

14 March 2016

IOI Corporation Berhad
Level 8, Two IOI Square, IOI Resort
62502 Putrajaya
Malaysia

Attn: Ms Yeo Lee Nya

Dear Madam,

Complaint - IOI - PT Sukses Karya Sawit, PT Berkat Nabati Sawit & Pt Bumi Sawit Sejatera- Final Decision

With reference to the complaint lodged by Aide Environment on 3 April 2015 and our preliminary decision of 28 September 2015.

In the light of your membership of the Roundtable on Sustainable Palm Oil and following repeated concerns regarding some of your organisation's sustainability practices highlighted in the complaint by Aide Environment, the RSPO Complaints Panel notifies you of the following. The RSPO takes all infringements of its Statutes, By-Laws, Code of Conduct and Principles and Criteria by its members very seriously. Its ultimate sanctions are to suspend and subsequently terminate membership of the RSPO. A complaints procedure has been started in this case as a result of the RSPO Complaints Panel's decision that there was sufficient evidence in the complaint of likely infringement of the New Planting Procedure, the Code of Conduct and Principles and Criteria of the RSPO.

The Complaints Panel finds (based on attached table 1.0) as follows:

1. Non-compliance to Certification system 4.2.4

The alleged non-compliance by IOI to the Certification System 4.2.4(e-h) is not conclusive, as there are mitigating circumstances in all the 3 entities at the time on the issues of HCV and legal compliance. The Panel notes that IOI was at all times taking the necessary actions to be in full compliance.

2. Principle 2 - Compliance with National laws and regulations;

IOI has breached this principle by not possessing the environmental permits for PT Sukses Karya Sawit and PT Berkat Nabati Sawit at the time of the clearing of the land for planting and by clearing more land than was authorized in the local decree of January 2009.

Article 2.1 of the RSPO Code of Conduct was also breached when local authorities were not furnished with the correct information on the extent of the area that was cleared based on the local decree.

3. Principle 7 - Responsible Development of New Planting ;

The assertion that PT Sukses Karya Sawit and PT Berkat Nabati Sawit did not submit New Planting Procedure (NPP) notification to the RSPO is not tenable, in view of the fact that the development in both entities took place in 2009 and the NPP was only effective from 1 January 2010.

The NPP notification to the RSPO for PT Bumi Sawit Sejatera was correctly categorized as on-going planting based on the date of the permit (25 May 2009).

4. Criteria 7.4 on avoidance of planting on fragile soils including peat.

This Criteria was breached by clearing peat land (141ha) in PT Bumi Sawit Sejatera, despite fully being aware that such activity is prohibited under the

P & C and under Indonesian laws (*Keputusan Presiden Pasal 10 No. 32 Tahun 1990 Tentang: Pengelolaan Kawasan Lindung and Undang undang No.32 Tahun 2009 Pasal 21 and Pasal 87*).

Additionally, IOI shall verify jointly with the complainant:

- i. that the planting activities conducted on land which was under forest cover up to time of development and the area outside of the Izin Usaha Perkebunan (IUP) was due to the discrepancy of the maps furnished by the Indonesian authorities.

- ii. the buffer zone between the plantation and the forest areas is adequate and allows for the protection and conservation of HCV areas.
- iii. the construction of the canal did not harm or destroy any HCV that was on the land and complied with all legal requirements under Indonesian laws.

The Panel finds that there has been non-compliance of RSPO rules by IOI, therefore:

- i. IOI is hereby instructed to submit an action plan to the RSPO Secretariat and the Complaints Panel, via the Complaints Coordinator, to address all the issues as outlined in this decision in a comprehensive manner. The action plan shall include:
 - a review of IOI Group's Standard Operating Procedures that are intended to ensure compliance with principle 5 of the RSPO Principles and Criteria.
 - a statement of the means employed to ensure the identification, compliance and implementation of national and local laws and regulations related to conservation and forest areas, in order to ensure that all corrective actions are in line with principle 2 of RSPO Principles & Criteria.
 - A detailed chronology of the relevant companies' legal compliance to the requirements of Indonesian laws and regulations on the establishment and operation of oil palm plantation for each of the 3 subsidiaries which are the subject of the complaint, to ensure that principle 2 of the RSPO Principles and Criteria has been adhered to.
 - Clear mitigations and restoration plans on the peat area that was cleared.
- ii. IOI shall submit all of the HCV assessments for the three subsidiaries for Peer Review (the RSPO shall decide the Reviewer).

The Complaints Panel will recommend to the RSPO Board of Governors that the IOI Group's RSPO certification be suspended at least until such time as the above action plan has been submitted and accepted by RSPO, and until the Peer Reviews of the HCV assessments have been performed. We look forward to hearing from you within two (2) weeks from the date of this letter.

Yours sincerely,



Ravin Krishnan

Complaints Coordinator on behalf of the Complaints Panel of the Roundtable on Sustainable Palm Oil

Copy : Aide Environment