



Kulim (Malaysia) Berhad
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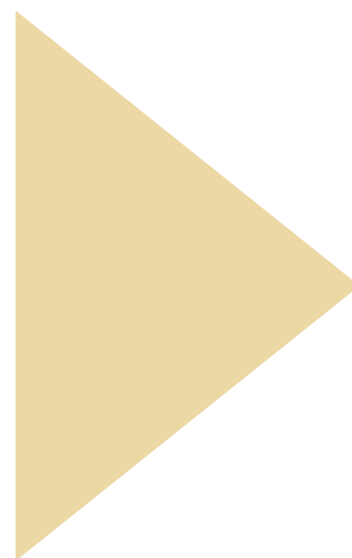
Expanding Horizon,
Affirming Commitments.



PLANTATION DIVISION
Sustainability Report **2012/2013**

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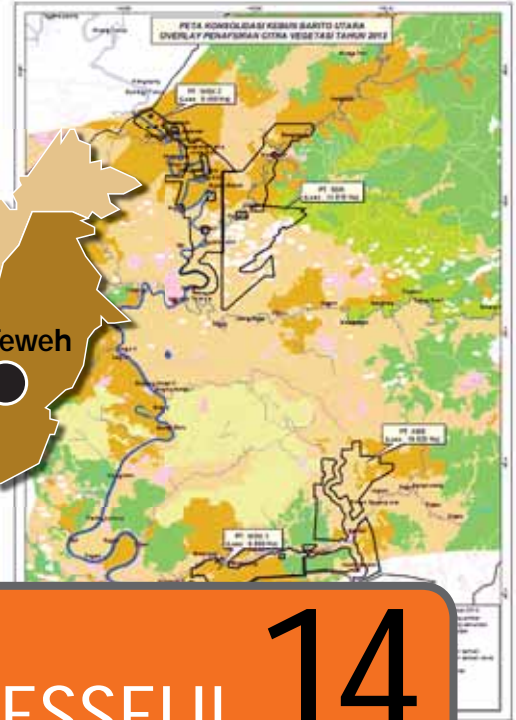
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INTRODUCTION

TARGETS AND ACHIEVEMENTS

TARGET	YEAR 2011	YEAR 2013
Provide identity cards for foreign workers	Revised 2013	Not achieved
100% of external fruits to be certified	Revised 2013	Not achieved - Certified one (1) outgrower, approximately 1.2% of external FFB
Reduce Lost Time Accident rate below 10	Achieved – 5.8	Achieved – 7.20
Reduce severity rate below 3.5	Not achieved – 4	Achieved – 2.23
Zero fatalities	Not achieved – 1	Not achieved – 2
No breaches of excessive overtime legislation	Rengam Estate – 4 cases Sedenak Estate – 7 cases Sindora Estate – 13 cases Palong Mill – 21 cases	Achieved
Reduce herbicide usage by 10% (base year 2009)	Achieved – reduction by 30%	Not achieved – increased by 10%
Reduce Paraquat usage by 10% (base year 2009)	Achieved – reduction by 30%	Not achieved – increased by 25%
Reduce water usage to 0.7 m ³ per tonne of Fresh Fruit Bunch ("FFB") (base year 2009)	Not achieved – 0.94 m ³ per tonne of FFB	Not achieved – 1.17 m ³ per tonne of FFB
CO ₂ equivalents reduction at mills by 90%	Not achieved	Not achieved – Delay in construction of biogas plant
No increase in peat development	No new development	No new development
No development in land containing one (1) or more high conservation values	No new development	No new development
No penalties for environment-related incidents	No fines	Two (2) fines for not complying with DOE requirement
Carbon footprint report for Plantation Division	In progress	Published report in 2013
Achieve average FFB yield per hectare of 30 tonnes by 2020	21.89 tonnes per hectare	22.11 tonnes per hectare
Achieve average palm product extraction rate of 30% by 2020	26.04%	25.85%
International Sustainability & Carbon Certification ("ISCC") in three (3) mills	In progress	Achieved – Three (3) ISCC mills





INTRODUCTION

MESSAGE FROM THE CHAIRMAN AND THE MANAGING DIRECTOR



from left to right:

DATO' KAMARUZZAMAN ABU KASSIM
Chairman

AHAMAD MOHAMAD
Managing Director



INTRODUCTION

MESSAGE FROM THE CHAIRMAN
AND THE MANAGING DIRECTOR

(cont'd)

**WELCOME TO KULIM'S SUSTAINABILITY
REPORT FOR 2012/2013.**

THE PAST TWO (2) YEARS HAVE SEEN A TRUE TRANSFORMATION IN OUR BUSINESS WITH OUR FIRST MAJOR FOREIGN VENTURE IN MANY YEARS, AS WELL AS THE DEEMED DISPOSAL OF OUR FOODS AND RESTAURANTS BUSINESS AND CHANGES IN OUR SHAREHOLDING OF NEW BRITAIN PALM OIL LIMITED. ALTHOUGH IT HAS NOT ALL BEEN SMOOTH SAILING, THESE CHANGES REQUIRED US TO REVIEW OUR FOCUS AND WE ARE NOW LOOKING AT NEW HORIZON AND EXCITING OPPORTUNITIES AHEAD.

At the time of writing, much of our effort goes into the development of new oil palm plantations in Kalimantan, Indonesia. We continue to be guided by the standards set by the Roundtable on Sustainable Palm Oil ("RSPO"), continue to seek ways in which we can enhance our positive impacts even further and meet the expectations of our stakeholders in Malaysia and internationally.

Over the past years, there has been considerable noise around the RSPO: Some stakeholders find that the revised Principles & Criteria sets the bar too high and that national standards should prevail; others consider the standard too weak for the international marketplace. We believe that such a debate is healthy; when it comes to improving livelihoods for communities and protecting our natural resources, discussion is often fruitful and can lead to innovation and new solutions.

Within our own operations, we are constantly looking for improvement. In 2013, we launched our inaugural Carbon Footprint Report, the first of its kind in Malaysia. Although it is only a stepping-stone in our quest to reduce our environmental impact, we are pleased to be able to demonstrate our commitment to reducing greenhouse gas emissions, and hopefully inspire others to do the same.

In terms of the protection of the valuable wildlife with habitats around our plantations we have also made progress. Our Kulim Wildlife Defenders programmes have developed and now include outreach to schools and to smallholders, as we know we need all the advocates we can get to help to protect our flagship species. The profile of the initiative was raised significantly when Duli Yang Maha Mulia ("DYMM") Raja Zarith Sofiah accepted our invitation to be the Patron of the 'Raja Zarith Sofiah Wildlife

Defenders Challenge 2013'. DYMM is a long-time advocate for wildlife and conservation and her support has generated a much wider awareness of the issues of conservation in the State of Johor.

With our new venture in Kalimantan, we will have to touch points to even more wonderful species and are looking to expand our activities to create awareness and protect wildlife around our new concessions.

The people involved in our business remains a primary focus: Our tagline for community work has for many years been 'We Care, We Share'. This is more than words – we DO really care. Our work to provide higher living standards to employees and to surrounding communities continues and goes from strength to strength. In the past years, we have made considerable progress upgrading our housing stock and supporting local communities.

In a year of big changes, it is wonderful to see our existing employees being supportive of the new direction of the Company, and their willingness to adapt to change. Last year, we also welcomed a group of senior managers who had transferred from our Foods and Restaurants business. They brought with them a renewed sense of urgency, having worked in business with short delivery timelines. Combining these skills with our traditionally long-term strategic focus creates synergies and helps us to look at challenges with fresh eyes.

We offer our sincere thanks to all employees and communities for their hard work, as well as charities and individuals who have been with us for the past decades and invite everyone to accompany us on this exciting journey into new lands and new initiatives.

DATO' KAMARUZZAMAN ABU KASSIM, Chairman

AHAMAD MOHAMAD, Managing Director



ABOUT US

WHO WE ARE

KULIM (MALAYSIA) BERHAD ("KULIM" OR "THE GROUP") IS A DIVERSIFIED PLANTATION COMPANY HEADQUARTERED IN ULU TIRAM, JOHOR, MALAYSIA. OUR PRIMARY BUSINESS IS PLANTATION AND INTRAPRENEUR VENTURES ("IV"). OUR MAJORITY SHAREHOLDER IS JOHOR CORPORATION ("JCorp"), WHICH HAS A 60.29% INTEREST AS AT 31 DECEMBER 2013.

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

We began our operations in Malaysia as a rubber plantation company before the planting of oil palms. Our business evolved over the past few years from being primarily a plantation company in the early '90s to include Oleochemicals, and Foods and Restaurants business ventures in our stable. As a diversified conglomerate however, our core business remain in plantations.

Intrapreneur Ventures Division

Our IV division supports employees and communities in diversified businesses. The Division involved in a diverse range of businesses including shipping and logistics, support operations for plantations, such as agricultural machinery, oil palm nursery and mills maintenance, facilities management and civil works as well as IT-related services. In the Oil and Gas ("O&G") sector, we provide support operations for Non-Destructive Testing service and pipe rolling mill. Companies in the IV division have the potential to serve as growth drivers and be strategic to the Group.





Major Corporate Milestones

Exit from Foods and Restaurants Business

On 18 May 2012, Kulim's former subsidiaries under Foods and Restaurants division – QSR Brands Bhd ("QSR") and KFC Holdings (Malaysia) Bhd ("KFCH"), respectively entered into a conditional Business Sale Agreement to dispose almost all of their businesses and undertakings including their assets and liabilities to Triple Platform Sdn Bhd (now known as QSR Brands (M) Holdings Sdn Bhd). As a result of the transaction, which was a deemed disposal by Kulim, yielded Kulim a total proceeds of RM1.157 billion. The proceeds were subsequently distributed in full as a Special Dividend of 90.94 sen per share to Kulim shareholders on 25 January 2013. On even date, the deemed disposal was declared completed, marking Kulim's exit from the Foods and Restaurants business, yielded a gain of RM331.22 million to Kulim.

New Britain Palm Oil Limited ("NBPOL") Becomes Our Subsidiary

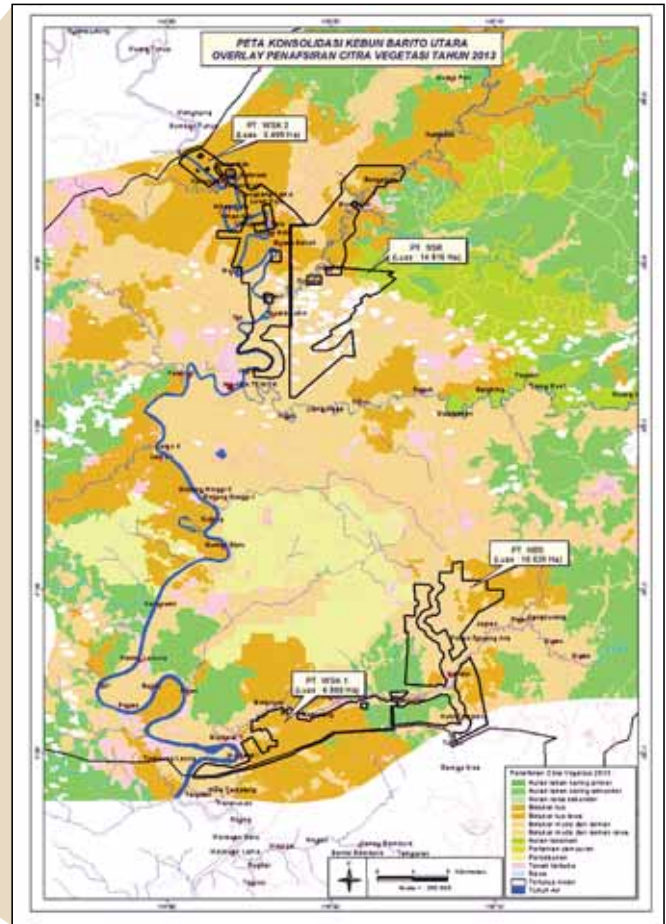
On 1 May 2012, NBPOL's status in the Group changed from that of a subsidiary to a 48.97% associate company. This arose following the issuance of new shares by NBPOL to minority shareholders of Kula Palm Oil Limited ("KPOL") and Poliamba Limited in a share swap arrangement to streamline the NBPOL Group's structure.

On 20 June 2013, Kulim announced the launching of a Partial Offer to acquire up to 20% stake in NBPOL, with the objective to raise our stake up to 68.97% and to re-consolidate NBPOL as a subsidiary of Kulim, at an Offer Price of GBP5.50 per NBPOL share. The Partial Offer was declared lapsed on 5 September 2013 as Kulim was unable to complete the Proposed Partial Offer due to a change in the law and regulations in Papua New Guinea ("PNG") after it had been launched. Subsequently, given our 48.97% interest and pursuant to FRS 10: Consolidated Financial Statements, NBPOL has been re-consolidated as a subsidiary of Kulim.



ABOUT US
WHO WE ARE

(cont'd)

EXPANDING KULIM'S LAND BANK BY APPROXIMATELY 40,000 HECTARES

New Horizon in Indonesia

On 3 October 2013, Kulim announced the signing of a Conditional Sale and Purchase Agreement (“CSPA”) with PT Graha Sumber Berkah (“PT GSB”) to acquire up to 75% interest in PT Wisesa Inspirasi Nusantara (“PT WIN”), a subsidiary of PT GSB, for USD43.4 million. PT WIN and its subsidiaries collectively hold the right over approximately 40,000 hectares of oil palm plantation concession in North Barito Regency, Central Kalimantan. In addition, both Kulim and PT GSB also signed a Memorandum of Understanding (“MoU”) on even date. The MoU spelt out the long-term intention of Kulim and PT GSB to collaborate and combine resources in plantations and to pursue potential O&G business opportunities in Indonesia. The joint venture represents our re-entry into Indonesia after having left in 2007.

The Indonesian authorities, *Badan Koordinasi Penanaman Modal* (“BKPM”), have issued the Principal License for Foreign Investment approving the change of PT WIN’s corporate status into a Foreign Capital Investment (“*Penanaman Modal Asing*”) company, subject to Kulim holding a maximum of 74% in PT WIN. The acquisition of PT WIN was completed on 14 February 2014 and a Shareholders’ Agreement governing the material aspects of the joint venture was entered into by Kulim and PT GSB on even date. The announcement of the completion of the CSPA was made to Bursa Malaysia on 17 February 2014.

The target planting for 2014 is 500 hectares. The first 500 hectares of land clearing for a new planting programme together with the setup of 80 hectares of oil palm nursery is expected to commence in mid-2014. Thereafter, we are looking to accelerate the new planting programme to between 5,000 to 7,000 hectares per annum in the subsequent years.

Other Corporate Milestones

Other significant corporate restructuring exercises were embarked upon in 2012 and 2013:

2012

- Kulim, via Sindora, completed the disposal of Metro Parking (Malaysia) Sdn Bhd Group to Damansara Realty Berhad for RM13.5 million.

2013

- In April, Kulim via Sindora, completed the disposal of Orkim Sdn Bhd to GMV-Orkim Sdn Bhd for RM110 million.
- Kulim acquired 60% of Danamin (M) Sdn Bhd, a company involved in O&G servicing activities, for RM12.89 million in June 2013.



GROUP'S SIGNIFICANT SUBSIDIARIES as at 31 March 2014



Malaysia Papua New Guinea Others

Scope of Sustainability Report 2012/2013

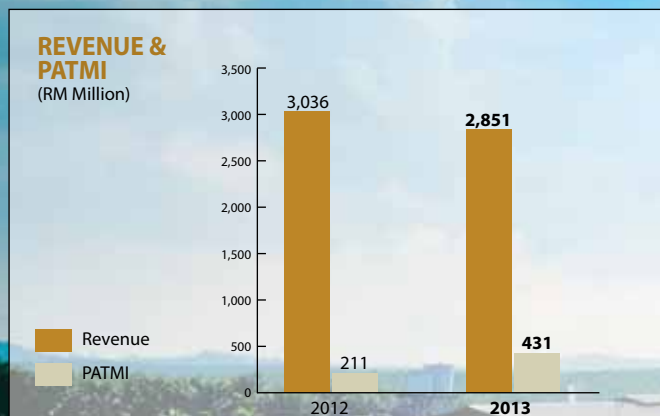

ABOUT US
WHO WE ARE

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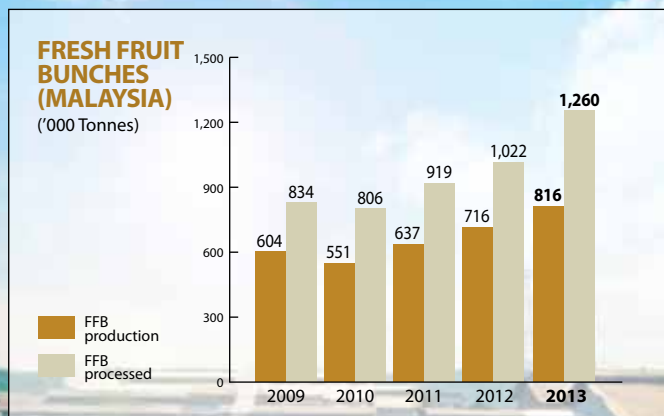
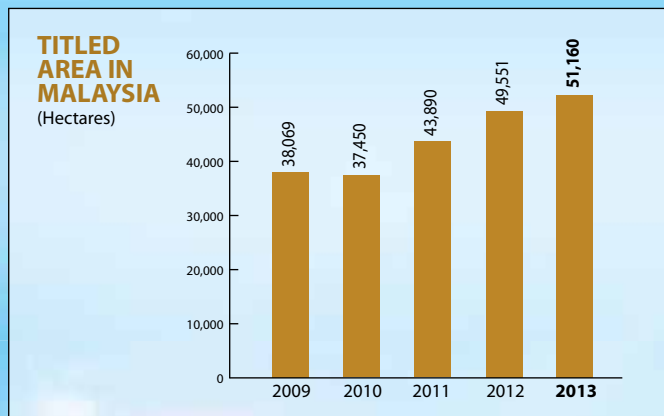
Group Financials

For Financial Year Ended ("FYE") 31 December 2013, our revenue declined 6% to RM2.85 billion as compared to FYE 31 December 2012. Higher gain on deemed disposal and disposal of subsidiaries of RM416 million in 2013 (2012: RM194 million) contributed to the improved Profit after Tax and Minority Interest ("PATMI"), stood at RM431 million FYE 31 December 2013 as compared to RM211 million in FYE 31 December 2012.

