



Positioning for the Future

www.fimacorp.com



2023

Annual Report

Sustainability Report

Foreword

We aim to deliver profitable and sustainable long-term growth to create value for all our stakeholders.

To accomplish this, we have set priorities and targets for issues that we and our stakeholders have deemed most important. We have selected the areas where we have the resources to make the most significant impact by developing practical, economically viable and environmentally sustainable solutions. Through these efforts, we strive to create opportunities to benefit society and contribute to nation-building.

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Our Approach



At FimaCorp, the long-term success of our businesses is driven by our ability to create lasting value for our host countries and local communities, and by our sustainable use of natural resources. Our commitment to sustainability demands that we uphold responsible business conduct at all times, protect the environment and prioritise the safety of our people, customers and communities.

The Group has in place a robust framework consisting of 5 interconnected approaches that are essential for its effective functioning. Through careful analysis of the linkages within this framework, we manage, mitigate and avoid any adverse impacts. These approaches align our efforts and guide our businesses and operations toward achieving our strategic objectives, which is to create sustainable value.

The Board leads the direction and implementation of our sustainability policies, which the Group and our stakeholders must abide by. We identify the most material matters to the Group and our stakeholders. We map these against the United Nations Sustainable Development Goals (SDGs) so that we can determine the relevant indicators that may be useful when measuring and reporting our contributions to the Environmental, Social and Governance (“ESG”) dimensions of sustainable development.




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Stakeholder Engagement			
Stakeholders refer to groups that will impact or be impacted by our business decisions and activities. As a conglomerate whose operations span many industries with varied business portfolios across several regions, our aim is to cultivate positive relationships, establish meaningful connections, and earn the trust and confidence of our stakeholders. We recognise the importance of addressing issues that may have a positive or negative impact on them.			
Active engagement with our stakeholders is crucial for the sustainable growth of our company. By listening to their needs and responding to their key concerns, we can effectively define and develop strategies to mitigate risks and identify opportunities across the Group's value chain. We value each stakeholder group and have implemented various communication channels and platforms to cater to their specific requirements. We engage with stakeholders periodically, regularly, or as needed, depending on their profile and level of involvement.			
The following table presents a list of our stakeholder groups, their concerns, and our corresponding mode of engagement and response.			
Stakeholders	Engagement Platform	Key Concerns	Our Response
Employees 	<ul style="list-style-type: none">➤ Employee Engagement Survey➤ Performance and career development reviews➤ Labour union meetings and negotiations➤ Virtual meetings➤ Internal communications	<ul style="list-style-type: none">➤ Job security and wages➤ Conducive workplace➤ Career development and growth development➤ Occupational safety and health and well-being➤ Human rights	<p>Investing in attracting, retaining, and developing a knowledgeable and talented labour force.</p> <p>Providing diverse employment prospects and opportunities for career development, as well as offering competitive remuneration and benefits packages.</p> <p>Implementing grievance redress procedures and maintaining a Whistle-blowing Policy that ensures anonymity and confidentiality, when needed, to address employees' concerns and complaints.</p> <p>Implementing policies and procedures and investing in Occupational Safety and Health Management Systems to prioritise the well-being and safety of employees.</p> <p>Adhering to the Human Rights Policy established by the United Nations Human Rights Council to promote and safeguard basic rights and freedoms, ensuring fair treatment of the workforce.</p> <p>Providing ongoing integrity and anti-bribery training for staff to promote a culture of ethics and compliance.</p>
Shareholders & Investors 	<ul style="list-style-type: none">➤ AGM meetings➤ Corporate website➤ Comprehensive reports and timely disclosure of financial and ESG matters➤ Response to queries➤ Meetings with fund managers➤ Investor Relations Channel	<ul style="list-style-type: none">➤ Timely disclosure of information➤ Financial performance and resilience➤ Transparent communication	<p>Ensuring communications about business performance and policies are conducted in a precise, concise and timely manner to boost the confidence of shareholders.</p>

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Stakeholders	Engagement Platform	Key Concerns	Our Response
Customers 	<ul style="list-style-type: none">➤ Physical or virtual meetings➤ Audit➤ Survey➤ Meetings➤ Training and support	<ul style="list-style-type: none">➤ Changing needs of customers and consumers➤ Business ethics➤ Innovation➤ Traceability➤ Food safety➤ Health and safety certification➤ Transparent supply chain	<p>Uphold a commitment to honesty and fairness in all our dealings with customers. Our focus is on delivering products and services that consistently meet the agreed-upon standards of quality and satisfaction.</p> <p>Ensuring that the goods and services we provide are fit-for-purpose and comply with the necessary safety and quality standards.</p> <p>Aiming to meet or surpass industry and international standards certifications, as this helps us gain trust from our stakeholders and enhance our market share.</p> <p>Continuously evaluate consumer feedback, audit reports, and satisfaction surveys to identify key areas for improvement and further development. This proactive approach ensures that we meet current standards and prevents us from becoming complacent.</p>
Communities 	<ul style="list-style-type: none">➤ Town hall with local residents➤ Community volunteering activities➤ Environmental and Social Impact Assessment	<ul style="list-style-type: none">➤ Economic empowerment➤ Livelihood protection➤ Community safety and health➤ Environmental protection	<p>Support local communities by providing employment opportunities and fostering business relationships with local suppliers.</p> <p>Improving the lives and livelihoods of the local communities by building, maintaining and upgrading infrastructure and through welfare contributions, which include financial assistance in times of difficulty or disaster.</p> <p>Financial assistance to support the education of school-going children.</p>
Suppliers & Business Partners 	<ul style="list-style-type: none">➤ Meetings➤ Training and support	<ul style="list-style-type: none">➤ Quality control➤ Business ethics➤ Transparency➤ Sustainability requirements	<p>Ensuring that ethics and integrity policies are followed to guarantee fair and unbiased procurement practices, establishing and maintaining harmonious long-term relationships with suppliers.</p> <p>Providing timely updates on regulatory requirements to suppliers, ensuring smooth business operations without disruptions.</p> <p>Engaging in collaborative efforts with suppliers to secure a stable supply of materials, ensuring long-term availability and exploring potential future opportunities.</p> <p>Identifying areas for improvement based on auditors' reports, internal assessments, and other evaluations.</p>

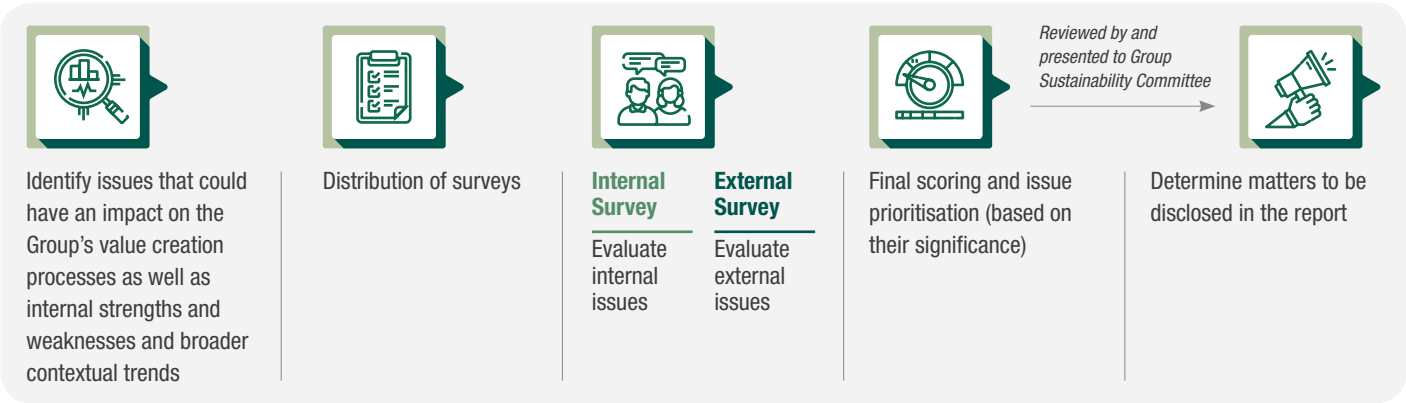
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Stakeholders	Engagement Platform	Key Concerns	Our Response
National & Local Governments 	➤ Meetings and dialogues	<div>➤ Updated licences and permits</div> <div>➤ “Zero” compliance issues</div> <div>➤ Community issues</div> <div>➤ Community development</div>	<div>Proactively engaging with federal and local governments and regulatory bodies to advocate for industry-specific policies and collaborate with legislators.</div> <div>Supporting national agendas and actively contributing to the economic and social progress of the countries where the Group operates to foster continued growth.</div>

