



MARKETPLACE



ENVIRONMENT



SOCIAL

SUSTAINABILITY REPORT 2017



SUSTAINABILITY REPORT 2017

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 fully dedicate ourselves to our customers, our employees, 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.

In this Report, we highlight the three focus areas that are relevant to our businesses and of interest to our stakeholders, and looks at the Group's performance at each of these areas. Our approach to reporting is guided by Bursa Malaysia's Sustainability Reporting Framework which comprises amendments to the Listing Requirements, the Sustainability Reporting Guide and Toolkit thus providing stakeholders with a more comprehensive view of the Group's sustainability initiatives.

MARKETPLACE

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 – challenges that affect everyone along our value chain, and to seek beneficial solutions on concerns that no entity can solve on its own.



SUSTAINABILITY REPORT 2017

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 by offering diverse employment prospects, opportunities for development, and competitive rewards and benefits that have a clear link to performance.</p> <p>The Group has in place a Whistleblowing Policy and structured 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>
<p>Communities</p> 	<ul style="list-style-type: none"> • Economic empowerment/livelihood • Community safety and health 	<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>

SUSTAINABILITY REPORT 2017

Memberships & associations



- Advancing industry specific matters with policymakers and other key stakeholders

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.

Further, our participation and membership in various associations ensures that we stay in touch with current and anticipated developments.

Suppliers



- Quality control
- Business ethics
- Training & support
- Supply chain transparency
- Sustainability requirements

We require our suppliers to live up to good social and environmental standards. We also know that our suppliers expect us to conduct our business fairly and honestly, and establishing trust and long-term relationships are essential.

Collaborating with suppliers to secure long-term availability of materials and to pursue future opportunities.

National and local governments



- Compliance & regulations
- Land issues
- Level 'playing fields' for all sectors
- Local economic development programmes
- Corporate Responsibility initiatives
- Licence to operate
- Industry specific matters

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.

We proactively engage the government and regulators on policy matters at local, provincial and federal levels and provide support of national agendas.

SUSTAINABILITY GOVERNANCE

During the year, we established an internal Group Sustainability Committee made up of representatives from the Boards of the Company and its listed subsidiary Fima Corporation Berhad and members of Group management to oversee how the Group's sustainability programs support business goals and aspirations, and monitor the progress thereof.



SUSTAINABILITY REPORT 2017

IFC CERTIFICATIONS

Halal (JAKIM)

BSCI
Business Social Compliance Initiative

BRC FOOD CERTIFICATED
British Retail Consortium

GOOD MANUFACTURING PRACTICE
GMP
Good Manufacturing Practice

IFS
International Food Standard

HACCP CERTIFIED
HACCP

SAFE
Dolphin Safe

CERTIFIED SUSTAINABLE SEAFOOD
MSC
Marine Stewardship Council

QUALITY & STANDARDS

To maintain safety and quality, the Group stays current with new regulations, industry best practices and marketplace conditions and the Group's businesses consistently strive to improve and refine their requirements and standards throughout the entire supply chain.

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

The **Food Division's** production facilities, suppliers of ingredients and packaging materials are required to comply with stringent international standards and regulations, government regulations and company policies, procedures, controls, and good manufacturing practices applicable to their operations. To ensure

FIMA INSTANCO CERTIFICATIONS


ISO 9001:2008
CERTIFIED
ISO 9001:2008 Certified


HACCP CERTIFIED
HACCP

Halal (JAKIM)


SUSTAINABILITY REPORT 2017

PRINCIPLES OF THE CODE OF CONDUCT







THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING




ETHICAL BUSINESS BEHAVIOUR




FAIR REMUNERATION




NO DISCRIMINATION




OCCUPATIONAL HEALTH AND SAFETY




DECENT WORKING HOURS




SPECIAL PROTECTION FOR YOUNG WORKERS




NO CHILD LABOUR



NO PRECARIOUS EMPLOYMENT



NO BONDED LABOUR



PROTECTION OF THE ENVIRONMENT

Further, the **Plantation Division's** Indonesian subsidiary, PT Nunukan Jaya Lestari ("PTNJL") is accredited with ISO 14001:2004 Environment Management System for the processes employed in the production of its CPO, CPKO and palm kernel. The Indonesian Sustainable Palm Oil ("ISPO") audit on PTNJL has currently been put on hold, albeit temporarily as authorities await a definitive outcome of their ongoing legal suit pertaining to PTNJL's land title before resuming the audit process for ISPO consideration. Management does not believe this will have any material affect to PTNJL's operations in the near-term.



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 such the National Fisheries Authority of Papua New Guinea and annual audits performed by independent third-party organizations for the British Retail Consortium (for which IFC achieved Grade A), International Food Standard, Dolphin Safe, HACCP,

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. We are proud to report that pursuant to a BSCI audit performed during the year, IFC had achieved BSCI Grade A.