With the deemed disposal of the Foods and Restaurants division, Plantation division contributed 90% or RM2.56 billion of the Group's revenue mix in FYE 31 December 2013. The IV division contributed mainly of the remainder towards the Group's revenue. In terms of profitability, Plantation division's made up some 114% of the Group's Earnings Before Interest and Tax ("EBIT"), IV division contributed 20% while Other operations yielded negative contribution of 34%. The loss classified under Other operations was mainly due to the deficit incurred by Nexsol amounting to RM12 million in 2013. Also included in the head office administration costs, was an expense relating to Employees' Shares Option Scheme ("ESOS") of RM9 million pursuant to FRS 2: Share-based Payment.


Estates and Mills

Our estates are located in the southern part of Peninsular Malaysia, in the states of Johor and border of Pahang. As at December 2013, we have a landbank of 51,160 hectares and a planted area of 47,708 hectares in Malaysia. Our landbank increased by 13,692 hectares with the acquisition of five (5) estates in 2012 and one (1) estate in 2013 from JCorp Group. Over 78.4% of our oil palms are considered matured (more than 3 years) and we replant on average 3 – 4% of our oil palm area annually.



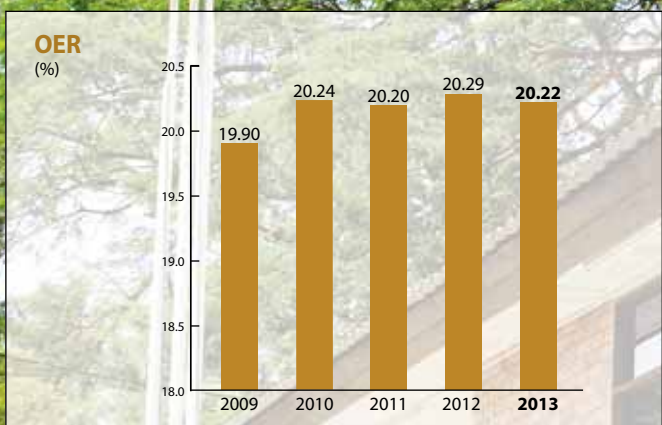
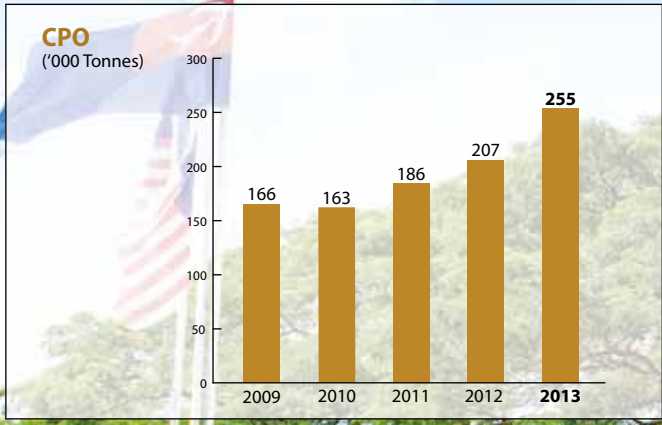
In 2013, we harvested 815,896 tonnes of FFB, an improvement of 14% compared to 2012. We also achieved 22.11 tonnes of FFB yield per hectares as compared to 20.68 tonnes in 2012.

In 2013, our four (4) mills in Malaysia processed a combined 1.26 million tonnes of FFB, which includes approximately 36% of FFB purchased from outside the Group. This was 10% higher compared to in 2012. We produced 254,735 tonnes of Crude Palm Oil ("CPO"), an improvement of 23% higher than 2012. We achieved an Oil Extraction Rate ("OER") of 20.22%, which is slightly below our 2012 rate of extraction.

Estates Under Management

We manage the Palm Oil Business Division of JCorp, our majority shareholder. JCorp is a Johor State Government-linked corporation that owns oil palm operations and other businesses in Malaysia and the region. JCorp is a member of the RSPO and we have supported them in having all their estates certified.

As at 31 December 2013, JCorp has four (4) estates, with a total oil palm planted area of 8,999 hectares. The estates are considered matured with 68.9% of the palms more than three (3) years old.





ABOUT US

CORPORATE GOVERNANCE

1. DATO' KAMARUZZAMAN ABU KASSIM
Chairman/Non-Independent Non-Executive Director
2. AHAMAD MOHAMAD
Managing Director
3. WONG SENG LEE
Non-Independent Non-Executive Director
4. ZULKIFLI IBRAHIM
Non-Independent Non-Executive Director
5. JAMALUDIN MD ALI
Executive Director
6. TAN SRI DATO' SERI UTAMA ARSHAD AYUB
Independent Non-Executive Director
7. ABDUL RAHMAN SULAIMAN
Executive Director
8. ROZAN MOHD SA'AT
Non-Independent Non-Executive Director
9. DATIN PADUKA SITI SA'DIAH SH BAKIR
Non-Independent Non-Executive Director
10. DATUK HARON SIRAJ
Independent Non-Executive Director
11. DR. RADZUAN A. RAHMAN
Independent Non-Executive Director
12. LEUNG KOK KEONG
Independent Non-Executive Director



THE BOARD OF DIRECTORS IS THE HIGHEST GOVERNANCE BODY TO LEAD AND CONTROL THE COMPANY, RESPONSIBLE FOR THE LONG-TERM SUCCESS OF KULIM. OUR DIVERSE BOARD BRING A VARIETY OF THOUGHT, AGE AND CAREER EXPERIENCE, WHICH BETTER REFLECTS THE MALAYSIAN SOCIETY.

Mandate

The Board adheres to The Malaysian Code on Corporate Governance 2012 ("MCCG 2012") – a best practice standard for corporate governance – and plays a key role in the Group's direction and strategy, professional standards, business performance and internal control systems.

It has a Board Policy Manual which covers content such as Group Organisation, Board Organisation, Board Responsibilities, Board Procedures, as well as Directors and Managing Director Evaluation Guidelines and Procedure.

The Board recognises that good corporate governance should extend beyond mere compliance. Good corporate governance should seek to attain the highest standards of business ethics, accountability, integrity and professionalism across all the Group's activities and conduct.

Composition

The Board consists of 12 members: three (3) Executive Directors, five (5) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. The Independent Non-Executive Directors are independent as defined by the Listing Requirements of the Bursa Malaysia Securities Berhad. There is one woman on the Board.

Independent Oversight

There is a clear segregation of duties between the Chairman and the Managing Director. The Chairman is independent of the management team and has never held the position of the Managing Director. In addition, the Independent Non-Executive Directors are neither involved in the daily management of the Group, nor engaged in any business dealings or other relationships with the Group.



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Board Performance Evaluation

Sustainability is an integral part of the Board agenda. Board competencies, Company's Key Performance Indicators and remuneration are linked to specific targets related to RSPO certification, as well as other environmental and social objectives.

The Board undertakes a rigorous annual evaluation to assess the Board's composition and ensure a variety of skills and experience are on hand to advise the Board. Review of communication, roles and responsibilities are also conducted to ensure necessary actions are taken to address any concerns that might arise.

Integrity Systems

We have an active whistleblowing process, which allows internal and external stakeholders to report cases involving fraud, bribery, corruption and other such incidences directly to our Internal Audit Department. The Internal Audit Department is empowered to conduct investigations of suspected and reported incidents. The department has direct access to the Board.

In addition, the Group has long established a formal avenue for all employees to report directly to the Managing Director of any misconduct or unethical behaviour conducted by any employees of the Group through a declaration in the Ethic Declaration Form.

Feedback Mechanism

The Board seeks to ensure a dynamic and robust corporate climate focused on strong ethical values, by emphasising active participation and dialogues as well as ensuring accessibility to information and transparency on all executive actions. The Annual General Meeting is the main platform for dialogue and interaction with our shareholders.



SUSTAINABILITY GOVERNANCE

COMMITMENT TO THE RSPO

WE ARE PROUD TO BE AMONG THE LEADERS IN SUSTAINABILITY PERFORMANCE AND DISCLOSURE AMONG MALAYSIAN PALM OIL COMPANIES. WE WERE ONE OF THE EARLIEST MALAYSIAN PALM OIL PRODUCERS TO BE RSPO CERTIFIED IN 2009, THE FIRST TO PUBLISH A STAND-ALONE SUSTAINABILITY REPORT IN 2008, AND THE FIRST MALAYSIAN OIL PALM GROWER TO PUBLISH A CARBON FOOTPRINT REPORT IN 2013.

The sustainable growth of our business relies on improving productivity on our existing plantations and expansion of our landbank in a responsible manner. We are committed to our "30:30" initiative which aims to raise fruit yields to 30 tonnes per hectare and palm products extraction rate of 30% per tonne fruit through improvement in planting material.

Sustainability Management

The goalpost of sustainability is always changing as new information and challenges arise. We need to ensure that we continue to benchmark and remain in tandem with leaders in this journey towards being more sustainable in our business operations. A robust sustainability governance and management structure embedded in our operations, ensures that we remain focus and attentive to these changing demands.

The Sustainability Department is headed by a Deputy Manager. The department oversees RSPO certification a compliance, audits, and social impact assessments. The department reports to the Vice President of Risk and System Management.

The Kulim Sustainability and Initiative Council demonstrates how sustainability is embedded in our business. The 16-member council is chaired by an Executive Director. It comprises of representatives from various operating units, departments and subsidiary companies within the Group. The committee meets monthly to review progress on sustainability performance.

Commitment to the RSPO

We continue to be committed to the RSPO, a voluntary standard with international credibility. The RSPO's commitment to stakeholder inclusion makes the certification credible and robust. We believe that it represents the most responsible way to grow oil palm.

In 2013, following a multi-stakeholder consultation, the RSPO revised the Principles and Criteria ("P&C"), its first revision in five (5) years. The RSPO P&C 2013 reflects the growing robustness of sustainable palm oil defined by the multi-stakeholders along the palm oil supply chain.

The primary change to the RSPO P&C 2013 was the inclusion of four (4) new criteria. The criteria stipulates that growers and millers commit to ethical conduct, respect human rights, use no forms of forced or trafficked labour, and that new plantation developments minimise net greenhouse gas emissions. An additional 40 new indicators were adopted in the new RSPO P&C.

We have mapped our current position against these new criteria and indicators which are auditable from 2014. We have identified areas where we need to comply to ensure that we remain compliant with the RSPO standard.

In November 2013, we completed our RSPO re-certification and audit of all our mills and supply base. A RSPO audit involves a team of specialist auditors reviewing our documentation and conducting a physical inspection of our certified areas over a period of several weeks.

The RSPO audit of our plantation and mill operations found that we were compliant with agricultural, social and environmental practices of the RSPO indicators. The audit also found areas that we could improve in compliance to laws and regulations as well as environmental monitoring on POME land application.





SUSTAINABILITY GOVERNANCE
 COMMITMENT TO THE RSPO
 (cont'd)

The audit recognises our challenges in obtaining licence for our water treatment plants in estates where there is no piped water. These water treatment plants allow us to treat water to a level that is safe for drinking for our employees living on our estates. These treatment plants are licenced by Suruhanjaya Perkhidmatan Air Negara ("SPAN"), through quarterly water analysis by an accredited laboratory, and issuance of a one (1) year licence. Due to changes in administrative procedures, another level of approvals is now required from another local agency.

There has been a delay in obtaining the licence for these treatment plants despite our persistent efforts. In the meantime, we are collecting samples and conducting test on a weekly basis to ensure the water quality remains safe.

First RSPO-Recognised Carbon Footprint Report in Malaysia

In 2013, we were the first Malaysian oil palm company to publish a stand-alone carbon footprint report using the RSPO Palm GHG calculator Beta Version 1a. Developed in a multi-stakeholder working group, the RSPO Palm GHG calculator is currently the most robust greenhouse gas tool for the industry.

We calculated emissions from all our plantations, our four (4) running mills and one (1) mill owned by JCorp but managed by us up to October 2013. The report includes estimated emissions from 34.7% external FFB supplied by independent smallholders and outgrowers to our mills.

Procedures for Acquisition and New Plantings

We are committed to the expansion of our plantation operations guided by the RSPO Procedures for New Plantings ("NPP") that was launched in 2010. The NPP provides guidance on how and under what conditions new plantings should be carried out. Prior to any new plantings undertaken, we are committed to carrying out comprehensive independent social and environmental impact assessments, ensure Free, Prior & Informed Consent ("FPIC") is obtained, fair compensation to affected communities, protect primary forest or High Conservation Values ("HCV"), conduct soil and topography survey, avoid peatlands, and minimise net GHG emissions.

Over the last two (2) years, we have explored and investigated expansion opportunities in other states in Malaysia and several countries in the region. We rejected numerous proposals due to potential conflicts with the RSPO P&C, especially where areas were recently logged or contained expansive peat areas.

In 2013, we were presented with an opportunity to a joint venture with PT Graha Sumber Berkah ("PT GSB") to develop approximately 40,000 hectares of new oil palm areas via its subsidiary, PT Wisesa Inspirasi Nusantara ("PT WIN"). Located in Northern Barito area of Central Kalimantan on Indonesian Borneo, the licensed area is in the district of Muara Teweh, about 12 hours' drive from the city of Balikpapan.

Kulim's consultant, Daemeter Consulting, initiated the necessary stakeholders' engagement programme from June 2013 which covered socio-economic, cultural, biodiversity and environmental surveys. The survey found the area to be primarily logged over forest, contains low to medium HCV, and does not contain peat. We have engaged with the local Dayak community to explain our development plans and obtained their consent to proceed with plantation development.

In line with Indonesian regulations, we had to obtain the approval of an Environmental Impact Assessment or *Analisis Mengenai Dampak Lingkungan* ("AMDAL"). The approved AMDAL report was subsequently obtained on 7 April 2014. All the required documentation and disclosures are expected to be made available to the relevant Indonesian government agencies and for RSPO endorsement by the first half of 2014.

We are in the process of developing a management plan taking into consideration issues and concerns raised in the social and environmental impact assessments. The plan will include a community development manager based on the estate to ensure we remain engaged and to develop social amenities needed in the area. We will initiate engagement with relevant non-governmental organisations which can support us in establishing and managing conservation areas on the estates.



SUSTAINABILITY GOVERNANCE

ENGAGING OUR STAKEHOLDERS

WE ACTIVELY ENGAGE AND SEEK UNDERSTANDING OF STAKEHOLDERS' CONCERNS AS PART OF OUR SUSTAINABILITY STRATEGY. THESE VALUES OF ENGAGEMENT ARE ALSO CORE TO THE RSPO P&C. WE MAP, IDENTIFY, UNDERSTAND AND RESPOND TO SUSTAINABILITY ISSUES RAISED BY STAKEHOLDERS THROUGH A RANGE OF CORPORATE EXERCISE THROUGHOUT THE YEAR.

ENGAGEMENT WITH OUR STAKEHOLDERS HIGHLIGHTS POTENTIAL RISKS AND OPPORTUNITIES FOR OUR BUSINESS. WE BELIEVE THAT STAKEHOLDERS ENGAGEMENT ENHANCES ACCOUNTABILITY, DEVELOP TRUST AND TRANSPARENCY IN OUR RELATIONSHIP WITH STAKEHOLDERS.

STAKEHOLDER GROUP	ISSUE	METHOD	OUTCOME
Employees	a) Talent retention b) Employee development	Management and Employee Roundtable Conference, dialogues, surveys and workshops	Following the employee climate survey, we conducted benchmark and review of salaries, initiated career and succession. Initiated an online peer and reverse performance feedback performance appraisal and assess competency training needs. Launched a RM1 million fund to support employees and their children in pursuit of higher education.
Workers	a) Labour policy and workers' lives b) Occupational Health and Safety	Annual Social Impact Assessments ("SIAs")	Renovated 94 units of housing.
Non-governmental organisations	a) Biodiversity loss b) Climate change c) Environmental rehabilitation d) Good Agricultural Practices	Partnerships, multi-stakeholder forums and joint projects A member of the Malaysian Nature Society Roundtable on Sustainable Palm Oil	a) <i>Infaq 1 Warisan</i> tree planting programme. b) The Raja Zarith Sofiah Wildlife Defenders Challenge. c) Human/Wildlife Conflict management project with Wildlife Conservation Society ("WCS") Programme. d) Kulim Wildlife Defenders monitoring and patrol under Johor Wildlife Conservation Project ("JWCP").



SUSTAINABILITY GOVERNANCE
ENGAGING OUR STAKEHOLDERS
(cont'd)

STAKEHOLDER GROUP	ISSUE	METHOD	OUTCOME
Investors and bankers	a) Update on RSPO initiatives	Meetings, road shows and group meetings	Incorporated sustainability issues into our investor relations communications strategy.
Industry bodies	a) Chemicals b) Water usage c) Occupational Health and Safety d) Climate Change e) Biodiversity loss f) Community and workers' lives g) Good Agricultural Practices	Multi-stakeholder initiatives, ad-hoc meetings with industry peers	Kulim was one of the first growers to be certified by RSPO globally. First Malaysian grower to publish stand-alone carbon report using Palm GHG tool. Feedback to GHG Working Group 2 on usability and accuracy of Palm GHG tool.
Outgrowers and communities	a) Commitment to certify 100% of FFB processed at our mills by 2019	Annual SIA, ad-hoc public meetings, workshops, individual meetings	Pilot project with a controlled group of smallholder to implement outgrower certification. Certified one outgrower.
Customers	a) Supply chain certification	Joint ventures and ad-hoc meetings	Our Certified Sustainable Palm Oil ("CSPO") is sold to our buyers via: a) Reported to claim traceability mechanism (UTZ) b) GreenPalm Certificate <i>Halal</i> certification of our products



SUSTAINABILITY GOVERNANCE

SUSTAINABILITY PERFORMANCE INDICATORS

IN 2013, A WORKSHOP WAS CONDUCTED BY THE KULIM SUSTAINABILITY AND INITIATIVE COUNCIL TO REVIEW OUR SUSTAINABILITY COMMITMENTS AND PERFORMANCE INDICATORS. THE STATUS OF EACH INDICATOR WAS REVIEWED TO UNDERSTAND WHERE WE WERE SUCCESSFUL AND AREAS NEEDED FOR IMPROVEMENT TO MEET TARGETS. BOUNDARIES FOR EACH INDICATOR WERE DEFINED CLEARLY TO ENSURE DATA WOULD BE CAPTURED CORRECTLY.

