

Kuala Lumpur Kepong Malaysia

Sectors: Agriculture for Palm Oil

● On record

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By: BankTrack

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Sectors	Agriculture for Palm Oil
Headquarters	
Ownership	Kuala Lumpur Kepong Bhd was incorporated in 1973 in Malaysia. It is listed on the Kuala Lumpur Stock Exchange (Bursa Malaysia) and has a market capitalization of US\$7.56 billion (end 2013). Its largest shareholders (2013) are: Batu Kawan Berhad: 46.57% Employees Provident Fund (Malaysia): 14.21% Lembaga Kemajuan Tanah Persekutuan (FELDA): 4.43%
Subsidiaries	Equatorial Palm Oil – United Kingdom
Website	http://www.klk.com.my/

About Kuala Lumpur Kepong

Kuala Lumpur Kepong Berhad (KLK) is Malaysia's third largest palm oil plantation company, with a land bank of roughly [250,000 ha](#) spread across Malaysia (Peninsular and Sabah) and Indonesia (Belitung Island, Sumatra, central and east Kalimantan).

The company also operates in the [sectors](#) of oleochemicals and property with operations in primarily in Malaysia, Indonesia and China. It was founded in 1906 in London as a rubber and coffee plantation company.

In 2013, KLK set up a joint venture with Astro Agro Lestari called [STRA-KLK](#) Pte, Ltd. which will market the refined palm oil products and provide logistics support.

A list of all KLK's subsidiaries can be found in the [Annual Report](#), p 148.

KLK is member of the [RSPO](#) and in December 2014 it published a [sustainability policy](#).

Issues

Human rights and social issues

Interviewed workers tell of being defrauded, abused, and held captive by representatives of a labor management firm called CV Sinar Kalimantan, which works for KLK. Their claims of fraud are substantiated by affiliates of the contractors, as well as by the labor contracts themselves, copies of which were obtained by [Bloomberg Businessweek](#). [KLK has said](#) that its subsidiary was responsible for failure to pay wages and other violations, and that it has taken remedial action.

Liberia

In December 2013 Equatorial Palm Oil (EPO) was accused of involvement in the [arbitrary arrest and assault](#) of Liberian community members who claim that they were resisting EPO's efforts to take their land. EPO has taken steps to expand its operations in Liberia's Grand Bassa County to plant palm oil trees on community customarily owned land, which would be contrary to protections in international human rights law and EPO's commitments to the Roundtable for Sustainable Palm Oil (RSPO), an industry body. This expansion threatens to destroy the farms, forests and wetlands that the local Joghahn Clan rely on for their food and livelihood, and regard as their spiritual home.

Papua New Guinea

KLK [lost a court battle](#) with communities of Collingwood Bay in Papua New Guinea, over two concessions issued in 2012, covering in total 38,350 hectares. In 2014 the court decided that the customary landowners never gave their consent to their land being leased and that the lease applications contained serious flaws. A complaint was filed to the RSPO

Environmental issues

[Greenpeace investigations](#) have linked KLK to deforestation, trade from high-risk regions including Riau, Kalimantan and Papua, and expansion in PNG and Africa.

PT Menteng Jaya Sawit Perdana, a KLK subsidiary is accused of being granted licenses in violation of the Indonesian government forest moratorium in June 2011 in Central Kalimantan.

In Indonesia, a KLK plantation called PT Adei is on [trial](#) for deliberately setting forest fires that led to record-setting air pollution levels last summer. Two KLK employees face jail time for their role in the fires. Two other KLK plantations are charged with threatening endangered Bornean Orangutans, in violation of national law.

In December 2014, KLK announced a "[Sustainability Policy](#)" that was widely criticized for not applying to the company's suppliers, trading partners, or joint ventures, and it did not commit to using the standard approach for calculating High Carbon Stock (HCS) forests. In January 2015, KLK made progress by [announcing](#) that - as it conducts its own study - it will employ the industry standards for HCS developed by The Forest Trust, Golden-Agri Resources, and Greenpeace. However, KLK's policy still does not bind its suppliers and partners to any "No Deforestation, No Peat, No Exploitation" standard, which means that it does not address some of the most serious sources of risk. A [report](#) by Chain Reaction Research (2015) found that about 70% of the palm oil that KLK sells, comes from external suppliers, which are not disclosed.

Other issues

Norway's sovereign wealth fund sold investments in 23 palm producers, including KLK, in the first quarter of 2012, citing concerns over deforestation.

Governance

Updates

Financiers

Banks

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Uncategorised

shares/bonds underwriter or manager - through CIMB Investment Bhd

[Citigroup](#) United States [profile](#)

[Details](#) ▼

Uncategorised

November 2013

shares/bonds underwriter or manager - holds 14.21% of the shares as nominee - for the Employess provident Fund Board
source: Annual Report 2013

[HSBC](#) United Kingdom [profile](#)

[Details](#) ▼

Uncategorised

November 2013

shares/bonds underwriter or manager - holds 3.08% of the shares as nominee
source: Annual Report 2013

Approached, interested

Called a "principal banker" in KLK annual report

[JPMorgan Chase](#) United States [profile](#)

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Equity – share owner/manager

one of KLK's top investors

source: [link](#)

[Maybank Malaysia](#) Malaysia [profile](#)

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Uncategorised

shares/bonds underwriter or manager - through Maybank Investment Bhd

[OCBC](#) Singapore [profile](#)

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Uncategorised

Investment funds

[Dimensional Fund Advisers - DFA](#)

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USD 12 million

June 2014

shares/bonds underwriter or manager - one of KLK's top investors through passive investment in shares

source: [link](#)

[Fidelity Investments](#)

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Approached, interested

2014

one of KLK's top investors

source: [link](#)

[Van Eck Global](#)

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Approached, interested

2014

one of KLK's top investors

source: [link](#)

[Vanguard Group](#)

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2014

one of KLK's top investors

source: [link](#)

In 2012 [Norway's Government Pension Fund Global divested](#) from Kuala Lumpur Kepong, after it revised its investment guidelines to include deforestation as a portfolio risk.