KLK Clarifies the Findings in Chain Reaction Research’s Report on KLK’s Sustainability Risks

We refer to the initiation coverage by Chain Reaction Research ("CRR") on KLK which analyses its sustainability risks and their impact to the bottom line (herein referred to as “the Report”). CRR had concluded that based on selected public sources, KLK faces serious financial risks by failing to address the sustainability risks in its own operations and to its external procurement of palm oil products. Whilst we understand CRR’s nature of work is to conduct such analysis to assist the financial and investing community in making informed investment decisions, we trust that they would also appreciate information based on facts and truthful accounts rather than on hearsay.

As such, for the benefit of the target audience, we would like to comment on the more glaring findings of its Sustainability Risk Assessment in the Report which we feel have been represented out of context, misconstrued and/or misleading, which could affect the credibility of the Report. We have also taken note that the Sponsors of the Report did not guarantee the accuracy or completeness of the information in the Report.

(i) Inflated Landbank and Premature Assumption of Contest on Land which is Not Under KLK Control

From the onset, the pie chart (and that disclosed in Table 2 of the Report), showing the total landbank of 422,000 ha is grossly inflated. CRR had included those areas that are currently under Memorandum of Understanding (“MOU”) for River Cess of 80,000 ha and the potential expansion area of 67,000 ha for both Butaw and Palm Bay. The MOU for River Cess is very broad and non-binding with no commitments from either party except to explore the possibility of a concession.

The inflated hectarage, in our view, is not a true reflection of the group plantations landbank. To classify all these potential and MOU areas as contested is incorrect as they are currently not even under the control of KLK Group.

Our total landbank as at September 2014, as disclosed in its Annual Report is as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>Region/Province</th>
<th>Landbank (ha)</th>
<th>As in the Report (Table 2) (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peninsular Malaysia</td>
<td>Sabah</td>
<td>71,177</td>
<td>68,920</td>
</tr>
<tr>
<td>Sabah</td>
<td>40,359</td>
<td>40,359</td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>Total</td>
<td>111,536</td>
<td>109,279</td>
</tr>
<tr>
<td>Belitung</td>
<td>20,391</td>
<td>20,391</td>
<td></td>
</tr>
<tr>
<td>Sumatra</td>
<td>56,942</td>
<td>56,942</td>
<td></td>
</tr>
<tr>
<td>East Kalimantan</td>
<td>32,056</td>
<td>32,056</td>
<td></td>
</tr>
<tr>
<td>Central Kalimantan</td>
<td>28,097</td>
<td>28,097</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>Total</td>
<td>137,486</td>
<td>137,486</td>
</tr>
<tr>
<td>Liberia*</td>
<td>21,018</td>
<td>169,000</td>
<td></td>
</tr>
<tr>
<td>Total landbank</td>
<td>270,040</td>
<td>415,765</td>
<td></td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>6,682</td>
<td>6,000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>421,765</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note:
* Did not include the areas operating as oil palm estate which have been identified for property development
* As at 30 Sept 2014, KLK reported its Liberia landbank based on the surveyed concession areas. KLK had taken a more conservative approach in its disclosure of landbank in its Annual Report as the amount stated in the Report of 169,000 ha included those which are under Memorandum of Understanding for River Cess and the potential 61,000 ha for both Butaw and Palm Bay.
* The landbank in Papua New Guinea was disclosed in the Annual Report and KLK has taken a prudent stand not to include the amount in the tabulation of total landbank since there are no immediate plans for new development.
(ii) **Strong Commitment towards No Deforestation**

KLK remains committed to its moratorium on development of potential high carbon stock ("HCS") areas and there is no change to our stance. As highlighted in the Report, for the time being while waiting for the results of the High Carbon Stock ("HCS") Study, we will employ the industry standards for HCS developed by The Forest Trust, Golden Agri-Resources Ltd. and Greenpeace. Independent third party experts and consultants will be engaged to undertake such study prior to any new developments.

(a) **KLK's Practice in Kalimantan from 2006 to 2013 in Compliance with RSPO P&C**

CRR had stated that KLK has not put into its new commitment to preserve HCS areas in practice as per its Sustainability Policy which was announced in December 2014. CRR claimed that KLK had deforested 24,000 ha in East and Central Kalimantan, Indonesia during the duration from 2006 to 2013.

