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### **Migros and IOI Group Join Forces to Approach Concerns Raised over Land Dispute Case in Sarawak**

As a result of a recent High Court declaration on a long standing land dispute, issues were raised on IOI Group's practices in Sarawak and its dealings with native land rights. Following that, it was suggested that Migros will lodge a formal complaint and boycott IOI Group as a supplier. In this regard, we wish to clarify that Migros has confirmed that it will not boycott IOI Group as a supplier or raise a complaint against IOI Group without having first achieved exact clarifications about the situation and having searched for a solution in a bilateral way.

Migros and IOI Group have had regular exchanges on sustainability objectives and due to the importance both companies attach to the concerns expressed, both companies have already engaged to schedule a multi-Stakeholder meeting with several NGO's involved. It is deemed very important by IOI and Migros to involve other concerned parties to clarify the current situation and define the next steps. This approach is in line with the RSPO's way of dealing with issues and concerns being raised by stakeholders. Both Migros and the IOI Group are confident this meeting will contribute to a good understanding of the case and IOI Group's practices and commitment to sustainability.

#### **Background: The Land Dispute Case in Sarawak**

On 31 March 2010, the Miri High Court in Sarawak declared that 4 natives had won a class action suit against the State Government of Sarawak, Land Custody and Development Authority ("Pelita") and IOI Pelita Plantation Sdn Bhd on a long standing land dispute.

The lands in dispute were first granted by the State Government of Sarawak directly to Pelita, a state-owned agency, through the issuance of provisional leases. The lands were subsequently transferred to a joint venture company between Pelita and Rinwood Oil Palm Plantation Sdn Bhd ("Rinwood"), then known as Rinwood Pelita Plantations Sdn Bhd ("JV Company"). In 2006, IOI was invited by Pelita to acquire Rinwood's shareholding in the JV Company to rescue the JV Company which was in financial difficulties. Being a shareholder to the JV Company, IOI henceforth became involved with the long-standing land conflict case between the natives and the JV Company which had started much earlier in 1997. At the time of the acquisition, IOI was advised by its solicitors and Pelita that the JV Company has a strong defence to the natives' claim of Native Customary Rights on the land. The court in the above decision had inter alia awarded damages to be assessed to the natives who are occupying a part of the lands.

All the defendants to the above suit, including the JV Company have been advised by their solicitors that they have strong grounds for appeal and hence had filed an appeal against the said decision. It is to be noted that the court did not allow the natives' claims for a declaratory order to cancel the leases issued for the lands and for the vacant possession of the lands to be delivered to the natives on the ground that the native customary rights on the lands can be extinguished by paying compensation to the natives. The court also did not grant any injunctions sought by the natives restraining the JV Company from remaining and continuing its operations on the lands as it would result in greater injustice to the defendants who had undertaken development on the lands. IOI remains committed to its sustainability goal and its compliance with legal regulations and RSPO Principles and Criteria and will abide by the decision of the final appellate court in this matter.

#### **IOI Group's Commitment to Sustainability**

The company is fully committed to the principles and criteria of the RSPO ([www.rspo.org](http://www.rspo.org)) and believes that these offer the best roadmap to the development of a truly sustainable global palm oil industry. IOI was a founding member of the RSPO and actively participates in RSPO initiatives to promote the growth and use of sustainable palm oil. IOI currently has three RSPO-certified plantations in Malaysia and hopes to receive certification for all of its holdings by the end of 2011. In April this year, IOI was the first in offering RSPO certified segregated palm oil in continental Europe on a large scale.

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