

SUSTAINABILITY BRIEF

Update from the field

May 2018

Rebuilding the Nigerian palm oil industry through partnerships

Oil palm originated in West Africa, and has been grown traditionally as a subsistence crop in small-scale farming systems for thousands of years. With ever increasing demand for palm oil, and limited room for the industry's continued expansion in Asia, West Africa has become the new frontier for large-scale palm oil production. Nigeria was once the world's leading producer and exporter of palm oil. Although Nigeria remains the largest palm oil producing country in Africa, and the fifth largest globally, it is now a net importer of palm oil to satisfy growing local demand.

The environmental and social problems arising from the aggressive expansion of palm oil in South-East Asia have been well documented, from loss of forest and biodiversity to land grabbing and labour rights abuses. As the industry sets its sights on Africa, it is important to ensure that the mistakes of the past are not repeated. Wilmar is committed to partnering with local stakeholders, following sustainability best practice and policies, to help build a palm oil industry that can be the benchmark for other palm oil projects in Africa.

Wilmar has prioritised sustainable development from the start. In December 2013, we were the first in the palm oil industry to commit to a stringent No Deforestation, No Peat and No Exploitation (NDPE) policy which extends across its entire supply chain, including joint-ventures and third-party suppliers.



Meeting at Cross River National Park with Assistant Conservator General - Mr. Yakubu Kolo and his team, to talk about overlapping issues of Ibad Estate

Reviving abandoned oil palm estates

The majority of Wilmar's upstream operations in Nigeria involve reviving and replanting old and abandoned oil palm estates.

Biase Plantations Ltd (BIL)

Several oil palm interventions that were started by government between the 1950s to 1970s are now derelict or are not under any active management. In 2011, the company kick-started its upstream operations with Biase Plantations Limited, which acquired two plantations in Cross River State that were established by the government in the 1960s, Calaro Oil Palm Estate and the Ibiae Estate.

Shortly after acquiring the two estates, Wilmar commenced the first ever RSPO New Plantings Procedure (NPP) process in Nigeria for the unplanted areas of Ibiae Estate. The NPP process went through all stages required by the RSPO and passed after a thorough stakeholder engagement process.

In 2014, BPL was approached by local communities to extend its Calaro Estate, which gave rise to the Calaro Extension Project in 2014. In line with its sustainability commitments, detailed High Conservation Value (HCV) Assessment, High Carbon Stock (HCS) Assessment, Social Impact Assessment (SIA), Environmental Impact Assessment (EIA) and soil suitability assessments were conducted by credible independent assessors. The NPP process for this area was successfully completed in 2016 without any adverse comments against the project.



Aerial view of Calaro Estate

Eyop Industries Ltd (EIL)

In the year 2012, Eyop Industries Limited was established to acquire the assets of the erstwhile Obasanjo Farms. These assets included three estates – Kwa Falls Estate (established in the 1970s by the State Government), the Ibad and Oban Estates (both established by Obasanjo Farms in the early 2000s).

Shortly after acquiring these assets, EIL commenced the process of replanting the Kwa Falls Estate and the parts of Ibad Estate that had existing plantations. No work has been done in the Oban Estate till date. This is because parts of the estate continue to overlap with previously established boundaries of the Cross River National Park, and the new operational boundaries of the park (which do not overlap with the estate) have not been officially gazetted.

No new development in Oban and parts of Ibad Estates while the re-demarcated boundaries of Cross River National Park are being gazetted

The Cross River National Park (CRNP) was established by the Federal Government of Nigeria in 1991 through the Cross River National Park Decree that subsumed three existing Forest Reserves (Oban Block Forest Reserve; Okwango Forest Reserve and the Boshi Extension Forest Reserve). Shortly afterwards, stakeholders including conservation NGOs, the National Park Authorities and local communities initiated a formal process to re-demarcate the boundaries of the park. The problem at the time was that the gazetted boundaries in 1991 included and covered existing local communities, industrial oil palm plantations and large stretches of farmlands. The re-demarcation process was aimed at limiting the Park boundaries only to areas that were of conservation significance and excluding areas that contained industrial agricultural plantations, communities, degraded areas and farm lands. This process was supported by conservation NGOs such as WWF, WCS, CRNP Authorities as well as affected local communities with government sanction.

