

A photograph of a dense tropical forest. The foreground shows a rocky, reddish-brown riverbank with small pools of water. Several people are sitting on the rocks. The middle ground is filled with the dense canopy of tall trees, their leaves forming a dark green wall. The background shows more of the forest and a bright blue sky with a few wispy clouds.

# Sustainability Report



# About This Report

On behalf of the Board of Directors, we are pleased to present the Sustainability Report FYE2020 of Kumpulan Fima Berhad ("KFima") for the period beginning 1 April 2019 to 31 March 2020 ("FYE2020").

The Group's three 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

This Sustainability Report has been prepared in accordance with the Global Reporting Initiative ("GRI");

**“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.”**

Core Option and based on data for FYE2020 unless otherwise stated. The Report provides information on the sustainability issues assessed as material to the Group and how we are presently addressing them. The material topics are identified in the context of 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 further described on page 57 of this Report.

This Report 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 the economic, environment and social pillars. These are complemented by a variety of real-life stories from across the Group.

## Our Process

Information and data included in this Report were provided and reviewed by divisional management, including members of the Group Sustainability Committee, and approved by the Board of Directors. Members of the Group Sustainability Committee have been a valuable 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 and boundary

The scope of this Sustainability Report covers the Group's wholly-owned operations and joint ventures that are at least 50% owned by KFima. All references to KFima, the Group, the Company, the business, "our" and "we" refer Kumpulan Fima Berhad and its subsidiaries.

## Feedback

We welcome feedback on our Sustainability Report. Email your feedback to [sustainability@fima.com.my](mailto:sustainability@fima.com.my)

# 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 also sensible from a business perspective. We can only retain our competitive edge if we dedicate ourselves to our customers, employees, services, the environment and local communities where we operate.

As our sustainability practices evolve, we must focus on what's right for our business. We care deeply about issues such as health and safety, environmental protection, product quality, resource conservation, support for the communities and returning profits to our shareholders. By improving the impact of our own operations, enabling sustainable solutions for our customers, and advocating sustainable business, we believe that can grow faster and reduce our cost and risk profile. Towards this end, we will continue to work with our stakeholders and others

on common-ground sustainability efforts.

Our business strategy recognises our responsibility to our stakeholders – to deliver shared value and long-term sustainability. Through responsible actions and behaviours, continuously improving our environmental performance, building trust and ethically operating to the highest standards of corporate governance and empowering our employees. This approach underlines our conviction creating shared value for our stakeholders and ourselves contributes

to KFima becoming a more successful and sustainable enterprise now and in the future. And it means having strong governance and oversight that started at the top with the Board of Directors and carried out through dedicated policies, management systems, teams and senior-level accountabilities.

The following materiality topics across three key pillars –environmental, social and governance were identified as the most material to the Group, which align well with management focus and priorities.

## ENVIRONMENT

Environmental & social responsibility in our supply chain

- GHG Emissions, Discharges & Waste Management
- Use of renewable energy and efficiency of energy use



## SOCIAL

Building strong and respectful relationships with stakeholders

Health, Safety & Development of our employees and communities

- Human & worker's rights
- Occupational safety & health
- Code of ethics & governance
- Benefits & remunerations



## GOVERNANCE

Governance & Responsible Business Practices

Operational resource and efficiency

- Accountability & transparency to stakeholders
- Compliance & regulations



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. In addition, we have also engaged an independent consultant to review our environmental reporting processes.

# Sustainability Highlights

## CERTIFICATION & ACCREDITATIONS

Fima Biodiesel:  
MSPO-SCCS

PT Nunukan Jaya Lestari:  
ISO 14001:2015 Environment Management System

Fima Palmbulk & Fima Bulking Installation:  
ISCC-EU



37.3%  
of our employees are **women**

98.1%  
of tuna  
purchased are  
FAD-free

12,540  
total  
training hours

A new  
**Anti-Bribery  
Policy** familiarisation  
e-training module has  
been developed

Community Contribution &  
Involvement in the form of  
**donations & support  
in kind**

**Zero discharge**  
through the recycling of  
waste and by-products in  
our palm oil mill operations

**4.6%**  
**reduction** in total CO<sub>2</sub>eq  
Group-wide

Review of Group's  
**integrity infrastructure**

**Continued energy  
efficiency & reduction**  
initiatives across our  
businesses



## Engaging Stakeholders

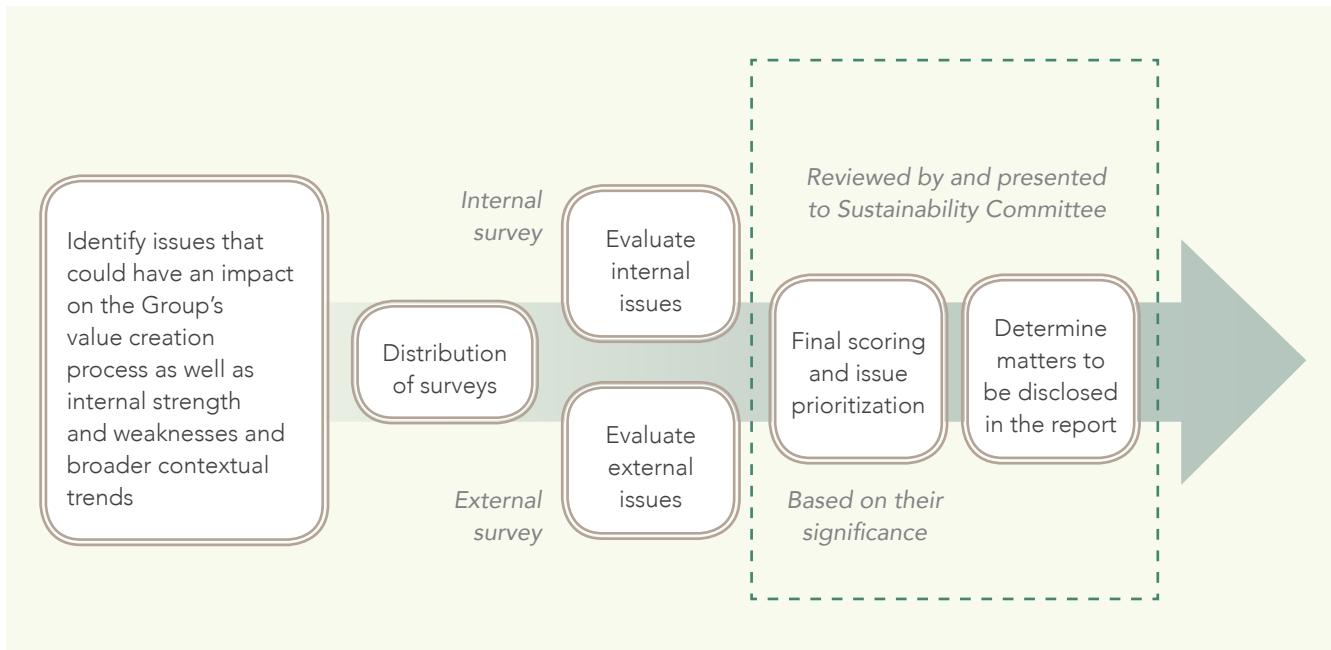
Our stakeholders' expectations revolve around good returns, sustainable profits, growth, regulatory compliances, transparency and accountability. We respond to our stakeholders' expectations in different ways, both formally and informally, depending on the nature and scale of the issue. These interactions are crucial as they shape how we define and execute our strategy to enable us to tackle some of the significant 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
<b>Our people</b> 	<ul style="list-style-type: none"> <li>• Job security and wages</li> <li>• Conducive workplace</li> <li>• Career development</li> <li>• Corporate activity</li> <li>• Health and safety</li> <li>• Group's growth development</li> </ul>	<p>Our strategy is to invest in the attraction, retention and development of a diverse and talented workforce.</p> <p>Aligned with our values of open communication, empowering others, safety, respecting all our stakeholders and acting ethically by offering diverse employment prospects, opportunities for development, 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>
<b>Shareholders and investors</b> 	<ul style="list-style-type: none"> <li>• Delivering profitable returns on investment</li> <li>• Financial strength &amp; resilience</li> <li>• Disclosing timely, concise and relevant information</li> <li>• Upholding corporate values</li> <li>• Business sustainability</li> </ul>	<p>We respond:</p> <ul style="list-style-type: none"> <li>• through timely disclosures of the Group's financial results, announcements, annual reports and via the Company's website.</li> <li>• by disseminating material issues to the market through Bursa announcements.</li> <li>• through continued improvements in our business strategies, governance framework and corporate reporting.</li> <li>• through engagements at General Meetings.</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>• Changing needs of customers and consumers</li> <li>• Business ethics</li> <li>• Innovation</li> <li>• Supply chain/traceability issues</li> <li>• Health &amp; safety</li> <li>• Certification</li> </ul>	<p>We seek to be honest and fair in our relationships with customers and to provide standards of product and services that meet their requirements.</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 obtained to support market credibility.</p>
<b>Communities</b> 	<ul style="list-style-type: none"> <li>• Economic empowerment/livelihood</li> <li>• Community safety and health</li> <li>• Environmental protection</li> </ul>	<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, welfare contributions as well as aid during times of adversity and/or disaster.</p>
<b>Memberships &amp; associations</b> 	<ul style="list-style-type: none"> <li>• Advancing industry-specific matters with policymakers and other key stakeholders</li> </ul>	<p>Our memberships provide a forum to promote and defend our interests in a broader industry context, to learn 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.</p>

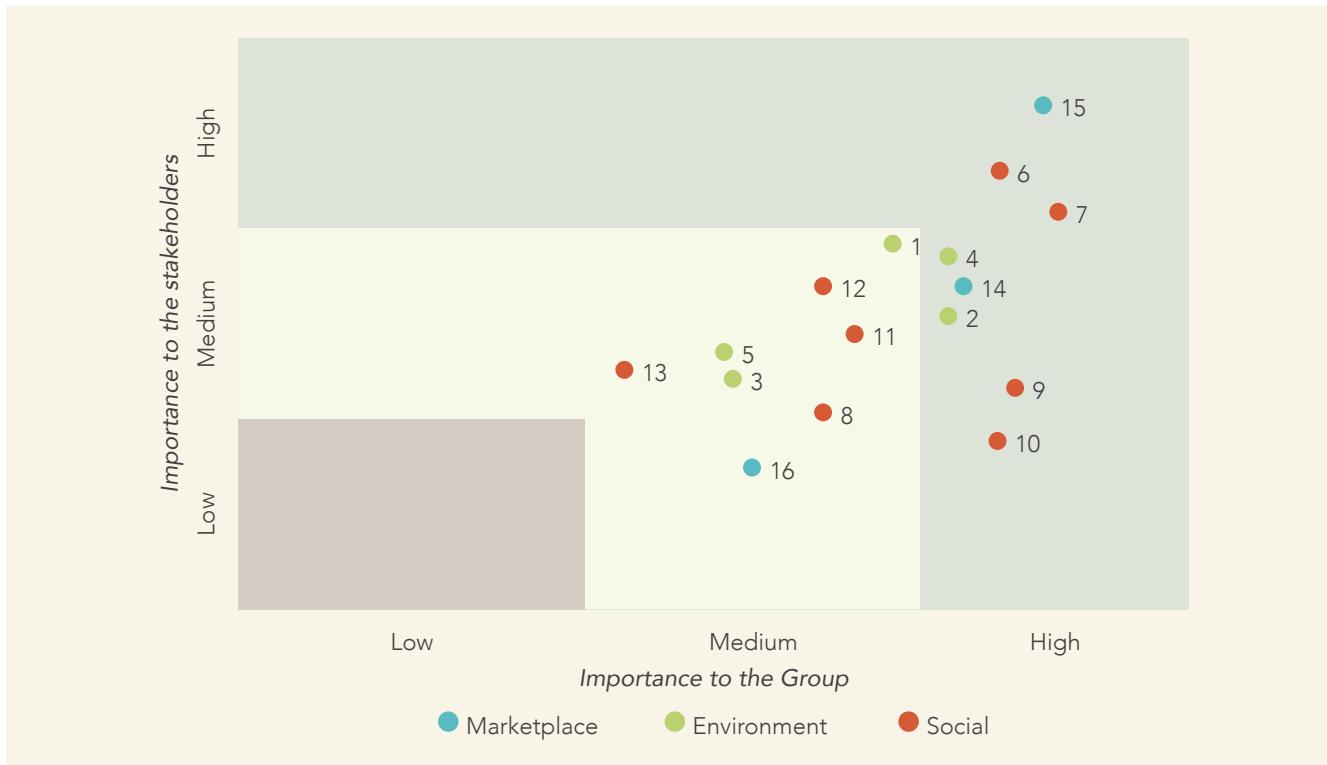
STAKEHOLDER	AREAS OF FOCUS	OUR APPROACH
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>• Quality control</li> <li>• Business ethics</li> <li>• Training &amp; support</li> <li>• Supply chain transparency</li> <li>• Sustainability requirements</li> </ul>	<p>We require our suppliers to live up to sound social and environmental standards.</p> <p>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> <p>Requirement for third-party service providers and suppliers to declare their compliance to the Group's anti-bribery policy.</p>
<b>National and local Governments</b> 	<ul style="list-style-type: none"> <li>• License to operate</li> <li>• Compliance &amp; regulations</li> <li>• Land issues</li> <li>• Level 'playing fields' for all sectors</li> <li>• Local economic development programs</li> <li>• Corporate Responsibility initiatives</li> <li>• Industry-specific matters</li> </ul>	<p>We are often a major economic contributor to the local and national jurisdictions in which we operate.</p> <p>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>