FOLLOWING THE REVIEW, SEVEN (7) OF OUR TARGETS AND COMMITMENTS REMAINED UNCHANGED. ONE (1) NEW TARGET WAS ADDED, TWO (2) REMOVED, AND FOUR (4) REVISED. DEADLINES WERE EXTENDED OR TIME BOUND SPECIFIC TARGETS WERE ESTABLISHED FOR SEVEN (7) TARGETS.





SUSTAINABILITY GOVERNANCE
SUSTAINABILITY PERFORMANCE INDICATORS
(cont'd)

TARGETS MAINTAINED	TARGET	REMARKS
Lost Time Accident rate below 10	On-going Commitment	
Reduce severity rate below 3.5	On-going Commitment	
Zero fatalities	On-going Commitment	
No peat development	On-going Commitment	
No development on land containing one or more high conservation values	On-going Commitment	
No fine for environment related incidents	On-going Commitment	
Biennial carbon report of Kulim plantation	2015	

TARGETS REMOVED	TARGET	REMARKS
Rollout of identity card programme to all foreign workers	2013	Identity cards for foreign workers is a matter of government policy. We will advocate for identity cards with government officials directly and through our industry association.
Formation of Gender committee	2009	Gender committee (Women OnWard) has been established in 2008.

NEW TARGET	TARGET	REMARKS
Halal Certification of palm products	2015	In response to our customers' enquiries on the <i>halal</i> status of our oil.

TARGETS REVISED	TARGET	REMARKS
Reduce herbicide usage by 10% from base year 2009	2% reduction in usage of Glyphosate on one (1) year old palms by 2020	A reduction of 2% in Glyphosate usage may be realised by increasing mulching in one (1) year old palms. In some cases for control of oil palm self-sown seedlings, the R&D Department recommends higher rates of Glyphosate of up to 7 liter per hectare to kill the self-sown seedlings to avoid using Paraquat.
Reduce Paraquat usage by 10% from base year 2009	5% Reduce Paraquat of total herbicide usage by 2020	
Reduce water usage to 0.7 m ³ per tonne of FFB	1.2 m ³ per tonne of FFB	Our previous reduction target did not take into account water used in the boiler for production of steam.
ISCC certification in two (2) mills	2017	Target to certify Palong Cocoa and Pasir Panjang mill in addition to our current three (3) ISCC certified mills.
CO ₂ equivalent reduction at mills by 90% by 2011	2017	We have set a progressive CO ₂ equivalent reduction target based CO ₂ on the commission of five (5) biogas plants at our mills over the next three (3) years.
100% of external fruit to be certified by 2013	2019	We have set a progressive target to fully certify our outgrowers and traders by 2019.
Achieve average FFB yield of 30 tonnes per hectare and Palm Product Extraction Rate ("ER") of 30% per tonne FFB by 2020 from a base year of 2011	2036	We have revised this target based on the estimate of advancement in planting materials. With a 25-year replanting cycle, time will be needed to replant existing oil palm with new higher yielding breeds of oil palms. We have set targets of: Short term (15 years) = 25 tonnes per hectare: 26% palm product ER by 2026 Medium term (25 years) = 27 tonnes per hectare: 28% palm product ER by 2036 Long term (>25 years)= 30 tonnes per hectare: 30% palm product ER by 2037



PROTECTING OUR PLANET

CARBON RESPONSIBILITY

AS WITH ALL BUSINESSES, OUR OPERATION EMITS AND SEQUESTERS GREENHOUSE GASES. AS CARBON DATA REQUEST ARE INCREASINGLY CASCADING DOWN THE SUPPLY CHAIN, WE NEED TO BE ACCOUNTABLE AND TRANSPARENT IN OUR GHG REPORTING. IN 2012, WE USED THE RSPO PALMGHG TO CALCULATE OUR CARBON BASELINE, AND ARE COMMITTED TO UPDATING THIS EVERY TWO (2) YEARS.

Our Carbon Emission Baseline

We calculated that our net GHG emission for 2012 amounted to 412,069 tonnes CO₂e. The data was recalculated and verified again for the purpose of assurance which resulted in changes. With a total CPO production of 207,265 tonnes and Palm Kernel ("PK") production of 58,773 tonnes, this equates to a product carbon footprint of 1.33 tonnes CO₂e per tonne of CPO and 1.33 tonnes CO₂e per tonne of PK.

Our largest carbon impact comes from land clearing, which accounts for 54% of total emissions. Land clearing is done when

replanting of oil palm and conversion of crops, such as rubber to oil palm. Carbon sequestration by planted oil palm offsets land clearing, resulting in a carbon-positive of 65,000 tonnes CO₂e. A small area of peat soil adds just over 100,000 tonnes CO₂e per year to land emissions.

Carbon Reduction Strategy

Investing In Biogas Plants

Methane emissions from Palm Oil Mill Effluent ("POME") accounts for 22% of our total emission. We estimate by installing biogas plants in our 5 mills that our emissions from POME can reduce by 90%. The biogas plants will also help us develop downstream businesses such as compost plant to manufacture organic fertiliser, and polishing plants to reduce our effluence and BOD levels. Biogas plants will reduce our dependence on generators to provide electricity to houses on our estates. We estimate a five (5) to seven (7) years payback for each biogas plant investment.

The installation and commissioning of our first biogas plants at Sedenak Mill has been delayed and is not due to be commissioned until mid-2014. We have approved the commencement of a second methane capture project in Pasir Panjang Mill that is expected to be commissioned in mid-2015. We target to install biogas plants in all of our five (5) mills by 2017.



PROTECTING OUR PLANET
CARBON RESPONSIBILITY
 (cont'd)

Tracking Our Palm Kernel Shells

We produce approximately 60,000 tonnes of Palm Kernel Shells ("PKS"). We estimate that 76% of PKS is used for power generation in our mills. The balance is sold to traders for third party consumption. Active monitoring and verification that the PKS purchased by third parties is used for power generation to offset consumption of fossil-based fuel, would translate to potential 30,000 tonnes CO₂e credit.

Efficient Use of Fertiliser

Reduction in fertiliser use reduces our Scope 3 GHG emissions, as there would be less emission from production and transportation. We have already begun field data collection to investigate the optimum level needed between the uses of both types of fertiliser. In addition, we already have composting projects in all our five (5) mills to recycle nutrients from Empty Fruit Bunch ("EFB") and POME back to the fields.

Improving Outgrower GHG Data

The diversity of external suppliers, insufficient record keeping, and emissions from non-palm related activities factored into a higher margin of error for data collected from our external FFB. Through questionnaires and interviews with traders and smallholders, we were able to challenge the assumption that external FFB and a company's FFB have a similar carbon profile.

We will seek to enhance our relationship with traders and smallholders by engaging and disseminating our commitment to lowering our GHG emissions and improve the accuracy of the field data collected from them.

Special attention will be given to FFB traders who provide services to outgrowers who own land assets near primary forests and peat land. Closer monitoring mechanism will be established to strengthen our commitment to prevent any exploitation of HCV areas for oil palm cultivation.

EMISSION AND REDUCTION SOURCES

Field - oil palm cultivation

Fertiliser transport and use of fertilisers.

Field fuel use due to harvesting and collection of FFB. Diesel and gasoline combustion is a source of CO₂ emissions.

Land clearing release stored carbon in the biomass. The level of emissions depends on the type of previous land use, with high levels of forest cover, such as primary forest releasing high levels of CO₂, whereas grassland releasing only small amounts.



Peatland cultivation - these represent a significant source of GHG emissions. We have a small portion of peat within the cultivated area - 1,380 hectares (slightly over 1% of our cultivated land). This land was cultivated in 1999 - 2002 and the total area has remained unchanged since.

Carbon sequestration in the palm biomass. Oil palm can act as a 'sink' which fixes carbon and prevents emissions into the atmosphere.

Mill - palm oil production

Mill diesel usage - fuel combustion is a source of CO₂.

POME release methane, which is a powerful greenhouse gas.



Mill fuel offset - most power generation in the mill is based on biomass, (shell and fibre) with only a small volume of diesel used for back-up generators. This leads to avoided emissions and can be offset.

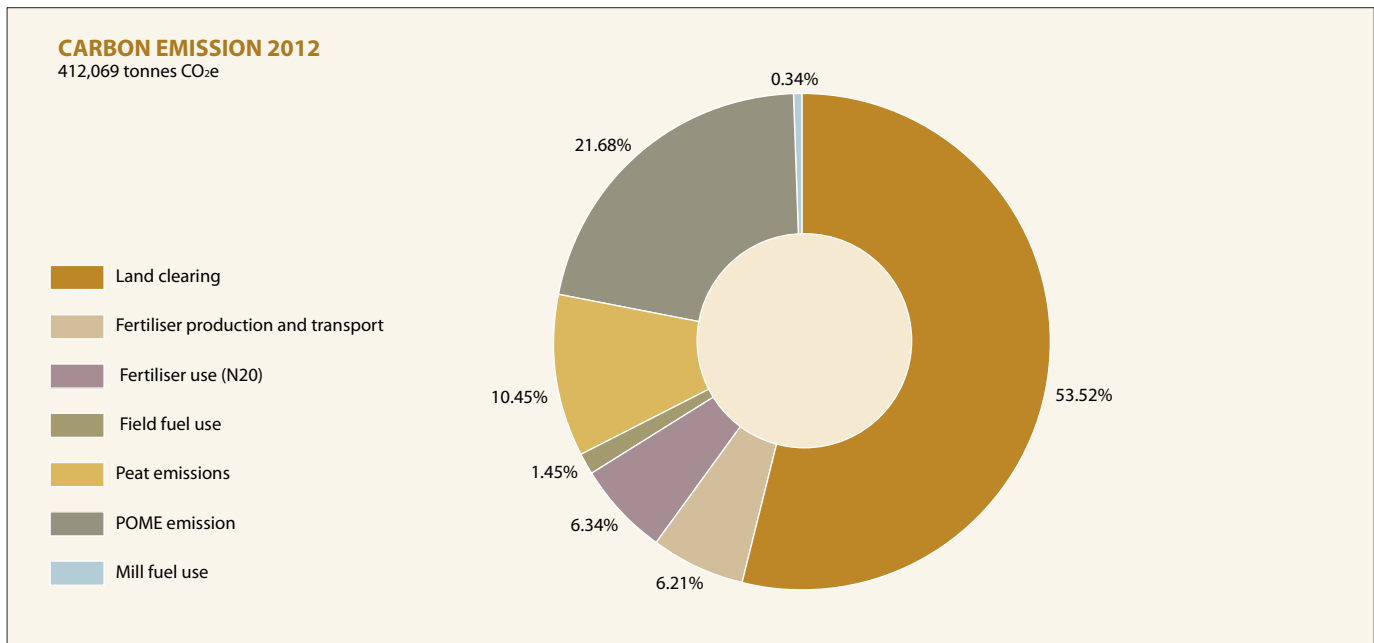
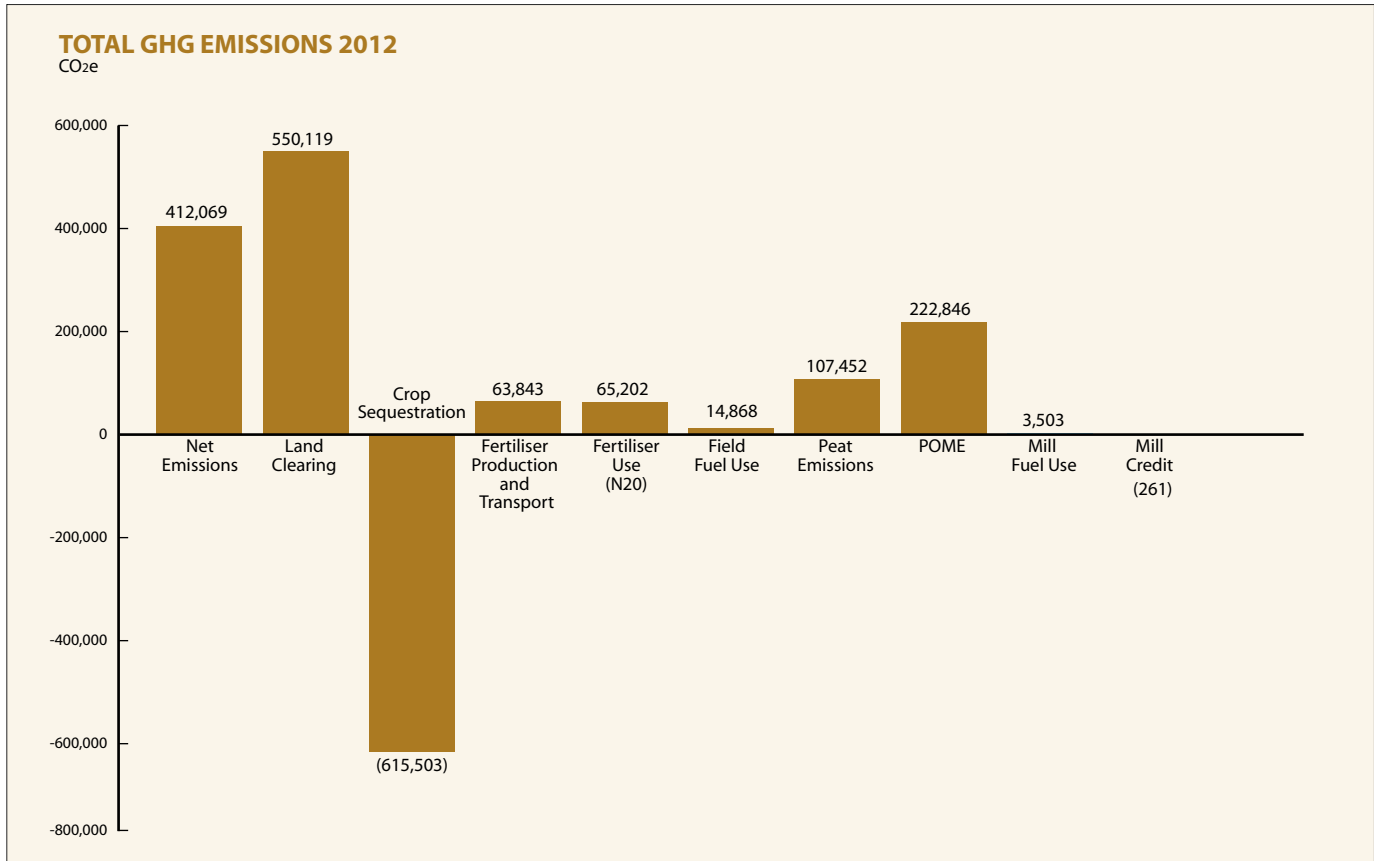


PROTECTING OUR PLANET

CARBON RESPONSIBILITY

(cont'd)

KULIM – PLANTATION MALAYSIA



PROTECTING OUR PLANET

RESPONSIBLE CHEMICAL USE



OUR USE OF CHEMICAL IS TARGETED AND IN RESPONSE TO A SPECIFIC TYPE OF INFESTATION. OUR AGRONOMY DEPARTMENT ADVISES THE DIVISION ON THE MOST EFFECTIVE WAY TO MANAGE WEEDS AND PEST TO DERIVE MAXIMUM YIELDS UNDER OUR CURRENT LAND USE CONDITIONS. WE ARE GUIDED BY RESPONSIBLE CHEMICAL STEWARDSHIP WHICH AIMS TO REDUCE THE USE OF CHEMICALS WHERE POSSIBLE, AND SAFE USE OF ALL FORMS OF CHEMICALS.

Integrated Pest Management

Oil palm requires limited amount of chemical in the control of pest and diseases. It is mostly required in its first two (2) years. In matured palms, outbreak of pest occurs occasionally and only in specific location. Early response based on regular census enables the outbreak to be contained within a small manageable area.

As a first line of defence, we use biological alternatives through the Integrated Pest Management ("IPM") techniques to manage pest. The use of chemical control is considered only as a last resort when all biological methods have failed.

Rats kill young palms and eat FFB. A conservative estimate indicates a single pair of rats can multiply about 2,000 descendants per year. The presence of barn owls help control the rat population. We conduct an annual barn owl census to measure the success of the programme.

We set pheromone traps and plant a variety of beneficial plants that attract natural predators of lepidopteran larvae. We are beginning trials on microbes such as metarhizium to infect spores, larvae and adults beetles on oil palm chips.



PROTECTING OUR PLANET

RESPONSIBLE CHEMICAL USE

(cont'd)



Herbicide

The amount of precipitation and the terrain where replanting takes place affects the amount of chemicals used. In low lying areas and in fields of less than seven (7) years old, we use more herbicide. In matured fields where the palm canopy has closed, we use less herbicide as less weeds grow with little sunlight. By gathering a baseline of chemical usage for matured and young fields, we can establish a more defined reduction target.

Our use of herbicide increased over the last two (2) years because of the transfer of six (6) estates from JCorp to Kulim in 2012 and 2013. We used 1.62 litres per hectare and 1.47 litres per hectare in 2012 and 2013 respectively. Glyphosate or more commonly known as "Roundup", is the ingredient which is used most commonly for weed control on our estates.

