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KULIM (MALAYSIA) BERHAD 197501001832 (23370-V)

SUSTAINABILITY REPORT 2022



LEADING.
RESPONSIBLE.
SUSTAINABLE.

SUSTAINABILITY
REPORT
2022

A JCORP Company





COVER RATIONALE

Kulim (Malaysia) Berhad is not just another Agribusiness player, but a purpose-driven force for positive change. Our vision is clear: to lead the way in the industry while creating a sustainable legacy and a better world for future generations.

What sets us apart is our unwavering commitment to being responsible stewards of the environment and champions of local communities. Operating with respect for both people and nature has always been at the core of our values.

One of our significant aspirations is to further reduce our carbon footprint by 2025. We're also making strides in renewable energy through innovative biogas plants, doing our part to combat climate change and nurture a greener planet.

But sustainability isn't just about numbers and statistics, it's about people too. We actively engage in community development initiatives, uplifting and empowering the communities we work with.

At Kulim, sustainability isn't an afterthought, it's woven into the fabric of everything we do. We believe in integrating corporate responsibility and sustainability seamlessly into our business processes. By doing so, we are making a genuine difference and fostering a brighter future that benefits all our stakeholders.

As leaders in Agribusiness, our commitment to sustainability guides us towards a brighter and more prosperous tomorrow for the well-being of our planet and its inhabitants. Together, we shall cultivate a sustainable legacy, leaving a positive mark for generations to come.

The cover design features plant genome sequencing which provides valuable insights into plant biology, facilitates genetic improvement of crops, aids in conservation efforts, and supports sustainable agricultural practices.

Kulim is committed to pushing limits and elevating the quality of life for generations to come.



Scan the QR code or visit our website for more information: www.kulim.com.my

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Message from the Leadership

Dear Stakeholders,

The world has endured so much in recent years. While we have made strides in recovering from the global pandemic, the year 2022 remained volatile. We faced climate extremities, geopolitical tensions, food and energy crises, and disruptions in the global supply chain. This series of crises have raised people's expectations about the role of business in solving global problems. In the agriculture sector, we face our own set of sustainability challenges. With the global population projected to reach nearly 10 billion by 2050, there is a growing demand for food and agricultural products. Meanwhile, rising climate change poses further threats to food security and agricultural productivity.



MOHD FARIS ADLI SHUKERY
Managing Director

Message from the Leadership

Despite the challenges, we see the shift towards sustainability as an opportunity. We have long embraced responsible practices, aligning with stringent requirements like the Roundtable on Sustainable Palm Oil ("RSPO"), which has brought us value over the years by building trust and enhancing our competitiveness. Now, we view the rising demand for sustainability as a catalyst for further innovation and positive impact. We embrace change and align our business strategy to create meaningful impacts, working towards our vision of becoming the most progressive, efficient, profitable, and respected agribusiness company in the region.

With this in mind, I am pleased to present Kulim's Sustainability Report 2022. It reflects our commitment to sustainability and outlines our efforts to make a difference for our stakeholders and society at large.

// We realigned our focus strategies and introduced a new Environmental, Social and Governance ("ESG") Framework to unlock growth opportunities while addressing urgent ESG issues.

RESHAPING OUR SUSTAINABILITY FOCUS

Since the onset of the pandemic in 2020, the traditional 'business as usual' approach became a thing of the past. As a response, we conducted a materiality assessment in 2022 to gain insights into our stakeholders' expectations amid this new normal. Through in-depth stakeholder engagements, we identified a new list of material matters, which are discussed in greater detail throughout this report.

Based on these findings, we realigned our focus strategies and developed an Environmental, Social and Governance ("ESG") Framework to unlock growth opportunities while addressing urgent ESG issues. The ESG Framework revolves around four key themes: Deliver Positive Environmental Impacts, Contribute to the Community, Promote Transparency and Accountability, and Safeguard Human Rights. This comprehensive approach empowers our team to seize growth opportunities while proactively tackling urgent ESG issues.

Furthermore, to enhance our global impact, we aligned our ESG Framework with the Sustainable Palm Oil Transparency Toolkit ("SPOTT"), Global Reporting Initiative ("GRI"), United Nations Sustainable Development Goals ("UN SDGs"), Task Force on Climate-related Financial Disclosures ("TCFD"), Bursa Malaysia Sustainability Reporting Guide (Second Edition) and Malaysian Code on Corporate Governance ("MCCG"). Our commitment to the reporting frameworks not only ensures that we contribute to the broader global agenda but also provide a structured and measurable framework to monitor our progress towards achieving these goals.



Message from the Leadership



We hope to set new corporate responsibility standards, inspire good change within our sector, and make a substantial contribution to protecting the world for future generations.

PROTECTING OUR PLANET FOR FUTURE GENERATIONS

Climate change is already in progress, with floods, droughts, fires, and increasing heat disrupting economies and communities across the world. In addition to physical impacts, it is also reshaping the business landscape, spurring a transition towards a low-carbon economy. Calls for change are growing louder from governments, regulators, investors, and the public alike.

The agriculture sector is particularly central to the climate crisis, with the global food system contributing about a third of global greenhouse gas emissions. Therefore, we at Kulim are strong advocates for climate action, pledging to limit global temperature rise to 1.5 degrees Celsius as outlined in the Paris Agreement. We aim to reach net-zero emissions by 2050 by integrating a comprehensive carbon transition programme that includes energy transition, water reduction, biodiversity enhancement, and waste-to-wealth programmes. Through these efforts, we hope to set new corporate responsibility standards, inspire good change within our sector, and make a substantial contribution to protecting the world for future generations.



In our climate action efforts, innovation takes centre stage. Through a creative approach, we address two crucial environmental challenges: waste management and clean energy generation. By leveraging renewable resources, we transform waste from our mills into biomass and biogas, thereby converting waste into clean and sustainable fuel sources. At present, 100% of our biogas plants are commissioned by methane capture.

Therefore, we at Kulim are strong advocates for climate action, pledging to limit global temperature rise to **1.5 degrees Celsius** as outlined in the Paris Agreement.

Message from the Leadership

We proudly recorded
zero
deforestation cases in our
operations and supply
chain since 2018

Additionally, we are proud to embark on the recommendations of TCFD, which guides our climate change adaptation and mitigation measures. This approach not only enhances our reporting disclosures but also enables us to identify and manage climate-related risks that could impact our long-term value creation. Essentially, it helps us minimise climate risk blind spots.

Beyond climate action, the agriculture sector also plays a critical role in protecting our natural ecosystems. Biodiversity loss is occurring at an unprecedented rate, with plants and animal species facing extinction every day. This alarming trend threatens the foundation of human existence since our survival depends on the interconnected support system provided by nature.

Therefore, Kulim stands committed to safeguarding biodiversity and living in harmony with nature. We support the Government’s recent adoption of the Kunming-Montreal Global Biodiversity Framework (“GBF”), which includes conserving at least 30% of land globally by 2030. Our efforts extend to our supply chain. We use an advanced tool called Global Forest Watch (“GFW”) to make sure our supply chain doesn’t harm the forests. Through our efforts, we proudly recorded zero deforestation cases in our operations and supply chain since 2018.

Moreover, our efforts focus on other aspects of environmental stewardship, such as water usage. Amid global water scarcity concerns, we’ve adopted strategies like recycling, rainwater harvesting, and erosion-preventing cultivation. In 2022, our water usage was well below our target of 1.2 m³/mt FFB of Fresh Fruit Bunches (FFB), highlighting our dedication to sustainable resource management.



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Message from the Leadership

EMPOWERING THE LIVES OF PEOPLE

We understand the risks faced by people working in the sector. Globally, workers are exposed to hazardous conditions and abusive labour practices, such as modern slavery, trafficking and child labour. It is our corporate responsibility to ensure zero labour and human rights breaches within our value chain. From smallholders to general community members, we strive to not only protect but also empower everyone affected by our operations.

In 2022, we partnered with Intercontinental Speciality Fats (“ISF”), Ferrero International SA, and the Earthworm Foundation (“EF”) to assess labour practices in our estates and mills. This led to two key human rights initiatives. The first, the Labour Transformative Programme (“LTP”), aimed to assist plantation operations by adopting better practices, while the second focuses on Ethical Recruitment, designed to safeguard foreign workers’ rights during the hiring process.

Workers’ health and safety also remained a top priority in 2022. Our relentless pursuit of safety excellence is evident in our strong track record. Over the years, our Lost Time Accident Rate (“LTAR”) has consistently improved, we recorded zero fatalities this year, and our severity rate has decreased to 2.43 in 2022, outperforming our target rate of 3.50.



In 2022, we partnered with Intercontinental Speciality Fats (“ISF”), Ferrero International SA, and the Earthworm Foundation (“EF”) to assess labour practices in our estates and mills.

Given our complex supply chains, we also maintain a strong commitment to establishing a fully traceable and transparent supply chain. Traceability allows us to build trust with our suppliers and enables us to scale up our sustainability programmes, especially for smallholders. Our goal is to achieve 100% traceability of our FFB suppliers. To achieve this, we are working with them to obtain RSPO certification, which will not only enhance their livelihoods but also propel the enhancement of sustainable practices in Malaysia. This year, we have achieved 87.52% Traceability to Plantation (“TTP”) of the FFB supply to the mills.

Furthermore, we have a unique opportunity to make a positive impact on rural workers and communities. Our belief in empowering these communities resulted in various community development programmes, focusing on areas such as children and education, people’s welfare, infrastructure, culture, and religion. In 2022, we allocated RM25 million for public and social development, including significant contributions to Yayasan JCorp, schools, and Non-Governmental Organisations (“NGOs”). These initiatives helped us stay informed about socioeconomic developments that can influence both our environment and business.

Message from the Leadership



Towards the end of 2022, we underwent a business restructure in which our plantation business became a central component of our new governance structure.

ADVANCING GOVERNANCE, ETHICS AND ACCOUNTABILITY

Strong corporate governance, built on transparency, accountability, and integrity, is essential for our ESG goals. It balances stakeholder needs and aligns with sustainability objectives.

To promote ethical business practices, the Board of Directors ("the Board") ensures that the Group's strategic plan supports long-term value creation and includes strategies on economic, environmental, and social considerations underpinning sustainability, human rights as well as climate-related risks and opportunities. Their approach involves engaging with various stakeholders which includes employees, customers, suppliers, and the community and considering their needs and expectations. They actively communicate with the shareholders through meetings as and when needed, reports, and other channels, highlighting the presence of our independent directors and their role in ensuring objectivity and accountability within the Group. Similarly, the Board plays a critical role in responding to arising risks and identifying critical ESG matters that can potentially impact the long term business value of Kulim.

In addition to setting up strong governance structures, we benchmark our sustainability performance against global standards and best practices. Our operations consistently comply with RSPO Standards, thus enabling us to improve our governance over critical ESG issues such as protection of workers' rights, health and safety measures, inclusion of smallholders, and the reduction of Greenhouse Gas Emissions ("GHG").

We track our progress in various ESG indicators through the SPOTT. The primary aim of SPOTT assessments is to provide a measure of a company's transparency as it relates to ESG risks. Having a higher score on SPOTT indicates that the company is being transparent about its operations, policies and commitments to ESG best practices. In 2022, our sustainability efforts led to an impressive rise in our SPOTT score from 67.05% to 73.2%. This reflects our full commitment to constantly improve our sustainability-related disclosures year-on-year.

Towards the end of 2022, we underwent a business restructure in which our plantation business became a central component of our new governance structure. As part of this transformation, a Board Sustainability Committee ("BSC") will be established under the plantation entity, contributing to improving our sustainability governance system for the Group, and assisting us in addressing sustainability issues and risks while leveraging on potential opportunities that may arise. We intend to appoint members with expertise in sustainable agriculture and environmental conservation to be a member of the BSC, thereby promoting well-informed decision-making. Furthermore, diversity is one of our main priorities in driving good governance, with our Board aiming to have 30% female representation by next year. We also ensure a strong pipeline of female leaders through mentorship programmes that support female employees' career advancement, implementing gender neutral hiring and promotion processes. Thus, we hope to further improve the Group's sustainability direction, ensuring our competitive advantage for all existing and potential businesses.



We are shifting our focus towards driving transformational changes for a more sustainable future.

Message from the Leadership

LOOKING AHEAD TOWARDS A MORE SUSTAINABLE FUTURE

We understand that sustainability is an ongoing journey, not a destination. It requires effort from all sides, with everyone working closely together to create a better future. Reflecting on the past, the COVID-19 pandemic highlighted the power of teamwork and swift action, evident in the rapid vaccine development and distribution. We carry this spirit of cooperation into the future, pledging to build lasting partnerships to tackle environmental and social issues head-on.

Moving forward, our sustainability approach will move beyond compliance and certifications. We are shifting our focus towards driving transformational changes for a more sustainable future. Through our robust ESG Framework, we are prioritising responsible investment, sustainable-focused financing, and performance excellence across our business. Within this report, we have included our future plans in addressing all our material matters, demonstrating our forward-looking approach to creating positive impacts.

In conclusion, we remain resolute in our sustainability journey. With our ESG Framework and goals in place, we believe that sustainability will be the cornerstone of our long-term success. Through collaborative efforts and collective action, we are determined to make a positive impact, shaping a sustainable future that benefits all stakeholders.

MOHD FARIS ADLI SHUKERY

Managing Director

About this Report

About this Report



Welcome to Kulim (Malaysia) Berhad’s (“Kulim”) Sustainability Report 2022. This report shares our sustainability performance, impact, and progress during the year. With the theme “Leading. Responsible. Sustainable.” we demonstrate our purpose-driven approach in leading Malaysia’s oil palm industry, while striving to create positive impacts that benefit current and future generations of stakeholders.

SUSTAINABILITY PRINCIPLES

Kulim’s Sustainability Report 2022 offers comprehensive insights into our sustainability endeavours, obstacles, and accomplishments by adhering to the following GRI Reporting Principles:



About this Report

SCOPE OF REPORTING AND BOUNDARIES

This report is Kulim's eighth report, outlining our sustainability progress for the calendar year of 2022. The scope of this report does not cover our associate companies or joint ventures, including our Indonesian ventures, which were being divested at the time of this report's publication. Performance data presented in this report covers the period starting from 1 January 2022 to 31 December 2022, with the inclusion of relevant and available historical data, unless specified otherwise. All quantitative information for relevant indicators has been disclosed for three years, wherever possible. As a result of the timing of this report, we have integrated all important accomplishments up until 28 February 2023.

REPORTING FRAMEWORKS AND GUIDELINES

The report is prepared in adherence to:

- Bursa Malaysia's Sustainability Reporting Framework
- Global Reporting Initiative ("GRI") Standards
- Zoological Society of London's Sustainability Policy Transparency Toolkit ("ZSL SPOTT")
- Task Force on Climate-related Financial Disclosures ("TCFD")
- United Nations Sustainable Development Goals ("UN SDGs")
- Malaysian Code on Corporate Governance ("MCCG")



Kulim has reported in reference with the GRI Standards for the period from 1 January 2022 to 31 December 2022 as per GRI 1: Foundation requirements.

Additionally, we follow guidelines set by sector-wide platforms, such as the Roundtable on Sustainable Palm Oil (RSPO). Kulim also adheres to numerous policy guidelines set by the Group. Please refer to our certification and compliance on page 46 for further details.

About this Report

INDEPENDENT ASSURANCE

The credibility and authenticity of Kulim's sustainability disclosures have been verified by an independent assurance body, following the ISAE 3000 and AA1000AP standards. The independent assurance statement is shown on page 171.

LOOKING FORWARD STATEMENT

We are highly committed to operating responsibly and leading by example, as our primary revenue stream is generated through our oil palm plantations and palm oil mills located in Malaysia. Thus, throughout this report, we have included certain forward-looking statements about our future endeavours, strategies, and opportunities. These projections are subject to change due to unforeseeable variables outside of its jurisdiction. Hence, all forward-looking statements are tentative and have not been reviewed by Kulim's auditors.



POINT OF CONTACT

We welcome all feedback, questions, or suggestions related to Kulim's Sustainability Report 2022. Feel free to direct any comments, inquiries, or proposals to:

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OVERVIEW OF KULIM

03

Leading
Responsibly,
Creating Sustainable Value

16 Vision and Mission / **16** Who We Are and What We Do /
17 Core Values / **18** Overview of Our Operations

Vision and Mission

Our Vision

To be the **most progressive, efficient, profitable and respectable Agribusiness company** in the region



Our Mission

- Committed to generate sustainable growth and profits, and to consistently enhance our stakeholder value;
- To provide extensive professionalism and innovation to drive the business forward;
- To achieve operational excellence through continuous improvement and best practices;
- To produce trusted products and services of superior value;
- To strive towards high business ethics and governance; and
- To be an exemplary corporate citizen that is responsible to society and the environment.



Who We Are and What We Do

Kulim is a wholly-owned subsidiary of Johor Corporation (“JCorp”) involved primarily in Plantation and Agrofood. It owns a total of 60,339 ha of oil palm plantations across 23 estates mainly in Johor; and is cultivating various cash crops in 20 acres of agro farms in Johor. In addition, Kulim is involved in livestock rearing and trading. It has a total workforce of 6,750 employees who are dedicated to Kulim’s corporate goals and vision.

The Group is today undergoing a comprehensive transformation programme as part of a long-term strategy to become a leading Agribusiness player creating added value as it supports the circular economy and strengthens its ESG agenda.

Kulim’s two main business operations – Plantation and Agrofood – are managed by Johor Plantations Berhad (“Johor Plantations”) and Farmbyte Sdn Bhd (“FarmByte”) respectively. Johor Plantations manages the entire palm oil business, from the cultivation of the palms to processing the Fresh Fruit Bunches (“FFB”) into Crude Palm Oil (“CPO”) and Palm Kernel (“PK”). FarmByte manages the agro farming, livestock rearing and trading & services.

Kulim’s history dates to 1933 when Kulim Rubber Plantations Ltd was incorporated in the United Kingdom. Kulim was later established as a public listed company, and in 1975 was listed on the Main Board of the Kuala Lumpur Stock Exchange (now Bursa Malaysia Berhad). In 1976, JCorp became the major shareholder of Kulim.

Core Values

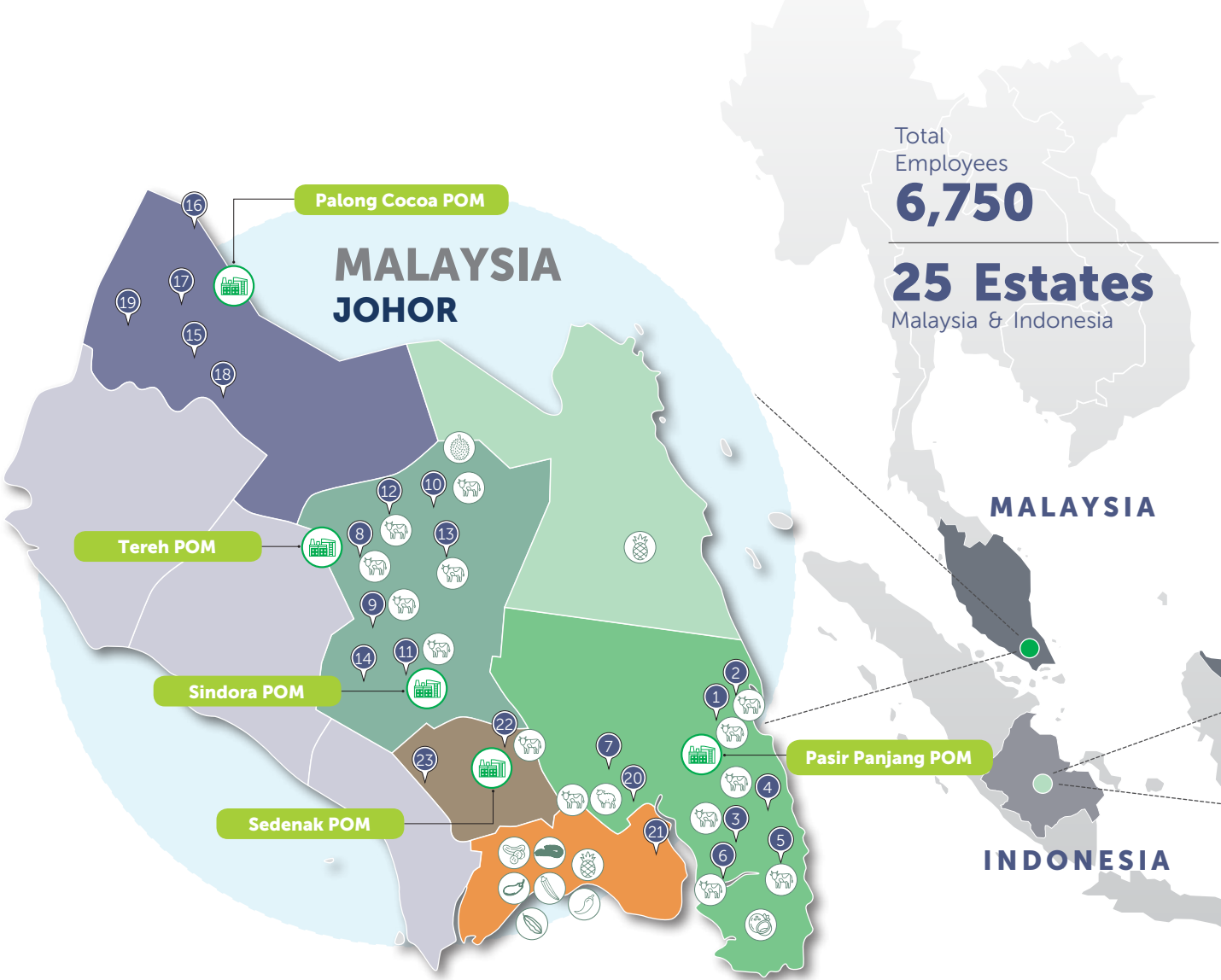
Due to the nature of our business, our core values stem from the care we have for our people, including our employees, communities, and customers. We see how prioritising our people and environment is integral to the prosperity and survival of our business long term.



- P PASSIONATE:**
 - ✓ To be tenacious and resilient.
 - ✓ To strive for and practise, the highest standards of quality and safety.
 - ✓ To maintain a high level of skills and be equipped with up-to-date knowledge of specific and broad-range topics.
 - ✓ To light your fire and that of others too! Be the best in class, act with honesty, openness and excellence.
- S SYNERGISTIC:**
 - ✓ To value differences.
 - ✓ To seek better alternatives.
 - ✓ To communicate using feed-forward concept.
- D DYNAMIC:**
 - ✓ To think differently.
 - ✓ To find moments of struggle.
 - ✓ To hear what customers don’t say.
- C COMPETITIVE:**
 - ✓ To align systems.
 - ✓ To benchmark against best practices.
 - ✓ To adopt a customer-centric approach to be better than others in our industry.

Overview of Our Operations

As a diverse agribusiness, our primary focus lies in the cultivation of oil palm plantations. Sustainability & Innovation and responsible agricultural practices are at the very core of our ethos. Our operations in Malaysia and Indonesia encompass various aspects of the agricultural value chain including land preparation, planting, harvesting, and processing of palm oil. Additionally, we also engage in livestock and trade commerce related to our agricultural products. For purpose of disclosures and reporting, our main scope for this reporting will cover our Malaysian Operations with focus on our certified operations that include 23 plantation areas and processing mills as deliberated in our appended operation map.



Overview of Our Operations

To address concerns surrounding the oil palm industry's impact on deforestation, biodiversity loss, and greenhouse gas ("GHG") emissions, we go through the extra mile to ensure various sustainable practices have been developed. These include the following:



Overview of Our Operations



ESTATES

Southern Region

- 01. Tunjuk Laut
RC IC MC
- 02. Pasir Logok
RC IC MC
- 03. Pasir Panjang
RC IC MC
- 04. Bukit Kelompok
RC IC MC
- 05. Siang
RC IC MC
- 06. Sg. Papan
RC IC MC
- 07. REM
RC IC MC

Central Region

- 08. Tereh Utara
RC IC MC
- 09. Tereh Selatan
RC IC MC
- 10. Selai
RC IC MC
- 11. Sindora
RC IC MC
- 12. Sg.Tawing
RC IC MC
- 13. Mutiara
RC IC MC
- 14. Rengam
RC IC MC

Northern Region

- 15. Mungka
RC IC MC
- 16. UMAC
RC IC MC
- 17. Palong
RC IC MC
- 18. Labis Bahru
RC IC MC
- 19. Sepang Loi
RC IC MC
- 20. Basir Ismail
RC IC MC
- 21. Bukit Layang
RC MC
- 22. Sedenak
RC IC MC
- 23. Kuala Kabong
RC IC MC

Overview of Our Operations



MILLS

Southern Region

- 01. Pasir Panjang POM
RC MC SC HC IC

Central Region

- 02. Tereh POM
RC MC SC HC IC
- 03. Sindora POM
RC MC SC HC IC

Northern Region

- 04. Sedenak POM
RC MC SC HC IC
- 05. Palong Cocoa POM
RC MC SC HC IC



AGRO FARMING

- 01. Intensive Farming
 - Cucumber
 - Long beans
 - Chilli
 - Brinjal
 - Okra
 - Bitter gourd
- 02. Mono-crop Farming
 - Durian
 - Coconut
 - Pineapple



LIVESTOCK

- 01. Cattle
- 02. Sheep



ESTATES

- 01. PT Rambang Agro Jaya ("PT RAJ")
- 02. PT Tempirai Palm Resources ("PT TPR")

LEGEND

- RSPO Certified
- MSPO Certified
- MSPO Supply Chain Certification Standard
- HALAL Certified
- ISCC Certified

DISTRICT

- 01. Segamat
- 02. Kulai
- 03. Mersing
- 04. Johor Bahru
- 05. Kota Tinggi
- 06. Kluang





OUR SUSTAINABILITY APPROACH

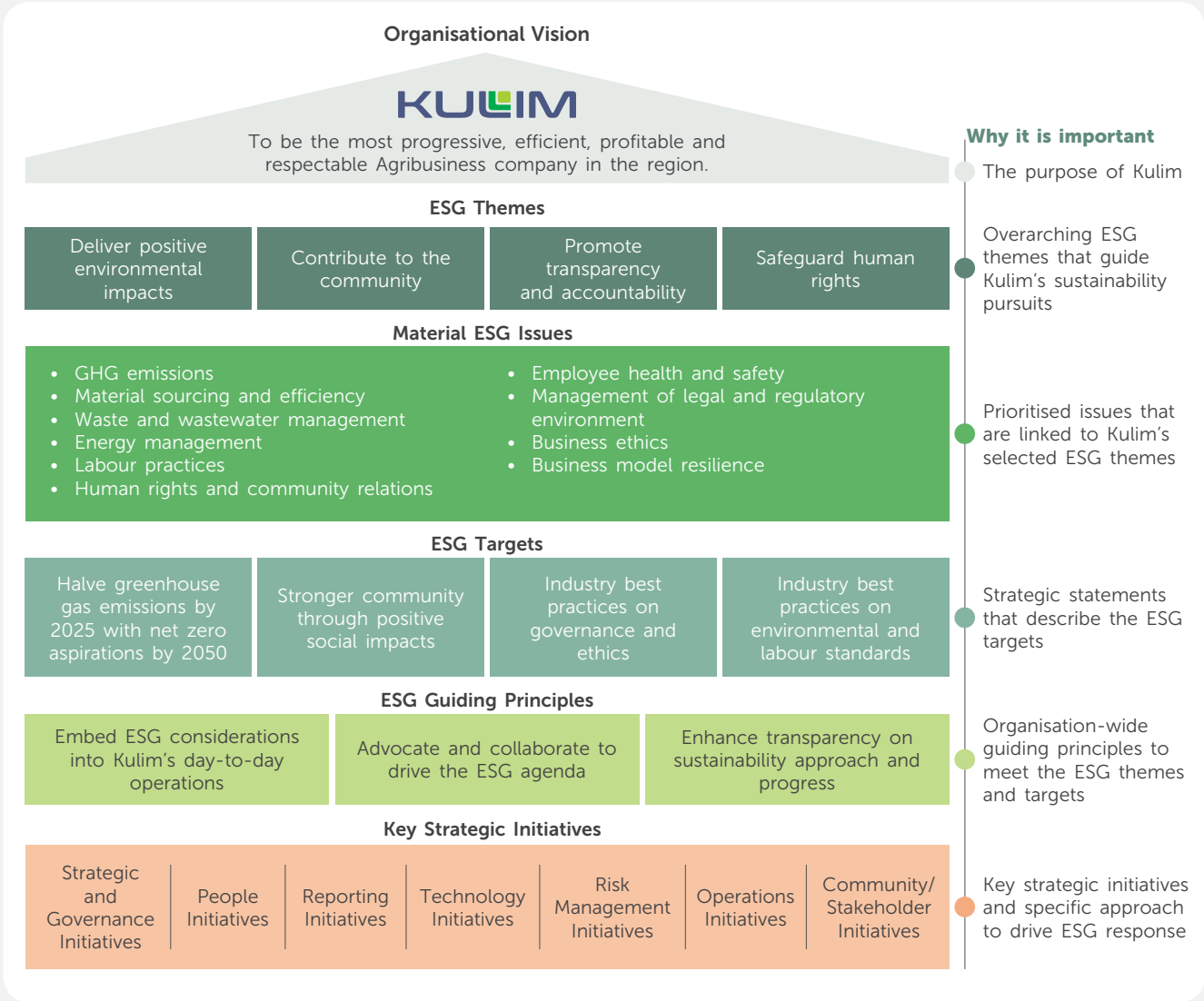
04

Towards a
Greener Future

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ESG Framework

Sustainability lies at the very heart of Kulim’s foundation. As we remain resilient in managing global imperatives, Kulim’s sustainability efforts align with our corporate vision, strategy and goals. Our commitment to sustainability shines through our ESG framework, fostering strong connections with the communities around our operations. We prioritise their needs as well as the well-being of the environment, with a goal of creating a thriving ecosystem that benefits everyone. By streamlining Kulim’s ESG targets, we channel our energy and resources towards strategic initiatives tailored to our business and stakeholders.



ESG Framework

To establish a robust ESG framework, we conducted a comprehensive four-month plan through multiple engagements and activities from January to April 2022. Led by an independent consultant, the ESG framework was developed and approved by Kulim’s Board of Directors in May 2022.



2022 Targets and Progress

As we work towards improving Kulim’s sustainability agenda, we are constantly tracking our set targets and goals aligned to our ESG themes. We have highlighted our 2022 key achievements and progress.

Contributing to SDGs:

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

17 PARTNERSHIPS FOR THE GOALS

DELIVER POSITIVE ENVIRONMENTAL IMPACTS				
Focus Area	Key Highlights	Target	Target Year	2022 Status
Conservation and biodiversity	2022: Developed and published Kulim Biodiversity Policy  For more information on this policy, refer to Kulim’s website.	No increase in peat development	Ongoing	Achieved
	2022: New satellite monitoring programme to detect deforestation	No deforestation detected in supply chain	Ongoing	Achieved
	Maintained 1,131.10 ha for High Conservation Values (HCV) and 276.25 ha for conservation areas respectively through the NDPE commitment and Biodiversity Policy	No development in land containing one or more HCV	Ongoing	Achieved
Regulatory compliance	Progressive action was taken for two cases on environmental related incidents	No fines for environment-related incidents	Ongoing	Not Achieved
Water management	Mill water consumption was at 1.13 m³/MT FFB below the targeted 1.2 m³/MT FFB	Maintain mill water consumption to 1.2 m³/MT FFB and below	Ongoing	Achieved
Chemicals/ pesticides	Average active ingredient use in 2022 was 0.61 litres/ha, compared to 0.90 litres/ha in 2021	2% year-on-year reduction in the use of glyphosate on one-year-old palms	2020	Achieved
	The use of glyphosate in first-year plantation areas has also reduced by 2.25 litres/ha (51.72%), from 4.35 litres/ha in 2021 to 2.10 litres/ha in 2022			
Carbon footprint	47% reduction of emission intensity at 0.93 MT CO ₂ e against baseline target by all mills or 100% have methane/biogas capture.	50% carbon intensity reduction (against 2012 baseline); achieved by installing five biogas plants	2025	On track

2022 Targets and Progress

Contributing to SDGs:

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

CONTRIBUTING TO THE COMMUNITY					
Focus Area	Key Highlights		Target	Target Year	2022 Status
Community engagement	Allocated RM4.8 million in cash and RM20.32 million in non-cash for our CSR programmes		Cash: • RM4.8 million/year Non-cash: • RM17.84 million/year	2022	Achieved
	Cash was mainly for the public & social development such as Yayasan JCorp, Contribution to schools & NGOs whilst non-cash was for utilities & accessibility				
Supply-chain traceability and certification	Revised vendor and supplier pre-requisites in line with sustainability commitments	Conducted deforestation monitoring of supplier plantations through the Global Forest Watch (GFW) platform	100% traceability to plantation	2025	In progress
	Achieved 39.43% of traceability to suppliers’ plantation (an overall 87.52% traceability to plantation)	9.63% increase in external FFB RSPO-certified. To date, more than RM207,382 in premiums have been paid out	100% RSPO certification for all FFB source	2025	In progress
	Improved 186 palm oil smallholders’ income through RSPO practices		Smallholder Inclusion Programme	2025	In progress

2022 Targets and Progress

Contributing to SDGs:

3

4

5

8

9

12

16

17

SAFEGUARDING HUMAN RIGHTS					
Focus Area	Key Highlights		Target	Target Year	2022 Status
Labour conditions	Progressively improve and enhance labour conditions through our Labour Transformation Programme. We are upgrading the current standard basic amenities to meet the new standards in accordance with Act 446. Approximately RM7.0 million has been allocated for this purpose		Completion of our labour transformation programme by 2024	Ongoing	In progress
	Working to close gap identified for the Labour Transformation Programme by implementing action plans and improvement of workers' housing facilities including upgrading of beds and mattresses				
Diversity	Women comprise 25% at senior management level and 34% at management level	Continuation of the Women OnWards (WOW) initiatives	Achieve 30% of female representation in workforce	Ongoing	In progress
Occupational safety and health	Maintained LTAR below 10 (per 200,000 working hours); currently at 1.44		Maintain a LTAR below 10 (per 200,000 working hours)	Ongoing	Achieved
	Maintained the severity rate below 3.5 year-on-year; currently at 2.43		Maintain the severity rate below 3.5 year-on-year	Ongoing	Achieved
	Maintained zero fatalities for two years in a row (2021 & 2022)		Zero fatalities	Ongoing	Achieved

2022 Targets and Progress

Contributing to SDGs:

8

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17

PROMOTE TRANSPARENCY AND ACCOUNTABILITY					
Focus Area	Key Highlights		Target	Target Year	2022 Status
Governance	Established an ESG Task Force		Establish an ESG Task Force to facilitate Kulim's ESG agenda and monitor initiative	2022	Achieved
	New sustainability-link loan awarded by CIMB Bank		To ensure the completion of financial agreement with financial institutions as incentives given subject to the ESG performance	2023	In progress
	Establishment of Integrity Unit to improve our anti-bribery-related policies and procedures periodically		Maintaining of Integrity function in monitoring and implementing the anti-bribery initiatives	Ongoing	Achieved
	Establishment of the Compliance Management System Policy & Framework		Establishment of the Policy & Framework	2022	Achieved
Stakeholder engagement	Conducted anti-bribery awareness to business associates		Anti-bribery awareness to the existing and new business associates annually	Ongoing	Achieved
	Signing commitment pledge with vendors under Vendor Code Business ethics		100% vendor compliance with Kulim's Vendor Code Business Ethics commitments	2023	In progress
Reporting and communications	Launched Kulim's sustainability page on their website	SPOTT score improved from 67.05% to 73.2% (ranking 24 in the 2022 assessment)	Kulim Plantation Annual Sustainability Report	Every year	Achieved
	Published a sustainability report that integrated a carbon footprint report				

2022 Targets and Progress

Contributing to SDGs:

8

DECENT WORK AND ECONOMIC GROWTH

17

PARTNERSHIPS FOR THE GOALS

Others				
Material Topic	Key Highlights	Target	Target Year	2022 Status
Yield/production	Recorded 5.64 mt/ha for the Group's Palm Product Yield (PPY)	Achieve palm product yield ("PPY") of 7.00 metric tonnes ("mt") per hectare in its mature palm area	2036	Not Achieved
Certification	All mills maintained their RSPO, MSPO, Halal and ISCC certification status	Maintain the validity of certifications	2020	Achieved



Stakeholder Engagement

Our stakeholders remain at the core of our business. We prioritise their needs, cultivating a culture of communication and collaboration. Through proactive monitoring and conflict resolution mechanisms, we lay the groundwork for positive, sustainable value creation. Our regular stakeholder engagements allows us to stay up-to-date to their needs and expectations, so that we can continue serving them in the years to come.



