



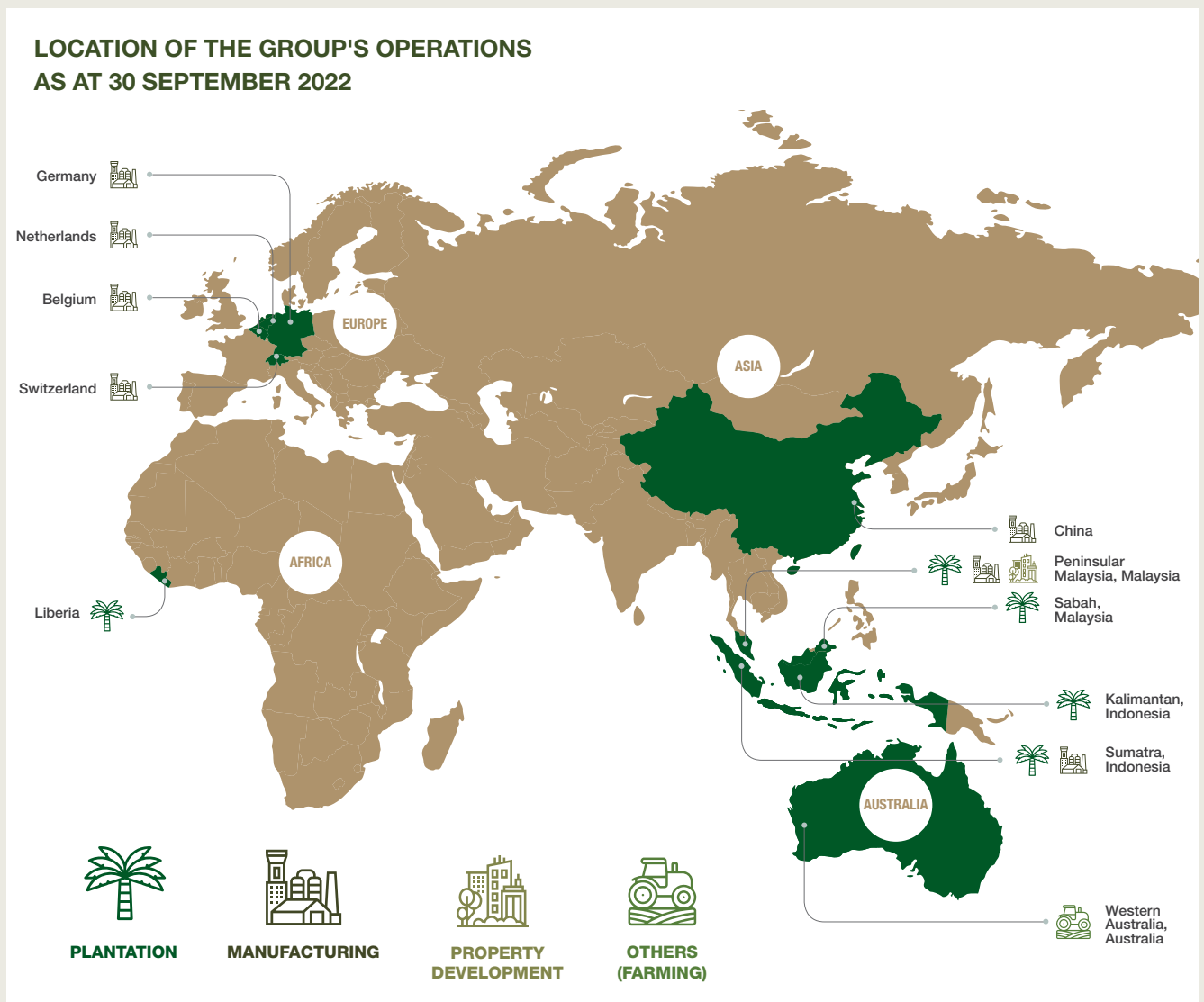
SUSTAINABILITY STATEMENT AND REPORT

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SUSTAINABILITY STATEMENT AND REPORT

ABOUT THIS REPORT

Sustainability has and always will be an integral part of KLK. We remain committed in our efforts to embed sustainability in all material areas of our operations and offer products that are made in a responsible manner. This Sustainability Report covers the activities carried out by the Company for the reporting period from 1 October 2021 to 30 September 2022 (unless stated otherwise) and as in previous years' reports, includes key sustainability data and narratives on our oil palm plantation and oleochemical business sectors only (excluding associate and joint venture companies) in all our locations. This year's report includes information on KLN Sawit Nusantara Berhad ("KSN") [formerly known as IJM Plantations Berhad ("IJMP")] and PT Pinang Witmas Sejati ("PWS"), new acquisitions at the end of the previous financial year.



Our Environment, Social & Governance ("ESG") disclosures in this report were written with reference to the Global Reporting Initiative ("GRI") Standards – Core Option, and we have also made reference to Bursa Malaysia's Main Market Listing Requirements and Sustainability Reporting Guide. With each financial year, KLN strives for incremental improvement in the reach and effectiveness of our sustainability initiatives, and in the quality and comparability of our sustainability reports. We welcome suggestions and comments on how we can further improve our sustainability efforts. Please do write to us at sustainability@klk.com.my with your feedback.

SUSTAINABILITY STATEMENT AND REPORT

A MESSAGE FROM OUR CEO

Sustainability in Everything We Do

Dear Shareholders,

Sustainability has been in our line of sight long before sustainability reporting was made mandatory for Malaysian public listed companies in 2016. In fact, KLK was among the pioneering members of the Roundtable on Sustainable Palm Oil (“RSPO”) founded in 2004. RSPO is a global, non-profit, multi-stakeholder initiative on sustainable palm oil that unites more than 4,000 members worldwide who represent all links along the palm oil supply chain. In 2014, we established our Sustainability Policy, solidifying our commitments in various aspects under the Environment, Social, Traceability and Governance umbrellas and work hard to make a positive impact wherever we operate.

This year, we gave our sustainability governance structure (which was formalised in 2015) a makeover. Through Project SHIFT, an initiative to revamp our sustainability approach, we converted our 3-tiered reporting structure into a 4-tiered structure. The Sustainability Steering Committee which drives our sustainability efforts now reports to the Audit & Risk Committee, instead of directly to the Board. This change was made to ensure that sustainability matters are given the attention they deserve before being escalated to Board level.

The Sustainability Steering Committee and its supporting working committee take an interactive and collaborative approach in obtaining feedback from internal and external stakeholders so as to create meaningful sustainability programmes that contribute towards the achievement of the United Nations’ Sustainable Development Goals (“SDGs”).

As of FY2022, we have adopted 11 out of the 17 SDGs with the addition of SDG16 – Peace, Justice and Strong Institutions. The adoption of this new SDG comes on the back of our commitment to practising robust governance, our comprehensive policies and procedures as well as our stringent risk management and compliance processes. We also reaffirm our commitment to improving our performance in relation to the previously adopted 10 SDGs, placing firm emphasis on climate action (going net zero and low carbon), while making the workplace safe and conducive for our employees and also giving the local economies a boost, thereby empowering and enriching the lives of surrounding communities.

We are pleased to present below a snapshot of the key sustainability highlights for **FY2022**:



MARKETPLACE

Total CPO Produced

1,046,922 MT

MALAYSIA

CSPO Production (mt)	Uptake - RSPO (mt)	Uptake - ISCC (mt)
320,616	307,832	13,140

INDONESIA

CSPO Production (mt)	Uptake - RSPO (mt)	Uptake - ISCC (mt)
480,194	325,350	168,130

SPOTT Rank
23




Traceability

100% Traceability to Plantations for Palm Oil Mills	100% Traceability to Palm Oil Mills for Refineries and KCPs	80% Traceability to Plantations for Refineries and KCPs
---------------------------------------------------------------	-----------------------------------------------------------------------	-------------------------------------------------------------------

Certification Status

Certification	Estates	Palm Oil Mills
RSPO	69%	75%
MSPO	100%	100%
ISPO	83%	88%
ISCC	N/A	21 no. of certifications

SUSTAINABILITY STATEMENT AND REPORT

 ENVIRONMENT	 WORKPLACE	 COMMUNITY
<p>Total HCV Area 14,288.44 HECTARES</p> <p>Total Green Energy Generated from Biogas Plants 56.77 GWH, where: 24.97 GWH supplied to national grid 31.80 GWH used for own operations</p> <p>Water Usage Rate in Plantation 1.56 m³/mt FFB processed</p> <p>Identified 12 new flora species and 33 new fauna species in our sites</p>	<p>Total workforce of 43,000 employees in Malaysia, Indonesia, Liberia, Europe and China</p> <p>Women account for 21.3% of total workforce (increased from 20.8% in FY2021)</p> <p>Total of 9,724 employees who are union members</p> <p>2,830 Safety and Health Committee representatives across the entire Plantation segment and KLK Oleo</p> <p>Zero tolerance policies against human trafficking, forced labour, child labour, discrimination, bullying and harassment</p> <p>No recruitment fee policy</p>	<p>Spent RM5.6 million to manage 140 learning facilities for over 25,000 students across Malaysia, Indonesia and Liberia</p> <p>Yayasan KLK Education Investment for Young Malaysians RM600,000</p> <p>Flood Relief Aid for KLK Employees RM670,000</p> <p>Investment in Tiger Conservation RM140,000</p> <p>Investment in National Sports Development RM500,000</p>



AWARDS & RECOGNITION

The Edge Billion Ringgit Club 2022

- Value Creator: Malaysia's Outstanding CEO (Tan Sri Dato' Seri Lee Oi Hian)
- BIG CAP COMPANIES: Highest Growth in Profit After Tax Over Three Years
- PLANTATION: Highest Growth in Profit After Tax Over Three Years

Malaysia's Best Managed Companies 2022

an initiative by
Deloitte Private

Export Excellence Award 2022

Thriving in Adversity
Award
KLK OLEO

The Global CSR & ESG Awards 2022

Excellence in Provision of Literacy & Education Award (Companies with market capitalisation more than USD 1 Billion) - Silver

Sustainability & CSR Malaysia Awards 2022

Company of the Year Award for Excellence in Sustainability and CSR Initiatives (Plantation)

Malaysia Developer Awards 2022

Special Awards – Rising Star
KLK Land

Asia's Outstanding Companies Poll 2022 by Asia Money

Most Outstanding Company in Malaysia – Plantation Sector

SPOTT

Ranked 23rd

FTSE4Good Index Series

- Certificate of Membership
- Constituent company

Our ESG efforts in particular have been acknowledged at the Sustainability & CSR Malaysia Awards 2022 and the Global CSR & ESG Awards 2022. KLK's disclosures on our ESG practices are also screened yearly by Bursa Malaysia and FTSE Russell against the FTSE4Good Index criteria, and it is indeed gratifying that in FY2022 we remain a leading constituent of the Bursa Malaysia FTSE4Good Index. While we take incremental steps towards attaining groupwide commitment and establishing measurable sustainability targets through a pragmatic and realistic approach, these accolades give us the assurance that we are on the right path to making a positive difference.

SUSTAINABILITY STATEMENT AND REPORT

OUR SUSTAINABILITY JOURNEY IN FY2022

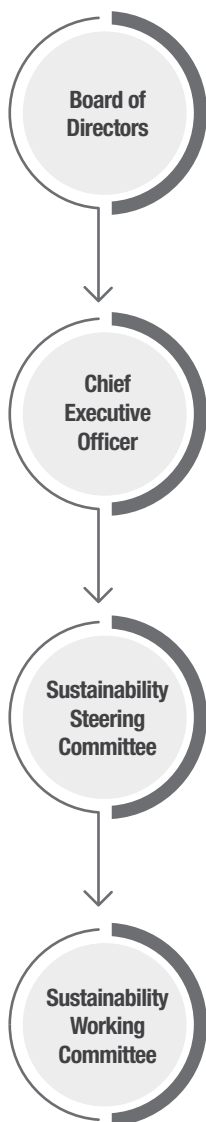
SUSTAINABILITY GOVERNANCE

We conducted a review of our sustainability governance structure and introduced enhancements to the reporting framework.