Materiality Assessment		
Materiality Transition		
Group Material Matters	GRI	SDGs
Climate Risk	GRI 305	SDG 13,14
Water Impact and Waste Management	GRI 303, 306	SDG 6,12,13,14
Biodiversity and Deforestation	GRI 304	SDG 12, 13, 14, 15
Human Rights	GRI 405, 408, 409, 412	SDG 1, 2, 4
Occupational Safety and Health and Well-being	GRI 403	SDG 8
Sustainable and Traceable Supply Chains	GRI 102, 204	SDG 12, 14, 15
Product Quality and Safety	GRI 416, 417	SDG 2, 12
Community Investments	GRI 203, 413	SDG 1, 2, 4
Innovation and Technology Excellence	Non-GRI Indicator	SDG 8
Code of Ethics and Governance	GRI 205	SDG 8, 14

Materiality assessments play a crucial role in our sustainability journey as they enable us to identify the most significant ESG issues for our organisation and stakeholders. These assessments help us gauge our Group’s performance in ESG areas as perceived by our stakeholders and the level of importance each issue holds for different stakeholder groups. This survey allowed us to prioritise and assess material ESG issues, and to identify the top tier topics that the Group must focus on. The most recent materiality assessment was carried out in FYE2023 by our Group Corporate Services Department. The assessment involved conducting an online survey involving over 200 respondents which included shareholders, employees, suppliers and government agencies. We also aligned our material topics with the definitions set by the GRI Standards and the SDGs for better clarity and context.

Considering the diverse contributions of each business division, the materiality assessment results were evaluated based on factors such as the division’s impact on the Group’s financial performance, employee headcount, and potential for expansion. Further, and to ensure a comprehensive analysis, we also conducted a desktop review comparing current sustainability trends, peer reports, and relevant regulations and guidelines.



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United Nations Sustainable Development Goals



The United Nations Sustainable Development Goals are a collection of 17 interlinked global goals designed to be a ‘blueprint for a better and more sustainable future for all’. The SDGs were established in 2015 by the United Nations General Assembly and are intended to be achieved by 2030. The SDGs aim to fight inequality, address climate change issues and end poverty through the cooperation of member states.

The Group aims to use its direct business activities to meet some of the standards set out by the SDGs, especially with regards to:

1. The manufacturing and sale of the products it produces and the way in which they are produced.
2. The use by host governments of the taxes that the Company pays.
3. The creation of economic and social value in the communities where we operate by creating local jobs.
4. Supporting local supplier development and providing opportunities through training and other investments.
5. The efforts undertaken to reduce the environmental footprint of the business.

<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

Prioritised SDGs



The Group has considered all the 17 SDGs and identified 9 that are most relevant to present business model and are most in line with our corporate vision and future plans. Although only 9 SDGs are prioritised, most of our targets and values are aligned with all global goals.

FimaCorp Prioritised SDGs Mapped with Materiality, GRI, Key Risks and Our Contribution

Our Environment
Land, Water & Climate

Sustainability Matters

- Climate Risk
- Water Impact & Waste Management
- Biodiversity & Deforestation
- Innovation & Technology Excellence
- Community Investment

Alignment with GRI

302, 303, 304, 305, 306

Our Contribution

- Establishing sustainable agricultural practices and best management practices across our estates Malaysian Sustainable Palm Oil (“MSPO”) and Good Agricultural Practices (GAP).
- Ensuring the quality of wastewater discharge meets regulatory compliance to mitigate water pollution.
- Optimising alternate water sources (water harvesting and water recycling).
- Utilising renewable energy sources to reduce the Group’s carbon footprint (solar power, biodiesel and biomass).
- Having efficient water and energy management systems that meets industry and international standards (ISO 14001, 5001).
- Making use of natural resources in the most efficient manner (Recycling, Reuse, Reduce and Refuse).

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Our People
Livelihood, Health & Well-Being

Sustainability Matters

- Community Investment
- Human Rights
- Product Quality & Safety
- Sustainable & Traceable Supply Chains
- Occupational Safety, Health & Well-being

Alignment with GRI

102, 202, 203, 401, 402, 403, 404, 405, 406, 407, 409, 412, 413

Our Contribution

- Creating business opportunities and economic empowerment and other means of gainful employment for members of the local community to earn a livelihood.
- Establishing human resources policies on minimum wage and fair pay for work done in place.
- Ensuring that employees’ personal and professional development needs are met through investments of time, money and other resources in training programmes.
- Providing educational assistance and youth development.
- Acting in response to the greater demand for affordable protein.
- Looking after the health and well-being of local communities.
- Sharing company infrastructures such as provision of solar energy and clean water to the neighbouring communities.
- Providing humanitarian assistance in times of adversity or in the wake of natural disasters.
- Reducing and avoiding food waste and utilising waste as by-products.
- Ensuring greater yields and higher rates of extraction through the adoption of agricultural best practices.
- Procuring from environmentally and socially responsible and reputable vendors with sustainable infrastructure and practices.
- Ensuring good, healthy and safe work environment.

Our Business
Fair, Inclusive and Decent Society

Sustainability Matters

- Code of Ethics & Governance
- Sustainable & Traceable Supply Chains
- Occupational Safety, Health & Well-being

Alignment with GRI

102, 201, 204, 205, 417, 418

Our Contribution

- Implementing and maintaining transparency in the supply chain and steadfast adherence to international standards (MSPO, ISO 37001).
- Ensuring that Occupational Health and Safety standards are met and adhered to so that the workplace remains in good condition, the workforce remains healthy and the work environment is safe.
- Incorporating human rights commitments and standards in our operations (non-discrimination, modern slavery, child labour, anti-harassment).
- Procuring from environmentally and socially responsible and reputable vendors with sustainable infrastructure and practices.
- Established corporate and sustainability governance policies (Code of Conduct, Anti-Bribery Policy, Whistle-blowing Policy).
- Engaging with non-government organisations that promote fair, inclusive and decent society.
- Practising freedom of association by recognising union members.

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Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (“TCFD”) helps companies understand what financial markets want from disclosure to measure and respond to the effects of climate change. The following gives an overview of our progress and future priorities across this framework as we endeavour to integrate the assessment of climate-related risks and opportunities into our governance, strategy, risk management and reporting frameworks in line with the TCFD guidelines, emerging best practice and feedback from key stakeholders.



Governance

The Group’s strategic approach to sustainability (including climate change) is overseen by the Board with related responsibilities delegated to certain Board Committees premised on their overall purpose and remit.

