



SUSTAINABILITY REPORT 2019



SUSTAINABILITY STATEMENT AND REPORT

SUSTAINABILITY HIGHLIGHTS FOR FY2019



MARKETPLACE

KLK received Gold Sustainability Rating from RAM Consultancy

Maintained status as a constituent in FTSE4Good Bursa Malaysia Index for 3rd consecutive year

Improved our SPOTT ranking to the 10th position from the 18th position last year

Launched KLK Suppliers Code of Conduct and Supplier Non-Compliance Protocol

Total CSPO uptake is 592,385 mt or 84% of total certified oil, where 40% is RSPO uptake and 44% is ISCC uptake

83% of total Group landbank is RSPO certified



WORKPLACE

Launched KLK Group Employee Grievance Redressal Policy

Sustainability Workshop series on Revised Sustainability Policy and newly endorsed RSPO Principles and Criteria

Suppliers Workshop series on newly launched KLK Suppliers Code of Conduct, Non-Compliance Protocol and KLK Traceability Approach

Employs more than 40,000 people in its Plantation and KLK OLEO business

Women make up 20% of our Plantation and KLK OLEO workforce

Fatality*: | 2019: 0 | 2018: 0

* Source from Plantation (Malaysia)

Certification Status:

RSPO 100% of Malaysian mills certified;
11 of 12 (92%) Indonesian mills certified
100% Malaysian estates certified
81% Indonesian estates certified

RSPO SCC All refineries, KCPs and KLK OLEO facilities certified

MSPO 100% of Malaysian mills certified
MSPO SCC All Malaysians POMs, refineries, KCPs and KLK OLEO facilities certified
ISPO 11 of 12 (92%) Indonesian mills certified
80% Indonesian estates certified
ISCC 16 mills certified



ENVIRONMENT

Winner of National Energy Award under the Renewable Energy Category in Malaysia for utilising biogas plants in its operation and contributing to the national grid

KLK's plantations and POMs recorded an average emission of 637.54 kg CO₂ eq/dry mt CPO, which is translated into 67% GHG savings compared to fossil fuel emission

A total of 7,417 ha has been conserved for biodiversity protection

To date, we have planted 72,000 and 61,900 forest/fruit trees spread over our Malaysian and Indonesian Operating Centres ("OCs") respectively



COMMUNITY

Assisted 56 smallholders and four (4) outgrowers in obtaining certification for approximately 824 ha and 9,629 mt of fresh fruit bunches ("FFB") under Borneo Smallholders Project

12,807 ha allocated to 6,400 planters under the Plasma Scheme

77 learning centres, kindergartens and schools which benefit approximately 12,000 students annually

6,800 students participated in KLK Palm Oil Education Programme to date



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ABOUT THIS REPORT

The content of this report draws upon guidance from Bursa Malaysia Securities Berhad's Sustainability Reporting Guide 2018 (2nd Edition) and the Global Reporting Initiative ("GRI") Standards 2016 – Core.

This Report is intended to share our sustainability commitments and performance – including the achievements, progress, challenges and setbacks we faced during the reporting period.

We are committed to pursuing our reporting journey and will move towards seeking external assurance for future reports.

Scope of Report

The environmental, social and governance ("ESG") performances in the following pages cover data which have been compiled internally for the financial year ("FY") 2019. Where available and relevant, historical data of the preceding year has been included for comparison. Unless otherwise stated, all data is correct as at 30 September 2019.

This report focuses on our Plantation segment and the Oleochemical division ("KLK OLEO"), which are our largest and most established business sectors. They account for 41% and 56% of the Group's total revenue in FY2019 respectively.

The Statement includes data from KLK subsidiaries, but not from associates or joint ventures.

SUSTAINABILITY GOVERNANCE

At KLK, sustainability is a fundamental aspect of how it conducts its business. This requires effective governance, leadership and on-going focus on compliance procedures. By establishing a robust governance structure, we are able to carry out our sustainability strategies across the Group and monitor their progress.

We endeavour to realise the above mentioned by establishing a 3-tiered governance structure that captures the voice of top Management and the relevant departments.

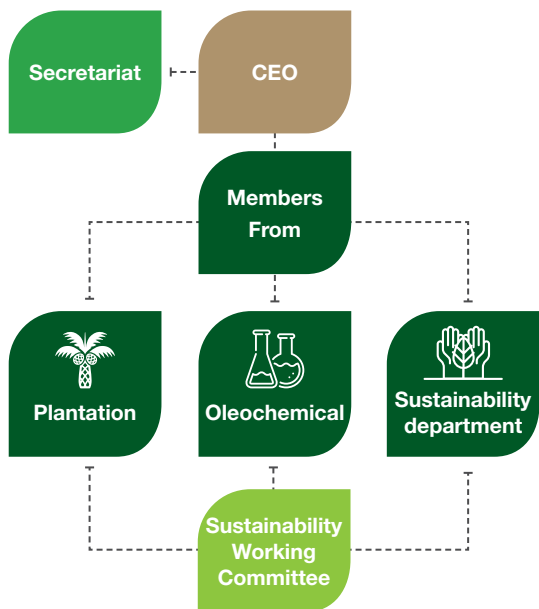
The Board of Directors ("BOD") governs and leads KLK's overall responsibility in integrating sustainable economic, environmental and social initiatives throughout the Group's business strategies.

The BOD is supported by the Sustainability Steering Committee ("SSC"), formed in September 2015, headed by the Chief Executive Officer ("CEO") with members comprising the Group Plantations Director, Managing Director of KLK OLEO and representatives of the Sustainability team. The CEO reports to the BOD on key issues which impact the Group's sustainable responsibilities and commitments. The SSC's mandate is to develop sustainable strategies and policies, and to assist the BOD's decision-making efforts. The SSC also has the monitoring role to ensure KLK meets both its compliance and sustainable development responsibilities.

The SSC is supported by the Sustainability Working Committee ("SWC"). With representatives from Plantation, KLK OLEO and the Sustainability team, its role includes developing and driving the policies with time-bound plans.

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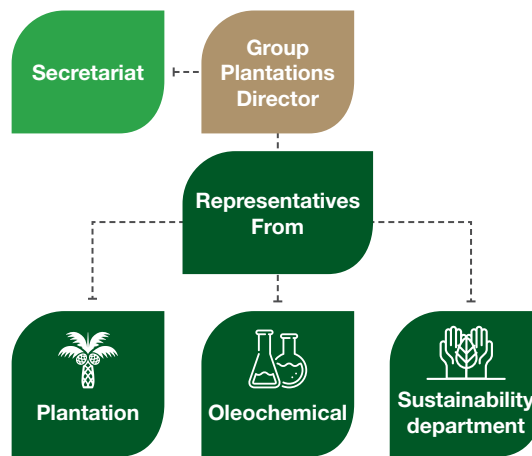
SUSTAINABILITY STEERING COMMITTEE



Roles:

- Develop Group strategies and policies
- Monitoring sustainable performance

SUSTAINABILITY WORKING COMMITTEE



Roles:

- Ensure consistent implementation of sustainability practices and standards
- Raising sustainability practices awareness amongst employees
- Continual process of engaging stakeholders

MATERIALITY MATRIX

Our materiality matrix was derived based on a combination of in-house risk assessments and external stakeholders engagement.

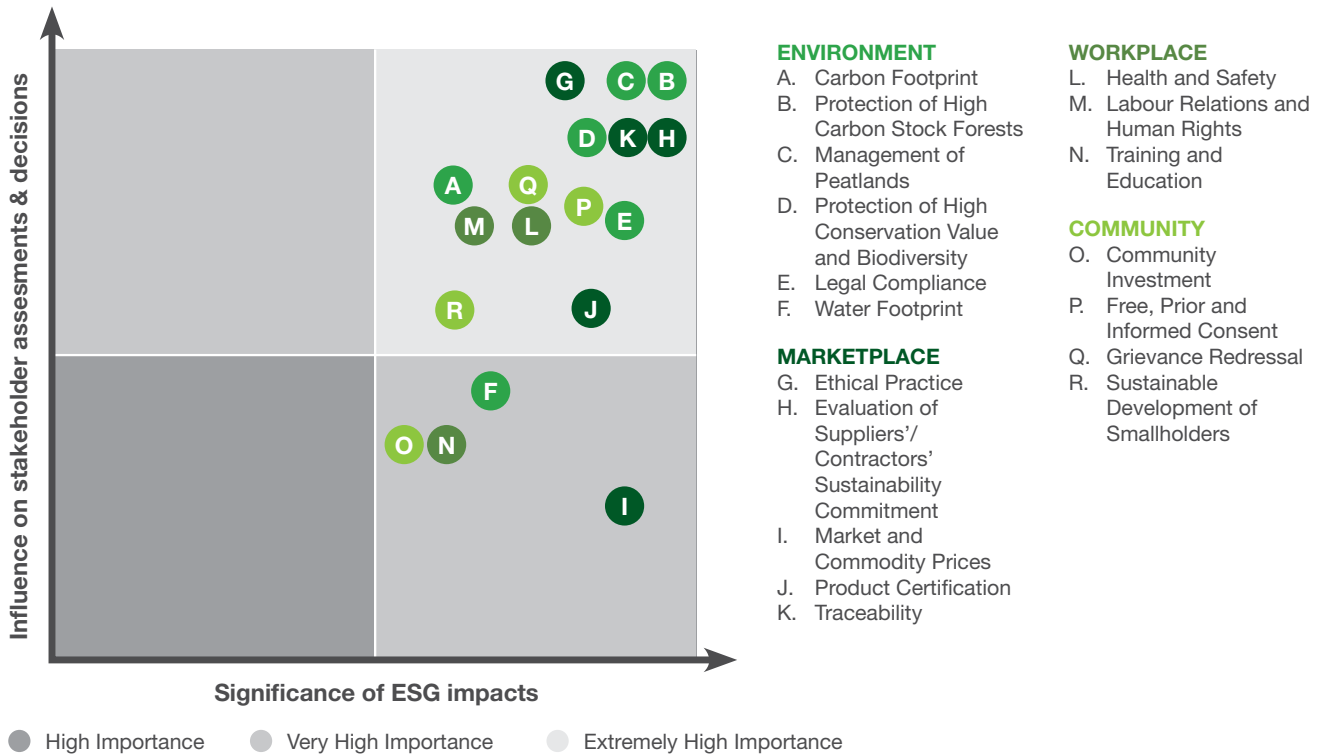
In preparation for this year’s report, we reassessed the concerns about our business and its impact especially in relation to the society and the environment.

Our Assessment Process:

Identify	Prioritise	Verify
<p>We assessed if our concerns disclosed in last year’s Sustainability Report are still relevant and if there are any new concerns to be raised based on:</p> <ul style="list-style-type: none"> • changing global and local trends • the directions of the palm oil industry • regulatory changes • media analysis • our strategies and internal policies <p>In the course of the assessment, the Group has determined that the majority of material topics presented in FY2018 still remain relevant.</p>	<p>Engaged with internal and external stakeholders to rate the material concerns according to their importance. With stakeholder engagement as one of KLK’s sustainability cornerstones, we actively met, conversed, consulted and worked with a broad cross-section of our stakeholders. This provided us with a better understanding of their concerns and perspectives. During FY2019, we included workshops and email survey to our methods of engagement with stakeholders. Please refer to page 55 for more details.</p>	<p>The final Materiality Matrix was reviewed by the BOD to be most material to KLK.</p>



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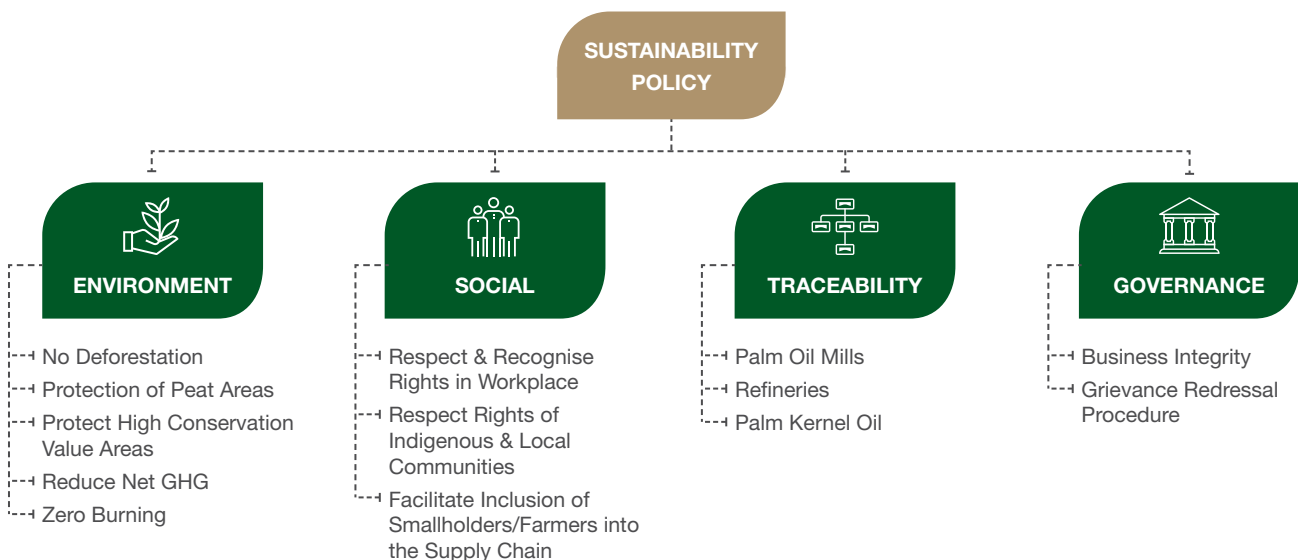


Throughout the FY under review, there were no significant changes to our business model or operating boundaries. As such, the material concerns continue to be indicative of our journey to strengthen KLK's sustainability performance.