The following companies within the **Bulking Division** adhere to globally recognized quality management systems 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 9001:2008	Handling, storage & shipment oleochemicals, oils and fats
Fimachem Sdn Bhd	ISO 9001:2008	Transferring from ships, handling, filling of drums and transport of hazardous & non-hazardous liquids
	OHSAS18001:2007	Transferring from ships, handling, filling of drums and transport of hazardous & non-hazardous liquids
Fima Freight Forwarders Sdn Bhd	ISO 9001:2008	Freight forwarding & bulk transportation
Fima Palmbulk Services Sdn Bhd	ISO 9001:2008	Handling, storage & shipment of oleochemicals, edible oils, molasses and latex

SUSTAINABILITY REPORT 2017

“

...WE ARE CONSTANTLY LOOKING
AT WAYS TO REDUCE OUR
ENVIRONMENTAL FOOTPRINT...

”

ENVIRONMENT

The Group's businesses range from manufacturing to plantation operations. In each business segment, we are constantly looking at ways to reduce our environmental footprint. The Group's priorities within this include:

SUSTAINABLE AGRICULTURAL PRACTICES

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

Soil Management: We follow best industry practices e.g. application of empty fruit bunches (EFB), 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 whilst at the same time help clean the waste water. Vetiver grass is a deep rooted grass and is known for its high tolerance of heavy metals, phosphates, nitrates and agricultural chemicals.

Biological controls against pests: Beneficial plants are planted to attract predators (insects) of leaf pests. These

predators feed on leaf pest larvae thereby minimising the usage of pesticides. The introduction of barn owls in estates to suppress rodent population and the placement of pheromone traps to capture Rhinoceros beetles are among methods that have been adopted and proven effective.

Environmental assessment: Environmental impact assessments are carried out ahead of any new plantation development.

SUSTAINABILITY REPORT 2017

WASTE MANAGEMENT

The **Plantation Division** adheres to a “zero waste” policy by recycling waste and by-products. At our palm oil mill in Indonesia, oil mill wastes comprising Palm Oil Mill Effluent (“POME”) and EFB are converted into organic fertilizer or compost which is then applied directly at oil palm fields as a source of nutrients and to supplement fertilizer application. We monitor and treat all effluent and wastewater before discharging into the effluent pond. The organic materials in the effluent and wastewater are broken down by natural activities of anaerobic and aerobic bacteria. This process eliminates the need to add chemicals before the POME is applied as land and compost application.

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 three 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.



PTNJL has applied 17,671 MT or 44% of total EFB produced to the fields to allow for the slow release of organic nutrients through decomposition while conserving soil moisture and improving soil structure. The remaining 56% or 22,660 MT of EFB were processed into compost for application to the fields as well as biomass fuel for the boiler.

Small gestures, BIG IMPACT

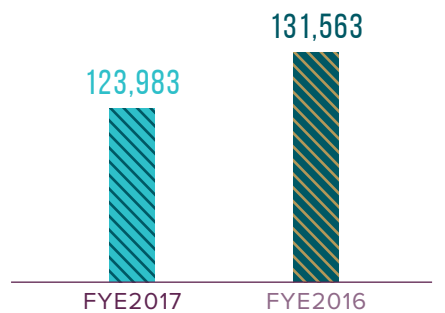
- ✓ The Group continuously seeks to identify opportunities to reduce energy use over time such as transitioning to LED lights for our corporate office and installing solar street lights at our estates.
- ✓ Employees are encouraged to power down computers, printers and lights in areas that are not in use.
- ✓ Switching from paper cheques to e-payments for a majority of transactions which also improves business efficiency.
- ✓ Recycling bins are strategically placed in and around the Head Office premises.
- ✓ Our fax system automatically images incoming faxes and archives them to prevent paper waste.

71,013 MT
POME applied to estate in FYE2017

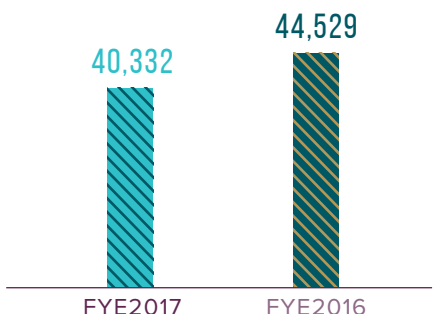
51,169 MT
POME applied to compost in FYE2017

22,660 MT
EFB processed in FYE2017

TOTAL POME PRODUCED (MT)



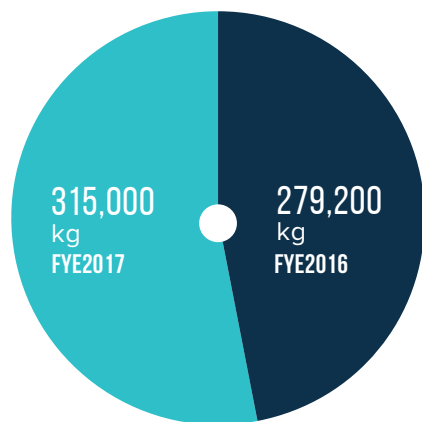
TOTAL EFB PRODUCED (MT)



SUSTAINABILITY REPORT 2017

Fish waste generated by fish processing activities at International Food Corporation Ltd (“IFC”), the **Food Division’s** processing plant in Papua New Guinea, are converted into fishmeal which is then sold to companies involved in the livestock industry.

FISHMEAL



Hazardous wastes and residual products recovered from the **Bulking and Manufacturing Divisions’** terminal and manufacturing operations respectively are disposed of in accordance with stringent industry standards and statutory requirements.

