



**SUSTAINABILITY REPORT 2018**

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# **BUILDING VALUES**

*The Group's*  
**3 KEY PERFORMANCE OBJECTIVES**



Profitable  
Revenue Growth



Solid Returns on  
Capital Employed



Strong Cash  
Generation



*are supported by*  
**4 STRATEGIC DRIVERS**



Maintain Prudent  
Financial Profile



Strengthen  
Core Businesses



Leverage  
on Market  
Opportunities



Establish Strong  
Pillars For Future  
Growth



**SUSTAINABILITY VALUES**

*that support these objectives and  
strategic drivers*



**MARKETPLACE**

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

## SUSTAINABILITY REPORT 2018

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 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 guided by Bursa Malaysia's Sustainability Reporting Framework and 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 three key pillars: Marketplace, Social and Environment.

We are currently in the midst of formalising our materiality and sustainability reporting processes and the work is still ongoing. In doing so we engaged with various teams from within the Group and across all parts of our business, gathering opinions and suggestions in both formal and informal settings to form the substance of this Report. This Report highlights some of our key sustainability issues and how we are presently addressing them. We define key issues as those issues that can, or in fact do, have a significant impact on our sustainability performance and ultimately influence financial outcomes as we believe that the long-term viability of our business rests on our ability to manage those issues. In the coming year, we will give a higher profile to the communication of different aspects of our sustainability programme to our employees as we intend to set measurable environmental targets.



## SUSTAINABILITY 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 creating long-term value and maintaining our social licence to operate.

Our Board governs the Company and oversees our sustainability approach with dedicated Board committees assisting with oversight and monitoring. Each committee has 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 and reflects



all areas of the Group. At management level, the Heads of Division comprises the Group's most senior executives. There is a delegations 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 adapting sustainability strategies to their operating needs, as well as providing the resources needed for its implementation. They align their brands and technologies, and the sites involved to sustainability in line with the specific challenges and priorities of their business portfolio.

The Corporate Governance Overview section of this Annual Report and our website at <http://www.fima.com.my/corporate-governance.html> sets out our principles and policies in more detail.



SUSTAINABILITY REPORT 2018

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

STAKEHOLDERS	AREAS OF FOCUS	OUR APPROACH
<p><b>OUR PEOPLE</b></p> 	<ul style="list-style-type: none"> <li>• Job security and wages</li> <li>• Conducive workplace</li> <li>• Career development</li> <li>• Corporate activity</li> <li>• Health and safety</li> <li>• Group’s growth development</li> </ul>	<p>Our strategy is to invest in the attraction, retention and development of a diverse and talented workforce 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><b>SHAREHOLDERS AND INVESTORS</b></p> 	<ul style="list-style-type: none"> <li>• Delivering profitable returns on investment</li> <li>• Financial strength &amp; resilience</li> <li>• Disclosing timely, concise and relevant information</li> <li>• Upholding corporate values</li> <li>• Business sustainability</li> </ul>	<p>We respond:</p> <ul style="list-style-type: none"> <li>• through timely disclosures of the Group’s financial results, announcements, annual reports and via the Company’s website.</li> <li>• by disseminating material issues to the market by way of Bursa announcements.</li> <li>• through continued improvements in our business strategies, governance framework and corporate reporting.</li> <li>• through engagements at General Meetings.</li> </ul>
<p><b>CUSTOMERS</b></p> 	<ul style="list-style-type: none"> <li>• Changing needs of customers and consumers</li> <li>• Business ethics</li> <li>• Innovation</li> <li>• Supply chain/traceability issues</li> <li>• Health &amp; safety</li> <li>• Certification</li> </ul>	<p>We seek to be honest and fair in our relationships with 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><b>COMMUNITIES</b></p> 	<ul style="list-style-type: none"> <li>• Economic empowerment/ livelihood</li> <li>• Community safety and health</li> <li>• Environmental protection</li> </ul>	<p>Our operations create employment and career development opportunities for our local communities, as well as business opportunities for local suppliers.</p> <p>Communities also benefit from improved standards of living from, inter alia, the infrastructure we put in place and welfare contributions.</p>

## SUSTAINABILITY REPORT 2018

STAKEHOLDERS	AREAS OF FOCUS	OUR APPROACH
<b>MEMBERSHIPS &amp; ASSOCIATIONS</b> 	<ul style="list-style-type: none"> <li>• Advancing industry-specific matters with policymakers and other key stakeholders</li> </ul>	<p>Our memberships provide a forum 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>
<b>SUPPLIERS</b> 	<ul style="list-style-type: none"> <li>• Quality control</li> <li>• Business ethics</li> <li>• Training &amp; support</li> <li>• Supply chain transparency</li> <li>• Sustainability requirements</li> </ul>	<p>We require our suppliers to live up to sound social and environmental standards. 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>
<b>NATIONAL AND LOCAL GOVERNMENTS</b> 	<ul style="list-style-type: none"> <li>• Licence to operate</li> <li>• Compliance &amp; regulations</li> <li>• Land issues</li> <li>• Level 'playing fields' for all sectors</li> <li>• Local economic development programmes</li> <li>• Corporate Responsibility initiatives</li> <li>• Industry-specific matters</li> </ul>	<p>We are often a major economic contributor to the local and national jurisdictions in which we operate. 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>

## Business Integrity and Internal Control

We require all businesses to implement appropriate levels of risk management to ensure compliance with all relevant legislation, our Group 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 of this Annual Report.

The Group also has a zero-tolerance approach to unethical practices, and every employee is accountable for ensuring that our values are always upheld in all we do. A significant number of written agreements entered into by our businesses with their respective vendors and customers include specific anti-bribery and corruption clauses.