Stakeholder Engagement

Frequency of Engagement		D	M	Q	A	AW
		Daily	Monthly	Quarterly	Annually	As and when Necessary
 Employees						
	Engagement Platform	Key Concerns				
	- Town halls and other events - Newsletter (VALUES) - Internal portal (Kulim Connects) - Annual performance appraisal - Training/coaching and development programmes - Special briefings - Governance and ethics programmes - Employee surveys - Group/one-on-one meetings	- Competitive salaries and benefits - Work-life balance - Career prospects - Engagement with management - Responsible and ethical business practices				
	Our Approach					
- Promote communication at all levels through employee engagement and internal programmes: - Ensure robust Talent Management to identify high-potential candidates through a Leadership Programme at the division/department/estate and mill levels across the Group - Execute <i>Sembang Santai</i> with Managing Director during <i>Turun Padang</i> session - Conduct Learning and Development Programmes in collaboration with Group Organisation Learning & Development ("GOLD") JCorp.						
 Workers						
	Engagement Platform	Key Concerns				
	- Group/one-on-one meetings - Operational and official visits - Social Impact Assessments - Surveys and feedback - Engagement sessions	- Workers' welfare and well-being - Reception of locals to foreign workers - Women's empowerment - The ability to have their voices heard - Health, safety, and human rights				
	Our Approach					
- Maintain good relations with our union leaders and work collaboratively to sign Collective Bargaining Agreements ("CBAs"), which set out our policies on work-related issues such as working conditions, wages and benefits, among others. - Introduced cash incentive scheme of RM1,200 per worker who postponed their return for a period of minimum one year during 2020-2021. For subsequent year of postponement they are entitled for RM1,800. As at May 2022, this effort has manage to attract 1,801 workers.						

Stakeholder Engagement



Non-Governmental Organisations (NGOs)

AW

Engagement Platform

- Group/one-on-one meetings
- Briefings and awareness programmes
- Sponsorships and charitable contributions
- Conferences/seminars
- Partnerships and collaborations

Key Concerns

- Biodiversity and deforestation management
- Protection of human rights
- Supporting our local communities

Our Approach

- Support social and environmental policies and CR programmes.
- Implement responsible business practices.
- Comply with local and international laws.



Investors, Bankers and Business Partners

AW

Engagement Platform

- Business meetings
- Site visits
- Group/one-on-one meetings
- Publication – Integrated Report
- Updates on Group’s website
- Dialogues and networking sessions

Key Concerns

- Health, safety, and human rights
- Company performance
- Ethical business practices
- Regulatory compliance
- Awareness of integrity

Our Approach

- Comply with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 on corporate liability.
- Use the Client and Vendor Integrity Pledge to declare a commitment to anti-bribery practices.
- Specific clause on No Bribery and its consequences in the contract agreement.

Stakeholder Engagement

 Suppliers and Outgrowers AW	
Engagement Platform	Key Concerns
- Group/one-on-one meetings/conferences - Site visits - RSPO awareness programme - Smallholder inclusion programme - Kulim Traceability Tools	- Workers' shortage - Lack of technical knowledge to produce certified FFB - Cost of operations and certifications
Our Approach	
- Maintain a premium price of RM6 per tonne of certified FFB to motivate and gain interest from smallholders to apply for RSPO certification. - Encourage local outgrowers to participate in activities towards RSPO Certification. - Adhere to various commitments covered in the sustainable supply chain material matter. - Supplier Commitment Pledge to declare 100% compliance to Kulim's ESG commitments.	

 Local Communities AW	
Engagement Platform	Key Concerns
- Disaster relief efforts - Community outreach and development programmes - Humanitarian assistance	- Provision of various types of support (i.e. donations) - Provision of training and job opportunities to enhance livelihoods
Our Approach	
- Conduct Corporate Responsibility ("CR") programmes to empower communities and protect the environment such as #KULIMPEDULI and School Uniform Programme. - Ensure safe operations throughout our value chain with a robust health and safety policy. - Educate local communities on the importance of environmental sustainability. - Provide job opportunities as well as training for relevant skills for the plantation industry. - Stimulate economic growth via other business opportunities such as agro-farming, livestock, trading, and other business.	

Stakeholder Engagement

 Customers AW	
Engagement Platform	Key Concerns
- Sales and purchase activities - Customer satisfaction survey - Site visits and briefing - Group/one-on-one negotiations - Engagement sessions/conferences - Reporting	- Meeting quality requirements and demands - Minimal impact on the environment - Sustainability in the supply chain
Our Approach	
- Optimise delivery of correct products at precise times. - Collaborate with strategic partners to develop product applications and solutions. - Ensure the consistent production of high-quality offerings. - Conduct feedback-gathering for further actions and improvement.	

 Governments and Regulators AW	
Engagement Platform	Key Concerns
- Group/One-on-one meetings - Regulatory engagements sessions and communication - Site visits - Questionnaires - Publication/journals - Updates on Group's website - Dialogues/conference - Reports/documents, e.g. submission of capital expenditure report to the Ministry of Finance, submission documents to Inland Revenue Board, Royal Malaysian Customs Department, etc.	- Regulatory compliance - Environmental management - Health and safety - Ethical business practices
Our Approach	
- Comply with all relevant regulations such as the Companies Act. - Ensure payment of tax in a timely manner. - Collaborate with government agencies such as MPOB, Malaysia Nuclear Institute (MNI), Malaysian Pineapple Industry Board, etc.	

Stakeholder Engagement

Stakeholder Engagement

BRIDGING BORDERS: FOSTERING STAKEHOLDER RELATIONSHIPS IN LAND MANAGEMENT

Land management can be tricky and requires a thoughtful approach. Our plantations, while expanding, always prioritise respecting boundaries with neighbouring plantations and local communities. We conduct regular assessments to ensure everything stays within our boundaries. In case encroachments are detected, our commitment to stakeholder engagement shines through. We adopt a collaborative approach to resolve the issue and find the best solutions that benefit all parties involved. With a foundation built on transparency and open communication, we continue to nurture positive relationships and contribute to the well-being of the environment and communities we operate in.

Over the past couple of years, we have encountered several instances of unintentional encroachments. However, we have been able to resolve these situations through constructive dialogue and cooperation with the affected communities.

Case Study 1: Collaborative Solutions to Inter-Plantation Land Interaction

Stakeholders: United Malayan Agricultural Corporation (UMAC) Estate and Bukit Jalil Keratong Estate (BJKE)

The Challenge Revealed:

In 2019, UMAC faced a significant land interference dilemma with our neighbour, BKJE, in Pahang. This proximity stirred concerns about boundary accuracy, potentially causing uncertainties in crop territories. To our disappointment, we discovered BJKE’s land extended into ours, even encroaching on shared borders where our oil palm cultivation thrived. While not uncommon in Malaysia’s agriculture, we took the responsible route, vowing to provide fair compensation to restore affected parties’ land rights.

The Road to Resolution:

In 2022, a virtual meeting with BJKE launched an on-site verification process. Survey outcomes satisfied both sides, revealing the extent of interference on BJKE’s property. A carefully negotiated settlement agreement was finalised, embracing the interests of all parties.

A Step Towards Unity:

On 25 July 2022, a momentous ceremony at UMAC Estate marked a significant stride in resolution. We symbolically handed over land with 70 oil palms to BJKE, a testament to a successful resolution driven by mutual respect and understanding.

This experience underlines our commitment to responsibility and cooperation in the face of challenges. It reaffirms our values – progress with integrity, growth with compassion, and success through partnership. As stewards of the land, we stand prepared for future obstacles, guided by these principles and inspired by this achievement.

Case Study 2: Navigating Challenges of Indigenous Land Interaction

Stakeholders: UMAC and FELCRA Bukit Serok Estate

The Challenge Revealed:

In a more recent episode of land interference, a profound revelation emerged. As a result of the final title survey conducted by our appointed surveyor in 2019, we discovered that FELCRA Bukit Serok has encroached a total of 14 ha (34.5 acres) on our UMAC Estate. This realisation prompted a meticulous land survey on our part, ensuring the eradication of any remaining land ownership overlaps between our estate and FELCRA’s property. A series of constructive dialogues with the FELCRA estate followed, nurturing the seeds of a harmonious resolution and fostering transparent communication between our domains.

A Call for Ethical Land Use:

The survey underscored a critical detail: the interfered area, “Kawasan Orang Asal, Bukit Serok,” as designated in the esteemed “Gazetted Plan 1427” by the District Office and Land (PTD) Rompin. This discovery serves as a poignant reminder of the necessity for mindful adherence to legal and ethical land use designations, especially in such significant areas.

Carving a Compassionate Path:

Amidst these intricate circumstances, our paramount concern remains the welfare and interests of the indigenous community in Bukit Serok. Thus, a proactive engagement with Jabatan Kemajuan Orang Asli (“JAKOA”) has been initiated, outlining crucial steps for collaborative action with FELCRA. Simultaneously, JAKOA is fostering dialogue with the esteemed Sultan of Pahang to expedite the process.

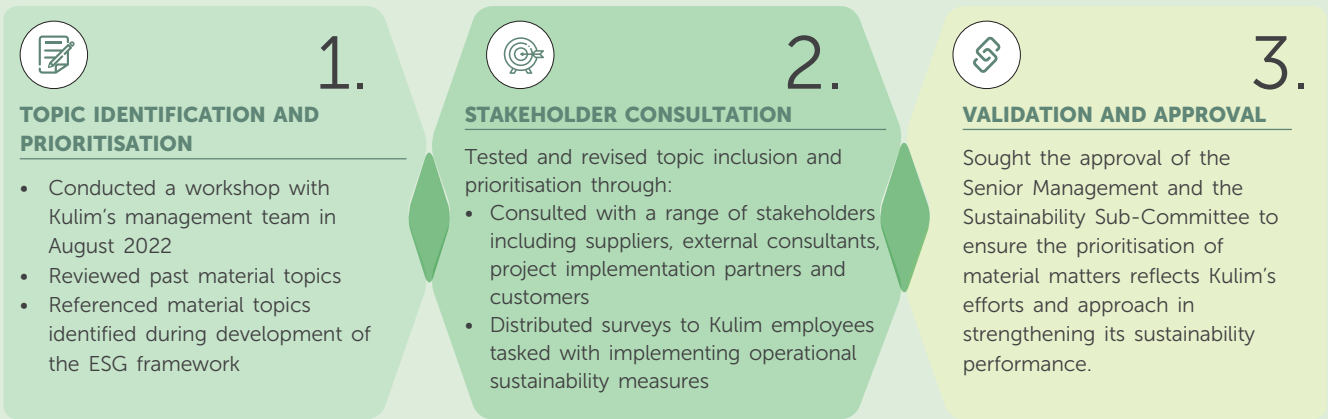
Our Aspiration:

As of today, we have not received any feedback from JAKOA regarding this issue. The issuance of the final title from PTD Rompin to UMAC Estate is currently in a status quo. However, our aspiration is clear: a seamless reinstatement of land ownership within the cherished Kawasan Orang Asal, Bukit Serok. This endeavour is guided by a collective decision, unified in purpose, and a transition that seamlessly involves all concerned parties. Together, we strive to create a path of restoration, driven by a shared commitment to fairness, respect, and the well-being of the community we serve.

Material Matters

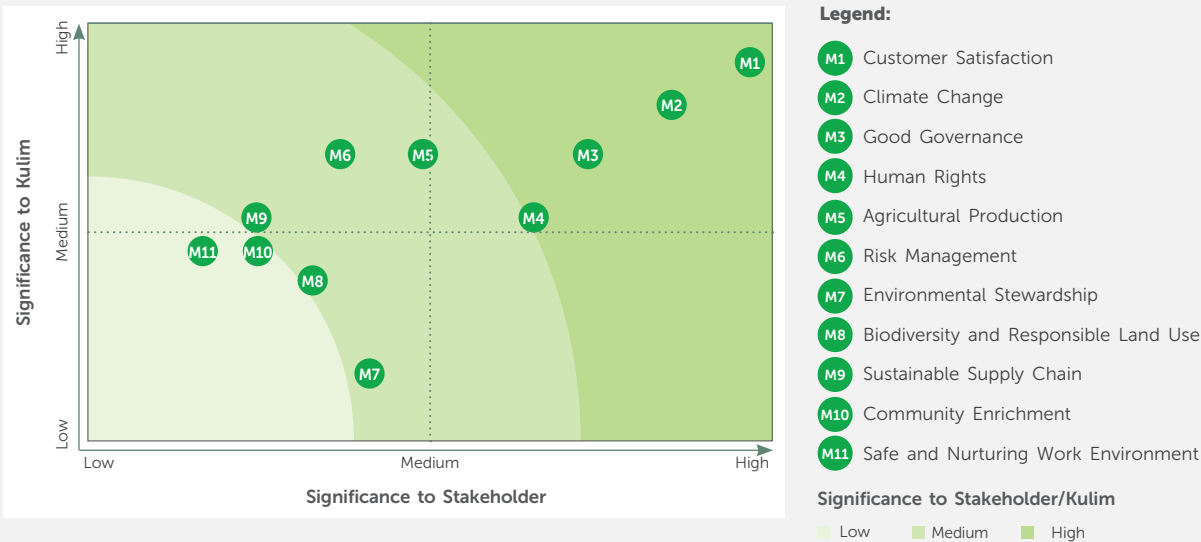
Our sustainability strategies revolve around material topics that shape stakeholder decisions and potentially impact our business. This year, we conducted an in-depth materiality assessment, thus, updating our material matters to stay ahead of evolving ESG concerns.

OVERVIEW OF THE MATERIALITY ASSESSMENT PROCESS



MATERIALITY RESULTS AND ANALYSIS

Based on the materiality assessment, we have determined 11 material matters from the previous 31 material matters, based on the ESG themes from this year onwards. The 2022 material matters are presented in our materiality matrix.



Material Matters

Among all the material matters presented in the materiality matrix, some are relatively more significant to our internal and external stakeholders. Notably, customer satisfaction, climate change and good governance held the highest importance to our business and stakeholders. Furthermore, we have categorised our 11 material matters based on the ESG themes from this year onwards while actively contributing to Kulim's economic prosperity. Thus, we align with our strategic focus on making positive contributions across all aspects of value creation.

	Material Matter	Definition and Scope	More Information
Environment	Climate Change	Continuously minimising our carbon emissions in an effort to mitigate climate change, as well as adapting our operations to manage climate change risks.	Page 58
	Biodiversity and Responsible Land Use	Protecting our environment from major biodiversity loss, habitat degradation, and unsustainable land management practices.	Page 70
	Environmental Stewardship	Managing and mitigating environmental impacts associated with our operations, products, and services to achieve sustainable practices and long-term environmental sustainability.	Page 78
Social	Safe and Nurturing Work Environment	Fostering a nurturing work environment that encompasses both physical safety and psychological well-being while considering workplace safety practices, occupational health measures, ergonomic considerations, employee well-being initiatives, and diversity and inclusion efforts.	Page 86
	Human Rights	Evaluating the potential impacts on human rights throughout the value chain while integrating human rights considerations into business practices, policies, and decision-making processes.	Page 104
	Sustainable Supply Chain	Managing and improving the environmental, social, and economic impacts within our supply chain while empowering our suppliers to adopt sustainable practices.	Page 108
	Community Enrichment	Empowering the local communities surrounding our operations through programmes and initiatives that contribute to their socio-economic well-being.	Page 93
Governance	Good Governance	Establishing mechanisms to ensure strong corporate governance principles are in place to promote accountability, integrity, and responsible management.	Page 118
	Risk Management	Implementing risk assessments, internal controls, risk management strategies, and reporting mechanisms for emerging and potential risks.	Page 126
Economic	Agricultural Production	Optimising agriculture productivity through innovative, responsible and sustainable farming practices.	Page 132
	Customer Satisfaction	Fostering a customer-centric culture within the organisation to build strong customer relationships, and deliver exceptional customer experiences.	Page 140

United Nations Sustainable Development Goals

Beyond our business boundaries, we also strive to contribute to the global sustainability agenda. Mapping our path with purpose, we have identified 10 UN SDGs where we can create the most meaningful impact. We have aligned our sustainability initiatives with the individual targets set within these goals to maximise our contributions.

Prioritised UN SDGs	Kulim's Initiatives	Relevant Material Matters
SDG 3: Good Health & Well-Being	- Contributions to the underprivileged through Yayasan Johor Corporation. - Provision of clinics and healthcare facilities for our workers and local communities at our plantations.	- Safe and Nurturing Work Environment - Community Enrichment
SDG 4: Quality Education	Provision of school uniforms for employees' children.	- Safe and Nurturing Work Environment - Community Enrichment
SDG 5: Gender Equality	- Policies against free discrimination against women throughout our operation. - Policies against any form of sexual harassment. - Establishment of WOW, previously known as Panel Aduan Wanita ("PAW"), in July 2008 to give women in Kulim a stronger voice.	- Safe and Nurturing Work Environment - Community Enrichment - Human Rights
SDG 8: Decent Work and Economic Growth	- Adherence to Malaysia's labour laws and International Labour Organisation's ("ILO") Declaration on Fundamental Principles and Rights at Work. - Adherence to the Principle of Free, Prior and Informed Consent ("FPIC") to the right of indigenous peoples to give or withhold their consent for any action that would affect their lands, territories or rights. - Policies against free discrimination based on race, ethnic group, caste, nationality, disability, religion, gender, sexual orientation, gender identity, union membership, political affiliation, or age. - Practice of "equal pay for equal work".	- Safe and Nurturing Work Environment - Human Rights - Sustainable Supply Chain - Good Governance - Risk Management
SDG 9: Industry, Innovation, and Infrastructure	- Mechanisation in our estates using mini tractors with scissor lifts/grabbers, BIN system and manure application using Verion Spreader. - Establishment of Kulim Plantation Management System ("K-Plant") using GIS and other digital technologies for more efficient operations.	- Safe and Nurturing Work Environment - Human Rights - Sustainable Supply Chain - Good Governance - Risk Management
SDG12: Responsible Consumption and Production	- Adherence to the principles of sustainability certification to ensure production is environmentally and socially responsible. - Use of Integrated Pest Management ("IPM") leveraging animals to control weeds and rodents. - Initiatives to reduce the consumption of fuel, water, and materials. - Recycling/re-purposing of almost all bio-waste. - Proper management of hazardous waste.	- Safe and Nurturing Work Environment - Sustainable Supply Chain - Good Governance - Risk Management

United Nations Sustainable Development Goals

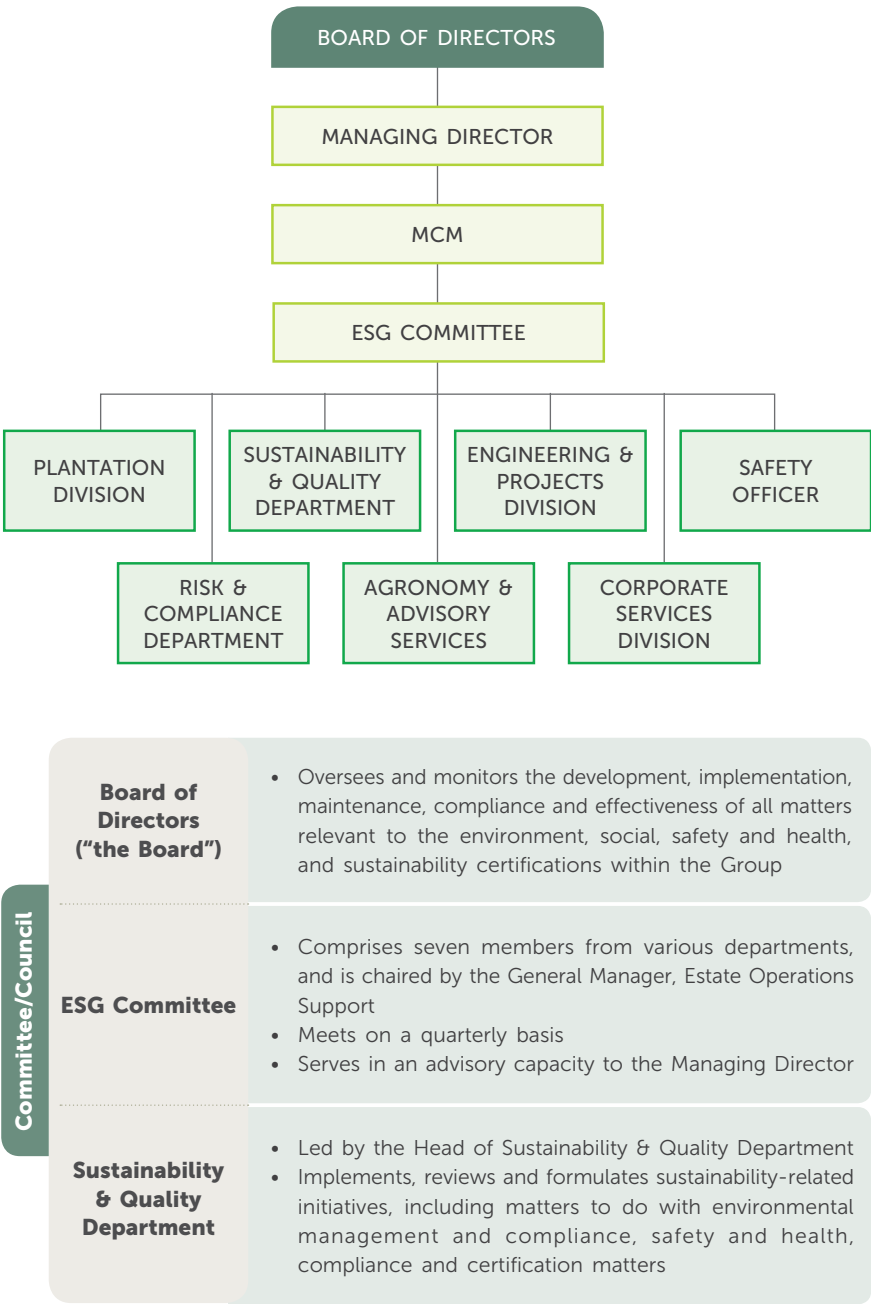
Prioritised UN SDGs	Kulim's Initiatives	Relevant Material Matters
SDG 13: Climate Action	- Methane capture from Palm Oil Mill Effluent ("POME") and conversion into energy through biogas plants set up at our five Palm Oil Mills ("POMs"). - Commissioning of our fifth biogas plant at Tereh POM in September 2021. - The biomethane plant at Sedenak POM was completed in December 2022 and will undergo commissioning on 1 June 2023. - The commercialisation of bio-CNG plants at Tereh and Sindora POMs is scheduled for March 2024.	- Climate Change - Biodiversity and Responsible Land Use - Environmental Stewardship - Good Governance - Risk Management
SDG 15: Life on Land	- No deforestation, no peat development and no new development in primary forests or HCV areas. - Promotion of optimum land use to ensure long-term sustainability and productivity for agriculture use, including efforts to: - Reduce water pollution from heavy metal by combining inorganic with organic fertilisers derived from EFB. - Minimise soil erosion. - Collaboration with the Wildlife Conservation Society ("WCS") and Johor Department of Wildlife to protect wildlife. - Collaboration with WCS and the Management and Ecology of Malaysian Elephants ("MEME") on human-elephant conflict research.	- Climate Change - Biodiversity and Responsible Land Use - Environmental Stewardship - Good Governance - Risk Management
SDG 16: Peace, Justice, and Strong Institutions	- Efforts to build peaceful relations with employees as well as external stakeholders. - Active contribution towards social causes and promotion of employee volunteerism. - Compliance with relevant national regulations and adherence to international agreements. - Policy against free discrimination and grievance channel for stakeholders to raise concerns. - Respect for employees' freedom and fundamental rights.	- Safe and Nurturing Work Environment - Community Enrichment - Good Governance - Risk Management
SDG 17: Partnerships for the Goals	- Founding member of the RSPO. - Member of the Malaysian Agricultural Producers Association ("MAPA") and All Malayan Estate Staff Union ("AMESU"). - Member of the Malaysian Palm Oil Association ("MPOA"). - Partnership with Johor Wildlife Conservation Project ("JWCP") and Management and Ecology of Malaysian Elephants (MEME). - Member of HCV Network.	- Climate Change - Biodiversity and Responsible Land Use - Environmental Stewardship - Safe and Nurturing Work Environment - Community Enrichment - Human Rights - Sustainable Supply Chain - Good Governance - Risk Management

Sustainability Governance

Establishing a strong governance structure is vital to ensuring transparency and accountability are practiced within an organisation. Through a top-down approach, our Board of Directors ("the Board") holds the highest responsibility for implementing various matters in the company. They are supported by the Management Committee Meeting (MCM) who is supported by the ESG Committee, consisting of representatives from various divisions and departments. Our Managing Director is also part of the Board, playing a vital role in instilling sustainability within the Group.

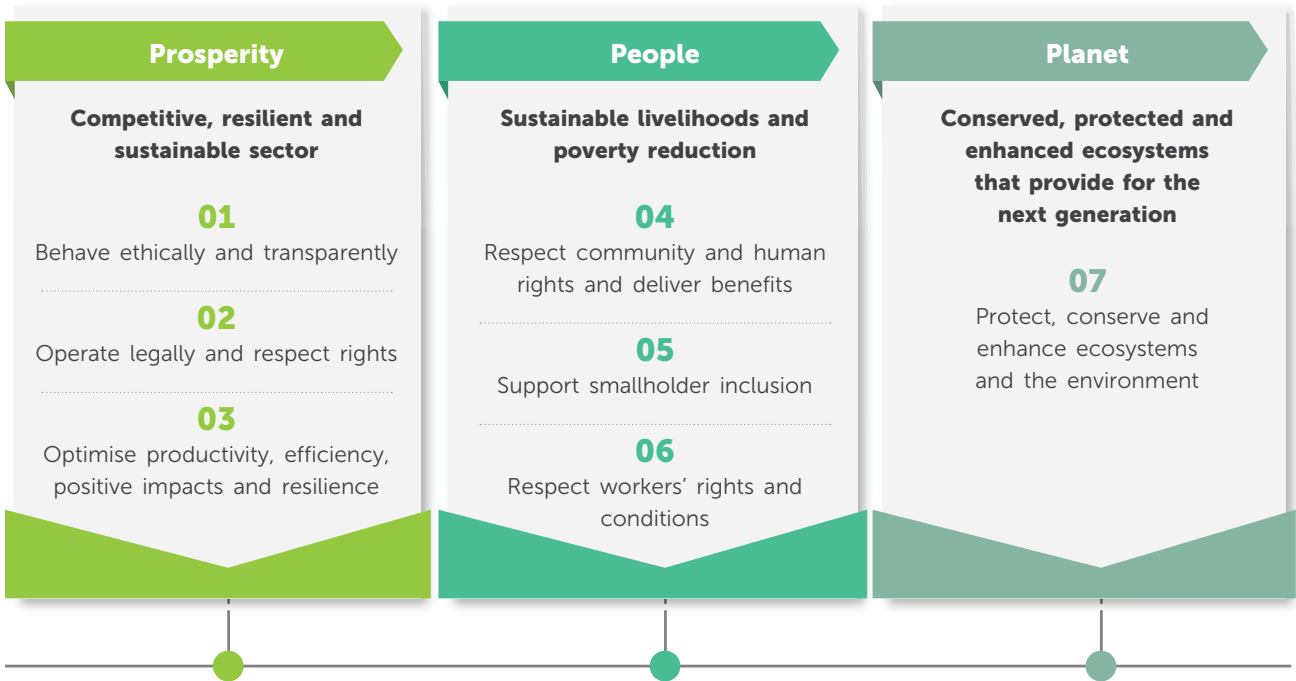
As the Chairman of MCM and a Board member, our Managing Director is responsible in tabling all pertinent matters related to sustainability at MCM level to the Board to ensure check and balance of information. We further strengthen our governance framework by embracing cutting-edge practices and recommendations outlined in the Malaysian Code on Corporate Governance (MCCG).

As part of our commitment to enhance diversity for the Group, we will be appointing three Non-Independent Non-Executive Director members, including one woman, representing 33% of women on the Board. To further create a stronger and robust sustainability governance system, we will be establishing a Board Sustainability Committee ("BSC") under our plantation entity this upcoming year. Through this, we are able to foster our continuous commitment to integrate sustainability within our organisation.



Sustainability Governance

As a responsible agribusiness, we prioritise adherence to the Principles and Criteria set forth by the RSPO, which ensure ethical, transparent, and legal practices, thus forming a strong base for Kulim's Sustainability Governance structure. The RSPO certification shows a strong link to sustainability due to its stringent criteria, improved monitoring process, and enforcement towards addressing ongoing challenges associated with palm oil production. To ensure our commitment to sustainability, we have established a robust Sustainable Management System (SMS) that incorporates the structures, practices, and responsibilities outlined by the RSPO. Our SMS serves as a framework to uphold a safe, healthy, and economically viable work environment while ensuring full compliance with relevant legislation. By developing and implementing this system, we strive to maintain high standards of sustainability and promote responsible practices throughout our operations. Our SMS guides us to maintain the following sustainable development and performance principles:



Membership and Associations

Associations	Our Contributions
Cerebral Palsy Johor Association ("CPJ") Total contribution in cash: RM49,720	- Built the Agrotherapy House Greenhouse as a therapy space for young students with cerebral palsy. - Involve agricultural activities that improve motor coordination, strength, and communication skills. - Generate a source of income from selling the crops grown in the greenhouse.
Johor Clay Target Shooting Association ("JCTSA")	Provide staffing assistance, including officers and workers, for the upkeep and management of the shooting range.
Yayasan Johor Corporation ("YJC") Total contribution in cash: RM1,258,400	- Provide assistance to students in need and ensure they have access to educational opportunities. - Offer annual contributions of RM1.258 million to support their educational initiatives and programmes.
Persatuan Kebajikan Darul Hanan Johor Bahru Total contribution in cash: RM61,655	- Offer crucial financial assistance and resources to support their initiatives to promote the welfare of orphans. - Provide school uniforms to all orphans at the beginning of each school season.
Johor Darul Takzim FC ("JDT") Total contribution in cash: RM1,570,000	Proud sponsor of the Johor Darul Takzim Football Association (JDT) to promote football development in Malaysia and support one of the top football teams in the country.
Waqaf An-Nur Corporation ("WanCorp") Total contribution in cash: RM1,000,000	- Offer financial assistance to assist the daily operations of WanCorp-managed mosques. - Provide indirect support in the construction of Masjid Jamek Bandar Tiram, which is currently under development and scheduled for completion in 2024.

Membership and Associations

Memberships	Our Responsibility
RSPO	- Kulim became a member of RSPO since 2004 and almost all plantations in Malaysia have been fully certified since January 2009. - Adhere to RSPO Principles and Criteria for Sustainable Palm Oil Production.
Malaysian Sustainable Palm Oil ("MSPO")	- Committed to producing sustainable palm oil production through MSPO certification. - Dedicated to our environmental and social responsibility within the palm oil industry.
UNGC	- Kulim aims to be a member of the UNGC in April 2023, a strategic initiative that supports global companies that are committed to responsible and sustainable business practices. - We are planning to align our operations and strategies with UNGC's 10 universally accepted principles encompassing human rights, labour, environment, and anti-corruption.
Singapore Alliance for Sustainable Palm Oil ("SASPO")	- Committed to ensuring that all the palm oil we use is free from deforestation and the conversion of natural ecosystems. - Dedicated to procuring 100% RSPO-certified sustainable palm oil.
GRI	Through GRI Community, Kulim is committed to the following: - Kulim became a member of GRI in January 2023. - Being at the forefront of the GRI Standards development on knowledge, tools, and inspiration to enhance internal alignment on corporate transparency. - Gain direct insight into the best practices in sustainability reporting. - Promote global innovation through collaboration and improving the quality of disclosure.
Malaysia Nature Society ("MNS")	Kulim became a member of MNS in December 2022, and have been committed to: - Engaging in activities, events, and workshops organised by MNS. - Networking with fellow members and experts in the field. - Supporting and participating in MNS conservation initiatives and campaigns.

Membership and Associations

CERTIFICATION AND COMPLIANCE

Ensuring compliance with national laws and regulations is one of the top priorities for Kulim. We are equally dedicated to adhering to prominent sustainability certification standards to safeguard our reputation in the agribusiness industry and maintain accountability to our stakeholders. Internally, we have set specific targets and Key Performance Indicators (KPIs) to gauge our effectiveness and continuity. Our performance is subject to audits by certification bodies and pertinent government authorities, who conduct regular surveys and on-site visits to assess our operations.

RSPO

Since 2004, we have been part of the RSPO, and in 2009, we became one of the first Malaysian palm oil firms to achieve RSPO certification. Our adherence to RSPO-certified methods has a positive impact on our global market presence and provides customers and consumers with confidence in our commitment to ethical and sustainable practices.

Currently, our existing five mills and accompanying estates are 100% RSPO-certified which undergoes re-certification every five years. Since 2013, FGVPM Paloh Estate and Wawasan Estate were the latest outgrowers to achieve RSPO certification.

As of 2022, four of our mills have been holding the Identity Preserved status. This translates to palm oil originating from these mills can be tracked back to a specific certified source and is kept separate from regular oil throughout the supply chain. The remaining one mill operates under the Mass Balance status, where Certified Sustainable Palm Oil (CSPO) is mixed and marketed alongside conventionally produced Crude Palm Oil (CPO).

This year, we recorded a 9.63% increase of externally sourced FFBs are RSPO-certified.

 For more on our external supply, refer to page 110.

RSPO Model Type and RSPO Certification Status of Company-owned Mills

Operations	RSPO model	Status
Tereh POM, Johor, Malaysia	Identity Preserved	Certified since 2009
Palong Cocoa POM, Johor, Malaysia	Identity Preserved	Certified since 2009
Sedenak POM, Johor, Malaysia	Mass Balance	Certified since 2009
Sindora POM, Johor, Malaysia	Identity Preserved	Certified since 2009
Pasir Panjang POM, Johor, Malaysia	Identity Preserved	Certified since 2017

Membership and Associations

MSPO

We have achieved full certification under the MSPO scheme, a programme that became mandatory on January 1, 2020, encompassing all palm oil mills and oil palm estates larger than 40.46 ha. This clearly outlines our commitment to the MSPO policy, which was released in 2018. Since then, we had successfully completed all MSPO audits and effectively met our objective of certifying all mills and estates under the MSPO programme. This initiative resulted in the certification of all our mills and estates by 2019.

ISCC

The International Sustainability and Carbon Certification (ISCC) has been granted to all five of our mills. This widely recognised standard focuses on sustainable biomass and bio-energy production and holds significance for organisations selling products within the European markets.



