

SR2019

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

Economic
Setting Standards

Environment
Focus Group Discussion

Social
Positive Reinforcements

**BUILDING
VALUES**

www.fima.com.my



BUILDING VALUES

Kumpulan Fima Berhad (“KFima”) was incorporated by the Malaysian Government on 24th February 1972 under the name Fima Sdn Bhd. KFima’s first business was canning of pineapples when Pineapple Cannery of Malaysia Sdn. Bhd. (“PCM”) was incorporated as KFima’s wholly-owned subsidiary. KFima was converted to a public company and changed its name to Kumpulan Fima Berhad. In 1991, KFima became the controlling shareholder of Fima Metal Box Berhad, now known as Fima Corporation Berhad (“FimaCorp”), a company listed on the Main Board of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

In 1991, KFima underwent a Management Buy-Out (MBO) in line with the privatisation policy of the Malaysian Government. In 1996, KFima was listed on the Main Board of Bursa Malaysia. Today, KFima is a diversified group with businesses in Manufacturing, Plantation, Bulking and Food sectors.



OUR REPORTS



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

2019 Sustainability Report

Kumpulan Fima Berhad (11817-V)

VOLUME 01

BOARD OF DIRECTORS

CHAIRMAN

Dato' Idris bin Kechot

GROUP MANAGING DIRECTOR

Dato' Roslan bin Hamir

DIRECTORS

Azizan bin Mohd Noor Dato' Rosman bin Abdullah

Rozana Zeti binti Basir Rozilawati binti Haji Basir

Datuk Anuar bin Ahmad

GROUP SUSTAINABILITY COMMITTEE

Rezal Zain bin Abdul Rashid (Chairman)

Dato' Roslan bin Hamir Nazri bin Talib

Jasmin binti Hood Mohamad Shahrul bin Khalil

SUSTAINABILITY REPORT CONTRIBUTORS

Eddie bin Mahadi Affandi Zaid bin Ahmad Riza

Muhammad Hafiz bin Johari Mohd Tarmizi bin Jamaludin

Ahmad Sujaie bin Nanyan Ahmad Faisal bin Hamdan

Mohd Nor Erieff bin Marzuki Nor Ita binti Md Ali

Sartini binti Hasi

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Information Inquiries:

T : +603-2092 1211

F : +603-2092 5923

W : www.fima.com.my

@ : sustainability@fima.com.my

TABLE OF CONTENTS

02

ABOUT THIS REPORT

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

04

GROUP CORPORATE PROFILE

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

08

IN CONVERSATION



11

REPORTING WHAT MATTERS

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

22

ECONOMIC

- 24 Our Approach
- 24 Responsible Business Practices
- 24 Ethical Conduct
- 24 Cybersecurity
- 25 Responsible Procurement
- 26 Product Information & Labelling
- 26 Quality & Standards

30

ENVIRONMENT

- 32 Sustainable Agriculture Practices
- 38 Mechanisation of Field Operations
- 38 Waste Management
- 40 Water Management
- 41 Energy Management
- 44 Emission

48

SOCIAL

- 50 Our People
- 51 Diversity & Gender Balance
- 52 Employee Turnover
- 53 Occupational Health & Safety
- 61 Employee Development & Engagement
- 63 Sustainability Training & Awareness
- 63 Human Rights & Workplace Relations
- 63 Whistleblowing
- 64 Benefits & Welfare
- 65 Community Contribution

About This Report

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

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

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

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

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

Reporting What Matters

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



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

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





affect our value creation process and the Group's strategic objectives across the economic, environment and social pillars. These are complemented by a variety of real-life stories from across the Group.

Our Process

The sustainability performance data are collected from the Group's operations by means of a standard template, which requests information on, among others, material use,



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

employee turnover and headcount, injury rates, energy and utility flow. These are reported on a monthly basis and is collated at Group level.

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

Scope & Boundary

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

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

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

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

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

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

Feedback

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

Group Corporate Profile

WHO WE ARE

Incorporated in 1972, Kumpulan Fima Berhad (“KFima”) is a diversified group with subsidiaries involved in manufacturing, plantation, bulking and food. KFima was listed on the Main Market of Bursa Malaysia in 1996. Currently, the Group employs 3,178 people.

OUR LOCATIONS



- Kuala Lumpur
- Selangor
- Pulau Pinang
- Kelantan
- Terengganu
- Johor
- Sarawak
- Perak

MALAYSIA

INDONESIA



- Kabupaten Nunukan,
Kalimantan Utara



PAPUA NEW
GUINEA

- Lae

WHAT WE DO

Manufacturing

Production and trading of security & confidential documents



Plantation

Development, cultivation & processing of oil palm products



Bulking

Storage facilities



Food

Manufacturer and distribution of canned fish/trading & packaging



Facilities & Capabilities as at 31 March 2019

One of the **largest** security printers in Malaysia

Technical support team throughout Malaysia

14 estates in Malaysia and Indonesia

30,901 hectares of land

14,239 hectares of planted area

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

3 terminals in North Port

2 terminals in Butterworth

271 tanks with **275,190** MT of storage capacity

60,000 MT p/a biodiesel plant

Manufactures and distributes of canned mackerel, tuna and frozen tuna loins

Trading & packaging services of powdered beverages and condiments

Brands: **Besta, Besta Mcflakes, Besta Choice & Besta White, Instanco & Farmtree**

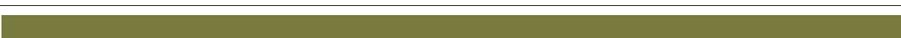
MEMBERSHIP OF ASSOCIATIONS

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

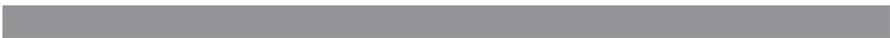
Financial Highlights

Financial Year Ended 31 March (RM MILLION)	FYE2015	FYE2016	FYE2017	FYE2018	FYE2019
REVENUE	544.79	541.11	547.21	482.46	469.47
PROFIT					
Profit before tax	122.30	111.67	84.67	78.14	114.89
Income tax expense	38.29	31.67	34.24	31.50	29.68
Non-controlling interests	25.44	23.27	20.59	16.76	25.37
Profit after taxation and non-controlling interests	58.58	56.73	29.84	29.87	59.84
ASSETS AND LIABILITIES					
Total assets	1,189.50	1,185.66	1,224.28	1,171.76	1,233.90
Total liabilities	211.49	186.38	197.87	171.84	176.94
Non-controlling interests	245.72	250.99	257.70	244.84	253.81
Shareholders' funds	732.29	748.30	768.70	755.08	803.15
EARNINGS AND DIVIDEND					
Earnings per share (sen)					
Basic	21.26	20.51	10.70	10.59	21.25
Diluted	21.10	20.31	10.70	10.59	21.25
Gross dividend per share (sen)	8.50	9.00	9.00	9.00	9.00
Net dividend per share (sen)	8.50	9.00	9.00	9.00	9.00
SHARE PRICES					
Transacted price per share (RM)					
Highest	2.43	2.04	1.98	1.96	1.76
Lowest	1.75	1.72	1.70	1.45	1.41

Revenue (RM Million)

FYE2015		544.79
FYE2016		541.11
FYE2017		547.21
FYE2018		482.46
FYE2019		469.47

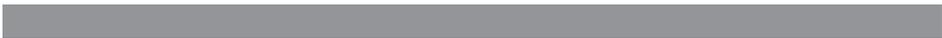
Profit Before Tax (RM Million)

FYE2015		122.30
FYE2016		111.67
FYE2017		84.67
FYE2018		78.14
FYE2019		114.89

Total Assets (RM Million)

FYE2015		1,189.50
FYE2016		1,185.66
FYE2017		1,224.28
FYE2018		1,171.76
FYE2019		1,233.90

Shareholders' Funds (RM Million)

FYE2015		732.29
FYE2016		748.30
FYE2017		768.70
FYE2018		755.08
FYE2019		803.15

In Conversation

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

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

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

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

Q How is the Group Sustainability Committee organised?

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

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



Q What's your role in the sustainability process?

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

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

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

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

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

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

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

Q And what are the key opportunities?

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

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

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

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

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

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

Profitable Revenue Growth

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

Solid Returns on Capital Employed

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

Strong Cash Generation

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

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

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



Maintain Prudent Financial Profile



Strengthen Core Businesses



Leverage on Market Opportunities



Establish Strong Pillars For Future

Sustainability Values

that support these objectives and strategic drivers

Economic



Governance & Responsible Business Practices



Operational & Resource Efficiency

Environment



Environmental & Social Responsibility in our Supply Chain

Social



Building Trusting Relationships with Stakeholders



Health, Safety & Development of our Employees and Communities

Introduction

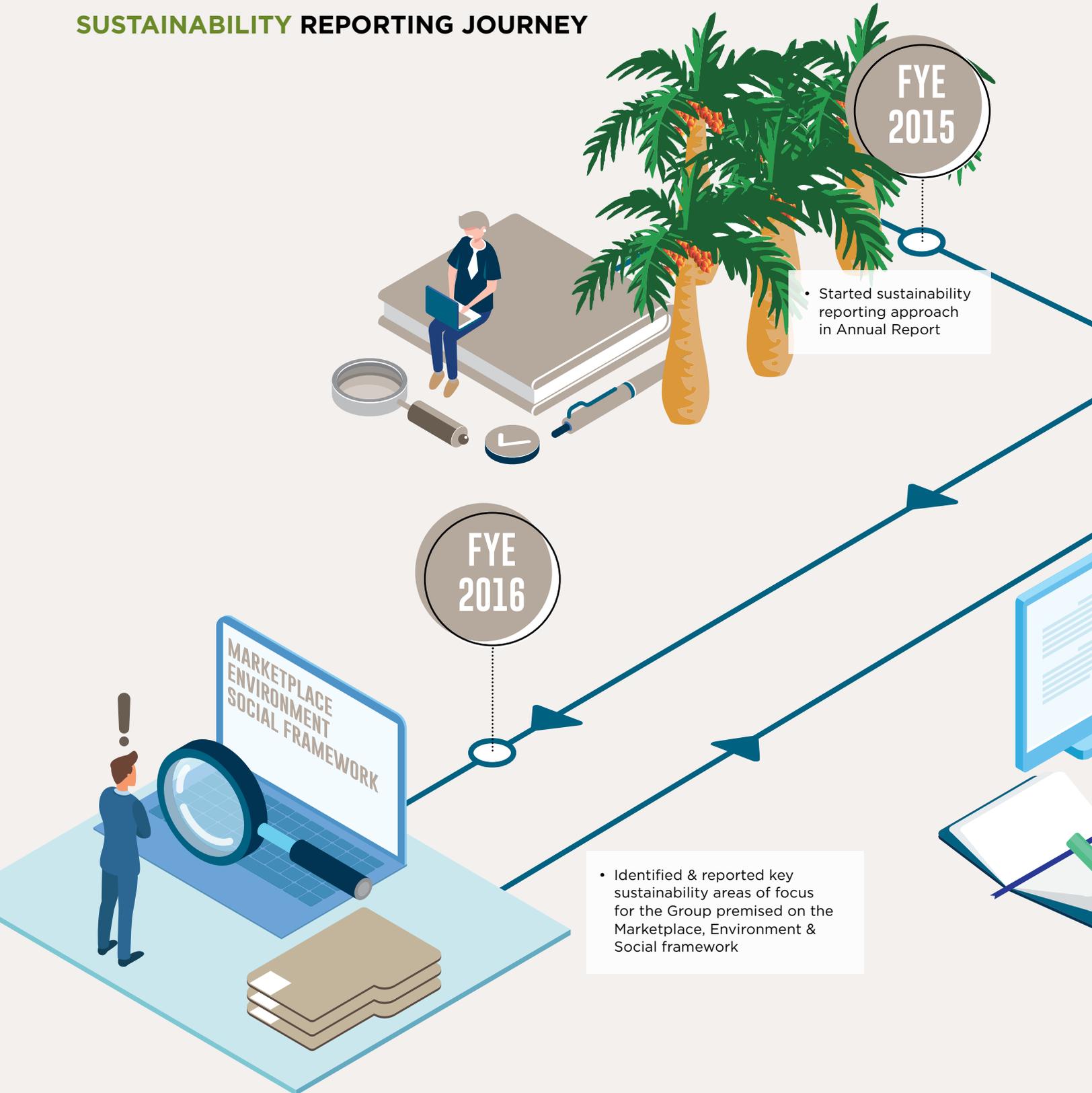
We define sustainability in a way that brings responsibility and accountability into every activity and process while building a successful business. Doing business with sustainability in mind is not only a matter of balanced corporate responsibility but is also sensible from a business perspective.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

