Dear Meg,

**Addressing systemic problems with Wilmar International**

As complainants to the CAO about the IFC’s continued financial support for the operations of the company Wilmar International, we are writing once again to clarify our concerns about the systemic problems that remain in the palm oil supply chain of Wilmar International.

Since our very first formal complaint to the CAO in 2007, we have drawn attention to the fact that as well as the very detailed information about specific problems that we have been able to identify through our own field research, there have been and there continue to be reports of serious problems, including land disputes and other local community grievances, in many other Wilmar operations.

In our first complaint of 18th July 2007, we highlighted four operations that were of concern to us and we referenced publications which listed several other operations where there were identified problems. Following this complaint, the CAO was able to mediate dispute resolution procedures with two of these communities, Senujuh and Saajinang Kecil in Sambas, West Kalimantan, where good progress has subsequently been made towards settling the disputes.

During the mediation of the first complaint, we held meetings with Wilmar, observed by the CAO, where we also sought to address some of the wider problems. However, a concerted effort to pursue this line of discussion was not developed despite our appeals.¹

In our second complaint of 19th December 2008, which we filed when we learned that the IFC was providing yet further financial support for Wilmar without due diligence, we noted again that these problems in Wilmar’s subsidiary operations remained widespread and we listed other company operations where there were ongoing land disputes (PT Wilmar Sambas Plantation, PT Buluh Cawang Plantation, PT Agropalindo Sakti, PT Agro Nusa Investama, PT Pratama Prosentiindo, PT Perkebunan Anak Negeri Pasaman, PT Indresin Putra Mandiri, PT Daya Landak Plantation, PT Pelindo Sakti, PT Bumi Pratama Kathulistiwa, 15 subsidiaries of PT PPB, PT Bukit Kaporeksa and PT Murini Samsam).


In response to this letter of complaint, to our knowledge, the CAO then helped set up mediation processes in two operations, in one of which (PT Citra Riau Sarana in relation to the community of Pangean in Riau), good progress was made with the help of the mediator, the NGO Scale Up, in resolving the dispute. In the second case (PT Asiatic Persada in Jambi, where the CAO had also helped set up and provided mentoring to a mediated conflict resolution process), further serious problems between the company and the Batin Sembilan communities arose however.

Our third complaint of 22nd November 2011 thus focused on the serious human rights problems in the PT AP concession and we are grateful for the recent response of the CAO to seek to mediate a resolution of the disputes there. Here we draw attention to the fact that in our letter we also explicitly noted that:

Wilmar is a very large conglomerate and, as this case illustrates, it has clearly not succeeded in resolving problems in all its many other subsidiary operations. Therefore, in addition to mediation of the disputes in PT AP, we also call on the CAO to carry out, in collaboration with affected communities and supportive NGOs, and then make public, a much wider review of Wilmar’s operations as they relate to land acquisition and dispute resolution.

Where other unresolved land conflicts are identified, we ask that the CAO also involve itself in mediating solutions in these areas and work with the company to ensure it adopts effective measures to systematically address land conflicts in its concessions in line with international human rights standards, the IFC Performance Standards and the Principles and Criteria of the RSPO, of which both Wilmar and the IFC are prominent members.

Furthermore, we note that whereas Wilmar is required by RSPO’s procedures to resolve such problems in all its own majority-owned subsidiaries, under the IFC’s procedures (as affirmed by the CAO audit), the company is obliged to apply the IFC Performance Standards to its full supply chain, which logically includes the palm oil and fresh fruit bunches that the company sources from non-Wilmar subsidiaries. It is our understanding that Wilmar International sources about 30% of its internationally-traded palm oil from its own subsidiaries and 70% from other companies.

We are writing this letter to therefore urge that the CAO addresses these wider systemic issues, perhaps by reconvening a dialogue between Wilmar International, IFC and the concerned community and civil society organisations represented through the signatories of these complaints.

We look forwards to learning your response to this request.

Yours sincerely

Dr. Marcus Colchester
Director, Forest Peoples Programme

Abetnego Tarigan
Executive Director, SawitWatch

Andiko
Executive Director, HuMa

Rukaiyah Rofiq
Director, Yayasan SETARA, Jambi
Rivani Noor,
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Ahmad Zazali (Jalie)
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Stephanie Gorson Fried
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