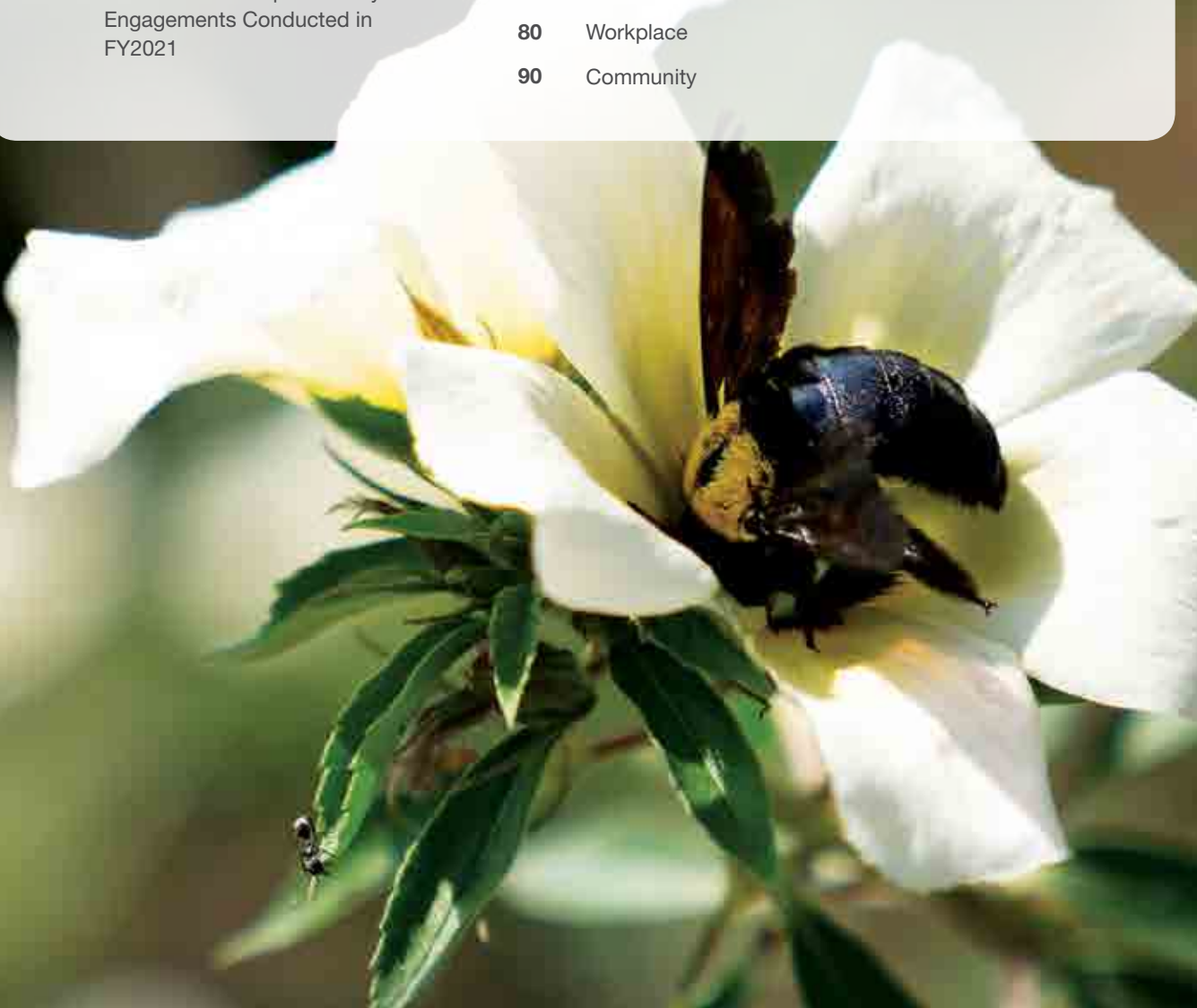


SUSTAINABILITY STATEMENT AND REPORT

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A bee foraging on Turnera subulata (White Buttercup), a beneficial plant that provides shelter and supplementary food such as nectar while encouraging the population of predators and parasites.

SUSTAINABILITY STATEMENT AND REPORT

Sustainability continues to be a fundamental aspect of our agenda in our operations and business strategies as we strive towards making our business more sustainable and responsible. Our main focus is to continuously strengthen our policies and guidance to our sustainability commitments in all aspects of oil palm business. Our sustainability framework is derived from the four (4) pillars of sustainability – marketplace, environment, workplace and community.

KEY HIGHLIGHTS FOR FY2021

MARKETPLACE



- Total CSPO uptake is 735,371 mt or 88% of total certified oil, where 69% is RSPO uptake and 31% is ISCC uptake
- 87% of our total Group landbank is RSPO Certified
- SPOTT rank is 15
- A FTSE4Good constituent
- Received CSR Malaysia’s Company of the Year Award for Sustainability & CSR Excellence (Plantation) in the Sustainability & CSR Malaysia Awards 2020
- Awarded Unilever Clean Future Brilliance Award by Unilever
- RAM Sustainability Sdn Bhd reaffirmed KLK’s Sustainability Rating within the Gold category and concurrently assigned a Gold2 (G2) rating on their newly launched and refined rating scale
- Won the Asia Money 2021 Asia’s Outstanding Companies Poll as Most Outstanding Company in Malaysia under the Plantation sector.
- Became a member of Business for Social Responsibility™ (“BSR”)
- Became a “friend” of Climate Governance Malaysia

WORKPLACE



- Maintained workforce of approximately 40,000 in its Plantation and KLK OLEO businesses, excluding IJM Plantations Berhad
- Women represent 20.8% of our Plantation and KLK OLEO businesses
- Netherlands sites achieved One Million man-hours without any lost-time injury

ENVIRONMENT



- Launch of Group Biodiversity Conservation Policy
- KLK’s plantations and palm oil mills (“POMs”) recorded an average emission of 582.18 kg CO₂eq/mt CPO, which is translated into 68.37% GHG savings compared to fossil fuel emissions, meeting the target set for the financial year (“FY”)
- A total of 9,341 hectares conserved for biodiversity protection

COMMUNITY



- 9,840 hectares with 6,751 schemed smallholders under the Indonesian Plasma scheme
- Provided education to 19,000 students annually through 81 learning centres

CERTIFICATION STATUS

RSPO

- 100% Malaysian POMs certified
- 100% Indonesian POMs certified
- 100% Malaysian estates certified
- 87% Indonesian estates certified

RSPO SCC

All refineries, KCPs and KLK OLEO facilities certified

MSPO

100% Malaysian mills certified

MSPO SCC

All Malaysian POMs, refineries, KCPs and KLK OLEO facilities certified

ISPO

100% Indonesian POMs certified
87% Indonesian estates certified

ISCC

19 mills certified
KLK OLEO
2 facilities certified

Note: All certifications listed excludes IJMP.

SUSTAINABILITY STATEMENT AND REPORT

ABOUT THIS REPORT

This Sustainability Report (“SR”) 2021 was prepared based on the Global Reporting Initiative (“GRI”) Standards: Core option and Bursa Malaysia’s Sustainability Reporting Framework. The SR focusses on activities carried out by the Company during the financial year from 1 October 2020 to 30 September 2021, with historical data of the preceding years included for comparison, where available and relevant. Unless otherwise stated, all data is correct as at 30 September 2021.

The scope of the SR covers sustainability-related performances, achievements and various initiatives in the past financial year 2021 (“FY2021”) and unless otherwise specified, covers our Plantation segment (primarily for oil palm development) and the Oleochemical division (“KLK OLEO”), both of which are our largest and most established business sectors. They account for 44% and 54% of the Group’s total revenue in FY2021 respectively. It includes data from KLK’s subsidiaries but not from associates and joint ventures.

In September 2021, KLK acquired IJM Plantations Berhad (“IJMP”). However, we have not included IJMP in this year’s SR as the acquisition took place at the tail end of our financial year. Unless otherwise stated, all information in this SR excludes IJMP data.

The Group strives to provide its stakeholders with an overview of the Group’s approach and progress made in meeting its sustainability commitments. We believe that external assurance improves credibility and transparency of the SR. Hence we are committed to continuously improve our sustainability disclosures and explore external assurances in the future.

SUSTAINABILITY GOVERNANCE

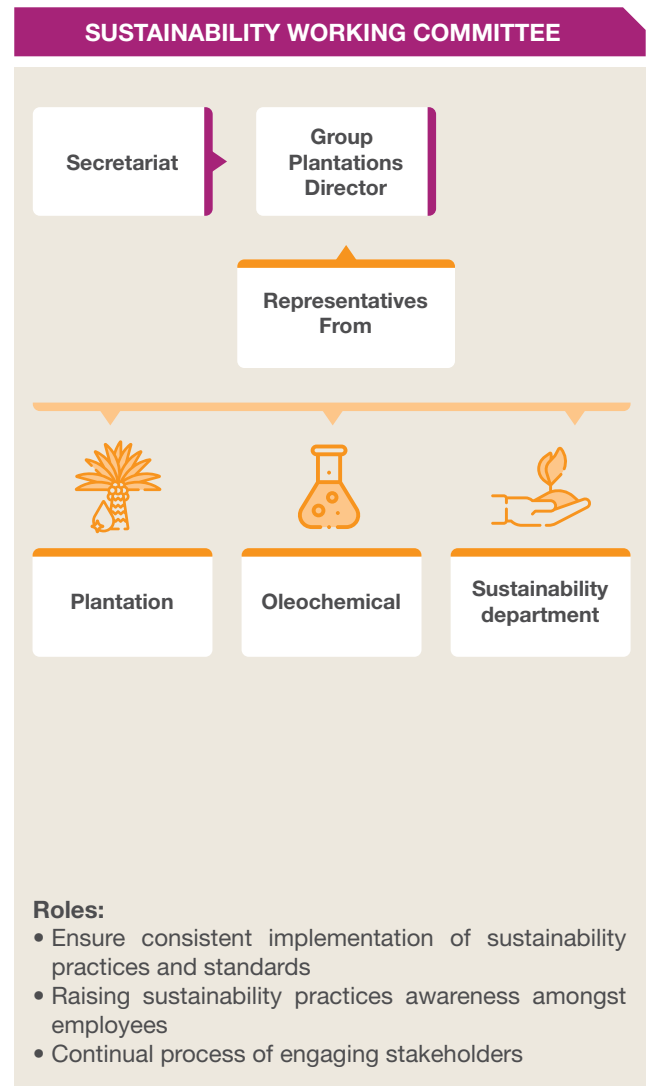
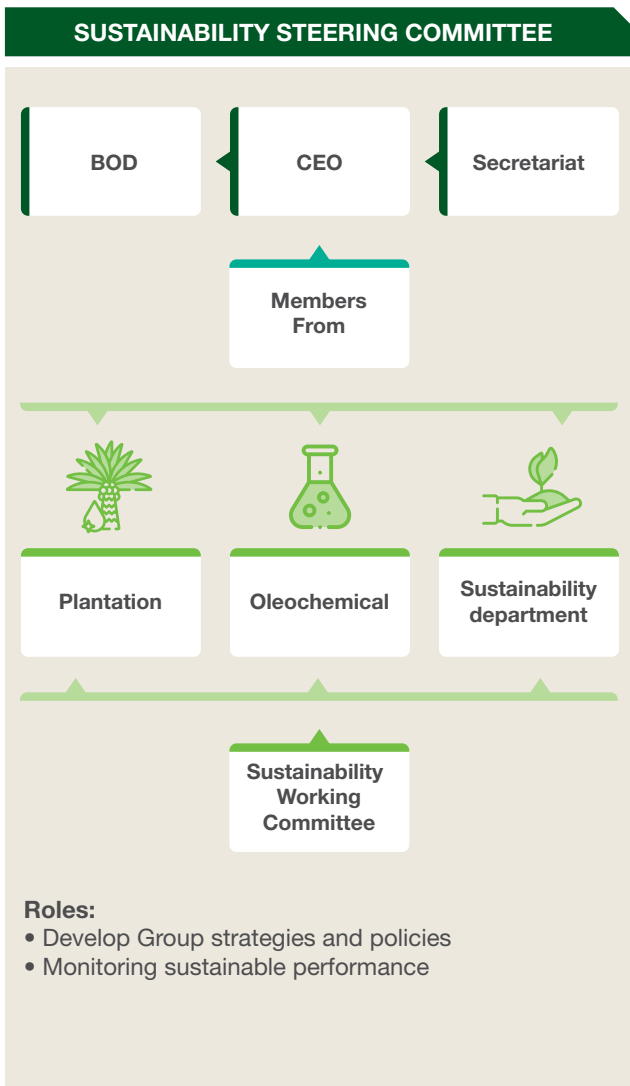
KLK’s sustainability governance framework supports the Group’s progress and response to future challenges. Effective sustainability governance and management structure are vital to ensure integration of the Group’s sustainability strategies and commitments into its business agenda and operations. A robust management system is also key in sustaining the Group’s endeavours.

Our 3-tiered governance structure comprises the Board of Directors (“BOD”), Sustainability Steering Committee (“SSC”) and the Sustainability Working Committee (“SWC”) which captures the voice of top management and the relevant stakeholders.

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 SSC, formed in September 2015, headed by the 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 a monitoring role to ensure KLK meets both its compliance and sustainable development responsibilities.

The SWC supports the SSC. It comprises of representatives from Plantation, KLK OLEO and the Sustainability team. Its role includes developing and driving policies with time bound action plans.

SUSTAINABILITY STATEMENT AND REPORT



In relation to the roles of the SSC, one of the major decisions made during the FY was to engage an independent Sustainability Advisory Service to perform an ESG Gap Analysis & Development for the ESG Roadmap/Improvement Plan (“Project SHIFT”) for the Group.

Project SHIFT aims to guide KLK in benchmarking against best-practices and different sustainability frameworks, e.g. GRI, TCFD, FTSE4Good, etc. to better understand

the Group’s current standing, assist in the development of our ESG Roadmap with a focus on carbon management and net zero aspiration. The independent Sustainability Advisory Service will also support KLK and those in charge of implementing the sustainability initiatives by facilitating an all-inclusive training session on building a robust sustainability governance framework, mitigate potential risks, and leverage on opportunities.

SUSTAINABILITY STATEMENT AND REPORT

MATERIALITY MATRIX

KLK’s materiality matrix addresses key topics that have been identified as important to our business and stakeholders. We considered and prioritised significant economic, environmental and social topics. These topics were positioned on the materiality matrix based on two axis – importance to KLK Group and its stakeholders.

IDENTIFY



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:

- changing global and local trends
- the directions of the palm oil industry
- regulatory changes
- media analysis
- our strategies and internal policies

In the course of the assessment, the Group has determined that the majority of material topics presented in FY2020 still remain relevant.



VERIFY

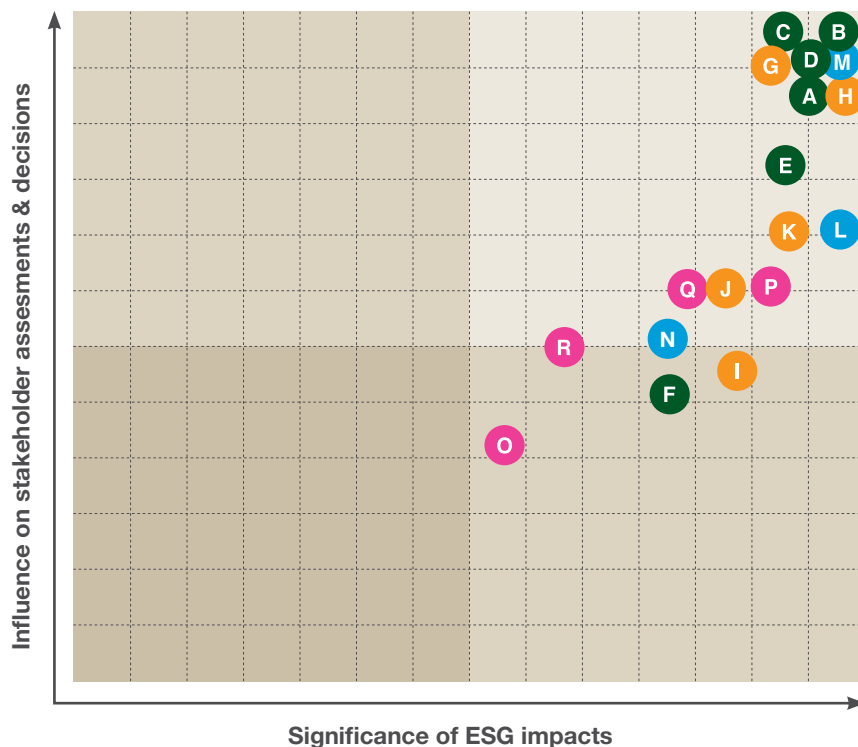


Most material ESG impacts on KLK were identified on a Materiality Matrix which was reviewed by the BOD.

PRIORITISE



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 where permissible, conversed, consulted and worked with a broad cross-section of our stakeholders. This provided us with a better understanding of their concerns and perspectives.



ENVIRONMENT

- A. Carbon Footprint
- B. Protection of High Carbon Stock Forests
- C. Management of Peatlands
- D. Protection of High Conservation Value and Biodiversity
- E. Legal Compliance
- F. Water Footprint

MARKETPLACE

- G. Ethical Practice
- H. Evaluation of Suppliers’/Contractors’ Sustainability Commitment
- I. Market and Commodity Prices
- J. Product Certification
- K. Traceability

WORKPLACE

- L. Health and Safety
- M. Labour Relations and Human Rights
- N. Training and Education

COMMUNITY

- O. Community Investment
- P. Free, Prior and Informed Consent
- Q. Grievance Redressal
- R. Sustainable Development of Smallholders

During the FY under review, there were no significant changes to our business model or operating boundaries. Thus, these material concerns continue to be indicative of our journey to strengthen KLK’s sustainability performance. However, any changes of these concerns have been highlighted to KLK and our stakeholders in the Materiality Matrix.