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

Reporting What Matters

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

SUSTAINABILITY REPORTING JOURNEY



FYE 2015

- Started sustainability reporting approach in Annual Report

FYE 2016

MARKETPLACE
ENVIRONMENT
SOCIAL FRAMEWORK

- Identified & reported key sustainability areas of focus for the Group premised on the Marketplace, Environment & Social framework

FYE
2017

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

FYE
2018

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

FYE
2019

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

Governance

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

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

Our diverse and highly engaged Board of Directors brings a range of viewpoints and deep expertise that helps ensure effective oversight of our strategic priorities and operations, having regard to the interests of shareholders, customers, suppliers and the wider community. The Board is supported by dedicated Board committees, each with its own charter setting out its roles and responsibilities. The Group Sustainability Committee steers our sustainability activities and is presently chaired by a Senior Independent Non-Executive Director of 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 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

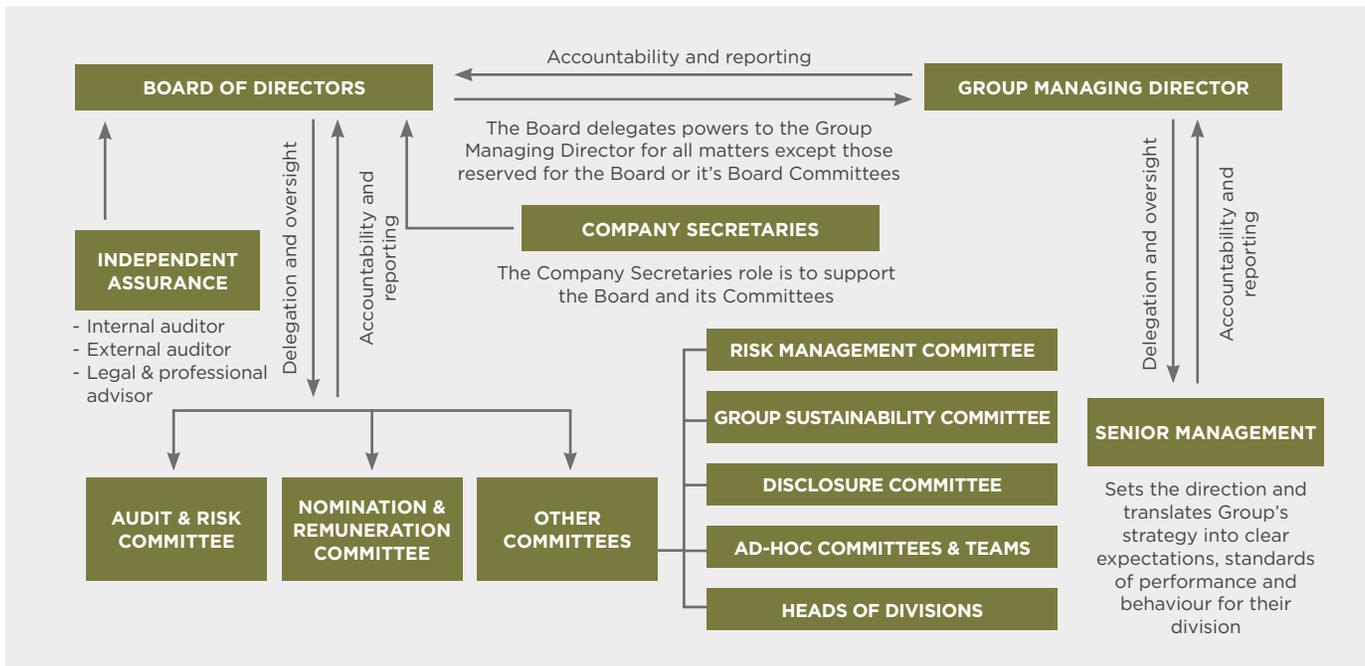
of KFima and other members of senior management. In addition, ad-hoc committees are established to deal with particular sets of ongoing issues.

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

The Corporate Governance Overview section can be read in our Annual Report and website at <http://www.fima.com.my/corporate-governance.html>.

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

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



Governance

In Action

SPOTLIGHT STORY



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

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

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

Engaging Stakeholders

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

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

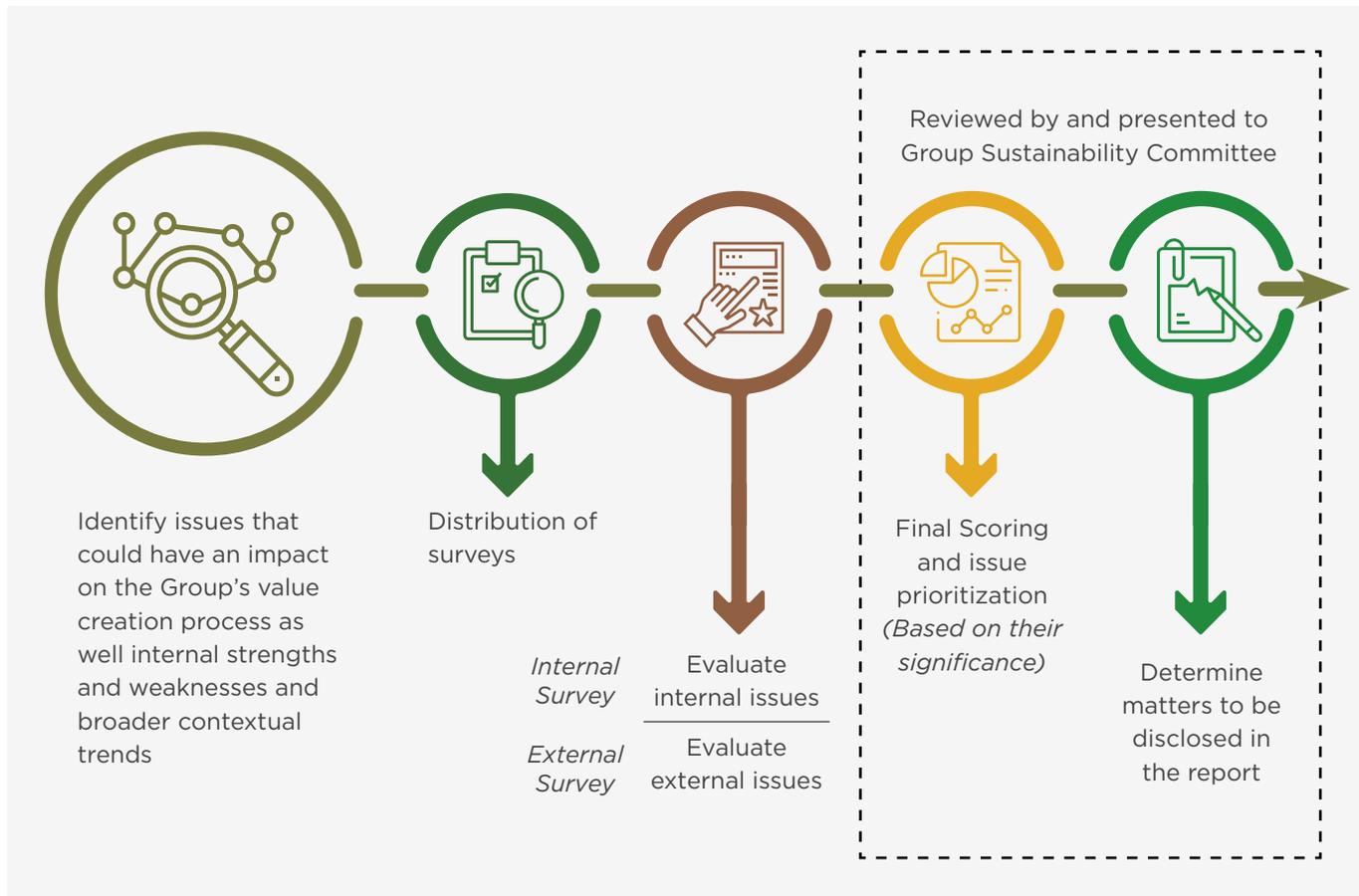
STAKEHOLDER	AREAS OF FOCUS	OUR APPROACH
 <p>Communities</p>	<ul style="list-style-type: none"> • Economic empowerment/ livelihood • Community safety and health • Environmental protection 	<p>Our operations create employment and career development opportunities for our local communities, as well as business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

Materiality Analysis

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

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

The findings were materially consistent with existing areas of management focus. In general, all topics were recognised as being “important” or “very important”. The topics determined to be very important are human rights and workers’ welfare, business integrity and governance, occupational safety and health, supply chain traceability and product certifications. GHG emissions and water impact were also rated as being very important.



Materiality Matrix

With the help of an independent consultant, the results of the stakeholder survey were taken into account during the creation of a materiality matrix in which the sustainability topics are weighted from the point of view of the stakeholders as well as feedback received from the Group Sustainability Committee and members of management. Given the diverse nature of our businesses who each contribute towards the Group’s success differently, we weighted the results of the materiality assessment according to their influence on the Group’s financial performance, their employee headcount and prospective expansion potential.

Other factors taken into account were the results of our desktop review on regulations and guidelines, sustainability trends and peer reports.

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

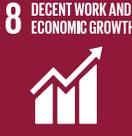


Linking our Material Topics to the United Nation Sustainable Development Goals (SDGs)

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

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

List of Material Topics

MATERIAL TOPIC	OUR APPROACH
 <p>1 NO POVERTY</p>	<p>End poverty and in all its forms everywhere</p> <ul style="list-style-type: none"> 6 Human & worker's rights 8 Equal treatment 10 Benefits & remuneration <ul style="list-style-type: none"> • HR policies on minimum wages and fair pay • Economic empowerment/livelihood via creation of employment and business opportunities for local communities
 <p>2 ZERO HUNGER</p>	<p>End hunger, achieve food security, improve nutrition and promote sustainable agriculture</p> <ul style="list-style-type: none"> 5 Pesticides & chemical usage 15 Certification for food safety, sustainability & others <ul style="list-style-type: none"> • Potential higher yield and extraction through adoption of good agriculture practice • Responding to the increased demand for affordable protein • Maintaining high food safety standards
 <p>4 QUALITY EDUCATION</p>	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <ul style="list-style-type: none"> 6 Human & worker's rights 11 Grievance mechanism & Resolutions 12 Community & welfare <ul style="list-style-type: none"> • Support of employees personal and professional development through training programmes • Philanthropic initiatives in the areas of education and youth development • Well-being of local communities
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <ul style="list-style-type: none"> 7 Occupational safety & health 9 Code of ethics & governance <ul style="list-style-type: none"> • Positive contribution to economic growth in the countries in which we operate e.g. via tax and other contribution • Ensure good health, safety and employment conditions • Strong stance against forced or compulsory labour and child labour

MATERIAL TOPIC	OUR APPROACH
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Ensure sustainable consumption and production patterns</p> <ul style="list-style-type: none"> ② GHG Emissions, Discharges & Waste Management ⑭ Sustainable & Traceable Supply Chain ⑤ Pesticides & chemical usage ⑯ Evaluation of suppliers /contractor’s sustainability commitment <ul style="list-style-type: none"> • Commitment to implement and maintain supply chain transparency and adherence to international standards (MSPO, ISO, ISPO etc.) • Water and waste management • Use of renewable energy and efficiency of energy use • Adoption of good agricultural practices • Conservation of fish resource through responsible procurement
 <p>13 CLIMATE ACTION</p>	<p>Take urgent action to combat climate change and its impact opportunities for all</p> <ul style="list-style-type: none"> ① Biodiversity & Conservation ② GHG Emissions, Discharges & Waste Management ⑤ Pesticides & chemical usage <ul style="list-style-type: none"> • Use of renewable energy and efficiency of energy use • Water and waste management • Adoption of good agricultural practices
 <p>14 LIFE BELOW WATER</p>	<p>Conserve and sustainably use to oceans, seas, and marine resource for sustainability development</p> <ul style="list-style-type: none"> ① Biodiversity & Conservation ④ Water Impacts ⑨ Code of ethics & governance ⑭ Sustainable & Traceable Supply Chain <ul style="list-style-type: none"> • Zero tolerance approach to illegal, unreported and unregulated (“IUU”) • Commitment to implement and maintain supply chain transparency and adherence to international standards (NFA, MSC, Dolphin Safe etc.)
 <p>15 LIFE ON LAND</p>	<p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forest, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p> <ul style="list-style-type: none"> ① Biodiversity & Conservation GHG Emissions, Discharges & Waste Management ② Management ③ Fire & Haze ⑤ Pesticides & chemical usage ⑬ Free, Prior & Informed Consent (FPIC) <ul style="list-style-type: none"> • Use of renewable energy and efficiency of energy use • Water and waste management • Adoption of good agricultural practices



