



SUPPLIER CODE OF CONDUCT

INTRODUCTION

KLK is committed to ensuring its products are produced in a sustainable manner. This is realised through continual assessment of its suppliers, development of its operations, including conserving and improving natural environment, protecting high carbon stock forests, High Conservation Value Areas, peatlands, uplifting socio-economic conditions, respecting human rights of its employees and local communities.

All Suppliers should respect the principles of this Supplier Code of Conduct (hereinafter referred to as “Code”) and adopt practices within their operations and supply chains that are consistent with it.

SCOPE OF CODE

- ‘Supplier’ means any entity that sells goods or provides services to all the palm oil related operations of KLK, its subsidiaries, joint-ventures and companies over which it has management control.
- The principles stated in this Code are subject to amendment from time to time.

SUPPLIER CODE OF CONDUCT

1. Regulations and Compliance

- Complying with applicable national and/or local laws, relevant regulations, standards, and respecting contractual obligations.
- Meeting the quality and safety standards required by KLK as defined in the Supplier’s contract.
- Provide traceability of the material along the upstream supply chain wherever possible when requested.

2. Environmental

- There should be no new development in areas classified as:
 - High Carbon Stock (“HCS”) as defined in HCS Approach (“HCSA”)¹
 - Primary forests, or any area required to maintain or enhance one or more High Conservation Values² (“HCVs”)
 - Peatlands, regardless of depth
- Ensures that new development areas will undergo integrated High Conservation Value (“HCV”) and HCSA assessments to determine eligible planting areas.
- Commit to No Burning policy for all operations, including new plantings and re-plantings.
- Apply Best Management Practices (“BMP”)³ on existing peat land plantations. In areas that are found to be unsuitable for replanting, options including paludiculture, alternative uses of rewetted peatland, or peatland restoration should be considered.

¹ <http://highcarbonstock.org/>

² <https://www.hcvnetwork.org/about-hcvf/the-six-high-conservation-values>

³ Guide : RSPO manual on BMPs for Existing Oil Palm Cultivation on Peat



3. Social – Workplace and Communities

- Recognise the inherent dignity of an individual and supports the Universal Declaration of Human Rights by the United Nations, including prohibition of retaliation against Human Rights Defenders (“HRD”) in accordance to the United Nations Declaration on HRD.
- Respect and uphold the rights of all workers, including local, contract, temporary and migrant workers, with the International Labour Organisation’s core conventions, United Nations Guiding Principles on Business and Human Rights, and the principles of Free and Fair Labour in Palm Oil Production as guidance.
- Prohibit the use of forced or bonded labour or human trafficking.
- Ensure there are no restrictions on the workers’ freedom of movement.
- Prohibit any deductions from any part of workers’ wages and withholding any property, identification cards, passports or other travel documents unless provided by law.
- Prohibit the employment of child labour and set the minimum age for employment consistent with applicable laws.⁴
- Remedial actions with appropriate follow up actions shall be employed if any child labour case is uncovered to protect the welfare of the child. This includes access to comprehensive health and social protection measures, education opportunities relevant to their age and development.
- Provide a safe and healthy workplace environment.
- Provide all workers with adequate protective equipment, tools, and safe transportation to and from work free of charge.
- Ensure that employees are given in writing, in a language that they understand, a description of their duties, rate of pay, working hours, leave, and other benefits of employment.
- Recognise and respect the right of employees to form and join trade unions of their choice and to bargain collectively.
- Ensure all workers are paid a wage equal to or exceeding the legal minimum wage and are covered for work-related illness and injuries.
- Ensure that working hours comply and are compensated in accordance with national legislation including overtime hours (which are on voluntary basis), and that workers have at least one rest day each week.
- Maintain records of working hours and wages for all workers.
- Ensure any production targets are based on what can be fairly and realistically achieved by a worker within normal working hours and never result in payment below the minimum wage or working uncompensated overtime hours.
- Zero tolerance for any type of harassment, intimidation or violence.
- Ensure equal opportunities in the workplace.
- There shall be no discrimination based on ethnic origin, caste, disability, sexual orientation, nationality, race, religion, gender identity, union membership, political affiliation or age.
- Reproductive rights in line with the country’s laws shall be respected.
- Respect, uphold and recognise the rights of indigenous and local communities, to give or withhold their Free, Prior and Informed Consent (“FPIC”) to operations on lands to which they hold legal, communal or customary rights in accordance with the United Nations Declaration on the Rights of Indigenous Peoples.
- Conduct processes of consultation and negotiations with the rights-holders prior to commencing any new developments in accordance with internationally recognised FPIC standards and not constrained by local legal frameworks.

⁴ Per ILO Convention 138 on the Minimum Age for Admission to Employment



4. Governance

- Conduct business in an honest and ethical manner; and comply with applicable laws and regulations.
- Prohibit all forms of corruption, bribery and fraudulent use of funds and resources.
- Disclose information in accordance with applicable regulations and accepted industry practices.

COMPLIANCE WITH CODE

Suppliers shall take the commitments in this Code and [KLK Sustainability Policy](#) seriously and should continually engage with its suppliers, contractors or trading partners to ensure compliance.

KLK understands that Suppliers might face difficulties in implementing some or all of the above stated principles. Therefore, KLK aims to hold regular engagement sessions with its Suppliers in order to achieve compliance with this Code; understand Suppliers' concerns on the same and work towards resolving them. KLK (or 3rd party appointed by KLK) may carry out announced audit or visit on the Suppliers, their facilities and business practices to verify compliance with this Code. Should there be non-compliance with any aspect of the Code, KLK reserves the right to take action as stipulated in the [KLK Sustainability Policy Non-Compliance Protocol](#).

DECLARATION

We, the undersigned hereby confirm:

1. the commitment of my company, or any subsidiary, to comply with the principles stipulated in the KLK Supplier Code of Conduct and KLK Sustainability Policy.
2. that KLK or any 3rd party appointed by KLK may carry out audit or visit on our facilities to verify our compliance with the Code.
3. that we effectively communicate the contents of the Code to our employees, agents, subcontractors and suppliers to ensure all measures required are implemented accordingly.

Name:

Designation:

Company Name & Address:

Date:

Signature: