

26 September 2022

Director Sustainability  
Apical Group

Dear Bremen,

### Clarification Response on Alleged Sourcing from Mr Mahmudin's Illegal Plantation

This letter is in response from your letter dated 21 September 2022 regarding to the Rainforest Action Network Report published in September 19, 2022 titled "*Carbon Bomb Scandals: Big Brands Driving Climate Disaster for Palm Oil*", <https://www.ran.org/wp-content/uploads/2022/09/Rainforest-Action-Network-Leuser-Report-FINAL-WEB.pdf>

The letter is to clarify to the claims that Global Sawit Semesta (GSS) is sourcing FFB from Mr Mahmudin's illegal plantation in the Rawa Singkil Wildlife Reserve through FFB collection point called CV. Natama Prima. We have reviewed the allegations and clarify the following:

- CV. Natama Prima (NP) is one the FFB suppliers of GSS' Palm Oil Mill.
- Referring to New FFB Supplier regulation on GSS mill, key requirement shall be met for all suppliers to be verified at plantations on FFB traceability and legality prior to any delivery of FFBs to GSS mill.
- From total 4,988 ha registered of farmers' oil palm plantations supplying to NP, which all plantations have been verified by visiting directly by GSS' sourcing teams, we confirm that only 3 (three) oil palm plantations belong to Mahmudin that are delivering to NP, as detail follows:

Farmers	Ha	Plantation Location	GPS Coordinate		Plantation Status
			Y (North)	X (East)	
MAHMUDIN 1	120	Pulo Paya, Trumon Tengah, Aceh Selatan	2° 53' 13.72" N	97° 37' 37.02" E	APL
MAHMUDIN 2		Pulo Paya, Trumon Tengah, Aceh Selatan	2° 53' 0.70" N	97° 37' 38.46" E	APL
MAHMUDIN 3		Singleng, Trumon, Aceh Selatan	2° 51' 46.32" N	97° 37' 37.23" E	APL

- Referring to the GPS coordinate taken from the visit on Mahmudin's plantations above, after overlaid with Spatial National Map of Indonesia, all three plantations are located on clean and clear (or known as APL; "Areal Penggunaan Lain" – Indonesian status terminology for land status).
- NP as registered FFB supplier of GSS mill (collection point A) was also visited directly to be verified by sourcing teams to ensure it is located in the clean and clear area (2°53'29.4"N 97°38'14.2"E).
- Both GPS locations above regarding Mahmudin's oil palm plantations and collection point A belong to NP shown on Annex 1 (Map of location of Mahmudin's oil palm plantations and NP's collection point).
- Referring to the report on page 8, 11, 12, mentioned about GPS coordinates of Mahmudin's oil palm plantations and also collection point belongs to Mahmudin (02°43'54.93" N 97°38'56.38" E), as shown on map on page 9, after overlaid with the map on Annex 1, shown that they are on different locations. See map on Annex 2 (Map of registered

Mahmudin's plantation and NP's collection point A compared with GPS coordinates of collection point B mentioned in the report).

From the above data facts, we can conclude and clarify the allegation mentioned in the report with below summaries:

1. Oil palm plantations and collection point B mentioned in the report, which all belongs to Mahmudin is different from collection point A.
2. The weighbridge ticket was just a weight bridge ticket from NP (collection point A) to GSS, it does not show that FFB was come from the collection point B, and it did not evidence any FFB delivery from collection point B (mentioned in report) to collection point A.
3. Referring to explanation on the report, which shows GPS coordinates and also photos of Mahmudin's plantation as well as the collection point, including activities regarding FFB delivery by small pick-up vehicle from plantation to collection point. The assumption of FFB delivery from alleged illegal areas into collection point B, then to collection point A (PT NP) and subsequently to PT GSS is not valid. Besides the high cost of double handling and high transport costs (estimated 70km, poor road condition) from collection point B, and it may not be commercially feasible. Our operation and traceability records confirms that there were no illegal FFB delivery from collection point B to PT NP.
4. GSS mill has comply its TTP mechanism which has regulated based on dedicated SOPs regarding FFB Traceability, which regulates about:
  - Requirements of new FFB supplier
  - GPS coordinates on the FFB suppliers to ensure located on the clear area
  - Monthly FFB quota mechanism
  - Registered delivery trucks for FFB suppliers
  - Supply chain of custody (FFB delivery note, weighbridge ticket, DO holder list, etc.)