The allocation of responsibilities is summarised below:

- The Audit and Risk Committee (“ARC”) is responsible for overseeing material ESG reporting, including climate-related reporting.
- The Group Sustainability Committee (“GSC”) is responsible for monitoring performance against the Group’s sustainability strategy, including climate strategy and related opportunities.
- The Nomination & Remuneration Committee is responsible for ensuring appropriate ESG elements (including climate-related targets) are included in the Managing Director’s (“MD”) Key Performance Indicators (“KPIs”).
- The Risk Steering Committee (“RSC”) considers climate risk as part of its review of key enterprise and emerging risks and oversees climate related risks within the Group Enterprise Risk Management (ERM) framework.

The Group Corporate Services Department oversees the Group’s sustainability reporting, with guidance from the MD and the Chairman of the GSC as well as counsel from the ARC and the Board. Sustainability working groups have been established at the divisional level to assess, measure and report the sustainability performance of their respective operations.



Risk Management

The Group’s commitment to minimise its environmental impact is espoused in the Group’s Key Enterprise Risks. Further, all our key risks are aligned with our prioritised material matters and SDGs.



Information on the Group’s Key Enterprise Risks and the risk management are available in the Statement on Risk Management and Internal Control section of this Annual Report



Strategy

For the Group, we have identified 3 areas of climate risk impact which are considered most material: changing stakeholder/societal demand favouring low-carbon products; emerging government policies, regulatory and legal changes; and reputational damage if climate risks are not appropriately managed.

Our climate change strategy therefore, focuses on both adaptation and mitigation measures through cutting our greenhouse gas (“GHG”) emissions, improving infrastructure resilience, and continuous innovation.

To ensure the effective implementation of the sustainability strategies as well as managing the climate-related risks, appropriate ESG elements/indicators have been embedded in the MD’s KPIs which will be cascaded down to the management/divisional levels. Management will establish their own granular KPIs and actionable plans that align with the specific MD’s KPIs that are applicable to them, and gauge the effectiveness, productivity, efficiency, cost controls or ESG performance of those actions.



Further details on our sustainability strategy are available in the Sustainability section of this Annual Report



Metrics And Targets

The Group has been reporting its climate-related performance since 2018 in its Sustainability and Annual Reports.

Our sustainability strategy has continued to evolve in response to changing stakeholder needs and expectations.

This includes measuring and monitoring our energy, water usage and GHG emissions, as well as measuring the intensity of production and consumption of our resources (energy and water) in evaluating the efficiency of our economic activities.

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On track/Completed Work in progress Pending

Progress Made in FYE2023

What’s Next

Governance

Integrated sustainability targets (including climate-related targets) into the MD’s KPIs in FYE2023 which is then cascaded down to divisional management.

- Enhancing and reviewing our sustainability KPIs to ensure alignment with industry best practices and address the significant ESG issues. These KPIs may vary based on factors such as the pace of industry changes, emerging sustainability trends, regulatory developments, and stakeholder expectations.
- Climate-risk training programmes to develop skills of key personnel and general knowledge of the wider Group.
- Undertake pilot quantitative scenario exercise to develop relevant methodologies.

Review of the Terms of Reference for the ARC and RSC was completed to ensure they included appropriate oversight of sustainability matters.

- Regular review of our Terms of Reference to maintain their relevance and effectiveness.

Risk Management

The Group’s commitment to minimise its environmental impact is espoused in the Group’s Key Enterprise Risks. Further, all our key risks are aligned with our prioritised material matters and SDGs.

- Regular review of our Group’s Key Enterprise Risks to ensure their ongoing relevance.
- Develop internal climate-risk reporting formats.
- To further embed climate-risk in our risk management and decision-making processes.

Strategy

Strategic investments in resources and infrastructure adaptation to improve resilience e.g., land development planning, energy-efficient lighting and heating systems, plant and machinery.

In FYE2023:

- We have successfully increased our Group’s solar power capacity from 250 kWp to 259 kWp.
- Aggressive mechanisation initiatives across our estates. This includes the acquisition of machinery such as Land Surf. These efforts enhance workers’ productivity, reduce harvesting intervals, and improve infield collection efficiency as well as fuel consumption.

- To continuously review and improve our sustainability practices.
- Currently committed to further advancing our adaptation efforts by investing in mechanisation and expanding our renewable energy initiatives across the entire Group. These strategic actions align with our ongoing goals of enhancing operational efficiency, reducing our environmental footprint, and promoting long-term sustainability.

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Progress Made in FYE2023		What's Next	
Metrics and Targets	FYE2023	FYE2022	
Intensity Our GHG emissions intensity (tCO ₂ eq/RM million revenue) by divisions are as follows: <ul style="list-style-type: none">PlantationManufacturing	19.82 15.82	17.36 16.67	Continue to analyse the impact of our strategy to reduce GHG emissions/resource use as we pursue value creation. This involves ongoing assessment of the effectiveness of our initiatives to achieve greater efficiency in resource consumption and generation while maintaining our business's growth.
GHG (tCO ₂ eq) <ul style="list-style-type: none">Scope 1 emissionsScope 2 emissionsScope 3 emissions	3,094 2,100 77	3,221 1,783 83	Measure and reduce our emission through monitoring of our intensity levels and allows us to identify trends and patterns of our operational efficiency.
Energy Consumption (GJ) <ul style="list-style-type: none">PlantationManufacturing	52,422 8,941	54,066 7,511	Remain focused on energy efficiency efforts.
Waste (MT) <ul style="list-style-type: none">PlantationManufacturing	190,228 148	202,846 124	Continuously prevent and minimise waste by reusing, recycling and energy recovery as well as practising safe waste disposal.

Main Risks and Opportunities

Transition Risks

- Changing societal demand favouring low-carbon products.
- Emerging government policies, regulatory and legal changes (e.g. carbon tax).
- Reputational damage if climate risks are not appropriately managed.
- Product substitution due to new technologies/processes.

Potential Impacts

- Increased compliance costs
- Adapting to new regulations and policies may require investment in processes which in turn may impact our Financial Capital and Social & Relationship Capital.

Required investment in new technologies and process change costs

- To meet changing demand for low carbon products and services may impact our Natural Capital and Manufactured Capital.
- Transitioning to more sustainable practices and processes involve costs related to retraining employees may impact our Human Capital and Financial Capital.

Physical Risks

- Chronic risks i.e., change in rainfall patterns and rising average temperatures.
- Acute risks such as extreme weather and sea conditions.

Potential Impacts

Disruptions to business operations, risk to workforce due to illness/injury, damage to physical assets and infrastructure may impact our Financial, Manufactured and Human Capital.

Opportunities

- Potential opportunities for developing new “green” products and services.
- Reduced operating costs through greater resource and energy efficiency.
- Innovation to improve productivity and drive sustainability efforts to address climate-related challenges, which can simultaneously reinforce the Group's reputation as a responsible corporate citizen.

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Our Alignment to SDGs



STRATEGIC COMMITMENTS

- ✓ We promote responsible stewardship of the environment
- ✓ We strive to use natural resources efficiently and minimise waste
- ✓ We foster partnerships with local communities and stakeholders to address environmental issues
- ✓ We continuously work on improving our energy efficiency and reducing the use of non-renewable energy
- ✓ We strictly practise zero burning in our oil palm plantation operations
- ✓ We commit to complying with legislation and regulations on the environment
- ✓ We employ the use of sustainable agricultural practices



We are driving concerted efforts to integrate sustainable practices into our business operations, and are actively seeking ways to reduce our impact on the environment and build resilience to climate change by focusing on energy, waste and understanding the impact of global climate change on our operations. Our environmental management approach aligns with the principles outlined in the Group's Environmental Policy, ensuring that our actions are in line with our sustainability objectives.



