



Corporate
Responsibility
Report 2018



KLKCare Pillars



At KLK Group, we believe that doing business in a sustainable manner goes in tandem with Corporate Responsibility (“CR”). We are committed to create sustainable stakeholder value by integrating environmental and societal concerns into our business strategies and performance. Our CR initiatives organised under KLKCare, are based on four (4) focus areas namely: **Education**, **Community**, **Environment** and **Employees**.

Education



Empowerment Through Education

We believe that education is an important catalyst for positive change and transforming the future of the community. As such, we seek to create appropriate education inroads and pathways in the areas where we operate for people and communities who may not be fortunate enough to have access to such opportunities.

Environment



Harmony with Nature

We place great importance on the protection and preservation of the environment and this is reflected in our core business practices and policies. We strongly believe that our livelihoods depend on a healthier, more livable world for us and our future generations.

Community



Care for People

At KLK, our values and the culture of caring continues through the generations and is embedded in our corporate DNA. In the spirit of caring and sharing, we reach out to the less fortunate through various activities, visits and donations. We will endeavour to improve the livelihoods of the communities in areas where we operate.

Employees



Health and Wellbeing

Employees are one of our greatest assets and their health and wellbeing remain our top priority. We aim to support our employees to be the best they can be by providing them an environment and opportunities that encourage and enable them to lead a healthy lifestyle.



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About Us

Kuala Lumpur Kepong Berhad (“KLK”), a company incorporated in Malaysia, is listed on the Main Market of Bursa Malaysia Securities Berhad with a market capitalisation of approximately RM26.6 billion (USD 6.43 bil) at the end of September 2018.

It started as a plantation company more than 110 years ago and plantation, predominantly oil palm, still leads as KLK’s core business activity. Through various strategic acquisitions and sound management, the Group’s total oil palm planted area stands at 210,000 hectares spread across Malaysia (Peninsular and Sabah), Indonesia (Belitung Island, Sumatra, Central and East Kalimantan) and Liberia.

Since the 1990’s, the Group had diversified into resource-based manufacturing (oleochemicals, derivatives and specialty chemicals) and vertically integrated both its upstream and downstream businesses. The KLK Group expanded its manufacturing operations through organic growth, joint ventures and acquisitions in Malaysia, the Republic of China, Switzerland, Germany, The Netherlands, Belgium and Indonesia resulting in international scale oleochemicals operations.

The 1990’s also saw the Group capitalising on the strategic location of its land bank in Peninsular Malaysia by branching into property development.

Since the dawn of the 21st century, the Group has been in strong consolidation mode, in preparation for bigger leaps into the future.



KUALA LUMPUR KEPONG BERHAD



PLANTATION





MANUFACTURING





PROPERTY DEVELOPMENT








About This Report

At KLK, we believe that corporations with resources and talents, are strong platforms to drive positive social change. Hence, Corporate Responsibility ("CR") plays an important role in our overall business strategy. We embrace CR and contribute to the continuous development of the communities in the areas where we operate.

This is the 3rd CR Report showcasing KLK Group's CR initiatives during the financial year ended 30 September 2018 (FY2018). We are committed to improve the livelihoods of our communities and manage our impact on the environment through our CR focus areas namely Education, Community, Environment and Employees. We have established strategic partnerships with various stakeholders such as schools, communities, corporations, NGOs and government agencies to design and implement initiatives that will deliver positive impact in building a sustainable future.



We thank our partners

KLK is continuously aligning its CR initiatives to achieve a higher impact in the community and environment. During this CR journey, we worked with our stakeholders and partners to make a positive difference. None of our efforts would have succeeded without their support. We would like to take this opportunity to thank our employees, partners and stakeholders and we look forward to having their continuous support in order for us to expand our outreach in 2019 and beyond.



CEO's Statement

“ Our approach to sustainability is very much based on the company's CR motto which in turn, is a reflection of our core belief that Values Matter, Society Matters. ”

Tan Sri Lee Oi Hian
KLK CEO



Values Matter, Society Matters

KLK has journeyed more than 110 years of history and we are continuously committed to being a catalyst for change in the community where we operate. We strive to create sustainable stakeholder value by integrating environmental and societal concerns into our business strategies and performance. Our approach to sustainability is very much based on the company's CR motto which in turn, is a reflection of our core belief that **Values Matter, Society Matters**.

This report is an overview of our CR progress in 2018. It showcases the hard work and commitment KLK employees have made in the development of our communities by improving the livelihoods, education opportunities, medical and infrastructure facilities.

Apart from maintaining a strong connection to the people and communities with whom we work, we put great emphasis on our environmental responsibility. We have incorporated environmentally friendly techniques into our business practices to reduce our impact on the environment, to preserve the present for a better tomorrow.

I wish to extend my upmost gratitude to all KLK employees for sharing our CR goals as this journey would not have been possible without their support and commitment. We look forward to continuing our CR efforts in the coming years, and to further cultivating volunteerism towards enhancing the wellbeing of our communities.



Governance Structure

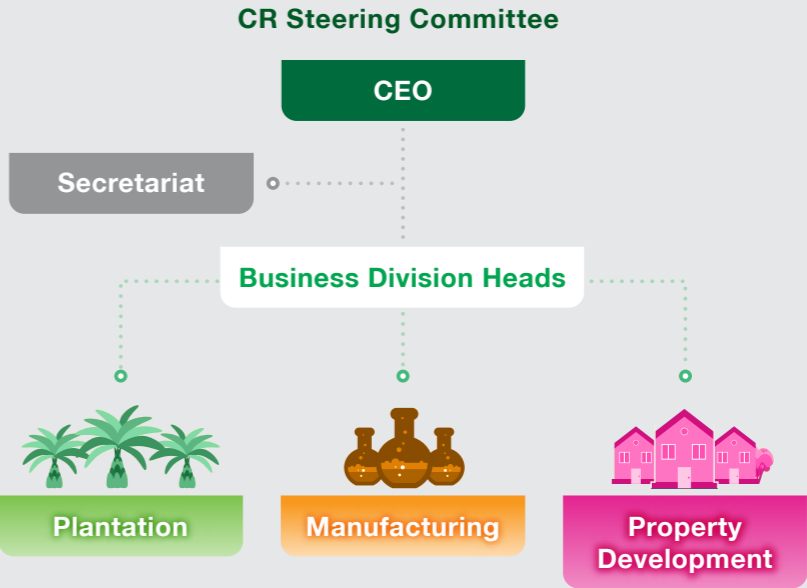
At KLK, we believe in growing our business in a sustainable and responsible manner and CR forms an integral part of the Group’s culture and business strategy. Our CR initiatives are conducted under KLKCare and are managed within a governance structure.