## The United Nations' Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) comprise 17 goals and 169 associated targets that address the world's most pressing economic, social and environmental challenges. The SDGs are the result of years of multi-stakeholder engagement among governments, NGOs and business.

The private sector plays an important role in achieving the SDGs. We have identified 8 goals that correspond most and are relevant to our businesses. We contribute towards the achievement of the SDGs through our direct business activities; among them, the products we produce and the way we produce them; the use by host governments of the taxes we pay, the direct and indirect employment opportunities we create, our supply chain and our voluntary social investments.



**17**  
ASPIRATIONAL OBJECTIVES

**169**  
DEFINED TARGETS

**14**  
YEARS  
2017-2030

The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

Below we highlight the areas where the Group can make the most contribution to the achievement of the SDGs and those which are closely related to our businesses:

<p><b>1</b> NO POVERTY</p>	<p><b>End poverty in all its forms everywhere</b></p>		
	<p>HR policies on <b>minimum wages &amp; fair pay</b></p>	<p>Economic empowerment/livelihood via <b>creation of employment and business opportunities</b> for local communities</p>	
<p><b>2</b> ZERO HUNGER</p>	<p><b>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</b></p>		
	<p>Potential <b>higher yield</b> and <b>extraction</b> through adoption of good agricultural practices</p>	<p>Responding to the increased demand for <b>affordable protein</b></p>	<p>Maintaining <b>high food safety standards</b></p>
<p><b>4</b> QUALITY EDUCATION</p>	<p><b>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b></p>		
	<p>Support of employees personal and professional development through <b>training programmes</b></p>	<p><b>Philanthropic initiatives</b> in the areas of education and youth development</p>	<p><b>Wellbeing</b> of local communities</p>
<p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p><b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b></p>		
	<p>Positive <b>contribution to economic growth</b> in the countries in which we operate e.g. via tax &amp; other contributions</p>	<p>Ensure <b>good health, safety &amp; employment</b> conditions</p>	<p><b>Strong stance against forced</b> or compulsory labor and child labor</p>
<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p><b>Ensure sustainable consumption and production patterns</b></p>		
	<p>Commitment to <b>implement &amp; maintain</b> supply chain transparency and adherence to international standards (NFA, Marine Stewardship Council, Dolphin Safe, MSPO, ISO etc)</p>	<p><b>Water &amp; waste</b> management</p> <p><b>Conservation</b> of fish resource through responsible procurement</p>	<p>Use of <b>renewable energy</b> &amp; efficiency of energy use</p> <p>Adoption of <b>good agricultural practices</b></p>
<p><b>13</b> CLIMATE ACTION</p>	<p><b>Take urgent action to combat climate change and its impacts opportunities for all</b></p>		
	<p>Use of <b>renewable energy</b> &amp; efficiency of energy use</p>	<p><b>Water &amp; waste</b> management</p>	<p>Adoption of <b>good agricultural practices</b></p>
<p><b>14</b> LIFE BELOW WATER</p>	<p><b>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</b></p>		
	<p><b>Zero tolerance</b> approach to illegal, unreported and unregulated (“IUU”) fishing</p>	<p>Commitment to <b>implement &amp; maintain</b> supply chain transparency and adherence to international standards (NFA, Marine Stewardship Council, Dolphin Safe, MSPO, ISPO etc)</p>	
<p><b>15</b> LIFE ON LAND</p>	<p><b>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</b></p>		
	<p>Use of <b>renewable energy</b> &amp; efficiency of energy use</p>	<p><b>Water &amp; waste</b> management</p>	<p>Adoption of <b>good agricultural practices</b></p>

These areas are closely aligned to our established material marketplace, social and environmental aspects covered in this, and earlier, sustainability reports.



### 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 almost 3,000 people in 3 countries. In addition to corporate income taxes, the companies within the Group pay many other taxes, including GST, 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.

### VALUE DISTRIBUTION TO STAKEHOLDERS

(RM 'MILLION)



### “Top 50 Tax Payer in the Nunukan Region

During the reporting year, our Indonesian subsidiary PTNJL had been awarded “50 Pembayar Pajak Terbesar Tahun 2017” under the “Wajib Pajak Badan” category.”

SUSTAINABILITY REPORT 2018

**Cybersecurity**

Continuously maintaining our cybersecurity is critical to data integrity and sustaining trust amongst our stakeholders. The Group maintains a comprehensive information security program to protect our networks, information and communications assets, notably and in particular, threats of malicious software and phishing to email security. We review our IT policies and processes from time to time to ensure adequate safeguards are in place to prevent misuse and unauthorised access to our systems and data. Further, we endeavour to strengthen the security of our systems through the implementation of management controls at all our offices.

**Product Information & Product Labeling**

Product information and labelling requirements are stringent in the jurisdictions where we operate and include disclosures on 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.

**Traceability** - Collaborating with suppliers, IFC ensures that tuna procured and processed do not contain those which are Illegal, Unreported or Unregulated ("IUU").

**Certified** - All required certifications and accreditations are aligned with regulations, industry best practices and marketplace conditions in which we operate.



**Accountability** - IFC's operations are subjected to regular audits conducted by government and regulatory authorities such as National Fisheries Authority of PNG, British Retail Consortium, International Food Standard, Dolphin Safe, HACCP, GMP, MSC and Jakim (Halal).

**Purchasing Policy** - IFC is committed to buying tuna caught by purse seine and FAD-free only.

**Quality & Standards**

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

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

The **Food Division's** production facilities, suppliers of ingredients and packaging materials are required to comply with stringent international standards and regulations, government regulations and company policies, procedures, controls, and good manufacturing practices applicable to their operations. To ensure compliance with these requirements, we are subject to a number of audits and inspections. This includes (but not limited to) audits conducted by government and regulatory authorities such as 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, 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 IFC had retained BSCI rating of Grade A (Excellent).