Biodiversity and Deforestation

GRI 304-1, 304-2, 304-3, 304-4

Given the diversity of our business operations, we are aware that our activities may affect the ecological systems and the communities residing in these areas, as well as those who rely on the natural resources for their livelihood.

At the heart of our approach is effective environmental management. To deliver the greatest impact, our environmental management framework which is in line with SDG 14: Life Below Water and SDG 15: Life on Land, integrates habitat conservation, water use and quality, soil

conservation, climate change adaptation and waste management. Our water stewardship strategy for example, contributes to maintaining biodiversity, soil health and water accessibility to communities, while our biological pest management programmes help to protect the natural capital and minimise risks to human health as well as beneficial and non-target organisms.

Sustainable Agricultural Practices

In our efforts to preserve biodiversity, we focus primarily on areas that are most at risk as a consequence of our operations. At our palm

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oil estates, we have put in place sustainable agricultural practices that involve area conservation, soil management, biological pest control, human-elephant conflict management and mechanisation.

Conservation Areas

In our Plantation division, we conserve biodiversity by establishing protected buffer zones along riverbanks to serve as wildlife passageways throughout our oil palm estates. These buffer zones also serve as a sanctuary and natural habitat for many migratory birds, elephants, and other forest creatures. Our protected areas Group-wide total 632 hectares in aggregate.

Our subsidiary in Indonesia, PT Nunukan Jaya Lestari (“PTNJL”) has also established water catchment zones within their estate, where chemical applications are strictly prohibited to facilitate the rehabilitation and preservation of natural vegetation.

Before commencing any new plantation development activities, environmental impact assessments (“EIA”) are performed. The last EIA was in 2020 for our greenfield development, Ladang Sg. Siput Estate in Perak, whose approval condition required adoption of good practices



and guidelines with regards to riparian buffer zones, air quality, water management and forest conservation areas. This estate has often been referred to by the Department of Environment (“DOE”) of the Perak state government as a model estate due to its comprehensive adoption of good environmental practices.

Ladang Fima Kuala Betis had initiated development works after obtaining approval for its Environmental Management Plan (“EMP”) from DOE in July 2022. The estate successfully completed Phase 1 development works out of which planting on 46.0% of the Phase 1 area have been completed during the year. Similarly, Ladang Fima Aring also commenced its development works in November 2022 following approval of its EMP in August 2022.

Soil Management

As part of our soil management practices, we plant leguminous cover crops like *Mucuna bracteata*, *Calopogonium mucunoides* and *Calopogonium caeruleum*, to improve soil properties and reduce carbon dioxide emissions. The *Mucuna bracteata*, an Indian leguminous plant, helps to reduce soil erosion on slopes, and improves our soil quality through natural soil fertilisation and aeration processes. This is due to its nitrogen regulating properties which effectively lower soil temperatures in hot climates. It grows rapidly which helps to prevent weed growth.

We do not plant oil palms on steep areas or slopes of more than 25 degrees and elevation of 300 metres above sea level in accordance with EIA requirements. We implement double terracing wherever possible to preserve the topsoil and abate erosion. PTNJL applies Empty Fruit Bunches (“EFB”) and compost to nurture the soil and to cut down our dependence on chemicals or any inorganic substances.

To safeguard riparian ecosystems, we have introduced riparian vegetation and vegetation cover to maintain water quality and prevention of sediment and agricultural chemical runoffs into the river. These actions contribute to the overall preservation of riparian ecosystems.

Biological Pest Controls

Our estates practice biological pest control methods by planting beneficial plants such as *Turnera subutala*, *Antigonon leptopus* and *Cassia cobanensis*, which attract insects to feed on pest larvae.

Rodents are a major pest problem in our oil palm estates. Our estates in Terengganu have built nest boxes to attract owls as they are natural predators that feed on rodents, thus making them an effective pest control to suppress the population of rodents.

In our Kelantan and Terengganu estates, we employ a biological pest blocker to prevent elephants from entering our planted areas. This method has so far proven effective in reducing the number of elephant intrusions and palm damage, and has successfully minimised incidences of human-elephant conflicts.

Mechanisation

We have made significant progress in our efforts to increase mechanisation in our plantation operations, specifically in the areas of in-field collection, fertiliser application, and seedling transfer from the nursery. This is aimed at addressing the shortage of labour and reducing our dependence on manual work, while also improving productivity. By deploying Land Surfs (motorised wheelbarrows) and Badang (mechanical buffalo) across our Malaysian estates, we have been able to evacuate fresh fruit bunches (“FFB”) more efficiently in larger quantities, and with reduced damage to the fruits. As a result, the productivity levels of our workers have increased, leading to higher potential earnings. Although the fuel and operating costs of Land Surf and Badang are higher, they are offset by lower labour costs and improved yields.



Water Impact

GRI 303-1, 303-2, 303-3, 303-5

Water is essential to most of our operational processes and is used extensively throughout our supply chains. It is a finite natural resource that

needs to be used and managed in a responsible and sustainable way. Water risks are increasing due to climate change and increased urbanisation, impacting food production, nature, and biodiversity. As such, the Group makes every effort to use water rationally and sustainably and tackle the risks related with its scarcity.

There were zero reported non-compliances committed with regards to water and discharge management in the year under review.

Water Consumption and Management

Our water supply for operations is sourced from various sources, including municipal water sources,

harvested rainwater, and treated surface water from lakes, rivers, and borewells near our facilities. To ensure water sustainability, we have put in place technology and facilities for rainwater harvesting, water treatment and recycling.

In our Plantation division, the primary use of water is in utility systems, particularly for steam generation. The division has made water management a key focus area in FYE2023. Various initiatives were undertaken to improve their water efficiency and reduce consumption. Inter-alia, In March 2023, PTNJL oil mill successfully implemented a decanter in its oil clarification station, resulting in a significant reduction of approximately 20% in water consumption.



Solid Waste Evacuation: The decanter machine also improved the evacuation of solid Palm Oil Mill Effluent (“POME”), resulting in reduced costs for desludging and disposal. Although no specific target was set, the actual volume of solid waste removed from the sludge stream amounted to 5,837 MT, which translated into savings of Rp. 282,333,234 in transportation costs for desludging and land application.

SPOTLIGHT STORY

Decanter Commissioning Project

Objective:

To reduce water consumption and manage liquid waste in the palm oil mills.

PTNJL recognised the challenges associated with liquid wastewater management and high-water consumption in the clarification process of its palm oil mill. In FYE2023, a significant reduction in water consumption and oil loss in the final effluent was achieved through the implementation of a decanter machine. This also indirectly contributed to an increase in the oil extraction rate (OER) and substantial cost savings.

Results:

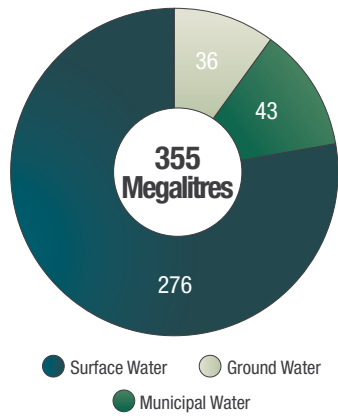
Oil Extraction Rate: The original target for additional OER was 0.10%, but with the installation of the decanter machine, the division surpassed the target and achieved a 0.14% increase. This resulted in an additional revenue of Rp. 2,652,507,497.

