

EXECUTIVE SUMMARY OF DAEMETER'S VERIFICATION ASSESSMENT REPORT  
CHAIN REACTION and AIDENVIRONMENT ALLEGATIONS AGAINST PT SAWIT SUMBERMAS SARANA TBK  
20 September 2018

Company	Allegation	Findings	Implications and/or Remaining Questions	SSMS Actions
<b>SML</b>	SSMS sold off PT SML because it was determined to contain too much forest to develop sustainably. Yet, clearing HCV areas in SML continues. Investigators claim that the management control of SML remains with the owners of SSMS.	<b>No evidence to confirm allegation.</b> Review of notarized Akta Jual Beli Saham No 44 showed that SSMS sold their shares of PT SML to PT Metro Jaya Lestari (MJL) dated on 31 December 2015. The reported price represents fair market value. Significant deforestation has taken place since this date. Despite reports linking MJL office with SSMS, this was not substantiated in the field. The CFO of SSMS claims he has seen no evidence of transactions of any sort between SSMS and MJL since the purchase was completed.	No evidence to support the allegation could be obtained. CRR reports they have some additional evidence substantiating the claim, and would be willing to share it. As of today, such evidence has not been received. Daemeter will continue following up. <b>Action:</b> SSMS CFO to provide Daemeter with written statement attesting there are no transactions between SSMS and SML.	SSMS CFO has provided a statement letter that there has not been any commercial transaction between SSMS and SML since 2015. There is a plan to engage with the new management of SML to introduce the SSMS's new sustainability policy and involve SML in SSMS's sustainable landscape program.
<b>MPP</b>	500 ha of forest clearance occurred and took place before the NPP was submitted to RSPO and approved.	<b>No evidence to confirm allegation.</b> SSMS only took management control of MPP in August 2016. The deforestation allegation said it happened in March 2016. This means that MPP cannot be liable to it. However, based on the current boundary, it is found that some of MPP area has HPK status.	<b>Action:</b> Need to confirm whether SSMS had forest release permit before forest clearance in the eastern portions of MPP took place. Need also to confirm when the NPP was approved.	SSMS has obtained the forest release permit for this portion (SK.3/MenLHK/Setje n/PLA.0/1/2018) dated on 3 January 2018 signed by the Minister of Forestry and Environment. SSMS is now in the process of NPP assessment for this site.
<b>KSA</b>	Between Nov 2014 and Nov 2015, 800 ha of forest clearance took place, and at least 200ha of this took place before the NPP was approved. Most of this clearance was high quality HCV/HCS forest, 200 ha of this was on peat, and 400 ha was probable orangutan habitat.	<b>Allegation partly confirmed.</b> The NPP was approved 2 Dec 2014, one month after the Nov 2014 satellite image used by CRR in the report. This makes it very unlikely that the full 800 ha of clearance took place actually occurred before the NPP was approved, as alleged. SSMS reports that only 105 ha of the 800 ha of clearance took place before NPP was approved, and this was reported to the RSPO. Research also confirmed the claim by CRR that the deforestation reported took place on peat, and on land within the Forest Zone zoned for conversion (HPK).	SSMS already reported the 105 ha of non compliance to RSPO. Daemeter confirmed this by viewing email communication between SSMS and the RSPO. <b>Action:</b> SSMS must develop a plan for remediation or compensation, and share this once it's approved. SSMS must also show a copy of the Forest Release permit.	SSMS has showed the copy of Forest Release Permit (SK.184/Menhutll/2014) dated on 21 February 2014.  Daemeter completed KSA verification two years ago.  RSPO approved LUCA and all compensation-related documents.
<b>MKM</b>	6,300 ha of MKM has been planted to oil palm with an additional 9,300 not yet developed. CRR alleges that based on past public announcements, SSMS will develop the remainder, including areas on peat, and that such development would be in opposition to RSPO requirements and NDPE policies.	<b>Allegation not confirmed.</b> Deforestation alleged in two places. In part of area 1, deforestation in 2015 was confirmed, but most of this clearance occurred (a) outside a revised MKM boundary, or (b) where it overlaps a concession owned by another company, who SSMS explains controls the area. For the allegation in area-2, the time period covered in the report is not clear, and there is a boundary discrepancy.	<b>Action:</b> Need to coordinate with CRR for further information on period and locations where deforestation is alleged to occur.	CRR/Aidenviroment has been approached by Daemeter and SSMS and confirmed that they are not available for the further discussion about the findings specifically for this site.

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