SUSTAINABILITY SCORECARD

05

Measuring
our Progress

Sustainability Scorecard

Our strategic initiatives were created to support our sustainability targets, aligning themselves according to our ESG themes. In total, we have a range of strategic initiatives which aims to improve our sustainability agenda across Kulim including achievements in both 2022 and 2023.

To halve greenhouse gas emissions by 2025 with net zero aspirations by 2050				
TARGETS	Achieve consistent reduction of effluent generated and increase renewable energy conversion by 2025	Establish a biodiversity policy	Evaluation of SBTi requirements and targets by 2025	Achieve 100% traceability to supply chain by 2025
UPDATES	- Completed Biogas plant installation at all mills - The biomethane plant at Sedenak POM was completed in December 2022 and will undergo commissioning on 1 June 2023	Completed establishment of Biodiversity Policy for Kulim (Malaysia) Berhad on 12 September 2022	- To align the Scope 1 and 2 emissions assessments to the GHG protocol and SBTi requirements - Inventory for Scope 3 emissions is in process	- Acquire traceability data and conduct due diligence on FFB suppliers - Monitor supplier traceability data through a dashboard
Material Matters: • Climate Change • Environmental Stewardship • Biodiversity and Responsible Land Use				

To adopt environmental and labour best practices based on international standards				
TARGETS	Completion of the Labour Transformation Programme by 2024	Roll out employee ESG training programme by 2023	Roll out employee engagement survey by 2024	Complete assessment on water footprint by 2025
UPDATES	- Continuously conducting visits to estates and mills to monitor the implementation of the Labour Transformation Programme - Phase 1 assessment completed. Phase 2 assessment with an appointed 3rd party organisation is in progress	Currently rolling out Employee ESG Training Programme 2023. Programmes include TCFD workshop, Halal Refresher Training, and ESG Risk Assessment Workshop among others	Successfully rolled out Employee Engagement Survey from 6 to 13 October 2022	- Identification of water sources and consumption by data collection - Ongoing discussions to develop action plans to reduce water consumption in estate and mill operations
Material Matters: • Environmental Stewardship • Safe and Nurturing Work Environment • Human Rights • Risk Management				

Sustainability Scorecard

To build a stronger community and create a positive social impact				
TARGETS	100% supplier compliance to Kulim's ESG commitments	Enhance monitoring of socio-environmental impact metrics	Establish a CSR plan and map to the strategic initiatives of the ESG Framework	Increase engagement rate through Kulim's digital communication channels
UPDATES	- Conducted monthly monitoring and ensure our suppliers comply to no deforestation, planting on peat and exploitation of human rights - Established an ESG Commitment Pledge for all suppliers	In progress of identifying significant socio-environmental areas at Kulim HQ and all OUs through assessments and risk register	Established a CSR programme plan for 2023	- Monitoring public engagement on Kulim's website and social media accounts - Ongoing discussions and engagements with industry players for the organisation of a Sustainability Summit which is a platform for public discussions on ESG matters
Material Matters: • Community Enrichment • Sustainable Supply Chain				

Continuous enhancements of governance and ethics in line with industry best practices						
TARGETS	Establish a robust ESG governance oversight structure	Achieve completion of key strategic ESG initiatives by 2025	Establish communication strategy and initiate ESG communication plan	Establish an ESG checklist for investments	Enhance KPI Framework to include ESG metrics by 2024	Incorporate ESG metrics and requirements into the digital transformation blueprint
UPDATES	In progress of establishing a Board Sustainability Committee (BSC) and Sustainability Sub-Committee	Completed establishment of an IPO ESG Working Team to oversee, monitor and ensure the implementation of strategic initiatives under Kulim's ESG Framework	Adopted Kulim Communication Policies inclusive of Social Media Policy, Events Management Policy, Media and Spokesperson Policy and The Corporate Social Responsibility – Sponsorships and Donations Policy on 26 February 2023	Established an ESG Checklist on 19 February 2023, as part of the investment decision-making process and subsequently adopted the ESG Checklist into Kulim Investment Policy	- Internal engagement conducted to identify and assess ESG risks within work processes - Incorporated ESG metrics into Kulim Balance Scorecard 2023	- Established Kulim's Digital Transformation Blueprint with ESG metrics incorporated - Currently incorporating ESG considerations into Internal Audit Plan 2024
Material Matters: • Climate Change • Good Governance						

**DELIVER
POSITIVE
ENVIRONMENTAL
IMPACTS**

06



Making a
Difference
through our Initiatives

54 Task Force on Climate-related Financial Disclosures (TCFD) / 58 Climate Change /
70 Biodiversity and Responsible Land Use / 78 Environmental Stewardship

Task Force on Climate-related Financial Disclosures (TCFD)

Central to the bedrock of Kulim's foundation are our robust governance protocols that revolve around the TCFD. Every year, we are fully committed to continuously strengthening our sustainability agenda by improving our climate-related disclosures as outlined by TCFD. The Board takes full accountability for ensuring the formulation and execution of strategies flawlessly resonate with our mission and principles through skilled entrepreneurial stewardship and effective oversight.



Our Board demonstrates strong leadership skills in mitigating climate-related risks by:

- ➔ Evaluating risks using our risk management system on a quarterly basis to ensure the required adjustments are implemented to maintain the effectiveness of our risk management measures.
- ➔ Identifying critical risks and effective mitigation strategies while considering the risks involved before approving any new projects or investment commitments.
- ➔ Controlling strategies and meticulously evaluate mitigation plans in a systematic manner.
- ➔ Working cooperatively alongside the internal and external auditors to handle any risks that can potentially impact the company.
- ➔ Overseeing the incorporation of a thorough economic, environmental, and societal outlook into our strategic blueprints, emphasising strongly the dynamics of human rights and climate change.
- ➔ Convening a minimum of four meetings annually to discuss strategic plans and consider the broader scope of ESG and climate-related risks and opportunities.
- ➔ Evaluating approaches to our risk management against international benchmarks, demonstrating their universal applicability.

To further our commitment to instilling a strong and robust governance structure, we will be introducing a Board Sustainability Committee (BSC) in the upcoming year. The BSC will be in charge of overseeing all the sustainability-related matters which align with TCFD to strengthen our ESG aspirations and goals.

Our strategy is carefully designed and skilfully carried out by our Corporate Planning Department (CPD), under the Corporate Strategy Division. The CPD plays a vital role in creating comprehensive strategic plans for the entire Kulim. On top of that, we create a performance chart using Corporate KPIs, making sure they match Tier-2 KPIs (Division KPIs). These plans are not only aligned with our business goals but also effectively oversee and put into action through various initiatives.

Task Force on Climate-related Financial Disclosures (TCFD)

OUR STRATEGY ENCOMPASSES A HOLISTIC APPROACH

Building upon our Vision and Mission, it all starts with crafting comprehensive plans for the entire group and our specific business areas. We closely monitor these plans to ensure the actions we take align with our goals. We measure our performance using key indicators, and this information is reported to our Board of Directors (BoD). The Corporate Planning Department also works collaboratively with other departments to assess potential new business opportunities or expansions. To ensure transparent communication with our stakeholders, we regularly communicate with our key shareholders and other relevant stakeholders.



Our Notable Achievements Addressing Extreme Climate Patterns

We have improved our water management practices to handle changing climate patterns by building weirs for optimal water levels on peat soil. We use advanced technology like 160 Kilovolt AMP (KVA) gensets and 30-horsepower water pumps to remove excess water effectively. Our sustainability efforts include upgrading the Sedenak POM biogas plant to convert all POME into biomethane, which is injected into Gas Malaysia's Natural Gas Distribution System (NGDS) network. Bio-CNG plants are also active at Tereh POM and Sindora POM.

As we look ahead, our future plans are well-defined. We are set to perform a materiality assessment as required by TCFD, which will aid in understanding inherent and physical risks. We will present our TCFD implementation and how we are integrating climate risks into our current risk programme to the BRC. This presentation will also include a scenario analysis covering scenarios below two degrees Celsius. Our Risk Management structure is built on the globally recognised ISO 31000 Guideline. It is worth mentioning, however, that our current risk management system has not fully integrated climate-related risks at this time.

Step 1: Collating data from respective departments on initiatives for the next five years.

1

Step 2: Analysing the global and market outlook, encompassing current technologies and future demands.

2

Step 3: Benchmarking and situational analysis to identify gaps and devise mitigation plans.

3

Step 4: Prioritising initiatives at the corporate level.

4

Step 5: Planning strategic development.

5

Step 6: Implementing the strategy.

6

Step 7: Monitoring and evaluating progress through KPIs.

7

Task Force on Climate-related Financial Disclosures (TCFD)

To effectively address this challenge, we propose a comprehensive strategy that entails a deep understanding of our vulnerabilities and potential gains related to climate change. Here is our approach:

Approach: Learn from the past

- ➔ We begin by identifying past episodes of severe weather that had an impact on Kulim. Examining the financial ramifications associated with these disasters will assist us in further understanding the types of climate-related challenges we have faced in the past.

Approach: Future-proof our business

- ➔ Using scenario analysis, we will assess any prospective transition risks, opportunities, and physical climate threats that may affect Kulim in the future. By adopting this proactive mindset, we may prepare for potential difficulties and make the most of arising opportunities.

Approach: Determine value of importance

- ➔ We will carry out an evaluation in order to fully comprehend the significance of these risks and opportunities in light of Kulim’s strategic and financial position. This evaluation will gauge the importance of these elements in diverse context.

Approach: Establish definite goals

- ➔ We will specify objectives, metrics, and targets in order to manage and minimise climate risks while venturing on new business opportunities. These goals will serve as our roadmap towards a sustainable growth.

Approach: Take action and adjust

- ➔ We will create an effective strategy to transition and adjust. The actions Kulim will take to accomplish the specified goals, metrics, and targets are outlined in this plan. It will not only be centred on attaining these goals, but it will also contain methods for managing and reducing the risks connected to any potential shortcomings.

Task Force on Climate-related Financial Disclosures (TCFD)



We are set to establish group-wide goals for reducing GHG emissions, covering more than just oil palm. A major commitment is our drive for net-zero emissions, a central part of the Kulim 2022 ESG Framework. Acknowledging the importance of Scope 3 emissions, we will expand our reporting following the GHG Protocol, moving beyond the current limited data from RSPO PalmGHG. By implementing this strategy, we will position ourselves to navigate climate-related challenges effectively while embracing opportunities for growth and sustainability. Our journey to sustainability is ongoing, with each year marking progress in reducing our carbon footprint and benefiting the environment.

In 2022, we achieved a significant milestone in our sustainability journey by recording total emissions of approximately 338,709 tonnes of CO₂ equivalent (MT CO₂e). When broken down, this equates to an emissions intensity of 0.93 MT CO₂e for every MT of Crude Palm Oil (CPO) and Palm Kernel (PK) produced. Through our achievements, we can see a clear progress towards improving and achieving our set targets and goals.

In line with the Greenhouse Gas (GHG) Protocol, we have identified and have data available on the impacts of Scope 1, 2, 3, and biogenic emissions. Our dedicated efforts towards sustainability can be seen in our achievements of installing methane capture facilities in 100% of our mills. Furthermore, from a 2012 baseline of 250,415 MT CO₂e, we aim for a minimum 50% reduction and we have achieved 49% reduction in emissions from POME. Additionally, by 2025, we are targeting an overall 50% carbon footprint reduction from the 2012 baseline of 1.76 MT CO₂e per MT CPO/PK.

At its core, Kulim’s dedication to TCFD disclosure showcases our proactive stance towards addressing climate risks and opportunities. We have established measurable goals and demonstrated notable achievements in curbing our carbon impact and promoting clean energy. Looking ahead, our aspirations align with worldwide sustainability standards. By expanding our scope, enhancing reporting, and prioritising actionable approaches, Kulim prepares itself for upcoming climate challenges and stands out as a pioneer in sustainable and ethical business. Our journey underscores transparency, accountability, and ongoing advancement in the ever-changing business arena.

Climate Change

 **GRI** 302-1, 305-1, 305-2, 305-3, 305-4, 305-5

SDG


WHY IS IT IMPORTANT

Climate change is the biggest threat facing the world today. The latest assessment report from the Intergovernmental Panel on Climate Change (IPCC) warns that the state of climate change is reaching alarming levels. Without curbing emissions, we face rising extreme weather events, bringing forth unprecedented challenges to businesses and society at large. In agriculture, the implications of climate change can potentially impact crop yields, water scarcity, pest management issues, soil degradation, and biodiversity loss. Climate change also presents transition risks and opportunities related to the global shift towards a low-carbon economy.

Therefore, rapid climate mitigation and adaptation are necessary to ensure food security and sustainable socio-economic growth. Ultimately, for Kulim, our commitment to climate action is deeply-rooted in our care and concern for the future of everyone.

WHAT IS OUR APPROACH

To combat climate change, we have set an ambitious target: a 50% reduction in our carbon footprint by 2025, compared to our 2012 baseline. This goal covers not only the reduction of Scope 1 and 2 carbon emissions but also Scope 3 sources, including Biogenic emissions, across all aspects of our business operations.

To strengthen our efforts in reducing our carbon footprint and advancing our sustainability agenda, we adhere to the following policy:

Environmental Policy

We take responsibility for implementing Good Management Practices to alleviate any potential negative impacts on the environment and ensure continuous production of our oil palm and bio-compost.

 For more information on this policy, refer to Kulim's website.

Our target for reducing carbon emissions by 2025 aligns with our biogas project goals, as the majority of our carbon footprint is influenced by the results of these initiatives. We are pleased to share that, despite slight increases in certain periods, we have observed an overall decrease in emissions over time, indicating that we're on course to achieve our 2025 objective. We believe that strong mitigation strategies will lead to even more significant reductions in the upcoming years.

To achieve our carbon target and build climate resiliency, we adopt an innovative approach that involves harnessing renewable energy from oil palm mill waste at all our facilities. By doing so, we are not only minimising waste but also generating clean energy – a crucial step towards a greener future.

We are constantly implementing initiatives to reduce production of Kulim's carbon emissions.



Ongoing initiatives that are undertaken to effectively reduce Kulim's carbon emissions:

- Utilise biogas, palm kernel shell and fiber for power generation.
- Conduct 'Composting Project'.
- Improve conservation and maintenance of biodiversity under the HCV/HCS Management.
- Adhere to the "No Deforestation, No Peat, No Exploitation (NDPE)" through Sustainability Policy.
- Ensure best management practices including no-till farming, cover crop, zero burning, and pulverisation.
- Ensure responsible chemical use through Integrated Pest Management and natural pest control of cattle livestock.

50% reduction in our carbon emission intensity by 2025.

Climate Change

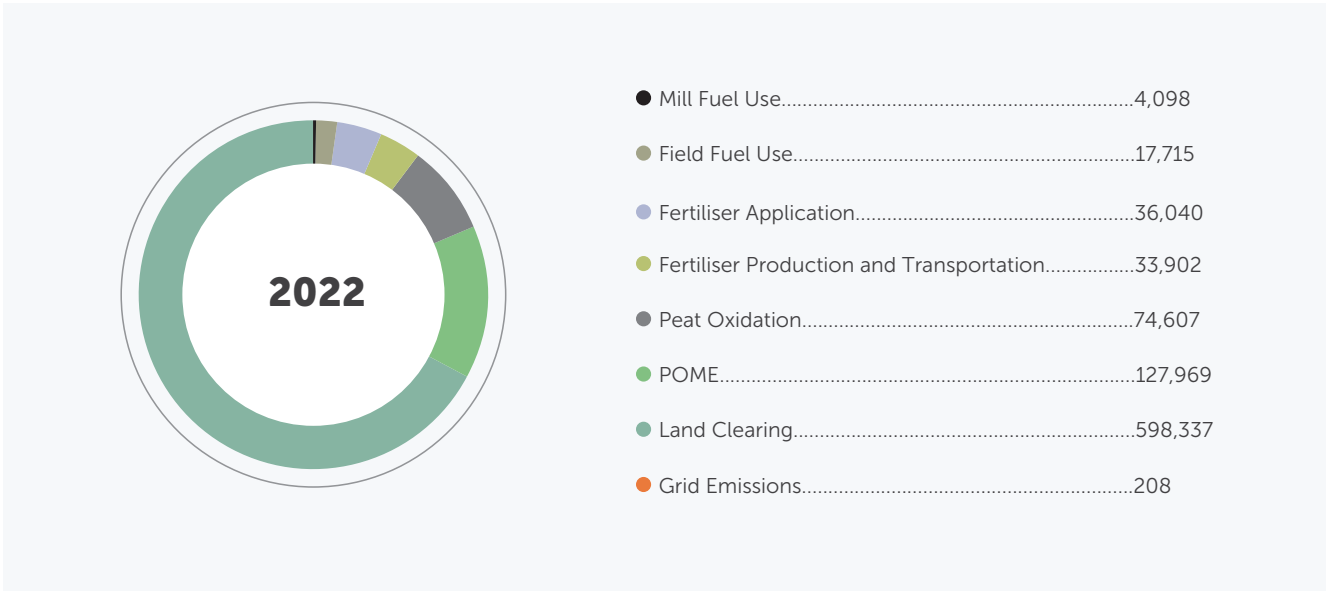
VALUE CREATION IN 2022

Overall GHG Emissions

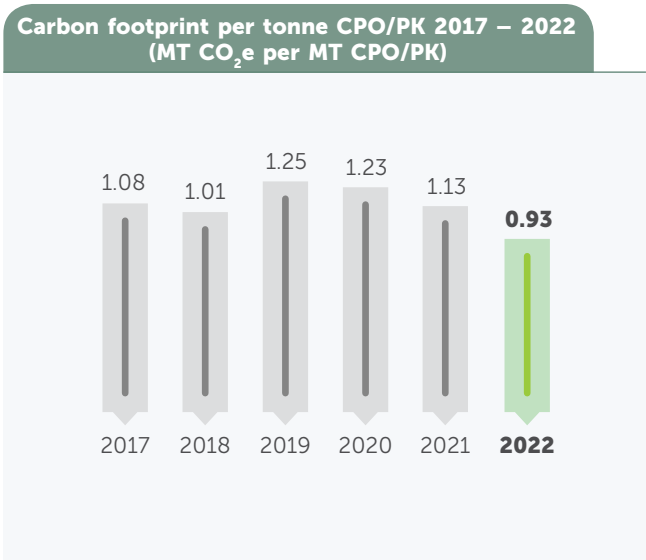
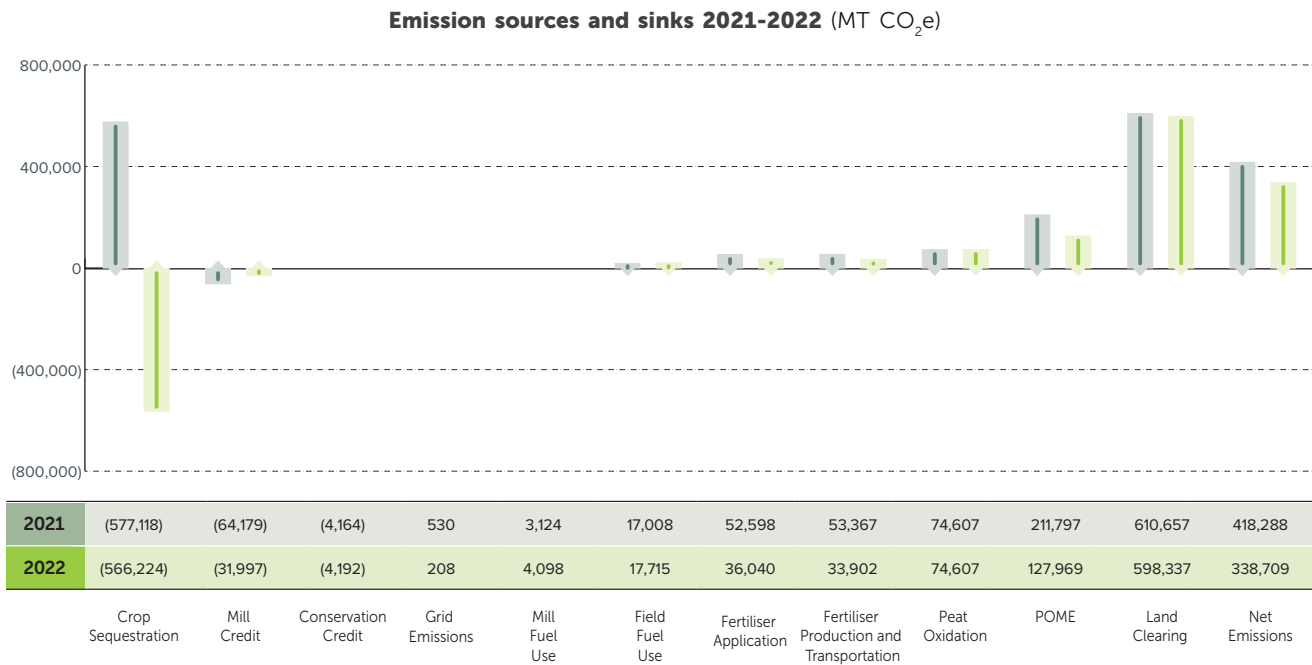
RSPO PalmGHG

This year marks a key milestone as we proudly announce a significant 47% reduction in carbon emissions less than our 2012 baseline, successfully aligning with our target of a 50% reduction by 2025. This reduction translates into 0.83 MT CO₂e per MT CPO/PK. In 2022, we recorded total emissions of approximately 338,709 tonnes of CO₂ equivalent (MT CO₂e), which translated into an emissions intensity of 0.93 MT CO₂e per MT CPO/PK. Our total emissions were 19% less than the 418,289 MT CO₂e in 2021, while our emission intensity was 18% lower than the 1.13 MT CO₂e per MT CPO/PK. The significant reduction in Scope 1 emissions was driven by the successful commissioning of new biogas facilities in Sedenak POM in August 2022 and reactivation of Sindora POM biogas plant in April 2022. It is important to note that our emissions figure for 2022 is subject to audit and will be validated during the next RSPO assessment.

Carbon Emission by Source 2022 (MT CO₂e)



Climate Change



Climate Change

GHG Protocol

We also reference the GHG Protocol Corporate Accounting and Reporting Standard and the GHG Protocol Agricultural Guidance when reporting our carbon emissions performance data.



	2020	2021	2022
Scope 1 Emissions (MT CO ₂ e)	361,052	284,526	185,822
Scope 2 Emissions (MT CO ₂ e)	466	530	208
Scope 3 Emissions (MT CO ₂ e)	48,029	53,367	33,902
Biogenic Emissions (MT CO ₂ e)	75,423	39,802	70,531
Total (MT CO ₂ e)	484,970	418,288*	338,709*

* This discrepancy arised due to the application of a default emission figure for external Fresh Fruit Bunch (FFB) suppliers, as the limitation of unavailable data for these suppliers' emissions.

Our positive carbon performance this year was primarily due to Scope 1 emissions initiatives implemented throughout the year, as detailed on pages 62 to 66. Additionally, we also reduced Scope 3 emissions by adjusting our fertiliser usage to address the labour shortage and prioritise the harvesting process. These adjustments led to a reduction in the purchase of fertilisers which caused decrease in the emissions associated with fertiliser production and transportation to plantation. While they were necessary, they did lead to some minor delays in essential upkeep and maintenance tasks, such as manuring, rat baiting, maintenance pruning, and weeding. However, we believe that the overall benefits outweigh the temporary challenges.

Despite the overall carbon-reduction progress, we observed a rise in biogenic emissions. This increase can be attributed to a decrease in the emission of PKS credits. Nonetheless, we remain steadfast in our commitment to exploring innovative solutions to further address and mitigate these emissions.

Climate Change

Reducing Our GHG Emissions

As part of the GHG Protocol Agricultural Guidance, we have implemented a combination of short-term and long-term innovative initiatives that involve integrating waste and pollution management and implementing carbon farming practices alongside our agricultural activities.

GHG Emissions Reduction 2022 Initiatives

Scope 1 & Scope 2

➔ Energy Consumption

To ensure that we are on a positive path, we continuously track our energy consumption, energy generated and renewable energy usage year-on-year. We are always pushing to improve Kulim’s energy efficiency by implementing effective programmes that would help accelerate this.

In 2022, we recorded a total of 42,750,481 kWh across all our mills, signifying a 13.2% increase from 2021. This increase is due to the lifting of COVID-19 restrictions which enabled us to enhance our FFB process operations in 2022. This insight is important, urging us to refine our strategies and ensure we navigate towards sustainable energy practices that are resilient to changing circumstances.

➔ Energy Consumption by Place

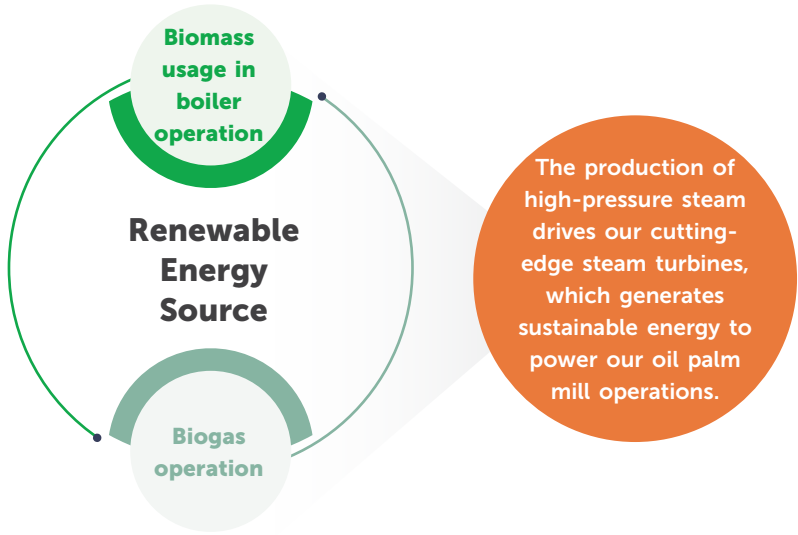
Energy Consumption by Place (kWh)	2020	2021	2022
Total	36,112,272	37,756,220	42,750,481
Tereh POM	9,719,818	8,713,615	10,248,132
Sedenak POM	11,026,240	11,059,680	10,039,120
Sindora POM	828,740	5,203,741	7,493,245
Palong Cocoa POM	3,704,340	3,442,265	5,010,415
Pasir Panjang POM	10,833,134	9,336,919	9,959,569

Climate Change

➔ Renewable Energy and Methane Capture

Innovation plays a key role in our green efforts. Through an innovative approach, we can tackle two critical environmental challenges - waste management and clean energy generation. We harness renewable energy by utilising waste from our mills as biomass and biogas, thus effectively converting waste into clean and sustainable fuel sources. We have implemented biogas plants in all our POMs, and has now completed upgrading our Sedenak facility into a biomethane plant.

The biogas generated has been used primarily for powering our operations, although we are exploring ways to share the energy generated to improve Malaysia’s overall carbon footprint. As of August 2022, we successfully initiated the commercialisation of our first biomethane plant in Sedenak. This state-of-the-art facility allows us to convert the biogas produced into valuable biomethane, which will be supplied to Gas Malaysia Berhad. The biomethane will then be injected into the national gas grid, further promoting sustainable energy for society at large. As of 2022, we successfully installed a total of five biogas plants.



Year	Palm Oil Mill (POM)	Status
December 2017	Pasir Panjang	Biogas Plant commissioned
September 2020	Palong Cocoa	Biogas Plant commissioned
September 2021	Tereh	Biogas Plant commissioned
April 2022	Sindora	Biogas Plant repaired and commissioned
August 2022	Sedenak	Biogas Plant upgraded and commissioned

Climate Change

Our methane capture for 2022 was recorded at 127,719 MT CO₂e, an increase from 2021, signifying our progress in reducing methane gas emissions. We were able to reduce our methane gas emissions by commissioning our biogas plant in Sindora and Sedenak in 2022.

100% of Kulim's biogas plants are commissioned by methane capture.

➔ Methane Capture by Place

Methane Capture (MT CO ₂ e)	2020	2021	2022
Total	46,078	80,169	127,719
Tereh POM	0	27,762	54,256
Sedenak POM	0	0	16,025
Sindora POM	0	0	10,574
Palong Cocoa POM	0	39,372	36,379
Pasir Panjang POM	46,078	40,797	21,059
% of Mills Methane Capture	40	60	100

Scope 3

➔ Fertiliser Production and Transportation

Our comprehensive operations encompass the production, transportation, and application of fertilisers across all our estates, including those owned by our outgrower partners. This complex process substantially impacts GHG emissions, particularly in the form of Nitrous Oxide (N₂O).

In 2022, the recorded figures for fertiliser production and transportation and fertiliser application emissions amounted to 33,902 MT CO₂e and 36,040 MT CO₂e, respectively. The combination of these emissions resulted in a total of 69,942 MT CO₂e, constituting 20.6% of our net GHG emissions for the year, which represents a remarkable reduction of 29.8% compared to the levels observed in 2020.

This reduction was due to a labour shortage and our prioritisation in the harvesting process. While these adjustments were necessary, they did lead to some minor delays in essential upkeep and maintenance tasks, such as manuring, rat baiting, maintenance pruning, and weeding. However, we believe that the overall benefits outweigh the temporary challenges. This has led to a reduction in the purchase of fertilisers which caused a decrease in the emissions associated with fertiliser production and transportation to plantation.

GHG emissions by source (MT CO ₂ e)	2020	2021	2022
Total	99,646	105,965	69,942
Fertiliser Production and Transportation	48,029	53,367	33,902
Fertiliser Application – Nitrous Oxide	51,617	52,598	36,040

Climate Change

Biogenic Emissions

➔ Land Clearing and Crop Sequestration

Our oil palm cultivation activities were responsible for releasing 598,337 MT CO₂e in GHG emissions, including contributions from our outgrower partners. This emission surge was primarily due to the necessary land clearing, with a significant portion arising from the replanting of non-productive, aged oil palm trees. However, we made strategic moves to not only counterbalance this emission surge but to create a positive impact. In 2022, we were able to achieve a carbon sequestration figure of 566,224 MT CO₂e. Consequently, our net GHG emissions stemming from land-use change were a mere 32,113 MT CO₂e, a clear demonstration of our commitment to corporate responsibility and environmental stewardship.

GHG emissions by source (MT CO ₂ e)	2020	2021	2022
Land Clearing	673,068	610,657	598,337
Crop Sequestration	(623,316)	(577,118)	(566,224)

➔ Peatland Plantation

In an ecosystem, peatland is known as a form of wetland that plays a significant role in improving environmental impacts. They act as carbon sinks by storing carbon and mitigation actions to address climate change. If they are disrupted, they begin to release GHG emissions, which include methane gas and nitrous oxide, due to the exposure of stored organic carbon. It is important to note that peat has a very high emission factor, contributing significantly to our overall carbon footprint.

In the year 2022, our recorded peat-related emissions remained steady at 74,607 MT CO₂e, mirroring the figures since 2020. This stability can be attributed to the absence of change in the extent of peat plantations during 2022 as compared to the conditions in 2020. This approach demonstrates our recognition of the role that peatland plays in our carbon management efforts.

GHG Emissions from Peat

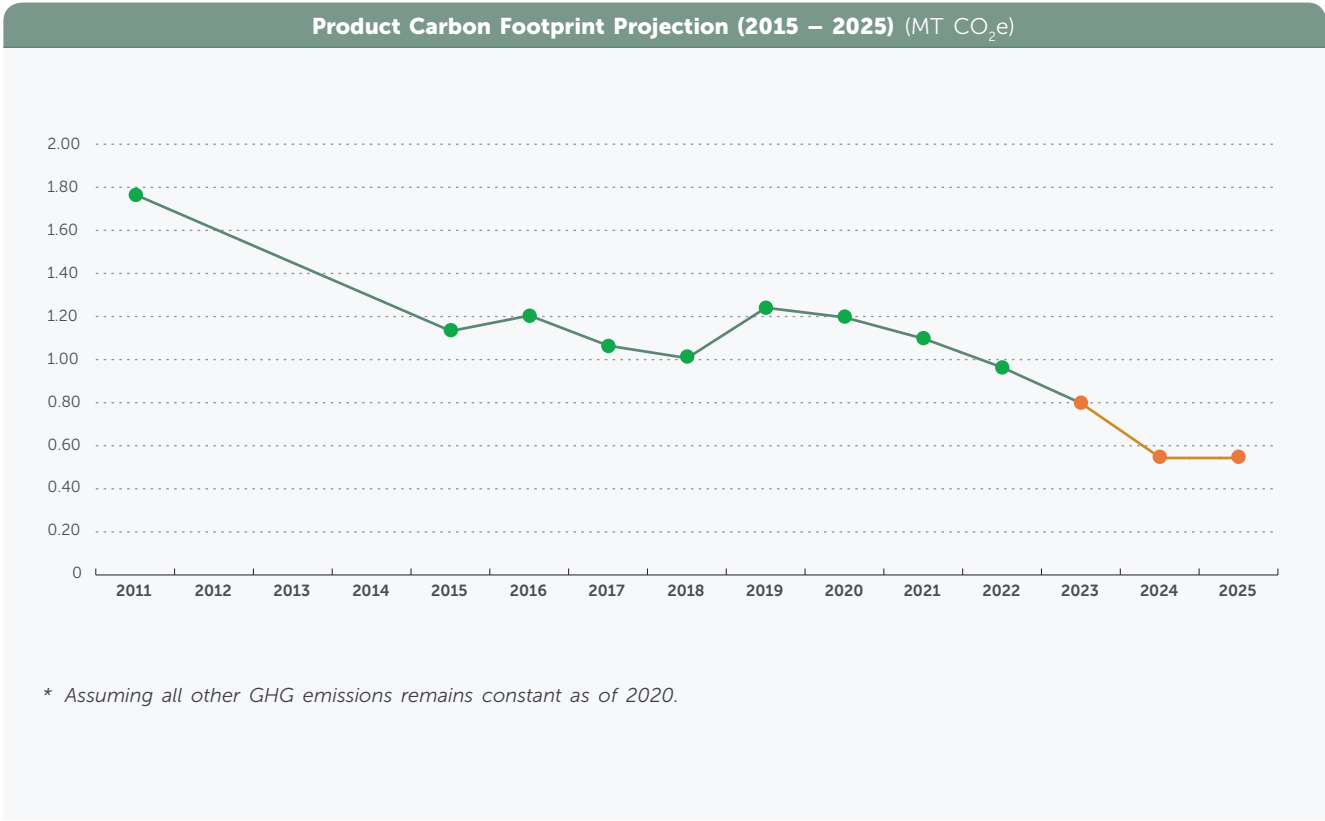
	2020	2021	2022
Peat (MT CO ₂ e)	74,607	74,607	74,607

Area Coverage for Peat Plantation

	2020	2021	2022
Planted Peat (ha)	1,380	1,380	1,380

Climate Change

Emission Reduction Target and Projection



Our projection from 2020 has been maintained as it still remains relevant due to no disruption to our operations. We are still on track to meet our set target in 2025 and based on our projection, we have successfully exceeded our target of 2022 of 0.99 MT CO₂e per MT CPO/PK by achieving 0.93 MT CO₂e per MT CPO/PK this year.

Climate Change

Methodology

1. RSPO PalmGHG Calculator

The calculations and definitions presented in this report are primarily based on the RSPO PalmGHG Calculator, which was created by the RSPO Greenhouse Working Group 2. This version of the calculator uses the Global Warming Potential Assessment of Palm Oil Production ("GWAPP") model developed by Chase and Henson (2010).

The purpose of the RSPO PalmGHG Calculator is to identify areas with significant GHG emissions in the palm oil production process. It enables palm oil producers to track their emissions, identify opportunities for reduction, and formulate reduction plans.

2. GHG Protocol

Our reporting of GHG emissions adheres to the GHG Protocol established by the World Resource Institute and the World Business Council for Sustainable Development (WBCSD). We specifically reference the GHG Protocol Corporate Accounting and Reporting Standard, as well as the GHG Protocol Agricultural Guidance.