It should be noted that material concerns that fall outside the scope of coverage are no less important considerations to us and disclosure of our progress in addressing these concerns continue to be made through other appropriate channels.

SUSTAINABILITY POLICY

Sustainability has been inculcated in our operations since early 2000s. This is evidenced by our longstanding implementation of Good Agricultural Practices, including a strict Zero Burning Policy for new planting and replanting. In line with this, we developed our comprehensive Sustainability Policy ("Policy") in December 2014. The policy was then revised in August 2018, incorporating constructive inputs on developments and concerns from our stakeholders. This publicly available Policy helps us keep our values, sustainability pillars and commitments in check and is available at www.klk.com.my/sustainability.



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Achievements and Targets

Plantation

Policy Compliance – Internal

Action Plan	Timeline/Target	Status as of FY2019
No Deforestation, No Peatland and No Exploitation (“NDPE”) Compliance Verification <ul style="list-style-type: none"> • Appoint Certification Body accredited by RSPO • Quality review by High Conservation Value Resource Network (“HCVRN”)* and HCSA quality panels • Internal audit by KLK Sustainability Team • Engagement with independent party to conduct NDPE Compliance Verification 	<ul style="list-style-type: none"> • Commitment remains • Commitment remains • Commitment remains • January 2020 	<ul style="list-style-type: none"> • Commitment remains • Commitment remains • Commitment remains • In progress
Newly Acquired Operations <ul style="list-style-type: none"> • Conduct NDPE Compliance Verification by KLK Sustainability Team • Strive to achieve RSPO Certification within 3 years 	<ul style="list-style-type: none"> • Commitment remains • Commitment remains 	<ul style="list-style-type: none"> • Commitment remains • Commitment remains
New Development Area <ul style="list-style-type: none"> • Conduct integrated HCV and HCSA assessments • Engagement with Civil Society Organisations (“CSOs”) and local communities during the course of preparing Integrated Conservation and Land Use Planning (“ICLUP”) 	<ul style="list-style-type: none"> • Commitment remains • Commitment remains 	<ul style="list-style-type: none"> • Commitment remains • Commitment remains
Develop Supplier Code of Conduct and Supplier Non-Compliance Protocol	<ul style="list-style-type: none"> • December 2018 – February 2019 	<ul style="list-style-type: none"> • Completed
Conduct Sustainability Workshops on Revised RSPO P&C and KLK’s Sustainability Policy, including relevant requirements of HCS Approach and its social requirements <ul style="list-style-type: none"> • For Senior Management and all OCs 	<ul style="list-style-type: none"> • December 2018 – February 2019 	<ul style="list-style-type: none"> • Completed
Labour-related Matters <p>A special labour task force will be set up internally to conduct the following studies:</p> <ul style="list-style-type: none"> • Due diligence on contractors and recruitment agencies • Recruitment fees structure • Decent living wage assessment 	<ul style="list-style-type: none"> • December 2018 – June 2019 	<ul style="list-style-type: none"> • Commitment remains • Completed • A special task force has been set up and we are at the point of analysing data

* HCVRN is a member-based organisation that strives to protect High Conservation Value (“HCV”) areas



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KLK OLEO

Third Party Supply Chain Management Programme



Action Plan	Timeline/Target	Status as of FY2019
Phase 1 ^a – Primary ¹ , Secondary ² , Tertiary ³ assessment	October 2018	Completed
Phase 2 ^b – Suppliers engagement on Supply Chain Management Programme	August 2018	Completed
Phase 2 ^b – Primary ¹ assessment	February – September 2019	In progress
Suppliers engagement on Supplier Code of Conduct	July 2019 onwards	In progress
Review Risk Mitigation Plan of High-Risk Suppliers*	2018 – 2020	In progress

Notes:








- ¹ Primary assessment: Self-assessment
- ² Secondary assessment: Desktop audit
- ³ Tertiary assessment: On site audit
- ^a Phase 1: Covered ASEAN suppliers who supplied 68% of the total 3rd party volume to KLK OLEO during FY2018
- ^b Phase 2: Covered remaining ASEAN, China and Europe suppliers who have active transaction with KLK OLEO
- * Inclusive of review through Grievance mechanism and Supplier Non-Compliance Protocol

The above programme was extended to 95% of total 3rd party volume to KLK OLEO in FY2019.

Stakeholder Groups and Key Engagements Conducted in FY2019

Stakeholder Group	Areas of Concern/Interest	Engagement Approach	Outcome/Possible Solutions
Local Communities & Smallholders 	<ul style="list-style-type: none"> • Land matters, complaints and grievances • Supply chain concerns • Sharing of knowledge on agricultural best practices • Relationship with KLK 	<ul style="list-style-type: none"> • Meetings, engagements and dialogues • Joint exercises and training • Community outreach activities and development programmes • Email survey 	<ul style="list-style-type: none"> • Amicable solutions to conflicts and grievances • Enhance smallholders agriculture practices with sustainable options and create awareness of Policy and commitment to sustainable palm oil production • Development and implementation of shared initiatives • Community activities such as “gotong-royong” at villages, health talks/checks and festive celebrations
NGOs 	<ul style="list-style-type: none"> • Sustainability-related concerns • Challenges faced by KLK and the palm oil industry as a whole 	<ul style="list-style-type: none"> • Formal and informal meetings, engagements and dialogues • Regular correspondence • Collaborations and project partnerships • Policy and documentation reviews • Official grievance mechanism • Email survey 	<ul style="list-style-type: none"> • Better understanding of their concerns and issues with the palm oil industry and KLK • Enhance their understanding of KLK’s Policy, sustainability practices, status, progress and initiatives • Development and implementation of shared initiatives

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Stakeholder Group	Areas of Concern/Interest	Engagement Approach	Outcome/Possible Solutions
Certification Bodies (RSPO, MSPO, ISPO, ISCC) 	<ul style="list-style-type: none"> Relevant issues and updates in the industry Governance in compliance with statutes and regulations 	<ul style="list-style-type: none"> Meetings, engagements and dialogues Regular reporting and meetings OC visits and inspection Constructive partnerships Email survey 	<ul style="list-style-type: none"> Audit and certification Compliance with policies and latest changes in requirements
Government (Ministries, Agencies, Regulators, Industry Associations) 	<ul style="list-style-type: none"> Support for government policies and initiatives in the industry Contribution to national sustainability goals 	<ul style="list-style-type: none"> Meetings, engagements and dialogues Collaborations in constructive schemes OCs visits and inspections 	<ul style="list-style-type: none"> Development and implementation of shared initiatives Compensation process and avenue Compliance with laws and regulations and latest changes in them
Investors, Bankers & Analysts 	<ul style="list-style-type: none"> Progress and compliance to sustainability standards Clarification of media reports about KLK Maximisation of shareholder value 	<ul style="list-style-type: none"> Formal and informal briefings and meetings Annual General Meetings Corporate website Email survey 	<ul style="list-style-type: none"> Provide insight into our sustainable business progress and performance
Customers 	<ul style="list-style-type: none"> Product quality Product certification, supply chain and traceability Socio-economic concerns 	<ul style="list-style-type: none"> Formal and informal briefings and meetings Site visits Email survey 	<ul style="list-style-type: none"> Create awareness of KLK's Policy and commitment to sustainable palm oil production and their role in it
Suppliers & Contractors 	<ul style="list-style-type: none"> Awareness and compliance to KLK's policies, where applicable Supplier Code of Conduct and Non-Compliance Protocol 	<ul style="list-style-type: none"> Workshops Formal and informal briefings and meetings Third-party Supply Chain Management Programme Email survey 	<ul style="list-style-type: none"> Create awareness of KLK's Policy, Supplier Code of Conduct, Non-Compliance Protocol and commitment to sustainable palm oil production and their role in it
Employees 	<ul style="list-style-type: none"> Employee development and job satisfaction Welfare and remuneration Safety and health issues and practices Sustainability practices 	<ul style="list-style-type: none"> Employee wellness activities Intranet news updates and quarterly newsletter Training programmes Annual appraisals 	<ul style="list-style-type: none"> Awareness of KLK's policies, culture and core values Enrich inclusiveness and teamwork, creating a better work environment toward a shared goal Improve awareness of our commitment to sustainable practices
Schools & Universities 	<ul style="list-style-type: none"> Talent acquisition Clarification on misinformation concerning the industry 	<ul style="list-style-type: none"> Provision of scholarships Internship programmes Talks and participation in roadshows 	<ul style="list-style-type: none"> Opportunities for underprivileged students to further their studies Exposure to work life and expectations Awareness about palm oil industry

Note: Unless stated, the frequency of engagement between our Group and its stakeholders can be periodic or on an as-and-when-necessary basis.



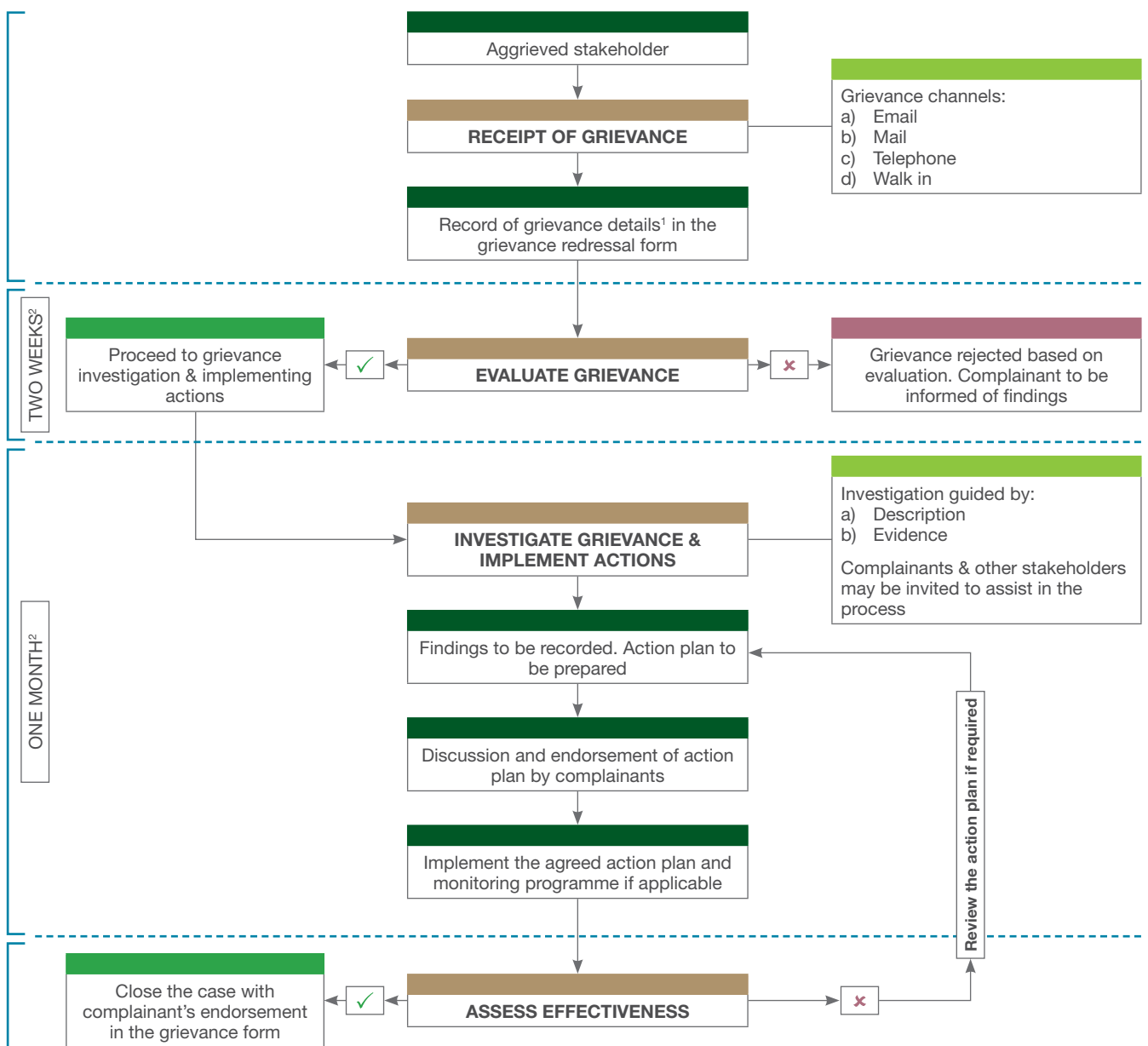
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Stakeholder Engagement in Liberia

Respecting Local Communities Rights

We are committed to respecting local communities' rights at its concession areas in Liberia i.e. Palm Bay estate and Butaw estate. There is a formalised Free, Prior and Informed Consent ("FPIC") procedure in place to ensure land matters and conflicts are not only handled effectively but also ensuring the communities rights are upheld. Any conflicts or grievances arising thereafter including those not relating to land matters shall be dealt with or handled via the following procedure or otherwise through a mutually agreed process where applicable.

Grievance and Redressal Procedure Flowchart



¹ to ensure confidentiality to the complainant should there be a request

² timeline stated subject to change based on the complexity of the grievance

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Engagement on Land and Labour Matters

During the period under review, KLK through its subsidiary, Equatorial Palm Oil Plc (“EPO”) has conducted numerous engagements with the communities in the vicinity of its concessions. They were mainly confined to land matters and labour matters as summarised below:

Land Matters	Action	Status
Tarjuwon community brought up land ownership claims over Butaw estate again in October 2018 despite the matter was concluded in favour of Tarsue and Karbor communities in 2016 after the completion of a tribal investigation headed by the county administration.	Arising from this, EPO had initiated discussions with the Ministry of Internal Affairs leading to a site visit and joint meetings.	Tribal ownership of the area is pending finalisation by Ministry of Internal Affairs.
Several towns outside of Palm Bay estate have expressed interest in land development for oil palm and invited the company for site visits and further discussions.	Arising from this, EPO had initiated a series of discussions with the interested communities explaining FPIC and sustainable land development processes.	Discussions are completed and further engagements are put on hold taking into consideration the Land Rights Law 2018 in Liberia that will redefine land ownership nationwide.