WASTE DISPOSAL BY TYPE

	Volume (MT)	
	FYE2016	FYE2017
Scheduled waste:		
Ink containers	2.70	3.70
Contaminated rags	2.00	2.90
Printing ink waste	1.30	5.40
Pre-slope wash	0.00	15.07
Recycled used oil	13.08	5.43
Solid Waste:		
Shredded paper	250.00	242.20
Total:	269.08	274.7

WATER MANAGEMENT

The Group’s businesses are also focused on efficient water management through, inter alia, reusing water throughout their operations and rainwater harvesting. **Food Division’s** PNG subsidiary is continuing with their efforts to identify opportunities to reduce its water consumption using a variety of approaches including recycling water, replacing faulty equipment, and eliminating water leaks. In addition,



the **Plantation Division** has installed rainwater tanks at workers’ quarters at our Miri and PTNJL estates to harvest rainwater to be used for non-drinking purposes, namely washing and sanitation. Weirs have also been constructed across the field drains at our Miri estate to facilitate water retention and maintain the groundwater table at optimal levels.

The Group’s Indonesian subsidiary, PTNJL has 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.

SUSTAINABILITY REPORT 2017



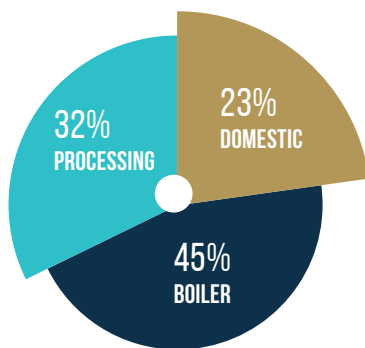
“ This year marks our inaugural disclosure on our CO₂ emission using tools adopted from the Greenhouse Gas Protocol to monitor and measure the Group’s CO₂ emissions. ”

lowers costs. As an organization with operations in 3 countries, the Group is subjected to a wide range of energy supply constraints and commercial pressures and therefore uses a wide range of fuels.

The other factor in the Group’s energy trends is the underlying efficiency of our plants. A robust approach to energy management is therefore crucial across our businesses and all regularly review their operational performance and respond appropriately. This year, a series of detailed efficiency performance tests was carried out by the Group’s Engineering Department on all boilers within the Group’s businesses. The test had several objectives, chief among them is to provide our businesses with long term maintenance planning and identifying boilers that need replacing.

We emit GHG both directly and indirectly. Our largest impact in terms of emissions is direct (scope 1) emissions mainly come 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.

BREAKDOWN OF WATER USAGE



331,172 M³
total mill water consumption in FYE2017

ENERGY USE & EMISSION

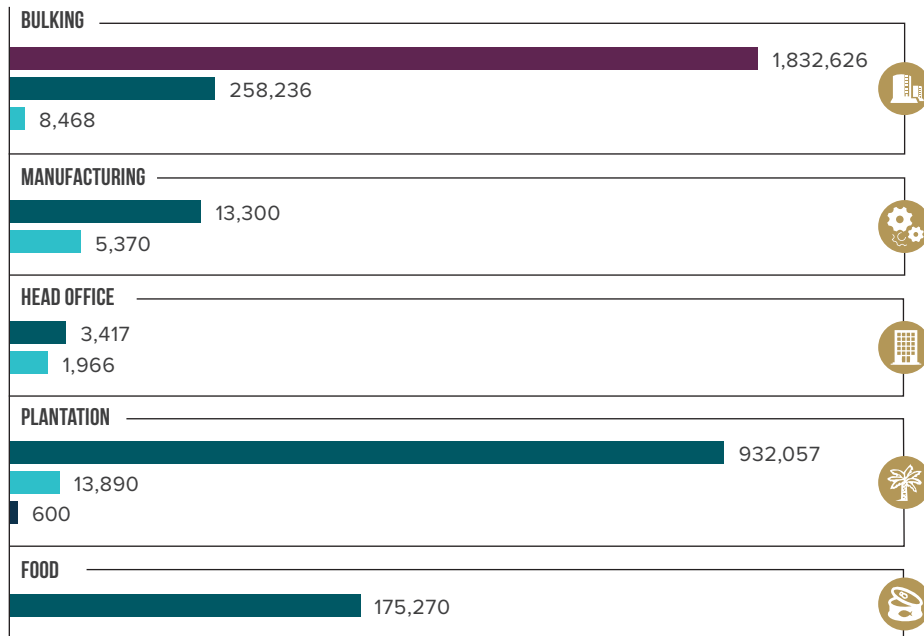
This year marks our inaugural disclosure on our CO₂ emission using tools adopted from the Greenhouse Gas Protocol to monitor and measure the Group’s CO₂ emissions. Over the last year, we have initiated analysis and tracking of our CO₂ emission and energy use. As we are committed to developing our measurement of energy and CO₂, we will continue to refine our reporting criteria and progressively enhance our disclosures.