**IFC & FISB CERTIFICATIONS**



SUSTAINABILITY REPORT 2018

### PRINCIPLES OF THE CODE OF CONDUCT



- THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING
- DECENT WORKING HOURS
- FAIR REMUNERATION
- NO BONDED LABOUR
- NO CHILD LABOUR
- OCCUPATIONAL HEALTH AND SAFETY
- ETHICAL BUSINESS BEHAVIOUR
- NO PRECARIOUS EMPLOYMENT
- SPECIAL PROTECTION FOR YOUNG WORKERS
- NO DISCRIMINATION
- PROTECTION OF THE ENVIRONMENT



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 include:

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

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 9001:2008	Handling, storage & shipment oleochemicals, oils and fats
	ISCC-EU	International Sustainability Carbon Control
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 9001:2015	Handling, storage & shipment of oleochemicals, edible oils, molasses and latex

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 as authorities await a definitive outcome of the 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.

In Malaysia, our estates are being readied to align their operations with the requirements of the Malaysian Sustainable Palm Oil (“MSPO”), in keeping to the mandatory timeline of 30 June 2019 (for entities without any certifications) to obtain the MSPO certification. The MSPO standards provide general principles for the implementation, establishment and improvement of the operational practices of a sustainability system to ensure the sustainability of palm oil.

## SUSTAINABILITY REPORT 2018

## ENVIRONMENT



The Group's businesses range from manufacturing to plantation operations. In each business segment, we are continually looking for 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. 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 while at the same time help clean the wastewater. Vetiver grass is a deep-rooted grass and is known for its high tolerance of heavy metals, phosphates, nitrates and agricultural chemicals. We also apply a mix of shredded empty fruit bunches ("EFB") with palm oil mill effluent ("POME") as an organic source of nutrient and hence reducing the input of inorganic fertiliser.

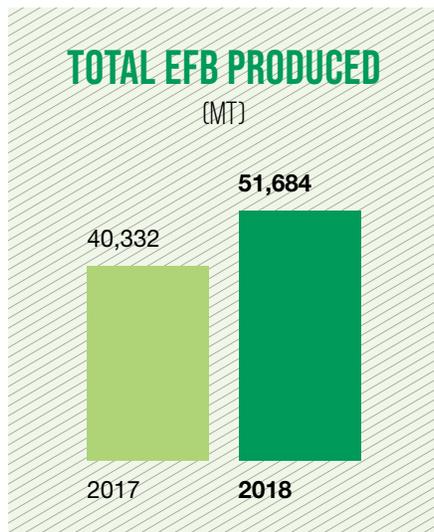
**Biological controls against pests:** Beneficial plants such as *Turnera Subulata*, *Antigonon leptopus* and *Casia Cobanensis* are planted to attract predators (insects) of leaf pests. These predators feed on leaf pest larvae thereby minimising the use of pesticides. The introduction of barn owls in 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. During the year, the Group commenced an environmental impact assessment ("EIA") on its greenfield development in Sungai Siput, Perak. The EIA is still on-going and is expected to be completed this current financial year.

## Waste Management

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



**91,209**

MT

of POME applied to estate fields in FYE2018

**26,395**

MT

of EFB processed into compost in FYE2018

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

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 4 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 International Food Corporation Ltd (“IFC”), the **Food Division**’s processing plant in Papua New Guinea, are converted into fishmeal which is then sold to companies involved in the aquaculture and livestock industries. The remainder is sold to external fishmeal processors.

	FYE2017	FYE2018
Fishmeal	315,000 kg	611,500 kg

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

SUSTAINABILITY REPORT 2018

WASTE DISPOSAL BY TYPE

	Volume (tonnes)	
	FYE2017	FYE2018
<b>Scheduled Waste:</b>		
Ink containers	3.70	3.58
Contaminated rags	2.90	3.11
Printing ink waste	5.40	3.58
Recycle used oil	15.64	34.05
<b>Solid Waste:</b>		
Shredded paper	242.20	209.53
Used Tyres	-	6.00
Scrap Crushed Iron	-	6.00
Food Waste (Head Office)	-	2.53
Plastic (Head Office)	-	0.39
<b>Total</b>	<b>269.84</b>	<b>268.77</b>

Water Management

The Group’s businesses remain focused on efficient water management through, inter alia, reusing water throughout their operations and rainwater harvesting. **Food Division’s** PNG subsidiary, 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, the **Plantation Division** has installed rainwater tanks at the workers’ quarters in our Miri and PTNJL estates. This allows us to harvest rainwater to be used for daily consumption. 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.

During the year, water consumption of PTNJL’s palm oil mill in Sei-Manggaris has increased by 19% compared to last year, largely as a result of the increase in the volume of crops processed during the year.

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.

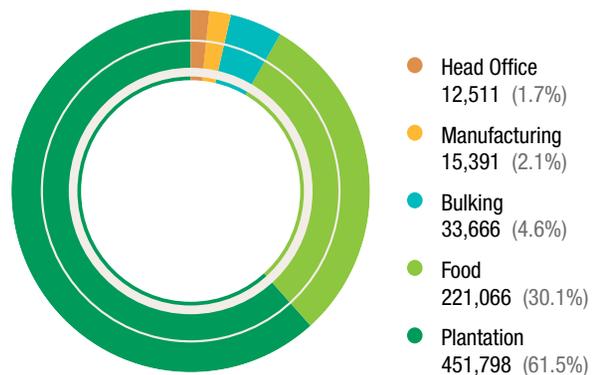
WATER CONSUMPTION

734,432 M<sup>3</sup>

TOTAL WATER CONSUMED BY THE GROUP

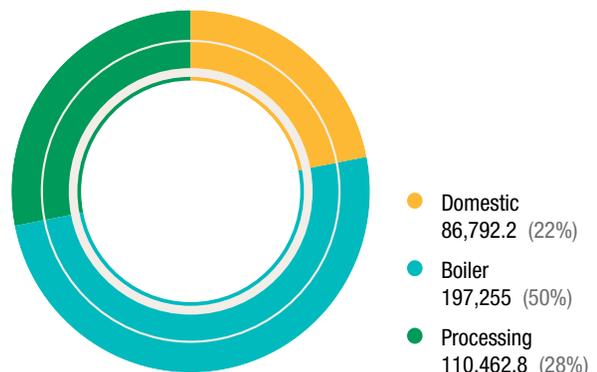
BREAKDOWN OF WATER CONSUMPTION

BY DIVISION (M<sup>3</sup>)



