

8. TRACING THE MOVEMENT OF PALM OIL FROM THE PLANTATIONS TO THE BUYERS

ANALYSIS OF WILMAR'S TRACEABILITY SUMMARIES

Wilmar and The Forest Trust (TFT) have published data on the source of palm oil (known in the industry as traceability information or 'traceability summaries'). The Wilmar and TFT data includes, for each Wilmar refinery, a list of the mills and refineries which supply that facility.³⁶⁰ The traceability summaries do not include information on the plantations which supply the mills. Amnesty International was however able to identify the mills supplied by the plantations it investigated, using RSPO certification assessments³⁶¹ and other sources, including interviews. The RSPO certifications included information on the plantations which supply the mill owned by the entity. For example, the RSPO certification of DLI 2 Palm Oil Mill confirms that it is supplied by two estates (plantations) owned by PT Daya Labuhan Indah and one estate owned by PT Milano. It confirms that the mill also receives fresh fruit bunches from another estate, PT Milano's Merbau estate.³⁶² Amnesty International was able to use these reports to confirm which mills were supplied by the plantations it investigated.

The exception to this was PT Hamparan Masawit Bangun Persada (PT Hamparan), one of four growers of palm fruits, owned by the BEST Group. In a letter

to Amnesty International, Wilmar confirmed that it sources palm oil from PT Batara Elok Semesta Terpadu, a refinery in Gresik, Indonesia owned by the BEST Group and supplied by its plantations. However, as noted earlier, neither PT Hamparan nor PT Batara Elok Semesta Terpadu or the BEST Group are listed as suppliers of Wilmar in its traceability summaries. It was therefore not possible for Amnesty International to trace the movement of palm oil from PT Hamparan using the traceability summaries.

After going through all the traceability summaries for Wilmar's Indonesian refineries, researchers concluded that palm oil produced by PT Milano, PT Daya Labuhan Indah, PT Abdi Budi Mulia and PT Sarana Prima Multi Niaga has been supplied directly to the following Wilmar refineries: PT Multimas Nabati Asahan in Kuala Tanjung; PT Wilmar Nabati Indonesia in Bagendang;³⁶³ PT Wilmar Nabati Indonesia in Padang; PT Wilmar Nabati Indonesia in Gresik; PT Wilmar Nabati Indonesia, Dumai; PT Wilmar Nabati Indonesia, Pelintung; and PT Multimas Nabati Asahan, Pulo Gadung. These seven refineries then supply the following Wilmar refineries in Indonesia: PT Sinar Alan Permai, Palembang; PT Multimas Nabati Sulawesi, Bitung; and PT Wilmar Cahaya Kalbar, Pontianak PT Wilmar Cahaya Kalbar, Cikarang, and PT Usaha Inti Padang, Padang. See the diagram for the movement of palm oil from plantations to mills to refineries.



360. Each summary includes a percentage breakdown of the palm and lauric supplied to the refinery which is traceable to mill, traceable to plantation, and how much is unknown. It also includes a breakdown of the number and percentages of suppliers by categories (Wilmar owned mills, third party mills, Wilmar refineries, and others).

361. TÜVRheinland, *RSPO Public Summary Report: Wilmar International Limited, PT Perkebunan Milano, Pinang Awan Palm Oil Mill*, date of assessment: 29 July to 3 August 2015, Mutu Certification International, *RSPO Assessment Report: PT Daya Labuhan Indah*, 13 November 2015, Controlunion, *Public Summary Report: PT Sarana Prima Multi Niaga POM, TSH Resources Berhad*, 2015.

362. Mutu Certification International, *RSPO Assessment Report: PT Daya Labuhan Indah*, 13 November 2015, pp. 1 – 6.

363. Wilmar International and TFT, *PT Wilmar Nabati Indonesia, Bagendang: Traceability Summary - Supplies October 2014 - September 2015*, listed PT Sarana Prima Multi Niaga's mill as one of the supplying mills. The traceability summary for the period July 2015 – June 2016 no longer does so, though it lists Multimas Nabati Asahan in Kuala Tanjung as a supplying refinery. Amnesty International's original draft of this report identified 11 refineries connected to the plantations. We identified further Wilmar refineries that were supplied from the mills linked to the plantations investigated so this number was updated on 28 November to 12 refineries. PT Wilmar Nabati Indonesia, Balikpapan, which was originally on the list was dropped.

Diagram 2: The movement from plantations to Wilmar's refineries in Indonesia.

KEY: Fresh Fruit Bunches Lauric Palm Oil
 Mill to refinery Refinery to refinery

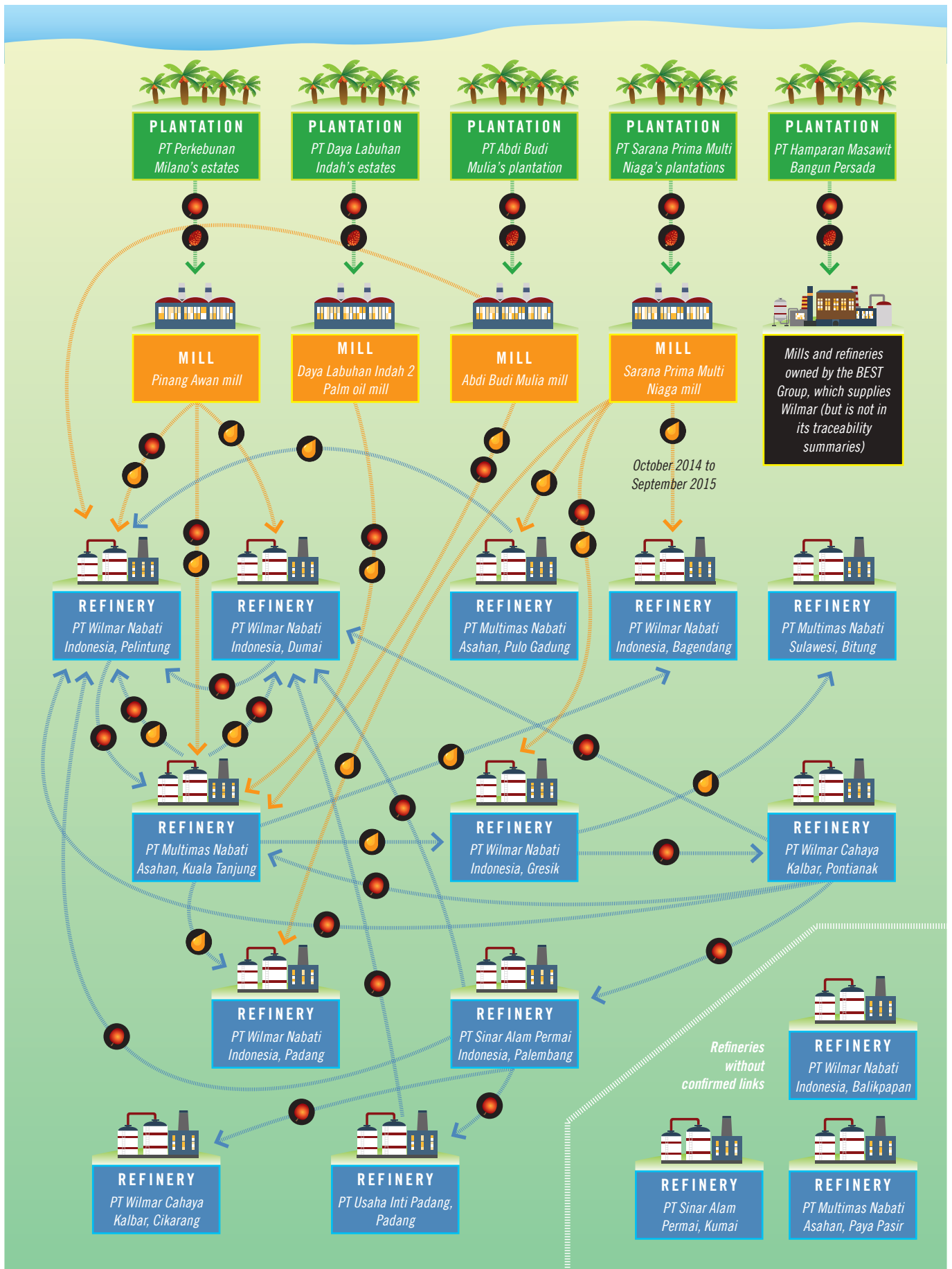
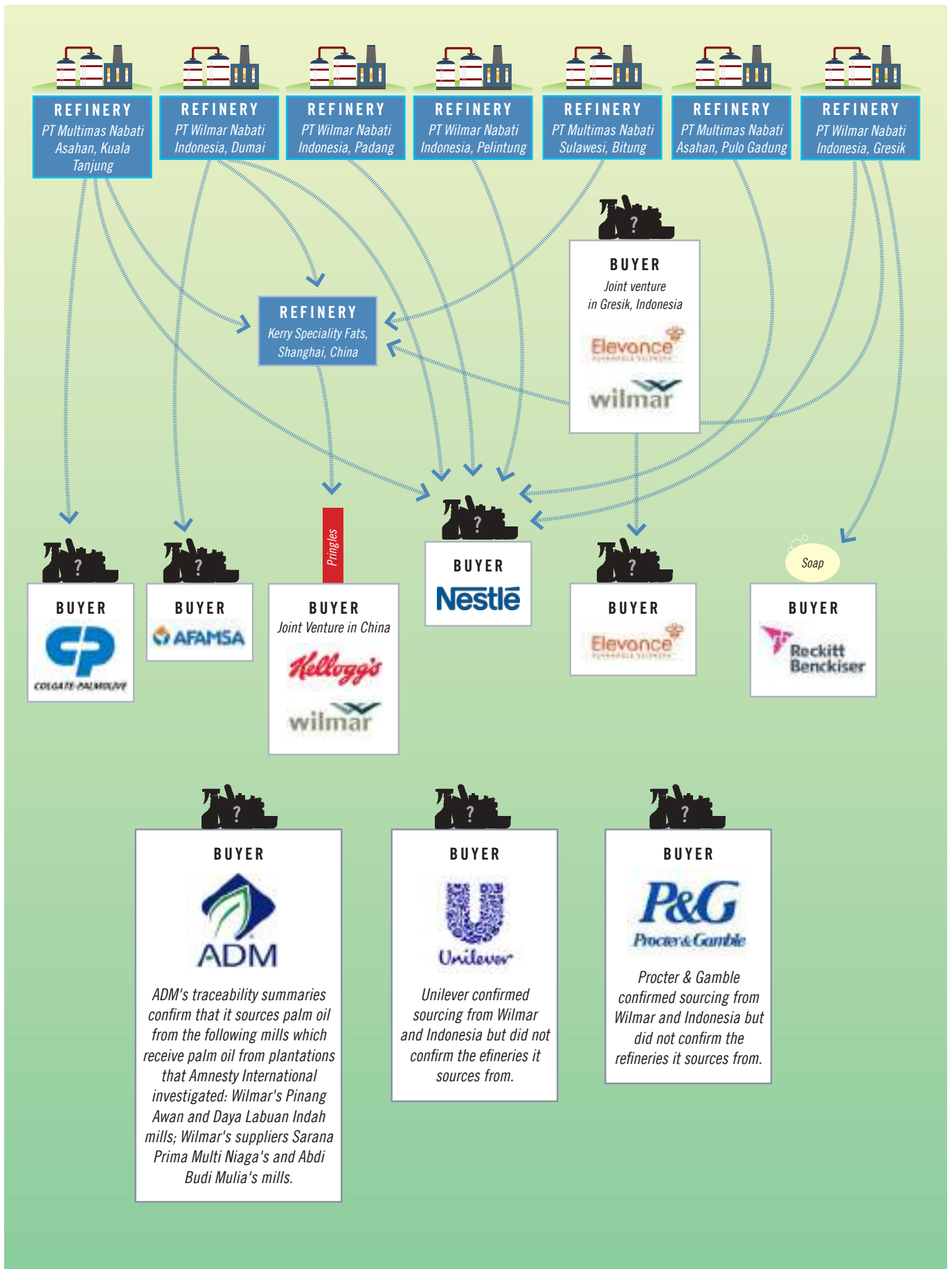


Diagram 3: Movement outside Indonesia to the buyers.



Wilmar has 15 refineries in Indonesia (including the seven listed above). Twelve out of these 15 refineries are supplied directly or indirectly by mills that are supplied by the plantations where Amnesty International found severe labour rights abuses. The volumes of palm oil received from different sources at any given point of time are not known. However, as the oil is mixed from different sources at the refineries, the fact that 12 refineries receive palm oil directly or indirectly from plantations which Amnesty International investigated is extremely significant. This is all the more so as Wilmar has stated that the majority of the palm oil it produces and trades comes from plantations and processing facilities in Indonesia and Malaysia. Any buyer of palm oil from Wilmar and Indonesia is therefore likely to receive palm oil from refineries which have links to the plantations where Amnesty International found severe labour abuses. Certainly any company buying palm oil from Wilmar's Indonesia operations would have to assume it receives oil which has been mixed with oil from these sources. This would be the case unless it could demonstrate that it only received palm oil from the three refineries which do not have links or received 'identity preserved' or 'segregated' palm oil.³⁶⁴

Amnesty International also traced the movement of palm oil from refineries in Indonesia to other parts of the world, especially to countries where key purchasers of palm oil have manufacturing facilities. Researchers traced palm oil from the 12 Wilmar refineries in Indonesia to Wilmar refineries in Europe, North America, China and India amongst other locations. These include Wilmar refineries in the Netherlands and Germany as well as Wilmar's refinery in Stockton in the US. See diagram 3 which shows the onward movement to Wilmar's buyers.

ANALYSIS OF EXPORT DATA

As explained in the methodology, Amnesty International commissioned Profundo, an economic research consultancy, to assist with initial research, including tracing exports. Profundo obtained and analysed export data from Indonesia as well as US customs data and traced exports from Wilmar companies from ports closest to the Indonesian refineries which are directly or indirectly supplied by the mills that are supplied by the plantations which Amnesty International investigated. Amnesty International obtained some additional export data. The export data shows that Wilmar companies exported large volumes of palm oil and palm-related derivatives from ports close to the refineries in Indonesia which have links to the plantations where Amnesty International found severe labour abuses. The palm oil and palm-related derivatives are exported to countries all over the world, where the buyer companies have manufacturing facilities.

Wilmar tends to ship palm oil consignments to another Wilmar entity in the country of import rather than directly to the ultimate purchaser. Profundo however identified eight shipments of crude palm oil in bulk from Wilmar Nabati Indonesia, a subsidiary of Wilmar, from Dumai to Vigo, Spain in 2015.³⁶⁵ The port of Dumai is close to PT Wilmar Nabati Indonesia, Dumai, one of the refineries which links to the plantations Amnesty International investigated and which is likely to be the origin of these shipments. Port Authorities in Vigo, Spain, confirmed to Profundo that the importer for the shipments is Agrupación de Fabricantes de Aceites Marinos, S.A. (AFAMSA), a Spanish company.³⁶⁶

364. Under the RSPO's 'identity preserved' supply chain model, sustainable palm oil from a single identifiable certified source is kept separate from ordinary palm oil throughout supply chain. Under the 'segregated' model, sustainable palm oil from different certified sources is kept separate from ordinary palm oil throughout the supply chain. See www.rspo.org/certification/supply-chains (last accessed 22 November 2016).

365. Source: Export Genius, "HS_151110000_JAN15_DEC15 Indonesia_export genius", March 2016 (procured by Profundo). Profundo bought BTBMI Code 1511.10.00.00 data from 'ExportGenius' (a data provider company). This data contains all exports registered by Indonesia under the BTBMI code 1511.10.00.00 for the years 2014 and 2015. The BTBMI Code 1511.10.00.00 is one of the eleven codes used by Wilmar to export from Indonesia.

366. Email exchange between Profundo and the Billing and Statistics Department at Vigo Ports Authority, 26 April 2016, copy on file with Amnesty International. Amnesty International presented this information to AFAMSA but did not receive a response.