We wish to share with CRR that prior to the signing of the Sustainable Palm Oil Manifesto ("the Manifesto") in 2014, there was no clear definition for what constitute “Deforestation”. Although there have been attempts to do so, there is to-date, no universally accepted definition for “Deforestation”.

Prior to the Manifesto, as a member of RSPO, KLK adopts the RSPO Principles and Criteria ("P&C") where we have committed to the conservation of primary forests, peat land and High Conservation Value (“HCV”) areas. This would be applied across the Group and these practices would include the areas highlighted in Table 11 of the Report.

As such, we feel that it is unfair to even claim that KLK had been deforesting 24,000 ha in Indonesia when we have been in compliance with the required standards of RSPO. To judge us retrospectively and say that KLK is not putting into practice what it stated in its Sustainability Policy is an unreasonable statement.

The Manifesto is a game changer for the palm oil industry and is a major sustainability initiative by key players in the palm oil industry, including growers that together produce almost a tenth of global palm oil. The signatories of the Manifesto have committed to enhance RSPO principles and criteria with three specific objectives; to accelerate the journey to no deforestation through the conservation of HCS forests, protecting peat areas, building a traceable and transparent supply chains and more importantly, driving beneficial economic change as well as ensuring social and economic benefits for local communities.

Arising from the Manifesto, there is now an on-going HCS Study, results of which will be adopted by the signatories to the Manifesto, KLK being one of them. This new HCS Study is a scientific study to determine HCS thresholds in the absence of an industry-accepted methodology and standard of what constitutes HCS. This study will adopt a holistic approach to sustainable development. It will build on existing scientific work on carbon stocks, and will include a critical component for socio-economic consideration, and the right of a country to sustainable development. The research will also determine suitable assessment methods for HCS forests. Areas established as HCS forests under these assessment methods will be excluded from future new oil palm plantation development.

- **PT Terkukur Indah (PT TI)**

  The Report stated that KLK had infringed its promise made in September 2014 on the moratorium towards developing on potential HCS areas by putting up the notice on the RSPO website on 16 October 2014 in regard to new planting procedure at PT TI.
  We wish to clarify the misconception on this matter.

  The notification made on the RSPO website for a period of 30 days was part of the compliance procedure for certification requirement. In addition to the notice, KLK will engage an independent third party to undertake the study on HCS before undertaking any new development.

  KLK would like to state that putting up the notice on the RSPO website does not constitute an immediate start of planting, which the Report may have implied.
• PT Karya Makmur Abadi (PT KMA)

In the Report, CRR estimated that 3,100 ha were deforested by KLK during the period 2007 to 2013. In actual fact, our claim that the area was not a primary forest but comprise mainly of thick bushes and scrubs, was supported by the land use report from the Indonesian Department of Forestry, a copy of which is appended for your ease of reference (Appendix I).

On a positive note, we wish to commend CRR for reporting our side of the story that there were no sightings of orang utan in this area in the HCV report.

(iii) KLK takes its Zero Burning Policy Seriously

The Group complies with the Zero Burning Policy which has been in practice since early 2000. Our concession area under PT Adei is fully planted with mature palms and is at a prime productive stage. Therefore, there is no land clearing activities for the purpose of new plantings. It would also not make any economic sense for KLK to even consider burning its mature palms which are at prime productive stage and will remain highly productive for many more years to come.

The Report claimed that our subsidiary, PT Adei was convicted for the use of fire to clear land in Riau in July 2014. The actual verdict was that PT Adei was not convicted for the use of fire to clear land in Riau. The fire was set by external perpetrators who had illegally occupied the riparian reserve area of our KKPA Scheme (plasma) with Desa Batang Nil Kecil. PT Adei and our manager had, unfortunately been reprimanded for not taking a more active measure to prevent them from setting the fire.

We further stress that an independent analysis done by RSPO has exonerated PT Adei of the allegations of slash and burn. Based on the statement issued by RSPO on 5 July 2013, their analysis of the maps submitted showed that there was only one hot spot identified within the plantations owned by PT Adei which fire had been extinguished within 24 hours. It further commended that PT Adei and KLK had been exemplary in managing the fire and haze situation. The PT Adei plantations also appeared to be safe havens when contrasted with the rampant hot spots occurring in their immediate vicinity. A copy of the map from RSPO’s analysis is appended in Appendix II.