BREAKDOWN OF WATER USAGE

BY MILL (M<sup>3</sup>)



394,510 M<sup>3</sup>

OF WATER CONSUMPTION BY MILL IN FYE2018

(FYE2017: 331,172 m<sup>3</sup>)

SUSTAINABILITY REPORT 2018

**Energy Management**

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

Division	Diesel	Petrol	Fuel Oil	Total
Bulking	515,319	3,476	1,778,885	<b>2,297,680</b>
Food	574,361	-	-	<b>574,361</b>
Manufacturing	30,175	3,739	-	<b>33,914</b>
Plantation	1,536,246	42,950	-	<b>1,579,196</b>
<b>Grand Total</b>	<b>2,656,101</b>	<b>50,165</b>	<b>1,778,885</b>	<b>4,485,151</b>

In FYE2018, the Group implemented various energy optimisation projects and initiated new studies, which upon implementation, is expected to reduce the Group's energy use in the years to come. The projects include both operational and maintenance improvements, as well as the replacement of less efficient processing equipment. During the year, a 25 kWh solar photovoltaic (PV) system had been installed at the Group's Head Office building in Kuala Lumpur that was made up of 76 panels. The system involves a one-time cost but requires low maintenance, thus also reducing capital and operational expenditure in the long-term. At the present 25Kwh capacity, the energy generated will result in a decrease of CO<sub>2</sub> emissions by 17 tonnes a year. Given the favourable results to-date, we are now looking at expanding the use of solar energy.

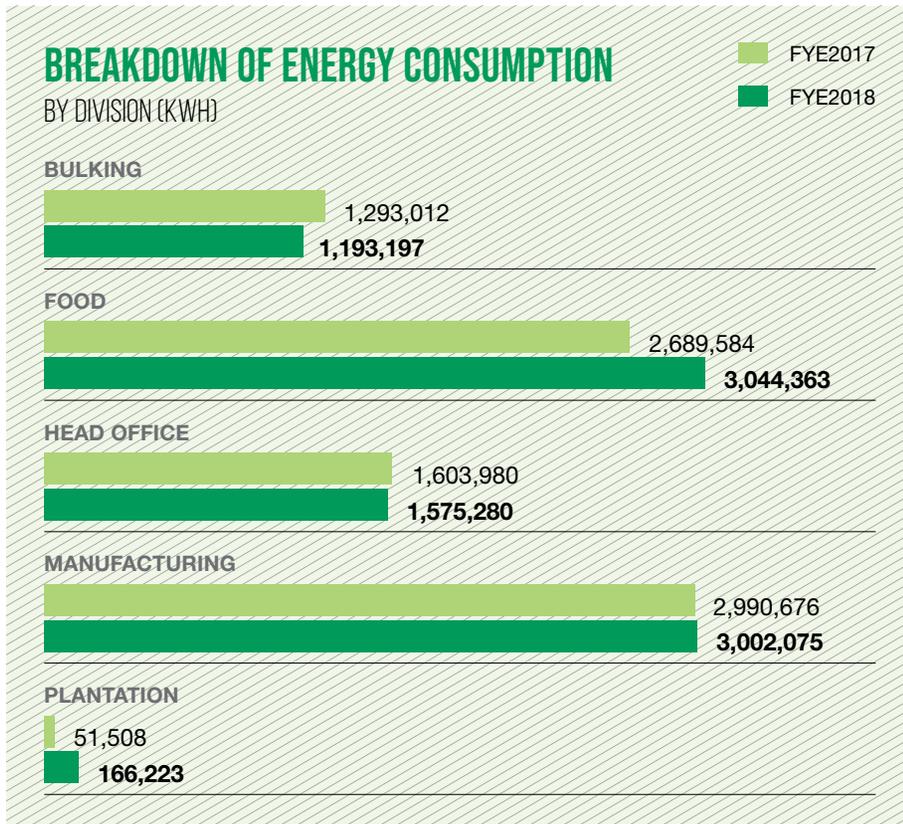
**4,485,151**  
**LITRES**

TOTAL FUEL CONSUMED  
BY THE GROUP

**8,981,138**  
**KWH**

TOTAL ENERGY CONSUMED  
BY THE GROUP

Refrigeration, lighting and air-conditioning account for the majority of energy used by IFC's processing plant. During the year, IFC invested RM337,300 in energy efficiency projects which included LED lighting retrofits and upgrades in electrical infrastructure. IFC is also upgrading 2 of its boilers to replace the existing ageing boilers. These upgrades, once completed will add to the efficiency increases at IFC's processing plant. At present, IFC recycles the steam produced by its boilers. This steam energy which would otherwise be wasted is captured and reused to supply heat for the heating process.