Efficient energy use is a key business concern. Improving our energy efficiency not only reduces the use of natural resources and emissions of CO₂ and other pollutants but also potentially

SUSTAINABILITY REPORT 2017

FUEL CONSUMPTION BY DIVISION

(litres)



■ Diesel ■ Petrol ■ Residual Fuel ■ Others

3,245,200 LITRES

Total Group Fuel Consumption

One of IFC's most successful energy-efficiency undertakings has been to recycle the steam produced by its boilers. This steam energy which would otherwise be wasted, is captured, and reused to supply heat for heating process. As a result, IFC was able to save approximately 499,200 litres of water during the year.

GETTING A CLEAN DEAL OUT OF RENEWABLE ENERGY

Since 2011, all biomass residue from our Sei-Menggaris palm oil mill in Indonesia are either converted into fertilizer/compost or clean energy. In the case of the latter, mesocarp fibre, palm shell and shredded EFB are utilised as feedstock for the

steam boiler and the steam generated therefrom will then fuel the steam turbine in the cogeneration plant. The impact from the utilisation of biomass as renewal energy has been significant. The electricity and heat energy generated from the cogeneration plant is used to power the oil mill, worker's quarters and as well as government facilities, schools and mosque. In FYE2017, 5,420,030 kWh of electricity was generated which is equivalent to 562 homes' electricity use for one year*.

*per US EPA calculator

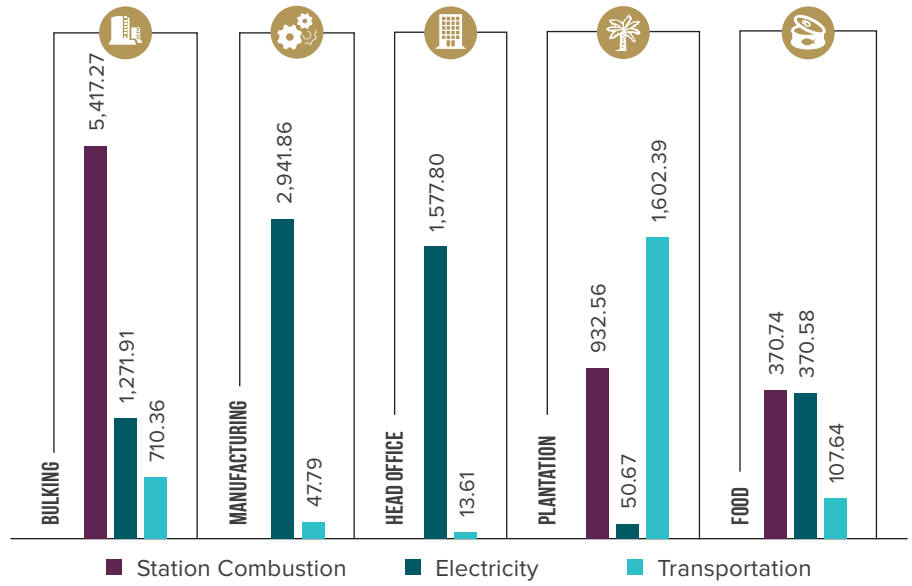


SUSTAINABILITY REPORT 2017

OVERALL CO₂E BY DIVISION (MT)

15,415
tCO₂E
Total Group CO₂E Emission

6,315,906
kWh
Total Group Energy Consumed



RESPONSIBLY SOURCED SEAFOOD

The **Food Division** believes ocean sustainability is important. The Division’s PNG subsidiary, IFC, responsibly sources their fish supply to support and ensure the long-term sustainability and conservation of fish resources. Sustainability and traceability is high on IFC’s agenda when making purchase decisions.

All of the tuna that IFC purchases are caught by purse seine fishing. Purse seine fishing is among the more efficient methods of catching tuna as the amount of bycatch is minimal compared to other fishing methods. The majority of the tuna that IFC buys is skipjack and yellowfin which is widely 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 FAD-free tuna, i.e. tuna caught without the use of fish aggregating devices. IFC also works closely with their suppliers to ensure that the tuna

they procure and process do not contain those which are illegal, unreported and unregulated (“IUU”). During FYE2017, IFC did not incur any IUU-related violations.



SUSTAINABILITY REPORT 2017

OCCUPATIONAL SAFETY & HEALTH

We regard safeguarding of our employees, neighbours, visitors and assets as a core indicator of our business success.

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 constantly carry out activities aimed at preventing work injuries. Preventive and scheduled maintenance are regularly performed on all the Group's facilities, plants, storage tanks and terminals; whereupon repairs and replacements are made when necessary or appropriate. Employees who use any machinery are trained to do so properly, while training programmes 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 to policies is monitored and improvements are discussed.

For the second consecutive year, Fimachem Sdn Bhd was presented with Merit Awards in the Employee Health and Safety Code and Distribution Code categories at the Chemical Industries Council of Malaysia Responsible Care Awards 2016/17. During the year, PTNJL's palm oil mill was accredited with *Sistem Manajemen Keselamatan dan Kesehatan Kerja* (or "SMK3") a local Indonesian Government safety certification that is comparable with the globally recognized OHSAS 18001: 2007.



SAFETY COUNTS

920
days

without lost time
incident achieved
by PKN as at 31
March 2017

ZERO fatality

recorded by all divisions in FYE2017.



