

SR2019

S U S T A I N A B I L I T Y R E P O R T

Economic
Setting Standards

Environment
Focus Group Discussion

Social
**Certified Emergency
Respond Training**

**BUILDING
VALUES**

www.fimacorp.com



BUILDING VALUES

Fima Corporation Berhad (“the Company” or “FimaCorp”) was incorporated on 5 December 1974 under the name of Metal Box Holdings Malaysia Sendirian Berhad. In 1976 the Company was listed on the Main Board of Kuala Lumpur Stock Exchange (now known as Bursa Malaysia) and changed its name to Metal Box Berhad. In 1981, Kumpulan Fima Berhad became the Company’s controlling shareholder. The Company assumed its present name in 1993.

The Company is principally an investment holding company with 13 subsidiaries and 1 associate company involved in the manufacturing, plantations and property management segments.



OUR REPORTS



We encourage you to visit our Sustainability Report at <http://www.fimacorp.com/sustainability-reports.php>. You will have the privilege to download, retrieve and view any pages of the annual report at your convenience.

2019 Sustainability Report

Fima Corporation Berhad (21185-P)

VOLUME 01

BOARD OF DIRECTORS

CHAIRMAN

Dato’ Adnan bin Shamsuddin

MANAGING DIRECTOR

Dato’ Roslan bin Hamir

DIRECTORS

Rezal Zain bin Abdul Rashid Dr. Roshayati binti Basir
Rosely bin Kusip Datuk Bazlan bin Osman

GROUP SUSTAINABILITY COMMITTEE

Rezal Zain bin Abdul Rashid (Chairman)
Dato’ Roslan bin Hamir Jasmin binti Hood
Nazri bin Talib Mohamad Shahrul bin Khalil

SUSTAINABILITY REPORT CONTRIBUTORS

Zaid bin Ahmad Riza Eddie bin Mahadi Affandi
Muhammad Hafiz bin Johari Mohd Tarmizi bin Jamaludin
Mohd Nor Erieff bin Marzuki Nor Ita binti Md Ali
Sartini binti Hasi

All rights reserved.

All images and copy appearing in this report are copyright.

Information Inquiries:

T : +603-2092 1211

F : +603-2092 5923

W : www.fimacorp.com

@ : sustainability@fima.com.my

TABLE OF CONTENTS

02

ABOUT THIS REPORT

- 02 Reporting What Matters
- 03 Our Process
- 03 Scope & Boundary
- 03 Feedback

04

GROUP CORPORATE PROFILE

- 04 Who We Are
- 04 What We Do
- 06 Financial Highlights

08

IN CONVERSATION

11

REPORTING WHAT MATTERS

- 12 Sustainability Reporting Journey
- 14 Governance
- 16 Engaging Stakeholders
- 18 Materiality Analysis

22

ECONOMIC

- 24 Our Approach
- 24 Responsible Business Practices
- 24 Ethical Conduct
- 25 Responsible Procurement
- 25 Cybersecurity
- 25 Quality and Standards



28

ENVIRONMENT

- 31 Sustainable Agriculture Practices
- 36 Mechanisation of Field Operation
- 36 Waste Management
- 38 Water Management
- 39 Energy Management
- 42 Emission

46

SOCIAL

- 48 Our People
- 49 Diversity & Gender Balance
- 50 Employee Turnover
- 51 Occupational Health & Safety
- 54 Employee Development & Engagement
- 56 Sustainability Training & Awareness
- 57 Human Rights & Workplace Relations
- 57 Whistleblowing
- 57 Benefits & Welfare
- 58 Community Contribution



About This Report

We are pleased to present you FimaCorp's first standalone Sustainability Report.



Fima's 3 key performance objectives are to grow revenue, provide solid returns on capital employed and strong cash generation. In achieving these objectives, the Group takes into account stakeholder expectations, its responsibility to the environment and the communities in which it operates, to ensure the sustainability and long-term prosperity of the Group. We remain focused on managing our long-term sustainability to:

Reduce the environmental footprint of our operations by managing our supply chain in consideration of community and environmental impacts;

Undertake responsible business practices through good governance, resource and operational efficiency and being accountable for our actions;

Support the development, growth and safety of our employees and the communities we operate in.

Reporting What Matters

Shareholders would note that in the last few years the Group had begun to formally monitor and report on the data relevant and material to these matters. We are on a journey to fully implement processes of data collection and management throughout the Group that will provide information relevant to



material and strategic issues to make our reporting process aligned with global best practices. Material topics are identified and prioritised from a combination of stakeholder inputs, engagements with various teams from within the Group, regulations and guidelines, sustainability trends as well as peer reports. This process is more fully described on page 18 of this Report.

This Report provides information on the sustainability issues assessed as material to the Group and how we are presently addressing them. This Sustainability Report has been prepared in accordance with Global Reporting Initiative ("GRI"): Core Option and based on data for the financial year ended 31 March 2019 ("FYE2019") unless otherwise stated. This Report also reflect changes and trends in our operating environment, risks and opportunities that could affect our value creation process and the Group's strategic objectives across the economic, environment



and social pillars. These are complemented by a variety of real-life stories from across the Group.

Our Process

The sustainability performance data are collected from the Group's operations by means of a standard template, which requests information on, among others, material use, employee turnover and headcount, injury rates, energy and utility flow.



** According to the GRI, material topics are those that "reflect the organization's significant economic, environmental, and social impacts or those that substantively influence the assessments and decisions of stakeholders".*

These are reported on a monthly basis and is collated at Group level.

All information and data included in this Report have been reviewed by the divisional management and members of the Group Sustainability Committee, and thereafter tabled to and approved by the Board of Directors. Members of the Group Sustainability Committee have been an important source of input for sustainability endeavours during the year, and provided critical and constructive support for the reporting process. This Report has not been externally assured.

Scope & Boundary

The scope of this Sustainability Report covers the Group's wholly owned operations and joint ventures that are at least 50% owned by FimaCorp. Contractors, vendors and outsourced services are excluded from the scope of all performance indicators unless

otherwise indicated. The reporting period corresponds to our financial year FYE2019, which runs from and covers the reporting period 1 April 2018 to 31 March 2019. All references to FimaCorp, the Group, the Company, the business, "our" and "we" refer to Fima Corporation Berhad and its subsidiaries.

Financial performance: For a full account of FimaCorp's FYE2019 financial performance, please refer to FimaCorp's Annual Report 2019.

Water, energy consumption and CO₂ emissions: The Group's energy consumption and greenhouse gas inventory is based on the Greenhouse Gas Protocol. For greenhouse gas emissions we have chosen to report only on CO₂. Other greenhouse gases such as CH₄ (methane), N₂O (nitrous oxide) are excluded from our emissions inventory as they are not considered to be material. We calculate the energy consumption and CO₂ emissions associated with the Group's energy consumption using conversion factors from reputable and authoritative sources.

The Group's reporting scope includes its direct CO₂ emissions (scope 1 emissions, from the Group's own sources) and indirect CO₂ emissions from the generation of purchased electricity consumed by the Group (scope 2 emissions).

Safety: Scope includes all permanent and temporary employees employed by companies within the Group. Reportable incidents are based on actual occurrences and are never estimated.

Feedback

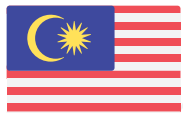
We welcome feedback on our Sustainability Report. You may e-mail your feedback to sustainability@fima.com.my

Group Corporate Profile

WHO WE ARE

Incorporated in 1972, Fima Corporation Berhad (“FimaCorp”) is principally an investment holding company with subsidiaries involved in manufacturing, plantation and property management. FimaCorp was listed on the Main Market of Bursa Malaysia in 1976. Currently, the Group employs 1,717 people.

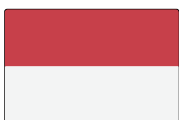
OUR LOCATIONS



- Kuala Lumpur
- Kelantan
- Terengganu
- Perak

MALAYSIA

INDONESIA



- Kabupaten Nunukan,
Kalimantan Utara

WHAT WE DO

Manufacturing

Production and trading of security & confidential documents



Plantation

Development, cultivation & processing of oil palm products



Property

Property management and engineering consultation services



Facilities & Capabilities as at 31 March 2019

One of the
largest security printers
in Malaysia

Technical support team
throughout Malaysia

10 estates in Malaysia and
Indonesia

27,745 hectares
of land

8,510 hectares of
planted area

1 60mt/per hr palm oil mill in
Sei Menggaris Kalimantan Utara

11 properties throughout
Malaysia and Indonesia

738,909 Sq/Ft of
built-up area

MEMBERSHIP OF ASSOCIATIONS

- ▶ Gabungan Pengusaha Kelapa Sawit Indonesia, GAPKI
- ▶ Association of Plantation Investor of Malaysia in Indonesia, APIMI
- ▶ Incorporated Society of Planters



Financial Highlights

Financial Year Ended 31 March (RM'000)	FYE2015	FYE2016	FYE2017	FYE2018	FYE2019
REVENUE	378,014	375,207	372,101	284,646	244,720
PROFIT					
Profit before tax	87,827	77,300	61,261	60,965	79,477
Profit after tax	60,305	54,872	35,007	40,074	65,326
(Loss)/profit attributable to Non-controlling interests	4,544	3,590	(2,708)	5,952	7,880
ASSETS AND LIABILITIES					
Total assets	712,804	684,559	718,659	640,502	673,727
Total liabilities	152,285	102,171	129,368	75,151	76,569
Financed by:					
Shareholders' funds	530,529	554,247	563,378	546,393	573,775
Non-controlling interests	29,990	28,141	25,913	18,958	23,383
Net asset per share (RM)*	2.20	2.30	2.34	2.27	2.39
EARNINGS AND DIVIDEND*					
Earnings per share (sen)	36.15	21.24	15.64	14.15	23.90
Dividends per share - Gross	12.5	12.5	17.5	12.5	12.5
Dividends per share - Net	12.5	12.5	17.5	12.5	12.5
SHARE PRICES					
Transacted price per share (RM)					
(i) Before share split					
Highest	9.72	N/A	N/A	N/A	N/A
Lowest	7.80	N/A	N/A	N/A	N/A
(ii) After share split*					
Highest	2.99	2.84	2.33	2.36	2.01
Lowest	2.14	2.09	2.02	1.95	1.75

* **Note:**

On 13 October 2014, 82,426,810 ordinary shares of RM1.00 each were split into 164,853,620 ordinary shares of RM0.50 each. A bonus issue of 80,470,710 new subdivided shares was credited as fully paid-up on the basis of one (1) bonus shares for every 2 subdivided shares, exclude treasury shares.

Revenue (RM'000)

FYE2015		378,014
FYE2016		375,207
FYE2017		372,101
FYE2018		284,646
FYE2019		244,720


Profit Before Tax (RM'000)

FYE2015		87,827
FYE2016		77,300
FYE2017		61,261
FYE2018		60,965
FYE2019		79,477

Total Assets (RM'000)

FYE2015		712,084
FYE2016		684,559
FYE2017		718,659
FYE2018		640,502
FYE2019		673,727

Shareholders' Funds (RM'000)

FYE2015		530,529
FYE2016		554,247
FYE2017		563,378
FYE2018		546,393
FYE2019		573,775

In Conversation

Encik Rezal Zain Abdul Rashid, Chairman of Group Sustainability Committee answers questions on the Group's commitment to sustainability.

Q How does the Group's sustainability strategy align with the Group's key performance objectives?

A Our sustainability strategy is fundamental to the way we approach and manage our operations. While our strategy has a clear financial focus, we acknowledge that our stakeholders are also interested in our social and environmental performance. Add to that, legislation in many parts of our business are putting increased emphasis on carbon footprint and emission reductions.

In order to ensure the success of our operations now and in the future, we need to maintain our licence to operate, foster an engaged, healthy and productive workforce, and enhance our local surroundings by cultivating our relationships with our partners and communities, and by protecting and rehabilitating the environment.

Q How is the Group Sustainability Committee organised?

A Our sustainability initiatives are coordinated primarily by Group Corporate Services and Group

Engineering Departments at Head Office and they have representatives that sit as members of the Group Sustainability Committee. Team members from these 2 departments are responsible for developing the sustainability reporting formats, data collation, supporting and advising (including training) all business units on the development, implementation of any improvement/efficiency projects and reviewing the progress thereof. During the year under review, our divisions have also established sustainability working groups which today consists of more than 34 colleagues in total whose role is to assess, measure and report the sustainability performance of their respective operations. Clearly, this is only the beginning!



Q What's your role in the sustainability process?

A Together with my colleagues on the Group Sustainability Committee, I lead the goal-setting/baseline process. That means we review, consider and set the material issues, direction and key focus areas, and ensure we are on the right track from an environmental and business perspective. We are regularly consulted and provide guidance

Our sustainability strategy is fundamental to the way we approach and manage our operations.

on a broad range of other sustainability-related matters and facilitate cross-functional baseline setting. For example, a materiality matrix setting out the key sustainability topics has been drawn up based on the results of the stakeholder survey that was undertaken during the year. Inter alia, the matrix has largely affirmed that the 8 United Nations Sustainable Development Goals (SDGs) goals we had identified last year were still relevant to our present-day businesses.

Given the diverse nature of our businesses, it takes time to both create a framework that can be adopted Group-wide as we want to base every decision on facts and data. That said, we are working towards and hope to be able to formalize a longer-term approach to the framework and set measurable targets in near term.

I am happy with the initiatives we've taken in terms of information disclosure and communication of our environmental, social and economic impacts and the areas for improvement thus far and believe that readers will find value in the information we have compiled.

Q What do you consider to be the most critical sustainability challenges impacting the Group's business?

A A United Nations report stipulates that the world population is expected to reach 9.7 billion by 2050, which will strain natural resources already in limited supply. I see other critical challenges as maintaining a stable and appropriately skilled workforce; upholding positive relationships with our local communities, particularly in terms of managing expectations and communicating effectively about all aspects of our operations; ensuring access to a stable energy supply while reducing our emissions; and finally underpinning all this is maintaining customers trust in, and demand for, our products and services.

Q And what are the key opportunities?

A The challenges around resource use that not only our, but all industries face, will require us to innovate in order to improve productivity. Higher productivity then translates into more resources to go around and better standards of living. I also believe that those in the private sector plays an important role in providing stable employment opportunities. Take for example our **Plantation Division** – some of our estates are located in rather remote areas where we are significant contributors to the local economy. As such, we have

the opportunity to really make a difference to our communities. By focusing on initiatives that help poverty eradication, provide education and training, encourage wellbeing for employees and communities and by protecting the environment, we can positively enhance our direct sphere of influence.

Q What's next for the Group Sustainability Committee? Please share with us your aspirations.

A Our first Sustainability Report is an important milestone for us. The development of this report has no doubt been a learning experience for the Committee and members of our teams, yet we acknowledge that the process of reporting affords significant benefits in terms of being able to use the information we have collected to evaluate our performance where in some cases, weaknesses are identified thereby prompting further monitoring and due diligence.

We continue to remain committed to improving our transparency and accountability vis-à-vis our disclosures and on this note, we aspire and are steadily working towards adopting an integrated approach to reporting i.e. by combining financial and non-financial information on how the Group is creating long-term sustainable value for stakeholders and the environment alike. For me, doing so is a natural extension of our journey towards becoming more sustainable, accountable and responsible.