### Materiality Matrix

A stakeholder survey and materiality analysis were undertaken in the last financial year 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 give their opinions on how important the topics are from their perspective as stakeholders. These survey results and analysis remain valid during this reporting period.



Given the diverse nature of our business who each contributes towards the Group's success differently, we weighted the results of 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.



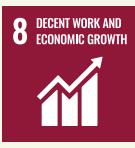
### The Group's United Nation Sustainability Development Goals (SDGs)

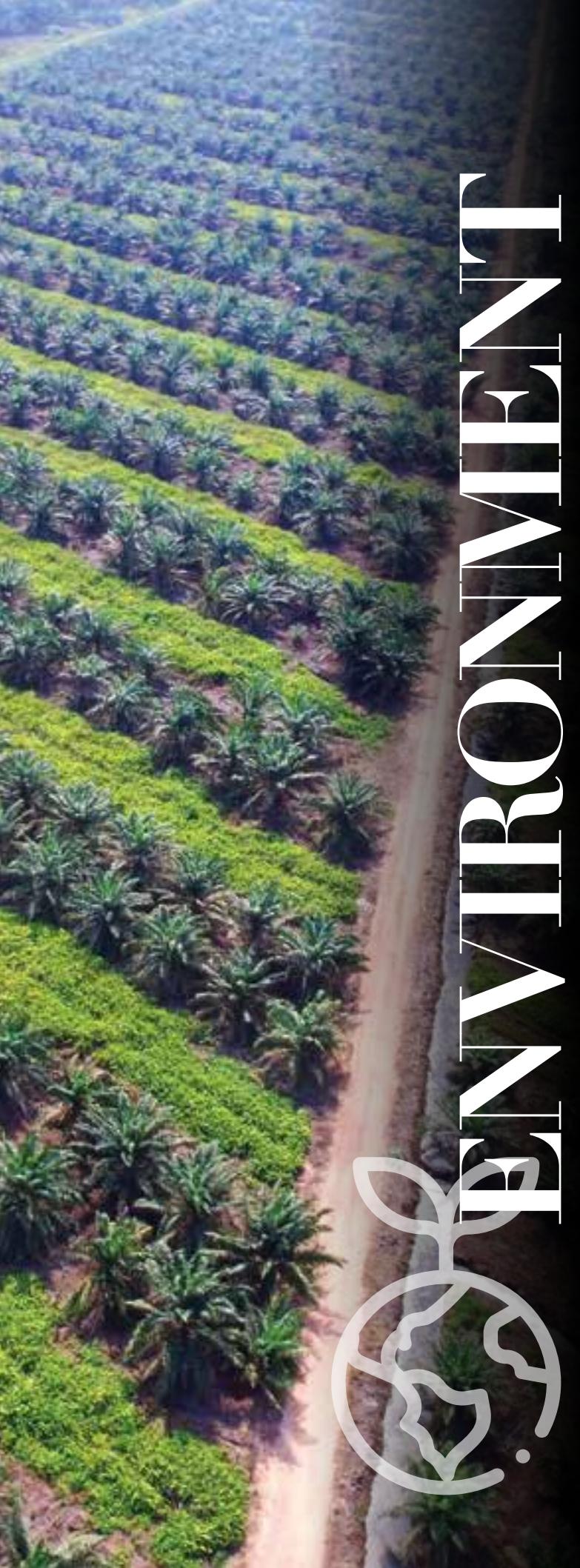
We have determined that the 8 SDGs we had identified were still relevant most to our present-day businesses; and where the Group can make positive contributions to their realisation. Inter alia, we contribute towards the achievement of the SDGs through:



### List of Material Topics

MATERIAL TOPIC	OUR APPROACH
<b>End poverty and in all its forms everywhere</b>	<p><b>1 NO POVERTY</b></p> <p>(6) Human and worker's rights (8) Equal treatment (10) Benefits and remuneration</p> <ul style="list-style-type: none"> <li>• HR policies on minimum wages and fair pay</li> <li>• Economic empowerment/livelihood via the creation of employment and business opportunities for local communities</li> <li>• Providing complete basic amenities including clean running water and sanitation at all workers housing</li> </ul>
<b>End hunger, achieve food security, improve nutrition and promote sustainable agriculture</b>	<p><b>2 ZERO HUNGER</b></p> <p>(5) Pesticides and chemical usage (15) Certification for food safety, sustainability and others</p> <ul style="list-style-type: none"> <li>• Potential higher yield and extraction through the adoption of good agriculture practices</li> <li>• Responding to the increased demand for affordable protein</li> <li>• Maintaining high food safety standards</li> <li>• Usage of organic fertilizer</li> </ul>

MATERIAL TOPIC	OUR APPROACH
<b>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b>	
	<p>(6) Human and worker's rights          (11) Grievance mechanism and Resolutions          (12) Community and welfare</p> <ul style="list-style-type: none"> <li>• Support of employees personal and professional development through training programmes</li> <li>• Philanthropic initiatives in the areas of education and youth development</li> <li>• Foster sustainable livelihoods through relevant skills, capacity and infrastructure enhancements</li> </ul>
<b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b>	
	<p>(7) Occupational safety and health          (9) Code of ethics and governance</p> <ul style="list-style-type: none"> <li>• Positive contribution to economic growth in the countries in which we operate, e.g. via tax and other contributions</li> <li>• Foster healthy communities by enhancing well-being and productivity of those we employ</li> <li>• A strong stance against forced or compulsory labour and child labour</li> <li>• Build empowered and sustainable communities through relevant skills, capacity and infrastructure enhancements</li> </ul>
<b>Ensure sustainable consumption and production patterns</b>	
	<p>(2) GHG Emissions, Discharges &amp; Waste Management          (14) Sustainable and Traceable Supply Chain          (5) Pesticides and chemical usage          (16) Evaluation of suppliers / contractor's sustainability commitment</p> <ul style="list-style-type: none"> <li>• Commitment to implement and maintain supply chain transparency and adherence to international standards (MSPO, ISO, ISPO etc.)</li> <li>• Water and waste management</li> <li>• Use of renewable energy and efficiency of energy use</li> <li>• Adoption of good agricultural practices</li> <li>• Unlocking further value from available resources and minimise waste</li> </ul>
<b>Take urgent action to combat climate change and its impact opportunities for all</b>	
	<p>(1) Biodiversity &amp; Conservation          (2) GHG Emissions, Discharges &amp; Waste Management          (5) Pesticides and chemical usage</p> <ul style="list-style-type: none"> <li>• Reduction of carbon footprint through increased use of renewable energy and structural improvements</li> <li>• Manage air and effluent emissions</li> <li>• Adoption of good agricultural practices</li> </ul>
<b>Conserve and sustainably use oceans, seas, and marine resource for sustainability development</b>	
	<p>(1) Biodiversity &amp; Conservation          (4) Water Impacts          (9) Code of ethics and governance          (14) Sustainable and Traceable Supply Chain</p> <ul style="list-style-type: none"> <li>• Zero tolerance approach to illegal, unreported and unregulated ("IUU")</li> <li>• Commitment to implement and maintain supply chain transparency and adherence to international standards (MSPO, ISO, ISPO, etc.)</li> <li>• Water and waste management</li> </ul>
<b>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forest, combat desertification, and halt and reverse land degradation and halt biodiversity loss</b>	
	<p>(1) Biodiversity &amp; Conservation          (2) GHG Emissions, Discharges &amp; Waste Management          (3) Fire and Haze          (5) Pesticides and chemical usage          (13) Free, Prior and Informed Consent (FPIC)</p> <ul style="list-style-type: none"> <li>• Use of renewable energy and efficiency of energy use</li> <li>• Water and waste management</li> <li>• Adoption of good agricultural practices</li> <li>• Engagements with local authorities and host communities on planned new land development</li> <li>• Management of elephant habitats to reduce human-elephant conflict through establishment of dedicated task force and land use planning</li> </ul>



# ENVIRONMENT



## WE ACKNOWLEDGE

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

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:

- to comply with all relevant environmental regulations, legal criteria, guidelines and codes of conduct specific to our operations;
- create environmental knowledge around the Group by successful collaboration, training and sharing of practices;
- continuously evaluate and track the environmental implications of all of our corporate practices and enforce effective environmental protection strategies;
- enable the protection of biodiversity and natural areas situated around or within our operating locations;
- encourage the efficient use of natural resources, particularly energy and water, to reduce the emission intensity of our operations and supply chains;
- minimises the production of raw material waste and eliminates, reuse or recycling of industrial waste where possible;
- participate with local communities and other stakeholders to resolve any environmental issues;
- ensure that our suppliers or vendors recognise our commitment to environmental protection and, where necessary and realistic, allow them to include the required performance reports as requested.; and
- continuously encourage and actively support zero burning programs 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 and habitat for jungle flora and fauna.

#### Soil Management.

We adopt best agricultural practices, planting cover crops such as Mucuna bracteata, Calopogonium mucunoides and Calopogonium coeruleum, alone or in combination, to boost surface properties and minimise carbon dioxide emissions. Vetiver grass is a deep-rooted grass noted for its strong resistance of heavy metals, phosphates, nitrates and agricultural chemicals. It has been cultivated in wetlands, bundles and field drain to reduce deforestation and avoid landslides. Also, no planting is carried out in steep regions, i.e. those with a slope of more than 20 degrees. Another method in soil management and slope is the planting of Mucuna bracteata, which is an Indian leguminous plant. We are highly successful in reducing soil erosion and improving soil quality by natural soil fertilisation and aeration process. The nitrogen-regulating properties help maintain soil temperatures down during hot seasons. We value its fast-growing characteristics that allow rapid ground cover and help suppress weed growth.

Lastly, our estate has carried into practice sustainable land applications that are aligned with our zero-waste approach. The FFB which has been harvested and sent to the mill for processing will end up as Empty Fruit Bunch ("EFB") that is used by applying directly to the field. In addition, compost can be produced from a mixture of shredded EFB and Palm Oil Mill Effluent ("POME") which is

subsequently added to the plot. Such activities help to provide an ecological supply of nutrients and reduce our reliance on inorganic substances.