BUYERS RECEIVE PALM OIL FROM REFINERIES WITH LINKS TO PLANTATIONS WITH SEVERE LABOUR RIGHTS ABUSES

Archer Daniels Midland Company (ADM) is the only Wilmar buyer that Amnesty International investigated which publishes information on the source of its palm oil/palm-related derivatives (referred to as traceability information). ADM along with TFT publishes a list of the mills from which it receives palm oil for its global operations, as well as for specific ADM refineries. As with Wilmar, this level of transparency is positive. ADM's traceability summaries confirm that it receives palm oil from Abdi Budi Mulia's and Sarana Prima Multi Niaga's mills. In a response to Amnesty International, ADM said: *"Palm oil from these mills is in our supply chain but indirectly through a number of different suppliers, not just Wilmar"*.³⁶⁷ ADM also lists Wilmar's Perkenbunan Milano's Pinang Awan mill and Daya Labuhan Indah's mill among its list of supplying mills.³⁶⁸ An analysis of ADM's traceability summaries reveals that one or more of these mills supply both its European and North American facilities.³⁶⁹ ADM therefore sources palm oil from mills which receive the oil from plantations where Amnesty International documented the labour rights abuses described in this report.

Amnesty International asked all the other companies that it identified as buying from Wilmar³⁷⁰ if they source or had sourced palm oil or palm-related derivatives directly or indirectly from PT Multimas Nabati Asahan in Kuala Tanjung; PT Wilmar Nabati

Indonesia in Bagendang; PT Wilmar Nabati Indonesia in Padang; PT Wilmar Nabati Indonesia in Gresik; PT Wilmar Nabati Indonesia, Dumai; PT Wilmar Nabati Indonesia, Pelintung; and PT Multimas Nabati Asahan, Pulo Gadung. As described earlier, these seven refineries directly receive palm oil from mills which are supplied by plantations where Amnesty International found severe labour rights abuses. Colgate-Palmolive, Nestlé and Reckitt Benckiser confirmed that they receive palm oil or palm-related derivatives from one or more of these refineries.³⁷¹

Kellogg's confirmed that it sourced palm oil for its joint venture with Wilmar in China from Kerry Shanghai Oils/Wilmar. It stated that Wilmar/Kerry Shanghai Oils sources palm oil from PT Multimas Nabati Asahan, Kuala Tanjung (MNA, Kuala Tanjung), PT Wilmar Nabati Indonesia, Gresik (WINA, Gresik), PT Wilmar Nabati Indonesia, Dumai (WINA, Dumai), and PT Multimas Nabati Sulawesi, Bitung (MNS, Bitung).³⁷² The first three refineries directly receive palm oil from mills which are supplied by plantations where Amnesty International found severe labour rights abuses. PT Multimas Nabati Sulawesi, Bitung indirectly receives the palm oil as it receives palm oil from PT Wilmar Nabati Indonesia, Gresik.

Elevance did not reply to Amnesty International's request. However, the company had confirmed in an earlier letter that its joint venture with Wilmar - a biorefinery which produces speciality chemicals - is based within a larger Wilmar facility in Gresik in Indonesia, and utilizes palm oil.³⁷³ In its Annual Communications of Progress report to the RSPO in 2014, Elevance stated that: *"Our current bio-refinery is located within the Wilmar International Limited*

367. ADM letter to Amnesty International, dated 15 November 2016.

368. ADM and TFT, *ADM Global: Traceability Summary – Supplies July 2015 – June 2016*, available at: www.adm.com/en-US/responsibility/2014CRReport/progresstracker/palmoil/Pages/SupplyChainMap.aspx (last accessed 22 November 2016).

369. See for example ADM and TFT, *ADM North America: Traceability Summary – Supplies July 2015 – June 2016 and ADM Europe, Czerin S.A.: Traceability Summary – Supplies July 2015 – June 2016*, available at: www.adm.com/en-US/responsibility/2014CRReport/progresstracker/palmoil/Pages/SupplyChainMap.aspx (last accessed 22 November 2016).

370. Initially Amnesty International also wrote to ConAgra, Mars and Mondelez International. Mars confirmed that they purchase from Wilmar, but from Malaysia. Mondelez International did not confirm to Amnesty International if it directly or indirectly purchased palm oil from Wilmar (discussed in Chapter 9). ConAgra stated that it *"sold its trading and merchandising business, including its interest in CTG Wilmar PTY Ltd"*. Amnesty International sent a follow up question asking whether it purchases palm oil directly or indirectly from Wilmar. ConAgra responded, but not on this specific point, ConAgra email to Amnesty International dated 15 November 2016.

371. Colgate-Palmolive letter to Amnesty International, dated 11 November 2016, Nestlé letter to Amnesty International, dated 11 November 2016, Reckitt Benckiser letter to Amnesty International, dated 11 November 2016.

372. Kellogg's letter to Amnesty International, dated 10 November 2016.

373. Elevance Renewable Sciences letter to Amnesty International, dated 26 October 2016.

374. Elevance, RSPO Annual Communications of Progress 2014, available at: <http://www.rspo.org/file/acop2014b/submissions/elevance%20renewable%20sciences,%20inc.-ACOP2014b.pdf> (last accessed 20 November 2016).

[sic] Gresik, Indonesia facility which is RSPO certified".³⁷⁴ The biorefinery is therefore co-located within PT Wilmar Nabati Indonesia's refinery complex in Gresik. In its 2015 Annual Communications of Progress report to the RSPO, Elevance said: "Our sole feedstock supplier, Wilmar, certified our JV site in 2016 for 100% RSPO [certified sustainable palm oil] and this plan is complete".³⁷⁵ It also noted in its replies to other questions from the RSPO about its certified sustainable palm oil uptake that this was managed by its JV partner, Wilmar. In a filing to the US Securities and Exchange Commission in 2011, Elevance stated that the joint venture will be operated by Wilmar.³⁷⁶ Wilmar is therefore not only the sole supplier of palm oil to the joint venture, but is the operator of the joint venture and its biorefinery, which is co-located with Wilmar's refinery. These facts lead to the conclusion that Wilmar's refinery in Gresik supplies the joint venture with palm oil. As discussed earlier, Wilmar's refinery, PT Wilmar Nabati Indonesia, Gresik sources palm oil from mills supplied by plantations investigated by Amnesty International.

Analysis of US customs data from 2015 also revealed that Elevance received two shipments of palm-related derivatives, in Illinois. One shipment was from a Wilmar subsidiary with a North Sumatra shipping address.³⁷⁷ The second from Wilmar Elevance 2 Pte Limited, which based on a check of the shipping address originated from Wilmar's refinery complex in Gresik.³⁷⁸

AFAMSA did not respond to Amnesty International's request but as described earlier, Port Authorities in Vigo, Spain confirmed that AFAMSA was the importer of crude palm oil from Wilmar from Dumai, the port closest to Wilmar's Dumai refinery.³⁷⁹

Unilever³⁸⁰ and Procter & Gamble (P&G)³⁸¹ confirmed that they purchase palm oil from Wilmar and from Indonesia but did not give information on the refineries that they source from. Unilever stated that Wilmar is one of its key palm oil suppliers and that the palm oil supplied by Wilmar goes into products across foods, home and personal care categories.³⁸² It is highly likely that Unilever and P&G source palm oil from one or more of the twelve Indonesian refineries that receive palm oil directly or indirectly from plantations which Amnesty International investigated.

ADM purchases palm oil that is directly linked to the severe labour abuses documented in this report. AFAMSA, Colgate-Palmolive, Elevance, Kellogg's, Nestlé, Reckitt Benckiser are sourcing palm oil from refineries where the palm oil has been directly supplied or, at the very least, been mixed with palm oil produced on plantations where there are severe labour rights abuses. It is highly likely that Unilever and P&G are sourcing palm oil from refineries where the palm oil has been directly supplied or, at the very least, been mixed with palm oil produced on plantations where there are severe labour rights abuses. All of these companies are benefiting from severe labour abuses in their palm oil supply chain.

375. Elevance, RSPO Annual Communications of Progress 2015, p. 2 available at: www.rspo.org/file/acop2015/submissions/elevance%20renewable%20sciences,%20inc.-ACOP2015.pdf (last accessed 20 November 2016).

376. Elevance, Prospectus, Issued 20 September 2011, submitted under Form S-1, p. 47, available at: <https://www.sec.gov/Archives/edgar/data/1510100/000119312511252530/d231495ds1.htm> (last accessed 20 November 2016).

377. Panjiva, Custom Shipment data of Wilmar International, www.panjiva.com, February 2016 (procured by Profundo). The customs data also includes a record of a shipment from Pt. Wilmar Nabati Indonesia with a shipping address from Medan to Elevance as the consignee (data on ports is not included).

378. Panjiva, Custom Shipment data of Wilmar International, www.panjiva.com, February 2016 (procured by Profundo). The customs data also includes a record of a shipment from Wilmar Elevance 2 Pte. Ltd. to Elevance as the consignee. The shipping address was PT Wilmar Nabati Indonesia Jln K Darmo S 56 Jatim Gresik which is the address of Wilmar's Gresik refinery.

379. Amnesty International presented this information to AFAMSA but did not receive a response.

380. Unilever letter to Amnesty International, dated 26 October 2016.

381. Telephone call, 31 October 2016. During this discussion, the company advised that it would not provide a written response to Amnesty International's questions. In an email dated 10 November 2016, a P&G representative stated "I have received your email with the 2 attachments and I have no further data to add to beyond what I have shared with you previously. I hope you have had the opportunity to fix a meeting with Wilmar to go through the data your [sic] found."

382. Unilever letter to Amnesty International, dated 26 October 2016. It also said: "Wilmar is both a direct and indirect supplier to Unilever of conventional and RSPO certified palm oil – the traded palm oil from Wilmar also enters our supply chain via other refiners and processors. As the largest palm oil trader, Wilmar captures around 45% of all the palm oil traded globally. While most of the palm oil originates from Indonesia, Wilmar's palm oil also comes from their plantations and third parties in Malaysia and Africa".

9. WILMAR'S BUYERS AND THEIR FAILURE TO RESPECT HUMAN RIGHTS

This chapter analyses the responsibility of the companies that source palm oil from the plantations investigated by Amnesty International. It assesses the adequacy of the measures they take to fulfil their responsibility to respect human rights. It also considers the willingness of companies to be transparent with regard to their palm oil trading practices and the palm oil contained in their products.



Supermarket. © Amnesty International/WatchDoc

As established in Chapter 8, ADM, AFAMSA, Colgate-Palmolive, Elevance, Kellogg's, Nestlé and Reckitt Benckiser source palm oil from refineries where the oil has been directly supplied or, at the very least, been mixed with palm oil produced on the plantations investigated for this report, on which severe labour rights abuses have occurred. It is also highly likely that Unilever and Procter & Gamble (P&G) are sourcing palm oil from these plantations.³⁸³

Amnesty International's investigation revealed that women and men working on plantations owned by Wilmar and its suppliers face abuses of their human rights which are systemic in nature and not *ad hoc*. These abuses are linked to factors such as the low levels of minimum wages in Indonesia; the use of performance targets or piece rates to calculate pay; the large number of penalties which can be applied at the employer's discretion; the use of casual work arrangements for people, especially women, who work for the company on an ongoing basis; and risks associated with continued use of hazardous chemicals. All of these are obvious and predictable areas of concern and risk. However, none of the companies that buy palm oil from Wilmar could demonstrate to Amnesty International that they had identified and addressed the actual abuses documented by Amnesty International.

As outlined in Chapter 6, all companies have a responsibility to respect human rights in their global operations. All of the companies that buy palm oil or palm oil products from Wilmar (referred to in this chapter collectively as the "Buyers") must take adequate steps to identify risks to and abuses of human rights in the way the palm oil is produced. This requires a proactive approach, known as human rights due diligence. The risks linked to palm oil production are well known, and specific industrywide measures such as the RSPO (also explained in Chapter 6) identify labour rights abuses as a risk. Companies purchasing palm oil therefore have no excuse for failing to robustly address this risk.

Amnesty International contacted each of the Wilmar Buyers named in Chapter 8 and asked them for their responses to the serious human rights abuses identified. All of the companies agreed that these abuses were unacceptable. Most said that the abuses contravened their human rights policies, which apply to all suppliers, including Wilmar. All said that

383. Initially Amnesty International also wrote to ConAgra, Mars and Mondelez International. Mars confirmed that they purchase from Wilmar, but from Malaysia. Mondelez International did not confirm to Amnesty International if it directly or indirectly purchased palm oil from Wilmar (addressed later in this chapter). ConAgra stated that it "sold its trading and merchandising business, including its interest in CTG Wilmar PTY Ltd". Amnesty International sent a follow up question asking whether it purchases palm oil directly or indirectly from Wilmar. ConAgra responded, but not on this specific point. ConAgra email to Amnesty International dated 15 November 2016.

they had processes in place to check their palm oil supply chain, and described their various measures, initiatives and programmes.³⁸⁴ However, they did not explain why these processes failed to alert them to the abuses documented by Amnesty International. All of the Buyers except one (AFAMSA) referred to their participation in the RSPO as proof that they took action to address labour issues.

In Amnesty International's view, all of the responses are inadequate. None of the companies can credibly claim not to have been aware of the risk of labour abuses. The risks are public.³⁸⁵ However, none could point to any engagement with Wilmar on these or other risks factors prior to receiving Amnesty International's letter. This is despite Wilmar's own public acknowledgement that its target of ensuring that all its suppliers are fully compliant with the labour-related provisions of its Policy by the end of 2015 has not been met.

In addition to their failure to identify the actual abuses, none of the companies appear to have identified the predictable risk factors associated with these labour rights abuses, such as the use of targets and piece rates, low wages, and the vulnerability of casual workers. None could point to any engagement with Wilmar on these or other risks factors.³⁸⁶ This is particularly concerning given the publicly available information relating to labour abuses on Indonesian plantations.

The failure of the companies that buy from Wilmar to identify either the actual abuses occurring on plantations from which the palm oil they buy comes, or even the risk factors for such abuses suggests that their due diligence systems are ineffective. Amnesty International asked each company about the processes they have in place to identify and address human rights

abuses. Their response and an assessment of those responses, using the UN Guiding Principles on Business and Human Rights as a framework, is set out below.

HUMAN RIGHTS POLICIES

All the Buyers, except Elevance and AFAMSA, have published statements of policy on respect for human rights.³⁸⁷ Not having a policy is a clear weakness; it reflects a basic failure by these companies to demonstrate a recognition of the corporate responsibility to respect human rights in their operations. More importantly, without articulating such a commitment it is difficult to effectively implement relevant action, such as human rights benchmarks in supply chain contracts.

All the other companies have stand-alone human rights policies and/or integrate human rights standards into codes of conduct or palm oil supply chain policies. All policies, (except for ADM's), explicitly recognise the UN Guiding Principles, ILO standards, or specific international human rights treaties. Many are detailed and are integrated into supplier contracts. For example, most require that suppliers, such as Wilmar, comply with laws applicable to: child labour, including the worst forms of child labour, forced labour, minimum wages, working conditions, and discrimination. Unilever was the only company to have a specific code for crop protection products (chemical use) which specified that sprayers' equipment needed to be "maintained" according to "manufacturers" recommendations.³⁸⁸ These are positive steps. However, based on the evidence collected by Amnesty International the Wilmar Buyers have failed to implement their policies effectively, at least in respect of palm oil from Indonesia.

384. These included: tracing back to mills, auditing practices, supplier engagement, NGO partnerships, traceability, monitoring and one pilot project.