CICM Chemical Industries
Council of Malaysia



UTAMAKAN KESELAMATAN
DAN KESEHATAN KERJA



INCIDENT FREQUENCY RATE

Frequency Rate is recorded based on number of lost time injuries "LTI" occurring in the work place for every 1 million man-hours worked. During FYE2017, the Group recorded Lost Time Frequency Rate ("LTIFR") of 12.35 (FYE2016: 10.21) based on the following formula:

$$\text{LTIFR} = \frac{\text{No. of accident}}{\text{Total man-hours worked}} \times 1 \text{ mil}$$

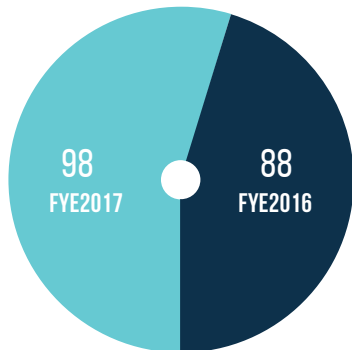
SUSTAINABILITY REPORT 2017

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.

We are pleased to report that the number of major injuries has decreased by 23%, from 13 incidences in FYE2016 to 10 incidences in FYE2017. However, an increase in the number of minor injuries from 75 to 88 has adversely impacted on our frequency rate this year to 12.35 from 10.21 last year. The total number of recorded injuries increased by 11% to 98 compared to the previous year. Most incidences this year are represented by minor injuries related to tools and logistical hazards at our Indonesian estate.

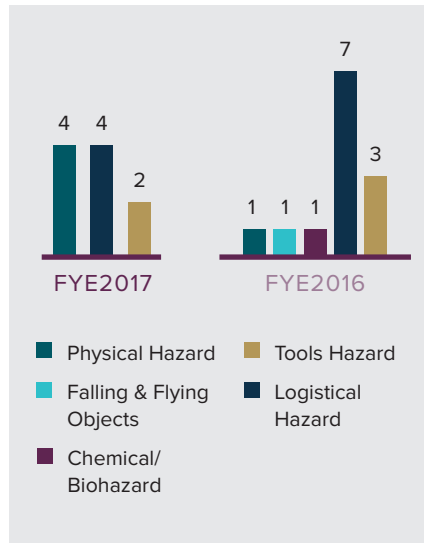


TOTAL NUMBER OF RECORDED INJURIES

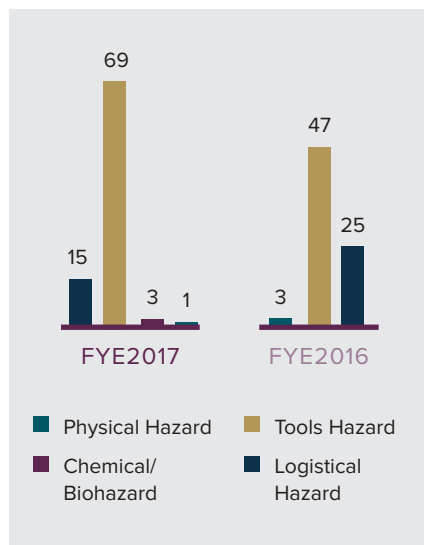


23% Y-O-Y reduction in major injuries

MAJOR INJURIES BY TYPE



MINOR INJURIES BY TYPE



Major Injury: Any incidences resulting in disability, medical treatment and lost time of more than 1 full working day

Minor Injury: Any incidences resulting in only first aid and/or no significant lost time with immediate continuation of work

Near Misses: These incidences have been excluded

EMERGENCY PREPAREDNESS

Emergency preparedness is an important aspect within 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.

During the year, the Group did not incur any fines or sanctions for non-compliance with environmental laws or regulations.

OIL SPILL INCIDENT

In May 2016, the Bulking Division's Butterworth terminal experienced an accidental spillage of 0.4 MT onto the shore during a CPO transfer operation. The spill was promptly cleaned up by the Division's response team and no damage to the shores was found.

The incident was duly reported to the Department of Environment and no legal sanction or penalty was imposed. Subsequent investigation by the terminal revealed the root cause to be human error. Corrective and preventive actions have since been taken, including modifications to certain work protocols to avoid future recurrence.

This was the only oil spill incident in the Group during the year under review.

SUSTAINABILITY REPORT 2017

“

WE SUPPORT THEM BY PROVIDING A WORK ENVIRONMENT THAT IS POSITIVE AND BUILD AN INCLUSIVE CULTURE IN WHICH ALL EMPLOYEES CAN THRIVE

”

SOCIAL

OUR PEOPLE

Our people has always been the backbone of our success. They provide innovative and diverse thinking we need for our businesses. We support them by providing a work environment that is positive and build an inclusive culture in which all employees can thrive. We believe in the inherent benefits of a diverse and inclusive workplace, to maximise our business results and attract, recruit, engage and retain a talented workforce.



