



SIPEF

François VAN HOYDONCK
MANAGING DIRECTOR

To the Head Office of
NORGES BANK INVESTMENT MANAGEMENT
Bankplassen 2
PO Box 1179 Sentrum
NO 0107 OSLO
NORWAY

6th March 2019

Dear Sirs,

We realise with great concern that, during 2018, NBIM has left the shareholding of SIPEF.

We deeply regret this decision, and the lack of consultation that has preceded it.

Your investment in our company was maybe modest in comparison with the size of the total NBIM holdings, but it was anyhow very meaningful to us.

SIPEF was incorporated in 1919, and some of our oil palm operations in Indonesia date back to the beginnings of our group.

Palm oil is needed today to feed the world population, and is the unavoidable vegetable oil of the future. There is a broad consensus that alternatives to palm oil are not realistic, and that the priority must be to improve practices (see in particular the 2018 IUCN report "Palm oil and biodiversity").

The 2018 NBIM "Responsible investment" report states that "When considering companies for divestment, we focus on those that operate palm oil plantations in Malaysia and Indonesia, and have palm oil production as a significant part of their business. We also look at whether companies have been certified by the Roundtable on Sustainable Palm Oil, or plan to become certified."

Our company is fully committed to the Roundtable on Sustainable Palm Oil (RSPO).

The first RSPO certification we received in 2009 covered our Papua New Guinea operations, and included over 3'800 smallholders. This operation is still certified today, as are all our existing mills and their supply bases in Indonesia. Our current development projects have all complied with the RSPO New Planting Procedure, and will be certified as soon as they become eligible. SIPEF has since 2014 issued and updated its Responsible Plantation Policy as a sign of our long term commitment to sustainable, deforestation-free, agriculture.

This commitment goes beyond oil palm, and we have chosen to certify our tea, rubber and bananas operations under the Rainforest Alliance. All our tea, rubber, and bananas plantations are certified, in Indonesia, Papua New Guinea and Côte d'Ivoire. This was not a market-driven decision, but a way to show that our practices are demonstrably good.

Our shareholders fully supported us, despite the constraints and costs it imposed on our company. Their view is that responsible plantation companies have a future, and will deliver long-term, positive returns to their shareholders, and to their stakeholders.

Looking into your 2018 holdings, we have the impression that NBIM has turned its back on all palm oil producers, regardless of their commitment and performance.

This is difficult to understand from NBIM, a long-term investor, representing Norway, a country with high environmental standards and expectations, and a deep knowledge of our sector as well as of the challenges of developing countries. It sends a very negative message about our entire sector, vital to the economies of Indonesia, Malaysia, Papua New Guinea and the African continent and to millions of smallholders who depend on oil palm for their livelihoods.

We hope for the return of NBIM as a shareholder in our company, challenging us to continuously maintain and improve responsible practices. We welcome further engagement with NBIM, and will answer in a transparent manner.

Yours faithfully

A handwritten signature in black ink, appearing to read 'F. Van Hoydonck', written over a horizontal line.

François Van Hoydonck
Managing Director