Fima Corporation Berhad remains focused on providing sustainable value to our shareholders through **3 Core Performance Objectives** namely profitable revenue growth, solid returns on capital employed and strong cash generation.

Profitable Revenue Growth

The Group aims to grow revenue in a sustainable manner through expansion of existing operations, products and services, growth in market share and expanding into new market.

Solid Returns on Capital Employed

Long-term contracts, investment and ownership of productive assets with continued focus on efficiencies, cost structures and improved returns on capital employed.

Strong Cash Generation

Operational strategies are necessary elements for a business and are directed towards cash generation.

Expansion and growth are focused towards high quality investment with steady cash flows.

These objectives are enabled and supported by the following **4 Strategic Drivers** which provide a competitive advantage to the Company and act as a guideline to direct strategy formulation and implementation by the businesses within the Group:



Maintain Prudent Financial Profile



Strengthen Core Businesses



Leverage on Market Opportunities



Establish Strong Pillars For Future

Sustainability Values

that support these objectives and strategic drivers

Economic



Governance & Responsible Business Practices



Operational & Resource Efficiency

Environment



Environmental & Social Responsibility in our Supply Chain

Social



Building Trusting Relationships with Stakeholders



Health, Safety & Development of our Employees and Communities

Introduction

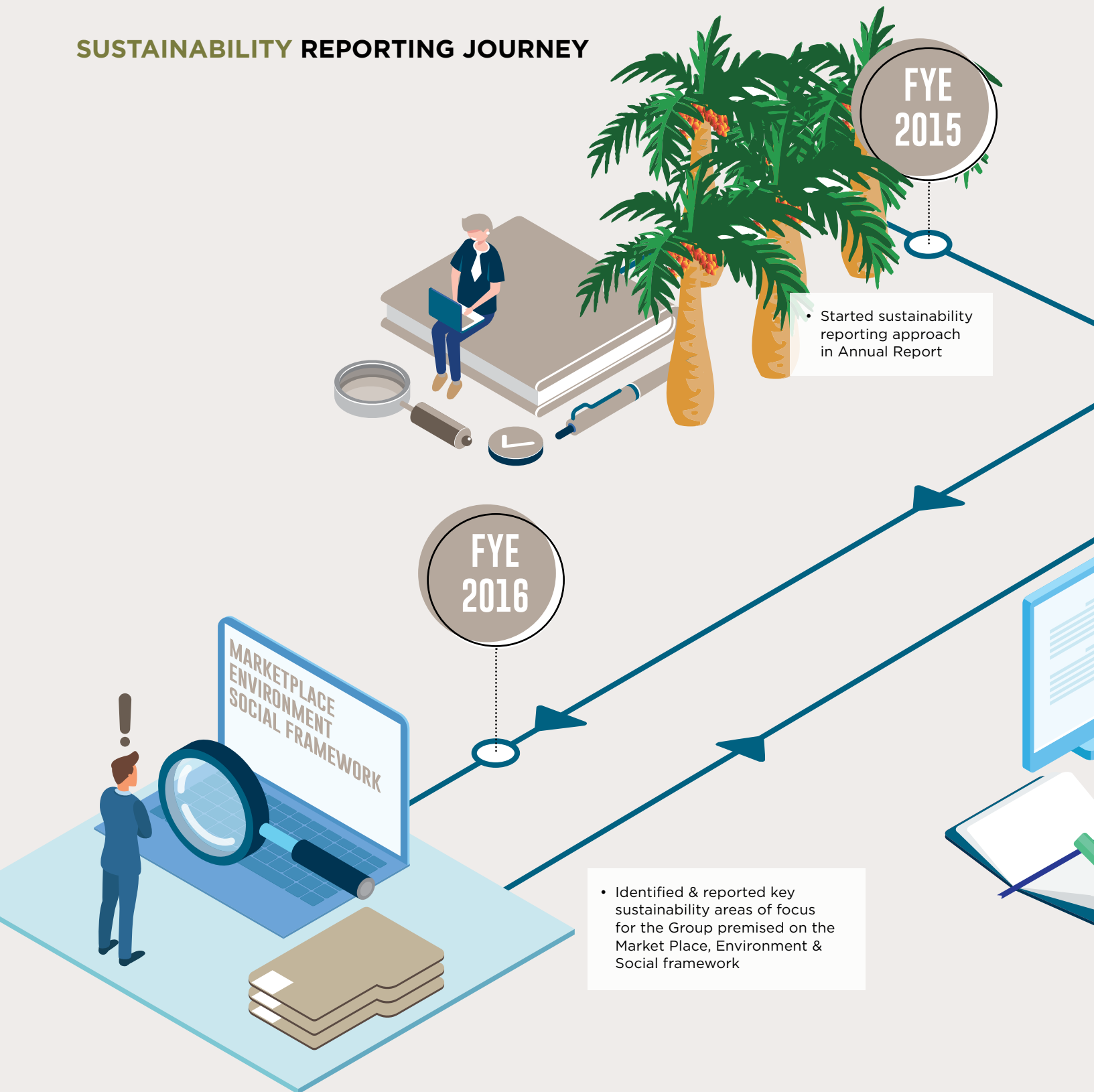
We define sustainability in a way that brings responsibility and accountability into every activity and process while building a successful business. Doing business with sustainability in mind is not only a matter of balanced corporate responsibility but is also sensible from a business perspective. We can only retain our competitive edge if we entirely dedicate ourselves to our customers, our employees, our suppliers, our services, the environment and the local communities where we operate.

As our sustainability practices evolve, we know we must focus on what's right for our business. We care deeply about issues such as the health and safety of our employees, environmental protection, product quality and safety, resource conservation, support for the communities we operate in and returning profits to our shareholders. Towards this end, we will continue to work with our stakeholders and others on common-ground sustainability efforts.

Reporting What Matters

The content included in this Report has been selected through a structured process which is aligned with our business strategy and the needs of our stakeholders. Our approach to reporting is in accordance with the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards): Core option, the requirements of Bursa Malaysia's Main Market Listing for sustainability reporting. Our reporting also reflects changes and trends in our operating environment, risks and opportunities that could affect our value creation process and the Group's strategic objectives across three key pillars: economic, environmental and social. Moving forward, we hope to be able to formalize a longer-term approach to the framework and targets and to further integrate sustainability in our core businesses. For starters, our divisions have established sustainability working groups which today consists of over 34 employees. Their roles are to assess, measure and report the sustainability performance of their respective operations. Increasing the maturity of internal processes will in turn help in increasing the level of assurance of our sustainability reporting.

SUSTAINABILITY REPORTING JOURNEY



The infographic features a winding blue line that connects three circular nodes representing the financial years FYE 2017, FYE 2018, and FYE 2019. Each node is accompanied by a list of key sustainability initiatives. The background is decorated with various illustrations: a meeting scene at the top right, a study or training session on the middle left, and a person reviewing documents on the bottom right. A clock and a coffee cup are also depicted near the FYE 2019 node.

FYE 2017

- Sustainability Workshop conducted for the Board of Directors & Senior Management
- Group Sustainability Committee was set by the Board
- Sustainability Awareness Program to all subsidiaries and new reporting format established
- Subsidiaries began to report sustainability data on a Quarterly basis
- Sustainability Report aligned with Bursa Malaysia's Sustainability Reporting Framework and Sustainability Reporting Guide
- Inaugural disclosure on the Group's CO₂ emissions and energy use

FYE 2018

- Sustainability Awareness Programs to all subsidiaries continues
- Sustainability data reporting format enhanced – subsidiaries now report on a monthly basis
- Identified UN SDGs that corresponds most to our businesses
- Sustainability Report aligned with Bursa Malaysia's requirement on Sustainability Reporting

FYE 2019

- Sustainability Workshop on materiality and stakeholder engagement for Group Management
- Training to Group employees on sustainability data reporting format and procedures
- Aligned Sustainability Report with GRI Standards: Core option
- Undertook a stakeholder survey & materiality analysis through questionnaires, interviews, desktop peer and industry analysis
- First standalone Sustainability Report published

Governance

Many of our activities are highly regulated by laws and regulations relating to health, safety, environment and community impacts. We are committed to complying with the laws and regulations of the countries in which we conduct business and, where applicable, to exceeding legal and other requirements that are less stringent than our own because we believe high governance standards are integral to ensuring the Group's future viability and maintaining our social license to operate.

We have a comprehensive system of stewardship and accountability that meets the requirements of all applicable rules, regulations, standards and internal and external policies.

Our diverse and highly engaged Board of Directors brings a range of viewpoints and deep expertise that helps ensure effective oversight of our strategic priorities and operations, having regard to the interests of shareholders, customers, suppliers and the wider community. The Board is supported by dedicated Board committees, each with its own charter setting out its roles and responsibilities. The Group Sustainability Committee steers our sustainability activities and is presently chaired by a Senior Independent Non-Executive Director of FimaCorp thus ensuring that we have Board-level oversight of the critical sustainability issues affecting the business and how they should be managed. At management level, the Heads of Division comprises the Group's most senior executives. There is a delegation of authority framework that clearly outlines those matters delegated to the

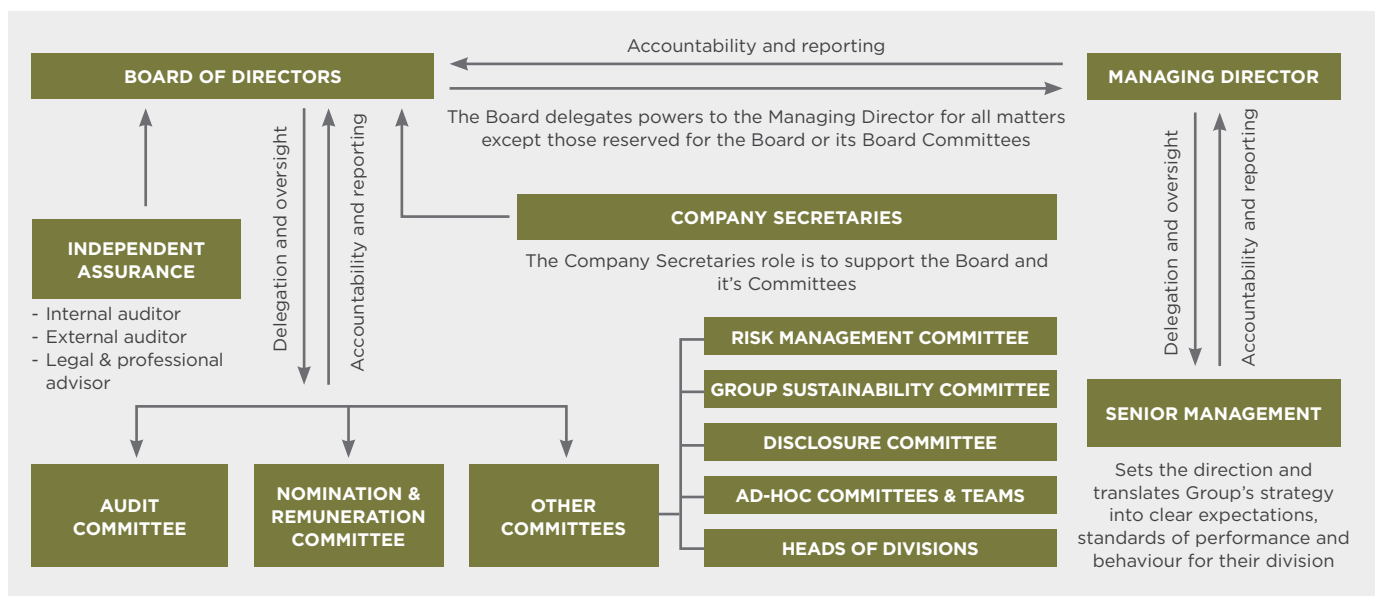
Managing Director of FimaCorp and other members of senior management. In addition, ad-hoc committees are established to deal with particular sets of ongoing issues.

The business units are also responsible for adopting sustainability strategies to their operating needs, as well as providing the resources needed for its implementation. They align their brands, technologies and sites involved in sustainability with the specific challenges and priorities of their business portfolio. In addition, our suppliers and contractors are also required to observe the Group's commitments on issues such as health and safety, environment, human rights and local labour laws.

The Corporate Governance Overview section can be read in our Annual Report and website at <http://www.fimacorp.com/corporate-governance> which lays out our principles and policies in greater detail.

We also require all our business units to implement appropriate levels of risk management to ensure compliance with all relevant legislation, health, safety and environment policies, our overriding business principles and Group policies relating to them, taking into account business needs and local circumstances.

Each business has developed and documented policies and procedures to comply with the minimum control standards established over specified processes, including procedures to mitigate risks, monitoring compliance and taking corrective action. Further details of our risk management can be found in the Statement on Risk Management and Internal Control section in the Annual Report.



Governance In Action



SPOTLIGHT STORY




Since 2016, the Boards of FimaCorp and its penultimate holding company, Kumpulan Fima Berhad have organised a Joint Board Retreat for 3 days to review, discuss, debate and approve the Group's strategy. This is both an opportunity for the Boards to reflect on progress made to date and helps shape the Group's plans for the coming years. It also provides an opportunity for the Board to discuss and challenge proposed and alternative investment choices and portfolio moves, as well as providing a forum for the Boards to assess whether or not the respective business units have achieved the right balance of challenge and conservatism in its strategic ambitions.

During the Retreat held in March this year, the Managing Director and senior management presented their strategic plans for each business segment. These plans were deliberated and challenged by the Non-Executive Directors who shared their views and perspectives drawing on their backgrounds and business experiences. The agenda also included discussions of the strategic choices and issues for each business area; the resulting financial outlook expected for the Group; and the capabilities (people, process and technologies) required to deliver the next phase of the Group's strategy.

The Retreat considers ideas for the potential opportunities, risks and actions over the next three years. In particular, the Boards discussed initiatives to deliver growth in identified business areas. Valuable insights were gained from the Retreat and these along with other 'agreed next steps', as the case may be, will be reflected in the respective businesses' actions plans and strategies moving forward. The Boards will receive information and updates at full board meetings throughout the year to remain engaged and informed on these priorities and initiatives.

Engaging Stakeholders

Our stakeholders' expectations revolve around good returns, sustainable profits, growth, regulatory compliances, transparency and accountability. We respond to our stakeholders' expectations in different ways, both formally and informally, depending on the nature and scale of the issue. These interactions are crucial to enable us to tackle some of the major challenges facing our operations – problems that affect everyone along our value chain and to seek beneficial solutions on concerns that no entity can solve on its own.