#### Biological controls against pests

Beneficial plants such as Turnera Subulata, Antigonan Leptopus and Cassia Cobanensis are cultivated to lure leaf insect predators. These predators feed on leaf pest larvae, thus reducing the usage of pesticides. The use of barn owls in our estates helps to control the population of rodents, and the placement of pheromone traps to catch Rhinoceros beetles is one of the

strategies implemented and has proven to be effective.

### Managing Human-Elephant Conflicts

Several of our estates have encountered incidences of elephant encroachment into their areas culminating in crops and property damage. In this regard, we are continuously looking at ways to find solutions which include monitoring elephant movements, restoring wildlife corridor and building up trenches to minimise further incidences of crop-raiding and damage to the extent possible while at the same time preserving the elephants' natural habitat.

#### Spotlight Story



### Addressing the elephant in the room



During the year, Cendana Laksana Sdn Bhd together with 8 other estates from 3 nearby localities, had facilitated the establishment of an Elephant Conflict Task Force. The main objective of the Task Force is to find workable solutions to mitigate the economic impact of crop loss to elephants whilst maintaining the biodiversity of the ecosystems they inhabit. These include, inter alia, understanding the local ecology, monitoring and recording the movement pattern of elephants in the affected areas and co-ordination of other activities by and amongst the task force members.

*"Managing the human-elephant conflict is as much about protecting our estates from crop-raiding elephants as it is about reducing our footprint on the elephant's habitats and corridors. We have these taken into account through inter alia, our land use planning, improving their habitats to increase their natural feed availability (by planting crops that elephants like e.g. bananas) which in turn can keep them away from encroaching on human areas. I believe that these measures can allow both to peacefully co-exist."*

**MOHD RASHIDI MOHD YAZID**  
Estate Manager, Ladang Cendana

# Sustainability : Environment

## Environmental Assessment

During the year, we have successfully fulfilled the relevant EIA criteria and obtained the permissions and approvals necessary to commence development at our greenfield estate in Sg. Siput, Perak measuring 2,000 hectares. Implicit in these approvals is the requirement to abide by riparian buffer zones, water catchment and forest conservation areas.



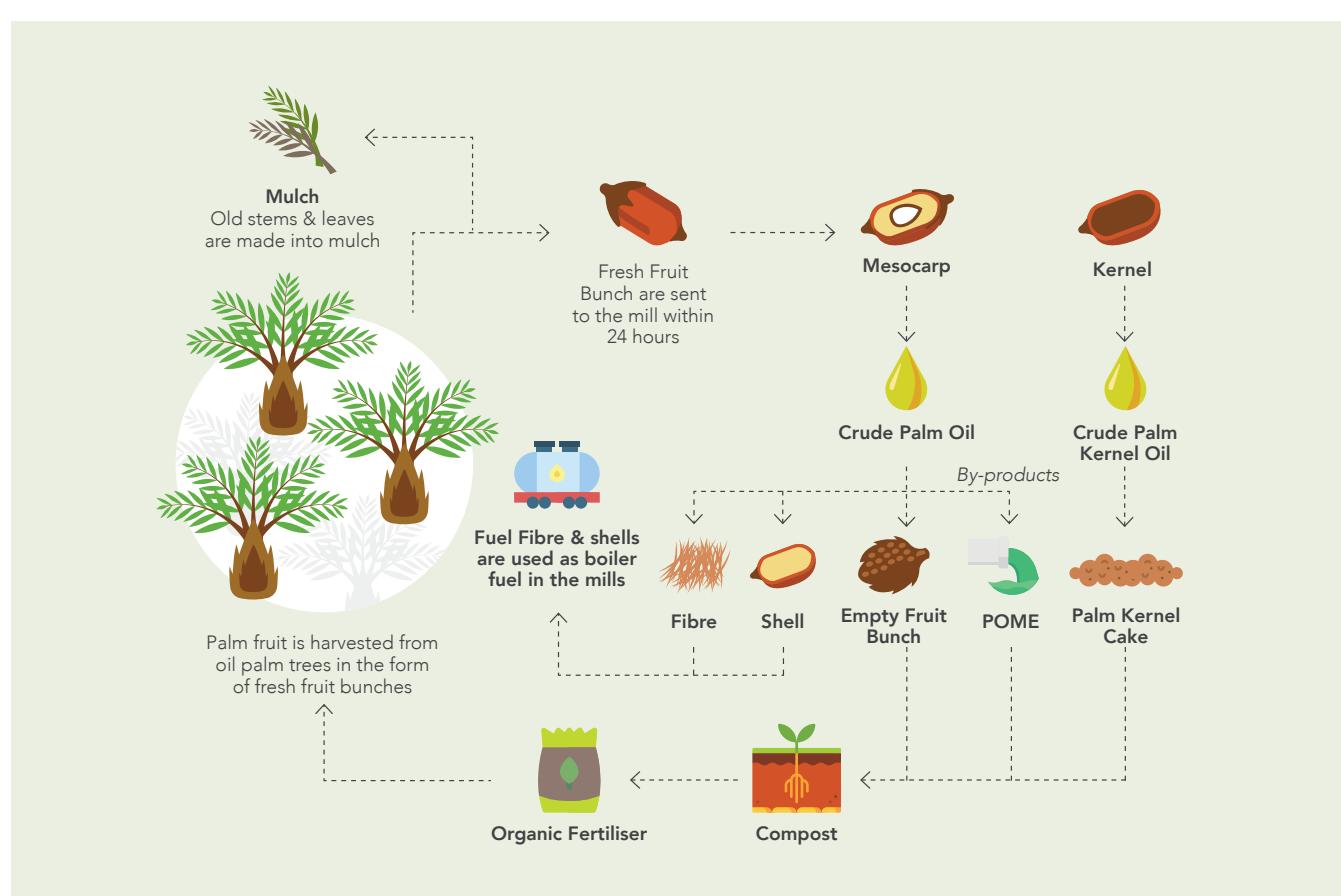
## Mechanisation of Field Operations

The Group has taken actions to increase the level of mechanisation within our oil palm plantation operations, particularly for in-field collection and application of fertiliser. As part of our estate planning process, infrastructure at all our new developments are designed to facilitate in-field mechanisation. Mechanisation improves efficiency and worker safety. It also reduces cost and dependency on manual labour. Our pineapple plantation in Ayer Hitam, Johor, have fully mechanised their plastic mulching and fertiliser applications during the land preparation exercises which allows for greater efficiency of labour and fertiliser use.

## 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 utilised 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. 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 POME is either mixed with shredded EFB to make our compost.

	FYE2019 (MT)	FYE2020 (MT)
Total EFB produced	47,233	<b>41,529</b>
EBF processed into compost	27,155	<b>4,710</b>
POME applied to estate	116,320	<b>102,155</b>

The significant y-o-y decrease in the volumes of EFB processed by PTNLJ's composting plant was due to issues related to the plant's operating license which resulted in

the plant's operations being suspended in the first three-quarters of FYE2020. During this suspension period, the shredded EFB was applied at the fields and used as a feedstock for the boilers.

578 MT of fish offcuts generated by fish processing activities at International Food Corporation Ltd ("IFC"), the Food Division's processing plant in Papua New Guinea, are converted into fishmeal which is then sold to companies involved in the aquaculture and livestock industries.

	FYE2019 (MT)	FYE2020 (MT)
Fishmeal	733	<b>578</b>
Crude Fish Oil	-	<b>268</b>

IFC had commenced commercial production of crude fish oil in FYE2020. The crude fish oil which is derived from tuna and mackerel trimmings, will make better use of the by-products from IFC's main food production line, thereby reducing wastages, is Halal and Kosher accredited.

## FISHMEAL AND FISH OIL MARKET



### Drivers

- Improving productivity and environmental performance of agriculture
- Increasing incorporation of fishmeal & fish oil in poultry and farmed seafood diets

Global Fishmeal & Fish Oil Market to Reach **USD19.3 billion** by 2029

Source: Future Market Insights



CAGR of **6.7%** between 2019 and 2020

Source: Future Market Insights

### Restraints & Challenges

- Rising prices of ingredients used in fishmeal & fish oil
- Availability of feed ingredients substitutes
- Microbial contamination in aquafeed

### Opportunities

- Increasing demand for quality fish worldwide
- Sustainable intensification of aquaculture

# Sustainability : Environment

## Waste Disposal by Type

	Volume (MT)	
	FYE2019	FYE2020
<b>Scheduled Waste:</b>		
Ink containers	1.66*	<b>1.39</b>
Contaminated rags	1.70*	<b>0.63</b>
Printing ink waste	2.80*	<b>12.28</b>
Contaminated Flexibags	1.75	<b>1.62</b>
<b>Solid Waste:</b>		
Shredded paper	229.91	<b>163.00</b>
Food Waste (Head Office)	0.38	<b>0.40</b>
Plastic (Head Office)	0.05	<b>0.07</b>

\* Figures for FYE2019 has been restated

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



Our Head Office no longer purchases or offers water in single-use plastic bottles. Water-filling stations have instead been installed for the employees.

## Water Management

The Group's businesses remain focused on efficient water management through, inter alia, reusing water throughout their operations and rainwater harvesting. IFC is continuing their efforts to identify opportunities to reduce their water consumption using a variety of approaches including water/steam recycling , replacing faulty equipment and fixing leakages.

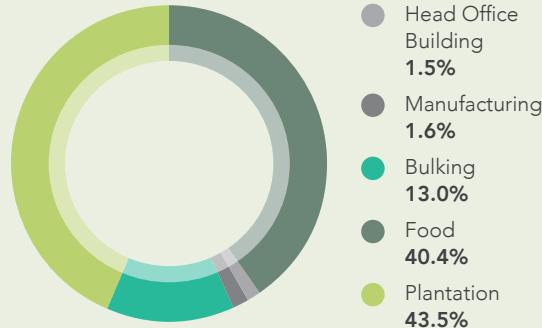


## Water Consumption

# 841,651.6 m<sup>3</sup>

Total water consumed by the Group  
(FYE2019: 861,547.3 m<sup>3</sup>)\*

## Breakdown of Water Consumption by Division (m<sup>3</sup>)

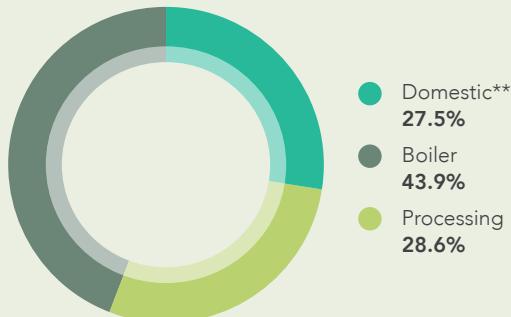


\* Figures for FYE2019 has been restated

# 296,429 m<sup>3</sup>

of water consumption by mill in FYE2020  
(FYE2019: 384,222 m<sup>3</sup>)

## Breakdown of Water Usage by Mill (m<sup>3</sup>)



Domestic\*\*: This includes usage from the rest house, canteen, mill (non-operational), main office and worker's quarters

During the year, workers' quarters at our estate in Machap, Johor, have been installed with rainwater tanks. Installation of these tanks has 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. Our estates in Indonesia and Sarawak already have rainwater tanks installed at their workers quarters.

During the year, Ladang Amgreen in Miri, Sarawak, was affected by severe flooding whereby approximately 500 hectares were submerged underwater. Following this, rain gauges have been installed at Ladang Amgreen in Miri, Sarawak to collect data on rainfall which can provide point observations of precipitation of each of the locations and help the estate management to predict potential flood conditions thereat in the future. Piezometers have also been installed at every block to monitor and ensure that the water table is maintained at optimal levels.