(iv) Expansion Plans in Liberia

From our view, an overwhelming majority of the communities welcome the development on our estates in Liberia. There are a few villages showing resistance. KLK and EPO are committed to carry on engaging with them through Free, Prior and Informed Consent (“FPIC”). Should they continue to be against the development, KLK will respect their decision. KLK will not encroach into their area.

(a) Operating in Approved Concession Areas

In reference to the statement made in the Report that with respect to the Palm Bay concession, EPO had met with resistance in Grand Bassa District #4, we wish to reiterate that the elders of the communities in Grand Bassa District 4 had written to the Senators of the Liberian Parliament to support our oil palm development for the betterment of their people. A copy of the letter is attached for reference (Appendix III).

We also attach two newspaper articles from Liberia (Appendix IV) which states that any grievances with certain villages on our concessions have been resolved and the villages are in favour of our company’s efforts in re-invigorating the agricultural industry following a brutal civil war and bringing real economic opportunities to the communities in which we operate. The clear message from the communities of District #4 in Grand Bassa County is that they are truly supportive of developing oil palm plantation agriculture as a sustainable livelihood for all their people.
The abovementioned meeting stated in the newspaper articles which was held on 30 April 2014, was attended by the Deputy Minister of Internal Affairs, Hon. Varney A. Sirleaf on behalf of the Government of Liberia, and included a United Nations representative and more than seventy-five (75) persons, representing the twelve (12) affected towns/villages.

In summary, we are currently operating within our approved concession areas, within the vicinity of consenting communities and conducting the necessary HCV surveys and FPIC analysis and checks in respect of the local communities of our concession areas.

(b) Working together with The Liberian Government to Combat Ebola
EPO is working together with the Liberian government to provide support to combat the Ebola virus. We have not registered any revenue from our Liberian operations and yet, all our 1,500 employees remain on the payroll despite work coming to a virtual standstill due to the Ebola outbreak.

As a crucial part of the region’s health infrastructure, we have an open communication policy with local and national health authorities, sharing information on outbreaks and resources. Our health clinic staff also provide outreach services to neighbouring villages to ensure that everyone in the vicinity of our concession areas fully understand the procedures that must be followed to prevent both the introduction of disease and infection.

Although Liberia has not reported any new case for Ebola or deaths from it in recent months, we are still continuing with the education process to ensure there is no complacency in combating the virus.

(c) Continuous Engagement with Sustainable Development Institute (“SDI”)
We have been engaging with SDI since November 2014 and most recently in early March 2015. The parties are entering into a mediation process in order to resolve grievances raised by certain villages. EPO had also consistently responded to SDI and its allies’ statements to deal with the facts. EPO has the utmost respect for the communities and land rights of those peoples where we operate and practise FPIC at all times.

It is therefore regrettable in its findings, CRR had stated in the report that KLK has shown little commitment towards addressing the outstanding conflict and its approach to communities has so far not been successful. The above would demonstrate that KLK, through EPO are continuously involving the communities in discussions, together with the relevant government representatives to look for solutions in resolving issues.

(v) Expansion Plans in Papua New Guinea (“PNG”)
Being a member of RSPO, KLK is committed to adhere to its P&C and would not engage in any activities which would jeopardise its membership.

In relation to any new development in PNG, KLK had explicitly given its commitment that it would not commence any plantation development without the relevant consent to do so. KLK will only commence oil palm planting activities upon the satisfactory conclusion of the requisite studies, among others, an independent social and environmental impact studies which include HCS and HCV studies; and the FPIC process in the area intended for oil palm development. In this context, we have already extended our invitation to RAN, its partners and/or other advisers to be part of this process if and when such a process is to take place.

KLK reiterates that it has not started any development works and has not imported a single oil palm seed into the country. As far as KLK is concerned, no instructions have ever been given to commence any plantation or commercial activities on the existing State leased land.

As such, we find the statement made in the Report mentioning that “KLK states that it will abide by the RSPO P&C in Papua New Guinea, but at the same time it is looking to develop oil palm in primary forests there. In addition, KLK has tried to bypass communities rather than following RSPO adopted principle of Free Prior Informed Consent.”, not only untrue but very misleading and unfair.
(vi) Social Issues in Indonesia – Disputes with Communities Resolved
The Report had mentioned that “PT Adei had a dispute with five surrounding villages and demonstrations by villagers have been going on since 2013.” We would like to set the record straight that demonstration only lasted a day. All disputes have been resolved except for an outstanding matter which involved a village seeking financial assistance from PT Adei to purchase land. The village was unable to secure a bank loan and PT Adei was unable to assist as we are uncertain about the status of the land.