The new boundaries were developed in a participatory manner. However, these new operational boundaries of the Park have not been fully gazetted. The consequence of this is that whilst the Oban Estate and parts of the Ibad Estate are clearly outside of the operational boundaries of the CRNP, they nonetheless continue to have some overlaps with the original boundaries of the Park established by the 1991 decree.

To address this, local stakeholders are working together to seek official sign-off and gazette the operational boundaries of the CRNP. Whilst this process goes on, Eyop Industries Limited will not clear any lands in the Oban Estate or the parts of Ibad Estate that have overlaps. EIL is committed to waiting for the official signing off of these CRNP operational boundaries before it starts any operations.

Land acquisition through Free, Prior and Informed Consent

In all cases, land acquisition was governed by the Free, Prior and Informed Consent (FPIC) process, which is central to the principles and criteria of the Roundtable for Sustainable Palm Oil (RSPO) and a core component of Wilmar's NDPE policy. The principle of FPIC is that a community has the right to give or withhold consent to proposed projects that may affect lands that they customarily own, occupy or use.



Sustainability team during the FPIC at Obubra / Ikom LGA - Calabar

These processes are clearly recorded and documented and are also used to sensitise communities on the potential opportunities and challenges that the evolving oil palm industry might bring to their communities and ways of life. Existing plantations being replanted are also done with the full support and buy-in of our host communities.



Presentation of GIS team to Calaro Extension Estate to community leaders before participatory mapping



Presentation of Map of Calaro Extension Estate to community representatives by the youth leader of community



Responding to an invitation by Isabang Community to donate their land for plantation development

Land acquisition has proven to be challenging for many plantation companies operating in Nigeria. Wilmar has been in compliance with the code of conduct and standards of the RSPO, and is committed to continue implementing a fair and transparent FPIC process in Nigeria.

No development of HCV and HCS forest or peatlands

In line with Wilmar's NDPE policy, the company's operations in Nigeria have not converted any HCV or HCS forest areas or peatlands.



Boundary verification and confirmation with Forest Rangers from the Cross River National Park



Participatory boundary verification with five community representatives at Ibiae Estate

Providing employment opportunities and improving livelihoods of local communities

Today, Wilmar is the second largest employer in Cross River State after the State Government currently offering over 3,000 direct jobs and tens of thousands of indirect jobs in contracts, allied industries and evolving businesses in the catchment areas. The company also offers competitive wages and conditions of work in line with legal requirements.

The company is aware of its responsibility that comes with being a leading employer. BPL and EIL have community development programmes that focus on four key areas: (a) Training and Capacity Development (b) Water, Sanitation and Health (c) Infrastructure Development and (d) Recreation and Sports.



Solar powered borehole water at Mbarakom, Akamkpa LGA



Aerial view of Onun Secondary School

Initiatives under these programmes include the school development and scholarship programme to provide access to education to the children of our workers and host communities, partnerships with oil palm outgrowers and smallholders, health clinics, providing access to potable water, sports festivals, etc. As at May 2018, we have invested over 1.3 million US dollars in our schools projects, offered 155 scholarships for studies in Nigerian tertiary institutions, constructed 19 boreholes to provide potable water for our 20 host communities.

These programmes and initiatives bring us closer to host communities and ensure that our greatest ally in the industry is well positioned to continue granting us ongoing support and operational stability in our business.

Wilmar's commitment to a socially and environmentally sustainable palm oil industry in Nigeria

With growth in the demand for agricultural commodities, coupled with the government's policy push for food security through self-sufficiency in food production, the agriculture industry in Nigeria is primed for growth. For the palm oil industry, Nigeria's aim is to attain self-sufficiency, before eventually reclaiming its status as one of the top exporters of palm oil. To achieve this, sustainable palm oil development is crucial, not only to mitigate social and environmental concerns, but to access lucrative export markets.

Wilmar is firmly committed to contribute to the expansion of socially and environmentally sustainable plantation capacity could help meet rising agricultural demands, while reducing pressure on natural forests and enhancing rural livelihoods.