Labour Matters	Action	Status
Communities at Palm Bay requested EPO to provide preference for the district residents for recruitment at the new palm oil mill.	EPO initiated a series of discussions with the communities to setup a transparent selection and recruitment process.	Selection and recruitment of the eligible residents were completed in January 2019.
Butaw estate’s operations have been determined to be unsustainable based on the reduced available plantable area reported after the completion of the HCS assessment. As part of its cessation process, a workforce redundancy exercise was conducted.	EPO communicated the decision to the Ministry of Labour (“MOL”) in June 2019 and initiated discussions with the Butaw estate workers union, General Agriculture, Allied Workers’ Union of Liberia (“GAAWUL”), MOL and the Tarsue – Karbor communities.	The first stage of the workforce redundancy exercise was completed on 31 July 2019.

Grievances

Grievance Procedure – Employees

Since the inception of the RSPO P&C in 2008, an Employee Grievance Procedure was in place in all our OCs. In May 2017, a Group Employee Grievance Redressal Policy was introduced and fine-tuned in May 2019 to make grievance-raising more accessible to all levels, from the grassroots to senior management.

Posters in relation to these procedures will be made available in all OCs by First Quarter of 2020 to assure all employees, especially workers, that they have an effective avenue for them to report on working conditions, safety and other issues that might affect them directly or indirectly.

Grievances can be submitted through the following channels:

- direct communication via Hotline
- by email
- by post
- by hand (in Liberia - currently there is no postal service in this part of the operating centre)

The procedure can be viewed at <https://www.klk.com.my/governance-policies>.

Grievance Procedure – Third Party

KLK is committed to address any grievance raised by our stakeholders relating to the implementation of its Policy within its operation and across its supply chain. We have established a Grievance Procedure during the previous FY, which outlines a clear, transparent and impartial methodology in dealing with the grievances throughout the entire process. KLK views such feedback and input to be important to have a meaningful gauge on the effectiveness in the implementation of its Policy.



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Grievances can be submitted through the following channels:

- by email: sustainability@klk.com.my
- by e-Grievance Form

The procedure can be viewed at <https://www.klk.com.my/sustainability/grievance>.

Grievance Redressal List

All issues raised are fully disclosed in our Grievance Redressal List for transparency. The list, available at <https://www.klk.com.my/sustainability/grievance>, is constantly updated to keep our stakeholders timely informed.

Supplier Code Of Conduct And Non-Compliance Protocol

Supplier Code of Conduct (“SCOC”)

Pursuant to the Policy, SCOC was established to outline the principles that we expect our suppliers to practice across our business and the communities in which we work. The SCOC is available at <https://www.klk.com.my/governance-policies>.

The SCOC applies to all suppliers that sells goods or provide services to all the palm oil related operations of KLK, its subsidiaries, joint-ventures and companies over which it has management control. As a condition of doing business with the Group, suppliers must comply with the SCOC. KLK reserves the right to take action or terminate its business relationship with any supplier (a person or entity) who violates the SCOC as stipulated in the Supplier Non-Compliance Protocol.

Supplier Non-Compliance Protocol (“NCP”)

The NCP states that KLK shall not knowingly source from suppliers who refuse to comply with its Policy and the SCOC. Should any incident be uncovered or grievance brought directly to our attention which may involve either our own operations, our suppliers directly or indirectly at a group level, we will investigate and take appropriate action.

To engage with suppliers on the SCOC and the NCP, our Sustainability team conducted a series of workshops throughout the FY.


The NCP is available at <https://www.klk.com.my/governance-policies>.

ALIGNMENT WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (“SDG”)

On 1 January 2016, the 17 SDGs of the 2030 Agenda for Sustainable Development – adopted by world leaders in September 2015 at an historic United Nations Summit – officially came into force. These 17 SDG seek to abolish extreme poverty, to reduce inequality and injustice and to solve the global climate crisis.

KLK advocates the comprehensive approach of the SDG. With agriculture, specifically oil palm development as our core business, our products and innovations enable us to contribute to nine (9) of these SDG.

The management of our material matters and corporate responsibility activities are focused on four (4) core areas, and we have aligned them with the applicable SDG:

KLK'S CORE AREAS	UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS	
Marketplace	SDG Indicator	KLK Efforts
<ul style="list-style-type: none"> • Traceability • Product Certification • Ethical Practice • Market and Commodity Prices • Evaluation of Suppliers'/ Contractors' Sustainability Commitment 	 <p>SDG 12 – Responsible Consumption and Production Ensure sustainable consumption and production patterns</p>	<p>We are able to provide tangible assurance to our buyers by way of certifications that our palm products are produced responsibly and sustainably with a good level of transparency.</p> <p>The tagline of this indicator of “Doing more and better with less” fits well with KLK’s maxim in resource management. As indicated in our Environment section, we attempt our level best to achieve more by optimising the use of water and energy.</p>

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KLK'S CORE AREAS	UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS	
Environment	SDG Indicator	KLK Efforts
<ul style="list-style-type: none"> • Protection of High Carbon Stock Forests • Management of Peatlands • Protection of High Conservation Value and Biodiversity • Legal Compliance • Carbon Footprint • Water Footprint 	 SDG 6 – Clean Water and Sanitation Ensure availability and sustainable management of water and sanitation for all	KLK realises water is not an inexhaustible source. Our water management strategies center on water use optimisation and reduction in water consumption or wastages, optimisation of use with minimal impact to the environment.
	 SDG 7 – Affordable and Clean Energy Ensure access to affordable, reliable, sustainable and modern energy for all	We have in place renewable energy resources (biogas power plants and gas turbine generators), efficiency initiatives which reduce energy consumption and continuous improvement of process systems for increased efficiency and sustainability.
	 SDG 13 – Climate Action Take urgent action to combat climate change and its impacts	Commercial oil palm cultivation and care for the environment should not be viewed as opposing pursuits. They can be mutually enforcing in securing a new sustainable future for all. KLK pledges to conserve biodiversity by identifying, protecting and maintaining areas of HCV. This would include areas that contain significant concentration of biological value, rare, threatened and endangered species and areas that provide ecosystem services.
	 SDG 15 – Life on Land Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	
Workplace	SDG Indicator	KLK Efforts
<ul style="list-style-type: none"> • Health and Safety • Labour Relations and Human Rights • Training and Education 	 SDG 1 – No Poverty End poverty in all its forms everywhere	With agriculture being the single largest employer in the world, it is our hope that by employing over 40,000 people worldwide, we are able to alleviate poverty. Within our OCs, infrastructure and facilities such as clinics and recreational amenities are set up. These would provide employees easier access to healthcare, better nutrition and lead to better well-being. Human capital is the backbone of KLK. We offer employees jobs with fair compensation, safe working condition and social protection. We reward good performance and actively promote “lifelong learning”, helping them to reach their full potential.
	 SDG 2 – Zero Hunger End hunger, achieve food security and improved nutrition and promote sustainable agriculture	
	 SDG 3 – Good Health and Well-Being Ensure healthy lives and promote well-being for all at all ages	
	 SDG 8 – Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	
Community	SDG Indicator	KLK Efforts
<ul style="list-style-type: none"> • Community Investment • Free, Prior and Informed Consent • Grievance Redressal • Sustainable Development of Smallholders 	 SDG 4 – Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	We believe that education is an important catalyst for positive change in the community. We create appropriate educational inroads and pathways in areas where we operate to provide basic education to children who have no access to mainstream education. We also provide schools and buses for the children to go to schools.



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MARKETPLACE

CERTIFICATIONS

Certification is indispensable and central to any meaningful pursuit. It serves to provide reliable source of assurance to stakeholders that the Company's products are produced sustainably, responsibly and ethically, with the necessary safeguards put in place to mitigate risks. We prioritise recognised standards which are consistent with our core commitments and add value through improved market access, enhanced brand reputation and advancement of best-in-class practices.

Certification at Plantation



Roundtable on Sustainable Palm Oil ("RSPO")

RSPO is a multi-stakeholder initiative that aims to transform the market to make sustainable palm oil the norm. Members consist of supply chain members namely producers and processors, consumer goods manufacturers, retailers, banks and investors as well as environmental and social non-governmental organisations.

The revised Principles and Criteria ("P&C") of RSPO 2018 poses even more challenges to the palm oil industry with the inclusion of NDPE policies. However, we are well-prepared ahead of time to face these challenges with our Policy have already included these NDPE measures.

KLK is one of its pioneer members and fully committed to certify all of its OCs. KLK's Malaysian operations have been fully certified since 2014. For Indonesia, 11 of our 12 palm oil mills ("POMs") are RSPO certified. The remaining, Tanjung Keliling Palm Oil Mill which was commissioned in FY2019 is targeted to be certified by 2020.

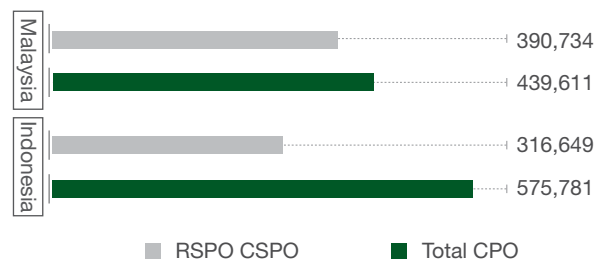
As for our Indonesia estates, more than 80% are certified under RSPO with the balance to be certified by 2021.

RSPO Certified Sustainable Palm Oil ("CSPO")

Our current annual production of RSPO CSPO is 707,383 mt, with Malaysia accounting for 55% of the total and the balance 45% for Indonesia.

The total RSPO CSPO represented 70% of our total CPO produced during the FY.

FY2019 ANNUAL RSPO CSPO VS TOTAL CPO PRODUCED BY COUNTRY (mt)

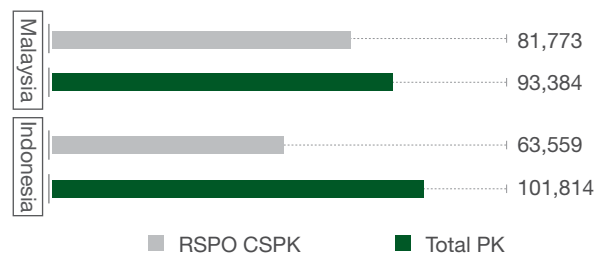


Certified Sustainability Palm Kernel ("CSPK")

Our current annual production of RSPO CSPK is 145,332 mt. It represents 74% of our total PK produced during the FY.

KLK's production of CSPK in Malaysia was 81,773 mt and in Indonesia was 63,559 mt.

FY2019 ANNUAL RSPO CSPK VS TOTAL PK PRODUCED BY COUNTRY (mt)



Malaysian Standard on Sustainable Palm Oil ("MSPO")

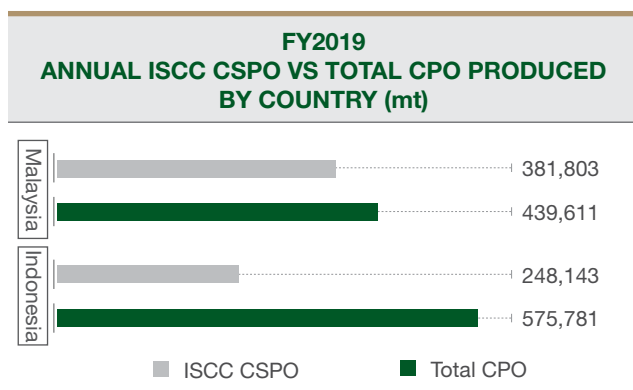
The MSPO Certification Scheme covers the Malaysian oil palm industry supply chain comprising plantations, independent and organised smallholders and POMs. It also includes grouping smallholders into Sustainable Palm Oil Clusters. KLK's Malaysian operations have achieved full certification at the end of 2017.

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International Sustainability and Carbon Certification (“ISCC”)

ISCC is a system for certifying biomass and bioenergy industries. The system focuses on reducing Greenhouse Gas (“GHG”) emissions, sustainable use of land, protection of natural biospheres and social sustainability. It has received official state recognition through the German government’s Biomass Sustainability Ordinance (“BioNachV”) and is recognised by the European Commission as a certification scheme compliant with the EU Renewable Energy Directive’s (“RED”) requirements. As of September 2019, KLK reached a production of approximately 629,946 mt of ISCC certified palm oil.



Indonesia Sustainable Palm Oil (“ISPO”)

The Indonesian government established the mandatory ISPO certification scheme to improve the sustainability and competitiveness of the Indonesian palm oil industry. This scheme also supports the Indonesian government’s objectives to reduce GHG emissions and draw attention to environmental issues. Similar to the RSPO, ISPO Standards includes legal, economic, environmental and social requirements, which are largely based on existing national requirements. For our palm oil mills in Indonesia, 11 out of 12 are ISPO certified, with the remaining mill, Tanjung Keliling Palm Oil Mill targeted for certification by 2020. As for our estates, more than 80% are certified under ISPO and the balance to be certified by 2021.

Certification at KLK OLEO

Many of KLK OLEO’s products and processes have been certified by various international bodies as on par with world-class standards.



RECOGNITION

KLK received Gold Sustainability Rating from RAM Consultancy

KLK was awarded the Gold Sustainability Rating in an evaluation done by RAM Consultancy Services Sdn Bhd, reflecting its outstanding sustainability performance and the positive impact attributes.

The Gold Sustainability Rating of KLK was accorded based on its robust sustainability governance structure and the establishment of an overarching Sustainability Policy that is aligned to the RSPO P&C.