As for the matter where the Report mentioned communities demanded the return of 2,800 ha to them, KLK would like to state that there is no basis for the claim as all compensation were made prior to our planting back in 1998.

(vii) KLK Had Never Admitted that a Contractor used under-aged persons
In Section 2.6.2, CRR quoted to say that “KLK has admitted that a contractor working for PT Satu Sembilan Delapan used under-aged persons and illegally withheld wages of its workers.” We have never admitted to the above allegations towards the third party contractor. KLK had stated that despite not having conclusive evidence on the matter, KLK acted promptly to terminate the contract and the owner of the contractor and the company remained blacklisted since 2010.

(viii) Working Arrangement in PT Safari Riau
KLK would like to state that the concept of encouraging wives to help their husbands in harvesting and loose fruit collection was implemented on a voluntary basis. The objective of this is to increase productivity and overall family income through their combined effort. This option still continues to be available for the wives to voluntarily help their husbands.

(ix) PT Langkat Nusantara Kepong (“PT LNK”) Complies with Criterion 6.5 of RSPO
The report stated that Indonesian Hutan Rakyat Institute found that PT LNK was not adhering to Criterion 6.5, no decent living wages. However, we would like to point out that Criterion 6.5 states the following:- “Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.” Additionally, for National Interpretation purpose: “National Interpretation will define a Decent Living Wage. Where there is no National Interpretation, the legal minimum wage will be used.”

Therefore, in view that in Indonesia, there is no definition for decent wage, hence, the minimum wage had been used which KLK is in full compliant.

(x) Clarification of 100% RSPO Certified for Malaysia Operations in Annual Report 2014
By the time our Annual Report was released towards end of December 2014, our Kuala Pertang mill in Peninsular Malaysia has already been certified in November 2014.

We append the certification for your reference in Appendix V.

(xi) The Commitments in Manifesto apply to entire supply chain
KLK had been accused for not binding its suppliers and partners to any No Deforestation, No Peat and No Exploitation standards. CRR may wish to note that as a signatory to the Manifesto, we are already committed to apply our commitments in the Manifesto to the supply chain – from production, trading, processing, use and financing – and to stakeholders including third parties.
(xii) Supply Chain Governance
Within the palm oil sector, traceability remains an important and challenging goal. At KLK, the palm products that we produce are traceable right up to our respective palm oil mills, refineries and kernel crushing plants. However, palm oil supplied by third-party suppliers which includes independent traders and dealers are much more difficult to trace due to inherent complexities within the supply chain.

Notwithstanding, KLK is committed to work towards traceability up to palm oil mill and ultimately to the plantation level in the future. In order to achieve this target which is very much in line with the commitment that we have made in our Sustainability Policy, KLK is actively engaging with 3rd party suppliers.

As stated in our Sustainability Policy, our stakeholders will be kept abreast on the status of the above initiatives and its activities through half yearly reports. KLK is in the process of working the traceability in its supply chain and any progress on the initiatives will be included in our first report targeted by end May 2015.

(xiii) Information on Greenhouse Gas (“GHG”) Emissions
KLK wish to inform that there is currently a paper submitted to the international journal where our filter-belt press system is being reviewed for their effectiveness in reducing GHG emissions. Once the findings are accepted and paper is made publicly available, we will be able to substantiate our claim from the results of the study.

Concluding Remark
KLK does not intend to influence CRR’s conclusion in the Report, however we see the need to rectify untrue, misleading and inaccurate information and omission of publicly available information, for the public reading the Report to have a balanced view.

We also stress that KLK should not be assessed solely on historical and past performances. We should be forward looking and be given time to implement the commitments stated in our Sustainability Policy and the Manifesto.

We have said this before and we will reiterate it. We remain focused in our efforts to bring forth improvements to the palm oil industry and will be undeterred by these recycled allegations. KLK will continue to be fully committed to achieve balanced development for the People & Planet. We are accountable for our actions and will continue our pursuit for progress in the industry, refinement in our processes and proactive engagement with our stakeholders to attain the ultimate goal of Business Sustainability.