During the year, water consumption of PTNKL's palm oil mill decreased by 22.85% compared to last year, largely as a result of the CPKO plant being non-operational for approximately 9 months. PTNKL has also set aside areas within its plantation as a water catchment zone. Chemical applications are strictly prohibited at the water catchment zone to facilitate natural re-vegetation of the area and preservation thereof.

### Energy Management

Energy type (GJ)	FYE2019	FYE2020	Var. %
Renewable	126	581	361.1%
Non-Renewable	255,333	270,432	5.9%

Different businesses have quite different energy use profiles and scale. For example, our **Plantation Division** is by far the biggest user of energy in the Group with diesel consumption topping the list. 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.

During the year, Ladang Cendana had successfully installed solar panels to generate power supply to their workers quarters and office complex. To-date, there has been a satisfactory reduction in the estate's electricity consumption from the national grid, with an average 605.23 kWh saved per month, thus reducing the estate's average CO<sub>2</sub>eq by 0.79 tonnes<sup>1</sup>. This is equivalent to 1,709 kilometre driven by



an average car<sup>2</sup>. Meanwhile, works to install solar panels at Fima Instanco Sdn Bhd's premises are currently ongoing and are expected to be completed in this current financial year.

Improving our energy efficiency not only reduces the use of natural resources and emissions of CO<sub>2</sub> and other pollutants but also potentially lowers costs.

In PNG, the **Food Division**'s energy-saving initiatives include purchasing a new 10 tonnes/hr boiler. The new boiler is fitted with an economiser which, over time, could potentially reduce the amount of energy that is required to heat the boiler feed water to operating temperature. Other initiatives include the recycling of steam produced by its boilers. This steam energy which would otherwise be wasted is captured and reused to supply heat for the heating process.

\*Source: 1. Based on the emission factor from Malaysia Green Technology Corporation.  
2. US EPA calculator

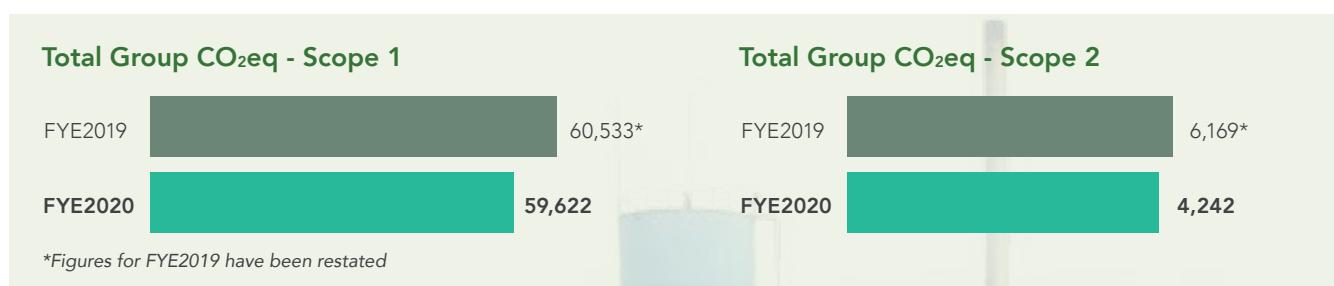
## Sustainability : Environment

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 from there will then fuel the steam turbine in the cogeneration plant. The impact of the utilisation of biomass as renewable energy has been significant. 86.4% 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 FYE2020: 5,147,370 kWh of electricity was generated (FYE2019: 6,216,230 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 CO<sub>2</sub>eq was lower by 4.3% y-o-y. Head Office showed the most improvements with a 14.8% reduction y-o-y primarily due to its usage of solar to generate power supply for the building.



**Head Office**

<b>Our greenhouse gas emissions</b>	<b>FYE2019</b>	<b>FYE2020</b>
Scope 1 – Direct emission	0 tCO <sub>2</sub> eq*	0 tCO <sub>2</sub> eq
Scope 2 – Indirect emission	1,022 tCO <sub>2</sub> eq*	871 tCO <sub>2</sub> eq
Total emissions	1,022 tCO <sub>2</sub> eq*	<b>871 tCO<sub>2</sub>eq</b>

\* Figures for FYE2019 has been restated

The shift to solar power has lessened the impact of our Head Office's indirect (scope 2) emissions.

**Manufacturing**

<b>Our greenhouse gas emissions</b>	<b>FYE2019</b>	<b>FYE2020</b>
Scope 1 – Direct emission	20 tCO <sub>2</sub> eq*	16 tCO <sub>2</sub> eq
Scope 2 – Indirect emission	1,816 tCO <sub>2</sub> eq*	1,734 tCO <sub>2</sub> eq
Total emissions	1,836 tCO <sub>2</sub> eq*	<b>1,750 tCO<sub>2</sub>eq</b>

\* Figures for FYE2019 has been restated

**Manufacturing Division's** petrol and diesel consumption in FYE2020 was lower y-o-y as a result of lower production volumes which in turn reduced its scope 1 emissions. Similarly, electricity consumption had also reduced as a result of effective promotion of sustainable practices such as switching of lights, sockets and electronic devices at times when not in use thereby resulting in lower indirect (scope 2) emissions by 4.5%.

**Plantation**

<b>Our greenhouse gas emissions</b>	<b>FYE2019</b>	<b>FYE2020</b>
Scope 1 – Direct emission	51,230 tCO <sub>2</sub> eq*	48,975 tCO <sub>2</sub> eq
Scope 2 – Indirect emission	114 tCO <sub>2</sub> eq*	123 tCO <sub>2</sub> eq
Total emissions	51,344 tCO <sub>2</sub> eq*	<b>49,098 tCO<sub>2</sub>eq</b>

\* Figures for FYE2019 has been restated

**Plantation Division's** total emissions have decreased by 4.4% mainly due to PTNKL mill having lower levels of operations. Other factors contributing to the decline in emissions include the reduction in methane emissions and fertilizer applications by 7.7% and 8.2% respectively.

Note: Methane emission and fertilizer application falls under scope 1

**Bulking**

<b>Our greenhouse gas emissions</b>	<b>FYE2019</b>	<b>FYE2020</b>
Scope 1 – Direct emission	5,625 tCO <sub>2</sub> eq*	5,264 tCO <sub>2</sub> eq
Scope 2 – Indirect emission	1,106 tCO <sub>2</sub> eq*	1,247 tCO <sub>2</sub> eq
Total emissions	6,731 tCO <sub>2</sub> eq*	<b>6,511 tCO<sub>2</sub>eq</b>

\* Figures for FYE2019 has been restated

**Bulking Division** recorded a 3.3% reduction in total emissions y-o-y despite the used operational activities and higher throughput during the year.

**Food**

<b>Our greenhouse gas emissions</b>	<b>FYE2019</b>	<b>FYE2020</b>
Scope 1 – Direct emission	3,658 tCO <sub>2</sub> eq*	5,367 tCO <sub>2</sub> eq
Scope 2 – Indirect emission	2,111 tCO <sub>2</sub> eq*	268 tCO <sub>2</sub> eq
Total emissions	5,769 tCO <sub>2</sub> eq*	<b>5,635 tCO<sub>2</sub>eq</b>

\* Figures for FYE2019 has been restated

IFC recorded a slight y-o-y decline in its total emissions. Its indirect (scope 2) emissions declined substantially from 2,111 tCO<sub>2</sub>eq last year to 268 tCO<sub>2</sub>eq; however this have been offset by the increase in its direct (scope 1) emissions due to a 31.8% increase in diesel usage for heat and power generation.

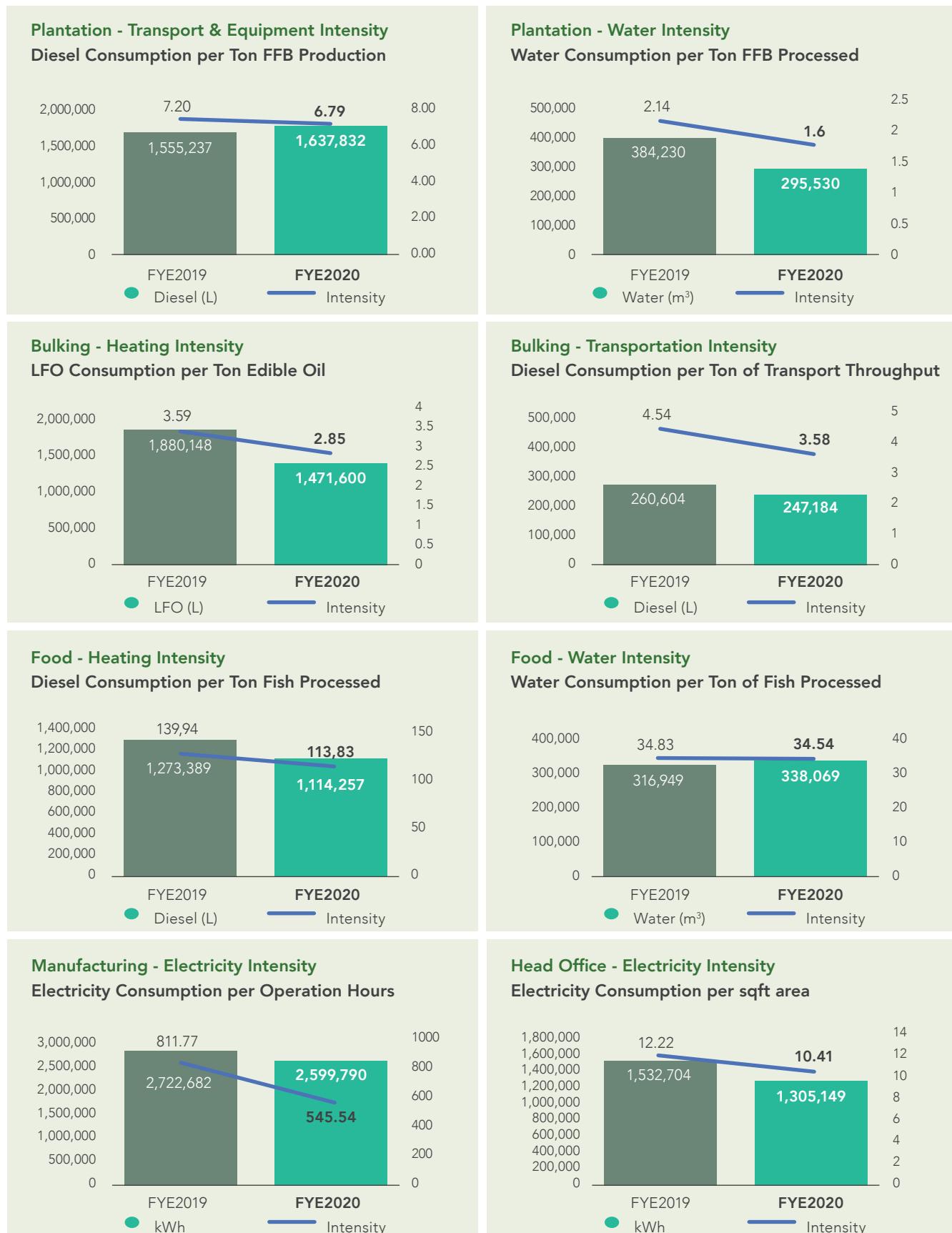
Note: Scope 1 – CO<sub>2</sub> emissions through a diesel engine, transportation, chemical or physical operation

Scope 2 – Purchase of electricity from utilities companies



# Sustainability : Environment

## Group's Intensity





## Lights “off” For A Brighter Future



The students of SMK (P) Sri Aman launched their energy policy on 12 June 2019 in conjunction with the Energy Efficiency Challenge 2019 organised by the Energy Commission. The main objective of the challenge is to inspire students to engage in information about energy efficiency and the conservation thereof in a way that is interactive, competitive, and enjoyable.