CR Steering Committee

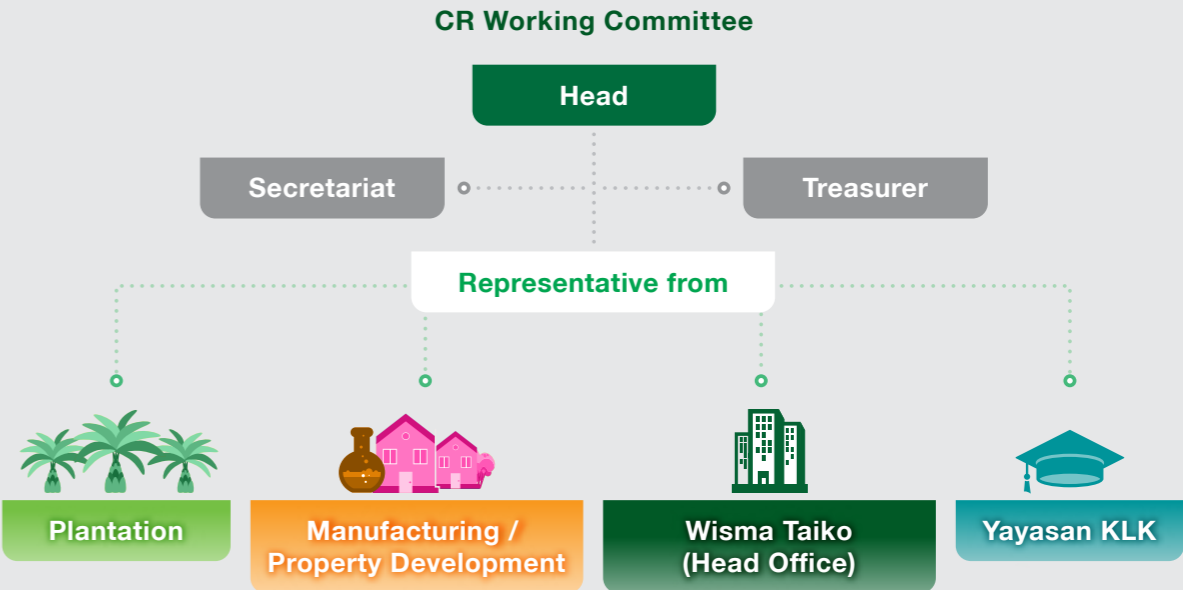
The CR Steering Committee (“CRSC”) sets the corporate strategies in relation to KLK’s CR commitments and responsibilities.

The CRSC is headed by the CEO and its members are the heads of KLK’s three (3) business divisions. It is a platform to set strategies to ensure that there is broad and balanced engagement across the Group.



CR Working Committee

The CRSC is supported by the CR Working Committee (“CRWC”). The CRWC is responsible to ensure the execution of programmes approved by the CRSC. The CRWC engages with the CR heads/ representatives from the various regions to provide strategic advice and direction on the CR programmes so that they are in-line with the direction set by the CRSC.





Glimpse of our initiatives for **Education**



**MALAYSIA /
INDONESIA / LIBERIA**

**Enriching Lives
Through Education**

Provide education to about 10,000 students through our 77 kindergartens, learning centres and schools located in Malaysia, Indonesia and Liberia.



MALAYSIA

- Built 5 learning centres, 18 kindergartens and 2 primary schools in Sabah
- Provide education to more than 1,650 students

KLK Palm Oil Education Programme

- Reached out to more than 2,500 students at 13 schools to provide correct information about palm oil focusing on social economic importance besides it being more environmental friendly compared to other competing oils.



INDONESIA

- Built 31 learning centres & kindergartens, 15 primary schools, 3 junior high schools and 1 senior high school
- Provide education to more than 7,200 students



LIBERIA

- Built 2 schools in Butaw and Palm Bay
- Provide education to 1,200 students

Glimpse of our initiatives for **Community**



MALAYSIA / INDONESIA / LIBERIA

- Constructed and upgrade road access for local community



**MALAYSIA / INDONESIA / LIBERIA /
CHINA / GERMANY**

- Engage children with special needs through motivational camp, outing and sports day
- Bring love and care to vulnerable communities through visitations



LIBERIA

- Provision of clean drinking water, healthcare service, medical treatment and immunisation to the community in remote locations



Highlights of Our Key 2018 CR Initiatives

Glimpse of our initiatives for **Environment**



CHINA

- Created environmental awareness through recycling and waste separation programme



INDONESIA

- "One Employee One Tree" - tree planting initiative at plantations
- Planted 54,000 trees as at FY2018

Glimpse of our initiatives for **Employees**



MALAYSIA / INDONESIA / LIBERIA

- Provision of housing and living amenities at the plantations



**MALAYSIA / INDONESIA / LIBERIA /
CHINA / GERMANY**

- Sports and wellness activities
- Charity Runs
- Team building activities



Education

Empowerment Through Education

We believe that education is an important catalyst for positive change and transforming the future of the community. As such, we seek to create appropriate education inroads and pathways in the areas where we operate for people and communities who may not be fortunate enough to have access to such opportunities.



Enriching Lives Through Education

Sabah, a state of great beauty and natural resources on the island of Borneo, is a very important palm oil producing state in Malaysia. It is also a home to a vast population of migrant workers who have contributed significantly towards the palm oil industry in Malaysia.