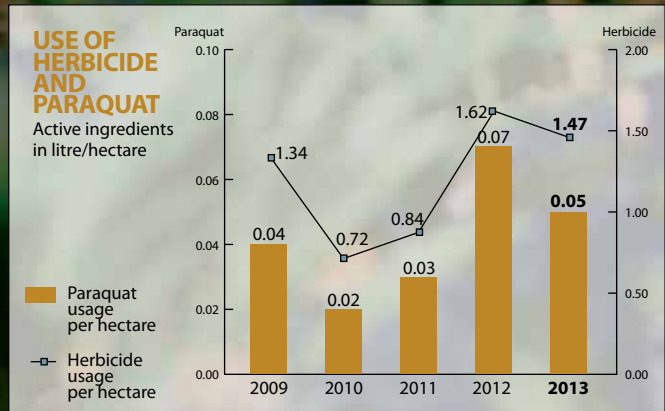
Paraquat

The use of Paraquat is a debate that continues to be a challenge for us. Since 2004, we have reduced Paraquat as an active ingredient by 50%. In our operations, we monitor closely the handling, application technique, and post handling of Paraquat by our employees.

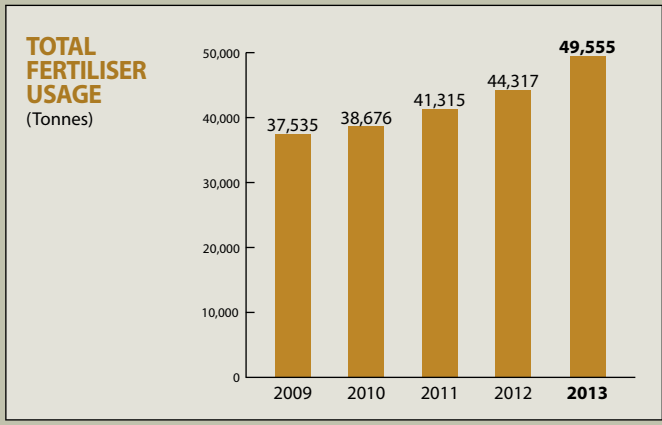
We are aware that some plantations have committed to stop using Paraquat in their operations and we look towards learning how they are adopting this within their operations. The RSPO

is conducting ongoing engagement to provide guidelines on alternatives to Paraquat. These recommendations are still being debated by RSPO members and we will await further guidance on best practice.

In the last two (2) years, we have used slightly more Paraquat in our operations. We used 0.07 litres per hectare in 2012 and 0.05 litres per hectare in 2013. We attribute this increase to more unwanted palm oil seedlings in the young oil palm fields and replanting.



PROTECTING OUR PLANET
 RESPONSIBLE CHEMICAL USE
 (cont'd)



Responsible Chemical Usage

Our fertiliser use in the last two (2) years have increased from 1.17 to 1.21 tonnes per hectare. This is due to the transfer of six (6) estates from JCorp Group to Kulim.

Our fertiliser recommendation is based on precise data of individual blocks of land within our estates. Recommendations are made following field visits, analysis of yield history, estimates of prospective yield, soil and foliar analysis. Without managing

the optimum input of nourishment, the soil will not replenish its nutrients and yields will drop. Findings from our trials indicate a combination of organic fertiliser in the form of bio compost and inorganic fertiliser improves our yield.

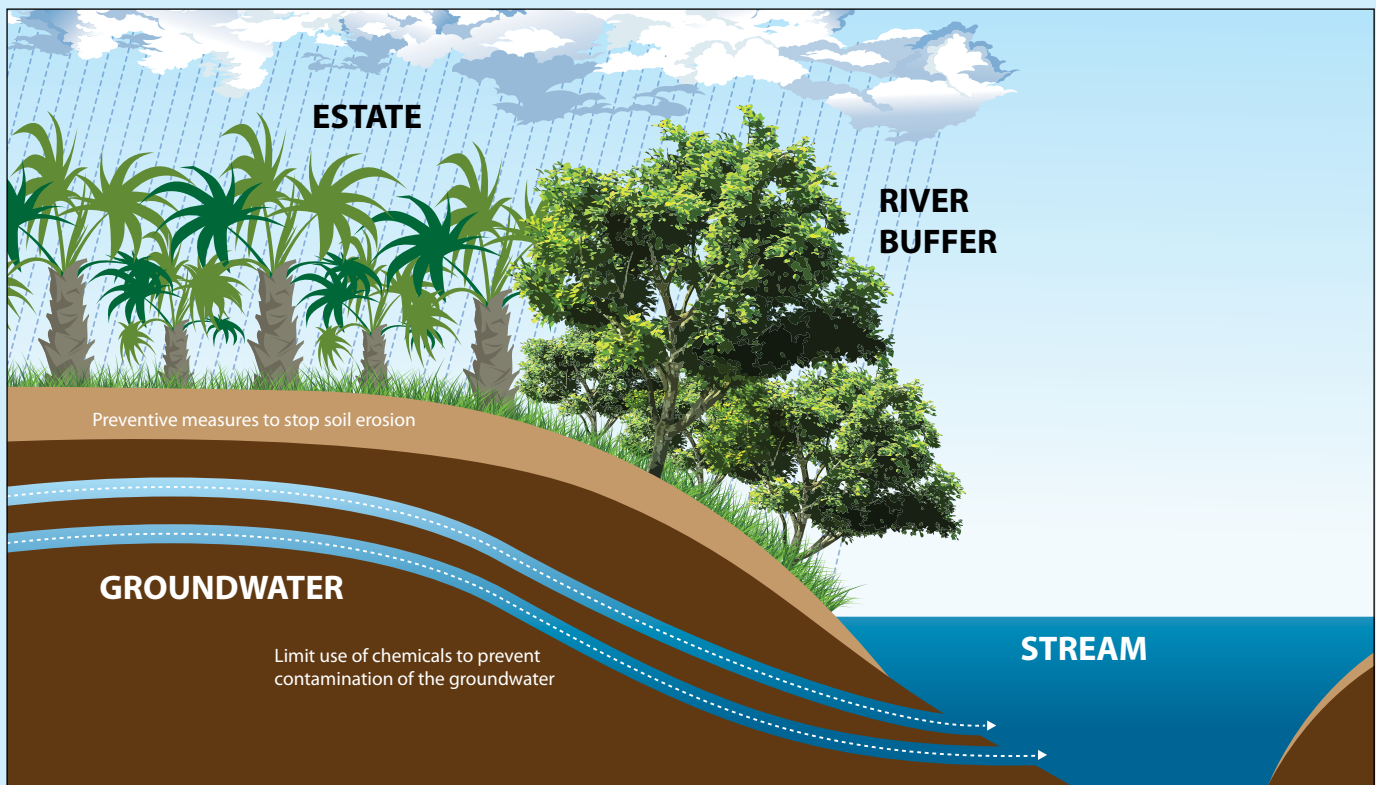
In an effort to produce higher yields per unit area and reduce our carbon emissions from the use of fertiliser, we continuously put into practice the use of organic fertiliser. Organic fertiliser is produced from treated and dried POME, and by composing EFB.



PROTECTING OUR PLANET

RESPONSIBLE USE OF WATER

THE WATER QUALITY IN OUR RIVERS AND SHORTAGE OF WATER IS AN ISSUE THAT IS GROWING ON THE AGENDA OF THE COUNTRY. OUR OPERATIONS HAVE THE POTENTIAL TO HAVE AN IMPACT ON THE WATER ECOSYSTEMS AROUND OUR PLANTATIONS. IT IS THEREFORE IMPERATIVE THAT WE MONITOR OUR BOUNDARIES, RUNOFFS AND DISCHARGE INTO THE WATER ECOSYSTEM.

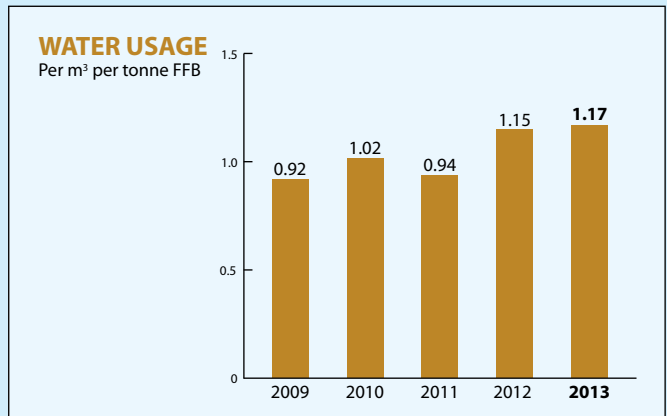


Protecting Our Water Ways

We manage 61 hectares of buffer zones surrounding our estates that acts as a protective barrier for rivers and water ways, as well as the neighbouring Endau-Rompin National Park. These buffer zones boundary monitoring conducted twice a year and accompanied by an active replanting programme. We use fast-growing leguminous cover crops to prevent eroded soil particles from polluting the water bodies, and prevent the erosion of the valuable topsoil.

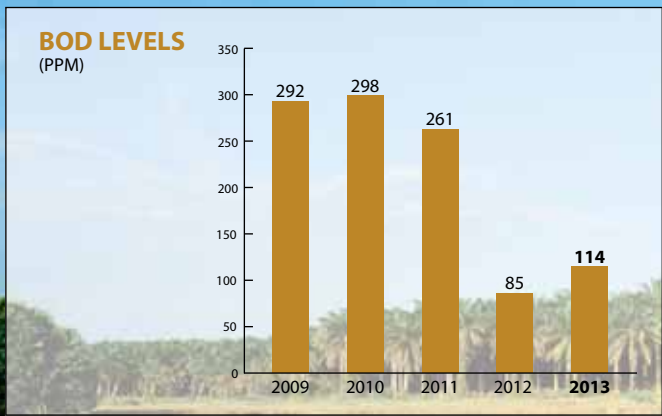
An emerging issue we are monitoring is the presence and potential impact of over 3,000 heads of cattle on our estates. Bred as part of our Foods & IV division, we have seen soil compaction and overgrazing, resulting in soil erosion in some of our estates. With a target to breed 10,000 heads of cattle, we will need to balance the management objectives of these two (2) businesses to ensure we maintain good agricultural practices.

Efficient Use of Water



Our main source of water at each of our four (4) mills are the river and run off from rain which is impounded in a reservoir. We use water for seedlings in our nursery, but our primary use is in our mills to process FFB and power our steam boilers. We monitor and measure the amount of treated water from our reservoirs using a flow meter.

In 2013, we used 1.17m³ of water for every tonne of FFB processed in our mills. This is due to longer boiler operation hours. We have revised our water efficiency targets in our mills to 1.2m³ per tonne of FFB as the earlier target of 0.7m³ did not take into account water needed to run the boilers.



Biological Oxygen Demand ("BOD")

BOD is an indicator of the degree of organic pollution in water. It indicates the level of oxygen needed by aerobic biological organisms in a body of water to break down organic material.

POME discharged directly from our mills have very high BOD levels. It is critical that we effectively treat the effluent to prevent contaminating water sources. Effluent is collected in a pond and treated through oxidation to reduce the BOD levels.

We continue to improve our BOD levels from our mills. We achieved another 56% reduction in 2013 compared to 2011 through improvement of anaerobic pond practice. Despite our improved performance, we received two (2) fines by the Department of Environment for not meeting the BOD requirements. With more FFB being processed the BOD level will increase and it will be extremely challenging to meet without significant new investment in mill efficiency and the commissioning of our biogas plants.





PROTECTING OUR PLANET

PROTECTING BIODIVERSITY

OUR BROAD APPROACH TO BIODIVERSITY CONSERVATION IS ADOPTING THE PRINCIPLE OF PRECAUTIONARY APPROACH AND HIGH CONSERVATION VALUE ("HCV") MANAGEMENT TOOLS FOR ALL NEW LAND ACQUISITIONS AND NEW PLANTINGS.

As our current estates do not contain HCVs, our strategy is to enhance, improve and mitigate any negative impacts on biodiversity in our estates. We are strengthening our internal monitoring and control mechanisms, as well as working very closely with our Non-Governmental Organisation ("NGO") partners to provide the additional resources.

Enhancing Biodiversity

We have 798 hectares set aside for conservation in our plantation. We have a conservation policy prohibiting hunting, fishing and taking of fauna within the estate and adjacent areas. All remaining forested areas within the estates are managed

for development into full-fledged HCV forests or biological corridors. We conduct regular inspection and monitoring in our buffer zones to monitor the status of wildlife on our estates.

We have started a process of planting trees to enhance the small areas of vegetation within our estates. Our Natural Corridor Initiative, developed in partnership with the social enterprise Wild Asia, has started to take shape as the trees planted five (5) years ago have matured. This initiative aims to provide wildlife or green corridors to link natural habitats separated by human-modified landscapes, thereby increasing the functional space for wildlife.

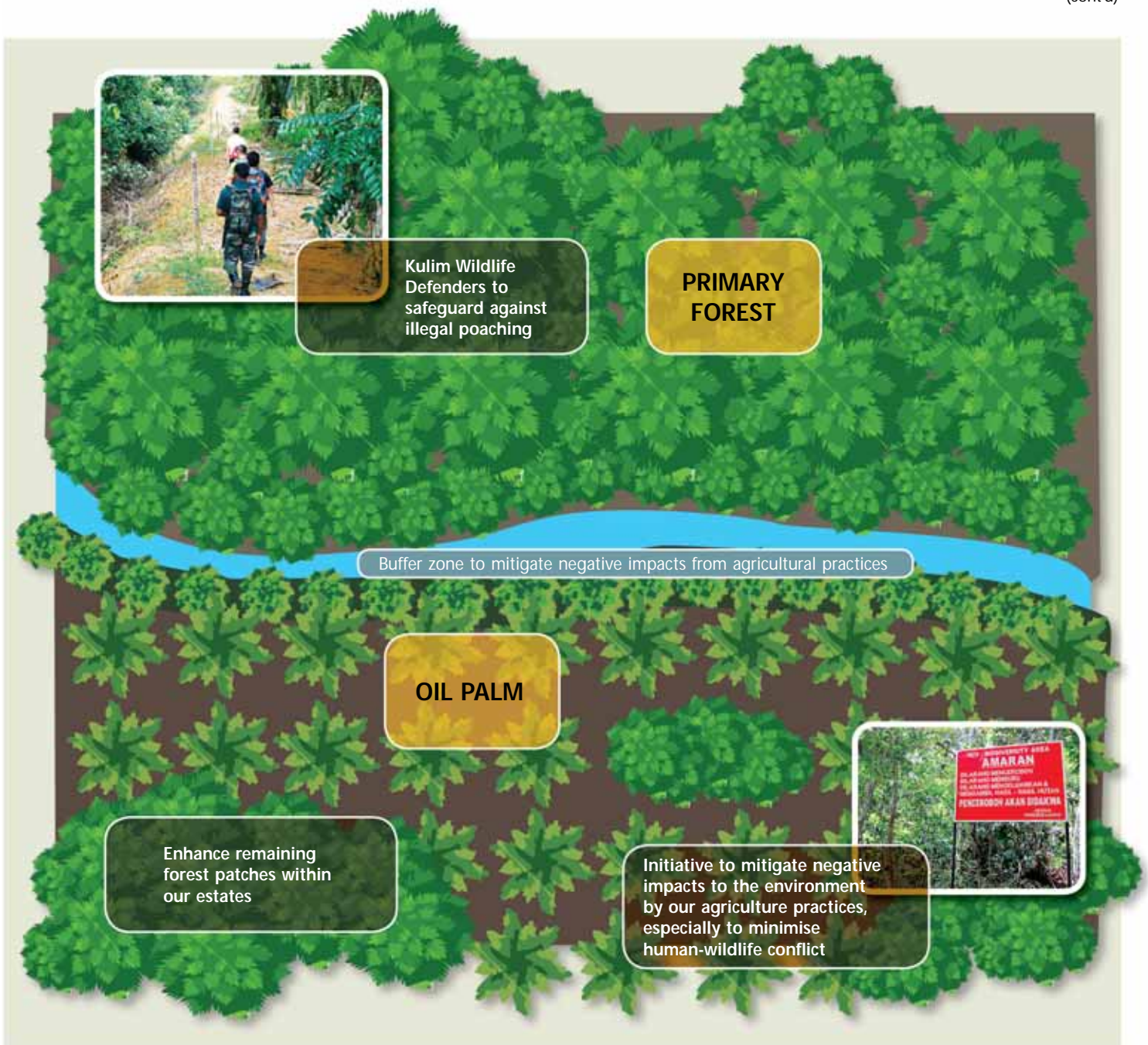
Managing Human-Elephant Conflict

Disturbance in the areas surrounding our estates have resulted in an increase in elephant encroachment over the year. Our estates in Kluang especially have seen an increased number of incidents, resulting in new palms being trampled. We have met with the Johor Wildlife Department and the Wildlife Conservation Society to explore how we can reduce the number of conflicts in the future.





PROTECTING OUR PLANET
 PROTECTING BIODIVERSITY
 (cont'd)



Kulim Wildlife Defenders

Our land borders important national reserves, in particular the Endau-Rompin National Park. The second national park to be designated in Peninsular Malaysia, is home to some of the most unique flora and fauna species. With neighbouring Thailand clamping down on the trafficking of wildlife trade worth an estimated RM61 billion a year, Malaysia is increasingly becoming a known destination for animal traffickers to poach and store their captured stocks before being sold worldwide.

The Kulim Wildlife Defenders ("KWD") is now a registered NGO and continues its partnership with Wildlife Conservation Society to protect the HCV areas adjacent to our estates. Since the inception of the KWD programme, 48 Kulim security guards and staff have been trained. In 2012 and 2013, the KWD logged 324 and 216 patrol hours.



PROTECTING OUR PLANET

PROTECTING BIODIVERSITY

(cont'd)



In partnership with the Johor National Parks Corporation, the Wildlife Department, the Forestry Department and the police force, KWD is part of the Johor Wildlife Conservation Project ("JWCP") which aims to eliminate poaching through intervention and enforcement, by protecting the boundary of the forest reserves adjacent to our estates. The JWCP is an initiative by the State Government of Johor and receives the patronage of DYMM Sultan Ibrahim Ismail Ibni Almarhum Sultan Iskandar and the support of the Menteri Besar of Johor.