385. The US Department of Labor has listed palm oil as a good produced by child labour in Indonesia as far back as 2010, see US Department of Labor, *List of Goods Produced by Child Labor or Forced Labor*, available at www.dol.gov/ilab/reports/child-labor/list-of-goods/ (accessed 20 October 2016)

386. After receiving Amnesty International's letter dated 18 October 2016, Colgate-Palmolive advised that it planned to meet with Wilmar. P&G also advised that it had contacted Wilmar and would go back to them. Unilever advised that it had been in contact with Wilmar. Elevance advised that they had received and reviewed a copy of Wilmar's response letter to Amnesty International dated 17 October 2016.

387. *Agrupación de Fabricantes de Aceites Marinos, S.A. (AFAMSA S.A.)*, <http://afamsa.com/> (accessed 7 October 2016); Elevance Renewable Sciences, www.elevance.com (accessed 9 November 2016).

388. Unilever, *Sustainable Agriculture Code 2015*, available at www.unilever.com/Images/sac-2015_tcm244-427050_en.pdf (accessed 9 October 2016).

ALL BUYERS FAILED TO CARRY OUT ADEQUATE DUE DILIGENCE

Amnesty International asked each company for information on what actions it took, or takes, to identify and address labour and human rights risks linked to the purchase of Indonesian palm oil from Wilmar.³⁸⁹ In the context of palm oil, companies need to have in place adequate measures to identify the plantations from which they source oil, and a means to establish what the labour conditions on those plantations are.

For example, the Buyers could have used the traceability information available from Wilmar, which traces palm oil supply back to refineries and mills, as a basis to identify risks of labour abuses in the supply chain and at the plantation level.³⁹⁰ Wilmar's Buyers could at least have assessed working conditions and risk factors at plantations operated by the mill owner and other identifiable plantations which supply each mill.

Had Wilmar's Buyers sought to apply their policies by mapping the context of Indonesian palm oil production, and assessing the potential and actual risks in their palm oil supply chain, it is inconceivable that they would not have learned of practices such as piece-work payment and financial penalties imposed on plantation workers – 'red flags' which would have presented an obvious starting point for further investigation.

Elevance confirmed that it did not carry out any independent steps to investigate human rights risks

or abuses on Indonesian palm oil sourced from Wilmar. It stated that as a "small company, with limited resources" it "relies" on the RSPO organisation and "follows Wilmar's compliance as described in its published documents, such as its annual Sustainability Reports."³⁹¹ However, the UN Guiding Principles make it clear that all companies should carry out human rights due diligence. As explained in Chapter 6, the RSPO Principles have failed to adequately address many of the labour rights issues which have repeatedly come up in relation to the palm oil sector. Amnesty International also found fundamental weaknesses in the RSPO certification assessments that it reviewed both in terms of the scope of issues that are assessed and the methodology used.

As discussed in Chapter 6, Wilmar's sustainability reports do not provide information which can help track the effectiveness of its actions to end exploitation in its supply chain. For this reason, it is entirely inadequate for Elevance (or any other company) to have relied on Wilmar's self-reporting as a primary basis for assessing risk of adverse human rights impacts within its own supply chain. The failure of Elevance to conduct any independent checks on the palm oil supplied by Wilmar is even more striking given their joint venture³⁹² in Gresik, Indonesia.³⁹³

ADM also confirmed that it is not carrying out human rights due diligence on Wilmar either as a business partner or Buyer. ADM developed a human rights policy in 2013. However, it is weak in that it benchmarks practices against the Human Development Index³⁹⁴ rather than key international human rights standards – for example, ILO conventions. ADM told Amnesty

389. Amnesty International letter, dated 18 October 2016. Questions asked to each company included: 1) to explain the nature of their business relationship with Wilmar, 2) specific due diligence that had been carried out in relation to Wilmar and the palm oil that it sourced from Indonesia; and 3) to provide transparency with respect to from where the palm oil sourced from Wilmar comes (refineries and mills) and into which products that same palm oil goes.

390. Buyers, such as P&G, confirmed that they receive traceability information from Wilmar which traces palm oil supply back to refineries. However, as established in Chapter 6, traceability alone is not enough when it comes to capturing labour risks and abuses.

391. Elevance Renewable Sciences letter to Amnesty International, dated 26 October 2016.

392. A joint venture is a commercial arrangement where two or more actors agree to operate as one entity for the purpose of carrying out a single transaction. All joint ventures involve certain rights and responsibilities, the specifics of which are defined by the JV agreement. See: <http://legal-dictionary.thefreedictionary.com/Corporate+joint+venture> (last accessed 22 November 2016).

393. As explained in Chapter 8, Elevance is in a joint venture with Wilmar which uses palm oil sourced from the Wilmar facility in Gresik, PT Wilmar Nabati Indonesia. This refinery sources palm oil from mills supplied by the plantations investigated by Amnesty International.

394. This term is commonly used in the field of International Development. It is used to emphasize that human capacity should be the primary criteria for assessing a country's development. It is defined by the UN as "...a summary measure of average achievement in key dimensions of human development." See www.hdr.undp.org.

International that: "... as part of the on-going implementation of our human rights policy, our initial focus was ensuring compliance at the company-owned locations at which we have direct control and we prioritized our efforts at the locations where the risk was perceived to be the greatest (Paraguay, South Africa, and India)."³⁹⁵

ADM also said that it had reached out to Wilmar as part of its supplier out-reach programme, but implied that no further action was required:

"Given that Wilmar has its own policies, which such policies are closely aligned with our own, and in light

*of the transparent nature with which Wilmar is working to address these issues, we were provided with a measure of confidence in their approach, progress and handling."*³⁹⁶ ADM did not provide any details about discussions that it may have had with Wilmar relating to labour exploitation.

Given ADM's global commercial presence as well as its long-standing engagement as a palm oil trader³⁹⁷ and its joint venture partnership with Wilmar, it is completely unacceptable that ADM has undertaken no human rights due diligence in relation to its palm oil supply chain.



Worker unloading palm fruits. © Amnesty International / WatchDoc

395. ADM letter to Amnesty International dated 15 November 2016.

396. ADM letter to Amnesty International dated 15 November 2016.

397. ADM's total revenue in 2015 was \$67.7 billion and its earnings were \$1.85 billion. ADM employs over 32,000 people in 160 countries and owns 290 processing plants and 429 crop procurement facilities. See ADM, *Annual Report 2015*, available at www.adm.com/en-US/investors/Documents/2015%20Annual%20Report.pdf (accessed 20 November 2016) and ADM, ADM Facts, available at www.adm.com/en-US/company/Facts/Pages/default.aspx (accessed 20 November 2016).

OLENEX: WILMAR AND ADM'S JOINT VENTURE

ADM and Wilmar launched Olenex, a company headquartered in Switzerland in 2012 *“to handle the sales and marketing of refined vegetable oils and fats to the European [Economic] Area and Switzerland”*.³⁹⁸ In December 2015, ADM and Wilmar announced that Olenex would become a full-function joint venture.³⁹⁹ As part of the agreement, the partners would each transfer palm or tropical oil refining and speciality oils and fats facilities to the joint venture. The agreement also stipulates that refined oils and fats from ADM's other plants in the Czech Republic, Germany, the Netherlands, Poland and the UK will be marketed by Olenex.⁴⁰⁰ On 14 November 2016, ADM and Wilmar announced that Olenex had now transitioned to a full-function joint venture with its own assets.⁴⁰¹

Even prior to becoming a full-function joint venture, Olenex marketed palm oil from Wilmar's and ADM's European refineries which, through other refineries in Indonesia, source palm from mills supplied by plantations that Amnesty International investigated. Wilmar and ADM have transferred four refining and oil processing facilities to the new joint venture.⁴⁰² All four of these facilities, through refineries or suppliers in Indonesia, receive palm from mills supplied by plantations that Amnesty International investigated. Therefore, as of 14 November 2016, ADM's joint venture with Wilmar also operates facilities which receive palm oil linked to the human rights abuses that Amnesty International found.

ADM did not disclose to Amnesty International the percentage of its shares in the new full-function joint venture but a European Commission DG Competition decision states that ADM will hold 37.5% of the shares and Wilmar will hold 62.5%.⁴⁰³

Despite being asked, ADM did not provide Amnesty International with details of any human rights due diligence undertaken prior to entering into the original or the new joint venture. As both a Buyer and joint venture partner, ADM's lack of due diligence is a glaring omission.

Additionally, as ADM confirms in its letter, it is also a major shareholder of Wilmar. It holds a 23% interest in the company. As a shareholder, it is also financially benefiting directly from Wilmar's practices. ADM, directly and through its joint venture with Wilmar, benefitted from severe labour abuses in Wilmar's palm oil supply chain and has been for many years.

P&G confirmed that the company does not undertake any independent inspections at plantation level to identify labour risks or abuses linked to Indonesian palm oil sourced from Wilmar. The company said that it relies on the RSPO certification scheme.⁴⁰⁴ As

discussed earlier, RSPO standards are insufficient for identifying and addressing labour issues, and relying on RSPO audits is inadequate as a response to the serious risk of labour abuse. P&G also told Amnesty International that it relies on Wilmar to self-report

398. Wilmar International, '2012', available at: www.wilmar-international.com/who-we-are/milestones/2012-2/ (last accessed 20 November 2016). In its response to Amnesty International, ADM said that Olenex was initially a marketing and sales organization with its own assets. See ADM letter to Amnesty International, dated 4 November 2016.

399. ADM, 'Olenex to Become a Full-Function Joint Venture', Press Release, 10 December 2015, available at: http://www.adm.com/en-US/news/_layouts/PressReleaseDetail.aspx?ID=696 (last accessed 20 November 2016).

400. ADM, 'ADM, Wilmar Receive Approvals for Olenex Joint Venture, Anticipate Launch in Coming Weeks', Press Release, 23 September 2016, available at: www.adm.com/en-US/news/_layouts/PressReleaseDetail.aspx?ID=754 (last accessed 20 November 2016).

401. ADM, 'New Full-Function Olenex JV Provides Comprehensive, Integrated Capabilities in Edible Oils and Fats', Press Release, 14 November 2016, available at: http://adm.com/en-US/news/_layouts/PressReleaseDetail.aspx?ID=766 (last accessed 22 November 2016).

402. See European Commission, DG Competition, *Case M.7963 - ADM/ WILMAR/ OLENEX JV*, 8 September 2016, p. 3, available at: http://ec.europa.eu/competition/mergers/cases/decisions/m7963_416_3.pdf (last accessed 20 November 2016).

403. European Commission, DG Competition, *Case M.7963 - ADM/ WILMAR/ OLENEX JV*, 8 September 2016, p. 2.

404. Telephone call, 31 October 2016. During this discussion, the company advised that it would not provide a written response to Amnesty International's questions. P&G also provided some information on its deforestation plan but not on how it relates to identifying labour risks and abuses.

labour issues as part of the quarterly updates that it provides to the company. P&G did not explain what information is required in the quarterly updates so it is not possible to assess the extent to which P&G requires Wilmar to report on labour abuses in these updates. Moreover, this approach – predicated on self-reporting of abuses by Wilmar, rather than proactive assessments by P&G – reflects a derogation of the responsibility to respect human rights.⁴⁰⁵

AFAMSA, Kellogg's and Colgate-Palmolive go a step further and carry out audits of their suppliers. However, none of these companies explained what exactly is audited, nor why the audits failed to identify labour abuses at plantation level.

AFAMSA has not published a human rights policy. The company told Amnesty International that it requests information from its suppliers in relation to employees' working conditions, and that this information is then contrasted with an audit that it conducts. No details of the audit were provided and it is unclear if it goes beyond checking documents provided by the suppliers. AFAMSA pointed out that Wilmar has a labour policy as well as a "non-negotiable requirement for their suppliers to implement the abolition of child labour". AFAMSA said that Wilmar implements this policy by putting up signs on plantations, and by having estate supervisors and managers patrol and monitor the plantations. AFAMSA appears to accept Wilmar's statements and does not take steps to verify their accuracy or efficacy.⁴⁰⁶ This is a serious weakness in AFAMSA's due diligence. As discussed in Chapter 4, children are involved in hazardous work on Wilmar's own plantations and its supervisory staff have allowed child labour to continue. As detailed in Chapter 6, Wilmar's sustainability reports do not provide information which can help

track the effectiveness of its actions to end exploitation in its supply chain.

Similarly, Kellogg's referred to using an audit program to review its suppliers' facilities in high-risk categories or high-risk regions. However, the company revealed that both palm oil and Wilmar will only be assessed in 2017 as part of its Global Supplier Code of Conduct. This indicates that to date no human rights due diligence has been conducted on Wilmar.⁴⁰⁷

Kellogg's said: "*We are reviewing this report [meaning Amnesty International's letter] to understand the allegations and actions taken by Wilmar to investigate and address the identified issues. We will be continuing this discussion with Wilmar.*"⁴⁰⁸

Colgate-Palmolive said that it has begun to include palm oil refineries in its audit program, but also confirmed that it had not carried out any independent monitoring of working conditions on plantations related to Wilmar's supply chain: "*We recognise that the SRSA [Supplier Responsible Sourcing Assessment] Program does not currently reach beyond facilities audited. To address this opportunity, we are beginning to explore solutions that focus on worker voice to increase our coverage.*"⁴⁰⁹

Colgate-Palmolive stated that its audit covered labour practices, human rights, and health and safety. It said: "*The audit resulted in a number of findings and all of the findings were remediated by Wilmar*".⁴¹⁰ However, it did not provide details of the methodology used for the audit, the findings or the corrective action required of, and taken, by Wilmar. The inclusion of one of Wilmar's refineries in its auditing programme is positive, but does not constitute sufficient human rights due diligence.

405. In an email dated 10 November 2016, a P&G representative stated "*I have received your email with the 2 attachments and I have no further data to add to beyond what I have shared with you previously. I hope you have had the opportunity to fix a meeting with Wilmar to go through the data your [sic] found.*"

406. AFAMSA did not reply to an Amnesty International's letter dated 4 November 2016, in which the findings were presented to the company.

407. As explained in Chapter 8, Kellogg's is in a joint venture with Wilmar, called Yihai Kerry. Kellogg's confirmed that the joint venture receives palm oil from refineries identified by Amnesty International.

408. Kellogg's email to Amnesty International, dated 11 November 2016.

409. Colgate-Palmolive letter to Amnesty International, dated 26 October 2016. Colgate-Palmolive advised that it has conducted independent investigations when specific concerns (such as those outlined in Amnesty International's letter) were brought to its attention. While positive, this reflects a purely reactive approach which is insufficient. Under UN Guiding Principles pro-active steps are also required to identify and prevent human rights risks and abuses in its palm oil purchasing practices.

410. Colgate-Palmolive letter to Amnesty International, dated 11 November 2016.

By its own admission, the audit did not include verification at the plantation level and is limited in scope.

Colgate-Palmolive also said that it sponsored training efforts for mill owners, who supplied Wilmar's audited refinery, which focused on "social and environmental management of their facilities."⁴¹¹ However, this is separate to analysing labour risks and abuses at the plantation level.

Colgate-Palmolive said that Amnesty International's assessment of its due diligence processes was "inaccurate and misleading."⁴¹² However, Colgate-Palmolive could not point to having identified the severe labour abuses linked to Wilmar's plantations and Wilmar's suppliers documented in this report.

Reckitt Benckiser confirmed that it sourced from one of the refineries identified by Amnesty International as being linked to plantations where labour abuses occur.⁴¹³ The company referred to how it supports or relies on the Aggregator Refinery Transformation Plan (ART), described in Chapter 6. It stated that it had made efforts, along with Wilmar and TFT, to trace palm oil back to mills to identify those that are high priority (known as its Mill Prioritisation Process). While the ART approach may be useful for engaging suppliers, it is extremely limited in scope. The criteria used for selection of mills are not based on an adequate pre-assessment of the risk of labour rights abuses. Therefore, engaging in the ART plan alone is insufficient to identify labour risks and abuses linked to palm oil plantations. A review of the mill prioritisation document also shows that the assessment was heavily based on environmental rather than labour criteria.⁴¹⁴

Nestlé told Amnesty International that it has been monitoring Wilmar for human rights related reasons since 2010. Despite this claim, Nestlé does not appear to have identified the severe labour abuses investigated by Amnesty International on Wilmar's and its suppliers' plantations.

