

Aidenvironment's Update on the IOI Complaint Case

7 April 2016

Following RSPO's recent decision to suspend IOI's access to the market for Certified Sustainable Palm Oil, at least ten significant customers have now, in full or in part suspended their purchasing contracts.¹ IOI's management must demonstrate that it effectively mandated sustainability staff to enforce company policy on the ground before lifting of suspensions is to be considered.

IOI's suspensions follow our attempts over a six year period to see IOI live up to its own ambitious ('beyond RSPO') [sustainability policies](#) and action plans. Aidenvironment and others have repeatedly [demonstrated](#) that IOI is simply "[Too Green to be True](#)". Given this history, it is rewarding to see the market function as it should: compliance offers premium market access; non-compliance results in sanctions.

In our role as complainant, Aidenvironment will constructively collaborate with IOI and RSPO in grievance proceedings. We have recently [commented](#) on IOI's Action Plan. A joint field verification is being scheduled.

However, it is important to note that the companies that suspended their contracts with IOI have all signed up to policies that require their suppliers to perform 'beyond RSPO'. If the [palm oil industry transformation](#) towards sustainability is to be realized, market suspensions should not be lifted when IOI merely satisfies the RSPO Complaint Panel.

Over the past six years, Aidenvironment proactively reached out to IOI's management in efforts to start up a dialogue about resolving non-compliance at hand. Today, we find ourselves helping out an extremely small and under-resourced CSR team whilst IOI's top management has made no effort to reach out an unnamed '[complainant](#)'.

Our sense of urgency is not motivated by helping IOI see its suspensions lifted. We are concerned about IOI's intentions to commence land clearing in yet another 20,000 hectare of land in Ketapang District² without company management first having acknowledged and corrected its past non-compliances. The PT KPAM *greenfield* development must be put on hold until all suspensions are duly addressed. Additionally, IOI must successfully conclude its negotiations with the longhouse communities of Long Teran Kanan in Sarawak.

Further information: Eric Wakker, director Aidenvironment Asia: wakker@aidenvironment.asia

¹ Mars, Unilever, Hershey, Kellogg, Colgate-Palmolive, Johnson & Johnson, Procter & Gamble, SC Johnson, Yum! Brands and Nestlé. See e.g. [Food Navigator](#) for background.

² IOI's subsidiary is registered as [PT Kalimantan Prima Agro Mandiri](#) (PT KPAM). The concession area is partially forested and contains peatland. Aidenvironment recently detected new roads that connect IOI subsidiary PT BSS to the forest inside the PT KPAM concession area. Likely, this involves (illegal) logging.

New road development in IOI's planned *greenfield* development, PT KPAM.

Imagery: Google Earth, 19 December 2015.



New 3m wide roads (not visible on imagery dating 31 August 2015) were newly constructed, departing from IOI subsidiary PT BSS into the forests of IOI's pending new development, PT KPAM. The forests in PT KPAM are very likely to be identified as HCV/HCS. The roads likely facilitate illegal logging.

Also note that much of PT BSS' and PT KPAM's HCV forest burnt in 2015 and that forest with Above Ground Carbon stock of >40t/ha, identified by IOI's assessor Aksenta, was opened up by PT BSS and partially burnt.