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To members of the RSPO Secretariat and the RSPO Complaints Panel:

We, the undersigned 101 institutional investors representing **over US \$3.2 trillion in assets under management**, write to express our continuing support for the Roundtable on Sustainable Palm Oil (RSPO), and the need for a more transparent and responsive complaints mechanism out of concerns that the current process places the RSPO's credibility at stake.

These concerns arise out of persistent allegations that the RSPO has failed to uphold its standards, particularly with respect to labor rights. We note with concern that a number of high profile media stories and NGO reports have exposed serious labor rights abuses in the past two years, including forced and bonded labor, child labor, and systemic gender discrimination, in the operations of RSPO member companies, including in RSPO-certified operations.¹ While we recognize that the RSPO has taken some initial steps to address labor risks through the formation of its Labor Task Force Working Group,² widespread labor violations appear to remain ongoing. Failure to resolve such issues in a timely and transparent manner poses potential material risks to our investments, which include many corporations that depend upon the RSPO certification system to ensure a long-term supply of sustainably grown palm oil. We therefore urge immediate action to ensure non-compliances with RSPO standards are resolved in a timely and transparent manner, to the satisfaction of all stakeholders.

In particular, we take note of the first formal labor complaint filed with the RSPO in October 2016 against Indofood Sukses Makmur (Indofood)'s palm oil subsidiaries PT. PP London Sumatra Indonesia Tbk. and its parent company PT. Salim Ivomas Pratama Tbk, on which the RSPO Complaints Panel has yet to take formal action. The complainants' recent report, "*The Human Cost of Conflict Palm Oil Revisited: How PepsiCo, Banks, and the Roundtable on Sustainable Palm Oil Perpetuate Indofood's Worker Exploitation*" (November 2017),³ documents the continuation of egregious labor abuses and legal violations in the RSPO-certified operations of Indofood's palm oil operations which were first presented in a June 2016 report.⁴

¹ "[The Great Palm Oil Scandal: Labour Abuses Behind Big Brand Names](#)," Amnesty International, November 2016.

Syed Zain Al-Mahmood, "[Palm-Oil Migrant Workers Tell of Abuses on Malaysian Plantations](#)," The Wall Street Journal, 26 July 2015.

"[The Law of the Jungle – Corporate responsibility of Finnish palm oil purchases](#)," Finnwatch, May 2014.

"[The Human Cost of Conflict Palm Oil: Indofood, PepsiCo's Hidden Link to Worker Exploitation in Indonesia](#)," Rainforest Action Network, International Labor Rights Forum, OPPUK, June 2016.

Skinner, Benjamin. July 2013. "[Indonesia's Palm Oil Industry Rife with Human Rights Abuses](#)." Bloomberg Business Week.

² "[Formation of the RSPO Labor Rights Task Force \(LTF\)](#)," Roundtable on Sustainable Palm Oil, 26 May 2017.

³ "[Case Tracker: PT PP London Sumatra Indonesia Tbk](#)," Roundtable on Sustainable Palm Oil, 11 October 2016.

⁴ "[The Human Cost of Conflict Palm Oil Revisited: How PepsiCo, Banks, and the Roundtable on Sustainable Palm Oil Perpetuate Indofood's Worker Exploitation](#)," Rainforest Action Network, International Labor Rights Forum, OPPUK, November 2017.

Our objective in writing to you is not to endorse any particular set of findings, or advocate for the suspension of membership of any RSPO members. Those determinations rest with the RSPO. Rather, we are writing to convey our need for an effective and credible complaints resolution mechanism. A certification system that tolerates ongoing violations of its own standards cannot last long. As you are aware, some corporations are already going above and beyond RSPO standards, because the RSPO has been slow to address legitimate concerns raised by investors and civil society organizations about the significant impacts of palm oil cultivation around the world to critical ecosystems, local communities and workers. At present, the markets still depend upon RSPO certification and investors have a long-term interest in the success of the RSPO.

We view the pending complaint against Indofood as a critical test of whether the RSPO Complaints Mechanism and the RSPO system itself can successfully enforce its own labor standards and offer credible assurances to buyers, investors, and other stakeholders that the RSPO will not certify conflict palm oil.

Indofood's joint venture partners, buyers and financiers are all put at risk by the lack of a timely and credible resolution to the allegations raised in this complaint. These companies include prominent RSPO members such as PepsiCo, Nestlé S.A., Wilmar International, Golden Agri-Resources, Musim Mas, Cargill, as well as Citigroup, HSBC, and Rabobank.

The undersigned investors urge the RSPO Complaints Panel to rapidly investigate ongoing labor abuses in Indofood's plantations, using a competent auditor and following the labor auditing best practices outlined in the *Free and Fair Labor in Palm Oil Production: Principles and Implementation Guidance*.⁵ In this process, the RSPO must ensure that workers who are willing to speak to auditors are fully protected from retaliation during and after the investigation. Should such an investigation confirm egregious labor violations in contravention of the RSPO standards, we urge the RSPO to take immediate action to resolve these violations, and to suspend the membership of London Sumatra and Salim Ivomas until such violations are remedied. Strong action is needed to demonstrate that the RSPO is willing to uphold its own labor standards and that it can be trusted as a credible certification system.

We thank you for your attention to this matter and would welcome the opportunity to discuss these concerns with you.

Sincerely,

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Signatories in attached confidential document.

⁵ ["Free and Fair Labor in Palm Oil Production: Principles and Implementation Guidance,"](#) Implementation Guidance 1b, Global Coalition from Indonesia, Liberia, Malaysia, Europe, and the United States, 3 March 2015.