## SUSTAINABILITY REPORT 2018



Since 2011, all biomass residue from our PTNJL palm oil mill in Indonesia is either converted into fertiliser/compost or clean energy. In the case of the latter, mesocarp fibre, palm shell and shredded EFB are utilised as feedstock for the steam boiler and the steam generated therefrom will then fuel the steam turbine in the cogeneration plant. The impact from the utilisation of biomass as renewable 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 FYE2018, 6,571,920 kWh of electricity was generated which is equivalent to 528 homes' electricity use for one year\* (FYE2017: 5,420,030 kWh).

\*Source: US EPA calculator



## OFFICE INITIATIVES

- Transitioning to LED lights for our corporate offices.
- 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.
- We gave preference to sustainable and eco-friendly materials for our Head Office refurbishment works which included repurposed wood cabinetry for the pantry and carpets which are Green Label Plus certified and had recycled content.
- Replacing old appliances with ENERGY STAR certified ones.
- Recycling bins are strategically placed in and around the Head Office premises.
- Introduction of e-payslips removes the need for the production and circulation of paper-based payslips, allowing employees to view the information online.
- Our fax system automatically images incoming faxes and archives them to prevent paper waste.
- Majority of our offices use Forest Stewardship Council/ KHAN-NA paper sourced from sustainable, managed forests.
- Used coffee grounds are applied as fertiliser for the garden at Group Head Office. It is 100% organic material and helps to improve drainage, water retention and aeration in the soil as well as assisting microorganisms to thrive and attract earthworms, which are beneficial for plant growth.

## SUSTAINABILITY REPORT 2018

## 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.

GROUP	
<b>Our greenhouse gas emissions</b>	
Scope 1 – Direct emission	70,643.31 tCO <sub>2</sub> eq/litre
Scope 2 – Indirect emission	7,903.4 tCO <sub>2</sub> eq/kWh
*Total emissions	78,546.71 tCO <sub>2</sub> eq

MANUFACTURING 	
<b>Our greenhouse gas emissions</b>	
Scope 1 – Direct emission	89.28 tCO <sub>2</sub> eq/litre
Scope 2 – Indirect emission	2,641.83 tCO <sub>2</sub> eq/kWh
Total emissions	2,731.11 tCO <sub>2</sub> eq
Emission intensity by Operating Hour	0.0034 MT per operating hour

PLANTATION 	
<b>Our greenhouse gas emissions</b>	
Scope 1 – Direct emission	63,191 tCO <sub>2</sub> eq/litre
Scope 2 – Indirect emission	146.28 tCO <sub>2</sub> eq/kWh
Total emissions	63,337.81 tCO <sub>2</sub> eq
Emission intensity by FFB Production	0.2545 MT per MT FFB production

HEAD OFFICE 	
<b>Our greenhouse gas emissions</b>	
Scope 1 – Direct emission	9.20 tCO <sub>2</sub> eq/litre
Scope 2 – Indirect emission	1,386.25 tCO <sub>2</sub> eq/kWh
Total emissions	1,395.45 tCO <sub>2</sub> eq
Emission intensity by square feet	0.0111 MT per square feet

BULKING 	
<b>Our greenhouse gas emissions</b>	
Scope 1 – Direct emission	5,819.75 tCO <sub>2</sub> eq/litre
Scope 2 – Indirect emission	1,050.01 tCO <sub>2</sub> eq/kWh
Total emissions	6,869.76 tCO <sub>2</sub> eq
Emission intensity by Product Storage	0.0072 MT per MT product storage

FOOD 	
<b>Our greenhouse gas emissions</b>	
Scope 1 – Direct emission	1,533.54 tCO <sub>2</sub> eq/litre
Scope 2 – Indirect emission	2,679.04 tCO <sub>2</sub> eq/kWh
Total emissions	4,212.58 tCO <sub>2</sub> eq
Emission intensity by Fish Processed	0.0005 MT per MT fish processed

Note: Scope 1 – CO<sub>2</sub> emissions emitted from diesel engines, transportation vehicles, chemical or physical operations.

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

## SUSTAINABILITY REPORT 2018



## 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 viability and conservation of fish resources. 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 Vessel 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 are regularly on board the vessels that catch tuna to ensure the vessel operators are adhering to the required standards. During FYE2018, IFC did not incur any IUU-related violations.

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 tuna caught without the use of fish aggregating devices ("FAD"). FAD is defined by the Western and Central Pacific Fisheries Commission as **"any object or group of objects, of any size, that has or has not been deployed, that is living or non-living, including but not limited to buoys, floats, netting, webbing, plastics, bamboo, logs and whale sharks floating on or near the surface of the water that fish may associate with."** FADs are used by purse seine vessels largely to catch tuna. A concern with using FAD is the impact on all other non-tuna marine life which become attracted to the FAD and gets trapped in the net. That bycatch can include sharks, swordfish and juvenile fish. During the year, 98.6% of the tuna purchased by IFC are caught without the use of FADs (FYE2017:92.9%). Ultimately, IFC endeavours to have its tuna source and products to be 100% FAD-free.

## Occupational Safety & Health

We regard the 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 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. Employees who use any machinery are trained to do so correctly, 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 with policies is monitored, and improvements are discussed.

For the third 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 2017/18. During the year, PTNJJL's palm oil mill retained its accreditation of Sistem Manajemen Keselamatan dan Kesehatan Kerja (or "SMK3"), a local Indonesian Government safety certification that is comparable with the globally recognised OHSAS 18001:2007.

**CICM** Chemical Industries Council of Malaysia



# SAFETY ACHIEVEMENTS

## Zero Fatality

Recorded by all divisions in FYE2018.

Percetakan Keselamatan Nasional Sdn Bhd has achieved **1,285 days**

without any lost time incident as at 31 March 2018.

The 'Penghargaan Kecelakaan Nihil' was awarded this year to PTNJL by the Labour and Transmigration Ministry for having achieved

**39,236,984 manhours**

without any workplace accidents for the period 1 January 2015 to 31 December 2017.