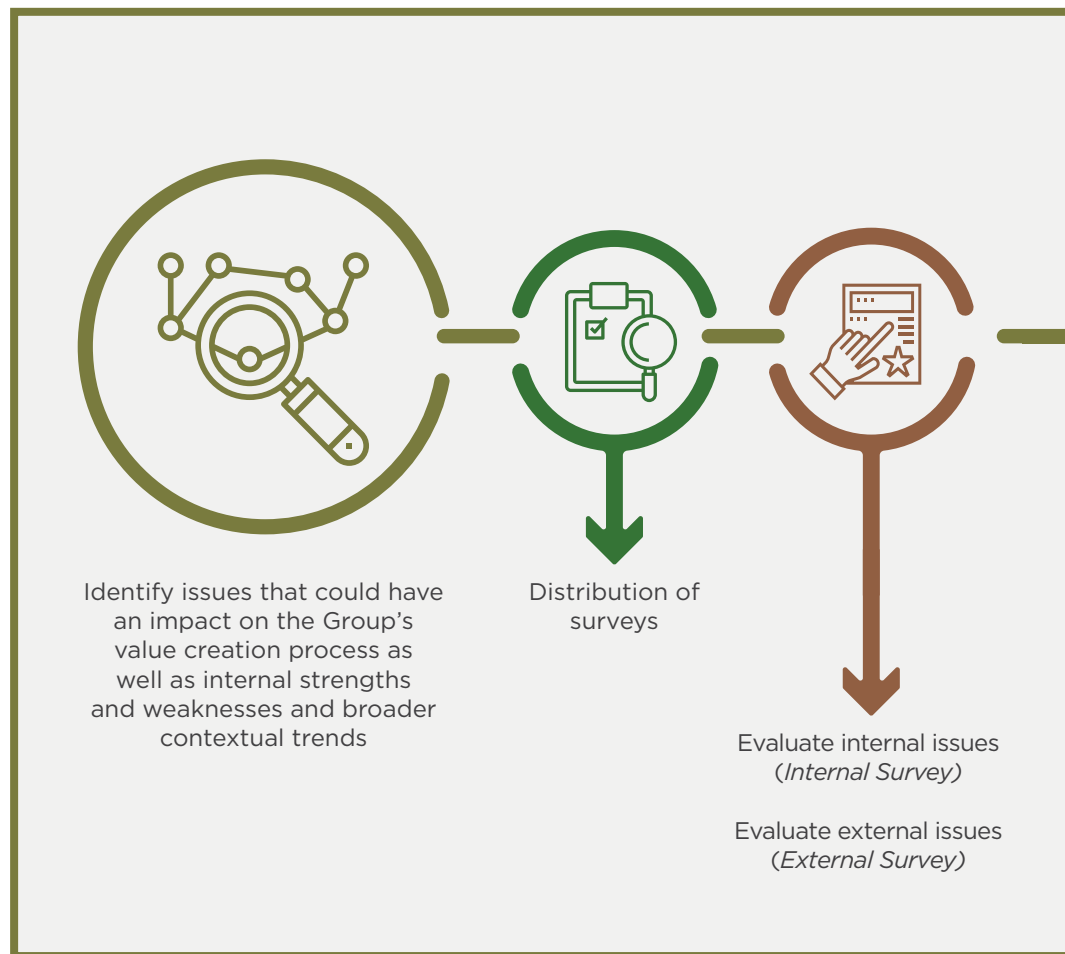
STAKEHOLDER	AREAS OF FOCUS	OUR APPROACH
 <p>Our people</p>	<ul style="list-style-type: none"> • Job security and wages • Conducive workplace • Career development • Corporate activity • Health and safety • Group's growth development 	<p>Our strategy is to invest in the attraction, retention and development of a diverse and talented workforce aligned with our values of open communication, empowering others, safety, respecting all our stakeholders and acting ethically.</p> <p>We offer our employees opportunities for development through training, inter-company transfers and overseas assignments, and competitive rewards and benefits that have a clear link to performance.</p> <p>The Group has in place a Whistleblowing Policy and grievance procedures to address employees' cares and concerns.</p>
 <p>Shareholders and investors</p>	<ul style="list-style-type: none"> • Delivering profitable returns on investment • Financial strength & resilience • Disclosing timely, concise and relevant information • Upholding corporate values • Business sustainability 	<p>We respond:</p> <ul style="list-style-type: none"> • through timely disclosures of the Group's financial results, announcements, annual reports and via the Company's website. • by disseminating material issues to the market by way of Bursa announcements. • through continued improvements in our business strategies, governance framework and corporate reporting. • through engagements at General Meetings.
 <p>Customers</p>	<ul style="list-style-type: none"> • Changing needs of customers and consumers • Business ethics • Innovation • Supply chain/traceability issues • Health & safety • Certification 	<p>We seek to be honest and fair in our relationships with our customers and to provide the standards of product and service that have been agreed.</p> <p>We take all reasonable steps to ensure the safety and quality of the goods we produce and the services we provide.</p> <p>Certifications to support market credibility.</p>

STAKEHOLDER	AREAS OF FOCUS	OUR APPROACH
 Communities	<ul style="list-style-type: none"> • Economic empowerment/ livelihood • Community safety and health • Environmental protection 	<p>Our operations create employment and career development opportunities for our local communities, as well as business opportunities for local suppliers.</p> <p>Communities also benefit from improved standards of living from, inter alia, the infrastructure we put in place and welfare contributions.</p>
 Memberships & associations	<ul style="list-style-type: none"> • Advancing industry-specific matters with policymakers and other key stakeholders 	<p>Our memberships provide a forum for us to promote and defend our interests in the broader industry context, to learn from and to benefit from their contribution.</p> <p>Further, our participation and membership in various associations ensure that we stay in touch with current and anticipated developments. We are members of Gabungan Pengusaha Kelapa Sawit Indonesia, Association of Plantation Investor of Malaysia in Indonesia and Incorporated Society of Planters.</p>
 Suppliers	<ul style="list-style-type: none"> • Quality control • Business ethics • Training & support • Supply chain transparency • Sustainability requirements 	<p>We require our suppliers to live up to sound social and environmental standards. We also know that our suppliers expect us to conduct our business fairly and honestly; hence establishing trust and long-term relationships.</p> <p>Collaborating with suppliers to secure long-term availability of materials and to pursue future opportunities.</p>
 National and local Governments	<ul style="list-style-type: none"> • License to operate • Compliance & regulations • Land issues • Level 'playing fields' for all sectors • Local economic development programs • Corporate Responsibility initiatives Industry-specific matters 	<p>We are often a major economic contributor to the local and national jurisdictions in which we operate. Our tax and other contributions enable governments to develop and maintain public works, services and institutions.</p> <p>We proactively engage the government and regulators on policy matters at local, provincial and federal levels and provide support of national agendas.</p>

We require all our business units to implement appropriate levels of risk management to ensure compliance with all relevant legislation, health, safety and environment policies, our overriding business principles and Group policies relating to them, taking into account business needs and local circumstances.

Each business has developed and documented policies and procedures to comply with the minimum control standards established over specified processes, including procedures to mitigate risks, monitoring compliance and taking corrective action. Further details of our risk management can be found in the Statement on Risk Management and Internal Control section in the Annual Report.

In FYE2019 we conducted a stakeholder survey and materiality analysis by way of interviews, questionnaires, desktop peer analysis, industry analysis, and consideration of relevant sustainability trends.



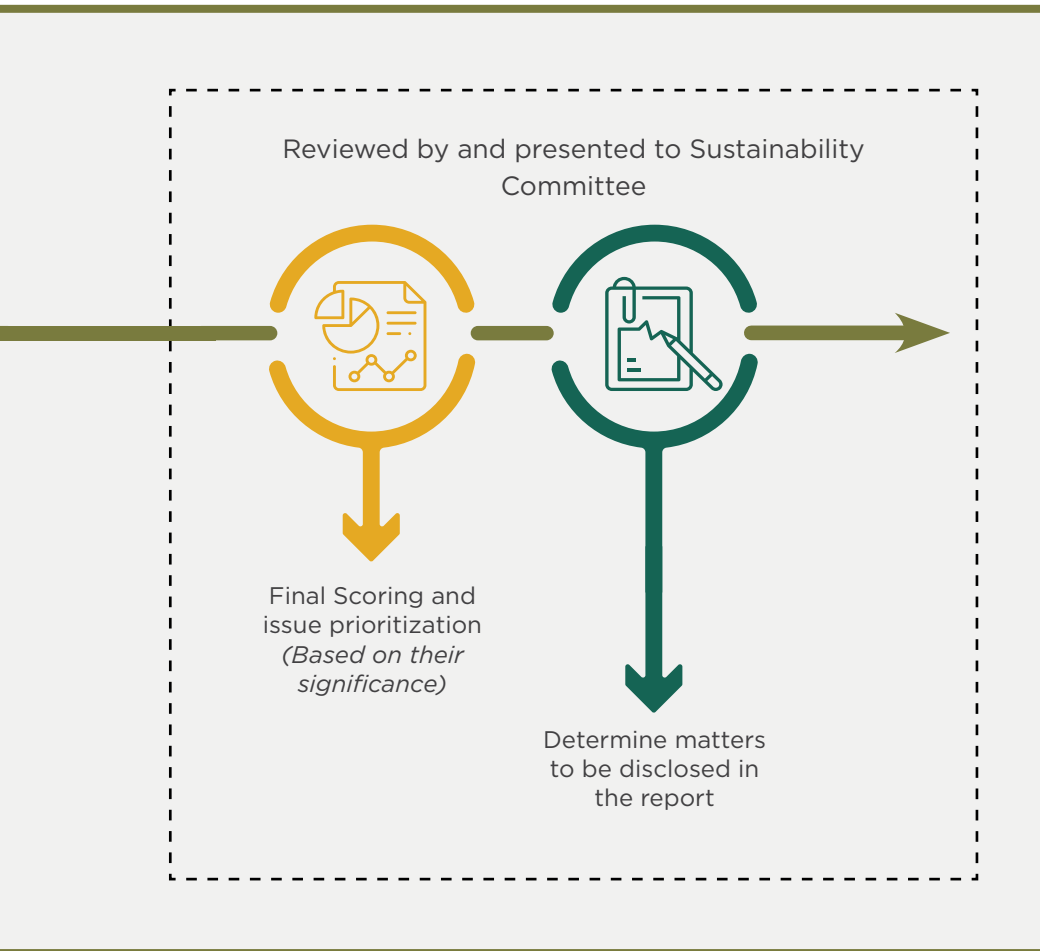
Materiality Analysis

In FYE2019 we conducted a stakeholder survey and materiality analysis by way of interviews, questionnaires, desktop peer analysis, industry analysis, and consideration of relevant sustainability trends. We wanted to know how our Group and our performance was perceived with respect to sustainability and to assess how this must translate to future action. All stakeholders were asked to rate the relevance of various sustainability issues on a scale of “very important” to “not important”. Shareholders, customers, employees and

suppliers gave their opinions on how important the topics are from their perspective as stakeholders.

An independent consultant was engaged in order to ensure an impartial and transparent process, as well as to encourage honest and frank feedback. The survey which was coordinated by Group Corporate Services Department was conducted from end-August 2018 until 31 March 2019 and more than 100 responses were received during that period.

The findings were materially consistent with existing areas of management focus. In general, all topics were recognised as being



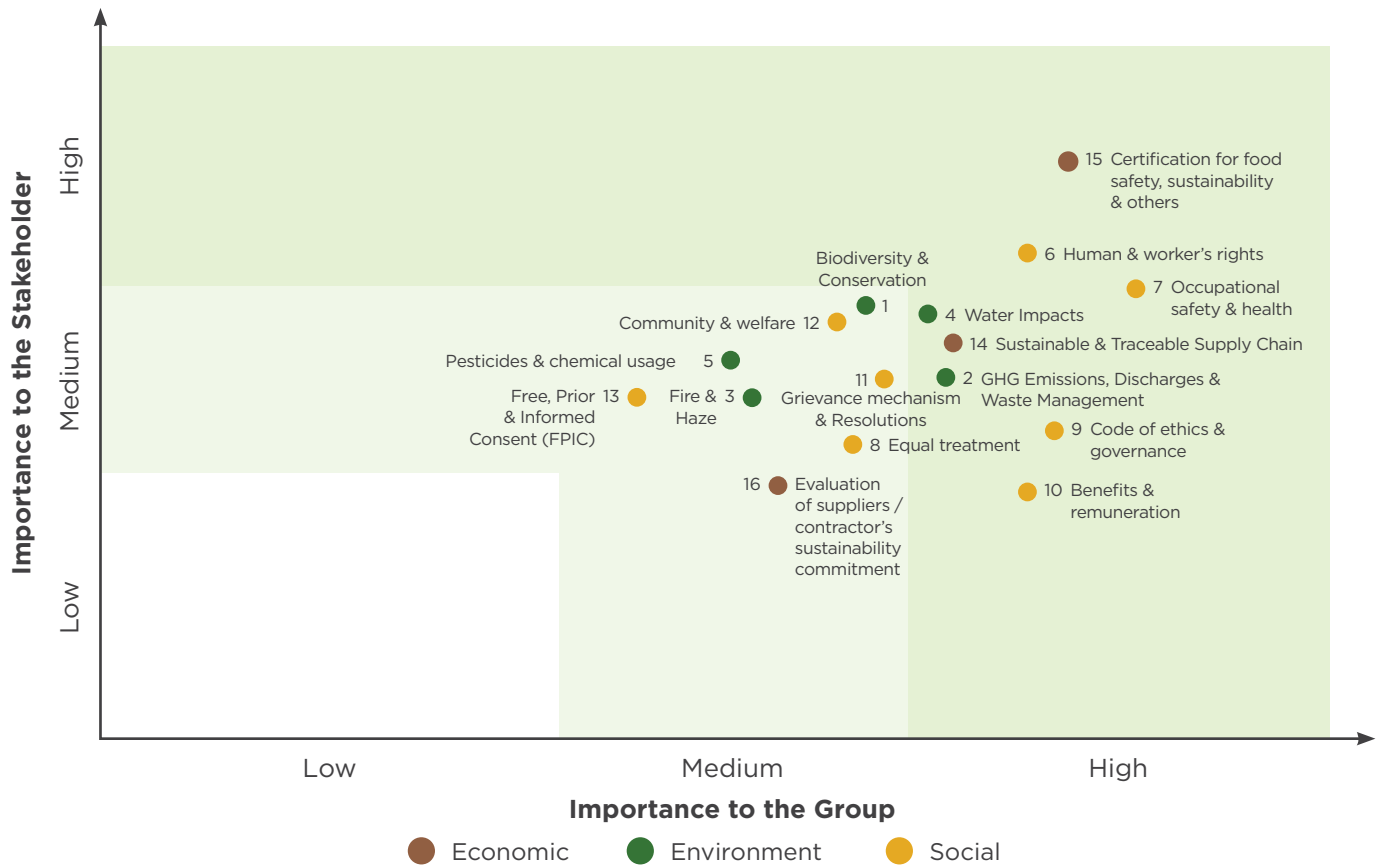
“important” or “very important”. The topics determined to be very important are human rights and workers’ welfare, business integrity and governance, occupational safety and health, supply chain traceability and product certifications. GHG emissions and water impact were also rated as being very important.

Material Matrix

With the help of an independent consultant, the results of the stakeholder survey were taken into account during the creation of a materiality matrix in which the sustainability topics are weighted from the point of

view of the stakeholders as well as feedback received from the Group Sustainability Committee and members of management. Given the diverse nature of our businesses who each contribute differently, we weighted the results of the materiality assessment according to their influence on the Group’s financial performance, their employee headcount and prospective expansion potential. Other factors taken into account were the results of our desktop review on regulations and guidelines, sustainability trends and peer reports.

