



IOI GROUP

aidenvironment

Joint-Statement on Closure of the Ketapang Complaint

Following a verification visit at IOI's plantation development in Ketapang, West Kalimantan on 2 to 5 September, 2016 by Aidenvironment - represented by Adriani, Director Indonesia, Eric Wakker, Director Asia Pacific, Haryono Sadikin, HCV expert and Ivan Valentina Ageung, Legal expert, both IOI and Aidenvironment jointly declare to have achieved agreement in closing the Ketapang complaint case. The three last issues raised in Aidenvironment's complaint are settled, as follows:

Overplanting by PT BNS

In our previous Joint Statement of 29 July 2016, it was highlighted that the final resolution of the complaint hinged on:

“IOI commencing the removal of all ‘overplanted’ oil palms, upon the Ministry of Forestry and Environment’s confirmation of the local government order to do so as of November 2009. The removal includes all plantings thereafter.”

In October, 2016, IOI received a letter from the Kementerian Lingkungan Hidup dan Kehutanan (KLHK)¹ or Ministry of Environment and Forestry of Indonesia dated 11 October 2016. This letter stated there was a change from non-forestry land to forestry land in December 2013 pursuant to the decision of the Minister of Forestry. Following a re-survey, it was confirmed in September 2014 that out of a total area of 11,800 Hectares applied for by PT BNS, there was an overlap with Danau Manis Mata Production Forest amounting to 1,638 Hectares.

Aidenvironment and IOI's joint analysis subsequently confirmed that the overlap comprises of 1,204 Ha (723 hectares of oil palm plantations and 481 Ha of other land) which was abandoned in year 2011 and another 434 hectares of land, cleared and planted between 2010 and 2014, was still managed by PT BNS during the joint field visit of 2-6 September 2016.

In line with the instruction issued by KLHK, PT BNS will immediately abandon the 434 hectares until such a time as there are new Ministerial instructions regarding the said land.²

RSPO New Planting Procedure (NPP)

Joint analysis of the chronology of land development confirmed that land development in PT SKS and PT BNS which began in 2009, had straddled the RSPO NPP's 'cut-off date' of 1 January 2010.

¹ Balai Pemantapan Kawasan Hutan.

² The palms will be removed from the site if such is instructed.

Therefore, IOI was required by RSPO to only comply with “on-going planting” NPPs. IOI agrees with Aidenvironment that had we been required to follow the full NPP requirements, it would likely have revealed at a much earlier stage the non-compliances occurring at that time.

Settling past non-compliance

IOI regrets not having taken necessary actions to be in full compliance with RSPO’s rules at all times. In view of the company’s commitment to break with the past, IOI agrees to settle the outstanding issues with Aidenvironment as follows:

Although IOI will certify PT BNS and SKS under the RSPO time-bound plan, IOI undertakes not to market the palm oil produced from PT BNS and the affected areas of PT SKS³ with the RSPO certification claims for the duration of one planting cycle.