ENHANCED SUSTAINABILITY GOVERNANCE STRUCTURE

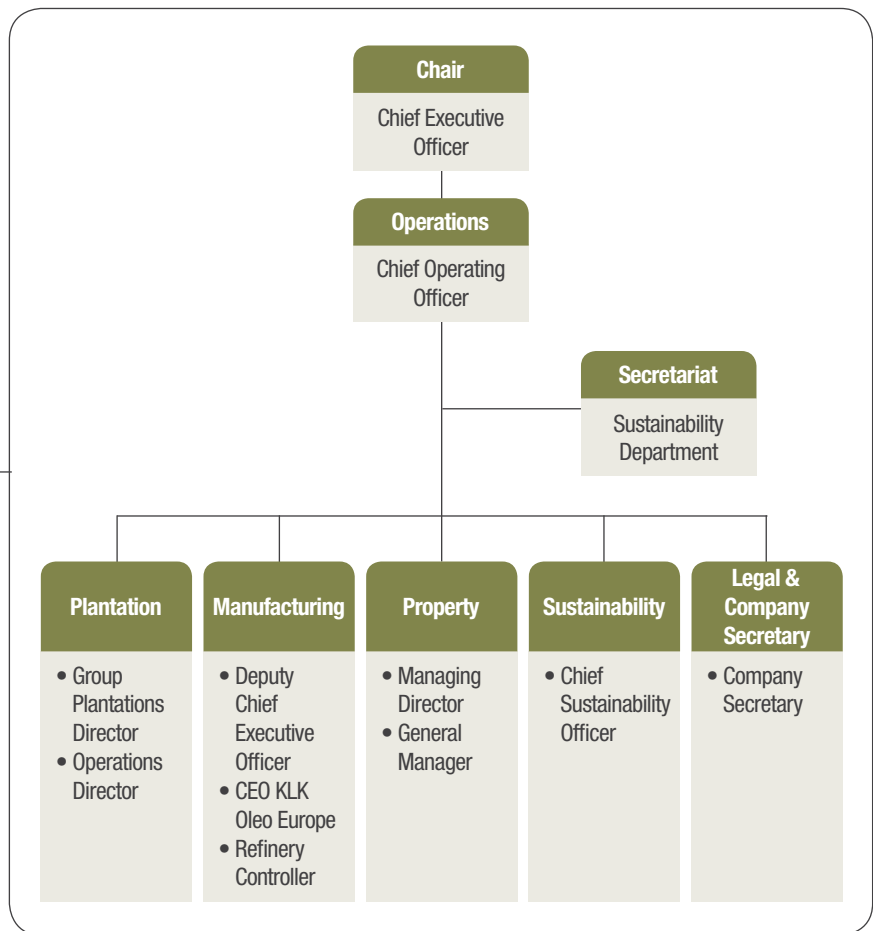
PREVIOUS

Structure



ENHANCED

Structure



SUSTAINABILITY STATEMENT AND REPORT

While the Board of Directors still remains at the helm, our sustainability governance structure now has four tiers. From this year onwards, the Sustainability Steering Committee (“SSC”) reports at least once a year to the Audit & Risk Committee which is a Board Committee. The Audit & Risk Committee evaluates sustainability matters before escalating the higher priority sustainability issues to Board level.

The SSC is chaired by the CEO and includes senior management representatives from the Plantation, Manufacturing, Property, Sustainability and Legal & Company Secretary departments. The main role of the Committee in the sustainability governance framework is to formulate ESG strategies and monitor compliance with sustainability-related policies and keep track of the achievement of sustainability targets endorsed by the Board.

The SSC is assisted in its duties by the Sustainability Working Committee (“SWC”) which is made up of working level representatives covering Sustainability, Purchasing, Human Resources, Health & Safety, Operations, Finance, Communications and Risk Management functions. The SWC carries out periodic reviews on sustainability initiatives implemented and regularly consolidates and monitors sustainability data collected across the Group. The SWC is also tasked with initiating awareness programmes to enlighten KLK staff on sustainability and get their buy-in, which is essential to the success of company-driven sustainability programmes.

Apart from KLK employees, the SWC also maintains continuous engagement with external stakeholders to ensure that their points of view are considered when devising new (or evaluating existing) sustainability initiatives. We employ the Free, Prior and Informed Consent (“FPIC”) approach in engaging with stakeholders to ensure that the rights of local and indigenous communities are both respected and protected. We engage the investor, customer and NGO stakeholder groups through open discussions and transparent exchange of information on our company values, the way we conduct our business, and how we interact with the environment and communities around us.

Our corporate website, www.klk.com.my, is the main conduit for getting our message out to the public in a timely manner. The website contains information pertinent to shareholders and investors as well as updates to the public on major corporate events as and when they occur, and also displays the company’s policies in the following areas:



Sustainability

- Sustainability (with non-compliance protocol)
- Biodiversity Conservation
- Environmental Policy



Governance

- Whistleblowing
- Anti-Corruption
- Corporate Disclosures
- Remuneration for Directors and Senior Management
- Directors’ Appointment



Human Resources

- Employee Grievance Redressal Quality



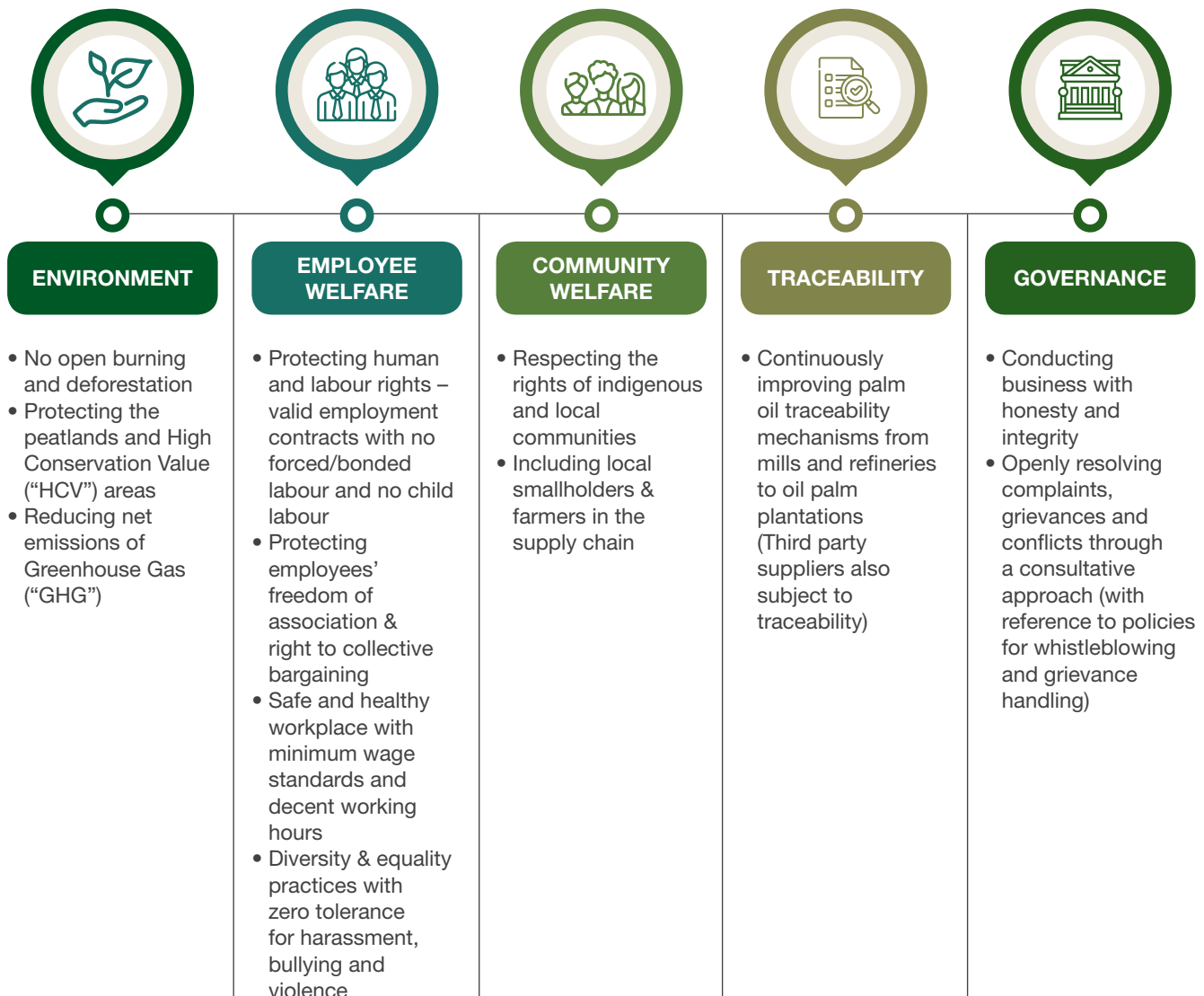
Operations

- Quality
- Occupational Safety & Health

SUSTAINABILITY STATEMENT AND REPORT

SUSTAINABILITY POLICY

The Sustainability Policy, which was last revised and endorsed by the CEO on 30 August 2018, is applicable to all palm oil related operations of the Group, including all subsidiaries and joint ventures in which the company has management control. The Policy outlines KLK's commitment to operating in an ethical manner and in accordance with the Principles and Criteria set out by the RSPO in the following areas:



Through our Sustainability Policy, KLK further commits to undertaking third-party verification to ensure that not only do we comply with the set protocols, but that our supply chain partners also strictly follow them or risk being removed as suppliers.

IDENTIFICATION AND MANAGEMENT OF SUSTAINABILITY RISKS

KLK has a robust risk management framework in place, led by the Group Risk Management Committee ("GRMC") which reports to the Board on a bi-annual basis. The GRMC continuously assesses and identifies ESG-related risks in addition to other operational and strategic risks as part of this ongoing risk management process. The top Sustainability-related risks identified in FY2022 are human rights risk, climate change risk, supply chain risk, human capital risk and occupational safety & health risk. Please refer to the Statement on Risk Management & Internal Control on page 102 for a more detailed description on the Group's key risks and how they are managed.

SUSTAINABILITY STATEMENT AND REPORT




UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 17 United Nations SDGs were designed to push for immediate and effective global action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. KLK has been a strong proponent of these SDGs, adopting 10 out of the 17 goals up to last year. In FY2022, we are proud to announce the adoption of 11 SDGs, with the new addition being SDG16 – Peace, Justice and Strong Institutions.









OUR STAKEHOLDERS AND HOW WE ENGAGE THEM

Identifying and engaging with our stakeholders is an important part of our sustainability strategy as it gives us deeper insight into the issues that concern our stakeholders, the importance of said issues and how we can add value by addressing them. This year, we have identified nine major stakeholder groups and engaged with them in the following ways:

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 • Knowledge sharing 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 surveys 	<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 • Planning 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 surveys 	<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
 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 inspections • Constructive partnerships • Email surveys 	<ul style="list-style-type: none"> • Audit and certification • Compliance with policies and latest changes in requirements

SUSTAINABILITY STATEMENT AND REPORT

Stakeholder Group	Areas of Concern/Interest	Engagement Approach	Outcome/Possible Solutions
 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 avenues • Compliance with laws and regulations and latest revisions
 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 surveys 	<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 surveys 	<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 surveys 	<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 suppliers' role in this
 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 palm oil 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:

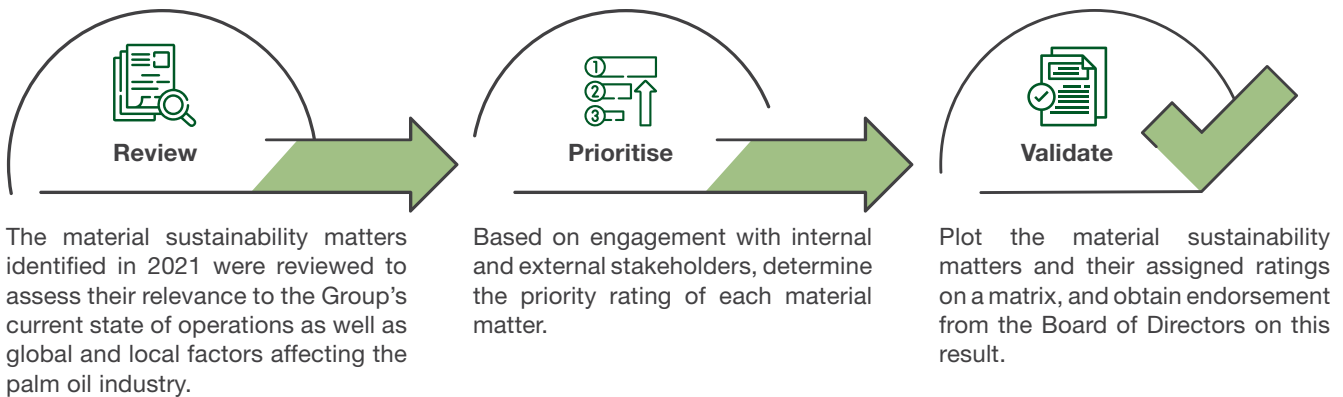
Unless otherwise stated, engagements with stakeholders were conducted on a periodic or ad-hoc basis.

