



SUSTAINABILITY UPDATE

Edition #2 2020

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SMALLHOLDER SUPPORT 200 SMALLHOLDERS CERTIFIED BY ISCC & RSPO

We have now reached the end of the first year of program implementation of WISSE – Wilmar Supports Sustainable Entrepreneurs. Four Honduran palm oil mills - Palmasa, Asapalsa, Honducaribe and Hondupalma jointly with the cooperative Paiguay – are working together as group supporting the adoption of RSPO and ISCC standards in their supply base. Despite the difficulties that COVID-19 brought, we continued supporting smallholders on their path to sustainability.



First smallholder groups achieve certification – despite challenging COVID situation

We are very proud that during this first year of WISSE we already achieved great certification results.

- Honducaribe palm oil mill received RSPO certification status. This mill is owned by a smallholder cooperative.
- One hundred smallholders belonging to eight cooperatives of Honducaribe palm oil mill received RSPO certification.
- One hundred smallholders from two cooperatives and eighteen independent farms were added to the ISCC certification of Palmasa palm oil mill.

Although it looks like WISSE brought more than 200 smallholders into certification within just one year, we have to clarify that this achievement was only possible with the groundwork laid with our previous smallholder program WISSH ([Wilmar Smallholder Support Honduras](#)). The smallholders continued with their sustainability efforts after the close of WISSH in 2018.

The goal of the first year of WISSE was to reach 333 newly certified smallholders. Unfortunately, all certification audits were on hold from April 2020 onwards due to prevention measures on COVID 19. Up to the writing of this report no new audits were allowed. Despite the difficult situation, the WISSE Program managed to certify 61% and we are nevertheless proud of this achievement. In the second year of WISSE we aim to make up for this delay.



Alejandra of NES Naturaleza during the second online training for group managers (TOGM2)



Adapting to the COVID situation

In order to facilitate the multiplication of training content under a pandemic situation, we developed a training video that was sent to the growers via email and WhatsApp. Whenever possible, Group Managers performed direct trainings with the growers using this video. Eventually, a total of 1771 growers were trained on the first topic (TOSH1), reaching 95% of total target.



Training material

Training of the second topic (TOSH2) focused on how to establish a sustainable business. The training material was delivered to the Group Managers end of June and distributed in July and August. The training material contained an animated training video, short WhatsApp messages and the training booklet.



Trainings on topic 2 and distribution of training material

The full report encompassing the first year of WISSE is now available on the [WISSE website](#).



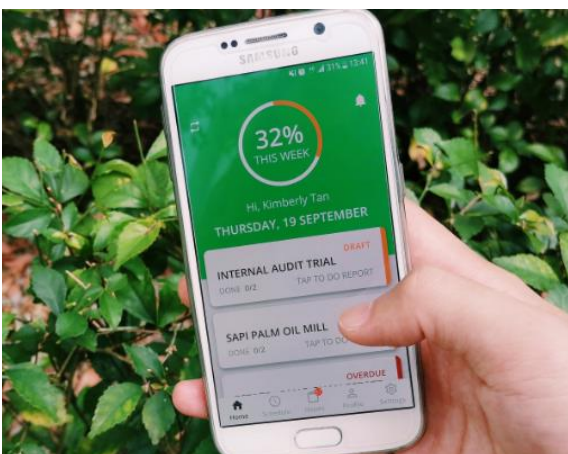
SUSTAINABLE PALM OIL ASSESSING SUPPLIERS' SUSTAINABILITY PERFORMANCE WITH THE SUPPLIER REPORTING TOOL

Olenex and Wilmar expect all its supplying palm oil mills to comply with their [No Deforestation, No Peat, No Exploitation \(NDPE\) Policy](#). In order to assess our suppliers' implementation progress, we developed the Supplier Reporting Tool (SRT). This online self-reporting tool allows our suppliers to report on their NDPE compliance. With this, Wilmar and Olenex can assess the sustainability performance and NDPE compliance of the entire supply chain.