[economic



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

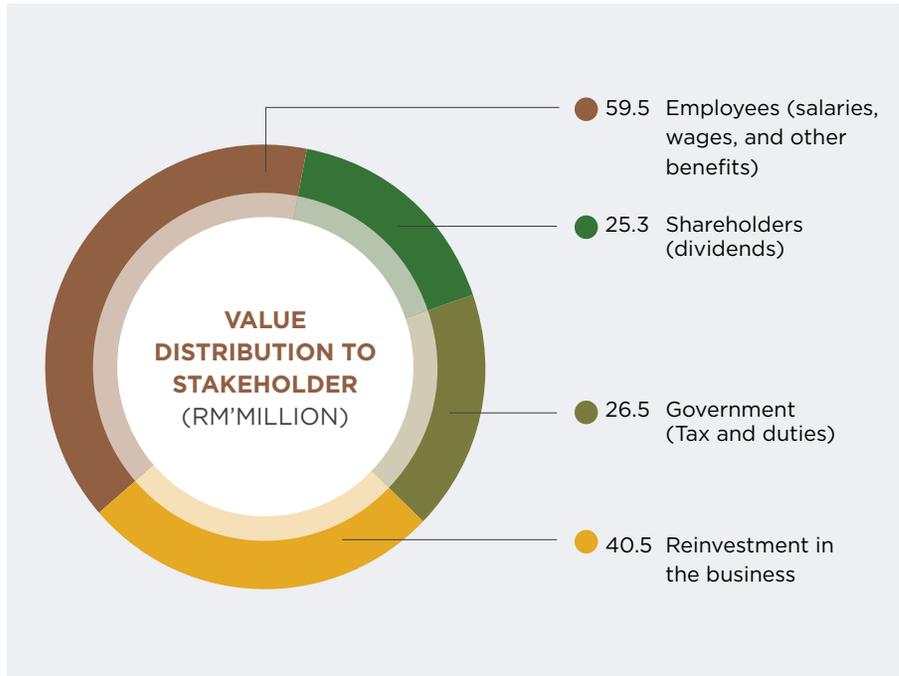
Our Approach

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

Responsible Business Practices

The economic returns created by responsible and sustainable business practices benefit a broad range of stakeholders. This includes the provision of employment to more than 3,000 people in 3 countries. In addition to corporate income taxes, the companies within the Group pay many other taxes, including social security contributions on the wages of its employees, SST, customs duties, property taxes, etc. All these taxes are a significant source of funding for public services by governmental institutions. We view the fulfilment of our tax obligations as part of the process of creating sustainable value for all our stakeholders.

During the reporting year, our Indonesian subsidiary PTNJL had been awarded “50 Pembayar Pajak Terbesar Tahun 2018” under the “Wajib Pajak Badan” category in Kalimantan Utara. This is the third time that PTNJL has been awarded this recognition.



Ethical Conduct

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

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

and understood. These internal control procedures are also subject to regular review to provide assurance that they are effective in countering any risks of bribery and corruption. A significant number of written agreements entered into by our businesses with their respective vendors and customers include specific anti-bribery and corruption clauses.

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

Cybersecurity

The Group acknowledges the importance of cybersecurity as a critical feature in preserving our data integrity and maintaining trust amongst

our stakeholders. Being able to provide continuity of our cybersecurity agenda, will ensure protection towards the Group's IT network, information and communications assets. Threats of malicious software, phishing and email attacks are all matters we take seriously. For this reason, our IT policies and processes are reviewed periodically to ensure that adequate safeguards are in place to prevent misuse and unauthorized access to our systems. We strive to always ensure that our cybersecurity is up to the latest industry standards through inter alia, regular updating of operating system and security applications. Backup of important data and files also form a vital part of the Group's operations.

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 the **Food Division's** subsidiary in Papua New Guinea, 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 fishing vessels, i.e. those registered under the ProActive Vehicle 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 the 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 vessel operators are adhering to the required standards. During FYE2019, 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 source more tuna caught without the use of fish aggregating devices ("FAD"). A concern with using FAD is the impact on all other non-tuna marine life which becomes attracted to the FAD and

“
IFC products
are responsibly
sourced and
traceable from
catch to can”



gets trapped in the net. By-catch can include many unintended haulages such as juvenile fish. This year, our by-catch amounted to 0.5% of total fish bought, while 89% or 4,934.1MT of tuna purchased by IFC were caught without the use of FAD (FYE2018: 4,729.1MT). Ultimately, IFC endeavours to have its tuna source and products to be 100% FAD-free.

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.



Principles of the Code of Conduct



 <p>The rights of freedom of association and collective bargaining</p>	 <p>No Discrimination</p>
 <p>Fair Remuneration</p>	 <p>Decent Working Hours</p>
 <p>Occupational Health and Safety</p>	 <p>No Child Labour</p>
 <p>Special Protection for Young Workers</p>	 <p>No Precarious Employment</p>
 <p>No Bonded Labour</p>	 <p>Protection of the Environment</p>
 <p>Ethical Business Behaviour</p>	

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 a number of audits and inspections.

This includes (but not limited to) audits conducted by government and regulatory authorities. During the year, IFC continues to retain its certifications from bodies such as the NFA, British Retail Consortium, International Food Standard, Dolphin Safe, GMP, Marine Stewardship Council and Halal (JAKIM) accreditations.

IFC is also subjected to the Business Social Compliance Initiative (BSCI) Code of Conduct, which is based mainly on the conventions of the International Labour Organization. During the BSCI audit undertaken in FYE2019, 3 minor non-compliance issues were noted, of which 2 were related to the lapses in the number of hours worked by several workers which exceeded the 60 hours per week requirement and 1 pertained to how some of the used oil containers were stored. IFC has since addressed these issues and made improvements to its current work planning processes.

IFC's production plant in PNG has received the Marine Stewardship Council ("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 includes:

- 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.

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

As at 31 March 2019, all 8 of our Malaysian estates have been recommended for certification to the Malaysian Sustainable Palm Oil standards ("MSPO") and are now pending certificate issuance. Selected employees have been sent for training to ensure that we have the necessary competencies to maintain and support our MSPO certification. However, the Indonesian Sustainable Palm Oil ("ISPO") audit on PTNJL remains status quo from last year as authorities await a definitive outcome of the ongoing legal suit pertaining to PTNJL's HGU before the ISPO certification process can be resumed.



The following companies within the **Bulking Division** have retained the following accreditations for the handling, storage and shipment of various product categories to help maintain objective oversight of the quality of its operations:

Company	Accreditation	Type
Fima Bulking Services Berhad	ISO 9001:2015	Handling, storage & shipment oleochemicals, oils and fats
	ISCC-EU	Warehouse
Fimachem Sdn Bhd	ISO 9001:2015	Transferring from ships, handling, filling of drums and transport of hazardous & non-hazardous liquids
	Halal (JAKIM)	Dedicated tanks and pipelines for storage meet the compliance requirements of Jabatan Kemajuan Islam Malaysia (JAKIM)
	OHSAS 18001:2007	Transferring from ships, handling, filling of drums and transport of hazardous & non-hazardous liquids
Fima Freight Forwarders Sdn Bhd	ISO 9001:2015	Freight forwarding & bulk transportation
Fima Palmbulk Services Sdn Bhd	ISO 9001:2015	Handling, storage & shipment of oleochemicals, edible oils, molasses and latex
Fima Biodiesel Sdn Bhd	ISCC-EU	Biodiesel Plant

SPOTLIGHT STORY



Setting Standards

In February 2019, Fima Biodiesel Sdn Bhd's production plant has been accredited under the International Sustainability and Carbon Certification ("ISCC"), a standard for certification of sustainable biomass and biofuels. 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).

To achieve the ISCC certification, Fima Biodiesel had to complete a thorough assessment and audit process, wherein the company's operations were extensively evaluated by an external independent auditor.

ISCC imposes strict requirements for feedstock origin, traceability and GHG emissions. These are being monitored in the entire supply chain from feedstock to production and the end-user of the fuel. 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. Failure to conform to the ISCC standards may result in withdrawal of the certification.



PKN's Technical Support Department Achieves 2 ISO Accreditations

SPOTLIGHT STORY



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

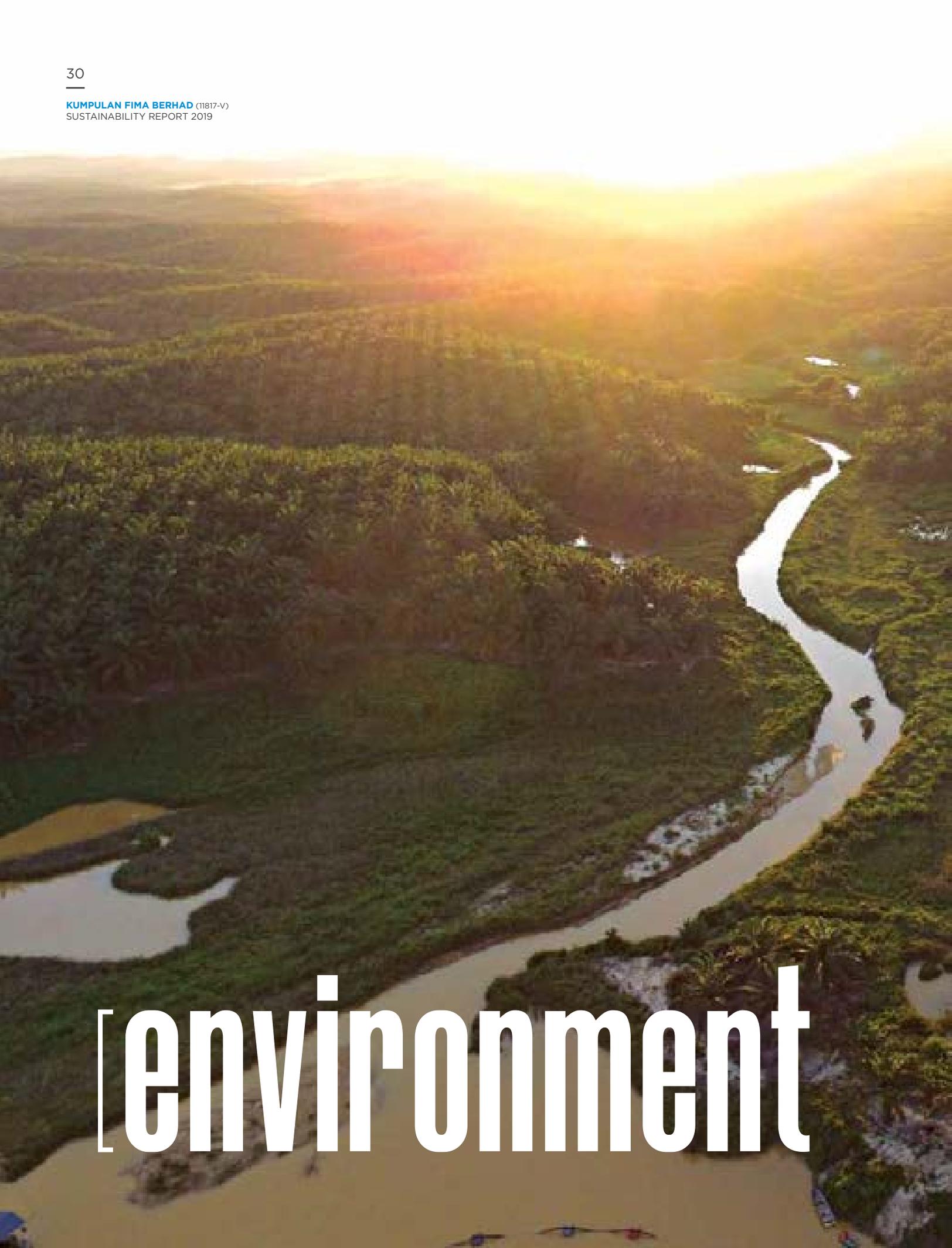
The ISO certifications are among the most widely recognised and internationally accepted information security standards available today. It defines how a company should manage and handle information in a secure manner and identifies requirements for an extensive Information Security Management System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

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



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

Mahfuz bin Mustafa
Head of Technical Support Department

An aerial photograph of a winding river flowing through a vast, dense green forest. The sun is low on the horizon, creating a warm, golden glow over the landscape. The river is light-colored, possibly due to sediment or the way the light reflects off its surface. The forest is a deep green, and the overall scene is peaceful and natural.

