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Announcement on IOI by RSPO Grievance Panel: Breach of RSPO Code of Conduct 2.3 & Certification Systems 4.2.4 (c)

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A formal letter was sent to IOI Research Centre and IOI Corporation Berhad (IOI) stating the outcome of the Grievance Panel meeting on March 30th, 2011 that addressed complaints that have been brought to RSPO's attention by several Non Governmental Organizations and the local community of Long Teran Kanan in Sarawak.

The nature of the grievance covers two locations and three specific matters; land dispute over native customary land leased by IOI for palm oil production in Sarawak; drained peat land on endangered wildlife habitat and clearing of forest area; and illegal deforestation and non compliance to RSPO Principles & Criteria.

The RSPO Grievance Panel has concurred that IOI has breached the following two core membership mandates and obligations:

1. RSPO's Code of Conduct 2.3: members will commit to open and transparent engagement with interested parties, and actively seek resolution of conflict.
2. RSPO's Certification Systems 4.2.4 (c): Organizations with more than one management unit and/or that have a controlling holding in more than one autonomous company will be permitted to certify individual management units and/or subsidiary companies only if there are no significant land conflicts, no replacement of primary forest or any area containing HCVs since November 2005, no labour disputes that are not being resolved through an agreed process and no evidence of non-compliance with law in any of the non-certified holdings.

Following the required procedures, the RSPO Grievance Panel has previously notified IOI of these cases and requested a response. The Grievance Panel has now produced an opinion upon review of the responses so far.

The grievance panel has come up with the following decision, that has subsequently been endorsed by the Executive Board on April 1, 2011.

In accordance with the RSPO grievance procedure:

1. The current and ongoing certification process of all IOI group's activities will be suspended with immediate effect.
2. IOI group will be given a period of 28 days from the date of this letter to revert with an acceptable solution to these matters, which preferably should be mutually agreed by parties involved.
3. IOI group is expected to with immediate effect and agreed in advance with RSPO, to publish a statement on their corporate website indicating the two measures stated above.

Failure to deliver the required proposal by the due date of May 2, 2011 will result in the RSPO considering further sanctions against your company, which may include the suspension of your license for new transactions involving Certified Sustainable Palm Oil materials including GreenPalm certificates.

RSPO trusts that IOI Corporation Berhad will treat this matter with the utmost care and urgency in order to deliver on the requirements laid out