No : 005/ECSR-JKT/I/2019

Jakarta, 17th January 2019

Datuk Darrel Webber
Chief Executive Officer
Roundtable on Sustainable Palm Oil (RSPO)
Unit A-37-1, Menara UOA Bangsar,
No 5 Jalan Bangsar Utama 1,
Kuala Lumpur 59000,Malaysia

Re: PT PP London Sumatra Tbk's ("Lonsum") withdrawal from RSPO Certification Scheme

Dear Sir,

Lonsum has been an early and active member of RSPO since 2004, and whilst RSPO is voluntary, we have supported RSPO as an independent and objective body to support and guide us on our sustainability journey. Lonsum has been in existence and survived in the plantation industry for over 100 years, and we have always demonstrated a strong commitment to continuously improve our operations and implement best practice. The RSPO Principles and Criteria are constantly evolving, however we have always complied with the recommendations and Non-Conformities (NC's) arising from the RSPO audits, to ensure we remain compliant with P&C RSPO. Indeed this was summarized on page 44 of the recent Independent Auditors report carried out in our North Sumatra operations in June 2018:

In summary, the company has demonstrated a strong commitment to continuously improve its operations in line with the legal and RSPO requirements for sustainable palm oil production.

However, as per our *recent* correspondence dated 29th November 2018, we are extremely disappointed with the process and decision of the Complaints Panel. We are not in agreement with some of the findings and NC's from the audit carried out from 4th to 7th June 2018, as RSPO has previously carried out the following audits since the issuance of the initial allegation report in June 2016:

a. 8 Compliance Assessments and Special Audits (three audits were witnessed by ASI), relating to the Complaint in North Sumatra.
b. 15 RSPO certification audits as part of regular RSPO certification process in North Sumatra.

PT PP LONDON SUMATRA INDONESIA Tb
Ariobimo Sentral 12th floor
Jl. HR Rasuna Said Blok X-2 Kav.5
Jakara 12950
T. +6221 8065 7388
F. +6221 8065 7399
www.londonsumatra.com

Based on the above 23 audits (all carried out by accredited RSPO auditors and involving our stakeholders) all of our mills in North Sumatra remained RSPO certified, as there were no material findings to substantiate the allegations, and we have implemented all Non-Conformities (NC's) arising from the above audits. There remains a material and unexplained inconsistency in findings between the verification audit carried out from the 4th to 7th June 2018, and the previous 23 audits mentioned above. Our comments and detailed response to the draft auditors report have not been included in the final audit report, which we only received on 23rd November 2018, and we have been denied our requests to meet and discuss directly with the Complaints Panel.

Furthermore our letter to the Secretariat of 10th December 2018, gave you notice that we were looking for outside consultants to engage and help us in this process, and also requesting you to advise us of a suitable consultant. Since then we have encountered the December year-end holiday season, during which our staff took the usual holidays, mostly only returning to the office in January 2019. This has naturally limited the progress we could make. We then received your letter of 15th January 2019 whereby you directed us to submit our Action Plan within 3 working days to submit, which is impossible for us to comply with. We feel it is unrealistic for you to impose this very short deadline on us.

We have therefore decided to concentrate our sustainability journey and practices on implementation of the mandatory Indonesian Sustainable Palm Oil (ISPO) standards, and in line with The Indonesian Palm Oil Associations (GAPKI's) decision in 2011, as per the attached letter.

We hereby submit this letter as notice that PT PP London Sumatra Tbk (Lonsum) is withdrawing from the RSPO certification scheme with immediate effect. We would like to take this opportunity to thank RSPO for the cooperation and for providing us with a comprehensive guidelines and standards for sustainable palm oil development.

Thank you for your attention.

Yours sincerely,

Muhammad Waras
Group Head of Sustainability
PT PP London Sumatra Indonesia Tbk

Enc: GAPKI letter of 29th September 2011
CC :

1. **RSPO Board of Governor**
2. **RSPO Indonesia**
3. **RSPO Complaints Panel**
4. **File**

LONSUM

IndoAgri

APPENDIX

List of Lonsum RSPO Certified Mills:

1. Turangie Palm Oil Mill
2. Gunung Malayu Palm Oil Mill
3. Begerpang Palm Oil Mill
4. Dolok Palm Oil Mill
5. Pahu Makmur Palm Oil Mill
6. Belani Elok Palm Oil Mill

List of Lonsum RSPO Mills in the process of RSPO Certification:

1. Tirta Agung Palm Oil Mill
2. Kencana Sari Palm Oil Mill
3. Sei Lakitan Palm Oil Mill

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Jl. HR Rasuna Said Blok X-2 Kav.5
Jakara 12950
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F. +6221 8065 7399
www.londonsumatra.com

a subsidiary of:
Indofood

GABUNGAN PENGUSAHA KELAPA SAWIT INDONESIA
(G A P K I)
INDONESIAN PALM OIL ASSOCIATION (IPOA)
Sudirman Park Rukan Blok B No. 18, Jl. K.H. Mas Mansyur Kav. 35, Jakarta Pusat 10220 - Indonesia
Phone : +6221 5794-3871 (Hunting), Fax : +6221 5794-3872
E-mail : gapki@indosat.net.id, Website : http://www.gapki.or.id

Jakarta, September 29 2011

No.Ref : **240-GAPKI-IX-2011**

Darrel Webber
Secretary General Roundtable on Sustainable Palm Oil (RSPO)
Unit A-33A-2 Level 33 A
Tower A, Menara UOA Bangsar
No 5, Jln Bangsar Utama 1
59000, Kuala Lumpur, Malaysia

Dear Sir,

RE: GAPKI's Decision on RSPO Membership

We refer to the above matter.

Further to your letter on dated July, 21, 2011 and based on GAPKI Advisory Board and the Executive Board decision, herewith we would like to officially inform you that GAPKI decided to withdraw our membership in RSPO effective from September, 29, 2011. Therefore we also would like to withdraw our representative at the Executive Board, Working Group, Task Force and any other related activities of RSPO.

In this opportunity, we would like to thank you for the cooperation and we hope that our cooperations continue even stronger and closer in the future to promote sustainability of palm oil production worldwide. We thank you very much for a kind of attention.

Yours Sincerely,

Fadhil Hasan
Executive Director

CC:

1. Mr. Derom Bangun
2. Mr. Edy Suhardi