[environment

An aerial photograph of a vast, lush green landscape. In the foreground, there are dense, dark green trees. A winding river or stream flows through the middle ground. In the distance, a tall, thin tower or structure is visible against a hazy sky. The overall scene is a mix of natural beauty and industrial presence.

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

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



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

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

To live up to this, our key priorities include:

Sustainable Agricultural Practices

Conservation areas

Within our estates, areas alongside river banks (riparian reserves) are set aside as conservation areas wildlife corridors which include, among others, sanctuaries for

migratory birds and elephants and habitat for jungle flora and fauna.

Soil Management

We follow best industry practices, e.g. establishing cover crops such as *Mucuna Bracteata*, *Calopogonium Mucunoides* and *Calopogonium Coeruleum*, alone or in mixture, to improve soil properties and lower carbon dioxide emissions. Vetiver grass has been planted along the ponds, bunds and field drains to reduce erosion and prevent landslips. Vetiver grass is a deep-rooted grass and is known for its high tolerance of heavy metals, phosphates, nitrates and agricultural chemicals. In addition, no planting is done in steep areas i.e. those with a slope of more than 20°.

Our estate put into practice sustainable land application methods that adhere to our 'zero waste' policy. FFB that have been harvested and sent to the mill for processing will end up as Empty Fruit Bunch ("EFB"). EFB is used by applying directly on to the field. Furthermore, compost can be formed from a mixture of shredded empty fruit bunches ("ĒFB") and palm oil mill effluent ("POME") which is subsequently applied to the estate. We also have in place furrow system that helps to channel POME directly on to the estate. These practice helps provide an organic source of nutrient and reduces our reliance on inorganic fertilizer.



Biological controls against pests

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

Benefitting From Plants

That Shield Our Palms, Organic Style!

Total Beneficial Plants Cover:
790.9ha

5.5%
of total planted area

SPOTLIGHT STORY



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

Cassia Cobanensis

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

Turnera Subulata & Antigonon Leptopus

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

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

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

Focus

Group Discussion

Focus Group Discussions

3 Surveys Undertaken

conducted on 19 October 2018 and 9 February 2019

61.2% of the respondents were agreeable with the project,

32.4% were 'undecided' and **6.4%** disagreed

SPOTLIGHT STORY



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

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



Irman Abul Shukor
Director, Strategy & Business Development



Environmental Assessment

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

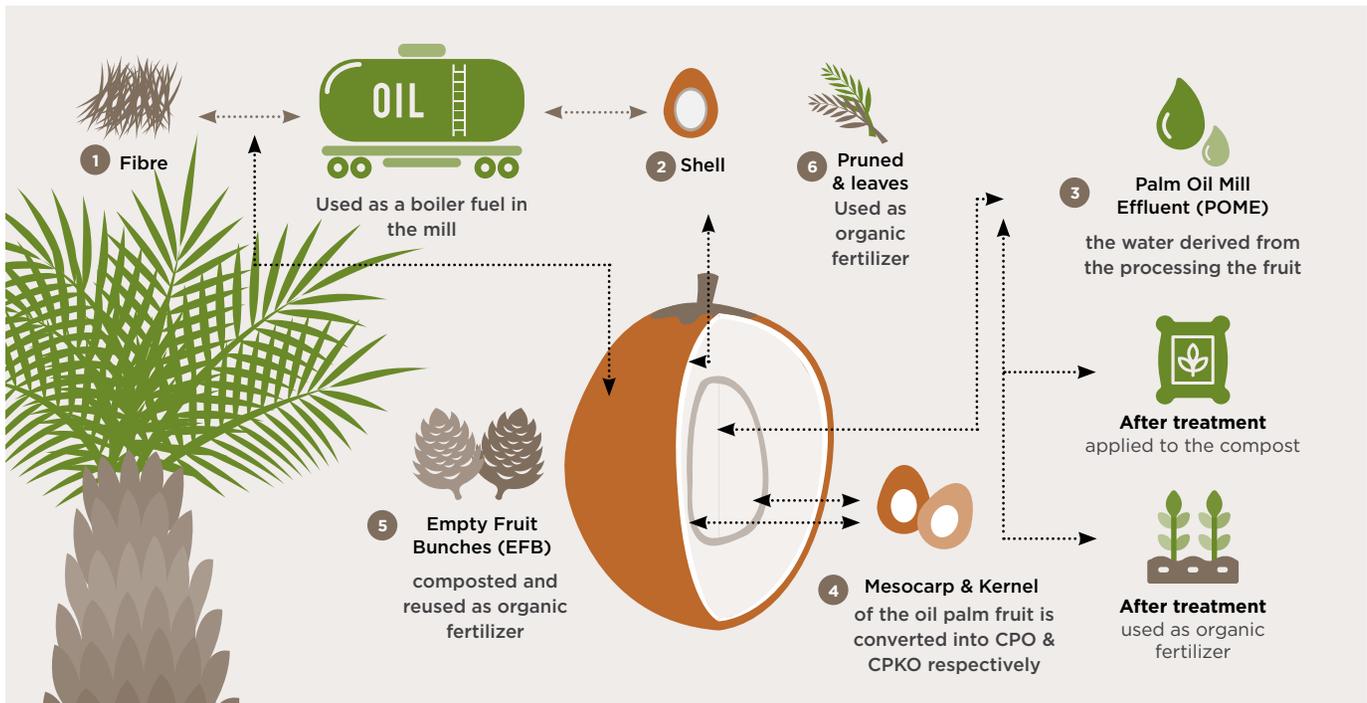
Development Area
1,673.2ha

Employment opportunities for approximately
200 people

Mechanisation of field operations

The Group has taken actions to increase the level of mechanisation within our plantation operations, particularly for in-field collection and application of 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. The Group considers Ladang Cendana in Kemaman, Terengganu as the ‘model’ estate for its double terrace infrastructure, where the top terrace is the planting row while the bottom terrace facilitates the movement of vehicles. Approximately 485 hectares or 62% of the total estate area has been constructed with double terracing.

Further, the flat terrain of our pineapple plantation at Ladang Air Hitam in Johor have enabled us to mechanise approximately 90% of the operations thereat i.e. from plastic mulching to foliar application, which to some extent has helped address issues of labour shortage.



Waste Management

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

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

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

The POME collected from the mill is treated in open ponds located on site. The organic material in wastewater is broken down by natural occurrences of anaerobic and aerobic bacteria. This process eliminates the need to add chemicals before the water is discharged and results in successful fish breeding at the

final effluent pond. POME is utilized in two ways. It is either mixed with shredded EFB to make our compost or applied directly to the estate via a furrow system.

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

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



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

A substantial amount of unused fish parts generated by fish processing activities at IFC Ltd, 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. The remainder is sold to external fishmeal processors.

	FYE2017 (MT)	FYE2018 (MT)	FYE2019 (MT)
Fishmeal	315	611	733

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

Waste Disposal by Type

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

* restated

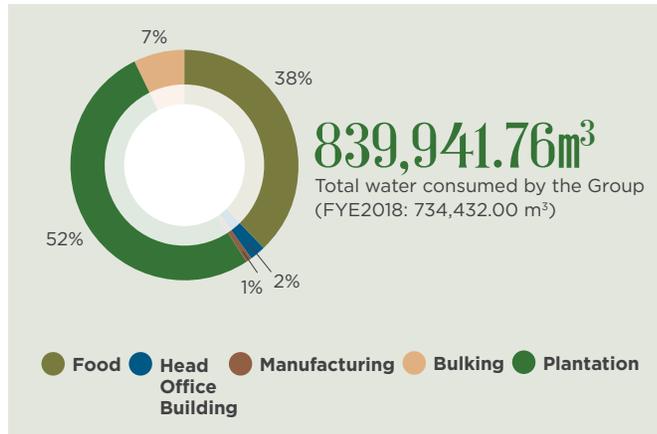
**Water Management**

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

In addition, workers' quarters at our estates in Miri and Indonesia are installed with rainwater tanks. Installation of these tanks have now become a standard green feature in all new developments of workers quarters, wherever possible. This allows us to harvest rainwater to be used for daily consumption. In addition, weirs constructed across the field drains at our Miri estate facilitates water retention and maintain the groundwater table at optimal levels.

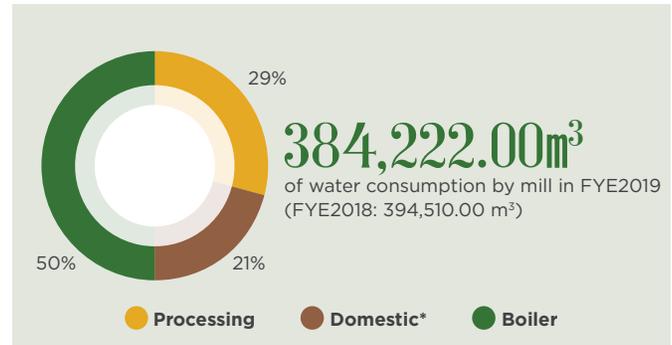
Water Consumption

Breakdown of Water Consumption by Division (m³)



The increase in water consumption in IFC was a result of a couple of factors, the first of which is due to an increase in IFC's total fish production by 28%, on the back of improved demand for mackerel in the PNG market. This, in turn, led to IFC procuring more mackerel from its suppliers and this includes purchasing frozen-on-deck mackerel. These frozen-on-deck mackerel requires thawing which involves higher water usage. We recognize the need for reducing our water consumption and will strive to do so through greater efficiency and water management.

Breakdown of Water Usage by Mill (m³)



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

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

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

Energy Management

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

* Source: US EPA calculator

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

Division	Diesel (L)	Petrol (L)	Fuel Oil (L)	Grid Electricity (kWh)	Solar (kWh)
Bulking	280,401.47	6,006.52	2,046,386.00	1,684,584.09	-
Food	1,353,273.93	6,680.00	-	3,164,951.31	-
Manufacturing	6,513.39	1,100.54	-	2,731,166.45	-
Plantation	2,124,311.04	92,716.53	-	171,053.41	-
Head Office	-	20,446.88	-	1,532,768.59	34,951.75
Grand Total	3,764,498.83	126,946.46	2,046,386.00	9,284,522.86	34,951.75

Shiny

Shields

SPOTLIGHT STORY



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

The Engineering team conducted a study to determine the building's potential for a solar PV system taking into consideration the building's energy requirements, roof structure and capacity as well as the returns on investment. After considering various options it was concluded that a 185.06 kWp PV system would be the best fit for the building. 532 solar photovoltaic (PV) panels comprising 350 watt and 335 watt were installed in 2 phases at building's rooftop, providing over 15% of the building's annual energy requirements. In the initial phase, 76 panels were installed whilst installation of the remaining 456 solar PV panels were completed in February 2019.

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

ESTIMATED

236,400kWh

of energy will be saved per annum

ESTIMATED

RM120,000

of electricity bills will be saved per annum

The results

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

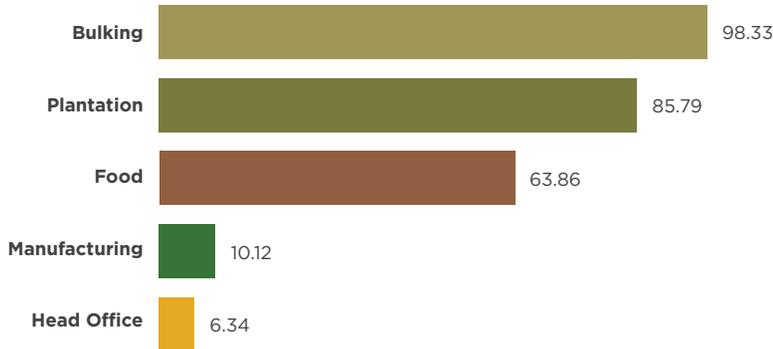


"One of our primary roles is to look for new ways to help companies within the Group reduce its energy and water use and reduce waste. It is heartening to know that my teammates and I are making a difference in helping the Group shrink its carbon footprint and incorporate more sustainable ways to improve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

Nazri Talib

Head, Engineering Services

Total Energy Consumption (TJ)



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

**264.44
TERAJoule**

Total energy consumed by the Group
(FYE2018: 142.73 Terajoule)

In PNG, the **Food Division's** energy saving initiatives include a capex to purchase a new 10 tonnes/hr boiler and refurbish an existing boiler. The new boiler is fitted with an economizer which over time, could potentially reduce the amount of energy that is required to heat the boiler feed water to operating temperature. Meanwhile, the refurbishment of an existing boiler which was undertaken by way of a major overhaul and descaling treatment have also resulted in improved heat efficiency. 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.