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 STATEMENT AND REPORT

SUSTAINABILITY POLICY

Elements of sustainability have long been embedded in the operations of KLK, from as early as the 2000s. These include our early adoption of RSPO, MSPO and ISCC certifications, and our longstanding implementation of Good Agricultural Practices (“GAP”), which includes our strict Zero Burning Policy.

Our holistic Sustainability Policy (“Policy”) published in December 2014, serves as the focal guiding document for the Group’s sustainability practices. The Policy was revised in August 2018 to incorporate constructive inputs on developments and concerns from our stakeholders. Our values, sustainability pillars and commitments are kept in check through this Policy which is available for viewing at www.klk.com.my/sustainability.

SUSTAINABILITY POLICY			
ENVIRONMENT	SOCIAL	TRACEABILITY	GOVERNANCE
<ul style="list-style-type: none"> • No Deforestation • Protection of Peat Areas • Protection of High Conservation Value Areas • Net GHG Reduction • Zero Burning 	<ul style="list-style-type: none"> • Respect & Recognise Rights in Workplace • Respect Rights of Indigenous & Local Communities • Facilitate Inclusion of Smallholders/Farmers into the Supply Chain 	<ul style="list-style-type: none"> • Palm Oil Mills • Refineries • Kernel Crushing Plants 	<ul style="list-style-type: none"> • Business Integrity • Grievance Redressal Procedure

STAKEHOLDER GROUPS AND KEY ENGAGEMENTS CONDUCTED IN FY2021

At KLK, we recognise that stakeholder engagement, assessment and feedback are an integral part of our global sustainability strategy and initiatives. The stakeholder groups, which are key to our operations and have significant influence over the impacts of our businesses, are identified and engaged on various platforms throughout the year.









Stakeholder engagement, carried out in both formal and informal set ups, have been an important avenue for KLK to understand the concerns and issues raised and provide suitable solutions where relevant. The Group also take the opportunity to identify potential risks and substantial matters and plan for mitigation actions.

We have since conducted sessions which are more targeted to match specific needs and expectations of the respective stakeholders.

During the COVID-19 pandemic, most of our stakeholder engagements had to be held virtually:

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 • Planning and implementation of shared initiatives • Community activities such as “gotong-royong” at villages, health talks/checks and festive celebrations

SUSTAINABILITY STATEMENT AND REPORT

Stakeholder Group	Areas of Concern/Interest	Engagement Approach	Outcome/Possible Solutions
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
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 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

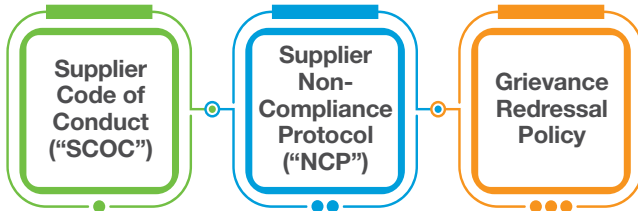
Note:

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

SUSTAINABILITY STATEMENT AND REPORT

SUPPLIER CODE OF CONDUCT, SUPPLIER NON-COMPLIANCE PROTOCOL AND GRIEVANCE REDRESSAL POLICIES

The Policy is complemented by three (3) other policies, namely the:



The SCOC was established in 2019 pursuant to the Policy. Its objective is to outline the principles that we expect our suppliers to practise across our business and the communities in which we work. It applies to all suppliers who sell 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. The SCOC is available at <https://www.klk.com.my/governance-policies>.

The NCP states that KLK shall not knowingly source from suppliers who do not comply with its Policy and the SCOC. Should any incident be uncovered or grievance brought to our attention, be it involving our operations or any of our suppliers, directly or indirectly at the Group

level, investigations will be carried out and appropriate action will be taken. This document was first formulated in 2019 and it was subsequently revised In September 2021 and includes the KLK Re-entry Criteria for NDP Violation. The re-entry criteria is made reference with the criteria developed by the Recovery Working Group in the Sundaland process. The NCP is available at <https://www.klk.com.my/sustainability/grievance/>.

In 2017, KLK established its Group Employee Grievance Redressal Policy (“GEGRP”).The GEGRP was fine-tuned in 2019 to make grievance-raising more accessible to all levels, from the grassroots to senior management. The procedure ensures all employees, especially workers, have an effective avenue to report on working conditions, safety and other issues that might affect them directly or indirectly.

KLK is also committed to address any grievances raised by our stakeholders relating to the implementation of its Policy within its operations and across its supply chain. 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.

ALIGNMENT WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS


The United Nations Sustainable Development Goals (“SDGs”) define global priorities and aspirations towards resolving economic, social and environmental challenges. The SDGs serve as a guide to us on how our business can support the advancement of sustainable development, both by minimising negative impacts and maximising positive impacts on the people and the environment.

KLK welcomes the adoption of the SDGs, providing a universal call to action for tackling economic, social and environmental challenges. The management of our material matters and corporate social responsibility activities are focused on four (4) core areas, and we have aligned them with the applicable SDGs. With oil palm development being our core business, our products and innovations enable us to contribute to 10 of 17 SDGs.

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>	<ul style="list-style-type: none"> Water Management Energy Management

Note:
Unless stated, the frequency of engagement between our Group and its stakeholders can be periodic or on need basis.

SUSTAINABILITY STATEMENT AND REPORT

KLK'S CORE AREAS	UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS	
<p>Environment</p>  <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 	<p>SDG Indicator</p> <div data-bbox="485 439 584 539">  <p>SDG 6 – Clean Water and Sanitation Ensure availability and sustainable management of water and sanitation for all</p> </div> <div data-bbox="485 591 584 692">  <p>SDG 7 – Affordable and Clean Energy Ensure access to affordable, reliable, sustainable and modern energy for all</p> </div> <div data-bbox="485 770 584 871">  <p>SDG 13 – Climate Action Take urgent action to combat climate change and its impacts</p> </div> <div data-bbox="485 898 584 999">  <p>SDG 15 – Life on Land Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably managed forests, combat desertification, halt and reverse land degradation and biodiversity loss.</p> </div>	<p>KLK Efforts</p> <ul style="list-style-type: none"> • Water Management • Zero Burning Policy & Haze Management • GHG Management • No Deforestation • Peatland Protection • Soil Enrichment and Chemical Reduction • Biodiversity
<p>Workplace</p>  <ul style="list-style-type: none"> • Health and Safety • Labour Relations and Human Rights • Training and Education 	<p>SDG Indicator</p> <div data-bbox="485 1162 584 1263">  <p>SDG 1 – No Poverty End poverty in all its forms everywhere</p> </div> <div data-bbox="485 1279 584 1379">  <p>SDG 2 – Zero Hunger End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> </div> <div data-bbox="485 1406 584 1507">  <p>SDG 3 – Good Health and Well-Being Ensure healthy lives and promote well-being for all at all ages</p> </div> <div data-bbox="485 1534 584 1635">  <p>SDG 8 – Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> </div>	<p>KLK Efforts</p> <ul style="list-style-type: none"> • Fair Employment Practices • Decent Living Wage Task Force • Smallholder Projects • Food and Essentials Aid Programme • Occupational Safety and Health • Health and Well-Being for Employees • Food and Essentials Aid Programme • Fair Employment Practices • Decent Living Wage Task Force
<p>Community</p>  <ul style="list-style-type: none"> • Community Investment • Free, Prior and Informed Consent • Grievance Redressal • Sustainable Development of Smallholders 	<p>SDG Indicator</p> <div data-bbox="485 1760 584 1861">  <p>SDG 4 – Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> </div>	<p>KLK Efforts</p> <ul style="list-style-type: none"> • Empowerment through education

SUSTAINABILITY STATEMENT AND REPORT



MARKETPLACE

ETHICAL BUSINESS CONDUCT AND REGULATORY COMPLIANCE

We are committed to creating a Group corporate culture to operate our businesses in an ethical manner while upholding the highest standard of professionalism. Our business principles commit us to comply with all laws, rules and regulations of each country in which we operate. Our Codes of Conduct for Employees, Directors, Suppliers and Code of Conduct and Ethics for the Company provide the principles and standards of business ethics and conduct of the Group.

Beyond strict adherence to local laws and regulations, the codes spell out the expectations of employee behaviour and conduct at work. These Codes of Conducts are made available to all employees and can be accessed from our Company website <https://www.klk.com.my/governance-policies/>.

GROUP ANTI-CORRUPTION POLICY

KLK’s Group Anti-Corruption Policy (“GACP”) was developed during the previous FY. It affirms expectations on employees to understand and comply with laws, rules and regulations applicable to their position and/or

work including the relevant provisions of the Malaysian Anti-Corruption Commission Act 2009. It states, among other things, that the employee will not accept nor provide personal gifts, favours, entertainment or services, in cash or in-kind that will or will appear to influence objective and fair business decisions. The GACP’s matters are overseen by the Anti-Corruption and Bribery Committee (“ABAC”), which comprises of senior management.

During the FY, mandatory virtual workshops were held to ensure our employees are well-informed about the GACP. They were also required to officially declare their understanding and compliance to the GACP.

CERTIFICATIONS

Our Group is fully committed to our sustainability initiatives and seeks external assurance wherever possible to enhance our credibility and instill trust among our customers and end-users. Our participation in sector specific standards such as RSPO, ISCC, MSPO and ISPO allows us to continuously improve through the implementation of recognised systems and adherence to relevant legal requirements and industry practices which are periodically verified by accredited third parties.

KLK	Status of Certification				
	Malaysia		Indonesia	Europe and China	
Plantation Operations	RSPO[^]	MSPO	RSPO[^]	ISPO	RSPO[^]
Estates	100%	100%	87%	87%	Not applicable
Palm Oil Mills	100%	100%	100%	100%	Not applicable
Supply Chain	RSPO SCCS⁺	MSPO SCCS[#]	RSPO SCCS⁺	ISPO	RSPO SCCS⁺
Refineries and kernel crushing plants (“KCPs”)	100%	100%	100%	Not applicable	Not applicable
KLK OLEO	100%	100%	100%	Not applicable	100%

Note:

[^] Under RSPO Principle & Criteria for palm oil producers

⁺ Under RSPO Supply Chain Certification Standard

[#] Under MSPO Supply Chain Certification Standard

* KLK has a two-year roadmap to fully certify its Plantation operations and supply chain (timeline would be adjusted to include new acquisitions, where necessary).

Apart from the above, KLK also complies with local and internationally recognised standards through various sustainability certifications as disclosed in this Report.

SUSTAINABILITY STATEMENT AND REPORT

The uptake of our certified sustainable palm oil totaled 88% in FY2021. The percentage is made up of 69% RSPO-certified and 31% ISCC-certified. This high level of uptakes is a reflection of ours as a trusted brand. We shall continue striving to meet our buyers' expectations in producing sustainable palm products.

CERTIFICATIONS AT PLANTATION SEGMENT



RSPO-1106058

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.

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, all our POMs are RSPO certified. As for our Indonesia estates, the uncertified estates are targetted for certification by 2022.

When IJMP officially became a subsidiary of KLK in September 2021, this subsidiary has since been registered under KLK RSPO Membership. Currently, we are working closely with RSPO Secretariat in providing the documents as stipulated under the RSPO Group Membership Rules 2016 as part of the membership requirements.

RSPO Certified Sustainable Palm Oil ("CSPO")

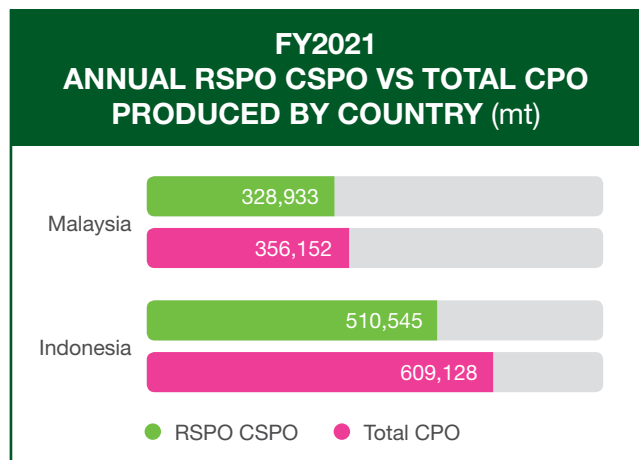
Our annual production of RSPO CSPO for Malaysia and Indonesia totaled 839,478 mt; with Malaysia accounting for 39% and 61% attributed to Indonesia.

At Group level, RSPO-certified CSPO accounts for 86% of total CPO produced during FY2021.

Certified Sustainable Palm Kernel ("CSPK")

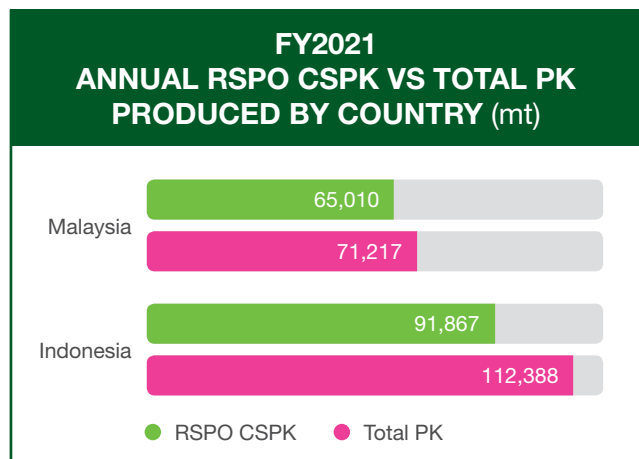
Our current annual production of RSPO CSPK for Malaysia is 156,877 mt, with Malaysia accounting for 41% of the total and the balance 59% for Indonesia.

At Group-level, RSPO-certified CSPK accounts for 84% of total PK produced during the FY2021.



Certified Sustainability Palm Kernel ("CSPK")

Our current annual production of RSPO CSPK for Malaysia and Indonesia is 156,877 mt, with Malaysia accounting for 41% of the total and the balance 59% for Indonesia.



MSPO/4-3-0009

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 since 2017; whereas IJMP achieved full certification in 2019.

SUSTAINABILITY STATEMENT AND REPORT



International Sustainability and Carbon Certification (“ISCC”)

ISCC is a globally applicable sustainability certification system and covers all sustainable feedstocks, including agricultural and forestry biomass, circular and bio-based materials and renewables. ISCC’s objective is to contribute to the implementation of environmentally, socially and economically sustainable production and use of all kinds of biomass in global supply chains. ISCC operates different certification systems for different markets. These systems are ISCC EU, ISCC PLUS and ISCC Solid Biomass NL.

Seventeen (17) of our POMs and two (2) of our KLK OLEO facilities are ISCC EU certified. ISCC EU is a certification system to demonstrate compliance with the legal sustainability requirements specified in the Renewable Energy Directive (“RED”) of the European Commission and the Fuel Quality Directive (“FQD”). For KLK, certifications are carried out to meet demand of customers involved in the biodiesel sector.

As of 30 September 2021, Malaysia and Indonesia attained a production of 321,053 mt and 349,146 mt of ISCC-certified CSPO respectively.

At Group level, ISCC-certified CSPO accounts for 68% of total CPO produced during FY2021.

For IJMP, three (3) mills are ISCC certified with a production of 81,613 mt ISCC certified CSPO.

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 commitments to reduce GHG emissions and draw attention to environmental issues. Similar to the RSPO, ISPO Standards include legal, economic, environmental and social requirements, which are largely based on the existing national requirements. For our POMs in Indonesia, all twelve (12) POMs are ISPO-certified. As for our estates, 87% is certified under ISPO and the balance would be certified by 2022.

For IJMP, seven (7) out of twelve (12) estates are ISPO certified and target to certify their remaining estates by September 2022.

CERTIFICATIONS AND ACCREDITATIONS AT KLK OLEO

Many of KLK OLEO’s products and processes have been certified and accredited by various international bodies on par with world class standards. KLK also cooperates closely with the relevant government agencies such as Department of Environment, Ministry of Human Resource including the Department of Occupational Safety and Health in compliance audits and site visits to validate the Company’s practices according to various legal requirements and standards.



RECOGNITION

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

ZSL SPOTT assessments provide detailed snapshots of corporate transparency on sustainable 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. Our ranking on SPOTT this year is 15.

FTSE4Good

KLK is a constituent of FTSE4Good. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (“ESG”) practices. Transparent management and clearly-defined ESG criteria make FTSE4Good indexes suitable tools to be used by a wide variety of market participants when creating or assessing sustainable investment products.

The FTSE4Good Bursa Malaysia Index constituents are selected from the constituents of the FTSE Bursa Malaysia EMAS Index, screened in accordance with the transparent and defined ESG criteria. The index has been designed to identify Malaysian companies with recognised corporate responsibility practices, expanding the range of the benchmarks of the FTSE Bursa Malaysia Index Series for the Malaysian Markets.

SUSTAINABILITY STATEMENT AND REPORT

Sustainability & CSR Malaysia Awards

KLK has bagged yet another award at the Sustainability & CSR Malaysia Awards 2021 as Company of the Year for Leadership in Community, Education, Scholarship & Welfare.

The annual event, organised by CSR Malaysia aims to honour outstanding corporations in Malaysia that have excelled in the role of change agents in the socio-economic transformation of our nation.



Unilever Clean Future Awards

KLK was also the first recipient of the Brilliance Award in the Superior, Sustainable, Affordable category during the inaugural Unilever Clean Future Awards 2021. This was a recognition to KLK for rising to the challenge of building a verifiable and traceable system of No Deforestation, Peat and Exploitation (“NDPE”) in our palm oil supply, specifically to produce our surfactants, which is a key cleaning ingredient. The award is also a reflection of the KLK Group’s commitment towards transformation in the industry.