GHG emissions sources listed under the PalmGHG framework include:

- Land clearing;
- Fertiliser production and transportation;
- N₂O and CO₂ emissions from the application of fertilisers in the field;
- Use of fossil fuels in plantations for planting and FFB harvesting, collection and transport to mills;
- Fossil fuels usage in mill operations;
- CH₄ emissions from the anaerobic degradation of POME; and
- CO₂ and N₂O emissions from cultivation on peat soil.

GHG fixation and credits listed in the PalmGHG framework:

- CO₂ fixation through palm tree growth;
- CO₂ fixation by biomass in conservation areas; and
- GHG emissions avoidance from the use of by-products, such as palm kernel shells, and the use of electricity generated by biomass from the mills.

GHG emissions sources/sinks excluded in the PalmGHG Calculator are

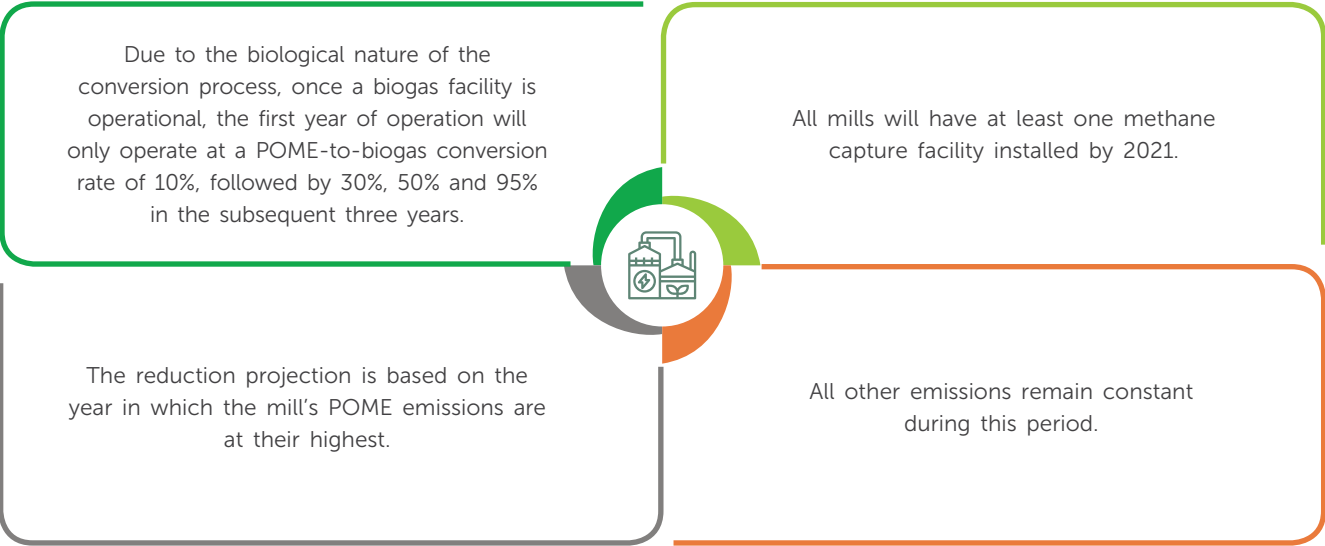
- Nursery planting stage;
- Pesticide: manufacturing, transport and use;
- Fossil fuel use during land clearing activities;
- The carbon footprint of infrastructure, plants and equipment;
- Carbon sequestration in palm end products; and
- Work-related employee travel and commuting.

Climate Change

Assumptions

In the absence of specific data from the company, the PalmGHG Calculator provides predefined values. Nonetheless, we utilise Kulim’s field data if available, provided that it can be verified through our operational records. For other cases, we rely on these default values to calculate GHG emissions for activities such as land-use change, peat emissions, fertiliser production, and field application. We also based several emissions factors on the default values from the PalmGHG Calculator, including the conversion of POME to methane and the offsets for fossil fuel and grid electricity.

For our GHG targets, all projections and forward-looking statements relating to goals and targets assume that:



To be on the cautious side, we assume that any captured methane will be either flared or injected into the national gas grid, it would not be utilised to generate electricity in mills. This approach is more conservative but results in a greater carbon offset. For this analysis, we maintain that all other data, like Fresh Fruit Bunch (“FFB”) throughput, land clearing, and sources of emissions and sequestration, will remain at the conditions observed in 2020.

Climate Change

OUTLOOK

In our 2022 ESG Framework, climate action is a crucial pillar and as part of our implementation plan, we have considered net-zero aspirations and will develop objectives as per the Science-Based Targets initiative (SBTi). As of 2023, we aim to make significant strides in our pursuit of carbon reduction targets. We are working on an ambitious project to upgrade the biogas plants at Sindora and Tereh POMs to produce commercial bio-Compressed Natural Gas (CNG) which captures and converts methane gas through decomposing organic landfill waste, significantly reducing GHG emissions. Our target is to have these enhancements fully operational by the end of 2023. By integrating bio-CNG production into our operations, we are set to achieve an impressive 70% utilisation of renewable energy across our operating units. This crucial transition not only positions us as a leading entity in the agribusiness sector but also aligns us with our broader objective of achieving net zero carbon emissions by 2050.



Biodiversity and Responsible Land Use

GRI

304-1, 304-3

SDG

12

13

15

17



WHY IS IT IMPORTANT

We are proud to live in one of the most megadiverse countries in the world, known for the richness of our rainforests and ecosystems. The preservation of this biodiversity is crucial for the health and well-being of the planet for current and future generations. By safeguarding biodiversity, we contribute to the resilience and stability of the natural environment, which not only contributes to the sustainability of our company but also to the communities that rely on it. Biodiversity conservation helps maintain essential ecosystem services such as clean air, water, and soil fertility, which are vital for agricultural productivity and the overall quality of life. Responsible land use practices are a key part of biodiversity protection, ensuring that we further minimise negative impacts on the environment and local communities. It helps us protect sensitive habitats, prevent soil erosion and reduce water pollution for a healthier environment that benefits all our stakeholders.

Biodiversity and Responsible Land Use

WHAT IS OUR APPROACH

We hold a deep sense of responsibility for the environmental impact of our plantations, especially concerning the clearance of significant areas of indigenous forests. Therefore, we remain steadfast in our efforts to address and mitigate these challenges, as reflected in the proactive measures we have put in place.

Our Approach	Our Actions and Impact
Wildlife Monitoring	In line with our commitment to environmental stewardship, all our estates have been directed to implement a comprehensive wildlife monitoring programme. Regular updates on species encountered, particularly with a focus on elephant movements, are diligently tracked. This proactive approach enables us to assess and address any potential wildlife encroachment incidents.
Buffer Zones and Biodiversity Monitoring	To safeguard critical ecosystems, we have established buffer zones around major water bodies within or in proximity to our estates, as well as adjacent to forest reserves. These areas are subjected to routine rapid biodiversity monitoring to identify and address any signs of intrusion promptly. Our vigilance aims to maintain the integrity of these vital ecological hotspots.
Soil Erosion Prevention	Recognising the importance of soil conservation, we have implemented a range of measures to combat erosion effectively. These measures include realigning roads and strategically installing silt traps. Additionally, the use of soft grasses, mucuna, and natural cover crops for young palm trees aids in minimising erosion. In areas with severe erosion, the planting of Vetiver and Guatemala grass is encouraged.
Prohibition of Hunting and Fishing	To ensure wildlife protection, we uphold strict prohibitions against hunting, fishing, and the capture of any animals within our estates and adjacent protected areas. This acts as a safeguard, ensuring the preservation of local wildlife and ecological balance.
Environmental and Biodiversity Unit	Serving as the central point of reference for all environmental matters, our Environmental and Biodiversity Unit focuses on biodiversity protection and pollution control. By collecting and analysing environmental and wildlife data, the unit publishes its findings and outcomes in environmental and biodiversity bulletins, fostering transparency and knowledge dissemination.
Integrated Pest Management (IPM)	Our commitment to responsible land management is reflected in the implementation of Integrated Pest Management (IPM) practices, adhering to the RSPO guidelines. The IPM helps us preserve natural ecosystems and biodiversity throughout our estates.

Biodiversity and Responsible Land Use

Our biodiversity conservation and protection efforts are guided by the following policies:

Sustainability Policy

This policy aims to act as a guideline to prevent any deforestation cases by implementing the No Deforestation, No New Development on Peat and No Exploitation. Our best management practices enable us to carry out agricultural activities only on existing lands while preserving new land areas inside our plantations.

 For more information on this policy, refer to Kulim's website.

Biodiversity Policy

We aim to conserve and preserve the environment while protecting the people of our community. The protection of biodiversity and ecosystem includes area of High Conservation Value (HCV), High Carbon Stock (HCS), and other conservation area, as well as Rare, Threatened and Endangered (RTE) species within our plantation.

 For more information on this policy, refer to Kulim's website.

Environmental Policy

We take responsibility for implementing good management practices to prevent potential negative impacts on the environment and local communities surrounding our plantations.

 For more information on this policy, refer to Kulim's website.

Biodiversity and Responsible Land Use

VALUE CREATION IN 2022

High Conservation Value (HCV) Protection and Management

HCV areas play a critical role in preserving biodiversity and supporting the health of our ecosystems. These areas are characterised by their exceptional ecological, social, and cultural values, making them vital for sustainable development and environmental protection. To help protect HCV areas, we refer to the RSPO HCV tool as guidance. Through comprehensive assessments, we identified 1,131.1 ha of land within our estates as HCV areas, alongside an additional 276.25 ha designated as conservation areas. Many of these areas are nestled near the Endau-Rompin National Park and Labis Forest Reserve in Johor.

Additionally, we work closely with governmental bodies and non-governmental organisations (NGOs) to continuously monitor and manage our environmental impact in these regions. Our concerted efforts include implementing positive measures to safeguard the native flora and fauna thriving within these areas. In adherence to the RSPO guidelines and in partnership with High Conservation Value Resource Network (HCVRN), we demonstrate our unwavering commitment to conserving and preserving HCV areas. Our aim is to protect the diverse ecology and carbon-rich sites within our estates.



Improve Biodiversity Protection

Our biodiversity efforts are built on fostering a seamless integration of our operations within the environment. We focused on creating long-term value by supporting wildlife conservation, raising public awareness, and promoting collaborative initiatives for the preservation of our ecosystems and biodiversity.

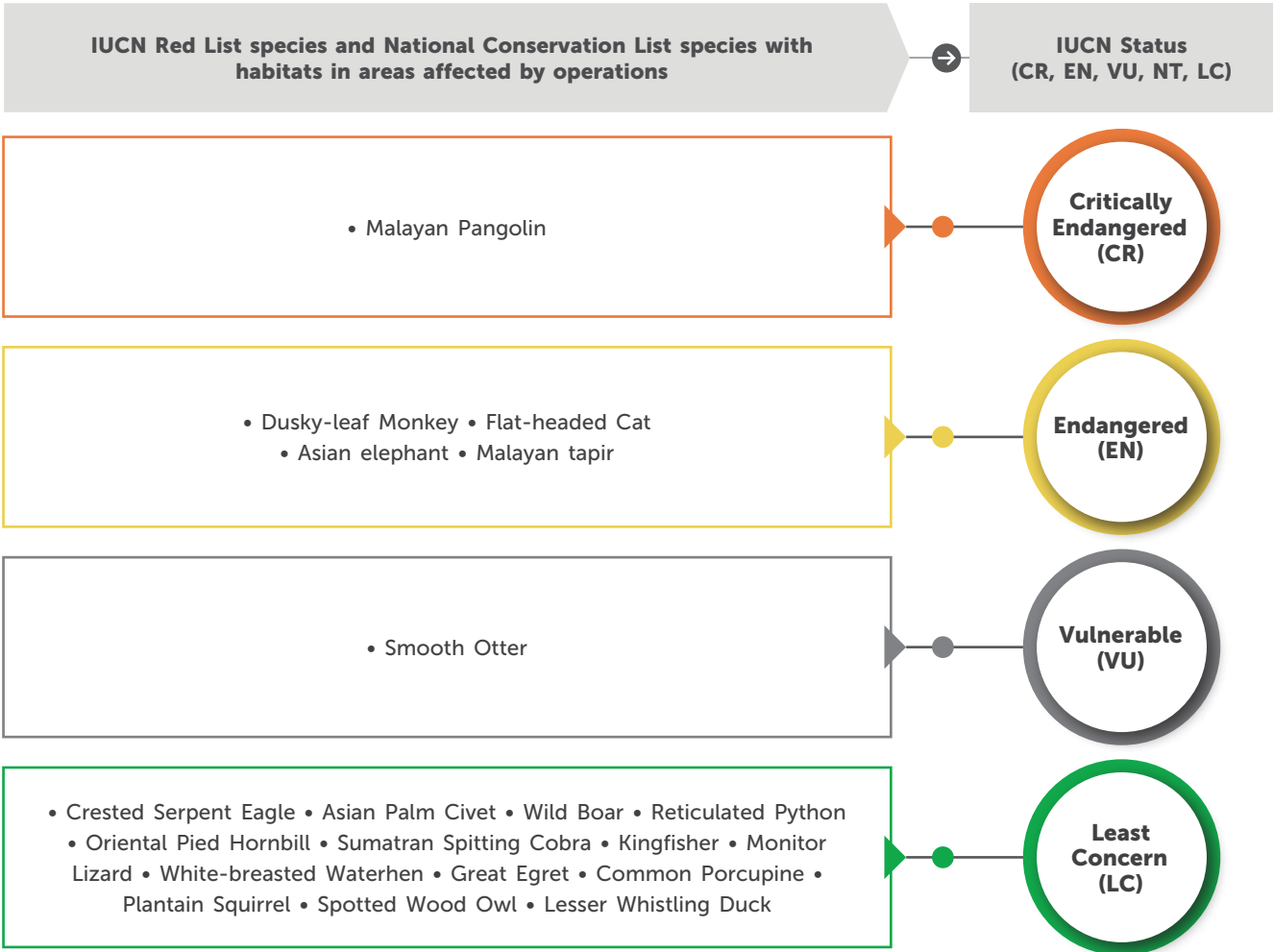
What We Did	Our Impact
↓ Maintained wildlife corridors within our estates	↓ • Provided vital links between natural habitats, enabling unrestricted movement for animals and supporting their survival.
Organised One Million Roots for the Future (1MRFF), formerly known as Infaq 1 Warisan	• Addressed environmental challenges by promoting sustainability and creating a positive impact on local communities and ecosystem to achieve long-term environmental, social & economic benefits for the present and future generations. • Increased carbon sequestration through absorption and storing a significant amount of carbon dioxide, mitigating the effects of climate change. • Enhanced biodiversity by providing habitat and food sources for various species and promoting biodiversity conservation. • Improved air quality through absorbing pollutants and releasing oxygen, resulting in a cleaner and healthier air for communities. • 1MRFF will be held at Taman Negara Johor, Tanjung Piai in the upcoming year whereby 60 employees are expected to plan 300 mangrove saplings.
Collaborated with various organisations and agencies	• Forged strategic partnerships with Johor National Parks Corporation, Department of Wildlife and National Parks Peninsular Malaysia, Forestry Department, and the Royal Malaysia Police. • Spearheaded efforts to combat illegal hunting activities, safeguarding the wildlife population within and around our estates.

Biodiversity and Responsible Land Use

Strategic Monitoring for Wildlife Protection

A fundamental aspect of our wildlife protection strategy involves closely tracking the variety of species living within our plantations. Through this ongoing biodiversity monitoring, we not only identify but also report on the status of species listed on the globally recognised International Union for Conservation of Nature (IUCN) Red List.

In safeguarding faunal species, our primary emphasis is on conserving native animals, particularly those crucially identified. Our focus aligns with species listed on the IUCN Red List, which highlights the species most in need of conservation efforts. By sharing our biodiversity monitoring methods and outcomes, we contribute to the broader conservation community. Other conservationists can learn from our experiences and benefit from the insights we gather.



Biodiversity and Responsible Land Use

Protection from Elephant Encroachment

To safeguard the well-being of nearby communities and wildlife, we collaborated closely with esteemed organisations such as the Wildlife Conservation Society (WCS) and the Johor Department of Wildlife. In 2022, we embarked on a pioneering research initiative with WCS and the Management and Ecology of Malaysian Elephants (MEME). This groundbreaking study aimed to comprehend and address human-elephant conflict in oil palm plantations.

As part of our commitment to proactively tackle such challenges, MEME organised an insightful workshop on elephant behaviour and ecology in plantations. This event aimed to raise awareness among estate workers and estate community, fostering a sense of empowerment to prevent human-elephant conflicts and ensure their safety.

Moreover, through our long-term partnership with Achieving Coexistence with Elephants (ACE), we created a dynamic platform for Johor plantations and conservation groups to unite and exchange transformative ideas. This strategic partnership helps empower residents as well as protect the wild elephants that grace our lands.

100% of the area has been monitored for Kulim.

80% of the area has been monitored for suppliers.

Collaboration Outcome (2022):

- We recorded 15 encounters with wild elephants, where they ventured into our estates and the neighbouring residential areas, including Pasak, REM, Sindora, Pasir Panjang, and Tereh Selatan.
- These encounters, though captivating, also came with a financial impact. The recorded damages amounted to RM211,040.80, urging us to explore innovative solutions to ensure peaceful coexistence.

To enhance the safety of our workers and minimise encounters with elephants, we have implemented standard operating procedures (SOPs) to guide estate workers in case of contact with elephants. Furthermore, we have installed electric fencing and dug trenches around our plantations as deterrent measures to prevent elephant entry. Through these proactive measures, we are actively addressing the issue of human-elephant conflict, collaborating with experts and implementing practical strategies to protect both local communities and the welfare of these majestic creatures.

Zero Deforestation Movement

Despite the lingering challenges posed by the COVID-19 pandemic, our dedication to deforestation monitoring remains unwavering. We monitored deforestation activities through satellite imaging and if cases have been detected, our team will conduct an investigation as part of our steadfast commitment to Supply Chain Monitoring. Our monitoring efforts also encompass the buffer zone boundaries adjacent to forest reserve areas.

To enhance our deforestation monitoring in 2022, we have subscribed to the Global Forest Watch (GFW) satellite provider. This powerful platform grants us open access to upload accurate shapefiles of our estates, enabling us to precisely pinpoint our plantation locations. By overlaying concession maps on our operating units and suppliers' areas, we gain comprehensive visibility into the status of deforestation.

By December 2022, we will have overseen an area of 74,786 ha, representing 100% of our operation which includes numerous plantation units in Indonesia and Malaysia. Additionally, we use GFW to closely monitor an area of a total of 10,715.38 ha, representing 80% of the supplier operation who include Traders, smallholder schemes, and outgrowers. These rigorous measures ensure that our supply chain remains deforestation-free, reflecting our strong resolve to uphold sustainable practices and protect natural habitats.

As a testament to our responsible forest management, we are pleased to report zero deforestation cases in our own and supplier's operation since 2018.

Reported **zero** deforestation cases since 2018.

Biodiversity and Responsible Land Use

Responsible Peat Management

Our commitment to peatland responsibility extends beyond mere land protection; it's about preserving the balance of the entire peat ecosystem. This drives our commitment to "no planting on peat areas" that ensure these peat ecosystems remain healthy and unscathed. As of December 2022, we had approximately 1,380 ha of peat land in our landbank, accounting for approximately 2.5% of the total plantation cultivated from 1999 to 2002. Since then, our planted peat areas have remained unchanged as we continue to apply best management practices.



WHAT WE DID IN 2022

- ➔ Implemented best management practices, such as the RSPO Manual on Best Management Practices (BMPs) across our plantation operations to ensure responsible land management.
- ➔ Communicated the commitment through a commitment pledge to all suppliers:
 - NDPE Commitment
 - Best Management Practice for soils and peat
- ➔ Improved water management system to reduce flooding by:
 - Building weirs in key areas within the peatlands to maintain water levels at as per the Best Management Practices.

Fire and Haze Prevention Management

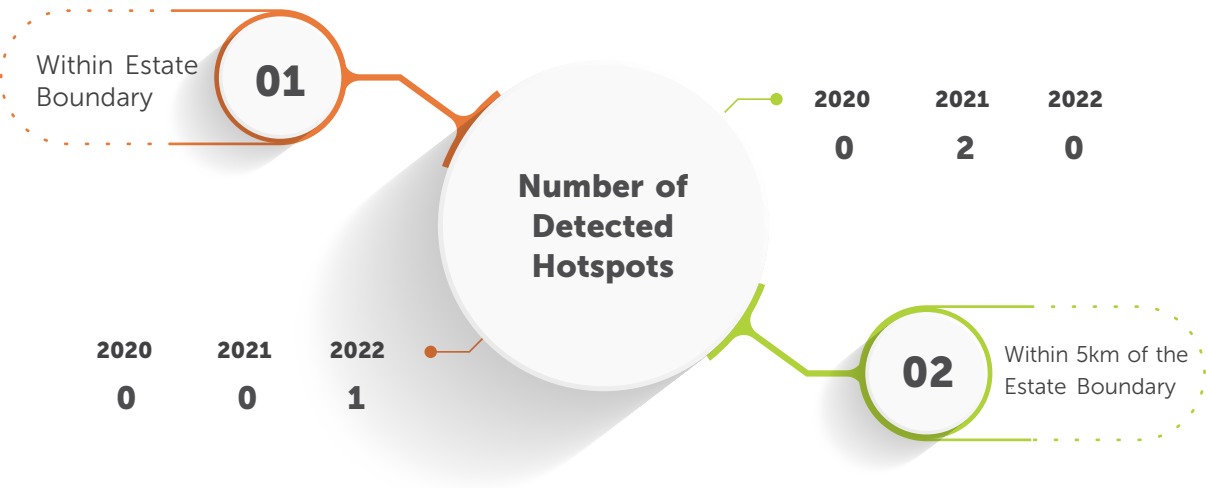
Our commitment to Zero-Burning is a key component in our efforts to combat climate change. Striving for environmental excellence, we strictly prohibit open burning on our estates and mill grounds, adhering to both the Environmental Quality Act 1974 and RSPO regulations. Embracing sustainable practices, we opt for mechanical felling methods to remove non-viable palms. These felled trees are chipped and shredded, facilitating rapid and natural decomposition.

Our top priority is safety, and we believe in being prepared. To stay vigilant, we maintained a systematic approach to monitoring and reporting hotspots and fires within our estates and surrounding areas. Through our subscription to GeoRSPO, a publicly accessible platform leveraging satellite technology, we can better monitor the concession areas of RSPO members. We ensure our team is trained in firefighting and has a dedicated station on standby for any fire emergencies. Similarly, the Asian Fire Alert app empowers us to promptly address scorching heat and potential fire outbreaks in the fields. As an added measure, comprehensive fire safety briefings are provided to our employees, cultivating a strong culture of fire safety. These briefings are conducted annually, involving over more than 20 workers for each estate and mill.

Biodiversity and Responsible Land Use

In 2022, there was an isolated fire near our Ulu Tiram estate. After further investigation, we discovered that the fire started within our concession boundaries. Due to our strict no-burning approach, none of Kulim's estates have been impacted by fires so far.

1 fire case reported within **5km** of the estate boundary.



OUTLOOK

In the years to come, we will continue to look for ways to enrich our biodiversity management plan and optimise land use through innovative and proactive measures. In the near term, we will conduct regular reviews of our Biodiversity Policy to ensure its effectiveness across our agribusiness operations.

Furthermore, we are diligently working towards continuously implementing conservation initiatives, such as the One Million Roots for The Future programme, which centres on preserving and expanding green areas.

To achieve our objectives, we will continue to forge meaningful collaborations with organisations, fostering an environment where biodiversity protection thrives. These concerted efforts underscore our commitment to biodiversity conservation, sustainable land use, and fostering a harmonious relationship between humans and wildlife.

Environmental Stewardship



GRI

303-3, 303-4, 303-5, 306-3, 306-4, 306-5

SDG



WHY IS IT IMPORTANT

Embracing environmental stewardship isn't just a choice; it's a necessity that shapes our path to a better future. As we responsibly manage resources and minimise our environmental impacts, we safeguard the very resources vital for the well-being of our people and the prosperity of our business. Conserving water, promoting environmental quality, and implementing waste reduction practices not only protect the environment but also secure vital resources for future generations.

Beyond these benefits, our unwavering commitment to the environment cultivates trust among stakeholders, reinforcing our position as a sustainable agribusiness leader. Moreover, it's a winning formula for long-term financial savings, optimising resource consumption. Therefore, by prioritising the environment, we prove that doing good is a pathway to business success—for the betterment of our people, our planet, and our shared prosperity.

WHAT IS OUR APPROACH

Our commitment to environmental stewardship revolves primarily around water and waste management – vital aspects given the nature of our business. We take a proactive approach, integrating key practices such as water recycling, vigilant water quality monitoring, and responsible waste and pollution management.

Potential chemical spillage is also a key environmental risk faced by our operations. As a precaution, we strictly adhere to controls and measures that ensure spillage prevention. Safety Data Sheets (SDS) accompany our chemicals, providing precise instructions for proper storage, handling, and swift emergency response in case of spills. These thorough measures reduce our chemical usage, safeguard our workforce, and preserve the environment both within and around our estates.

Sustainability Policy

This policy acts as a guideline to conserve and maintain the quality of ground and surface waters, especially with developments around critical habitats such as coastal wetlands, rivers, and streams. Additionally, we seek to ensure our operations are conducted in a way that preserves soil fertility to prevent erosion of any land under our control.



For more information on this policy, refer to Kulim's website.

Environmental Policy

Based on this policy, we plan, analyse, and take the appropriate measures to reduce any potential negative consequences on the quality of our environment. Adopting sustainable water and waste management practices enables us to minimise our environmental impact.



For more information on this policy, refer to Kulim's website.

Malaysian Sustainable Palm Oil (MSPO) Policy

We emphasise responsible environmental practices across the palm oil operations, especially when it comes to our employees' safety. This includes guidelines for employees dealing with chemical pesticides used on the plantation sites. As we work towards reducing our reliance on chemical pesticides, we can further minimise their impacts on the environment and our workers.



For more information on this policy, refer to Kulim's website.

Environmental Stewardship

VALUE CREATION IN 2022

Responsible Water Management

As a plantation, our operations require substantial water usage in our estates and mills. Consequently, we are cautious of the potential impact on waterways caused by activities like soil erosion and the use of chemicals, such as fertilisers and herbicides, in the vicinity of our estates.

Over the past five years, our commitment to responsible water use has yielded notable achievements. We are pleased to report that our Biochemical Oxygen Demand (BOD) level is consistently below the Department of Environment (DOE) requirements. Moreover, we fully adhered to the Environmental Quality Act 1974 during this period. The water quality standards and guidelines under this 1974 Act have allowed us to track and regulate the release of pollutants into water bodies surrounding our plantations. As a result, our wastewater discharges pose no major risks to the environment or our local communities.

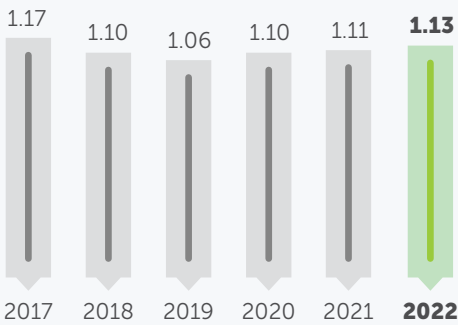
Our approach to responsible water management covers two crucial aspects:

1 Water Consumption

To promote water recycling and conservation, we have implemented various measures across our operations. One notable initiative involves recycling water from steriliser condensates in our mills, effectively reducing the demand for fresh water. Our active monitoring and management of Biochemical Oxygen Demand ("BOD") levels in effluents ensure they remain within permissible limits, safeguarding the quality of discharged water. Additionally, water catchment areas have been installed to efficiently collect and store rainwater, providing an alternative and renewable water source for our operations.

Though in 2022, our water consumption intensity experienced a slight increase of 1.8%, it remained well below our target of 1.2 m³ per tonne FFB. At the same time, we are exploring new ways to further reduce our consumption moving forward.

Mill Water Consumption (m³ per tonne FFB)



In 2022, water consumption was recorded at **1.13 m³** per tonne FFB.

Environmental Stewardship

2 Water Quality

To ensure mitigation of water pollution in the vicinity of our operations, we have equipped our palm oil mill with Palm Oil Mill Effluent Treatment System (“POMETS”). The POMETS solely comprises of Anaerobic and Aerobic Treatment without the use of chemical substance in treating the POME.

Through this treatment, we are able to reduce the BOD which complies with the legal requirement. BOD measures the amount of dissolved oxygen needed by aerobic biological organisms to oxidise organic matter whereby the higher the level, the higher the level of organic contaminants. In 2022, we saw an increase in BOD at Palong which was due to the breakdown of the polishing plant. While at Pasir Panjang POM, to maintain a steady BOD reading, we upgraded the effluent treatment ponds, practice biogas capture, efficient water management and regular maintenance on polishing plant. This was aimed to overcome challenges such as volume of wastewater, anaerobic digestion efficiency and seasonal variations.

To ensure that the system is maintained and in operation, the system has been operated and controlled by the Certified Environment Professionals in The Treatment of Palm Oil Effluent (CePPOME). This ensures that the treated water is continuously complying to the legal requirement. The performance monitoring regime has been implemented for the POMETS including monitoring the Upstream and Downstream Water Quality to ensure a holistic compliance is applied.

Furthermore, we are harvesting potential by-products from the POMETS process through utilising the Biogas generation for power generation and further processing to Biomethane and injected into the National Gas Gridline. Some of the treated POME are utilised to become Bio-compost to support plantation activities which reduces the use of chemical fertilisers. This Circular Economy concept will leverage the value of the by-product. The BOD of water bodies surrounding our operations has dropped significantly since we started installing polishing plants at our mills in compliance within specified legal limits.

Records of average BOD & COD reading:

Year	Regulatory Legal Limit BOD Discharged	2018	2019	2020	2021	2022
Average BOD reading (mg/L)		261	288	241	192	223
Tereh POM	2,500	348	426	461	367	307
Sedenak POM	2,500	342	397	399	363	367
Sindora POM	100	43	38	33	26	42
Palong Cocoa	2,500	241	356	241	86	283
Pasir Panjang	1,000	330	224	72	117	114

Year	2018	2019	2020	2021	2022
Average COD reading (mg/L)	1837	1960	1790	1786	1617
Tereh POM	2310	3147	3105	2140	2590
Sedenak POM	2642	3056	2780	3334	2492
Sindora POM	788	414	615	464	544
Palong Cocoa POM	1641	2176	1701	1091	1760
Pasir Panjang POM	1803	1007	751	1903	697

Environmental Stewardship

Responsible Waste and Pollution Management

Our mills and estates generate scheduled waste, which we handle with stringent adherence to regulations. This waste is carefully stored in designated sheds, following a limited timeframe of up to 180 days or until it reaches a maximum volume of 20 metric tons.

1 Eco-friendly Waste Management

We are proud to note that the majority of solid waste originating from our operations is derived from bio-based sources, reflecting our commitment to environmentally friendly practices. We also prioritise responsible and eco-conscious methods for its disposal, such as:

- ➔ Compost EFB and POME to recycle nutrients back into the soil as mulch and bio-compost.
- ➔ Use >50% of palm fibre and shells produced to generate energy in milling operations.
- ➔ Utilisation of boiler ash generated during the combustion of palm fibers and PKS to generate steam, followed by recycling the resulting ash into the soil to reduce acidity levels.

To further improve our waste management system, we have invested in Electrostatic Precipitators (ESPs) at several of our mill locations, including Sedenak, Palong Cocoa, Tereh, and Sindora. They help in removing various particulate matter from industrial emissions, contributing to reduction in emissions and pollution. These state-of-the-art ESPs play a crucial role in ensuring compliance with the Environmental Quality Act 1974. We are also in the process of tendering the installation of ESPs at our Pasir Panjang POM.

	2020	2021	2022
Total Biomass (mt)	591,154	576,908	581,929
EFB	289,109	279,987	295,296
PKS	98,362	106,418	91,562
Palm Fibre	203,683	190,502	195,070
Raw POME (m³)	1,043,640	1,049,276	1,116,252

Environmental Stewardship

2 POME Slurry Treatment

Treatment for POME is carried out as a part of our wastewater treatment process. This treatment releases residue often known as POME slurry which is re-used at our operation site in three ways; first at our biogas plants; second as bio-compost; and third to be conducted at our plantations for land irrigation.

As an integral part of our wastewater treatment process, we manage the treatment of POME. This treatment results in the creation of what we refer to as POME slurry. We're proud to utilise this residue efficiently at our operation site through three distinct methods:



In 2022, while there has been a rise in its use for land irrigation, we noticed reductions in its utilisation at our bio-compost plants. This evolving pattern prompts us to continuously evaluate and optimise our processes.

POME Slurry Utilisation (mt)	2020	2021	2022
Bio-compost	132,576	238,291	68,088
Field application	1,320	0	0

The increase in POME production was mainly due to two key factors: a 0.61% rise in FFB processing rate and higher rainfall of 7.03%. As we strive for a sustainable future, we acknowledge the importance of closely monitoring and addressing the factors influencing our environmental impact.

Environmental Stewardship

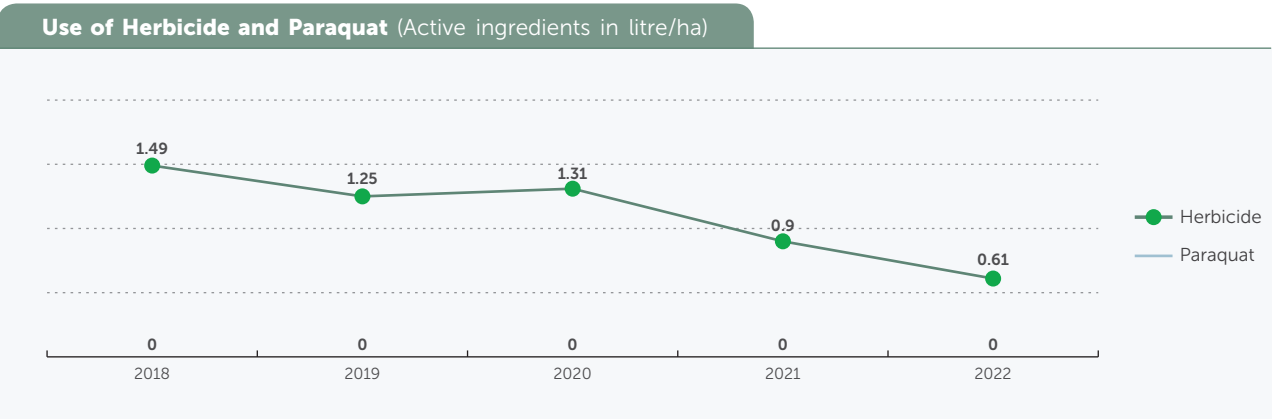
3 Responsible Chemical Use

We prioritise the use of eco-friendly alternatives over chemicals whenever possible. Chemicals are considered a last resort, utilised only when no viable eco-friendly alternatives are available. This conscientious approach ensures that we minimise the environmental impact of our operations.

Since 2008, we have embraced an innovative solution for controlling natural weed growth – the integration of livestock into our plantation operations. This strategic integration has proven to be immensely beneficial on multiple fronts. It has led to improved soil fertility, more efficient nutrient recycling, and a significant reduction in our reliance on chemicals for weed control. In 2022, we significantly improved our average usage of active ingredients in our chemicals compared to previous years.

	2020	2021	2022
Active Ingredients (litres/ha)	1.31	0.90	0.61
Glyphosate (litres/ha)	8.15	4.35	2.10

Certain pesticides can also pose risks to human health, threatening the safety and well-being of our workers. Therefore, workers handling such chemicals are provided with essential protective gear, including aprons, masks, gloves, and goggles. We have also completely phased out the use of paraquat from our estates, thus eliminating any potential risks associated with this pesticide.