SUSTAINABILITY STATEMENT AND REPORT

MATERIALITY ASSESSMENT AND MATRIX

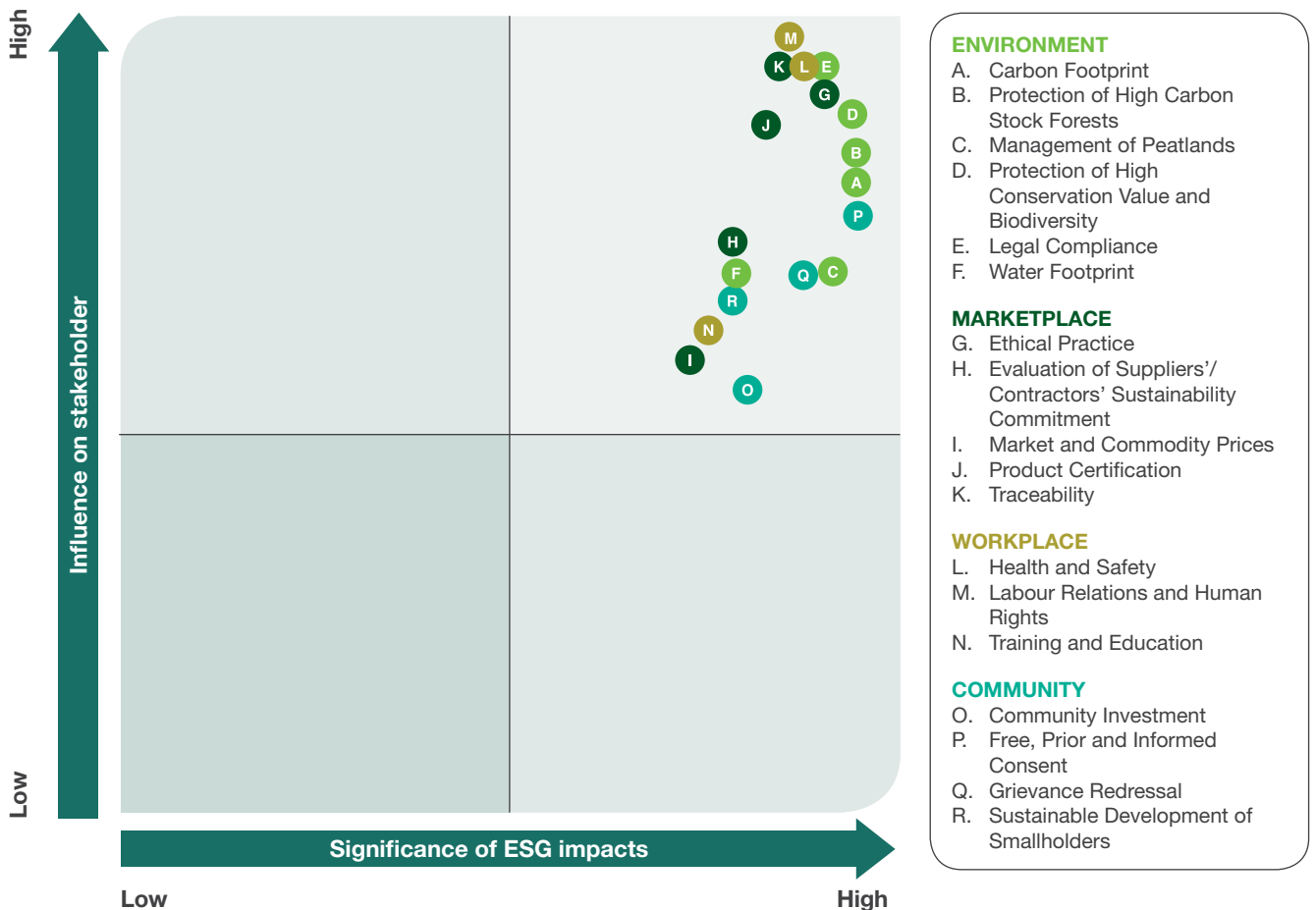
We conduct yearly reviews of our material sustainability matters for applicability and prioritise them according to their importance to the business and to our stakeholders.

Our 3-step materiality assessment approach is as depicted below:



As part of the Review step, an annual survey is sent to representatives from our stakeholder groups to seek their feedback on how critical they view our identified material matters. Their responses are then collated and the draft materiality matrix is prepared for Management discussion and ultimately, finalisation.

There being no significant changes in our operations in FY2022, the 18 material matters identified last year remain on our radar .



We have categorised our 18 material sustainability matters according to four core areas, namely Marketplace, Environment, Workplace and Community, and mapped them against the relevant SDGs. For each core area, we have also provided brief highlights of our management approach to tackling these material sustainability matters.

SUSTAINABILITY STATEMENT AND REPORT

Core Areas	Related SDG(s)	Management Approach
 <p>Marketplace</p> <ul style="list-style-type: none"> Ethical Practice Product Certification Traceability Market and Commodity Prices Evaluation of Suppliers'/ Contractors' Sustainability Commitment 	  	<ul style="list-style-type: none"> Strong code of ethics, policies and procedures governing the operations of the company Frequent engagement with stakeholders Transparent grievance redressal procedures Products certified under the RSPO, ISCC, ISPO and MSPO certification schemes Ongoing efforts to ensure traceability of palm products Strict enforcement of code of conduct on supply chain and monitoring of supplier/ contractor performance
 <p>Environment</p> <ul style="list-style-type: none"> Protection of High Carbon Stock Forests Management of Peatlands Protection of High Conservation Value Areas and Biodiversity Legal Compliance Carbon Footprint Water Footprint 	     	<ul style="list-style-type: none"> Water management strategies to optimise and reduce water consumption or wastage Energy management strategies including employing the use of renewable sources of energy and optimisation of energy use Strict policies on zero deforestation, zero burning, GHG emission and haze management, and peatland protection Commitment to protection of biodiversity and HCV areas through the KLK Biodiversity Conservation Policy
 <p>Workplace</p> <ul style="list-style-type: none"> Health and Safety Labour Relations and Human Rights Training and Education 	    	<ul style="list-style-type: none"> Practising fair employment with decent living wages provided to the workforce Providing a safe and healthy working environment and giving employees opportunities for development Strict policies on the protection of human and labour rights, with zero tolerance for forced labour or child labour Protection of employees' freedom of association and rights to collective bargaining
 <p>Community</p> <ul style="list-style-type: none"> Community Investment Free, Prior and Informed Consent Grievance Redressal Sustainable Development of Smallholders 	  	<ul style="list-style-type: none"> Providing aid in the form of food and essentials to surrounding communities Empowering local communities through education Creating opportunities to involve local smallholders in KLK supply chain

SUSTAINABILITY STATEMENT AND REPORT



MARKETPLACE

ETHICAL BUSINESS CONDUCT

KLK has made its codes of conduct (for the company, employees, directors, and suppliers) and various company policies available publicly on its website with the expectation that all parties who do business with KLK or act on its behalf are aware of these policies and are in full compliance with them. Our codes of conduct outline our company values and criteria for the healthy and ethical working culture that we aim to maintain for our employees. The Code of Conduct and Ethics for the Company and Group covers governance and integrity aspects (including anti-corruption and bribery, anti-money laundering and anti-trust); diversity, equality and inclusivity practices (with clear zero tolerance statements against harassment and bullying); corporate responsibility to respect and protect human and labour rights (with strong statements against human trafficking, forced labour and child labour); protection of the environment; and the Company's commitment to comply with the applicable laws in all our business locations. Further information on our codes of conduct and policies can be found in our website <https://www.klk.com.my/governance-policies/>.

TRACEABILITY AND SUPPLY CHAIN SUSTAINABILITY COMMITMENT

Traceability and transparency are two very important factors in being able to demonstrate to the public that they are purchasing palm oil that is grown sustainably and was not the result of mass deforestation and destruction of wildlife and their habitats. Traceability goes a long way to building trust with our customers, the general public and also with our suppliers.

As part of our commitment to transparency, we update and publish suppliers' list half yearly on our website. We continue our engagement with Earthqualizer, a non-profit organisation, for satellite-monitoring of our supplier groups' past and current non-compliance with NDPE policy with a cut-off date of 31 December 2015. Bi-weekly supplier monitoring reports will be provided to us, which will enable us to take proactive action by engaging with the suppliers ahead of time should any noncompliance occur.

KLK methodology towards ensuring traceability of our products goes right up to the respective palm oil mills ("POMs"), refineries and kernel crushing plants ("KCPs"). To date, we have achieved 100% traceable to plantation from POMs, and we have also achieved a 100% traceability from refineries and KCPs to the respective POMs.



Kekayaan Palm Oil Mill

The challenge of tracing palm products of third-party suppliers (including smallholders, independent growers and other small POMs, refineries and production plants) however still remains. Despite our best efforts, we still face difficulties in obtaining complete data from these suppliers for analysis and validation of the absolute traceability of our products. KLK is committed to persevering its efforts to create awareness among its suppliers and educate them on the importance of traceability to overarching conservation efforts and how providing adequate documentation can go a long way towards building the reputations of the suppliers and indirectly, KLK. We also make it clear to all our suppliers through the Code of Conduct for Suppliers that any breaches and unethical business practices will result in a termination of their services. KLK makes its grievance redressal list transparent to the public on its website with brief descriptors of the allegations, stakeholder involved and investigation status. Please click on the link for more information <https://www.klk.com.my/sustainability/grievance>.

SUSTAINABILITY STATEMENT AND REPORT



Supplier engagement workshop in Peninsular Malaysia

COMMUNICATING THE IMPORTANCE OF TRACEABILITY

In the pursuit of greater buy-in from its supply chain in the matter of traceability, KLK is committed to make the process as simple and pain-free as possible for its supply chain partners. In 2021, we introduced the online TTP Portal which was conceptualised to smoothen the process of collating data and reduce human intervention, thereby improving data accuracy and reducing supplier's workload. KLK also adopted the No Deforestation, Peat and Exploitation ("NDPE") Implementation Reporting Framework Self-Assessment Tool ("NDPE IRF-SAT") developed by CORE in 2021, a reporting tool mainly for downstream suppliers to self-assess the proportion of their products that meet NDPE criteria.

After implementing these reporting innovations, we set about communicating to our suppliers an overview of the current sustainability outlook in the market and KLK's sustainability commitments, the reasons behind the introduction of the aforementioned tools, and how valuable their reporting contributions are to the bigger picture. We engaged Proforest, a non-profit organisation that supports companies, Government agencies, civil society and other organisations to work towards the responsible production and sourcing of agricultural and forest commodities, to conduct traceability workshops for our suppliers. We intend to conduct these workshops every year to continuously improve feedback mechanisms with our suppliers.

This year, workshops were held in Kuala Lumpur (on 28-29 September), Sabah and Riau (both on 5-6 October) targeting all Crude Palm Oil and Palm Kernel suppliers to all KLK's KCPs and Refineries. We welcomed 70 participants across multiple POMs in the region.



Supplier engagement workshop in Indonesia

Attendees are given refreshers on MPSO standards and given detailed demonstrations on how to use the TTP Portal efficiently and effectively.

Through open dialogue at these workshops, we have also gained an understanding from our suppliers about the challenges they face in reporting (e.g. tediousness of compilation, reluctance of FFB suppliers to provide data). Going forward, we plan to use this information to step up our awareness efforts in our supply chain and refine the data requirements in the TTP Portal.

TRACEABILITY ACHIEVEMENT

PLANTATION (JANUARY - DECEMBER 2021)

100%

Traceability to Plantations for Palm Oil Mills

100%

Traceability to Palm Oil Mills for Refineries and KCPs

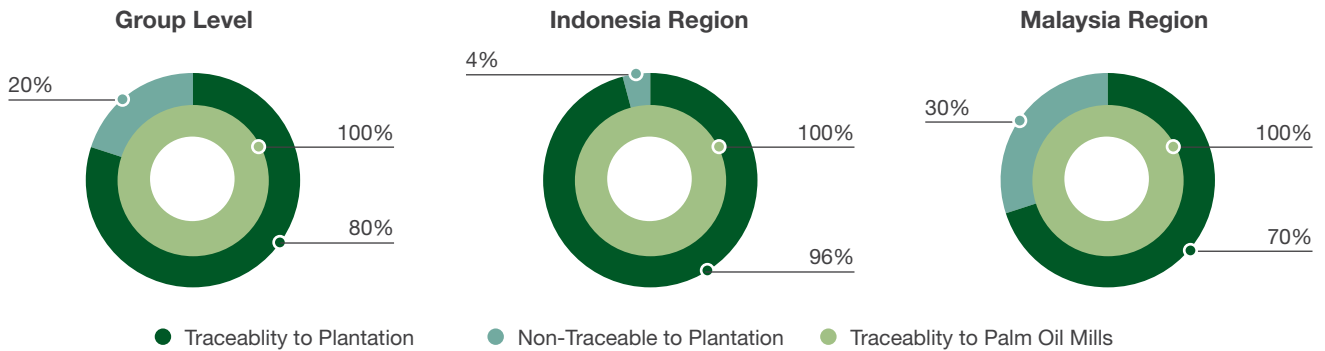
80%

Traceability to Plantations for Refineries and KCPs

SUSTAINABILITY STATEMENT AND REPORT

REFINERIES AND KERNEL CRUSHING PLANTS

Traceability to Palm Oil Mills and Plantations



KLK OLEO (OCTOBER 2021 - SEPTEMBER 2022)

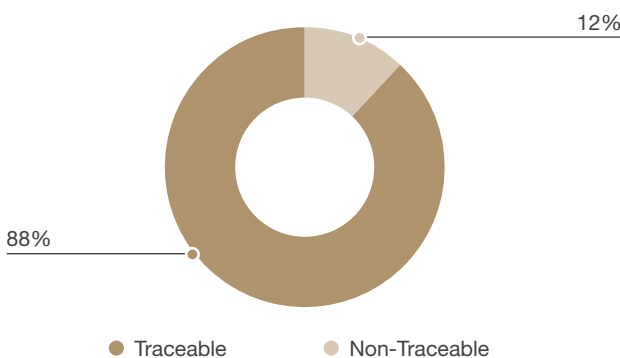
- Defined as traceable to POMs level for both Palm Oil based and Palm Kernel Oil based feedstock, excluding internal transfer within KLK Oleo group of companies, for the FY2022.
- The percentages disclosed were tabulated based on the weighted average purchases for palm oil related origin processed in participating operating centers.
- The source of information shared, non-verified, included but not limited to:

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

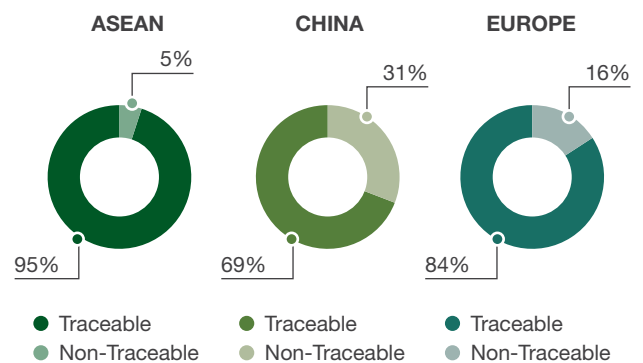
* Traceability information not necessarily match sourcing period. Only RSPO SG model can provide exact matching of traceability against sourcing period.
 ** Typically connect to shipments over the past 12 months.

