

SUSTAINABILITY REPORT 2016

At Fima Corporation Berhad, we recognise the importance of corporate responsibility as an integral part of our business as we continue to ensure a sustainable future for our business while being committed to achieve a balance among the interests of all stakeholders. Our sustainability framework focuses on creating value for our shareholders and stakeholders in three (3) key areas; Marketplace, Environment and Social.

We believe acting ethically and responsibly are fundamental to our continued success on how we carry out every aspect of our business by minimizing the negative impact on the environment, community and marketplace in which we operate.





MARKETPLACE

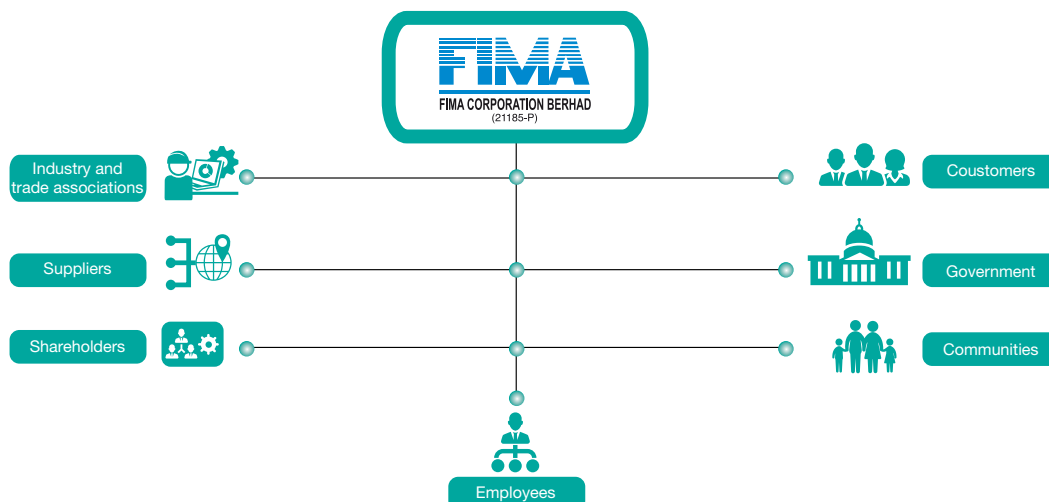
ENGAGING STAKEHOLDERS

We define our stakeholders as those who have direct, indirect or potential impact on the Group including those groups who are directly or indirectly affected as a result of our operations. We believe that the engagement with our stakeholders is an essential prerequisite for long-term sustainability of our business. We respond to our stakeholders' expectations through improvements in our business strategy, governance and corporate reporting framework. Stakeholders are provided with timely updates of the Group's financial performance

through announcements to Bursa Malaysia Securities Berhad, which are posted on our corporate website at www.fimacorp.com, along with other relevant updates.

We also work closely with local governments, regulatory authorities and industry associations to address mutual concerns and topics, help drive development and support livelihoods in the communities where we operate.

OUR STAKEHOLDERS



MARKETPLACE (contd.)



Each of the Group's businesses has also in place documented policies and procedures that govern the way in which they operate such as quality management processes, health and safety standards as well as security protocols.

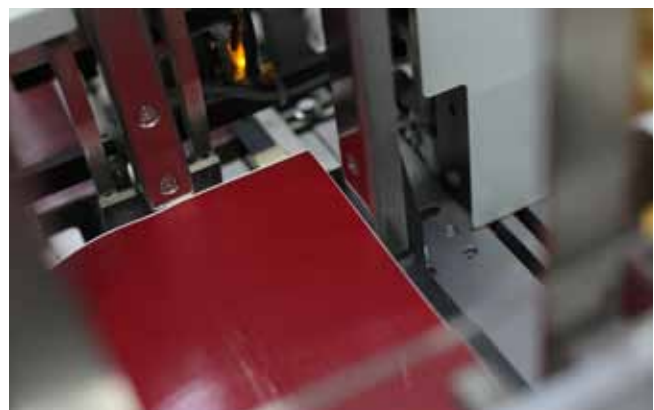
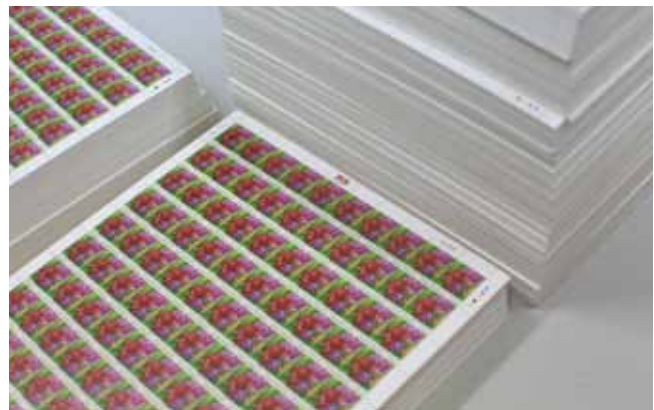
The Plantation Division's subsidiary in Indonesia, PT Nunukan Jaya Lestari ("PTNJL") is accredited with ISO 14001:2004 Environment Management System for the processes employed in the production of its crude palm oil, crude palm kernel oil and palm kernel. The Indonesian Sustainable Palm Oil ("ISPO") audit on PTNJL is currently on-going. The ISPO standard includes legal, environmental, economic and social requirements, which is based mainly on prevailing national regulations.



