

SMART Presents IVEX Report in Open and Transparent Manner

London and Jakarta - 11 August 2010 - In the five reports by Greenpeace, SMART was accused of “Burning Up Borneo”, “having a devastating impact on climate and biodiversity” and “being heavily reliant on deforestation and peat land clearance”. The verification report makes it clear that this is not the case. The deep peat land that inadvertently developed represents only 1.8% of the 182,528 ha in the 11 concessions that were verified.

The Company has never been involved in burning and the Independent Verification Exercise (“IVEX”) report clearly shows that the Company’s activities have not had a “devastating impact”. SMART has actively promoted the protection of the important orang-utan wherever they have been found on its concessions and have created a permanent 1,400 ha sanctuary for orang-utans.

Inevitably, some mistakes have been made in the past, including non-compliance, which SMART disclosed openly in its press release and presentation during the press conferences in Jakarta and London.

“We are now compliant and are taking stringent measures to ensure that we remain so. We hope that all our mistakes were the past and are now fully committed to being an important part of the solution,” said Daud Dharsono, President Director of SMART.

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Questions that SMART is delighted to Answer

Question

1. On page 22 of the audit it says that Greenpeace's reports are particularly concerned with orang-utan habitat and peatlands – but you have headlined with the issue of 'deforestation of primary forest' – in which report has Greenpeace claimed that Sinar Mas have or are clearing primary forest?

Answer

According to the definition by the leading forestry experts from Bogor Agriculture Institute, rainforest, means tropical rainforest or primary forest or virgin forest. In the Greenpeace reports, the reference to the deforestation of rainforest were cited numerous times and therefore required the IVEX Team to address this.

Question

2. You claim in your briefings that Sinar Mas is not responsible for the destruction of orang-utan habitats. I noted in the audit that orang-utans 'adapt to disturbances and can well survive in degraded forests'. You have made it very clear in your recent statements that Sinar Mas only operates on degraded land and therefore, by extension, possible orang-utan habitat.

If, as the audit states, you commenced clearing in 7 of the 11 concessions before a High Conservation Value assessment was completed how can you be so sure that these areas were not orang-utan habitats?

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Answer

SMART's policy has always and will always be to conserve the important orang-utan as well as High Conservation Value (HCV) land. Therefore, if orang-utans are found within any of our concessions, we will conserve them. This is the case in our concession PT BAP, where we conserved 1,400 ha for orang-utans.

Question

3. In the concessions audited how many High Conservation assessments have actually been approved?

Answer

Of the seven concessions which have proceeded with HCV assessments, four concessions have completed HCV assessments and three are being finalised. The remaining four of the 11 concessions were developed before 2004 which was before HCV implementation by RSPO.

Question

4. Your press release says that you operate within the laws and regulations set out by the government – however the audit found that in 8 out of the 11 concessions visited clearance had taken place without the necessary environmental legal permits. – How can you claim that Sinar Mas is not breaking law?

Answer

As stated in its press releases, SMART says that it now operates responsibly and within the laws and regulations set out by the Indonesian government.

With regard to the Environmental Impact Assessment or better known as AMDAL. SMART was in compliance for all five concessions in West Kalimantan. In the case of Central Kalimantan, in the past, the AMDAL for all six concessions were completed after land clearing which is not in compliance. SMART obtained in-principle plantation business permit and proceeded to develop these six concessions while AMDAL was being processed. SMART has since received AMDAL for all six concessions in Central Kalimantan. Moving forward, it will ensure that AMDAL is obtained before land clearing.

Question

5. Your press release says that with regards to clearing peatland the audit showed that 1180 hectares were cleared in central Kalimantan and 1330 in West Kalimantan. You say this is just sporadic plots of peat yet reading through the audit there seem to be many more examples of peatland clearance. Aren't you being misleading by calling it sporadic as it seems to be a systematic problem relevant to many of your concessions?

Answer

SMART does not plant on any peat land as part of its strengthened sustainability commitment. However, in the past, as revealed in the IVEX report, the IVEX Team has identified that over 98% of SMART's concession areas are not planted on peat of more than 3 metres deep. The planting on deep peat land in other cases was incidental due to the difficulty in identifying sporadic and small plots of peat.

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