## 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 FYE2018, the Group recorded an overall Frequency Rate of 5.29 based on the following formula:

$$LTIFR = \frac{\text{No. of Lost Time Injuries}}{\text{Total Man-Hours Worked}} \times 1,000,000$$

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, scaled for several severities of injuries:

Days of Lost Time Injuries:	LTIFR
1 Day	2.25
2-4 Days	1.32
>4 Days	1.72
All Injuries	5.29

The table indicates that after taking into account all injuries that occurred over the year, the Group had recorded an LTIFR of 5.29 site for every 1 million man-hours worked. Last year we had identified some inconsistencies in the computation and definition of lost time injuries in different parts of the Group. The methodology has now been improved and we will continue to progressively refine our reporting criteria and improve our disclosures.

## TOTAL NO. OF RECORDED INJURIES

DAYS OF MEDICAL LEAVE TAKEN RESULTING FROM AN INCIDENT

Days >4



Days 2-4



1 Day



## TOTAL INJURIES

BY TYPE



- Falling/Flying Objects ..... 6 (15.0%)
- Physical ..... 7 (17.5%)
- Tools ..... 27 (67.5%)

## SUSTAINABILITY REPORT 2018

## 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. During the year, 15 Group employees received cardiopulmonary resuscitation (CPR) and first aid training which covers the practical skills needed by first aiders in the event a person is injured or taken ill at the company's work premises.

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



Safety briefings precede daily activities for most of our businesses to ensure employees are focused on performing the tasks at hand as quickly and safely as possible. These briefings primarily cover:

- The sequence of a task or a job;
- Potential hazards involved;
- Appropriate equipment to be used;
- Personal protective equipment needed; and
- Emergency response.

## Business Improvement Processes (BIP)

The Group firmly believes in continuously improving business processes in order to achieve cost efficiencies in production through increased specialisation and investments in key technologies as well as optimising our environmental footprint in every phase of the value chain. As such, the Group conduct regular BIPs to ensure we stay on track. This year has been no exception, and the table below summarises the BIP projects that were undertaken this year:

Subsidiary	Type	What's been done?	How does this offer improvement?
Food	Installation of New Equipment	Installation of 2 water softener and carbon filter	Prevents calcium carbonate build-up, thus prolonging equipment useful life.
Food	Repair and Maintenance	Repaired and improved the insulation of tuna and mackerel cold room ceiling	Keeps cold air insulated whilst ensuring stable refrigeration and preserving fish quality. Energy use and cost are also minimised
Food	Repair and Maintenance	Newly installed ceiling with a colour bond sheet at Tuna skinning and cleaning area	Better insulation means cooler work environment for employees and lowers air-conditioning use.
Food	Repair and Maintenance	New Mackerel Polyurethane flooring	Waterproof and easy to clean spillage thus more hygienic
Food	Installation of New Equipment	Installation of two larger sauce kettles mackerel & tuna	Reduce manpower, cooking time and steam consumption

## SUSTAINABILITY REPORT 2018

Subsidiary	Type	What's been done?	How does this offer improvement?
Bulking	Repair and Maintenance	Under Deck Structure Repair	Restore structural integrity & extend the useful life
Bulking	Repair and Maintenance	Sandblasting and recoating of 6 storage tanks	Minimise skin losses and potential cross-contamination.
Bulking	Purchase of new equipment	Installation of 5 units of electronic radar gauging system	Reduces labour employed and real-time, remote monitoring
Bulking	Repair and Maintenance	New weighbridge can support trucks up to 18m in length	Able to handle heavier tanks
Bulking	Purchase of new software	Upgrading the existing HR management system	Automated overtime calculation thereby minimising errors. e-leave features and recording staff activities
Plantation (Estate)	Repair and Maintenance	Application of laterite stone on road	Lowers vehicle downtime, maintenance costs and improves crop evacuation
Plantation (Estate)	Infrastructure	Upgrade of the bridge using galvanised culvert	Lowers vehicle downtime, maintenance costs and improves crop evacuation
Plantation (Mill)	Infrastructure	Replace wooden workshop with a steel structure	Improves safety and complies with the local regulatory requirement
Plantation (Mill)	Purchase new equipment	Replacement of 2 water softener tanks affected by corrosion	Prevents calcium carbonate build-up prolonging equipment useful life.
Plantation (Mill)	Purchase new equipment	FOSS NIRS spectrometer	Improves the accuracy of samples analysed, turnaround time and reduces manpower requirements
Plantation (Mill)	Purchase new equipment	Sludge Separator, Sand Cyclone	Maximises oil recovery and minimizes oil loss.
Plantation	New IT system	Upgrading the IT systems of our Malaysian estates, starting with Ladang Cendana	Provide head office with better oversight and control of operations
Manufacturing	Training & development	Retrain and reskill employees for new job functions	Redeployment and retraining of staff from the travel documents segment for other available positions and reduce retrenchment
Manufacturing	Expansion	Additional staff stations / sub-stores throughout East and Peninsula Malaysia	Improve customer engagement via shorter waiting times for part replacements and on-site technical support
Manufacturing	Operational Improvement	Travel document packing operations moved from warehouse to factory	Centralisation means lower operational overheads, improved process efficiencies and resource utilisation
Manufacturing	Purchase of new equipment	Smartphone and 'Workforce' mobile application	Managers are able to remotely monitor the progress of daily tasks and staff movement and address issues promptly

## SUSTAINABILITY REPORT 2018

## SOCIAL

## Our People

Our people have 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 builds 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.