Nestlé said that it had suspended a portion of trade with Wilmar from 2010 to 2012 for reasons related to environmental practices.⁴¹⁵ In a letter to Amnesty International, the company said that: "*...origins of a proportion of palm oil provided [by Wilmar] were not in alignment with RSG [Responsible Sourcing Guidelines]. However, following extensive engagement we received assurances that it would change its practices, and our full commercial relationship restarted.*"⁴¹⁶

Nestlé said that between the years of 2010 and 2013 the company was "*...also gathering information on human rights issues during this period.*" In relation to Wilmar, it said that "*56.06% (25,587 tonnes) [of palm oil] is being monitored through our Responsible Sourcing Action Plan.*"⁴¹⁷ It stated: "*Wilmar does not currently comply with all Nestlé's RSG requirements yet, but that Wilmar "...has made a policy commitment, with a time bound Aggregator Refinery Transformation (ART) plan.*"⁴¹⁸

As noted above, the ART plan is extremely limited in scope. While Nestlé states that Wilmar is non-compliant with parts of its own RSG policy, it does not disclose whether this non-compliance relates to labour standards.

In response to Amnesty International's findings, Nestlé stated that: "*We believe that our due diligence*

411. Colgate-Palmolive letter to Amnesty International, dated 11 November 2016.

412. Colgate-Palmolive letter to Amnesty International, dated 11 November 2016.

413. Reckitt Benckiser letter to Amnesty International, dated 11 November 2016. Reckitt Benckiser stated that the palm oil it sourced from PT Wilmar Nabati (Indonesia Gresik) is used in soap noodles. Reckitt Benckiser stated that 8 mills were selected as high priority for the Wilmar Pasir Gudang Edible Oils (PGEO) refinery based on a detailed "on the ground" compliance assessment.

414. Reckitt Benckiser letter to Amnesty International, dated 11 November 2016. The company said that it conducts "*... supply chain risk mapping, that our soap noodle suppliers are identified as high risk and that working with TFT and our suppliers, we have targeted action plans in place to help address specific and industry-wide environmental and social issues in Indonesia and Malaysia.*"

415. Nestlé letter to Amnesty International, dated 11 November 2016.

416. Nestlé letter to Amnesty International, dated 26 October 2016.

417. Nestlé letter to Amnesty International, dated 11 November 2016.

418. Nestlé letter to Amnesty International, dated 26 October 2016.

system, based upon the various steps noted above (risk assessment, supply chain transparency, on the ground assessments and action plans with suppliers, backed by suspending suppliers who are unwilling to improve) is a strong one.”⁴¹⁹ However, despite its detailed response, Nestlé failed to demonstrate that it had, through its internal processes, identified labour risks or abuses linked to Wilmar’s Indonesian palm oil supply prior to being contacted by Amnesty International.

Unilever is one of the largest buyers of palm oil and is the largest end user of “physically certified” palm oil in the consumer goods industry.⁴²⁰ In its response to Amnesty International, Unilever confirmed that Wilmar is one of its “key palm oil suppliers,” and that Wilmar supplies it directly and indirectly. It also confirmed that most of the palm oil it receives comes from Indonesia.⁴²¹

Unilever has policies in place with respect to a range of human rights issues, including gender discrimination, forced labour, and the use of chemicals. However, based on the evidence gathered by Amnesty International, the company has failed to put its policies into practice.

Unilever said it was developing a roadmap for supplier compliance with its Palm Oil Sourcing Policy and provided some details relating to verification efforts. The company advised that: “...we are also working towards independent verification of our palm oil supply chain, especially on high risk mills where we have identified issues including those relating to wages, working hours, environment and health and safety issues. We have developed a programme for risk verification and have piloted this through three independent assessments.”⁴²²

Unilever does not provide any explanation for why it has taken so long for the company to put in place a process to identify significant risks for labour rights issues and to check its suppliers, particularly since it has been sourcing from Wilmar for more than 10 years.⁴²³ Its efforts are still at the piloting stage and the future potential for addressing these issues is uncertain.

Summing up, Unilever agreed that the industry is “in need of structural and sustainable change” and stated that: “We will continue to support the drive across the industry for greater visibility and transparency of the palm oil sector’s supply chain. We are committed to the continuous improvement in the processes for the identification and remediation of social issues.”⁴²⁴

TRACEABILITY NOT MATCHED BY TRANSPARENCY OF PRODUCTS

The companies that buy oil from Wilmar confirmed that Wilmar provided them with information that allowed them to trace the palm oil or palm-related derivatives (generally referred to as “palm oil”) back to each refinery and back to each of the mills that supply those refineries.⁴²⁵

As noted in Chapter 8, Wilmar makes public data on the source of palm oil (known in the industry as traceability information or ‘traceability summaries’). Of all the Wilmar Buyers assessed for this report, only one, ADM, also makes this information public.

Amnesty International asked the Buyers to disclose the traceability information on the trade and shipping data for palm oil sourced from Wilmar.

419. Nestlé letter to Amnesty International, dated 11 November 2016. The company further states that “In fact, whilst we are constantly assessing the risks based upon our own findings and the insights from other organizations, we are aware that we may not uncover all issues, so we welcome insights and findings from NGOs and civil society organizations and will always investigate any evidence and cooperate to achieve change on the ground.”

420. Unilever, Transforming the palm oil industry, <https://www.unilever.com/sustainable-living/the-sustainable-living-plan/reducing-environmental-impact/sustainable-sourcing/transforming-the-palm-oil-industry/> (accessed 20 November 2016).

421. Unilever letter to Amnesty International, dated 26 October 2016.

422. Unilever letter to Amnesty International, dated 26 October 2016.

423. “In a 2006 declaration to institutional investors, Wilmar announced that its key international customers include Procter & Gamble, Cargill, Unilever, Nestlé and China Grains & Oils Group Corporation.” See Greenpeace, *How Unilever palm oil supplies are burning up Borneo*, p.15, available at <http://www.greenpeace.org/international/PageFiles/24549/how-unilever-palm-oil-supplier.pdf> (accessed 20 November 2016)

424. Unilever letter to Amnesty International, dated 11 November 2016.

425. Amnesty International discussion with P&G, 31 October 2016; Colgate-Palmolive letter to Amnesty International, dated 26 October 2016; Kellogg’s letter to Amnesty International dated 26 October 2016; Nestlé letter to Amnesty International, dated 26 October 2016; Reckitt Benckiser letter to Amnesty International dated, 26 October 2016; and Unilever letter to Amnesty International, dated 26 October 2016.

The other names of Palm Oil

1	PKO Palm Kernel Oil
2	PKO fractionations Palm Kernel Stearin (PKs); Palm Kernel Olein (PKOo)
3	PHPKO Partially hydrogenated Palm Oil
4	FP(K)O Fractionated Palm Oil
5	OPKO Organic Palm Kernel Oil
6	Palmitate Vitamin A or Asorbyl Palmitate (NOTE: Vitamin A Palmitate is a very common ingredient in breakfast cereals and we have confirmed 100% of the samples we've investigated to be derived from palm oil)
7	Palmate
8	Sodium Laureth Sulphate (Can also be from coconut)
9	Sodium Lauryl Sulphates (can also be from ricinus oil)
10	Sodium dodecyl Sulphate (SDS or NaDS)
11	Elaeis Guineensis
12	Glyceryl Stearate
13	Stearic Acid

Chemicals which contain Palm Oil

14	Steareth -2
15	Steareth -20
16	Sodium Lauryl Sulphate
17	Sodium lauryl sulfoacetate (coconut and/or palm)
18	Hydrated palm glycerides
19	Sodium isostearoyl lactylate (derived from vegetable stearic acid)
20	Cetyl palmitate and octyl palmitate (names with palmitate at the end are usually derived from palm oil, but as in the case of Vitamin A Palmitate, very rarely a company will use a different vegetable oil)
21	Vegetable Oil
22	Vegetable Fat
23	Sodium Dodecyl Sulphate (SDS or NaDS)
24	Palm Fruit Oil
25	Palmolein
26	Palmitic Acid
27	Palm Stearine
28	Palmitoyl oxostearamide
29	Palmitoyl tetrapeptide-3
30	Sodium Kernelate
31	Sodium Palm Kernelate
32	Octyl Palmitate
33	Cetyl Alcohol
34	Palmityl Alcohol

As noted in Chapter 6, Reckitt Benckiser, Nestlé, Kellogg's, and Colgate-Palmolive, confirmed that they source palm oil from at least one refinery supplied by the plantations where Amnesty International found severe labour abuses.

By contrast, P&G said that it could not provide information on their palm oil supply chain because this information was commercially sensitive and

subject to confidentiality agreements with Wilmar. P&G confirmed that Wilmar provided it with information including the number and the names of refineries and mills from which the palm oil it purchased was sourced.⁴²⁶ However, P&G was unwilling to disclose this information publicly. The company stated: "We have a confidentiality agreement with Wilmar, so P&G can't share that information. ... Wilmar want to keep it confidential, they don't want people to know where the palm oil is going."

426. P&G advised that it did not get information on volumes sourced from each mill; Amnesty International telephone discussion, 31 October 2016.

However, in follow-up communications, Wilmar confirmed to Amnesty International that it does not require its buyers to keep this type of information confidential: *“We do, however, wish to clarify and assure you that Wilmar neither restricts our customers from sharing traceability information provided by Wilmar, i.e. mill names and GPS coordinates, with other parties. We do not deem traceability information (with an exception on volumes) as commercially sensitive or confidential.”*⁴²⁷

Elevance did not reply to Amnesty International’s request. However, as explained in Chapter 8, its joint venture with Wilmar, a bio-refinery, is supplied by Wilmar’s refinery in Gresik which receives palm oil from mills linked to the plantations investigated by Amnesty International.

AFAMSA did not respond to Amnesty International’s request to confirm which refineries it sources from.⁴²⁸ However, as discussed in Chapter 8, Port Authorities in Vigo, Spain confirmed that AFAMSA was the importer of crude palm oil from Wilmar from Dumai, the port closest to Wilmar’s Dumai refinery.⁴²⁹

Unilever told Amnesty International that it sourced Indonesian palm oil directly and indirectly from Wilmar but did not confirm from which refineries the palm oil originated.

Amnesty International also asked Wilmar’s Buyers to provide a list of all of their products that contained palm oil sourced from Wilmar. Kellogg’s confirmed that palm oil sourced from the identified Wilmar refineries went into Pringles chips made and distributed in China by its joint venture with Wilmar. Reckitt Benckiser confirmed that a palm derivative

(soap noodles) sourced from one of the identified Wilmar refineries was used to manufacture bar soap, which is sold globally. It did not however confirm the brands of bar soaps that the palm derivative sourced from Wilmar is used in.⁴³⁰

No other company provided information on which of their products contained Wilmar palm oil.

Amnesty International then presented a list of products that contain palm oil⁴³¹ to each of Wilmar’s Buyers and asked them to confirm which of their products contained palm oil sourced from Wilmar and Indonesia.

Unilever and P&G provided a response, but did not point out any corrections on the list of products sent to them.⁴³²

Colgate-Palmolive confirmed that it could trace back to one of the refineries identified by Amnesty International, but that none of the products presented to it contained palm derivatives from that refinery.⁴³³ Nestlé confirmed that the products presented to it contained palm oil, but not palm oil sourced from Wilmar.⁴³⁴ However, Colgate-Palmolive and Nestlé did not disclose the products they manufacture, which use palm oil sourced from the specific Wilmar refineries.

ADM provided an ambiguous response to Amnesty International’s request to know which products contain Wilmar palm oil stating that: *“Coroli, Oilio [ranges of edible oils] and NovaLipid [a range of low-fat serving oils and shortenings] are broad product categories. Sometime these products can contain palm oil but sometimes they do not.”*⁴³⁵

427. Wilmar International letter to Amnesty International, dated 11 November 2016.

428. Amnesty International email to AFAMSA dated 8 November 2016 and follow up email dated 20 November 2016.

429. Amnesty International presented this information to AFAMSA but did not receive a response.

430. Reckitt Benckiser letters to Amnesty International dated 26 October 2016 and 11 November 2016. Reckitt Benckiser email to Amnesty International dated 14 November 2016.

431. Amnesty International created these lists from publicly available information on the websites of the companies, their brands and their products and from ingredient information detailed on the websites of supermarkets.

432. Unilever letter to Amnesty International dated 11 November 2016; P&G email to Amnesty International dated 10 November 2016.

433. Colgate-Palmolive letter to Amnesty International, dated 11 November 2016.

434. Nestlé letter to Amnesty International, dated 11 November 2016.

435. ADM letter to Amnesty International, dated 15 November 2016.

Elevance and AFAMSA did not respond to Amnesty International's letter asking them to confirm which of their products contained palm oil sourced from Wilmar.

In addition to Wilmar's Buyers mentioned above, Amnesty International asked Mondelez International to confirm information relating to the palm oil it sources. The company provided information about its broad engagement with suppliers and its palm oil action plan. It stated that 90% of the palm oil sourced by the company was traceable to mill but refused to confirm if it had sourced or currently sources Indonesian palm oil from Wilmar either directly or indirectly. This is despite information existing in the public domain which suggests that the company purchased palm oil from Wilmar in 2013.⁴³⁶

With respect to traceability data and product related information, Amnesty International does not accept the position that this information is commercially sensitive. Wilmar has confirmed that it does not perceive traceability data as sensitive and is already putting this information in the public domain.⁴³⁷ As noted above, ADM is also making traceability data publicly available which shows that as a buyer, it does not perceive this information as commercially sensitive.

It is not in the public interest to keep information on the source of palm oil, from refineries to mills (or plantations where possible), opaque – particularly since palm oil is being marketed by most Buyers either on their websites or on the end-products themselves as certified or sustainable palm oil. Without publicly disclosing this information, the Buyers, other than ADM, are not acting in the public interest and interests of the ethical consumer. They claim to the public that their products use certified or sustainable palm, but their refusal to put traceability

information into the public domain is ensuring that no one can verify their claims. This lack of transparency by companies obstructs the ability of consumers, environmental and human rights groups to check if the products are made using 'sustainable' palm oil. This in turn denies the individual consumer the opportunity to seek verification about the products they purchase, and interferes with their ability to make informed choices.

The lack of willingness by those companies that buy from Wilmar to disclose this information is inconsistent with the claim that they use "sustainable palm oil" in their products. The logical conclusion is that those companies that are unwilling to disclose this information are trying to shield themselves from public scrutiny.

Unless the companies that buy and use palm oil are willing to disclose it, information available on the full palm oil supply chain is limited. Currently, there is no law that requires companies to make information public, nor is it required under the RSPO. Without companies, such as the Buyers mentioned in this report, voluntarily disclosing it, the trade in RSPO certified palm oil remains opaque. It is critical that they disclose this information on two levels: 1) the names of the refineries or mills, and 2) the end products which contain palm oil from these sources.



Trucks unloading palm fruits at a mill. © Amnesty International / WatchDoc

436. See: Greenpeace, *Licence to Kill: How deforestation for palm oil is driving Sumatran tigers towards extinction*, Greenpeace, October 2013, p. 26. Kraft was identified as a buyer of Qinhuangdao Goldensea Specialty Oils & Fats Industries Co., Ltd, a joint venture between Wilmar Yihai China Holdings Pte. Ltd and Hebei Port Group Co.,Ltd. In 2011, Kraft Foods Inc. split into two companies, a snack food company and a grocery company. The snack food company became Mondelez International Inc., see Golden Sea Industries, Company Profile, available at <http://www.golden-sea.cn/yihai/en/main.html> (accessed 19 November 2016).

437. Wilmer International, Sustainability Dashboard available at <http://www.wilmar-international.com/sustainability/> (accessed 9 October 2016).