Zoological Society of London’s Sustainable Palm Oil Transparency Toolkit (“ZSL SPOTT”)

ZSL SPOTT assessments provide detailed snapshots of corporate transparency on sustainability issues. KLK is among the companies currently tracked on SPOTT. ZSL SPOTT assessments provide industry stakeholders with a comprehensive overview of the state of the market, as well as specific insights into the progress of individual companies.

Following additional progress in meeting our targets and closing performance gaps, our SPOTT ranking has improved from the 18th position to the 10th position this year.

FTSE4Good Index Series

Created by FTSE Russell, a global index and data provider, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

KLK was independently assessed according to the FTSE4Good criteria based on our ESG practices. Some of the focus areas include biodiversity, water use, climate change, health & safety, labour standards, human rights, risk management, anti-corruption and corporate governance.

KLK has been named for the 3rd consecutive year as a constituent of the FTSE4Good Index Series.

SMALLHOLDER PROJECTS

Our engagement with stakeholders goes beyond mere dialogue, as we also seek to empower and enable our stakeholders to fulfill their aspirations. Our Plantation sector has led us to interiors, placing us at the doorsteps of often isolated communities. By having a presence in these remote localities, we are in a unique position to make a positive impact to the livelihood of rural folks.

Indonesian Plasma Scheme

Our Indonesian Plasma Scheme is an initiative designed for the development of oil palm plantation for smallholders and small growers by plantation companies.



SUSTAINABILITY STATEMENT AND REPORT

KLK has allocated 12,807 ha to approximately 6,400 planters under the Plasma Scheme. We actively engage with them to offer assistance in obtaining RSPO certification and have set target timelines. Our support comes in form of monetary funding, technical expertise and monitoring exercises. We are committed to certified these smallholders and small growers under RSPO three (3) years after the certification of the mill that they supply to.

Bornion Smallholders' Project

Together with Neste and Fuji Oil Holdings Inc. as partners, facilitated by Wild Asia, this project successfully assisted 56 smallholders and 4 outgrowers in obtaining certification for approximately 824 ha and 9,629 mt of FFB. It is now our intention to provide continuous support for them to maintain their certification via engagement sessions, considering the many challenges faced by these producers when it comes to complying with the requirements of major players in the palm oil industry.

TRACEABILITY

Traceability Compliance

Action Plan	Timeline/Target	Status as of FY2019
KLK POMs – 100% traceable to plantations by end of 2019 <ul style="list-style-type: none"> Conduct engagement with 1st tier supplier (direct) Suppliers mapping and carry out desktop analysis of 1st tier suppliers 	<ul style="list-style-type: none"> December 2018 – February 2019 	<ul style="list-style-type: none"> Completed Completed
<ul style="list-style-type: none"> Conduct engagement with 1st tier suppliers, including NDPE Compliance Verification at “high risk” suppliers Data collation from collection centres/dealers on 2nd tier suppliers (indirect) 	<ul style="list-style-type: none"> March 2019 – June 2019 	<ul style="list-style-type: none"> Completed
<ul style="list-style-type: none"> Conduct 2nd tier suppliers mapping and desktop analysis of 2nd tier suppliers 	<ul style="list-style-type: none"> July 2019 – August 2019 	<ul style="list-style-type: none"> The timeline has been moved to FY2020 due to delay in receiving response from collection centres
<ul style="list-style-type: none"> Conduct engagement with 2nd tier suppliers together with collection centres/dealers including NDPE Compliance Verification at “high risk” suppliers 	<ul style="list-style-type: none"> September 2019 – November 2019 	
KLK Refineries – 100% traceable to plantations by end of 2020 <ul style="list-style-type: none"> Update and publish the suppliers list quarterly 	<ul style="list-style-type: none"> Commitment remains 	<ul style="list-style-type: none"> Commitment remains
<ul style="list-style-type: none"> Continuous engagement with suppliers and update the status in Grievance list 	<ul style="list-style-type: none"> Commitment remains 	<ul style="list-style-type: none"> Commitment remains
Engage Daemeter on assisting KLK to achieve 100% traceability to plantations by end of 2020, which includes: <ul style="list-style-type: none"> Supply Chain Analysis and Supplier Profiling Action Plan Development Supplier Engagement Traceability Verification 	<ul style="list-style-type: none"> December 2018 – November 2019 	<ul style="list-style-type: none"> Completed Completed Completed In progress
KLK OLEO – traceable to palm oil mills for palm oil-based and palm kernel oil based feedstock by end of 2020 <ul style="list-style-type: none"> Suppliers engagement for data collection 	<ul style="list-style-type: none"> Commitment remains 	<ul style="list-style-type: none"> In progress
<ul style="list-style-type: none"> Update and publish mill list 	<ul style="list-style-type: none"> Half yearly 	<ul style="list-style-type: none"> Commitment remains

Traceability at Plantation

As indicated in our Policy, we have a time-bound plan to achieve 100% traceability to plantations for our POMs and refineries. During the FY, we achieved 99% traceability for all POMs in Malaysia and Indonesia except for Mill 1 in Sabah. Mill 1 remains a challenge as it fully sources its FFB from external parties. However, we will continue to engage with the suppliers every month to meet our goal of 100% traceability to plantations for our POMs and refineries.

To date, traceability level to POMs of our refineries and KCPs is 100%, whilst traceability level to the plantation is 57%.

SUSTAINABILITY STATEMENT AND REPORT

Efforts Towards Full Traceability

Traceability to Plantations for POMs

1 Suppliers Engagement

By engaging suppliers, suppliers have a better understanding of KLK's Policy and Traceability Approach. These engagements have benefitted both the Company and smallholders, who are now aware that our POMs will not accept FFB produced in forested land or if the land does not possess a legal land title like *Surat Keterangan Tanah* ("SKT") or *Surat Hak Milik* ("SHM") for Indonesia.

2 Data Collation

The data collected include GPS coordinates, copies of land titles and copies of trading licenses e.g. Malaysian Palm Oil Board ("MPOB") license in Malaysia.

3 Use of Collated Data

Mapping is conducted based on the GPS coordinates collected, followed by survey/delineation. Desktop analysis on the suppliers is done using the risk analysis methodology. For example, supplier's estate which is located near protected forest is considered high risk and more engagement sessions are required. A POM will only consider crop intake after the above-mentioned due diligence has been conducted.

4 Challenges

- (i) Smallholders are often reluctant to provide their land permits because they fear that if such information is being shared, they may be a target of acquisition. Thus, some GPS coordinates are not available even though they have land titles.
- (ii) Discrepancy is detected between hectareage stated in a land permit and hectareage obtained from survey. This is probably due to improper survey done before issuance of permits.
- (iii) Checking each and every land title and conducting surveys by the Indonesian *koperasi*/plasma and/or Malaysian collection centres are time consuming as these titles need to be checked in detail before information is being shared

5 Way Forward

We will continue engaging with suppliers on FFB traceability and facilitate reconciliation of the above-mentioned data through consultation with relevant authorities. We will also continue providing extension service to the smallholders.



Engagements organised with suppliers at different regions – Peninsular Malaysia, East Kalimantan and Belitung Island

It is positive step that FFB suppliers in Malaysia are in progress towards obtaining MSPO certification. For Indonesia, we will continue to convince the suppliers to go for certification.

Traceability to Plantations for Refineries

KLK engaged with Daemeter (an independent consulting firm promoting sustainable development) to support the Company on achieving its traceability to plantation ("TTP") targets for KLK's refineries by 2020. The collaboration with Daemeter began in January 2019 with two (2) main objectives:

- (i) Develop an action plan for KLK to achieve 100% traceability to plantation of KLK refineries by 2020; and
- (ii) Design a supplier engagement programme with focus on traceability to plantation



SUSTAINABILITY STATEMENT AND REPORT

As part of the initial stage of the project, KLK adopted the Risk-Calibrated Approach (“RCA”) to TTP designed by Daemeter.

The RCA to TTP is built on two (2) premises:

- (a) That NDPE compliance risk varies in space; and
- (b) That the ‘grain’ or spatial resolution of TTP mapping should vary depending on such risk.

The approach applies geo-spatial techniques to delineate high and low risk areas across the production landscape surrounding POMs, considering three (3) simple indicators of risk: deforestation, encroachment into protected areas and new development on peat. RCA’s aim is to prioritise mapping and other forms of engagement where it is most needed.

The RCA will be implemented in 4 Phases:

- Phase 1 – Initial FFB sourcing declaration;
- Phase 2 – FFB origins data to village/mukim level declaration;
- Phase 3 – Plantation level mapping and/or engagements; and
- Phase 4 – Verification and monitoring

The target for 2019 was to make progress with suppliers on Phase 2 data declarations and conduct first 3 verification steps and Phase 3 mapping engagement visits.

As at end of September 2019, KLK and Daemeter (together in partnership with Proforest - CORE*) progressed to engaging majority of KLK’s suppliers on RCA and rolling out Phase 2 data collection.

An action plan on RCA implementation with progress for FY2019 in the table below:

Action Plan	Timeline/Target	Status as of FY2019
KLK Supply Chain Analysis and Initial Supplier Declaration (Phase 1) <ul style="list-style-type: none"> • Traceability to Mills (“TTM”) validation, Supplier Profiling & analysis on TTP data from public sources • Phase 1 Initial Data Declaration 	<ul style="list-style-type: none"> • Jan – Mar 2019 • Mar – Jun 2019 	<ul style="list-style-type: none"> • Completed • In progress
Supplier Engagement on RCA TTP <ul style="list-style-type: none"> • Supplier Workshops individual follow up meetings • Follow up Meetings and Engagement to obtain Phase 2 Data • Engagement visits and on ground training 	<ul style="list-style-type: none"> • Aug – Sept 2019 • Sept 2019 onwards 	<ul style="list-style-type: none"> • Workshops completed • Follow up meetings in progress
Phase 2 Data Collection (current focus) <ul style="list-style-type: none"> • Finalisation of templates and roll out, KLK team training on templates and TTP data review by CORE • On ground training/verification visits 	<ul style="list-style-type: none"> • Sept 2019 – Feb 2020 	<ul style="list-style-type: none"> • Templates finalised in November 2019 • Visits to be planned
Phase 2 Data Analysis and Phase 3 Outline <ul style="list-style-type: none"> • Phase 2 Data Analysis and prioritisation of high-risk areas for further intervention 	<ul style="list-style-type: none"> • Mar – May 2020 	<ul style="list-style-type: none"> • In Pipeline
Supplier Engagement on SH and village interventions (Phase 3) <ul style="list-style-type: none"> • Engagement of suppliers on further TTP mapping or other interventions (Phase 3): 2020 workshops and supplier meetings 	<ul style="list-style-type: none"> • May – July 2020 	<ul style="list-style-type: none"> • In Pipeline
Phase 3 pilots and data collection <ul style="list-style-type: none"> • Pilots and supporting suppliers in Phase 3, Phase 3 data collection 	<ul style="list-style-type: none"> • July – Dec 2020 	<ul style="list-style-type: none"> • In Pipeline
Data verification and monitoring of compliance <ul style="list-style-type: none"> • Verification and Monitoring – first for Phase 2, after for Phase 3 	<ul style="list-style-type: none"> • Mar 2020 onwards 	<ul style="list-style-type: none"> • In Pipeline

* Consortium of Resource Experts

SUSTAINABILITY STATEMENT AND REPORT

Supplier Workshops

Three (3) workshops were conducted for KLK's suppliers from three (3) key sourcing areas: Sabah, Peninsular Malaysia and Riau over the course of August and September 2019. These workshops were held to focus on TTP and other wider sustainability topics including NDPE, human rights and smallholder programmes. Overall, across the three (3) workshops, most of the participants were attending their first sustainability workshop and were not previously exposed to NDPE standards.

The workshops in Malaysia managed to increase participants' basic awareness on NDPE, as these are requirements in MSPO certification. For the Indonesian workshop, it is noted that the participants' knowledge on NDPE were limited and mostly lack understanding on the concept of NDPE. Thus, this posed a challenge for some participants to fully grasp the RCA methodology.

Based on the above observations, KLK will continue to engage suppliers to discuss on the wider sustainability issues and all aspects of KLK's Policy, putting more focus on some prioritised areas such as traceability to plantation and labour rights in future workshops. This wider supplier engagement and compliance programme would help to deliver on KLK's sustainability commitments towards third-party supply.