**741**  
NEW HIRES  
IN FYE2018

## EMPLOYEE BREAKDOWN

BY DIVISION AS AT 31 MARCH 2018

	Head Office	Bulking	Food	Manufacturing	Plantation	Total
Senior Management	6	1	-	2	1	10
Management	16	10	7	12	8	53
Executive	30	21	20	24	46	141
Non-Executive	26	122	990	246	1,487	2,871
<b>Total</b>	<b>78</b>	<b>154</b>	<b>1,017</b>	<b>284</b>	<b>1,542</b>	<b>3,075</b>

## EMPLOYEE BREAKDOWN

BY NATIONALITY AS AT 31 MARCH 2018

Nationality / Country	Malaysia	Indonesia	Papua New Guinea	Total
Malaysian	734	4	8	746
Indonesian	130	1,212	1	1,343
Papua New Guinean	0	0	971	971
Filipino	0	0	9	9
Others	6	0	0	6
<b>Total</b>	<b>870</b>	<b>1,216</b>	<b>989</b>	<b>3,075</b>

Ratio of local : foreign

4:1

254:1

40:1

## EMPLOYEE AGE PROFILE

AS AT 31 MARCH 2018

Age Group	Male		Female	
	Total	%	Total	%
< 30	626	35	413	32
30 - 55	1,107	62	823	64
> 55	58	3	48	4
<b>Total</b>	<b>1,791</b>	<b>100</b>	<b>1,284</b>	<b>100</b>

## Diversity and Gender Balance

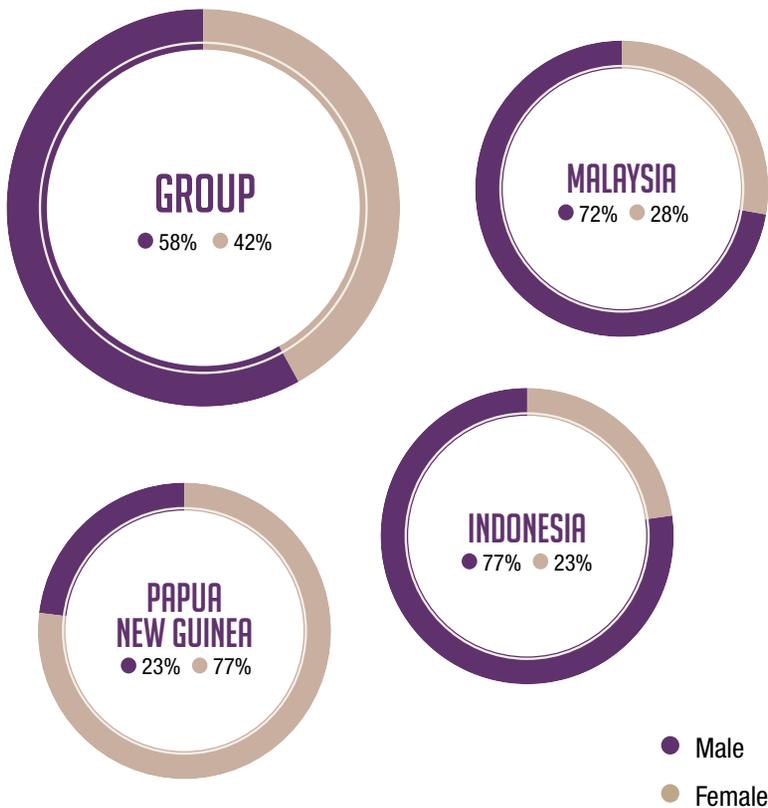
The Group is committed to providing a work environment free of discrimination and unfair bias, where every employee has an equal opportunity in the workplace.

In FYE2018, the Group’s workforce totalled 3,075 and is made up of 42% women and 58% men. It is worth noting that 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.

During the year, 259 or 35% of new hires within the Group were women. We will continue to seek opportunities for the Group to increase the percentage of positions held by women in leadership positions.

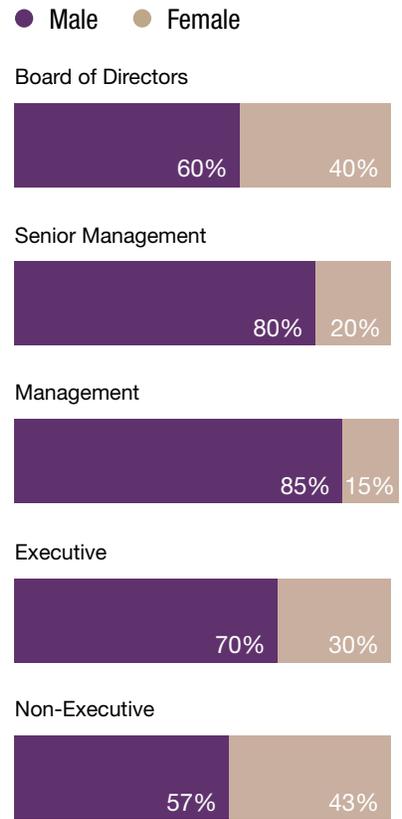
### EMPLOYEE BREAKDOWN

BY GENDER & LOCATION FYE2018



### EMPLOYEE BREAKDOWN

BY GENDER & POSITION FYE2018



## SUSTAINABILITY REPORT 2018



## 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.

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

	Training Hours	
	2017	2018
Senior Management	767	224
Management	818	1,013
Executive	1,379	3,424
Non-Executive	2,440	3,793
<b>Grand Total</b>	<b>5,404</b>	<b>8,454</b>

**Bulking Division** has long provided education aid to its eligible employees in their pursuit of higher education and 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. 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 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 feedback, sharing ideas, identify avenues for improvement and to recognise individual training and development needs. Based on performance and contribution, the employees are rewarded through increments, bonuses and/or promotions.

