our policy (which includes freedom of association and collective bargaining)
2. Through the Aggregator Refinery Transformation programme, a form of supply chain risk-based due diligence platform; and sharing of best practices for common challenges faced by suppliers, which may include labour issues and freedom of association.
3. An example of how Wilmar worked with our suppliers in addressing the issues about Labour Rights: <http://www.tft-earth.org/stories/blog/abm/>

5.4 Grievance Mechanism

The company:

(1) takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chain is available to its suppliers' workers and relevant stakeholders;

(2) takes steps to ensure that the existence of the mechanism is communicated to its suppliers' workers;

Commencing in November 2017, BSR will conduct a series of supplier workshops in the major palm oil producing regions in Sumatra and Kalimantan. Tailored for the medium and small suppliers, the workshops are designed to heighten awareness on wages, employment contract status and grievance mechanisms. Representatives from the government and union organizations are also involved so that key actors in the supply chain have a voice in this initiative. (<http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/11/News-Release-15-Nov-17-Collective-Action-to-improve-Labour-Conditions.pdf>)

Through our collaboration with BSR and our buyers, we have organised training sessions for our suppliers entitled Human Resources and Labour in Indonesia. The sessions involved government, union and civil society speakers, and covered key issues such as wages, employment contract status and grievance mechanisms. The first workshop took place in Medan in November 2017, where more than 60 representatives from 30 different supplier companies participated. The second was held in January 2018, where more than 50 representatives from 33 different supplier companies took part (please refer to page 43 of Wilmar's Sustainability Report 2017).

(3) takes steps to ensure that workers or an independent third-party are involved in the design or performance of the mechanism, to ensure that its suppliers' workers trust the mechanism;

(4) discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism; and

(5) provides evidence that the mechanism is available and used by workers below tier one in its supply chain, or by relevant stakeholders in key supply chain contexts.

THEME 6: MONITORING

6.1 Auditing Process

The company has a supplier audit process that includes:

Please refer to page 39-43 of Wilmar's Sustainability Report 2017 under the Aggregator Refinery Transformation (ART) section on its supplier audit process.

(1) non-scheduled visits;

(2) a review of relevant documents;

Please refer to Chapter 4 "Respect of Human Rights" in PGEO Overarching Report for the elements that were assessed under the ART programme.

(<http://www.wilmar-international.com/wp-content/uploads/2016/04/PGEO-Overarching-Report.pdf>)

1. Wage slips were checked during site visits under the ART programme and the overarching reports of the field assessments are available online.

Example: Samples of pay-slips viewed show overtime hours exceeding 104 hours – see page 20 of PGEO Overarching Report.

2. Employment contracts were checked during site visits under the ART programme and the overarching reports of the field assessments are available online.

Example: Generally, almost all of the entities visited have their own employment contract template, which vary in terms of detail and content. Most of them still lack clarity and agreement by the workers. The contracts are always kept by management and in most cases, workers have no copy given to them. In general, awareness of the workers on the content of their contracts is low.

- (3) interviews with workers;

Workers interview were conducted during site visits under the ART programme and the overarching reports of the field assessments are available online.

Example: Migrant workers interviewed generally did not express any issue with getting access to their passport when required. However, it is critical that migrant workers are systematically assured freedom of access to their passport and processes should be put in place to ensure it is not withheld against their will – see page 21–22 of PGEO Overarching Report.

- (4) visits to associated production facilities and related worker housing; and

Referring to page 25 of PGEO Overarching Report, workers quarters of our suppliers were assessed and findings were reported during the field assessments. For an example of outcomes achieved after the supplier audit has been conducted for worker housing, please refer to : <http://www.tft-earth.org/stories/blog/abm/>.

- (5) supplier audits below the first tier.

The field assessments under the ART programme go beyond our first tier supplier, which is the mill. The assessments will also include samples of the mill's 3rd-party Fresh Fruits Bunches' supplier (i.e. oil palm estates).

See page 42 in Wilmar's Sustainability Report 2017 for the below section:

Following the mill prioritisation process, field visits are undertaken and practices are assessed against Wilmar's NDPE Policy requirements. Importantly, these field visits are not driven by a certification agenda or an audit, rather the visits seek to build trust and engagement for mills by providing practical recommendations for the mill and their FFB suppliers to improve practices. The site visits are supported by Wilmar's consultants together with our internal teams.

An initial discussion at headquarter level with key management is followed up by an assessment, which includes samples of the mill's third-party FFB suppliers such as commercial plantations, smallholders, as well as fruit collection centres. A typical visit will take three to five days, and prior to finalising the assessment report, the assessment team will meet with the mill to discuss findings. At year-end 2017, Wilmar had completed a total of 69 visits, including two in Africa and five in Latin America.

6.2 Audit Disclosure

The company discloses:

(1) the percentage of suppliers audited annually;

1. Wilmar has set a target to annually assess at least 32 supplying CPO mills and their compliance to NDPE requirements. In 2017, Wilmar completed 37 assessments, consisting of mill assessments under our Aggregator Refinery Transformation (ART) plan, revisit programme, and Support for Transformation (SFT) project – see page 8 of Wilmar’s Sustainability Report 2017.
2. Under the ART Programme, at year-end 2017, we have conducted a total of 69 assessments – see page 39 of Wilmar’s Sustainability Report 2017.