Unilever first mooted the idea of only sourcing palm oil (“PO”) and palm kernel oil (“PKO”) from approved mills which are NDPE compliant, in May 2020. It was a maiden attempt for Unilever and also a first for the industry. As a RSPO member, we were able to relate to these needs of our customer. In line with the vision of our Chief Executive Officer, Tan Sri Lee Oi Hian, KLK took up the challenge to participate in this cause and set out to put the systems in place and to supply from our own Group.

Colleagues from our Plantation and KLK OLEO businesses came together to work on the detailed execution of plans. A self-audit documentation system which tracks the supply of crude PO and crude PKO from our mills, kernel crushing plants and refineries to KLK OLEO plants in Malaysia and in Europe was successfully set up. This great show of teamwork from our upstream and downstream colleagues enabled the whole process to be completed in under four (4) months. This project is a testament of KLK’s strong emphasis in building trusting partnership with its supply chain partners.

We are proud to be acknowledged under Unilever’s Clean Future Brilliance Award. We believe that through this award, KLK will be recognised by our customers to be at the forefront of the industry for sustainable solutions.

Climate Governance Malaysia (“CGM”)

During the FY, KLK became a “friend” of CGM. CGM is the Malaysian chapter of the World Economic Forum’s Climate Governance Initiative. They are a network of non-executive directors who aim to acquire the practical skills needed as long-term stewards of the business to help steer their companies through an effective climate transition strategy, taking into account the need for financial stability, increased resilience and sustainability.

RAM

RAM Holdings Berhad (RAM Group) is a leading provider of independent credit ratings, research, training, risk analysis, ESG analytics and bond pricing. KLK was awarded the Gold Sustainability Rating in an evaluation done by RAM reflecting its outstanding sustainability performance and the positive impact attributes in FY2019. During FY2021, RAM reaffirmed KLK’s Sustainability Rating within the Gold category and concurrently assigned a Gold2 (G2) rating on their newly launched and refined rating scale.

AsiaMoney - Outstanding Company Poll 2021

KLK has won the AsiaMoney 2021 Asia’s Outstanding Companies Poll as Most Outstanding Company in Malaysia under the Plantation sector.

The Asia’s Outstanding Company Poll is designed to acknowledge the listed companies that have excelled in areas such as financial performance, management team excellence, investor relations.

SMALLHOLDER PROJECTS

Smallholders play a critical role in the palm oil supply chain, contributing up to 40% of the worldwide palm oil production. In almost all agricultural commodities, smallholders lack the knowledge and resources on how to increase their livelihoods in an environmentally friendly way. KLK recognises our ability to empower smallholders and has made improvements in centralising our efforts for support programmes to aid in their business growth. We aim to deliver a positive impact to the communities and smallholders that we support.

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. Too often, they simply lack the resources to produce palm oil sustainably. They have inadequate information and knowledge to effectively crop palms and sell oil, and their crop will have relatively low yields.

SUSTAINABILITY STATEMENT AND REPORT

Indonesian Plasma Scheme

Our Indonesian Plasma Scheme is an initiative for the development of smallholders and small growers.

In an effort to encourage participation, KLK carries out socialisation which shares the benefits of the Indonesian Plasma scheme. Members of the *Koperasi* which manage the local community who owns plantations, also participate in the socialisation. Currently, socialisations are held at our East Kalimantan’s main complex. Similar events are expected to be held in Belitung Island and Riau.

We assist them in obtaining RSPO certification and have set target timelines. Our support comes in the form of monetary funding, technical expertise and monitoring exercises. We are committed to certify these smallholders and small growers under RSPO three (3) years after the certification of the POM that they supply to. As of September 2021, the Plasma Scheme contributed 10,203.11 mt of FFB.

The Company has allocated 9,840 hectares to approximately 6,751 schemed smallholders under the plasma Scheme. This spans over the islands of Sumatra (Riau), Belitung, Central and East Kalimantan.

TRACEABILITY

Traceability is defined as the ability to identify and trace the origin, distribution, location and application of products and materials through the supply chains. It is imperative that our company maintains a positive reputation with our customers. In our effort to mitigate impacts on food safety, we have committed to ensuring that our palm products are traceable from estates to mills and refineries, and ultimately to buyers in both local and international markets.

As part of our commitment to transparency, we update and publish suppliers’ list half yearly on our website.

Traceability Compliance

In November 2020, we engaged Earthqualizer (“EQ”) for the satellite monitoring of our suppliers to ensure there is no deforestation, no new clearing on peatland and no fire hotspots. EQ will provide us biweekly report and we have regular meetings with them to discuss on the cases whereby our suppliers are alleged to be involved in any wrongdoings. With this report, we are able to proactively engage our suppliers to validate the case and discuss on the remedied plans, if any.

Traceability at Plantations Segment

Traceability to plantations (“TTP”) provides crucial information about the origin of palm products, which is important in providing greater transparency and implementation of KLK’s sustainability commitments within the supply chain.

Traceability to Plantations Level for KLK POMs

KLK has achieved 100% traceability to plantations of our own mills. By knowing where the suppliers are located, we are continuously engaging with the second tier suppliers (i.e. dealers/collection centres) in collecting the required data as part of the verification process. The required data include GPS coordinates, copies of land titles and trading licenses e.g. Malaysian Palm Oil Board (“MPOB”) license of second tier supplier’s FFB sources.

Due to the COVID-19 travel restrictions, we were unable to conduct physical engagement sessions with the second tier suppliers. There were challenges in data collation from the second tier suppliers, owing to the limitations of virtual engagement through phone calls and lack of complete data (e.g. copies of land titles) by dealers/collection centres. There were also discrepancies detected in the hectarages obtained from surveys and those states in the land titles. Nonetheless, we will continue engaging with the second tier suppliers with regards to data collation, analysis and verification.

Action Plan	Timeline/Target	Status as of FY2021
KLK POMs – 100% traceable to plantations by end of 2019		
<ul style="list-style-type: none"> Conduct engagement with first tier supplier (direct) Suppliers mapping and carry out desktop analysis of first tier supplier (direct) 	<ul style="list-style-type: none"> Completed in FY2019 Completed in FY2019 	<ul style="list-style-type: none"> Completed in FY2019 Completed in FY2019
<ul style="list-style-type: none"> Conduct engagement with first tier suppliers, including NDPE Compliance Verification at “high risk” suppliers Data collation from collection centres/dealers on second tier suppliers (indirect) 	<ul style="list-style-type: none"> Completed in FY2019 FY2021 	<ul style="list-style-type: none"> Completed in FY2019 In progress
<ul style="list-style-type: none"> Conduct second tier suppliers mapping and desktop analysis of second tier suppliers 	<ul style="list-style-type: none"> FY2021 	<ul style="list-style-type: none"> In progress
<ul style="list-style-type: none"> Conduct engagement with second tier suppliers together with collection centres/dealers including NDPE Compliance Verification at “high risk” suppliers 	<ul style="list-style-type: none"> FY2021 	<ul style="list-style-type: none"> The timeline has been moved to FY2022 due to COVID-19 travel restrictions

SUSTAINABILITY STATEMENT AND REPORT

Traceability to Plantations Level for Refineries and Kernel Crushing Plants

KLK engaged the Consortium of Resource Experts - CORE (Proforest and Daemeter) since 2019 to support the Group in achieving its TTP targets in our refineries and kernel crushing plants.

One of the key challenges with TTP for refineries and kernel crushing plants is the lack of independent smallholders' and indirect suppliers' (i.e. dealers/collection centres) sourcing area information from the supplying mills. Through engagement with suppliers, it was understood that the supplying mills faced challenges in obtaining the traceability data especially from their indirect suppliers due to the COVID-19 travel restrictions, as well as lack of willingness of indirect suppliers in sharing their FFB sources' information to the mill. However, KLK will continue to engage with the suppliers in the effort to achieve higher TTP percentage for KLK's refineries and kernel crushing plants.

KLK introduced TTP Online Portal and the integration of NDPE IRF-SAT in Mobile App this year, in the effort to smoothen the data collection process and reduce the workload of suppliers. Three (3) sessions of supplier workshops and two (2) focus group workshops-TTP online portal were successfully held virtually this year, as part of KLK's supplier engagement programme.

A. TTP Online Portal

In the efforts to facilitate the traceability data collection process, KLK, in collaboration with CORE have introduced the TTP online portal this year which replaces the TTP declaration in excel format. This online portal allows for collection of traceability data at scale with automatised validation results. Traceability data keyed into this online portal by individual users are securely and confidentially stored in a centralised cloud database. The functionality of the pre-population of the previous year's traceability data in this online portal reduces the workload of our supplies as well.

B. NDPE IRF-SAT Questionnaires in Mobile App

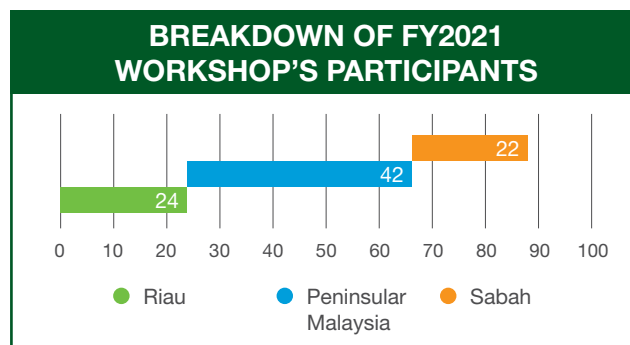
KLK has decided to adopt the NDPE Implementation Reporting Framework Self-Assessment Tool (NDPE IRF-SAT) developed by CORE in 2021. IRF is a reporting tool used by downstream players to understand the proportion of palm products in the supply chain that meets their NDPE requirements; whereas SAT is a tool used to assess supplier's operation performance towards relevant NDPE commitments.

The NDPE IRF-SAT questionnaires are important in enabling KLK to understand the progress of KLK's suppliers towards NDPE commitments and design support to suppliers based on identified gaps. For the ease of data collation from KLK's suppliers, KLK have engaged a service provider to integrate this NDPE IRF-SAT into its software where suppliers can access and complete the questionnaires via a mobile app.

ENGAGEMENT WITH SUPPLIERS

A. Supplier Workshop

Three (3) sessions of supplier workshop had been successfully conducted virtually for KLK's suppliers from three (3) key sourcing areas, namely Riau, Peninsular Malaysia and Sabah in March and April 2021. A total of 88 participants, representing 51% of the third-party supplying mills attended the workshop. These 2-day workshops aim to enhance our supplier's awareness and understanding on Risk Calibrated Approach ("RCA") TTP methodology, to share with suppliers on stakeholder expectations on labour practise, as well as to introduce KLK's suppliers with TTP Online Portal and NDPE Implementation Reporting Framework Self-Assessment Tool ("IRF-SAT") Questionnaire.



These workshops help to increase the participants' awareness and understanding of the RCA TTP methodology and NDPE Implementation Reporting Framework. The advantages of embracing good labour practices aligned with the MSPO/ISPO standards were also shared with the participants.

Based on the positive feedbacks received from the participants, we will continue to engage our suppliers by conducting more workshops focusing on prioritised areas such as the utilisation of TTP results for engagement with FFB suppliers and labour rights in the future.

SUSTAINABILITY STATEMENT AND REPORT



Riau Supplier Workshop 2021 (30th-31st March 2021).



Peninsular Malaysia Supplier Workshop 2021 (5th-6th April 2021).



Sabah Supplier Workshop 2021 (7th-8th April 2021).

B. Focus Group Workshop - TTP Online Portal

Two (2) focus group workshops were conducted virtually in August 2021, in an effort to provide more detailed guidance and promote the use of the TTP Online Portal which we rolled out in May 2021. A total of 27 participants, covering an additional 10% of third-party supplying mills attended the focus group workshops. These workshops managed to guide the participants on data input and submission into the TTP Online Portal.



Riau Focus Group Workshop TTP Online Portal 2021 (24th August 2021).



Malaysia Focus Group Workshop TTP Online Portal 2021 (26th August 2021).

C. Mobile Engagement

KLK regularly engages with our suppliers in an effort to provide more detailed guidance on the TTP Online Portal and NDPE IRF-SAT Questionnaires. User guidebook/manual in regards to TTP Online Portal and NDPE IRF-SAT Questionnaires have been distributed via email to all KLK's suppliers for their reference, including those suppliers who unable to attend 2 rounds of workshops conducted earlier. We also continuously reach out to all our suppliers through phone/video calls to guide them on the use of the portal and mobile app.

SUSTAINABILITY STATEMENT AND REPORT

Traceability Compliance

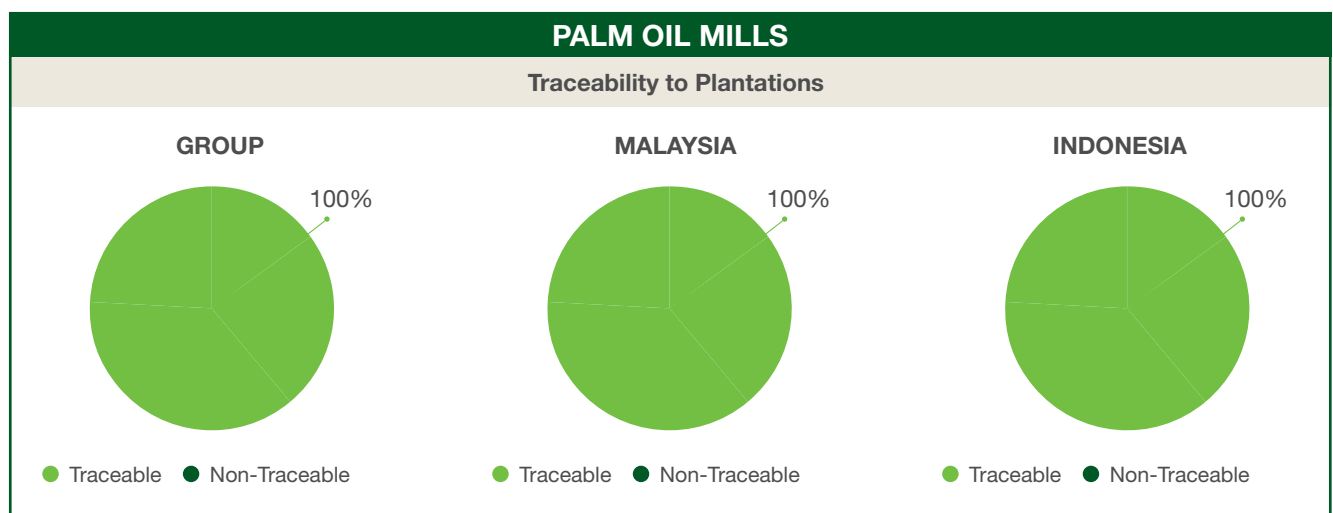
Action Plan	Timeline/Target	Status as of FY2021
KLK Supply Chain Analysis and Initial Supplier Declaration (Phase 1) <ul style="list-style-type: none"> Traceability to Mills (“TTM”) validation, Supplier Profiling & analysis on Traceability to Plantations (“TTP”) data from public sources Phase 1 Initial Data Declaration 	<ul style="list-style-type: none"> To complete in FY2019 Mar – Jun 2019 	<ul style="list-style-type: none"> Completed in FY2019 Completed in FY2020
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 via phone call due to travel restriction imposed 	<ul style="list-style-type: none"> To be held in FY2019 Starting in Sept 2019 onwards Starting in Sept 2019 onwards 	<ul style="list-style-type: none"> Done in FY2019 Completed in FY2020 Completed in FY2020
Phase 2 Data Collection <ul style="list-style-type: none"> Finalisation of templates and roll out, KLK team training on templates and TTP data review by CORE* 	<ul style="list-style-type: none"> Sept 2019 – Feb 2020 	<ul style="list-style-type: none"> Completed in FY2020
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"> Completed in FY2020
Supplier Engagement <ul style="list-style-type: none"> Conduct Supplier webinars 	<ul style="list-style-type: none"> Jan – Feb 2021 	<ul style="list-style-type: none"> Done in FY2021
Continuation of RCA TTP Implementation <ul style="list-style-type: none"> TTP data validation and analysis 	<ul style="list-style-type: none"> On-going with updated data to be obtained from suppliers annually 	<ul style="list-style-type: none"> On-going
Develop Guidelines for reporting on Verified Deforestation Free Volumes	<ul style="list-style-type: none"> Mar 2021 	<ul style="list-style-type: none"> In progress
TTP Verification <ul style="list-style-type: none"> Develop TTP verification protocol Conduct TTP verification pilots 	<ul style="list-style-type: none"> Mar 2021 Jun – Oct 2021 	<ul style="list-style-type: none"> In progress Timeline moved to FY2022 due to COVID-19 travel restrictions
Self-Assessment Tool Support Design and implementation of integrated IRF SAT***questionnaire	<ul style="list-style-type: none"> Jan – Mar 2021 	<ul style="list-style-type: none"> Completed in FY2021