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 fiber, palm shell and shredded EFB are utilised as feedstock for the steam boiler and the steam generated therefrom will then fuel the steam turbine in the cogeneration plant. The impact of the utilization of biomass as renewable energy has been significant.

86% of the electricity and heat energy generated from the cogeneration plant is used to power the oil mill's operations. The excess energy is used to power worker's quarters, government facilities, schools and mosque. In FYE2019, 6,216,230 kWh of electricity was generated (FYE2018: 6,571,920 kWh).

Emission

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

Overall the Group's total emission was higher in FYE2018 by 1.1% mainly due to the **Plantation Division's** land development activities of new estates that took place.



Total Group CO₂eq (Scope 1)



Total Group CO₂eq (Scope 2)



Head Office

Our greenhouse gas emissions	FYE2018*	FYE2019
Scope 1 - Direct emission	46.40 tCO ₂ eq/litre*	47.64 tCO ₂ eq/litre
Scope 2 - Indirect emission	1,386.25 tCO ₂ eq/kWh*	1,318.08 tCO ₂ eq/kWh
Total emissions	1,432.64 tCO ₂ eq	1,365.72 tCO ₂ eq
Emission intensity by square feet	0.0114 tCO ₂ eq per square feet	0.0111 tCO ₂ eq per square feet

* restated

Our Head Office's direct emissions had increased slightly this year. On the other hand, indirect emissions had dropped slightly due to the CO₂ offset from the installation of our building's solar power panels; which meant we relied slightly less on the grid.

Manufacturing

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

* restated

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

Plantation

Our greenhouse gas emissions	FYE2018*	FYE2019
Scope 1 - Direct emission	54,064.47 tCO ₂ eq/litre	51,921.84 tCO ₂ eq/litre
Scope 2 - Indirect emission	146.28 tCO ₂ eq/kWh	150.53 tCO ₂ eq/kWh
Total emissions	54,210.75 tCO ₂ eq	52,072.34 tCO ₂ eq
Emission intensity by FFB Production	0.2178 tCO ₂ eq per MT FFB production	0.2412 tCO ₂ eq per MT FFB production

* restated

Figures from the last financial year include **Plantation Division's** land development activities of new estates which did not continue into this financial year. This can be seen by the fall in direct emissions of 4% versus last year.

Bulking

Our greenhouse gas emissions	FYE2018	FYE2019
Scope 1 - Direct emission	5,819.75 tCO ₂ eq/litre	6,779.99 tCO ₂ eq/litre
Scope 2 - Indirect emission	1,050.01 tCO ₂ eq/kWh	1,482.43 tCO ₂ eq/kWh
Total emissions	6,869.76 tCO ₂ eq	8,262.42 tCO ₂ eq
Emission intensity by Product Storage	0.0072 tCO ₂ eq per MT product storage	0.0081 tCO ₂ eq per MT product storage

Bulking Division recorded a 16.5% increase in total emissions on the back of increased operational activity and record level throughput achieved during the year under review. The division will strive to look for opportunities to reduce its carbon emissions moving forward.

Food

Our greenhouse gas emissions	FYE2018*	FYE2019
Scope 1 - Direct emission	3,277.26 tCO ₂ eq/litre	3,628.56 tCO ₂ eq/litre
Scope 2 - Indirect emission	2,778.83 tCO ₂ eq/kWh	2,786.57 tCO ₂ eq/kWh
Total emissions	6,056.79 tCO ₂ eq	6,415.13 tCO ₂ eq
Emission intensity by Fished Processed	0.6748 tCO ₂ eq per MT fish processed	0.7050 tCO ₂ eq per MT fish processed

* restated

IFC saw a 10% increase in direct emissions compared to the previous year as a result of increased economic activity.

*Note: Scope 1 - CO₂ emissions through a diesel engine, transportation, fertilizer, POME and physical operation
Scope 2 - Purchase of electricity from TNB, SESB, SESCO, PNG power, etc.*

Total Group Internally Generated Energy

Solar Power

34,950.75kWh

Co-generation Plant (Biomass)

6,216,230kWh

[Environmental Policy]

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

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

This policy is dated 1 October 2018



[social

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



Our People

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

Our workforce spans across 3 countries, and our diversity is an asset. Diversity is valued because it energizes our people and encourages collaboration, and innovation. Considering diverse points of view results in better decisions and solutions for the Group and its stakeholders. We also expect our employees to be respectful of such differences and to treat one another with courtesy and respect. The Group is committed to providing a conducive workplace free of discrimination or harassment for any reason.



of the Group's workforce are locally hired

Breakdown of Employee by Division

	Head Office	Bulking	Food	Manufacturing	Plantation	Total
Senior Management	6	1	-	2	1	10
Management	22	10	7	12	9	60
Executive	30	30	23	28	43	154
Non-Executive	24	145	896	248	1,641	2,954
Total headcount	82	186	926	290	1,694	3,178

Breakdown of Employees by Nationality

	Malaysia	Indonesia	Papua New Guinea	Total
Malaysian	858	4	8	870
Indonesian	211	1,149	1	1,361
Papua New Guinean	-	-	876	876
Others	60	-	11	71
Total headcount	1,129	1,153	896	3,178
% Ratio of local: foreign	76 : 24	100 : 0	98 : 2	91 : 9

Note: Others include Filipinos, Bangladeshis, Indian, Nepalese

Age profile of Employees

	Male		Female	
	Total	%	Total	%
< 30	754	3	356	4
30 - 55	1,165	59	800	66
> 55	54	38	49	30
Total headcount	1,973	100	1,205	100

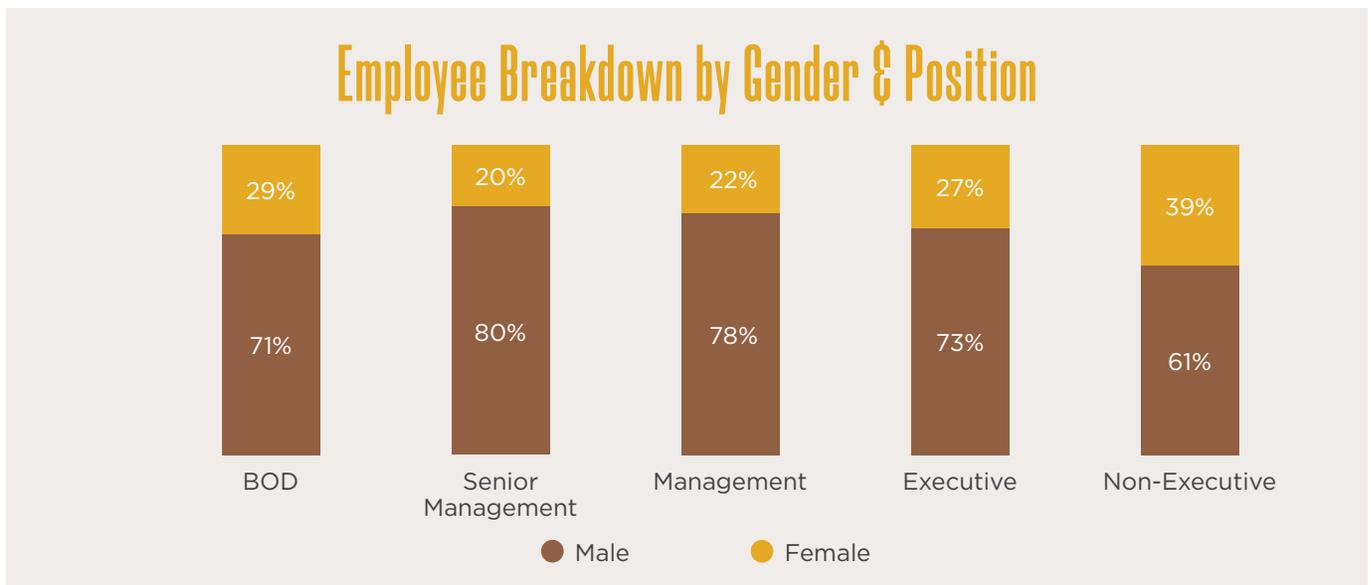
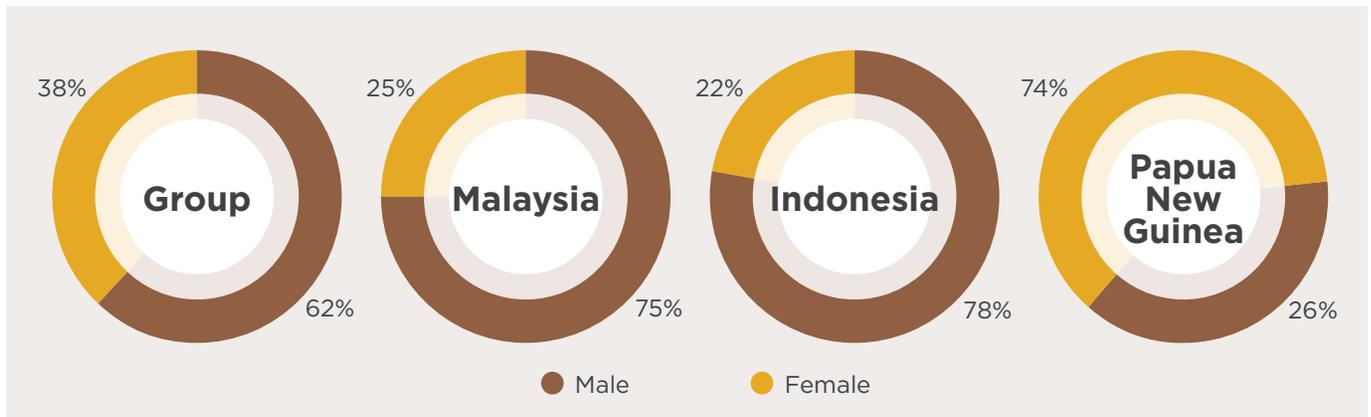
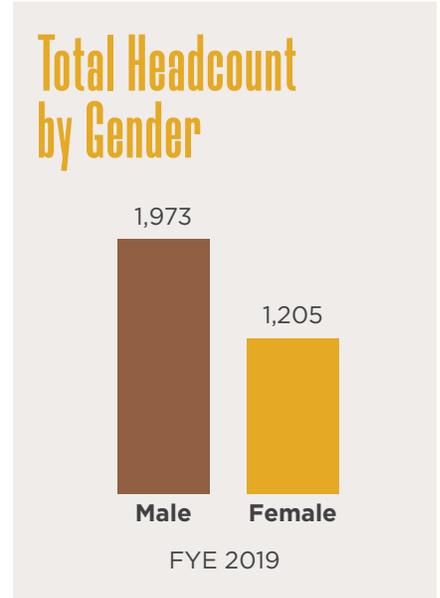
Diversity & Gender Balance