Raja Zarith Sofiah Wildlife Defenders Challenge

The profile of KWD received a huge lift when DYMM Raja Zarith Sofiah accepted our invitation to be the Patron of the 'Raja Zarith Sofiah Wildlife Defenders Challenge 2013'. A longtime advocate of wildlife and conservation, her support has generated a much wider awareness of the issues of conservation in the state.

Launched in August 2013, the objective of the programme is for students to develop a campaign to increase awareness of wildlife conservation at their respective institution. Opened to all levels of educational institutions across Johor, the three-stage competition has attracted 162 students from 20 schools and seven (7) Higher Learning Institutions.



PROTECTING OUR PLANET
 PROTECTING BIODIVERSITY
 (cont'd)

IUCN red list mammals and birds surrounding our estates

IUCN RED LIST CATEGORY	STATUS	MAMMALS	BIRDS
THREATENED	Endangered	Asian elephant Malayan tapir Pangolin	
	Vulnerable	Pig-tailed macaque Binturong Malayan sun bear	Lesser adjutant
LOWER RISK	Near threatened	Silvered leaf monkey Leopard Black giant squirrel Horse-tailed squirrel Spectacled langur	Rhinoceros hornbill Grey-headed fish eagle Lesser fish eagle Black hornbill
	Least Concern	Long-tailed macaque Wild boar Greater mouse deer	Lesser whistling duck Oriental pied hornbill Red junglefowl





AN ENGAGING WORKPLACE

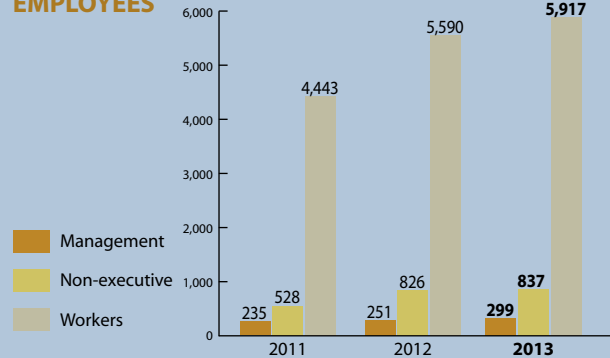
OUR EMPLOYEES

WE EMPLOYED 7,053 INDIVIDUALS FOR PLANTATION IN MALAYSIA AT THE END OF 2013. OVER 84% OF OUR EMPLOYEES ARE WORKERS IN OUR ESTATES. WE HAVE SEEN A 23% INCREASE IN OUR OVERALL NUMBER OF EMPLOYEES DUE TO THE INCLUSION OF 1,332 EMPLOYEES FROM THE SIX (6) ESTATES AND ONE (1) MILL TAKEN OVER FROM JCORP GROUP.

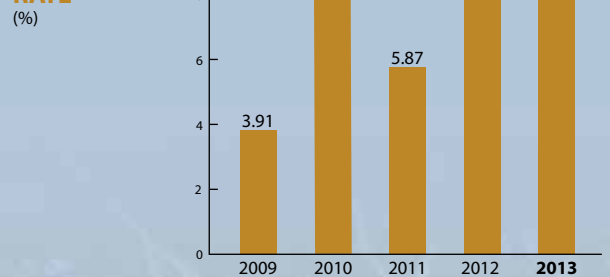
Engaging Our Employees

Turnover of our employees increased during this period as we underwent a period of restructuring. We are confident that as we complete our restructuring that the turnover will stabilise. During this time, it has been even more important for senior management to engage our employees. As our estates are scattered across two (2) states, we conducted briefings to each operating unit to keep employees informed on a quarterly basis to ensure they receive correct information and respond to any of their concerns.

EMPLOYEES



MANAGEMENT AND STAFF TURNOVER RATE (%)





Training and Development

The Human Resource Department is responsible for coordinating training, which covers a myriad of areas such as effective communication, sustainability, productivity, executive development and induction programmes for new employees. As part of employee induction, training on human rights, anti-corruption and anti-harassment policies is conducted by respective operation units. We have training and development programmes for all levels of employee. We offer formal courses, seminars and workshops, which are organised internally or by external consultants.

We spent about 1.99% of payroll cost on training and achieved 2.53 training man days per employee in 2013. This is slightly higher than our expenditure in 2012 whereby 2.44% relative of payroll cost on training and achieved 2.23 training man days per employee. In 2012, we supported two (2) employees to obtain their formal qualifications but due to temporary budget restrictions as a result of low palm oil prices, we did not sponsor any formal qualifications in 2013.

Future Leaders

Strategic Enhanced Executive Development System ("SEEDS") is our management trainee programme designed to ensure we continue to develop and retain future leaders for our company. Since its launch in 2008, over 62 executives have undergone this programme. We have retained 34 SEEDS graduates who are now working in different operating units within the Group.

Measuring Performance

We communicate our performance appraisal system regularly via road shows within the Group's operations. The Performance Management System ("PMS") aims to measure individual employee's performance against critical targets, in particular Key Performance Indicators ("KPI"). The PMS includes a peer review appraisal system, while the KPIs include dimensions on sustainability such as Health and Safety.





AN ENGAGING WORKPLACE

PROTECTING LABOUR RIGHTS



WE ARE GUIDED BY THE PRINCIPLE THAT ALL EMPLOYEES, INCLUDING FOREIGN WORKERS, ARE TREATED FAIRLY, AND WITH RESPECT. OUR LABOUR POLICIES ARE GROUNDED IN MALAYSIA'S LABOUR LEGISLATION, AS WELL AS ON THE INTERNATIONAL LABOUR ORGANISATION DECLARATION ON FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK. THIS COVERS CORE LABOUR STANDARDS SUCH AS THE RIGHT TO COLLECTIVE BARGAINING, ELIMINATION OF FORCED OR COMPULSORY LABOUR, NO CHILD LABOUR AND THE ELIMINATION OF DISCRIMINATION IN THE WORKPLACE.

Fair Wage

Our pay and work conditions for workers meet the legal requirement or industry minimum standards, and are sufficient to provide decent living wages. All our contracts of employment provide details on payments and conditions of employment. Information on working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, and notice period is provided in their native language or explained to them by a management official.

In January 2013, Malaysia passed a Minimum Wage Order 2012 stipulating a minimum wage of RM900 a month in Peninsular Malaysia and RM800 in Sabah, Sarawak and Labuan. This law was enforced on 1 January 2014. Our workers are paid according to the recommended wages of the Malaysian Agricultural Producers Association ("MAPA") and the National Union of Plantation Workers ("NUPW").



AN ENGAGING WORKPLACE
PROTECTING LABOUR RIGHTS
(cont'd)



Freedom of Association

We respect the rights of our employees to form and join unions. We recognise the NUPW, representing 1,322 employees or 18.7% of our total employees.

There is a local committee consisting of union representatives elected by members at each mill and estate. Our collective bargaining agreements are current and we have had no on-going disputes. Our collective bargaining agreement covers all our foreign workers.

Non-Discrimination

We recognise and value diversity in the work place. We do not discriminate against age, race, gender, nationality, and politics. Our workers are paid the same rate regardless of nationality. Male and female executives enjoy the same starting salaries.

We have a zero tolerance policy on harassment or abuse in the work place. We have instituted procedures that employees can use to raise complaints.

Bonded Labour

We do not subject any of our workers to bonded labour. Workers enter into employment voluntarily and freely, without duress. Local workers have the freedom to terminate employment without penalty with reasonable notice. Foreign workers are under a three (3) years contract. We do not allow changes to their working conditions, unless it is changes required under national guidelines and legislation. All workers are covered by insurance which covers accidents and disability.

Child Labour

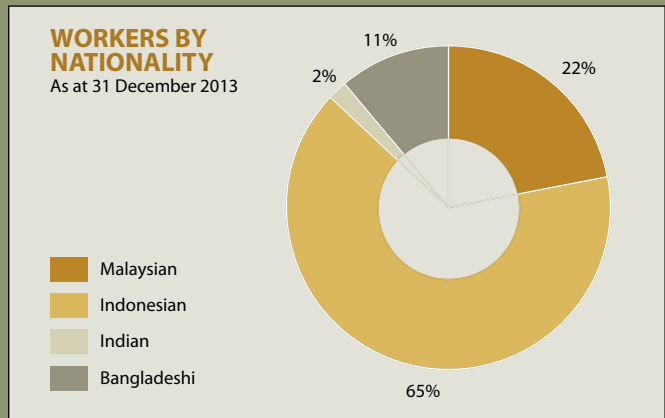
We recognise that there are children living in and around our estates. We do not employ children under the age of 16 and encourage all children on our estates to complete their education. Children of smallholder families often help out on smaller tasks such as collection of loose fruits. We do not allow children to perform hazardous tasks such as chemical spraying or harvesting.

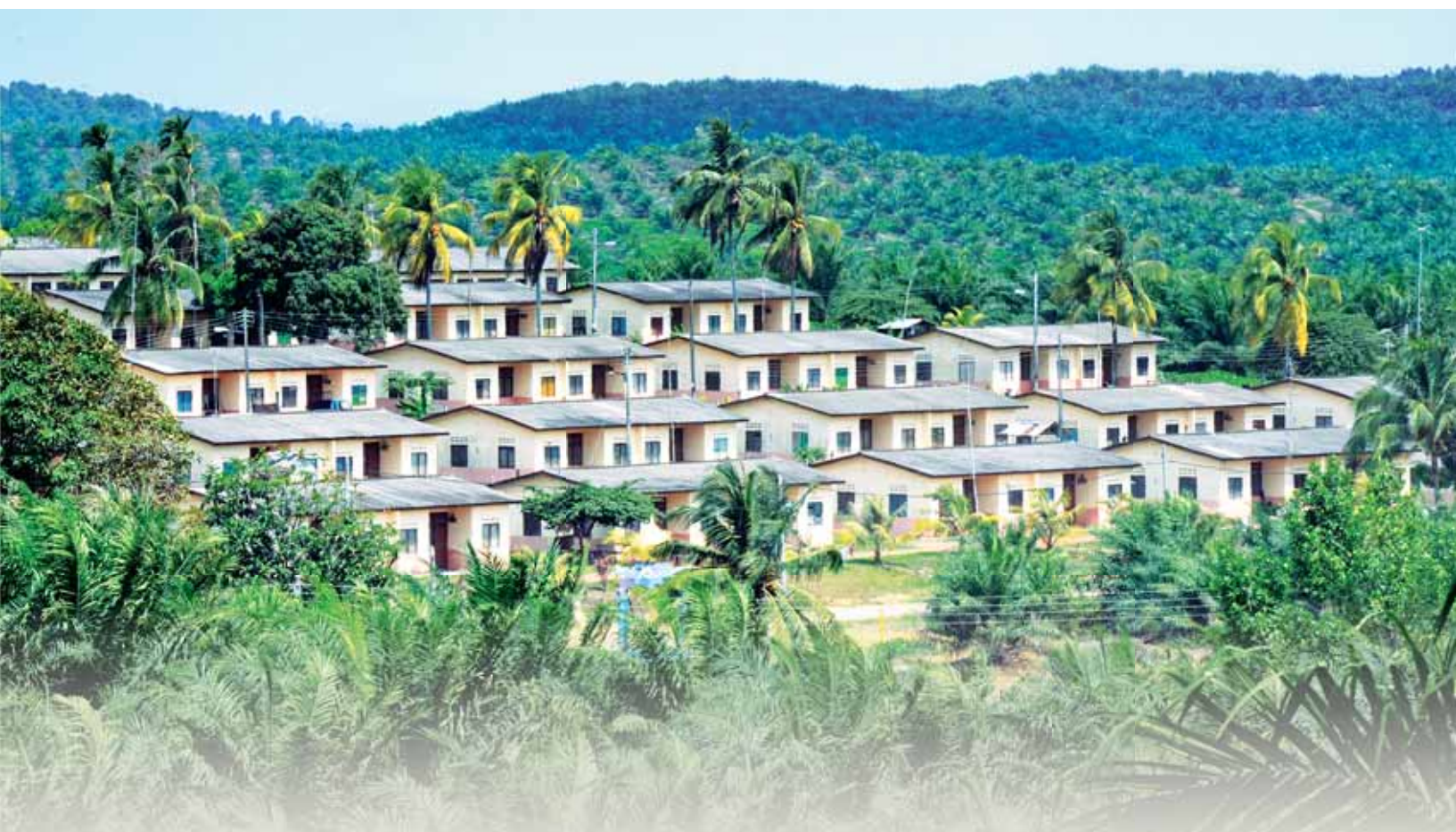


AN ENGAGING WORKPLACE

MANAGING FOREIGN WORKERS

AS AT 31 DECEMBER 2013, WE EMPLOYED 4,618 FOREIGN WORKERS IN OUR PLANTATIONS IN MALAYSIA, ACCOUNTING FOR 65% OF OUR TOTAL EMPLOYEES IN MALAYSIA. WORKERS ORIGINATE FROM INDONESIA, BANGLADESH, AND INDIA. THOUGH INDONESIANS STILL ACCOUNT FOR THE MAJORITY OF WORKERS, IMPROVING ECONOMIC CONDITIONS IN THEIR HOME COUNTRY HAVE SEEN THE NUMBERS OF INDONESIANS SEEKING OPPORTUNITIES IN MALAYSIA DECREASE. WE HAVE CORRESPONDINGLY SEEN AN INCREASE IN THE NUMBER OF WORKERS FROM BANGLADESH OVER THE PAST TWO (2) YEARS.





Recruitment and Orientation

Recruitment of workers is conducted by agents in countries of origin. Workers do not have to repay a bond to work for us. Upon arrival in the country, workers are met at the airport and transferred to our plantations. Briefing is conducted in their mother tongue by a representative and each worker is provided with a worker handbook "*Buku Panduan Pekerja-pekerja Buruh Am*". Workers undergo an orientation programme which covers workers' rights, safety, labour laws and local cultural sensitivities.

Passport and Identity Cards

Passports are surrendered for safe keeping. We recognise that our workers have the right to their identity documents, therefore passports are handed back to them upon request.

One of our targets for this reporting period was to obtain worker identity cards for our workers. In 2013, the Immigration Department delayed issuance of identity cards for all foreign workers. In early 2014, the government introduced a new

colour coded identity card which embeds a high-tech chip and biometric information. We are in the process of registering all our foreign workers with this new identity card.

Managing Overtime

During peak harvesting season, mill workers tend to work longer hours to ensure that FFB are processed before the quality deteriorates. Departmental heads have to update the mill manager weekly on overtime and adhere to the Department of Labour's regulatory guidelines on monthly overtime limit.

Decent Living Conditions

Workers are accommodated in a two (2) or three (3) bedroom house. We provide a minimum of 9.60 square metre per worker in our accommodation. In response to social impact assessment for improved housing with better sanitation, water and electricity, we have renovated 94 units of our quarters over the last two (2) years. In 2014, we target to renovate an additional 84 units, by which time, over 50% of our housing stock will have been upgraded.



AN ENGAGING WORKPLACE

ENSURING A SAFE WORKING ENVIRONMENT

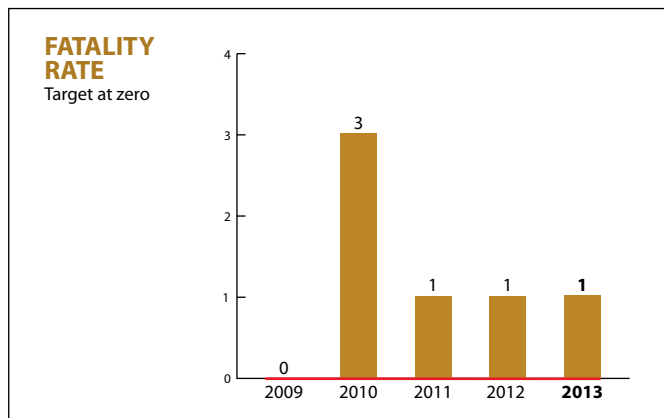
EACH MILL AND ESTATE HAS A DESIGNATED OCCUPATIONAL HEALTH AND SAFETY ("OHS") CO-ORDINATOR WHO IS RESPONSIBLE FOR ORGANISING SAFETY TRAINING, QUARTERLY OSH MEETING, TOOLBOX MEETINGS, INVESTIGATIONS AND REPORTING ACCIDENTS AND INCIDENTS. ALL COORDINATORS REPORT TO THE OHS MANAGER.

Our goal is have zero accidents and zero fatalities to ensure the safety of our employees. Each of our worker undergoes on average 48 hours of safety training annually. This includes correct use of personal protection equipment, use of sharp equipment, safe handling, application and disposal of chemicals. Workers assigned to operate machineries and vehicles undergo 16 hours of supervised training and a practical exam before they are allowed to operate independently.

Since our last report, we have seen a marked reduction in reported cases of lumbago following awareness and training programmes. We have however observed an increase in the number of chemical dermatitis, a localised rash or irritation of the skin caused by contact with a foreign substance.

Fatalities

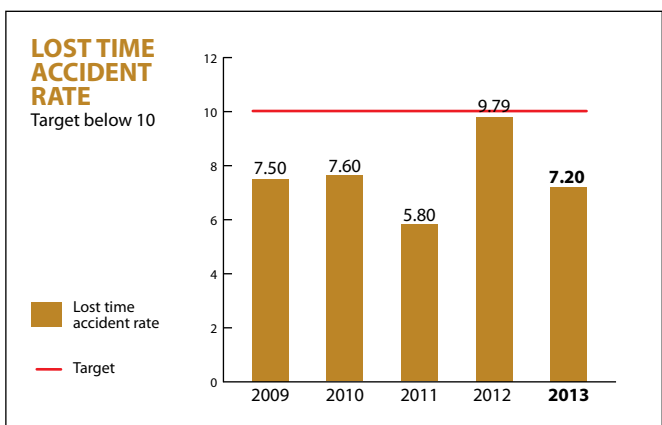
We had two (2) fatalities in our plantations over the past two (2) years. In both cases the fatalities involved a worker driving a tractor which they were not authorised or trained to operate. The senior manager responsible for the estate was charged in court and we were fined by the Department of Occupational Safety and Health ("DOSH"). The manager received a warning letter from management and was fined for his actions. We have begun a series of training programmes to reinforce health and safety procedures and priorities among management and senior managers.



