a subsidiary of:

ALLEGATIONS RELATED TO LABOUR AND HUMAN RIGHTS AT INDOAGRI

On 8 June 2016, a report was published by Rainforest Action Network ("**RAN"**), Organisasi Perjuangan dan Penguatan untuk Kerakyatan ("**OPPUK"**), and International Labour Rights Forum ("**ILRF"**) entitled, "***The Human Cost of Conflict Palm Oil: Indofood, PepsiCo's Hidden Link to Worker Exploitation in Indonesia***." on RAN's website. The report contains defamatory claims and allegations related to labour issues in palm oil plantations in North Sumatra owned and operated by Indofood Agri Resources Ltd ("**IndoAgri**"), and its subsidiary PT PP London Sumatra Indonesia Tbk (**"Lonsum**"). No substantive facts, evidence or supporting documents have been provided to us to support these allegations.

IndoAgri has reiterated the request for substantive evidence to support these allegations on multiple occasions, but nothing beyond the initial report has been provided.

IndoAgri's subsidiary Companies are members of The Roundtable for Sustainable Palm Oil ("**RSPO**"), and Indonesian Sustainable Palm Oil ("**ISPO**") bodies, and we are certified under their sustainability Principles and Criteria, and remain compliant and certified. We comply fully with all Indonesian laws and regulations, relating to our operations. We have received an award from the Indonesian Government in 2017, for zero accidents at 7 Palm Oil Mills and Estates in North Sumatra.

On 11 October 2016, RAN, ILRF and OPPUK lodged a complaint (**"Complaint"**) to the RSPO Complaints Panel and since then the allegations have been the subject of an ongoing review and audit by RSPO.

As a member of RSPO, we have complied fully and followed the process and procedures as outlined by the RSPO Complaints Panel, through the engagement with the RSPO independent auditor from Accreditation Services International ("**ASI"**) and SAI Global with regards to the resolution of this complaint. After the various Compliance Audits conducted by RSPO auditors, our plantations remain certified under RSPO, as no evidence of labour or human rights abuses has been found during the Compliance Audits.

Since the issuance of the allegation report in June 2016, we have had the following audits from RSPO :

- 8 Compliance Assessments and Special Audits conducted by RSPO accredited auditors (three audits were witnessed by ASI), relating to the Complaint in North Sumatra.
- 10 RSPO certification audits as part of regular RSPO certification process in North Sumatra.
- Based on the above 18 audits (all carried out by accredited RSPO auditors) all of our mills in North Sumatra remain RSPO certified, as there has been no material findings to substantiate the allegations.

In addition, we have also carried out our own review and actions to ensure the implementation of our policies, compliance to Government regulations and RSPO Principles and Criteria, especially related to the labour allegations raised by RAN, OPPUK and ILRF. Following below are actions taken and a chronology of key events and timelines relating to these allegations.

Chronology of events and actions taken by IndoAgri

10 April 2016

IndoAgri received aletter from RAN, OPPUK and ILRF with a short and limited draft of the field assessment results in IndoAgri's plantation, advising us that it is intended for publication, giving a deadline of 15 April for our comments.

15 April 2016

IndoAgri replied to RAN asking them to present supporting evidence and facts to substantiate the allegations so that IndoAgri can investigate and respond to their allegations. RAN did not respond to our request.

18-30 April 2016

Our sustainability team and internal audit team conducted unannounced audit investigations in all of our mills and plantation units in North Sumatra (3 mills and 12 plantations). We performed this investigation to all of our units in North Sumatra as RAN, OPPUK and ILRF did not mention in their report the specific plantations where they performed the field assessment.

