

Jakarta, 4 February 2010

Ref: 026/SMD OPS/II/2010

To: All the partners of PT SMART Tbk

Re: Announcement on PT SMART Tbk's commitments toward environmentally sustainable production of palm oil

Dear Valued Partners,

Following our previous communications regarding PT SMART Tbk's commitment towards environmentally sustainable production of palm oil, we would like to present PT SMART Tbk's revitalized strategy and strong commitment to a process of continuous improvement towards sustainability.

1 - In order to contribute to the reduction of Green House Gas (GHG) emission, the Company re-affirms its commitment to:

No Conversion on land with High Carbon stock, i.e. no development on Peat soils and Primary Forest

2 - In order to contribute to the reduction of Biodiversity loss, i. e. moving toward zero biodiversity loss, the Company re-affirms its commitment to:

No Conversion on High Conservation Value Area

3 - In order to continue contributing to the increase of the productivity of oil palm plantations in Indonesia, the Company re-affirms its commitment to:

Continuous yield improvement in Nucleus and Plasma plantations managed by the Company

To achieve this commitment, the Company:

1. will adopt a revised set of **STANDARD OPERATION PROCEDURES (SOPs)** which includes:
 - an SOP related to **LAND ACQUISITION**, to guarantee legal compliance, and with the principle of Free Prior Informed Consent (FPIC).
 - an SOP related to developing an **AREA MASTER PLAN**, with the objective to define the proposed most appropriate localisation of each operation units, conservation areas, measures to be taken for long term land improvement and land development planning. This SOP will include (but is not restricted to) semi-detailed soil survey, HCV identification, high carbon stock identification, SEIA, and hydrology characteristics of the area.
 - an SOP related to **LAND DEVELOPMENT**, from land preparation, to planting and infrastructure, ensuring that all findings of the Area Master Plan are taken into account.

- an SOP related to **CULTIVATION PRACTICES**, with a description of all the field practices to be implemented, with the objective to reach the yield potential of the palm trees with minimum risk of negative impact on the environment.
2. will establish a specific **GRIEVANCE DEPARTMENT** to deal with any external claim. This department will be driven by appropriate terms of reference. It will also be in charge of defining and organizing any necessary corrective action or compensation measure.
 3. will appoint:
 - an external reputable consultant that will be auditing the implementation of this commitment, with specific terms of reference related to operational activities.
 - an external reputable consultant that will be auditing the activity of the Company, with specific terms of reference related to **all legal aspects** of palm oil production (from land acquisition, plantation development throughout the operational phase).
 4. will set up a **dedicated internal operation audit**, specifically dedicated to new planting area and with appropriate terms of reference. This unit complements the current internal operation audit system that will from now on focus on established plantations.
 5. will confirm its plan for Roundtable on Sustainable Palm Oil or **RSPO certification** of all its operation units. The planning and progress of this certification process will be regularly communicated to all of our partners.
 6. will include this policy in its **training programme** to its employees.
 7. will invite all its partners, to adopt similar standard for their development and operations.

This commitment, and subsequent SOPs and organization are based on RSPO Principles and Criteria, which will become the **STANDARD OF THE COMPANY FOR PALM OIL PRODUCTION**.

This programme will be in place by 1st July 2010.

We believe that the implementation of these commitments and action plans in our operation practices will further strengthen the quality of our environmentally sustainable production of palm oil. We will also maintain our continuous improvement toward this area to achieve an ecological, social and economical integration of sustainable oil palm plantations.

Sincerely,



Daud Dharsono
President Director