

JPMORGAN CHASE & CO.

Ryan Brightwell  
BankTrack  
Vismarkt 15  
6511 VJ Nijmegen  
The Netherlands

11 December 2015

Dear Ryan,

In response to your letter of 23rd November 2015, we write to advise you of the following:

JP Morgan Chase's Environmental & Social Risk Management Procedures require an Enhanced Review for transactions that involve palm oil production. We have selected the RSPO Principles & Criteria for Sustainable Palm Oil Production as the assessment framework for such Reviews. We rely on third-party RSPO certification as evidence that the relevant Principles and Criteria are being applied by the producer. We maintain a risk ranking of all clients in the palm oil sector, based on their level of adherence to the RSPO framework.

We note that the RSPO Principles & Criteria include several elements which relate to protection of human rights, e.g.

- Principle 2.1 - There is compliance with all applicable local, national and ratified international laws and regulations (including laws made pursuant to a country's obligations under international laws or conventions (e.g. the ILO Core Conventions, UN Guiding Principles on Business and Human Rights))
- Principle 2.2 – The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.
- Principle 6.6 - The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively.
- Principle 6.12 - No forms of forced or trafficked labour are used.
- Principle 6.13 - Growers and millers respect human rights.

Our understanding of IOI Corporation's current levels of compliance with RSPO P&Cs based on public communications is as follows:

Currently, 12 of IOI's 14 palm oil mills in Malaysia have been RSPO-certified while the two remaining mills (which were acquired in 2013) will undergo their RSPO certification in 2018. IOI's operating units and supply chain units in Malaysia and overseas have all obtained the RSPO Supply Chain Certification.

In the event that public domain allegations surface which call into question the validity of such certification, the relevant allegations would become an area of focus during due diligence at the next available opportunity (usually in preparation for a transaction), and a detailed response from management would be sought regarding the allegations. At the time of writing, we (JP Morgan Corporate & Investment Bank) have not had any opportunity to discuss with IOI Corporation the allegations made in your letter of 23<sup>rd</sup> November 2015.

**JPMorgan Chase Bank, National Association**  
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JP Morgan Asset Management

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As noted in your letter, JP Morgan Asset Management hold shares in IOI Corporation. We have discussed your letter with representatives from JP Morgan Asset Management. They have asked us to convey the following:

When we (JP Morgan Asset Management) manage investment for clients, whether in individual accounts or funds, our priority at all times is to uphold the best economic interests of our clients, thereby exercising our fiduciary duties. We believe increasingly that non-financial issues, such as environmental and social risk issues can have an economic impact on the share price and the reputation of companies, thus we expect companies to behave in a manner consistent with these obligations and monitor these closely where appropriate. However, we do not make decisions based on environmental and social issues alone.

We adopt a positive engagement approach when we engage with companies on environmental and social issues. Specific assets or sectors are not excluded explicitly on environmental, social or ethical criteria, rather, such issues are part of the mainstream analytical process. The exception to this of course is where we adopt our clients' specific guidance to satisfy their investment instructions.

With regards to IOI Corporation, we are not aware of any formal actions that have been instituted against the company in respect of alleged breaches of regulations. We have discussed this issue with IOI Corporation management in the last week, and continue to encourage best practice.

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Yours sincerely,

Andre Abadie