FAILURE OF BUYERS TO ENGAGE EFFECTIVELY WITH WILMAR OVER RISKS AND ABUSES

Several factors exist which facilitate the ability of Wilmar's Buyers to engage with and influence Wilmar on the issue of labour abuses, with a view to ensuring abuses on both Wilmar's own plantations or those of its suppliers, are identified and swiftly remedied. All are consistent trading partners, some of which purchase substantial volumes from Wilmar.⁴³⁸ Many have been trading with Wilmar for years, and in some cases for a decade.⁴³⁹ Importantly all, except AFAMSA, are also RSPO members and some have been for a number of years. Many of the companies state publicly that they procure "certified sustainable palm oil" or "sustainable palm oil".⁴⁴⁰ Many Buyers also appear to use the same consultants or NGOs, as does Wilmar, as resources for addressing risks relating to palm oil trading.

Wilmar's Buyers have been willing to engage with the company over social and environmental issues in the past. For example, Unilever told Amnesty International that: *"In 2013, Unilever played an instrumental role in engaging Wilmar to release its sustainable palm oil policy and commit to the principles of no deforestation and no exploitation of people and communities."*⁴⁴¹

Nestlé, which said it has traded with Wilmar for more than 10 years, said that it was currently engaging with Wilmar to improve certain practices. Furthermore, it said that in the past it had partially suspended trade with Wilmar and supported it to improve its practices.

ADM has leverage as a major shareholder (23%) in Wilmar. However, as far as Amnesty International

could discover, ADM has not used its influence in an effort to improve Wilmar's labour practices, both on Wilmar's own plantations and on those operated by its suppliers.

In addition to individual leverage which companies such as Unilever, Nestlé and ADM have, most of the Buyers (except AFAMSA) that Amnesty International investigated are RSPO members, as is Wilmar. As mentioned above, many use the same consultants or NGOs as each other, as does Wilmar, to provide services on environmental and social practices. Clearly there exists a tight network around the palm oil supply chain market itself, which makes it possible for Buyers to engage in a structured way with Wilmar on human rights issues.

The implication of all these factors is that the Buyers have significant influence with Wilmar and the means to engage Wilmar in a coherent and coordinated way. Yet, despite the significant influence, none of the Buyers demonstrated that they have exercised this leverage to address risks or actual adverse human rights impacts linked to their trading relationship with Wilmar. As such, each is contributing to labour abuses on Wilmar's own plantations and those of Wilmar's suppliers.

In conclusion, most of the Buyers covered in this chapter source palm oil from refineries that are directly linked to the plantations where Amnesty International found severe labour abuses. As P&G and Unilever confirmed that they purchase Indonesian palm oil from Wilmar, it is highly likely that they source palm oil from refineries directly linked to these plantations. This conclusion is supported by the fact that 11 out of Wilmar's 15 refineries in Indonesia are supplied directly or indirectly by mills that are supplied by the plantations where Amnesty International found severe labour rights abuses.

438. Unilever confirmed to Amnesty International that Wilmar is one of their key palm oil suppliers. Reckitt Beckiser advised that Wilmar is one of their top five suppliers of palm oil.

439. Nestlé indicated that it has been trading with Wilmar for more than ten years; Colgate-Palmolive more than five years. Kellogg's since 2014. *"In a 2006 declaration to institutional investors, Wilmar announced that its key international customers include Procter & Gamble, Cargill, Unilever, Nestlé and China Grains & Oils Group Corporation."* See Greenpeace, *How Unilever palm oil supplies are burning up Borneo*, p.15, available at <http://www.greenpeace.org/international/PageFiles/24549/how-unilever-palm-oil-supplier.pdf> (last accessed 20 November 2016).

440. All the companies except AFAMSA. Nestlé advised that it does not promote palm oil in its products as RSPO compliant, although this information is promoted on their website. Reckitt Benckiser states on its website that "100% palm purchased covered by Green Palm certificates", available at <http://www.rb.com/responsibility/sourcing/> (accessed 20 November 2016).

441. Unilever letter to Amnesty International, dated 26 October 2016.

Most of the Buyers (except AFAMSA) are also members of a tight network with Wilmar, and are long-standing buyers of its palm oil. None of the companies can credibly claim not to have been aware of the risk of labour exploitation. These risks have been publicly reported. Wilmar itself reported non-compliances with its 'No Exploitation' policy relating to the use of paraquat by its suppliers. Wilmar's Buyers' continue to use the RSPO as a shield and some do so despite recognising its limitations.⁴⁴²

All failed to conduct adequate human rights due diligence in relation to the Indonesian palm oil

sourced from Wilmar. None identified the severe labour abuses documented in this report prior to being contacted by Amnesty International. Given they must have known of the risks, their failure to take effective action to address the risks is inexplicable.

Not only did Wilmar's Buyers fail to fulfil their responsibility to respect human rights, but they contributed to and benefit from the severe labour abuses in their palm oil supply chain. Immediate steps need be taken to remediate the harm suffered by those workers whose abuses have been documented in this report.

442. Colgate-Palmolive letter to Amnesty International, dated 26 October 2016; Kellogg's letter to Amnesty International, dated 26 October 2016; and Unilever letter to Amnesty International, dated 26 October 2016. Colgate-Palmolive, Kellogg's and Unilever stated in their letters that they source RSPO certified palm oil, whilst also recognising the RSPO's limitations.

10. CONCLUSION AND RECOMMENDATIONS

Wilmar, its subsidiaries PT Perkebunan Milano and PT Daya Labuhan Indah, and its suppliers, PT Abdi Budi Mulia, PT Sarana Prima Multi Niaga, and PT Hamparan Masawit Bangun Persada have abused workers' rights to just and favourable conditions of work, health, and social security. Amnesty International found cases of forced labour and the involvement of children in the worst forms of child labour in the operations of Wilmar's subsidiaries and suppliers. PT Perkebunan Milano, PT Daya Labuhan Indah, PT Abdi Budi Mulia, and PT Hamparan Masawit Bangun Persada discriminate against women on the basis of their sex through their pattern of hiring practices. PT Abdi Budi Mulia has interfered with the right of workers to join the trade union of their choice. All of these companies may have contravened Indonesian laws and potentially committed criminal offences.

Wilmar does not have an adequate due diligence process in place to identify, prevent, mitigate and account for how it addresses adverse human rights impacts linked to its business operations. As the largest trader of palm oil globally, Wilmar is in a unique position to exercise leverage, influence and control, particularly when it is a direct purchaser. Wilmar's lack of adequate due diligence contributes to the adverse human rights impacts experienced by workers employed by its suppliers.

ADM purchases palm oil that is directly linked to the severe labour abuses documented in this report. AFAMSA, Colgate-Palmolive, Elevance, Kellogg's, Nestlé, Reckitt Benckiser are sourcing palm oil from refineries where the palm oil has been directly supplied or, at the very least, been mixed with palm oil produced on plantations where there are severe labour rights abuses. It is highly likely that Unilever

and P&G are sourcing palm oil from refineries where the palm oil has been directly supplied or, at the very least, been mixed with palm oil produced on plantations where there are severe labour rights abuses. All failed to conduct adequate human rights due diligence in relation to the Indonesian palm oil sourced from Wilmar. None identified the severe labour abuses documented in this report prior to being contacted by Amnesty International. Given they must have known of the risks, their failure to take effective action to address the risks is inexplicable. All of these companies are benefiting from, and contributing to, severe labour abuses in their palm oil supply chain.

Indonesia has a strong general legal framework on labour rights, though the government needs to urgently address the critical gaps in protection around forced labour, casual workers and other issues identified in this report. The government is failing to adequately monitor and enforce its labour laws and to prevent and remedy abuses. It is violating its obligation to protect people from abuses of their rights. It must increase the number and capacity of labour inspectors to monitor abuses.

Wilmar is the world's largest trader of palm oil and supplies it to companies all around the world. This report highlights the failure of governments to put in place laws requiring companies to undertake mandatory due diligence on their global operations, including in relation to their supply chains and trading relationships.

The palm oil industry has come under intense scrutiny, been the target of multiple consumer campaigns and the focus of many voluntary initiatives. Companies have committed publicly that they will end exploitation and ensure that consumer products contain palm oil that has been produced sustainably. Amnesty International's investigation highlights that, despite all this attention and promises, workers on plantations in Indonesia continue to suffer severe labour rights abuses. It is time for all the companies involved to move beyond words on paper to making practical and effective changes to working practices to end

these abuses. The Indonesian government must hold companies accountable for their failures to respect human rights and provide effective remedies to victims.

Addressing the serious and systemic abuse of labour rights on plantations requires a broad commitment by Wilmar, its suppliers, and companies that buy from Wilmar. Working practices such as the use of piece rates, targets, penalties, casual work arrangements, use of hazardous chemicals which create risks to workers' safety, must be eradicated or substantially modified in order to end the human rights abuses identified in this report. Such changes must be accompanied by monitoring and investigations that are designed to detect labour abuses. A compliance based approach linked to RSPO certification is not sufficient to ensure respect for workers' human rights. The compliance approach has been repeatedly shown to be weak and fails to identify actual abuse. Companies that want to end abuse need to fundamentally change their mind-set and practices.

Governments need to recognise that they have to engage with the impacts on human rights and the environment of products sold and traded in their jurisdictions. Consumers are increasingly demanding information to enable them to make informed decisions. Both those companies that produce consumer goods that contain palm oil and other derivatives and the governments in countries where these products are sold, must ensure consumers can purchase goods labelled as "sustainable" with confidence. Right now the consumer is asked to rely on a voluntary scheme that cannot give confidence. Companies should be far more transparent and governments should act in the consumers' interest by requiring transparency.

Governments should also act to enable and ensure companies operate ethically throughout their global operations. Where serious abuses are a risk, it is not sufficient to assume the host state will address the issues. No government should want or allow companies headquartered in their country to benefit from or contribute to abuse.

RECOMMENDATIONS TO WILMAR, PT ABDI BUDI MULIA, TSH RESOURCES (PARENT COMPANY OF PT SARANA PRIMA MULTI NIAGA) AND THE BEST GROUP (PT HAMPARAN MASAWIT BANGUN PERSADA)

- Immediately stop abusing workers' rights and urgently modify working policies and practices on plantations to comply with Indonesian labour laws and international human rights and labour standards.
- Ensure that all workers receive fair wages that are sufficient to enable a decent living for the workers and their families. Guarantee that workers will be paid, at least, the daily minimum wage for every day that they work even if factors outside their control such as rain or faulty equipment impede their work.
- Revise targets and piece rates to ensure that they do not result in abuses, exploitation or put people's health and safety at risk. At the minimum, no target or piece rate should result in people being paid below the minimum wage, working longer hours without overtime pay or relying on help from their spouses or children to complete their work.
- Bonuses linked to targets should be in addition to and not replace overtime pay, which must be paid in line with national regulations.
- Immediately end forced labour and ensure that threats of penalties, including those related to targets, of dismissal, loss of privileges, and payments below the minimum wage are not used to exact work involuntarily from people. Any penalty linked to employment should be limited to those strictly necessary to ensure a fair and safe workplace and should never infringe the dignity or safety of workers.
- Offer permanent contracts to all casual daily labourers who have been working under 'work agreements for free daily work' (perjanjian kerja harian lepas) for more than three years. Make

retroactive arrangements for payments of benefits to workers who have worked as casual daily labourers for more than three years and cover them under health insurance and social security schemes.

- Set out clear criteria for the use of 'work agreements for free daily work' (perjanjian kerja harian lepas) and ensure that these arrangements are not being disproportionately used for women workers or for units where the majority of employees are women.
- Ensure that there is no direct or indirect discrimination against women workers. Companies should proactively review their operations to identify and address discrimination against women, and should take decisive action to address such discrimination without infringing the rights of others. They should regularly conduct checks and publish updates on what they have done.
- Ensure that all sprayers are employed on permanent employment contracts and covered under health insurance schemes. There should be no targets or use of piece rates for sprayers because this jeopardizes their ability to use adequate safety equipment, take necessary breaks as required, and may result in extended exposure to hazardous chemicals.
- Phase out and eliminate the use of highly hazardous pesticides because of the risks they pose to workers' health. In the interim, use them only in exceptional circumstances where the company can demonstrate that it is not feasible to use a safer alternative, that it has undertaken assessments and put in place additional measures to manage risks to workers' health.
- Provide all workers with adequate personal protective equipment for the tasks that they undertake, including replacements as needed.
- Provide workers with information on all potential health risks in the workplace in a clear, comprehensible manner, especially those related to the chemicals that they handle or spray. Ensure that workers are given the choice to refuse to spray certain chemicals if they consider them to be too dangerous to their health and are not penalized for their refusal.
- Conduct health monitoring, with workers' informed consent, to identify and address any negative health effects that may have been

caused to workers due to exposure to hazardous chemicals.

- Guarantee that no punitive action will be taken against parents who are helped by their children. Stop child labour by addressing the causative factors for children's involvement in the work by providing fair wages and revising targets and penalties.
- Remediate harms suffered by workers as well as children who have been involved in hazardous work on plantations. Provide compensation for all abuses, rehabilitation for negative health effects and injuries suffered by adults and children, and support for reintegration of children into the school system where necessary.
- Respect the right of workers to form and join trade unions of their choice and ensure that there is no intimidation or harassment of workers because of their membership or participation in trade union activities.
- Guarantee that no punitive action will be taken against any worker for sharing information with Amnesty International.

ADDITIONAL RECOMMENDATIONS TO WILMAR IN RELATION TO ITS SUPPLY CHAIN

- Put in place an adequate due diligence process to identify, prevent, mitigate and account for how the Wilmar Group addresses potential and actual adverse human rights impacts in its global palm oil sourcing practices. Demonstrate that the company has identified areas where the risks of adverse impacts are most significant, in its palm oil supply chain and trading relationships, and put in place concrete measures to mitigate these risks and prevent abuses.
- Immediately engage with PT Abdi Budi Mulia, TSH Resources and the BEST Group to ask them to comply with the recommendations above, providing them with support as necessary.
- Remediate, in cooperation with PT Abdi Budi Mulia, TSH Resources and the BEST Group, the harms suffered by workers as well as children who have been involved in hazardous work on their plantations.

RECOMMENDATIONS TO WILMAR'S BUYERS (AFAMSA, ADM, COLGATE-PALMOLIVE, ELEVANCE, KELLOGG'S, NESTLÉ, PROCTER & GAMBLE, RECKITT BENCKISER AND UNILEVER)

- Put in place an adequate due diligence process to identify, prevent, mitigate and account for how the company addresses adverse human rights impacts in its global palm oil sourcing practices. This includes taking a more investigative approach to identifying labour risk and abuses, including by establishing base line information on suppliers' working practices. Companies should identify areas where the risks of adverse impacts are most significant in their supply chain and put in place concrete measures to mitigate these risks and prevent abuses. They can start by prioritising the risks and labour abuses identified in this report and make use of traceability data which is already available.
- Individually, and collectively, use their considerable influence as major buyers, and in some cases, business partners, to immediately engage with Wilmar to ask it to comply with the recommendations above.
- Remediate, in cooperation with Wilmar, the harms suffered by workers as well as children who have been involved in hazardous work on plantations of the Wilmar Group or its suppliers in Indonesia.
- Publicly disclose the Wilmar refineries, Wilmar or its suppliers' mills and, where known, the plantations, from which the company sources palm oil or palm-related derivatives. Publicly disclose the end products manufactured using this palm oil or palm-related derivatives.
- If the company claims to use 'sustainable' or 'certified sustainable palm oil', in any of its public materials, it should disclose on its website a list of products made with palm oil or palm-related derivatives. It should also disclose the countries

and companies from which the palm oil or palm-related derivatives are sourced. If not already known, it should take immediate action to trace where the palm oil used in the company's products comes from.

RECOMMENDATIONS TO THE GOVERNMENT OF INDONESIA

TO THE PARLIAMENT

- Amend the Criminal Code and the Manpower Act to introduce an offence of forced labour. Ensure that the penalties imposed by the law are adequate and strictly enforced.