We at KLK, believe in the power of education to transform lives and we feel that every child should be given the opportunity to learn. It is our commitment to provide appropriate education opportunities to the community where we operate. In Sabah, we have established a partnership with Humana Child Aid Society Sabah, a Malaysian registered NGO to provide basic primary education to the children living in our plantations and undocumented children in rural areas in Sabah.



KLK provides early education to children in Sabah



Children learn origami at kindergarten



One of KKL Humana Learning Centres in Sabah

Through our 25 learning centres, kindergartens and primary schools, we have provided education to more than 1,650 children in Sabah.



Malaysia
(Sabah)

18	Kindergartens	474 Students
5	Humana Learning Centres	997 Students
2	Primary Schools	195 Students



Children participate in colouring activity



Children participating in a wall painting activity



Children at school Sports Day



Children taking part in football games and other sport activities



KLK Palm Oil Education Programme (“POEP”)...

Educating Young Minds

The Malaysian palm oil industry is a significant contributor to Malaysia’s overall economy, providing both employment especially for the remote poor, and income from exports. As one of the major commodities, it is not unusual to read some negative news in the media on the commodity. However, the negative press associated with palm oil tends to overshadow the many positives of palm oil.

Malaysia is the second largest producer of palm oil in the world after Indonesia, accounting for 27% of world palm oil production. The industry comprises for 5-6% of the national GDP. Hence, it is essential that we provide accurate facts about palm oil to the younger generation of Malaysians so that they are well informed and have the knowledge on how could they play a role to drive the Malaysian economy forward.



KLKCare volunteer assists students in soap making activity



Students taking part in soap making activity



Before attending the palm oil education workshop, I didn't know much about palm oil industry. I am glad that I learnt something about palm oil and I enjoyed the soap making experience,

said Raajachelvan a/l Ilanchelvan, student from 5S3, SMK St Michael.



Teachers are also taking part in soap making activity



Students showing their oil palm tree drawing



KLK POEP classroom session



Students of SMK Puncak Alam 3 attending the KLK POEP

Palm oil is the most widely produced and consumed vegetable oil. Being a vegetable oil, palm oil is cholesterol-free just like all vegetable oils. Palm oil has a balanced composition of saturated fatty acids and unsaturated fatty acids and it does not require hydrogenation as its natural semi-solid properties make it highly suitable in food formulations. Palm oil can also be processed further into oleochemicals that serve as ingredients in cosmetics, personal care, home care and industrial lubricants. Palm as a fruit has the highest carotene and also contains vitamins. Tocotrienol, a form of vitamin E extract has been proven to have anti-inflammation properties that supports brain, cardiovascular, liver and skin health.

As a leading company in the palm oil industry, KLK believes that it is essential for the young generation to have accurate information of the palm oil sector and its contribution to the Malaysian economy. To fulfill the growing global needs for oils and fats sustainably and to stay at the forefront of this industry, it is important that we raise proper awareness on palm oil industry, as well as to build up a more dynamic talent pool for Malaysia’s economy.

KLK collaborated with Science Bridge Academy to embark on its Palm Oil Education Programme (“POEP”) two (2) years ago aimed at creating awareness about palm oil’s attributes and career opportunities in the palm oil industry amongst secondary school students. The programme comprised an educational presentation on palm oil and its applications, team activities and hands-on soap making session.



In FY2017, we conducted the POEP in five (5) schools with participation of 1,150 upper secondary students within close proximity to KLK manufacturing sites and offices. Arising from the encouraging response to the programme, we extended the programme to 12 schools reaching over 2,500 students in Ipoh and Klang Valley in FY2018.



Programme
Extended to
17
Schools



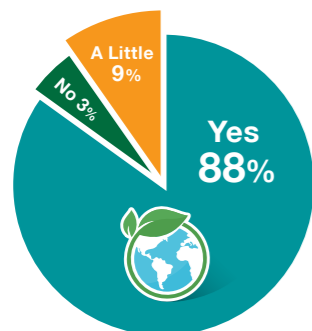
3,650
Since
FY2017

We are committed to developing a knowledgeable Malaysian workforce, equipped with all information about palm oil industry which we believe will continue to be highly relevant to our future. We see this as an opportunity to not only play a role in delivering the

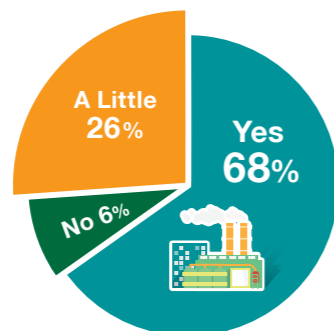
required future talent, but also in retaining the current local talent and attracting foreign ones.

We hope this programme will assist students in making wise decisions when pursuing their higher education in a field related to the palm oil industry that has so much to offer.

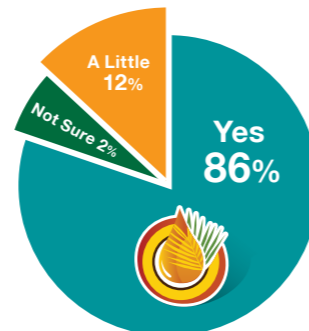
A survey was carried out amongst the participating students upon completion of the programme and we are delighted to learn that 88% of the students have commented that they gained knowledge about palm oil during the workshop which helped them to better understand how palm oil is being used in their everyday lives. Not only did the interactive sessions bring much excitement to the students, but the teachers themselves had an interesting and informative time being educated on the applications and the palm oil industry.



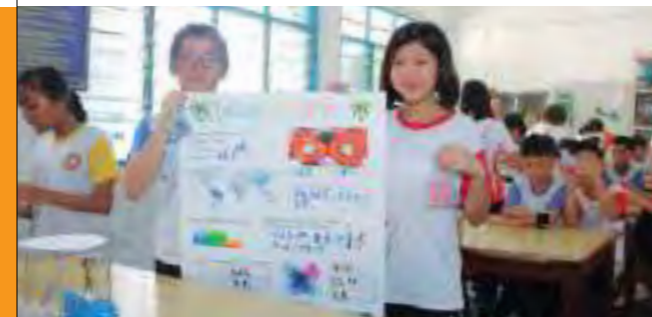
Did this workshop help you to understand more about **Palm Oil** as a **Sustainable Crop**?