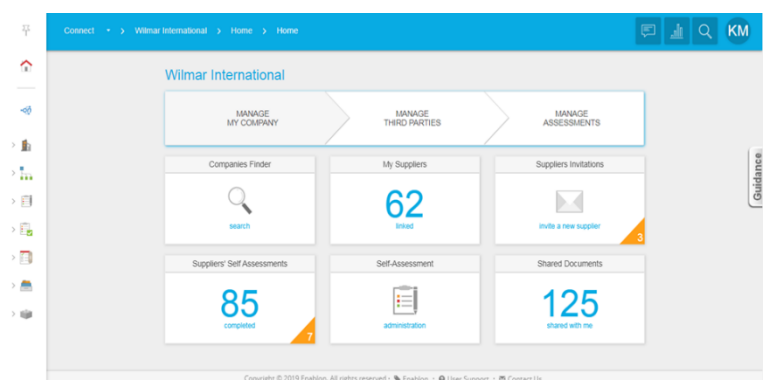
"With SRT, we support our suppliers on their sustainability journey"

Gersen Sumardi, Sustainability Analyst responsible for the implementation of the Supplier Reporting Tool (SRT) among Latin American suppliers

Since its launch in 2017, SRT has been rolled out to suppliers across Indonesia, Malaysia, and Latin America. Once suppliers have completed SRT, they receive a report with an action plan to close potential gaps. "SRT allows us to collate reports on specific sustainability performance criteria as reported by each supplier. Based on these reports, we can identify potential sustainability risks in our supply chain", Gersen continues.



A dedicated smartphone app supports the Wilmar team to verify NDPE compliance during field assessment.

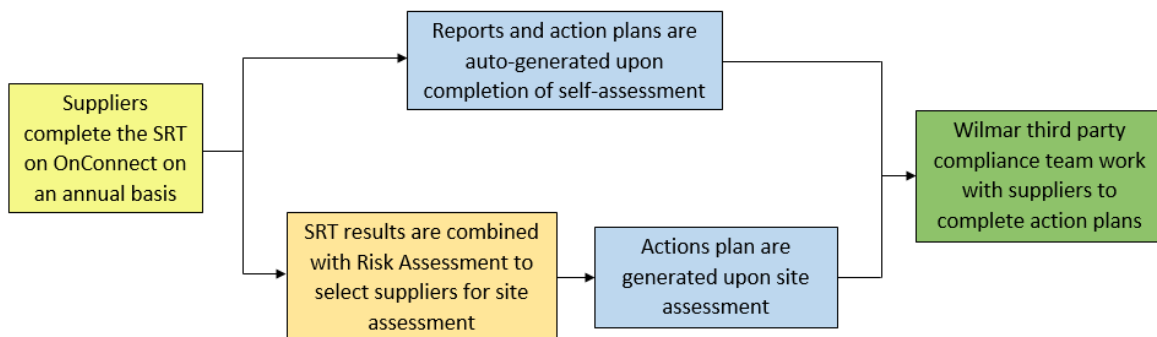


The SRT dashboard provides suppliers a concise overview on their sustainability performance and potential issues they need to tackle.



From assessment to action

After Wilmar receives the completed SRT questionnaires from its suppliers, the SRT data is analyzed together with the Consortium of Resource Experts (CORE), consisting of NGOs Daemeter and Proforest. In addition, CORE conducts a geospatial analysis to identify risks of deforestation and peat development plus an exploitation risk analysis for each palm oil mill. Based on suppliers' overall risk of NDPE non-compliance, mills are prioritized and selected for potential action: suppliers with elevated risk level ('high priority' mills) are contacted by Wilmar's third-party compliance team for direct engagement. If deemed necessary, suppliers may undergo a site assessment. Eventually, Wilmar and the supplier will agree on an action plan to achieve NDPE compliance.



SRT process flow from self-assessment to action.

With SRT, we support our suppliers in assessing all relevant sustainability requirements from our NDPE policy.



Legality



HCV, HCS and peat protection



Environmental impact management



Child protection



Occupational health & safety



Labour rights and standards



Access to grievance mechanisms



Free, Prior and Informed Consent



Legal and customary (or traditional) land rights



Traceability

More information on SRT is available on the [Wilmar website](http://www.wilmar.com).



SUSTAINABLE PALM OIL OLENEX REPORTS PROGRESS THROUGH IMPLEMENTATION REPORTING FRAMEWORK (IRF)

Olenex and Wilmar have made significant progress with transparently reporting on the implementation of various supply chain activities and initiatives. For example, Wilmar is among the [world's top three](#) palm oil companies with regard to the public disclosure of policies, operations and commitments to environmental, social and governance (ESG) best practices. However, we recognize there exists a need for a consistent way to measure and communicate on the progress of NDPE (No Deforestation, No Peat, No Exploitation) implementation.

In support of this, Olenex and Wilmar are actively participating in the NDPE Implementation Reporting Framework (IRF), led by Proforest and adopted by a large number of the palm oil processors and traders. The NDPE IRF is a reporting tool, that allows Olenex to systematically report and track progress in delivering NDPE commitments.