Water Consumption: The target for water consumption was 0.507 m³ per tonne of FFB processed. However, the actual figure at the end of the year was significantly lower at 0.244 m³. This reduction in water consumption led to savings of Rp. 100,832,803 for the chemical wastewater treatment plant and Rp. 36,265,644 for surface tax.

PTNJL's palm oil mill water intensity per unit of FFB processed has also improved by 0.6% y-o-y following the measures implemented to optimise its water usage i.e., recycling water at the vacuum dryer pump station and cooling water turbine.

We have built silt pits in the newly developed area of Sungai Siput to prevent mud from flowing into the river and affecting the village's surrounding water source. Additionally, Percetakan Keselamatan Nasional Sdn. Bhd. (“PKN”) had installed 8 rainwater harvesting tanks at its new facility complex in Bangi, Selangor. These tanks have a combined storage capacity of 24 m³, allowing PKN to collect and store rainwater for various uses within the facility.

Group Water Withdrawal/ Consumption by Source



Water Discharge

We recognise the importance of treating our wastewater before its release into waterways, ensuring that the discharged effluents meet national standards and pose no harm to the environment. To ensure the quality of our water discharge, we subject them to thorough testing by a third-party laboratory. The results of these tests are then submitted to the relevant authorities in compliance with their reporting requirements.

PTNJL has successfully transformed the final effluent pond at its palm oil mill into a thriving fish breeding pond by integrating the steps of treating POME and implementing effective pond

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management. This conversion ensures that any potential overflow from the pond will not adversely affect the environment.

Waste Management

GRI 306-1, 306-2, 306-3, 306-4, 306-5

Treating waste as a resource can help improve efficiency and reduce costs at our operations. We prevent and minimise waste by reusing, recycling and energy recovery, as well as by practising safe waste disposal to reduce risks to the environment and human health.

We continue to ensure that hazardous waste and residual products collected from our operations are transported and carefully disposed of by licenced contractors, as per the strict industry standards and statutory requirements. The Plantation division generates the most waste and are therefore the focus of our waste management schemes. Information regarding the disposal of hazardous and non-hazardous waste can be found in the Performance Data section of this Report.

Zero Waste and Zero Discharge

We adhere to the principles of zero waste and zero discharge which align with our commitment to environmental stewardship and enable us to contribute to a more sustainable and circular economy where resources are conserved, waste is minimised, and the overall impact on the environment is reduced.

Waste to Fertiliser and Fuel

Within the Plantation division, waste reduction is achieved through reusing, recycling, and energy recovery. Pruned leaves, kernel EFB and treated POME wastewater are used as fertiliser and compost, whereas the fibre and shell are used as fuel for mill boilers.

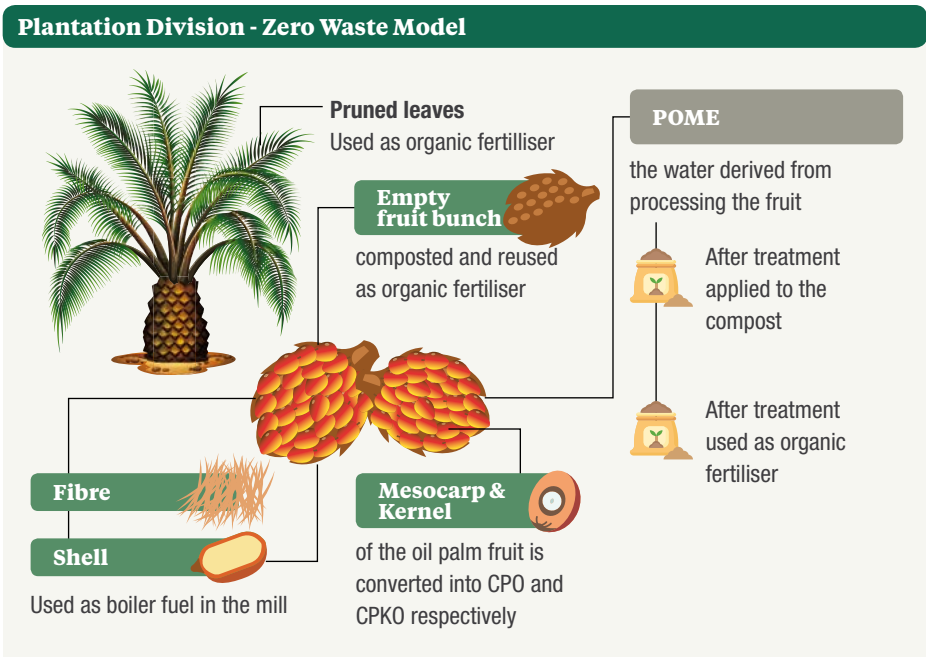
Our palm oil mill in Indonesia produces EFB and POME, which are recovered and reprocessed into

fertiliser, compost, and energy feedstock. We make sure that our POME is properly treated before it is combined with shredded EFB to generate compost.

POME discharged from the mill cannot be released into the environment in its raw form as it contains high acids and nutrients that can increase the levels of Biochemical Oxygen Demand (“BOD”). Since the implementation of POME treatment, our average BOD reading for POME during land application has been within the permitted discharge limits of less than 5,000 parts per million (ppm).

Once the POME is collected from the mill, it is treated in on-site open ponds, away from any other water sources to prevent contamination. Then, the organic material in the wastewater is broken down naturally by the anaerobic and aerobic workings of bacteria. This process omits the need to add any chemicals before POME is mixed in with shredded EFB and other plant fuel waste by-products to create compost.

PTNJL management and the local authorities carry out checks on a regular basis, in addition to our continuous effort to closely monitor our waste management at estates and ensure strict compliance with local regulations to prevent contamination to other water sources and to mitigate risks.



Energy Management

GRI 302-1, 302-3, 302-4, 302-5

Energy Consumption

Efficient management of energy will reduce the usage of natural resources, carbon emissions and effectively lower operational costs. We strive to efficiently manage our energy consumption across all our operations, where each division has its own energy consumption and intensity targets based on a year-on-year improvement.

In FYE2023, the Group energy consumption decreased by 0.3% primarily due to lower diesel and petrol consumption by the Plantation division. Despite the overall decline in consumption, we observed an increase in energy intensity for our Indonesian and Malaysian estates, of 6.4% and 13.0% respectively. This is attributed to the labour shortage and higher mechanisation which negatively affected on energy intensity.

Sustainability Report

Group Energy Consumption

Types of Energy (GJ)	FYE2023	FYE2022
Diesel & Petrol	39,176	40,831
N ¹ Biomass	1,087	1,154
Solar PV	9,026	7,762
Electricity	12,287	12,028
Grand Total	61,576	61,775

N¹: Unit has been changed from MT to kWh and multiply by 0.0036 electricity factor

Division	FYE2023	FYE2022
Plantation	51,702	53,287
Manufacturing	8,941	7,511
N ² Head Office	933	977
Grand Total	61,576	61,775

N²: Electricity consumption for Head Office excludes our tenants' electricity consumption

- Our Energy Initiatives**
- Harvested solar energy since 2019
 - Switched to energy-efficient light bulbs and LED spotlights
 - Installed variable speed drives on the depericarper fan, winnower fan and FFB conveyor
 - Controlled the heating, ventilation, and air conditioning (HVAC) settings to maintain the rated capacity of the equipment
 - Reused mesocarp fibre, palm shells and shredded EFB as feedstock for steam boilers

Energy Intensity

N ¹ Energy Intensity	Unit	FYE2023	FYE2022
Plantation			
Malaysia: Transportation	L/MT	3.75	2.92
Indonesia: Transportation	L/MT	2.92	2.80

N¹: For more details on energy intensity please refer to the Performance Data section

The Plantation division employs several strategies to optimise their fuel usage:

Maximising load capacity: maximising the load capacity of lorries used for transporting FFB. By efficiently utilising the available space in each lorry, we can reduce the number of trips required, resulting in lower fuel consumption.