KFima, through its subsidiary, Fima Technology Sdn Bhd supported the school's initiatives by providing assistance in identifying and analysing the school's current energy consumption to determine areas that were consuming the most energy. Following these observations, replacement of LED lights, setting air-condition temperature at 24°C and turning off the lights after 8.00 a.m. were among the initiatives proposed to be undertaken by the school in order to become more energy efficient.

During the 6-month period, students organised various activities to raise awareness among their peers such as smart board competition, model of alternative energy, making poster and videos on energy-saving. This is a fun way of teaching students on how energy is consumed, stimulating their curiosity about alternative/renewable energy as well as inculcating the importance and benefits of being energy efficient and the behaviours that they can bring home and continue to practice.





## OUR PEOPLE

We endeavour to provide healthy and safe conditions in the workplace. And we give everyone an equal opportunity to succeed and thrive within our corporate culture.

Every day, we aim to meet national and international labour laws in every country where we operate. We also promote greater empowerment, gender parity, inclusion and wellness in all our people.

Our workforce spans across 3 countries, and our diversity is an advantage. 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.

**90.3%**

of the Group's work force  
are locally hired

### Breakdown of Employees by Division as of 31 March 2020

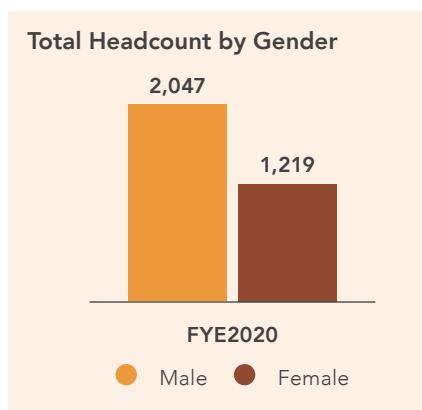
	Head Office	Bulking	Food Manufacturing	Plantation	Total
Senior Management	6	2	1	1	11
Management	20	10	6	13	59
Executive	32	33	21	36	163
Non-Executive	23	165	934	237	3,033
<b>Total headcount</b>	<b>81</b>	<b>210</b>	<b>962</b>	<b>287</b>	<b>3,266</b>

### Breakdown of Employees by Nationality as of 31 March 2020

Nationality / Country	Malaysia	Indonesia	Papua New Guinea
Malaysian	919	5	7
Indonesian	230	1,117	1
Papua New Guinean	-	-	913
Others	65	-	9
<b>Total headcount</b>	<b>1,214</b>	<b>1,122</b>	<b>930</b>
<b>% Ratio of local: foreign</b>	<b>76:24</b>	<b>99:1</b>	<b>98:2</b>

Note: Others include Filipinos, Bangladeshis, Indian, Nepalese

### Diversity and Gender Balance

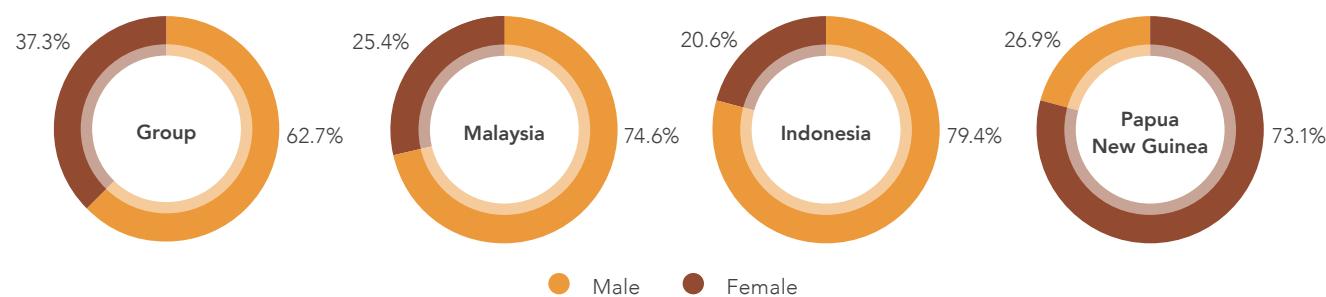


The Group is also dedicated to ensuring a professional atmosphere free of discrimination and gender bias, where all workers have equal rights in the workplace. The Group's workforce in FYE2020 was 3,266 and is made up of 1,219 women (37.3%) and 2,047 men (62.7%).

During the year, 158 or 19.0% of new hires within the Group were women with **Food Division** recruiting 94. Due to the nature of job functions such as manual work in our plantation and bulking operations, the female take-up rate for these jobs appears to be significantly lower while in PNG, IFC's tuna loiners are mainly female given

that loining requires delicate handling in order to prevent bruising of the meat which may affect its quality.

We will continue to pursue initiatives for the Group to increase the percentage of positions held by women, particularly in leadership positions.





## Wonder Women



**AINA ILMARDIAH DOL RAZLAN**

Quality Assurance (QA) Manager of the Group's Bulking Division. 9 years with the Group

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### What have you gained ever since you joined the Group?

I've been given various opportunities and challenges that I am grateful for, as these opportunities have given me valuable experience and knowledge that money can't buy. Meeting other people from different organization's backgrounds and fields has helped my social and soft skills immensely, and these are skills that cannot be learned in the classroom.

### Have you encountered any gender-specific challenges or obstacles in your career?

Alhamdulillah, in the two years that I've been working with the Group, I have never encountered any gender-related problems. I don't feel I was treated any differently.

### What's been your biggest challenge?

When I first joined the company, I found my job scope to be quite a challenge as most of my team members were fresh graduates with little or no experience in the oil industry. Some skills had to be learned on the job as we go along. However, I've managed to overcome these challenges through dedication, hard work, and never giving up. Everyone makes

There is no shortage of inspirational ladies in FIMA, where they do and continue to do, the best they can in their chosen fields. Aina Ilmardiah Dol Razlan and Nuriza Aziz, share their perspectives on working in a traditionally male-dominated industry.



### What can the industry do to improve opportunities for women?

I would suggest other companies to take a leaf out of my current organization when it comes to the transparent and abundant opportunities for women. Regardless of gender, all employees have an equal opportunity to grow and advance. I feel extremely fortunate to have an employer that promotes an "open door" policy and inclusiveness where you can directly express and communicate your ideas and suggestions no matter what position you hold.

### What advice would you give to other women who are interested in joining the industry?

My advice to other women would be: don't let the lack of experience and knowledge hold you back! Experience and knowledge will not come to you if you do not look for it. Fly with a new challenge that way, we can improve ourselves, and we can see things from a different perspective.

My background is in accounting & finance, so working in the warehousing

and logistics sector was something I had never considered as a potential career choice! But I am very grateful to be a part of it now. My previous experience and background do help me with the roles that I am currently holding. A diverse team ensures a different way of thinking about problems, which can lead the team to completely new solutions.

A popular notion is that this industry is "manly" and too rough for a woman to work in. As hard as it is to change the mindset and gender stereotypes, I, however, would love to see more women work in this sector, as, in my opinion, being tough and competent has nothing to do with gender. The truth is that although there is only a small number of women working in this sector, those that are there are carving careers for themselves despite the so-called rough work conditions. The opportunities are there for the taking. So, if a woman aspires to be a Prime Minister, pilot, soldier, or carpenter, why shouldn't she? If you have set your mind to do something, keep moving forward and just do it. Anything guys can do; women can do too.

mistakes, but what's important is what we learn from those mistakes and how we use the extra knowledge and skill to improve and develop ourselves and the team.

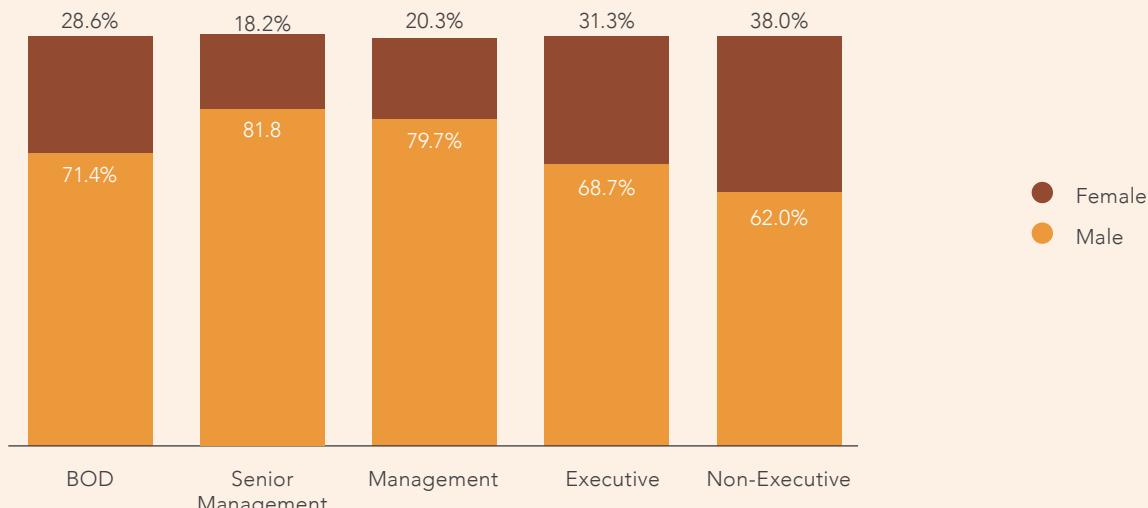
### What advice would you give to other women who are interested in joining the industry?

For all women out there who are interested in joining, please don't focus on the fear. Be confident in your ability because women are equally great at making decisions and are capable of taking on leadership roles. Don't be afraid to take the next step up in your career. Personally, for me, I am thankful for the opportunities the Group has offered me, and I wish more people can have the opportunities I had.



**NURIZA AZIZ**

Chemist, 2 years in Fima Biodiesel Sdn. Bhd.

**Employee Breakdown by Gender & Position FYE2020****Age profile of Employees as of 31 March 2020**

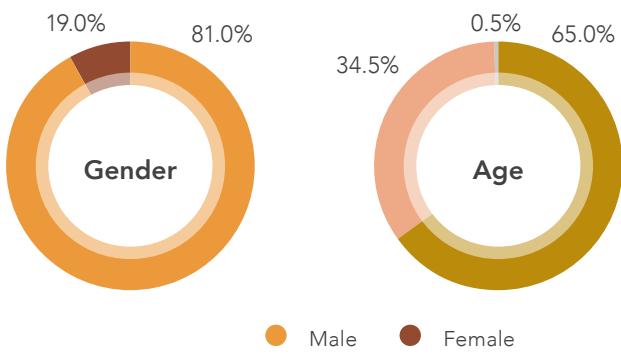
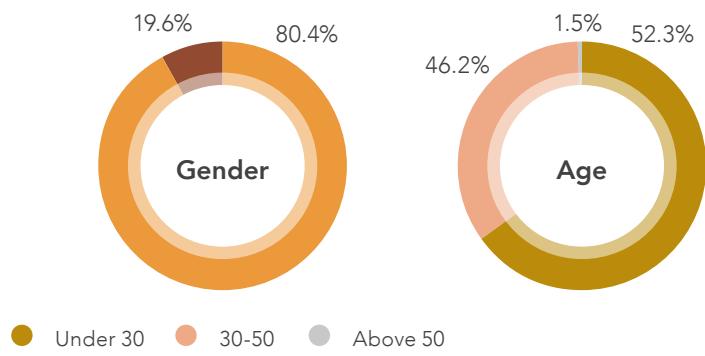
Age Group	Male	Female
< 30	22.9%	10.7%
30 - 50	37.8%	25.0%
>51	2.0%	1.6%

**Employee Status as of 31 March 2020**

Status	Male	Female
Permanent	40.8%	33.7%
Contract	21.7%	3.5%
Temporary	0.1%	0.2%

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**New Employee Hires****Employee Turnover**

KUMPULAN FIMA BERHAD (197201000167)(11817-V)

## Sustainability : Social

	Head Office	Plantation	Manufacturing	Food	Bulking
Executive	5	5	2	1	5
Non-Executive	1	510	11	137	31
<b>Total turnover</b>	<b>6</b>	<b>515</b>	<b>13</b>	<b>138</b>	<b>36</b>
<b>Division turnover rate %</b>	<b>7.4%</b>	<b>29.8%</b>	<b>4.5%</b>	<b>14.4%</b>	<b>17.4%</b>
<b>Total Employee Turnover %</b>			<b>21.7%</b>		

Note: retired, deceased, expiry of fixed term contract is excluded from the computation

20.5% of the employees have been in employment with the Group for 10 years or more

Employee turnover in the **Plantation** and **Bulking Divisions** relates primarily to abscondments and resignations, respectively; the majority of whom are engaged in physical labour 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 workers' living quarters and estate infrastructure which are complete with basic amenities, sundry shops, recreational spaces, places of worship and internet connection as well as providing rewards for performers.