What is the IRF?



Stepwise reporting framework



Allows companies to consistently and systematically **report on volumes at different stages of progress towards NDPE compliance**



Combines different actions across the industry

Covers:

- ✓ **No Deforestation (No-D)**
- ✓ **No development on Peat (No-P)**
- ✓ No Exploitation (starting with respect of labour and land rights issues)

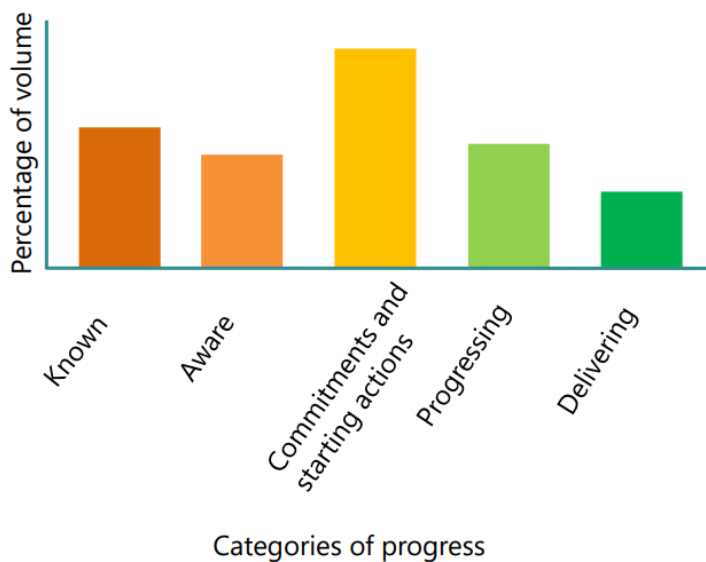
Click on the image to access the *NDPE Implementation Reporting Framework (IRF)* presentation.

IRF categorizes supplying mills into various pre-defined categories of progress. The primary objective is to evaluate every mill's progress along the three pillars of No Deforestation, No Peat and No Exploitation. The categorization process involves collection of data related to certification status, monitoring and verification systems, grievances, sourcing information, and progress on third-party supply. **Data obtained from the Supplier Reporting Tool (SRT) feeds into the data collection process of the NDPE Implementation Reporting Framework (IRF).**



How does IRF work?

- The IRF assesses mill level performance and allocates the mill and the volume it supplies to a category of progress
- IRF recognizes that there are different steps towards full delivery on NDPE compliance
- The total volume that a refinery processes during a defined period is divided into five categories, according to the individual progress of all supplying mills.



[Click on the image to view a recorded webinar explaining the Implementation Reporting Framework \(IRF\).](#)

NDPE Implementation Reporting Framework (NDPE IRF)

Introduction to the NDPE IRF

January 2020

The NDPE Implementation Reporting Framework (IRF) is a reporting tool designed to help supply chain companies to systematically understand and track progress (or lack of progress) in delivering NDPE commitments across the whole production base connected to the volumes they buy. As supply chain companies implement activities ranging from certification to supplier engagement and from landscape initiatives to smallholder support, the NDPE IRF provides a tool to systematically capture all the different activities which are underway to deliver these commitments and clarify how each activity contributes to progress towards improved performance in production, while also highlighting where gaps still remain. The framework captures progress from early actions that create an enabling environment for sustainability, such as workshops and policy development, all the way through to activities which deliver acceptable performance on the ground. Having a consistent framework for reporting on these activities, and particularly on the proportions of the total production base to which they apply, will allow individual companies and the industry collectively to monitor progress, identify gaps and drive improvement.

1 How does the IRF work?

The NDPE IRF is a tool for aggregating information on performance with NDPE across the whole production base supplying a refinery or (further down the supply chain) a user of palm oil. Information on actions being undertaken to deliver NDPE commitments is collected and, based on what has been done, mills are allocated to one of five categories. The results are collated into a summary profile which provides an overview of what progress has been made across all the mills in the supply base. Currently the information is collected and analysed for mills but in future can be for FFB supply to a mill.

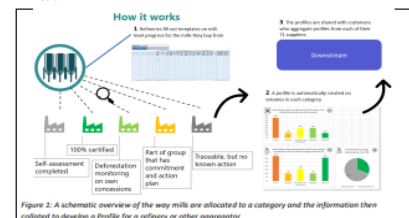


Figure 2: A schematic overview of the way mills are allocated to a category and the information then collected to develop a profile for a refinery or other aggregator.