In this investigation, we have performed re-assistance on the implementation of our policies and made improvements in some of the following aspects:

- ✓ Consistent implementation and monitoring on the prohibition of child labour by adding more signage about no child labour in the strategic locations of mills and plantations.
- ✓ Ensure payment of minimum wages and consistent implementation of the Piece Workers Management
- ✓ Health and Safety Management System implementation including monitoring the use of Personal Protective Equipment, improvement on medical facilities, etc.
- ✓ Production target evaluation
- ✓ Freedom of association
- ✓ Equal employment treatment & ethical recruitment
- ✓ Employees welfare

8 June 2016

The report entitled, "***The Human Cost of Conflict Palm Oil: Indofood, PepsiCo's Hidden Link to Worker Exploitation in Indonesia***" was published on RAN's website. This report included allegations and photo's which were not included in the limited draft sent to us on 10th April 2016.

28 June 2016

IndoAgri replied to RAN, highlighting their published report in yellow, to identify and request substantive evidence to support the allegations to enable us to investigate fully.

18-22 July 2016

Under our RSPO certification process, RSPO conducted a compliance assessment by ASI and SAI Global auditor team in Lonsum's Gunung Malayu mill and supply base estates, North Sumatra. This compliance assessment was performed based on the report published by RAN, OPPUK and ILRF. SAI Global invited OPPUK to participate and give feedback in this compliance assessment, however they refused to join. We submitted our response and action plans to ASI and SAI Global as a result of findings from the compliance assessment. Based on ASI and SAI Global's report published on 15 November 2017, all Non Conformities Report ("**NCRs**") are closed and those units audited remain RSPO compliant and RSPO certified units.

2 August 2016

IndoAgri sent a letter to RAN stating that their report is considered factually incorrect since they continue to refuse to provide supporting evidence.

11 October 2016

RAN, ILRF and OPPUK lodged a complaint to the RSPO Complaints Panel.

13 February 2017

IndoAgri published its revised Sustainable Palm Oil Policy, to align our policy to all IndoAgri's units including smallholders and third party CPO suppliers. IndoAgri Sustainable Palm Oil Policy 2017 can be found on our website www.indofoodagri.com.

1 February 2017

RSPO requested a meeting with the complainants (RAN, OPPUK and ILRF) and IndoAgri, to allow the complainants to present their evidence to support their allegations. IndoAgri confirmed its Head of Sustainability, Head of Human Resources, Head of Legal and Head of Labour relations would attend this meeting. However, RAN was not willing to attend, and the meeting did not take place.

16 February 2017, 21-22 March 2017 & 28 February 2017. 21-23 March 2017

Special audits by SAI Global's as a follow up from RAN report were performed in 2mills and 7 estates (Begerpang, Sei Merah, Rambong Sialang, Bah Lias, Dolok, Si Bulan and Bah Bulian) in North Sumatra. Based on the special audit results, all units audited remain as RSPO compliant and RSPO certified units.

7 August 2017

RSPO sent an e-mail to IndoAgri stating that the Complaints Panel has decided to perform an independent investigation to IndoAgri's estates based on information from complainants (the estate name, workers name, etc).

2 November 2017

IndoAgri received a letter from RAN, OPPUK and ILRF regarding the opportunity to comment on the follow-up field assessments that have been done at three IndoAgri's plantations. These assessment findings are intended for publication.

15 November 2017

IndoAgri replied to RAN, and reiterated the request for substantive evidence to support the allegations. IndoAgri emphasizes some key points such as we comply with government regulations and RSPO criteria for certified units.

15 November 2017

RSPO Complaints Panel sent a letter to RAN requesting them to reveal the name of the estate where the investigations were carried out. This is to allow for the review of the audit report of the Certification Body and to proceed with the required planning.

8 December 2017

IndoAgri received a Zero Accident Award for 7 Palm Oil Mills and Estates in North Sumatra. This award is based on zero accident in the past 3 years.

12 December 2017

IndoAgri sent an e-mail to RSPO requesting confirmation of the timing of the independent verification visit by the Complaints Panel.

