Official Complaint Letter

To: PepsiCo

Address: PepsiCo

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United States

Email: **SPA-PepsiCo.SustainableAgriculture@pepsico.com**

Complaint Alleging Illegal Conduct by PT Maju Aneka Sawit (MAS), subsidiary of Musim Mas Group

Dear PepsiCo Management,

We are a civil society coalition consisting of Transformasi untuk Keadilan (TuK INDONESIA), Sawit Watch, and the Regional Executive of WALHI Central Kalimantan; Indonesia's largest environmental organization.

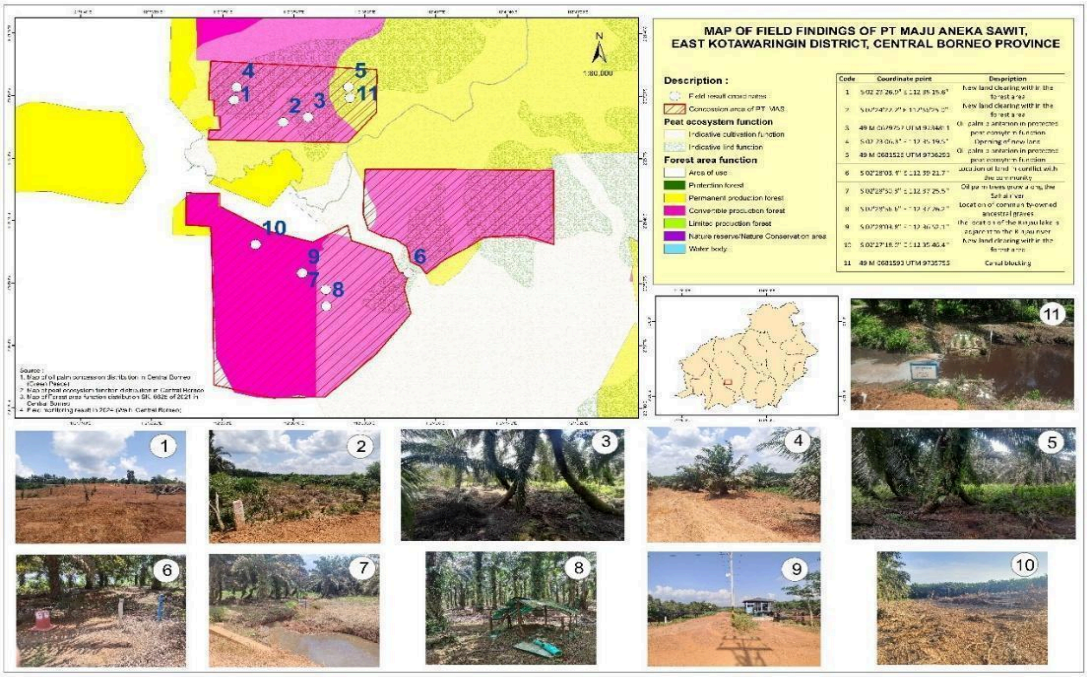
We are writing to you because we are deeply concerned about your relationship with PT Maju Aneka Sawit (PT MAS or Maju Aneka), a subsidiary of Musim Mas Group operating in East Kotawaringin District, Central Kalimantan Province. Per PepsiCo's 2023 and 2024 Palm Oil Mill List, PT MAS is one of your suppliers. Publicly available documents indicate that you have been sourcing from Maju Aneka since as early as 2019.

Our concerns stem from the results of an investigation, which has uncovered evidence of a series of potential violations of Indonesian law, RSPO principles, and your company's supplier sustainability policies, including the "No Deforestation, No Peat, and No Exploitation (NDPE)" standard. Below we have provided evidence that PT MAS' actions could be threatening the rights of local communities and the environment. This evidence raises serious questions about PT MAS' commitment to environmental sustainability, social responsibility and ethical business practices.