KLK OLEO

Traceability to Palm Oil Mills



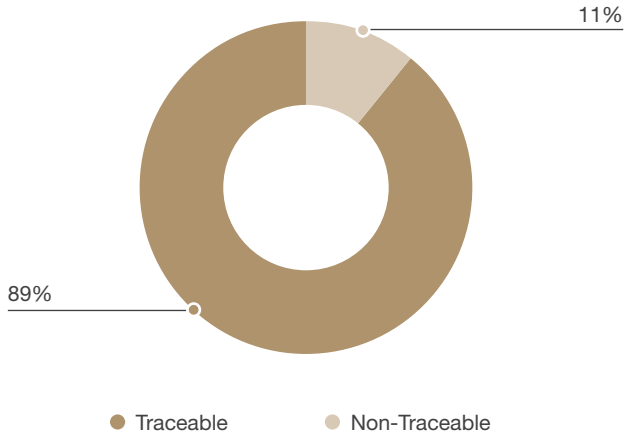
Traceability to Palm Oil Mills Based on Region



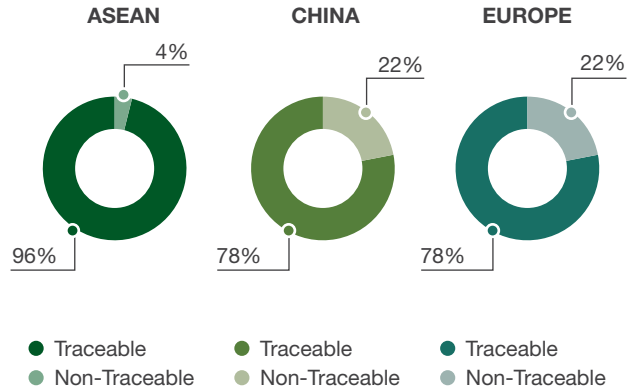
SUSTAINABILITY STATEMENT AND REPORT

Traceability to Palm Oil Mills Based on Feedstock

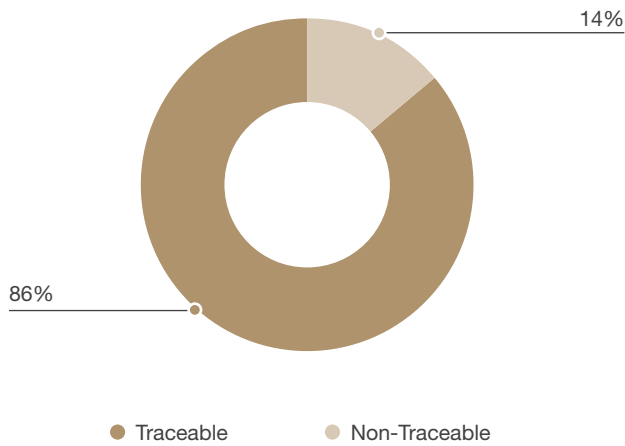
Palm Kernel Based



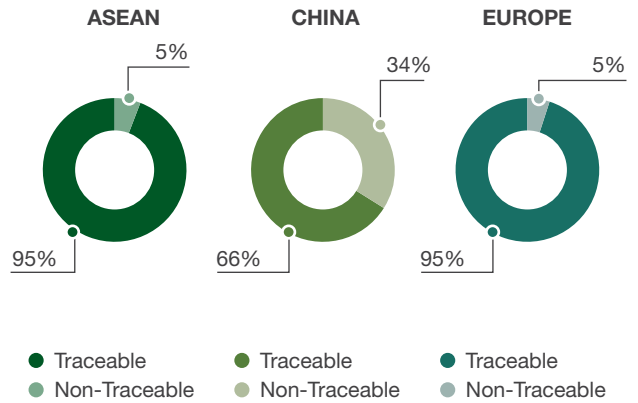
Palm Kernel Based Traceability % per Region



Palm Oil Based



Palm Oil Based Traceability % per Region



SUSTAINABILITY STATEMENT AND REPORT

MARKET AND COMMODITY PRICES

Supply and demand fundamentals are the drivers of volatility in palm oil markets. Please refer to the Management Discussion & Analysis section of this Report for an in-depth narrative on CPO price trends for this financial year and the market pressures causing the fluctuations in pricing.

CERTIFIED SUSTAINABLE PALM OIL PRODUCTS

As an established and leading producer of premium certified vertically integrated sustainable palm products, KLK is fully committed to maintaining its product certifications, particularly under the sector-specific standards such as the RSPO, ISCC, MSPO and ISPO. These certifications, along with traceability, lend greater credibility to our products to compete in the global marketplace. The certification systems we adopt are:

- **Roundtable for Sustainable Palm Oil (“RSPO”)**

A global sustainable palm oil initiative with the objective of promoting the growth and use of sustainable oil palm products through credible global standards and multi-stakeholder governance.

- **Malaysian Sustainable Palm Oil (“MSPO”)**

A set of standards governing the Malaysian palm oil industry and covering the entire supply chain including plantations, independent growers, smallholders and palm oil mills.

- **Indonesia Sustainable Palm Oil (“ISPO”)**

A mandatory set of standards created to improve sustainability and competitiveness of the Indonesian palm oil industry, and to support Indonesia’s GHG reduction and environmental protection targets.

- **International Sustainability & Carbon Certification (“ISCC”)**

A system for certifying biomass and bioenergy industries with a focus on reducing GHG emissions, sustainable land use, protection of natural biospheres, and social sustainability. ISCC is recognised by the European Commission as being compliant with the EU Renewable Energy Directive. ISPO certification status can be found here: <https://mutucertification.com/client-ispo/>

Status of certification for all estates and palm oil mills as at 30 September 2022

Plantation Operation	KLK Group			Malaysia		Indonesia	
	RSPO	MSPO	ISPO	RSPO	MSPO	RSPO	ISPO
Estates	69%	100%	83%	79%	100%	67%	83%
Palm Oil Mills	75%	100%	88%	73%	100%	76%	88%

Status of certification for estates and palm oil mills, excluding the new acquisitions of KSN and PWS as at 30 September 2022. KSN and PWS will be RSPO certified by end 2024/FY2025.

Plantation Operation	KLK Group			Malaysia		Indonesia	
	RSPO	MSPO	ISPO	RSPO	MSPO	RSPO	ISPO
Estates	92%	100%	87%	100%	100%	95%	87%
Palm Oil Mills	97%	100%	92%	100%	100%	100%	92%

ISCC certification is attained for 21 palm oil mills as at 30 September 2022, unchanged from FY2021. Meanwhile, RSPO Supply Chain Certification Standards (“SCCS”) certification for KLK’s KCPs (Malaysia and Indonesia) and KLK OLEO (Malaysia, Indonesia, China and Europe), as well as MSPO SCCS certification for KLK’s KCPs and KLK OLEO in Malaysia are similarly maintained at 100%, unchanged from FY2022.

SUSTAINABILITY STATEMENT AND REPORT

ENVIRONMENT

PROTECTION OF FORESTS AND PEATLAND

KLK is committed to conserving primary forests and HCV areas, including areas that contain significant concentration of biological values, areas with rare, threatened and endangered species and areas that provide nature services considered fundamental to meeting basic needs of local communities and critical to local communities’ traditional cultural identity. As of FY2022, we have conserved a total of 14,288.44 hectares of HCV areas as shown in the following breakdown by location:

Location	Peninsular Malaysia	KLK Sabah	KLK Sawit Nusantara (Sabah)	Indonesia (Including KLK Sawit Nusantara Indonesia)	Liberia	Total
Size of HCV Area (hectares)	147.49	68.00	1,035.16	12,375.79	662.00	14,288.44

We have a strict no deforestation policy and adopt the High Carbon Stock Approach Toolkit to identify areas suitable for new oil palm development. This methodology is based on scientific research, feedback from on-the-ground trials as well as input from working groups of the HCS Approach Steering Group. In 2021, nine hotspots detected (via satellite) within KLK concessions in Indonesia are all categorised as false detection. We are proud to report that there were no illegal or noncompliant deforestation activities conducted in this reporting period.

Another strict policy we adhere to is no new development on peatland, regardless of depth. Developing peatland for oil palm plantations may contribute towards higher CO₂ emissions, peat soil subsidence, flooding, and as a consequence, productivity loss. The clearing and drainage of peatland for the purpose of developing plantations could cause oxidation, a phenomenon that makes peatlands susceptible to fire hazards. Peat fires are notoriously difficult to control and can result in devastating losses of biodiversity, and tremendous haze pollution and emissions of harmful GHGs.

MANAGING OUR CARBON, GHG AND WATER FOOTPRINTS AND EFFLUENTS

To minimise our impacts on the environment, we have several management strategies to tackle our carbon, GHG and water footprint as well as the waste and effluents resulting from our operations.

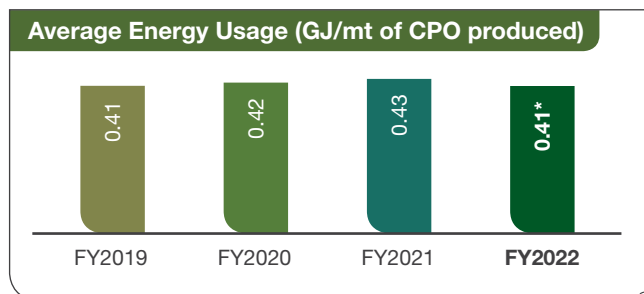
ENERGY MANAGEMENT

KLK practices energy management to ensure that resources are used optimally and efficiently, and also incorporating green energy wherever possible. Although the percentage of renewable energy used is relatively small, we believe that any small step away from non-renewable sources creates a positive impact on the planet. Keeping in mind that non-renewable energy makes up most of the energy we consume, we are actively trying to keep our energy consumption on a downward trend.

PLANTATION

By-products produced by our POMs such as Palm Pressed Fibre (“PPF”) and kernel shells are increasingly used as alternative energy sources. Using PPF as a green energy source presents multiple benefits as it helps reduce the consumption of fossil fuels. Energy efficiency is also a primary consideration in designing new POMs. In FY2022, we consumed an average of 0.41 GJ/mt* of CPO produced, which is slightly more efficient compared to last year at 0.43 GJ/mt of CPO.

* Excludes Liberia

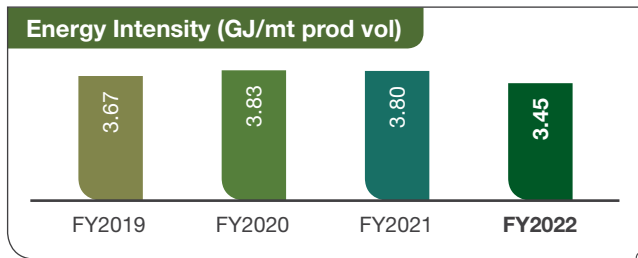


SUSTAINABILITY STATEMENT AND REPORT

KLK OLEO

Energy management at KLK OLEO aims to reduce energy consumption and for continuous improvement of process systems for increased efficiency and sustainability. In FY2022, we reduced energy consumption significantly due to lower consumption of non-renewable energy and purchased of electricity, heating, cooling and steam. This has resulted in reduction of 41,049 GJ energy consumed.

Our efforts to introduce energy savings projects through redesign, conversion and retrofitting of equipment and operational changes have shown good output as the energy intensity has recorded 3.45 GJ/mt production volume, an improvement from 3.80 in FY2021.

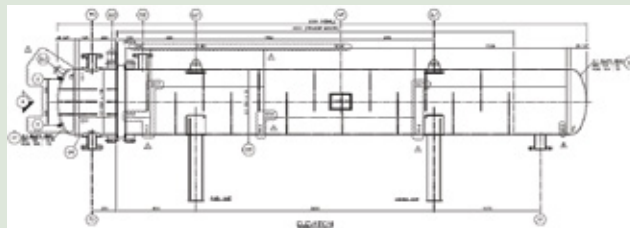


Energy consumption within the organisation	Unit (GJ)
(a) Non-renewable fuel consumed	7,137,592.61
(b) Renewable fuel consumed	39,923.32
(c) Electricity, heating, cooling & steam purchased for consumption	2,444,152.88
(d) Self-generated electricity, heating, cooling & steam (which are NOT consumed)	0.00
(e) Electricity, heating, cooling & steam SOLD	37,455.83
(f) Total energy consumption within the organisation = (a) + (b) + (c) + (d) - (e)	9,584,212.97

ENERGY SAVING CASE STUDY - KLKOM

KLKOM introduced a new energy saving initiative which involved conducting an energy pinch analysis on the existing heat exchanger network (“HEN”) in Fatty Alcohol (“FAL”) Plant 1 which produces 600 tonnes of fatty alcohol per day.