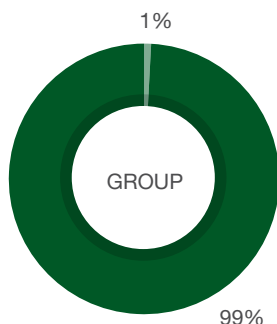


Supplier workshops conducted at Peninsular Malaysia, Sabah and Indonesia respectively

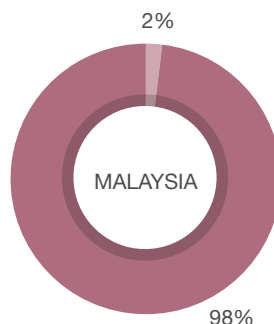
To date, our Plantation Traceability status is as follows:

PALM OIL MILLS

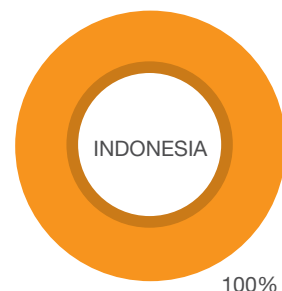
Traceability to Plantations



■ Traceable
■ Non-Traceable



■ Traceable
■ Non-Traceable



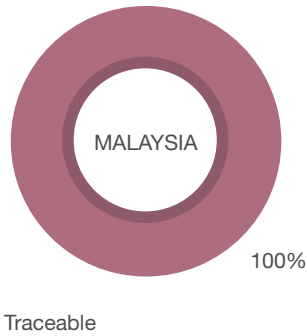
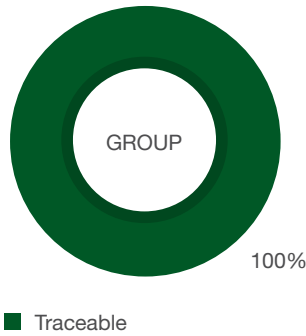
■ Traceable



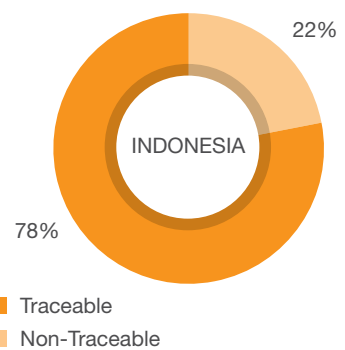
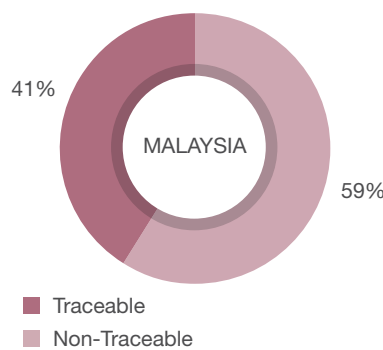
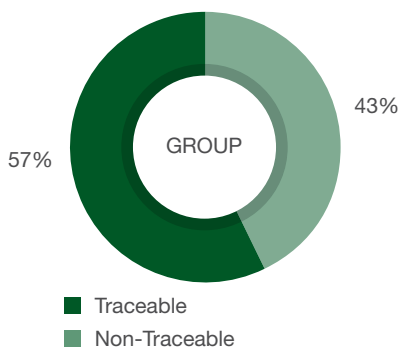
SUSTAINABILITY STATEMENT AND REPORT

REFINERIES

Traceability to Palm Oil Mills



Traceability to Plantations



Traceability at KLK OLEO

Traceability to Palm Oil Mill Level

For KLK OLEO, traceability is defined as traceable to POM-level for both palm oil-based and palm kernel oil-based feedstock, excluding internal transfer within KLK OLEO's group of companies.

The percentages disclosed were tabulated based on the weighted average purchases for oils and derivatives processed in China, Europe, Indonesia and Malaysia OCs in FY2019.

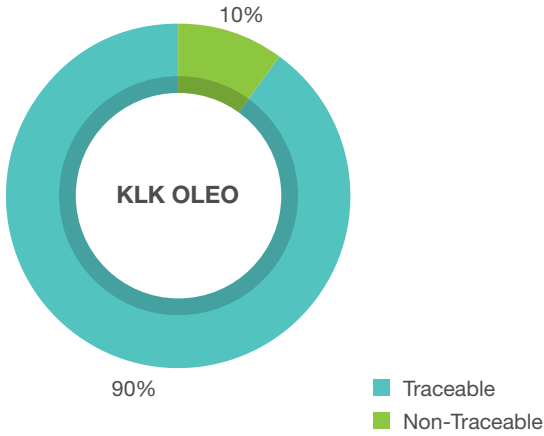
The source of information shared is non-verified, including but not limited to:

- 1 Supplier-specific traceability disclosure: Suppliers submitted traceability information upon request for a certain period*, based on cloud of POMs. Traceability percentage was calculated based on information provided by POMs. Should suppliers provide statements of certain percentage traceable to POM-level, this was also used to represent traceability.
- 2 CIF Rotterdam Traceability ("CRT") Template: Specific for Europe OCs, CRT templates were used as source of information for traceability calculation.
- 3 Supplier's website traceability disclosure*: Information obtained from supplier's website traceability dashboard.
- 4 RSPO certified purchases: Declaration of POMs by suppliers in the RSPO PalmTrace.

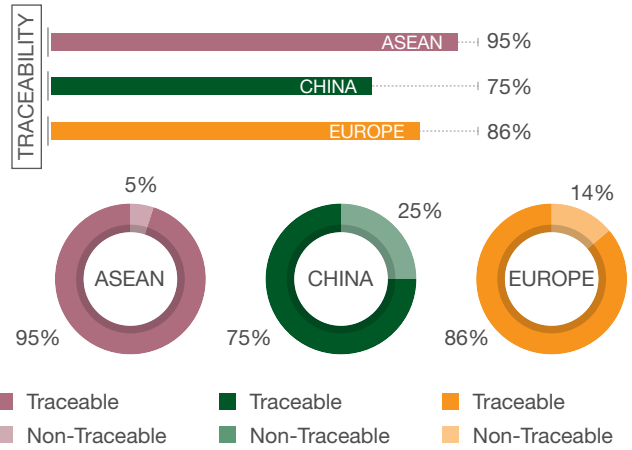
* Traceability information does not necessarily match sourcing period. Only RSPO's Segregation Supply Chain Model can provide exact matching of traceability against sourcing period.

SUSTAINABILITY STATEMENT AND REPORT

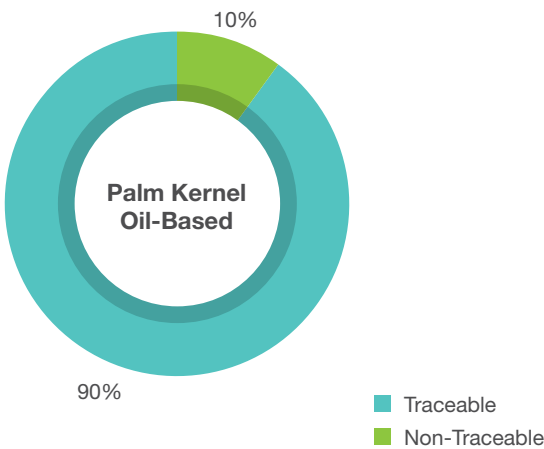
TRACEABILITY STATUS FY2019



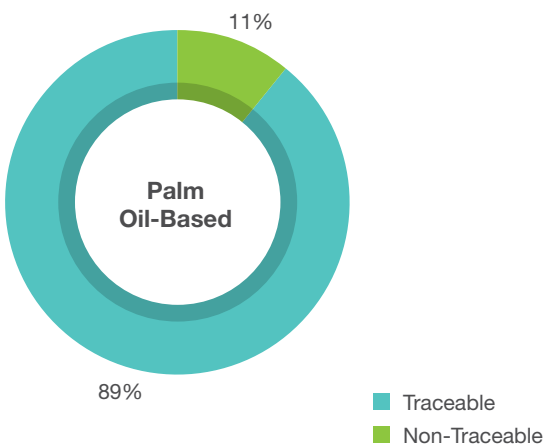
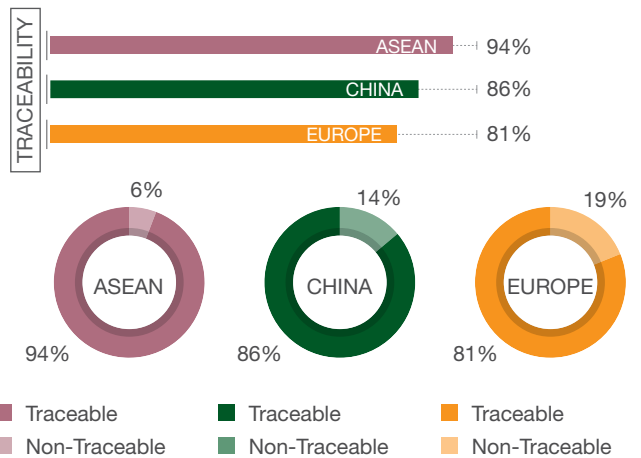
TRACEABILITY (BY REGION) FY2019



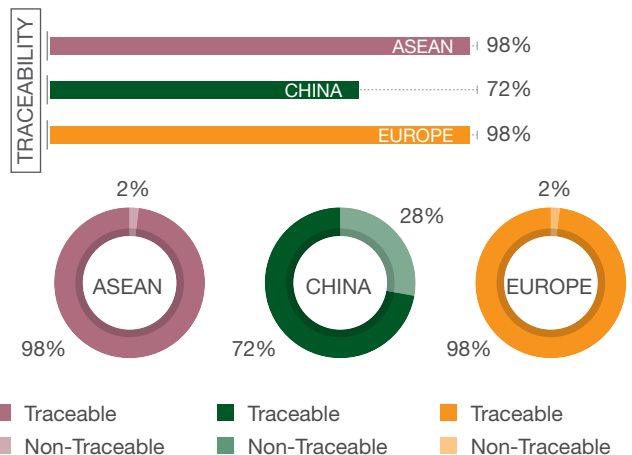
TRACEABILITY (BY FEEDSTOCK) FY2019



Palm Kernel Oil-Based (By Region)



Palm Oil-Based (By Region)





SUSTAINABILITY STATEMENT AND REPORT



ENVIRONMENT

NO DEFORESTATION

Our revised Sustainability Policy reaffirms the existing No Deforestation commitment of applying the HCSA methodology for new oil palm development. New areas will undergo integrated HCSA and HCV assessments to determine eligible planting areas with priority given to low carbon stock areas which have no demonstrable HCV, and where FPIC has been obtained from rights-holders.

HIGH CARBON STOCK APPROACH (“HCSA”)

KLK’s strengthened commitment in this area is clearly illustrated via two (2) major initiatives. First, on 2 October 2018, KLK was officially inducted as a member of the HCSA. Second, our revised Policy in August 2018 brought about refinement to the Company’s No Deforestation pledge.

With these commitments in place, new developments in regions where KLK operates will undergo integrated HCV and HCS assessments in accordance to the HCSA methodology – HCSA Toolkit version 2.0. As a result, areas eligible for development will undergo evaluation, taking into consideration of the high carbon stock areas. In case there is any non-compliant clearing, KLK is committed to restore or rehabilitate the area. We expect our suppliers to do the same.

The HCSA conducted in the Butaw concession area reported limited plantable area. Thus, it was no longer economical and feasible to continue operations thereat. Hence, the Group has ceased its operations in Butaw estate with effect from July 2019 onwards.

PEATLAND PROTECTION

Peatland is a natural area that is accumulated with partially decayed vegetation or organic matter, vital stores of carbon. It plays an important role in providing drinking water, biodiversity management, carbon-water storage and regulation. Undoubtedly, peatland has significant functional roles in environmental conservation and the provision of eco-system services.

KLK is committed to play its part in preserving ecosystems of conservation value and ensuring no development in peat areas for its new plantation areas, regardless of depth. We apply best management practices to peatland that exists within its plantation. We also introduced additional holistic practices on peatlands protection such as periodical monitoring of water table level and evaluating peatlands planted with oil palm for its suitability for replanting.

ZERO BURNING POLICY (“ZBP”)

KLK maintains a strict ZBP since mid-1990s in relation to all new planting, replanting and other related development. This policy also extends to all plasma schemes managed by KLK.

We are in full compliance with the ASEAN Policy on Zero Burning for all its plantation operations. Recognising the higher risk in our Indonesia OCs, we have equipped the estates with fire fighting teams, strict patrolling system which include setting up of fire towers to inform ground patrol of any occurrence of fire.

KLK actively assists local authorities and surrounding communities to combat fire that may occur especially during the dry season. KLK consistently collaborates with the local government to provide manpower and machines to combat hotspots even if they are outside our concession areas. We also assist local communities, in providing firefighting equipment and invite them for annual firefighting training to enhance their level of preparedness in fire prevention activities.

During the FY, there were minor breakouts of fire in our Indonesian OCs which were contained within short time, without any material impact on our Indonesian operations. They occurred during an unusually extreme dry spell. Going forward, KLK will be more vigilant during dry spells to avoid recurrence of such fires, especially since the El Nino weather pattern over the past few years have been unpredictable.

SUSTAINABILITY STATEMENT AND REPORT

SOIL ENRICHMENT AND CHEMICAL REDUCTION

Soil Enrichment

Decomposed biomass improves soil organic matter, moisture retention and soil fertility. These agronomic benefits can be enhanced when oil palm seedlings are planted directly on residue of pulverised palm piles rather than bare soil. Through this approach, higher levels of nitrogen, potassium, calcium and magnesium can be obtained, releasing nutrients over a longer period of time.

In line with this objective, KLK also adheres to the best soil conservation practices. In order to minimise soil degradation, we cultivate leguminous cover crop during replanting, resulting in minimum top soil losses and enrichment of soil.

Minimising Usage of Agrochemicals

In order to preserve, develop and improve the quality of KLK's plantation environment and yield, it is essential to cut back the reliance on fertilisers, pesticides and herbicides.

However, with our sustainable waste management system, our waste such as empty fruit bunches, decanter cake and belt press cake which are high in nutrients are returned to the soil as organic fertiliser.

By knowing where and how fertiliser losses occur, we are able to minimise these losses, enabling us to use less fertiliser to achieve the same impact. This reduces the overall requirement for inorganic fertilisers and decreases the risk of water pollution through leaching or surface run-off. The average fertiliser consumption for Malaysia, Indonesia and Liberia is 1.01 mt/ha.

KLK also focuses on the use of non-chemical pest control i.e. through its integrated pest management system which aims to reduce the usage of herbicide. The average

herbicide consumption for the plantation operations was 3.25 litre/ha.

We have also stopped using paraquat since 2017.

INTEGRATED PEST MANAGEMENT SYSTEM ("IPMS")

IPMS is an effective and environmentally-sensible approach to pest management. Shredded palm biomass spread across the field, effectively destroys the potential breeding sites of pests such as rhinoceros beetles and rodents.

Plants such as antigonon leptopus, turnera subulata and cassia cobanensis provide shelter and supplementary food such as nectar for beneficial insects. These plants also encourage the population of predators and parasites.

We also promote the breeding of barn owls to control rat population and minimise rodent damage. It is a much more sustainable, less risky and simpler approach to pest management.

BIODIVERSITY PROTECTION

Commercial oil palm cultivation and care for the environment should not be viewed as opposing pursuits. In fact, the two can play complimentary roles in securing a new sustainable future for all.