Did this workshop open your eyes to the career paths available in the **Palm Oil Industry**?



Do you think this workshop was **Beneficial** to you?



Students of SJK(C) Kundang answering fun quizzes about palm oil



KLKCare volunteers supervising students in soap making activity

As POEP is a valuable tool to provide young people with more accurate information about palm oil, a pilot project was also held at a primary school, *Sekolah Jenis Kebangsaan Cina Kundang* in Rawang. This programme will expand to more schools in line with the "Love MY Palm Oil" campaign initiated by the Ministry of Primary Industries Malaysia in 2019 to instill national pride and to educate people to appreciate Malaysian palm oil.



Students are happy with their hand-made soap



Yayasan KLK Scholarship... Building the Future

In line with our corporate responsibility initiatives, KLK has been providing scholarships to deserving and outstanding Malaysians to pursue the undergraduate studies at private and public universities locally through its foundation, Yayasan KLK since 1985.

KLK is humbled by the opportunity to make a difference in the lives of young Malaysians by enabling them to pursue their academic goals and fulfil their dreams.



Yayasan KLK scholars for FY2018



Yayasan KLK scholars and KLK staff at the awards ceremony



Yayasan KLK scholars participated in CR activity organised by KLK



Yayasan KLK scholar is learning the oleochemical process at Palm Oleo Klang

Apart from financial assistance, the scholars are given the opportunity to gain working experience through KLK's internship programme during the course of their studies. The internship programme aims at providing the scholars various skills to increase individual abilities to develop their marketability prior to starting a career in a more challenging business environment. Upon completion of their studies, the scholars will also be given employment opportunities under the KLK group of companies.

CR plays an important role in cultivating shared values between KLK and our surrounding community. To instill the spirit of giving and caring, we strongly encourage our Yayasan KLK scholars to take part in the company's CR activities.

In 2018, eight (8) Yayasan KLK scholars engaged students with special needs who have emotional and behavioral disorder or physical disabilities of *Program Pendidikan Khas Integrasi (PPKI) Sekolah Taman Klang Jaya* at their Sports Day organised by KLK.



Yayasan KLK scholar was given on-the-job training at Ladang Pelam, Kedah



Ishvinderpal Kaur

My Voice As a Yayasan KLK Scholar

Meet Ishvinderpal Kaur A/P Rasphal Singh or as she likes to call herself – “Ishvin”, for short.

Ishvin is just one from the team of highly motivated and enthusiastic Yayasan KLK scholars. She hails from Ipoh, Perak, and is currently pursuing the second year of her Degree in Chemical Engineering at the *Universiti Teknologi Petronas*. Ishvin was raised by a single mother, a fact that has driven her to want to make a difference not just in her own life to help her family, but also the world in general.

Ishvin was awarded a Yayasan KLK scholarship in 2017, and with the support of the Yayasan KLK scholarship, the burden on her mother to pay her University education has lessened. Another thing that has Ishvin smiling these days is that she's very pleased to have secured a coveted place for her internship at KLK itself. She has also developed a sense

of greater responsibility in wanting to excel in her studies as she stands a chance to secure employment with KLK upon completion of her studies. That is the hope of most fresh graduates, and KLK is giving those deserving of it, the opportunity to do so.

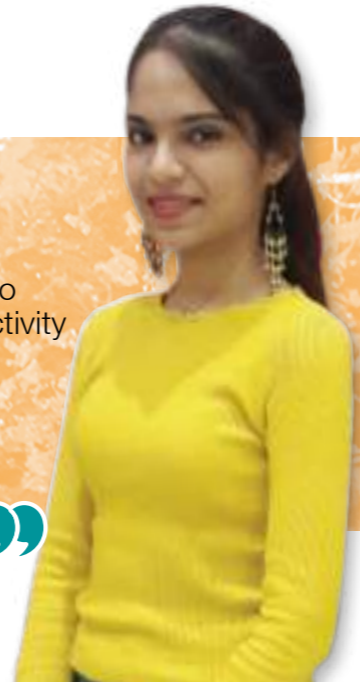
Ishvin has also participated in one of KLK's CR activities at *PPKI Sekolah Taman Klang Jaya* during her semester break. This is how she summed up her experience... *“It was a great experience for me to participate in this CR activity with the other KLK scholars. This is a great bonding opportunity for the scholars and KLK employees, not forgetting the teachers and students at Sekolah Taman Klang Jaya as well.”*



Ishvin assisting children with special needs of PPKI SK Taman Klang Jaya



It was a great experience for me to participate in CR activity organised by KLK,
said Ishvinderpal Kaur.



Apprenticeship & Internship Programme

Continuous training and the gaining of knowledge are critically important in today's fast-paced, ever competitive business environment – and for the future generations preparing to enter the workforce. KLK strives to empower our youth, hence, we have invested in a programme to help cultivate the knowledge and skills necessary and that can create a sustainable workforce for the palm oil industry.

Our KLK Oleo manufacturing sites in Malaysia have kick-started the inaugural Apprenticeship Programme in 2018 to provide industrial training to fresh graduates with a Diploma or a Bachelor's Degree. The Apprenticeship Programme provides an exciting opportunity and platform for talented and ambitious individuals who wish to begin their careers at KLK.

Under this Apprenticeship Programme, fresh graduates follow a 6-month course where they earn while they learn on-the-job as well as gain invaluable experience in a real work and industry environment.

In Germany, KLK Emmerich continues its efforts to develop youths by offering the 'Apprenticeship Programme' to graduates and the 'Internship Programme' to undergraduates. We hope that through these programmes, we are able to gain better access to recruiting potential hard working and earnest workers to grow our company.



Participants of KLK Emmerich Apprenticeship and Internship Programme



Apprentice was given hands on learning opportunity in KLK Oleo Apprenticeship Programme in Palm-Oleo Klang

Money & Me...