The positioning of the sustainability topics indicates the major focal areas of our sustainability efforts. The y-axis reveals how important the topics are from the perspective of our stakeholders (the higher a topic is placed, the more important it is). The x-axis indicates the topics that the Group believe is “very highly” relevant to business success (the farther a topic is placed to the right, the more important it is).




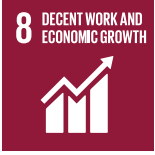




Linking our Material Topics to the United Nation Sustainable Development Goals (SDGs)

Based on the key sustainability topics of our materiality matrix, we have determined that the 8 (SDGs) we had identified last year were still relevant and corresponds most to our present-day businesses; and where the Group can make positive contributions to their realization. Inter alia, we contribute towards the achievement of the SDGs through:

- our direct business activities – the products we produce and the way we produce them;
- the use by host governments of the taxes we pay;
- the creation of economic and social value in the communities where we operate by creating local jobs, supporting local supplier development and providing opportunities through training and other investments; and
- the efforts undertaken to reduce our environmental footprint.

List of Material Topics

MATERIAL TOPIC	OUR APPROACH
 <p>1 NO POVERTY</p> <p>6 Human & worker's rights 8 Equal treatment 10 Benefits & remuneration</p>	<p>End poverty and in all its forms everywhere</p> <ul style="list-style-type: none"> • HR policies on minimum wages and fair pay • Economic empowerment/livelihood via creation of employment and business opportunities for local communities
 <p>2 ZERO HUNGER</p> <p>5 Pesticides & chemical usage 15 Certification for food safety, sustainability & others</p>	<p>End hunger, achieve food security, improve nutrition and promote sustainable agriculture</p> <ul style="list-style-type: none"> • Potential higher yield and extraction through adoption of good agriculture practice • Maintaining high food safety standards

MATERIAL TOPIC	OUR APPROACH
 <p>4 QUALITY EDUCATION</p>	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <ul style="list-style-type: none"> 6 Human & worker's rights 11 Grievance mechanism & Resolutions 12 Community & welfare Support of employees personal and professional development through training programmes Philanthropic initiatives in the areas of education and youth development Wellbeing of local communities
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <ul style="list-style-type: none"> 6 Human & worker's rights 7 Occupational safety & health 9 Code of ethics & governance Positive contribution to economic growth in the countries in which we operate e.g. via tax and other contribution Ensure good health, safety and employment conditions Strong stance against forced or compulsory labour and child labour
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Ensure sustainable consumption and production patterns</p> <ul style="list-style-type: none"> 2 GHG Emissions, Discharges & Waste Management 14 Sustainable & Traceable Supply Chain 5 Pesticides & chemical usage 16 Evaluation of suppliers/contractor's sustainability commitment Commitment to implement and maintain supply chain transparency and adherence to international standards (MSPO, ISO, ISPO etc.) Water and waste management Use of renewable energy and efficiency of energy use Adoption of good agricultural practices
 <p>13 CLIMATE ACTION</p>	<p>Take urgent action to combat climate change and its impact opportunities for all</p> <ul style="list-style-type: none"> 1 Biodiversity & Conservation 2 GHG Emissions, Discharges & Waste Management 4 Water Impacts 5 Pesticides & chemical usage Use of renewable energy and efficiency of energy use Water and waste management Adoption of good agricultural practices
 <p>14 LIFE BELOW WATER</p>	<p>Conserve and sustainably use to oceans, seas, and marine resource for sustainability development</p> <ul style="list-style-type: none"> 1 Biodiversity & Conservation 4 Water Impacts 9 Code of ethics & governance 14 Sustainable & Traceable Supply Chain Commitment to implement and maintain supply chain transparency and adherence to international standards (MSPO, ISO, ISPO etc.) Water and waste management Adoption of good agricultural practices
 <p>15 LIFE ON LAND</p>	<p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forest, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p> <ul style="list-style-type: none"> 1 Biodiversity & Conservation 2 GHG Emissions, Discharges & Waste Management 3 Fire & Haze 5 Pesticides & chemical usage 13 Free, Prior & Informed Consent (FPIC) Use of renewable energy and efficiency of energy use Water and waste management Adoption of good agricultural practices

[economic





We remain focused on managing our long-term sustainability to undertake responsible business practices through good governance, resource and operational efficiency and being accountable for our action

Economic

Our Approach

Stakeholders are putting increased emphasis on businesses to meet corporate responsibility and sustainability standards, which is also reflected in consumer behaviour and legislative requirements. In order to meet these expectations and achieve long-term success and sustainable growth, we are committed to undertake responsible business practices through good governance which are supported by dedicated policies, resource and operational efficiency and being accountable for our actions.

Responsible Business Practices

The economic returns created by responsible and sustainable business practices benefit a broad range of stakeholders. This includes the provision of employment to more than 1,700 people in 2 countries. In addition to corporate income taxes, the companies within the Group pay many other taxes, including social security contributions on the wages of its employees, SST, customs duties, property taxes, etc. All these taxes are a significant source of funding for public services by governmental institutions. We view the fulfilment of our tax obligations as part of the process of creating sustainable value for all our stakeholders.

During the reporting year, our Indonesian subsidiary PTNJL had



been awarded “50 Pembayar Pajak Terbesar Tahun 2018” category in Kalimantan Utara under the “Wajib Pajak Badan”. This is the third time that PTNJL has been awarded this recognition.

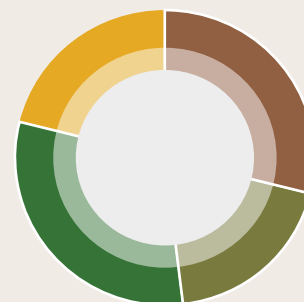
Ethical Conduct

The Group has a zero-tolerance approach to unethical practices. The Group is committed to complying with the laws and regulations of the countries in which we operate and act in an ethical manner, consistent with the principles of honesty, integrity, fairness and respect and every employee is accountable for ensuring that these principles are always upheld in all we do. We expect the same standards from all third parties who provide goods and services to our companies.

We have policies in place that set out standards for ethical behaviour including the acceptance or offering of corporate hospitality and gifts. Corporate hospitality must be reasonable and proportionate and any gifts given or received must not conflict with our obligations to that party. Furthermore, our

procurement and authorisation procedures are consistent and transparent so that all payments are documented and understood. These internal control procedures are also subject to regular review to provide assurance that they are effective in countering any risks of bribery and

**Value Distribution
To Stakeholder**
(RM Million)



Employees (salaries, wages, and other benefits)	32.03
Government (Tax and duties)	20.66
Shareholders (dividends)	33.89
Reinvestment in the business	22.91

corruption. A significant number of written agreements entered into by our businesses with their respective vendors and customers include specific anti-bribery and corruption clauses.

In addition, the Board, through the Audit and Risk Committee, reviews and monitors all related party transactions and conflicts of interest situation, if any, on a quarterly basis. A Director or member of senior management who has an interest in a transaction must abstain from deliberating and voting on the relevant resolutions, in respect of such transaction.

Responsible Procurement

As we continue to find more effective ways to do business and respond to external changes and disruptions, we recognise the influential role we can and need to play in delivering sustainable solutions for our customers, suppliers and the broader community. We interact with our suppliers in a variety of ways including tender and bid processes, surveys, site inspections and events. These interactions cover a broad range of topics such as cost efficiencies and ways of working as well as environmental and social compliance.

Cybersecurity

The Group acknowledges the importance of cybersecurity as a critical feature in preserving our data integrity and maintaining trust amongst our stakeholders. Being able to provide continuity of our cybersecurity agenda, will ensure protection towards the Group's IT network, information and communications assets. Threats of malicious software, phishing and email attacks are all matters we take seriously. For this reason, our IT policies and processes are reviewed periodically to ensure that adequate safeguards are in place to prevent misuse and unauthorized access to our systems. We strive to always ensure that our cybersecurity is up to the latest industry standards through inter alia, regular updating of operating system and security applications. Backup of important data and files also form a vital part of the Group's operations. This year, all laptops used by staff in the head office had received an upgrade to their anti-virus.

Quality & Standards

To maintain safety and quality, the Group stays current with new regulations,

industry best practices and marketplace conditions and the Group's businesses consistently strive to improve and refine their requirements and standards throughout the entire supply chain.

Each business has also developed and documented policies and procedures that the business should exercise over specified processes.

The Plantation Division's

Indonesian subsidiary, PT Nunukan Jaya Lestari ("PTNJL") is accredited with ISO 14001:2015 Environment Management System for the processes employed in the production of its CPO, CPKO and palm kernel.

As at 31 March 2019, all 4 of our operating Malaysian estates have been recommended for certification to the Malaysian Sustainable Palm Oil standards ("MSPO") and are now pending certificate issuance. Selected employees have been sent for training to ensure that we have the necessary competencies to maintain and support our MSPO certification. However, the Indonesian Sustainable Palm Oil ("ISPO") audit on PTNJL remains status quo from last year as authorities await a definitive outcome of the ongoing legal suit pertaining to PTNJL's HGU before the ISPO certification process can be resumed.



PKN's Technical Support Department Achieves 2 ISO Accreditations



"Customers in these locations can now contact the helpdesk directly for any first-level technical support. Through our helpdesk, any second-level support that customers may need will be provided by our dedicated on-site teams thus ensuring that their requests are resolved quickly and effectively, providing a more direct, localised service."

Badrul Izwani Bahador
Technical Executive

SPOTLIGHT STORY



In FYE2019 PKN's Technical Support Department has secured the ISO 27001:2013 Information Security Management System and ISO 9001:2015 Quality Management Systems accreditations, affirming its commitment to providing customers with the best security measures possible for data sharing and storage.

The ISO certifications are among the most widely recognised and internationally accepted information security standards available today. It defines how a company should manage and handle information in a secure manner and identifies requirements for an extensive Information Security Management System ("ISMS"). PKN's ISMS will ensure that strict security controls are in place to protect customer data and ensure the secure operation of its products and services.

PKN had, in addition, increased the size of its support team by 10 people as PKN continues to strengthen their service offerings to customers in several towns in Sabah and Sarawak.





[environment



We remain focused on managing our long-term sustainability to reduce the environmental footprint of our operations by managing our supply chain in consideration of community and environmental impacts

We acknowledge that managing the Group's environmental impacts through sustainable practices is a moral and social imperative as well as an economic necessity.

Environment

Efficient management of resources will not only limit our carbon footprint, but it can also lead to significant operational and financial benefits to the Group as a whole. The Group's Environmental Policy which prescribes our approach and commitment to managing our environmental footprint across our business includes the following objectives:

- comply with all applicable environmental laws, regulatory requirements, standards and codes of practice applicable to our operations;
- develop environmental awareness across the Group through effective communication, training and sharing of good practices;
- continuously assess and monitor the environmental impacts of all our business activities and implement appropriate environmental management strategies;
- support the conservation of biodiversity and protected areas located near or within our operational sites;
- promote the efficient use of natural resources, especially energy and water to reduce the emissions intensity of our operations and supply chains;
- minimise the generation of raw material waste and reducing, reusing or recycling solid waste where practicable;
- engage with the local communities and other stakeholder groups to address any environmental concerns;
- ensure our suppliers or vendors understand our approach to environmental management and where reasonable and practical, require them to provide relevant information on performance where requested; and
- continuously promote and support zero burning initiatives in our plantation operation.





To live up to this, our key priorities include:

Sustainable Agricultural Practices

Conservation Areas

Within our estates, areas alongside river banks (riparian reserves) are set aside as conservation areas wildlife corridors which include, among others, sanctuaries for migratory birds, elephants and habitat for jungle flora and fauna.

Soil Management

We follow best industry practices, e.g. establishing cover crops such as *Mucuna Bracteata*, *Calopogonium Mucunoides* and *Calopogonium Coeruleum*,

alone or in mixture, to improve soil properties and lower carbon dioxide emissions. Vetiver grass has been planted along the ponds, bunds and field drains to reduce erosion and prevent landslips. Vetiver grass is a deep-rooted grass and is known for its high tolerance of heavy metals, phosphates, nitrates and agricultural chemicals. In addition, no planting is done in steep areas i.e. those with a slope of more than 20°.

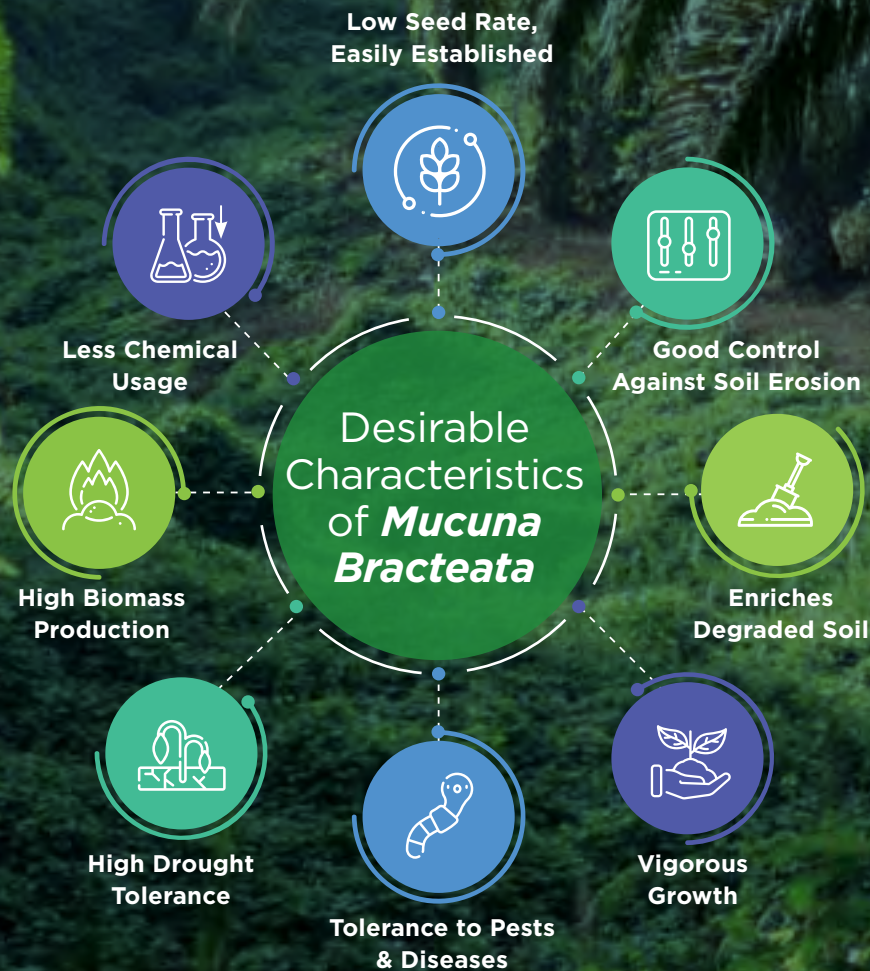
Our estate put into practice sustainable land application methods that adhere to our 'zero waste' policy. FFB that have been harvested and sent to the mill for processing will end up as EFB. EFB is used by applying directly on to

the field. Furthermore, compost can be formed from a mixture of shredded EFB and palm oil mill effluent ("POME") which is subsequently applied to the estate. We also have in place furrow system that helps to channel POME directly on to the estate. These practice helps provide an organic source of nutrient and reduces our reliance on inorganic fertilizer.