KLK pledges to conserve biodiversity by identifying, protecting and maintaining areas of HCV. This would include areas that contain significant concentration of biological value, rare, threatened and endangered species and areas that provide ecosystem services. A total of 7,417 ha has been conserved in order to protect and enhance the biodiversity value of such area. Activities such as, but not limited to, chemical application, hunting and poaching, are not allowed in these areas. We expect our suppliers to do the same.



Good full coverage of legumes in Ladang Jatika in Sabah, Malaysia



SUSTAINABILITY STATEMENT AND REPORT

KLK commits to address deforestation, to set aside areas for conservation and to restoration of forest. We are also committed to the HCV and HCS approaches by planting natural vegetation and forest trees. To date, we have planted 72,000 and 61,900 forest/fruit trees spread over our Malaysian and Indonesian OCs respectively.

Our Group works closely with local Non-Governmental Organisation (“NGOs”) and the State Wildlife Agency when rare and endangered species are found within these HCV sites. Their habitats are conserved and appropriate management and monitoring plans are implemented.

GREENHOUSE GAS (“GHG”) MANAGEMENT

In producing sustainable palm oil, attention are duly given to reduce and manage GHG emissions across all aspects of plantation development (upstream activities) and KLK OLEO downstream activities. In this regard, the measurement of relevant GHG emission data is important in serving as a basis for objective evaluation of the impact of our business on the environment, which in turn provides essential guidance on effective mitigation measures to be taken.

As noted in our Policy, we are committed to reduce our GHG emissions with two (2) approaches. First, through the installation of biogas plants and second, by employing the use of the filter belt-press system. Not only are these safe methods of managing waste, they also promote greater energy self-sufficiency and provide input cost savings.

GHG Management at Plantation

Biogas Power Plants for Renewable Energy

Our biggest source of emissions come from POM effluent (“POME”). POME is the waste water discharge from the milling process and produces methane gas from anaerobic digestion. Methane gas is very potent as it traps about 28 times as much heat as carbon dioxide (“CO₂”). To reduce methane gas emission, KLK has six (6) operational biogas plants; 3 in Malaysia and 3 in Indonesia. These biogas plants generated 64,423,546 kWh green energy, of which 23,778,749 kWh was sold to the national grid and 40,644,797 kWh used for own operations.

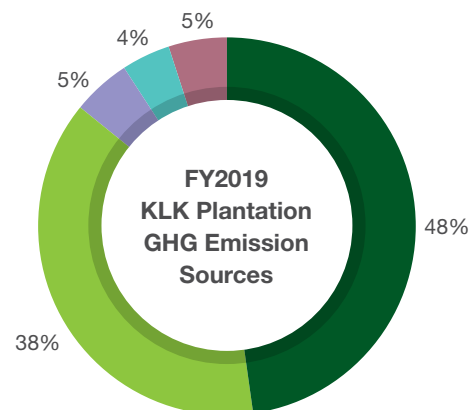
During the FY, KLK was named the winner of the National Energy Awards under the Renewable Energy Category in Malaysia for utilising biogas plants in its operations and contributing to the national grid.

Filter Belt Press (“FBP”)

Besides biogas plants, KLK also installs FBPs at its POMs. The FBP system removes bottom slurry solids from effluent ponds. This reduces soluble organic matter and substantially lowers the biological nutrient loading to effluent ponds. The biomass can be used as organic fertiliser in the estates. Also, water extracted from this system is recycled for cleaning purposes. We have installed 31 FBPs in our POMs.

As of 30 September 2019, KLK’s plantations and POMs recorded an average emission of 637.54 kg CO₂ eq/dry mt CPO, which is translated into 67% GHG savings compared to fossil fuel emission. We surpassed our target of 65% GHG savings as indicated in last year’s report. Our new target is 68% GHG savings by 2020.

KLK PLANTATION GHG EMISSION SOURCES



- Effluent treatment
- Fertilisers
- Electricity bought from national grid
- Other sources
- Transportation

GHG Management at KLK OLEO

KLK OLEO also strives to reduce GHG emissions to lower the negative environmental impact. It is a delicate balance between increasing the efficiency of our industrial process and attempting to reduce the use of non-renewable resources and fossil fuels.

GHG Emission Intensity



SUSTAINABILITY STATEMENT AND REPORT

KLK OLEO CARBON EMISSION (mtCO₂e)



ENERGY MANAGEMENT

Recognising that energy has implications on the environment, our Group commits to sound energy management which addresses energy conservation, green energy usage and energy efficiency. We are mindful that while usage of non-renewable energy sources cannot be avoided altogether for now, earnest efforts are made to ensure these resources are used optimally and efficiently.

Energy Management at Plantation

At our POMs, by-products such as Palm Pressed Fiber (“PPF”) and kernel shells are increasingly used as alternative energy sources. The use of PPF as a green energy source presents multiple benefits as it helps reduce consumption of fossil fuels. Improved thermal efficient boilers and steam turbines are installed for more efficient energy utilisation. Energy efficiency is also a primary consideration in designing new POMs. In FY2019, we use an average of 0.41 GJ/mt of CPO produced.

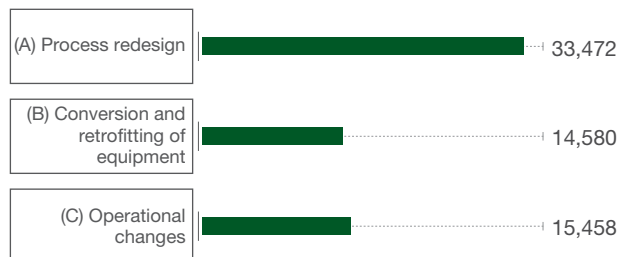
Energy Management at KLK OLEO

Energy management at KLK OLEO is two-pronged: efficiency initiatives which reduce energy consumption, and continuous improvement of process systems for increased efficiency and sustainability.

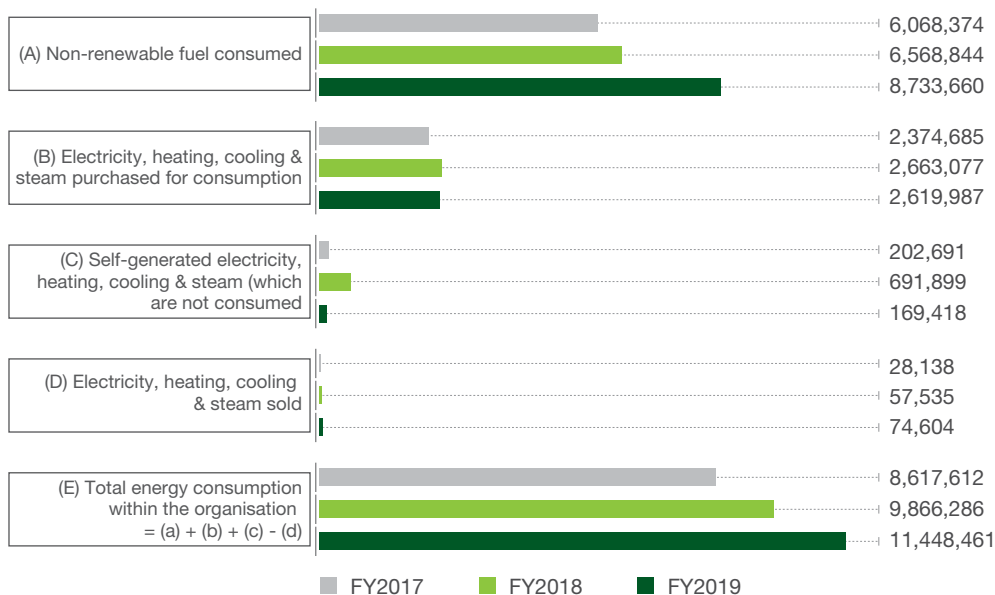
In FY2019, by optimising and improving Palm-Oleo Sdn Bhd plant’s production system components, we achieved a total saving of 9,456,473 kWh or 2,506 CO₂ mt/yr, as compared to the components running on default settings and parts.

As a group, KLK OLEO achieved a total saving of 63,510 GJ through process redesign, conversion and retrofitting of equipment, and operational changes.

REDUCTION OF ENERGY CONSUMPTION (GJ)



ENERGY CONSUMPTION AT KLK OLEO (GJ)



Energy Intensity
(GJ/mt prod vol)

FY2017
3.57

FY2018
3.10

FY2019
3.45



SUSTAINABILITY STATEMENT AND REPORT

WASTE MANAGEMENT

Proper waste disposal has wide ranging implications on the environment and the surrounding communities' health. Eliminating waste altogether is obviously the ideal scenario. Though it is admittedly a daunting goal for the palm oil industry, KLK seeks to contribute to whatever extent feasible towards its eventual realisation.

All waste products, including domestic waste, generated by our Plantation or KLK OLEO, are, if not recycled, then required to be safely disposed of in accordance with the prevailing regulations and best practices.

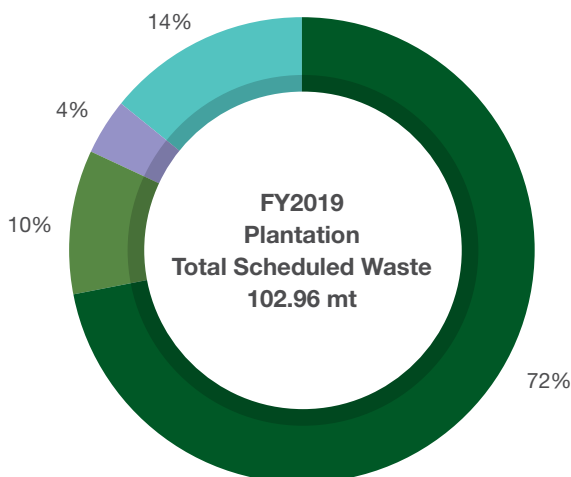
Waste Management at Plantation

Palm oil waste management is often a challenge due to the large quantity of waste generated during production. However, with our sustainable waste management system, 100% of by-product from POMs are returned to the soil as organic fertiliser or used as fuel in the boiler.

The waste generated by our OCs is collected and disposed of in accordance to prevailing regulations via licensed waste disposal contractors by the Department of Environment.

OCs' employees are well-informed in scheduled waste management via KLK's intranet.

PLANTATION SCHEDULED WASTE BREAKDOWN

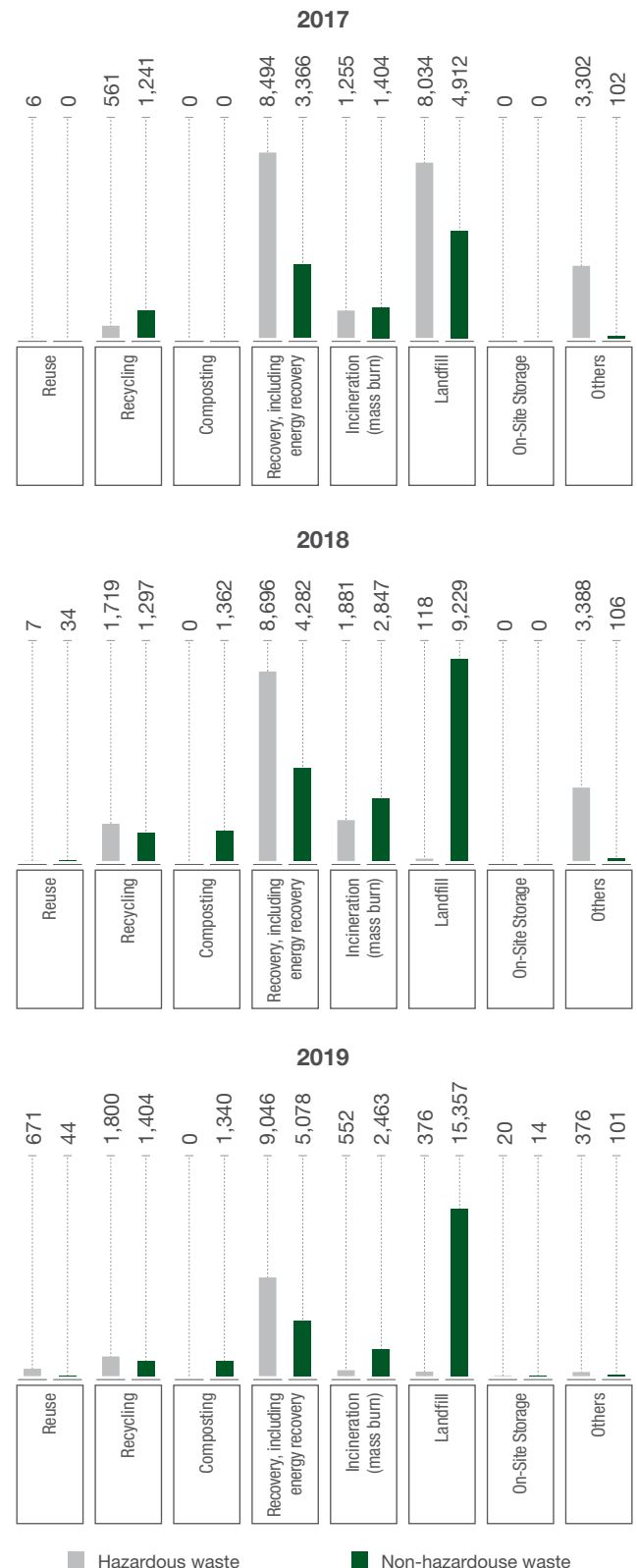


Used Oil	74.04 mt	72%
Chemical Containers	10.35 mt	10%
Used Batteries	3.63 mt	4%
Used Oil Filters and Used PPE	14.65 mt	14%

Source from Plantation (Malaysia)

Waste Management at KLK OLEO

KLK OLEO NON-HAZARDOUS & HAZARDOUS WASTE BY TYPE AND DISPOSAL METHOD (mt)



SUSTAINABILITY STATEMENT AND REPORT

WASTE MANAGEMENT AT KLK OLEO

Total Solid Waste
(mt)



FY2017

32,675

FY2018

34,996

FY2019

38,642

Solid Waste
Generation Intensity
(mt/mt prod vol)



FY2017

0.014

FY2018

0.011

FY2019

0.011

WATER MANAGEMENT

Water sources are critical to the environment, human health and wildlife ecosystem. We also realise water is not an inexhaustible resource.