AN ENGAGING WORKPLACE

ENSURING A SAFE WORKING ENVIRONMENT

(cont'd)



Despite our improvements, we have seen an increased number of road accidents on our estates during working hours. The rise in road accidents corresponds with our road improvements programme over the past two (2) years in which 38.73km of mud roads on our estates were upgraded to paved roads. These improvements allow for faster travel by workers, especially those on motorcycles.

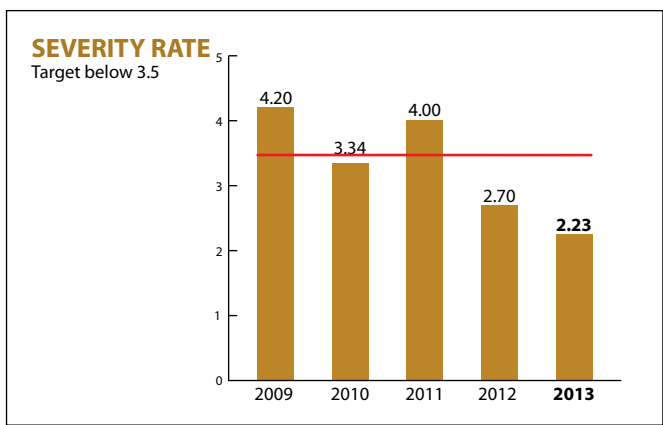
We have begun to review signage on the estate roads to ensure that there are sufficient warning and directional sign for drivers. We will be conducting road safety awareness campaigns with the Public Works Department ("PWD") and the Automotive Association of Malaysia ("AAM") to educate our workers. We plan to carry out more enforcement of traffic regulations and ensure safety checks of estate and personal vehicles.

Lost Time Accident Rates ("LTAR")

We have seen a slight increase in our LTAR. In 2012, our LTAR rose to 9.79, almost exceeding our target of 10. We attribute the increase to the transfer and inclusion of health and safety statistics from six (6) estates and one (1) mill acquired from JCorp Group. Our health and safety team spent more time in these operating units to assess and initiate performance improvement plans. In 2013, we managed to improve our LTAR to 7.20.

Severity Rate

We recorded an improvement in our severity rate compared to 2011. We registered 2.7 and 2.23 for 2012 and 2013 respectively, achieving below our target of 3.5.





AN ENGAGING WORKPLACE

EMPOWERING WOMEN

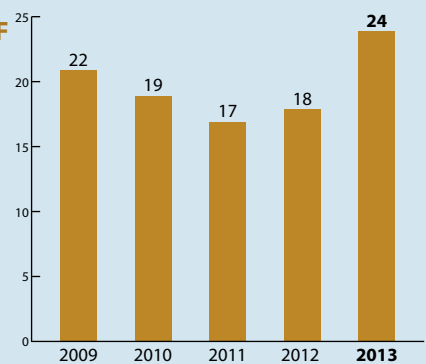


WOMEN PARTICIPATION IN THE LABOUR FORCE IN MALAYSIA REMAINS ONE (1) OF THE LOWEST IN ASEAN, STANDING AT 46%. WITH OVER 60% OF GRADUATES FROM OUR LOCAL HIGHER INSTITUTES COMPRISE OF YOUNG WOMEN, WE ARE WASTING A VALUABLE RESOURCE BY NOT TAPPING INTO THEIR TALENT.

Ensuring Equal Opportunity

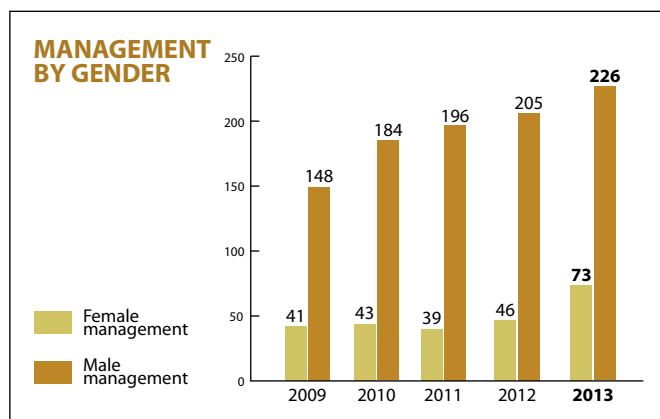
Women in management at Kulim is at an all-time high. Though women account for only 11% of our total number of employees, they account 24% in the management level. Most of the women managers are based at our headquarters.

WOMEN AS A PERCENTAGE OF MANAGEMENT (%)





AN ENGAGING WORKPLACE
EMPOWERING WOMEN
(cont'd)



We have evaluated and standardised pay for all employees regardless of gender. Our new executives receive the same salary and allowance at the start of their employment with us. Salary increment and promotions during the remaining tenure of their employment is based on performance and merit.

Providing Internship Opportunities

The government graduate trainee programme seeks to provide internship and training opportunities for graduates. Over 90% of our government graduate trainees are women. We have retained three (3) graduates for 2012 and two (2) graduates for 2013 after their training period with us.

Women on Estates

We do not discourage or discriminate women from working in our estates as it provides a robust and practical understanding of our overall operations. It is also a critical aspect of their long-term career development with us. However, we recognise the challenge of remaining on our estates, as family commitments and child care responsibilities often are push factors for women to leave or seek a transfer. We try to provide amenities, such as a crèche, to support their decision to stay in the estates as long as possible.

Sexual Harassment

We have made significant improvements in reducing the number of sexual harassment in the workplace. There is much higher level of awareness among men and women of what is inappropriate behaviour and this is reinforced on an on-going basis.

In 2013, we had one (1) reported case of sexual harassment. This involved a security guard making unwanted passes. The case was investigated and resolved by issuing a warning letter to the guard that such behaviour is not acceptable at Kulim.

Women OnWards ("WOW")

The focus of WOW these past two (2) years have been on providing more entrepreneurship opportunities for women at Kulim. Through a series of roadshows to each estate, there is now a WOW unit at each of our operating units.

Each WOW unit has developed a unique product or service. They sell these products and services during festive seasons, at our Group and JCorp related events, and to the general public. Products and services include tailoring, baking of cakes and cookies, arts and handicraft. In 2013, WOW raised over RM33,850 from these activities.

WOW also seeks to expose members to business opportunities. We organised field trips to cottage industries in the area to learn how they have developed their businesses. We partnered with the Ministry of Higher Education and several local community colleges to organise classes ranging from bread and cake baking to sewing of modern headscarf. The partnership also organised classes in marketing, accounting and business management skills to ensure a strong foundation to build their businesses.

International Women's Day

WOW organised the celebration of International Women's Day at Kulim in June 2012 and 2013. The celebration in 2012 was themed '*Wanita, Tampil Sihat dan Anggun*'. Six (6) months leading up to the celebration, WOW launched the "Kulim Ideal Weight Challenge 2012". The programme was to raise awareness of obesity and challenge employees to lose weight. Over 53 employees participated to lose as much weight during this period. The celebration in 2013 focused on family values, with the theme '*Kesatria Pembela Keluarga*'.





WE CARE, WE SHARE

COMMUNITY CONTRIBUTION



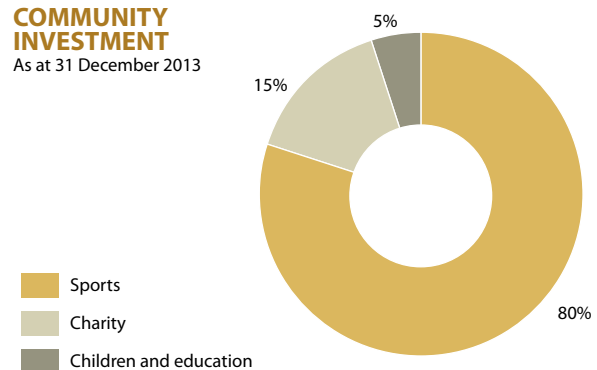
WE HAVE A LONG ESTABLISHED RELATIONSHIP WITH OUR LOCAL COMMUNITIES. OUR BUSINESS PRESENCE AND OUR GROWTH ARE VERY MUCH DEPENDENT ON THEIR SUPPORT. MANY OF OUR EMPLOYEES ARE FROM THE COMMUNITIES AROUND OUR ESTATES, SO WE HAVE A RESPONSIBILITY TO ENSURE THAT WE INVEST IN THEIR WELL-BEING BY ENSURING OUR IMPACT ON THE SOCIAL ENVIRONMENT SURROUNDING OUR OPERATIONS IS POSITIVE.

'We Care, We Share' is our Company-wide programme. Established in 2009, it focuses on community sports, community health and infrastructure as well as children and education. We promote volunteering among our employees through a range of activities throughout the year, especially during festive season.

We try to create a positive impact with an active community investment programme that combines cash contributions, in-kind donations and employee volunteering activities. Our total expenditure on donations, community contribution and commercial initiatives was RM9.5 million in 2012 and RM4.5 million in 2013.

COMMUNITY INVESTMENT

As at 31 December 2013



Communicating with Local Communities

Our management approach is to ensure that we have a holistic understanding on our impact of our presence. We have an open approach to communication with the local communities. Local communities can contact the estate or the mill manager directly if they wish to address any issue regarding our operations. We conduct an annual Social Impact Assessments ("SIA") at all our operations. A letter of invitation is extended to the local communities such as community leaders, schools, place of worship and contractors surrounding our operation. Our social action plan based on findings of our SIAs.

WE CARE, WE SHARE

SUPPORTING SMALLHOLDERS AND OUTGROWERS



THERE IS CONTINUED DEMAND BY STAKEHOLDERS TO ENSURE TRACEABLE, ETHICAL AND SUSTAINABLE SUPPLY CHAIN. WE CONTINUE TO ENGAGE WITH OUR PARTNERS IN OUR SUPPLY CHAIN TO ENSURE WE UNDERSTAND THEIR REQUIREMENTS TO ENSURE A LONG-TERM BUSINESS RELATIONSHIP WITH US.

RSPO Smallholders Certification

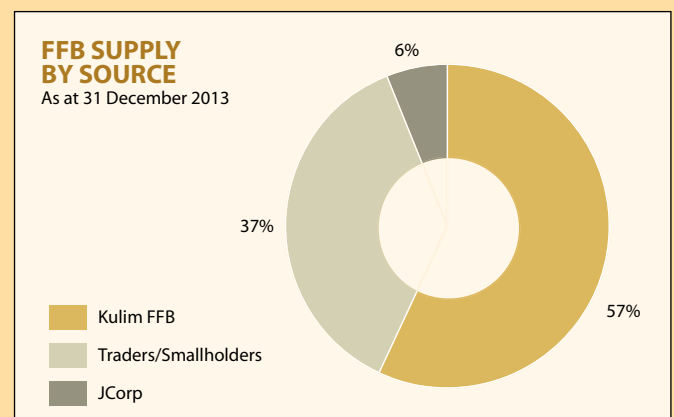
In 2013, about 37% of the FFB processed by our mills is sourced externally. These are supplied by smallholders who represent outgrowers and traders. There are currently 12 outgrowers and 19 traders registered to supply FFB to our mills. In 2013, our purchase of external FFB increased by 35% compared to 2011.

As part of our RSPO commitment, we had originally targeted to certify 100% of the FFB supplied to our mills by 2011. Despite support from the Malaysian Palm Oil Board ("MPOB") to reach out to smallholders, we were unable to meet the target set due to the complexities in identifying relevant smallholders.

In 2012, we continued to build on our past outreach efforts. We conducted a series of engagement with smallholder and traders

on the RSPO P&C and certification process. We were able to narrow down the challenges that smallholders would face in obtaining certification, such as land use change of the area and the potential use of bonded labour.

In 2013, we targeted to certify one (1) outgrower and one (1) trader. However, we managed to certify only one (1) outgrower, which represents 1.2% of external FFB. Based on our experience and understanding the challenges of outreach and engagement with smallholders, we have revised our target to certify all our external FFB by 2019.





WE CARE, WE SHARE

SUPPORTING SMALLHOLDERS AND
OUTGROWERS

(cont'd)

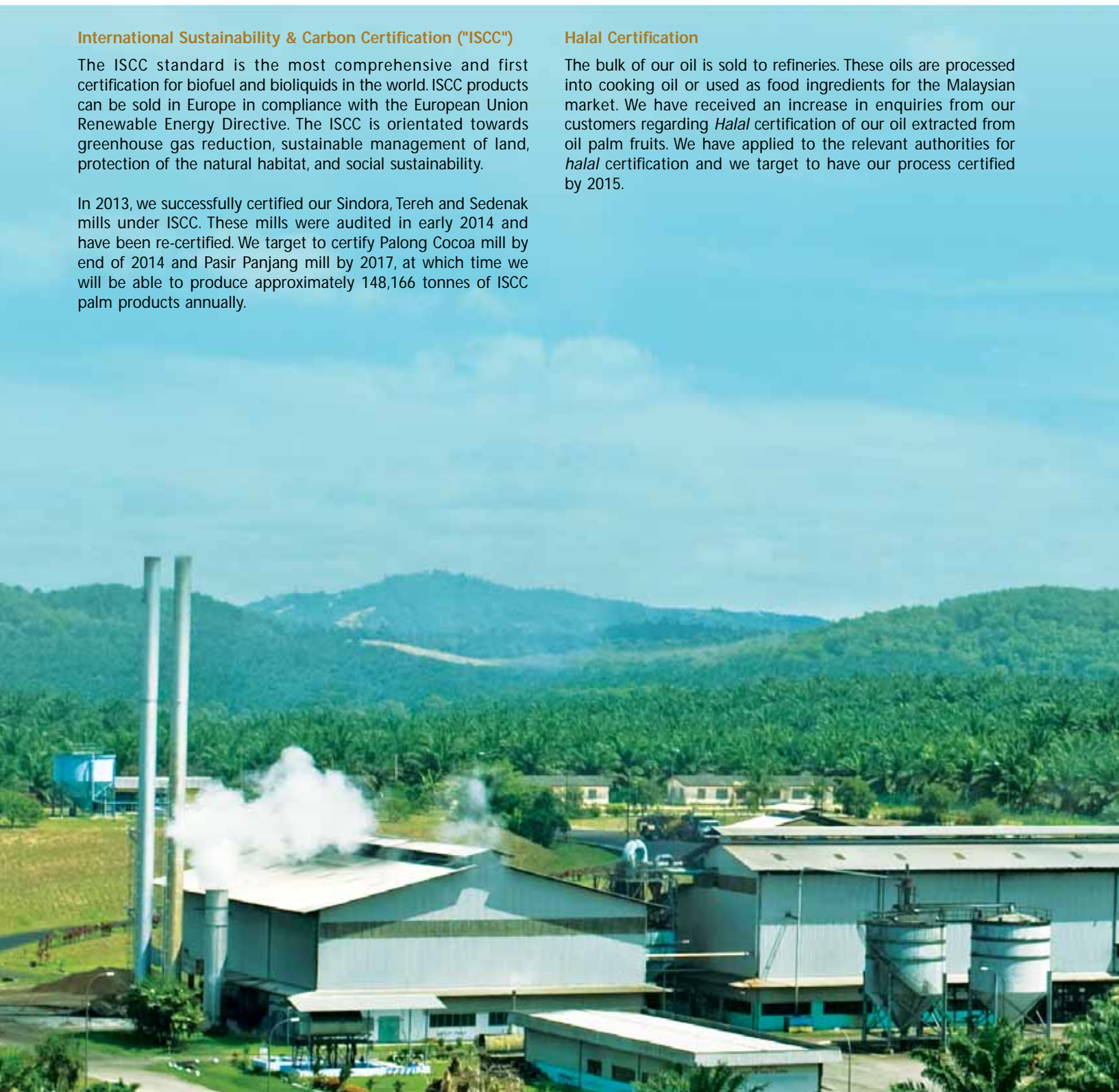
International Sustainability & Carbon Certification ("ISCC")

The ISCC standard is the most comprehensive and first certification for biofuel and bioliquids in the world. ISCC products can be sold in Europe in compliance with the European Union Renewable Energy Directive. The ISCC is orientated towards greenhouse gas reduction, sustainable management of land, protection of the natural habitat, and social sustainability.

In 2013, we successfully certified our Sindora, Tereh and Sedenak mills under ISCC. These mills were audited in early 2014 and have been re-certified. We target to certify Palong Cocoa mill by end of 2014 and Pasir Panjang mill by 2017, at which time we will be able to produce approximately 148,166 tonnes of ISCC palm products annually.

Halal Certification

The bulk of our oil is sold to refineries. These oils are processed into cooking oil or used as food ingredients for the Malaysian market. We have received an increase in enquiries from our customers regarding *Halal* certification of our oil extracted from oil palm fruits. We have applied to the relevant authorities for *halal* certification and we target to have our process certified by 2015.





ANNEX

ABOUT THIS REPORT

SCOPE OF THE REPORT

THIS IS THE FOURTH SUSTAINABILITY REPORT FOR THE PLANTATION DIVISION OF KULIM (MALAYSIA) BERHAD IN MALAYSIA, COVERING THE CALENDAR YEARS 2012 AND 2013. OUR PREVIOUS REPORTS WERE PUBLISHED IN OCTOBER 2008, MAY 2009 AND MAY 2011. WE CONTINUE TO USE THE GLOBAL REPORTING INITIATIVE ("GRI") GUIDELINES AS THE BASIS OF REPORTING, AND HAVE ADOPTED GRI 4.0 FOR THIS REPORT.