* Risk-Calibrated Approach

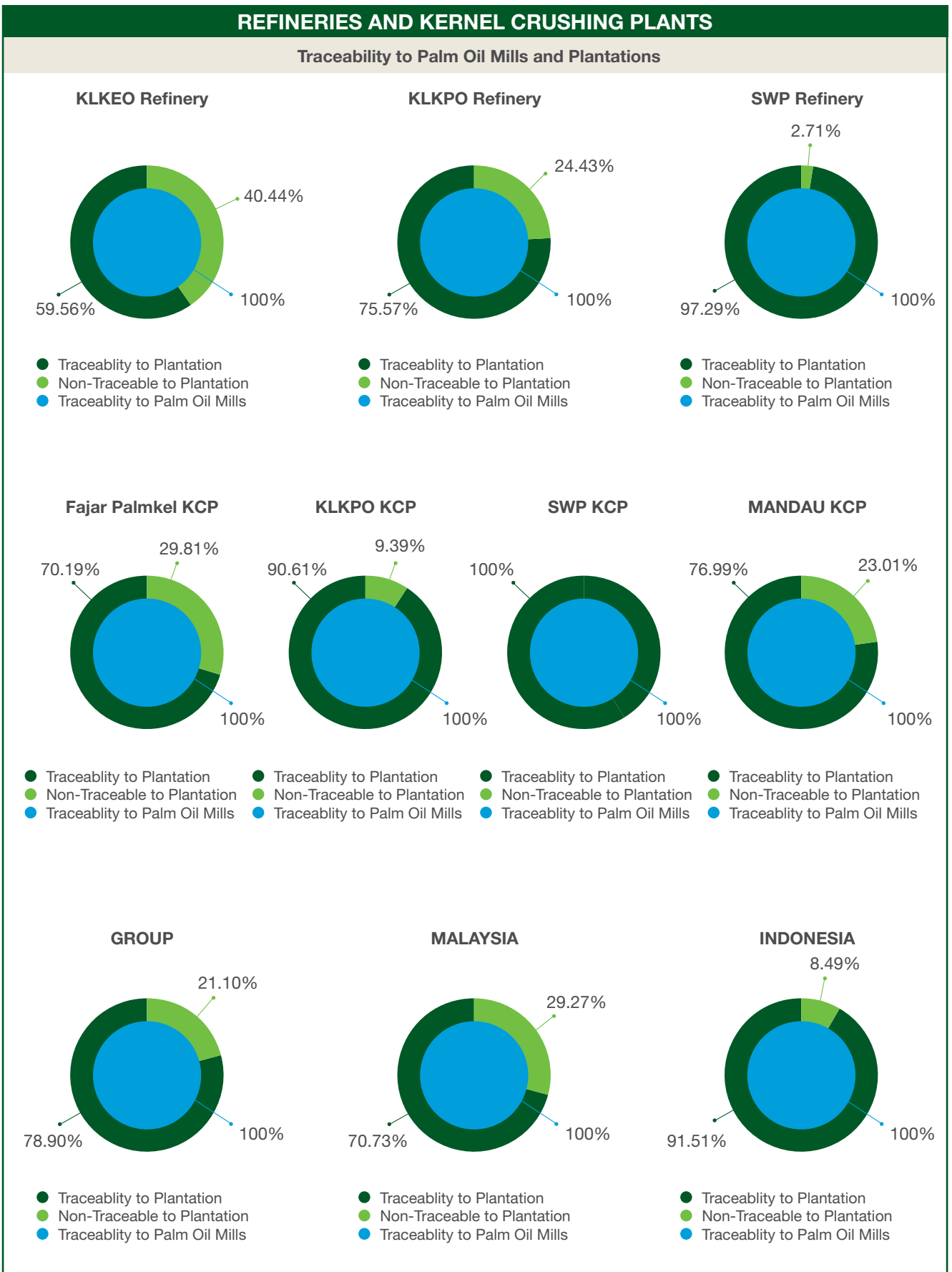
** Consortium of Resource Experts

*** Implementation Reporting Framework Self-Assessment Tool

Todate, our Plantation Traceability Status is as follows:



SUSTAINABILITY STATEMENT AND REPORT



SUSTAINABILITY STATEMENT AND REPORT

Traceability at KLK OLEO

Traceability to POM Level

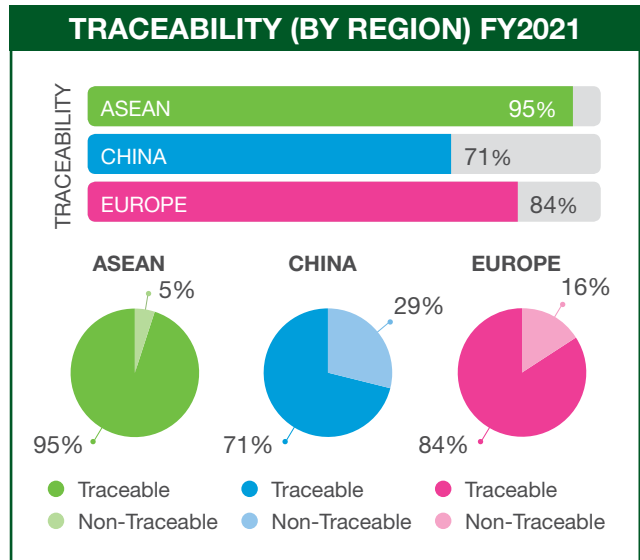
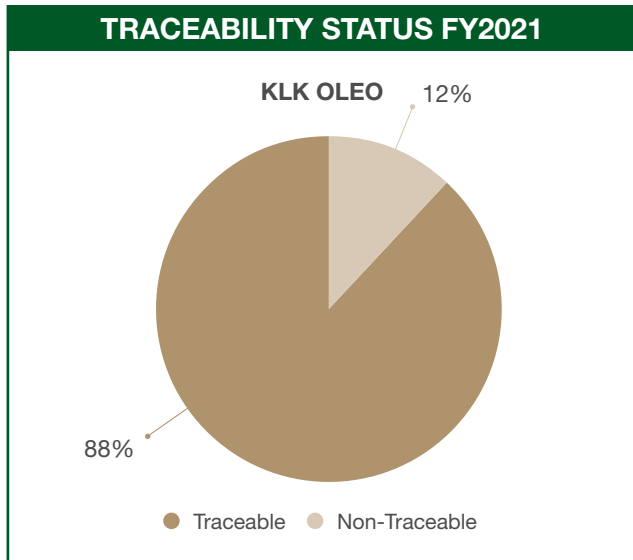
- For KLK OLEO, traceability is defined as traceable to POM level for both palm oil-based and palm kernel oil-based feedstock, excluding internal transfer within KLK OLEO group of companies for the FY2021.
- The percentages disclosed were tabulated based on the weighted average purchases for palm oil-related origin processed in participating operating centers in China, Europe[^], Indonesia and Malaysia.
- The sources of information shared although non-verified, includes but is not limited to:

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

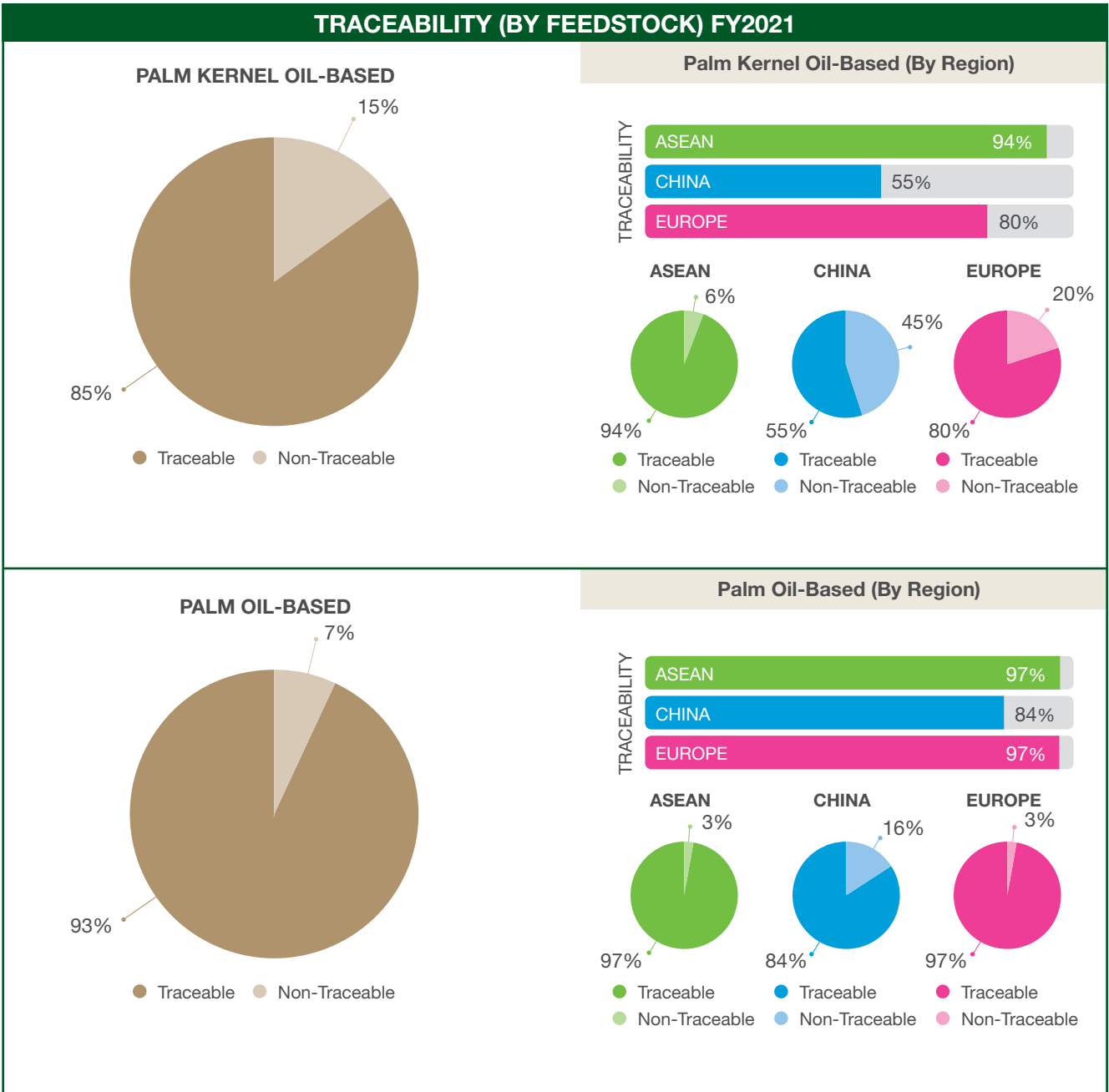
[^] Except KLK Kolb Specialities B. V. in Delden, The Netherlands

* Traceability information does not necessarily match sourcing period. Only RSPO SG model can provide exact matching of traceability against sourcing period

** Typically connects to shipments over the past 12 months



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ENVIRONMENT

MEMBER OF CLIMATE GOVERNANCE MALAYSIA (“CGM”)

In FY2021, KLK “befriended” Climate Governance Malaysia (“CGM”), the Malaysian chapter of the World Economic Forum’s Climate Governance Initiative. CGM has a network of non-executive directors who aims to acquire the practical skills needed as long-term stewards of businesses and help steer companies through effective climate transition strategies while taking into account the need for financial stability, increased resilience and sustainability.

On 1 May 2021, KLK launched its Group Biodiversity Conservation Policy, reiterating and reaffirming our commitment to biodiversity conservation in our operations and supply chain. High Conservation Value (“HCV”) and conservation areas play an important role in biodiversity conservation, maintaining and sustaining its ecological functions. Our commitment includes:

- Identifying, protecting and maintaining High Carbon Stock (“HCS”), HCV and other set-aside areas;
- Ensuring the protection and survival of all rare, threatened or endangered animal and plant species while making positive contributions to their survival beyond concession areas;
- Protection of riparian and all-natural waterways within our operations through the maintenance and restoration of buffer zones by planting natural jungle tree species;
- Patrolling and monitoring areas to prevent illegal activities such as poaching, hunting, fishing and collecting jungle produce.

KONSERVASI HUTAN DESA (“KONTANDES”)

Our plantation activities operate in some of the most diverse landscapes in the world, with our land bank extending across Malaysia, Indonesia and Liberia. As part of our conservation efforts, our Sustainability Team in Indonesia embarked on a community-based forest conservation project in 2020 in the Berau Regency

of East Kalimantan in Indonesia. Supported by KLK, Konservasi Hutan Desa (Village Forest Conservation) or KONTANDES, is a collaborative project involving two village forests - Dumaring Village and Biatan Ilir Village which is located in a conservation area covering a total of 9,940 hectares.

KONTANDES aims to reduce direct threats and alleviate pressure on the forest and biodiversity through the restoration of degraded areas, promotion of the sustainable use of natural resources and their ecosystem services.



Discussion between KLK and stakeholders of the KONTANDES project.

Multi-stakeholders approach

KONTANDES adopts a multi-stakeholder approach whereby KLK and a few other organisations work together to ensure that the community-based project is sustainable and successful.

The programme is managed by AKSENTA, a Programme Management Team based in Jakarta, Indonesia and is executed and facilitated by Yayasan Belantara Mandala Nusantara (Belantara Mandala Nusantara Foundation), a local NGO based in Talisayan, Berau. The planning, execution and evaluation of the programme is conducted in collaboration with the Village Forest Management Institution in both Dumaring and Biatan Ilir village, as well as nearby local authorities.

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Forest cover in one of the village forests in East Kalimantan, Indonesia.

Land cover

About 96% of the village forests are still intact; 41% are primary karst forests while 55% are good quality secondary lowland tropical rainforests. The remaining 4% of the non-forested areas comprises of bushes and shrubs and also illegal settlements and oil palm cultivation of nearby locals.



The KONTANDES project serves as a study platform for local universities.

Capacity building

In the KONTANDES project, local communities are given the opportunity to participate in relevant activities and studies. Training relevant to forest conservation, such as the use of drones, GPS, accounting, patrolling, monitoring, etc., for the local communities, are provided to help the community grow and create job opportunities. The project also serves as a study platform for local universities.

Rehabilitation of abandoned land

275.5 hectares of abandoned land within the village forests is planned for rehabilitation. 150 durian trees were planted in 2020 over two (2) hectares. These areas are also scheduled to be utilised sustainably for non-timber forest produce like honey, fruits and medicinal plants with the aim of maximising the natural resources of the forest for the local community.



Abah River Flying Frog.

Biodiversity

Based on a biodiversity survey conducted in February 2020, the forest area within the KONTANDES project is found to be home to a vast and diverse ecosystem which currently supports 224 species of flora and 416 species of fauna.



Kayaking down the Dumaring River.

Sustainable use of natural resources to benefit the local community

The community of Dumaring Village receives tangible benefits from the sustainable use of its natural resources. With participation from Lembaga Pengelolaan Hutan Desa (“LPHD”) and the local authorities, a village forest-based tourism business within Taman Sungai Dumaring was created along the Dumaring River. A soft-launching of the eco-tourism initiative took place in December 2020. The initiative also utilises downstream Dumaring River as a prime mover for business development of produce like medicinal, decorative plants and other agricultural products. A similar approach is also under consideration for Biatan Ilir Village and its nearby Biatan Dam. At the time of this publication, the proposal is still being studied by the local authorities of Biatan Ilir, the Dinas PUPR Provinsi (Public Works & Housing Provincial Office) and nearby local communities.

SUSTAINABILITY STATEMENT AND REPORT

BORA-KLKS COLLABORATION: RESTORATION OF WILDLIFE PASTURES/GRAZING LAND

Bring Back our Rare Animals (“BORA”), or formerly known as Borneo Rhino Alliance, is a well-known organisation which has been actively involved in the restoration of degraded areas in wildlife reserves with the aim of increasing food availability for wild animals. BORA is also responsible in propagating plant species in its restoration projects.

In June 2021, BORA invited KL-Kepong Sabah Sdn. Bhd. (“KLKS”) to collaborate on a habitat restoration project for wildlife within the KLKS plantation. The project focuses on restoring the grazing pastures for elephants and the Tembadau or Bornean Banteng, a species of cattle found in Southeast Asia, and also the riparian or buffer zones.

The duration of the project is set at 3 (three) years with an option to renew.



KLKS-BORA Team.



Planting of Napier Grass and Ficus.

NO DEFORESTATION

To strengthen our resolve on our commitment to no deforestation, the KLK Group conducts assessments to ensure new developments are protective of the flora and fauna within. New planting developments within the Group is conducted according to RSPO’s New Planting Procedure, the High Carbon Stock Approach (“HCSA”) and its Toolkit. The new planting approach ensures areas with HVC and HCS, such as virgin forests and peat land are conserved.

Management of the HCV areas within our Group are guided by internal policies, procedures and trainings. HCV sites are mapped and demarcated for protection with signages indicating their status and are consistently monitored by trained personnel to ensure continuous protection and conservation of these sites. Illegal activities that jeopardise these sanctuaries’ status such as poaching, hunting, encroachment, and burning are strictly prohibited.

When rare, threatened or endangered species of wildlife are found within these sites or are encountered near or within our premises, appropriate management and wildlife monitoring plans are established and implemented. These include collaboration with local NGOs and state wildlife agencies for staff training and potential translocation of the species. Conservation policies are in place to reduce or avoid human-wildlife conflicts.

HIGH CARBON STOCK APPROACH (“HCSA”)

KLK is a member of the HCSA. New developments in regions where KLK operates undergo integrated HCV and HCS assessments in accordance to the HCSA methodology – the HCSA Toolkit version 2.0. Areas eligible for development will undergo evaluation, taking into consideration the high carbon stock areas. We are committed to restore or rehabilitate non-compliant areas and we expect our suppliers to do the same.

PEATLAND PROTECTION

Peatland is a natural area which is accumulated with partially decayed vegetation or organic matter. It has significant functions in environmental conservation and the provision of eco-system services. Peatland plays an important role in providing drinking water, biodiversity management and carbon sink.

Cultivation of oil palm on peatland comes with challenges such as high GHG emissions, peat soil subsidence, consequent flooding and productivity loss. The drainage required for oil palm cultivation causes carbon dioxide emissions and makes such soil susceptible to fires and floods.

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We are committed in preserving ecosystems of conservation value and ensuring no development in peat areas, regardless of depth. We also apply best management practices on peatland that exists within our plantations, including periodically monitoring the water table level and evaluating peatland that are planted with oil palm for replanting suitability and drainability requirements.

ZERO BURNING POLICY (“ZBP”) & FIRE AND HAZE MANAGEMENT

KLK maintains a strict ZBP since the mid-1990s in relation to all new plantings, replanting and other related development. This policy extends to all Plasma Schemes managed by KLK. We are also in full compliance with the ASEAN Policy on Zero Burning in all our plantation operations. With the recurrence of transboundary haze as a result of forest fires during the dry season, KLK strictly abides by regulations stipulated under the Environmental Quality Act 1974.