The Financial Literacy Initiative

Poor financial planning had led to nearly 65,000 Malaysians between the ages of 18 and 44 declaring bankruptcy since 2013¹. The situation could be attributed to weak financial planning and insufficient knowledge to manage financial matters.

In view of the importance of financial literacy as a tool to improve the financial capability of our youth, KLK has once again collaborated with The Edge Education Foundation to deliver the Money & Me: Youth Financial Empowerment Programme ("Money & Me"), a financial literacy initiative for urban teenagers from middle to low income households.

¹Source: The Star, 15 Aug 2018



Group discussion during the "Money & Me" session



The Money & Me programme is designed specifically to help participants understand the importance of saving and to instill good spending habits. In this programme, 15 volunteers have facilitated the teaching of various modules to 50 students at SMK Bandar Utama 4. This programme focuses on financial literacy as a basic skill, besides equipping youths with basic entrepreneurship skills for better economic prospects.



50
Students



15
KLK
Volunteers



108
Volunteers
Hours



Students participated in Sales Day at SMK Bandar Utama 4





Oil palm cultivation has been an important generator of economic growth in Indonesia. The palm oil industry's role in securing access to education has been notable.

In Indonesia, we collaborate with the Indonesia Heritage Foundation ("IHF") to provide education facilities and tools for Early Childhood Education (*Pendidikan Anak Usia Dini* – "PAUD") at the learning centres near KLK's estates across Indonesia. Apart from providing hardware support, KLK is also employing teachers for these learning centres. The Character-based Holistic Education model (created by IHF) is designed to develop and build children's character.



Aerial view of the new school building block in Mandau Estate Indonesia



Teaching of tooth brushing to children at one of the learning centres in Indonesia




Free school bus service was provided



One of KLK's Early Childhood Education Centres in Indonesia

We hope with the education access, we can prepare the next generation to be citizens of integrity who are also positive learners using creative thinking and higher order thinking skills.

Outreach: 7,111 Students

	31	Learning Centres & Kindergartens	2,183 Students
	15	Primary Schools	3,765 Students
	3	Junior High Schools	959 Students
	1	Senior High School	204 Students



One of KLK's learning centres in East Kalimantan, Indonesia



Immunisation for children at one of KLK's learning centres



Students taking part in Boy Scouts



Children learned discipline and teamwork through marching



Students at one of KLK's schools in Liberia



School at Palm Bay estate in Liberia

Apart from physical infrastructure, we believe in playing a part in developing and creating alert minds in younger generations and we hope that with proper education, the children may grow up to become knowledgeable and useful participants in their society.



Student attending class at Palm Bay estate school

In Liberia, KLK is working with the Ministry of Education to provide education not only to our workers' children but also to the children living nearby our estates in Palm Bay and Butaw. In addition to education, free school bus service, reading materials, uniforms, textbooks and daily meals are also provided to the students.



Liberia

1

Palm Bay School

674 Students

1

Butaw School

463 Students



School children lining up for essembly at Palm Bay estate school



Apart from education, KLK also provides free school bus service to the children



Our Other Education Initiatives



KLKCare volunteers donating books to Lan Tian School in China



Students are happy with the activity workbooks provided by Ladang Pelam



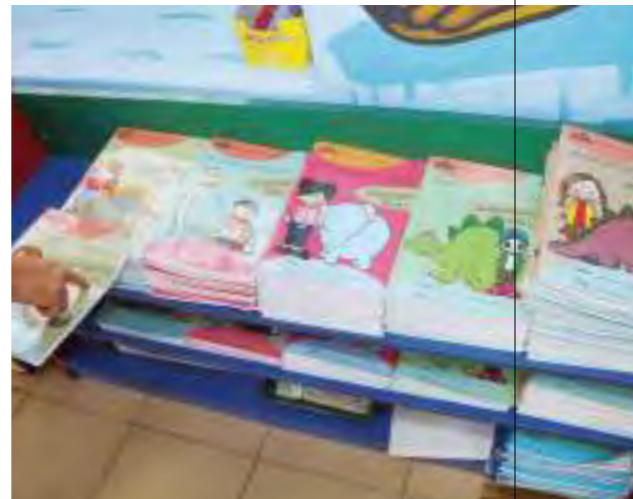
Students learning music and discipline in Indonesia



KLK representative presents the Academic Excellent Awards to one of KLK's employee's child



KLKCare volunteer having reading session with children at Lan Tian School



KLK donated televisions to SRJK (T) Ladang Selborne



KLK Plantation estate donating school uniforms to poor students



Community

Care for People

At KLK, our values and the culture of caring continues through the generations and is embedded in our corporate DNA. In the spirit of caring and sharing, we reach out to the less fortunate through various activities, visits and donations. We will endeavour to improve the livelihoods of the communities in areas where we operate.



Back to School...

But with a Lot of Heart!

KLK employees were given the chance to be involved in a “Back-To-School” programme, a CR initiative whereby 38 kind hearted and generous minded KLK employees from its headquarters at Wisma Taiko purchased school necessities for their ‘adopted children’ from the *Pusat Jagaan Anak-Anak Yatim Dan Miskin Nurul Iman*, *Pusat Jagaan Diamond Home* and the Precious Gift Home in Ipoh.

Purchasing “Back to School” items for those with children is one thing, but it is a whole other feeling of joy and satisfaction when one is given the opportunity to ‘give back’ to the less fortunate at the same time. It can sometimes be a more rewarding feeling, in fact.



KLKCare volunteer having telematch game with one of the kids from Diamond Home



Happy posing of KLKCare volunteers and children of the participating homes



Kid receiving prizes from KLK's Group Plantations Director, Patrick Kee



We hope the “Back To School” items will help reduce the burden of seeing to these very necessary expenses for these children, so as to enable the children to better focus on their studies and to secure themselves a brighter future, said Patrick Kee, KLK's Group Plantations Director.