21 December 2017

RSPO responded to IndoAgri's email dated 12 Dec 2017, stating that:

- ✓ Based on agreement with the complainants, the RSPO Complaints Panel will require a confirmation from IndoAgri, in writing, that there would be no specific or targeted harassment, intimidation or threats against workers who are interviewed by the independent verifiers.
- ✓ RSPO will send the Terms of Reference for the site visit and template on rules of engagement.

13 February 2018

IndoAgri sent a letter to RSPO Complaints Panel, confirming that there will be no threats, harassment, and/or reprisals by the Company to any of the workers who are involved in the investigation, so long as they have complied with the Companies Code of Conduct and regulations. We also requested confirmation that the complainants would not unduly influence the workers interviewed, and the terms of reference ("**TOR's**") for the visit.

February 2018

IndoAgri has engaged with various external parties who provide Sustainability Assessments on the Company, and its subsidiaries. We have provided them with the Chronology of events, and actions taken by us regarding these allegations, in order that their reports are balanced and objective. To date our Sustainability ratings have been maintained.

5-8 March 2018

ASI compliance assessment of SAI Global was performed at Dolok mill and supply base estates in North Sumatra. At the closing meeting with ASI, no Non Conformities (NCs) were reported.

However, when ASI released their draft report, 2 NC's were included which had not been discussed with us or the auditor of SAI Global.

After discussion with ASI, we agreed to have SAI Global conducting a further field verification audit from 3-6 April 2018 relating to the NCs. Based on the follow up audit, SAI Global confirmed that all NCs were closed, and no further action required by us.

The ASI final report is due to be released in May 2018, and we expect confirmation that all NCs have been closed satisfactorily.

10-12 April 2018

A special audit by SAI Global was performed as a follow up from RAN report in 1 mill and 4 estates (Bah Lias, Dolok, Si Bulan and Bah Bulian) in North Sumatra. Based on the special audit results, all units audited remain as RSPO compliant and RSPO certified units.

22 March 2018

IndoAgri received draft TOR's from RSPO for the Independent Field Verification, due to take place in April 2018.

27 March 2018

IndoAgri replied to RSPO with comments on the TOR's.

10 April 2018

IndoAgri wrote to RSPO requesting confirmation when the TOR's will be finalized, and the confirmed dates of the Field Verification which is due in April 2018.

18 April 2018

RSPO responded to IndoAgri's e-mail dated 10 Apr 2018 stating that:

- The TOR is still being reviewed by the Complaint Panel and awaiting comments from the complainants.

- The complainants might not be able to obtain all the comments on the TOR until the end of April 2018. Therefore, RSPO proposed the dates of 4 - 8 June 2018 to be blocked for the field verification.
- RSPO will establish a mechanism to enable any workers to contact us in the event there are allegations of threats or reprisals as a result of this complaint and related field verification.

20 April 2018

IndoAgri responded to RSPO e-mail dated 18 Apr 2018, stating that we are still awaiting the final confirmation from RSPO regarding TOR, date and cost of the Independent Field Verification.

21 May 2018

RSPO sent the final TOR. The date of independent field verification has been confirmed to be held on 4-8 June 2018 in two estates at North Sumatra

4-8 June 2018

Independent field investigation in North Sumatra. The auditors are Ms. Savinder Kaur Gill , a social/labour auditor, and Ms. Hemasari Dharmabumi , an Indonesian labour law expert, both appointed by RSPO and approved by IndoAgri and the Complainants. During the audit an observer from RSPO Complaints Panel will also be present.

Summary

- We have complied fully with the RSPO Complaints Panel process, and subsequent audits of our North Sumatra mills and estates, confirm we remain compliant with the RSPO Principles and Criteria and RSPO certified.
- We maintain our membership of RSPO and ISPO, and remain compliant and certified.
- We comply fully with all the Indonesian laws and regulations, relating to our operations.

- We have yet to receive any supporting evidence from the Complainants to substantiate their allegations, despite numerous requests.
- We will follow the RSPO Complaint process for the settlement of the complaint and we are open to receive feedbacks as part of our on-going improvement process.