OUTLOOK

In 2023, our focus revolves around the commercialisation of the Palm-Fibre Oil Extraction (PFOE) Plant and the continued development of our Bio-CNG and Biomethane initiatives. We are particularly engaged in the construction of the PFOE Plant at Sedenak POM. This facility has been designed with the primary objective of extracting palm fibre oil from mesocarp fibre, a process that significantly enhances our ongoing sustainable initiatives. By harnessing innovative technologies, we aim to maximise the value of palm-based products while minimising waste and promoting eco-friendly practices.



CONTRIBUTE TO
THE COMMUNITY

07



Together for
a Better World

Safe and Nurturing Work Environment



GRI 2-7, 2-8, 3-3, 401-1, 401-2, 402-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-8, 403-9, 403-10, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1, 407-1

SDG



WHY IS IT IMPORTANT

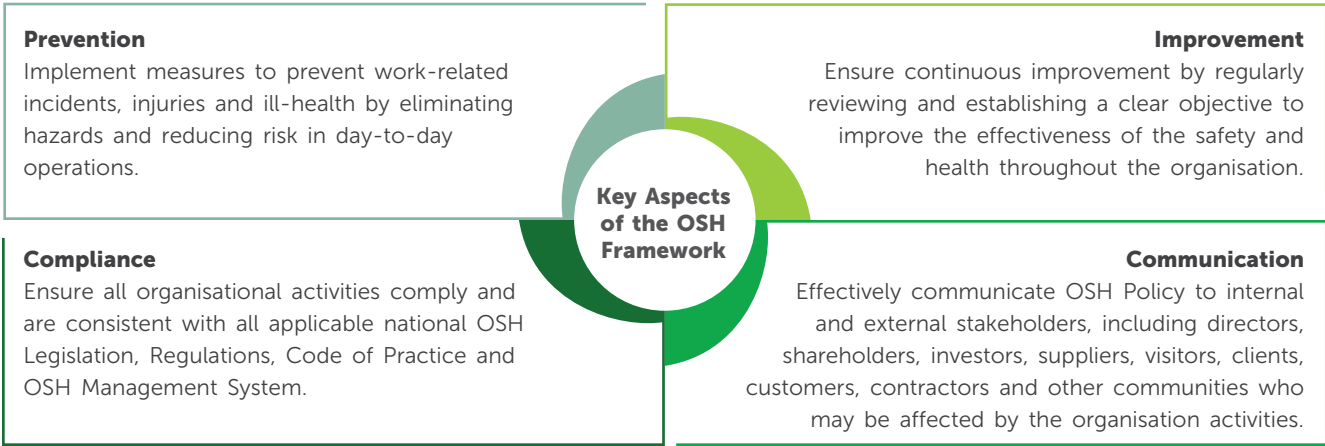
Our employees are the backbone of the organisation. We strive to create a workplace where everyone feels safe, supported, and valued by fostering an environment that genuinely cares for our employees. This starts with taking care of their physical health, as it is our responsibility to protect employees from any workplace hazards that can negatively impact their lives and indirectly impact their loved ones as well. It is also important to adopt a holistic approach to employee well-being. Thus, mental health is equally vital as we understand the profound impact of stress and anxiety on their daily lives.

Furthermore, it is important to create an inclusive and caring work environment that considers the needs of our diverse workforce. Diversity, Equity, and Inclusion (DEI) are key to building a strong foundation of trust between our people. It also promotes innovation and creativity, with employees from a range of backgrounds bringing in their different perspectives and ideas. To create a strong DEI work culture, it is essential to adopt zero tolerance for harassment and discrimination. This, in turn, fosters a sense of belonging and empowerment among our employees.

WHAT IS OUR APPROACH

Health and Safety

We emphasise Occupational Safety and Health (OSH) by implementing enhanced safety protocols and corrective measures for high-risk activities. Our aim at Kulim is to become a 'Zero-Accident' organisation and foster a generative culture that prioritises workplace health and safety. To achieve safety across all aspects of our operation, we utilise the Department of Occupational Safety and Health (DOSH) Guidelines, which allow us to address and reduce OSH risks systematically by identifying the OSH risks and ensuring that we employ the most effective measures to eliminate or minimise potential hazards. This includes an improved Occupational Safety and Health policy framework, set for approval in 2023, which will serve as the bedrock for the ISO 45001 system implementation.



Safe and Nurturing Work Environment

The scope of OSH is broad, encompassing various aspects. Hence, we have established comprehensive frameworks and policies to facilitate effective implementation. As OSH is fundamental across all operations, our focus is to address various concerns to safeguard our employees and ensure the sustainability of our business.

Occupational Safety and Health (OSH) Policy

We comply as reasonably practicable with OSH legislation, regulations, and Codes of Practice by reviewing and auditing our OSH management systems regularly to ensure they remain relevant and appropriate. We also conduct education, training, and awareness programmes regularly on OSH for all parties concerned. The training is conducted annually and is dependent on the scope of work for each worker. Before they enter the field, they are briefed and reminded on the practices again in the morning.



For more information on this policy, refer to Kulim's website.

HIV/AIDS Policy

We ensure employment practices should be based on the factual evidence that people with HIV/AIDS do not pose a risk of transmission of the virus through ordinary workplace contact and guarantee that HIV-positive status is not the sole criterion for disqualification from any form of employment. Through this, we demonstrate our commitment to improving the health and well-being of our employees and increase HIV/AIDS awareness and support whilst enhancing our CSR efforts. We commit to treating employees and job applicants fairly, irrespective of their HIV/AIDS status. Employee termination on medical grounds for HIV-positive employees is also the same as any other disease. We also ensure confidentiality and do not disclose the HIV/AIDS status of an employee to anyone else, including management, Human Resources Managers, and medical personnel, without consent due to sensitivity. We strive to ensure a consistent and equitable approach to HIV/AIDS prevention for all employees and their families, as well as the effective management of its implications through this policy.



For more information on this policy, refer to Kulim's website.

Futureproofing Our Employees

Employees need to be future-proofed with the right skills and knowledge, which ensures they can grow and thrive in the long term. Therefore, we have well-structured training programmes designed to address skills gaps based on present and future requirements. Thus, our annual allocation of RM3 million to support in-house and external training activities, as well as staff certification schemes, will guarantee that our staff have the skills they need to succeed.

Safe and Nurturing Work Environment

Our training approach includes two key methods:

Internal Training

➔

Cross-functional team assignments

➔

On-the-job training

External Training

➔

Special projects

➔

Classroom training

Additionally, we collaborate with Group Organisation Learning & Development (GOLD) within JCorp to create tailored training modules that meet our specific requirements. By investing in employee development, we ensure our workforce remains equipped with essential contemporary competencies.

Creating a Fair and Inclusive Workplace

We strive to create a welcoming and fair atmosphere that embraces individuals from all backgrounds without any form of discrimination at Kulim. We believe that diversity is a strength that drives innovation, creativity, and better decision-making. Our Core Labour Standard focuses on reinforcing diversity and equal opportunities across all employees.

Our concerted efforts involve strengthening the representation of women on the Board and supporting their presence in senior management roles to align with Bursa Malaysia’s recommended minimum of 30%. To accomplish this, we have collaborated with the JCorp Advance Johor Leadership Programme, which enables us to identify promising female candidates from various companies within JCorp. Offering guidance, fostering gender-neutral hiring practices, and elevating awareness and education on the advantages of having more women in leadership positions is among the ways to increase the representation of women.

Core Labour Standard Policy

We have a zero-tolerance stance against all forms of discrimination, and strict policy against the use of corporate punishment, mental or physical coercion, and verbal abuse.

For more information on this policy, refer to Kulim’s website.

VALUE CREATION IN 2022

Building a Culture of Safety

Since the onset of the pandemic, our commitment to OSH has only grown stronger. Our comprehensive OSH policy extends beyond our Kulim workers, encompassing visitors, clients, and contractors on our premises. This inclusive approach serves as a guiding framework for addressing safety and health concerns across all aspects of our operations. For example, at every estate and mill, we have dedicated OSH committees and an OSH Officer who conducts quarterly meetings, training sessions, and thorough accident investigations, all of which are reported to the chairperson and are documented to study the trends. Each employee will have to undergo mandatory safety training yearly for an average of 40 hours or equivalent to five person-days. They will be trained to handle machinery, fire drills, chemical spraying, diesel handling and safe disposal of chemical containers. Approximately 500 out of total number of workers (9.07%) were trained to adhere to safety and health standards in 2022.

Our relentless pursuit of safety excellence is evident in our strong track record. Over the years, our Lost Time Accident Rate (LTAR) had consistently improved, and we are proud to share that our severity rate has decreased to 2.43 in 2022, outperforming our target rate of 3.50. Unfortunately, we did experience an increase from 33 to 73 work-related ill health cases for our employees. This was due to our employees needing to complete a backlog of work including hearing, noise risk and audiometric test from 2021 as a repercussion of COVID-19. Furthermore, we adhere to the Occupational Safety and Health Act of 1994, which requires us to conduct health and safety training every two years. However, we typically conduct these training sessions annually. Thus, due to our shift in focus, we saw a decrease from 1000 to 500 employees receiving training in Safety & Health standards.

Safe and Nurturing Work Environment

	Target	2020	2021	2022
LTAR*	<10	1.48	1.03	1.44
Severity rate**	<3.5	1.46	2.87	2.43
Fatality	0	3	0	0

* (LTAR) measures lost productivity because of accidents. It is divided as follows: the number of accidents divided by total hours worked, multiplied by 200,000.
** The severity rate measures the seriousness of the accident. It is calculated as follows: the total number of days lost divided by the total number of accidents.

	2020	2021	2022
Number of fatalities because of work-related injury for employees	3	0	0
Number of work-related ill health for employees	0	33	73
Number of workers trained on Safety & Health Standards	1,000	1,000	500

Training & Development

As part of our efforts to futureproof our workforce, we allocated RM3 million this year, which represents 0.89% of the Kulim Group’s total budget on training programmes, initiatives, and certifications for employees. We also conducted our annual Training Needs Analysis (TNA), which aligns with individual employees’ performance appraisals. The TNA helped us improve the efficiency of our training unit. It identifies performance gaps and guides the development of skills and knowledge to address these gaps, resulting in improved workforce performance and productivity.

Average hours of training per year per employee (hours/year) (excludes workers)

	2020	2021	2022
Group average	8.82	6.82	23.91
Male	13.97	16.77	20.04
Female	14.22	17.8	35.73
Management (includes senior management)			
Male	10.65	17.78	38.85
Female	16.80	27.29	65.67
Executive			
Male	18.82	16.91	59.68
Female	18.94	24.15	64.76
Non-executive			
Male	5.03	1.18	7.88
Female	8.57	3.68	14.44

Safe and Nurturing Work Environment

Diversity and Equal Opportunity

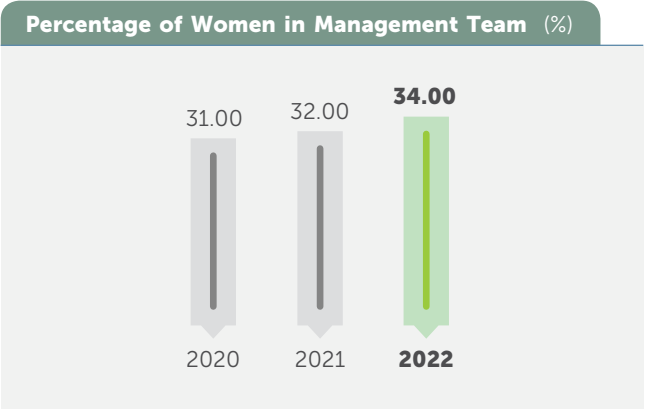
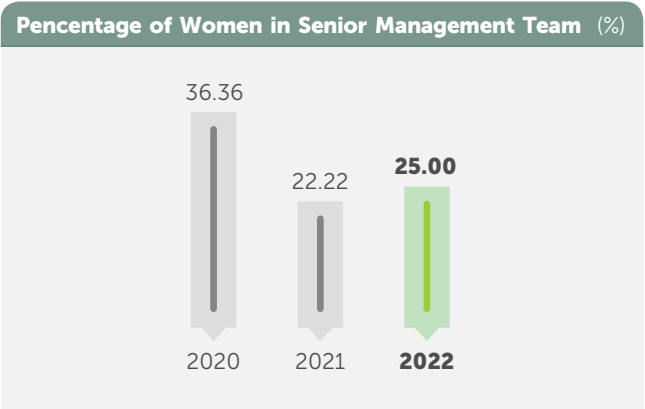
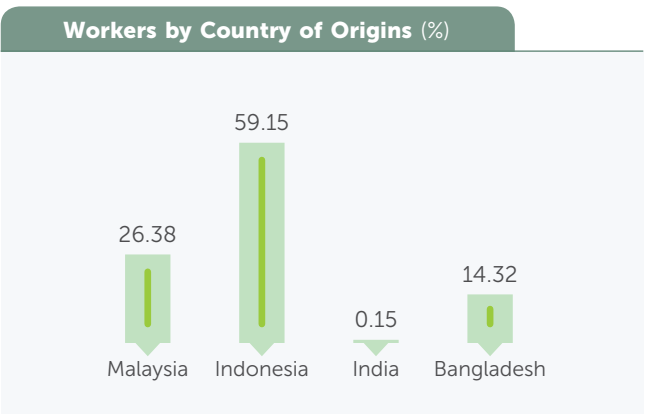
Diversity and equal opportunity are ingrained in our organisational fabric. At every level, we prioritise creating an inclusive work environment where all individuals are respected and valued. We firmly uphold a zero-tolerance stance against discrimination based on many factors, including race, ethnic origin, caste, national origin, disability, religion, gender, sexual orientation, gender identity, union membership, political affiliation, or age. The principle of ‘equal pay for equal work’ is fundamental for all employees, encompassing all field, office, and management positions. This ensures that employees are paid fairly based on job grades and practiced throughout Kulim whilst providing them with employee benefits.

A significant proportion, approximately 73.62%, of our employees hailed from foreign backgrounds, primarily Indonesia, India, and Bangladesh. Although we focus on hiring local talents to improve our Malaysian economy, we also provided job opportunities for migrant workers due to a shortage in labour. However, we treat all employees fairly, regardless of their nationality. We also recognise the risks of migrant worker recruitment and are taking steps to continuously improve our practices.

In terms of gender equality, one of the key initiatives is the Women OnWards (WOW) programme. Formerly known as the Kulim’s Women’s Grievance Panel or *Panel Aduan Wanita (PAW)*, WOW is dedicated to promoting gender equality and empowering women through a range of initiatives, all strongly supported by our management.

Through WOW, we provided reliable information and communication channels, conducted training and raised awareness sessions on women’s rights and counselling. We also supported the endeavours of the Ministry of Women, Family and Community Development, NGOs, and women’s employee programmes through establishing *Mutiara Perbadanan Johor* which is currently active in welfare initiatives.

We recognise the importance of diversity and gender equality in our organisation, particularly in leadership roles. While there was a slight decrease in the percentage of women in senior management from 2020 to 2022, we remained steadfast in our commitment to progress, as evident in our improvement between 2021 and 2022. We actively strived to enhance the representation of women, resulting in an increased percentage of women in senior management, now standing at an encouraging 25%. Additionally, we significantly raised the percentage of women in management positions, which now stand at 34%.



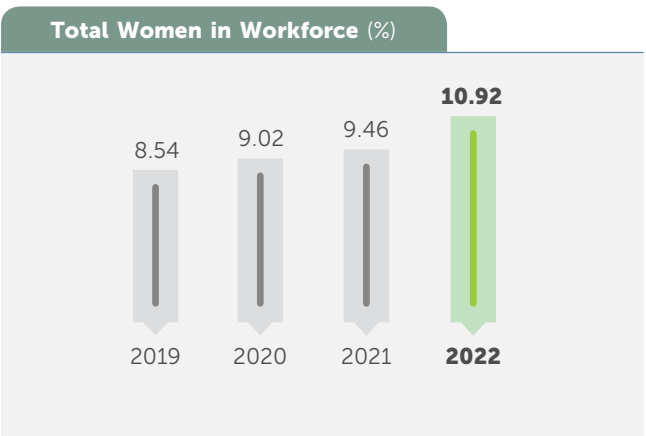
Safe and Nurturing Work Environment

In 2022, only 10.92% of our total workforce comprised women, which can be attributed to the historically male-dominated nature of the agricultural sector. Recognising the importance of fostering gender diversity and providing equal opportunities, we worked to address this gender imbalance and create a more supportive environment for female employees.

Ratio of Basic Salary and Remuneration of Women to Men*

Women to Men	2022
Senior Management	0.31
Management	0.32
Non-Executive	0.37

*The ratio is calculated based on average salary.



Safe and Nurturing Work Environment

Zero Tolerance to Discrimination

In our pursuit of an inclusive and equitable workplace, we documented incidents related to discrimination since 2020. While we are proud to report that there have been no recorded cases of discrimination to date, our commitment to this initiative remains steadfast. We will continue to implement measures to prevent and address any instances of discrimination that may arise. Furthermore, to ensure our employees have the ability to share their issues, we implemented a reporting channel for all our employees, detailed on page 121.

	2020	2021	2022
Incidents of discrimination and corrective actions taken	0	0	0

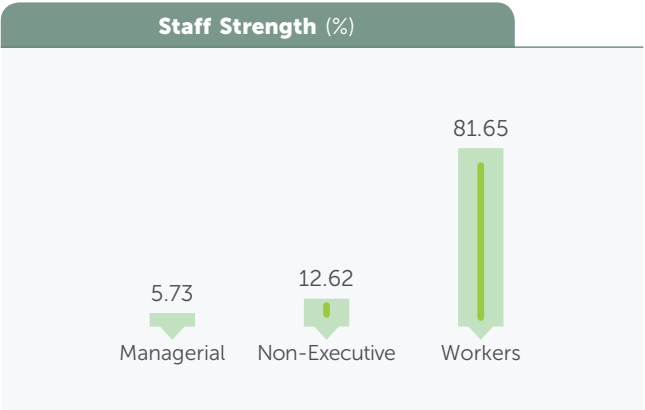
Employee Performance Data

We monitor and compile our employee data to ensure oversight and monitor trends occurring in our workforce. The employee data measured aligns with the GRI Reporting Standards.

Employee Breakdown by Gender (pax)	2020	2021	2022
Male	5,378	4,632	6,013
Female	533	484	737

By the end of 2022, our Malaysian Plantation Operations comprised a dedicated workforce of 6,750 full-time employees. Among them, workers accounted for 5,511 individuals, representing 81.65% of the total, while management and non-executive roles made up the remaining 18.35%.

In 2022, we experienced a concerning increase in turnover rate. This was an expected increase mainly due to the pandemic. The sudden yet significant change in work culture and daily routines impacted everyone, but some more than others, leading to feelings of overwhelm and ultimately resulting in resignations. Thus, the turnover rate reached 9.28%, a significant increase from 2021 (7.85%). As part of our commitment to ensure a fair working culture, we will work towards ensuring that all our employees are being heard and have the proper trainings in place so no employees feel over-pressured.



OUTLOOK

Our focus for 2023 is centred on the implementation of ISO 45001, the esteemed international standard for the OSH Management System. This strategic move is pivotal in creating a safer and healthier work environment, one that places the well-being of our employees at the forefront. By adopting ISO 45001, we can proactively identify hazards and assess risks, enabling them to implement effective preventive measures and mitigation strategies, which leads to a significant reduction in workplace injuries and illnesses, ensuring the well-being of employees and enhancing overall safety and welfare. ISO 45001 serves as a comprehensive framework that guides businesses in developing robust health and safety management systems, fostering a culture of vigilance and accountability towards occupational hazards. Ultimately, the implementation of ISO 45001 showcases a commitment to employee health and well-being while contributing to our long-term success and sustainability.

Furthermore, in response to the rise in turnover rates, we will amplify our employee engagement initiatives. We aim to capture their feedback and implement appropriate measures that address their workplace concerns. Additionally, where possible, we will offer support in managing any personal concerns that arise to ensure they achieve a work-life balance.

Community Enrichment

GRI 3-3, 201-1, 203-1, 203-2, 413-1, 413-2

SDG



WHY IS IT IMPORTANT

As a leading agribusiness in Malaysia, we believe that our role extends beyond mere economic activities. Instead, we see ourselves as catalysts for positive change and sustainable progress, especially in the lives of those residing in rural areas and foreign worker communities. The far-reaching impact of our influence gives us the unique opportunity to empower lives and uplift entire communities. By driving inclusive growth and prosperity, we foster resilience, enabling individuals and families to thrive amidst challenges.

Community enrichment is not just a social responsibility, but a core value deeply embedded in our organisational ethos. Our commitment to uplifting living standards and promoting inclusivity stems from a profound belief in the power of collective well-being. When communities flourish, they become the bedrock of a stronger, more vibrant society, benefitting us all.

WHAT IS OUR APPROACH

We fulfil our social and environmental obligations through active participation in Corporate Social Responsibility (CSR) initiatives. These initiatives are thoughtfully aligned with our core values and focus on fostering strong connections with local communities. Our commitment to CSR inspires a spirit of volunteerism within the Kulim community, where employees across all levels go hands down and engage in creating positive change.

#KulimPeduli serves as a CSR Policy framework developed to encompass our diverse range of CSR initiatives, aligned with our core values and sustainability agenda. Through active collaborations with stakeholders and non-governmental organisations (NGOs), we strive to maximise our impact and reach. These partnerships aid us in improving our knowledge and resources to implement transformative projects and initiatives that effectively address critical social and environmental challenges.

We have also established strategic partnerships with government agencies, NGOs, Yayasan JCorp, and Waqaf An-Nur Corporation Berhad to broaden the impact of our efforts. Our governmental partnerships with (MSN), Johor Area Rehabilitation Organisation (JARO), and MyFundAction allow us to work towards achieving shared goals that benefit our social welfare and community development. Together, we promote community development, with a particular emphasis on educational and awareness programmes. Our goal is to empower individuals and uplift communities by providing them with the necessary knowledge and resources to thrive.

To ensure the effectiveness of our CSR endeavours, we allocate an annual budget of RM25 million for these activities. This includes internship programmes aimed at benefiting both the local population of Johor and the children of our employees. This is how we foster a culture of giving back and investing in the future of our communities through these initiatives.

Our community outreach initiatives revolve around five key areas:



Community Enrichment

VALUE CREATION IN 2022

Employee and Community Building



We prioritise the well-being of our employees and community within our Operating Unit, by ensuring they have access to decent housing with essential amenities, fair wages, and healthcare facilities. We understand the significance of these provisions in enhancing their overall welfare and quality of life. In 2022, our commitment to community empowerment enabled us to provide support to marginalised groups and uplift the community as a whole. Throughout the year, our efforts were centred on building stronger local communities, with a particular emphasis on Kulim’s five key areas of impact:

1 Education

School Uniform Subsidies

As part of our employee support initiatives, qualifying employees are offered a subsidy to offset a portion or the entirety of the expenses associated with school uniforms for their children. This essential assistance has been in place since 2008 and is provided annually, ensuring continuous support throughout their children’s educational journey at the school level. This year, we have provided school uniform subsidies to over 563 students.

In addition to supporting our employees, we extend our caring hand to the Rumah Anak Yatim Darul Hanan in Pasir Gudang. Our active collaboration with this institution includes essential financial aid to cover the costs of school uniforms for the 45 children under their care.

Schools, Education Institutions and NGOs

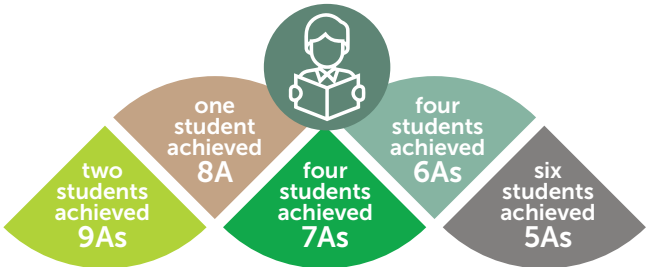
We improved access to quality education by supporting the students through educational field visits, infrastructure development, and the provision of learning resources. Financial contributions with a total of RM207,000 was contributed to support this effort.

Free Transportation

We take pride in offering free transportation services for all school-going children of our plantation workers. This free shuttle service not only promotes the education of our employees’ children but also reflects our unwavering support for their families. We believe that by offering this service, we can ease the transportation burden for our employees and encourage them to prioritise their children’s education.

SPM 2021 Academic Excellence Ceremony

We celebrated the academic achievements of 17 employees’ children who scored 5As and above in their SPM 2021 results. The ceremony was led by our Chairman, Tan Sri Dr. Ismail Bakar, Managing Director, Mohd Faris Adli Shukery, Director Fawzi Ahmad, and several members of the management team whereby the students were honoured with a certificate of academic excellence, a generous RM1,000 cheque, and Southern Valley pineapples.



These bright individuals are now pursuing their education in diverse fields, ranging from science and engineering to accountancy, counselling and child education. This initiative, driven by #KulimPeduli, not only recognises academic excellence but also fosters a culture of high performance among our employees both in the workplace and in their personal life.

Sekolah Kebangsaan Ulu Tiram 47th Parents-Teachers Association (PIBG) General Meeting.

In June 2022, our Managing Director officiated the 47th Parents-Teachers Association (PIBG) General Meeting at Sekolah Kebangsaan Ulu Tiram. This event symbolised our continued commitment to empower and actively support the community through our #KulimPeduli initiative. As part of this initiative, we contributed equipment and assistance for sports activities to further develop the school. On top of that, we provided food baskets to the madrasah, orphans, and those in need, residing in Ulu Tiram and Kota Tinggi, emphasising our full dedication to the well-being and development of the community and its schools.

2 Corporate Sponsorship

Yayasan Johor Corporation (YJC)

We took steps to improve the living conditions of underprivileged communities in the vicinity. We joined forces with YJC and supported the expansion of their initiatives aimed at enhancing the community’s well-being. Our contribution of RM1,258,400 enabled us to make a positive impact and assist them in their efforts.

Community Enrichment

Empowering the Johor Community: A Collaborative Initiative by Johor Land Berhad

We made a valuable contribution to the Johor Community by providing several air-conditioning units for ‘Projek Perumahan Rumah Impian Bangsa Johor’ in Bandar Baru Majidee, Johor Bahru. This initiative involved an expenditure of RM200,000, aimed to enhance the community’s living conditions and uplift their livelihoods.

Mosque Programme Contribution: Partnership with Waqaf An-Nur Corporation

In partnership with Waqaf An-Nur Corporation Berhad, we contributed to the enhancement of a mosque as reported in Kulim’s 2022 Integrated Report. We helped enrich its programmes by establishing a platform for garnering support and aid. Kulim allocated a total of RM1,000,000 to support and empower this programme, aiming to promote prosperity and well-being within the mosque community. Furthermore, we provided education and healthcare to the underprivileged workers by contributing RM100,000 annually.

Johor Cerebral Palsy Association

We helped enhance the quality of life for disabled communities by extending financial aid in the sum of RM49,720 to the Johor Cerebral Palsy Association. This contribution enabled them to acquire essential equipment and necessities, thereby supporting their well-being and accessibility to vital resources.

Employment and Livelihood Support

We aided small-scale agricultural projects, contributing to the overall enhancement and diversification of income sources within the community. Moreover, we implemented job training programmes and adopted preferential hiring practices to foster employment opportunities and contribute to the socio-economic growth of the community.

Community Enrichment

3 Community Development Initiatives

Women OnWards (WOW)

We are dedicated to promoting gender equality and empowering the women within our community. Our WOW programme stands at the forefront of this commitment, focused on empowering our female workforce to achieve their fullest potential.

Therefore, we offer skill development programme tailored specifically for women through WOW. Collaborating with esteemed institutes like community colleges, we provided opportunities for women to enhance their skills in various fields, such as tailoring, baking, or craft-making. These skill development initiatives not only equip women with valuable expertise but also open doors to new avenues of personal and professional growth.

WOW also establishes trusted information and communication channels to ensure effective communication and support. This initiative allows women to voice their concerns and seek guidance whenever needed, creating a safe space for open dialogue and mutual understanding.

Our WOW Initiatives

- ➔ For International Cancer Day, we organised a dedicated health talk to increase awareness about cancer as a public health issue and to enhance efforts aimed at improving access to quality care, screening, and early detection among women in our community.
- ➔ We also celebrated International Women's Day to inspire positive change and foster a more inclusive society.
- ➔ We organised Rehal Wanita 3.0, a special Tadarus Al-Quran and Khatam Al-Quran ceremony during Ramadan for our Muslim WOW members.
- ➔ Ramadan contributions to the selected tahfiz centers and orphanages through WOW Peduli.

We are always looking to cater to our employees' needs and expectations. WOW planned a luncheon and a sharing session with 63 in attendance, featuring its patron, Puan Hamirah Ab Hamid, a Syariah lawyer. In this sharing session, she discussed Muslim women's rights, highlighting topics like marriage, polygamy, divorce, and inheritance. She stressed the importance of women understanding their rights and knowing where to seek assistance when facing marital issues. Through this session, we were able to spread awareness about women's rights and enrich our community.

WOW celebrated International Women's Day (IWD) at the Kulim Training Centre (KTC) in Kota Tinggi, whereby over 250 participants, including Kulim's female employees and their spouses were in attendance. "Our Health is Our Wealth" was the 2022 theme for IWD, focusing on spreading awareness regarding the importance of mental health and its link to women's health in particular. We conducted a range of activities including a zumba session and health check-ups conducted by the Kota Tinggi health office. We are committed to continuously empower and support our female employees.

Mental Health Awareness and Prevention Programme 2022.

The Sustainability & Innovation Department organised a Student Mental Health Awareness & Prevention Programme at KTC. This event welcomed 60 participants, including students aged 11 to 17 from various regions and headquarters. The goal of the programme was to enhance awareness and understanding of mental health, including early recognition of signs and symptoms of different mental disorders. The event featured various experts who talked about the importance of mental health awareness and preventive interventions. Through these sessions, we aimed to equip participants with valuable knowledge about mental health and its significance, benefiting the broader Kulim community.

Community Enrichment

As-Sajadah

We are committed to supporting underprivileged employees and their families. The As-Sajadah programme encourages voluntary contributions and donations from one employee to another. Our support also extends to impoverished and underprivileged employees and their families, as well as former employees within our Operating Unit. The aim of this programme is to foster a sense of care and solidarity within our organisation and make a positive impact on the well-being of our colleagues facing challenging circumstances.

Participate in Recruitment Programmes

We actively engaged in recruitment initiatives such as the "Program Temu Duga Khas Golongan Gelandangan 2.0 Negeri Johor" which attracted two workers. Moreover, we also participated in job fairs coordinated by the Labour Department of Peninsular Malaysia to facilitate the employment of local workers from neighbouring communities. Up until May 2022, these endeavours have successfully drawn the interest of 348 workers.

Infrastructure Development

Furthermore, we also supported the development of facilities within the surrounding community to promote overall well-being and contribute to the betterment of the area. In 2022, we allocated RM3,258,895 for infrastructure development and utilised RM323,179.39 to help improve the clinic facilities, investing in community-level facilities and essential resources, we have improved our community's overall well-being.



Healthcare Facilities

- Provided access to clinics and health screening plans.



Infrastructure Development

- Built roads, water supply systems and sanitation facilities.



Community Centres

- Provided gathering spaces for social, cultural & recreational activities as well as community meetings, events, and programmes (i.e., community hall).



Housing and Living Facilities

- Delivered well-maintained and upgraded housing facilities, ensuring adequate and comfortable accommodation.



Water Facilities

- Provided clean and safe water for both the plantation and the surrounding communities.
- Educated community members on responsible water usage.

Community Enrichment

4 Environment

Human-Tiger Conflict (HTC) Awareness Programme at Sungai Tawing

The WCS organised an awareness programme on Human-Tiger Conflict (HTC) among the Sungai Tawing community. During this programme, they provided safety briefings to educate the community on ways to respond if they encounter a tiger. Safety measures were demonstrated to ensure better understanding, especially for those residing in conflict-prone areas. At the end of the programme, a Q&A session was held with PERHILITAN (Department of Wildlife and National Parks Peninsular Malaysia) to address HTC-related concerns and inquiries.

Promoting Green Initiatives through Fun Run and Tree Planting

Our inaugural Fun Run, themed ‘Let’s Go Green’, was conducted at Kulim Eco-TRAIL Retreat (KETR) in Kota Tinggi, with attendance of approximately 370 employees and their families. We aimed to promote healthy lifestyles in the workplace by stressing upon the importance of work-life balance and employee well-being. This run featured various categories, including Men’s Open, Women’s Open, Workers, and Children. The winners of this run received live plants as part of our environmental commitment to raise awareness on sustainability. We conducted a tree-planting activity before the run started along the Johor River, marking the re-opening of the refurbished KETR. Thus, we were able to foster teamwork and fellowship among our employees, contributing to the development of their skills.

Agrotherapy Greenhouse for Cerebral Palsy Association Johor

We funded the development of a greenhouse, valued at RM40,000, for Cerebral Palsy Johor (CPJ) as part of our commitment to community support and our #KULIMPEDULI campaign. We offer advisory, training, and monitoring services for this greenhouse project. It serves as a therapeutic space for young students by using agrotherapy to enhance motor coordination, strength, and communication skills. Additionally, the greenhouse allows CPJ to cultivate fresh fruits and vegetables for commercial use in the retail market, enabling a sustainable income and providing job opportunities. This initiative aligns with CPJ’s mission to support children with cerebral palsy and is part of Kulim’s broader corporate social responsibility efforts.

Flood Relief Initiatives

In response to the floods that occurred in Selangor and Johor, we collaborated with Yayasan JCorp and MyFundAction to provide relief and financial aid to affected communities. We leveraged the expertise and experience of MyFundAction in addressing flood-related needs through this collaboration. We supported a donation worth RM100,000 to Yayasan JCorp in support of those affected by the flood through the ‘Tabung Bantuan Banjir JCorp’.

At Kulim, we established a dedicated team known as ‘Bilik Gerakan Banjir’ at the organisation level comprising of HR personnel and prominent members from our plantations division, including the Head of Plantation, Regional Controllers, Estate Managers, and Mill Managers.

The primary objective of this team is to ensure seamless coordination and collaboration in promptly delivering essential aid, facilitating a smooth recovery process, and minimising disruptions to our operations. From 2021 to 2022, the total value of initiatives spearheaded by this team amounts to RM88,000.

Community Enrichment

5 Sports and Recreation

KULIM Youth Sports Carnival 2022

To promote physical sports among the youth, we organised a sports tournament for the children of our employees under the sustainability department and the local community. The tournament included netball for children aged 17 and below and football for those aged 16 and below. By providing a platform for sports training, we created an environment that fosters physical activity and cultivates relationships among the citizens of Kulim through sports. The total expenditure for this exciting carnival amounted to RM37,000.

Kelab Bola Sepak Johor Darul Takzim (JDT)

We demonstrated our commitment to sports development by providing support to the football team in Malaysia, JDT. This partnership not only enhanced Kulim’s reputation but also strengthened community ties and garnered goodwill from fans and supporters. Additionally, our support allowed us to enhance engagement and networking opportunities with key stakeholders, business partners, and clients during matches and team events. The total investment in this support amounted to RM1,570,000.



Overall Sports Initiatives

- ➔ Provided sports complexes and green spaces that promote physical activity.
- ➔ Organised recreational events, sports leagues, or cultural activities that encourage community participation and foster a sense of belonging (i.e., Family Day & Youth Sports carnival).