## PERFORMANCE MANAGEMENT SYSTEM

### COMPENSATION AND BENEFITS

Pay decisions are based on:

- Performance rating
- Competency rating

### LEARNING AND DEVELOPMENT

Identification of:

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

### SUCCESSION PLANNING

Identification of:

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

### CAREER & TALENT DEVELOPMENT

Identification of:

- Promotions and inter company/ department transfer
- Group talents



## Employee Turnover

	Head Office	Plantation	Manufacturing	Food	Bulking
Senior Management	3	-	-	1	1
Management	1	2	2	2	-
Executive	2	6	5	2	-
Non-Executives	2	355	62	122	7
<b>Average Total Headcount</b>	<b>72</b>	<b>1,521</b>	<b>304</b>	<b>1,017</b>	<b>154</b>
<b>Division Turnover Rate (%)</b>	<b>11.2%</b>	<b>23.9%</b>	<b>22.7%</b>	<b>13.5%</b>	<b>5.3%</b>

Employee turnover in the Plantation Division relates primarily to abscondments and expiry of fixed-term contract employees. The majority of employees who absconded are engaged in physical labour where traditionally the employee turnover has been high. The Manufacturing Division had reduced the size of its total contract workforce given the present lower levels of economic activity. 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.

## Human Rights and Workplace Relations

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 2018, 11% 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.

## SUSTAINABILITY REPORT 2018

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	870	1,216
Unionized Employees	150	188
% of Unionized Employees	17.2%	15.5%

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. 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.

All our operations have grievance mechanisms that are accessible, accountable and fair, enabling concerns to be raised without fear of recrimination. This includes the Group's 'whistleblowing' policy and procedures in place for any issues identified. Our whistleblowing policy can be viewed at <http://www.fima.com.my/corporate-governance.html>.

## 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 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 Indonesia, 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 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.



## SUSTAINABILITY REPORT 2018

In February 2018, Group employees and their family members helped plant 200 bakau kurap or rhizophora mucronata saplings at the Kuala Selangor Nature Park as part of the efforts to sustain and conserve the mangrove ecosystem. Participants were also briefed on the importance of mangroves to the ecosystem as they serve as a barrier against tidal waves and erosion; and play a vital role in stabilising the climate as they are a major carbon sink and oxygen source.



“I had a great time during the excursion. I learned many things, mostly how the mangroves have help the people, protect the community, and give life to living creatures. I can't wait to see how big the saplings have grown, from when we planted them this year!”

**Nur Raieysah Audadie**

10 years old, daughter of a KFIMA employee

During the year, the **Bulking Division** continued its long-standing tradition of rewarding children of employees who have excelled in the UPSR, PT3 and SPM examinations with cash incentives. In IFC, 213 employees received cash incentives in recognition of their long-term commitment to the company.

Employees are also encouraged to participate in numerous activities organised 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.

At the Group's Ladang Ayer Hitam in Johor, 0.25 acres of land plus resources such as seeds and fertiliser have been allocated by the estate management for employees to cultivate lemongrass, chillies, ginger and turmeric. Meanwhile, in Ladang Kota Tinggi, employees use the land to grow bananas, vegetables and corn (when in season). At the end of the harvest, they get to take their produce home for their consumption.

The Company had subsidised the cost of enrolment in the iCerdik Program™ for 37 children of KFIMA Group employees. iCerdik Program™ is an interactive learning program that online revision site that can help students to get the best possible results. Contents of iCerdik Program™ is in line with the curriculum set by the Ministry of Education. This program provides a dynamic way to learn beyond the traditional classroom with ready access to online resources and exam papers. It also enables parents to engage in their children's education at home and monitor the progress thereof.



## SUSTAINABILITY REPORT 2018

### 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 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 through purchasing local goods and services. A successful example of this can be seen in Indonesia where 89.8% of contracts for goods and services have been awarded to small and medium-sized local companies. In addition, 23.3% of the FFB processed by the palm oil mill is purchased from smallholder farmers.

During the year 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 create a better future for themselves by developing their life skills such as confidence, leadership, and communication through personal development programmes and mentoring. 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.

Apart from building and furnishing the mosques and schools located within and around the plantation with the necessary amenities, our 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

“The Titian Samara Programme is designed to help bring out the best of the students we work with while providing them with mentoring, guidance and emotional support. We are delighted to benefit from KFIMA Group's sponsorship of this programme, as it has provided us with an achievable set of aims that are benefitting hundreds of young people.”

**Dr. Dzulkhaini bin Hj Husain**  
Persatuan Al-Hunafa President

soccer leagues. During the year, IFC became a partner sponsor of the Morobe Football Association during the year and had also provided funding for Besta PNG United FC with a commitment of K100,000. IFC had also donated canned food to affected communities in the Southern Highlands and Hela Province following the earthquake that occurred in February 2018.

In Malaysia, the Group offered placements to 23 university graduates to undergo 8 months on-the-job training in various functions within the Group to gain the skills and experience they need to access job opportunities through our participation in and support of Skim Latihan 1Malaysia (SL1M). Under the SL1M programme, graduates are offered a training contract inclusive of allowances and benefits. Meanwhile, our Indonesian subsidiary, PTNJL received 56 students from PDD Politeknik Negeri Nunukan, Kalimantan and several regional high schools to undergo a 2-month internship programme 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.

“In PKN, I was assigned to the Sales Department where I assisted my supervisor on projects relating to Passport and travelling documents. The opportunity has been invaluable as I was able to be involved in PKN's daily operations and earn exposure through meaningful project assignments. I also got to meet and work with customers and authorities which have helped improve my interpersonal skills.”

**Muhammad Syakir bin Sabaruddin**  
Bachelor of Human Sciences (Political Science) (Hons.)  
- IIUM SL1M Trainee, Sales Department, PKN