For further information, please contact:

Lim Poh Poh
Senior Manager
Investor Relations & Corporate Communications
Kuala Lumpur Kepong Berhad
Tel : +605 – 241 7844
Email : pp.lim@klk.com.my

Laila Wilfred
Corporate Manager,
Kuala Lumpur Kepong Berhad
Tel : +603 – 6141 0812
Email : laila.w@klk.com.my
DEPARTEMEN KEHUTANAN
DIREKTORAT JENDERAL PLANLOGI KEHUTANAN
BALAI PEMANTAPAN KAWASAN HUTAN WILAYAH V
BANJARBARU
Jalan Ir. P.M. Noor Koto, Pos 1062 Banjarbaru 70714
Telepon (0511) 4772214 Faksimile (0511) 4772208

APPENDIX I

Nomor : S.248/BPKH.Bjb-2/2010
Lampiran : 1 (satu) lembar
Hal : Analisis Fungsi Kawasan Areal
PT. Karya Makmur Abadi

Kepada yth,
Direktur PT. Karya Makmur Abadi
di-
Sampit

Menindaklanjuti surat PT. Karya Makmur Abadi No: 04/KLK/2010 tanggal 01 Februari 2010 perihal Permohonan Analisis Fungsi Kawasan Areal kebun PT. Karya Makmur Abadi, dengan ini kami sampaikan penjelasan sebagai berikut:

1. Lokasi PT. Karya Makmur Abadi yang dimohon untuk kegiatan perkebunan memiliki luas ± 13.126 Ha di Kabupaten Kotawaringin Timur Provinsi Kalimantan Tengah.


3. Berdasarkan penggunaan kawasan, lokasi tersebut tumpang tindih dengan penggunaan areal lainnnya, antara lain:
   - PT. Minerabumi Raksaperdana (Blok II) ± 294 Ha
   - PT. Hatil Prima Agro (Blok II) ± 6 Ha
   - PT. Trimeru ± 4.558 Ha
   - PT. Gema Mina Kencana ± 2.508 Ha

4. Berdasarkan hasil penafsiran Citra Landsat tahun 2005/2006, penutupan lahan areal yang dimohon terdiri dari:

<table>
<thead>
<tr>
<th>No</th>
<th>Penutupan Lahan</th>
<th>Simbol</th>
<th>Luas (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hutan Lahan Kering Sekunder</td>
<td>Hs</td>
<td>671</td>
</tr>
<tr>
<td>2</td>
<td>Hutan Rawa Sekunder</td>
<td>Hrs</td>
<td>351</td>
</tr>
<tr>
<td>3</td>
<td>Semak Belukar</td>
<td>B</td>
<td>9.187</td>
</tr>
<tr>
<td>4</td>
<td>Belukar Rawa</td>
<td>Br</td>
<td>84</td>
</tr>
<tr>
<td>5</td>
<td>Rawa</td>
<td>Rw</td>
<td>150</td>
</tr>
<tr>
<td>6</td>
<td>Pertanian Campur</td>
<td>P</td>
<td>2.513</td>
</tr>
<tr>
<td>7</td>
<td>Kebun</td>
<td>Kb</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>Pertambangan</td>
<td>Tb</td>
<td>164</td>
</tr>
</tbody>
</table>

   Jumlah  13.126

5. Hasil analisis fungsi ini merupakan telahan di atas peta dan data sekunder lainnya, sehingga tidak dapat digunakan untuk acuan pelaksanaan pekerjaan di lapangan.
Demikian kami sampaikan untuk bahan penyelaalan lebih lanjut.

Kepala Balai
Mewakili

Tembusan :
1. Direktur Penggunaan Kawasan Hutan
2. Kepala Dinas Kehutanan Provinsi Kalimantan Tengah
3. Bupati Kotawaringin Timur
4. Kepala Dinas Kehutanan Kabupaten Kotawaringin Timur

19820620 1994031 002
APPENDIX II

1. PT ADEI

Only one hotspot was located in PT Adei on 21 June 2013.