### 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 and third party service providers 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. Those found to be in breach of these requirements would be subjected to suspension and/or termination of their services.

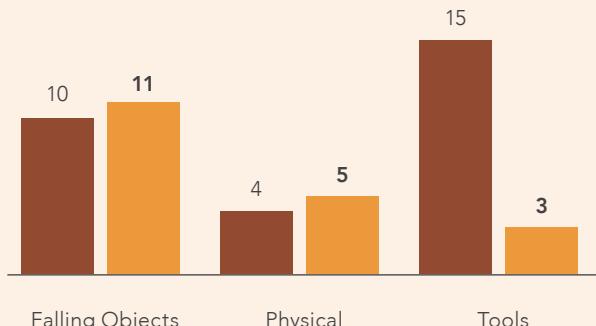
Employees who use any machinery are trained to do so correctly, while training programs in the use of personal protective equipment for workers handling or exposed to hazardous materials are conducted regularly and will continue to be a vital part of the Group's operations. All division's have health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

### Occupational Fatalities



**Total Injuries by Type**

● FYE2019   ● FYE2020

**Lost Time Injury Frequency Rate  
(Per 1 Million Hours Worked)**

\*4.39

\*2.77

FYE2019

FYE2020

● FYE2019  
● FYE2020

\* Note: Adjusted to be in line with the methodology of the Malaysian Department of Occupational Safety and Health.

In our Manufacturing and Bulking Divisions, for instance, all chemical related product 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 2,015 days (which is equivalent to 5.5 years) without any lost time incident as at 31 March 2020. During the year in our Plantation Division, PTNJL's palm oil mill has retained its accreditation of Sistem Manajemen Keselamatan dan Kesehatan Kerja (or "SMK3"), a local Indonesian Government safety certification that is comparable with the globally recognised OHSAS 18001:2007.

Tragically we suffered two fatalities in FYE2020. In April 2019, an estate worker in Ladang Amgreen, Sarawak was fatally injured while attending to equipment repairs. In October 2019 an employee at our PTNJL oil mill was fatally injured while trying to remove some dirt near the mechanical nut stirrer. As a company standard, we offered support to the bereaved families and conducted investigations. These incidents had served to remind us that we must continue to strive to make our workplaces safer and our employees cognisant of the risks in their respective job functions.

**Lost Time Injury**

Beginning FYE2020, we have applied the methodology of the Malaysian Department of Occupational Safety and Health on the Lost Time Injury in computing our Lost Time Injury Frequency Rate ("LTIFR"). The methodology stipulates that injuries incurred by our employees resulting in them

being absent from work for more than 5 working days will be considered 'a lost time injury'.

LTIFR corresponds to the number of lost time injuries occurring in the workplace per 1 million hours worked. During the previous reporting year, the Group recorded an overall LTIFR of 2.77 incidents per million hours worked against LTFIR of 4.39 recorded in the previous year. The indicator helps 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 Group reported 2.77 LTIFR for every 1 million man-hours worked. Some of the accidents arising from the Plantation division include injuries caused from the usage of work tools such as machetes and sickles. Others have falling fronds, thorn cuts and injuries due to the handling of FFB.

**Covid-19 Response**

The Group has taken extensive measures across our businesses to safeguard employees and customers from the Covid-19 pandemic. We have implemented additional employee safety measures based on guidance from the relevant health authorities across all our premises, including enhanced hygiene protocols, social distancing, mask use and temperature screenings.

We enhanced daily sanitation practices in all our premises. We have installed hand sanitisers across all our premises, added signs and floor decals to promote physical distancing. Workstations have also been evaluated for adherence to physical distancing guidelines. As at the date of this Report, all of our businesses are operating without significant disruption.

## Sustainability : Social

### 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.



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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 and on the use of appropriate equipment. Emergency response plans are an important element in the Group's occupational safety and health programme as it provides guidance to employees on the steps to be taken in the event of an emergency.

### Employee Development and 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, loining and skinning of fish and fertilizer application to address the skill gaps created by changes inter alia 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.

KUMPULAN FIMA BERHAD (197201000167) (11817-V)



## Spotlight Story

### On the Job

#### How does your role in PTNKL differ to the one in IFC?

In PTNKL, I handled all the maintenance work for to machines and buildings, e.g. machine fabrication, building of stores, elevator to transfer kernels to kernel silo tanks and tank oil. I also repair and service vehicles, genset overhauling and turbine servicing.

In IFC, I coordinate workplans develop and review staff reports related to engineering activities.

I've also learnt, and am familiar with, the requirements of GMP, HACCP, SSOP, LACF and the PNG Fisheries Standard Requirements.

#### What are the challenges you've encountered in IFC?

On the personal front, the greatest challenge would definitely be homesickness - being away from my wife and family as I only get to see them once a year. Workwise, there has been some challenges in supervising as well as coaching the local engineering staff here but I consider that to be part and parcel of working life anywhere.



#### What has been some of your memorable moments in IFC so far?

I can speak English and understand PNG's national language, Tok Pisin.

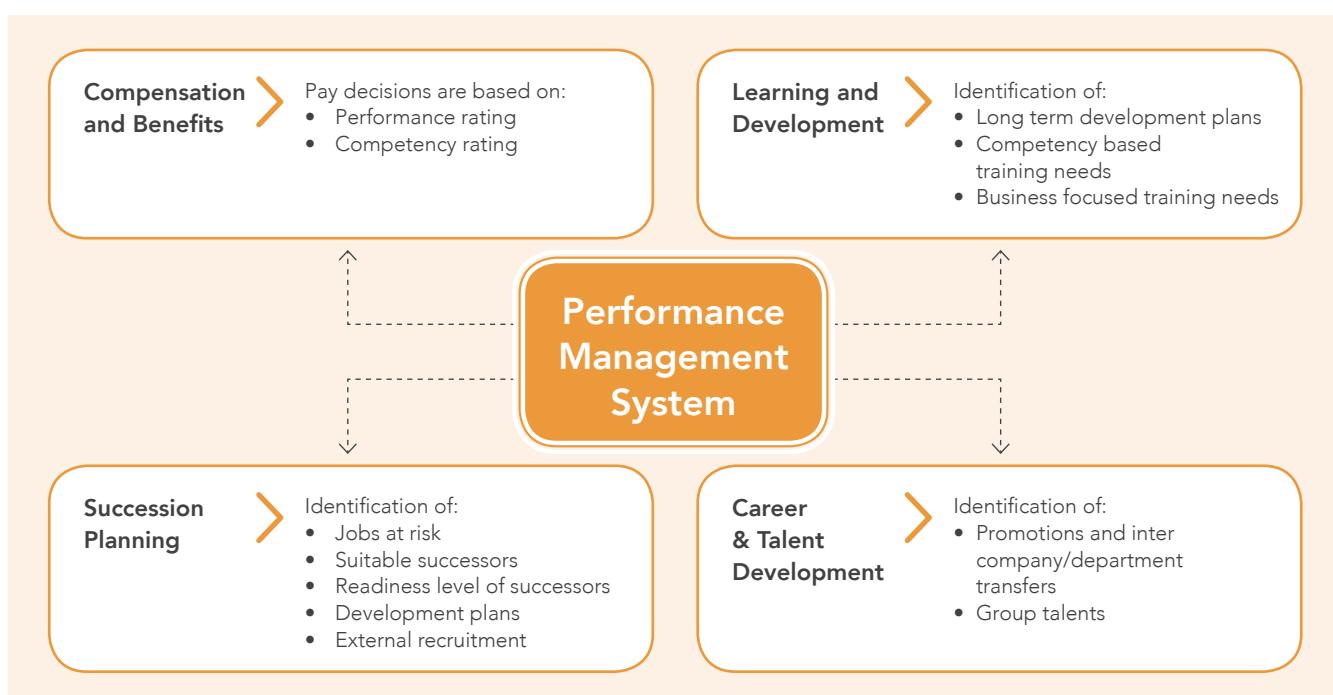
I have made many new friends from all over the world - Australia, New Zealand, Fiji, Pakistan, to name a few. My cooking skill has improved tremendously and I can make really good fish curry! I also made it to the final round of a badminton tournament for Lae in an open game.



**SAMSUL HALIMUNG**

Currently a Mechanical Engineering Executive in IFC, 34-year-old Samsul worked in PTNKL for 7 years before his transfer to IFC in 2016.

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.



## Sustainability : Social

	Training Hours			
	2017	2018	2019	2020
<b>Senior Management</b>	767	224	290	<b>247</b>
<b>Management</b>	818	1,013	2,917	<b>1,268</b>
<b>Executive</b>	1,379	3,424	3,460	<b>3,768</b>
<b>Non-Executive</b>	2,440	3,793	6,400	<b>7,257</b>
<b>Grand Total</b>	<b>4,702</b>	<b>8,454</b>	<b>13,067</b>	<b>12,540</b>

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

### Human Rights & Workplace Relations

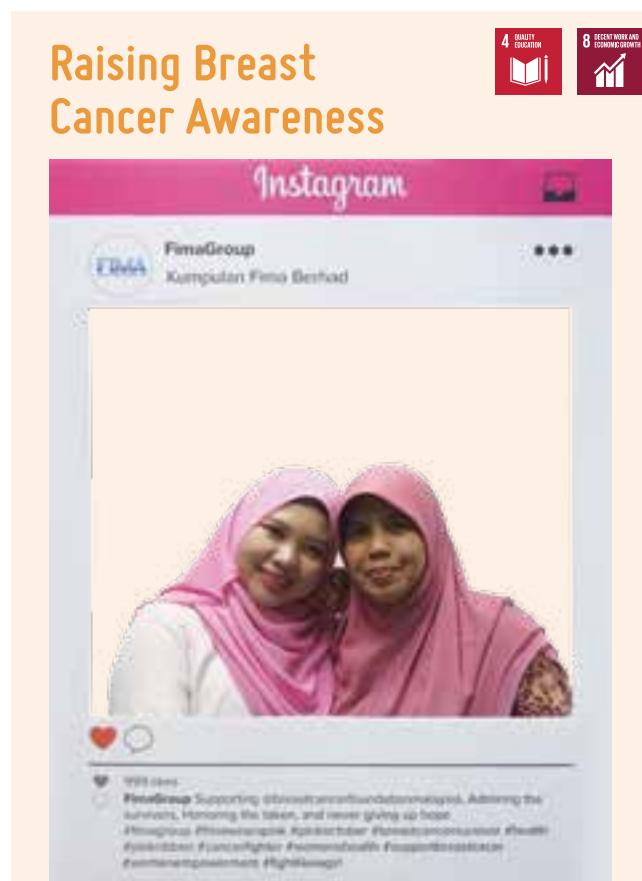
We implement our commitment to supporting human rights and labour rights through a range of policies, strategies and initiatives that reflect the diverse range of conditions under which our business operates in and we also require our contractors and business partners to comply with these commitments.