Closing

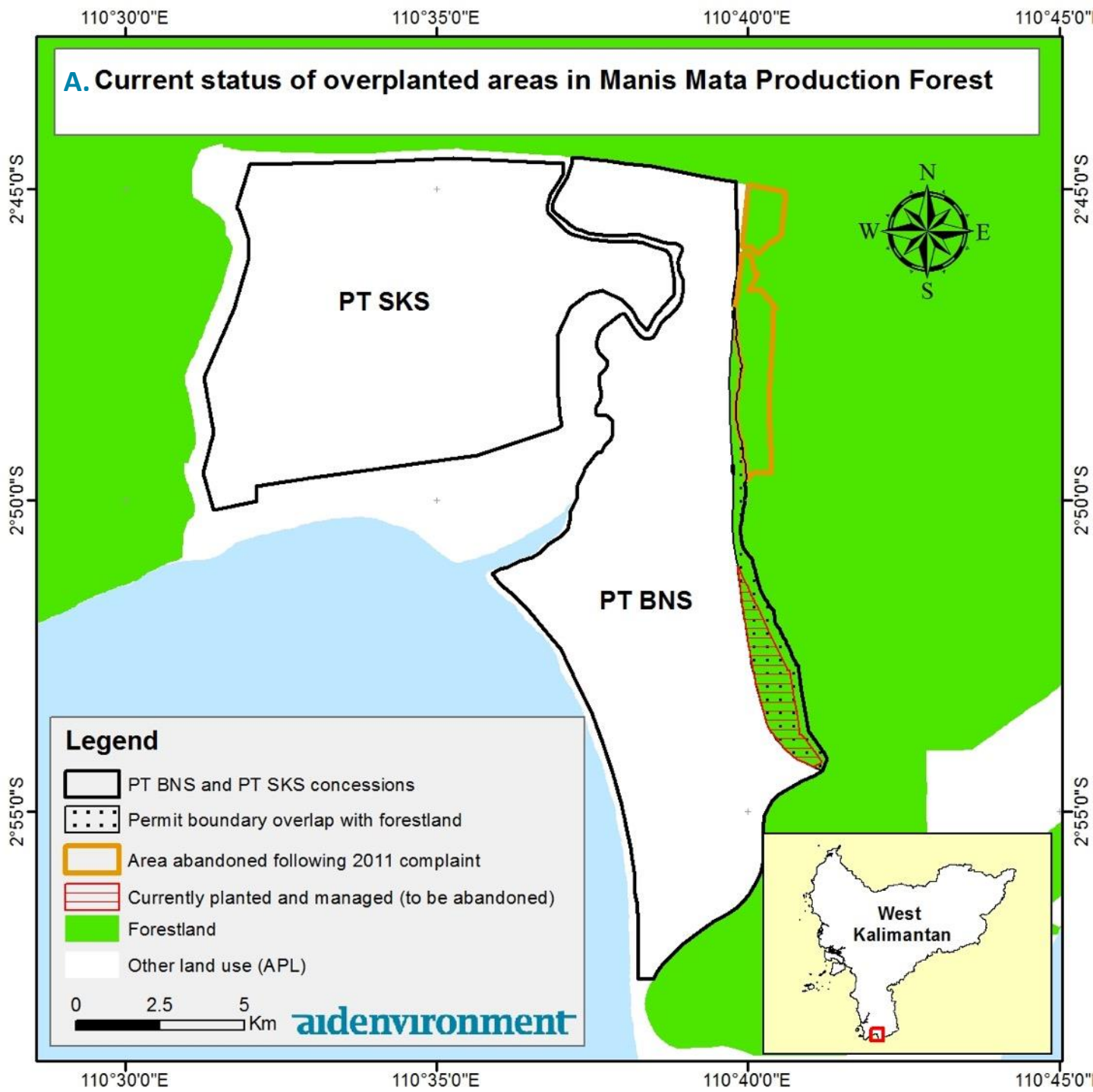
Aidenvironment has raised all other matters with IOI for perusal and declares that it has no further standing issues with IOI related to the Ketapang case. The above declaration has been achieved with IOI Group, independent of RSPO’s decisions.

IOI will continue to disclose on progress after this declaration, along with other developments of interest to its stakeholders.