We collaborate with the local government where we operate in to provide manpower and machines to combat hotspots even if they are outside our concession areas. We also assist local authorities and communities by way of providing firefighting equipment and inviting them for annual firefighting trainings to enhance the level of preparedness in fire prevention.

Recognising the higher risk in our Indonesia operating centres, we have equipped the estates with firefighting teams and a strict patrolling system. Fire towers are also constructed to inform ground patrol of any occurrence of fire.

SOIL ENRICHMENT AND CHEMICAL REDUCTION

Soil Enrichment

KLK adheres to best soil conservation practices in order to effectively manage the nutrient content in our soil as it determines our yield and its quality. We employ Good Agricultural Practices (“GAP”) by using both cultural and biological methods like planting leguminous cover crops to reduce soil erosion and improve its physical and chemical composition.

Earth terraces, silt pits and bunds are constructed while maintaining the natural covers along its paths. Empty FFB, fallen oil palm trunks during the replant process and fronds are mulched, composted and recycled as organic matter for moisture conservation and maintaining the soil at an optimum level.

Minimising Usage of Agrochemicals

One of the priorities in our journey to sustainability is scaling down our reliance on fertilisers, pesticides and herbicides. By practising a sustainable waste management system, empty FFB, oil palm trunks and fronds are mulched, composted and recycled as organic matter for soil moisture conservation while empty fruit bunches, decanter cakes and belt press cakes which are high in nutrients are returned to the soil as organic fertiliser. This practice helps in reducing our reliance on agrochemicals, reducing our costs and mitigate our GHG emissions. It allows us to also reduce the overall requirement for inorganic fertilisers, and minimises the risk of water pollution through leaching or surface run-off. The average fertiliser consumption in our Malaysia, Indonesia and Liberia operations stands at 1.28 mt/ha.

KLK also focuses on the Integrated Pest Management System (“IPMS”), which aims to reduce the use of pesticides and herbicides. The average herbicide consumption in our plantation operations is 2.35 mt/ha. We have ceased the use of *paraquat* since 2017.

INTEGRATED PEST MANAGEMENT SYSTEM (“IPMS”)

IPMS incorporates the use of cultural, biological, mechanical and physical methods to minimise the use of chemicals and pesticides. Implementation of IPMS, where responsible use of chemicals and pesticides is paramount to ensure the safety of our workforce, local communities and the environment where we operate. This is achieved through due diligence and justification processes prior to use of chemicals and pesticides, thus limiting the introduction of hazardous elements into the open environment. IPMS also enforces the requirement for the Company to proactively work towards reducing the usage of chemicals and pesticides by applying alternative non-hazardous means of pest management such as biological controls. This approach requires surveillance and IPMS techniques such as:

- Propagation of beneficial plants such as *Cassia cobanensis*, *Antigonon leptopus* and *Turnera subulata* to increase population of predators of pests that could control the population of bagworms and nettle caterpillars in our estate;
- Promoting the barn owl population within our plantations to control the population of rats; thus reducing the use of poisonous rat baits.

SUSTAINABILITY STATEMENT AND REPORT

BIODIVERSITY PROTECTION

KLK pledges to address deforestation, set aside areas for conservation and restoration of forest areas, where applicable. When rare and endangered species are found through biodiversity surveys, the habitats are conserved as HCV areas. To prevent illegal poaching, measures such as putting up appropriate signages on prohibiting wildlife hunting on top of the patrolling are carried out especially in forest reserves.

We are also committed to the HCV and HCS approaches by planting natural vegetation and forest trees. A total of 9,341 hectares has been conserved in order to protect and enhance the biodiversity value of such areas. To date, we have planted 352,217 forest/fruit trees spread over our Malaysian and Indonesian operating centres. Our goal is to plant 1,000,000 trees so that we can make an impactful contribution to the environment.

GREENHOUSE GAS (“GHG”) EMISSION

The oil palm industry is intensely scrutinised. It is assumed to be one of the greatest contributors of global warming through land use changes. This necessitates changes in our business operations, which includes measures to reduce GHG emissions, especially those listed in land use changes (“LUC”).

We initiated two (2) interventions to effect reduction in GHG emissions, namely the installation of biogas power plants and filter belt press systems. These are safe methods of managing waste while promoting greater energy efficiency and cost savings.

GHG MANAGEMENT AT PLANTATION SEGMENT

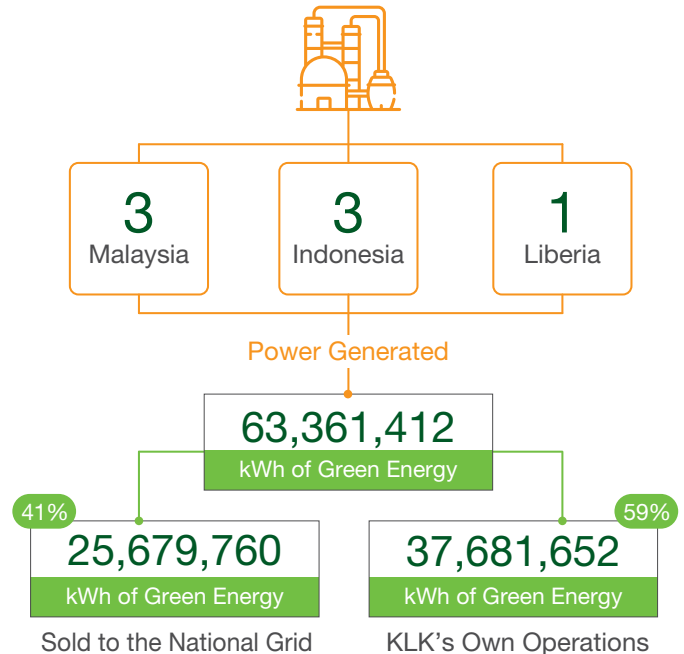
Biogas Power Plants for Renewable Energy

The production of palm oil generates waste that must be carefully managed to reduce its impact on the environment. The main waste type derived from the production of crude palm oil is POME. In line with our goal of reducing GHG and BOD levels, KLK commissioned biogas power plants that are able to capture methane from POME and convert it into electricity.

In the past decade, KLK has made significant progress in reducing GHG from POME with the integration of our biogas capturing and power plants. KLK currently has seven (7) operational biogas plants which generated 63,361,412 kWh of green energy during FY2021 of this 59% was used for our own operations and the balance 41% sold to the national grid.

KLK GROUP’S BIOGAS POWER PLANTS

as at 30 September 2021



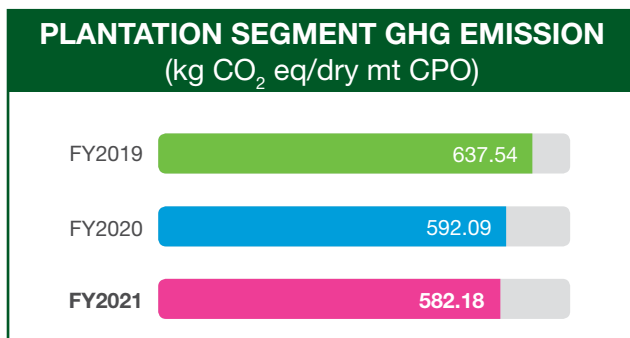
Kekayaan Biogas Power Plant in Johor, Malaysia.

SUSTAINABILITY STATEMENT AND REPORT

Filter Belt Press (“FBP”)

KLK have also installed Filter Belt Presses (“FBP”) in our operations, a mechanism capable of reducing the total GHG emissions from palm oil mills by 20%. As of September 2021, we have a total of 31 FBPs installed in 21 of our 23 palm oil mills.

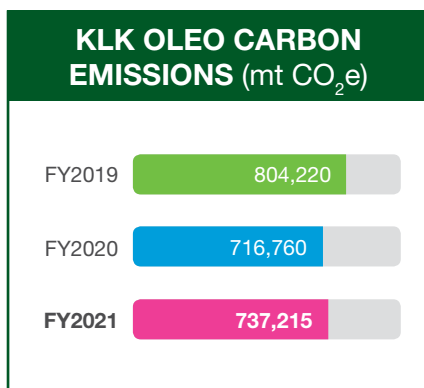
As of 30 September 2021, KLK’s plantations and palm oil mills recorded an average emission of 582.18 mt CO₂ eq/mt CPO which equates to 68.37% GHG savings compared to fossil fuel. We are striving to achieve 69% GHG savings by 2022.



GHG MANAGEMENT AT KLK OLEO

GHG Emissions Intensity

#KLK OLEO’s GHG emissions intensity during the FY was 0.25 eq/mt prod vol. Its carbon emissions stands at 737,215 mt CO₂e.



* Restatement of Information

- Higher carbon emission factor for electricity in Malaysia from 0.46 in previous years to 0.57 kgCO₂/kWh in FY2021.
- Carbon emission factor for KLK OLEO’s site in Switzerland increased from 0.169 to 1.17 kgCO₂/kWh due to imported electricity generated from coal.

ENERGY MANAGEMENT

The KLK Group is mindful that while the usage of non-renewable energy sources cannot be avoided altogether for now, serious efforts are being made to

ensure these resources are used optimally and efficiently. We commit to sound energy management, which addresses energy conservation, green energy usage and energy efficiency.

Our operations are actively exploring energy efficient alternatives. However, this remains highly dependent on accessibility and availability of alternative solutions in the geographies we operate in.

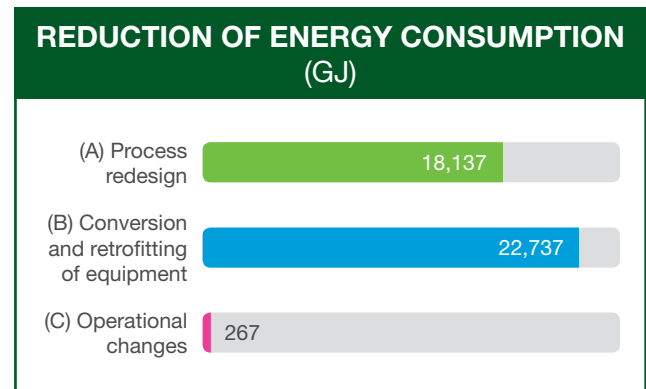
Energy Management at Plantation Segment

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 consumption of fossil fuels. Energy efficiency is also a primary consideration on designing new POMs. In FY2021, we used an average of 0.43 GJ/mt of CPO produced, which was slightly higher than last year.

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.

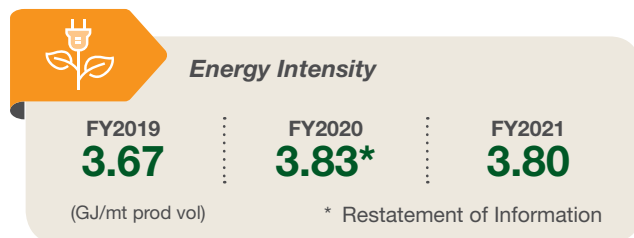
Energy consumption within the organisation	Unit (GJ)
(A) Non-renewable fuel consumed	8,108,148
(B) Renewable fuel consumed	0
(C) Electricity, heating, cooling & steam purchased for consumption	2,758,276
(D) Self-generated electricity, heating, cooling & steam (which are not consumed)	123,395
(E) Electricity, heating, cooling & steam sold.	66,420
(F) Total energy consumption within the organisation = (a) + (b) + (c) + (d) - (e)	10,923,398



SUSTAINABILITY STATEMENT AND REPORT

As a Group, KLK OLEO achieved a total saving of 41,141 GJ through process redesign, conversion and retrofitting of equipment and operational changes. The major projects that resulted in lower energy consumptions are:

- Palm-Oleo Sdn Bhd: Installation of economisers on boilers and thermal oil heaters, turbo blower, inverters for big motors and process equipment to capture more energy. Commissioning of new Gas Turbine Generator (“GTG”) of 6.5 MW which generates steam from hot flue gas helped to reduce overall natural gas consumption.
- KSP Manufacturing Sdn Bhd: Chiller integration and steam pressure optimisation.
- Palmamide Sdn Bhd: Fine-tuning of steam-natural gas ratio and incinerator.



In KLK OLEO, energy saving initiatives were implemented during the FY in our operations in different regions, including a low NOx combustion system and turbo blower.

Site
Taiko Palm-Oleo (Zhangjiagang) Co Ltd, China
Initiative
Low NOx Combustion System
By using a mixture of fuel and combustion air, combined with enhanced flue gas recirculation technology in the furnace, the low nitrogen combustion system significantly reduces NOx emissions. The system can effectively reduce the internal temperature of boiler furnace and discharge the low concentration of the NOx from the chimney.
Impact Achieved
The NOx concentration emission of the original 6 boilers is reduced from 150mg to 30mg, which effectively controlled the generation of NOx in the production process. It saves energy, controls pollution and meets the latest emission requirements of the government of the People’s Republic of China.

Site

Palm-Oleo Sdn Bhd, Malaysia

Initiative

Turbo Blower

In the conventional aeration process, air is supplied by roots blowers into three sequential batch reactors in WWTP EP3 to maintain the dissolved oxygen level. With the installation of the new energy efficient turbo blower replacing the blowers, power consumption was reduced. This oil free blower also eliminates the need of lubricant oils and with longer maintenance cycles, maintenance cost was also reduced.

Impact Achieved

Reduced average power consumption from 3,363 kWh per day to 2,192 kWh per day (-34% in power usage), which equates to approximately 411, 513 kWh savings per FY or 101 mt CO2 reduction per year.

WASTE MANAGEMENT

The proper handling of effluents and waste is crucial for strong environmental stewardship. Without a solid waste and effluent management in place, we run the risk of damaging the ecosystem and severely harming those that depend on nature for survival. Additionally, by reducing wastage, limiting the consumption of natural resources and repurposing our waste, we look to minimise our impact on the environment.

Waste Management at Plantation Segment

One of the most readily-available resource utilisation opportunities in oil palm cultivation and milling which meets both the economic and sustainability objectives is the ability to repurpose biomass produced.

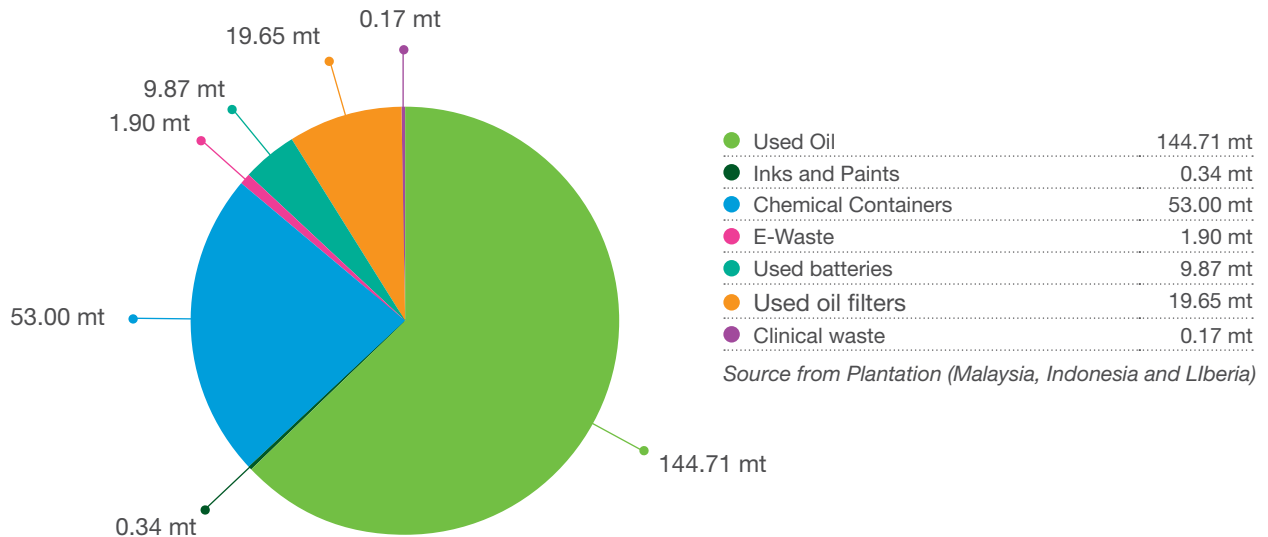
The bulk of biomass produced through FFB processing like palm fibres and palm kernel shell are used for energy generation; while the empty fruit bunch (“EFB”) are applied in our estates as organic mulch to supplement and reduce the use of inorganic chemical fertilisers.

KLK takes proactive actions in managing our waste to avoid polluting the environment. This is especially needed for scheduled wastes like spent oils and lubricants, fuel filters and chemicals, used batteries and pesticide containers. Scheduled waste generated within our Group are collected and disposed of in accordance with prevailing regulations approved by the local government where we operate.

SUSTAINABILITY STATEMENT AND REPORT

PLANTATION SEGMENT SCHEDULED WASTE BREAKDOWN

FY2021 PLANTATIONS TOTAL SCHEDULED WASTE
229.64 mt



Waste Management at KLK OLEO

Waste Diverted from Disposal by Recovery Operation	Unit (MT)		
	Onsite	Offsite	Total
Hazardous Waste			
Recycling	81	1,548	1,629
Other recovery operations	0	399	399
Total			2,028
Non-hazardous Waste			
Preparation for reuse	0	1,698	1,698
Recycling	0	2,550	2,550
Other recovery operations	0	4,552	4,552
Total			8,800
Waste Prevented			
Total Waste			81

Waste Directed to Disposal by Disposal Operation	Unit (MT)		
	Onsite	Offsite	Total
Hazardous Waste			
Incineration (with energy recovery)	0	7,649	7,649
Incineration (without energy recovery)	0	360	360
Landfilling	0	611	611
Other disposal operations	0	421	421
Total			9,041
Non-hazardous Waste			
Incineration (with energy recovery)	0	4,590	4,590
Incineration (without energy recovery)	0	2,016	2,016
Landfilling	0	8,747	8,747
Other disposal operations	0	239	239
Total			15,592

SUSTAINABILITY STATEMENT AND REPORT

Waste Management at KLK OLEO



Total Solid Waste (mt)

FY2019	...	FY2020	...	FY2021
38,642		36,272		35,462



Solid Waste Generation Intensity (mt)

FY2019	...	FY2020	...	FY2021
0.011		0.012		0.012

WATER MANAGEMENT

Water source is crucial to the environment, human health and wildlife ecosystem. If poorly managed, It is vulnerable to depletion. Therefore, we strive to optimise the usage of water without jeopardising the environment. Our water management strategies focus on water use optimisation and reduction in water consumption or wastages, taking into account the prevailing land conditions, topography and challenges in the weather (impact of droughts and floods).