Alleged Violations of Law and Good Practice by PT MAS

Based on the results of field investigations, media reports, as well as data from the Indonesian Ministry of Forestry, we note the following evidence of PT MAS' potential violations of Indonesian law and/or sustainability committed by PT MAS:

1. **Planting in Forest Areas—**PT MAS has planted oil palm inside government-designated forest areas and converted production forest areas without a valid permit. Based on the Ministry of Forestry Decree No. 36 of 2025, **19,246 hectares** of Maju Aneka's oil palm plantations are inside forest estate**.** This violates Law No. 41 of 1999 concerning Forestry and has been dealt with by the Indonesia Government through the Task Force (SATGAS) to restore order in Forest Areas with confiscation of some of Maju Aneka's land bank.



MAP: *WALHI-produced map of PT Maju Aneka Sawit's oil palm plantation in the striped polygone. Point 5 is in the forest area (HP) and in a peat ecosystem, where it is illegal to plant oil palms.*



PHOTO: *Sign indicating that a parcel of PT Maju Aneka Sawit's land has been confiscated by the Indonesian government, through the Task Force (SATGAS) to restore order in Forest Areas (PKH), because it is illegally inside the forest estate. September 2024.*

2. **Destruction of Peat Ecosystem—**PT MAS cleared and planted oil palm on deep peatland, which is included in the protected zone according to the MoEF's Peat Ecosystem Function Map. This activity increases the risk of forest fires, greenhouse gas emissions, and could violate Government Regulation No. 57/2016 on the Protection and Management of Peat Ecosystems.



PT MAS Palm Oil Plantation in peatlands: GPS point ***49 M 0681 526 UTM 9736293.***

September 2024.

3. **Diversion of waterways**—A complaint dated November 8, 2024 (Complaint Register #240332 Ministry of Environment and Forestry Directorate General of Environmental and Forestry Law Enforcement Kalimantan Region dated November 8, 2024) alleges planting of oil palm on riverbanks and the diversion of streams by PT Maju Aneka Sawit in Penyang Village, Telawang District, East Kotawaringin Regency, Central Kalimantan Province. In the complaint, evidence of waterway obstruction was found at coordinates S 2.4755, E 112.6239 - S 2.4751, E 112.6235 (point 7 on the map above) and surrounding areas in the plantation area of Maju Aneka. In Division F, Sub blocks Q 64 and Q 65, a puddle of water was found at the complaint location. PT MAS allegedly installed two culvert units in 2012, which reduced the waterway from a stream to a puddle.

4. **Failure to fulfill smallholder (plasma) obligations**—According to community representatives we interviewed in the area, PT MAS has failed to establish a 20% smallholder (plasma) plantation as required by Indonesian government regulations (notably, Minister of Forestry Decree No. 19/Kpts-II/2001 and MOA No. 26/Permentan/OT.140/2/2007 in force when PT Maju Aneka began operations, since amended by the 2014 Law on Plantations, its derivative rules in the Ministry of Agriculture Regulation 98 of 2013 and 2022/2023 Job Creation Law). Since the Cultivation Rights were granted in 2007, community representatives report that the company has not developed plasma plantations for the community. In 2018, the Head of Penyang Village wrote to PT MAS to request the development of an oil palm plantation partnership through a plasma partnership. In 2023, due to Maju Aneka's failure to respond, the communities of Penyang Village and Tanah Putih Village organized a mass protest demanding the company to immediately build plasma plantations. Subsequently, the company allegedly told locals that it intends to build plasma in 2036 when it will replant old palms; meaning plasma support would be approximately 28 years late.

Community Demands

TuK and WALHI Kalteng believe that, if confirmed, the allegations detailed above constitute grounds for the revocation of PT MAS' operating licenses. However, the Indonesian Government has been reluctant to take serious regulatory action against oil palm companies. Worse, the government Job Creation/Omnibus Law has actually created a process for palm oil producers to retroactively legalize blatantly illegal activities, including operating oil palm plantations inside of forest areas, by simply paying a fine.

In the absence of reliable State regulatory action, and on behalf of local communities, we strongly urge PepsiCo to address these grievances directly with its suppliers. Local community members in Central Kalimantan demand that PepsiCo:

1. **Immediately suspend purchasing of all palm oil products from PT MAS** until the grievances have been resolved and community demands met.