Our water management strategies center on water use optimisation and reduction in water consumption or wastages, taking into account the prevailing land conditions, topography and changes in the weather (impact of droughts and floods). KLK strives to ensure water resources are utilised in the most optimum way with minimal impact to the environment.

Water Management at Plantation

In our Plantation sector, we monitor water usage in processing FFB to reduce the generation of POME.

Our OCs also monitor the Biological Oxygen Demand and Chemical Oxygen Demand levels of final discharge monthly to ensure both parameters are in compliance with the countries' regulations.

Riparian reserves are maintained to act as a filter to preserve the quality of water entering the waterways. Soil water retention is enhanced further by stacking oil palm fronds, applying empty fruit bunches as mulch and growing legume cover crops.

TOTAL WATER USAGE AT PLANTATION (m³/mt FFB processed)

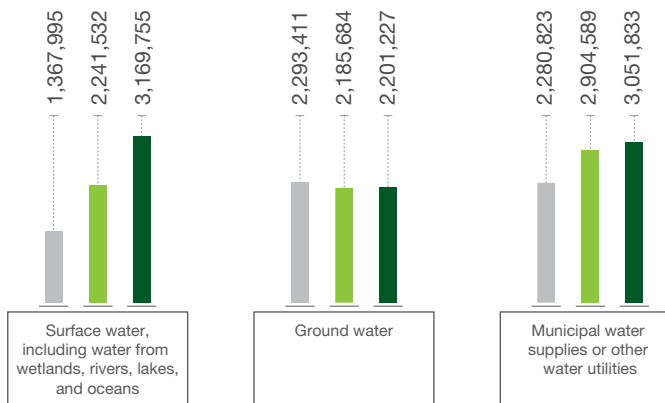


Water Management at KLK OLEO

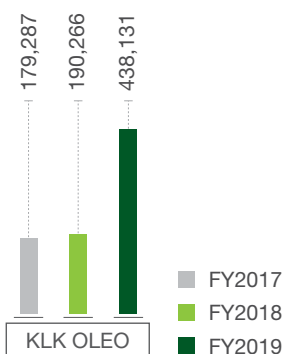
TOTAL WATER WITHDRAWAL AT KLK OLEO (m³) BY SOURCE

Total:

■ FY2017 = 5,942,229 m³ ■ FY2018 = 7,331,805 m³ ■ FY2019 = 8,422,815 m³



QUANTITY OF WATER RECYCLED AND REUSED (m³)



Percentage of total water recycled and reused

FY2017	FY2018	FY2019
3%	3%	5%



Water Consumption Intensity

FY2017	FY2018	FY2019
1.73	1.61	1.67

(m³/mt prod vol)



SUSTAINABILITY STATEMENT AND REPORT



WORKPLACE

KLK believes that its employees are one of its greatest assets and employee welfare remains its top priority. We have a workforce of more than 40,000 at locations all over the world. We value our people, and reward their hard work with fair remuneration, career development opportunities, scholarships and further training prospects.

FAIR EMPLOYMENT PRACTICES

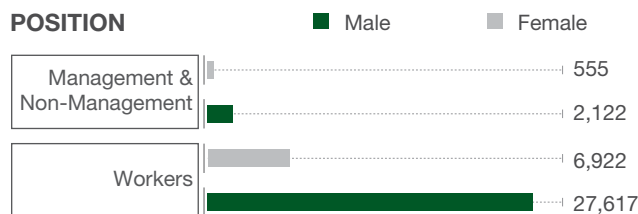
In an industry with strong competition and a shortage of skilled labour, we are conscious of the need to maintain our edge as a preferred and fair employer. KLK embraces diversity within its workforce, which comprises a mix of employees from different genders, age groups and ethnicity. We also believe in practising non-discrimination regardless of race, caste, national origin, religion, marital status, union membership or political affiliation. However, the palm oil industry can be physically demanding.

Thus, we receive less applications particularly for field work from the female gender. As part of our commitment to support women to become more involved in the industry, KLK has put in place (but not limited to) Gender Committees and provide facilities such as nursing room for new mothers' and child care centres for babysitting so that workers can work with peace of mind. We expect our suppliers to do the same.

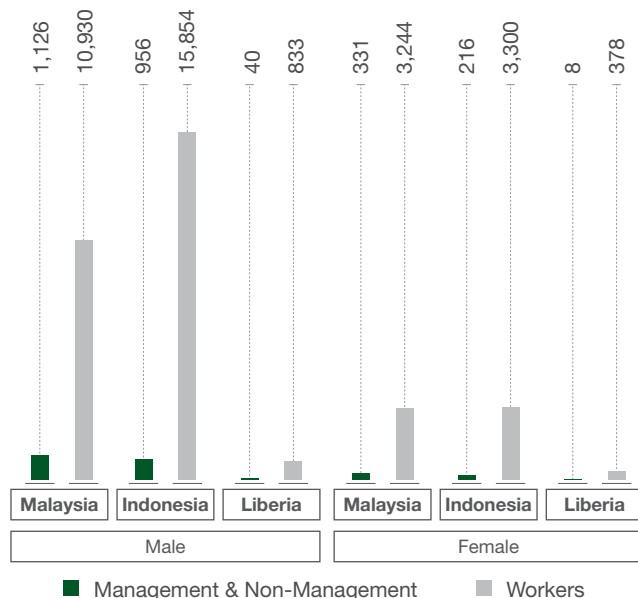
Decent Living Wage Task Force

With the advent of RSPO's P&C 2018, we set up a Decent Living Wage Task Force, made up of Senior Management and the Sustainability Department, to find solutions to comply with the new requirements on the payment of decent living wage to our employees. The initial assignment of this task force is to assess the prevailing wages and its benefits-in-kind provided to the employees to ascertain potential gap, if any, to the decent living wage benchmark which will be determined in due course.

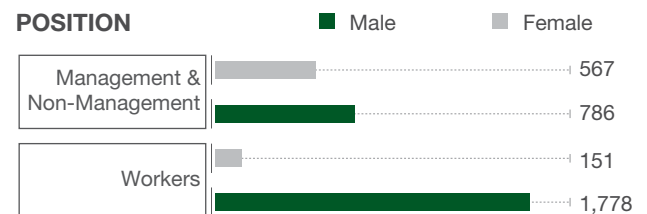
KLK PLANTATION FY2019



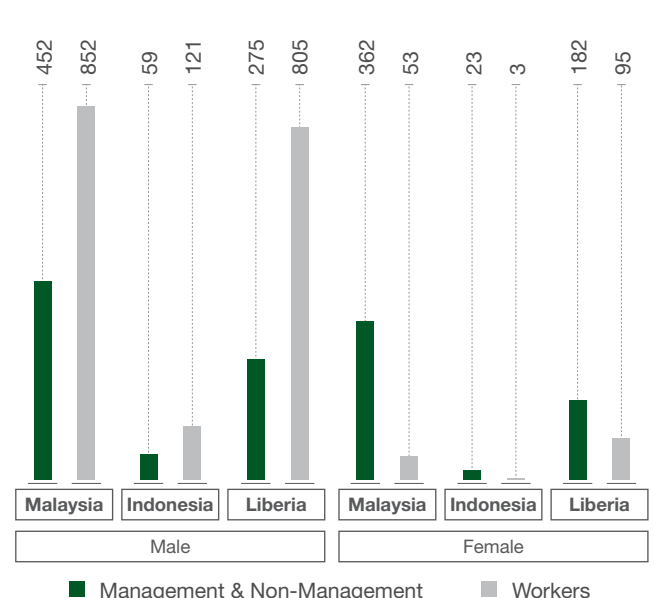
GENDER (BY REGION)



KLK OLEO FY2019



GENDER (BY REGION)



SUSTAINABILITY STATEMENT AND REPORT

Freedom of Association and Collective Bargaining

Employees have the right to form and become members of labour unions recognised by KLK. Through unions, workers have the right to carry out collective bargaining as permitted under Malaysia and Indonesia laws.

For FY2019, 5,528 and 535 of our Peninsular Malaysia employees are members of The Malayan Agricultural Producers Association/The National Union of Plantation Workers ("MAPA/NUPW") and The Malaysian Agricultural Producers Association/The All Malayan Estates Staff Union ("MAPA/AMESU") respectively. 7,039 of our Indonesian workers are members of various unions, while 346 of our Liberian workers are members of the Libinco Agriculture Workers Union ("LAWU").

CAREER DEVELOPMENT OPPORTUNITIES

We place significant importance in upgrading employees' skills as we firmly believe that our success is founded on their abilities. We invest in talent development and training programmes for our employees which cover areas such as technical skills, business and human resources, personal development and leadership excellence.

Human Capital Development

Training at Plantation

We have set up a two-phased Intentional Mentoring Programme ("IMP") for all newly recruited staff and executives at our KLK Training Centre. The IMP lasts a minimum of nine (9) months with 11 field modules, and covers the necessary knowledge and skill sets relating to oil palm and rubber plantation management. During the

course, trainees are rotated through five (5) selected OCs. For the purpose of monitoring, the Estate Manager will on a quarterly basis, submit a progress report for each trainee on the scheduled and completed subjects. These reports will then be compiled by the Training Manager at the KLK Training Centre, where they will be evaluated by Senior Management as a source of reference for the next phase of the training programme.

Trainees will then attend Phase Two of the training programme in the KLK Training Centre in Ipoh to fill any knowledge gaps. A wide range of topics are covered in the Phase Two modular courses, ranging from technical and administrative knowledge to soft skills and motivational talks. These week-long courses are conducted twice a year.

Apart from the IMP, selected Plantation employees participate in KLK OLEO's training programmes which are pertinent to them. These include training on soft skills and emotional intelligence development to complement their occupational knowledge and skill set.

Training at KLK OLEO

Training at KLK OLEO differs from Plantation sector. This is due to the fact that most employees recruited already possess the skill set and technical knowhow required of their position.

However, success in the workplace is strongly influenced by personal attributes such as communication, teamwork, adaptability, problem solving and conflict resolution. Thus, it is important to cultivate and develop these qualities. To facilitate this, KLK OLEO organises training which emphasises development of emotional intelligence and soft skills.



Confined Space Training at PT KLK Dumai, Riau Indonesia



SUSTAINABILITY STATEMENT AND REPORT

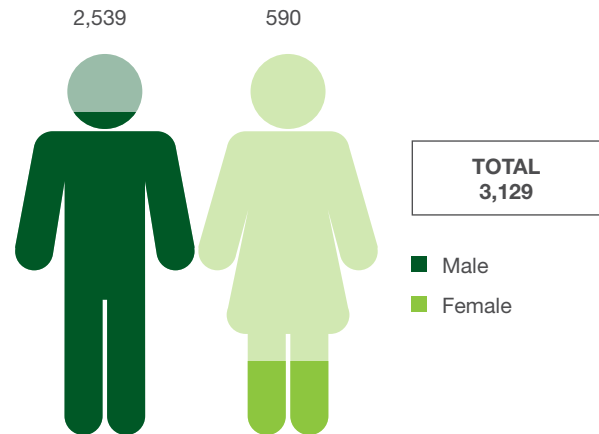
HEALTH AND WELL-BEING OF EMPLOYEES

The welfare of our people is a major priority. We are committed to providing an inclusive and conducive working and living environment for our employees. Being a responsible company, KLK conducts its business with a high standard of safety and health protection for our employees and stakeholders. Creating awareness, education and improved reporting are our key tools to achieving this goal.

Safety and Health Committee (“SHC”)

In order to effectively identify and manage occupational risk, a SHC is set up at every OC. KLK currently has 3,129 OSH Committee representatives at its Plantation OCs and KLK OLEO. Annual training is provided to create awareness of their role as OSH ambassadors. Compliance with Chemical Health Risk Assessment (“CHRA”), Hazard Identification, Risk Assessment and Risk Control (“HIRARC”), Chemical Exposure Monitoring, Medical Surveillance, Audiometric Testing, use of Personal Protective Equipment (“PPE”) and annual medical surveillance are mandatory and strictly monitored across all OCs.

OSH COMMITTEE REPRESENTATIVES FY2019



Source from Plantation (Peninsular Malaysia, Sabah, Indonesia and Liberia) and KLK OLEO

Occupational Safety and Health (“OSH”)

Compliance at Plantation

The Plantation OSH Department at the Group’s Head Office is headed by an OSH Senior Manager, working alongside a team of OSH Green Book certified officers. They are guided by the KLK OSH Manual and Guidelines to ensure that OSH requirements are applied uniformly and consistently across all OCs. They also attend seminars and courses consistently as part of our continuous learning culture.

	Accidents	LTI ¹ Frequency Rate*	LTI Severity Rate**
	Fatality		
Malaysia	0	25.36	128.59
Indonesia	1 [#]	4.3	19.8

¹ LTI: Lost Time Injury
^{*} Incidents/1 million man-hours worked
^{**} Days lost due to LTI/1 million man-hours worked
[#] Cause of death: Severe injury in a tractor accident

Safety and Health Committees

	Male	Female	Total
Malaysia	1,058	224	1,282
Indonesia	1,300	329	1,629
Liberia	12	0	12

OSH audits are carried out twice a year, ensuring all OCs are in compliance and any uncertain issues are addressed accordingly.