Total Contribution

Charitable Contributions to Enhance Community Initiatives

	2020	2021	2022
Sports (RM)	1,570,000	1,570,000	1,570,000
Culture/Religion (RM)	N/A	N/A	44,000
Community Health Facilities (RM)	762,000	219,000	0
Children and Education (RM)	63,000	62,000	1,308,000
Charity (Basic Needs) (RM)	1,100,000	1,100,000	207,000
Others (RM)	59,000	288,000	1,527,000
Total (RM)	1,985,500	1,670,500	4,806,000

Community Enrichment

Case Study 1

Fostering Inclusivity: Empowering Local and Migrant Labour

In our agribusiness, the local villagers and migrant labourers play a crucial role in our agricultural workforce. We continuously expand our recruitment methods to improve operations and enhance the lives of these workers, focusing on both Malaysians and migrants.

Through job fairs and community outreach, we connect with local communities. A recent job fair organised by the Labour Department brought us 348 Malaysians by May 2022. We've introduced flexible work options to nearby communities, such as hourly rates for tasks like manuring and rat baiting, which benefits those seeking part-time or low-commitment jobs.

For migrant workers, we extended our recruitment efforts nationally and internationally. We participated in the "Program

Temu Duga Khas Golongan Gelandangan 2.0 Negeri Johor" and recruited two individuals. Internationally, our Lombok, Indonesia recruitment programme attracted 1,986 potential workers. Our recruitment process includes medical evaluations and document processing. These new recruits joined our team, starting their roles from the third week of June 2022 onward.

We've also engaged in dialogue with our Indonesian workers Konsulat Jenderal Republik Indonesia (KJRI) through dedicated sessions to ensure their well-being and safety. These strategies, aimed at bridging income gaps and uplifting livelihoods, show our commitment to supporting and enhancing the lives of this vital group of workers. Our dedication to refining our approaches remains strong.

Case Study 2

From Challenges to Success: The Smallholder Inclusion Programme

In the world of palm oil cultivation, Independent Smallholders (ISH) encounter unique hurdles that set them apart from Scheme Shareholders. While the latter benefit from formal training, ISHs often navigate through trial and error. Recognising this gap, we took a compassionate step by introducing the Smallholders Inclusion Programme in 2018. This thoughtful initiative offers technical guidance, operational support, and essential financial incentives.

Meet Mr. Lee Yen Bin, a dedicated ISH from the beautiful region of Kluang, Johor. His story encapsulates the triumph of this programme. Mr. Lee's transformation from a smallholder to a major FFB supplier for Eng Lee Heng (ELH) stands as a shining example. His decision to embrace the Malaysia Sustainable Palm Oil (MSPO) Certification became a pivotal moment. In 2019, a wonderful collaboration unfolded between Johor Plantations, ELH, and the Wild Asia Group Scheme (WAGS) to extend Roundtable Sustainable Palm Oil (RSPO) certification to external yields. Among the 108 deserving individuals, Mr. Lee proudly obtained RSPO certification. Fast

forward to 2022, and the programme's reach has magnified to an impressive 186 farmers, spanning over 1,080 ha.

Over these four years, Mr. Lee has witnessed a remarkable increase in knowledge and income, thanks to RSPO Credits and incentives provided by our Group. His journey is an inspiration, a beacon for fellow smallholders to embrace the RSPO ISH Certification, a true reflection of our sincere commitment to nurturing their growth. Through Mr. Lee's experience, we see the profound impact of the RSPO ISH Certification.

With gratitude, he shares a personal message to his fellow independent smallholders, saying, "I want to encourage other smallholders who face similar challenges and aspire to improve, as I did, to join this RSPO ISH Certification because it has greatly benefited me. From good agricultural practices to financial literacy, it helped me increase my farm's yields and improve my family's livelihood."

Community Enrichment

OUTLOOK

In the upcoming year of 2023, we are excited to present a range of proposed projects that reflect our focus on social progress, environmental preservation, and economic prosperity within the community. By prioritising education and reinforcing our CSR initiatives, we aim to drive positive transformations and pave the way for a sustainable future. Our strategic approach ensures that these efforts will have a lasting and meaningful impact on the well-being of our stakeholders and the world around us.



CSR Initiatives in the Pipeline

1 'One Million Roots' Campaign

We have established a collaborative partnership with state agencies, and other stakeholders to jointly work towards a common goal, planting One Million Trees within the next ten years. Together with MNS and PTNJ, our aim is to launch 300 mangrove plants at Tanjung Piai. This initiative aims to actively promote environmental sustainability and pave the way for a greener future, benefiting the community and the planet as a whole.

2 'Semarak Kasih' Programme

We aim to give respect and recognition to special children (persons with Disabilities - OKU) and families. Thus, we are proud to embark on a collaboration with the Pertubuhan Guru Pendidikan Khas (PGPK) Johor, Cawangan Kota Tinggi and Eden Firdaus (EF) School for Special Education, Petaling Jaya. Through this collaboration, we are committed to aligning our initiatives with community priorities, ensuring that we address their unique needs and aspirations and ensure the care and safety of special children and people with disabilities. Our joint efforts seek to make a positive impact on the lives of those we serve and create lasting benefits for the community.



SAFEGUARDING HUMAN RIGHTS

08



Towards
a Just
and Inclusive Future

Human Rights



WHAT IS OUR APPROACH

At our organisation, we emphasise equality, fairness, and respect for all employees. Our policy aligns with local and international labour laws and standards, including those set by the ILO. We also comply with the Code of Conduct for Industrial Harmony and relevant Human Rights laws. Recognising the evolving dynamics of the workforce, we acknowledge the emergence of unions to ensure our employees are supported. We aim to create a peaceful and inclusive workplace culture that values the rights and dignity of every employee and across all operations.

Our commitment to human rights extends throughout our entire value chain, encompassing our suppliers and members of the community. In all our interactions, we prioritise responsible and ethical practices, including fair recruitment processes and standardised labour benefits. This commitment is not merely a statement; it is manifested through tangible actions.

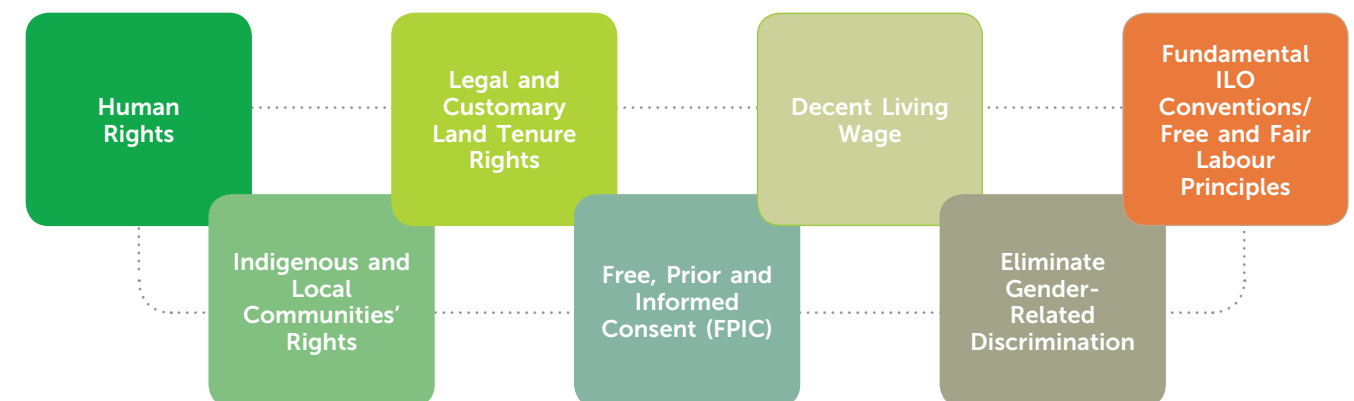
We have implemented various policies and guidelines to nurture human rights in all aspects of our operations, ensuring that every decision we make aligns with our values of inclusivity, respect, and fairness.

For more information on this policy, refer to Kulim's website.

For more information on this policy, refer to Kulim's website.

For more information on this policy, refer to Kulim's website.

Other policies include:



Human Rights

VALUE CREATION IN 2022

Improving Our Labour Practices

Through digital technologies, we strive to improve operational efficiencies while protecting labour rights by ensuring our employees are not subjected to overwork. In 2022, we continued to actively explore the potential of utilising drones for essential mapping and planning tasks, with future expansion into the precise application of fertilisers and hormones. This approach not only elevated employee productivity and morale by relieving them of arduous tasks but also fostered a sustainable man-to-land ratio, which is key to promoting food security and long-term sustainability.

Next, we have organised informative sessions and briefings about grievance mechanisms and the whistleblowing policy to safeguard labour rights and enhance employee awareness. These sessions empower employees with a comprehensive understanding of their rights within the organisation.

We also engaged with external consultants to conduct an assessment of labour rights at our plantation to ensure that we comply with standards, ILO, for example. We aim to progressively to complete all the action plans by the end of 2023.



Addressing On-the-Ground Labour Issues

Kulim joined forces with Intercontinental Speciality Fats (ISF), Ferrero International SA, and the Earthworm Foundation (EF) to conduct a comprehensive evaluation of our labour practices within our estates and mills. These labour practices include:

- Workers' Accommodation: Installation of mosquito netting in all units.
- Freedom of Association: Awareness for contract workers on the purpose of the Union.
- Freedom of Movement: Implementation on SOP for passport loss and to socialise it to workers.

Through this assessment, we gained valuable insights and a clear roadmap to address any pertinent issues proactively. This initiative reflects our commitment to continuously improve and ensure responsible and ethical labour practices throughout our operations, thus positively impacting the well-being of our workers and the communities we serve. Two programmes were implemented as part of this effort:

- a. The Labour Transformation Programme (LTP): This engagement framework guides both mill and plantation managers in adopting improved labour practices. EF uses a scoring methodology to assess Kulim's labour practices by engaging with workers and management. This programme is a 2-year long project with a completion year of 2024. We were able to assess two estates and two mills which involved all employees respectively. These labour practices include:
 - Employee contracts: The employment contract is given to respective workers, revised as per Employment Act 1955 and translated into the workers native language.
 - Employees' Grievance Management: Employees are aware of the SOP for the grievance mechanism, whistle blowing policy, grievance boxes and its locations around the site.

Human Rights

We have instituted work-life balance practices within our company, offering remote work flexibility to certain employees and ensuring reasonable working hours for all.

Furthermore, we have also considered population density to achieve a balanced yield of produce, thereby safeguarding the land rights of rightful owners and avoiding large-scale farming practices that have led to forced evictions, displacements, and local food insecurity. By diligently improving the man-to-land ratio, we further contribute to poverty alleviation and inclusive prosperity.

Sustaining Migrant Workers

Migrant workers play an important role in our company. Hence, we maintain a continuous process of evaluating and refining our recruitment policies and procedures. To uphold our "Zero Recruitment Cost" approach, we have improved our due diligence process by closely overseeing recruitment agents' compliance. We have also enhanced pre and post migrant worker interviews to prevent any debt bondages associated with their employment. Our ongoing initiatives are subject to EF's assessments to address potential risks and ensure our practices align with the highest standards.

OUTLOOK

For 2023 and beyond, we remain driven by our commitment to prioritising human rights across all aspects of our operations. We will continue to ensure that our positions, policies, and management systems align with the highest standards of human rights, resonating both nationally and globally. Thus, we are dedicated to continuously improving our human rights impact assessment, aiming to identify potential risks and optimise our current policies where we will continue to meet and surpass industry norms, setting new benchmarks for responsible practices. This ongoing evaluation process will be guided by input from stakeholders and the current circumstances at the time. By doing so, we aspire to create a workplace environment that respects and protects the rights, dignity, and security of our workers including migrant workers, surrounding communities, and all those who contribute to Kulim's value chain.



- Wages & Working Hours: Workers provide written consent for overtime and the contract workers are aware of the SOP for leave application and briefed accordingly.
 - Freedom of Movement: Returned all the passports to the workers and implemented SOP for passport loss and socialise it to workers.
 - Freedom of Association: Awareness for contract workers on the purpose of the Union.
 - Workers' Accommodation: Refurbishing worker's accommodation following Act 446 and provide bedstead, mattress, meat safe and lockable locker for worker's personal belonging i.e. passport safekeeping. This programme is currently in progress.
- b. Ethical Recruitment (ER): Based on EF's Ethical Recruitment Due Diligence (ERDD) approach, this programme focuses on Kulim's recruitment policies, procedure and practices, particularly concerning foreign workers. Its objective is to ensure that workers' rights are upheld during the hiring process by conducting human rights based on due diligence on ethical recruitment, identified risks, agreed to an action plan to mitigate risks and adopt better recruitment practices.

Sustainable Supply Chain

GRI 3-3, 204-1, 308-1, 308-2, 414-1, 414-2

SDG

WHY IS IT IMPORTANT

We view our suppliers and vendors as partners in achieving our sustainability agenda. A sustainable supply chain allows us to extend the positive impact of our operations far beyond our immediate boundaries. By collaborating with suppliers who share our sustainability goals, we create a domino effect of positive change throughout the value chain. The COVID-19 crisis also underscored the importance of building supply chain resilience, making sustainable practices even more critical.

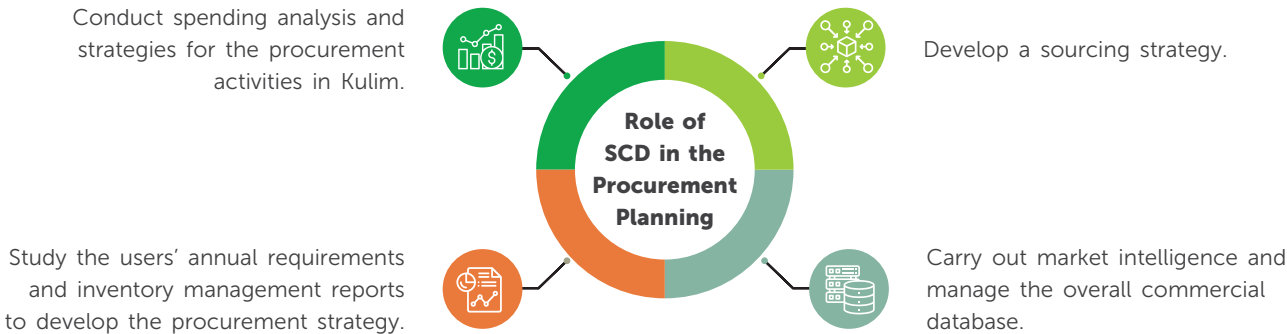
Central to our efforts is responsible sourcing of goods and services. By minimising waste and reducing our ecological footprint, we create a greener and more efficient agricultural landscape, ensuring long-term environmental preservation. Equally crucial is our commitment to social welfare. Treating agricultural workers fairly and ethically not only fosters a supportive work environment but also uplifts communities. Empowered and well-supported workers contribute to thriving local economies, making a meaningful difference in people’s lives.

WHAT IS OUR APPROACH

The Role of the Supply Chain Department (SCD)

Our procurement and supply chain operations at Kulim are under the purview of the SCD, which diligently upholds ethical and responsible procurement practices. Recognising the specific needs of our suppliers, we are committed to extending targeted support in alignment with our Procurement Policy. As for suppliers operating in high-risk mills, we emphasise the importance of aligning with our sustainability initiatives.

To ensure adherence to Kulim’s policies and relevant legal requirements, we follow what is outlined in our Procurement Policy and other pertinent guidelines for suppliers like the Vendor Code of Business Ethics (VCOBE), for example. Our approach to supplier compliance underscores our dedication to fostering sustainable and responsible procurement practices across our supply chain.



Sustainable Supply Chain

The significance of SCD’s responsibilities is underscored in the following multi-step process. SCD thoroughly evaluates various factors during the procurement process. Moreover, they actively facilitate the seamless engagement between suppliers and Kulim’s upper management. In essence, their role is instrumental in streamlining processes and supporting suppliers to meet requirements effectively.

SCD’s Procurement Process

1 Supplier Identification and Prioritisation

- We cater for suppliers based on the goods, works, or services they provide.
- We prioritise suppliers through a pre-qualification process, vendors meeting the criteria become Preferred Vendors and are added to an Approved Vendor List (AVL).
- We examine and/or engage with suppliers to ensure that they are in compliance with our policies and legal requirements.

2 Preliminary Assessment

- We conduct thorough checks and assessments, including reviewing public information, to screen potential suppliers for compliance with our policies and legal requirements.
- We ensure suppliers sign our Vendor Integrity Pledge (VIP) as acceptance to adopt the Vendor Code of Business Ethics (VCOBE) as part of the onboarding process.
- We ensure that suppliers declare their sustainability efforts, including steps that will be taken and the time-frame for action.
- We use tools such as risk assessments, monitoring, and engagement process information.

3 Supplier Engagement

- We provide training to vendors on how to use our new digital e-procurement system.
- We conduct annual stakeholder engagement to promote awareness on the company’s policies and commitment.
- We assess the performance of vendors annually to ensure they meet our requirements and standards. If a vendor is found to be non-performing, corrective actions may be taken, including termination and blacklisting.

Sustainable Supply Chain

VALUE CREATION IN 2022

Empowering Smallholders in Our Supply Chain

Kulim’s Smallholder Inclusion Programme is dedicated to supporting independent smallholders and traders on their journey towards RSPO certification. This year, three out of our 25 outside crop suppliers have shown interest in participating, accounting for 12% of the total. To facilitate this initiative, significant resources are being allocated to encourage and assist all 25 outside crop supplier in obtaining RSPO certification.

We actively monitor and support these groups, providing technical assistance to ensure their activities align with RSPO standards. Our dedicated teams conduct annual audits to assess compliance with the certification requirements. Our commitment extends to providing comprehensive support to all our suppliers, helping them understand and effectively meet the RSPO certification criteria and help them penetrate international markets.

This program not only improves their livelihoods and management practices but also results in higher quality of FFB. The amount of income available for the smallholders increased, becoming an incentive for them to produce higher yields and enhance their productivity through the adoption of good agricultural practices (GAP) on their farms. To further incentivise the smallholders to produce more volume, we offer them a higher premium as a reward.

Through these efforts, we have successfully supported two of our outgrowers, FGVM Paloh Estate and Wawasan Estate, in achieving RSPO certification. Additionally, Eng Lee Heng (“ELH”) Trading, one of our trader suppliers, has obtained both MSPO and RSPO certifications. Together, the output from these three outside crop suppliers contributes to 9.63% of our RSPO-certified Fresh Fruit Bunch (“FFB”).

To further incentivise participation, we offer economic incentives to smallholders and traders who sell RSPO-certified FFB, increasing the premium of RM6 from RM2 per tonne of certified FFB. This serves to motivate and encourage more smallholders to pursue RSPO certification.

We have committed to achieving
100% Traceability To Plantation
by the year 2025.

Supply Chain Traceability

We are taking great steps to create a fully traceable and transparent supply chain, enabling us to trace our products back to their origin. As part of this commitment, the Group actively participates in the Roundtable on Sustainable Palm Oil (RSPO) traceability system known as RSPO PalmTrace. To facilitate the purchase of Kulim’s Certified Sustainable Palm Oil (CSPO), we offer three RSPO-approved mechanisms:

- Book and Claim
- Identity Preserved (IP)
- Mass Balance (MB)

Presently, Kulim sources Crude Palm Oil (CPO) through IP and MB mechanisms. CPO sourced with IP status can be reliably traced back to its certified source, ensuring the entire supply chain adheres to RSPO certification requirements. On the other hand, CPO with MB status involves the mixing of CSPO with conventionally produced CPO while maintaining traceability throughout the supply chain. By employing the MB mechanism, we actively promote the use of sustainable palm oil in all our operations, reinforcing our commitment to a greener future.

Mills using RSPO Supply Chain Model

IP Model

- Tereh POM
- Pasir Panjang POM
- Sindora POM
- Palong Cocoa POM

MB Model

- Sedenak POM

100%
of our mills
are RSPO-
certified

Sustainable Supply Chain

Number of FFB Suppliers at Kulim’s Mills

Mills	Own Estate		External Estate	
	2022	2021	2022	2021
Sindora POM	3	3	1	5
Sedenak POM	4	4	22	23
Tereh POM	6	6	2	2
Palong Cocoa POM	5	5	0	0
Pasir Panjang POM	5	5	0	0

23 FFB suppliers are sourced by our own
estates while **25** FFB suppliers are sourced
by external estates.

We are committed to implementing a fully traceable and transparent supply chain whereby our products can be traced back to their source. We continue to focus on achieving 100% Traceability To Plantation (“TTP”) or place of production for all CPO and PK sourced by 2025. For an overview of our traceability approaches, currently we have achieved 87.52% TTP for the FFB supply by all sources to mills.

Achieving full palm oil traceability requires us to track our entire palm oil production process at each step, from planting to trading when we distribute CSPO to consumers and product manufacturers.

However, challenges remain in reaching full supplier plantation traceability. We aim to achieve 100% traceability to suppliers’ plantations by 2025. We have just begun our traceability exercise with our suppliers by requesting them to fill out the forms we distributed. As of December 2022, only 16 out of 20 traders/collection centers (80%) of the traceability survey form data had been acquired due to insecurities and lack of awareness between smallholders.

Despite the progress, we encountered some challenges in obtaining the remaining data, thus, to address this issue, we will be providing more guidance and training opportunities for smallholders. Our goal is to enhance their understanding of traceability matters and emphasise the significance of sustainable practices. Furthermore, we are actively engaging with the smallholders to encourage the pursuit of RSPO Independent Smallholder (ISH) certification.

In our supply chain, the main sourcing hubs are the Sedenak and Sindora POMs, where the majority of our supplying mills are located. The FFB supply comes from a combination of direct and indirect sources. The primary sources are smallholder farmers, and we also receive FFB from traders who collect from these smallholders.

This year, about 32.05% of the FFB processed at our Sedenak, Sindora, and Tereh POMs were externally sourced, meaning they came from suppliers outside our internal group estates. The remaining 67.95% originated from our own internal group estates. This blend of both external and internal sourcing allows us to maintain a stable and diversified supply chain, ensuring a reliable flow of raw materials for our operations.

Achieved **87.52%** Traceability to
Plantation of our FFB supply to our
own mills.

Kulim is committed to achieving
100% RSPO certification for all FFB
source by 2025.

Sustainable Supply Chain

Type of Suppliers at POM

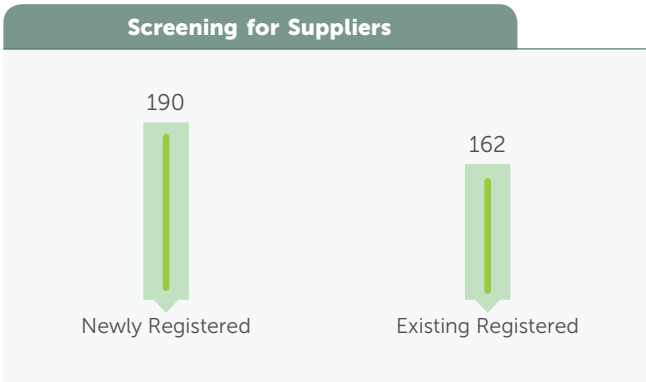
Category	No. of Suppliers
Outgrowers Farmers, where the sale of FFB is exclusively contracted to the unit of certification. Outgrowers may also be smallholders.	4
Traders/Dealers Participants in the RSPO-certified oil palm products supply chain. The traders take legal ownership of oil palm products, derivatives and/or purchases and sell futures without physically handling the oil palm products.	18
Schemed smallholders Farmers or landowners with less than 50 ha and do not have the freedom and decision-making power on the operation. Kulim contractually purchases from them.	3



Please refer to Web Mapping of names and locations of all supplying plantations on our website.

Suppliers' Sustainable Commitment

To encourage our suppliers to adhere to sustainability best practices and integrate them into their operations, we screen our suppliers with both Environment and Social criterion. We manually collect and record our supply chain performance whereby we recorded 352 total suppliers screened using Environment and Social criteria which out of the total, 190 were new suppliers.



However, we are fully committed to ensuring all our suppliers adhere to our governance best practices, aiming to improve transparency and integrity within the supply chain. In line

with our dedication to upholding sourcing policies, we compiled information on both direct and indirect FFB supply originating from palm oil plantations that adhere to these policies. To enhance environmental and social impact monitoring and improving traceability, we prioritise direct supply within the supply chain.

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FFB	2022	
	mt	%
Direct	115,1317.73	80.60
Indirect	277,047.97	19.40
Total FFB	1,428,365.70	100.00

As part of our screening process, we diligently assess suppliers to the following commitments to ensure their ESG practices align with ours.

Sustainable Supply Chain

Kulim's ESG Commitments & Practices that Apply to All Suppliers

In order to encourage our suppliers to adhere to Kulim's ESG commitments and practices, we engage with them and ensure they understand our Sustainability Policy and its requirements and guiding principles. In 2023, we will be introducing an ESG pledge which is a formal declaration of the suppliers' adherence and dedication to upholding and prioritising ESG principles in their business operations. This will become a clear and public statement regarding the suppliers' intention to act responsibly and sustainable across various dimensions of their business. Thus, allowing our suppliers to continuously take a proactive step towards aligning their business practices with broader sustainability goals.

- We conduct engagement sessions with our suppliers on an annual basis to brief about the company's policies such as the Sustainability commitment.
- We ensure clear and public statements from the suppliers to act responsibly and sustainably across various dimensions of their business.
- We have made a commitment pledge with our suppliers to show formal declaration in which it expresses their dedication to upholding and prioritising ESG principles across their business.
- By improving our supplier engagement, this acts as a proactive step towards aligning our business practices with the broader sustainability goal.

Supporting Suppliers from High-Risk Mills

We adopt a proactive approach to enhance the practices of all mills within our supply chain, which are expected to comply with Kulim's Procurement Policy and other sustainability-related procedures. While we do not internally label any mills as "high risk," we recognise the importance of providing targeted support to each mill to facilitate their improvement.



Sustainable Supply Chain

OUTLOOK

In 2023, we have a series of initiatives planned to reinforce our dedication to supply chain sustainability. These initiatives are designed to drive positive change and foster a sustainable future. We will collaborate closely with our suppliers, enhance our assessment procedures, invest in capacity-building, and prioritise traceability and transparency. Through these efforts, we aim to set an example for the industry and encourage the widespread adoption of sustainable practices. Our initiatives can be classified into the following categories:

1 Build Better Relationship with Suppliers

We are committed to forging closer collaborations to champion sustainable practices throughout our supply chain. To achieve this, we will be conducting regular dialogue sessions, facilitating the exchange of best practices and providing guidance on sustainability requirements, ensuring alignment and progress towards our shared goals.

2 Enhance Supplier Assessment Processes

We conduct comprehensive audits and assessments, with a focus on critical areas such as environmental impact, labour standards, human rights, and ethical sourcing practices. These assessments will ensure that we maintain high standards and continually improve our sustainability practices across all aspects of our operations.

3 Capacity-building Programmes

We are dedicated to elevating our sustainability performance throughout the supply chain. To achieve this, we will be offering targeted training sessions, workshops, and access to valuable resources, empowering individuals to adopt and implement sustainable practices. We aim to make a positive and lasting impact on sustainability at every level of our operations by fostering continuous improvement.

4 Strengthen Traceability and Transparency

We are implementing advanced systems and technologies to bolster our sustainability efforts. These initiatives will enhance our ability to monitor and report sustainability indicators, ensuring strict adherence to standards and providing transparent information to our stakeholders. By leveraging these innovative tools, we aim to strengthen our commitment to sustainability and foster trust and accountability with our valued partners and communities.

5 Improving Supply Chain Integrity

We prioritise good governance and integrity, with a specific focus on our supply chain here at Kulim. To reinforce our supply chain integrity, we will conduct a signing event for the Malaysia Anti-Corruption Commission's (MACC) Declaration of Corruption-Free Pledge in the upcoming year. This event will involve the participation of 15 vendors from our Supply Chain Division (SCD), joining us in signing the declarations.

Furthermore, we ensure our vendors sign the Vendor Integrity Pledge (VIP) to show our commitment to corporate governance practices. This agreement was established between Kulim and our main vendors to prevent bribery, collusion, or any other forms of corrupt practices, ensuring transparency and accountability throughout our procurement processes. Another fifteen key vendors will be signing the VIP, reaffirming our dedication to ethical business conduct.

Sustainable Supply Chain

6 Ensuring an Efficient Registration and Evaluation Process

To ensure thorough screening for our suppliers and maintain effective supply chain governance, we aim to establish a strong vendor registration and evaluation system from April 2023. The registration flow will focus on prioritising, assessing and engaging suppliers to comply with our policy and legal requirements while the evaluation process will involve assessing potential vendors' performance in the following key aspects:

- Quality of Goods, Works, or Services
- Responsiveness to Instructions and Participation
- Resources
- Work Progress

By applying these evaluation criteria, we aim to maintain high standards and foster productive partnerships with our vendors, ultimately delivering optimal outcomes for our organisation and stakeholders.

7 Digitising Our Procurement Process

We are in the process of transitioning to digital procurement using SAP S4/HANA or SAP ARIBA systems. All vendors will have to undergo registration via ARIBA which then they will complete a questionnaire and is evaluated by the Vendor Management Unit (VMU). They must comply with the Vendor Integrity Pledge (VIP) and complete the Declaration Form that consists of admissions of Conflict of Interest, Bankruptcy, and Criminal Records.

Moreover, the VIP will be used to screen new suppliers based on Environment, Social and Governance criteria, enabling us to make more informed decisions in the future. These initiatives aim to enhance transparency, integrity, and sustainability throughout our supply chain and procurement practices.

Malaysia Anti-Corruption Commission (MACC)'s Declaration of Corruption-Free Pledge

Currently, our suppliers and vendors who have signed up for the VIP are required to adopt the Vendor Code of Business Ethics (VCOBE). This will now be part of the ESG Commitments Pledge in 2023. The VCOBE is a comprehensive document outlining the standards of behaviour encompassing Labor & Human Rights, Environment, Safety & Health, Ethics & Management Practices, and Obligation to Report Bribery Transactions. Additionally, suppliers must also strictly follow all relevant laws and regulations concerning anti-bribery, fraud, and corruption, guided by principles that promote integrity, transparency, accountability, and good corporate governance. They are encouraged to strengthen their internal systems to prevent corruption, actively combat any corrupt practices, and extend their support to corruption prevention initiatives undertaken by the Government and local authorities. These combined requirements reflect our commitment to ethical and responsible business conduct.

**PROMOTE
TRANSPARENCY
AND
ACCOUNTABILITY**

09

**Sustainable
Practices**
and Ethical Governance

Good Governance

 **GRI** 3-3, 205-1, 205-2, 205-3, 207-1

SDG





WHY IS IT IMPORTANT

Corporate governance is the bedrock of modern businesses. It is not only essential for our operations but also plays a crucial role in protecting the interests of all our stakeholders. By adhering to good governance practices, we create a culture of transparency, accountability, and ethical decision-making, safeguarding the rights and investments of our employees, customers, suppliers, investors and all other stakeholders.

Beyond establishing trust, sound corporate governance paves the way for improved work performance and productivity. By setting a clear vision and direction, we empower our employees to carry out their roles responsibly and ethically, fulfilling the expectations of our stakeholders while safeguarding their interests. Embracing good governance practices becomes a win-win proposition for our business and stakeholders alike, setting the stage for sustained growth and success.

Good Governance

WHAT IS OUR APPROACH

We uphold the highest level of integrity and transparency guided by the Malaysian Code of Good Governance (MCCG). The MCCG serves as our compass for implementing effective governance practices, covering critical areas such as Board leadership, audit and risk management, corporate reporting integrity, and meaningful stakeholder relationships. To ensure the highest level of accountability and protection for our stakeholders, certain functions are delegated to our Board Committees, each operating under clear Terms of Reference (TOR). These TORs are regularly reviewed to ensure they remain relevant and up-to-date, demonstrating our agility in responding to business transitions and evolving challenges.

Ethics and Anti-Corruption

In addressing “Ethics and Anti-Corruption,” we take a proactive approach, focusing on developing and implementing robust policies, procedures, and practices. Our commitment to promoting ethical conduct and preventing corruption is evident in our regular reviews of the policy and procedure, anti-bribery performance evaluation, and annual integrity awareness programme. By engaging and educating all our business associates, we foster a culture of integrity and collective responsibility in the fight against corruption.

Our Approach	What We Do
Limits of Authority (LOA)	Establish the LOA to manage levels of approval and authority limits effectively and efficiently throughout Kulim.
Monitoring and Auditing	Conduct regular monitoring to assess compliance and identify potential breaches.
Training and Awareness	Provide regular programmes to educate employees about ethical standards, anti-corruption laws, and Kulim’s policies and procedures.
Stakeholder Engagement	Provide several avenues for employees and stakeholders to report grievances through grievance channel or submit complaints against improper conducts through Kulim Whistle-Blowing channels via email, E-form, report, telephone or personally meet the Head of Integrity Unit.
Continuous Improvement	Conduct regular reviews and enhance our ethics and anti-corruption programmes.
Supply Chain Traceability	Participate in the Roundtable on Sustainable Palm Oil (RSPO) traceability system known as RSPO PalmTrace. For more information on our supply chain traceability, please refer to ‘Sustainable Supply Chain’, page 108.
Policies and Procedures	- Develop and review seven specific policies and procedures to guide ethical conduct and address corruption issues to help employees navigate potential ethical dilemmas. - Establish the Code of Business Ethics (COBE).

 For more information on COBE, refer to Kulim’s website.

Good Governance

To ensure our business operations are entirely free from corruption, we have implemented a series of policies that strictly uphold our zero-tolerance stance towards corrupt practices. These policies are regularly reviewed to ensure their effectiveness within our business.

Code of Business Ethics (COBE)

➔ The COBE acts as a moral compass to outline ethical principles as well as govern the decisions and behaviours of all employees. A key part of our corporate governance, the COBE helps promote the highest level of ethics and integrity throughout all businesses conducts.

 For more information on this policy, refer to Kulim's website.

Gift and Entertainment Policy

➔ Gifts and entertainments can be perceived as a conflict of interest and potentially be subject to an act of bribery. Thus, we set this policy as a guideline for all employees to make the right decision when it comes to accepting or providing gifts and entertainment.

 For more information on this policy, refer to Kulim's website.

Conflict of Interest policy

➔ The policy provides clear guidelines and procedures for managing conflict of interest in Kulim. We set this policy to prevent any bribery, fraud & abuse of power from happening in Kulim, while maintaining a high standard of good corporate governance.

 For more information on this policy, refer to Kulim's website.

Whistleblowing Policy

➔ We continuously provide opportunities to all employees and stakeholders to safely disclose and report any cases of corruption, misconduct or other unethical behaviour.

 For more information on this policy, refer to Kulim's website.

Anti-Bribery and Corruption Policy

➔ The policy documents Kulim's commitment to comply with the Malaysian Anti-Corruption Commission Act 2009 and any other relevant anti-bribery and corruption laws.

 For more information on this policy, refer to Kulim's website.

Due Diligence Policy

➔ The policy outlines the procedures for conducting the identification and assessment of any proposed transaction. It is one of the tools in mitigation and prevention measures against potential corruption.

 For more information on this policy, refer to Kulim's website.