ECONOMISER MECHANICAL DESIGN



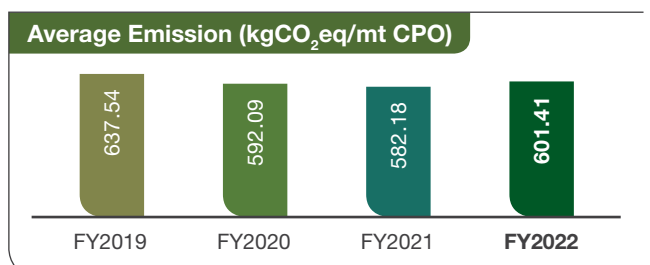
Tube length (mm)	3,000
Overall HEX length (mm)	4,476
Shell Diameter (ID) (mm)	700
Shell Diameter (OD) (mm)	710

Using ASPEN Energy Analyzer software, we identified opportunities to integrate excess heat from a hot stream, refined FAL to a cold stream, crude FAL that needs to be heated with thermal oil. We then designed a Shell and Tube Heat Exchanger (“STHE”) heat exchanger having 105 m² using ASPEN EDR. The process heat interchanger unit was installed in January 2022 and resulted in estimated cost savings of RM400,000 per year with a payback period of less than a year. It reduces energy consumption by 363 KWH and reduced GHG emissions by 650 tonnes of equivalent CO₂ per year. In October 2022, this initiative was extended to include FAL Plant 2.

GHG AND CARBON FOOTPRINT

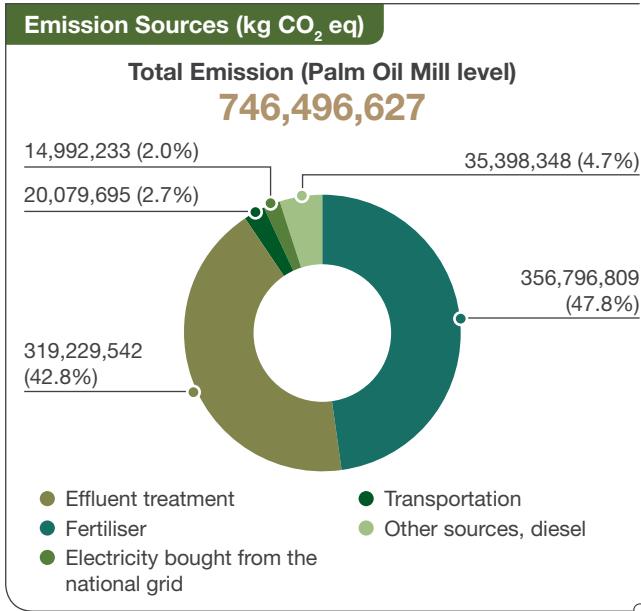
PLANTATION

As of 30 September 2022, KLK’s plantations and palm oil mills recorded an average emission of 601.41 kgCO₂eq/mt CPO, a slight deterioration from FY2021 which recorded 582.18 kgCO₂eq/mt CPO.



SUSTAINABILITY STATEMENT AND REPORT

For FY2022, the amount of carbon dioxide released to the atmosphere on account of our palm oil mill operations have been tabulated according to sources of emissions, as shown below:

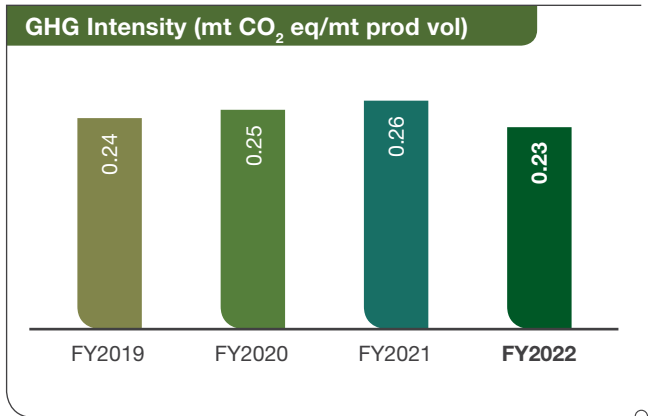


In order to manage our GHG emissions and implement a circular economy, KLK has adopted the use of Filter Belt Press systems in our POMs which function to reduce emissions of methane gas and convert effluent into fertiliser which can then be used in our plantations. As of FY2022, we have 25 Filter Belt Press installed. Apart from monitoring GHG emission levels, we monitor our palm oil mill effluent closely to ensure that it complies with the legal limits for Biological Oxygen Demand (“BOD”).

In addition, we have put in place Biogas power plants which use the methane gas generated from palm oil processing as a source of renewable energy. To date, KLK has increased the number of operational biogas plants to eight plants which have generated a total of 56,767,647 kWh of energy. 46% of the power generated was sold to Tenaga Nasional Berhad and channelled to the National Grid and the remaining 54% was used for our own operations.

KLK OLEO

KLK OLEO’s GHG emissions intensity during the FY was 0.23 mt CO₂ eq/mt prod volume, an improvement from 0.26 mt CO₂ eq/mt prod volume in FY 2021. Its carbon emissions stand at 625,235.46 mt CO₂eq. Also, in the same period, 18 GHG emission reduction projects were implemented which resulted to 5,217.83 metric tons of CO₂eq savings.



GHG REDUCTION CASE STUDY - KLKOM

The waste gas emitted from the fatty alcohol hydrogenation process is a mixture of by-product gases, and was previously vented safely to the atmosphere. Laboratory analysis showed that the gas was composed mainly of hydrogen, and its calorific value is about one-third that of a natural gas.

KLKOM’s team of engineers had conducted several technical visits this year to gain operational experience in boiler installation that utilises natural gas and a hydrogen-rich waste gas from an electrolysis process. The learning outcome of this visit was that the team identified an opportunity to utilise vented gas in an existing medium pressure boiler (known as MPB1) with a dual fuel burner that was initially only fitted to work with natural gas. MPB1 has now been upgraded with an additional waste gas supply train that uses vent gas as a supplementary fuel. Natural gas consumption has been reduced by 25%, with an estimated annual fuel cost savings of RM1.5 million. This initiative is expected to reduce GHG emissions by approximately 1,900 tonnes of CO₂ equivalent per annum.



Medium Pressure Boiler 1



FAL Plant Gas Vent

SUSTAINABILITY STATEMENT AND REPORT

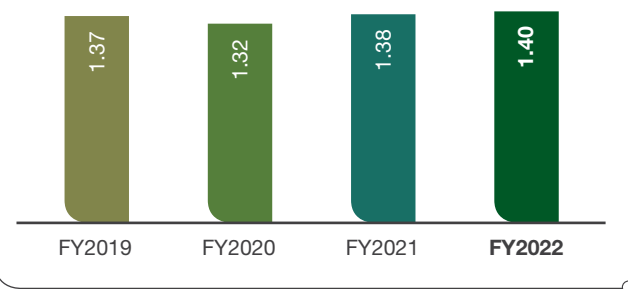
WATER FOOTPRINT

PLANTATION

Our water management strategies focus on optimising and reducing water consumption and wastage, taking into account the prevailing land conditions, topography weather conditions (impact of droughts and floods). Shown below is the volume of water consumed by each location and the quantity of FFB processed in relation to the amount of water consumed.

KLK also monitors the BOD and Chemical Oxygen Demand ("COD") levels of final discharge monthly to ensure both parameters are in compliance with the countries' regulations. During the FY, both BOD and COD levels are within the parameters set by the countries' regulations in which we operate.

Water Usage Rate at Plantation (m³/mt FFB processed)



Location	Peninsular Malaysia	KLK Sabah	KLK Sawit Nusantara (Sabah)	Indonesia (Including KLK Sawit Nusantara Indonesia)	Liberia	Total
Weighted Average Ratio (m ³ /mt FFB processed)	1.25	1.29	1.16	1.48	2.16	1.40

KLK OLEO

In FY2022, KLK Oleo recorded total water consumption of 3,605,356 m³, resulting to water consumption intensity at 1.30 m³/mt prod volume consistent with its intensity in FY2021.

Total water withdrawal by source	Unit (m ³)
1) Surface water	1,227,334
2) Groundwater	2,219,017
3) Seawater	1,750,067
4) Produced water	-
5) Third-party water	2,548,763
Total water withdrawal	7,745,181

Total water discharged by destination	Unit (m ³)
1) Surface water	1,683,799
2) Groundwater	-
3) Seawater	1,501,732
4) Third-party water	954,784
Total water discharged	4,140,315

Water Consumption Intensity (m³/mt prod vol)

FY2019	FY2020	FY2021	FY2022
1.67	1.43	1.30	1.30

Total Water Consumption (m³)

3,605,356

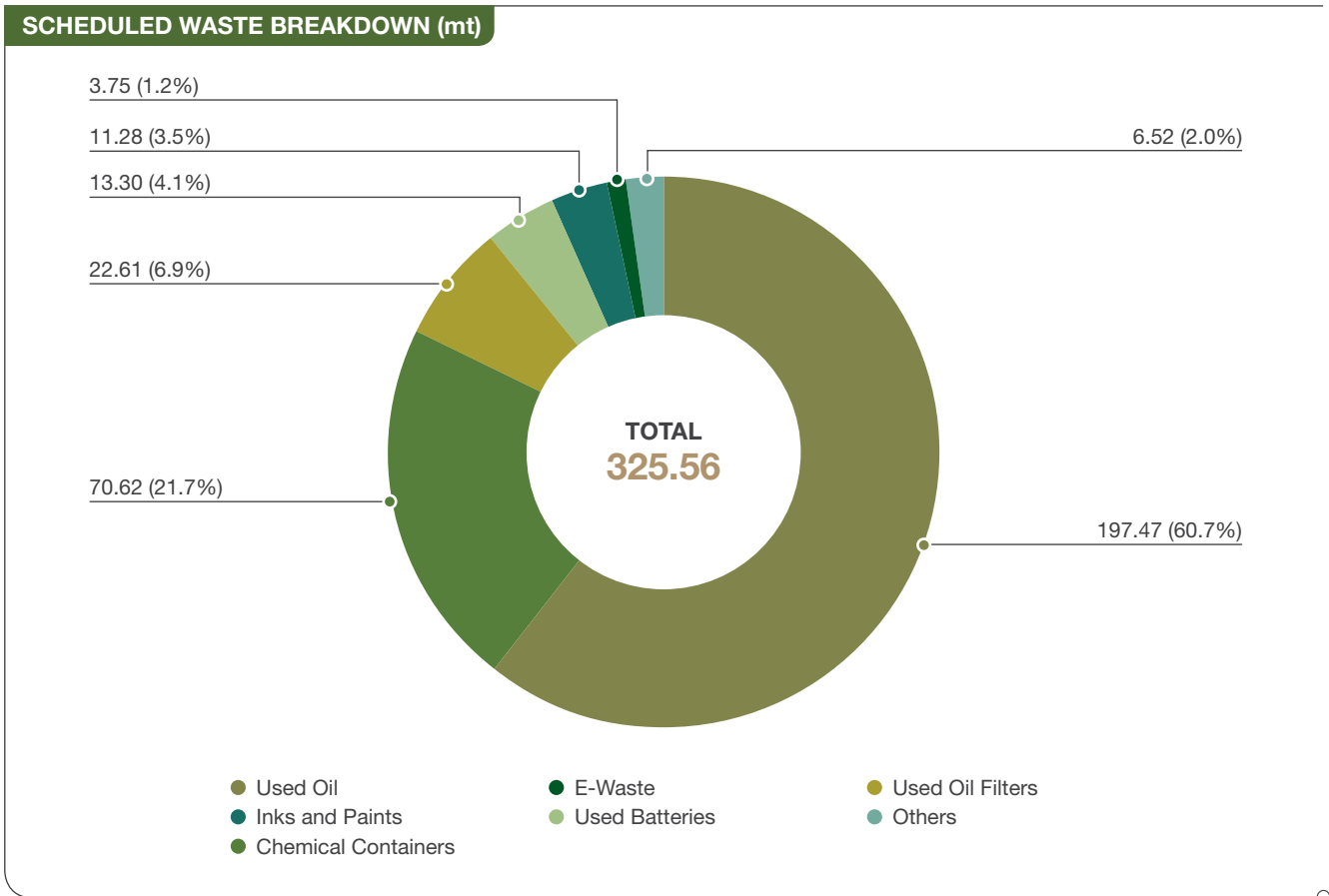


SUSTAINABILITY STATEMENT AND REPORT

WASTE & EFFLUENT MANAGEMENT

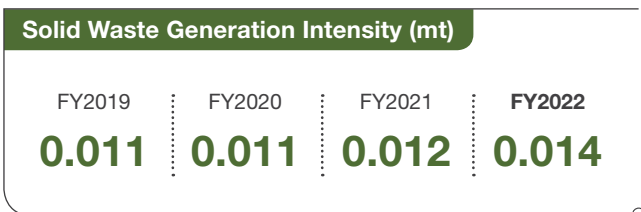
PLANTATION

We take proactive steps to keep track of scheduled waste (oils, lubricants, fuel filters, chemicals, pesticide containers) and dispose of them in full compliance of environmental laws and regulations applicable in the location of operation.