Training is carried out during all audit visits and when requested by the respective OCs. Compulsory in-house training for tractor drivers and SHC members are carried out annually. Competent external training providers are engaged to carry out first-aiders course. Apart from that, OCs engage with their respective suppliers to carry out training on safe handling of work equipment.

SUSTAINABILITY STATEMENT AND REPORT

Our target is to achieve zero fatal accidents and for the fourth consecutive year, we recorded no fatalities in our Malaysian operations. In addition, our Malaysian operations also achieved a reduction of 14% in major accident incidents, surpassing our target of 10% as indicated in last year's report.

We also strive to prevent accidents and injuries and take necessary preventive steps to reduce them. Lower accident rates bring lower staff turnover, lower absenteeism and higher productivity. Operating under a system of continuous improvement, the Plantation OSH Department reviews the LTI on a monthly basis. The results collated will be monitored and aspects of our operations which may pose OSH impacts will be identified. Through this, we take action to improve the LTI rate and the severity rate of the LTI. Our LTI rate is a reflection of the commitment and joint efforts between Management, Safety and Health Officers, Safety and Health Committees, workers and contractors.

Work-related ill health

Certain POM workers are exposed to high levels of noise that can potentially impair their hearing. POM management provides adequate PPE supplemented by training from OSH and signage throughout the POM to protect workers from any occupational diseases such as loss of hearing.

Gender Committee

We put emphasis on gender-based issues through empowerment programmes on the ground, specifically on issues relating to sexual harassment, birth rights, domestic violence, child abuse and new mothers' needs. Gender Committee meetings are held on a quarterly basis in our Malaysian OCs.

Similarly, Gender Committee have also been established at our OCs in Indonesia to handle these matters. Our local employees have been empowered to take up this responsibility as they have better understanding of the local context and cultures.

Compliance at KLK OLEO

Similar to our Plantation sector, KLK OLEO also provides internal and external training to enhance our employees' OSH skills and awareness, specifically tailored to downstream operations.

	Accidents	LTI Frequency Rate*	LTI Severity Rate**
	Fatality		
Malaysia	0	2.42	81.27
Indonesia	0	0.00	0.00
Other Countries	0	5.16	214.99

* Incidents/1 million man-hours worked

** Days lost due to LTI/1 million man-hours worked

Safety and Health Committees

	Male	Female	Total
Malaysia	83	15	98
Indonesia	13	2	15
Other Countries	73	20	93



SUSTAINABILITY STATEMENT AND REPORT



Safety, Security, Health and Environment (“SSHE”) Induction conducted for Sri Lankan foreign workers at Palm Oleo (Klang), Malaysia

Housing and Living Amenities

We are committed to providing a safe and conducive working and living environment for our employees. At our plantations, we provide high quality housing and living amenities for our workers and their families.



Employees' quarters at one of KLK plantations in Indonesia



Sports facilities are made available for employees at the estates



Place of worship for workers provided in estates

SUSTAINABILITY STATEMENT AND REPORT

Get Together Activities

Apart from providing a safe working environment, we strive to support our employees to lead a healthy lifestyle through various sports, health and leisure activities. These sports activities are also served as a platform for social interaction to foster closer relationships and build team work amongst employees.



Festive celebration with employees at Indonesia



Inter-company badminton tournament



KLK Fun Triathlon to promote sporting activities and build teamwork amongst employees



Inter-company football tournament in Europe



Rock Climbing activity for employees



Regular health screening conducted for employees



SUSTAINABILITY STATEMENT AND REPORT



COMMUNITY

As a responsible corporate citizen, KLK is committed to playing an active role in the communities in which we operate. We strive to implement holistic and sustainable Corporate Responsibility (“CR”) initiatives to address a wide range of needs in order to build social-economic value and create a more sustainable future for the community.

Within our local communities, we undertake various CR initiatives such as construction of roads and bridges, providing clean water, sanitation and health infrastructure to improve the standard of living and quality of life for the people surrounding our operations.



Health screening for Orang Asli community at Pulau Indah in Selangor, Malaysia



KLK provides hand pump to supply clean drinking water for the local community in Liberia

Our tagline “Values Matter, Society Matters” is inculcated into our work culture with strong support from KLK’s employees dedicating their time, energy and skills to help make a difference. Through KLKCare – across our divisions in Malaysia and abroad – we have organised numerous meaningful community outreach programmes to engage and alleviate the needs of the vulnerable communities.



KLK volunteer engages the marginalised community at Pusat Jagaan Tiitian Nur



Children from underprivileged home enjoying telematch game during an outing event organised by KLK

SUSTAINABILITY STATEMENT AND REPORT

Philanthropy

As part of our efforts to elevate communities, we continue to support non-profit educational, environmental, sports, health and cultural organisations who share our objective and passion through grants, cash and in-kind donations.



Donation to Persatuan Dyslexia Malaysia



KLK supported the Perak Association For Intellectually Disabled

Education

Education is fundamental to sustainable development, and it is one of the strongest instruments for poverty alleviation. Throughout our plantations across a wide geographical area (Sabah, Indonesia and Liberia), we are committed to bringing education specifically to school-aged children who may not have the means to complete their education – particularly those living within and/or in the surrounding areas of KLK’s plantations. KLK believes that these young children should be given the opportunity to pursue their respective and unique educational pathways, which are necessary in the fostering of lifelong learning for them to realise their aspirations and dreams.

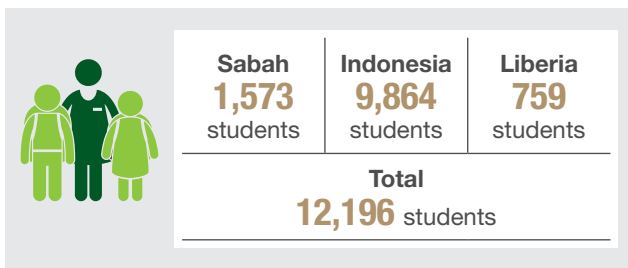
Our 77 learning centres, kindergartens and schools that we built have continued to benefit about 12,000 students annually in the surrounding areas of our plantation. Additionally, to further create a conducive and nurturing learning environment, we also provide the necessary infrastructure at these learning centres and schools, including the provision of free transportation and meals to needy students.



Learning centre at one of KLK’s estates



Students at one of the learning centres on KLK’s plantation in Sabah





SUSTAINABILITY STATEMENT AND REPORT

Yayasan KLK Scholarships

Human capital plays a critical role in the growth and development of our business. Hence, KLK places high importance on investing in human capital development. Through Yayasan KLK, we provide scholarships to academically outstanding young needy Malaysians to pursue their studies at local as well as private and public universities.



2019 Yayasan KLK Scholars



Students participate in hands-on soap making activity

KLK Palm Oil Education Programme

The palm oil industry has been evolving and many companies are already ahead of the curve to produce this beneficial oil sustainably. Palm oil is the most sustainable and productive amongst all oilseed crops in the world, oil palm yields 7-10 times more per hectare of land compared to all other oil-bearing crops like rapeseed, soybean, olive and sunflower.

As a leading company in the palm oil industry, KLK believes that it is essential to educate the younger generation to have basic information on one of Malaysia's primary commodities and for them to have an accurate information of the palm oil sector. Hence, KLK continues to promote its Palm Oil Education Programme aimed at raising awareness on the palm oil industry's role amongst students. This is done through informative presentations and hands-on soap making sessions. The programme has reached out to 6,800 students in Klang Valley and Perak since its inception in 2017.



KLK Palm Oil Education Programme classroom session



Students showing their handmade soaps

GLOBAL REPORTING INITIATIVE CONTENT INDEX

This report has been prepared with guidance from Bursa Malaysia Securities Berhad's Sustainability Reporting Guide 2018 (2nd Edition) and the Global Reporting Initiative ("GRI") Standards 2016 – Core option.

GRI is an internationally accepted framework for reporting an organisation's economic, environmental and social performance to a diverse set of stakeholders worldwide. For more information on GRI, please visit www.globalreporting.org.

GRI 101 : FOUNDATION 2016

GRI 102 : GENERAL DISCLOSURES 2016

DISCLOSURE	SECTION	PAGE NO.
Organisational Profile		
102-1	Name of organisation	Cover Page Cover page
102-2	Activities, brands, products and services	Corporate Profile 5
102-3	Location of headquarters	Corporate Information 2
102-4	Location of operations	Location of the Group's Operations 8
102-5	Ownership and legal form	Corporate Information 2
102-6	Markets served	Management Discussion & Analysis 24
102-7	Scale of the organisation	<ul style="list-style-type: none"> • Corporate Profile 5 • Management Discussion & Analysis 24 • Workplace 75
102-8	Information on employees and other workers	Workplace 75
102-9	Supply chain	Marketplace 61
102-10	Significant changes to the organisation and its supply chain	There were no significant changes during the reporting period regarding size, structure, ownership or supply chain –
102-11	Precautionary Principle or approach	Statement on Risk Management & Internal Control 102
102-12	External initiatives	<ul style="list-style-type: none"> • Marketplace 61 • Community 81
102-13	Membership of associations	Marketplace 61
Strategy		
102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> • Chairman's Statement 20 • Management Discussion & Analysis 24
102-15	Key impact, risks and opportunities	• Materiality Matrix 52
Ethics and Integrity		
102-16	Values, principles, standards and norms of behaviour	Values 7
Governance		
102-18	Governance structure	<ul style="list-style-type: none"> • Sustainability Governance 51 • Corporate Governance Overview Statement 87
102-19	Delegating authority	<ul style="list-style-type: none"> • Sustainability Governance 51 • Corporate Governance Overview Statement 87
102-20	Executive-level responsibility for economic, environmental and social topics	<ul style="list-style-type: none"> • Profile of Key Senior Management 18 • Corporate Governance Overview Statement 87
102-21	Consulting stakeholders on economic, environmental and social topics	Marketplace 61
102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> • Profile of Directors 14 • Sustainability Governance 51
102-23	Chair of the highest governance body	Profile of Directors 14



GLOBAL REPORTING INITIATIVE CONTENT INDEX

GRI 102 : GENERAL DISCLOSURES 2016		
DISCLOSURE	SECTION	PAGE NO.
Governance		
102-24	Nominating and selecting the highest governance body	Corporate Governance Overview Statement 87
102-25	Conflicts of interest	Corporate Governance Overview Statement 87
102-26	Role of highest governance body in setting purpose, values and strategy	Corporate Governance Overview Statement 87
102-28	Evaluating the highest governance body's performance	Corporate Governance Overview Statement 87
102-29	Identifying and managing economic, environmental and social impacts	Sustainability Policy 53
102-31	Review of economic, environmental and social topics	Sustainability Policy 53
102-32	Highest governance body's role in sustainability reporting	Sustainability Governance 51
102-33	Communicating critical concerns	Marketplace 61
102-35	Remuneration policies	Corporate Governance Overview Statement 87
102-36	Process for determining remuneration	Corporate Governance Overview Statement 87
Stakeholder Engagement		
102-40	List of stakeholder groups	Marketplace 55
102-41	Collective bargaining agreements	Workplace 76
102-42	Identifying and selecting stakeholders	<ul style="list-style-type: none"> • Materiality Matrix 52 • Marketplace 55
102-43	Approach to stakeholder engagement	Marketplace 55
102-44	Key topics and concerns raised	Marketplace 55
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Financial Statements 111
102-46	Defining report content and topic boundaries	Materiality Matrix 52
102-47	List of material topics	Materiality Matrix 52
102-48	Restatements of information	None -
102-49	Changes in reporting	None -
102-50	Reporting period	About This Report 51
102-51	Date of most recent report	Annual Report 2018 -
102-52	Reporting cycle	Annual -
102-53	Contact point for questions regarding the report	<ul style="list-style-type: none"> • Marketplace 58 • KLK Website www.klk.com.my
102-54	Claims of reporting in accordance with the GRI Standards	Global Reporting Initiative Content Index 222
102-55	GRI content index	Global Reporting Initiative Content Index 222
102-56	External assurance	We have opted to consider external assurance for a later reporting period. We will consult stakeholders in the future on the form of assurance they seek from us.

GLOBAL REPORTING INITIATIVE CONTENT INDEX

MATERIAL TOPICS			
DISCLOSURE		SECTION	PAGE NO.
Economic Performance			
201-1	Direct economic value generated and distributed	Financial Statements	111
Indirect Economy Impacts			
203-1	Infrastructure investments and services supported	Community	81
203-2	Significant indirect economic impacts	Community	81
Anti-Corruption			
205-2	Communication and training about anti-corruption policies and procedures	KLK Website: • Code of Conduct and Ethics for the Company • Code of Conduct for Employees • Code of Conduct for Directors	www.klk.com.my/governance-policies
Materials			
301-1	Materials used by weight and volume	Environment	69
Energy			
302-1	Energy consumption within the organisation	Environment	69
302-2	Energy consumption outside of the organisation	Environment	69
302-3	Energy intensity	Environment	69
302-4	Reduction of energy consumption	Environment	69
Water			
303-1	Water withdrawal by source	Environment	69
303-3	Water recycled and reused	Environment	69
Biodiversity			
304-1	Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environment	69
304-2	Significant impacts of activities, products and services on biodiversity	Environment	69
304-3	Habitats protected or restored	Environment	69
Emissions			
305-1	Direct (Scope 1) GHG emissions	Environment	69
305-3	Other indirect (Scope 3) GHG emissions	Environment	69
305-5	Reduction of GHG emissions	Environment	69
Effluents and Waste			
306-1	Water discharge by quality and destination	Environment	69
306-2	Waste by type and disposal method	Environment	69
306-4	Transport of hazardous waste	Environment	69
Occupation Health and Safety			
403-1	Workers representation in formal joint management-worker health and safety committees	Workplace	77
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities	Workplace	77
403-3	Workers with high incidence of high-risk of diseases related to their occupation	Workplace	77
Training and Education			
404-2	Programmes for upgrading employee skills and transition assistance programmes	Workplace	76