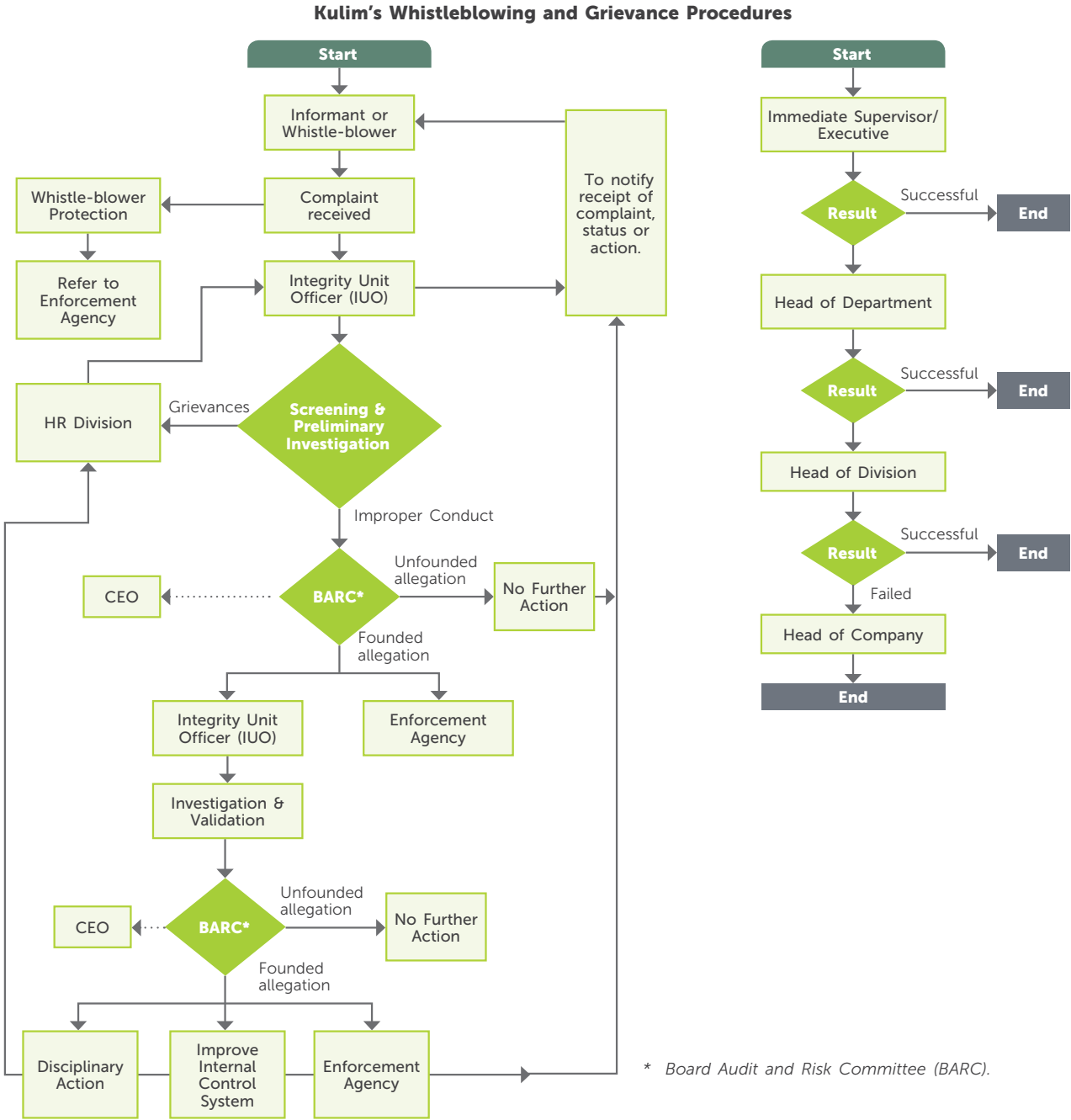
Referral Letter Policy

➔ The policy sets out the guidelines for handling referral received by Kulim from individuals or entities outside of the organisation and outlines the procedure and the responsibilities of the parties involved. Any referral received shall not be accepted as a basis, merit, or qualification in considering a decision. Otherwise, Kulim must act in accordance with the provision of law, regulations, and its procedures.

 For more information on this policy, refer to Kulim's website.

We recognise the importance of empowering our stakeholders to play an active role in safeguarding our ethical standards. To encourage transparency and accountability, we have established a whistleblowing process that provides a safe and confidential channel for individuals to report any instances of criminal or improper conduct.

Good Governance



Good Governance

VALUE CREATION IN 2022

A Zero-Tolerance to Corruption

In 2022, we focused on strengthening our governance performance across our value chain, particularly by enhancing our efforts against corruption.

Strengthening Our Anti-Corruption Culture

- 

All new hires are required to make an Anti-Bribery and Corruption Pledge and disclose their assets and any potential conflicts of interest with our company.
- 

Adopted a corruption-free environment within our company.
- 

Implemented a 'No Bribery' clause in our contracts and service agreements.
- 

Mandatory requirement for clients and vendors to sign an Integrity Pledge, further solidifying our shared commitment to combating corrupt practices.
- 

Applied the COBE to all individuals representing Kulim.
- 

Maintained the MS ISO 37001:2016 Anti-Bribery Management System certification across various aspects of our operations.

Through our anti-corruption efforts this year, we witnessed a notable 92.76% of our registered vendors, suppliers, and clients voluntarily signing the Vendor Declaration Form, pledging their commitment to comply with all laws, regulations, and Kulim's relevant policies. As a result, we recorded a significant drop in corruption cases within our operations. Additionally, we are pleased to report that we successfully assessed 100% of our operations for corruption-related risks, surpassing last year's achievements.

Good Governance

Strengthening Our Culture of Compliance

To ensure that the Group operates in full compliance with the laws and regulations governing its business activities, Kulim established a Compliance Management System Policy and Framework. Both the policy and framework were officially approved by the Board on 22 November 2022 and are aligned with ISO 37301:2021 Compliance Management System. The key goal of this policy and framework is to promote the skilful handling of risks in compliance.

As part of our ongoing compliance efforts, every department and subsidiary company must submit a Compliance Report on a bi-monthly basis. This regular reporting cycle enables us to stay updated on the compliance status of each unit and take timely corrective measures where necessary. This report is reviewed by the Integrity Unit and then presented to the Board Audit and Risk Committee (BARC). Additionally, we conducted a thorough Compliance Assessment Visit (CAV) to all five of Kulim's mills in 2022. As a result, comprehensive evaluations of our mills' compliance practices were performed which provided opportunities for us to identify areas for improvement.



- Purpose of the Framework**
- ➔ To provide clear policies and procedures for the management of compliance-related matters in Kulim.
 - ➔ To determine the roles and responsibilities of compliance within Kulim.
 - ➔ To protect and enhance Kulim's reputation and credibility.
 - ➔ To demonstrate Kulim's commitment to managing compliance risks effectively and efficiently.
 - ➔ To minimise the risk of non-compliance and the related costs and reputational damage.

A Robust Grievance Mechanism

We value our stakeholder voices and experiences and are committed to resolving their grievances. To encourage a safe, supportive and accountable working environment, our employees, suppliers and other stakeholders are provided with avenues to raise any work-related grievances they may have.

Improvements to Our Grievance Approach	Our Progress
 Improved our Grievance Policy	 Set clear guidelines in place for fair and transparent responses to these grievances.
Joined the Multi-Employer and Pioneer Agreements (MAPA) as a member	Adhere to the grievance procedures outlined in our collective agreements.
Empowered the voices of women employees and addressed gender related issues	Implement the WOW (Women OnWards) programme to address gender-related issues, offer a dedicated avenue for women to report and seek resolution for any gender-related concerns they may face.

By providing these avenues for grievances and addressing gender-related issues through dedicated programmes, employees are given platform to express any dissatisfaction or sense of injustice they may experience in the workplace.

Good Governance

Programmes and Initiatives

Kulim Integrity Week 2022

The Integrity Week, held from 15 to 17 November 2022, was a significant event focused on promoting integrity and combating corruption. From this experience, we have witnessed immense support from our stakeholders to support our initiatives on strengthening transparency and ethical conduct within our organisation and with our business partners. The initiatives continued in January 2023, where Kulim signed the Malaysia Anti-Corruption Commission (MACC)’s Declaration of Corruption-Free Pledge in an effort to drive better governance, foster an integrity culture and enhance awareness among employees and vendors on anti-corruption practices in Kulim. A Vendor Integrity Pledge was also implemented as a tool for awareness, obtaining commitment, and avoiding bribery, collusion, and other unethical practices among Kulim’s vendors.

Surveillance Audit by SIRIM

Following surveillance audit conducted by SIRIM in June 2022, our ISO37001:2016 Anti-Bribery Management System (ABMS) certification remained intact. This not only ensures that our commercial activities continue as usual, but it also demonstrates how our operations are sustainable and conducted with responsible agricultural practices.

Completion of Bribery Risk Assessment

On 24 May 2022, we identified and assessed 21 high bribery risks within our company. Among these 21 high risks, we identified bribery risks in the investment, litigation and sales processes. From this assessment, we were able to take the appropriate measures to effectively manage these risks.

Awareness of Anti-Bribery Partnerships

Throughout September to November of 2022, we took stringent measures to organise stakeholder meetings across our complexes to engage with our existing and new business associates. These meetings were primarily held to promote our anti-bribery agenda by raising awareness of the MACC Act and ABMS-related policies among our stakeholders.

Locations	Dates
Sedenak Complex	22 September 2022
Sindora Complex	26 September 2022
Palong Complex	11 October 2022
Tereh Complex	27 October 2022
Tunjuk Laut Complex	14 November 2022

Completion of Internal Audit Exercise

In January 2022, we conducted internal audits across most operations to assess and improve our business practices. We also completed an internal audit in full compliance with ABMS requirements and procedures, thus demonstrating our strong governance over anti-bribery.

Type of operation	Percentage (%)	Sample Size
Estates	50	11
Mills	100	5
Corporate Services	56	14
Pineapple	100	1
Cattle	100	1

Good Governance

Overall Impact and Achievements

	2020	2021	2022
Whistleblowing			
Total number of complaints received	3	9	6
Total number of complaints resolved	3	9	6
Grievance			
Total number of complaints received	N/A		7
Total number of complaints resolved			7

	2022
Number of Penalties	37
In Cash (RM)	49,948.96

OUTLOOK

As we move forward, we are determined to grow our business with continuous transparency, accountability, and integrity. The commitment we have towards enhancing our employees’ understanding of traceability matters will be a key pillar of strength of Kulim’s corporate values and ethical practices. Not only will we actively update and raise awareness about the COBE but also promote ethical leadership skills across the Board and all departments to strengthen compliance and internal controls. By implementing these strategies, we can reinforce our commitment to good corporate governance and stakeholder interests.

Risk Management

GRI

3-3, 207-2

SDG



WHY IS IT IMPORTANT

In today’s rapidly changing world, sustainability risk management has become a business imperative. It directly influences economic returns, stakeholder value, and the well-being of our planet. Tailoring a comprehensive risk management approach for the agriculture sector is vital in navigating uncertainties and emerging ESG risks, including those posed by climate change. With a strong risk management system in place, we can proactively identify and mitigate potential challenges, while seizing any opportunities that may arise. This becomes the cornerstone of informed and rational decision-making, building our resilience against potential threats and ensuring business sustainability.

Risk Management

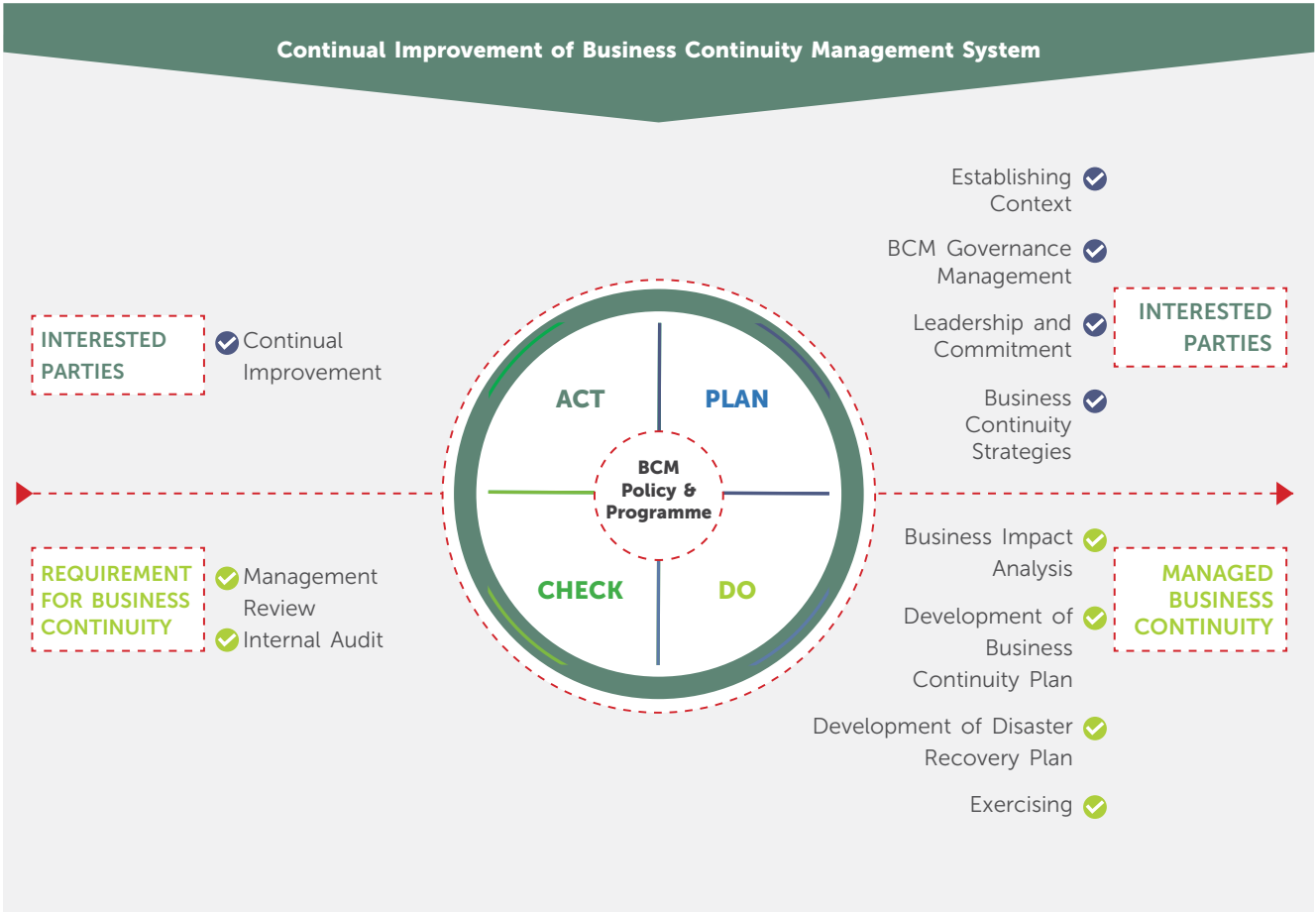
WHAT IS OUR APPROACH

Our management offers strategic guidance by following the ISO 31000:2018 Risk Management Process, ensuring the protection of stakeholder value creation. With this approach, we undertake the following measures to effectively manage risks and seize opportunities within our ESG agenda.

Our Approach	What We Do
1. Identify Business Objectives	- Comprehensive analysis of both external and internal factors within Kulim’s control. - Recognise and address potential risks associated with the attainment of strategic and operational goals.
2. Risk Assessment	- Risk Identification: This is the process of finding, recognising, and describing the risks that could impact an organisation’s objectives. - Risk Analysis: Management analyses the likelihood and potential impact of risks to determine their Risk Rating. - Risk Evaluation: All identified risks from the analysis stage are evaluated to determine if they are acceptable or require treatment.
3. Risk Treatment	Choose the most suitable risk treatment option by carefully weighing the costs and efforts required for implementation against the benefits obtained.
4. Risk Monitoring and Control	- Track and review identified risks regularly. - Monitor key risk indicators and update risk registers regularly for any potential changes or emerging risks.
5. Risk Communication	Share risk information, assessments, and mitigation plans with stakeholders, team members, and decision-makers through effective mediums.
6. Risk Review and Continuous Improvement	Review the risk management process regularly to identify any shortcomings or areas for improvement.

Risk Management

Enterprise Risk Management (ERM) enables us to identify risks and threats, while Business Continuity Management (BCM) ensures the Group’s readiness, resilience, and capacity to sustain seamless business operations even in the face of significant disruptions or threats. The establishment of BCM also provides robust support to the Board and Management in their vital responsibility of ensuring the uninterrupted continuity of the Group’s business amidst various threats and disruptions. Thus, BCM operates synergistically with the framework, equipping us with essential tools to effectively address identified risks that could potentially impact business continuity.



Risk Management

VALUE CREATION IN 2022

ESG Risk Integration

We have established Kulim’s ESG Committee and ESG Framework to identify, assess, and manage climate-related risks within the agribusiness sector.

Periodic risk training and ESG awareness

- ➔ Conducted Phase 1 of the ESG Risk Assessment Workshop in December 2022.
- ➔ Provided awareness and training workshops on risk management and risk methodologies.
- ➔ Trained participants on how to develop ESG Risk Register for each department and subsidiary.
- ➔ The register will be reviewed annually.

Risk identification related to ESG matters

- ➔ Proposed an ESG parameter as an impact parameter into our ERM Policy and Framework.
- ➔ Conducted special Risk Management Programme to cater to ESG related risks.

Climate Risk Assessments

Being in agribusiness sector, Kulim is widely exposed to climate change risk, and natural disasters caused by climate change may affect our operation and business. Our BCM implementation therefore begins with BCM Plan, followed by the Crisis Management Plan and the Crisis Communication Plan. By starting with the BCM plan, we can quickly address general disasters such as climate-related, pandemic-related, and emergency (fire)-related disasters and evaluate if the crisis is in red alert. This will activate the Crisis Management Plan and Crisis Communication Plan. To enhance our preparedness for pandemic risks, Kulim has also devised a comprehensive Disaster Recovery Plan specifically addressing pandemics within the scope of BCM. The Disaster Recovery Plan, coupled with our Crisis Management Plan, Crisis Communication Plan, and Business Continuity Plan, ensure a robust response to any emergency situations arising from a pandemic crisis. A Task Force on Climate-Related Financial Disclosures (TCFD) framework is being developed which targets specifically climate-related disasters such as floods and droughts.

OUTLOOK

We are motivated to further develop and improve our Risk Management Systems which include establishing risk register that increases our ESG risk integration. We will also be looking into programmes that can further embed risk management culture in Kulim.

Our employees will be encouraged to undergo training and certification programmes so that they are better equipped with relevant risk assessment knowledge and abilities, allowing them to better identify, understand and manage risks connected with projects and investments, and for the overall improvement of sustainable risk management across all departments.



OTHERS

10

Sowing the
Seeds
of Sustainability

Agricultural Production



GRI

3-3

SDG









WHY IS IT IMPORTANT

Agricultural production drives our success. It is a key aspect of our sustainability agenda, serving as a powerful catalyst for long-term stakeholder value. By prioritising smart agricultural solutions, we address fundamental needs, such as food security, while catering to the evolving demands of our customers.

Moreover, innovative and sustainable farming practices ensure that we operate responsibly, safeguarding natural resources and fostering the health of ecosystems. This allows us to not only bolster the resilience of rural livelihoods but also stimulate local economic growth and sustainable development. Therefore, agricultural production forms the bedrock of our operations, generating multiple layers of value that extend beyond our immediate stakeholders.

WHAT IS OUR APPROACH

Our approach to ensure the highest level of product and in its operations around the “7.00 MT” Charter, also known as Palm Product Yield (PPY). This charter sets ambitious benchmarks of average yields for Fresh Fruit Bunch (FFB) per hectare comprised of an extraction rate of palm products per tonne FFB, Crude Palm Oil (CPO) and Palm Kernel (PK).

To achieve this objective, we maximise productivity and minimise crop losses by aiming for a minimum yield of “7.00 MT” of palm products per hectare from our mature oil palm plantations. To further optimise crop recovery and ensure the well-being of our plantation workers, we plan to implement a staggered replanting programme and establish a dedicated task force for tall palm areas from year 2000 planting.

Palm Product Yield (PPY) Charter	
Our Approach	What we do
Good Replanting Practices	Conduct progressive replanting at three to four % of total planted areas to sustain age profile.
Improvement in Planting Material	Use advanced planting materials such as Kulim Dura x Pisifera (DxP) and Clonal Ramets.
Good Nursery Management	Implement and comply with the Code of Nursery Practice for oil palm Nursery (CoPN).
Good Agriculture Practices	Expand our mechanisation programme for in-field evacuation and field maintenance to reduce reliance on manual labour/contractors.
Performance Tracking	Reduce dependency on contractors in harvesting.

Agricultural Production

Our unwavering dedication to sustainable and responsible agricultural practices remains at the forefront of our operations. Our certifications (RSPO, MSPO, ISCC, Halal) guarantee stringent environmental and social criteria for our palm oil production. Moreover, we are steadfast in our commitment to upholding compliance with all pertinent international laws and regulations, such as the International Labour Organisation (ILO), to respect workers’ rights to join unions and to engage in collective bargaining. As we collaborate with trade unions to address concerns and maintain a positive relationship, we remain committed to sustainability, ethics, and legality driving continuous improvement.



Malaysian Sustainable Palm Oil (MSPO) Policy

→ Comply with all applicable statutory and regulatory requirements

→ Ensure healthy returns to interested parties (stakeholders)

→ Ensure highest level of management commitment and responsibility

 For more information on this policy, refer to Kulim’s website.

Halal Policy

Implement Halal Assurance Management System that ensures adherence to halal standards throughout the entire process, from the receipt of raw materials to milling, product storage, and delivery.

 For more information on this policy, refer to Kulim’s website.

Agricultural Production

VALUE CREATION IN 2022

Palm Oil Operations

In order to maximise palm oil yield production, we initiated several key strategies across our estates and mills. All FFB are locally sourced from Malaysia and Indonesia and managed across 23 palm oil estates in Johor, encompassing Segamat, Kulai, Johor Bahru, Kota Tinggi, Kluang, and one estate in Pahang. These FFBs are harvested and supplied to our five palm oil mills, where they are processed into Crude Palm Oil (CPO) and Palm Kernel (PK).



Estate

In 2022, we implemented a strategic replanting programme to enhance palm oil yield and ensure long-term supply sustainability. The programme focuses on maintaining an optimal age profile of our palm trees and utilising high-yielding planting materials. During the year, we successfully replanted a total of 1,215.32 ha of palms, ensuring a continuous cycle of rejuvenation for our plantations. In 2022, our Malaysian operations yielded 1,111,496 MT of FFB, marking a 7.36% increase from 2021. This led to an improved Yield Per Hectare (YPH) of 22.06 tonnes, surpassing the industry average yields achieved in Johor (17.65 tonnes) and Peninsular Malaysia (16.41 tonnes).

Despite facing a temporary labour shortage in the first quarter of 2022, we prioritised harvesting, which led to minor delays in certain upkeep and maintenance tasks. However, we quickly addressed these challenges and efficiently closed the gap by empowering our local and migrant labour, further explained on page 107.

As of year-end, our Malaysian productive landbank is thoughtfully distributed, consisting of prime mature areas (70%), immature or young mature areas (25%), and areas with old palms over 23 years (5%). This strategic approach enables us to optimise yield, maintain sustainability, and secure a steady supply of high-quality palm oil for the future.



Agricultural Production

Mill

Throughout our mill operations in 2022, we have maintained high standards of quality and efficiency to ensure responsible palm oil production. The following indicators are used to measure the performance of our agricultural production.

Kulim has **five** company-owned mills.

	2020	2021	2022
Total FFB Processed (MT)	1,501,949	1,419,613	1,428,366
Own Plantation (MT)	1,145,090	1,035,342	1,111,496
Outside FFB (MT)	366,443	362,875	308,043
CPO Production (MT)	316,066	295,747	289,488
Kernel Production (MT)	79,711	75,867	76,383
Yield Per Hectare (YPH) (MT/ha)	22.93	20.11	22.06
Oil Extraction Rate (OER) (%)	21.04	20.83	20.27
Kernel Extraction Rate (KER) (%)	5.31	5.34	5.35
Palm Product Extraction Rate (PPER) (%)	26.35	26.17	25.62

Based on the results, we noticed a rise in YPH from 2021 to 2022, while the OER had a slight decrease. The KER remained relatively consistent over the three years, and the PPER showed a slight decline from 2021 to 2022. It's essential to consider that these indicators can be influenced by weather conditions, labour availability, and other variables.

Names and Locations of Company-owned Mills

Name	Locations
Tereh POM	Kluang
Sedenak POM	Sedenak
Sindora POM	Sindora
Pasir Panjang POM	Kota Tinggi
Palong Cocoa POM	Segamat

Our company-owned operations yielded **1,111,496 MT** of FFB whilst our external parties yielded **308,403 MT**.

Agricultural Production

Agribusiness Operations

Agro Farming

Through smart-farming technology, we were able to ensure the potential of our landbanks to cultivate high-quality, locally-grown fruits and vegetables for the market. As of December 2022, we have successfully planted over 374 ha of these nutritious crops. This smart and sustainable approach not only ensures optimal productivity but also contributes to fresh, locally-sourced produce.

Smart-Farming Technology

Cultivation

- 1. Vicon Spreader
- 2. Verion Spreader

Harvesting

- 1. Mechanical Buffalo
- 2. Mini Tractor c/w Scissor Lift Trailer
- 3. Mini Tractor Grabber c/w Scissor Lift Trailer

Livestock

For nearly two decades, our cattle herds have played a vital role in weed control on our plantations, replacing the need for herbicides. Recently, we have expanded our livestock operations to include sheep, enabling us to commercialise halal beef, mutton, and lamb. By 2025, our goal is to exceed 10,000 cattle and reach 6,000 sheep by 2028 as we continue to grow our livestock holdings.

Livestock	Production size (heads)
Cattle	8,300
Sheep	500

Trading and Services

As part of our ongoing efforts to enhance our agribusiness, we focused on diversifying our activities, including engaging in other trading and direct-to-consumer services. This allowed us to expand our expertise in the plantation industry. With the support of our reliable distributors, we sold products directly to our customers with ease. Additionally, we offered supply services and equipment to third-party companies, enabling us to extend our reach and contribute to the growth of the industry. These services include:



In 2022, revenues from our trading and services segment have decreased by **28.71%** compared to 2021. This decline is primarily attributed to the lower revenues from:

- ➔ Extreme Edge Sdn Bhd
- ➔ KARA Holdings Sdn Bhd
- ➔ JTP Trading Sdn Bhd
- ➔ Kulim Safety Training and Services Sdn Bhd

Research and Development (R&D)

We take pride in our Research & Development (R&D) support system, led by the Kulim Agrochemical Centre (KAC) in Kota Tinggi, Johor. KAC is dedicated to three essential research areas: agronomy, plant breeding, and tissue culture. Our Utility Testing and Certification Laboratory (UTCL) holds ISO/IEC

Agronomy

Our achievements in 2022:

- ➔ Analysed 565 domestic water samples from estates for quality control.
- ➔ Produced 30,000 kilograms of Mycorrhiza, a microbe that enhances plant immunity against diseases.
- ➔ Provided drone mapping services to identify and analyse terrain features and palm tree populations in 12,158.45 ha of plantation land.
- ➔ Created eight manuals that focus on best practices for plantations, new crops, and cattle or sheep rearing.
- ➔ Conducted 162 visits to ensure estates follow Good Agricultural Practices (GAP) and provided reports with recommendations to address agronomic issues encountered.

Plant breeding

Our achievements in 2022:

- ➔ Provided 82 SIRIM-certified seed-derived ortets to Kulim TopPlant to produce high-quality clonal planting materials.
- ➔ Selected 18 OPGL dura palms from Basir Ismail seed garden which brings the total number of certified mother palms for DxP seed production to 324.
- ➔ Received SIRIM certification for an additional *pisifera* father palm which results to a total of six certified father palms available to supply pollen for seed production.
- ➔ Began data collection for Malayan Yellow Dwarf (mother palm candidates) in the Coconut Seed Garden which will be used for the certification of mother palms by the Department of Agriculture (DOA).

Agricultural Production

17025 accreditation, enabling us to conduct accurate lab analyses on agricultural samples for both internal and external clients. This R&D infrastructure has empowered us to continuously innovate and enhance our plantation and agro-food businesses, ensuring the highest standards of quality and productivity.

Lab Analysis

Our achievements in 2022:

- ➔ Analysed a total of 26,191 samples.
- ➔ 125,139 parameters had been analysed, of which 99.79 % were completed on time.
- ➔ Received Malaysian Institute of Chemistry (IKM) Laboratory Excellence Award.

Tissue Culture

Our achievements in 2022:

- ➔ Processed 22 SIRIM-certified ortets and produced 142,994 explants.
- ➔ Transplanted a total of 52,165 ramets in pre-nursery.
- ➔ Sold a total of 23,000 ramets.
- ➔ Production of the following tissue cultures:

Type of tissue culture	Number of tissue cultures
Callus	10,419
Embryogenic calluses	3,222
Embryoids.	96,959
Shoots	56,749
Rooted plantlets	30,104

Agricultural Production

Food Security

As the flagship company for national food security, we play a pivotal role in supporting the national food security agenda. To further strengthen and expand our Agrofood division, we have made improvements across our estate and mill operations in 2022 and 2023. These enhancements include increasing our capabilities and offerings, thus enabling us to meet the growing demands for high-quality and sustainable food products.

Enhancements Made to Improve Food Security

Green Book Project

We introduced garden plots across all our estates, which allow our workers and communities to cultivate an array of fruits and vegetables. The aim of this is to provide fresh produce to our people, as well as create a greener and more homely environment within our estates. As of 2022, a total of 9.59 ha of land has been transformed into garden plots.

Food-Grade Oil

We utilised H1 food grade oil as a lubricant in our mill’s operations to ensure we maintain the quality of our products. We have set a goal in our Sindora Mill to complete the second flushing of H1 fully synthetic food-grade oils by April 2023. By mid-July 2023, all Kulim mills will be effectively using the H1 oils as a standard mill practice.

Reduce Risk of Mineral Oil Contaminations

We conducted routine checks on our mills’ hydraulic mechanisms to ensure no mineral oil leaks are detected. When we reduce the risk of contamination of substances such as Mineral Oil Aromatic Hydrocarbons (MOAH) and Mineral Oil Saturated Hydrocarbons (MOSH) on our hydraulic mechanism, we can ensure to minimise setbacks on our food production cycles.

Annual Intensive Cleaning Programme

We conducted a yearly intensive cleaning programme in the target processing area across our mills. Through this initiative, we can assure smooth mill operations by integrating a comprehensive cleaning technique to remove trash, pollutants, or other undesired material from the target processing area. In May 2022, a special visit by the Mill Operations Support (MOS) task force was executed, starting with one factory and moving to the next with a focus on mill leaks and mill cleanliness. We are proud to report that we have recorded zero cases of leaks this year.

Maintenance of Mill Mechanisms

We have scheduled regular changes of gearbox oil seals on an annual basis as a preventive measure to promote quicker operational systems. On our most recent upgrade, we are currently in the process of fabricating and installing an oil container beneath the digester cylinder at our mills.

New Closed Condensate System

We developed and set up a more sustainable closed condensate system that minimises water and energy usage, making our mill operation more efficient and cost-effective. Our Tereh, Sedenak, and Palong Cocoa mills have all successfully installed the close condensate system. We are still in the process of upgrading our Sindora Mill to integrate this closed condensate system, which is projected to be completed by the end of July 2023. Meanwhile, Pasir Panjang Mill is awaiting the tendering procedure.

Agricultural Production

OUTLOOK

As we look ahead, we are projecting a total production deficit of 116,244 metric tonnes (10%) by the end of 2023 compared to our budget. This is due to market and climate-related challenges constraining our production. However, we are optimistic about the future, anticipating a gradual rebound and further increase in production, especially during the peak season in September and October. With careful planning and additional harvesting rounds, we are confident in maximising the utilisation of experienced harvesters to accommodate the high production and peak crops. By implementing proactive measures and leveraging the expected rebound, we are well-positioned to mitigate the deficit and achieve our production goals successfully.



Customer Satisfaction

GRI

3-3, 416-1, 416-2

SDG



WHY IS IT IMPORTANT

Our business decisions are anchored by our customers. It is important to engage with our customers to better understand their needs and expectations. This deep understanding empowers us to develop innovative solutions that address their concerns, including environmental considerations, and promote social well-being. Additionally, by fostering loyalty and encouraging repeat business, we ensure our long-term success while supporting our sustainability goals.

The positive impact of a satisfied customer extends beyond our business. As happy customers spread positive word-of-mouth, it attracts more business and contributes to the growth of local economies. This ripple effect leads to job creation and improved social development in the communities where we operate. Ultimately, our dedication to customer satisfaction is not just about meeting individual preferences; it's about creating shared value for all stakeholders and driving our sustainability agenda forward.

WHAT IS OUR APPROACH

We highly value customer feedback at Kulim, as it plays a crucial role in our pursuit of continuous improvement in product quality and service excellence. To foster open communication with our customers, our management conducts an annual customer satisfaction survey, providing a structured platform for engagements. This survey allows us to identify any product quality concerns and swiftly address them. A thorough analysis of the survey responses is then undertaken, and the findings are presented to our Senior Management. This ensures that our leadership remains fully informed about any challenges or issues faced by our customers. Our dedication to maintaining strong customer relationships drives us to leverage feedback to enhance the overall experience of our products and services.

As part of our commitment to customer satisfaction, we adhere to two key policies that provide assurance and help us expand our customer base.

Customer Satisfaction

Quality Policy

➔

 Strive for continual improvement in our quality performance of the operation, conforms to our quality management system and other relevant requirements

➔

 Comply with all applicable statutory and regulatory requirements

For more information on this policy, refer to Kulim's website.

Halal Policy

Implement Halal Assurance Management System that ensures adherence to halal standards throughout the entire process, from the receipt of raw materials to milling, product storage, and delivery.

For more information on this policy, refer to Kulim's website.

Furthermore, we rigorously adhere to the ISO/IEC 17025:2017 Laboratory Management System standards. By adhering to these standards, we can test and analyse our palm oil parameters, including soil fertility, nutrient management, and the use of fertilisers, to achieve optimal crop yields and sustainable agricultural practices. This aspect of our product quality also helps our customers to make informed decisions about our crop management and agricultural practices.

Similarly, our compliance with the MS 1500:2019 Malaysian Standard on Halal Food enables us to gain access to the domestic halal market while promoting the highest quality of our palm products. By owning halal-certified mills, our stakeholders can trust us with the management of halal food production and preparation. Thus, we are able to build a reputation for our authenticity and compliance of the products with Islamic dietary laws.

Laboratory in compliance with ISO/IEC 17025:2017

➔

 Ulu Tiram Central Laboratory (UTCL)

Mills in compliance MS 1500:2019 (HALAL)

➔

 Palong Cocoa POM

➔

 Tereh POM

➔

 Sindora POM

➔

 Sedenak POM

➔

 Pasir Panjang POM

Customer Satisfaction

VALUE CREATION IN 2022

Excellence in Product Quality

To promote the safety of our food products and prioritise the well-being of our customers, we have included comprehensive food safety measures in our product quality guidelines. Therefore, we continued to adhere to our Quality Policy, which serves as a guiding framework for all our estates and mills. This policy sets our expectations, aligning with the stringent standards mandated by regulators, stakeholders, and our valued customers.



Furthermore, quality control has been integrated into every stage of our operations. We focused on developing high-yielding palm species to ensure superior productivity. For instance, we used a meticulous FFB grading method to ensure optimal processing of CPO during harvesting. To maintain consistent quality, we communicate clear grading criteria for FFB ripeness for our estates, mills, and corporate offices. These criteria, covering aspects such as colour, size, stalk length, and FFB ratios, are shared through emails and briefings, promoting a unified understanding throughout the organisation. By adhering to these guidelines, we uphold a standardised and dependable approach to quality control across our operations.



Customer Satisfaction

Listening to Customer Needs

In 2022, we actively encouraged our customers to personally tour our mills and estates, thus allowing them to provide valuable feedback on how we can enhance their experience and make further improvements. As a result, one of our mills was recognised as their preferred choice, thanks to its adherence to rigorous food safety standards. However, we also noted a slight decline in overall satisfaction across all mills compared to 2021.