Crops That Have You Covered!



Mucuna Bracteata is a leguminous plant originating from India. Known as “green manure”, they are highly effective in preventing soil erosion and improving soil conditions through natural soil fertilization and aeration process. Its nitrogen regulating qualities helps keep soil temperatures low during hot seasons. We value its fast-growing characteristics which allow for rapid ground cover and helps suppress weed growth.



**Total *Mucuna Bracteata* cover: 3,350 ha
23% of the Group's total planted area**

Biological Controls Against Pests

Beneficial plants such as *Turnera Subulata*, *Antigonon leptopus* and *Casia Cobanensis* are planted to attract predators (insects) of leaf pests. These predators feed on leaf pest larvae thereby minimizing the use of pesticides. The use of barn owls in our estates help to suppress the rodent population and the placement of pheromone traps to capture Rhinoceros beetles are among methods that have been adopted and proven effective.

Benefitting From Plants That Shield Our Palms, Organic Style!

SPOTLIGHT STORY



In order to minimize the use of synthetic pesticides in our estates, we have employed three of the industry's most regarded eco-warriors:

Cassia Cobanensis

Provides nectar as food for parasitoids (insects whose larvae live as parasites which eventually kill their host) associated with the nettle caterpillar and bagworm, the most common leaf-eating pest in oil palm plantations. A parasitoid spends the majority of its life obtaining nourishment from the host organism after which it eventually kills them and prevents reproduction. *Cassia Cobanensis* grows well in the open and therefore it is mainly planted along the roadsides.

Turnera Subulata & Antigonon leptopus

Flowering shrubs host a range of predators of leaf-eating pests and hence are also very effective in pest control.

These flowers fend off leaf-eating pests in our oil palm plantations. Insect species that feed on the leaves of oil palm trees can pose major problems. Some are ravenous eaters that can cause serious damage to oil palm leaves. The leaves on palm trees contain chlorophyll which the tree uses during photosynthesis to generate energy. Fewer leaves mean less energy for the trees, which in turn leads to reduced growth and suppressed oil yields.



Total Beneficial Plants Cover:
690.9HA

8.1%
of total planted area

During the year under review, R.N.E. Plantation Sdn. Bhd. ("RNEP") held 2 focus group discussions to share information with and seek feedback from the indigenous and local communities, local authorities and NGOs in respect of the planned new oil palm plantation development in Sg. Siput, Perak by RNEP.

Focus

Group Discussion

Focus Group Discussions

2 Surveys Undertaken

conducted on 19 October 2018 and 9 February 2019

61.2% of the respondents were agreeable with the project,
32.4% were 'undecided' and **6.4%** disagreed

SPOTLIGHT STORY



The sessions were part of RNEP's effort to engage the public over the proposed greenfield project, slated to commence development this current financial year, and to provide communication channels for stakeholders to raise concerns early so that problems can be resolved thus ensuring that the new project will be developed with the consent of all stakeholders. The discussions took in views on a number of issues, ranging from road access and traffic volumes, employment opportunities for the host communities as well as how to mitigate pollutants from entering the waterways. Integrating stakeholders' feedback into RNEP's business decisions also acts as a signal to stakeholders that their views are being taken seriously, which contributes significantly to building trust.

"We are committed to developing the estate responsibly, and we encourage everyone, especially residents of surrounding villages closest to us, to have their say and take part. Much can be learned from the locals. Incorporating their knowledge enables us to develop our projects in the right way. Respecting the land and ensuring economic growth is our cornerstone. That's how we do business."



Irman Abul Shukor
Director, Strategy and Business Development

Development Area
1,673.2HA

Employment opportunities for approximately
200 people

**Environmental Assessment**

An environmental impact assessment exercise ("EIA") for the land development of our greenfield estate in Sg. Siput, Perak has been carried out and is now pending final approval from the Department of Environment. A key component of the EIA process is public participation. In the circumstances, management held 2 focus group discussions to share information with and seek feedback from the indigenous and local communities, local authorities and NGOs regarding the planned development. In addition, 3 surveys were also undertaken in keeping with our commitment to ongoing engagement with stakeholders. The draft of the detailed EIA report was made publicly available for a 45-day period to allow the members of the public to comment thereon. All feedback and advice obtained from the various stakeholder engagement activities are considered and incorporated, where applicable, as part of the final EIA report.



Mechanisation of Field Operations

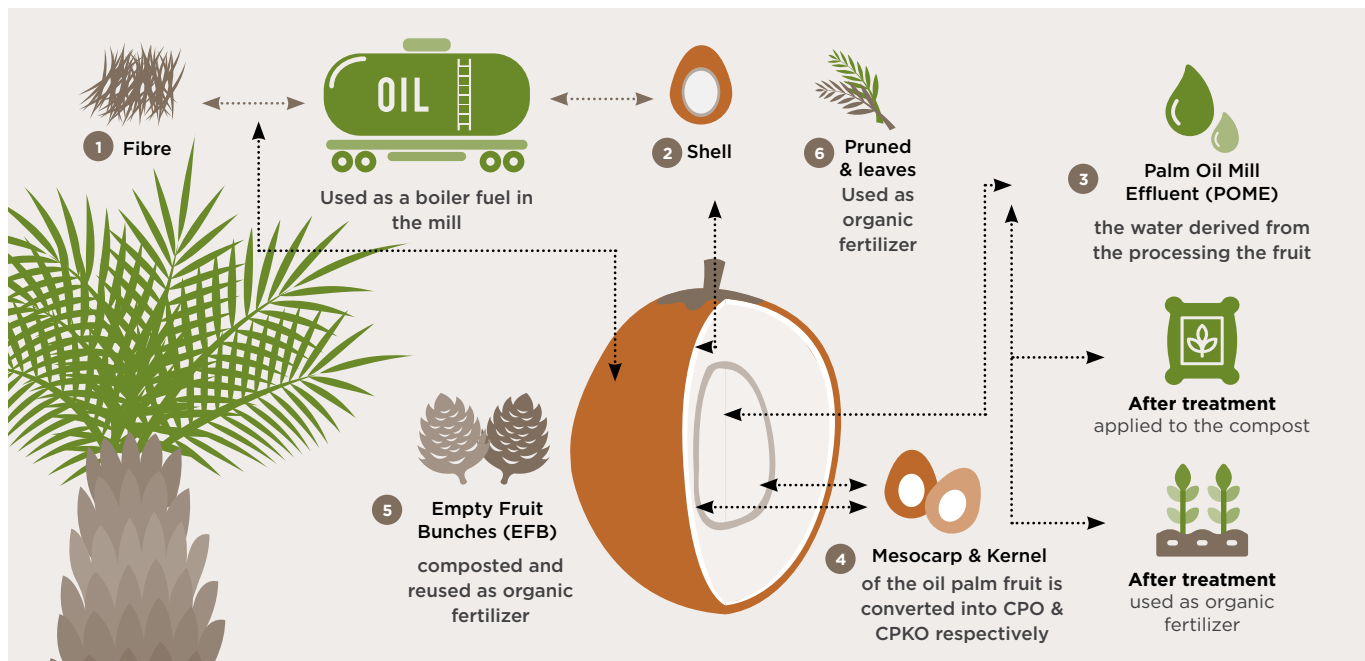
The Group has taken actions to increase the level of mechanisation within our plantation operations, particularly for in-field collection and application of fertilizer. As part of our estate planning process, infrastructure at all our new developments are designed to facilitate in-field mechanization. Mechanisation improves efficiency

and worker safety. It also reduces cost and dependency on manual labour. The Group considers Ladang Cendana in Kemaman, Terengganu as the 'model' estate for its double terrace infrastructure, where the top terrace is the planting row while the bottom terrace facilitates the movement of vehicles. Approximately 485 hectares or 62% of the total estate area has been constructed with double terracing.

Waste Management

The **Plantation Division** adheres to a "zero discharge" policy by recycling waste and by-products. At our palm oil mill in Indonesia, oil mill waste comprises of POME and EFB. These are both utilized in various ways:

POME discharged from the mill must not be reintroduced into the environment in its raw form. Raw POME has a high acid content and, due to its rich nutrient content, the Biological Oxygen Demand ("BOD") level is high too. However, our average BOD reading for



POME during the land application stage falls well within the allowable discharge limits of < 5,000 parts per million (“ppm”).

The POME collected from the mill is treated in open ponds located on site. The organic material in wastewater is broken down by natural occurrences of anaerobic and aerobic bacteria. This process eliminates the need to add chemicals before the water is discharged and results in successful fish breeding at the final effluent pond. POME is utilised in two ways. It is either mixed with shredded EFB to make our compost or applied directly to the estate via a furrow system.

In addition to being converted into compost, shredded EFB is also widely used as feedstock for the steam boiler at the mill for power generation. Further, we regularly monitor the POME used for land application to ensure that it does not overflow into the natural waterways.

	FYE2017 (MT)	FYE2018 (MT)	FYE2019 (MT)
Total EFB produced	40,332	51,684	47,233
EFB processed into compost	22,660	26,395	27,155
POME applied to estate	71,014	91,209	116,320

PTNJL has achieved the Green rating, the second highest level in Indonesia’s Program for Pollution Control, Evaluation, and Rating (“PROPER”) in the manufacturing/agroindustry category for 5 consecutive years. The Green rating is awarded to businesses/activities that have displayed environmental management effort and achieved results better than those required by regulation.

Hazardous waste and residual products recovered from our operations are transported and disposed of in accordance with stringent industry standards and statutory requirements.

Waste Disposal by Type

	Volume (MT)		
	FYE2017	FYE2018	FYE2019
Scheduled Waste:			
Ink containers	3.70	3.58	3.19
Contaminated rags	2.90	3.11	2.92
Printing ink waste	5.40	3.58	5.92
Solid Waste:			
Shredded paper	242.20	209.53	229.91
Food Waste (Head Office)	-	0.11*	0.38
Plastic (Head Office)	-	0.03	0.05

* restated



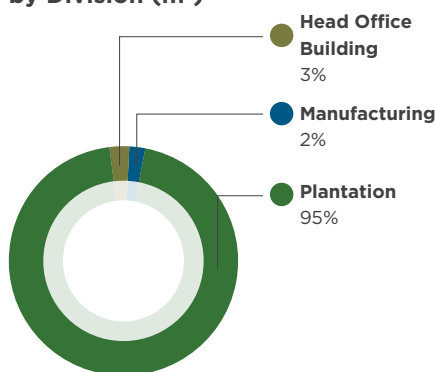
Water Management

The Group's businesses remain focused on efficient water management through, inter alia, reusing water throughout their operations and rainwater harvesting. Our workers' quarters at our Indonesian estate are installed with rainwater tanks. Installation of these tanks have now become a standard green feature in all new developments of workers quarters, wherever possible. This allows us to harvest rainwater to be used for daily consumption.

During the year, water consumption of PTNJL's palm oil mill has decreased by 2.6% in total compared to last year, largely as a result of the decrease in domestic usage (6.1%).

PTNJL has also set aside areas within its plantation as water catchment zone. Chemical applications are strictly prohibited at the water catchment zone to facilitate natural re-vegetation of the area and preservation thereof.

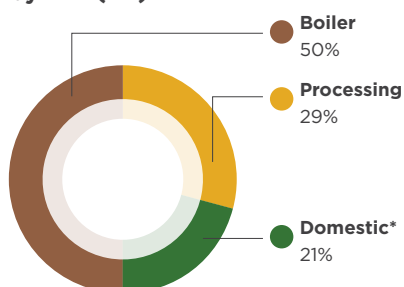
Breakdown of Water Consumption by Division (m³)



409,707.00 m³

Total water consumed by the Group
(FYE2018: 426,764.00 m³)

Breakdown of Water Consumption by Mill (m³)



384,222.00 m³

of water consumed by mill in
FYE2019

(FYE2018: 394,510.00 m³)

* Domestic includes usage from rent house, canteen, mill (non-operational), main office and worker's quarters

Energy Management

Different businesses have quite different energy use profiles and scale. Our **Manufacturing** operations use significantly less diesel when compared to our **Plantation Division** but source much of their energy from electricity. Recognising that one size does not fit all, the Group's Engineering team has been, and continues to identify, test and refine methods and look for opportunities, however small the scale, to reduce the Group's energy usage. For instance, replacement of less efficient lightings and HVAC (heating, ventilation, and air conditioning) maintenance and optimisation completed during FYE2019 for the Group's headquarters in Kuala Lumpur will reap an estimated energy-saving of 236,400 kWh per year. This is equivalent to the average annual electricity used by 29 households*. There are plans to expand the use of solar energy at the Group's oil palm plantations in this current financial year.

*Source: US EPA calculator

Improving our energy efficiency not only reduces the use of natural resources and emissions of CO₂ and other pollutants but also potentially lowers costs.

Total energy consumed by the group



79.16 Terajoule

(FYE2018: 95.00 Terajoule)

Division	Diesel (L)	Petrol (L)	Grid Electricity (kWh)	Solar (kWh)
Manufacturing	6,513	1,100	2,731,166	-
Plantation	1,591,037	47,141	41,049	-
Head Office	-	6527	1,532,768	34,952
Grand Total	1,597,551	54,768	4,304,982	34,952

TOTAL ENERGY CONSUMPTION (TJ)

Plantation	<div style="width: 63.17%;"></div>	63.17
Manufacturing	<div style="width: 10.12%;"></div>	10.12
Head Office	<div style="width: 5.87%;"></div>	5.87

Note : "Head Office" energy consumption includes the entire building's tenants.



Shiny Shields

SPOTLIGHT STORY



Smart energy initiatives to save costs

In early March 2018, Fima Corporation Berhad started looking for ways to reduce energy costs and amplify the energy efficiency of its Plaza Damansara office building in Kuala Lumpur whilst simultaneously reduce its carbon emissions. For this purpose, the Engineering Services Department was assigned to undertake a major energy assessment of the building.

The Engineering team conducted a study to determine the building's potential for a solar PV system taking into consideration the building's energy requirements, roof structure and capacity as well as the returns on investment. After considering various options it was concluded that a 185.06 kWp PV system would be the best fit for the building. 532 solar PV panels comprising 350 watt and 335 watt were installed in phases at building's rooftop, providing over 15% of the building's annual energy requirements.

The team, alongside their colleagues from the Property Management Department, had also designed and implemented a range of other energy saving solutions for the building. These included replacing fluorescent strips with LED lighting and HVAC maintenance and optimisation.

ESTIMATED
236,400 kwh
of energy will be saved per annum

ESTIMATED
RM120,000
of electricity bills will be saved per annum

The results

These initiatives have delivered an almost immediate impact and the cost savings have been remarkable. It is estimated that 236,400 kWh of energy will be saved per annum and the building's CO₂ emissions will be reduced by 208,044 kg CO₂e per annum which is equivalent to 957,002 km driven by an average passenger vehicle. It is also expected that the company will save RM120,000 per annum in electricity bills.