Monitoring fuel consumption: closely monitor the fuel consumption of estate vehicles via, inter-alia, the estate management system which provides insights into various aspects of estate operations, including fuel usage. The system enables each estate to track and analyse fuel consumption on a day-to-day basis, allowing for proactive management of operational expenses, inventory maintenance, and resource consumption.

Planned harvesting activities: by strategically arranging harvesting blocks to minimise travel distances and streamline operations.

To measure our diesel consumption accurately, we use transportation of FFB harvested as the most appropriate metric. This approach considers the unique topographic characteristics and varying stages of development across each estate. By aligning our fuel usage measurement with transportation of FFB harvested, we can assess and compare the efficiency of fuel utilisation in different areas.

Renewable Energy

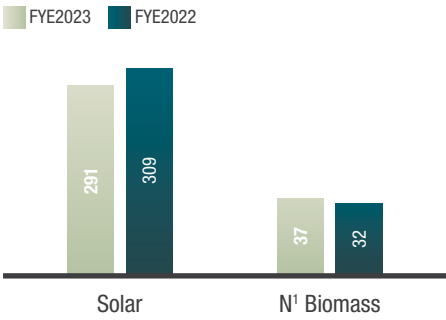
Although our business operations rely mostly on diesel, petrol, and fuel oil for transportation and equipment, we actively integrate renewable energy sources such as solar power and biomass where feasible.

We have invested in solar PV systems and biomass boiler. The integration of solar power and biomass technologies allows us to diversify our renewable energy portfolio and aligns with our ongoing commitment to

reduce our GHG emissions. Since 2018, we have invested approximately RM1.05 million in solar PV systems. These installations have been strategically expanded across our operations, including, PKN's warehouse in Bangi, our Head Office building in Kuala Lumpur and Ladang Cendana in Kemaman, Terengganu. The solar PV systems enhance our energy efficiency and help us lower operational costs. They generate clean electricity to power various aspects of our operations, reducing our reliance on traditional energy sources and mitigating GHG emissions.

Furthermore, we harness the potential of biomass resources available in PTNJL's palm oil mill. Biomass residues such as palm kernel shells, empty fruit bunches, and fibre residues are utilised as a valuable source of renewable energy. Specifically, we employ biomass boilers to burn these residues, generating high-pressure steam. This steam is then used to generate electricity for various processes within our mills and to power workers' quarters, government facilities, schools, and mosques. By utilising biomass as a fuel source, we reduce our consumption of non-renewable fuels, lower our carbon footprint, and contribute to the sustainability of our operations.

Consumption from Renewable Sources (MWh)



N¹: Biomass is derived from the use of fibre and shells from palm oil mill

Sustainability Report

GHG Emissions

GRI 305-1, 305-2, 305-3, 305-4, 305-5

Total GHG Emissions (tCO ₂ eq)					
By Type of Energy					
Non-Renewable			Renewable		
	FYE2023	FYE2022		FYE2023	FYE2022
Petrol	55	84	Biomass	4	5
N ¹ Diesel	3,071	3,171	Solar PV	21	22
Purchase Electricity	2,100	1,783	POME	21	22
Grand Total	5,226	5,038		46	49

N¹: Due to diesel computation factor, the emission for all division has been affected

By Division Level				
Division	Scope 1: Direct GHG Emissions (tCO ₂ eq)		Scope 2: Indirect GHG Emissions (tCO ₂ eq)	
	FYE2023	FYE2022	FYE2023	FYE2022
Plantation	3,038	3,181	47	25
Manufacturing	41	25	2,008	1,711
Head Office	15	16	45	47
Grand Total	3,094	3,222	2,100	1,783

Scope 3: Other Indirect GHG Emissions (tCO ₂ eq)		
Plantation Division	FYE2023	FYE2022
POME	21	22
N ² External Transporter	56	61
Grand Total	77	83

N²: Data specifically pertains to Plantation Malaysia only

Scope Definition

- Scope 1

: Direct emissions from non-renewable fuel consumption such as diesel and gas from sources owned by our business operations, e.g. transportation, heat and power generated and equipment.
- Scope 2

: Indirect emissions, e.g. purchased electricity.
- Scope 3

: Category 4 : Upstream Transportation and Distribution.
Category 5 : Waste Generated in Operations.

Sustainability Report



Our People

FimaCorp's role as a corporate citizen includes adopting responsible business practices and creating positive impacts in the communities where we operate. We acknowledge the influence and long-term impact our actions today will have on future outcomes, and therefore responsible business conduct are essential not only from an ethical standpoint but also as a key driver of long-term success.

Our vision, mission, values and policies collectively shape our strategies, sets out the standards of expected behaviours and guide our ways of working across all operations and business units. We are committed to

transparent and effective engagement, investing in our employees, maintaining equitable customer/supplier relations, and supporting the communities where we operate. Our policies also align with the national laws applicable to our operations, principles stated in the Universal Declaration of Human Rights, and the core conventions of the International Labour Organisation. In the circumstances we require all employees and third parties who act on our behalf to conduct business honestly and with integrity, and to take personal responsibility for ensuring that our commitment to sound and ethical business conduct is delivered.

By living up to these principles, we will be able to create enduring value in a way that can benefit our stakeholders and a positive legacy that extends beyond our current operations.

Human Capital
GRI 102-8, 202-2, 401-1, 405-1, 406-1

Our Workforce

At the heart of our organisation is our most important asset, our workforce, and we are committed to creating a workplace where they can flourish, develop their skills, and become the best versions of themselves. By investing in their growth and taking care of their well-being,

Sustainability Report

we can cultivate a highly skilled and motivated workforce. Our Code of Conduct sets out our commitment to treating everyone with respect, valuing diversity and providing a safe work environment.

We support local employment in the countries where we conduct our operations. In FYE2023, our local employment rate was 95.0%. Additionally in Malaysia, 100% of our senior management positions were filled by locals. Hiring local talents enhances our ability to navigate local regulations and practices and fosters a stronger connection with the local stakeholders.

“
In FYE2023, our local employment rate was 95.0%”

Equal Opportunity, Diversity and Inclusion

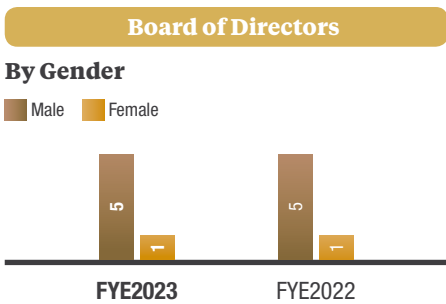
The strength of our workforce comes from diversity and reflects the communities in which we operate. The Group's stance on diversity is guided by its Good Social Practices Policy. We hire and promote based on merit and performance and do not discriminate against age, race, gender, nationality, religious belief and disability. Employing people from diverse backgrounds gives us access to a wealth of perspectives, capabilities and experiences which helps to ensure we have the best insights into the evolving needs of customers and stakeholders. All our employees are expected to respect each other's culture and differences to inculcate a non-discriminatory and harmonised work culture. Discrimination, harassment, and any form of unfair treatment are strictly prohibited. We are pleased to report that there were zero reported cases of discrimination in FYE2023.