Building on these results, we are committed to upgrading the remaining four mills to meet the same high standards as the preferred choice. Our dedication to continuous improvement ensures that all our facilities provide the utmost food safety assurance for our customers.

Customer Satisfaction Rate	Product Quality	2020	2021	2022
	Average for whole mill (%)	80.30	80.90	78.70

By prioritising customer relationships and listening to their needs, we have built a reputation as a customer-centric organisation. As a testament to this, we expanded our customer base with six new customers in 2022. The increase in customers also contributed to an increase in customer complaints. However, we have resolved 100% of these complaints, further demonstrating our commitment to taking care of our customers.

	2020	2021	2022
Number of new customers	1	1	6
Number of customer complaints	0	19	57
Number of customer complaints resolved	0	19	57

OUTLOOK

As we go the extra mile in delivering exceptional experiences for our customers, we continuously aim to create lasting connections and solidify our position as a customer-centric business that prioritises the needs and preferences of our customers in the marketplace. Through ongoing customer engagements, we hope to address the ever-changing nature of food safety measures, thus ensuring our customers are well-informed and confident in our commitment to maintaining the highest standards.

Appendix: ESG Performance Data

ENVIRONMENTAL			
Conservation and Biodiversity	2022	2021	2020
Identified HCV area			
Total (ha)	1,131.10	1,131.10	1,132.03
Kulim estates (ha)	1,131.10	1,131.10	1,132.03
HCV area by type			
Total (ha)	1,131.10	1,131.10	1,132.03
Forest (ha)	422.32	422.32	403.08
Buffer zones (ha)	66.15	66.15	66.15
Others (ha)	642.63	642.63	662.80
Unplanted area			
Total (ha)	276.25	276.25	276.25
Kulim estates (ha)	276.25	276.25	276.61
Planted peat (ha)	1,380.00	1,380.00	1,380.00
Unplanted peat for conservation (ha)	0	0	0
Incidents of wildlife incursions (annually)	15	36	75
Cost incurred resulting from incursions (RM)	211,040.80	744,699.72	420,762.55
Number of cases deforestation	0	0	0
IUCN Red List species and national conservation list species with habitats in areas affected by operations	IUCN status (CR, EN, VU, NT) LC not mandatory		
Malayan Pangolin	Critically Endangered (CR)		
Dusky-leaf Monkey	Endangered		
Flat-headed Cat	Endangered		
Asian elephant	Endangered		
Malayan tapir	Endangered		
Smooth Otter	Vulnerable		
Crested Serpent Eagle	Least Concern (LC)		
Asian Palm Civet	Least Concern (LC)		

Appendix: ESG Performance Data

Conservation and Biodiversity	2022	2021	2020
Wild Boar	Least Concern (LC)		
Reticulated Python	Least Concern (LC)		
Oriental Pied Hornbill	Least Concern (LC)		
Sumatran Spitting Cobra	Least Concern (LC)		
Kingfisher	Least Concern (LC)		
Monitor Lizard	Least Concern (LC)		
White-breasted Waterhen	Least Concern (LC)		
Great Egret	Least Concern (LC)		
Common Porcupine	Least Concern (LC)		
Plantain Squirrel	Least Concern (LC)		
Spotted Wood Owl	Least Concern (LC)		
Lesser Whistling Duck	Least Concern (LC)		
Energy	2022	2021	2020
Fuel consumption			
Renewable fuel sources (GJ)	138,781	129,641	138,428
PKS (mt)	77,269	86,794	78,023
Biogas (m³)	12,735,188	10,380,196	6,930,104
Non-renewable fuel sources (GJ)	104,652	91,334	83,930
Diesel (litre)	1,313,559	1,001,132	984,847
Energy consumption by place (electricity only) (kWh)			
Total	42,750,481	37,756,220	36,112,272
Tereh	10,248,132	8,713,615	9,719,818
Sedenak	10,039,120	11,059,680	11,026,240
Sindora	7,493,245	5,203,741	828,740
Palong Cocoa	5,010,415	3,442,265	3,704,340
Pasir Panjang	9,959,569	9,336,919	10,833,134

Appendix: ESG Performance Data

Energy	2022	2021	2020
Energy consumption (electricity only) (kWh)			
<i>Total</i>	42,750,481	6,093,399	4,973,559
<i>Imported electricity (TNB)</i>	310,435	1,005,523	867,658
<i>Diesel generators</i>	4,184,565	1,956,784	106,914
<i>Mill steam turbine</i>	36,682,950	809,811	799,560
<i>Biogas engines</i>	1,572,531	2,321,281	3,199,427
Energy sold (kWh)			
<i>PKS as biomass fuel (mt)</i>	14,293.37	19,624.94	20,338.36
Carbon Emissions			
Direct (Scope 1) (MT CO ₂ e)			
<i>Gross direct (Scope 1) GHG emissions</i>	185,821.92	284,526.40	361,051.96
<i>Biogenic CO₂ emissions</i>	70,530.89	40,345.92	75,422.95
Energy indirect (Scope 2) (MT CO ₂ e)			
<i>Gross location-based energy indirect (Scope 2) GHG emissions</i>	208.41	529.76	465.86
Other indirect (Scope 3) (MT CO ₂ e)			
<i>Gross other indirect (Scope 3) GHG emissions</i>	33,901.87	53,366.79	48,029.45
GHG emissions intensity ratio for the organisation GHG emissions intensity ratio for the organisation (RSPO PalmGHG) (MT CO ₂ e/mtCPO)			
<i>Group</i>	0.93	1.13	1.23
<i>Tereh</i>	0.50	0.66	1.28
<i>Sedenak</i>	2.15	2.26	2.09
<i>Sindora</i>	0.87	1.11	1.10
<i>Palong Cocoa</i>	0.34	0.62	1.34
<i>Pasir Panjang</i>	0.42	0.40	0.35
GHG Emissions Intensity (GHGTCO ₂ e/tonne CPO)			
<i>Target Emission Intensity</i>	0.99	1.14	0.92

Appendix: ESG Performance Data

Energy	2022	2021	2020
Biogas plants installed and estimated CO ₂ reductions			
<i>Number of installed biogas plants</i>	5	3	2
GHG emissions by source (RSPO PalmGHG) (MT CO ₂ e)			
<i>Group net emissions</i>	338,709	418,288	484,970
<i>Land clearing</i>	598,337	610,657	673,068
<i>Crop sequestration</i>	(566,224)	(577,118)	(623,316)
<i>Fertiliser</i>	33,902	53,367	48,029
<i>N₂O</i>	36,040	52,598	51,617
<i>Field fuel use</i>	17,714.70	17,008	18,193
<i>Peat</i>	74,607	74,607	74,607
<i>Conservation area offset</i>	(4,192)	(4,164)	(4,192)
<i>Methane from POME</i>	127,969	211,797	288,021
<i>Mill fuel use</i>	4,098	3,124	3,221
<i>Mill electricity credit</i>	(31,997)	(64,179)	(44,744)
<i>Grid electricity utilisation</i>	208	530	466
Total Methane capture			
<i>Number of mill</i>	5	5	5
<i>Number of mill operate biogas</i>	5	3	2
<i>Total (MT CO₂e)</i>	127,719	80,169.26	46,077.79
<i>Tereh</i>	54,256	27,762.07	0
<i>Sedenak</i>	16,025	0	0
<i>Sindora</i>	0	0	0
<i>Palong Cocoa</i>	36,379	39,372.44	0
<i>Pasir Panjang</i>	21,059	40,796.82	46,077.79
<i>% of mills methane capture</i>	100	60	40

Appendix: ESG Performance Data

Fire and haze	2022	2021	2020
Number of confirmed fires			
Total	1	2	1
Within estate boundary	1	0	0
Within 5km radius of estate boundary	0	2	1
Number of hotspots detected			
Total	1	2	1
Within estate boundary	1	0	0
Within 5km radius of estate boundary	0	2	1
Causes of fires within estate boundaries			
Total	1	2	1
Spread by neighbouring area	0	0	0
Illegal burning by communities	1	0	0
Weather/dry season	0	2	0
Others	0	0	0
Unknown	0	0	1
Water and Effluent	2022	2021	2020
Water withdrawal			
Mills			
Total (m³)	1,575,739	1,551,910	1,673,502
Surface water (m³)			
Total	1,528,116	1,528,599	1,651,163
Tereh	302,468	323,288	489,525
Sedenak	361,705	431,918	408,204
Sindora	212,727	200,432	228,683
Palong Cocoa	280,736	221,435	216,436
Pasir Panjang	370,480	351,526	308,315

Appendix: ESG Performance Data

Water and Effluent	2022	2021	2020
Third-party water (m³)			
Total	47,622.56	23,310.82	22,338.80
Tereh	–	–	–
Sedenak	–	–	–
Sindora	47,622.56	23,310.82	22,338.80
Palong Cocoa	–	–	–
Pasir Panjang	–	–	–
Water discharge			
Mills			
Total effluent discharged (m³)	1,116,251.84	1,049,276.00	1,043,640.00
Effluent discharged to anaerobic ponds (m³)			
Total	309,269.09	599,186.00	857,679.00
Tereh	42,041.79	133,996.00	269,662.00
Sedenak	205,554.30	269,041.00	214,603.00
Sindora	61,673.00	186,437.00	208,738.00
Palong Cocoa	0	9,712.00	155,896.00
Pasir Panjang	0	0	8,780.00
Effluent discharged to biogas plants (m³)			
Total	806,982.75	450,090.16	290,903.00
Tereh	229,994.05	94,859.16	0
Sedenak	65,898.70	0	0
Sindora	124,246.00	0	0
Palong Cocoa	201,463.00	153,294.00	104,942.00
Pasir Panjang	185,381.00	201,937.00	185,961.00

Appendix: ESG Performance Data

Water and Effluent	2022	2021	2020
Average BOD reading (mg/L)			
Average	223	192	241
Tereh	307	367	461
Sedenak	367	363	399
Sindora	42	26	33
Palong Cocoa	283	86	241
Pasir Panjang	114	117	72
Average COD reading (mg/L)			
Average	1,527	1,786	1,790
Tereh	2,590	2,137	3,105
Sedenak	2,492	3,334	2,780
Sindora	505	464	615
Palong Cocoa	1,352	1,091	1,701
Pasir Panjang	697	1,903	751
Effluent utilisation			
Effluent per tonne of FFB processed (m³/mt FFB)			
Malaysia	0.78	0.74	0.69
Water consumption			
Mills			
Water usage per tonne of FFB produced (m³/mt FFB)			
Group	1.13	1.11	1.10
Tereh	0.91	1.14	1.39
Sedenak	0.99	1.08	0.98
Sindora	1.18	0.91	0.9
Palong Cocoa	1.31	1.23	1.16
Pasir Panjang	1.25	1.18	1.09

Appendix: ESG Performance Data

Waste	2022	2021	2020
Total weight of waste generated			
Biomass (mt)			
Total	581,928.70	576,908.00	591,154.00
EFB	295,296.14	279,987.00	289,109.00
PKS	91,562.66	106,418.00	98,362.00
Palm fibre	195,069.62	190,502.00	203,683.00
Raw POME (mt)	1,116,251.84	1,049,276.00	1,043,640.00
Biomass (non-hazardous)			
Composted/mulched (mt)			
EFB	295,296.14	279,987	289,109
EFB evacuated for Biocompost	82,778.39	59,251	69,403
Biocompost applied	51,031.85	66,382	65,143
Mulching evacuated	217,449.88	194,009	217,793
POME slurry (Biocompost)	68,088	238,291	132,576
POME slurry (field application)	0	0	1,320
Incinerated (energy recovery) (mt)			
PKS	77,269.29	86,794.00	78,023.00
Palm fibre	184,176.95	N/A	N/A
Boiler ash produced	7,141.83	7,070.00	6,615.00
Sold to third party (mt)			
PKS	14,293.37	19,625.00	20,338.00
Discharged to furrow (mt)			
Supernatant	839,197	895,347.00	799,881.00

Appendix: ESG Performance Data

Waste	2022	2021	2020
Scheduled/hazardous			
Registered waste handler (For waste energy recovery and reuse) (mt)			
<i>G planters / Kualiti Alam</i>	0	10.230	6.200
<i>SW102</i>	1.023	1.860	1.042
<i>SW109</i>	0.268	0.194	0.180
<i>SW110</i>	1.746	1.107	1.002
<i>SW201</i>	0.030	0	0
<i>SW305</i>	34.677	36.349	30.560
<i>SW306</i>	5.694	3.165	2.749
<i>SW307</i>	5.589	5.083	4.184
<i>SW408</i>	2.691	1.427	1.212
<i>SW409</i>	14.669	6.209	12.524
<i>SW410</i>	10.485	3.640	4.682
<i>SW404</i>	2.893	0.607	6.036
<i>SW429</i>	1.307	0.007	0.316
<i>SW430</i>	0.010	0	0
Estates	2022	2021	2020
Fertiliser usage (mt)	242,494.76	129,314.32	119,451.05
Fertiliser types			
Inorganic (mt)	59,973.76	63,542.48	61,655.95
Organic (mt)			
<i>Biocompost applied</i>	51,031.85	65,771.84	57,795.1
<i>Mulch evacuated</i>	130,761	194,009	217,793
Herbicide usage			
<i>Active ingredients per planted hectare (litres/ha)</i>	0.61	0.90	1.31
Glyphosate usage per hectare (litres/ha)			
<i>One-year old palms</i>	2.10	4.35	8.15

Appendix: ESG Performance Data

SOCIAL			
Supply Chain & SHs	2022	2021	2020
FFB Volumes			
Total (mt)	1,428,365.70	1,381,421	1,501,949
Sourced from own plantations (Direct Volume) (mt)	1,151,317.73 (80.60%)	859,967 (62%)	946,567 (63%)
Sourced from JCorp linked plantations (mt)	0 (0%)	166,367 (12%)	185,320 (12%)
Sourced from external outgrowers and traders (Indirect Volume) (mt)	277,047.97 (19.40%)	355,088 (26%)	370,062 (25%)
Human Rights and Recruitment*	2022	2021	2020
Legal minimum wage (RM)	1,500	1,200	1,200
New hires by employee category			
<i>Executive</i>	58	19	16
<i>Non-executive</i>	55	67	66
Employees who left by employee category			
<i>Executive</i>	26	27	16
<i>Non-executive</i>	84	71	51
Average employee headcount by employee category			
<i>Executive</i>	387	344	351
<i>Non-executive</i>	852	904	920
Employee turnover by employee category (%)			
<i>Executive</i>	6.72	7.85	4.56
<i>Non-executive</i>	9.86	7.85	5.54
New hires by age group			
< 30 years	70	51	59
30–50 years	40	31	21
> 50 years	3	4	2

* Population data (headcount) includes only management, executive and staff (excludes workers).

Appendix: ESG Performance Data

Human Rights and Recruitment	2022	2021	2020
Employees who left by age group			
< 30 years	31	26	19
30–50 years	35	34	15
> 50 years	44	38	33
Average employee headcount by age group			
< 30 years	271	272	296
30–50 years	746	727	708
> 50 years	222	249	267
Employee turnover by age group (%)			
< 30 years	11.44	9.56	6.42
30–50 years	4.69	4.68	2.12
> 50 years	19.82	15.26	12.36
New hires by gender			
Male	89	73	71
Female	24	13	11
Employees who left by gender			
Male	96	74	61
Female	14	24	6
Average employee headcount by gender			
Male	933	943	953
Female	306	305	318
Employee turnover by gender (%)			
Male	10.29	7.8	6.4
Female	4.58	7.8	1.9

Appendix: ESG Performance Data

Human Rights and Recruitment	2022	2021	2020
Benefits provided to full-time employees that are not provided to temporary or part-time employees			
Life insurance	YES	SOCSCO	SOCSCO
Health care	YES	SOCSCO	SOCSCO
Disability coverage	YES	SOCSCO	SOCSCO
Parental leave	YES	SOCSCO	SOCSCO
Retirement provisions	NA	NA	NA
Stock ownership	NA	NA	NA
Quality Housing	YES	YES	YES
Recreational Facilities	YES	YES	YES
Access to schools (national and international)	YES	YES	YES
Others (please specify)	School Uniform	YES	YES
Employees entitled to parental leave			
Male	0	0	0
Female	306	789	851
Employees took parental leave			
Male	0	0	0
Female	34	30	34
Employees returned to work after parental leave ended			
Male	0	0	0
Female	34	30	34
Employees still employed 12 months after their return to work from parental leave			
Male	0	0	0
Female	34	30	34

Appendix: ESG Performance Data

Human Rights and Recruitment	2022	2021	2020
Average hours of training per year per employee (hours/year) (excludes workers)			
Group average	23.91	6.82	8.82
Male	20.04	16.77	13.97
Female	35.73	17.8	14.22
Management (includes senior management)			
Male	38.85	17.78	10.65
Female	65.67	27.29	16.80
Executive			
Male	59.68	16.91	18.82
Female	64.76	24.15	18.94
Non-executive			
Male	7.88	1.18	5.03
Female	14.44	3.68	8.57
Employees receiving regular performance and career development reviews			
Management (includes senior management)			
Male	90	87	66
Female	25	17	15
Executive			
Male	161	145	140
Female	97	95	90
Non-executive			
Male	318	79	327
Female	145	89	164

Appendix: ESG Performance Data

Human Rights and Recruitment	2022	2021	2020
Employees on development training			
Total	861	512	802
Male	274	311	533
Female	587	201	269
Total training cost as % of payroll	2.18	1.37	0.84
Number of employees received formal qualifications funded by Kulim	6	3	4
Diversity of governance bodies and employees			
Total Number of Employees	6,750	5,116	5,911
Male	6,013	4,632	5,378
Female	737	484	533
Senior Management			
Gender			
Male	6 (75%)	7 (78%)	7 (64%)
Female	2 (25%)	2 (22%)	2 (36%)
Age Group			
< 30 years	0 (0%)	0 (0%)	0 (0%)
30-50 years	2 (25%)	1 (11%)	3 (27%)
> 50 years	6 (75%)	8 (89%)	8 (73%)
Management			
Gender			
Male	252 (66%)	227 (68%)	234 (69%)
Female	127 (34%)	108 (32%)	106 (31%)
Age Group			
< 30 years	55 (15%)	44 (13%)	62 (18%)
30-50 years	269 (71%)	232 (69%)	213 (63%)
> 50 years	55 (15%)	59 (18%)	65 (19%)

Appendix: ESG Performance Data

Human Rights and Recruitment	2022	2021	2020
Non-Executive			
Gender			
Male	675 (79%)	709 (78%)	712 (77%)
Female	177 (21%)	195 (22%)	208 (23%)
Age Group			
< 30 years	216 (25%)	228 (25%)	234 (25%)
30-50 years	475 (56%)	491 (54%)	490 (53%)
> 50 years	161 (19%)	185 (20%)	196 (21%)
Workers			
Total	5,511	5,116	5,911
Malaysians	1,454	1,553	1,625
Non-Malaysians	4,057	3,563	4,286
Gender			
Male	5,080 (92.18%)	4,632 (91%)	5,378 (91%)
Female	431 (7.82%)	484 (9%)	533 (9%)
Nationalities			
Malaysian	1,454 (26.38%)	1,553 (30.4%)	1,625 (21.1%)
Indonesian	3,260 (59.15%)	2,780 (54.3%)	3,580 (60.6%)
Indian	8 (0.15%)	20 (0.4%)	24 (0.4%)
Bangladeshi	789 (14.32%)	763 (14.9%)	682 (11.5%)
Basic salary and remuneration of women to men (RM)			
Senior Management			
Male	2,041,500	N/A	N/A
Female	640,764		
Ratio women to men	0.31		

Appendix: ESG Performance Data

Human Rights and Recruitment	2022	2021	2020
Management			
Male (RM)	23,142,083.42	N/A	N/A
Female (RM)	7,510,167.79		
Ratio women to men	0.32		
Non-executive			
Male (RM)	15,756,272.68	N/A	N/A
Female (RM)	5,905,735.23		
Ratio women to men	0.37		
Workers			
Male (RM)	1,500	1,200	1,200
Female (RM)	1,500	1,200	1,200
Ratio women to men	1	1	1
Number of incidents of discrimination cases	0	0	0
Number of employees and dependents housed	9,665	9,520	10,114
Square metres per inhabitant	9.6	9.6	9.6
No. of license for water treatment plan (SPAN)	27	27	27
Income generated by WOW (RM)	31,000	11,500	3,400
Complaints and grievance disclosed			
No. of cases	7	N/A	N/A
HQ	4	N/A	N/A
Operating Units	3	N/A	N/A
Open cases	–	N/A	N/A
Closed cases	7	N/A	N/A

Appendix: ESG Performance Data

Community Enrichment	2022	2021	2020
Number of identified incidents of violations involving the rights of indigenous peoples	0	0	0
Number of charity programmes with charitable contributions	5	5	5
Charitable Contributions (RM)			
<i>Sports</i>	1,570,000	1,570,000	1,570,000
<i>Culture/religion</i>	44,000	0	0
<i>Community health facilities</i>	0	219,000	762,000
<i>Children and education</i>	1,308,000	62,000	63,000
<i>Charity (basic needs)</i>	207,000	1,100,000	1,100,000
<i>Others</i>	1,527,000	288,000	59,000
Operational Health and Safety (OSH)	2022	2021	2020
Employees and workers covered by OSH management system	92,891 (100%)	98,998 (100%)	112,048 (100%)
Fatalities as a result of work-related injury	0	0	3
<i>Estates</i>	0	0	2
<i>Mills</i>	0	0	1
High-consequence work-related injuries (permanent disabilities excluding fatalities)	13	27	34
<i>Estates</i>	11	23	26
<i>Mills</i>	2	4	8
Lost time injuries and lost time injuries frequency rate	138 (1.44 rate)	105 (1.03 rate)	168 (1.48 rate)
Total hours worked	19,199,280	20,453,056	23,035,984
Total days lost due to work related injury and severity rate	335 (2.43 rate)	325 (2.87 rate)	250 (1.46 rate)

Appendix: ESG Performance Data

Operational Health and Safety (OSH)	2022	2021	2020
Fatalities as a result of work-related ill health	0	0	0
Recordable work-related ill health	73	33	0
Management representative	348	396	396
Worker representative	318	330	330
Stakeholder representative	23	29	29
Worker’s training on Safety & Health Standard	500	1,000	1,000
Competent first aiders	60	136	136

Appendix: ESG Performance Data

GOVERNANCE			
Anti-Corruption	2022	2021	2020
Total number and percentage of operations assessed for risks related to corruption	49 (100%)	49 (100%)	52 (100%)
Governance body members communicated on anti-corruption policies and procedures	4	3	2
Governance body members received training on anti-corruption policies and procedures	—	3	2
Employees communicated on anti-corruption policies and procedures	6,750	6,364	7,182
Senior management	8 (0.12%)	9 (0.14%)	11 (0.15%)
Management	379 (6%)	335 (5%)	340 (5%)
Non-executive staff	852 (13%)	904 (14%)	920 (13%)
Workers	5,511 (82%)	5,116 (80%)	5,911 (82%)
Employees received training on anti-corruption policies and procedures	4,617 (68.40%)	5,923 (93.07%)	870 (12.11%)
Senior management	8 (0.17%)	9 (0.2%)	11 (1.26%)
Management	233 (5.05%)	454 (7.7%)	250 (28.74%)
Non-executive staff	86 (1.86%)	421 (7.1%)	225 (26%)
Workers	4,290 (92.92%)	5,039 (85.0%)	384 (44%)

Appendix: GRI Content Index

Statement of Use	Kulim (Malaysia) Berhad has reported the information cited in this GRI content index for the period of 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021

GRI	Disclosure	Reference Page
GRI 2: General Disclosures	2-1 Organizational details	Overview of Kulim, page 14
	2-2 Entities included in the organization’s sustainability reporting	About This Report, page 10
	2-3 Reporting period, frequency and contact point	About This Report, page 10
	2-4 Restatements of information	Safe and Nurturing Work Environment, page 86
	2-5 External assurance	About This Report, page 10 Statement of Assurance, page 171
	2-6 Activities, value chain and other business relationships	Overview of Kulim, page 14
	2-7 Employees	Safe and Nurturing Work Environment, page 86
	2-8 Workers who are not employees	Safe and Nurturing Work Environment, page 86
	2-9 Governance structure and composition	Governance in Kulim Integrated Report 2022, page 160
	2-10 Nomination and selection of the highest governance body	Governance in Kulim Integrated Report 2022, page 160
	2-11 Chair of the highest governance body	Governance in Kulim Integrated Report 2022, page 160
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance in Kulim Integrated Report 2022, page 160
	2-13 Delegation of responsibility for managing impacts	Governance in Kulim Integrated Report 2022, page 160
	2-14 Role of the highest governance body in sustainability reporting	Material Matters, page 38

Appendix: GRI Content Index

GRI	Disclosure	Reference Page
	2-17 Collective knowledge of the highest governance body	Governance in Kulim Integrated Report 2022, page 160
	2-19 Remuneration policies	Governance in Kulim Integrated Report 2022, page 160
	2-20 Process to determine remuneration	Governance in Kulim Integrated Report 2022, page 160
	2-22 Statement on sustainable development strategy	Message from our Leadership, page 2
	2-23 Policy commitments	Our Sustainability Approach, page 22
	2-24 Embedding policy commitments	Our Sustainability Approach, page 22
	2-27 Compliance with laws and regulations	About This Report, page 10
	2-28 Membership associations	Memberships and Association, page 44
	2-29 Approach to stakeholder engagement	Stakeholder Engagement, page 31
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Material Matters, page 38
	3-2 List of material topics	Material Matters, page 38
	3-3 Management of material topics	Deliver Positive Environmental Impacts, page 52
		Safeguarding Human Rights, page 102 Contribute to the Community, page 84 Promote Transparency and Accountability, page 116 Others, page 130

Appendix: GRI Content Index

GRI	Disclosure	Reference Page
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Community Enrichment, page 93
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Community Enrichment, page 93
	203-2 Significant indirect economic impacts	Community Enrichment, page 93
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Sustainable Supply Chain, page 108
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Good Governance, page 118 ESG Performance Data, page 162
	205-2 Communication and training about anti-corruption policies and procedures	Good Governance, page 118
	205-3 Confirmed incidents of corruption and actions taken	Good Governance, page 118
GRI 207: Tax 2019	207-1 Approach to tax	Good Governance, page 118
	207-2 Tax governance, control, and risk management	Risk Management, page 126
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Climate Change, page 58 ESG Performance Data, pages 145 to 146
	302-3 Energy intensity	Climate Change, page 58 ESG Performance Data, page 146
	302-4 Reduction of energy consumption	Climate Change, page 58
	302-5 Reductions in energy requirements of products and services	Climate Change, page 58 Environmental Stewardship, page 78

Appendix: GRI Content Index

GRI	Disclosure	Reference Page
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Environmental Stewardship, page 78
	303-2 Management of water discharge-related impacts	Environmental Stewardship, page 78
	303-3 Water withdrawal	Environmental Stewardship, page 78 ESG Performance Data, page 148
	303-4 Water discharge	Environmental Stewardship, page 78 ESG Performance Data, page 149
	303-5 Water consumption	Environmental Stewardship, page 78 ESG Performance Data, page 150
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity and Responsible Land Use, page 70
	304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity and Responsible Land Use, page 70
	304-3 Habitats protected or restored	Biodiversity and Responsible Land Use, page 70
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity and Responsible Land Use, page 70
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate Change, page 58 ESG Performance Data, page 146
	305-2 Energy indirect (Scope 2) GHG emissions	Climate Change, page 58 ESG Performance Data, page 146
	305-3 Other indirect (Scope 3) GHG emissions	Climate Change, page 58 ESG Performance Data, page 146
	305-4 GHG emissions intensity	Climate Change, page 58 ESG Performance Data, page 146
	305-5 Reduction of GHG emissions	Climate Change, page 58

Appendix: GRI Content Index

GRI	Disclosure	Reference Page
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environmental Stewardship, page 78
	306-2 Management of significant waste-related impacts	Environmental Stewardship, page 78
	306-3 Waste generated	Environmental Stewardship, page 78 ESG Performance Data, pages 148 to 150
	306-4 Waste diverted from disposal	Environmental Stewardship, page 78 ESG Performance Data, pages 148 to 150
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainable Supply Chain, page 108
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain, page 108
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Safe and Nurturing Work Environment, page 86 ESG Performance Data, page 154
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Safe and Nurturing Work Environment, page 86
	401-3 Parental leave	ESG Performance Data, page 155
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Safe and Nurturing Work Environment, page 86
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Safe and Nurturing Work Environment, page 86
	403-2 Hazard identification, risk assessment, and incident investigation	Safe and Nurturing Work Environment, page 86
	403-3 Occupational health services	Safe and Nurturing Work Environment, page 86

Appendix: GRI Content Index

GRI	Disclosure	Reference Page
	403-4 Worker participation, consultation, and communication on occupational health and safety	Safe and Nurturing Work Environment, page 86
	403-5 Worker training on occupational health and safety	Safe and Nurturing Work Environment, page 86
	403-6 Promotion of worker health	Safe and Nurturing Work Environment, page 86
	403-8 Workers covered by an occupational health and safety management system	Safe and Nurturing Work Environment, page 86 ESG Performance Data, page 161
	403-9 Work-related injuries	Safe and Nurturing Work Environment, page 86 ESG Performance Data, page 161
	403-10 Work-related ill health	Safe and Nurturing Work Environment, page 86 ESG Performance Data, page 161
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Safe and Nurturing Work Environment, page 86 ESG Performance Data, page 156
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Safe and Nurturing Work Environment, page 86 ESG Performance Data, page 156
	404-3 Percentage of employees receiving regular performance and career development reviews	Safe and Nurturing Work Environment, page 86 ESG Performance Data, page 156

Appendix: GRI Content Index

GRI	Disclosure	Reference Page
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Safe and Nurturing Work Environment, page 86 ESG Performance Data, pages 157 to 158
	405-2 Ratio of basic salary and remuneration of women to men	Safe and Nurturing Work Environment, page 86 ESG Performance Data, pages 158 to 159
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Safe and Nurturing Work Environment, page 86 ESG Performance Data, page 159
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Safe and Nurturing Work Environment, page 86
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Rights, page 104
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights, page 104
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	Community Enrichment, page 93
	413-2 Operations with significant actual and potential negative impacts on local communities	Community Enrichment, page 93
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable Supply Chain, page 108
	414-2 Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain, page 108
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Customer Satisfaction, page 140
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Satisfaction, page 140

Appendix: TCFD Content Index

Kulim Sustainability Report 2022 was prepared in adherence to TCFD disclosures.

Theme	Recommended Disclosure	Reference Page
Governance	Describe the board’s oversight of climate-related risks and opportunities.	Sustainability Governance, page 42 Task Force on Climate-related Financial Disclosures (TCFD), page 54
	Describe management’s role in assessing and managing climate-related risks and opportunities.	Sustainability Governance, page 42 Task Force on Climate-related Financial Disclosures (TCFD), page 55
Risk Management	Describe the organization’s processes for identifying and assessing climate-related risks.	Risk Management, page 126
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Climate Change, page 58
		Biodiversity & Responsible Land Use, page 70
		Environmental Stewardship, page 78
Metrics and Targets	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Climate Change, page 58
		ESG Performance Data, page 146
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Climate Change, page 58 Biodiversity & Responsible Land Use, page 70 Environmental Stewardship, page 78

Statement of Assurance



To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Kulim (Malaysia) Berhad to perform an independent verification and provide assurance of Kulim (Malaysia) Berhad Sustainability Report 2022. The main objective of the verification process is to provide assurance to Kulim (Malaysia) Berhad and its stakeholders on the accuracy and reliability of the information as presented in this report. The verification by SIRIM QAS International applied to all sustainability performance information (subject matter) within the assurance scope which is included in Kulim (Malaysia) Berhad Sustainability Report 2022.

The management of Kulim (Malaysia) Berhad was responsible for the preparation of the Sustainability Report. The objectivity and impartiality of this report is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Kulim (Malaysia) Berhad Sustainability Report and Integrated Annual Report 2022.

The assurance engagement was designed to provide limited assurance in reference to International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization’s ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance activity evaluates the adequacy of Kulim (Malaysia) Berhad Sustainability Report and its overall presentation against respective reporting framework such as UN-SDGs, GRI Standards requirement, TCFD, and other relevant frameworks. The assurance process involves verification of applicable subject matter. Details provided in Appendix 1 of this statement. Additionally, this assurance engagement has been performed in compliance with AA1000 Assurance Standard v3, with Type 2 assessment and moderate level of assurance. The conclusions against AA1000 Accountability Principles (2018) are as follows.

Inclusivity
Kulim (Malaysia) Berhad has identified eight stakeholders’ groups who have an impact on their operation. The scope and objective of stakeholder participation, together with the key concerns and their approach towards every group has been established. The provision to identify and understand stakeholders are available through the stakeholder engagement process where frequent and proactive engagement with key stakeholders allow them to understand and be responsive to stakeholder needs and expectations; subsequently to prioritize what each stakeholder values the most.

Materiality
The materiality assessment resulted in 11 material matters, was conducted by an appointed third party in 2021, hence the process of identifying and prioritizing the most relevant sustainability topics, taking into account the effect each topic has on Kulim (Malaysia) Berhad was not assessed in the current year. However, the results were re-validated by Kulim management in Aug 2022.

Responsiveness
Kulim (Malaysia) Berhad has responded to stakeholders’ issues that affect its sustainability performance and through decisions, actions, and performance, as well as communication with stakeholders. Provisions are made available through the stakeholder engagement process and channels.

Impact
Kulim (Malaysia) Berhad has identified and represented impacts that were monitored and measured. The materiality assessment process output is being considered in Kulim’s organizational strategy, governance, goal setting and operations. They have identified sustainability targets to guide them on what to achieve, as disclosed by the company in their Sustainability Approach – 2022 Targets and Progress.

Statement of Assurance

The verification process was carried out by SIRIM QAS International from July 2023 to August 2023, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Sustainability Report includes a detailed review of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the report in order to substantiate the veracity of the claims.

Limitation

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in Kulim (Malaysia) Berhad's Annual Report 2022.
- The corporate office of Kulim (Malaysia) Berhad in Ulu Tiram Estate, Ulu Tiram, Johor was visited as part of this assurance engagement. The verification process did not include physical inspections of any of Kulim (Malaysia) Berhad's operations and assets; and,
- The verification team did not verify any contractor or third-party data.

Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO 17021-1:2015 and ISO 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of Kulim (Malaysia) Berhad relating to the accuracy of some of the information contained in the report. In response to the raised findings, the Sustainability Report was subsequently reviewed and revised by Kulim (Malaysia) Berhad. It is confirmed that changes that have been incorporated into the final version of the report have satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of data accuracy included in Kulim (Malaysia) Berhad Sustainability Report 2022 is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report;
- The Sustainability Report provides a reasonable and balanced presentation of the sustainability performance of Kulim (Malaysia) Berhad.

List of Assessors.

1)	Ms. Aernida Abdul Kadir	:	Team Leader
2)	Ms. Kamini Sooriamoorthy	:	Team Member
3)	Ms. Farhanah Ahmad Shah	:	Team Member
4)	Ms. Suzalina Kamaralarifin	:	Team Member
5)	Mr. Rozaimie Ab. Rahman	:	Team Member

Statement Prepared by:



AERNIDA BINTI ABDUL KADIR

Team Leader
Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 30 August 2023

Statement Approved by:



MOHD HAMIM BIN IMAM MUSTAIN

Senior General Manager
Management System Certification Department
SIRIM QAS International Sdn. Bhd

Date: 1 September 2023

Note 1:
This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (29 August 2023).