

CUSTOMER
RELATIONS

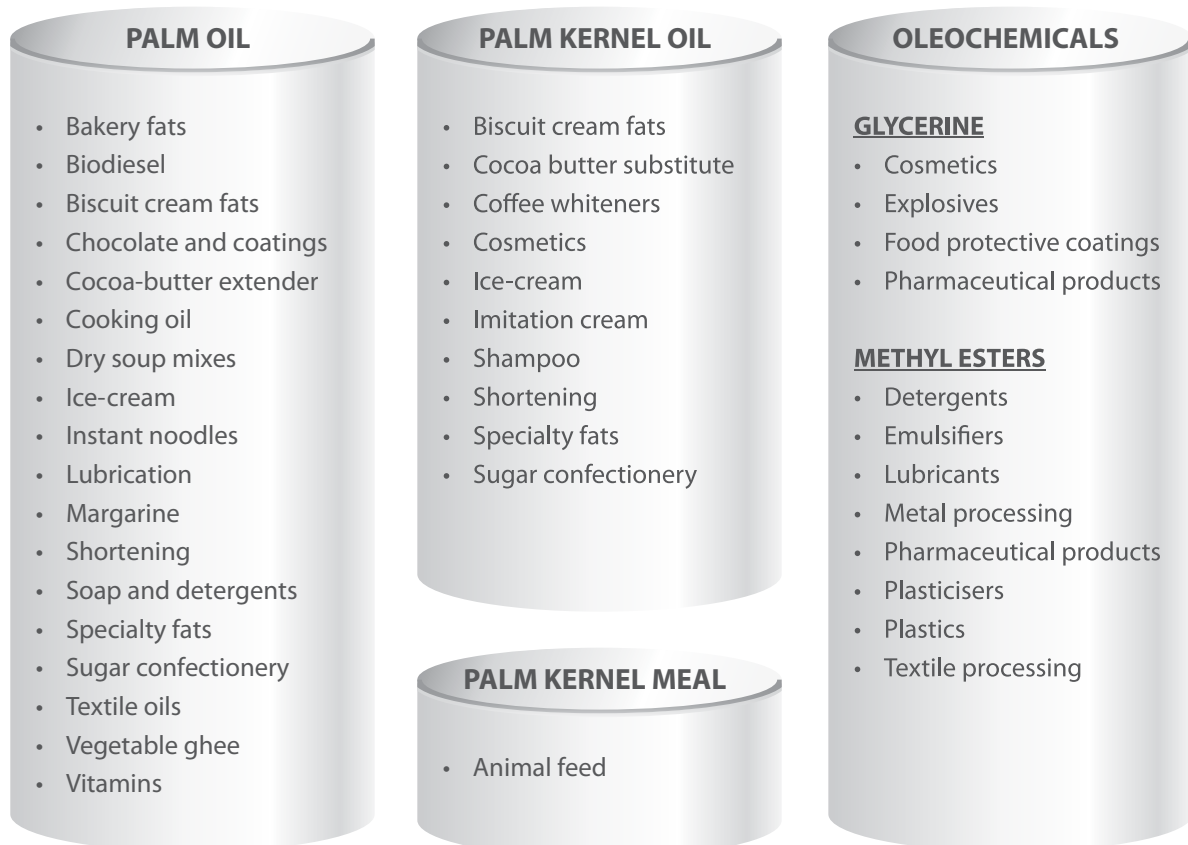




The fundamental purpose of our business is to produce palm based products of great value to society at home and abroad. Our processing and refining activities produce palm oil, palm kernel oil, palm kernel meal and oleochemicals. The very wide range of their uses is explained in Chart 9.1, below. Some of these refined products are used to create our own products to be sold directly to consumers, primarily as cooking oil. Some

are sold to third party customers, who are either traders or multinational companies that use the oil to create their own food products such as cooking oil, margarine and speciality fats or to be used as an ingredient in products as diverse as chocolate and ice-cream. Palm oil is also an effective surfactant, which makes it an important ingredient in soap and other products.

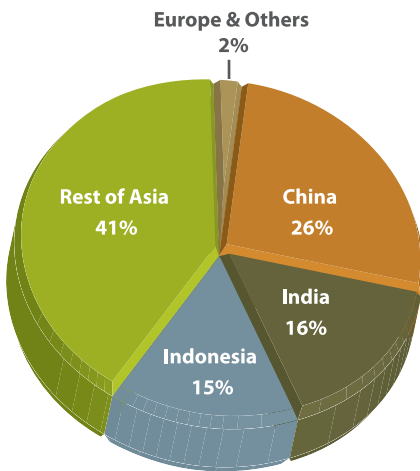
Chart 9.1: Uses for Palm Products



One of our primary commercial goals is to leverage our vertically integrated business and grow our high margin upstream sales in consumer markets, thereby capturing the full value-added of the palm production. Retail sales were approximately 9% of our total sales in 2010.

The geographical destination of our sales to customers is set out in Chart 9.2. Although the overwhelming volume of our sales is to customers in Asia and sales to western markets are very small, some of our products are sold on by traders to Europe and other western markets, while some multinationals buy our products locally and ship it to their home markets.

Chart 9.2: Revenue by Country in 2010



MANAGING THE TRADE WITH CUSTOMERS

The wholesale trade of palm oil works through buyers, brokers and traders. At GAR, our traders meet brokers who introduce us to buyers of our palm oil. In certain cases, our traders approach buyers on their own, depending on their relationship with the companies and individuals involved. The financial status of the buyers is then assessed to ensure that they are credible and financially solvent. The negotiation phase starts soon after, with us using either the spot or forward market price for the transaction or a specific price formula if the buyer is interested in a long term contract with us. After all negotiations are completed and the contracts are concluded, we start nominating the vessels needed to transport our palm oil to their final destinations and the buyers provide letters of credit if needed. Depending on the payment scheme and contract, the oil is shipped out either by us or the buyer.

Managing the storage and bulk distribution of palm oil products is accomplished with the maximum concern for safety and product integrity. We adhere to the ISO 9001:2008 Quality Management System and the ISO 22000:2005 Food Management System. Their requirements are integrated into our Standard Operating Procedures, with all relevant monitoring and sampling processes in place.

ENGAGING CUSTOMERS AFFECTED BY THE GREENPEACE CAMPAIGN

A key feature of the Greenpeace campaign was its pressure on our European and North American customers such as Nestlé, Unilever whose office in London was picketed by activists, and Burger King. As a result, these customers decided to suspend business relations with GAR, which was a significant issue for us in 2010. Companies affected by the Greenpeace attempt to mobilise a boycott against our products contributed a combined 2.18% to our sales in 2009.

Our response was to engage with these customers on those concerns that were having an adverse impact on their reputation and may have affected the sales of their products. It was after consultation with Unilever, that the Independent Verification Exercise was put in place. We also engaged Nestlé through TFT, who helped Nestlé implement its Responsible Sourcing Guidelines which seek to eliminate any deforestation in Nestlé suppliers’ footprint.

Since the implementation of our FCP with TFT, our customers have indicated that they are encouraged by the initiative. We have continued to engage our customers and stakeholders by sharing with them the progress of our FCP field work. A presentation of the preliminary field work was made to the RSPO GHG Working Group 2 on 8 April 2011. A copy of the presentation is available on our website. Going forward, we will continue to share our FCP field work findings with all relevant and interested stakeholders in an open and transparent manner.

