



Procedure for Social Conflict Handling

Background

As an integrated palm oil company, GAR/SMART is aware that it is important to implement the principles of Sustainable Palm Oil production. Therefore, GAR/SMART is committed to no deforestation footprint; implementing best industry practices and standards; responsible environmental management; respecting the rights of indigenous people and local communities; and community development for the people living around its operations while maximising long-term value for shareholders.

As part of the implementation of the Social and Community Engagement Policy that GAR/SMART prepared with input from TFT and launched in November 2011, it is important to deal with social conflicts in a responsible manner.

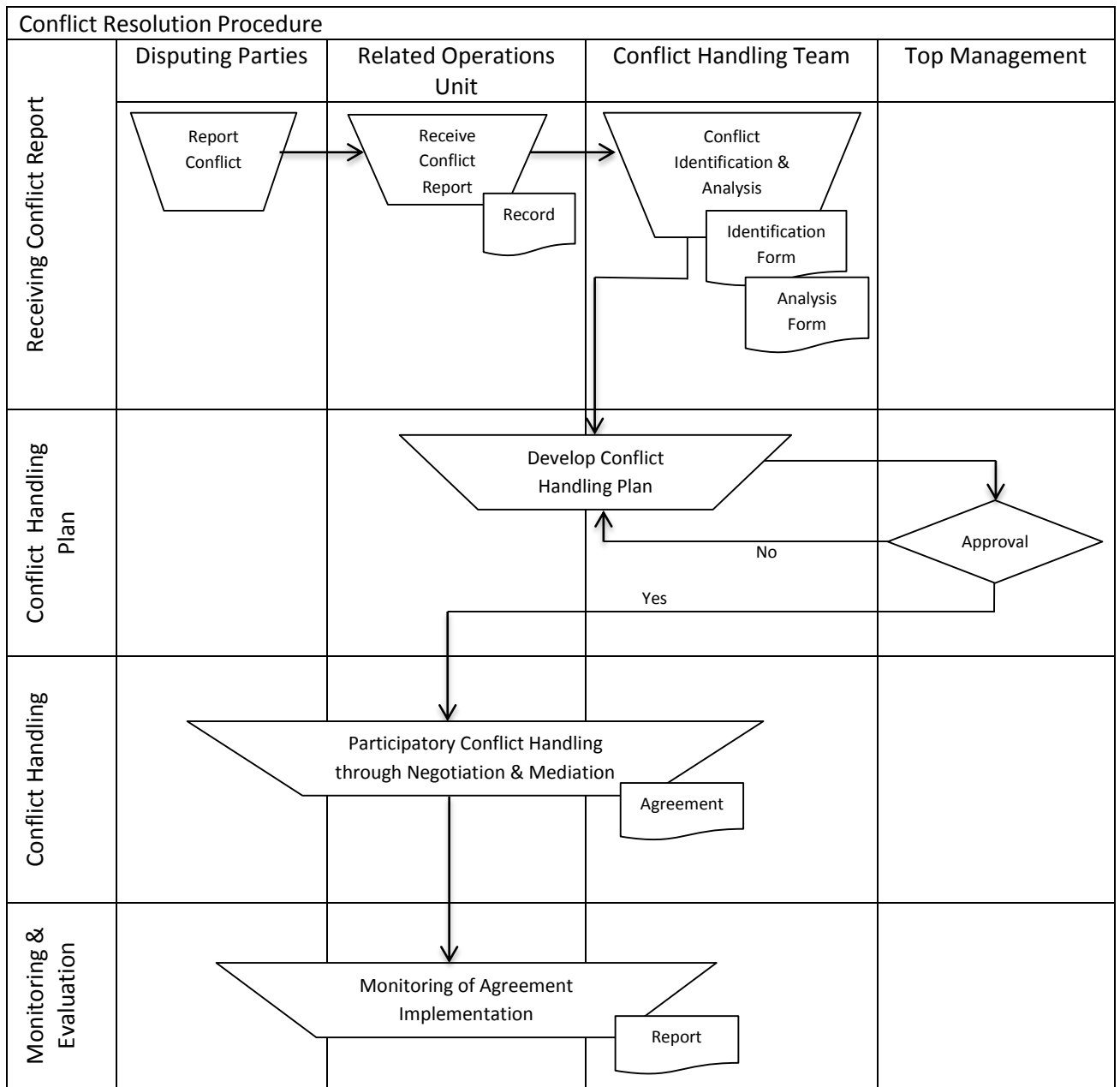
Purpose

This procedure is written as a reference for the Company in handling social conflicts responsibly, for all the social conflicts that emerge in all GAR/SMART areas of operations.

Scope

This procedure covers activities in social conflict handling such as conflict identification, conflict analysis, development of conflict handling plan, monitoring, and evaluation.

Workflow of Social Conflict Handling Process



Explanation of the Social Conflict Handling Process

1. Receive Conflict Report
 - a. The parties in dispute express differing opinions about the same issue, and it has led to a conflict.
 - b. The related operations unit receives information regarding conflicts in its operations area.
 - c. The related operations unit coordinates with the Conflict Handling Team to conduct further identification and conflict analysis.
2. Develop Conflict Handling Plan
 - a. Based on the results of conflict identification and analysis, the related operations unit and the Conflict Handling Team develop a Conflict Handling Plan.
 - b. The Conflict Handling Plan requires approval by the Top Management.
3. Conflict Handling
 - a. The first stage of conflict handling is through negotiation. At the negotiation, the disputing parties may choose their own representatives.
 - b. If negotiation is unsuccessful, the parties will move onto the second stage which is mediation. This includes the involvement of a third party agreed by both parties.
 - c. The agreement reached through negotiation and mediation processes is set forth in a Joint Agreement signed off by both parties.
 - d. If mediation is unsuccessful, then the third phase involves litigation, the results of which should be well documented.
4. Monitoring and Evaluation
 - a. Monitoring of the agreement reached on conflict handling is carried out once every 6 (six) months, at the end of each semester.
 - b. Evaluation of the agreement reached on conflict handling is conducted every year-end.
 - c. Conflict handling progress reporting will be carried out periodically (at a minimum, on a monthly basis).