Water Management at Plantation Segment

Water usage in processing fresh fruit bunches is monitored to reduce the generation of POME in our Plantation segment. Our OCs also monitor the Biological Oxygen Demand ("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.

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

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



During the FY, Plantation segment's water usage was 1.38 m³/mt FFB processed.



Aerial view of the buffer zone and its boundaries in Ladang Kekayaan, Johor.

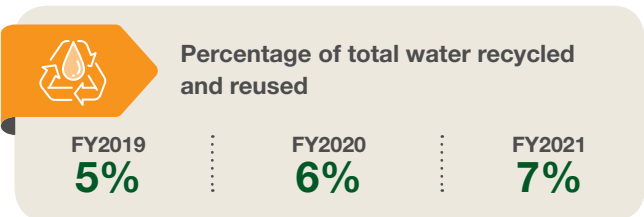
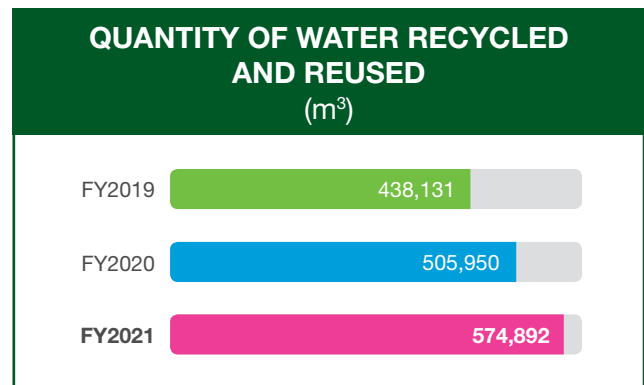
SUSTAINABILITY STATEMENT AND REPORT

Water Management at KLK OLEO

Total water withdrawal by source	Unit (m ³)
1. Surface water	1,464,900
• Fresh water	1,464,900
• Other water	0
2. Groundwater	2,076,505
• Fresh water	2,076,505
• Other water	0
3. Seawater	1,766,849
4. Produced water withdrawal	270,018
• Fresh water	0
• Other water	270,018
5. Third-party water withdrawal	2,878,734
• Fresh water	2,463,788
• Other water	414,946
Total water withdrawal	8,457,006

Total water discharged by destination	Unit (m ³)
1. Surface water	1,290,424
2. Groundwater	622,952
3. Seawater	1,226,813
4. Third-party water	1,000,060
Total water discharged	4,140,249

Water Consumption Intensity



Total water recycled and reused was higher than last year at 7%. This was due to our operations in KLK Emmerich GmbH (Dusseldorf) realising exchange of measuring devices for separating clean condensate in order to increase the amount of condensate for the return delivery to the steam supplier.

Palm-Oleo Sdn Bhd in Malaysia also implemented a condensate recovery project resulting in reduction of fresh water use and saved energy via its steam boiler operations.

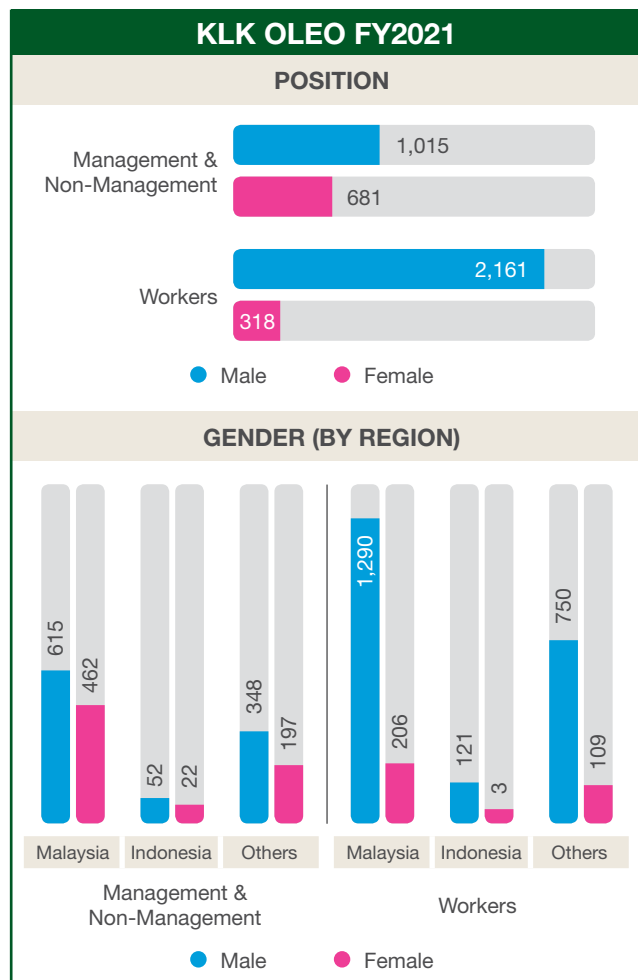
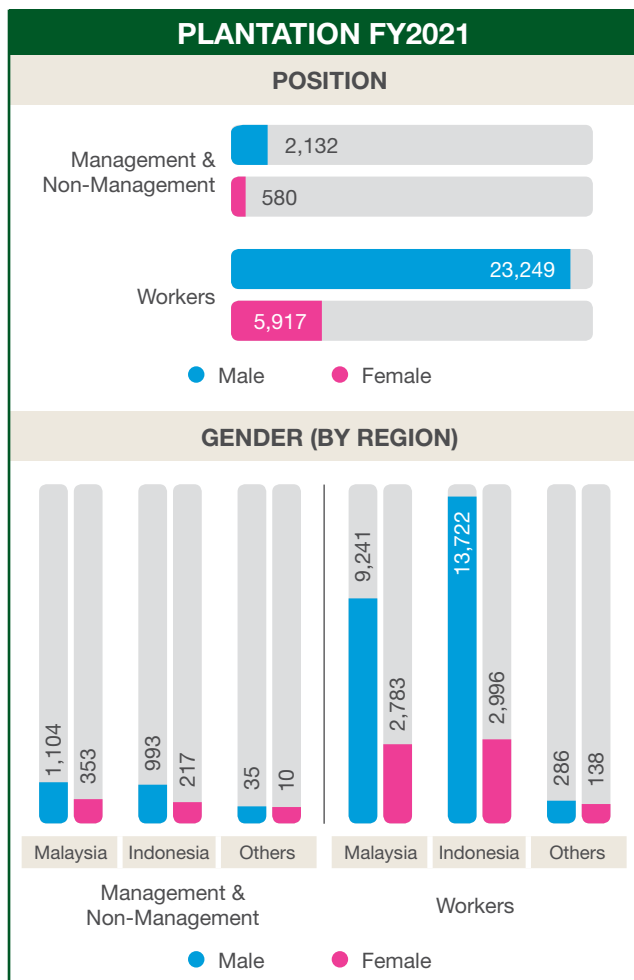
Site		
Palm-Oleo Sdn Bhd, Malaysia		
Initiative		
Condensate Recovery		
Successfully diverted all hot condensate from the process plant to be utilised as boiler makeup water. Reduction of energy needed to heat up the make up water.		
Impact Achieved		
FY2020/21		
Energy Consumption Savings 1,307 GJ/year	Water Consumption Savings 7,780 MT/year	CO ₂ Emission Reductions 73.4 MT/year

SUSTAINABILITY STATEMENT AND REPORT



WORKPLACE

KLK has a workforce of close to 40,000 at locations all over the world. Our workforce and others employed in our value chain are what make our business a success. As we grow, we inculcate our Core Values to build a positive workspace and positive impacts that extends to all stakeholders connected to our business.



Note:

Management are employees who hold managerial positions. Non-management refers to salaried employees who are either stations in the offices or in the field. Workers are waged employees who work in our plantation and manufacturing locations.

Fair Employment Practices

The palm oil industry is 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 also embraces diversity within its workforce which comprises a mix of employees from different genders, age 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 is 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 child care centres for babysitting so that workers can work with peace of mind. We expect our suppliers to do the same.

SUSTAINABILITY STATEMENT AND REPORT



Two generations working in Ladang Changkat Asa, Selangor.

DECENT LIVING WAGE TASK FORCE

We had established a Decent Living Wage Task Force in FY2019 comprising of Senior Management and the Sustainability team. The main objective of this task force is to discuss on the implementation of the new requirement stated in the revised RSPO P&C 2018 - Decent Living Wage. While waiting for the Living Wage benchmark to be in place, this task force has developed a template for assessment of Prevailing Wage and in-kind benefit provided to workers. Prevailing Wage represents the remuneration earned by a worker during normal working hours. KLK has completed the Prevailing Wage Assessment for all OCs during the FY.

Respecting Human and Labour Rights

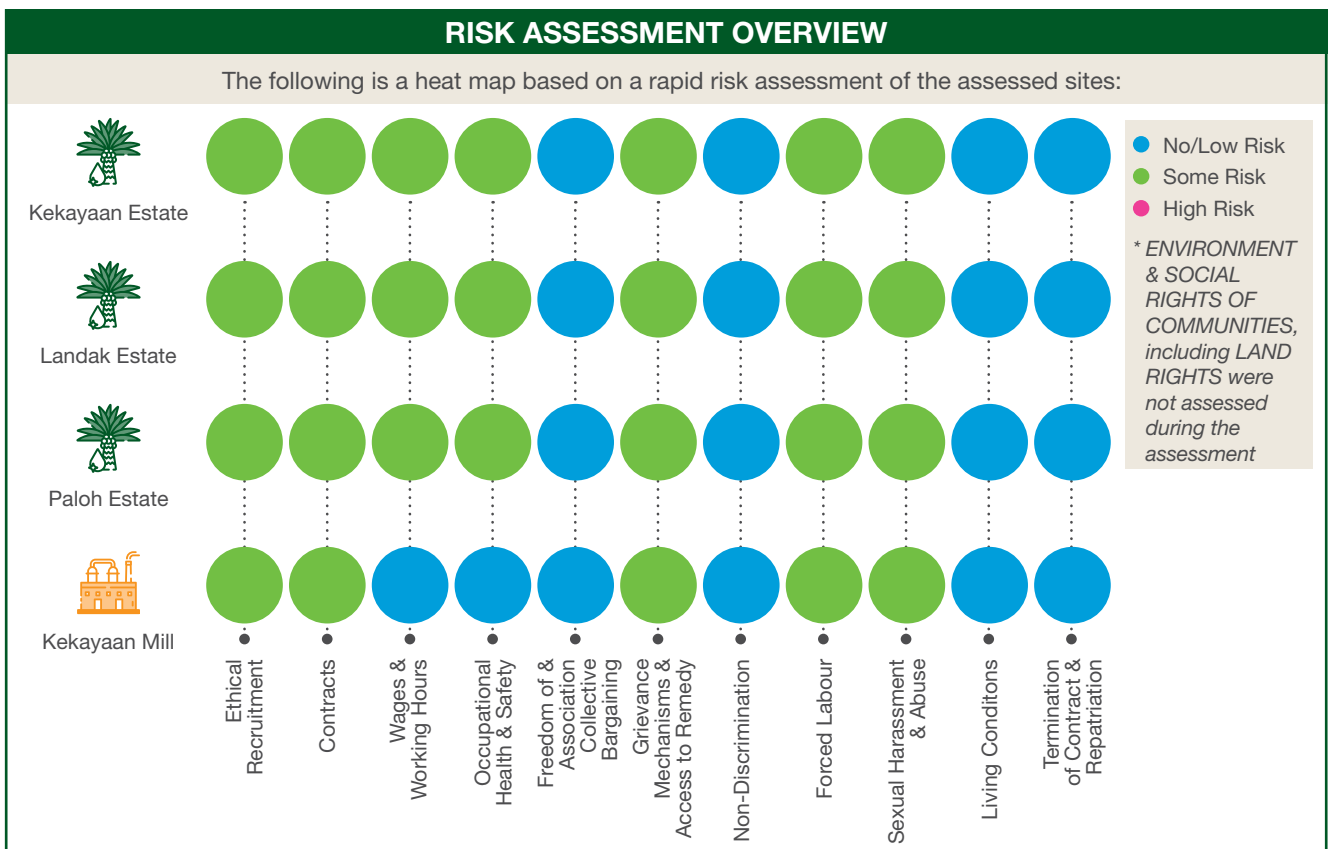
Business for Social Responsibility (“BSR™”)

KLK says a firm “No” to exploitation of workers and communities, forced or bonded labour and child labour. KLK also has a “No Recruitment Fee” policy. One of the initiatives is by becoming a member of BSR™, a global non-profit sustainable business consultancy, since August 2020.

As reported in last FY Sustainability Report, BSR™ has conducted the Human Rights Assessment at our selected East Malaysia (Sabah) operations. During the FY, KLK took the initiative to engage BSR™ to conduct an independent Human Rights Assessments at two (2) selected operations in West Malaysia and Indonesia. The selected operations involve two (2) mills and six (6) estates. The assessments were conducted virtually due to the travel restrictions imposed during the pandemic COVID-19. However, it was completed in June 2021. A total of 272 workers were interviewed during these assessments.

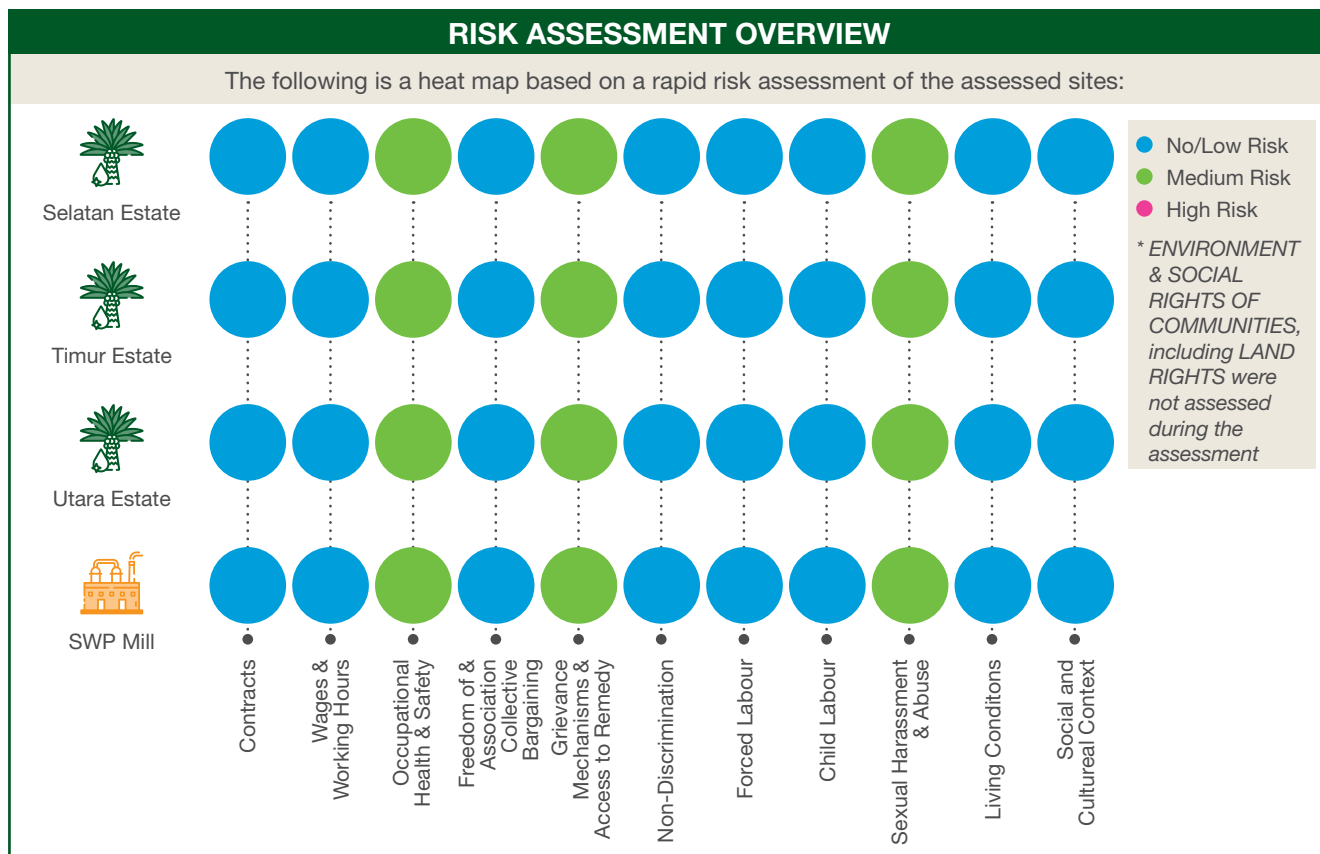
The assessments supported KLK in identifying any existing gaps in implementation of the action plan on the ground, and to address salient risks areas that may need improvement. The assessment also provides insights on progress made to date against KLK’s existing action plan, as well as recommendations on how the company’s management systems and tools can be further strengthened to address identified areas of improvement.