Region	Malaysia	Indonesia
Nationality		
Malaysian	649	5
Indonesian	62	976
Others	18	0
Total Headcount by Region	729	981
Local Headcount by Region	649	976
Local Headcount Rate by Region	89.0%	99.5%

Gender Balance

The Group's workforce is generally balanced, with 24.3% of our employees are female. It is important to note that gender parity within our Group is largely influenced by the specific circumstances of our operations and the cultural context of the countries where we operate. Our plantation operations have observed a lower female representation in the workforce and this disparity can be attributed to the nature of the work, which typically involves manual labour and physical tasks that are often perceived as more suitable for male workers.

Achieving gender parity therefore requires ongoing efforts and, in some cases, can only be effectively addressed by challenging stereotypes about job suitability based on gender. As an inclusive employer, our goal is to create a workplace that encourages and supports the career development and participation of our female employees in all areas of our operations.



New Hires

In FYE2023, the Group hired a total of 594 new employees compared to 528 new hires last year. Out of the total new hires, 92.2% were male and 81.0% were recruited for permanent positions. The Plantation division took the lead in new employee recruitment with 529 individuals, accounting for 89.1% of the total. It is noteworthy that a significant number of these new hires were specifically recruited for our Indonesian estates. Recognising the importance of employee retention, the Plantation division has intensified its efforts to enhance workers' living quarters and estate infrastructure. These improvements include the provision of basic amenities, sundry shops, recreational spaces, places of worship, and internet connectivity.

Further, each employee's profile and identity documents are recorded in our HR data system. New employees are required to participate in an induction programme aimed at familiarising them with various aspects of the Company and the Group. This programme ensures that they understand their responsibilities, the business culture, and the procedures they are required to follow, including our expectations for ethical conduct. Upon starting their new job, each employee is provided with an Employee Handbook, which contains information about their employment terms and outlines the standards of professional behaviour expected from all members of our workforce.

Total No. of Employee New Hires:

594

Turnover

Plantation division had the highest turnover rate in FYE2023. This can be primarily attributed to guest workers returning to their home countries shortly after the upliftment of border restrictions.

Total No. of Employee Turnover:

577

New Hire Rate:

34.7%

Turnover Rate:

33.7%



Headcount		
	FYE2023	FYE2022
By Gender		
- Male	1,294	1,284
- Female	416	402
By Age Group		
- <30	505	510
- 30-50	1,054	1,019
- >50	151	157
By Position		
- Senior Management	5	5
- Management	23	25
- Executive	62	62
- Non-Executive	1,620	1,594
By Employment Contract		
- Permanent	1,176	1,087
- Temporary	534	599

	FYE2023		FYE2022	
	Male	Female	Male	Female
By Region				
- Malaysia	506	223	493	207
- Indonesia	788	193	791	195
By Division				
- Head Office	9	7	12	9
- Manufacturing	159	113	153	111
- Plantation	1,126	296	1,119	282

Sustainability Report

New Hires				
	FYE2023		FYE2022	
	Total	New Hire Rate	Total	New Hire Rate
By Gender				
- Male	521	40.3%	473	36.8%
- Female	73	17.5%	55	13.7%
By Region				
- Malaysia	293	40.2%	304	43.4%
- Indonesia	301	30.7%	224	22.7%
By Position				
- Senior Management	0	0.0%	0	0.0%
- Management	2	8.0%	1	4.0%
- Executive	2	3.2%	4	6.5%
- Non-Executive	590	36.4%	523	32.8%
By Division				
- Head Office	1	6.3%	1	4.8%
- Manufacturing	64	23.5%	43	16.3%
- Plantation	529	37.2%	484	34.5%

Turnover				
	FYE2023		FYE2022	
	Total	Turnover Rate	Total	Turnover Rate
By Gender				
- Male	530	41.0%	391	30.5%
- Female	47	11.3%	45	11.2%
By Region				
- Malaysia	250	34.3%	186	26.6%
- Indonesia	327	33.3%	250	25.4%
By Position				
- Senior Management	0	0.0%	0	0.0%
- Management	1	4.0%	0	0.0%
- Executive	4	6.5%	6	9.7%
- Non-Executive	572	35.3%	430	27.0%
By Division				
- Head Office	0	0.0%	0	0.0%
- Manufacturing	30	11.0%	19	7.2%
- Plantation	547	38.5%	417	29.8%

“All our Malaysian estates are MSPO-certified and have, during the year, conducted human rights reviews as part of the MSPO requirements”

Human Rights
GRI 409-1, 412-2

Human Rights

Among other matters, our policies prohibit forced and bonded labour, require adherence to laws governing working ages and hours, seek to ensure safe and healthy working conditions and transparent record keeping, and recognise the rights to freedom of association, collective bargaining and grievance mechanisms. All our vendors and service providers are expected to strictly adhere to ethical business conduct consistent with ours, and we are committed to working with them to fulfil this common goal.

Modern Slavery and Child Labour

We do not allow or tolerate any form of forced, bonded or child labour in our operations or supply chains. We ensure, and will continue to ensure that all our employees are working of their own free will and without any form of coercion on our part. Each division/business unit and their respective human resource departments must establish clear recruitment procedures to ensure all workers are above the minimum working age at the time of hiring. Each employee's profile and identity documents are recorded in our HR data system and are kept on file during the entire period of employment.

We do not knowingly support or do business with any organisation who is found to be involved in slavery, servitude and forced or child labour. All suppliers/vendors are provided with a copy of our policies, and they are required to submit a declaration of compliance to our standards of business conduct and expectations, including in relation to human rights. Failure to comply may result in consequences, including termination of the business relationship.

The following is how we view our own role when dealing with human rights issues:



In our own operations: We ensure that we fully adhere to both international and local labour standards on human rights and ensure no human trafficking.

With suppliers and customers: We practise traceability and social compliance through assessments, audits, and corrective action plans.

Ongoing issues faced by various segments in the industry: The collective and concerted efforts of all our stakeholders are required to ensure human rights issues are upheld. The Group continues in its commitment to engaging with regulators, NGOs and relevant stakeholders to identify and address potential conflicts or impacts that may arise as a result of our activities or business relationships, either directly or indirectly.

SPOTLIGHT STORY
“Zero reported cases of breach of human and workers’ rights”



Guest Workers

In our plantation division, guest workers make up 5.5% of the division's total workforce. Recognising that guest workers can be vulnerable to exploitation and situations of modern slavery, we continuously strive to ensure that they are recruited through legal channels and processes recognised and approved by the authorities of Malaysia and the source countries, and make certain that their legal rights are fully safeguarded.

As part of our commitment to fair treatment, all appointed agents must agree to be bound by our code of conduct as part of their contractual obligations. Prospective recruits are provided with translated employment contracts in their native languages, ensuring that they fully understand the terms of their employment, including the estate location, wages, benefits, and job scopes. Our own company representatives take the responsibility of explaining these terms to the prospective recruits before they sign the contracts. Furthermore, we bear the costs of recruitment, including working permit fees, levies, travel passage and medical

reports/FOMEMA. This is to ensure that guest workers are not burdened by financial obligations related to their employment.

To ensure the fair treatment of guest workers, we have implemented the following:

- Passports and other forms of personal identification remain in the possession of the guest workers
- Salary and wages comply with the country's minimum wage law
- Working hours and overtime adhere to the local laws and regulations
- We have an equal pay for equal work policy, ensuring that guest workers receive fair remuneration compared to local workers
- We provide comfortable accommodations with essential amenities such as kitchens, electricity, clean water supply and recreational spaces
- Guest workers are free to practice their religious beliefs

Labour Relations

GRI 102-17, 401-2, 402-1, 404-1, 404-2, 404-3, 407-1

Employee Development

We encourage high levels of performance that are sustainable and aligned with the Group's direction and ambitions. This is achieved through continuous employee development and a fair and responsible remuneration and employee benefits policy.