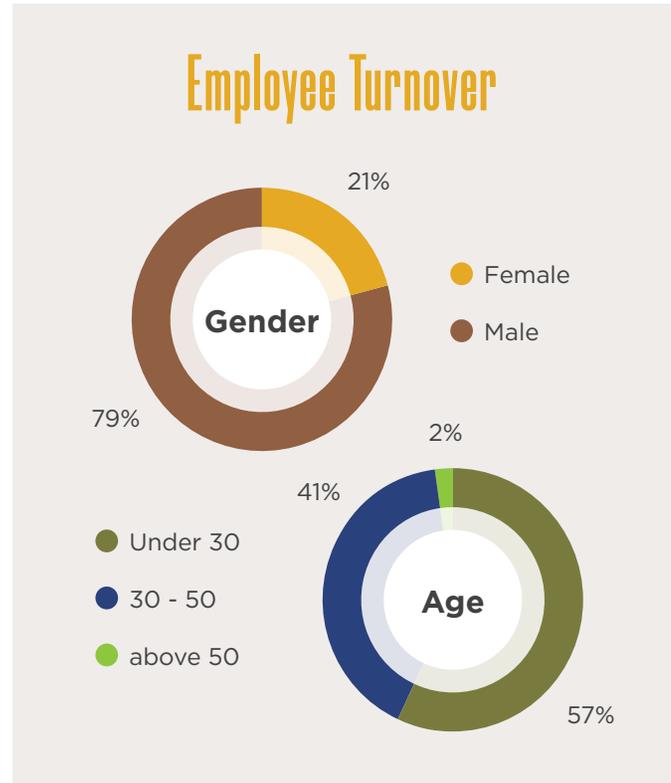
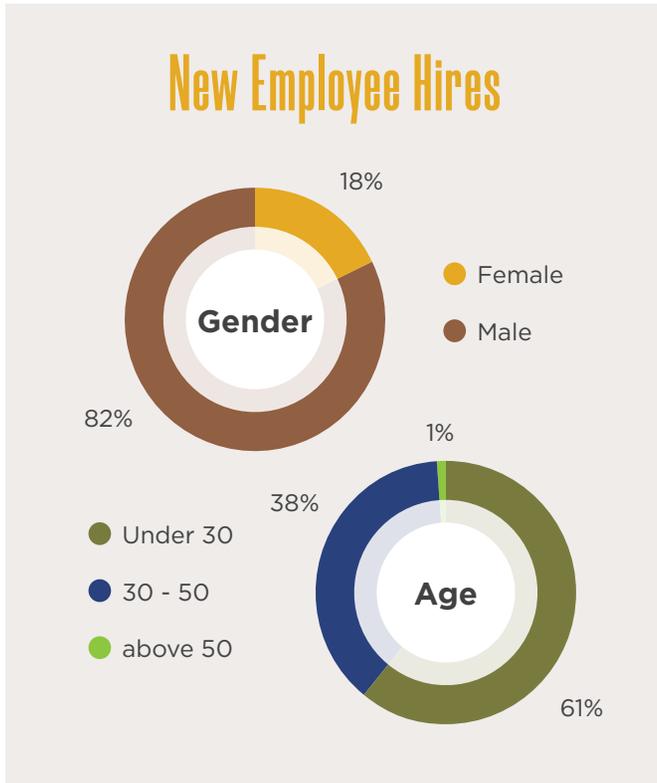
The Group is committed to providing a work environment free of discrimination and unfair bias, where every employee has an equal opportunity in the workplace.

In FYE2019 the Group's workforce totalled 3,178 and is made up of 1,205 women (38%) and 1,973 men (62%).

During the year, 163 or 18% of new hires within the Group were women with **Food Division** recruiting 75.

We will continue to seek opportunities for the Group to increase the percentage of positions held by women, particularly in leadership positions. Due to the nature of specific job functions such as manual work in our plantation and bulking operations, the female take-up rate for these jobs tend to be significantly lower whereas in PNG, IFC's tuna loiners are predominantly female given that loining requires delicate handling in order to prevent bruising of the meat which can affect its quality.





Employee Turnover

	Head Office	Plantation	Manufacturing	Food	Bulking
Management	-	-	1	-	2
Executive	2	12	1	3	5
Non-Executives	-	497	40	144	40
Division turnover rate	2.5%	31.4%	14.2%	15.3%	27.5%

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



17.5%

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

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

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



Turnover in **Bulking Division** was largely a result of the mobility of labour and abscondment. In the case of the latter, most of the employees were terminal operators whose work involved physical labour; where traditionally high turnover rate is commonplace.

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

Occupational Health & Safety

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 regularly conducted and have been, and will continue to be, a vital part of the Group's operations.

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

In our **Manufacturing and Bulking Divisions**, for instance, all chemical related products supplied are issued a Safety Data Sheet ("SDS"). This sheet clearly indicates the type of chemical that employees are being exposed

to and how best to handle them. The SDS will indicate the potency of the chemical and the level of danger it may pose to the employee i.e. mild, moderate, highly dangerous. The safety measures taken by the employee will commensurate with the danger level.

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

This year we sadly report on the death of a harvester in PTNJJ who had suffered an asthma attack whilst working at our estate. As



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



a company standard, we offered support to the bereaved family and conducted investigations. Although investigations revealed that the harvester's death was caused by a pre-existing medical condition which was never disclosed to PTNJJ, the incident had nevertheless served to remind us that we must continue to strive to make our workplaces safer and our employees cognisant of the risks in their roles as well as the wellbeing of their own health.

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

Fatality

FYE2017 ■ Nil

FYE2018 ■ Nil

FYE2019 — 1





Positive

Reinforcements



SPOTLIGHT STORY

Penang Port is the oldest and longest established port in Malaysia and serves as the main gateway for shippers in the northern states of Malaysia and southern Thailand. Our terminal which is located in Penang Port's Butterworth Wharves handles edible oils via tankers, barges, trucks and pipeline and was built in the 1980s as part of Penang Port's Vegetable Oil Tanker Pier development under the Third Malaysia Plan (1975 - 1980).

The wharf structures were showing the effects of effluxion of time, chloride in seawater as well as the action of waves and currents. Following an in-depth inspection and evaluation of the jetty structures at the terminal, the division undertook remedial works to restore the integrity of the structures and ensure that they will continue to function as intended thereby improving the safety standards of the terminal.

This 10-month project saw extensive concrete repair works to the underdeck and support structure of the terminal. Spalls and cracks were sealed by injecting micro concrete into the formworks and pile jackets followed by application of protective coatings. Formwork and pile jacket system were implemented to reduce the concrete wastage and water contamination from the repair works. Furthermore, wood materials from formwork i.e. plywood and dimensional lumber are reused and recycled by the contractor, thus eliminating wood waste.

The terminal remained operational while the works were undertaken. To minimise disruptions to on-going operations and ensure safe working conditions to all during the construction phase, contractors had adhered to detailed scheduling. Careful planning in terms of work areas was necessary in view of the shipping traffic which dictated the sequence of the works. Construction hours were in accordance with the requirements outlined in applicable permits and bylaws. There were no untoward incidents reported.

Particular challenges were the rainy weather and high tides during the works. This did lead to some downtime during the project but there was no material impact to the terminal's operations overall.

Lost Time Incident Frequency Rate (“LTIFR”)

The LTIFR refers to the number of lost time injuries occurring in the workplace per 1 million hours worked. LTIFR is recorded based on a number of lost time injuries occurring in the workplace for every 1 million man-hours worked. During the previous reporting year, the Group recorded an overall frequency rate of 8.21*.

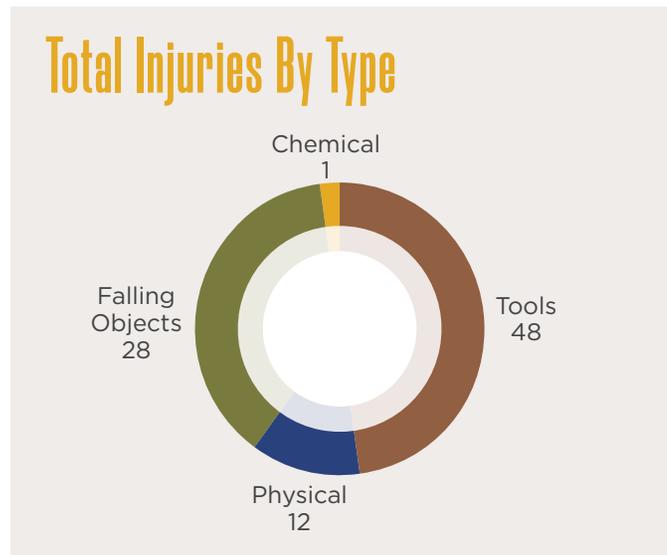
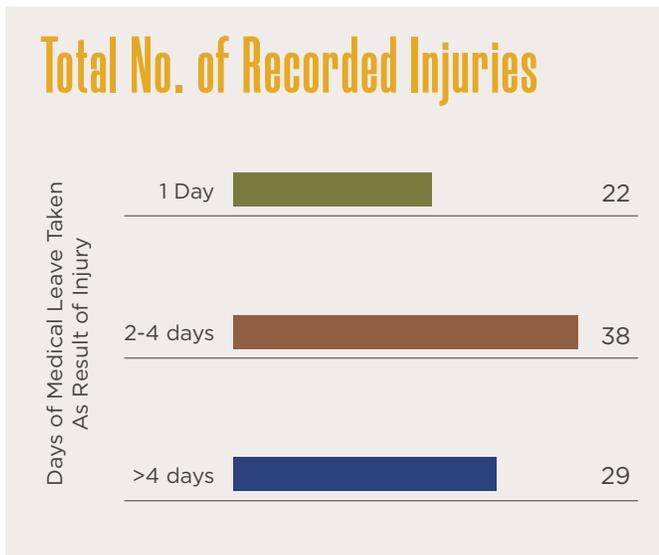
The indicators help us to track the effectiveness of measures taken to improve safety and health performance in all business divisions. In addition, it helps the Group to identify the most useful preventive action. The table below indicates the LTIFR, based on the number of days of lost time:

Days of Lost Time Injuries:	FYE2018	FYE2019
1 Day	5.16	3.27
2-4 Days	1.32	5.66
>4 Days	1.72	4.32
All Injuries	8.21*	13.25

*restated

The table indicates that after taking into account all injuries that occurred during FYE2019, the Group had recorded an LTIFR of 13.25 site for every 1 million man-hours worked. Nearly half of all incidents are reported by the **Plantation Division** involving injuries resulting from the use of work tools such as machete and sickles. Others include falling fronds, thorn pricks and injuries related to the handling of FFB.

Last year we had identified some inconsistencies in the computation and definition of lost time injuries in different parts of the Group, resulting in more cases being recorded and reported when compared to the previous year. The methodology has now been improved and we will continue to progressively refine our reporting criteria and enhance our disclosures.



Emergency preparedness

Emergency preparedness is an essential aspect of our operations. Thus our facilities are equipped with first-aid kits, firefighting systems and have in place adequate response plans, spill prevention and other programs to respond to emergencies.

Safety briefings are routine pre-requisites that precedes the daily activities for most of our businesses.

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

SPOTLIGHT STORY



Certified Emergency Response Training

During the year, 26 employees from the **Plantation Division** had participated in a 2-day basic occupational First Aid, CPR & AED training course. Upon completion of the course, participants were able to:

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

All participants underwent theoretical and practical assessments; which included multiple-choice questions, skill demonstrations and mock drills (scenario based). 25 out of the 26 participants had qualified themselves as certified First Aiders.



Road safety is also of utmost importance to the Group. Direct responsibility lies with the safe transport and on-time delivery of products, but there is also an indirect responsibility for drivers to contribute to road safety. In the circumstances, the Group ensures that our vehicles are maintained to OEM standards and prevailing regulations and driver training is ongoing.

[Good Social Practices Policy]

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

Our commitment to human rights includes the following:

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

This policy is dated 1 October 2018

SPOTLIGHT STORY



Heavy Vehicle Defensive Driving Program

Fima Freight Forwarders Sdn Bhd's operations rely heavily on road transport for the movement of goods. During the course of the year, 15 of the company's heavy vehicle drivers undertook a 2-day course in defensive driving for the category of vehicle they are driving. The programme's principal objective was to improve the skills of the drivers with particular focus on advanced driving techniques that can be used to anticipate and mitigate potentially risky scenarios. Topics related to traffic rules and the hazards of fatigue, tiredness and speeding were also highlighted.

It is expected that this program will further improve the company's safety performance, drivers' ability to maintain a safety-based driving behaviour, reduction of related maintenance costs whilst at the same time also ensuring high service standards.



Employee Development & Engagement

We view career development as part of our commitment to building a more efficient, highly motivated and talented team to ensure that the Group can remain agile and responsive in competitive environments. Every year, training allocation is available for our employees to participate in internal or external workshops and seminars. We also believe that a combination of both formal and informal learning channels develops targeted skills and knowledge for a specific role. For example, our businesses regularly conduct informal on-the-job training and refresher courses on the use of apparatus and machinery, 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.