Latitude: 0.408
Longitude: 102.111
Date: 21/6/2013
Time: 1840
Satellite: A

Source: RSPO – Map Analysis – GAR, KLK & Sime Darby
APPENDIX III

Letter from the Chairman of the Agreed/Affected Communities in District #4, Grand Bassa County

Mr. Alfred Chedegar  
Chairman  
Agreed/Affected Communities  
District No. 4, Grand Bassa County  
Liberia

May 28, 2014  
Liberian Senate  
Capitol Building  
Monrovia, Liberia

Dear Senate:

Without intimidation or molestation, We, the below listed Communities have unanimously agreed for the Equatorial Palm Oil (EPO) Company in District No. 4, Grand Bassa County to complete her 34,500 acres of farm land given the Equatorial Palm Oil Company, ratified by both Houses (House of Senate/House of Representatives) and signed into Law by the President of the Republic of Liberia, for the following reasons:

1. To provide job opportunities for the Citizens of the district, wish is currently ongoing;
2. To provide quality health care for Citizens of the district, wish is currently enjoyed by the people of the district;
3. Construction and rehabilitation of major and fielder roads, which is presently ongoing;
4. Provide quality education for Children/Citizens of the district, wish is presently been enjoyed by children of the district.

We, the Agreed/Affected Communities believed that this will help our Children (Girls) avoid early childhood marriages.

For the past months, we the Agreed Communities have observed and reported that a local Non-Governmental organization (NGO) named and styled SDI and some political Leaders of the County are involved in spreading falsehood and wrongly educating our Citizens about the Operations of the Company (EPO).

Sir, based upon the above mentioned, we have realized and of the convictions that We, the Agreed/Affected Communities are calling on the Liberian Senate to see reasons to bring this nightmare to a halt, which has the propensity of undermining what you Legislatures (Senators) ratified in the interest of all.

Below are names of the Agreed/Affected Communities:

1. Gennee Town  
2. Wesseh Town  
3. Wresamah Town
4. Sammy Tarr Town
5. Glaygbo Town
6. Gbah Town
7. Thompson Geesaye Town
8. Mude Town
9. Paye Town
10. Don’t Care Gbah Town
11. Kampallah Town
12. Joe Wheah Town
13. Joe Pue Town

Signed: Daniel W. Henry
        Secretary General

Signed: Glaygbo Pour
        Senior Elder-District #4

Attested: Morris Besh
          Advisor

Attested: Sam E. Wee
          Youth Chairman

Attested: Jeanet Gbah
          Women Chairperson

Approved: Alfred G. Chedegar
           President

Agreed/Affected Communities
APPENDIX IV

Newspaper Articles from Liberia indicating Settlement of Dispute in District #4

Settlement in Equatorial Palm Dispute

A long standing dispute which resulted in over 45 meetings at the Serena Hotel in Civil Compound, District #4, Grand Bassa, has finally been resolved with agreement that 34,300 acres of land in question be used by the company for future expansion.

At the 47th meeting between the two parties which marked the final dialogue, it was resolved that all agreements to put aside by citizens who opposed the company's earlier expansion to allow more investment in the County.

Speaking to journalists following the outcome of the meeting, Deputy Internal Affairs Minister for Administration, Mr. Varny Sisleaf, who served as the mediator for the two aggrieved parties, expressed hope that the agreement would hold.

In the final discussion, claims by Deputy Minister Sisleaf, and denial by several stakeholders (UNMIL, District No. 4 Representative, Robertson Somah, Grand Bassa County Superintendent) about the company's recent events, were denied.

Settlement...

elders, zoes, paramount chiefs, as well as prominent citizens, it was agreed that the company should begin its clearing operations on the 1st of May 2014.

Addressing participants at the meeting in compound #4, Mr. Sisleaf said his intervention in the dispute came as a result of calls made to him by Grand Bassa Sen. Milton G. Finley expressing concern over the misunderstanding between the two parties.

Minister Sisleaf recalled that he was present at previous meetings at the Ministry of Internal Affairs where citizens of the district raised the issue of lack of commitment by the company to carry out development in the county. He said this can only be resolved through peaceful dialogue.

He noted similar the issue occurred in Nimba County where there was a land case, but with his intervention, the issue was amicably settled.

To put this into perspective, the Deputy Internal Affairs boss who wanted everybody's consent to ensure transparency, solicited views from various group heads on the way out in resolving the land issue.

According to the youth group leader of Damadama town district #4, Mr. Benjam, Sonyo who spoke on behalf of the youth, he had no problems with the expansion company wants to carry on.