BREAKDOWN OF EMPLOYEES BY DIVISION AS AT 31 MARCH 2017

	Head Office	Bulking	Food	Manufacturing	Plantation	Total
Senior Management	6	2	2	2	1	13
Management	10	10	12	14	6	52
Executive	24	21	30	29	40	144
Non-Executive	25	113	855	281	1,501	2,775
Total	65	146	899	326	1,548	2,984

BREAKDOWN OF EMPLOYEES BY NATIONALITY

NATIONALITY/COUNTRY	MALAYSIA	INDONESIA	PAPUA NEW GUINEA	TOTAL
MALAYSIAN	659	5	9	673
INDONESIAN	156	1,269	2	1,427
PAPUA NEW GUINEAN	-	-	844	844
OTHERS	30	-	10	40
TOTAL	845	1,274	865	2,984
RATIO OF LOCAL: FOREIGN	4:1	254:1	40:1	

BREAKDOWN OF EMPLOYEES BY AGE GROUP

AGE GROUP	MALE	FEMALE
<30	60%	40%
30-35	57%	43%
>55	63%	37%

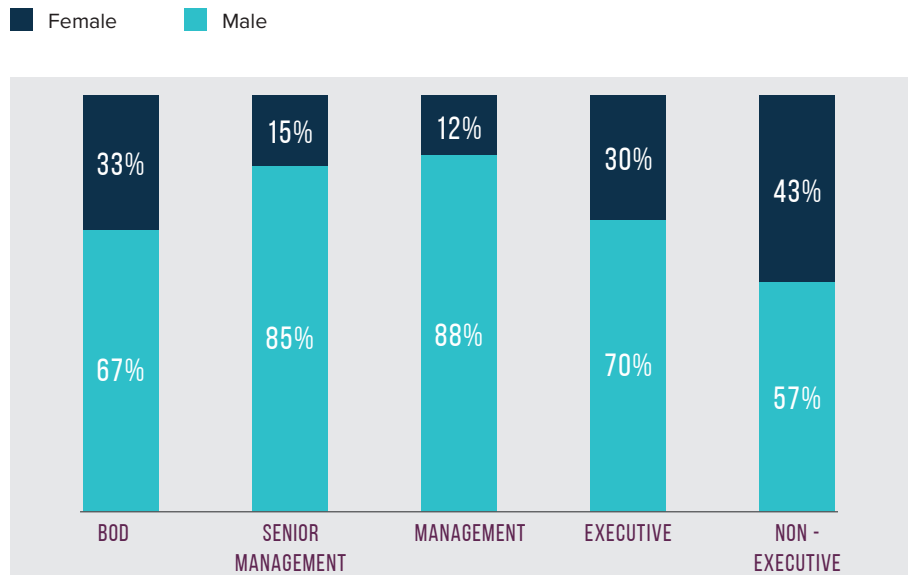
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DIVERSITY AND GENDER BALANCE

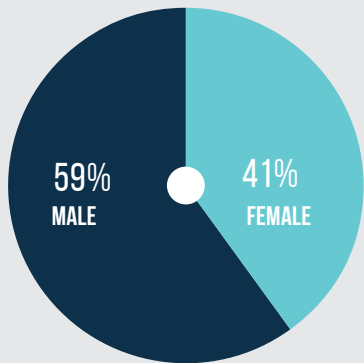
The Group is committed to provide a working environment free of discrimination and unfair bias, where every employee has an equal opportunity in the workplace.

In FYE2017, the Group's workforce stood at 2,984 strong and is made up of 41% women and 59% men. It is worth noting, however, that due to the nature of certain job functions such as manual work in our plantation 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 required delicate handling in order to prevent bruising the meat thereby affecting the quality.

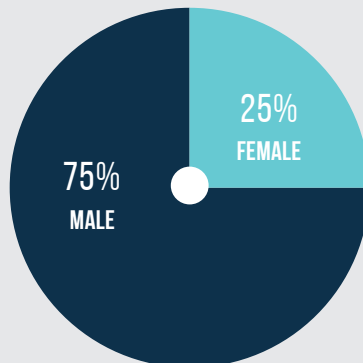
EMPLOYEE BREAKDOWN BY GENDER & POSITION AS AT 31 MARCH 2017



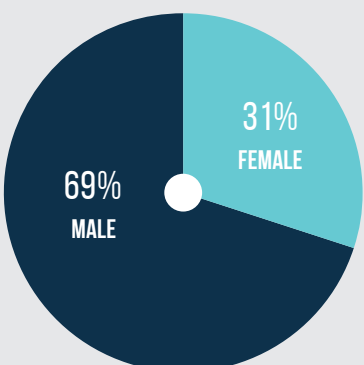
GROUP



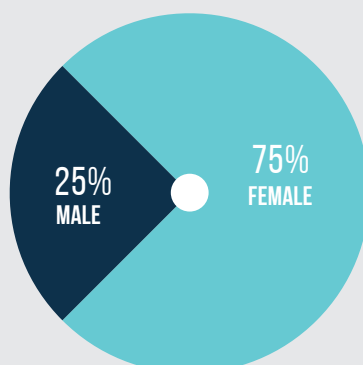
INDONESIA



MALAYSIA



PAPUA NEW GUINEA



SUSTAINABILITY REPORT 2017

EMPLOYEE DEVELOPMENT AND ENGAGEMENT

We recognise the importance of engaging, motivating, training and supporting our people. We strive to develop our employees to reach their maximum potential through training, job rotation and internal promotion opportunities. Training allocation is available annually for our employees to participate in internal or external workshops and seminars. We believe that a mixture of both internal and external training develops targeted skills and knowledge for a specific role.

