

12 Oct 2021

Ms. Ginger Cassady

Executive Director, Rainforest Action Network

Re: Indicative Forest Footprint Evaluation for North and East Kalimantan

I would like to thank you for your letter dated 6 October 2021, as an opportunity for us to comment prior to publication of your report.

We strongly believe in the shared responsibility and critical mission we carry together to halt deforestation in the palm oil supply chain. We are also thankful for your great endeavours that have collectively led to achieving a significant reduction in palm oil deforestation by ten-fold in Southeast Asia since 2015/16. A critical role we truly recognize.

With regards to your letter date 7 October 2021:

RGE's palm oil arm APICAL operates the PT. Kutai Refinery Nusantara refinery in Balikpapan, East Kalimantan which has a heavy reliance on sourcing from third-party suppliers in North and East Kalimantan with a track record of deforestation and rights violations. In early 2021, this refinery KRN sourced from six crude palm oil mills and three palm kernel crushing plants in Kalimantan and 37 mills and 21 crushing plants in East Kalimantan. Problematic suppliers include Jardine Matheson Holdings (ASTRA), Triputra Group, Rajawali Group (Eagle High), DSN Group and MP Evans. APICAL has to date failed to disclose the deforestation status of its suppliers. APICAL acquired this refinery in 2018 to expand its palm oil and biodiesel business to supply new markets in China, Japan, and Korea.

Apical is committed to ensuring the implementation of sustainable practices in our palm oil operations and supply chain. Since the adoption of our Sustainability and Sourcing Policies in September 2014, we have collaborated with a range of stakeholders including suppliers, smallholders and civil society groups to promote sustainable palm oil production in compliance with national regulations and industry standards. This includes a comprehensive deforestation monitoring of our upstream supply chain by an independent non-profit organization using Transform Platform since October 2020. Deforestation is strictly prohibited in our supply chain. All new suppliers have to pass robust due diligence before we source from them, and we do not hesitate to take stern action against any supplier who violates our policies or national regulations.

With an aligned interest on halting deforestation, we appreciate if you could please share more specific details on the alleged act of deforestation by palm oil suppliers highlighted in your letter. We can investigate and address potential breaches immediately and collectively.

Thanks & Regards.



Bremen Yong
Head of Sustainability
Apical Group