The ‘adopted children’ were invited to the KLK Club House where the event took place. Cue the energetic tele-matches specially designed for the children by the KLK employees themselves. Whilst there, the children learned a lot about good teamwork in the course of the various games – regardless of whether they were winners. The KLK team of volunteers wanted to convey to the children the message of being ‘a good sport in sports’. Sometimes in life, it’s not about the winning; it’s about the taking part whether good or bad, making new friends along the way, and not putting the blame on any supposed ‘losers’. The children were taught how to take losing in their stride. Through this, we noted that the children eventually worked well together even if it was their first time meeting with other children from different homes. It’s a good characteristic and behavior to have, and one that they can take with them for life.

During the handover ceremony, KLK also provided the children with school supplies such as school shoes, socks and book vouchers; and groceries for their homes. The children were pleasantly surprised with the individual Back-To-School gifts from the KLK employees as they were unaware and not expecting anything more, apart from the school shoes supplies. The children were thereafter treated to delicious refreshments after the fun-filled day.



Group photo of KLKCare volunteers and children from underprivileged homes



KLK representative presenting goods to underprivileged homes





KLK Muhibah Cup...

Promoting Unity

Sports is one of the significant driving forces for peace and development. It is also a great vehicle to ensure respect for each other regardless of ethnicity, culture or religion.

KLK has once again organised its annual *Piala Muhibah KLK* (U12 and U16 categories) for the Perak community to promote unity and healthy lifestyle amongst youth.



Akademi Tunas, the champion of Piala Muhibah KLK U12 category



We are glad to see the children building friendship from various ethnic communities and we hope to encourage better interaction and understanding amongst them through Malaysia's most popular sports – football,

said Janaki Raman Shanmugam, General Manager of KLK Plantation Division.



The U12 category attracted a total of 15 teams whilst the U16 category attracted 16 teams from the football clubs in Perak. These football tournaments are unique in that all participating teams are required to have players from at least three ethnic groups of Malaysia and no more than seven players should come from one single ethnic group during the game. The teams vied for cash and in kind prizes as well as the championship title.

Category	Team	Pax/Team	Total Participation
U12	15	20	300
U16	16	20	320
Total			620



One of the participating teams for U16 category





Engaging Children with Special Needs

While most people have the cognitive and physical ability to choose a sports activity to participate in, unfortunately many children with special needs and disabilities do not have the luxury of getting themselves out to participate in sports. Sports programmes are limited for children with special needs because many symptoms including inattention, lack of impulse control and trouble following directions make sports difficult.

In view of sports in its full potential as a powerful way to foster greater inclusion and wellbeing for students with special needs, KLK continues to demonstrate commitment to engage children with special needs at *Projek Pendidikan Khas Integrasi (PPKI) SK Taman Klang Jaya* through sports day.



Children of PPKI SK Taman Klang Jaya participating in Sports Day



Representative of PPKI SK Telok Gadong presents a memento to KLK Oleo Managing Director, AK Yeow

Apart from sports day, KLK has also organised a talent day for children at *PPKI SK Telok Gadong* aimed at helping them to enhance social development and to also build self-confidence.

Educational trips are powerful teaching tools that provides unique opportunities which encourage students to engage with people, places and buildings in new ways. KLK had arranged a trip for children of *PPKI SK Telok Gadong* and *SK Taman Klang Jaya* to visit KL Tower Upside Down House and Aquaria KLCC. We hope these sports and outdoor activities could develop a sense of self-esteem amongst the children and they are benefitting from the visual and sensory experience during the educational trip.



Participants of PPKI SK Telok Gadong talent day



We believe that by bringing these children with special needs to a public area it will aid them in being more independent and more accustomed to the public,

said AK Yeow,
Managing Director of KLK Oleo.



Children with special needs encounter fishes at Aquaria KLCC



Connecting with Nature and Native

We at KLK believe that it is our responsibility to give back to the community where possible, and this is what KLK has taken upon to inculcate from the early days. Today, we support various community development initiatives such as having our employees be actively involved in a variety of Community Outreach Projects which allow them a platform to reach out in giving a helping hand to the needy.

Together with the *Jabatan Kemajuan Orang Asli Malaysia*, KLK had organised a series of Community Outreach programme at *Kampung Orang Asli* in Pulau Indah. A *gotong royong* activity was conducted by 39 KLKCare volunteers helping the villagers clean up their neighborhood.



Children at Kampung Orang Asli in Pulau Indah participate in colouring contest



KLKCare volunteers cleaning up the neighbourhood of Kampung Orang Asli in Pulau Indah



Through the *gotong royong* activity, we hope to promote the culture of sharing not just the joys but also the burdens in the community. We hope that with this initiative, the villagers will shoulder the shared responsibilities with one another to build a better living environment for all. Apart from the *gotong royong* activity, we have also upgraded the village's Community Hall so that everyone is able to enjoy the communal hall facilities.



Let's work together to create a better living environment and we certainly will continue to contribute our times and efforts in making a difference to the Pulau Indah community as well as creating long term value for our company,

Raghunathan Nair, Managing Director of Fatty Alcohols & Methyl Esters, Sales Business Unit, KLK Oleomas.



KLK Oleo representatives presenting food to poor community at Kampung Orang Asli Pulau Indah



Engaging the Elderly

We all know that Family is one of the most important units in society. KLK hopes to foster a positive relationship with this vulnerable community through our visitations, where we do our best to bring a little happiness and smiles to these less fortunate folks, as well as to encourage the practice of the importance of genuine caring and sharing overall.



Health screening was organised for elderly



Children of KLK employees helping in making dumpling for elderly at Zhangjiagang TongQiao Community



KLKCare volunteer feeding the elderly



Empower Community Through Agriculture

Gunung Sari village is situated in Segah District of Berau Regency in East Kalimantan Province. The plantation sector, primary oil palm, is a key commodity in East Kalimantan because it has an important role in developing the local economy.

In the effort to improve livelihood and enhanced food security, estate *PT Hutan Hijau Mas (PT HHM)* has engaged the villagers of *Gunung Sari* Village by helping them to establish agriculture activities. Subsistence crop and livestock farming have traditionally provided food for the rural communities. Together with the villagers, PT HHM built fish pond and vegetables garden for the local community. In addition, the villagers were taught on the proper techniques of growing crops and breeding fish so that they could produce food for self-consumption as well as to generate supplemental income.