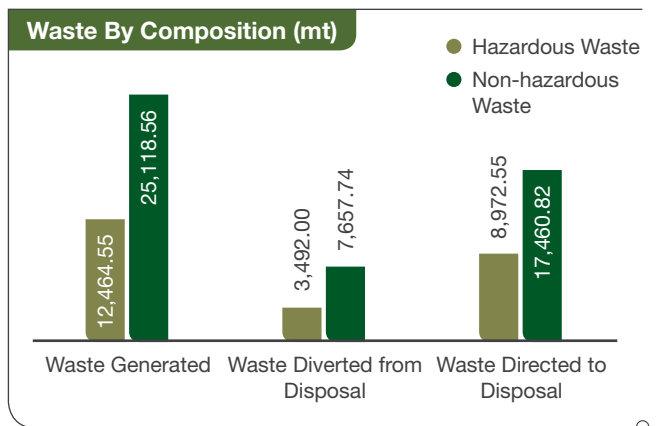


KLK OLEO

In FY2022, total solid waste generated is 37,583.11 mt, which equates to 0.014 mt/mt prod vol, a slight increase compared to FY 2021.





The breakdown of waste is as shown below:



SUSTAINABILITY STATEMENT AND REPORT

Waste Diverted from Disposal by Recovery Operation	Unit (MT)		
	Onsite	Offsite	Total
Hazardous Waste 			
Preparation for reuse	0.00	1.49	1.49
Recycling	17.35	1,511.74	1,529.12
Other recovery operations	462.53	1,498.86	1,961.39
Total	479.88	3,012.12	3,492.00
Non-hazardous Waste 			
Preparation for reuse	0.00	1,771.02	1,771.02
Recycling	0.00	2,936.12	2,936.12
Other recovery operations	612.69	2,337.91	2,950.60
Total	612.69	7,045.05	7,657.74
Waste Prevented			
Total	0.00	0.00	0.00

Waste Directed to Disposal by Disposal Operation	Unit (MT)		
	Onsite	Offsite	Total
Hazardous Waste 			
Incineration (with energy recovery)	0.00	7,358.63	7,358.63
Incineration (without energy recovery)	0.00	477.011	477.01
Landfilling	0.00	347.57	347.57
Other disposal operations	0.00	789.343	789.34
Total			8,972.55
Non-hazardous Waste 			
Incineration (with energy recovery)	0.00	4,463.14	4,463.14
Incineration (without energy recovery)	10.14	1,164.15	1,174.29
Landfilling	0.00	11,390.97	11,390.97
Other disposal operations	0.00	432.43	432.43
Total			17,460.83

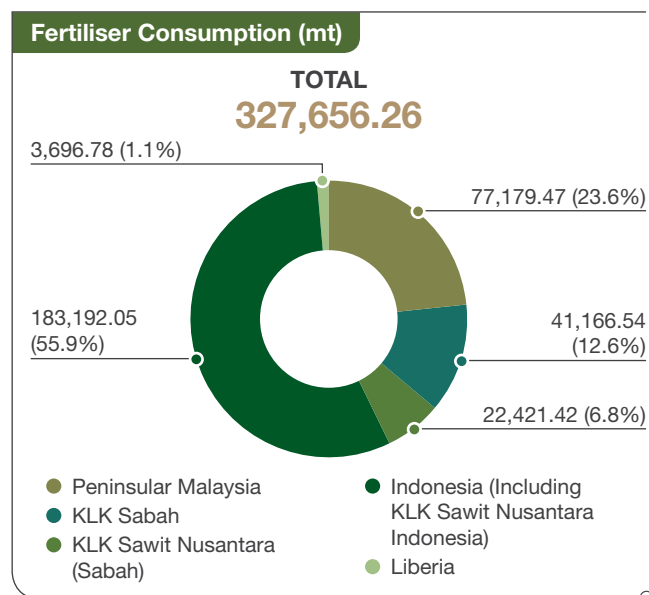
Total water discharge by quality & destination Total treated waste water discharged (Effluent only):	Total
Quantity of water discharged (m ³)	1,852,347.40
Effluent water quality, e.g. COD (MT)	281.18
Average COD analysis in treated waste water (mg/L)	151.80

REDUCING AGROCHEMICAL USAGE

As part of our efforts to reduce the introduction of chemical compounds in the natural environment, KLK is working towards cutting down on its usage of potentially harmful compounds such as pesticides, herbicides and fertilisers. The rampant use of agrochemicals could result in contamination of the soil and eventually leach into nearby water sources, endangering the lives of the community.

Instead of relying solely on agrochemicals, we try to employ more natural methods such as mulching and composting where chemical fertilisers would normally be used. Similarly in the case of pest management, we propagate plants that are known to have repelling properties against known pests and insects instead of using inorganic pesticides, and we also encourage the population growth of predators such as barn owls to control the rodent population instead of using rat poisons. The average fertiliser consumption in our Malaysia, Indonesia and Liberia operations stands at 1.1 mt/ha.

Our consumption statistics for fertilisers, herbicides and pesticides across all our plantation locations are shown below:



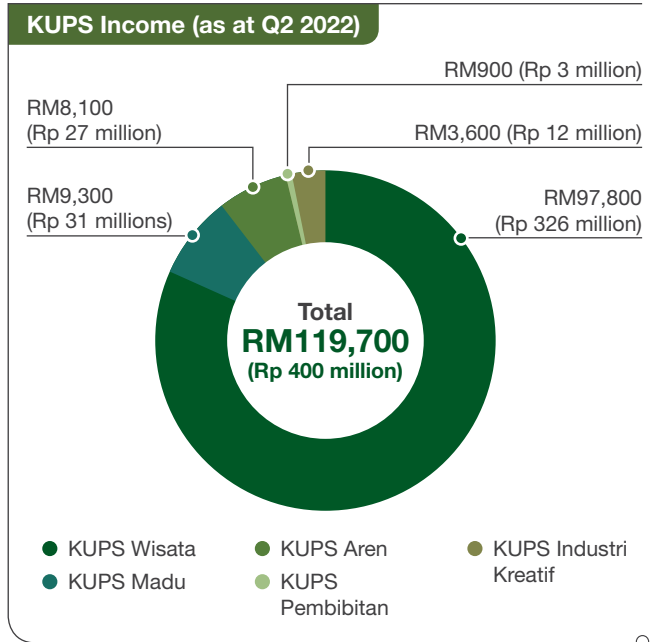
SUSTAINABILITY STATEMENT AND REPORT

CONSERVATION OF BIODIVERSITY AND HCV AREAS

Konservasi Hutan Desa (“KONTANDES”) is a forest and biodiversity conservation project in the Berau Regency (East Kalimantan), Indonesia, involving Dumaring and Biatan Ilir village forest. This project is a collaboration between KLK, Aksenta, Belantara and Lembaga Pengelolaan Hutan Desa (“LPHD”) covering an area of 9,940 hectares. Its main objective is to maintain a high-quality forest and biodiversity and to promote community welfare through sustainable practices. The programme has made some remarkable achievements and notable milestones which are as follows:

SOCIO-ECONOMIC ACHIEVEMENTS

- This programme has developed 5 *Kelompok Usaha Perhutanan Sosial* (“KUPS”), i.e.: KUPS Wisata (Tourism), KUPS Madu (Honey), KUPS Aren (Brown Sugar), KUPS Industri Kreatif (Creative Industry), and KUPS Pembibitan (Seedling), with total income of about Rp400 million as at second quarter of 2022 (Image 1).
- It has positively impacted the socio-economic status of the communities in this area through creation of “new jobs and business opportunities.
- As a result of the above, LPHD Dumaring of KONTANDES won third place in the 2022 national Wana Lestari competition in the Village Forest Management Rights holder category. The competition was organised by the Ministry of Environment and Forestry (“KLHK”).



Ecoprint Product (KUPS Industri Kreatif)



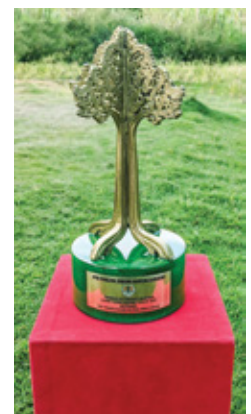
Flying fox in TSD (KUPS Wisata)



Palm Sugar Product (KUPS Aren)



Stingless bee Honey Product (KUPS Madu)

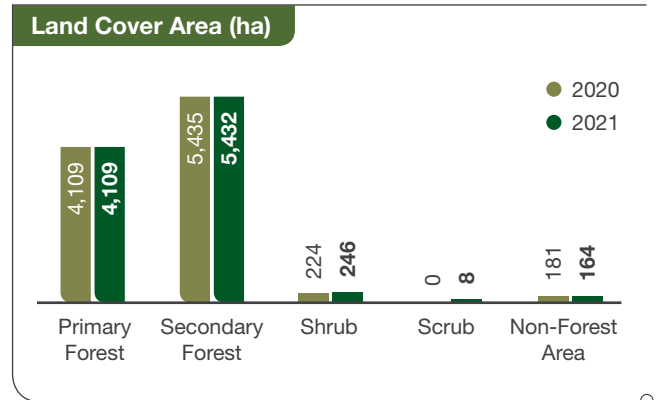


Wana Lestari 2022 third Place

SUSTAINABILITY STATEMENT AND REPORT

ENVIRONMENTAL ACHIEVEMENTS

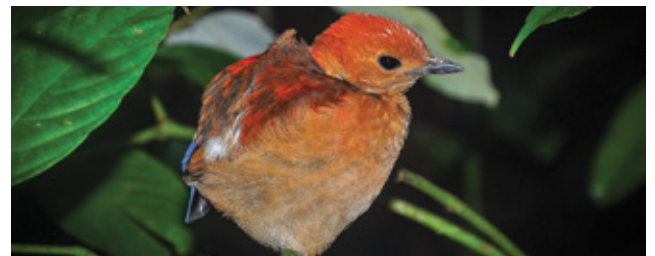
- This programme contributes to maintaining forest land cover through activities, such as: participatory environmental service monitoring and land cover change monitoring with drones.
- The 2021 land cover data provides a good indication that the forests in this area are well protected from degradation. The break-down of the land cover is as follows:
 - 41% : primary forest,
 - 55% : secondary forest,
 - 2.5% : shrubs and scrub, and
 - 1.5% : non-forest area



- 12 flora species and 33 new fauna species were identified in 2021, bringing the total identified flora and fauna species to 236 species and 449 species, respectively.
- There are 26 species of flora and 75 species of fauna that are in the extinct and threatened category, according to the IUCN Red List.



Wrinkled Hornbill (*Rhabdotorrhinus corrugatus*)
IUCN Red List Category: EN – Endangered



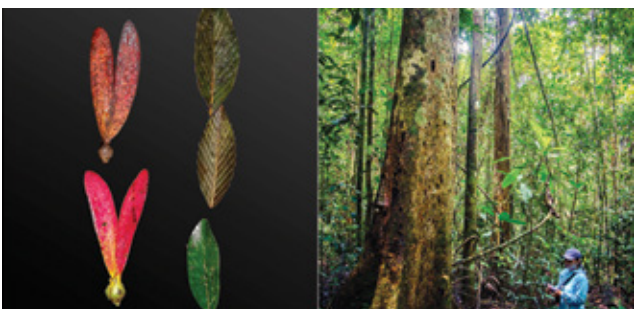
Female Blue-Headed Pitta (*Hydornis baudii*)
IUCN Red List Category: VU – Vulnerable



Bornean Tarsier (*Cephalopachus bancanus ssp. borneanus*)
IUCN Red List Category: VU – Vulnerable



Mampulut putih (*Madhuca dubardii*)
IUCN Red List Category: NT – Near Threatened



Keruing (*Dipterocarpus caudiferus*)
IUCN Red List Category: NT – Near Threatened



Lahung (*Durio dulcis*)
IUCN Red List Category: VU – Vulnerable

Going forward, KONTANDES will focus on product marketing and development work related to KUPS. It also plans to increase the knowledge and capacity of KUPS members in relation to these aspects. In addition, an assessment will be carried out on the development of the Dumaring Village Forest location as an eco-eduforest in line with the objective of KONTANDES.

SUSTAINABILITY STATEMENT AND REPORT



WORKPLACE

KLK believes that its people are the driving force behind its success and it will strive to protect their rights and give them a safe and welcoming environment where they can level up their skills and knowledge, feel empowered, and thrive. As at 30 September 2022, we have a total of approximately 43,000 employees (inclusive of Malaysian and Non-Malaysian staff of all ranks) across all our operations in Malaysia, Indonesia, Liberia, Europe and China.

DIVERSITY

Having employees representing both genders and a variety of cultures and nationalities at all levels of the KLK Group (from the Board to Senior Management to non-Management employees) is the main reason we have put in place strong policies on Diversity, Equality and Inclusion.