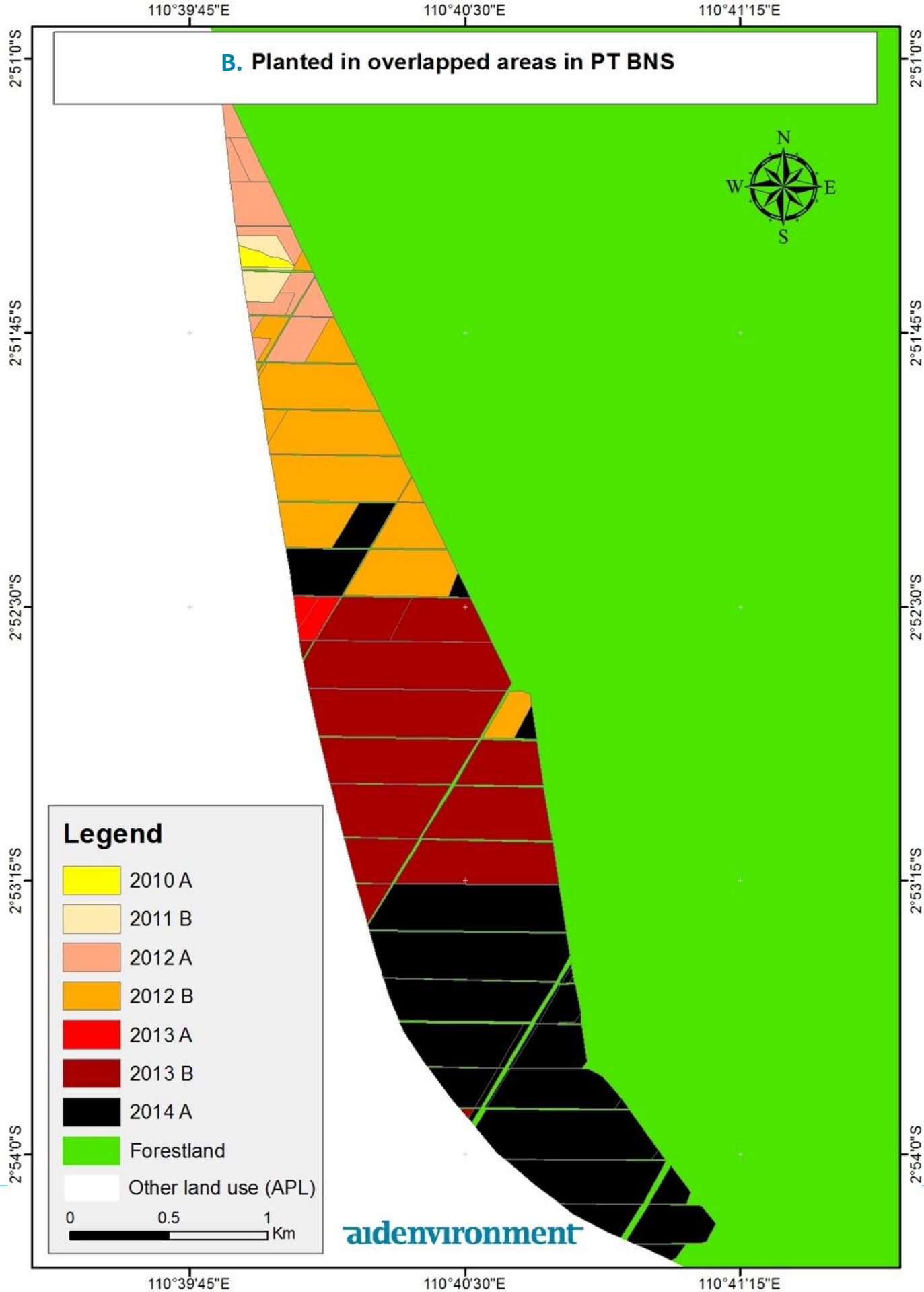
Kuala Lumpur and Bogor, 1 December 2016

³ See Map D in the Annex.

Annex to the IOI-Aidenvironment Joint Statement 1 December 2016



B. Planted in overlapped areas in PT BNS



C. Overplanted oil palms in PT BNS, planted in 2014.



Source: Joint field verification 3 September 2016.

110°30'0"E

110°35'0"E

110°40'0"E

110°45'0"E

D. Map of plantation development in PT SKS and PT BNS prior to IUP issuance and after RSPO NPP cut-off/straddle date