The villager releasing fish fingerlings into the pond



PT HHM representative handover fish fingerlings to villagers of Gunung Sari Village





Enriching Lives in Liberia

Liberia is Africa's oldest republic, unfortunately it is known for its long-running, ruinous civil war and its role in a rebellion neighbouring Sierra Leone.

Over two decades of political and economic instability including two violent civil wars (between 1989 and 1996 and again between 1999 and 2003) have devastated the country's economy. Most of the country's infrastructure was largely destroyed during the civil wars. The country is still one of the poorest in the world with high rate of unemployment.

Oil palm cultivation is one of the important elements in Liberia's economic development. We believe that the palm oil industry offers many opportunities for human and infrastructural development where the presence of KLK in Liberia has provided job opportunities and socio-economy development to the local community. There are currently 664 permanent local staff in Liberia, of which about 40% are women.



Upgrading and maintenance of road access for the local community near one of KLK estates in Liberia



Poor nutrition and lack of healthcare, clean water, education and infrastructure facilities have all been major areas that KLK seeks to improve since its investment in Liberia in 2013. KLK continuously work with the Liberia's government to help in the development of these basic services for the local communities.

Infrastructure Improvement

At KLK, we strive to improve the livelihood of the communities in areas where we operate. Hence, we make significant contribution to enrich the lives of local communities and infrastructures including construction of roads and bridges.

Clean Water and Hygiene

Over a decade of civil wars have left Liberia's water and sanitation infrastructure in ruins which has been bedeviled with serious health challenges. Poor sanitation, lack of clean water and hygiene have caused number of serious consequences to the people, increasing their vulnerability to a wide range of diseases. Our commitment to improve the lives of those around us remains our top priority. To improve water and sanitation infrastructures, KLK has provided 38 hand pumps to supply clean drinking water for 38 villages surrounding our plantations to-date. Pit latrines were also built for the vulnerable communities to promote hygiene practices.



Hand pump to supply clean water to local community in Liberia



Pit latrine was built to improve hygiene condition in Liberia



Health

Health situations of the community living within our plantations are also our main concern. Our medical clinics located at Palm Bay and Butaw estates provide free health facilities for not only our employees, but also communities of the surrounding towns and villages.

The clinics offer vaccination programme, pre and post-natal facilities, isolation wards, health education and drug dispensation, and the clinics are managed by trained medical professionals. The clinics also provide a 24-hour free ambulance service. Additionally, a mobile clinic outreach programme which operates two days a week to serve the patients living within and outside the operating centres.



650

Patients Treated
at Palm Bay &
Butaw Clinic
Per Month



40%

Patients are
Non-Employees



Clinic at Palm Bay estate

Measles vaccine for community in Liberia

Community Vegetable Farming

In an effort to enhance food security and to strengthen socio-economic empowerment of the communities at Palm Bay estate in Liberia, KLK has initiated a vegetable farming project, in collaboration with the Ministry of Agriculture of Liberia (MOA). The objective of the project is to train the targeted communities on vegetables farming for self-consumption and local sales. The selection of the types of vegetable to be cultivated are based on several factors including local demand and weather. The MOA provides valuable technical input and market insights such as demand statistics and in depth understanding of other important local conditions to ensure sustainable agriculture.

With this project, we hope to empower communities' ability to conserve the natural resources they depend upon and to strengthen their role as stewards of the environment while at the same time improve their livelihoods.



The participant of community farming prepare land for vegetables planting



Checking on crops at the vegetables farm



Provision of farming tools to local community



Our Other Community Initiatives



Provision of school items to Aokam Benevolent Centre in Tawau, Sabah



KLKGare volunteers cleaning up and painting the community park at Kampung Baru Kundang in Rawang



Gotong royong at Rumah Haruman Kasih in Ayer Tawar, Perak



Gotong royong at Hope Mission Home in Teluk Intan, Perak



KLK Emmerich supports the Chernobyl Children's Project by hosting the Belarusian children during their recuperative holidays in Germany



Participants of Community Cyclethon organised by KLK Land



Donation drive to Sulawesi earthquake and tsunami victims



Participants of KLK Land Community Cyclethon having thrill ride at KLK Tuan Mee Estate in Selangor



Environment

Harmony with Nature

We place great importance on the protection and preservation of the environment and this is reflected in our core business practices and policies. We strongly believe that our livelihoods depend on a healthier, more livable world for us and our future generations.



Waste Separation & Upcycling Project

In partnership with the Lovely Disabled Home, KLK organised a waste separation workshop for 120 students at *Sekolah Kebangsaan Seri Kundang* in Rawang, Selangor to promote environmental preservation and to educate children on the importance of recycling from a young age.

The workshop was divided into two sessions, where the first session was an information sharing on recycling and ways of performing waste separation facilitated by Lovely Disabled Home followed by a Recycling Quiz and a competitive tele-match on waste separation.



Students working in a team for waste separation quiz session



Students receiving prizes for the waste separation quiz



Informative recycling session conducted by Lovely Disabled Home



Launching of KLK Recycling at work place project at Wisma Taiko



Dedicated recycling bins at KLK Oleo site in Rawang



KLK representatives signing petition for recycling and environmental protection

Recycling at Work Place

At KLK, we place great importance on protecting and preserving the environment. In collaboration with *Koperasi Alam Hijau Perak Berhad* ("KOHIAJU"), KLK rolled out its very own recycling programme at its head office, Wisma Taiko in Ipoh to embrace green culture at work place. Under this project, KLK employees were educated on the importance of recycling and the type of recyclable materials. This programme includes a reward system where the employees can collect recyclables such as paper, plastic bottles, aluminum and electronic waste to redeem shopping vouchers with the KOHIAJU-iCYCLE Recycling Reward points where the vouchers will be donated to charitable organisations.

Apart from the head office, our manufacturing sites in Rawang had also organised the Work Place Recycling Project to encourage the employees to reduce, reuse and recycle to protect the environment. Designated recycling stations were identified to instill recycling habit.