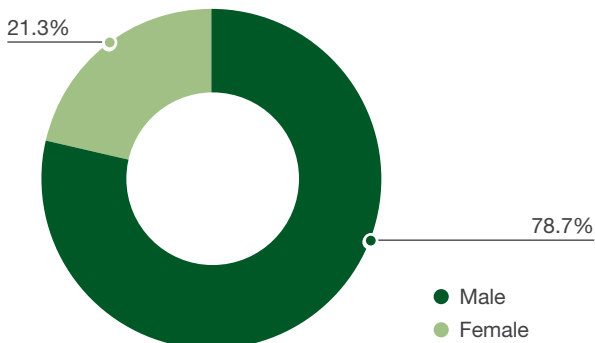
A diverse workforce brings with it invaluable insight and the potential to introduce new perspectives and new innovations that make KLK a stronger institution. Our hiring, evaluation and reward mechanisms are based purely on individual qualification and merit. We are committed to creating a safe and comfortable workplace for all KLK employees and practice inclusivity and non-discrimination by race, caste, nationality, religion, gender, marital status, union membership or political affiliation. We do not tolerate incidences of bullying and harassment of any sort.

Percentage of Women to Total Workforce

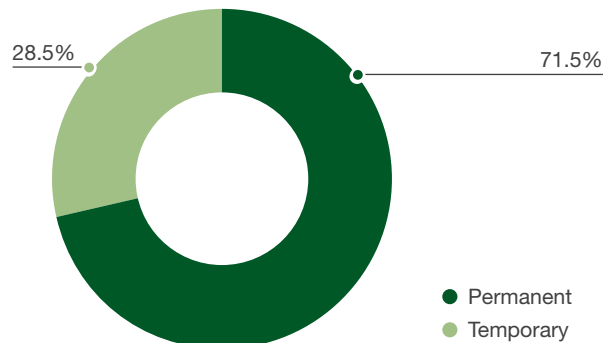
FY2019	FY2020	FY2021	FY2022
20.2%	21.4%	20.8%	21.3%

The employee breakdown for the KLK Group in its entirety is presented below:

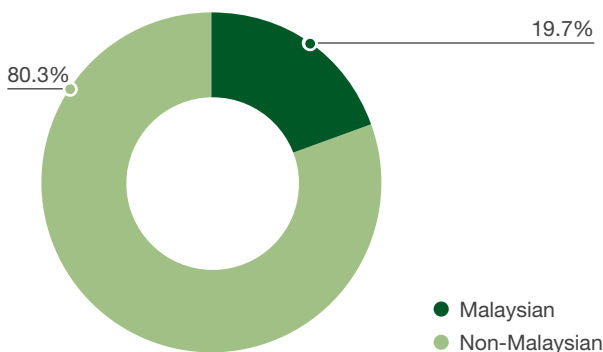
Total Workforce Breakdown by Gender



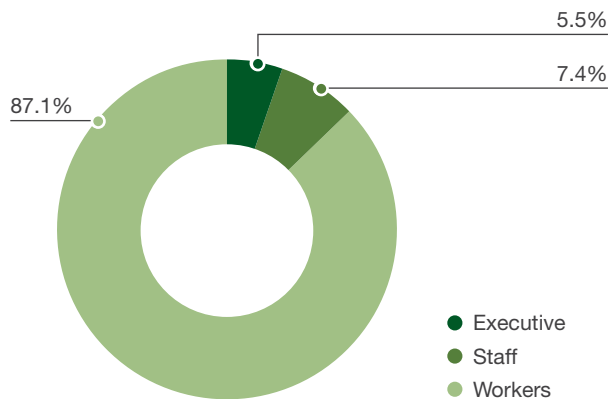
Total Workforce Breakdown by Employment Contract Type



Total Workforce Breakdown by Nationality

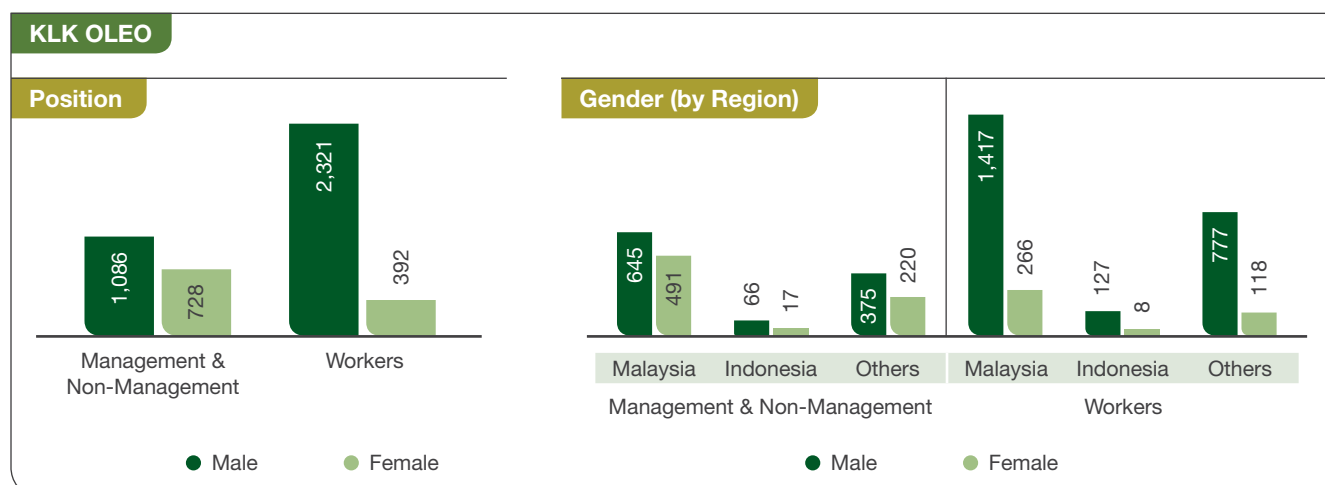
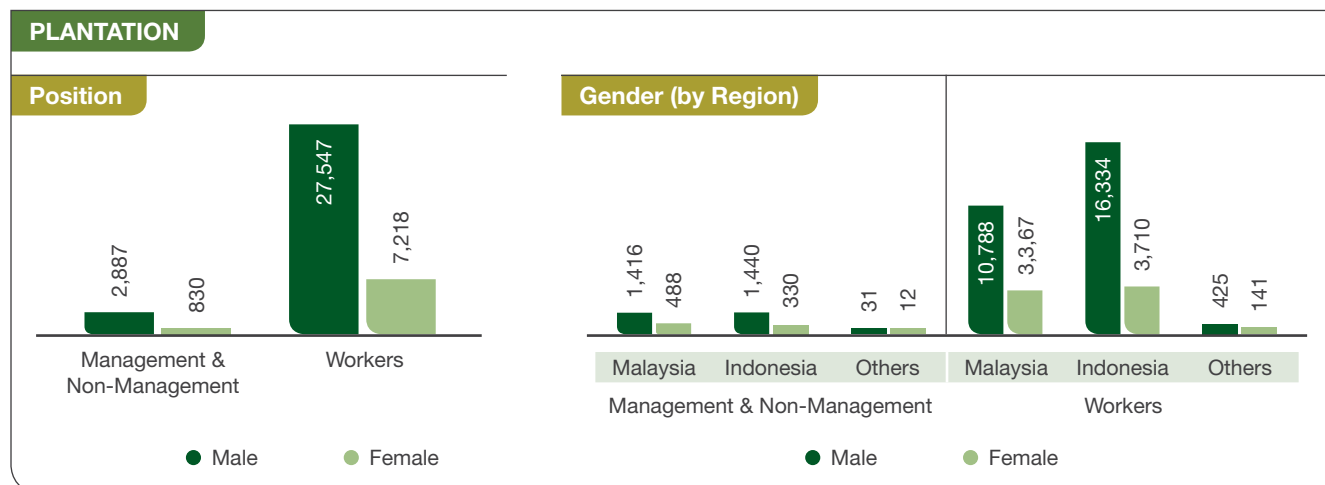


Total Workforce Breakdown by Rank



SUSTAINABILITY STATEMENT AND REPORT

Below are the workforce statistics by gender, rank and location for both the Plantation and Oleo businesses:



The physically demanding nature of the work involved in harvesting and processing palm oil is the reason our workforce is skewed more towards men. However, we are continuously working to encourage more women to apply for positions in our company. KLK has formed Gender Committees across its Malaysia and Indonesia operations that convene on a quarterly basis to obtain feedback from the ground on challenges faced by the workforce. Gathering this information enables more targeted initiatives to provide assurance and security for minority groups (e.g. women in a male-dominated industry, expectant women, working mothers) that need better protection.

We are proud proponents of our employees' Freedom of Association and protect their rights to collective bargaining. In our Plantation sector, we have a total of 9,724 employees who are union members. The breakdown by location is as shown below:

Locations	Number of Union Members
Peninsular Malaysia	610
KLK Sabah	-
KLK Sawit Nusantara (Sabah)	-
Indonesia (Including KLK Sawit Nusantara Indonesia)	6,681
Liberia	381
KLK OLEO	2,052
Total	9,724

We strongly believe that building employee-employer relations and fostering a culture of open engagement will only serve to enhance our talent management methods, improve morale and give productivity a boost.

SUSTAINABILITY STATEMENT AND REPORT

OCCUPATIONAL SAFETY & HEALTH (“OSH”)

OSH policies and procedures are an important factor not just for keeping our employees safe, but also customers, suppliers, and anyone who visits our locations. Since the reopening of the economic sector post COVID-19, we have put in place the necessary safeguards to prevent outbreaks at our offices and sites. In 2021, KLK Group launched a set of guidelines for managing COVID-19 based on the requirements set out by the Ministry of Health. KLK Oleo established a detailed COVID-19 response standard operating procedure which details response plans, testing requirements and safety protocols to protect our workforce. We also regularly conduct OSH awareness trainings to enlighten our employees on the company’s current safety statistics, safety procedures based on MS 1722:2011 – Occupational Safety and Health Management Systems, the types of injuries and occupational hazards that could occur. Instead of relying on pure enforcement of safety procedures, we try to educate our employees and get their buy-in on why safety is important for them, and for the company.

SAFETY STATISTICS

Location	Accidents			Lost Days		Total Manhours Worked	LTI Frequency Rate*	LTI Severity Rate**
	Fatality	Major	Minor	Major	Minor			
PLANTATION								
Peninsular Malaysia	0	112	481	3,255	744	19,553,568	30.33	204.52
KLK Sabah	0	2	164	37	233	11,822,256	14.04	22.84
KLK Sawit Nusantara (Sabah)	0	2	17	38	45	4,971,956	3.82	14.68
Indonesia (including KLK Sawit Nusantara Indonesia)	3	219	2,570	20,942	2,971	46,202,815	60.43	517.57
Liberia	0	1	148	7	4	3,299,296	0.30	3.33
MANUFACTURING								
KLK OLEO	0	8	3	362	7	6,243,084	1.76	59.11

LTI: Lost Time Injury

* Incidents/1 Million Man-Hours Worked

** Days Lost due to LTI/1 Million Man-Hours Worked

We are saddened to report that we recorded three fatalities involving our workforce in Indonesia in this financial year, one less fatality recorded as compared to FY2021. The circumstances of each work-related death were due to different reasons, one due to electrocution, one involving a motor vehicle accident and one was the result of poisoning. Following our standard operating procedures, we have conducted detailed investigations on each of these unfortunate incidents to determine what went wrong and how it can be prevented in the future. We have put in additional safeguards and updated our safety procedures as appropriate. KLK has reached out to the families of its deceased staff to extend our deepest sympathies for their loss and to offer them financial aid. As for LTI, we recorded higher rates for our Oleo segment, but a slight decline for the Plantation segment.

SUSTAINABILITY STATEMENT AND REPORT

The KLK Manufacturing business unit is continuously working on improving and upgrading its Quality, Safety, Health and Environment certifications and accreditations. It is imperative to continuously benchmark against the key industry players of the Oleo Industry to appear competitive, safe and sustainable. ISO certifications have been crucial to our sites in upscaling their Quality, Safety and Environmental standards in recent years, and the summary below encompasses the KLK OLEO Sites' ISO certification information and plan:

Sites	Location	ISO45001	ISO14001	ISO9001
KLK Oleomas	Malaysia	In Progress	In Progress	✓
Davos Life Science	Malaysia	In Progress	In Progress	✓
KLK Dumai	Indonesia	In Progress	In Progress	✓
KLK Bioenergy	Malaysia	In Progress	In Progress	✓
Palm Oleo Rawang (Gate A)	Malaysia	✓	✓	✓
Palm Oleo Rawang (Gate B)	Malaysia	✓	✓	✓
Palm Oleo Klang	Malaysia	In Progress	In Progress	✓
KLK KOLB Hedingen	Switzerland	✓	✓	✓
KLK KOLB Moerdijk	Netherlands	✓	✓	✓
KLK KOLB Delden	Netherlands	In Progress	✓	✓
KLK Tensachem	Belgium	✓	✓	✓
KLK Emmerich	Germany	✓	✓	✓
KLK Emmerich (Dusseldorf)	Germany	In Progress	✓	✓
Taiko Palm-Oleo (Zhangjiagang)	China	✓	✓	✓

SAFETY AND HEALTH COMMITTEES

Our Safety and Health Committees meet at regular intervals to address safety concerns and beef up the safety procedures as required. We have a total of 2,830 Safety and Health Committee representatives across our Plantation segment (including Peninsular Malaysia, Sabah, Indonesia and Liberia) and KLK Oleo. The gender distribution of these representatives reflects the overall gender distribution of our workforce, with 84% male representatives and 16% female representatives in the Committees. Nevertheless, OSH visits are carried out twice yearly to ensure that KLK sites adhere strictly to our safety procedures without exception.