BSR™ Labour Rights Assessment - Kekayaan



SUSTAINABILITY STATEMENT AND REPORT

BSR Labour Rights Assessment – PT SWP



Summary of BSR Review

Subject	Description
ETHICAL RECRUITMENT	<p>Kekayaan: Recruitment practices for the palm oil sector remain under close scrutiny, with stakeholder concerns primarily focused on misinformation and excessive recruitment fees. KLK is committed to absorbing all employer-related recruitment fees.</p> <p>PT SWP: KLK hires workers directly without the assistance of recruitment agencies. Interviewed workers received information on vacancies through word of mouth, family and friends, local government agency job postings. All interviewed workers stated they did not pay recruitment fees throughout the application process.</p>
CONTRACTS	<p>Kekayaan: All interviewed workers had signed contracts, which were extended in compliance with Malaysian law. Contracts are available in multiple languages and workers appear to understand the contents, which workers stated were in line with their actual wages and working conditions.</p> <p>PT SWP: All interviewed workers had signed contracts, in compliance with Indonesian law. Contracts are available in Indonesian and workers appear to understand the contents, which workers stated were in line with their actual wages and working conditions. Interviewed workers stated they were hired on a probationary basis for the first three (3) months of their employment, after which they were converted to permanent worker status. Workers can end their employment by providing one (1) month notice.</p>

SUSTAINABILITY STATEMENT AND REPORT

Subject	Description
<p>WAGES</p>	<p>Kekayaan: All workers receive wages in a timely manner. The workers indicated that they receive at least the monthly minimum wage, with the maximum amount depending on the season and the worker’s own skill and stamina (e.g., for harvesters). The workers understand their pay slips and believe the information and calculations within are accurate/in line with their actual work and overtime.</p> <p>PT SWP: All workers receive wages in a timely manner. The workers indicated that they receive at least the monthly minimum wage, with the maximum amount depending on the season and the worker’s own skill and stamina (e.g., for harvesters). The workers understand their pay slips and believe the information and calculations within are accurate/in line with their actual work and overtime. It should be noted that the Government of Indonesia did not increase the minimum wage for 2021 due to the economic impacts of COVID-19. Workers stated this was a burden as prices of daily goods had increased significantly.</p>
<p>WORKING HOURS & LEAVE</p>	<p>Kekayaan: None of the workers appear to be working excessive overtime, with a maximum cap of three (3) hours of overtime per day, which is voluntary; overtime rates are applied at both estates and the mill. Some workers scan their employee cards at the end, instead of the beginning, of the master roll call, and do not scan their cards at the end of the working day, which indicates a lack of accurate data on workers’ actual working hours and overtime. All workers confirmed that there is one (1) day of rest per week, and no work is performed on public holidays either. Workers are able to take annual leave, however many workers do not fully understand their annual leave entitlements and conditions.</p> <p>PT SWP: None of the workers appear to be working excessive overtime, with a maximum cap of three (3) hours of overtime per day, which is voluntary; overtime rates are applied for some positions at both estates and the mill. All workers scan their employee cards at the beginning, of the master roll call, however, some do not scan their cards at the end of the working day, primarily harvesters, which indicates there is a gap in the collection of accurate data on workers’ actual working hours. All workers confirmed that there is one (1) day of rest per week, and no work is performed on public holidays either. Workers are able to take annual leave, however there is a lack of uniform awareness of annual leave entitlements and conditions.</p>
<p>OCCUPATIONAL HEALTH & SAFETY</p>	<p>Kekayaan: Management needs to ensure that appropriate precautions are taken, and that treatment and compensation is available in case of injury or illness. Workers receive health and safety training on an annual, bi-annual, or quarterly basis, with daily safety toolkit briefings also provided by mandors. All workers receive free Personal Protective Equipment (“PPE”) which can also be replaced for free. Annual medical surveillance check-ups are conducted for all workers, with medical services provided to workers at the company clinic for free.</p> <p>PT SWP: Workers receive health and safety training on an annual, bi-annual, or quarterly basis, with daily safety toolkit briefings also provided by mandors. All workers receive free PPE which can also be replaced for free, however, there have been requests for better quality safety goggles. Annual medical surveillance check-ups are conducted for all workers, with medical services provided to workers at the company clinic for free. Bi-annual medical check ups are provided for workers who handle chemicals.</p> <p>It is important to note, however, that annual medical check up have not been conducted since mid-2020 due to COVID-19. It should also be noted that workers have received and appreciate support from management in the form of masks, soap and sanitizers. However, workers have also indicated that the amount should be increased. In addition, there have been inconsistencies in the number of COVID-19 cases reported by interviewees, including the number of cases in local/surrounding communities which is a potential health risk that should continue to be carefully managed and monitored.</p>

SUSTAINABILITY STATEMENT AND REPORT

Subject	Description
GRIEVANCE MECHANISMS & ACCESS TO REMEDY	<p>Kekayaan: Workers appear to have some awareness and understanding of grievance mechanisms, e.g., worker committees, unions, and complaint/suggestion boxes, with the majority choosing to report grievances with their direct superiors. There appears to be low uptake/usage of available grievance mechanisms, however, which should be checked by KLK to ensure workers' awareness and trust in these mechanisms.</p> <p>PT SWP: Workers appear to have some awareness and understanding of grievance mechanisms, e.g., worker committees, unions, complaint/suggestion boxes, with the majority choosing to report grievances with their direct superiors and through the logbook. There appears to be low uptake/usage of available grievance mechanisms, however, which should be checked by KLK to ensure workers' awareness and trust in these mechanisms.</p>
FORCED LABOUR	<p>Kekayaan: There appears to be no retention of identification documents, and no restriction of movement within and outside of the estates/mill, with the exception of Malaysian government mandated COVID-19 restrictions.</p> <p>PT SWP: Interviewed workers stated that they did not pay recruitment fees, and they all have copies of signed contracts which are in line with actual wages and working conditions. There appears to be no retention of identification documents, and no restriction of movement within and outside of the estates/mill. However, some workers did state that due to COVID-19 restrictions, they were not allowed to return to their home province during the holidays as per government guidance.</p>
SEXUAL HARASSMENT & ABUSE	<p>Kekayaan: Interviewed workers reported that they had not faced or experienced abuse, harassment or violence in the workplace. Some workers indicated they received training on sexual harassment and abuse, however, there is a need for additional capacity building (for gender committees) and training (for all workers) in this area.</p> <p>PT SWP: Interviewed workers reported that they had not faced or experienced abuse, harassment or violence in the workplace. Some workers indicated they received socialisation to increase their awareness of issues related to sexual harassment and abuse. However, due to the responses of some male workers there is a need for additional capacity building (for gender committees) and training (for all workers) in this area.</p>

Freedom of Association & Collective Bargaining

KLK respects the rights of employees and workers to form and join trade unions of their choice and recognises their rights to bargain collectively for their mutual benefit. Collective bargaining is a powerful tool for the management to engage with our workforce in addressing economic and social concerns that may arise in their duration of service with the Company. We believe that building harmonious employer-employee relation enhances our organisation productivity and performance.

FY2021 KLK Employees Workers Union Membership

Location	Members	Union
Peninsular Malaysia	4,724	MAPA*/NUPW**
Indonesia	6,561	MAPA/AMESU***
Liberia	365	Various Unions in Indonesia
		Libinco Agriculture Workers Union

* MAPA - Malaysian Agricultural Producers Association

** NUPW - National Union of Plantation Workers

*** AMESU - All Malayan Estates Staff Union

GENDER COMMITTEE

Gender-related issues are also high on our list of priorities. They can include issues related 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 operating centres and similar committees are also implemented in our Indonesian operations.

CAREER DEVELOPMENT OPPORTUNITIES

Talents under our care are provided with continuous training to provide them with opportunities to update their knowledge and skills, and align them to the Company's updated policies and procedures. We also encourage our employees to enhance their capabilities through participation of external training programmes, conference and seminars which are relevant to the Group's business needs.

SUSTAINABILITY STATEMENT AND REPORT

Human Capital Development



Annual Sustainability Workshop 2021.



SEIA and HCV Workshop.

Training at Plantation

All newly recruited estate executives to be based at OCs go through an Introductory Course and GAP Training at our KLK training centre.

- 01** ▶ Module 1 – Oil Palm (“OP”) (Upkeep, Harvesting), Botany, Yield Statistics, Collective Agreement, FFB Quality, Mature Area Mechanisation Field/ Palm Oil Mill Visits FFB Grading
- 02** ▶ Module 2 – OP Immature (Nursery, Replant, Upkeep), Immature Mechanisation, Field Visits
- 03** ▶ Module 3 – Rubber (Mature, Nursery, Replant, Immature Upkeep, Yield Stats, Latex Quality (“TQCC”), Field Visits
- 04** ▶ Departmental Training (Admin, HR, IT, Purchasing, Marketing etc)
- 05** ▶ Assignments/Course examination

Upon recruitment as probationary estate executives, they will be stationed in the estate for four (4) to five (5) months before attending Module 1, followed by second and third Modules with the same interval of four (4) to five (5) months.

Every module will involve both classroom and field practical/training session for two (2) to three (3) weeks. Training school will be utilised for discussion sessions, plantation and departmental lectures as well as course examination. Emphasis is given more to field trainings in selected OCs as it will enhance the practical knowledge rather than theory alone.

Apart from the above, despite the COVID-19 pandemic, we still managed to carry out our Annual Sustainability Workshop for all Peninsular estates, mills, refineries and crushers via video conferencing. We also conducted and attended training sessions virtually.

Training at KLK OLEO

Training at KLK OLEO is different from Plantation segment’s. This is because most employees recruited already possess the skill set and technical knowhow required of their position.

KLK OLEO organises training which emphasises development of emotional intelligence and soft skills. This is because we are aware that success in the workplace is strongly supported by personal attributes such as communication, teamwork, adaptability, problem solving and conflict resolution. Therefore, it is important to cultivate and develop these qualities.

SUSTAINABILITY STATEMENT AND REPORT

Health and Well-Being of Employees

The KLK Group believes that health and safety is a compulsory entitlement for our workforce, contractors, suppliers, visitors and the general public. We ensure that the best practices for safety and health are integrated into our daily operations and activities. We also strive to provide the best measures and tools to enable our workforce to feel safe and secure in their workplace.

The COVID-19 pandemic has triggered a paradigm shift in work processes. Hence, working processes are continuously reviewed to ensure that the daily workings and our employees remain efficient and effective despite the “new normal”. Briefing sessions and training workshops are held to create better awareness of the possible dangers in different scenarios.

Types of Work-Related Injury

Majority of incidents reported involve harvesting, fruit evacuation and field upkeep activities. The main causes of injury include but are not limited to thorn pricks, cuts from sharp tools, eye injury or irritation from falling debris, and bruises and cuts from falling fruits and fronds. Other accidents include commuting accidents, trips and falls, heavy lifting injuries and insect bites.

Work-Related Ill Health

KLK complies with regulatory requirements to conduct health surveillances of employees who are identified to be working in an environment that may pose potential risks to health. These include workers who come in contact with potentially hazardous chemicals or loud noises produced by machineries. Depending on their work environment, employees are periodically assessed with the Chemical Health Risk Assessment (“CHRA”) or the Noise Risk Assessment (“NRA”). If needed, they are sent for further medical surveillance with all expenses borne by the Company.

Safety and Health Committees

In ensuring our workforce concerns and thoughts on safety and health are heard, the Company’s Safety & Health Committees at all of our OC, meets regularly. Each committee consists of the representatives from

KLK and representatives from employees. This ensures, that collectively, safety and health at the Company is continuously improved and worked upon. KLK currently has 3,167 SHC members at its Plantation OCs and KLK OLEO.

Occupational Safety and Health

Compliance at Plantation Segment

KLK Occupational, Safety and Health (“OSH”) Management System was introduced in September 2005 through the KLK OSH Group Policy Manual. It was established based on the MS 1722:2011 – Occupational Safety and Health Management Systems and aims to fulfill the requirements of all OSH laws and regulations. The implementation of this manual was to develop a sustainable OSH culture in the organisation whereby it can contribute to the protection of employees and stakeholders from hazards through the elimination of work-related injuries, disabilities, ill health, diseases, near misses and fatalities. The manual also provides consistency in the implementation of OSH Management and creates an internal responsibility system in the management, monitoring and continual improvement of OSH matters concerning all plantation employees and stakeholders regardless of scope of work.

OSH COMMITTEE REPRESENTATIVES FY2021

TOTAL
3,167

- Male
- Female



2,718



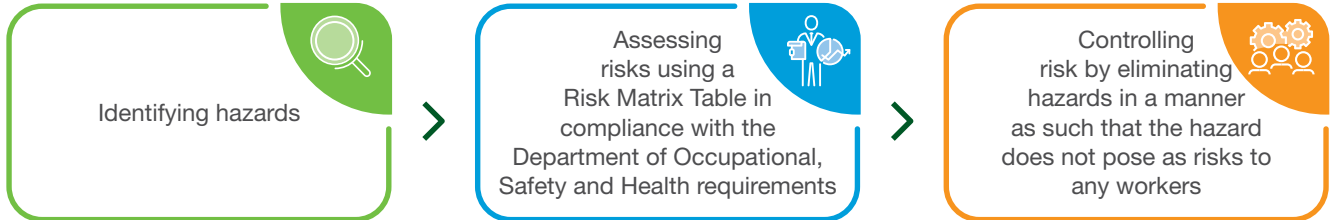
449

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

OSH visits are carried out twice a year, and training is provided in the form of information and instruction that will equip all workers with the skills and knowledge to perform their work in a manner that is safe and without risk to health.

SUSTAINABILITY STATEMENT AND REPORT

Risk management is carried out by:



	Accidents Fatality	LTI ¹ Frequency Rate*	LTI Severity Rate**
Malaysia	2	27.74	530.77
Indonesia	2	54.62	485.23

¹ LTI: Lost Time Injury
 * Incidents/1 million man-hours worked
 ** Days lost due to LTI/1 million man-hours worked

We regret to report four (4) occupational fatalities during the FY. The causes of these fatalities were work-related, two (2) involving motor vehicle, one (1) mill line site incident and one (1) work equipment incident.

Lower accident rates result in lower staff turnover, lower absenteeism and higher productivity. Therefore, we take necessary steps to reduce/prevent accidents and injuries. Operating under a system of continuous improvement, the Plantation OSH Department reviews the LTI on a monthly basis. The results are collated and analysed. These results will help us take action to improve the LTI rate and the severity rate of our 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.

	Male	Female	Total
Malaysia	996	202	1,198
Indonesia	762	102	864
Liberia	20	4	24

OSH Training

Compliance at KLK OLEO

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

	Accidents Fatality	LTI ¹ Frequency Rate*	LTI Severity Rate**
Malaysia	0	1.87	73.98
Indonesia	0	0	0
Other Countries	0	2.89	51.18

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

We are proud to announce that two (2) of our locations in the Netherlands - Moerdijk and Delden, combined have reached one million (1,000,000) man hours with lost-time injury ("LTI Free"). In Moerdijk, the last LTI was 3 August 2019 and Delden recorded its last LTI on 18 June 2019. This is the longest period that both locations are LTI Free.

Safety and Health Committees

	Male	Female	Total
Malaysia	86	21	107
Indonesia	13	2	15
Other Countries	59	12	71

COVID-19

In early 2020, the coronavirus pandemic struck the world, affecting people, communities, and economies everywhere. COVID-19 is, above all, a health crisis with significant socio-economic implications. Recognising our role as an employer and active member of our community, KLK has taken proactive measures to ensure the health and safety of our staff and local communities while fulfilling our commitments to our customers and partners.

SUSTAINABILITY STATEMENT AND REPORT

Amongst our efforts to curb COVID-19 within our employees include organising vaccination campaigns. The campaign is to ensure all our employees are vaccinated and safe. Trainings and seminars are held regularly to share information on COVID-19. Aside from that, information is also being distributed via brochures and displaying posters on bulletin boards. We also provide all our employees with hand sanitisers, soaps and masks.



COVID-19 swab tests in Ladang Tuan Mee, Selangor.

As prevention is better than cure, we also distributed Health Booster Packs which contained DavosLife E3 Complete tocotrienols, Vitamin C, hand sanitisers and a thermometer to our employees to help our employees to stay safe and healthy.



Health Booster Packs were distributed to KLK employees to help them stay healthy and safe during COVID-19 pandemic.

EMPLOYEE WELFARE

Housing and Living Amenities

In KLK, the well-being of our employees have always been our utmost priority. We constantly emphasise on the importance of safety and health, as well as a conducive working and living environment for our employees and their families.

Over the years, we have been steadfast in taking concrete steps to upgrade and conduct regular maintenance on our existing housing facilities while constructing new houses to meet ongoing requirements.

Apart from essential living amenities like clean water, electricity and healthcare facilities, KLK continues to provide other infrastructures such as sporting facilities, places of worship, creches and child care centres. The latter two facilities give our employees peace of mind while they work in the knowledge that their young ones are well taken care of.



KLK's workers' housing at Pinang Palm Oil Mill in Tawau region, Sabah.



Free housing for employees in KLK estates.



Clinic for all workers in Ladang Lekir, Perak.



Place of worship for Muslim workers in Ladang Lekir, Perak.

SUSTAINABILITY STATEMENT AND REPORT

Healthy Lifestyle

The COVID-19 pandemic has presented both employers and employees with a whole new set of challenges to contend with. With many teams working remotely, communication and bonds between colleagues have become restricted. When we were inching towards normalcy the Group took several steps to reinforce employee bonding to promote healthy lifestyle by organising activities with strict Standard Operating Procedures in place.



Acrylic Painting Session for employees of KLK OLEO in Petaling Jaya.



Baking Class for employees of Ipoh Head Office.



Sports Day for employees of Taiko Palm-Oleo (Zhangjiagang) in China.



SUSTAINABILITY STATEMENT AND REPORT



COMMUNITY

At KLK, we strive to ensure long-term sustainability of our business by creating shared value for both our shareholders and the society. We endeavour to strike a right balance of business performance, environmental responsibility and the people.