One Employee One Tree Project

KLK is committed to play its part in advocating environment protection and strive to preserving ecosystems of conservation value in the vicinity where we operate.

In line with our Environment pillar, our plantation sector in Indonesia introduced the “One Employee One Tree” project to encourage every employee to plant a tree per year. This project was implemented throughout the five (5) regions in Indonesia. As at FY2018, approximately 54,000 trees were planted and amongst the tree species are silk tree, mahogany and fruit trees. Through this project, we hope to promote a holistic green approach amongst our employees as well as to improve the quality of natural environment.

Sumut	9,679	No. of Trees Planted
Riau	17,476	
Belitung	3,157	
Central Kalimantan	16,142	
East Kalimantan	7,440	
Total	53,894	



Tree planting activity carried out by KLK employees



Tree planting areas in Belitung, Central Kalimantan & Riau region



Biodiversity Protection

In our estates, we have been implementing sustainable practices to conserve the environment including biodiversity protection, energy management and Integrated Pest Management System.

We adopt environmental friendly technique such as planting *antigonon leptopus*, *turnera subulata* and *cassia cobanensis* to provide shelter and supplementary food for beneficial insects. These plants also encourage the population of predators and parasites. Apart from that, barn owls are used to control the rat population at our estates, resulting major reduction of rodent damage. This is a much more sustainable, less risky and simpler approach to pest management.

We reaffirm our commitment to reinforce the environmental awareness amongst our employees and we hope to instill this sense of responsibility in each individual. We strongly advocate efforts for healthier, a more liveable world for us today and our future generations.



Beneficial insects help control other harmful pests



Cassia Cobanensis



Breeding barn owls as rat predators at plantation estate



Antigonon leptopus was planted to provide shelter for beneficial insects



Turnera subulata



Environmental Conservation Awareness

In the effort to establish a future society that is in harmony with nature, our manufacturing site in China organised an environmental conservation awareness programme at one of the public parks at Zhangjiagang in China. The programme comprised a series of environmental conservation games which have attracted the surrounding community.



A fun game of environmental protection campaign which attracted many participants



A young enthusiast taking part in the environmental conservation painting activity



Children having fun learning water filtering process



Children designing their own recycling bags



A KLKCare volunteer explaining the water filtering process to the young boy



KLKCare volunteers at the environmental awareness campaign



Employees

Health and Wellbeing

Employees are one of our greatest assets and their health and wellbeing remain our top priority. We aim to support our employees to be the best they can be by providing them an environment and opportunities that encourage and enable them to lead a healthy lifestyle.



Employees First...truly

KLK believes that employees are one of our greatest assets and employees' welfare remains our top priority. The contribution of our employees are a key factor in seeing our company achieve greater heights. Hence, we are committed to provide an inclusive and conducive working and living environment for our employees.



Aerial view of employees' quarters at one of KLK estates in Indonesia



Free medical service for KLK employees in the estates



Sports facilities are made available for employees at the estates

At KLK plantations, we provide safe and comfortable homes and other necessary facilities such as places of worship, sports ground, clinics, creches to our employees and their families.



Places of worship maintained for our employees and local community in Indonesia



Free housing for the employees at KLK estates



Employees

Apart from quality housing and living amenities, we also strongly encourage a healthy living lifestyle amongst our employees.



Champion team of KLK Oleo Inter-Company Badminton Tournament



One of the participating teams at the KLKCare Perak Inter-Company Badminton Tournament



Group photo of participants at the KLKCare Perak Inter-Company Badminton Tournament



Various sporting and team building activities have been organised thus far to improve both health and wellbeing. They also serve as platform for social interaction that promote greater teamwork amongst employees. These help foster closer relationships with one another, whether it is inside the workplace or out of it, which always is a good adage to take away.



Employees take part in ATV Adventure Ride



KLK Oleo's Inter-Department Bowling Tournament



Employees enjoying Go-Kart activity



Regional Football Tournament organised for employees at plantation in Peninsular Malaysia



Employees



Team coordination activities were organised to promote team spirit



Employees of Taiko Palm-Oleo (Zhangjiagang) taking part in team building activity



Swimming lesson was made available for employees in Ipoh



Employees attending yoga classes



Employees' children participated in fun game at Employees' Sports Day



Employees taking part in Giant Slippers Race



Group photo taken at the Employees' Sports Day in Kekayaan Estate



Tug of War competition at the Employees' Sports Day



Cheerleading performance at Employees' Sports Day



Group photo of winning team at Employees' Sports Day in Sabah



Gift of Life

According to statistics released by the National Blood Centre, approximately 3,000 to 3,500 pints of blood are distributed to hospitals weekly for regular usage on patients with ongoing condition. However, the blood donation rate in Malaysia is still low as only 2.2% of the total population are donors. In an effort to create blood donation awareness and in the spirit of caring and giving, KLK at its regional sites frequently organise blood donation drives to help overcome the blood supply shortage at the hospitals surrounding our community. This initiative is to encourage our employees to donate blood and at the same time keep track of their health conditions.



FY2018
Collected
365
Pints of Blood





Run for Love

Opting to run a race for charity is a meaningful experience. KLK employees at different sites have participated in various charity runs and fitness walks not only to live a healthy lifestyle but to also raise funds for charitable organisations. We hope this effort will contribute to the increasing awareness of the importance of teamwork and volunteering for good cause amongst our employees.



Bursa Bull Charge 2018



The Edge KL Rat Race 2018



Hospice Race in Ipoh



KLK Emmerich employees participated in Fitness Run



KLK Kolb Specialties Delden participated in Marathon Enschede 2018



A fun walk activity organised by TPOZ in China



Participants of Responsible Care Run 2018



KLK Emmerich employees in action at the B2Run in Dusseldorf, Germany



Special Tribute to KLKCare Volunteers

CR is an integral part of our organisation and the CR initiatives at KLK very much rely and depend on the unwavering support and commitment of our many generous volunteers within the Group. FY2018 has truly been an eventful and impactful year for KLKCare, and we hope to see our volunteers continue working together for the betterment of our community in the coming years.







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