Annual General Meeting 2015

QUALITY & STANDARDS

We value our customers and continuously strive to improve the quality of our products and services. In ensuring the highest standards, we have quality control procedures in place throughout our processes. We constantly monitor and review processes, putting in place systems to better manage risk, increase productivity, sharpen our competitive edge and make strategic choices that have a positive impact on society and environment. We also stay current with new regulations, industry best practices and marketplace conditions and consistently strive to improve and refine our requirements and standards throughout the entire supply chain.



PKN's products



ENVIRONMENT

Environmental responsibility is part of our commitment towards building a sustainable and growing organization. We trust that our business operations are carried out in a manner that minimizes the negative impact to the environment. In each business segment, we are constantly looking at ways to reduce our environmental footprint. Our priorities within this include:

SUSTAINABLE AGRICULTURAL PRACTICES

Conservation areas: There are certain areas within our estates, which are set aside as conservation areas wildlife corridors which include, among others, sanctuaries for migratory birds and habitat for jungle flora and fauna.

Soil Management: We follow best industry practices e.g. application of empty fruit bunches to new plantings, construction of terraces in undulating or hilly areas to effectively conserve soil, water and nutrients and establishment of cover crops such as *Mucuna bracteata*. Such processes are recognized as effective ways to improve soil properties, reduce erosion and lowers carbon dioxide emissions.

Biological controls against pests: Beneficial plants are planted to attract predators (insects) of leaf pests. These predators feed on leaf pest larvae thereby minimising the usage of pesticides. The introduction

of barn owls in estates to suppress rodent population and the placement of pheromone traps to capture Rhinoceros beetles are among methods that have been adopted and have proven effective in reducing damage to crops.



Beneficial plants for pest control management

ENVIRONMENT (contd.)

WASTE MANAGEMENT

The Group's palm oil mill in Indonesia practices "zero waste" policy in the processing plant whereby the by-products of the palm oil mill such as empty fruit bunches and treated palm oil mill effluent are converted into organic fertilizer or compost which is then applied directly to oil palm fields as a source of nutrients and to supplement fertilizer application. We monitor and treat all effluent and wastewater before discharging into the natural waterways. The organic materials in the wastewater are broken down by natural activities of anaerobic and aerobic bacteria. This process eliminates the need to add chemicals before the water is discharged and this had resulted in successful fish breeding at the final effluent pond.

At the Manufacturing Division, hazardous wastes and residual products recovered from the manufacturing operations are disposed of in accordance with stringent industry standards and statutory requirements.

41,396

tonnes of
EFB compost
produced in
FY2016

118,985

tonnes
of POME
applied in
FY2016



Fish breeding by PTNJL at the final effluent pond



Migratory birds at PTNJL



ENVIRONMENT (contd.)



Water catchment zone at PTNJL

WATER MANAGEMENT

Oil palm trees and palm oil mill operations are water-dependent and as such the water resources available have to be well managed to minimize wastage.

At PTNJL, houses are equipped with water storage tanks for the collection and storage of rainwater. In addition, PTNJL has set aside an area within its plantation as a water catchment zone whereby chemical applications are strictly prohibited to facilitate natural re-vegetation of the area and preservation thereof.



Senior management quarters at PTNJL

OCCUPATIONAL SAFETY & HEALTH

Health and safety of our employees remains our priority. We strive to provide safe and healthy working conditions especially in non-office-based environments such as field operations, processing and manufacturing. Continuous training and awareness programmes which include fire training and hazard guidance are conducted for those dealing with potential hazards involving chemicals, pesticides and machineries.