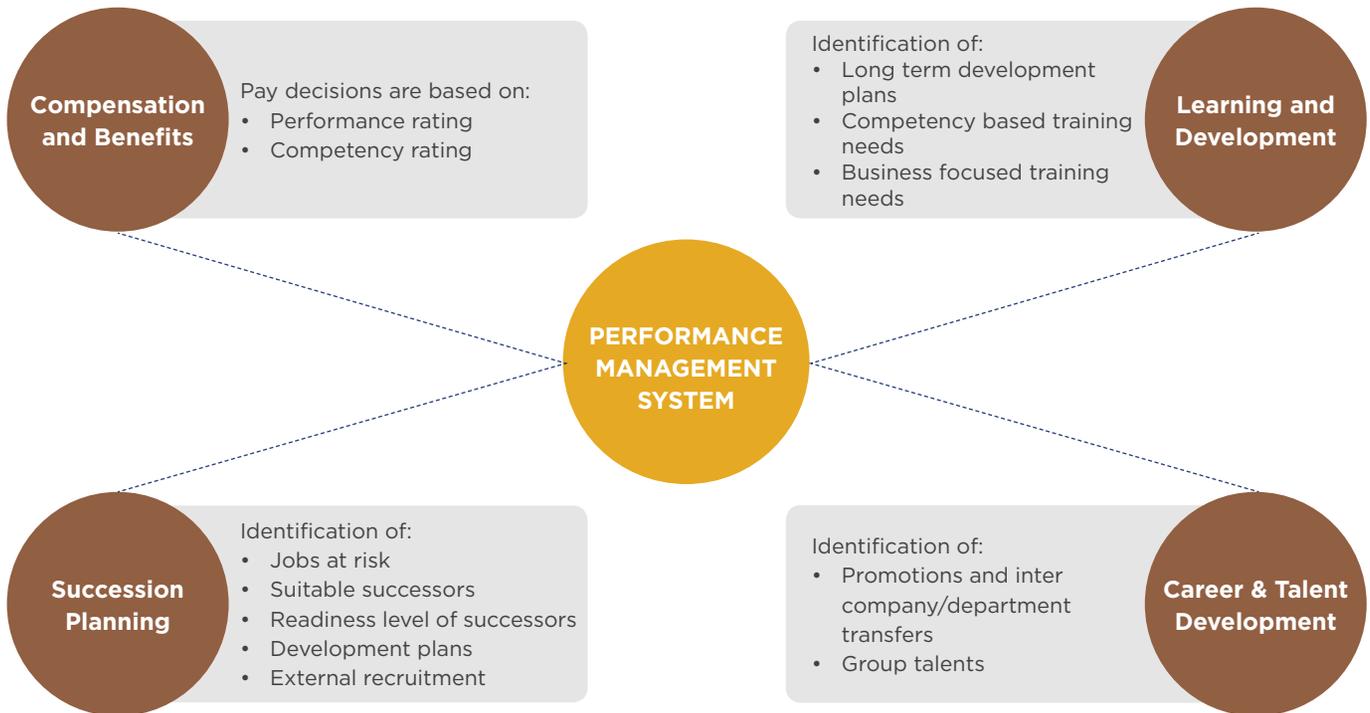
Where headcount reductions are necessary, affected employees are redeployed to new job tasks where retraining and skill upgrading is provided to help them transition into the new tasks.

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.

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.



	Training Hours	
	FYE2018	FYE2019
Senior Management	224	290
Management	1,013	2,917
Executive	3,424	3,460
Non-Executive	3,793	6,400
Grand Total	8,454	13,067

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

Sustainability Training & Awareness

Sustainability training and workshops were held over the course of the year which were attended by employees of Group subsidiaries and across all departments within the subsidiaries. The aim of these sessions was to promote awareness and give the employees a better understanding of what information the Group requires in terms of sustainability. Emphasis was placed on improved accuracy of information from the subsidiaries. Updated templates for sustainability reporting were rolled out and real-life issues were discussed. Presently, the Group's Corporate Services and Engineering Departments actively engage with operational management to facilitate the implementation and reporting of the Group's sustainability initiatives. Sustainability reports of the respective divisions are submitted monthly and discussed during the Heads of Divisions meetings.

Human Rights & Workplace Relations

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

We respect our employees' right to freedom of association, to join unions as well as the right to collective bargaining in accordance with local laws. We are committed to working honestly and transparently with labour unions and we undertake negotiations in good faith. As at 31 March 2019, 45.9% of our employees are represented by labour unions. Our collective bargaining agreements with these representative groups contain provisions covering grievance and discipline processes, paid time off, paid maternity leave and collectively bargained severance and separation benefits. Other negotiated terms and conditions of employment contained in our collective agreements include, among others, matters such as wages and performance management.

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

	Malaysia	Indonesia
Total No. of Employees	858	1,149
Unionized Employees	140	781
% of Unionized Employees	16%	68%

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

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

Whistleblowing

Our open-door policy enables employees to speak directly with all levels of management about their ideas or concerns. We also provide other ways for employees and external stakeholders to report concerns, such as all our operations have grievance mechanisms that are accessible, accountable and fair and in all cases, consequence management (e.g. official warning, suspension, dismissal) are in place. The Group's Whistleblowing Policy sets out guidelines for individuals who wish to report possible fraud, illegal acts or misconduct and we make every effort to provide appropriate protection and protect the confidentiality of those who raise these concerns. The Group Internal Audit Department is empowered to conduct investigations of suspected and reported incidents.

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



Benefits & Welfare

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

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

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

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

Employees' wellbeing continues to be of paramount importance to the Group. During the year, a total of 203 employees underwent voluntary health screening encompassing a full range of tests including lifestyle analysis,

blood profile test and body profiling assessment to identify heart, lung and vital organ health risks. Employees identified with a particular medical condition would then be referred to receive relevant medical treatment. Talks were also organised to raise awareness on personal health issues and healthy lifestyles.

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

Employees are also encouraged to participate in numerous activities organized by Kelab Sukan Fima and/or Badan Keluarga including, among others, monthly Al-Quran Tafseer classes, Tazkirah Ramadhan, Ramadhan Iftar function, Hari Raya Open House and potluck. Family days, weekend retreats, sports activities and festive gatherings were also regularly organised at the divisional level. In IFC, 213 employees received cash incentives in recognition of their long-term service to the company.



SPOTLIGHT STORY



Fresh Harvesting

IFC has allocated an area within its production facility for employees to cultivate vegetables and fruits such as bananas, taro, cassava, sweet potatoes, eggplant, choy sum and water spinach (kangkong). Harvest from this edible garden is freely distributed to employees and used in the staff canteen.

Similarly, at our Malaysian estates, employees cultivate leafy vegetables, ladies' fingers, turmeric as well as fruit trees like durian, mango, coconut and jackfruit. Further, all kitchen scraps and food waste generated are composted and subsequently be returned to garden soil or used as mulch.

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



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.

During the year, the Group continued its community care

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

The NGO's mission is to help secondary students with academic and social problems to develop their life skills such as confidence, leadership, and communication through personal development programmes and mentoring. The programme currently focuses on

5 schools in the Klang Valley and 1 in Kelantan namely, SMK Bangsar, SMK Raja Lumu, SMK Pandamaran Jaya, SMK Tengku Idris Shah, SMK Telok Gadong and SMK Laloh, Kuala Krai involving a total of 166 students. In addition to the personal development sessions, 2 off-site motivational camps were organized for the students.

The Group also donated 1,600 cans of King Cup sardines for distribution to single mothers and senior citizens during the year.

As part of our commitment to strengthening the local socio-

economic base, we provide jobs opportunities for the communities near our projects. In tandem, the Group hires and trains local employees at our job sites, providing technical training and skills to improve workers' wage-earning potential. We also support local suppliers and entrepreneurs by purchasing local goods and services. A successful example of this can be seen in Indonesia where 80.00% of contracts for goods and services have been awarded to small and medium-sized local companies. In addition, 23.00% of the FFB processed by the palm oil mill is purchased from smallholder farmers and third-party growers. Similarly in PNG, 79% of the procurement contracts have been awarded to local companies.

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

IFC has continued its support of aspiring local talents in developing their skills through their participation in the local soccer leagues. During the year, IFC continues to be a major sponsor of the Morobe Football Association and had also provided funding for Besta PNG United FC with a commitment of PGK100,000.

Meanwhile, our Indonesian subsidiary, PTNJL received a total of 31 students; 5 of from PDD Politeknik Negeri Nunukan and 26 from several regional high schools, to undergo a 2-month internship program during the year. In PNG, educational tours of IFC's production facility are regularly arranged with local schools to create awareness of the fishing industry and canning processes.



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



GRI CONTENT INDEX

GENERAL DISCLOSURES		
GRI 102: General Disclosures		
Disclosure Number		Page / Remarks
102-1	Name of the organization	Kumpulan Fima Berhad (11817-V)
102-2	Activities, brands, products, and services	Refer to the “Who We Are” section of this Sustainability Report (“SR2019”)
102-3	Location of headquarters	Suite 4.1, Level 4, Block C, Plaza Damansara No. 45 Jalan Medan Setia 1, Bukit Damansara 50490 Kuala Lumpur
102-4	Location of operations	Refer to KFIMA’s 2019 Annual Report (“AR 2019”) under Directory of Group Operation
102-5	Ownership and legal form	KFima is public company listed on the Main Market of Bursa Malaysia Securities Berhad <ul style="list-style-type: none"> • Stock Name: KFima • Stock Code: 6491 • Sector: Industrial Products and Services • Sector: Diversified Industrials
102-6	Markets served	Refer to the “Who We Are” section.
102-7	Scale of the organization	Refer to the following sections: <ul style="list-style-type: none"> • Who We Are p.4 and workforce data on p.29 - 31 of the SR2019; and • Management Discussion & Analysis, Segmental Reports, Five year Group Financial Highlights p.24 - 25 of AR2019.
102-8	Information on employees and other workers	p.50 - 52
102-9	Supply chain	KFima’s supply chain predominantly consists of contractors, vendors providing raw materials, services, packaging materials and logistics services.
102-10	Significant changes to the organization and its supply chain	There were no significant changes in FYE2019.
102-12	External initiatives	Food Division’s IFC is a sponsor of Papua New Guinea’s local football league, of which is named after our company’s brand, Besta.
102-13	Membership of associations	KFIMA, either through itself or its subsidiaries, is an active member of the following national and international industry groups and associations: <ul style="list-style-type: none"> • Malaysian Employers Federation • Gabungan Pengusaha Kelapa Sawit Indonesia, GAPKI • Association of Plantation Investor of Malaysia in Indonesia, APIMI • Incorporated Society of Planters • Palm Oil Refiners Association of Malaysia • Chemical Industry Council of Malaysia (Committee Member) • Selangor Freight Forwarders and Logistics Association • Association of Malaysian Hauliers (Honorary Treasurer) • Lae Chamber Of Commerce • Fishing Industry Association • Tuna Process Association - (Secretary) • Malaysian Association Of PNG • Morobe Football Association • University Technology of Papua New Guinea (Board Member)

GENERAL DISCLOSURES		
GRI 102: General Disclosures		
Disclosure Number		Page / Remarks
102-14	Statement from senior decision-maker	Refer to the Letter from the Group Managing Director in AR2019 and "In Conversation" section of SR2019.
102-15	Key impacts, risks, and opportunities	Our approach to managing the key impacts, risks and opportunities is reviewed in the respective SR2019 focus area sections.
102-16	Values, principles, standards, and norms of behaviour	Refer also to the Corporate Governance Overview Statement and Statement of Risk Management & Internal Control in AR2019.
102-17	Mechanisms for advice and concerns about ethics	The Group has in place a Whistleblowing Policy and grievance procedures to address employees' cares and concerns.
102-18	Governance structure	Refer also to the Corporate Governance Overview Statement in AR2019.
102-19	Delegating authority	p.14 - 15 Refer also to the Corporate Governance Overview Statement in AR2019.
102-20	Executive-level responsibility for economic, environmental, and social topics	p.14 - 15 Refer also to the Corporate Governance Overview Statement in AR2019.
102-21	Consulting stakeholders on economic, environmental, and social topics	p.16 - 17
102-22	Composition of the highest governance body and its committees	p.14 - 15 Refer also to the Profile of Directors, Profile of Key Senior Management and the Corporate Governance Overview Statement sections in AR2019.
102-23	Chair of the highest governance body	KFIMA's Chairman, Dato' Idris bin Kechot, is an Independent Non-Executive Director.
102-24	Nominating and selecting the highest governance body	The Nomination & Remuneration Committee's main activities are set out in the Corporate Governance Overview Statement in AR2019. In delivering its recommendations to the Board on any appointment re-appointment of Directors, the NRC considers factors such as the prospective candidate's expertise, experience gender, independence and ability to devote sufficient time to discharge their duties as Director.
102-25	Conflicts of interest	p.24 Refer also to the Corporate Governance Overview Statement in AR2019. Directors and Group employees are required to observe the highest ethical standards in conducting the Group's business.
102-26	Role of highest governance body in setting purpose, values, and strategy	p.14 - 15