(2) the percentage of unannounced audits;

(3) the number or percentage of workers interviewed during audits;

1. Business for Social Responsibility (BSR) conducted an external review at two of our operations in December 2016 to assess the labour issues. The assessment methodology involved visual observations, interviews, focus group discussions and documentation reviews. More than 100 Wilmar employees, almost all non-management workers, were interviewed by BSR, and the findings have been made public – see page 54 of Wilmar’s Sustainability Report 2016.
2. Supplier PT Abdi Budi Mulia (ABM): Together with The Forest Trust (TFT), Wilmar conducted a field visit to PT ABM from 13 - 17 December 2016. PT ABM was cooperative in providing documentation for review and setting up all the interviews that were requested. Interviews were conducted with 45 workers (5% of PT ABM’s labour force made up of monthly and freelance daily workers), nine sub-contracted workers, three board members of the workers’ union, 15 members on the board of the Petani Plasma Cooperative (part of PT ABM’s supply chain), the village head and a school vice-principal.

Please refer to case N28: http://www.wilmar-international.com/sustainability/wp-content/uploads/2018/03/180322_Grievance-update.pdf;
http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/03/WILMAR_ExecSum_Final_20170302_English-Revised_Clean.pdf

(4) information on the qualification of the auditors used; and

(5) a summary of findings, including details regarding any violations revealed.

Please refer to the report from a field visit to a supplier (PT ABM) conducted together with TFT: http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/03/WILMAR_ExecSum_Final_20170302_English-Revised_Clean.pdf.

THEME 7: REMEDY

7.1 Corrective Action Plans

The company's corrective action plans include:

(1) potential actions taken in case of non-compliance, such as stop-work notices, warning letters, supplementary training, and policy revision;

- (2) a means to verify remediation and/or implementation of corrective actions, such as record review, employee interviews, spot-checks, or other means;
- (3) potential consequences if corrective actions are not taken; and

The Grievance Committee is responsible for making management decisions in relation to grievances and, where possible, will make reference to public standards when making decisions. It is responsible for approving action plans designed to resolve grievances and for approving official correspondence to external parties in relation to verified grievances. If Willmar verifies that one of its suppliers continues to be in breach of the Policy, the Grievance Committee will refer the findings to the Wilmar “Suspension Committee” and determine appropriate remedial actions which may include the suspension of business relationships with suppliers. Where suppliers who have been suspended are able to show tangible progress and commitment in implementing an acceptable action plan to remediate breaches to the Group’s Policy, the Grievance Committee will refer the case back to the “Suspension Committee” to review the resumption of business relationship with the supplier. However, if it is verified that there are significant failures in the implementation of the action plan, the Grievance Committee will advise the “Suspension Committee” to immediately re-impose the suspension. The Grievance Unit will request the Grievance Committee to triage new grievances which do not directly qualify as grievances in accordance with the Grievance Decision Tree.

Source: <http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/03/Grievance-Procedure-Updated.pdf>

- (4) a summary or an example of its corrective action process in practice.

7.2 Remedy Programs / Response to Allegations

A. If no allegation regarding forced labor in the company's supply chain has been identified in the last three years, the company discloses:

- (1) a process for responding to the complaints and/or reported violations of policies and standards; and
- (2) at least two examples of outcomes for workers of its remedy process in practice, covering different supply chain contexts.

B.1. If one or more allegations regarding forced labor in the company's supply chain have been identified in the last three years, the company discloses:

- (1) a process for responding to the complaints and/or reported violations of policies and standards;
- (2) a public response to the allegation, which covers each aspect of each allegation;
- (3) outcomes of the remedy process in the case of the allegation(s); and
- (4) evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

For more information on the follow-ups on PT ABN, please refer to <http://www.tft-earth.org/stories/blog/abm/>.

B.2. If one or more allegations regarding forced labor in the company's supply chain have been identified in the last three years, and the company denies the allegation, the company discloses:

- (1) a process for responding to the complaints and/or reported violations of policies and standards;
- (2) a public response to the allegation, which covers each aspect of each allegation;
- (3) a description of what actions it would take to prevent and remediate the alleged impacts; and
- (4) that it engages in a dialogue with the stakeholders reportedly affected in the allegation, or requires its supplier(s) to do so.

NON-SCORED DISCLOSURE

Commitment to address forced labor in the supply chain

The company has developed measurable and time-bound commitment(s) to address forced labor in the supply chain.

Compliance with Regulatory Transparency Requirements

UK Modern Slavery Act

Where applicable, the company discloses annual statements under the Modern Slavery Act which fulfils the three minimum requirements (director signature, board approval, link on homepage).

California Transparency in Supply Chains Act

Where applicable, the company discloses a statement under the California Transparency in Supply Chains Act which fulfils the minimum requirements (conspicuous link on homepage, reporting against five areas).

Additional information

Please note the below information may be displayed on a company's scorecard, or may be used for KnowTheChain's analysis purposes more broadly.

Business model

To put the KnowTheChain analysis into context, companies are invited to disclose relevant information on their business model, such as sourcing countries, owned versus outsourced production, etc. [Note KnowTheChain reserves the right to edit the information provided]

Addressing forced labour risks related to third-party products

Where a company--in addition to own branded products--sells third party products, the company discloses how it assesses and addresses forced labor risks related to third party products (relevant for retail companies).