[Click on the image to access the Introduction to the NDPE IRF](#)

Olenex aims to publish its first IRF report early 2021. The report will demonstrate the progress of NDPE implementation among our refineries.

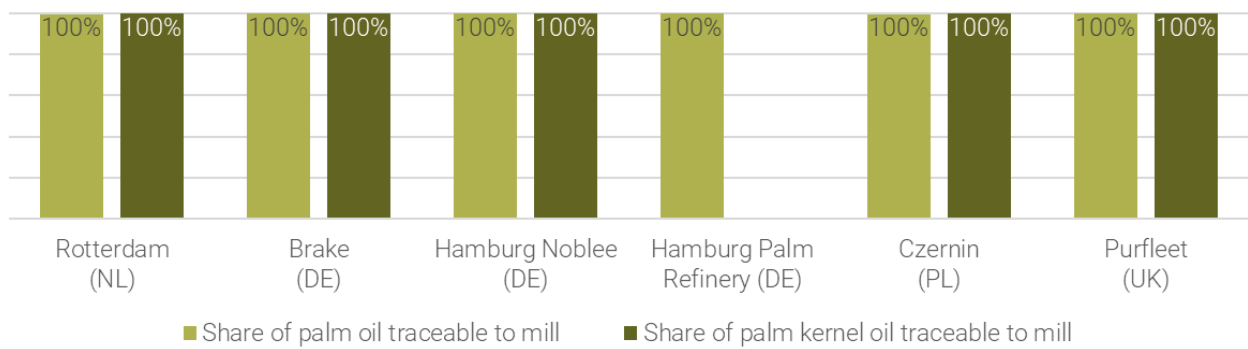


SUSTAINABLE PALM OIL TRACEABILITY UPDATE

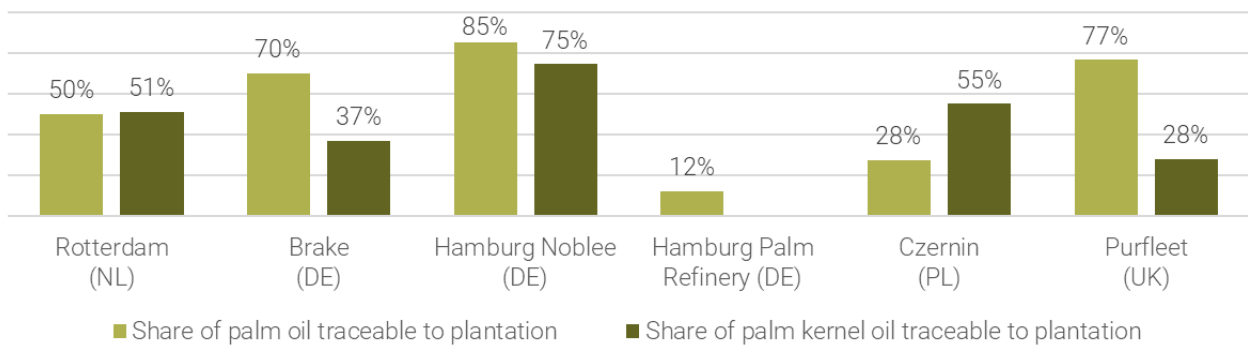
Traceability reports are published two times per year based on a four-quarter reporting period. The reports contain information on the share of palm oil traceable to mill (T2M) and traceable to plantation (T2P) in addition to a list of supplying mills and refineries. Reports for individual refineries are available from the [Olenex traceability website](#).

Q3 2019 – Q2 2020 reporting period

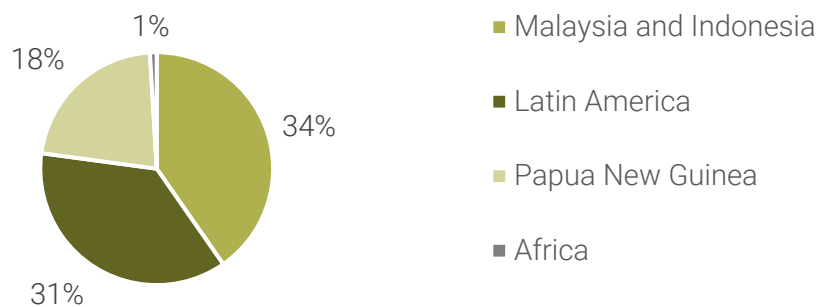
Traceability to mill



Traceability to plantation



Sourcing Regions



Colofon

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Author: Nepomuk Wahl

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