TO THE PARLIAMENT

- Amend or repeal Regulation No. 78/2015 to retain the participation of workers and employers associations in the mechanism to fix the minimum wage.
- Implement the recommendation of the UN Committee on Economic, Social and Cultural Rights and ensure that minimum wage levels are sufficient to ensure a decent living for workers and their families and which does not jeopardise their ability to enjoy other rights.
- Work with the parliament to ensure Indonesia becomes a party to the ILO Minimum Wage-Fixing Machinery Convention, 1986 (No. 26), the Minimum Wage Fixing Convention, 1970 (No. 131), and the Optional Protocol to the International Covenant on Economic, Social and Cultural Rights.

TO THE MINISTRY OF MANPOWER

- Investigate all the potential criminal offences and other breaches of Indonesian law set out in this report. Based on the results of the investigations, take all necessary enforcement actions in collaboration with other relevant

agencies, including prosecutions in accordance with international standards for fair trials, against the companies involved.

- Ensure that all victims have access to effective remedies and reparation, including to complaint mechanisms that are accessible and safe.
- Amend Decree No. 100/2004 to put in appropriate time-limits for casual work arrangements, in consultation with trade unions and workers. These time-limits should not exceed those in place for other fixed-term contracts.
- Amend Decree No. 100/2004 and initiate an amendment to the Manpower Act to establish stricter criteria for use of such arrangements, including explicit safeguards to ensure that there is no direct or indirect discrimination in the use of ‘work agreements for free daily work’ (perjanjian kerja harian lepas), and measures to preclude the possibility of these arrangements being used for hazardous work on plantations, such as spraying.
- Increase the number of labour inspectors and strengthen the capacity of labour inspectors to monitor and enforce breaches of labour laws, including on palm oil plantations across the country.
- Ensure thorough investigations and, in collaboration with relevant agencies, prosecutions of employers who breach the laws and commit offences.
- Make disaggregated information publicly available on the number of inspectors employed by the Ministry, inspections, investigations, prosecutions, convictions and other penalties imposed for breaches of labour laws, with a break down per sector, including for palm oil plantations.

RECOMMENDATIONS TO HOST AND PALM OIL IMPORTING GOVERNMENTS

- Institute legal and policy reforms to require companies domiciled or headquartered in the country to carry out adequate human rights due diligence throughout their global operations, including their supply chains.
- Require companies to report publicly on their human rights due diligence policies and practices.
- Engage with the companies named in this report who are domiciled or headquartered in the country to ensure that they comply with the recommendations above.
- Ensure that adequate measures are in place which can be used to verify or monitor company claims (on labels or in corporate materials) that the palm oil used in their products is certified or sustainable.
- Hold companies to account for any misleading claims relating to the marketing of certified or sustainable palm oil. This could be done by requiring statutory bodies responsible for consumer protection or advertising standards to review industry practice with regard to the marketing of products as “sustainable”, “certified”, “ethical”, or making similar guarantees to consumers. Any evidence that claims are misleading or incorrect, should be publicly disclosed.

ANNEX

1st letter from Wilmar - page 1

Wilmar International Limited

Wilmar International Limited

50 North Bridge Road, Singapore 048032

Tel: 65 6374 1234

Fax: 65 6377 4656

am@wilmar.com.sg

www.wilmar.com.sg



Seema Joshi
Head of Business and Human Rights

Amnesty International
1 Easton Street
London, WC1X 0DW
United Kingdom

17 October 2016

Dear Seema,

We write to you with regard to your letter dated 6 October 2016 which highlighted concerns of labour practices in Wilmar's supply chain. We regret the missed opportunity to engage on these issues previously as your earlier email was sent to a wrong email address and hence we did not receive it.

We appreciate the issues raised in your letter; we take our sustainability policy seriously and are therefore deeply concerned about the alleged non-compliance in our supply chain. We are looking into the matter accordingly, and will take the necessary corrective actions if a breach is found.

As you will understand, much of the information on suppliers and customers you have requested for is business-sensitive which may limit our response.

Given that we have about 1,000 palm oil mill suppliers in our supply chain, including Wilmar's own subsidiaries, your observations about our supply chain will enable us to better and faster address these critical issues. We don't always have the ability to resolve these multi-faceted problems in isolation, as solutions tend to require collaboration, such as with organizations like Amnesty International. For this reason, we would very much appreciate if you could provide us with more detailed information, in particular the Wilmar subsidiaries in North Sumatra and Central Kalimantan and third-party suppliers in question; as well as the period in which your investigation was conducted. Providing us with this transparency, will enable us to follow-up on the matter and hopefully find resolution.

Labour issues in Wilmar's supply chain

In the course of implementing our sustainability policy, we have increased our understanding of the labour issues confronting the palm oil industry at large. While we

1st letter from Wilmar - page 2



expect our suppliers to fully comply with our policy, more importantly, we recognise we need to work with them and provide the support they need to operate responsibly.

Wilmar acknowledges that there are ongoing labour issues in our supply chain and they are clearly identified and recognized in our "[Overarching Reports](#)", as part of the [Aggregator Refinery Transformation \(ART\)](#) approach we have embarked on to drive sustainable transformation and real change on the ground. The findings, along with recommendations on improvements are then shared through one-on-one meetings and regional supplier-group workshops. This is an ongoing programme which is carried out in phases and began in 2014.

To enable a more in-depth look at labour issues, we are also currently developing a labour programme to identify labour best practices and prevent exploitative practices, in collaboration with Business for Social Responsibility (BSR), a global non-profit organisation dedicated to sustainability. This is part of a wider project also in collaboration with BSR and other industry peers to benchmark human rights and labour issues in the Indonesian palm oil industry. The review will reference some of the relevant labour standards, including the ILO labour guidelines and the Free and Fair Labour Principles for Palm Oil Production, amongst others.

Temporary versus permanent workers

The ratio of workers by province can be found on Page 58 of our [Sustainability Report 2015](#). You will note that the number of temporary workers in Central Kalimantan and Sumatra in 2015 has reduced significantly, compared to 2011 and we have worked hard to get to this progress. While the number of temporary workers remains high in West Kalimantan for the same reasons cited in our Sustainability Report 2011, the ratio has also significantly improved in 2015. It should be noted that temporary contract employment is offered on the basis of mutual agreement between workers, who have alternative sources of employment and prefer to work on casual basis to supplement their regular source of income, and the plantation management. This is done with the support of labour unions or worker representatives and the local government's District Labour Office.

Child Labour

Child labour has no place in Wilmar's operations, and is a non-negotiable requirement for our suppliers.

Children in the plantation workplace is a complex issue, and a lack of access to education and child care is one of the key reasons why this happens. To that end, Wilmar invests



substantially in providing primary education and child care facilities to the children of our workers - building and refurbishing schools, providing school materials and funding teachers etc. to ensure that children of plantation workers are tended to while their parents are at work. Wilmar has funded and continues to invest year on year in infrastructure, educational activities, scholarships and teaching support in all the countries in which we operate upstream, including in Indonesia.

As well as putting up signage on prohibition of child labour, regular patrols on the ground by estate supervisors and managers are conducted to monitor child labour in the plantations. Where presence of children is detected, specifically during the school holidays when some workers may bring their children to the plantations because there is no one to look after them at home, stern warnings are given to the workers not to bring children to their workplace. Disciplinary action is taken against repeat offenders.

Fires and Haze

Along with environmental and economic impact, fires and haze also carry a tremendous human and social cost for communities, including our workers. Wilmar has a strict No Burning policy, and does not tolerate the use of fire in land preparation and development. This policy applies to all Wilmar operations worldwide, including those of our subsidiaries and third-party suppliers. Any breach of our No Burn policy, if proven to be deliberate, will result in the immediate termination of business dealings.

Central Kalimantan was one of the affected regions in 2015 where we provided aid to the local communities. Free face masks and food supplements were handed out to almost 13,000 villagers, and shelter and medical assistance were provided to the communities facing the highest risks.

To prevent the predicament of 2015 from happening again, we joined leading forestry and agriculture companies to establish the Fire-Free Alliance (FFA). Established in March 2016, the FFA is a voluntary, multi-stakeholder platform that works to find a solution to land and forest fires in Indonesia. Members of the Alliance commit to implementing the Fire Free Village Programme (FFVP) in their operations, collaborating and sharing knowledge and information, and also to enhance fire monitoring, detection and suppression. Wilmar has committed to piloting this initiative in three estates in Central Kalimantan and South Sumatra respectively, and may expand to other regions, including North Sumatra, if proven effective.

1st letter from Wilmar - page 4



As part of the fire prevention and suppression measures, Wilmar has:

- Conducted a series of FFVP awareness and socialisation with its surrounding communities, in collaboration with the local government;
- Upgraded its fire-fighting equipment;
- Stepped up training on fire suppression;
- Employed the use of drones to help with fire monitoring;
- Constructed more ponds, tube-wells and boreholes in strategic areas.

Paraquat

In 2008, we were among the first large-scale palm oil producers to begin phasing out paraquat in response to stakeholder concerns over the safety and potential abuse of this widely used herbicide. We completed this process in 2011. As part of our sustainability policy, we require our suppliers to do the same by the end of 2015. Only a number of our suppliers have been able to fully implement this to date. Many of our suppliers are undergoing trials to identify practical alternatives, and Wilmar continues to support this process to eliminate paraquat use.

Monitoring

In addition to the supplier compliance work and ART programme with our collaborative partner The Forest Trust (TFT), as well as the supply chain surveillance work by an international NGO partner on more than 40 palm oil companies at plantation, mill or group level, our [grievance procedure](#) is the other platform used to identify, address and monitor potential supply chain non-compliance. Stakeholders are able to view the full list of cases, and follow the latest developments in our handling of grievance cases via the dashboard.

We have yet to suspend any supplier specifically for labour issues, as many of the suppliers we engaged with have shown commitment to and demonstrable efforts in improving their practices. We want to encourage them to continue with such progress through commercial relationship; only when suppliers have repeatedly failed to show any improvement, or have resolutely refused to comply with our policy would we consider discontinuing relationship with them.

Traceability and Customer Information

Your letter mentioned about PT BEST (Batara Elok Semesta Terpadu) who is a supplier to Wilmar. We would appreciate if you could clarify if there is any particular issue with this supplier which we could help look into.

1st letter from Wilmar - page 5



Wilmar's traceability information is accessible to all stakeholders, and is publicly available from the "[Supply Chain Map](#)" and "[Traceability](#)" sections of its sustainability dashboard; traceability details, as defined on Page 26 of our [Sustainability Report 2015](#), are shared with customers.

The information on buyers which you requested is considered business-sensitive and we are not able to disclose further than what we have already published publicly.

We very much welcome the opportunity to meet with you for a deeper discussion so as to better understand the precise gaps and take the most appropriate gap-closure steps to address them accordingly. We will be attending the coming Roundtable on Sustainable Palm Oil conference (RT 14) in Bangkok from 7-9 November, and have some availability to potentially arrange a meeting if you are attending.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "Perpetua George".

(Ms) Perpetua George

Assistant General Manager – Group Sustainability

2nd letter from Wilmar - page 1

Wilmar International Limited

Company No. 199601022

80 Raffles Road, Singapore 088833

Tel: 65 43718 3344

Telex: 95 47177 WIL INTL

E-mail: hr@wilmar.com.sgwww.wilmar-international.com

Seema Joshi
Head of Business and Human Rights

Amnesty International
1 Easton Street
London, WC1X 0DW
United Kingdom

11 November 2016

Dear Seema

Thank you for your second letter dated 4 November 2016, which provided more details about the findings of your investigations in our plantations in North Sumatra and Central Kalimantan.

We appreciate your engagement with us on these issues. Our workers form the backbone of our company, and we are committed to ensuring that they are treated fairly and with respect. This is reflected in our No Deforestation, No Peat and No Exploitation (NDPE) policy in which one of the core provisions stipulates recognising and respecting the rights of all workers, including contract, temporary and migrant workers. We expect our suppliers to comply with our policy, and our own operations are no exception.

In August 2016, we have been made aware of labour issues in the same plantations cited in your letter, and we immediately initiated an internal review process which is still ongoing:

Timing	Process	Location
10 August 2016	Received information on labour-related issues	PT Daya Labuhan Indah (DLI), PT Perkebunan Milano (PM)
12 August – 2 September 2016	Initial assessment and consultations to verify the issues	PT DLI, PT PM
September – October 2016	Conducted an inquiry into wage practices with the Human Resources (HR) Department of PT DLI and checked against the local government regulations on	Wilmar head office and regional office

2nd letter from Wilmar - page 2



	wages, PP No. 78/2015 (replacing PP No. 8/1981) to ensure compliance	
November 2016	Planned 2 nd assessment to monitor and check on progress	PT DLI, PT PM
December 2016	Planned site visit with BSR and Wilmar internal team in North Sumatra	PT PM
January 2017	Planned site visit with BSR and Wilmar internal team in Central Kalimantan	PT Mustika Sembuluh (PT MS)

Wilmar will report on the actions that we have already started to take and the progress of the action plan. Whilst we have already started our own internal procedures to resolve these issues, we are also open for any further collaboration or ideas on how best to address these. We would be happy and willing to discuss any potential suggestions or solutions that Amnesty International would like to share with us.

We recognize that these issues, including the ones raised in your letters, are systemic challenges shared by the industry. We are committed to addressing these labour issues in our own operations and the industry, both independently and collaboratively. Working with Business for Social Responsibility (BSR) to review current labour practices in the palm oil sector in Indonesia is one such approach, and we hope to be able to work with you too. More information about our collaboration with BSR can be found [here](#)¹.

We regret that we are unable to respond to some of your questions. As explained in our first letter to you, the information required, especially those relating to our buyers, are deemed business-sensitive and we are not able to disclose further than what we have already published publicly.

We do, however, wish to clarify and assure you that Wilmar neither restricts our customers from sharing traceability information provided by Wilmar, i.e. mill names and GPS coordinates, with other parties. We do not deem traceability information (with an exception on volumes) as commercially sensitive or confidential.

¹ http://media.corporate-ir.net/media_files/IROL/16/164878/News-Release-7-Nov-16-GAR-WIL-BSR-Joint-Collaboration-Final.pdf

2nd letter from Wilmar - page 3



We are glad to have the opportunity to meet your colleague, Makmid Kamara, which we hope will open the way for deeper engagement, and potentially collaboration to resolve some of the critical labour issues in the palm oil section in the near future.

I will be reaching out to you shortly to organize a follow up phone call.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "P. George".

(Ms) Perpetua George
Assistant General Manager – Group Sustainability

LIST OF PRODUCTS

Presented to companies to confirm

1. If they contain palm oil.
2. If they contain palm oil from Wilmar's Indonesia operations.

Products, which the companies denied contain palm oil or palm derivatives are shown in strikethrough.

AFAMSA

Both RBD Palm stearin and Palm Fatty Acid Distillate are hydrogenated and further atomized to obtain the two by pass fats (AFAMSOL 351 and AFAMSOL 360) with high energetic and nutritional values.

Furthermore, Palm Fatty Acid Distillate are transformed by a saponification process (calcium soap SOLAFAM 424).

Different fractions of palm oil are also supplied in liquid form for the manufacture of mixed animal feeds (SOLAFAM 431 and SOLAFAM 436).