"One of our primary roles is to look for new ways to help companies within the Group reduce its energy and water use and reduce waste. It is heartening to know that my teammates and I are making a difference in helping the Group shrink its carbon footprint and incorporate more sustainable ways to improve operational efficiency."

Nazri Talib

Head, Engineering Services



Since 2011, all biomass residue from our palm oil mill in Indonesia is either converted into fertiliser/ compost or clean energy. In the case of the latter, mesocarp fibre, palm shell and shredded EFB are utilised as feedstock for the steam boiler and the steam generated therefrom will then fuel the steam turbine in the cogeneration plant. The impact of the utilization of biomass as renewable energy has been significant. 86% of the electricity and heat energy generated from the cogeneration plant is used to power the oil mill's operations. The excess energy is used to power worker's quarters, government facilities, schools and mosque. In FYE2019 6,216,230 kWh of electricity was generated (FYE2018: 6,571,920 kWh).

Emission

We emit GHG both directly and indirectly. Our largest impact in terms of emissions is direct (scope 1) emissions mainly from our businesses' use of petrol, gas and diesel. Our main source of indirect (scope 2) emissions is electricity used in our manufacturing and processing operations.

Overall the Group's total emission was higher in FYE2018 by 37.1% mainly due to the **Plantation Division's** land development activities of new estates that took place.

Total Group CO₂eq (Scope 1)

FYE2018	<div></div>	61,919
FYE2019	<div></div>	37,988

Total Group CO₂eq (Scope 2)

FYE2018	<div></div>	4,060
FYE2019	<div></div>	3,758

Head Office

Our greenhouse gas emissions	FYE2018	FYE2019
Scope 1 – Direct emission	15.94 tCO ₂ eq/litre*	15.24 tCO ₂ eq/litre
Scope 2 – Indirect emission	1,386.25 tCO ₂ eq/kWh	1,318.08 tCO ₂ eq/kWh
Total emissions	1,402.19 tCO ₂ eq*	1,333.32 tCO ₂ eq
Emission intensity by square feet	0.0112 tCO ₂ eq per square feet*	0.0109 tCO ₂ eq per square feet

* restated

Our Head Office's total emissions had dropped slightly this year compared to last year due to the CO₂ offset from the installation of our building's solar power panels; which meant we relied slightly less on the grid.

Manufacturing

Our greenhouse gas emissions	FYE2018	FYE2019
Scope 1 – Direct emission	89.28 tCO ₂ eq/litre	19.95 tCO ₂ eq/litre
Scope 2 – Indirect emission	2,641.83 tCO ₂ eq/kWh	2,403.43 tCO ₂ eq/kWh
Total emissions	2,731.11 tCO ₂ eq	2,423.38 tCO ₂ eq
Emission intensity by Operating Hour	0.6184 tCO ₂ eq per operating hour*	0.7225 tCO ₂ eq per operating hour

* restated



Compared to FYE2018, our **Manufacturing Division** saw its petrol and diesel consumption reduce as a result of lower production compared to the previous year. This has a direct effect on its scope 1 emission which had reduced significantly. Similarly, electricity consumption had also reduced as a result of effective promotion of sustainable practices such as switching lights off, sockets and electronic devices at all times when not in use. The result of this is evident by the lower indirect emission of 9%.

Plantation

Our greenhouse gas emissions	FYE2018	FYE2019
Scope 1 – Direct emission	21,839.24 tCO ₂ eq/litre	17,127.17 tCO ₂ eq/litre
Scope 2 – Indirect emission	32.38 tCO ₂ eq/kWh	36.12 tCO ₂ eq/kWh
Total emissions	21,871.62 tCO ₂ eq	17,163.29 tCO ₂ eq
Emission intensity by FBB Production	0.0879 tCO ₂ eq per MT FFB production	0.0938 tCO ₂ eq per MT FFB production

Figures from the last financial year include **Plantation Division's** land development activities of new estates which did not continue into this financial year. This can be seen by the decrease in direct emissions of 21.6% versus last year.

Note:

Scope 1 – CO₂ emissions through a diesel engine, transportation, fertilizer, POME and physical operation

Scope 2 – Purchase of electricity from TNB, SESB, SESCO, etc.

Total Group Internally Generated Energy

Solar Power

34,950.75 kWh

Co-generation Plant (Biomass)

6,216,230 kWh

[Environmental Policy]

We are committed to minimising the environmental impact of our operations through sustainable and responsible business practices. To meet our commitment we will:

- ✓ comply with all applicable environmental laws, regulatory requirements, standards and codes of practice applicable to our operations;
- ✓ develop environmental awareness across the Group through effective communication, training and sharing of good practices;
- ✓ continuously assess and monitor the environmental impacts of all our business activities and implement appropriate environmental management strategies;
- ✓ support the conservation of biodiversity and protected areas located near or within our operational sites;
- ✓ promote efficient use of natural resources, especially energy and water to reduce the emissions intensity of our operations and supply chains;
- ✓ minimise the generation of raw material waste and reducing, reusing or recycling solid waste where practicable;
- ✓ engage with the local communities and other stakeholder groups to address any environmental concerns;
- ✓ ensure our suppliers or vendors understand our approach to environmental management and where reasonable and practical, require them to provide relevant information on performance where requested; and
- ✓ continuously promote and support zero burning initiatives in our plantation operation.

This policy is dated 1 October 2018



[social]



We remain focused on managing our long-term sustainability to support the development, growth and safety of our employees and the communities we operate in

Our People

To deliver on our growth plans, we require a skilled and engaged workforce, pulling together as a team to achieve our shared vision.

Our workforce spans across 2 countries, and our diversity is an asset. Diversity is valued because it energizes our people and encourages collaboration, and innovation. Considering diverse points of view results in better decisions and solutions for the Group and its stakeholders. We also expect our employees to be respectful of such differences and to treat one another with courtesy and respect. Our approach focuses on ensuring that we are upholding our principles of integrity and fairness, to provide a safe and conducive workplace free of discrimination or harassment and to nurture the talents of our workforce.



97.3%
of the Group's
workforce are
locally hired

Breakdown of employee by division

	Head Office	Plantation	Manufacturing	Total
Senior Management	1	1	2	4
Management	8	6	12	26
Executive	7	30	28	65
Non-Executive	15	1,359	248	1,622
Total headcount	31	1,396	290	1,717

Breakdown of employees by nationality

	Malaysia	Indonesia	Total
Malaysian	519	4	523
Indonesian	20	1,149	1,169
Others	25	-	25
Total headcount	564	1,153	1,717
%Ratio of local: foreign	92:8	100:0	97:3

Note: Others include, Bangladeshis, Indian, Nepalese

Age profile of employees

	Male		Female	
	Total	%	Total	%
< 30	468	36	93	22
30 - 55	787	61	322	75
> 55	32	2	15	3
Total headcount	1,287	100	430	100

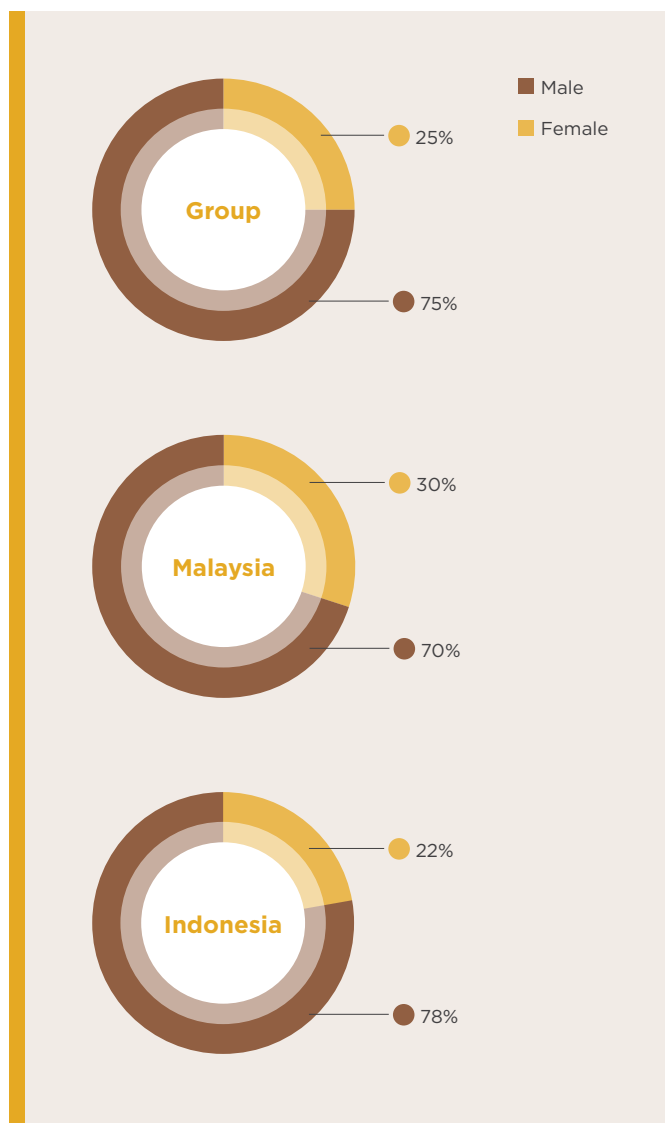
Diversity & Gender Balance

The Group is committed to providing a work environment free of discrimination and unfair bias, where every employee has an equal opportunity in the workplace.

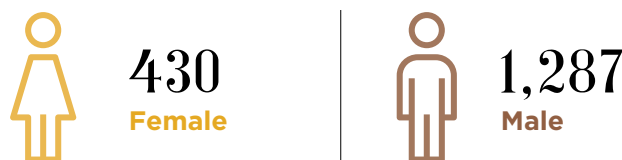
In FYE2019 the Group's workforce totalled 1,717 and is made up of 430 women (25%) and 1,287 men (75%).

During the year, 62 or 11% of new hires within the Group were women. We will continue to seek opportunities for the Group to increase the percentage of positions held by women, particularly in leadership positions.

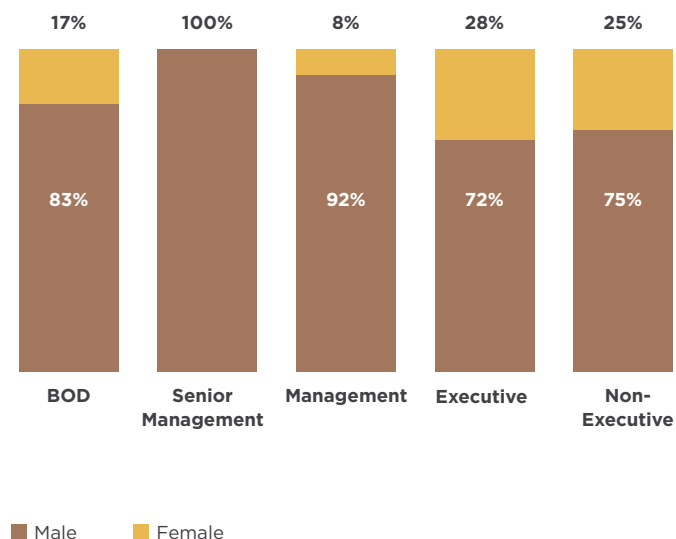
Due to the nature of specific job functions such as manual work in our plantation and bulking operations, the female take-up rate for these jobs tend to be significantly lower.



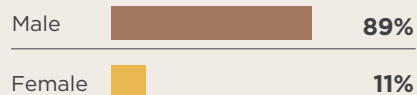
TOTAL WORKFORCE HEADCOUNT BY GENDER



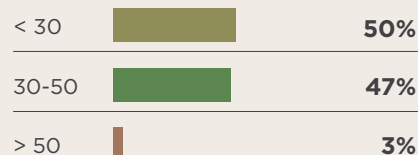
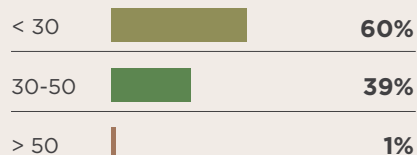
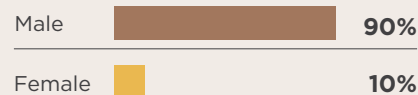
EMPLOYEE BREAKDOWN BY GENDER & POSITION



NEW EMPLOYEE HIRES



EMPLOYEE TURNOVER



Employee Turnover

	Head Office	Plantation	Manufacturing
Management	-	-	1
Executive	1	9	1
Non-Executives	-	426	40
Division turnover rate	1%	31%	14%

Note: retired, deceased, expiry of fixed-term contracts are excluded from the computation.



22.7%

of the employees have been in employment with the Group for 10 years or more.

Plantation Division's employee turnover was primarily a result of abscondment and expiry of employees fixed-term contracts. The majority of employees who absconded are engaged in physical labour such as harvesting, where traditionally the employee turnover has been high. Improving retention is a critical priority for the **Plantation Division** and as such, the division has ramped up efforts in building and upgrading worker's living quarters and estate infrastructure which are complete with basic amenities, sundry shops, recreational spaces, places of worship and internet connection.

The **Manufacturing Division** had reduced the size of its total contract workforce in view of the present lower levels of economic activity following the expiry of a major supply contract in the travel document segment.

In other cases, the Group believes that the high rate of non-executive employees leaving voluntarily across the divisions has to do with the mobility of labour.

Occupational Safety & Health

Operating safely, sustainably and responsibly remains integral to us and contributes towards the long-term success of our business. Our aim is to continually build and instil both a company and industry culture that protects people from harm and improves their health and wellbeing.

Towards this end, we comply with all the relevant national laws, regulations and other requirements relating to best practices in occupational safety and health; and continuously carry out activities aimed at preventing workplace injuries. Preventive and scheduled maintenance is regularly performed on all the Group's facilities, plants, storage tanks and terminals; whereupon repairs and replacements are made when necessary or appropriate. In addition, contractors working for and employed by the Group are responsible for knowing and complying with all applicable laws, regulations, approvals or permits relating to the work they are doing for the Group.

Employees who use any machinery are trained to do so correctly, while training programs in the use of personal protective equipment for workers handling or exposed to hazardous materials are regularly conducted and have been, and will continue to be, a vital part of the Group's operations.

All divisions have health and safety committees which consist of divisional management and employees. It is to these committees that incidences are reported, and where compliance with policies is monitored, and improvements are discussed.

In our **Manufacturing Division** for instance, all chemical related products supplied are issued a Safety Data Sheet (SDS). This sheet clearly indicates the type of chemical that employees are being exposed to and how best to handle them. The SDS will indicate the potency of the chemical and the level of danger it may pose to the employee i.e. mild, moderate, highly dangerous. The safety measures taken by the employee will commensurate with the danger level.

Manufacturing Division has achieved 1,650 days (which is equivalent to 4.5 years) without any lost time incident as at 31 March 2019.

However, this year we sadly report on the death of a harvester in PTNJL who had suffered an asthma attack whilst working at our estate. As a company standard, we offered support to the bereaved family and conducted investigations. Although investigations revealed that the harvester's death was caused by a pre-existing medical condition which

was never disclosed to PTNJL, the incident had nevertheless served to remind us that we must continue to strive to make our workplaces safer and our employees cognizant of the risks in their roles as well as the wellbeing of their own health.