GENERAL DISCLOSURES		
GRI 102: General Disclosures		
Disclosure Number		Page / Remarks
102-27	Collective knowledge of highest governance body	KFIMA Directors are encouraged to attend continuous training programmes. In FYE 2019 Directors have attended and participated in various seminars, presentations and workshops, details of which are set out under the Directors Training section of the Corporate Governance Overview Statement in AR2019.
102-28	Evaluating the highest governance body's performance	See review of ethical leadership in the Corporate Governance Overview Statement in AR2019.
102-29	Identifying and managing economic, environmental, and social impacts	The Group Sustainability Committee has oversight of the Group's sustainability initiatives and performance.
102-30	Effectiveness of risk management processes	The Audit & Risk Committee has oversight of the Group's risk management processes. Refer to the Audit & Risk Committee Report and Statement of Risk Management & Internal Control in AR2019.
102-31	Review of economic, environmental, and social topics	The Board reviews and approves the SR2019. The Group Sustainability Committee has oversight of the Group's sustainability initiatives and performance.
102-32	Highest governance body's role in sustainability reporting	p.14 - 15 The Board reviews and approves the SR2019. The Group Sustainability Committee has oversight of the Group's sustainability initiatives and performance.
102-35	Remuneration policies	p.64 The Group's compensation structure includes fixed and variable components depending on the employee's job grade. Each location within the Group has its own locally defined employee benefit schemes.
102-36	Process for determining remuneration	p.64 Refer to the Corporate Governance Overview Statement in AR2019.
102-37	Stakeholders' involvement in remuneration	The Non-Executive Directors' ("NEDs") remuneration are subject to annual shareholders' approval. Details of the fees and benefits payable to the NEDs are disclosed in KFIMA's Notice of Annual General Meeting.
102-40	List of stakeholder groups	KFIMA's key stakeholder groups are identified in p.16 - 17.
102-41	Collective bargaining agreements	p.63
102-42	Identifying and selecting stakeholders	KFIMA's key stakeholder groups are identified in p.16 - 17.
102-43	Approach to stakeholder engagement	p.16 - 17, p.36 - 37, p.59, p.63 - 64 We respond to our stakeholders' expectations in many different ways, depending on the nature and scale of the issues.
102-44	Key topics and concerns raised	p.16 - 17, p.36 - 37, p.59, p.63 - 64

GENERAL DISCLOSURES		
GRI 102: General Disclosures		
Disclosure Number		Page / Remarks
102-45	Entities included in the consolidated financial statements	The Group's core divisions are Manufacturing, Plantation, Bulking and Food. Refer to Management Discussion & Analysis section of AR2019.
102-46	Defining report content and topic Boundaries	Refer to "About This Report".
102-47	List of material topics	p.20 - 21
102-48	Restatements of information	Historical data relating to waste management, emission and LTIFR has been restated. Following a review, it was determined that the data reported in FYE2018 did not fully include all sources of emissions by certain facilities. Upon thorough re-analysis of the data, we were able to better quantify the total emissions, which are reflected in the numbers presented in this Report.
102-49	Changes in reporting	Since last year there have been no significant changes to the Group's organisational structure.
102-50	Reporting period	Refer to "About this Report".
102-51	Date of most recent report	Our last Sustainability Report was published in July 2018.
102-52	Reporting cycle	Annual, financial year ending 31 March 2019.
102-53	Contact point for questions regarding the report	All inquiries and comments can be forwarded to sustainability@fima.com.my.
102-54	Claims of reporting in accordance with the GRI Standards	Refer to "About This Report".
102-55	GRI content index	p.67 - 76
102-56	External assurance	This report has not been externally assured.

MATERIAL TOPICS - ECONOMIC		
Disclosure Number		Page / Responds
Economic		
Management Approach		
103-1	Explanation of the material topic and its boundary	Refer to p.18 - 21 for a description of the materiality and boundaries of economic performance.
103-2	The management approach and its components	The issues of material interest to our stakeholders are listed in the table in the section on Engaging our Stakeholders – although this does not make explicit reference to the GRI topics, these can be inferred from the table. Material topics have been chosen with the aim of demonstrating our impacts, risks and opportunities and how we create and preserve value over time. Our approach to managing specific material topics is addressed in the respective sections of our SR2019.
103-3	Evaluation of the management approach	
We report annually on our progress in addressing material topics and impacts in the SR and the IR. Internal reports to the respective committees ensure that performance is monitored regularly. Where required, we review and work to revise and improve our approach with key stakeholders to improve our performance.		
201: Economic Performance		
201-1	Direct economic value generated and distributed	p.24
201-2	Financial implications and other risks and opportunities due to climate change	Addressing the impacts of climate change on the business is a material issue and issues are raised in various sections of the SR2019, notably, the Environmental section.
201-3	Defined benefit plan obligation and other retirement plans	Details are also provided in KFIMA's Audited Financial Statements 2019 in AR2019 in notes 6 (Staff Costs) and 7 (Directors' Remuneration).
201-4	Financial assistance received from government	We do not receive any financial assistance from the Government.
202: Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	We are committed to providing competitive and fair wages and believe that we do so at all our operations. The Group pays at least minimum wage as required by law in the countries in which we operate and in no areas of operation does minimum wage varies by gender.
203: Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	While our most significant contribution to improving the socio-economic conditions of the communities in which we operate is through our business activities, we provide additional support through various social investment initiatives in cash and in kind.

MATERIAL TOPICS - ECONOMIC		
Disclosure Number	Page / Responds	
204: Procurement Practices		
204-1	Proportion of spending on local suppliers	p.66
205: Anti-Corruption		
205-1	Operations assessed for risk related to corruption	All our operations are monitored for fraudulent activity and corruption including suppliers. No specific corruption related risks have been identified.
205-2	Communication and training about anti-corruption policies and procedures	p.24
205-3	Confirmed incidents of corruption and actions taken	There were no incidents of corruption during the review period.
206: Anti-Competitive Behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practice	There were no such legal actions during the review period.
MATERIAL TOPICS - ENVIRONMENT		
Disclosure Number	Page / Responds	
Environment		
Management Approach		
103-1	Explanation of the material topic and its boundary	Refer to p.18 - 21 for a description of the materiality and boundaries of environmental performance. The issues of material interest to our stakeholders are listed in the table in the section on Engaging our Stakeholders - although this does not make explicit reference to the GRI topics, these can be inferred from the table. Material topics have been chosen with the aim of demonstrating our impacts, risks and opportunities and how we create and preserve value over time. Our approach to managing specific material topics is addressed in the respective sections of our SR2019. We report annually on our progress in addressing material topics and impacts in the SR and the AR. Internal reports to the respective committees ensure that performance is monitored regularly. Where required, we review and work to revise and improve our approach with key stakeholders to improve our performance.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
301: Material		
301-2	Recycle input materials used	Currently very little of our primary packaging contains recycled material.

MATERIAL TOPICS - ENVIRONMENT		
Disclosure Number		Page / Responds
302: Energy		
302-1	Energy consumption within the organization	p.44 - 46
302-4	Reduction of energy consumption	p.44
303: Water and Effluent		
303-1	Interactions with water as shared recourse	p.40 - 41
303-2	Management of water discharge-related impacts	p.38 - 39
303-5	Water consumption	p.41
304: Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Within our oil palm estates, riparian reserves are set aside as conservation areas wildlife corridors which include, among others, sanctuaries for migratory birds and elephants and habitat for jungle flora and fauna.
304-2	Significant impacts of activities, products, and services on biodiversity	p.36 - 37 Environmental impact assessments are carried out ahead of any new plantation development, or as may be required by relevant legislations.
304-3	Habitats protected or restored	Except for Plantations and Food divisions , the Group's operations have limited impact on natural habitats. Within our oil palm estates, riparian reserves are set aside as conservation areas wildlife corridors which include, among others, sanctuaries for migratory birds and elephants and habitat for jungle flora and fauna. PTNJL has also set aside areas within its plantation as water catchment zone. Chemical applications are strictly prohibited at the water catchment zone to facilitate natural re-vegetation of the area and preservation thereof. 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.
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	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.
305: Emission		
305-1	Direct (Scope 1) GHG emissions	p.44 - 46
305-2	Energy indirect (Scope 2) GHG emissions	p.44 - 46
305-4	GHG emissions intensity	p.44 - 46
305-5	Reduction of GHG emissions	p.44 - 46

MATERIAL TOPICS - ENVIRONMENT		
Disclosure Number		Page / Responds
306: Effluent and Waste		
306-2	Waste by type and disposal method	p.38 - 39
306-3	Significant spills	We did not record any significant spills at our sites during the review period.
306-4	Transportation of hazardous waste	The Group does not import or export any hazardous waste.
306-5	Water bodies affected by water discharges and/or runoff	p.38 - 39
307: Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	No environmental related penalties or fines were payable during the reporting period.
MATERIAL TOPICS - SOCIAL		
Disclosure Number		Page / Responds
Social		
Management Approach		
103-1	Explanation of the material topic and its Boundary	<p>Refer to p.18 - 21 for a description of the materiality and boundaries of social performance.</p> <p>The issues of material interest to our stakeholders are listed in the table in the section on Engaging our Stakeholders - although this does not make explicit reference to the GRI topics, these can be inferred from the table. Material topics have been chosen with the aim of demonstrating our impacts, risks and opportunities and how we create and preserve value over time. Our approach to managing specific material topics is addressed in the respective sections of our SR2019.</p> <p>We report annually on our progress in addressing material topics and impacts in the SR and the AR. Internal reports to the respective committees ensure that performance is monitored regularly. Where required, we review and work to revise and improve our approach with key stakeholders to improve our performance.</p>
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
401: Employment		
401-1	New employee hires and employee turnover	p.52
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.63 - 65

MATERIAL TOPICS - SOCIAL		
Disclosure Number		Page / Responds
402: Labour Management Relation		
402-1	Minimum notice periods regarding operational changes	We have systems in place aimed at ensuring effective dialogue and relations with all employee representative groups across our operations. KFIMA adheres to all labour legislation relevant to the countries in which it operates.
403: Occupational Safety and Health		
403-1	Occupational health and safety management system	p.53 Health and safety committees are in place in all divisions.
403-2	Hazard identification, risk assessment, and incident investigation	All divisions have health and safety committees which consist of divisional management and employees. It is to these committees that incidences are reported, and where compliance with policies is monitored, and improvements are discussed.
403-5	Worker training on occupational health and safety	p.54
403-6	Promotion of worker health	p.64
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p.53 - 54, p.59, p.61
403-9	Work-related injuries	p.53 - 55, p.58
403-10	Work-related ill health	p.53 - 54
404: Training and Education		
404-2	Programs for upgrading employee skills and transition assistance programs	p.61 - 63
405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	The composition of our workforce is detailed in p.50-51. The composition of our Board of Directors and Key Senior Management is provided in the AR2019.
405-2	Ratio of basic salary and remuneration of women to men	Our HR management principles are based on equal opportunity and non-discrimination. In no areas of operation does minimum wage varies by gender.
407: Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No such operations or suppliers have been formally identified within the group. Freedom of association and collective bargaining are fundamental rights which KFIMA has committed to uphold.

MATERIAL TOPICS - SOCIAL		
Disclosure Number		Page / Responds
408: Child Labour		
408-1	Operations and suppliers at significant risk for incidents of child labour	No operations or suppliers were found to have significant risk of child labour. There have been instances at our estate in Indonesia where children accompanied their parents to the fields and assisted in loose fruit collection and other light tasks; however, these are not considered to be significant. Details on how this issue is being addressed is set out in p.63.
412: Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	Refer to the Corporate Governance section of our Company's website under "Good Social Practice Policy". http://www.fima.com.my/corporate-governance.html
413: Local Community		
413-1	Operations with local community engagement, impact assessments, and development programs	p.36 - 37, p.65 All our operations have some degree of community engagement. Impact assessments are done as and when needed particularly for new development projects.
417: Marketing and Labelling		
417-1	Requirements for product and services information and labelling	All our food products are governed by stringent food safety laws and these are highly regulated. For example, IFC's products that are exported to EU must comply with EU food regulations.
417-2	Incidents of non-compliance concerning product and services information and labelling	p.26
418: Customer Privacy		
418-1	Substantiated complaints concerning breached of customer privacy and losses of customer data	There were no such complaints during the review period.

www.fima.com.my

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

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