The report brings together our sustainability initiatives, including current and future directions. It is intended to be useful to all our stakeholders – our customers, employees, shareholders, communities as well as being a communication tool to various interested parties about our approach to the social, environmental and economic aspects of our business.

This report does not include Kulim's plantation operations outside Malaysia. We will report on the development of Indonesia Operation in our 2014/2015 report. This report also does not include associate companies or joint venture enterprises.

Unless otherwise stated, all data is as at 31 December 2012 and 31 December 2013.

We are committed to continuing our reporting journey, and expect to publish a sustainability report biennially.

Our report content has been prepared in accordance with GRI 4.0 core guidelines. We referred to the principles for defining report content when planning our report:

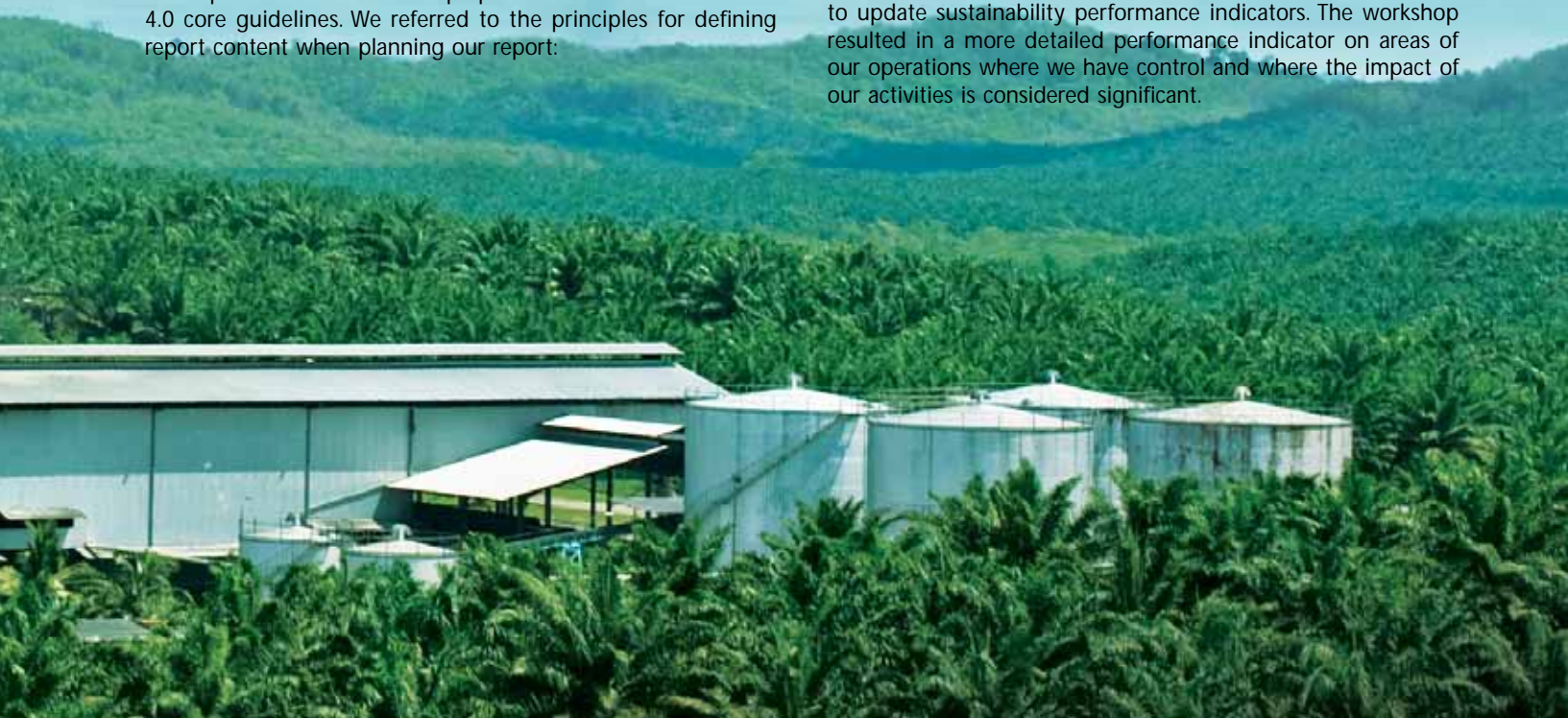
Sustainability Context

We have attempted to present our performance relative to the wider sustainability context both in Malaysia and in the region.

Stakeholder Inclusiveness and Materiality

The report covers all sustainability issues deemed material by the Company. We maintained the materiality map that was developed for our 2011 report. Like the previous reports, those issues classified to be of high impact or to be of high expectations within the Company and to stakeholders were explored in detail. Issues deemed to be of low impact but with high expectations and high impact with low expectations have also been included but with less emphasis. Some issues, such as detailed data on our operations and business activities that are already covered in our Annual Report are not repeated at length here.

A workshop was conducted by the Kulim Sustainability Committee, which included members of Kulim management, to update sustainability performance indicators. The workshop resulted in a more detailed performance indicator on areas of our operations where we have control and where the impact of our activities is considered significant.




ANNEX
ABOUT THIS REPORT (cont'd)

MATERIALITY TIERS (in order of importance)			
ENVIRONMENT			
TIER	TOPIC	SIGNIFICANCE	SECTIONS IN REPORT
1	Use of chemicals such as paraquat, herbicides and pesticides in our estates	Significant to Kulim and to stakeholders	Responsible chemical use
	Amount of water used for our estates and mills		Responsible use of water
	Health and safety standards in the workplace		Ensuring a safe working environment
	Climate change: greenhouse gas emissions in the palm oil industry		Carbon responsibility
	Foreign workers: working conditions and welfare in the context of the tight labour market		Managing foreign workers
2	Training and development for employees	Significant to Kulim but not so significant to stakeholders	Our employees
	Talent attraction in the context of the lack of young people in the palm oil industry		Our employees
	Inclusion of smallholders into certification process		Supporting smallholders and outgrowers
	Welfare of local communities and workers		Managing foreign workers Community contributions
3	Environment rehabilitation: reversing the negative impacts on the environment	Significant to stakeholders but not so significant to Kulim	Protecting biodiversity
	Biodiversity loss		Protecting biodiversity
	Responsible water management		Responsible use of water
	Workers' unions: workers' rights to collective bargaining		Protecting labour rights
	Gender diversity		Empowering women
	Agricultural productivity to maximise land use		Efficient use of fertiliser
	Ethnic diversity		Data
4	Good Agricultural Practices	Significant to Kulim only and not reported.	
	Air pollution: pollutants emitted into the atmosphere by the milling activities		
	Practices in the marketplace		



Completeness: Aspects and Boundaries

We have identified 23 aspects to be disclosed in this report. These aspects were identified as issues linked to the materiality matrix. These aspects are also linked to our commitment to the RSPO P&C and the ISCC. We have identified nine (9) aspects that border or are outside of Kulim's boundary. Issues relating to these aspects are addressed through our various engagement with our stakeholders.

THEME	RATIONALE	MATERIAL GRI ASPECTS	BOUNDARY	KEY STAKEHOLDERS
Compliance	Ensuring compliance with all legal and voluntary commitments	<ul style="list-style-type: none"> • Anti-corruption • Compliance – Environmental • Compliance – laws and regulations 	The impact of this topic covers our internal compliance with state and national regulations, laws and international certification standards.	<ul style="list-style-type: none"> • RSPO • ISCC • Wildlife Department • Department of Environment • Department of Safety and Health
Environment	Protect, enhance, and minimise our environmental footprint on the local environment	<ul style="list-style-type: none"> • Effluence and waste • Water • Emissions • Materials • Biodiversity 	The impact of this topic covers our mills and plantations as well as the buffer zones surrounding our estates which borders a national park.	<ul style="list-style-type: none"> • Environmental NGOs • Wildlife Department • Department of Environment
People	Provide a safe and conducive work environment that promote opportunities for professional and personal growth	<ul style="list-style-type: none"> • Employment • Freedom of association and collective bargaining • Equal remuneration for men and women • Training and education • Occupational health and safety • Non-discrimination • Investment in human rights • Diversity and equal opportunity • Labour practices and grievance mechanism • Market presence 	The impact of this topic involves our employees working in our operations.	<ul style="list-style-type: none"> • Employees • Unions • WOW
Foreign workers	Ensure protection of human rights and provide a decent standard of living for foreign workers	<ul style="list-style-type: none"> • Forced or compulsory labour 	The impact of this topic involves our foreign workers working in our estates.	<ul style="list-style-type: none"> • Representatives of foreign workers
Communities	Enhancing the lives of communities around our operations	<ul style="list-style-type: none"> • Procurement practices • Supplier environmental assessment • Indirect economic impacts 	The impact of this topic is in the communities surrounding outside our organisation.	<ul style="list-style-type: none"> • Local communities • Contractors • Places of worship • Schools
Product responsibility	Ensuring quality control and safety of our products	<ul style="list-style-type: none"> • Consumer health and safety 	The impact of this topic lies in our relationship and engagement with external stakeholders and customers.	<ul style="list-style-type: none"> • Refineries • Customers

Assurance

We have chosen to conduct an assurance on six (6) material areas of our operations. The six (6) areas were identified together with our assurance provider. The findings from our assurance can be found on page 60 of this report.



ANNEX

GLOBAL REPORTING INITIATIVE INDEX

GENERAL STANDARD DISCLOSURES		
GENERAL STANDARD DISCLOSURES		PAGE
STRATEGY AND ANALYSIS		
G4-1	Statement from the most senior decision-maker of the organisation	5
ORGANISATIONAL PROFILE		
G4-3	Name of the organisation	6
G4-4	Primary brands, products and services	6
G4-5	Headquarters location	6
G4-6	Countries of operation	6 – 8
G4-7	Nature of ownership and legal form	6
G4-8	Markets served	6 – 8
G4-9	Scale of the organisation	6
G4-10	Organisation's workforce	32, 53 – 54
G4-11	Total employees covered by collective bargaining agreements	35
G4-12	Organisation's supply chain	43
G4-13	Significant changes during the reporting period regarding size, structure, ownership or its supply chain	6 – 8
G4-14	Explanation of whether and how the precautionary approach or principles is addressed by the organisation	14
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives	14
G4-16	Memberships of associations and national/ international advocacy organisations	14
G4-17	Entities included in the organisation's consolidated financial statements or equivalent documents	9
G4-18	Process for defining report content and the Aspect Boundaries	45 – 47
G4-19	Material Aspects identified in the process for defining report content	45 – 47
G4-20	Aspect Boundary within the organisation	45 – 47
G4-21	Aspect Boundary outside the organisation	45 – 47
G4-22	Restatements of information provided in previous reports	No restatements
G4-23	Significant changes from previous reporting in the Scope and Aspect Boundaries	No changes



GENERAL STANDARD DISCLOSURES		
GENERAL STANDARD DISCLOSURES		PAGE
ORGANISATIONAL PROFILE		
G4-24	List of stakeholder groups engaged by the organisation	16 – 17
G4-25	Basis for identification and selection of stakeholders with whom to engage	16 – 17
G4-26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	16 – 17
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	16 – 17
G4-28	Reporting period	45
G4-29	Date of most recent previous report	45
G4-30	Reporting cycle	45
G4-31	Contact point	62
G4-32	GRI content index	48 – 52
G4-33	External assurance	60
G4-34	Organisation's governance structure	12 – 13
G4-56	Organisation's values, principles, standards and norms of behaviours	12 – 14


ANNEX

GRI SPECIFIC STANDARD DISCLOSURE

SPECIFIC STANDARD DISCLOSURES					
	MATERIAL ASPECTS	DMA AND INDICATORS	PAGE	COMMENTS	EXTERNAL ASSURANCE
ECONOMIC					
Economic performance	G4-EC1	Direct economic value generated and distributed	10, 42, 53, AR2013 56, 196 – 200		
Market presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operations	34, 41, 53	We do not record wages by location and gender.	
Indirect economic impacts	G4-EC7	Development and impact of infrastructure investments and services supported	41 – 43		
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	41 – 43		
Procurement practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	43		
ENVIRONMENTAL					
Materials	G4-EN1	Materials used by weight or volume	10 – 11, 24 – 25, 55		
Water	G4-EN8	Total water withdrawal by source	27, 55	Data is not broken down by source.	Data assured by PWC
Biodiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	28 – 29		
	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	26 – 28		
	G4-EN13	Habitats protected restored	28		
	G4-EN14	Total numbers of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	31		
Emissions	G4-EN15	Direct Greenhouse Gas ("GHG") emissions (Scope 1)	20 – 22, 55		Data assured by PWC
	G4-EN16	Energy indirect GHG emissions (Scope 2)	20 – 22, 55		
	G4-EN17	Other indirect GHG emissions (Scope 3)	20 – 22, 55		
	G4-EN18	GHG emissions intensity	20 – 22, 55		
	G4-EN19	Reduction of GHG emissions	20 – 22, 55		
Effluents and waste	G4-EN24	Total number and volume of significant spills		No spills	
Compliance – Environmental	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	3	Two (2) fines, with an average of RM10,000 per fine.	
Suppliers environmental assessment	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	43 – 44	This involves our work with smallholders and moving them towards RSPO certification which addresses potential negative environmental impacts in our supply chain. Currently no supplier relationships were terminated as a result of assessment.	



GRI SPECIFIC STANDARD DISCLOSURE

(cont'd)

SPECIFIC STANDARD DISCLOSURES					
	MATERIAL ASPECTS	DMA AND INDICATORS	PAGE	COMMENTS	EXTERNAL ASSURANCE
SOCIAL					
Labour practices and decent work					
Employment	G4-LA1	Total number and rates of new employee hired and employee turnover by age group, gender and region	32	Data is not broken down by age, group, gender and region.	
	G4-LA3	Return to work and retention rates after parental leave, by gender	54		
Occupational health and safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	37 – 38		
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and gender	38 – 39, 54	Data is not broken down by gender.	Data assured by PWC
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	38, 54		
Training and education	G4-LA9	Average hours of training per year per employee per gender, and by employee category	33, 54		Data assured by PWC
Diversity and equal opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	53		Data assured by PWC
Equal remuneration for women and men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	41	Salary data not broken down by gender, however, employees are paid according to employee level regardless of gender.	
Labour practices grievance mechanisms	G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	54	One sexual harassment case reported. No other related grievances filed.	
Human rights					
Investment in human rights training	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	33	A one (1) hour human rights module is included as part of induction for new employees. The module covers our policy and practices of Kulim.	
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	None reported		
Freedom of association and collective bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	34		



ANNEX

GRI SPECIFIC STANDARD DISCLOSURE

(cont'd)

SPECIFIC STANDARD DISCLOSURES					
	MATERIAL ASPECTS	DMA AND INDICATORS	PAGE	COMMENTS	EXTERNAL ASSURANCE
SOCIAL					
Human rights (cont'd)					
Child labour	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	35	No operations or suppliers are at significant risk for incidences of child labour.	
Forced or compulsory labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	35	No operations or suppliers are at significant risk for incidences of forced or compulsory labour.	
Society					
Local communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	42	Our SIAs currently include gender impact assessments. Results of assessments are available upon request.	
Anti-corruption	G4-SO4	Communication and training on anti-corruption policies and procedures	33	A one (1) hour anti-corruption module is included as part of induction for new employees. The module covers our policy and practices of Kulim.	
	G4-SO5	Confirmed incidents of corruption and actions taken	None reported		
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No fines for non-compliance in relation to local laws		
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	43 – 44	This involves our work with smallholders and moving them towards RSPO certification which addresses potential negative social impacts in our supply chain. Currently no supplier relationships were terminated as a result of assessment.	
Product responsibility					
Customer health and safety	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	44	None. We have received feedback from customers seeking <i>halal</i> certification of our products. We have identified this as a risk and are pursuing <i>halal</i> certification.	