Scheduled maintenance

ENVIRONMENT (contd.)

We are mindful of the compliance with relevant national laws, regulations and all other requirements relating to best practices in occupational safety and health; and we constantly carry out activities aimed at preventing work injuries. Preventive and scheduled maintenance are regularly performed on the Group's facilities, plants and storage tanks; whereupon appropriate repairs and replacements are promptly carried out when necessary. Employees who are engaged in the operations of any machinery are properly trained, while training programmes on the use of personal protective equipment are regularly conducted for workers handling or exposed to hazardous materials. Such trainings have been and will continue to be a vital part of the Group's operations.

Emergency preparedness is also an important aspect within our operations, thus our facilities are equipped with firefighting systems and have in place adequate programs to respond to emergencies.



Machine handling training



Safety training at PTNJL



Boiler handler at PTNJL



Routine safety briefing at PTNJL



SOCIAL

OUR PEOPLE

We have more than 1,700 employees from different backgrounds and ethnicities, lending immense value of their diverse skills, knowledge and abilities to drive the Group forward. We make every effort to empower the people with the right knowledge, skills and capabilities.

This enables them to grow in their respective career paths, while emphasizing on their safety and wellbeing at work, wherever they may be. We are also committed to foster a conducive working environment, free of discrimination and harassment for all our employees.

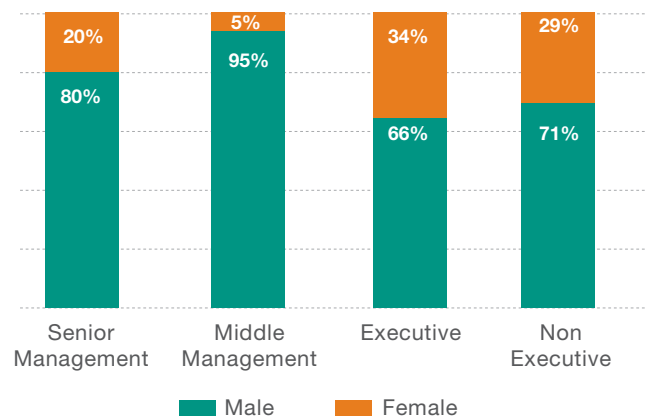
**GROUP
WORKFORCE**
1,786

**people employed by
Fima Corporation
Berhad as at
FY2016**

**NUMBER OF
EMPLOYEES
BY REGION**

**MALAYSIA
418**
**INDONESIA
1,368**

EMPLOYEE BREAKDOWN BY GENDER AND POSITION



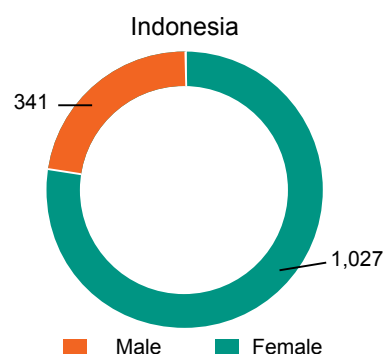
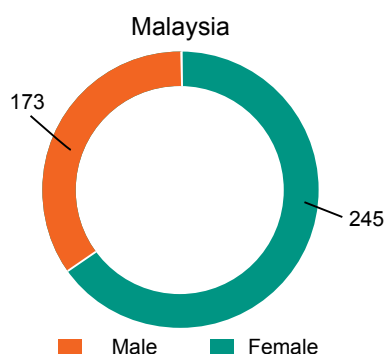
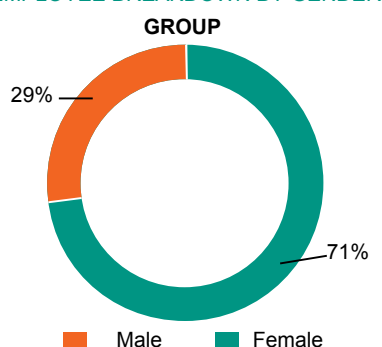
SOCIAL (contd.)

DIVERSITY AND GENDER BALANCE

As at 31 March 2016, the Group's workforce stood strong at 1,786 employees. Overall, the Group has a gender balanced workforce comprising 29% female and 71% male.

Our diverse and inclusive workplace is representative of the countries and communities in which we operate.