Based on this, we have included a top level action plan with the time line on the alleged issues:

1. We will immediately **suspend** Mahmudin from GSS supply chain – **done by 22 September, 2022**
2. We will meet Mahmudin to ask for clarification on the supply of FFB from the Rawa Singkil Wildlife Reserve as mentioned in the Rainforest Action Network Report published in September 19, 2022 titled "Carbon Bomb Scandals : Big Brands Driving Climate Disaster for Palm Oil", <https://www.ran.org/wp-content/uploads/2022/09/Rainforest-Action-Network-Leuser-Report-FINAL-WEB.pdf> report – **immediately**.
3. Afterwards, we will conduct an investigation by visiting Mahmudin's plantations related to the specific report – **immediately**.
4. We will improve the FFB traceability along with the supporting documents as part of the mechanism Traceability Procedure to support all buyers such as Apical, as one of our commitment to NDPE – **continuously**.

**PT. GLOBAL SAWIT SEMESTA**

We hope that through these efforts and steps that our company is taking can help answer the concerns of your office and answer to the claims on Global Sawit Semesta (GSS) in the report.

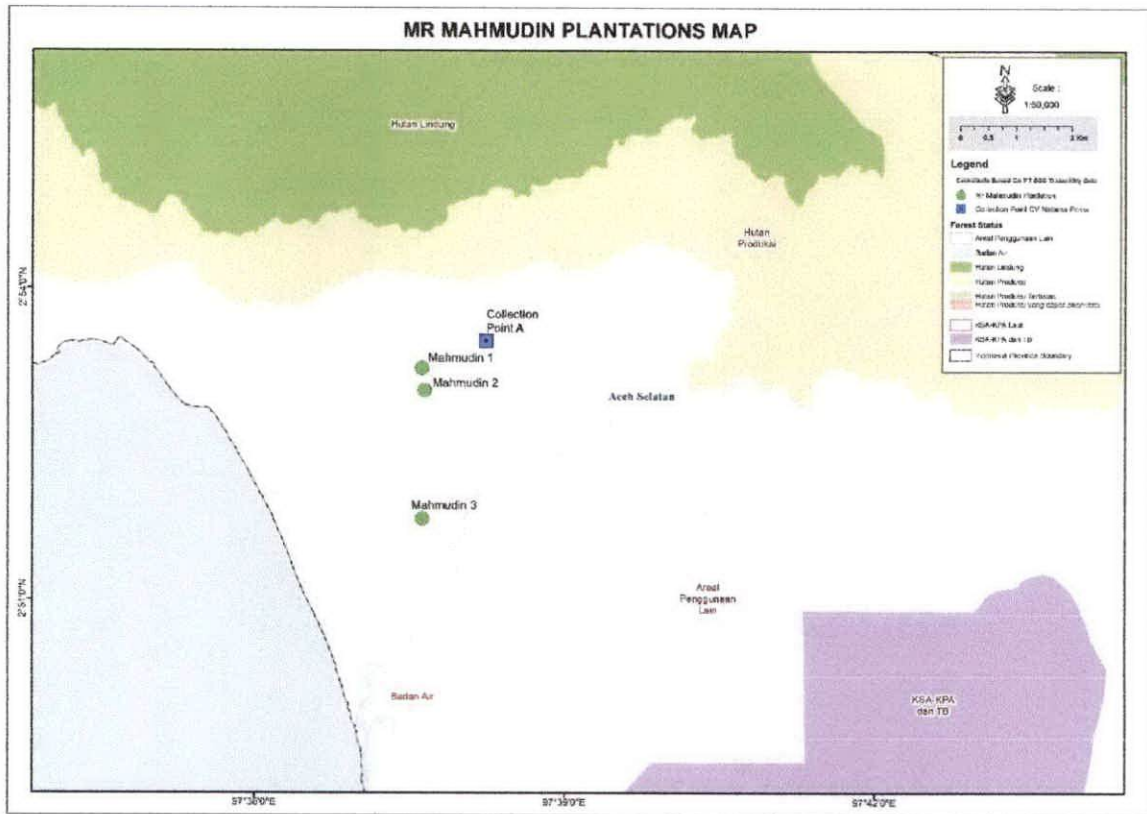
Sincerely,

A handwritten signature in black ink, appearing to be 'Azwan Sutondo', written over a horizontal line.

Director PT Global Sawit Semesta



Annex 1. Map of location of Mahmudin's oil palm plantations and NP's collection point



Annex 2. Map of registered Mahmudin's plantation and NP's collection point compared with GPS coordinates mentioned in the report