Fatality

FYE2017 ■ Nil

FYE2018 ■ Nil

FYE2019 ■ 1

During the year, PTNJL's palm oil mill retained its accreditation of System Manajemen Keselamatan dan Kesehatan Kerja (or "SMK3"), a local Indonesian Government safety certification that is comparable with the globally recognised OHSAS 18001:2007.



Lost Time Incident Frequency Rate (“LTIFR”)

The LTIFR refers to the number of lost time injuries occurring in the workplace per 1 million hours worked.

LTIFR is recorded based on a number of lost time injuries occurring in the workplace for every 1 million man-hours worked. During the previous reporting year, the Group recorded an overall Frequency Rate of 12.39*.

The indicators help us to track the effectiveness of measures taken to improve safety and health performance in all business divisions. In addition, it helps the Group to identify the most useful preventive action. The table below indicates the LTIFR, based on the number of days of lost time:

Days of Lost Time Injuries:	FYE2018	FYE2019
1 Day	9.67	6.07
2-4 Days	1.48	9.10
>4 Days	1.23	5.79
All Injuries	12.39*	20.96

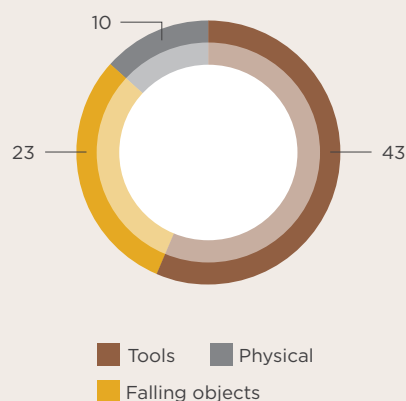
* restated

The table indicates that after taking in to account all injuries that occurred during FYE2019, the Group had recorded an LTIFR of 20.96 lost-time injuries for every 1 million man-hours worked. Nearly half of incidents are reported by the **Plantation Division** involving injuries resulting from the use of work tools such as machete and sickles. Others include falling fronds, thorn pricks and injuries related to the handling of FFB.

Last year we had identified some inconsistencies in the computation and definition of lost time injuries in different parts of the Group. The methodology has now been improved and we will continue to progressively refine our reporting criteria and enhance our disclosures.

TOTAL NO. OF RECORDED INJURIES

Days of Medical Leave Taken As Result of Injury

TOTAL INJURIES BY TYPE



Emergency Preparedness

Emergency preparedness is an essential aspect of our operations.

Thus our facilities are equipped with first-aid kits, firefighting systems and have in place adequate response plans, spill prevention and other programs to respond to emergencies.

Safety briefings are routine pre-requisites that precedes the daily activities for most of our businesses. This ensures employees are focused on performing the tasks at hand as quickly and safely as possible. These briefings primarily serve as a daily reminder of the job/task sequence and the potential hazards which may be present. Emphasis is always given on the need to wear proper attire such as Personal, Protective Equipment (PPE) and on the use of appropriate equipment. An emergency response plan is also carefully conveyed employees to ensure everyone is aware of the steps to be taken in the event of an emergency.

SPOTLIGHT STORY



Certified Emergency Response Training

During the year, 10 employees from the **Plantation Division** had participated in a 2-day basic occupational First Aid, CPR & AED training course. Upon completion of the course, participants were able to:

- Perform basic life support skill such as CPR & Choking.
- Understand the importance of Automated External Defibrillator (AED) to increase survival rate of a person in cardiac arrest or having a heart attack.
- Render First Aid management during an emergency with minimal equipment for injuries such as bleeding, burn, shock, fracture, and spinal injury.
- Understand systematic approach to survey & diagnose patient.
- Become a Qualified First Aider pursuant to the Occupational Safety & Health Act 1994

All participants underwent theoretical and practical assessments; which included multiple-choice questions, skill demonstrations and mock drills (scenario based). 9 out of the 10 participants had qualified themselves as certified First Aiders.

Employee Development & Engagement

We view career development as part of our commitment to building a more efficient, highly motivated and talented team to ensure that the Group can remain agile and responsive in competitive environments.

Every year, training allocation is available for our employees to participate in internal or external workshops and seminars. We also believe that a combination of both formal and informal learning channels develops targeted skills and knowledge for a specific role. For example, our businesses regularly conduct informal on-the-job training and refresher courses on the use of apparatus and machinery, fertilizer application to address the skill gaps created by inter alia changes

in knowledge, technology and/or work processes. We also encourage our people to look beyond their experiences and current practices by undertaking job rotation and overseas assignments for exposure in different markets. Where headcount reductions are necessary, affected employees are redeployed to new job tasks where retraining and skill upgrading is provided to help them transition into the new tasks.

All new employees undergo an induction program to help them familiarize themselves with all aspects of the Company and the Group, understand the responsibilities of their new role, the culture of our business and the processes they need to follow as well as our expectations for ethical conduct. They were also provided with the Employee Handbook before, or as soon as they start

their new job. The Handbook provides new employees with information about their conditions of employment as well as the standards of professional behaviour expected.

We also set annual key performance indicators for our employees that reflect critical success factors in their career development. This formal performance and career development reviews which take place once a year at the end of the financial year serves as an effective communication platform between employer and employee for feedback, sharing ideas, identify avenues for improvement and to recognise individual training and development needs. Based on performance and contribution, the employees are rewarded through increments, bonuses and/or promotions.

PERFORMANCE MANAGEMENT SYSTEM



Compensation and Benefits

Pay decision are based on:

- Performance rating
- Competency rating



Learning and Development

Identification of:

- Long term development plans
- Competency based training needs
- Business focused training needs



Succession Planning

Identification of:

- Jobs at risk
- Suitable successors
- Readlines level of successors
- Development plans
- External recruitment



Career & Talent Development

Identification of:

- Promotions and inter company/department transfers
- Group talents

[Good Social Practices Policy]

We recognise and respect the human rights of our employees, contractors, their families, the communities in which we work and make every effort to operate our businesses in a manner consistent with the principles set out in the Universal Declaration of Human Rights, the core conventions of the International Labour Organisation and national laws applicable to our operations.

Our commitment to human rights includes the following:

- ✓ We reject any form of slavery, forced or child labour;
- ✓ We are committed to providing a fair, safe and healthy working environment for our employees that is free from unlawful discrimination, harassment or victimisation. Our Employee Handbook provides employees with clear guidance on specific situations/ concerns they may face which ensures grievances can be addressed without fear of repercussion. We also seek to provide equal employment opportunities based on merit and performance;
- ✓ We respect the right of our employees to associate freely, which includes their right to collective bargaining;
- ✓ We recognise and respect the cultural values and heritage of the communities where we operate and securing a 'social license to operate' through open communication, continuous dialogue and fair dealings with local stakeholders; and
- ✓ We are committed to being responsible stewards of the natural resources we use in our operations and to reduce any impacts arising therefrom through process innovation, waste elimination and reuse, consistent with our Environmental Policy.

This policy is dated 1 October 2018

	Training Hours	
	2018	2019
Senior Management	24	64
Management	238	1,201
Executive	423	962
Non-Executive	808	3,884
Grand Total	1,493	6,111

Note: Training hours herein does not include on-site coaching by supervisor



Sustainability Training & Awareness

Sustainability training and workshops were held over the course of the year which were attended by employees of Group subsidiaries and across all departments within the subsidiaries.

The aim of these sessions was to promote awareness and give the employees a better understanding of what information the Group requires in terms of sustainability. Emphasis was placed on improved accuracy of information from the subsidiaries. Updated templates for sustainability reporting were rolled out and real-life issues

were discussed. Presently, the Group's Corporate Services and Engineering Departments actively engage with operational management to facilitate the implementation and reporting of the Group's sustainability initiatives. Sustainability reports of the respective divisions are submitted monthly and discussed during the Heads of Division meetings.

Human Rights & Workplace Relations

We implement our commitment to supporting human rights and labour rights through a range of policies, strategies and initiatives that reflect the diverse range of conditions our business operates in and we also require our contractors and business partners to observe these commitments.

We respect our employees' right to freedom of association, to join unions as well as the right to collective bargaining in accordance with local laws. We are committed to working honestly and transparently with labour unions and we undertake negotiations in good faith. As at 31 March 2019, 55.2% of our employees are represented by labour unions. Our collective bargaining agreements with these representative groups contain provisions covering grievance and discipline processes, paid time off, paid maternity leave and collectively bargained severance and separation benefits. Other negotiated terms and conditions of employment contained in our collective agreements include, among others, matters such as wages and performance management.

During the year, the Group did not experience any situations with the unions that resulted in a work stoppage.

	Malaysia	Indonesia
Total No of Employees	519	1,149
Unionized Employees	140	781
% of Unionized Employees	27%	68%

We are against any forms of forced labour and underage workers, and we rigorously enforce these principles at all our places of work. Each employee's profile and identity document are maintained in our HR data system, and we continuously monitor compliance with the minimum legal working age requirements enforced by the local authorities in the countries where we operate our businesses. Further, we require that all employees hired by suppliers/contractors must have a contract governed by local labour laws.

All employees work on their own free will and without coercion. However, there have been instances at our estate in Indonesia where children accompanied their parents to the fields and assisted in loose fruit collection and other light tasks. To deal with this issue, spot checks are conducted regularly and facilities such as free transportation for the workers' children to nearby local schools and creches are provided where parents can leave their children while they go to work.

Whistleblowing

Our open-door policy enables employees to speak directly with all levels of management about their ideas or concerns. We also provide other ways for employees and external stakeholders to report concerns, such as all our operations have grievance mechanisms that are

accessible, accountable and fair and in all cases, consequence management (e.g. official warning, suspension, dismissal) are in place. The Group's whistleblowing policy sets out guidelines for individuals who wish to report possible fraud, illegal acts or misconduct and we make every effort to provide appropriate protection and protect the confidentiality of those who raise these concerns. The Group Internal Audit Department is empowered to conduct investigations of suspected and reported incidents.

Our whistleblowing policy can be viewed at <http://www.fimacorp.com/corporate-governance>

Benefits & Welfare

The Group's compensation structure includes fixed and variable components depending on the employee's job grade. Each location within the Group has its own locally defined employee benefit schemes. For eligible employees, these include:

- contributions to retirement fund;
- medical benefits for outpatient, specialist and hospitalisation treatment for employees, spouse and eligible children;
- group term life and personal accident insurance;
- alternative working hours;
- provision of housing with clean running water and sanitation to our plantation workers.



The Group pays at least minimum wage as required by law in the countries in which the Group operate and in no areas of operation does minimum wage varies by gender.

In FYE2019, an external consultant was engaged to undertake a review of and benchmark the Group's current remuneration structure. The review was comprehensive, covering all elements including base salary, performance bonus, and long-term incentives; to ensure that that the Group's salary opportunities are market competitive and internally equitable which in turn would enable the Group to attract and retain the talent it requires to support long-term sustainable growth as well as to help improve and reinforce desired behaviours and increase staff engagement. The revised remuneration structure has been approved by the Board and would take effect in this current financial year.

Employees' wellbeing continues to be of paramount importance to the Group. During the year, we organised a voluntary health screening session for our employees at Head Office encompassing a full range of tests including lifestyle analysis, blood profile test and body profiling assessment to identify heart, lung and vital organ health risks. Employees identified with a particular medical condition would then be referred to receive relevant medical treatment. Talks were also organised to raise awareness on personal health issues and healthy lifestyles.

PTNJL's employee wellness is managed through an on-site clinic staffed by a full-time clinic assistants. PTNJL also provides free transportation for the workers' children to nearby local schools. There is also a crèche at the estate which is subsidized by the company that caters to the needs

of the plantation staff and workers. The provision of these facilities has enabled women to join PTNJL's workforce and to some extent reduced the number of children accompanying their parents to the fields due to a lack of supervision at home.

Employees are also encouraged to participate in numerous activities organized by Kelab Sukan Fima and/or Badan Keluarga including, among others, monthly Al-Quran Tafseer classes, Tazkirah Ramadhan, Ramadhan Iftar function, Hari Raya Open House and potluck. Family days, weekend retreats, sports activities and festive gatherings were also regularly organised at the divisional level.

Community Contributions

We believe in contributing economically and socially to the well-being of the communities where we conduct business. With businesses across Malaysia and Indonesia, the Group has a local footprint in many communities.

Our approach to community engagement is driven and managed by our businesses to ensure value is created in ways that best fit with their operations and geographic spread.



In Indonesia, PTNJL has set up 5 ponds in which various type of freshwater fish namely tilapia, kaloi, patin, keli and pacu are bred and harvested. The ponds are maintained entirely by estates staff.

During the year, the Group continued its community care and involvement via various contributions in the form of donations, sponsorships and support in kind to charitable bodies, schools and local community endeavours. Inter alia, we renewed our sponsorship of Titian Samara Programme by Persatuan Al-Hunafa.

The NGO's mission is to help secondary students with academic and social problems to develop their life skills such as confidence, leadership, and communication through personal development programmes and mentoring. The programme currently focuses on 5 schools in the Klang Valley and 1 in Kelantan namely, SMK Bangsar, SMK Raja Lumu, SMK Pandamaran Jaya, SMK Tengku Idris Shah, SMK Telok Gadong and SMK Laloh, Kuala Krai involving a total of 166 students. In addition to the personal development sessions, 2 off-site motivational camps were organized for the students.

As part of our commitment to strengthening the local socio-economic base, we provide jobs opportunities for the communities near our projects. In tandem, the Group hires and trains local employees at our job sites, providing technical training and skills to improve workers' wage-earning potential. We also support local suppliers and entrepreneurs by purchasing local goods and services. A successful example of this can be seen in Indonesia where 80% of contracts for goods and services have been awarded to small and medium-sized local companies. In addition, 23% of the FFB processed by the palm oil mill is purchased from smallholder farmers and third-party growers.

Apart from building and furnishing the mosques and schools located within and around the plantation with the necessary amenities, our Indonesian subsidiary, PTNJL also funds the monthly allowance of teachers and imams.

Meanwhile, our Indonesian subsidiary, PTNJL received a total of 31 students; 5 of from PDD Politeknik Negeri Nunukan and 26 from several regional high schools, to undergo a 2-month internship program during the year.



The Group has since January 2018 took in 60 university graduates to undergo 8 months to undertake workplace experience with companies within the Group (with the possibility of progression into permanent employment) program through our participation in and support of the PROTÉGÉ (formerly known as Skim Latihan 1Malaysia). This program involves a mix of on-the-job placements and skills development workshops which would allow trainees to absorb the organisational and work culture whilst also developing relevant job-specific training. Allowances and benefits are given during the program.