Apart from training, **Bulking Division** has long provided education aid to its eligible employees in their pursuit of higher

education and/or job-related certification to equip them with the necessary skills and knowledge relevant to their day-to-day role.

All new employees undergo an induction program which helps them to familiarise with all aspects of the Company and the Group, understand the responsibilities of their new role, the culture of our business, the processes they need to follow as well as our expectations for ethical conduct. They will also be provided with the Employee Handbook before, or as soon as they start their new job. This 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 (KPIs) for our employees that reflect critical success factors in their career development. This formal performance and career development reviews take place once a year at the end of the financial year. It also serves as an effective communication platform between employer and employee for



FYE	Average Training Hours Per Employee			
	2016		2017	
GENDER	Male	Female	Male	Female
Senior Management	9.6	35.0	19.1	28.3
Middle Management	7.9	12.0	14.6	24.6
Executive	3.9	10.4	7.3	14.4
Non-Executive	0.6	0.2	0.7	1.1

TOTAL NUMBER OF EMPLOYEE TURNOVER

	Head Office	Plantation	Manufacturing	Food	Bulking
Senior Management	-	-	-	-	-
Management	-	1	-	-	-
Executive	1	1	1	1	1
Non-Executive	-	485	63	213	20
Average Head Count	65	1,554	345	933	145
Division Turnover Rate (%)	2%	31%	19%	23%	14%

16.3% of the Group's total employee turnover relates to abscondments in the Plantation Division. The majority of employees who absconded are engaged in physical labour where traditionally the employee turnover has been high. 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.

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	Malaysia	Indonesia	Total
Total Number of Employees	843	1,274	2,117
Unionized Employees	161	188	349
% of Unionized Employees	19%	15%	16%

feedback, sharing ideas, identify avenues for improvement and to recognize individual training and development needs. Based on performance and contribution, the employees are rewarded through increments, bonuses or promotions.

FREEDOM OF ASSOCIATION

We respect our employees' right of freedom of association and the right to join unions as well as the right to collective bargaining in accordance with local laws. As at 31 March 2017, 349 Group employees are represented by labour unions or works councils. 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 work stoppage.

HUMAN RIGHTS

We are against any forms of forced labour and underage workers and we rigorously enforce these principle at all

our places of work. Each employee's profile and identity document is 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. All employees work on their own free will and without coercion. During the year, there has been no incidence of child or forced labour in the Group.

BENEFITS AND 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



SUSTAINABILITY REPORT 2017

own locally defined employee benefit schemes. For eligible employees, these include:

- contributions to retirement fund;
- medical benefits for outpatient, specialist and hospitalization treatment for employees, spouse and eligible children;
- group term life and personal accident insurance;
- our Indonesian subsidiary, PTNJL provides free transportation for the workers' children to nearby local schools. There is also a clinic and crèche at the estate which is subsidised 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
- provision of housing together with clean water and sanitation to our plantation workers.

During the year, the **Bulking Division** continued its long-standing tradition of rewarding children of employees who have excelled in the UPSR, PMR and SPM examinations with cash incentives.

KFima's Employees' Share Scheme which expired on 17 November 2016 had a healthy take-up rate and thus helps create ownership amongst employees and build a direct relationship between performance and reward.

Employees are also encouraged to participate in numerous activities organised by Kelab Sukan Fima including, among others, monthly Tafsir Al-Quran classes, Tazkirah Ramadhan, Ramadhan Iftar function, Hari Raya Open House and potluck and Fima Family Day 2017. Family days, weekend retreats, sport activities and festive gatherings were also regularly organized at the divisional level.

A healthy SHADE OF GREEN

A new project has been rolled out during the year at the Group's estates in Johor. At Ladang Ayer Hitam, estate management has allocated 0.25 acres of land plus resources such as seeds and fertilizer for the employees to cultivate lemongrass, chillies, ginger and turmeric (kunyit). Meanwhile in Ladang Kota Tinggi, employees use the land to grow bananas and corn (when in season) in addition to leafy vegetables. At the end of the harvest, they get to take their produce home for their own consumption.

"The project fosters a sense of mutual cooperation and respect with employees coming together to share a common interest. They take

immense pride in their little patches of green - which is certainly good for the morale." Rashidi bin Mohd Yazid, Estate Manager Ladang Ayer Baloi



SUSTAINABILITY REPORT 2017

Group employees had also participated in the “Great Eastern Bubble Dash 2016” organized by Great Eastern in Kuala Lumpur. Funds raised therefrom will go towards supporting The Heart Foundation of Malaysia.

COMMUNITY

We believe in contributing economically and socially to the well-being of the communities where we conduct business. Supporting economic and

social development of the communities in which we operate is the right thing to do for our communities as well as for our businesses.

As part of our commitment in 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 jobsites, providing technical training and skills to improve workers’ wage-earning potential. We also support local suppliers and entrepreneurs through purchasing local goods and services.

Apart from building and furnishing the mosques, schools and clinic located within and around the plantation with the necessary amenities, our Indonesian subsidiary, PT Nunukan Jaya Lestari (“PTNJL”) also funds the monthly allowance of teachers, imams and clinic assistants.