EMPLOYEE BREAKDOWN BY GENDER



EMPLOYEE DEVELOPMENT AND ENGAGEMENT

We view career development as part of our commitment to build a more efficient, highly motivated and talented team to ensure that the Group remains agile and responsive in competitive environment. Training allocation is available annually for our employees to participate in internal or external workshops and seminars. We believe that a mixture of both internal and external training develops targeted skills and knowledge for a specific role. In addition, we facilitate job rotations within and between functional units, to enable our employees to broaden their skills and knowledge base, and provide exposure to different roles and responsibilities. Employees also have the opportunity to undertake overseas assignments for exposure in different markets.



Training session at PTNJL and FimaCorp

	Head Office	Manufacturing	Plantation	Total
Senior Management	2	2	1	5
Middle Management	3	13	11	27
Executive	6	30	26	62
Non Executive	15	307	1,370	1,692
Total Workforce	26	352	1,408	1,786

Employee Breakdown by Position and Division

SOCIAL (contd.)

All new employees will go through an induction program to familiarize themselves with all aspects of the Company and the Group, including business operations and strategies as well as our expectations for ethical conduct.

The performance appraisal of our employees is conducted annually based on the objective set for the review period. They are rewarded through increment, bonus or promotion upon the evaluation of the performance and contribution of each employee. The annual performance appraisal is also an effective communication platform between employer and employee for feedback, sharing of ideas, review areas for improvement and to recognize individual training and development needs.

BENEFITS AND WELFARE

The Group's compensation structure includes fixed and variable components depending on the employee's job grade. We comply with the minimum wage guidelines of the home country we operate in and we do not condone excessive working hours.

Each location within the Group has its own locally defined employee benefit scheme. For eligible employees, the benefits include:

- contributions to retirement fund;
- medical benefits for outpatient, specialist and hospitalization treatment for employees, spouse and eligible children;
- group term life and personal accident insurance;
- provision of free transportation for workers' children to nearby local schools by PTNJL. A clinic and crèche are also available at the estate to cater to the needs of the plantation staff and workers; and
- provision of housing with clean water and sanitation for plantation workers.



Kindergarten at PTNJL



Worker's quarter at PTNJL

During the year, the Manufacturing Division continued to provide financial aid to children of employees to help them pursue their tertiary education in institutes of higher learning in Malaysia.

While we emphasize the importance for our employees to be well-versed in the Group's current development and achievement status, we also recognize the importance of bringing excitement and fun elements for our employees' participation. Sports activities and events such as family days, weekend retreats and festive gatherings are organized with the aim to foster greater bonding and camaraderie amongst employees which in turn helps improve engagement at work.



PKN's Family Day

SOCIAL (contd.)



PKN's Family Day



PTNJL's karaoke competition and prize giving ceremony

COMMUNITY

As the Group works with local communities in all its operations, we strive to make a positive impact on the communities in which we operate. During the year, the main focus areas for our community activities are education, youth and social welfare.

The Manufacturing Division supported Persatuan Al-Hunafa, a non-profit organization via sponsorship of its Titian Samara Programme aimed at helping secondary students with academic and social problems. The programme currently focuses on five (5) schools in Klang area namely, SMK Raja Lumu, SMK Pandamaran Jaya, SMK Tengku Ampuan Jemaah, SMK Telok Gadong and SMK Kampung Jawa. The division also continued to help local communities in the form of donations, sponsorships and support in kind.

To name a few:

- Donation to Pertubuhan Kebajikan Jiwa Kasih Kuala Lumpur for their "Forum Membanteras Gejala Seksual di kalangan Remaja".
- Sponsorship of wheelchair for Pertubuhan Tentera Tidak Berpencen.
- Donation to Nadi Anissa, a Muslim women's organization towards their programme for single mothers and poor women.
- Donation to Parents & Teachers Association of SK Kuala Kubu Bharu Dua for their programme on upgrading infrastructure and equipment of Surau An-Nur.

The Group also offers placements to university students to undergo on-the-job programmes in various functions within the Group to gain the skills and experience they need to access entry-level job opportunities. During the year, seven (7) students from the Printing Faculty of Institut Latihan Perindustrian, a government vocational education training centre, underwent a 6-month work-based training programme at our Manufacturing Division.

PTNJL also received 45 students from various universities in Indonesia to undergo a 3-month internship programme during the year. At the end of the programme, selected students were absorbed as permanent employees of the Manufacturing Division's production unit and PTNJL's oil mill.

To foster the economy in the communities near our projects, the Group hires and trains local employees at our jobsites, providing technical training and skills to improve workers' wage-earning potential. We also support local suppliers and contractors in our line of business whenever possible to further stimulate regional business development.



Part of our dedicated staff in PKN & PTNJL