COLGATE-PALMOLIVE

Colgate toothpaste range:

- Total
- Children's toothpastes including Kids Looney Tunes
- Sensitive
- Baking Soda
- Tartar Control etc
- Irish spring range
- Soft soap range

KELLOGG'S

- ~~CrunchyNut~~ cornflakes
- CrunchyNut clusters
- ~~Special K~~
- Special K with nut clusters
- Kellogg's Frosties reep melk
- Kellogg's Tresor melkchocolade
- Cheez-It
- Keebler
- Famous Amos
- Pop Tart
- Nutri-Grain Strawberry
- Special K Protein Bar

MONDELÉZ INTERNATIONAL

- Oreos
- Nutter Butter
- Nabisco Ritz Four Cheese
- Trident
- Stride
- Dentyne
- Nabisco Chips Ahoy! Chewy Chocolate Chip

Cadbury range:

- Dairy Milk
- Cadbury's Roses
- Twirl
- Crunchie
- Wispa
- Wispa Gold
- Flake
- Double Decker
- Boost
- StarBar
- Picnic
- Freddo
- Freddo Caramel
- Fudge
- Curly Wurly
- Chomp
- Timeout
- Snack shortcake
- Snack Sandwich
- Chocolate Cream
- Turkish Delight
- Bournville
- Brunch Peanut
- Brunch Chocolate Chip
- Brunch Raisin
- Wispa Drink
- Wispa Gold Drink
- Cadbury Highlights Fudge

*Cadbury Schweppes*¹

- ~~Dr. Pepper~~
- ~~7Up~~
- Schweppes
- ~~Mott's~~
- ~~Snapple~~
- ~~Halls Throat Lozenges~~

1. Cadbury Schweppes was spun off by Cadbury and became Dr Pepper Snapple Group in 2008. In 2010 Kraft Inc. bought Cadbury. In 2011, Kraft Foods Inc. split into two companies, a snack food company and a grocery company. The snack food company became Mondelez International Inc.

NESTLE*Contains palm oil:*

- Beba Optipro 2 Folgemilch Ab 6 Monaten
- Beba Optipro 3 Folgemilch Nach 9 Monaten
- Beba HA 1 Hypoallergene Säuglingsanfangsnahrung Ab Geburt
- Beba HA 2 Hypoallergene Folgenahrung Nach 6 Monaten
- Beba HA 3 Hypoallergene Folgenahrung Nach 9 Monaten
- Nestlé Fitness Knusperfrühstück Joghurt
- Nestlé Cheerios Cerealien
- Nestlé Frisco Cake Stracciatella
- Nestlé KitKat Joghurt Gaufrette + Pop Choc
- Nestlé Lion Knusper-Müsli Karamell & Schoko
- Nestlé Lion Joghurt
- Nestlé Smarties Eis Fun Sticks
- Buitoni Rustipani Tomate-Pesto
- Findus al Forno Cannelloni Fiorentina
- Leisi Cookies Schokoladestückchen
- Leisi Quick Kuchenteig Glutenfrei und Laktosefrei
- Le Parfait Original Brotaufstrich mit Leber
- Le Parfait Brotaufstrich mit Thunfisch
- Le Parfait Brotaufstrich mit Geflügelleber
- Le Parfait Brotaufstrich mit aromatischen Kräutern
- KitKat

Contains un-specified vegetable oil:

- Nestlé Bébé, Essfertige Babynahrung, Karotten, Kartoffeln, Poulet
- Nestlé Bébé Gläschen Bio Karotten-Kartoffeln-Rindfleisch
- Nestlé Bébé Fruchteriegel Ab 12 Monaten - Banane – Apfel
- Nestlé Junior Milk JUNIOR Milk 1+ Wachstum
- Nestlé Junior Milk 2+
- Nestlé Bébé Kinderbiscuit
- Nestlé Bébé Getreidebeikost Biskuit, ohne Zuckerzusatz - ab 6 Monaten
- Nestlé Junior Drink Getreidepulver Choco & vanille - Nach 10 Monaten
- Nestlé Junior Milk 12+ Folgemilch Junior - ab 1 an
- Nestlé Baby Milk & Cereals Getreidebeikost Choco - 1-3 Jahre
- Nestlé Bébé Getreidebeikost Vanille, ohne Zuckerzusatz, Glutenfrei, ab 6 Monaten
- Nestlé Bébé Zartes Gartengemüse Ab 4 Monaten
- Beba Junior 18+ Folgemilch Ab 18 Monaten
- Beba Junior 12+ Folgemilch Ab 12 Monaten
- Nestlé CINI-MINIS
- Nestlé Extrême Waffleis
- Nestlé Extrême - Intense Waffleis

- Nestlé Extrême Waffleis – Mini
- Nestlé Cookie Crisp Knusperfrühstück mit Schoko-Cookies
- Nestlé Naturnes
- Nestlé Lactoplus Milchzusatz mit Ceralien
- Nestlé Smarties Waffleis
- Nestlé Iglou Glace-Dessert Vanille / Caramel
- Nestlé Maxibon Glacestücken
- Nestlé Maxibon - mini Glacesandwich
- Nestlé Lion Cereals Karamell & Schoko
- Nestlé Cookie Crisp cereal
- Nestlé Docello Dessertsauce Schokolade
- Cerelac Céréales Milchbrei - Mahlzeit mit Cerealien und Milch Nach 6 Monaten - Stage 2
- Buitoni Bella Napoli Pizza 3 Formaggi
- Buitoni Pizza-Teig
- Buitoni La Fina Pizza
- Buitoni Piccolinis
- Buitoni Family Pack Tortelloni Nature – Spinat
- Buitoni Pizzabrot, Focaccia
- Buitoni La Toscana Pizza
- Buitoni Lasagne
- Cailler Branches
- Cailler of Switzerland Ambassador
- Findus al Forno Lasagne Verdi
- Findus Schlemmerfilet (Provençale, Bordelaise, Julienne)
- Findus Marché Rahmspinat
- Findus Frühlingsrollen mit Poulet Mini
- Findus Elsässer Flammkuchen Alsacienne
- Leisi Quick Flammkuchen-Teig
- Leisi Quick Mürbteig süss
- Leisi Quick Blätterteig
- Leisi Quick Kuchenteig
- Maggi Quick Lunch Hörnli
- Maggi Quick Lunch Kartoffelstock mit Fleischkügel
- Maggi PastAroma Gewürzzubereitung für Pasta und Reis mit Olivenöl und Basilikum
- Maggi Bouillon
- Maggi Mix & Fresh Zubereitung für Sauce mit Gewürzen und Gemüsepulver Geschnetzeltes Stroganoff
- Maggi Mix & Fresh Zubereitung für Sauce mit Curry Poulet Casimir
- Maggi Quick Lunch Rahmnüdeli mit Poulet Zürcher Art
- Maggi Quick Lunch Pasta Bolognese
- Maggi Suppe mit Gemüse und Teigwaren Hüttensuppe
- Maggi Rindsbouillon
- Nestlé Lion Bar

PROCTER AND GAMBLE

- Pringles²
- Lenor
- Bold
- Ariel
- Fairy Laundry
- Fairy Liquid
- Daz
- Gillette deodorants
- Head&Shoulders
- Herbal Essences
- Olay
- Oral B
- Pantene Pro-V
- SK-II
- Ultra Dawn
- Cascade Dishwasher Detergent
- Bombshell Shineshadow
- Perfect Blend Eye Pencils

RECKITT BENCKISER

- Frank's Red Hot (hot sauce)
- French's (mustard)
- AirWick (Candles and air fresheners)
- Brasso Brass Polish
- Clean & Smooth
- Clearasil
- Cling-Free
- Dip-It
- Easy-Off
- Easy-On
- Electrasol
- Glass Plus
- Jet Dry
- Lysol
- Mop & Glo
- Noxon
- Old English
- Sani-Flush toilet Cleaner
- Silvo
- Snowy
- Spray N' Wash
- Veet
- Vivid
- Woolite

UNILEVER

- Amora
- Andrélon
- AXE
- Becel - Becel light
- Ben and Jerry's
- Bertolli
- Birds Eye
- Blue Band
- Calgon
- Calvé – Pindakaas
- Closeup
- Comfort
- Conimex
- Country Crock
- Cup a Soup
- Dove
- Findus
- Flora margarine
- Heart
- Heartbrand Ice Cream
- Hellmanns
- Iglo
- Knorr
- Lifebuoy
- Lipton
- Lux
- Magnum
- Ponds
- Pot Noodles
- Rexona
- Signal
- SlimFast
- Sunsilk
- Surf
- Unox
- Vaseline
- Wish Bone

2. Kellogg's bought Pringles from Procter & Gamble in 2012

TSH Resources Berhad	
TSH RESOURCES BERHAD'S RESPONSES TO AMNESTY INTERNATIONAL	
PT / Co:	PT SPMN
Total Value (US\$)	a. Who holds the remaining 10% non-controlling interest in PT SPMN b. Information about joint venture with Wilmar and whether SPMN providing and Palm Oil to the joint venture c. Does SPMN provide any Palm Oil to the above joint venture
Issues Raised By:	Amnesty International
Date reported:	1st Nov 2016
Website/ Publication:	Letter ref: TCASA21/2016.015
Explanation:	a. GARIBALDI THOHIR - 3,000 shares(10%) b. TSH has a 50-50 joint venture with Wilmar for a single refining plant (CPO refining and kernel crushing) which is located at Kunak Jaya, Sabah , Malaysia. c. SPMN does not supply CPO or Kernel or any other derivatives to the TSH/Wilmar join venture refinery located in Sabah.
Evidence	PT SPMN article of Association TSH website - Joint venture refinery with Wilmar SPMN CPO and PK sales records
Status	Information sufficient for Question 1 & 6
Verified By	Company Secretary Jenny Chow, Mill Manager PT SPMN Siew Chee Siong
TSH Resources Berhad	
PT / Co:	a. What volume of Palm Oil and any other linked derivatives does SPMN supplies to Wilmar on annual basis b. Does SPMN supplies to other Companies? Provide volumes supplied to these Companies.
Issues Raised By:	Amnesty International
Date reported:	1st Nov 2016
Website/ Publication:	Letter ref: TCASA21/2016.015
Explanation:	<i>Records between Nov 2015 to Oct 2016:</i> 1. To Wilmar: a. CPO 18,143,910kg b. PK 2,020,270kg 2. Sukajadi Sawit Mekar: a. CPO 8,726,860kg b. PK 4,749,520kg
Evidence	PT SPMN sales records from SPMN Mill
Status	Information for Question 5
Verified By	Mill Manager PT SPMN Siew Chee Siong

TSH Resources Berhad	
PT / Co:	PT SPMN
Issues Raised:	a. Did SPMN carry out ant assessment on whether and how long workers could work outdoor after the forest fires which led to hazardous level of pollution in Central Kalimantan? Did it assess what type of safety equipment would be required? Please provide us with details and evidence of the assessments undertaken and the safety measures that were put in place
Issues Raised By:	Amnesty International
Date reported:	1st Nov 2016
Website/ Publication:	Letter ref: TCASA21/2016.015
Explanation:	<p>PSI real-time index available from Jan 2016 (Jakarta Air Pollution: Real Time Air Quality Index AQI). Please be informed that the on time PSI (Pollution Standard Index) information was not available back in 2015. Apart from this, we do carryout ambient and emission test twice a year (carried out by an accredited environmental consultant), compliant to Department of Environment.</p> <p>For haze purposes the standard recommended facemask is the 'respirator N95'. I couldn't find a standard for Indonesia but this is recommended standard in Malaysia and Singapore. The haze situation in 2015 was unexpected and the local suppliers didn't have sufficient N95 stocks. Part of the workers could have been issued with non N95 respirator mask.</p> <p>Memos were issued and workers and residence were briefed during the 2015 haze. Field workers must use facemask and field supervisors must ensure ready stocks are available. Workers with respiratory problem must stay indoor. Workers were advised to reduce or refrain from smoking. In house clinic Doctor to monitor the respiratory illness etc. However, the monitoring report for reparatory illness 2015 and 2016 does not seem to be significantly different. This is despite having Haze free for 2016 (till date).</p>
Evidence	<p>PPE records</p> <p>SOP Tanggap Darurat Kabut Asap.</p> <p>2015/2016 health monitoring report</p>
Status	Information for Question 4, part 1
Verified By	<p>Indonesia group Safety & Health Manager: Pak Ady Putra (Ahli K3 umum, SMK3)</p> <p>PT SPMN Safety and Health Officer: Pak Aurudy (Ahli K3 umum, SMK3)</p> <p>Medical Doctor PT SPMN: Dr Irwan Rudianto</p>

TSH Resources Berhad	
PT / Co:	PT SPMN
Issues Raised:	a. Please provide us with details and evidence of the assessments undertaken and the safety measures that were put in place
Issues Raised By:	Amnesty International
Date reported:	1st Nov 2016
Website/ Publication:	Letter ref: TCASA21/2016.015
Explanation:	<p><i>Type of assessment, training and monitoring carried of for Safety and health:</i></p> <p>a. HIRAC (Hazard Identification and Risk Assessment and Control), carried out and Document available</p> <p>b. Internal audit and assessment covering areas of S&H carried out annually, documents available</p> <p>c. Medical check-up twice a year for employees exposed to high risk i.e. handling pesticide, fertiliser, chemical etc, records are available and verified by internal and external audit. All Medical checks as per HIPERKES standard.</p> <p>d. Training for Pesticide handlers carried out and certified by DISBUN (Agriculture Ministry), training records and certificates available</p> <p>e. PPE provided as per standard recommended by Indonesian Ministry of Labour (Permenaker No8, thn 2010). Pesticide workers issued with Goggles, Respirator (active carbon cartridge), aprons, gloves and rubber boots. Washing and storage area for PPE is also available. SOP S&H with required PPE available at site. Records of PPE issued to employee are also available at site</p> <p>f. Only premixed chemicals are used in field.</p> <p>g. Ambient & Emission and water quality test (for domestic consumption) carried out twice a year. Report of all test submitted to DOE and local regents office</p> <p>h. Triwulan report to Disnaker (Labour department) every 3 months. Report covers manpower information, Safety & Health related information, accident reports etc</p> <p>i. Safety & Health committee meeting and activity records available. Committee represented by workers and staff.</p> <p>j. Trained and certified ERT team available</p> <p>k. Fire fighting team trained and certified. Fire fighting equipment audited and certified by Balai Diklat</p>
Evidence	<p>PPE records, pesticide training certificates, P2K3 records, Accident investigation reports, Fire training records</p> <p>Triwulan report, RPL RKL report, 2015/2016 health monitoring report, S&H committee report Certificate Ahli K3, Accredited Medical Doctor, Safety & Health SOP, HIRAC documents, Internal Audit Clinic , Ambulance at site</p>
Status	Information for question 4 (Part 2)
Verified By	<p>Indonesia group Safety & Health Manager: Pak Ady Putra (Ahli K3 umum, SMK3)</p> <p>PT SPMN Safety and Health Officer: Pak Aurudy (Ahli K3 umum, SMK3)</p> <p>Medical Doctor PT SPMN: Dr Irwan Rudianto</p>

TSH Resources Berhad	
PT / Co:	PT SPMN
Issues Raised:	<p>a. Please provide number of casual daily labourers who are currently employed by SPMN and how many of these are women.</p> <p>b. Number of casual daily labourers who have been made permanent since 2011 and how many of these are women</p>
Issues Raised By:	Amnesty International
Date reported:	1st Nov 2016
Website/ Publication:	Letter ref: TCASA21/2016.015
Explanation:	<p>1. Casual workers current status in SPMN (as of Oct 2016)</p> <p>a. Total permanent worker 1,011 (Female 219 and Male 792)</p> <p>b. Total Contract workers (PKWT- pekerja waktu tertentu / workers with specified contract period) 235 (Female 25 and Male 210)</p> <p>2. There were no contract workers prior to March 2015.</p> <p>3. As of to date no record of contract workers (since March 2015) has been made permanent</p> <p>4. Contract workers were employed accordance to local laws and was done in discussion with DISNAKER (Labour Act No.13, 2003, article 59 subsection 4 & 5).</p> <p>5. Contract workers are entitle to same benefits as the permanent workers i.e housing, medical etc</p> <p>6. No records of permanent worker(s) has/have been converted to Contract worker or given temporary employment.</p>
Evidence	<p>P Employment register and records,</p> <p>Employment Employment contracts</p>
Status	Information for question 2. Unsubstantiated claim- No further action required
Verified By	<p>Indonesia group Safety & Health Manager: Pak Ady Putra (Ahli K3 umum, SMK3)</p> <p>PT SPMN Safety and Health Officer: Pak Aurudy (Ahli K3 umum, SMK3)</p> <p>Medical Doctor PT SPMN: Dr Irwan Rudianto</p>