EMPOWERMENT THROUGH EDUCATION

We believe that education plays a major role in poverty alleviation, hence we place considerable importance in ensuring equal education opportunities for children in the vicinity where we operate.

The Group continued to manage 81 education facilities to provide education for our workers' children from kindergarten all the way through to senior high school. These facilities provide education to some 19,000 students annually and are also open to children of local communities living adjacent to our plantations.

Over the years, KLK is privileged to be in partnership with external parties such as Humana Child Aid Society, Sabah, Indonesia Heritage Foundation and Ministry of Education, Liberia in this pursuit. We share common objectives of helping children achieve academic excellence, develop positive values as well as instil passion to succeed in their lives.

Apart from maintaining the education facilities, we have also employed teachers and provide shuttle bus services for students to access schools located beyond the estates, or other schools that are relatively far from their home.

Amid COVID-19, teachers at our learning centres use a variety of teaching methods such as online applications or dissemination of homework and reading materials for home-based learning. The teachers are committed to ensure that education continues to be accessible to children living in our estates despite lockdowns and restricted movements.

Malaysia	Indonesia	Liberia
17 Kindergartens 499 students	30 Kindergartens 6,438 students	1 Learning Centre 657 students
5 Humana Learning Centres 919 students	16 Primary Schools 7,370 students	
4 Community Learning Centres 84 students	6 Junior High Schools 2,364 students	
	2 Senior High Schools 611 students	
1,502 students	16,783 students	657 students



Students having body temperature screening before entering the class.



Learning centre at one of KLK's estates.



Students in class at KLK's kindergarten in Sabah.

SUSTAINABILITY STATEMENT AND REPORT

KLK'S CORPORATE RESPONSIBILITY AMID COVID-19

KLKCare Food and Essential Aid Programme

Many in the communities where we operate in were financially affected during the COVID-19 nationwide lockdown. Even after restrictions were relaxed, many still found themselves without work or reduced financial income.

In FY2021, the Group reached out for over 5,200 families in need and approximately 4,700 students from B40 families via our Food Aid Programme launched nationwide through our corporate responsibility arm KLKCare.



KLK collaborated with Majlis Bandaraya Ipoh to donate food supplies to 237 families in Waller Court Flats, Ipoh, Perak.



Ladang Batu Lintang donated food baskets to 20 families-in-need at Kampung Sungai Salleh in Serdang, Kedah.



Provision of essential food supplies to residents of Kampung Pengkalan in Semporna, Sabah.



Food packets were distributed to the community in Chemor, Perak.



KLKCare committee members handing out food packets to the Orang Asli community in Pulau Indah, Klang.



Food donation to Hospital RSUD Murjani in Sampit located in Kalimantan Tengah, Indonesia.

SUSTAINABILITY STATEMENT AND REPORT

Feed the Homeless and the Poor

The homeless and the underprivileged have been hit the hardest by the global pandemic. We understand that for them, the most basic of necessity like putting food on the table can be a struggle. For this reason, KLKCare partnered with soup kitchens in Klang Valley and Ipoh to provide meals to those who need them the most during the movement restriction periods.



KLK partnered with Food4U, a non-profit organisation to provide food and face masks to those in need in Klang Valley.



KLK sponsored cooked meals to residents at Pusat Jagaan & Perkhidmatan Maha Bahagia in Ipoh, Perak during COVID-19 pandemic.



Donation of raw cooking materials to soup kitchen, Pertubuhan Amal Ai Xin Fan Tong in provision of cooked meals to the poor community in Ipoh, Perak.

We also did not forget about non-profit organisations and charities who were running low on funds and supplies. Through the KLKCare Food and Essential Aid Programme, the Group provided essential supplies as well as cash contributions to several welfare organisations with the hope that it will allow them to continue with their services to their surrounding community.



Donation of food supplies to Pertubuhan Kebajikan Kanak-Kanak Seremban in Negeri Sembilan.



Handover of medication and essential items to Pusat Jagaan Warga Tua SRA in Kuala Selangor.

SUSTAINABILITY STATEMENT AND REPORT

Provision of Learning Devices to Poor Students

The COVID-19 pandemic has brought about an unprecedented change to the dynamics and culture of education. The situation has caused millions of students across the country to fully utilise their home computers or mobile devices and start online learning from home. However, many children from low-income families and those in rural areas find themselves disadvantaged due to lack of devices and/or poor internet connectivity.

In view of the need, KLKCare donated learning devices with data plan and computers to students from B40 families and underprivileged children from the charity organisations to enable them to continue with their education via online learning.



Learning devices with data plans for poor students to enable online learning.



Installing Wifi facility to enable students from SJKT Sri Telemong to study online.



KLK donated learning devices and computers to children at Pusat Kebajikan dan Rekreasi Social Bercham, Perak.



Philanthropy & Yayasan KLK Scholarships

Despite the impact of the public health crisis, we continue to make meaningful contributions through Yayasan KLK to support the communities in which we operate via grants, cash contributions and other in-kind donations for causes related to education, community welfare, sports and performing arts.

Apart from philanthropy, the Group also provided opportunities to deserving young Malaysians from low-income families to pursue higher education through the Yayasan KLK Scholarships programme. The programme aims to empower them to achieve their dreams with on-the-job internship programmes designed to help them gain insights into the real-world business environment. Upon graduation, successful scholars may be offered employment within the Group. To date, Yayasan KLK has provided scholarships to 445 scholars.



KLK donated special meals to 12,000 inmates during Malaysia Day.

GROUP CORPORATE STRUCTURE

AS AT 30 SEPTEMBER 2021



PLANTATION

- 100% > Betatechnic Sdn Bhd
- 63% > Bornion Estate Sdn Bhd
- 82% > Collingwood Plantations Pte Ltd
 - 82% > Ang Agro Forest Management Ltd
- 100% > Fajar Palmkel Sdn Berhad
- 100% > Golden Complex Sdn Bhd
 - 92% > P.T. Malindomas Perkebunan
- 66% > IJM Plantations Berhad
 - 66% > Akrab Perkasa Sdn Bhd
 - 66% > Berakan Maju Sdn Bhd
 - 66% > Desa Talisai Palm Oil Mill Sdn Bhd
 - 66% > Desa Talisai Sdn Bhd
 - 66% > Dynasive Enterprise Sdn Bhd
 - 66% > Excellent Challenger (M) Sdn Bhd
 - 66% > Gunaria Sdn Bhd
 - 66% > IJM Biofuel Sdn Bhd
 - 66% > IJM Edible Oils Sdn Bhd
 - 66% > Minat Teguh Sdn Bhd
 - 56% > P.T. Indonesia Plantation Synergy
 - 62% > P.T. Karya Bakti Sejahtera Agrotama
 - 62% > P.T. Prima Alumga
 - 62% > P.T. Primabahagia Permai
 - 62% > P.T. Sinergi Agro Industri
 - 66% > Rakanan Jaya Sdn Bhd
 - 66% > Ratus Sempurna Sdn Bhd
 - 66% > Sabang Mills Sdn Bhd
 - 66% > Sijas Plantations Sdn Bhd
- 100% > KL-Kepong Edible Oils Sdn Bhd
- 100% > KL-Kepong Plantation Holdings Sdn Bhd
 - 51% > Astra-KLK Pte Ltd
 - 100% > Gunung Pertanian Sdn Bhd
 - 100% > Jasachem Sdn Bhd
 - 95% > P.T. Karya Makmur Abadi
 - 95% > P.T. ADEI Plantation & Industry
 - 95% > P.T. Anugrah Surya Mandiri [In Liquidation] *
 - 95% > P.T. Applied Agricultural Resources Indonesia
 - 95% > P.T. Bumi Makmur Sejahtera Jaya
 - 92% > P.T. Hutan Hijau Mas
 - 95% > P.T. Jabontara Eka Karsa
 - 100% > P.T. KLK Agriservindo
 - 60% > P.T. Langkat Nusantara Kepong
 - 95% > P.T. Menteng Jaya Sawit Perdana
 - 95% > P.T. Mulia Agro Permai
 - 91% > P.T. Perindustrian Sawit Synergi
 - 65% > P.T. Sekarbumi Alamlestari
 - 62% > P.T. Alam Karya Sejahtera AKS
 - 95% > P.T. Steelindo Wahana Perkasa
 - 90% > P.T. Parit Sembada

- 100% > KL-Kepong (Sabah) Sdn Bhd
- 100% > KLK Agro Plantations Pte Ltd
 - 100% > Liberian Palm Developments Limited
 - 100% > EBF (Mauritius) Limited
 - 100% > Liberia Forest Products Inc
 - 100% > LIBINC Oil Palm Inc
 - 100% > EPO (Mauritius) Limited
 - 100% > Equatorial Palm Oil (Liberia) Incorporated
 - 100% > Liberian Agriculture Developments Corporation
- 85% > KLK Premier Oils Sdn Bhd
 - 85% > Golden Yield Sdn Bhd
- 95% > P.T. Putra Bongan Jaya
- 100% > Sabah Cocoa Sdn Bhd
- 70% > Sabah Holdings Corporation Sdn Bhd
- 100% > Taiko Plantations Sendirian Berhad
- 100% > Taiko Plantations Pte Ltd
- 51% > Uni-Agro Multi Plantations Sdn Bhd



PROPERTY DEVELOPMENT

- 100% > KL-K Holiday Bungalows Sendirian Berhad
- 100% > KLK Land Sdn Bhd
 - 60% > Aura Muhibah Sdn Bhd
 - 100% > Batu Kawan Holdings Sdn Bhd
 - 100% > Colville Holdings Sdn Bhd
 - 100% > KLK Coalfields Sdn Bhd
 - 100% > KLK Landscape Services Sdn Bhd
 - 100% > KLK Management Services Sdn Bhd
 - 100% > KLK Park Homes Sdn Bhd
 - 100% > KLK Retail Centre Sdn Bhd
 - 100% > KL-Kepong Complex Sdn Bhd
 - 100% > KL-Kepong Country Homes Sdn Bhd
 - 100% > KL-Kepong Property Development Sdn Bhd
 - 100% > KL-Kepong Property Management Sdn Bhd
 - 80% > Kompleks Tanjong Malim Sdn Bhd
 - 100% > Palermo Corporation Sdn Bhd
 - 60% > Scope Energy Sdn Bhd
 - 100% > Selasih Ikhtisas Sdn Bhd

GROUP CORPORATE STRUCTURE AS AT 30 SEPTEMBER 2021



MANUFACTURING

- 100% > Davos Life Science Sdn Bhd
- 100% > Davos Life Science Pte Ltd
 - 100% > Biogene Life Science Pte Ltd
 - 100% > Centros Life Science Pte Ltd
- 100% > Kolb Distribution AG
 - 100% > Dr. W. Kolb AG
 - 100% > Dr. W. Kolb Deutschland GmbH
 - 100% > Dr. W. Kolb Netherlands BV
 - 100% > KLK Chemicals Holding Netherlands BV
 - 100% > KLK Kolb Specialties BV
 - 100% > Kolb Distribution BV
 - 100% > Kolb France SARL
- 100% > KL-Kepong Industrial Holdings Sdn Bhd
 - 100% > B.K.B. Hevea Products Sdn Bhd
 - 100% > B.K.B. Flooring Sdn Bhd
 - 100% > Capital Glogalaxy Sdn Bhd
 - 100% > KL-Kepong Rubber Products Sdn Bhd
 - 100% > Masif Latex Products Sdn Bhd
 - 100% > P.T. KLK Dumai
 - 80% > Palm-Oleo Sdn Bhd
 - 80% > KSP Manufacturing Sdn Bhd
 - 80% > Palmamide Sdn Bhd
 - 80% > Palm-Oleo (Klang) Sdn Bhd
- 96% > KL-Kepong Oleomas Sdn Bhd
 - 96% > KLK Bioenergy Sdn Bhd
- 100% > KLK Emmerich GmbH
 - 100% > KLK OLEO Americas Inc
- 80% > KLK Premier Capital Limited
 - 80% > Taiko Palm-Oleo (Zhangjiagang) Co Ltd
- 100% > KLK Tensachem SA
- 100% > Shanghai Jinshan Jingwei Chemical Co Ltd
 - 100% > KLK Oleo (Shanghai) Co Ltd
- 51% > Stolthaven (Westport) Sdn Bhd



INVESTMENT HOLDING & OTHERS

- 100% > Draw Fields Sdn Bhd
- 100% > KL-Kepong Equity Holdings Sdn Bhd
 - 100% > Ablington Holdings Sdn Bhd
 - 100% > KL-Kepong International Ltd
 - 100% > Quarry Lane Sdn Bhd
- 100% > KLK Assurance (Labuan) Limited
- 100% > KLK Farms Pty Ltd
- 100% > KLK Global Resourcing Sdn Bhd
- 100% > KLKI Holdings Limited
 - 100% > Somerset Cuisine Limited
- 100% > KLK Indahmas Sdn Bhd
(formerly known as Richinstock Sawmill Sdn Bhd)
- 100% > KLK Overseas Investments Limited
- 100% > Ladang Perbadanan-Fima Berhad
- 100% > Ortona Enterprise Sdn Bhd



ASSOCIATES

- 50% > Applied Agricultural Resources Sdn Bhd
- 30% > FKW Global Commodities (Pvt) Limited
- 50% > Kumpulan Sierramas (M) Sdn Bhd
- 38% > Malaysia Pakistan Venture Sdn Bhd
- 30% > MAPAK Edible Oils (Private) Limited
- 23% > Phytopharma Co Ltd
- 21% > Synthomer Plc



JOINT VENTURES

- 50% > P.T. Kreasijaya Adhikarya
- 50% > Rainbow State Limited

Notes:

Shareholdings are shown as Group's percentage interest.
* Commenced liquidation on 10 January 2020.

GLOBAL REPORTING INITIATIVE CONTENT INDEX

This report has been prepared with guidance from Bursa Malaysia Securities Berhad’s Sustainability Reporting Framework and the Global Reporting Initiative (“GRI”) Standards - 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.

GENERAL DISCLOSURES		
DISCLOSURE	SECTION	PAGE NO.
Organisational Profile		
102-1	Name of organisation	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 23
102-7	Scale of the organisation	<ul style="list-style-type: none"> Key Indicators 4 Management Discussion & Analysis 23 Workplace 80
102-8	Information on employees and other workers	Workplace 80
102-9	Supply chain	Marketplace 59
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 112
102-12	External initiatives	<ul style="list-style-type: none"> Marketplace 59 Community 90
102-13	Membership of associations	Marketplace 59
Strategy		
102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> Chairman’s Statement 19 Management Discussion & Analysis 23
102-15	Key impact, risks and opportunities	Materiality Matrix 54
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102-16	Values, principles, standards and norms of behaviour	Values 7
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102-18	Governance structure	<ul style="list-style-type: none"> Sustainability Governance 52 Corporate Governance Overview Statement 97
102-19	Delegating authority	<ul style="list-style-type: none"> Sustainability Governance 52 Corporate Governance Overview Statement 97
102-20	Executive-level responsibility for economic, environmental and social topics	<ul style="list-style-type: none"> Profile of Key Senior Management 17 Corporate Governance Overview Statement 97
102-21	Consulting stakeholders on economic, environmental and social topics	Marketplace 59
102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> Profile of Directors 12 Sustainability Governance 52
102-23	Chair of the highest governance body	Profile of Directors 12

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102-26	Role of highest governance body in setting purpose, values and strategy	Corporate Governance Overview Statement 97
102-28	Evaluating the highest governance body's performance	Corporate Governance Overview Statement 97
102-29	Identifying and managing economic, environmental and social impacts	Sustainability Policy 55
102-31	Review of economic, environmental and social topics	Sustainability Policy 55
102-32	Highest governance body's role in sustainability reporting	Sustainability Governance 52
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102-36	Process for determining remuneration	Corporate Governance Overview Statement 97
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102-40	List of stakeholder groups	Marketplace 59
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102-42	Identifying and selecting stakeholders	<ul style="list-style-type: none"> • Materiality Matrix 54 • Marketplace 59
102-43	Approach to stakeholder engagement	Marketplace 59
102-44	Key topics and concerns raised	Marketplace 59
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102-45	Entities included in the consolidated financial statements	Financial Statements 119
102-46	Defining report content and topic boundaries	Materiality Matrix 54
102-47	List of material topics	Materiality Matrix 54
102-48	Restatements of information	<ul style="list-style-type: none"> • GHG Emissions Intensity, p75 75 • Energy Intensity, p76 76
102-49	Changes in reporting	None -
102-50	Reporting period	About This Report 52
102-51	Date of most recent report	Annual Report 2020 -
102-52	Reporting cycle	Annual -
102-53	Contact point for questions regarding the report	<ul style="list-style-type: none"> • Marketplace 59 • KLK Website www.klk.com.my
102-54	Claims of reporting in accordance with the GRI Standards	Global Reporting Initiative Content Index 225
102-55	GRI content index	Global Reporting Initiative Content Index 225
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 -

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201-1	Direct economic value generated and distributed	Financial Statements	119
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203-1	Infrastructure investments and services supported	Community	90
203-2	Significant indirect economic impacts	Community	90
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205-2	Communication and training about anti-corruption policies and procedures	KLK Website	www.klk.com.my
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403-1	Occupational health and safety management system	Workplace	80
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403-3	Occupational health services	Workplace	80
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403-5	Worker training on occupational safety and health	Workplace	80

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403-8	Workers covered by an occupational health and safety management system	Workplace	80
403-9	Work-related injuries	Workplace	80
403-10	Work-related health	Workplace	80
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405-1	Diversity of governance bodies and employees	Workplace	80
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406-1	Incidents of discrimination and corrective actions taken	No incidents during the reporting period	-
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407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No incidents during the reporting period	-
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408-1	Operations and suppliers at significant risk for incidents of child labour	Workplace	80
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409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Workplace	80