We value the right of our workers to have freedom of association, to enter labour unions and to collective bargaining in compliance with local laws. We are committed to working honestly and transparently with the labour unions and we undertake negotiations in good faith. As at 31 March 2020, 19.3% of our employees are represented by labour unions. Our collective bargaining agreements with these representative groups contain provisions covering grievance and disciplinary procedures, paid time off, paid maternity leave and collectively bargained severance and separation benefits. Other terms and conditions of employment negotiated in our collective agreements include, but are not limited to, issues such as wages and performance management. Over the course of the year, the Group did not experience any situations with the unions that ended in a work stoppage.

	Malaysia	Indonesia
Total No of Employees	919	1,117
Unionised Employees	130	262
% of Unionised Employees	14.2%	23.5%

We are against all forms of forced labour and under age workers, and we strictly enforce these principles at all our workplaces. The profile and identity document of each employee is maintained in our HR data systems and we continuously monitor compliance with the minimum legal working age requirements imposed by the local authorities in the countries where we operate our businesses. We also require all workers employed by suppliers/contractors to have a contract governed by local labour laws.

However, there have been instances at our estate in Indonesia where children accompany 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 creches are provided where parents can leave their children while they go to work.



In an effort to promote breast cancer awareness, the Group in cooperation with MAKNA organised a full day programme for its employees and building tenants on 8 November 2019. 56 women had benefitted from the free breast examination offered during the event. The event also included a talk by a medical practitioner on how to conduct self-examination and the necessity of preventing the disease through regular screenings.

## 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 that all of our operations have grievance mechanisms that are accessible, accountable and fair and in all cases, consequence management (e.g. official warning, suspension, dismissal) is in place. The Group's Whistleblowing Policy sets out guidelines for individuals wishing 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 such concerns. The Group Internal Audit and Group Human Resource Departments are empowered to conduct investigations of suspected and reported incidents.

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

## Benefits & Welfare

The group's compensation system involves fixed and variable components, based 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;
- outpatient, specialist and treatment for employees, spouse and eligible children;
- group life and personal accident insurance;
- alternative working hours
- provision of housing with clean running water and sanitation to our plantation workers; and
- provision of lunch for our production workers at IFC.

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.



## To the Rescue



In response to the Covid-19 pandemic, the Group donated 68,000 face masks to various hospitals and government agencies which are then distributed to their frontline and enforcement personnel. PTNKL in Indonesia carried out cleaning and disinfection at its workers housing complex and other public areas such as halls, mosques and clinics. Meanwhile the Group management team had rallied together by combining their time and resources to mobilise care packages comprising of essential food items to 857 of our non-executive employees (both local and foreign) and to over 2,000 poor families nationwide.

## #Kitajagakita

PTNKL's employee wellness is managed through an on-site clinic with full-time clinical assistants. PTNKL also offers free transportation for workers' children to nearby schools in the area. There is also a crèche in the estate, which is subsidised by the company that caters to the needs of plantation staff and workers. The provision of these facilities has enabled women to join the workforce of PTNKL and, to some extent, reduced the number of children accompanying their parents to the field due to lack of supervision at home.

## Community Contributions

We believe in contributing economically and socially to the well-being of the communities where we conduct business. With businesses across Malaysia, Indonesia and Papua New Guinea, 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.

## Sustainability : Social

During the year, the Group continued its community care and involvement vide 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 namely, SMK Raja Lumu, SMK Pandamaran Jaya, SMK Kota Kemuning , SMK Telok Gadong and SMK Subang Bestari with a total of 190 students.

Apart from building and furnishing the mosques and schools located within and around the plantation with the necessary amenities, our Indonesian subsidiary, PTN JL also funds the monthly allowance for teachers and imams. The Group also donated King Cup sardines and other food essentials to several mosques and non-governmental organisations for their onward distribution to the needy.

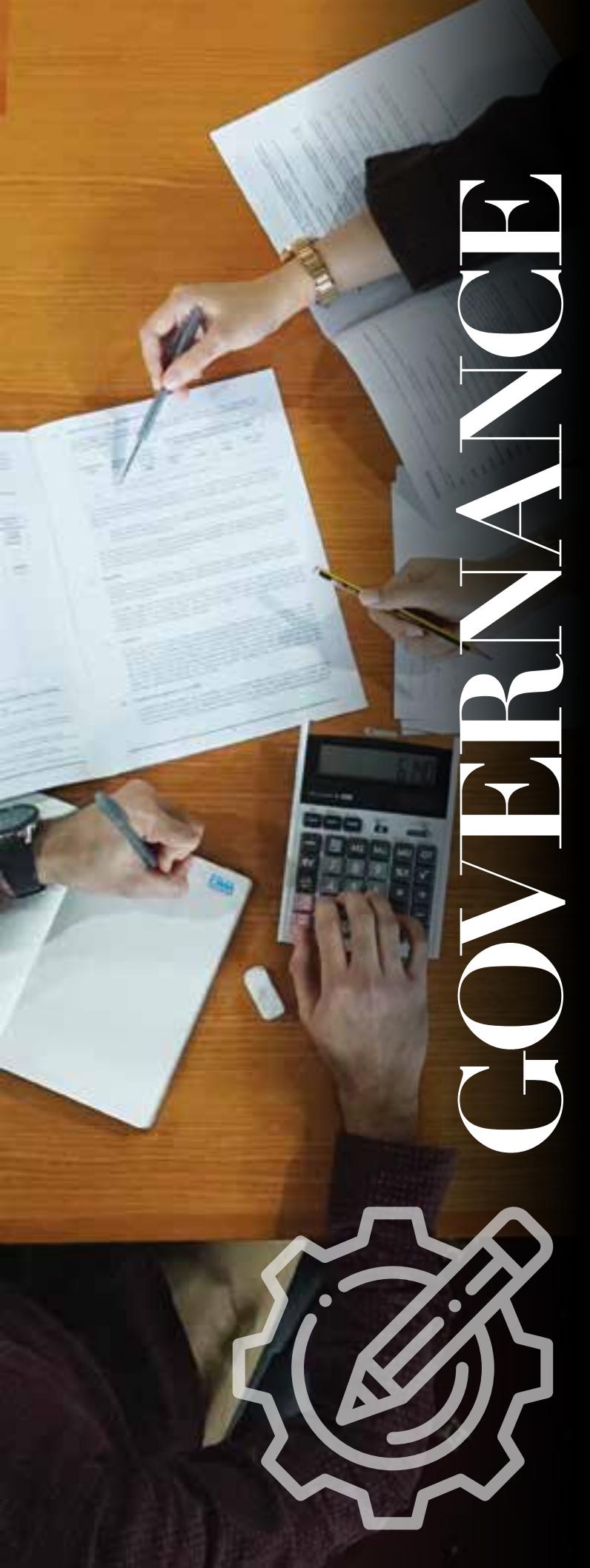
As part of our commitment to strengthening the local socio-economic base, we provide jobs opportunities for the communities near our projects. In tandem, the Group

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 83.2% of contracts for goods and services have been awarded to small and medium-sized local companies. In addition, 22.8% of the FFB processed by the palm oil mill is purchased from smallholder farmers and third-party growers. Similarly, in IFC, 75.0% of procurement contracts have been awarded to local companies.

Since January 2018, the Group has taken in 93 university graduates to undergo 8 months of workplace experience with companies within the Group (with the possibility of progression into permanent employment) through our participation in and support of the PROTÉGÉ program (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. Meanwhile, our Indonesian subsidiary, PTN JL has received a total of 20 students; 10 from SMKN 1 Sebatik Barat and 10 from SMKN 1 Nunukan to undergo a 2-month internship during the year. In PNG, educational tours of the IFC production facility are organised on a regular basis with local schools to raise awareness of the fishing industry and the canning process.



# Governance



## OUR APPROACH

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

### 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. 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 responsibility. The Group Sustainability Committee steers our sustainability activities which is chaired by a Senior Independent Non-Executive Director of Fima Corporation Berhad, thus ensuring that we have Board-level oversight of the critical sustainability issues affecting the business and how they should be managed. At the 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 Group Managing Director of KFima and other members of senior management. Besides, ad-hoc committees are established to deal with particular sets of ongoing issues.

## Sustainability : Governance

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 that is in line with the specific challenges and priorities of their business portfolio. 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 this Annual Report and website at <http://www.fima.com.my/corporate-governance.html>.

We require all our business units to implement an appropriate level of risk management to ensure compliance with all relevant legislation, health, safety and environment policies, overriding business principles and Group policies 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 methods to mitigate risk, 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.

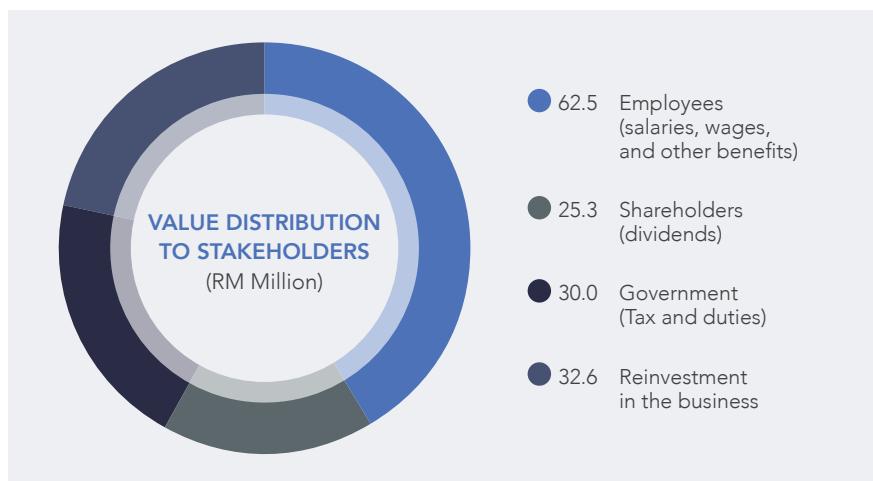
### Responsible business practices

The economic returns created by responsible and sustainable business practices benefit a broad range of stakeholders. This includes the provision of employment to over 3,000 people in 3 countries. In addition to corporate income taxes, the companies within the Group pay many other taxes, including local and government taxes, social security contributions on the wages of its employees, SST, and customs duties

and property taxes. 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.

### Ethical Conduct

The Group takes a zero-tolerance stance to unethical practices. We are committed to complying with the rules and regulations of the countries in which we operate and act ethically, consistent with the principles of honesty, integrity, fairness and respect. 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.



## Antibribery@work



The new Anti-Bribery Policy familiarisation e-training module has been developed during the year. This training module provides an overview of anti-corruption laws, the Group's ethical guidelines and grievance procedures and is also used to familiarise and train third party service providers who perform services for the Group.

All employees who have successfully complete the module are required to sign a confirmation that they will comply fully with the policy. Further, training on this Policy will form part of the induction process for all new directors and employees.

There were also dedicated anti-bribery classroom-based training for Directors, senior management and employees organised by the business units during the year.



In FYE2020, certain governance processes have been strengthened after a thorough review of the Group's integrity infrastructure for which an external consultant had been engaged. The exercise involved not only the review of the Board Charter and the terms of reference of the Board committees, but also entailed a review of the policies of the Group and the anti-bribery framework. This is to ensure that our management practices remain relevant and effective for the Group's ongoing performance.

Our Anti-Bribery policy includes inter alia policies on ethical behaviour, including the acceptance of the offering of corporate hospitality and gifts. For example, 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 risk of bribery and corruption. A significant number of written agreements entered into by our businesses with their respective vendor 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.

### 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 attacks and spams are all matters we take seriously. During the year, there were a few incidents of phishing and malware targeted at our employees. For this reason, we have taken additional security measures improve our readiness to respond against cyber attacks which are getting increasingly sophisticated and prevent misuse and unauthorised access to our systems. We strive always to ensure that our cybersecurity is up to the latest industry standards.