GRI CONTENT INDEX

Disclosure Number		Pages/Remarks
General Disclosure		
GRI 102: General Disclosures		
102-1	Name of organization	Fima Corporation Berhad (21185-P), ("FimaCorp")
102-2	Activities, brands, products, and services	Refer to the "Who We Are" section of this Sustainability Report ("SR2019")
102-3	Location of headquarters	Suite 4.1, Level 4, Block C, Plaza Damansara, No.45 Jalan Medan Setia 1, Bukit Damansara 50490 Kuala Lumpur
102-4	Location of operations	Refer to FimaCorp's 2019 Annual Report ("AR 2019") under Directory of Group Operation
102-5	Ownership and legal form	FimaCorp is public company listed on the Main Market of Bursa Malaysia Securities Berhad <ul style="list-style-type: none"> • Stock Name: FimaCorp • Stock Code: 3107 • Sector: Industrial Products and Services • Sub-Sector: Industrial Services
102-6	Markets served	Refer to the "Who We Are" section.
102-7	Scale of the organization	Refer to the following sections: <ul style="list-style-type: none"> • "Who We Are" and workforce data on p.40 – 50 of the SR2019; and • Management Discussion & Analysis, Segmental Reports, Five Year Group Financial Highlights of AR2019.
102-8	Information on employees and other workers	p.48 - 50
102-9	Supply chain	FimaCorp's supply chain predominantly consists of contractors, vendors providing raw materials, services, packaging materials and logistics services.
102-10	Significant changes to the organization and its supply chain	There were no significant changes in FYE2019.
102-13	Membership of associations	FimaCorp, either through itself or its subsidiaries, is an active member of the following national and international industry groups and associations: <ul style="list-style-type: none"> • Gabungan Pengusaha Kelapa Sawit Indonesia, GAPKI • Association of Plantation Investor of Malaysia in Indonesia, APIMI • Incorporated Society of Planters
102-14	Statement from senior decision-maker	Refer to the Letter from the Managing Director in AR2019 and "In Conversation" section of SR2019.
102-15	Key impacts, risks, and opportunities	Our approach to managing the key impacts, risks and opportunities is reviewed in the respective SR2019 focus area sections.
102-16	Values, principles, standards, and norms of behaviour	Refer also to the Corporate Governance Overview Statement and Statement of Risk Management & Internal Control in AR2019.
102-17	Mechanisms for advice and concerns about ethics	p.57 The Group has in place a Whistleblowing Policy and grievance procedures to address employees' cares and concerns.

Disclosure Number		Pages/Remarks
102-18	Governance structure	p.14 - 15 Refer also to the Corporate Governance Overview Statement in AR2019.
102-19	Delegating authority	p.14 - 15 Refer also to the Corporate Governance Overview Statement in AR2019.
102-20	Executive-level responsibility for economic, environmental, and social topics	p.14 - 15 Refer also to the Corporate Governance Overview Statement in AR2019.
102-21	Consulting stakeholders on economic, environmental, and social topics	p.16 - 17
102-22	Composition of the highest governance body and its committees	p.14 - 15 Refer also to the Profile of Directors, Profile of Key Senior Management and the Corporate Governance Overview Statement sections in AR2019.
102-23	Chair of the highest governance body	FimaCorp's Chairman, Dato' Adnan bin Shamsuddin, is an Independent Non-Executive Director.
102-24	Nominating and selecting the highest governance body	The Nomination & Remuneration Committee's main activities are set out in the Corporate Governance Overview Statement in AR2019. In delivering its recommendations to the Board on any appointment re-appointment of Directors, the NRC considers factors such as the prospective candidate's expertise, experience gender, independence and ability to devote sufficient time to discharge their duties as Director.
102-25	Conflicts of interest	p.24 Refer also to the Corporate Governance Overview Statement in AR2019. Directors and Group employees are required to observe the highest ethical standards in conducting the Group's business.
102-26	Role of highest governance body in setting purpose, values, and strategy	p.14 - 15
102-27	Collective knowledge of highest governance body	FimaCorp Directors are encouraged to attend continuous training programmes. In FYE2019 Directors have attended and participated in various seminars, presentations and workshops, details of which are set out under the Directors Training section of the Corporate Governance Overview Statement in AR2019.
102-28	Evaluating the highest governance body's performance	See review of ethical leadership in the Corporate Governance Overview Statement in AR2019.
102-29	Identifying and managing economic, environmental, and social impacts	The Group Sustainability Committee has oversight of the Group's sustainability initiatives and performance.
102-30	Effectiveness of risk management processes	The Audit & Risk Committee has oversight of the Group's risk management processes. Refer to the Audit & Risk Committee Report and Statement of Risk Management & Internal Control in AR2019.

Disclosure Number		Pages/Remarks
102-31	Review of economic, environmental, and social topics	Presently, the Group's Corporate Services and Engineering Departments actively engage with operational management to facilitate the implementation and reporting of the Group's sustainability initiatives. Sustainability reports of the respective divisions are submitted monthly and discussed during the Heads of Division meetings.
102-32	Highest governance body's role in sustainability reporting	p.14 - 15 The Board reviews and approves the SR2019. The Group Sustainability Committee has oversight of the Group's sustainability initiatives and performance.
102-35	Remuneration policies	p.58 The Group's compensation structure includes fixed and variable components depending on the employee's job grade. Each location within the Group has its own locally defined employee benefit schemes.
102-36	Process for determining remuneration	p.58 Refer to the Corporate Governance Overview Statement in AR2019.
102-37	Stakeholders' involvement in remuneration	The Non-Executive Directors' ("NEDs") remuneration are subject to annual shareholders' approval. Details of the fees and benefits payable to the NEDs are disclosed in FimaCorp's Notice of Annual General Meeting.
102-40	List of stakeholder groups	FimaCorp's key stakeholder groups are identified in p.16-17.
102-41	Collective bargaining agreements	p.57
102-42	Identifying and selecting stakeholders	FimaCorp's key stakeholder groups are identified in p.16-17.
102-43	Approach to stakeholder engagement	p.16 - 17, p.34 - 35, p.53, p.56 - 57 We respond to our stakeholders' expectations in many different ways, depending on the nature and scale of the issues.
102-44	Key topics and concerns raised	p.16 - 17, p.34 - 35, p.53, p.56 - 57
102-45	Entities included in the consolidated financial statements	The Group's core divisions are Manufacturing and Plantation. Refer to Management Discussion & Analysis section of AR2019.
102-46	Defining report content and topic Boundaries	Refer to "About This Report".
102-47	List of material topics	p.20 - 21
102-48	Restatements of information	Historical data relating to waste management, emission and LTIFR has been restated. Following a review, it was determined that the data reported in FYE2018 did not fully include all sources of emissions by certain facilities. Upon thorough re-analysis of the data, we were able to better quantify the total emissions, which are reflected in the numbers presented in this Report.
102-49	Changes in reporting	Since last year there have been no significant changes to the Group's organisational structure.
102-50	Reporting period	Refer to "About this Report".
102-51	Date of most recent report	Our last Sustainability Report was published in July 2018.
102-52	Reporting cycle	Annual, financial year ending 31 March 2019.

Disclosure Number		Pages/Remarks
102-53	Contact point for questions regarding the report	All inquiries and comments can be forwarded to sustainability@fima.com.my .
102-54	Claims of reporting in accordance with the GRI Standards	Refer to “About This Report”.
102-55	GRI content index	p.60 - 68
102-56	External assurance	This report has not been externally assured.

Disclosure Number		Pages/Remarks
Material Topics - Economic		
Management Approach		
103-1	Explanation of the material topic and its Boundary	Refer to p.18-21 for a description of the materiality and boundaries of economic performance. The issues of material interest to our stakeholders are listed in the table in the section on Engaging our Stakeholders – although this does not make explicit reference to the GRI topics, these can be inferred from the table. Material topics have been chosen with the aim of demonstrating our impacts, risks and opportunities and how we create and preserve value over time. Our approach to managing specific material topics is addressed in the respective sections of our SR2019. We report annually on our progress in addressing material topics and impacts in the SR and the AR. Internal reports to the respective committees ensure that performance is monitored regularly. Where required, we review and work to revise and improve our approach with key stakeholders to improve our performance.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
201: Economic Performance		
201-1	Direct economic value generated and distributed	p.24
201-2	Financial implications and other risks and opportunities due to climate change	Addressing the impacts of climate change on the business is a material issue and issues are raised in various sections of the SR2019, notably, the Environmental section.
201-3	Defined benefit plan obligation and other retirement plans	Details are provided in FimaCorp’s Audited Financial Statements 2019 in AR2019 in notes 6 (Staff Costs) and 7 (Directors’ Remuneration).
201-4	Financial assistance received from government	We do not receive any financial assistance from the Government.
202: Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	We are committed to providing competitive and fair wages and believe that we do so at all our operations. The Group pays at least minimum wage as required by law in the countries in which we operate and in no areas of operation does minimum wage varies by gender.

Disclosure Number		Pages/Remarks
203: Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	While our most significant contribution to improving the socio-economic conditions of the communities in which we operate is through our business activities, we provide additional support through various social investment initiatives in cash and in kind.
204: Procurement Practices		
204-1	Proportion of spending on local suppliers	p.59
205: Anti-Corruption		
205-1	Operations assessed for risk related to corruption	All our operations are monitored for fraudulent activity and corruption including suppliers. No specific corruption related risks have been identified.
205-2	Communication and training about anti-corruption policies and procedures	p.24
205-3	Confirmed incidents of corruption and actions taken	There were no incidents of corruption during the review period.
206: Anti-Competitive Behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practice	There were no such legal actions during the review period.

Disclosure Number		Pages/Remarks
Material Topics - Environment		
Management Approach		
103-1	Energy consumption outside of the organization	Refer to p.18 - 21 for a description of the materiality and boundaries of environment. The issues of material interest to our stakeholders are listed in the table in the section on Engaging our Stakeholders – although this does not make explicit reference to the GRI topics, these can be inferred from the table. Material topics have been chosen with the aim of demonstrating our impacts, risks and opportunities and how we create and preserve value over time. Our approach to managing specific material topics is addressed in the respective sections of our SR2019. We report annually on our progress in addressing material topics and impacts in the SR and the AR. Internal reports to the respective committees ensure that performance is monitored regularly. Where required, we review and work to revise and improve our approach with key stakeholders to improve our performance.
103-2	Energy intensity	
103-3	Reduction of energy consumption	
301: Material		
301-2	Recycle input materials used	Currently very little of our primary packaging contains recycled material.

Disclosure Number		Pages/Remarks
302: Energy		
302-1	Energy consumption within the organization	p.39 - 44
302-4	Reduction of energy consumption	p.42 - 44
303: Water and Effluent		
303-1	Interactions with water as shared recourse	p.38
303-2	Management of water discharge-related impacts	p.38
303-5	Water consumption	p.38
304: Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Within our oil palm estates, riparian reserves are set aside as conservation areas wildlife corridors which include, among others, sanctuaries for migratory birds and elephants and habitat for jungle flora and fauna.
304-2	Significant impacts of activities, products, and services on biodiversity	p.34 - 35 Environmental impact assessments are carried out ahead of any new plantation development, or as may be required by relevant legislations.
304-3	Habitats protected or restored	Except for Plantations, the Group's operations have limited impact on natural habitats. Within our oil palm estates, riparian reserves are set aside as conservation areas wildlife corridors which include, among others, sanctuaries for migratory birds and elephants and habitat for jungle flora and fauna. PTNJL has also set aside areas within its plantation as water catchment zone. Chemical applications are strictly prohibited at the water catchment zone to facilitate natural re-vegetation of the area and preservation thereof.
305: Emission		
305-1	Direct (Scope 1) GHG emissions	p.42 - 44
305-2	Energy indirect (Scope 2) GHG emissions	p.42 - 44
305-3	GHG emissions intensity	p.42 - 44
305-4	Reduction of GHG emissions	p.42 - 44
306: Effluent and Waste		
306-2	Waste by type and disposal method	p.36 - 37
306-3	Significant spills	We did not record any significant spills at our sites during the review period.
306-4	Transportation of hazardous waste	The Group does not import or export any hazardous waste.

Disclosure Number		Pages/Remarks
306-5	Water bodies affected by water discharges and/or runoff	p.36 - 37
307: Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	No environmental related penalties or fines were payable during the reporting period.
308: Supplier Environmental Assessment		

Disclosure Number		Pages/Remarks
Material Topics - Social		
Management Approach		
103-1	Explanation of the material topic and its Boundary	Refer to p.18 - 21 for a description of the materiality and boundaries of social. The issues of material interest to our stakeholders are listed in the table in the section on Engaging our Stakeholders – although this does not make explicit reference to the GRI topics, these can be inferred from the table. Material topics have been chosen with the aim of demonstrating our impacts, risks and opportunities and how we create and preserve value over time. Our approach to managing specific material topics is addressed in the respective sections of our SR2019. We report annually on our progress in addressing material topics and impacts in the SR and the AR. Internal reports to the respective committees ensure that performance is monitored regularly. Where required, we review and work to revise and improve our approach with key stakeholders to improve our performance.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
401: Employment		
401-1	New employee hires and employee turnover	p.50
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.55 & p.57
402: Labour Management Relation		
402-1	Minimum notice periods regarding operational changes	We have systems in place aimed at ensuring effective dialogue and relations with all employee representative groups across our operations. FimaCorp adheres to all labour legislation relevant to the countries in which it operates.
403: Occupational Safety and Health		
403-1	Occupational health and safety management system	p.51 - 52 Health and safety committees are in place in all divisions.

Disclosure Number		Pages/Remarks
403-2	Hazard identification, risk assessment, and incident investigation	Hazard identification, risk assessment, and incident investigation All divisions have health and safety committees which consist of divisional management and employees. It is to these committees that incidences are reported, and where compliance with policies is monitored, and improvements are discussed.
403-5	Worker training on occupational health and safety	p.53
403-6	Promotion of worker health	p.58
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p.51 - 53
403-9	Work-related injuries	p.51 - 52
403-10	Work-related ill health	p.52
404: Training and Education		
404-2	Programs for upgrading employee skills and transition assistance programs	p.54 - 55
405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	The composition of our permanent workforce is detailed in p.48 - 49. The composition of our Board of Directors and Key Senior Management is provided in the AR2019.
405-2	Ratio of basic salary and remuneration of women to men	Our HR management principles are based on equal opportunity and non-discrimination. In no areas of operation does minimum wage varies by gender.
407: Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No such operations or suppliers have been formally identified within the group. Freedom of association and collective bargaining are fundamental rights which FimaCorp's has committed to uphold.
408: Child Labour		
408-1	Operations and suppliers at significant risk for incidents of child labour	No operations or suppliers were found to have significant risk of child labour. There have been instances at our estate in Indonesia where children accompanied their parents to the fields and assisted in loose fruit collection and other light tasks; however, these are not considered to be significant. Details on how this issue is being addressed is set out in p.57.
412: Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	Refer to the Corporate Governance section of our Company's website under "Good Social Practice Policy". http://www.fimacorp.com/corporate-governance.php

Disclosure Number		Pages/Remarks
413: Local Community		
413-1	Operations with local community engagement, impact assessments, and development programs	p.34 - 35 and p.58 All our operations have some degree of community engagement. Impact assessments are done as and when needed particularly for new development projects.
418: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no such complaints during the review period.

www.fimacorp.com

Suite 4.1, Level 4, Block C, Plaza Damansara, No. 45, Jalan Medan Setia 1,
Bukit Damansara, 50490 Kuala Lumpur.

Tel: +603-2092 1211 Fax: +603-2092 5923 Email: fima@fimacorp.com.my