TSH Resources Berhad	
PT / Co:	PT SPMN
Issues Raised:	a. Why SPMN move to piece rate system and how he sets rates of pay (harvesters & plant maintenance) b. What safeguards in place to ensure that these targets do not result in people being paid below minimum wage or working in excess of working hours limit
Issues Raised By:	Amnesty International
Date reported:	1st Nov 2016
Website/ Publication:	Letter ref: TCASA21/2016.015
Explanation:	<p>1. <i>Why piece rate</i></p> <p>a. <i>Piece rate has been in practice since 2011. This is a common practice in most of the Oil palm industries but the only difference could be the unit of measurement.</i></p> <p>b. <i>Purpose of piece rate system is because it eliminates wastage and rewards performers. In return, employees have the opportunity to earn more or above the regulatory minimum wage.</i></p> <p>c. <i>To determine the targeted piece rate within the stipulated work hours i.e. 7hrs, time motion studies and historical daily productivity records were taken into consideration.</i></p> <p>d. <i>The piece rates were communicated through join consultative meeting with the in-house union (Syarikat Pekerja) and Welfare Committee</i></p> <p>e. <i>The piece rates are reviewed annually. The last communication on the rates and changes were minuted on 26th July 2016. The piece rates were also reviewed and amended from time to time in accordance to the national minimum wage policy.</i></p> <p>f. <i>Minimum wage is monitored and checked monthly. Employees not meeting minimum wage were consulted. Reason for not achieving the minimum wage were also recorded.</i></p> <p>g. <i>Cases of Employees not meeting the minimum wage requirements due to uncontrolled circumstances i.e. due to low crop or bad weather, normally referred to Management to determine the top up.</i></p> <p>2. <i>Other related matters</i></p> <p>a. <i>Only people age 18 and above are employed to work. No children allowed to work in the field and this is communicated regularly during 'Morning Master'. Daily supervisions are carried out to ensure no children working the field.</i></p> <p>b. <i>In-house school, crèche and school busses are provided for all employees children.</i></p>
Evidence	Employment register and records Payroll information, Records of join consultative meeting (In-house Union & welfare committee) SOP Finance on Piece rate
Status	Information for question 3. Unsubstantiated claim- No further action required
Verified By	Sam Ang Wei Eng (Group HR), Pak Didin (HR PT SPMN) Pak Hendri Ismeth (HR Jakarta) Pak Didin (HR PT SPMN)

Company Details (Relevant as of 2015)	Member of the Roundtable on Sustainable Palm Oil (RSPO)?	Nature of Business Relationship with Wilmar (buyer, joint venture partner, or shareholder)	Sourcing from Indonesian refineries that receive palm oil from mills linked to the plantations where severe labour abuses found? 11 Refineries: PT Multimas Nabati Asahan in Kuala Tanjung; PT Wilmar Nabati Indonesia in Padang; PT Wilmar Nabati Indonesia in Gresik; PT Wilmar Nabati Indonesia, Dumai; PT Wilmar Nabati Indonesia, Pelintung; and PT Multimas Nabati Asahan, Pulo Gadung, PT Wilmar Nabati Indonesia, Balikpapan, PT Sinar Alan Permai, Palembang, PT Multimas Nabati Sulawesi, Bitung, and PT Wilmar Cahaya Kalbar, Pontianak.	Evidence that company had already identified severe risks and labour rights abuses on Wilmar's and its suppliers' Indonesian plantations?	Amnesty International's assessment of policies or checks in place regarding human rights abuses linked to palm oil sourcing	Disclosed which products contain palm oil or palm derivatives sourced from Wilmar and Indonesia?
<p>Agrupación de Fabricantes de Aceites Marinos, S.A. (AFAMSA S.A.)</p> <p>Headquarters: Spain Net sales: no public info Profits: no public info</p>	No	<p>Buyer. Confirmed by company. Duration: at least two years</p>	<p>Yes. Confirmed by Vigo port authority in Spain confirmed that AFAMSA was the importer of crude palm oil from Wilmar from Dumai, the port closest to Wilmar's Dumai refinery.</p>	No	<p>No public human rights policy. Relies on Wilmar's statements on labour measures without out further verification. Details of audit unclear.</p>	No, requested information not provided by company.
<p>Archer Daniels Midland Company (ADM)</p> <p>Headquarters: USA Net sales: US\$67.7 billion. Profits: US\$1.85 billion</p>	Yes	<p>Buyer, Joint-venture partner with Wilmar (Olenex) and 23% shareholder in Wilmar. All confirmed by company. Duration: at least 10 years</p>	<p>Yes. Confirmed. Published information on the source of its palm oil/other (referred to as traceability information back to the mills public. ADM sources from Perkenbunan Milano's Pinang Awan mill and Daya Labuhan Indah's mill. ADM said that it sourced indirectly from Abot Budi Mulia's and Sarana Prima Multi Niaga's mills: "Palm oil from these mills is in our supply chain but indirectly through a number of different suppliers, not just Wilmar".¹ ADM also lists Wilmar's.</p>	No	<p>Basic human rights policy in place as of 2013. <i>Due diligence focused on company-owned facilities: "...our initial focus was ensuring compliance at the company-owned locations at which we have direct control and we prioritized our efforts at the locations where the risk was perceived to be the greatest (Paraguay, South Africa, and India)."</i> Company said that it had reached out to Wilmar as part of its supplier out-reach programme, but no further action was required. <i>"Given that Wilmar has its own policies, which such policies are closely aligned with our own... we were provided with a measure of confidence in their approach, progress and handling."</i></p>	<p>Unclear response provided by company. Company stated that: "Coroli, Oilio [ranges of edible oils] and Novalipid [a range of low-fat serving oils and shortenings] are broad product categories. Sometimes these products can contain palm oil but sometimes they do not."</p>

<p>ELEVANCE RENEWABLE SCIENCE Headquarters: USA Net sales: no info Profits: no info</p>	<p>Yes</p>	<p>Buyer and joint-venture partner: Confirmed by company, located in Gresik, Indonesia, within Wilmar facility. Duration: at least three years</p>	<p>Yes, confirmed by customs data. One shipment was from a Wilmar subsidiary with a North Sumatra shipping address. The second from Wilmar Elevance 2 Pte Limited, which based on a check of the shipping address, originated from Wilmar's refinery complex in Gresik. Elevance confirmed that its joint venture with Wilmar - a biorefinery which produces speciality chemicals - is based within a larger Wilmar facility in Gresik in Indonesia, and utilizes palm oil. Wilmar is the sole supplier of palm oil to, and operator of, the joint venture and biorefinery, co-located with Wilmar's Gresik refinery.</p>	<p>No.</p>	<p>No public human rights policy. Relies on RSPO process and Wilmar's public materials. These are inadequate. Said that it is a small company and that no other measures were taken.</p>	<p>No. Requested information not provided by company.</p>
<p>KELLOGG'S Headquarters: USA Net sales: US\$13.5 billion Profits: US\$614 million</p>	<p>Yes</p>	<p>Joint venture partner. Company: confirmed that its joint venture with Wilmar in China, Yihai Kerry Ltd., sources palm oil from Wilmar Duration: two-three years</p>	<p>Yes Confirmed. Kellogg's confirmed that it sourced palm oil for its joint venture with Wilmar in China from Kerry Shangai Oils/Wilmar. It stated that Wilmar/Kerry Shangai Oils sources palm oil from PT Multimas Nabati Asahan, Kuala Tanjung (MNA, Kuala Tanjung), PT Wilmar Nabati Indonesia, Gresik (WINA, Gresik), PT Wilmar Nabati Indonesia, Dumai (WINA, Dumai), and PT Multimas Nabati Sulawesi, Bitung (MNS, Bitung).</p>	<p>No.</p>	<p>Has a human rights policy, states that human rights standards are integrated into codes of conduct or palm oil supply chain policies (see: company website) Said uses independent audit programme, but doesn't undertake independent verification of labour risks and abuses.</p>	<p>Yes. Company confirmed contained in Pringles chips made and distributed in China by its joint venture with Wilmar.</p>
<p>NESTLÉ Headquarters: Switzerland Net sales: 88.8 billion CHF (US\$89.5 billion¹) Profits: 9.1 billion CHF (US\$9.18 billion²)</p>	<p>Yes</p>	<p>Buyer. Confirmed by company. Duration: at least 10 years</p>	<p>Yes. Confirmed. Company said: "... we confirm that we source, indirectly, palm oil from all refineries mentioned in your letter, with the exception of PT Wilmar Nabati Indonesia in Bagendang, which we do not source from at all."</p>	<p>No. Could not point to having identified the severe labour abuses linked to Wilmar's plantations and Wilmar's suppliers documented in this report.</p>	<p>Has a human rights policy, states that human rights standards are integrated into codes of conduct or palm oil supply chain policies (see: company website) Stated monitoring Wilmar's human rights performance since 2010. Said that "56.06% (25,587 tonnes) of Wilmar's palm oil is being monitored through our Responsible Sourcing Action Plan".³ It stated: "Wilmar does not currently comply with all Nestlé's RSG requirements yet", but that Wilmar "... has made a policy commitment, with a time bound Aggregator Refinery Transformation (ART) plan." Company stated that: "We believe that our due diligence system, based upon the various steps noted above (risk assessment, supply chain transparency, on the ground assessments and action plans with suppliers, backed by suspending suppliers who are unwilling to improve) is a strong one." Company does not disclose whether Wilmar's non-compliance relates to labour standards. ART plan is extremely limited in scope.</p>	<p>No. Requested information not provided by the company. Company confirmed that the products presented on Amnesty International's list contained palm oil, but not palm oil sourced from Wilmar.</p>

1. All conversations on based on historical exchange rates for 31 December 2015 at www.oanda.com/currency/converter (accessed 7 October 2016)
 2. According to historical exchange rates for 31 December 2015 at www.oanda.com/currency/converter (accessed 7 October 2016)
 3. Nestlé letter to Amnesty International, dated 11 November 2016.

<p>PROCTER AND GAMBLE Headquarters: USA Net sales: US\$70.7 billion Profits: US\$7.04 billion</p>	<p>Yes</p>	<p>Buyer. Confirmed by company. Duration: at least two years</p>	<p>Yes, highly likely. Company refused to provide the requested information on refineries advising that this information is confidential. Company confirmed it sourced from Wilmar. Twelve out of these 15 refineries are supplied directly or indirectly by mills that are supplied by the plantations where Amnesty International found severe labour rights abuses.</p>	<p>No</p>	<p>Has a human rights policy, states that human rights standards are integrated into codes of conduct or palm oil supply chain policies (see: company website) No independent inspections undertaken at plantation level to identify labour risks or abuses linked to Wilmar. Company stated that relied on RSPO process and on Wilmar to self-report labour issues. Relying on the RSPO process and Wilmar self-reporting is inadequate</p>	<p>No clarification provided by company. Company provided a response, but did not point out any corrections on the list of products sent by Amnesty International to</p>
<p>RECKITT BENCKISER Headquarters: UK Net sales: £8.87 billion (US\$13.1 billion⁴) Profits: £1.7 billion (US\$2.5 billion⁵)</p>	<p>Yes</p>	<p>Company confirmed that Wilmar is a top 5 supplier of palm oil. Duration: at least two years</p>	<p>Yes. Confirmed. Company confirmed that supplied from Wilmar's Indonesian refinery, PT Wilmar Nabati (Indonesia Gresik).</p>	<p>No</p>	<p>Has a human rights policy, states that human rights standards are integrated into codes of conduct or palm oil supply chain policies (see: company website) It stated that it supports and relies on the Aggregator Refinery Transformation Plan (ART) and made efforts, along with Wilmar and TFT, to trace palm oil back to mills to identify those that are high priority. ART is extremely limited in scope in relation to labour abuses. The criteria used for selection of mills are not based on an adequate pre-assessment of the risk of labour rights abuses.</p>	<p>Yes. Company confirmed that soap noodles sourced from one of the identified Wilmar refineries was used to manufacture bar soap, sold globally. Company subsequently confirmed one of the brands as Dettol.</p>
<p>UNILEVER Headquarters: UK-The Netherlands Net sales: 53.3 billion euros (US\$58.2 billion⁶) Profits: 5.3 billion euros (US\$5.79 billion⁷)</p>	<p>Yes</p>	<p>Unilever confirmed that they purchase palm oil from Wilmar and from Indonesia. Duration: at least 10 years. Unilever confirmed that Wilmar is one of its "key palm oil suppliers." One of the largest buyers of palm oil and is the largest end user of "physically certified" palm oil in the consumer goods industry.</p>	<p>Yes, highly likely. Company did not provide requested information on refineries. Company confirmed it sourced directly and indirectly from Wilmar. Twelve out of these 15 refineries are supplied directly or indirectly by mills that are supplied by the plantations where Amnesty International found severe labour rights abuses.</p>	<p>No</p>	<p>Has a human rights policy, states that human rights standards are integrated into codes of conduct or palm oil supply chain policies (see: company website) Company said: "...we are also working towards independent verification of our palm oil supply chain, especially on high risk mills where we have identified issues including those relating to wages, working hours, environment and health and safety issues. We have developed a programme for risk verification and have piloted this through three independent assessments." Company's efforts are still at the piloting stage and the future potential for addressing these issues is uncertain. No explanation given as to why these efforts have taken so long. Unilever's policies reflect issues including: gender discrimination, forced labour, and the use of chemicals. However, Amnesty International's evidence shows that the company has failed to put its policies into practice. Unilever stated that the industry is "in need of structural and sustainable change." "We will continue to support the drive across the palm oil sector's supply chain. We are committed to the continuous improvement in the processes for the identification and remediation of social issues."</p>	<p>No clarification provided by company. Company provided a response, but did not point out any corrections on the list of products sent by Amnesty International to it.</p>


4. According to historical exchange rates for 31 December 2015 at www.oanda.com/currency/converter (accessed 7 October 2016)
 5. According to historical exchange rates for 31 December 2015 at www.oanda.com/currency/converter (accessed 7 October 2016)
 6. According to historical exchange rates for 31 December 2015 at www.oanda.com/currency/converter (accessed 7 October 2016)
 7. According to historical exchange rates for 31 December 2015 at www.oanda.com/currency/converter (accessed 7 October 2016)



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 info@amnesty.org

 +44 (0)20 7413 5500

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THE GREAT PALM OIL SCANDAL

LABOUR ABUSES BEHIND BIG BRAND NAMES

Some of the world's best known companies are selling food, cosmetics and other products containing palm oil from Indonesian plantations on which workers are suffering serious human rights abuses.

Wilmar International Limited (Wilmar) controls over 43% of the global palm oil trade, selling to many 'household name' companies. Amnesty International found a range of labour rights abuses on the plantations operated by Wilmar's subsidiaries and suppliers in Indonesia. These abuses include worst forms of child labour, forced labour, discrimination against women workers, people being paid below the minimum wage, and workers suffering injuries from toxic chemicals. Under Indonesian law, many of these abuses can amount to criminal offences but the laws are poorly enforced.

Despite these serious abuses, palm oil from many of these plantations continues to be certified by an international initiative – the Roundtable on Sustainable Palm Oil (RSPO) – whose processes are fundamentally flawed. Companies that buy this palm oil claim to consumers that their products have been made using 'sustainable' palm oil.

Amnesty International is calling for a major overhaul of how the palm oil industry operates. Companies must end their reliance on weak compliance-based approaches. They must proactively investigate and address abuses all along their supply chain.

Amnesty International is also calling on the Indonesian government to improve enforcement of its labour laws, to investigate the abuses it has identified and to initiate prosecutions where there is evidence that criminal offences have been committed.

