



smart
for business and food

CONSUMER
RELATIONS



MEETING CONSUMER NEEDS

In Indonesia, across Asia and around the world, palm oil in various products is an essential part of the diet for hundreds of millions of people. The primary aim of our consumer business is to help meet the growing demand for palm oil

based products through a wide range of brands targeted at different market segments.

A list of our key brands produced in Indonesia by product category is set out in the chart below.

<p>COOKING OIL</p> <p>Our cooking oil brands consistently rank in the top five brands of cooking oil sold in Indonesia.</p>	<p>FILMA <i>Kuning Mas</i> mitra <i>بیسس Oil</i> <i>Masku</i></p>
<p>MARGARINE</p> <p>Our margarine brands consistently rank in the top ten brands of margarine sold in Indonesia.</p>	<p>FILMA <i>Palmboom</i> Menara PALOMA PALMVITA mitra SMARTBaker</p>
<p>SHORTENING</p> <p>Our shortening brands consistently rank in the top ten brands of shortening sold in Indonesia.</p>	<p>FILMA MENARA PALMVITA GOLD PALOMA PALMVITA PUSAKA mitra DELICIO RED ROSE  GOODFRY</p>
<p>SPECIALTY FAT</p> <p>Our specialty fat brands consistently rank in the top ten brands of specialty fats sold in Indonesia.</p>	<p>i-SOC DELICIO DELICOA 38</p>

Each of our brands is targeted at specific segments of the consumer market. For example, in the cooking oil category our Filma brand is top of the range, Kunci Mas is mid-range, and Mitra is designed to be more affordable than Filma and Kunci Mas. In 2005, Filma was awarded Superbrand status by the Indonesian Superbrands Council and we received the highest Customer Loyalty Award in the cooking oil category of the Indonesia Customer Loyalty Awards.

PRICING POLICY

The affordability of food is a real concern in developing countries and as such, rising food costs come with significant political and social implications. The strong export market for palm oil products can impact the availability of supply for local consumption as foodstuff. To ensure that the local market has an adequate supply of cooking oil and palm oil food products, the Government of Indonesia has in the past raised tariffs on the export of palm oil in line with CPO market prices.

Conscious of the problem presented by rising food prices, the Government of Indonesia has initiated a programme to provide low cost cooking oil. Through the Minister of Trade's office, the Government of Indonesia and the top Indonesian cooking oil producers started the Minyakita programme in 2009. Minyakita, which can be loosely translated as "our cooking oil", promotes the purchase of branded cooking oil rather than the bulk cooking oil sold in plastic bags. The bulk oil is usually produced and sold under unhygienic conditions, and unlike branded cooking oil, undergoes limited quality assurance procedures.

Through SMART, we have distributed more than 530,000 litres of subsidised cooking oil through the Minyakita programme in 2009 and 2010. Our participation has earned us an award from the government.

We recognise that the price of food staples for the poor is a vital issue. As part of our efforts to assist the poor, we have been running Operasi Pasar (Market Operation), a programme that we initiated in Indonesia in mid-2007 when the prices of commodities especially cooking oil started to increase. Under this programme, we sell our branded cooking oil at a subsidised rate (15%-25% lower than the market price) in the rural and under-developed areas of Indonesia. As at end 2010, we had distributed almost 750,000 litres of cooking oil through Operasi Pasar.

KPPU's Charge of SMART Breaching the Competition Law

In May 2010, the Business Competition Supervisory Commission ("KPPU"), an anti-trust body in Indonesia, charged our subsidiary SMART and 19 other cooking oil producers with reportedly breaching the competition law, particularly articles regarding oligopoly, cartel and price fixing practices.

As a listed company, we comply with the Indonesian laws and regulations and we are absolutely against unfair business practices such as price fixing. We responded immediately to refute these allegations and launched an appeal against KPPU's decision. In February 2011, we were vindicated of the charge by the District Court in Indonesia. KPPU has decided to appeal to the Supreme Court and the case is still pending.

CONSUMER PROTECTION AND ENGAGEMENT

We have complete traceability for all our products and indicate on all packaging, how consumers can contact the company through telephone care lines and the website, if they have any feedback. No product recalls and no instances of non-compliance with any relevant laws and regulations occurred in 2010. Recently, BPOM, the Food and Drug Authority in Indonesia, asked companies that sell vegetable oil to remove the words "no cholesterol" from product packaging. The Company complied immediately and BPOM gave all the producers a year to clear stock with the old labels while the new product labels are being produced.

Complaints regarding our consumer products are addressed by our sales team. The most common complaint is that the cooking oil turns cloudy, which normally happens when it is stored at a temperature below 16 degrees Celsius. This is not harmful but as a responsible business, our sales team conducts home visits to assure consumers who are concerned. We also support public education on the safe use and storage of our products. For example, we educate the public during cooking demonstrations and trade shows.