

## **KnowTheChain: Questions regarding forced labour risks in your company's sugar cane supply chain**

In answering these questions, **please indicate where your companies' policies and practices specifically apply to sugar cane sourcing or processing countries at risk of forced labour or human trafficking** such as Bolivia, Brazil, Dominican Republic, Guatemala, India, Malawi, Myanmar, and Pakistan<sup>1</sup> or other countries where you might have identified forced labour risks.

Please note the following questions focus on sourcing of sugar cane (not sugar beets). Where available, please include URLs to existing disclosure.

*[KTC] Please note the information in blue indicates relevant existing information identified for your company.*

### **Traceability:**

1. Which countries does your company and/or your suppliers source sugar cane from (option to indicate percentage or volume of supply from each country)?

Wilmar sources sugar cane from Argentina, Thailand, Australia, Mexico, Brazil, Guatemala.

2. What are the names and addresses of your company's sugar mills and/or sugar suppliers? Please indicate the nature of suppliers, e.g. traders or mills, and your relationship to them, e.g. direct owned or purchasing only (option to indicate workforce data you deem relevant, such as workforce composition or rate of unionisation).

Wilmar has eight wholly-owned mills in Australia:

- 1) Macknade Mill - Mill Road, Ingham, Queensland 4850, Australia
- 2) Victoria Mill - Forrest Beach Road, Queensland 4850, Australia
- 3) Pioneer Mill - Drynie Road, Brandon Queensland, Australia
- 4) Kalamia Mill - Off Beach Road, Via Ayr Queensland, Australia
- 5) Plane Creek Mill - Mill Street, Sarina, Queensland 4737, Australia
- 6) Proserpine Mill - Main Street Proserpine, Queensland 4800, Australia
- 7) Inkerman Mill - Russell Drysdale Drive, Home Hill Queensland, Australia
- 8) Invicta Mill - Sherbourne Road, Giru, Queensland 4809, Australia

Wilmar also has mills in Myanmar, Morocco, India and Brazil through JV partnerships.

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<sup>1</sup> Sugar sourced from Dominican Republic, Bolivia, Brazil, Myanmar, Pakistan has been identified as being at risk of forced labour by the [US Department of Labor](#). [Verite](#) has collected reports in forced child labour in Malawi, and debt bondage of sugar workers in India. [Coca-Cola](#) identified forced labour incidents at sugar farms and mills in Guatemala. For further information on forced labour risks in sugar sourcing, please see [Verite's Responsible Sourcing Tool](#).

- Majority shareholding in Myanmar mills:
  1. Maung Kong mill  
Address: Block no. 2282, Bugyi Kong, Maung Kong Ward, Htee Chaint Township, Kathar District, Sagaing Division, Myanmar
  2. Madaya mill  
Address: Kyauk Sayit Kong (North), Madaya Township, Mandalay, Myanmar
  
- Minority shareholding
  - Morocco
  - India
  - Brazil

Please refer to the enclosed pdf file for the list of our sugar suppliers.

*[KTC] Wilmar expanded to sugar business in 2010, through acquisitions, JVs and shareholdings, in some of the largest sugar refiners and producers in Australia, Indonesia, Morocco, India, Myanmar, Brazil, New Zealand.*

*Map of mills and refineries (from 2011): <http://www.wilmar-international.com/wp-content/uploads/2012/11/Sugar11Apr2016.jpg>*

*Wilmar Sugar Australia Limited is Australia's largest raw sugar producer and one of the top 10 producers in the world.*

*<http://www.wilmar-international.com/our-business/sugar/>*

*Directly owned:*

- *Proserpine Mill, Australia (mill)*
- *Sucrogen Limited/Wilmar Sugar, Australia*
- *PT Jawamanis Rafinasi, Indonesia (refinery)*

*Stakes in other companies.*

**Risk assessment:**

3. How does your company assess risks related to forced labour in sugar cane sourcing at mill and farm level?

Our mills in Australia buy only from farms within the country, all of which operate in a heavily unionised and legislated environment, where there is strong trade union involvement that ensures all labour is voluntary, and that all employees are able to terminate their employment of their own free will at any time.

Further to the above, we are also pursuing Bonsucro certification for our mills and farms in Australia. We currently have one mill and its supply base certified. One of the core criteria of Bonsucro standards is compliance with ILO labour conventions governing child labour, forced labour, discrimination and freedom of association and the right to collective bargaining.

Outside of our own mills and farms, we currently do not have a system to assess forced labour risks in our cane sugar supply chain; plan is underway to develop our sugar sourcing policy which will consider supplier-risk assessments.

4. What risks has your company identified, and what actions has your company taken to address these risks?

We have not identified any major forced labour issues in our own and third-party mills and farms. We have a grievance procedure set up (<http://www.wilmar-international.com/sustainability/grievance-procedure/>) where stakeholders who have any issues relating to labour practices in our sugar supply chain can raise their concerns through that platform, and we will look into the matter accordingly.

In Australia, we also subscribe to sources that advise of labour-related legislation changes, as well as conduct regular reviews of our environmental and social standards, including labour practices.

**Worker voice:**

5. Grievance mechanisms: Does your company ensure workers on sugar farms and mills, as well as local stakeholders have access to effective grievance mechanisms? If yes, please explain what mechanisms are available for local stakeholders and workers in both owned and third party sugar farms and mills. Please also explain how you ensure those mechanisms fulfil the [effectiveness criteria under the UN Guiding Principles for Business & Human Rights](#), in particular how you ensure mechanisms are communicated to, as well as trusted and used by both formal and informal sugar farm and mill workers.