During the year, the programme focuses on 4 schools in Klang, Selangor and 1 school in Kelantan namely, SMK Raja Lumu, SMK Pandamaran Jaya, SMK Telok Gadong and SMK Kampung Jawa and SMK Laloh, Kuala Krai. The Group also made a contribution to Teach for Malaysia towards their efforts in setting-up an office space in Johor for their South Region team.

IFC renewed its partnership with the PNG Football Association and sponsored the Besta FA Cup. The division also supported activities or events organised by various agencies such as PNG under-20 Women’s Team for 2016 World Cup, Goroka Health Community Work by Susu Mamas, an NGO that supports and promotes breast feeding for infants, Mental Health Day and HIV/Aids Awareness by Angau General Hospital, Mini Cultural Show of Wawin Primary School, Morobe Show and PNG 41st Independence Day.

Game On! BESTA BACKS PNGFA

International Food Corporation Ltd (“IFC”) is a long-time supporter of the PNG Football Association (“PNGFA”) having been the title sponsor of the Besta FA Cup since 2011.

“We are extremely proud to support PNGFA. Through IFC’s sponsorship, we are able to give back to the wider community by nurturing young local talents through their participation in the national soccer league. This will give the youngsters much needed game experience whilst at the same time fostering community spirit and goodwill.” - Ahmad Faisal Hamdan, Chief Operating Officer, IFC

“Our partnership with IFC through the Besta Youth Development program has resulted in the nurturing of successful players that are in the PNG men’s team. In fact, six of the players in the PNG Men’s team came out of the Besta Youth Development program.” - PNGFA president David Chung



Empowering underprivileged sections of society through sponsorship and providing resources is an important part of our community outreach. We continued with our sponsorship of Persatuan Al-Hunafa, a non-profit organisation towards its Titian Samara Programme designed to help secondary students with academic and social problems.



COMMUNITY SUPPORT
> RM 1,000,000
 Spent on Community Investments and Activities

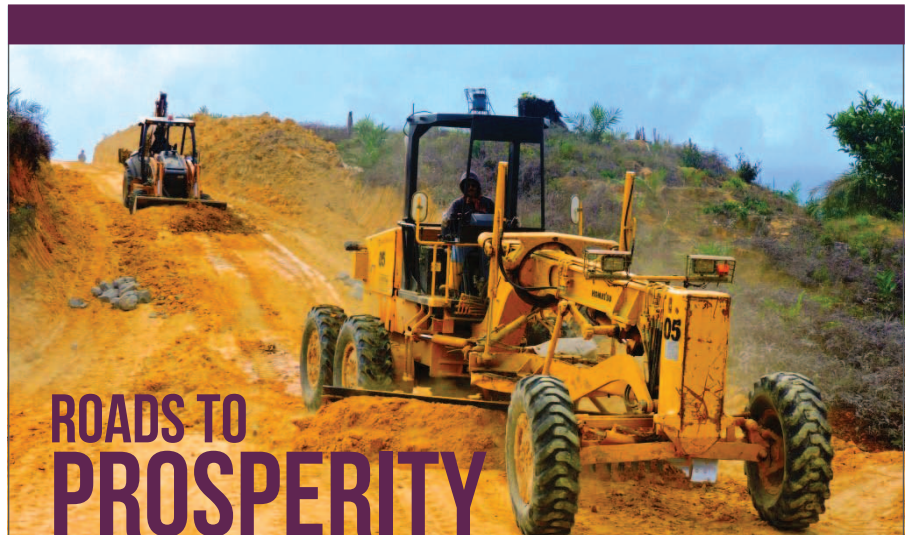
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The Group's **Manufacturing Division** provided a grant to University Kebangsaan Malaysia towards their research on geopolitical detection system in Johor.

The Group offers placements to university students to undergo on-the-job programmes in various functions within the Group to gain the skills and experience they need to access entry-level job opportunities. During the

year, 2 students from Kolej Vokasional Port Dickson underwent a 4-month work-based training programme at PKN. In January 2017, PKN absorbed a contract employee who had previously underwent an internship programme with the company, as a permanent staff. Meanwhile, our Indonesian subsidiary, PTNJL also received 5 students from PDD Politeknik Negeri Nunukan, Kalimantan to undergo 2-month internship programme during the year.



PTNJL has always placed significant emphasis on community relations and corporate social responsibility initiatives, making significant investment in local communities and infrastructure with the aim of improving the standards of living of its employees and local citizens on and

around its estates. During the year, PTNJL had carried out upgrading and maintenance works on the rural roads at Desa Semaja (8km) and Mattiro Bulu (8km), providing these rural towns with the much needed connectivity and access to socio-economic services and economic opportunity.

“Extreme seasonal weather such as floods and droughts as well as frequent use by heavy goods vehicles in these areas mean that roads need to be properly maintained. The improved roads have made it easier for children to attend school, for people to reach hospitals in cases of emergency and for both local farmers and consumers to reach markets. The average travel times have significantly reduced.” – Mohd Rizal Mat Nor, President Director, PTNJL

The cost of the works was fully funded by PTNJL.