### 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.

For example, as part of International Food Corporation Limited ("IFC")

procurement practice, before any major fish supply contract is executed with a new supplier, our management team would usually conduct on-site visits to get assurance that the supplier can adhere to our sustainability and compliance standards. Sustainability and traceability are high on IFC's agenda when making purchase decisions. By only sourcing tuna from an approved list of the fishing vessel, i.e. those registered under the ProActive Vehicles Register, IFC is able to ensure it is not supporting illegal fishing or sourcing from vessels on the Illegal, Unreported and Unregulated ("IUU") blacklists supplied by relevant tuna management bodies. For each catch, IFC is also able to determine when, where, and how it was caught. Observers from National Fisheries Authority of Papua New Guinea ("NFA") are on board the vessels that catch tuna to ensure the vessels operators are adhering to the required standards. During FYE2020, IFC did not incur any IUU-related violations.

The majority of the tuna that IFC buys is skipjack and yellowfin, which is considered to be highly fertile and abundant. Moreover, tuna fishery in PNG is managed under the National Tuna Fishery Management Plan, which regulates among others total allowable catches of tuna, thereby maintaining sustainable stock levels. Moving forward, IFC intends to secure more than tuna caught without the Fish Aggregate Device ("FAD").

## Sustainability : Governance

Membership of Associations		
Malaysian Employers Federation	Chemical Industry Council of Malaysia (Committee Member)	Lae Chamber Of Commerce
Fishing Industry Association	Association of Malaysian Hauliers (Honorary Treasurer)	Association of Plantation Investor of Malaysia in Indonesia, APIMI
Incorporated Society of Planters	Tuna Process Association – (Secretary)	Malaysian Association of PNG
University Technology of Papua New Guinea (Board Member)	Selangor Freight Forwarders and Logistics Association	Morobe Football Association
Gabungan Pengusaha Kelapa Sawit Indonesia, GAPKI	Palm Oil Refiners Association of Malaysia	

In FYE2020, FAD-free catch was 98.1% of tuna purchased (FYE2019: 88.85%). Ultimately, IFC endeavours to have its tuna source and products to be 100% FAD-free.

A concern with using FAD is the impact on all other non-tuna marine life which becomes attached to the FAD and gets trapped in the net. By-catch can include many unintended haulages such as juvenile fish. In FYE2020, our by-catch reduced to 0.18% of the total fish bought from 0.5% recorded last year.

### Product Information & Product Labelling

Product information and labelling requirements are stringent in the jurisdictions where we operate and include disclosures on the date of manufacture and expiry, ingredients, components of food additives (if any), nutritional information and instructions for storage. Relaying product information to our customers makes it easier for them to make more informed decisions and product comparisons. During the year under review, there were no incidents of fines/penalties imposed on the Group due to the non-compliance of any product labelling regulation.

### 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 **Food Division's** production facilities, suppliers of ingredients and packaging materials are required to comply with stringent international standards and regulations, government regulations and company policies, procedures, controls, and good manufacturing practices applicable to their operations. To ensure compliance with these requirements, we are subject to regular audits and inspections.

This includes (but not limited to) audits conducted by government and regulatory authorities such the National Fisheries Authority of Papua New Guinea and annual audits performed by independent third-party organisations for the British

Retail Consortium, International Feature Standard Food, Dolphin Safe, Good Manufacturing Practice, Marine Stewardship Council ("MSC"), Kosher Certification & Supervision), Hazard Analysis Critical Control Points ("HACCP") and Halal (JAKIM) accreditations. IFC is also subjected to the BSCI Code of Conduct, which is based mainly on the conventions of the International Labour Organization.

IFC's production plant in PNG has received the MSC Chain of Custody certification - an indication that IFC has complied with international best practice in each step of the manufacturing process. To obtain the Chain of Custody certification, IFC had to pass an independent audit that was conducted by an accredited certification body and will undergo annual surveillance audits to demonstrate that it continues to meet the MSC standard which include:

- a randomly chosen batch reconciliation or traceability test to measure the input and output of fish quantities as MSC fish are processed;
- proper labelling;
- storage of MSC-certified fish; and
- accurate and reliable record-keeping.



## Certification and Accreditations



### Dolphin-Safe

Dolphin Safe label allows consumers to signal their preference for saving dolphins. IFC has pledge to support the purchase of approved dolphin safe fishing companies.



### IFS Food

The certification focus is on food safety and the quality of processes and products. IFC assures the products manufactured meets the consumers and retailers expectations.



### BSCI

The BSCI Code of Conduct is built on the most important international conventions protecting workers' rights. IFC is committed to implement the Code within its supply chain.



### BRC

Trade association for the UK food retail industry that published standards for best practices for food and manufacturing industries. IFC has complied with the best practices with achievements of grade A.



### HACCP

management system in which food safety is addressed through the control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product.



### MSC

Independent international Eco-label for sustainable fisheries activities. The Blue MSC label assures that IFC works in an environmentally friendly way.



### GMP

IFC and Instanco are GMP certified which ensures their products are consistently produced and controlled according to the quality standards.



### Halal

IFC and FISB are compliant with guidelines on the preparation and handling of halal food.



### ISO 14001:2015

verifies PTNKL as a company that is successfully managing its environmental responsibilities, meet compliance requirements, and continuously improve its environmental practices.



### ISO 9001:2015

the international standard that outlines the framework for improving quality. 4 companies in the Bulking division have been certified with ISO9001:2015 for quality management system.



### Kosher Certification & Supervision

Certification body that does continual inspections, as well as the traceability of ingredients that conform and are allowed for consumption based on the regulations of Jewish Dietary Law.



### Malaysia Sustainable Palm Oil

Process that sets the standards for responsible management of palm oil plantations, smallholdings and palm oil processing facilities.



### International Sustainability & Carbon Certification

ISCC certification provides proof of compliance with environmental, social and traceability criteria, and qualifies Fima Biodiesel for legal recognition under the targets set by the European Renewable Energy Directive 2009/28/EC (EU RED).



### ISO 50001:2011

PTNKL is accredited with their energy management system that displays good implementation of their procedure and protocols.

### ISO 27001:2013

PKN ensures strict security controls to protect customers data and operations of its products and services.

## Sustainability : Governance

The **Plantation Division's** Indonesian subsidiary, PT Nunukan Jaya Lestari ("PTN JL") is accredited with ISO 14001:2015 Environment Management System for the processes employed in the production of its CPO, CPKO and palm kernel. During the year, PTN JL was assessed and certified as meeting the requirements of the coveted ISO 50001:2011 (Energy Management System) in recognition of PTN JL's successful implementation of procedures and protocols to continually improve energy efficiency and consumption which led to a 3% reduction in diesel and electricity usage in the last 3 years.

The MSPO-SCCS validates Fima Biodiesel's position as a producer of sustainable biodiesel and reinforces our commitment to maximise economic and environmental benefits by adopting sustainable practices into our operations while simultaneously providing transparency to our customers

Selected employees have been sent for training to ensure that we have the necessary competencies to maintain and support our MSPO certifications.

However, the Indonesian Sustainability Palm Oil ("ISPO") audit on PTN JL remains status quo from last year as authorities await a definitive outcome of the ongoing legal suit about PTN JL's HGU before the ISPO certification process can be resumed.

Percetakan Keselamatan Nasional Sdn Bhd (PKN), our **Manufacturing Division** subsidiary, is accredited with the ISO 27001:2013 Information Security Management System which indicates that PKN applies the best international and security control standards to protect information against any security risks, reflecting positively in the quality of services provided by PKN to its customers.

Fima Biodiesel Sdn Bhd's biodiesel plant has been accredited under the International Sustainability and Carbon Certification ("ISCC"). ISCC certification provides proof of compliance with environmental, social and traceability

criteria. Each feedstock supplier is carefully evaluated, and each batch or truck of feedstock or fuel holds a specific Proof of Sustainability ("PoS"). The PoS provides information about the properties of the truck content such that it can be traced back to its origin.

During the year, Fima Biodiesel's biodiesel plant was among the first to be awarded the Malaysian Sustainability Palm Oil Supply Chain Certification Standards ("MSPO-SCCS"). The MSPO-SCCS validates Fima Biodiesel's position as a producer of sustainable biodiesel and reinforces our commitment to maximise economic and environmental benefits by adopting sustainable practices into our operations while simultaneously providing transparency to our customers.

The following companies within the **Bulking Division** have achieved/retained the following accreditations for the handling, storage, production and shipment (as the case may be) of various product categories to help maintain objective oversight of the quality of its operations:

Company	Accreditation	Type
<b>Fima Bulking Services Bhd</b>	ISO 9001:2015 ISCC-EU	Handling, storage & shipment oleochemicals, oils and fats Warehouse
<b>Fimachem Sdn. Bhd.</b>	ISO 9001:2015 Halal (JAKIM) OHSAS18001:2007	Transferring from ships, handling, filling of drums and transport of hazardous & non-hazardous liquids Dedicated tanks and pipelines for storage are compliance with Jabatan Kemajuan Islam Malaysia (JAKIM) Transferring from ships, handling, filling of drums and transport of hazardous & non-hazardous liquids
<b>Fima Freight Forwarders Sdn. Bhd.</b>	ISO 9001:2015	Freight forwarding & bulk transportation
<b>Fima Palmbulk Services Sdn. Bhd.</b>	ISO 9001:2015 ISCC-EU	Handling, storage & shipment of oleochemicals, edible oils, molasses and latex Warehouse
<b>Fima Biodiesel Sdn. Bhd.</b>	ISCC-EU MSPO-SCCS	Biodiesel Plant Biodiesel Plant
<b>Fima Butterworth Installation Sdn. Bhd.</b>	ISCC-EU	Warehouse



## Driving Malaysia Towards Digital Government



KONTEKS took place on the 10 October 2019 in Putrajaya. The full-day event which was organized by Percetakan Keselamatan Nasional Sdn Bhd (PKN) in collaboration with the Technology Depository Agency and National Innovation Agency Malaysia, was officiated by the (then) Chief Secretary to the Government of Malaysia, YBhg Tan Sri Dr. Ismail bin Haji Bakar. More than 1,000 attendees from government, universities and enforcement agencies participated in the conference.

KONTEKS's theme of "Driving Malaysia Towards Digital Government," provided a platform where technology providers, industry experts, and government decision-makers share their industry experience, discuss the issues that shape the future of digital government in the context of Industrial Revolution 4.0 amid a volatile, uncertain, complex and ambiguous (VUCA) environment.

Highlights of KONTEKS include the 19 keynote presentations that were delivered on 2 dedicated stages within the venue. One stage was geared toward issues related to the latest developments in security documents and its eventual shift

from physical security to digitalization and technology and how physical and digital complement each other; and the other stage was focused on topics related to IT security, data protection, cybersecurity, and blockchain technologies. Participants had the opportunity to engage with industry players and experts to share views and exchange information.

Among the specific topics covered by the distinguished guest speakers were:

- New approach and techniques applied by Security Industry Players including ID, Travel Documents, Track and Trace and Vehicle Identification.
- Way forward for enhancing future security document solutions and its potential applications in Governments and Industries.
- Applying Digital Security, Big Data in Digital Government, and impact on users and the public.

In addition, KONTEKS also provided attendees with a first look at new products, services, and technologies being offered/developed by 16 of the most innovative companies in the industry.

*"The speed, breadth, and scope brought about by digital transformation are rapidly changing economies and challenging governments the world over to adapt and embrace this transformation. KONTEKS's objective is to bring together technology providers and government officials to explore the role that digital technologies can play as an enabler/tool to improve public service delivery, boost economic growth and better respond to citizens' needs thereby providing opportunities for relevant stakeholders to collaborate on new projects and initiatives in support of the Malaysian government's digital transformation agenda."*

**DZAKWAN MANSORI**  
Executive Director, PKN

