

Update for palm oil buyers and customers / former customers of the IOI Group

5 August 2016

Greenpeace has repeatedly sought constructive engagement with the IOI Group since its suspension by the RSPO for forest destruction and peatland degradation in West Kalimantan, Indonesia. We have had little success. The IOI Group has yet to publish either a credible 'no deforestation' policy or a time-bound implementation plan to meet its customers' responsible sourcing guidelines. It has not resolved the issues that gave rise to the original complaint. It has not even demonstrated compliance with the RSPO's Principles and Criteria.

As a result, Greenpeace notified the IOI Group earlier this week that we would cease all engagement with the company.

Nevertheless, the RSPO complaints panel met in late July and voted by a narrow majority to lift the IOI Group's suspension.¹ This decision has now been endorsed by the RSPO board. IOI's suspension is to be lifted, effective from Monday 8 August 2016.

The RSPO's decision to lift the suspension prior to meaningful action on the ground by the IOI Group is extremely counter-productive. It sends the message that the RSPO is more concerned about helping a founding member regain its customers than ensuring its standards are upheld. The decision also undermines the resolution process between the complainant and respondent.

Stakeholder response over the coming weeks is critical to securing a positive outcome. We strongly advise companies not to resume trade with IOI unless this situation is resolved as this would remove the economic incentive for the IOI Group to resolve this situation in a timely manner.

To resume trade relations with IOI at this time would expose companies to environmental and human rights risks. Regardless of the status of its certification, IOI remains non-compliant with corporate 'no deforestation' policies, which go beyond the RSPO and require suppliers to protect forests and peatlands and respect human and labour rights throughout their supply chains.

IOI has unlawfully cleared several hundred hectares outside of its concession boundaries (as well as HCV and HCS forest cleared inside its concessions); this forest has yet to be restored. It continues to drain peatlands in and around its concession in the fire-prone Ketapang peat landscape. It has yet to publish a comprehensive plan to ensure its third-party suppliers have stopped clearing rainforests and peatlands. Equally important is IOI's failure to respect the

¹ <http://www.rspo.org/files/download/b303058019c8757>

GREENPEACE

**Greenpeace
Asia Tenggara**

Mega Plaza Building Lt. 5,
Jl. HR. Rasuna Said Kav. C3
Kuningan, Jakarta Selatan,
Indonesia 12920

customary rights of the Long Teran Kanan communities in Sarawak, East Malaysia, whose complaint remains unresolved after almost 6 years.

Given these serious issues, we advise that all contractual sourcing and business relationships with the IOI Group and/or IOI LC remain suspended. Any decision to resume purchasing must be conditional on the IOI Group publishing a credible NDPE policy and action plan, and taking meaningful steps to:

- Achieve an immediate moratorium on the destruction of forests and peatlands across its operations, including those of its third-party suppliers.
- Adopt a meaningful landscape approach to mitigate the impact of its operations on forests and peatlands, starting with its four concessions in Ketapang.
- Engage in extensive restoration of the forests and peatlands that it has destroyed.
- Resolve outstanding grievances, including successfully concluding its six year dispute with the longhouse communities of Long Teran Kanan (LTK) in Sarawak by recognizing their rights to their customary lands, determined through community mapping, and re-negotiating the company's access and use of these lands subject to the Free, Prior and Informed Consent of the LTK and neighbouring communities.
- Uphold the rights of workers and tackle exploitative employment and trafficking of migrant workers documented in its operations.
- Publish an ambitious time-bound plan with a deadline for third-party verification of compliance and termination of non-compliant suppliers.
- Ensure transparent reporting backed by independent auditing of progress and publish concession maps, HCS and HCV assessments, a complete list of suppliers, and reporting on supplier compliance with its policies.

Each of these issues, and the specific steps that we are looking for the IOI Group to take to resolve them, is covered in more detail in our June 2016 Burning Issue report.²

² <http://www.greenpeace.org/international/en/publications/Campaign-reports/Forests-Reports/Burning-Issue/>