2. **Conduct independent and transparent investigations** into the alleged violations, involving civil society, local community members and local organizations.

3. **Require PT MAS to carry out environmental restoration and provide remedy to all impacted communities,** including:

    - Immediate plasma development;
    - Reforestation of areas where illegal planting has taken place and environmental restoration; and
    - Payment of financial compensation to community members for environmental destruction, damage to property, destruction of intangible cultural heritage, and lost income.

Musim Mas

Although our complaint is focused on the business conduct of PT MAS, we would like to inform you that at least three other Musim Mas subsidiaries in Central Kalimantan—and seven subsidiaries in all of Indonesia—have been found to have planted oil palm inside Indonesia's permanent forest areas in violation of national law. The three companies in Central Kalimantan are Globalindo Alam Perkasa (16,426 hectares inside the forest areas), Sukajadi Sawit Mekar (11,468 hectares) and Unggul Lestari (14,267 hectares).

Moreover, PepsiCo is undoubtedly aware that the Musim Mas Group breached Indonesian CPO export controls in 2022 and one of the company's senior executives was subsequently jailed for their involvement in the affair. In 2025, Indonesia's Attorney General ordered the arrests of three judges that heard the export control case for allegedly taking bribes from shady intermediaries to rule that Musim Mas' violation of export controls was not a crime. Musim Mas has often been linked to illegal deforestation in Indonesia and has taken insufficient steps to clean up its supply chain and operations.

Given these facts, we wonder whether Musim Mas' (eventual) response to our complaint can be considered credible. As well, we continue to question why an international company such as PepsiCo would continue to do business with any affiliates of Musim Mas Group.

PepsiCo Due Diligence

We would like to inform you that we have conducted remote sensing and field investigations into the illegal business conduct of the Central Kalimantan operations of Genting Plantations (PT Globalindo Agung Lestari), Triputra Agro Persada (PT Gawi Bahandep Sawit Mekar), Sinar Mas/GAR (PT Mitra Karya Agroindo – Tangar and PT Mitra Karya Agroindo - Sungai Rungau), and KLK (PT Mulia Agro Permai and PT Karya Makmur Abadi). We found evidence that each of these companies are violating Indonesian law, RSPO principles and your company's supply chain sustainability policies. We have provided information about the nature of these violations to the Ministry of Forestry, which has committed to conduct further investigations.

With regards to KLK Group, namely its PT Karya Makmur Abadi subsidiary, our findings indicate the presence of operational and production activities within peatland landscapes, planting activities in areas identified as High Conservation Value (HCV), and an apparent failure to fulfill obligations to provide land to local communities under the Plasma Scheme. Our findings show that palm oil was produced on land deforested since 31 December 2020 and that PepsiCo has failed to implement adequate due diligence procedures, including evidence of unmitigated, non-negligible risk of illegality and deforestation. This could form a breach of the EU Deforestation Regulation which will come into force on 1 January 2027.

According to your own disclosures, PepsiCo has purchased palm oil products from every single one of these plantations at some point between 2019-2024. This would seem to indicate that PepsiCo's due diligence processes and monitoring of supplier conduct is largely inadequate.

Now that the Indonesian government has found more than 430 palm oil companies have illegally planted inside the government forest estate—a violation of PepsiCo's NDPE commitments and Indonesian law—does PepsiCo intend to sever its relationship with all these companies?

Transparency and Public Interest

There is significant public interest in the business conduct of the Musim Mas Group and the palm oil sector at large in Indonesia. Similarly, we take note of the substantial public interest about sustainable supply chains in wealthy countries where PepsiCo's products containing palm oil are consumed. Thus, in the interest of transparency and to the benefit of the public, we intend to post this letter and any response we receive from PepsiCo online.

Thank you for your attention and feedback.

Sincerely,

Janang Firman Palanungkai, Executive Director **Wahana Lingkungan Hidup Indonesia (WALHI) Kalimantan Tengah - Friends of the Earth (FoE) Indonesia Central Kalimantan**
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