Our mill and farm operations in Australia and Myanmar have a grievance process in place for all employees. Employees are made aware of it at point of employment, and are given an employee handbook which outlines the details of the grievance mechanism. Employees also receive regular refreshers, and updates from company notice boards, intranet, and toolbox meetings. It is also very easy for our workers to approach their supervisors, any member of the human resources team, or their trade union representative to raise any issues/complaints.

Furthermore, we have a grievance procedure setup (<http://www.wilmar-international.com/sustainability/grievance-procedure/>) where stakeholders who have any issues relating to labour practices and other matters in our sugar supply chain can raise their concerns through that platform, and we will look into the matter accordingly.

Some of our suppliers who are Bonsucro-certified would also have such mechanisms in place. We currently do not have a system in place to know if all our suppliers have such mechanism; plan is underway to develop our sugar sourcing policy which will take this into consideration.

6. Worker engagement and empowerment: How does your company ensure that workers at sugar farms and mills you source from are made aware of their rights, and empowered to exercise their rights (e.g. freedom of association or, where there are regulatory constraints to freedom of association, alternative means of organising)?

Some of our suppliers are Bonsucro-certified; we are therefore confident that these practices are in place as it is a core requirement under indicator 2.1.4 (Respect the right of all workers to form and join trade unions and/or to bargain collectively). For non-certified suppliers, we currently do not have a system to know if such practices are in place; plan is underway to develop our sugar sourcing policy which will take this into consideration.

Many of our suppliers in Australia also comply with the Smartcane Best Management Practices (BMP), an industry-led programme that is benchmarked against and fully aligned with the Bonsucro Production Standard. This programme is also fully endorsed by Bonsucro - <https://www.bonsucro.com/en/smartcane-bmp-benchmarked-to-bonsuro/>.

#### **Monitoring / certification:**

7. How does your company monitor the labour performance of its sugar suppliers / farmers?

The growers supplying our own mills in Australia are predominantly Owner-Operator businesses, with minimal need for additional outside labour due to the farm equipment and machinery that they have at their disposal.

We currently do not have a system to monitor the labour performance of our suppliers; plan is underway to develop our sugar sourcing policy which will also look into labour compliance.

8. If you undertake sustainable sugar sourcing, how does the certification or verification programme consider forced labour risks at mill and farm level?  
One of the core criteria of Bonsucro standards requires compliance with ILO labour conventions governing child labour, forced labour, discrimination and freedom of association and the right to collective bargaining.

## Remedy:

9. What steps does your company take to ensure workers are fairly compensated and provided remedy when labour abuses have been identified (e.g. during the recruitment process of workers, at farm level or mill level)?

Unions play a significant role in our operations in Australia and Myanmar in securing legislated protection and rights of workers. Wilmar have in place a robust framework and process for determining rates of pay, including regular negotiations with trade unions. We are not aware of any labour abuses in any of our own operations.

10. Please provide examples of outcomes of this remedy process (e.g. support reintegration of victims in the labour market).

We have not found any labour abuses in our operations and supplying farms.

## Additional information

Please provide any further information regarding your company's activities on forced labour risks in sugar sourcing or your supply chain structure which you think is relevant (e.g. related to local stakeholder engagement, recruitment, supplier training or purchasing practices). Country specific examples are welcome, e.g. in the example of Brazil, participating in initiatives like [Brazil's National Pact to Eradicate Slave Labour](#), or ensuring not to source from companies on Brazil's [Transparency List on Contemporary Slave Labour](#).

Wilmar started our sustainability programme with palm oil, including our landmark No Deforestation, No Peat and No Exploitation (NDPE) Policy which was predominantly designed and developed with oil palm in mind, because palm oil not only makes up a much bigger proportion of Wilmar's business as compared to sugar, but also presents a higher risk profile. Moreover, Wilmar's foray into the sugar arena also came in much later than palm oil.

Similar to our palm oil business, our approach in sugar is to be able to have our own mills/farms adopt best management practices and ensure they are workable first before we extend the same to our suppliers.

About 80% of Wilmar's raw sugar is sourced from third-party suppliers. Plan is underway to develop a sustainability programme for our sugar refineries, which will include a responsible sourcing policy and guide with traceability requirements."

*[KTC] Quote from [Annual Report 2015](#): While we have taken these large steps to ensure that our policy aspirations become a reality for all of our palm oil activities, we have also made a broader commitment to the highest sustainability standards across the major agricultural commodities in our global supply chains, such as sugar. [details of commitments and progress on sugar would be welcome]*

**Background information:**

This questionnaire has been sent to the following companies:

- Beverage companies: Coca Cola, FEMSA, PepsiCo, Monster Beverages
- Chocolate and confectionary manufacturers: Hershey, Mondelez, Nestle
- Sugar producers: Archer Daniels Midland (ADM), Associated British Foods (ABF), Wilmar International

Please note your responses will be made public on the [Business & Human Rights Resource Centre website](#). In addition, we will publish a short analysis paper which will seek to highlight better practices, as well as companies and areas where disclosure is limited. For an indication of the types of practices KnowTheChain generally regards as better practices, please review the [methodology](#) and the [findings report](#) of [KnowTheChain's food & beverage benchmark](#).