Making reference to the lack of safe drinking water, roads, hospitals and schools, Sonyo said he felt that the expansion of the company's operation would bring lots of relief to the county.

James Coakley of Gbarpolu town district #4 who also spoke as the women's chair stated, though they town is directly affected by the company's expansion, she has been left with no doubts that the process will yield a good result for the people of district #4 and their future generation.

She added that the resolution reached was her hope that the government of Liberia would continue to comply with its promises by remitting the company its obligations. An elderly man Mr. Glaybro Foush who made remarks on behalf of the elders of the district said everyone in the district had agreed for the palm company to operate in the district, adding that a governing ceremony was even held for one of the company's officials.

"From the beginning of this thing, we all agreed for the people to come here. The only problem I will have is when the people cannot do what they promised to do", he asserted.

For his part, the head of operations of the company Mr. Sam Yami expressed satisfaction over the manner in which the issue was handled. He disclosed that before the signing of the agreement, several factors were considered including the company's social corporate responsibilities in line with company's concession agreement.

Mr. Namibi said the company would remain committed to operating safely.

He said the company would only implement those promises made, adding that several ventures have already been carried out by the company.
APPENDIX IV (con't)
APPENDIX V

RSPO Certification for Kuala Pertang Mill

KLK- Kuala Pertang Mill
RSPO Membership Number: 1-0014-04-000-00
Address:
Wisma Taiko, No 1, Jalan S.P. Sivanesan, Ipoh,
Perak Darul Ridzuan, 30000, Malaysia

Contact Person:
Sin Chuah Eng, Head of Sustainability (Plantations)
Tel: +605-2417844 Email: cs.sin@klkb.com.my

has been assessed and certified as meeting the requirements of

Malaysia National Interpretation (2008) of the
RSPO Principles & Criteria for
Sustainable Palm Oil Production 2007
RSPO Supply Chain Certification
November 2011

This certificate is valid from 11 November 2014 until 10 November 2019
and remains valid subject to satisfactory surveillance audits
Re certification audit due before 08 September 2019
Issue 1 Certified since 11 November 2014

Additional site details are listed on the subsequent page

Authorised by

SGS (Malaysia) Sdn Bhd Systems & Services Certification
Unit 10-1, 10th Floor, Bangunan Malayaya RE, No. 11, Loring, Suria
Damasara Heights, 56400 Kuala Lumpur, MALAYSIA
+ 603 - 2095 9200 1 603 - 2095 8299 www.sgs.com

Page 1 of 2
Certificate SGS-RSPO/PM-MY14/01581, continued

The management system of

KLK- Kuala Pertang Mill
RSPO Membership Number: 1-0014-04-000-00

has been assessed and certified as meeting the requirements of

Malaysia National Interpretation (2008) of the
RSPO Principles & Criteria for
Sustainable Palm Oil Production 2007 &
RSPO Supply Chain Certification
November 2011

for the following of the mill & its supply base:

<table>
<thead>
<tr>
<th>Milk</th>
<th>Kuala Lumpur Kepong Berhad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Longitude: N 5°37'23&quot; Latitude: E 102°41'17&quot;</td>
</tr>
<tr>
<td>Address</td>
<td>Kuala Lumpur Kepong Berhad</td>
</tr>
<tr>
<td></td>
<td>Kitang Keleka Sawit Kuala Pertang 18000 Kuala K'ra, Kelantan, Malaysia</td>
</tr>
<tr>
<td>Supply Chain Model</td>
<td>Mass Balance</td>
</tr>
<tr>
<td>Annual CPO</td>
<td>11026</td>
</tr>
<tr>
<td>Annual PK</td>
<td>2667</td>
</tr>
<tr>
<td>tonnage production</td>
<td></td>
</tr>
<tr>
<td>tonnage production</td>
<td></td>
</tr>
<tr>
<td>Supply base estates &amp; estimated annual FFB production</td>
<td>Pasir Gagah Estate (2107 ha) – 39,520 mt</td>
</tr>
<tr>
<td></td>
<td>Sungai Sokor Estate (1603 ha) – 1,005 mt</td>
</tr>
<tr>
<td></td>
<td>Kerita Estate (2191 ha) – 10,372 mt</td>
</tr>
</tbody>
</table>