SAFETY TRAINING PROGRAMMES

Safety awareness is very important to KLK. Through our Safety and Health Committees, we ensure that sufficient training programmes are conducted to help all our employees, particularly from the foreign worker group, understand the safety protocols with great clarity. Some examples of the different training programmes conducted across all our locations are:

KLK Dumai



31 December 2021

Fire/Emergency Drill and training on handling fire extinguishers, fire blankets and fire hydrants in Kota Dumai

No. of Participants: 20



13-15 September 2022

First Aid Certification Training conducted by Kementerian Tenaga Kerja Republik Indonesia

No. of Participants: 2

SUSTAINABILITY STATEMENT AND REPORT

KLK Bio Energy



14 June 2022

Emergency Response Plan training for evacuation, fire and injury in the event boilers catch fire during hot work

No. of Participants: 25

KLK Industrial Holdings



30 November 2021 & 13 June 2022

Office Safety & Health Training introducing basic safety, health and emergency procedures, emergency facilities, roles of floor wardens and safe work habits

No. of Participants: 30 per session

KLKOM & Davos



12-14 September 2022

Annual Safety Week programme to celebrate safety wins and recognise employees' contributions to workplace safety

No. of Participants: All employees of KLKOM, Davos, KLKBE & Transporter

KLK Kolb



March 2022

Fire awareness training covering the correct alarming procedure and first responder training using different types of fire extinguishers and other methods to prevent fire from spreading

No. of Participants: 60

Palm-Oleo Klang



4, 14, 19 & 29 July 2022

Emergency Response Training conducted by officers from Jabatan Bomba dan Penyelamat Malaysia to refresh employees' minds on how to react during an emergency

No. of Participants: 96

Palm-Oleo Rawang



13-15 September 2022

Safety Health and Environment and Food Safety Week is a carnival-style event to promote safety and health awareness, and build employee morale. Government agencies such as Polis Diraja Malaysia, Bomba, DOSH, Perkeso & DOE were invited to exhibit and talk on contemporary safety, health & environment topics

No. of Participants: All employees

SUSTAINABILITY STATEMENT AND REPORT

PROTECTING WORKERS' RIGHTS

KLK is committed to applying the appropriate labour standards so that its employees receive fair salaries/wages for fair working hours. We uphold human rights both in our workforce and our communities. We stand strongly against human trafficking, forced labour and child labour, as stated in our code of conduct and sustainability policy. Discrimination (in respect of race, religion, gender, age, disabilities, nationality, etc.), bullying and harassment are not tolerated. In protecting the rights of our foreign workers, we have a zero recruitment fee policy where we ensure that the workers are not financially burdened or taken advantage of during the recruitment process. KLK absorbs all employer-related statutory recruitment fees.

WELL-BEING OF OUR PEOPLE

KLK is committed to providing a safe and healthy environment for its employees, not just in terms of OSH matters but in a personal capacity as well. As employees are returning to the workplace post COVID, we are committed to making health, well-being and safety a top priority and set in place new standards that support a more healthy and balanced way of living.

We strive to empower our employees with health education and lifestyle skills that enable them to achieve their best possible health. During KLK Health and Wellness Week in September 2022, we conducted health screenings, blood donation drives, optical examinations and a series of health talks and workshops to share knowledge on various health topics such as stress management, tips of healthy eating, eye wellness, mindfulness, and more. As awareness on mental health is gaining traction, KLK is doing its part to encourage its employees to break the stigma, speak openly and seek help if they need it.



Health Talks



Blood Test

SUSTAINABILITY STATEMENT AND REPORT

We care about the physical and mental health of our employees and prioritise investments in employee well-being. We organise a variety of sports and leisure activities such as badminton, bowling, and outdoor activities to encourage our employees to cultivate a healthy work-life balance.



Inter-Company Badminton Tournament



Inter-Company Badminton Tournament



Inter-Departmental Bowling Tournament



Scuba Diving Trip



ATV Adventure Ride



Paintball Competition



Barista Workshop



Culinary Class

SUSTAINABILITY STATEMENT AND REPORT



COMMUNITY

EDUCATION AS A CONDUIT TO COMMUNITY EMPOWERMENT

We believe that providing our workers’ children with access to quality education is a crucial factor in protecting their well-being and creating a sustainable future. Our Plantation Operations are located across a wide geographical area (Malaysia, Indonesia, Liberia) and KLK is committed to bringing education to children of all ages, upgrading and transforming future generations. This commitment is manifested through a policy and is applicable throughout KLK’s plantations.











KLK COMMUNITY SCHOOLS

KLK provides education to the children of plantation workers and marginalised communities in rural settings in Sabah (Malaysia), Indonesia and Liberia. KLK has spent conservatively RM5.6 million annually to manage 140 childcare and learning facilities in our plantations and thus far, more than 25,000 students have received education from these learning facilities annually.

In Sabah, apart from early childhood and primary education, we have also set up Community Learning Centres (“CLCs”) – alternative or non-formal education institutions which are managed by Indonesian teachers. CLCs have given the Indonesian children in our oil palm plantations the opportunity to continue their studies to secondary level when they return to their homeland.

In order to provide a sustainable mechanism for improved access to education, special partnerships have been forged with reputable organisations such as Humana Child Aid Society Sabah, Indonesia Heritage Foundation and Ministry of Education in Liberia to ensure the long-term sustainability of our initiatives.

Shown below is a breakdown of the education institutions we support in Malaysia, Indonesia and Liberia and the number of students benefitting from our learning facilities.

Malaysia	Indonesia	Liberia
 49 Creches 971 Children	 11 Creches 2,359 Children	 1 Primary & Secondary School 617 Students
 19 Kindergartens 510 Students	 19 Kindergartens 5,591 Students	
 10 Humana Learning Centres 1,046 Students	 17 Primary Schools 10,255 Students	
 5 Community Learning Centres 251 Students	 7 Junior High Schools 3,456 Students	
	 2 Senior High Schools 840 Students	
Total Students: 2,778	Total Students: 22,501	Total Students: 617



Taman Kanak-Kanak Ceria 1, one of the creches in Riau, Indonesia



Students in class at one of the KLK kindergartens in Sabah

SUSTAINABILITY STATEMENT AND REPORT



Sekolah Dasar KLK Kecamatan, a KLK-supported primary school in Mandau, Indonesia

SUPPORTING IT EDUCATION

KLK has equipped the computer laboratory of Sekolah Menengah Kebangsaan Simpang Pulai (“SMKSP”) with new laptops, refurbished computers, laser printers, air conditioning units and television sets to help make learning more conducive for the students. By providing these tools for the newly branded “Makmal Komputer Kuala Lumpur Kepong Berhad”, we hope to enhance and optimise the students’ learning experience. Located in Taman Pulai Jaya in Ipoh, SMKSP has an enrolment of 1,100 students, most of whom come from B40 families.



KLK equipped the computer lab at SMK Simpang Pulai in Ipoh, Perak



ENABLING EDUCATION THROUGH YAYASAN KLK

KLK has been providing scholarships to deserving and outstanding Malaysians, regardless of race or creed, to pursue undergraduate studies at public and private universities locally since 1977. Under the umbrella of Yayasan KLK, the Group continues to offer scholarships from 1985 until this day. We are humbled to be given the opportunity to empower young Malaysians through education and enabling them to pursue their academic goals and achieve their dreams. This year, Yayasan KLK is awarding more than RM600,000 in scholarships to deserving Malaysian students, especially from marginalised families.



2022 Yayasan KLK Scholars

SUSTAINABILITY STATEMENT AND REPORT

Provision of Food Supplies to 260 indigenous families

Under our Corporate Responsibility's Community pillar, we try to alleviate the financial burdens of the vulnerable communities in our areas of operation and contribute to their social and economic development. Our programmes are focused on the areas of disaster relief, community development, volunteering and other charity works. After assessing and considering the local community's needs and priorities, we work closely with local governments and non-governmental organisations to ensure that the programmes we support are beneficial to the people that need them most.



Donating food items to the indigenous community in Belum State Park, Perak

In continuing with our community outreach programme, KLK donated food supplies to 260 indigenous families in Belum State Park, Perak. We hope to bring relief to some of the underprivileged families who may be continuing to face tough financial situations brought on by the after effects of the pandemic.

Flood Relief

In the wake of the December 2021 floods that swept away lives and property, KLK provided assistance to the flood victims in the form of food and basic necessities. KLK also deployed its employees to evacuate local villagers and help in the clearing and cleaning up of roads and homes of flood victims.

As part of a pledge we made to support all our employees in every way possible, KLK has allocated a total of RM670,000 to help ease the burden of its employees who were affected by the flood.



KLK donated essential items to flood victims in Kampung Ijok, Selangor



Provision of food supplies to villagers in Sungai Bot, Pahang

Back to School Programme

In line with our firm dedication towards community development, we organised Back-To-School programmes to improve access to education through the provision of school necessities which benefitted more than 1,000 students in various locations throughout FY2022.



Back to School – providing school uniforms to students from B40 families in Ipoh, Perak

SUSTAINABILITY STATEMENT AND REPORT

Infrastructure Improvement

At KLK, we strive to enhance the socioeconomic status of the communities in areas where we operate. Hence, we make significant contributions to enrich the lives of local communities and provide infrastructure, including the construction of roads and bridges.



Road repair at Jalan PU Tanjung Selor, Tanah Kuning in Kalimantan, Indonesia

SPREADING BIODIVERSITY & CONSERVATION AWARENESS

Malaysia is a country rich in biodiversity. Unfortunately, the Malayan Tiger, our country's national symbol, is on the verge of extinction. According to the latest National Tiger Survey, the estimated Malayan tiger population is less than 150. The Malayan tiger is expected to be extinct within the next five to 10 years unless extraordinary measures are taken for its immediate conservation.

To give our tigers a fighting chance, KLK has donated RM140,000 to Persatuan Pelindung Harimau Malaysia ("RIMAU") for them to put "boots on the ground" with a specialised patrol team called the *Menraq*, made up of members of the Jahai tribe who have lived in the Royal Belum-Temengor forest for centuries to mitigate poaching activities. The creation of *Menraq* (the Jahai word for "people"), is aimed at nurturing a sense of ownership in wildlife conservation amongst the local Jahai living in Royal Belum State Park in Perak. This community patrolling project will not only raise their awareness of the plight of the Malayan tiger and its habitat but also provide an alternative livelihood to the members and their village as a whole.



KLK presented mock cheque to RIMAU to put boots on the ground to mitigate poaching activities



The Malayan Tiger
Photo courtesy of RIMAU



Menraq patrolling team is made up of the local ingenious Jahai community

SUSTAINABILITY STATEMENT AND REPORT

Environmental awareness is critical knowledge to be inculcated in our youth. More and more schools are introducing “save our earth” initiatives and environmental education to develop in the younger generation a desire to care for our community and the planet we live in. KLK has partnered with SMK Kampung Pasir Putih and SMK Dato’ Haji Mohd Taib in Ipoh to set up hydroponic farming facilities as a means of educating the children about responsible agriculture.



Group photo of KLKCare volunteers and students of SMK Kampung Simpang Pulai at the hydroponic farming facilities



Green Garden – hydroponic farming at SMK Dato’ Haji Mohd Taib, Ipoh, Perak

DEVELOPING THE NATION’S SPORTING TALENT

Sports have always been one of the major unifying elements in Malaysian society. The pride and excitement felt by all Malaysians when a national team wins in an international tournament goes beyond race, religion and culture. KLK has chosen to play its part in providing a financial boost to develop the country’s sporting scene because on top of having the honour of nurturing young talent, the Group also gets an opportunity to engage with the community of sports fans and improve visibility for our brand. In doing our part to support the nation’s sports programmes and hone the skills of young Malaysian talents, KLK has invested RM500,000 this financial year to sponsor:

- Malaysia’s Mixed Badminton Doubles Players – Chan Peng Soon & Cheah Yee See and Tan Kian Meng & Lai Pei Jing
- International Tennis Federation (“ITF”) Junior Players – Mitsuki Leong and Shihomi Leong



Tan Kian Meng and Lai Pei Jing



Chan Peng Soon and Cheah Yee See



Mitsuki Leong and Shihomi Leong

CONCLUSION

As we continue to navigate the challenging market conditions, KLK is firm in its intent to continuously improve its engagement with internal and external stakeholders and in its overall sustainability performance. Going forward, we aim to improve the quality of our ESG data and the methods we use to gather data throughout our supply chains to get a more complete picture of our sustainability performance. This will allow us to make better decisions for the longevity of the business and for the good of the planet.