ANNEX DATA

	INDICATOR	MEASUREMENT UNIT/BREAKDOWN	31/12/2013	31/12/2012	31/12/2011	31/12/2010	31/12/2009
Category							
	Total revenue – Kulim Group	RM Million	2,852	3,036	7,042	5,489	5,806
	Total revenue – Malaysia plantations	RM Million	780	712	821	575	508
	Customers (percent of sales)	Refinery	80	94	89	90	72
		Traders	10	6	11	10	10
		Biodiesel	10	Nil	Nil	Nil	16
Employees							
	Number of employees		7,053	6,667	5,206	4,906	4,909
	Employee turnover		17.46	21.09	8.94	7.05	8.1
		Management and staff	9.79	9.90	5.87	9.51	3.91
		Workers	19.14	24.08	4.64	24.63	8.49
	Employee categories	Management	299	251	235	227	189
		Non-executive staff	837	826	528	526	374
		Workers	5,917	5,590	4,443	4,153	4,301
	Female employees		783	749	610	615	579
	Male employees		6,270	5,918	4,596	4,291	4,285
	Number of foreign workers	Indonesian	3,879	4,201	3,268	2,972	3,039
		Indian	96	89	4	4	13
		Bangladeshi	643	156	151	138	146
		Others	Nil	Nil	3	Nil	Nil
	Male non-executive staff		651	632	339	344	236
	Female non-executive staff		186	194	189	182	138
	Female workers		524	509	382	390	400
	Male workers		5,393	5,081	4,061	3,763	3,901
	Female management		73	46	39	43	41
	Male management		226	205	196	184	148
	Ethnic/racial breakdown	Bumiputra	1,105	1,039	728	712	516
		Chinese	2	5	4	4	5
		Indian	28	33	31	37	42
		Other non- Malaysian	1	Nil	Nil	Nil	Nil


ANNEX
DATA
 (cont'd)

	INDICATOR	MEASUREMENT UNIT/BREAKDOWN	31/12/2013	31/12/2012	31/12/2011	31/12/2010	31/12/2009
Training							
	Number of employees received formal qualifications funded by Kulim		Nil	11	11	5	-
	Total training cost as percent of payroll	Percentage	1.99	2.44	5.81	2.00	1.00
Labour Standards							
	Minimum starting wage	RM per month	900	850	850	850	850
	Number of employees who are members of a trade union	Head count	1,322	1,530	1,334	1,602	1,544
	Number of women left on maternity leave	Head count	12	14	17	17	-
	Percent returned after maternity leave	Percentage	100	100	100	100	-
	Reported sexual harassment cases	Incidents	1	Nil	2	Nil	2
Community and housing							
	Breakdown of charitable contributions (RM)	Sports	3,724,691	8,771,900	6,480,000	4,300,000	4,852,112
		Culture/religion	27,200	13,000	5,500	36,288	500,000
		Community health facilities	110,000	290,105	22,500	195,178	25,303
		Children and education	213,850	169,800	167,500	584,917	116,720
		Charity (basic needs)	562,481	217,300	56,100	97,656	84,400
	Number of employees and dependants housed	Employees	9,624	4,504	4,434	4,414	4,370
	Square metres per inhabitant		9.6	9.6	9.6	9.6	9.6
Health and safety							
	Fatalities	Incidents	1	1	1	3	0
	Lost time accident rate	Incidents per 200,000 working hours	7.20	9.79	5.80	7.60	7.50
	Severity rate	Average number of lost time per incident	2.23	2.70	4.00	3.34	4.20
	Major accidents	Reported incidents	40	33	54	71	114
	Minor accidents	Reported incidents	252	310	507	587	729
	Occupational diseases	Reported incidents	49	38	93	178	205



	INDICATOR	MEASUREMENT UNIT/BREAKDOWN	31/12/2013	31/12/2012	31/12/2011	31/12/2010	31/12/2009
Agriculture/production							
	Herbicide usage per hectare	Active ingredients per hectare (litres)	1.47	1.62	1.50	1.19	1.34
	Paraquat usage per hectare	Active ingredients per hectare (litres)	0.05	0.07	0.03	0.02	0.04
	Yield per hectare	Tonnes	22.11	20.34	21.89	19.01	21.2
	OER	Percent	20.22	20.29	20.20	20.24	19.90
	Total titled land	Hectares (Malaysia)	51,160	49,551	43,890	37,450	38,069
	Total hectares of planted oil palm	Hectares (Malaysia)	47,107	45,306	40,323	37,450	34,966
	Peat developed	Hectares (Malaysia)	1,380	1,380	1,380	1,380	1,380
Environment							
	CO ₂ Equivalents (mills only)	CO ₂ -eq mt	262,078	184,911	168,571	151,643	130,701
		CO ₂ -eq/mt FFB	0.21	0.18	0.18	0.19	0.16
		Methane from POME	260,150	182,732	166,545	149,683	128,770
		Emissions from diesel	1,928	2,179	2,027	1,960	1,931
	BOD level	PPM	114	85	261	298	292
	Total fertiliser usage	Tonnes	49,555	40,202	41,315	38,676	37,535
	Total chemicals	Tonnes	217	204	130	154	193
	Total FFB processed	Tonnes	1,259,858	1,021,691	919,307	806,297	834,271
	Total effluents	Tonnes	1,038,572	759,749	664,881	597,567	669,741
	Total boiler ash	Tonnes	6,299	5,108	4,597	4,031	4,171
	Total production	CPO (tonnes)	254,735	207,265	185,666	163,233	166,059
		PK (tonnes)	70,891	58,773	53,678	47,758	49,950
		Fibre (tonnes)	177,498	142,190	128,837	115,109	124,917
		EFB (tonnes)	247,567	200,822	182,467	150,005	156,915
		Acid oil (tonnes)	388	60	26	351	1,226
	Total water usage (mills only)	Tonne	1,471,627	1,174,732	864,050	818,850	767,871
	Total water usage (mills only)	Per tonne FFB (tonnes)	1.17	1.15	0.94	1.02	0.92
	Total diesel usage (all uses)	Litres	721,522	823,037	758,411	733,436	804,686
	Diesel use per tonne of FFB	Per tonne FFB (litres)	0.57	0.81	0.82	0.91	0.96
	Total number and volume of significant spills		Nil	Nil	Nil	Nil	Nil


ANNEX
DATA

(cont'd)

	INDICATOR	MEASUREMENT UNIT/BREAKDOWN	31/12/2013	31/12/2012	31/12/2011	31/12/2010	31/12/2009
Suppliers							
	Kulim estate FFB	Tonnes	765,665	570,989	554,156	453,391	449,341
	JCorp linked FFB	Tonnes	78	34,309	Nil	Nil	8,075
	FFB traders	Tonnes	433,073	367,133	305,672	297,634	376,855
	Smallholders FFB						
	– Controlled	Tonnes	4,051	3,436	6,031	7,625	Nil
	– External FFB	Tonnes	56,991	45,825	53,449	47,647	Nil

Notes to Data

CO₂ equivalent: For a complete breakdown of our GHG emissions, please refer to our Carbon Footprint Report 2012.

Oil Extraction Rate ("OER"): The total amount of crude palm oil produced divided by the total amount of Fresh Fruit Bunches ("FFB") used, giving a ration scale. This is often used in the industry as a measure of quality of FFB.

Lost time accident rate: Shows how many employees per 100 employees have been injured or suffered an accident that had to be recorded. The number of recordable cases is multiplied by 200,000, and then divided by the total number of labour hours by the company.

Total payroll: Comprises of basic salary and allowances as extracted from the HR Management System. It includes training cost paid to AKLI Resources Sdn Bhd a subsidiary of Kulim Group for carrying out training to the employees.



LOCATION AND SIZE OF ESTATES

TITLED AREA OF KULIM ESTATES AS AT 31 DECEMBER 2013

NO	ESTATE	HECTARES
1	ULU TIRAM	502
2	REM / PASAK	2,576
3	BUKIT LAYANG	401
4	SEDENAK	2,861
5	RENGAM	2,439
6	KUALA KABONG	1,693
7	SINDORA	3,919
8	TEREH SELATAN	2,798
9	TEREH UTARA	3,001
10	SELAI	1,800
11	ENGGANG	1,735
12	MUTIARA	2,550
13	SUNGAI SEMBRONG	1,243
14	LABIS BAHRU	2,109
15	SEPANG LOI	1,016
16	UMAC	1,616
17	SUNGAI TAWING	2,226
18	SUNGAI PAPAN	3,026

NO	ESTATE	HECTARES
19	SIANG/BALAU	3,414
20	MUNGKA	1,928
21	KEMEDAK	1,786
22	PALONG	1,928
23	PASIR PANJANG	1,610
TOTAL HECTARES		51,052

JCORP ESTATES UNDER MANAGEMENT AS AT 31 DECEMBER 2013

NO	ESTATE	HECTARES
1	TUNJUK LAUT	2,903
2	BUKIT PAYUNG	2,432
3	BUKIT KELOMPOK	4,200
4	PASIR LOGOK	
TOTAL HECTARES		9,535





GLOSSARY

Biodiversity

The diversity (number and variety of species) of plant and animal life within a region.

Biofuels

Biofuels are fuels that are derived from biomass (recently living organisms such as wood or vegetable oil) or their metabolic by-products, such as manure from cows. They are a renewable energy source, unlike other natural resources such as petroleum or coal.

Biological Oxygen Demand ("BOD")

The amount of oxygen used when organic matter undergoes decomposition by micro organisms. Testing for BOD is done to assess the amount of organic matter in water.

CO₂ Equivalents

Carbon Dioxide Equivalents ("CO₂e") provide a universal standard of measurement against which the impacts of releasing (or avoiding the release of) different GHG can be evaluated.

Effluents

Water discharged from one source into a separate body of water, such as mill process water.

Extraction Rate

The amount of oil extracted from oil palm fruit at a mill. Oil is extracted from the flesh, Crude Palm Oil ("CPO") or from the nut, Palm Kernel Oil ("PKO").

Fresh Fruit Bunch ("FFB")

Bunch harvested from the oil palm, with each bunch weighing 5kg to 50kg and may contain 1,500 or more individual fruits.

Global Reporting Initiative ("GRI")

A multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators.

Halal

Any object or action which is permissible to be used or engaged in according to Islamic laws. The term covers and designates not only food and drink but also all matters of daily life.

High Conservation Values

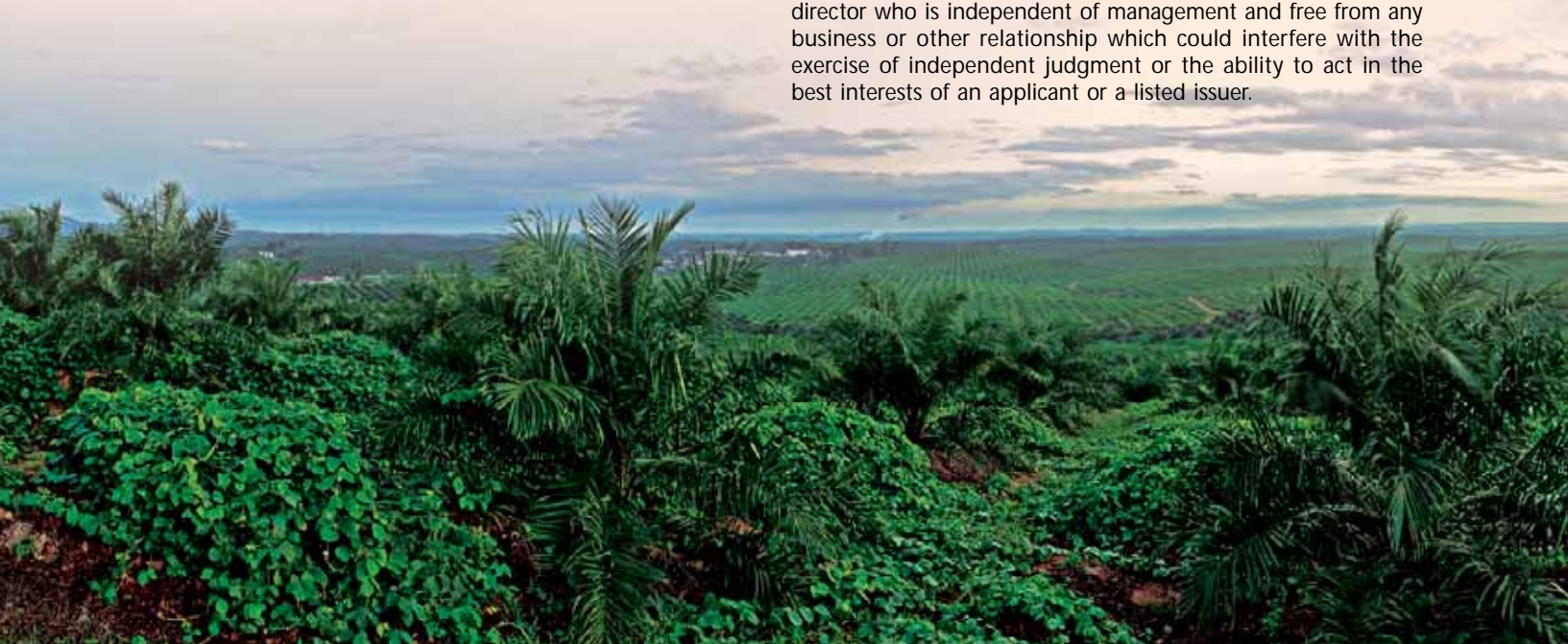
The concept of High Conservation Value Forests ("HCVF") was first developed by the Forest Stewardship Council ("FSC") in 1999 as their 9th principle. The FSC defined HCVF as forests of outstanding and critical importance due to their environmental, socio-economic, cultural, biodiversity and landscape value.

International Labour Organisation ("ILO")

Is a tripartite world body representative of labour, management and government and is an agency of the United Nations. It disseminates labour information and sets minimum international labour standards called "conventions", offered to member nations for adoption.

Independent Director

According to Bursa Malaysia, an independent director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of an applicant or a listed issuer.





GLOSSARY

(cont'd)

Integrated Pest Management ("IPM")

IPM is a pest control strategy that uses an array of complementary methods: mechanical devices, physical devices, genetic, biological, legal, cultural management, and chemical management. These methods are done in three (3) stages: prevention, observation, and intervention. It is an ecological approach with a main goal of significantly reducing or eliminating the use of pesticides.

International Sustainability & Carbon Certification ("ISCC")

An internationally oriented, practical and transparent system for the certification of biomass and bioenergy.

IUCN Red List

The International Union for Conservation of Nature and Natural Resources (also known as The World Conservation Union) is an organisation based in Switzerland which is involved in preservation of natural resources. Publishes the Red Data Book, which lists the endangered species of every nation.

Non-Executive Director

A Board Director who does not currently hold other employment with the company. Unlike an Independent Director, a non-executive can have significant financial interests or close personal ties to the company.

Non-Governmental Organisation ("NGO")

In this report, used to refer to grass-roots and campaigning organisations focusing on environmental or social issues.

Palm Oil Mill Effluent ("POME")

By-product of processed FFB.

Peat

Peat is an accumulation of partially decayed vegetation matter. Peat forms in wetlands or peat lands, variously called bogs, moors, muskegs, pocosins, mires and peat swamp forests.

Roundtable on Sustainable Palm Oil ("RSPO")

A multi-stakeholder organisation based in Kuala Lumpur, Malaysia. The organisation has developed a certification scheme for sustainable palm oil.

Social Impact Assessment ("SIA")

Social impact assessments includes the processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment.

Stakeholders

Any group or individual who are affected by or can affect the company's operations.

Sustainability

A term expressing a long-term balance between social, economic and environmental objectives. Often linked to Sustainable Development which is defined as "Development that meets the need of current generations without compromising the needs of future generations".





ABOUT THE REPORT

INDEPENDENT ASSURANCE OPINION STATEMENT

To Management of Kulim (Malaysia) Berhad

We have been engaged by Kulim (Malaysia) Berhad ("Kulim") to perform an independent limited assurance engagement on selected Corporate Responsibility Information ("Selected Information") as reported by Kulim in their Sustainability Report 2012/2013 ("Kulim Sustainability Report 2012/2013").

Management's Responsibility

Management of Kulim is responsible for the preparation of the Kulim Sustainability Report 2012/2013 in accordance with the Global Reporting Initiative's ("GRI") G4 Sustainability Reporting Guidelines.

This responsibility includes the selection and application of appropriate methods to prepare the Kulim Sustainability Report 2012/2013 as well as the design, implementation and maintenance of systems and processes relevant for the preparation of the Kulim Sustainability Report 2012/2013. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Kulim which are reasonable in the circumstances.

Our Responsibility

Our responsibility is to provide a conclusion on the subject matter based on our evidence-gathering procedures performed in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

The accuracy and completeness of the sustainability report indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

Our assurance report should therefore be read in connection with Kulim's procedures on the reporting of its sustainability report performance.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Subject Matter

The following information collectively known as Selected Information (hereon after referred to as "Selected Information") on which we provide limited assurance consists of:

- The nature and extent of Kulim's application of the Reporting Principles for Defining Content as stated in the GRI's G4 Sustainability Reporting Guidelines;
- Kulim's declaration on their core in accordance of the GRI's G4 Sustainability Reporting Guidelines in the Kulim Sustainability Report 2012/2013; and
- The management and reporting processes with respect to the preparation of the following six (6) Selected Information reported and marked in the Kulim Sustainability Report 2012/2013 as follows:
 - Agriculture - Use of herbicide and paraquat in (active ingredient) litres per hectare in 2012 and 2013 respectively (page 24);
 - Foreign workers – Number of foreign workers employed in plantations as of 31 December 2013 (page 36);
 - Water usage – Total water used from mills only for 2012 and 2013 respectively (page 26);
 - Climate change – Calculated net GHG emissions for 2012 reported in MT CO₂e (page 20);
 - Health and Safety – Lost time accident rate for 2012 and 2013 respectively (page 39); and
 - Training – Amount spent on training as a percentage of total payroll in 2012 and 2013 respectively (page 33).



ABOUT THE REPORT
INDEPENDENT ASSURANCE
OPINION STATEMENT
(cont'd)

Criteria

- Kulim's internal sustainability reporting guidelines and procedures by which the Selected Information is gathered, collated and aggregated internally;
- The "GRI's G4 Sustainability Reporting Guidelines"; and
- The PalmGHG calculator developed by the Roundtable on Sustainable Palm Oil ("RSPO").

Main Assurance Procedures

Our work, which involved no independent examination of any of the underlying financial information, included the following procedures:

- Inquiries of personnel responsible for the preparation of the Kulim Sustainability Report 2012/2013 regarding the process to prepare the Kulim Sustainability Report 2012/2013 and the underlying internal control system;
- Understanding the sustainability report management structure and inspection of documents regarding Kulim's sustainability strategy and stakeholder dialogue;
- Inquiries of personnel responsible for internal reporting, and data collection at the corporate level for the Selected Information;
- Inspection on a sample basis of internal documents, contracts and invoices/reports from Kulim and external service providers supporting the Selected Information for completeness and accuracy;
- Reviewing the appropriateness of the management and reporting processes for the Selected Information and assessing the collation and reporting of data at the corporate level; and
- Assessing the Kulim Sustainability Report 2012/2013 in accordance with core GRI's G4 Sustainability Reporting Guidelines.

Conclusion

Based on our limited assurance engagement, in all material respects, nothing has come to our attention that causes us to believe that, for the years ended 31 December 2012 and 31 December 2013:

- The Kulim Sustainability Report 2012/2013 has not been prepared in accordance with GRI's G4 Sustainability Reporting Guidelines;
- The Selected Information has not been fairly stated in accordance with Kulim's internal sustainability reporting guidelines; and
- The report disclosures are not sufficient to report in accordance with core GRI's G4 Sustainability Reporting Guidelines.

Other Matters

This report is issued for the sole purpose for inclusion in the Kulim Sustainability Report 2012/2013 and should not be used or relied upon for any other purpose. We do not assume responsibility to any other person for the content of the report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

Kuala Lumpur
16 June 2014



CONTACT AND FEEDBACK

We welcome any feedback or questions:

AZMARIAH MUHAMED

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