We nurture the potential of our employees through various development initiatives, including training programmes, job rotation, and internal promotion opportunities. Each year, we allocate resources for employee training, allowing them to engage in internal or external workshops, seminars, and other relevant activities. By combining on-the-job learning, external training, and targeted upskilling programmes, we aim to enhance the skills and knowledge required for specific roles, fostering continuous growth and professional development among our workforce.

Types of Training

Environment

Number of Employees **41** Employee Training Hours **65**

Safety & Health

Number of Employees **82** Employee Training Hours **1,148**

Anti-Corruption and Bribery

Number of Employees **55** Employee Training Hours **220**

Operational, Management, Financial

Number of Employees **308** Employee Training Hours **3,504**

Total Number of Employees **486**

Employee Training Hours **4,937**

Training Performance

	FYE2023	FYE2022
Average Training Hours per Employee	2.89	1.94
Average Training Hours by Employee Category		
- Senior Management	21.33	15.20
- Management	26.88	16.04
- Executive	20.27	15.33
- Non-Executive	1.82	1.15
Total Training Hours by Employee Category		
- Senior Management	64	76
- Management	672	401
- Executive	1,257	963
- Non-Executive	2,944	1,838



For further details on employee training, please refer to the Performance Data section

Benefits and Remuneration

Each of the Group's operations and divisions implements its own locally defined employee benefits scheme. The Group pays at least the minimum wage as required by law in the countries we operate, and in no areas of operation does the wage varies by gender. Employees are also compensated for overtime in accordance with local laws. We offer competitive benefits to our employees (full-time and temporary) which involve fixed and variable components, depending on their individual performance, qualifications and/or experience. For eligible employees, the benefits include:

- Contributions to the retirement fund
- Medical benefits for employees and dependents
- Group term life and personal accident insurance
- Maternity and paternity leave*
- Mobile phone expenses
- Professional association membership fees
- Uniforms
- Alternative working hours



*For information on parental leave, please refer to the Performance Data section

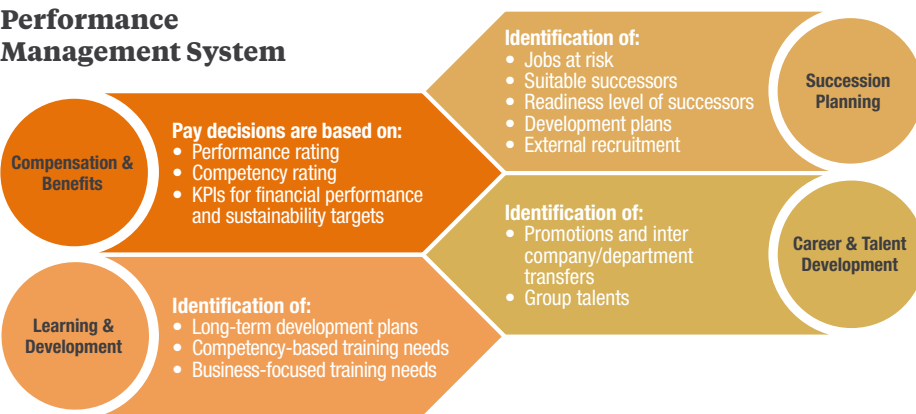
In addition, our Indonesian subsidiary, PTNJL also provides free transportation for the workers' children to nearby local schools. There is also a crèche at the estate which is subsidised by the company that caters to the needs of the plantation staff and workers. The provision of company-subsidised crèche facilities has contributed to the participation of women in PTNJL's workforce. By offering a convenient and safe environment for their children, women are able to balance their work responsibilities with their parental duties more effectively.

Sustainability Report

Performance Review

Our employees undergo an annual performance review, which functions as an effective communication platform for exchanging feedback and ideas. During these meetings, employees can identify areas for improvement and determine individual training or development needs. Every year, an employee is assessed using key performance indicators, which, along with their annual performance and contribution, determine their increment, bonus and/or promotion for that year. In FYE2023, 100% of our employees received performance reviews.

Performance Management System



In FYE2023, the Group engaged an external consultant to conduct a comprehensive salary review and benchmarking exercise of its remuneration structure. The purpose of this exercise was to assess and compare the Group's remuneration practices with industry standards and market trends. The consultant's recommendations were implemented for the FYE2023 performance review.

Employee Engagement

Employee engagement enables the Group to meet the needs of its people and shape a high-performing workforce. A highly engaged workforce helps to attract and retain the best talent, ensuring long-term sustainable business growth. The Group pursues a policy of active and open communication with its employees and an emphasis on keeping all parties promptly and thoroughly informed builds trust and mutual respect. Employees are kept regularly informed on important events and decisions by the respective Human Resource departments, as well as directly by their line managers. Our engagement programmes during the year included social events such as family days, sports activities and festive gatherings.

Freedom of Association and Collective Bargaining

We recognise our employees' rights to freedom of association, to associate with one another by forming labour unions and to participate in collective bargaining in accordance with local regulations. To this end, we work closely with the labour unions and conduct all negotiations in good faith. The provisions in our collective bargaining agreements cover among others, grievance and disciplinary procedures, paid time-off, paid maternity leave, severance and separation benefits, and salary and performance management. No workers' freedom of association or collective bargaining rights across our supply chain were violated or put at risk in the year under review. As at 31 March 2023, 46.8% of our employees are union members, an increase of 10.2% compared to the previous year.



Unionised Employee

	No. of Employees	%
	102	14.0
	698	71.2

Non-Unionised Employee

	No. of Employees	%
	627	86.0
	283	28.8

Grievance Procedures

The Group's Whistle-blowing Policy serves as a guideline for employees and all other stakeholders to report or file any possible fraud, illegal acts or misconducts without fear of reprisals. We make every effort to protect the confidentiality of anyone who files a report of such nature. All our operations have grievance mechanisms in place that are accessible, accountable and fair, with consequence management in place such as official warning, suspension and dismissal for guilty individual(s), following proper investigations.

Anyone who wants to file a complaint is required to email to whistleblowing@fimacorp.com and the Whistle-blowing Policy is accessible via <http://www.fimacorp.com/service-provider.php>.

The Group Internal Audit and Group Human Resource Departments have the authority to conduct investigations of reported incidents. The Audit and Risk Committee receives and reviews certain reports on complaints, allegations, and incidents reported pursuant to the Whistle-blowing Policy.

Occupational Safety and Health (“OSH”)

GRI 403-1, 403-2, 403-4, 403-5, 403-9

Maintaining safe, healthy work conditions is a prerequisite for our commitment to zero harm. The heads of all operating divisions are responsible for ensuring full compliance with the relevant occupational health and safety legislation, and that the required structures are in place.

Our facilities are equipped with essentials such as first aid kits, firefighting systems, adequate response plans, spill prevention measures and other safety programmes. We carry out safety briefings at worksites prior to the start of daily operations to remind workers of the potential hazards and the importance of personal protective equipment. In addition, contractors receive briefings covering health and safety and

environmental management elements before accessing our facilities. Where required, safe work procedures and permits are issued before work commences.

We also provide periodic refresher training for our employees to maintain their competence on health and safety policies and procedures, and use of safe systems of work.

OSH Performance

We are pleased to report that there have been no work-related fatalities among our employees since FYE2020. However, the overall accident rate has increased to 15.24 from last year's recorded rate of 7.34, with PTNJL having the highest number of accidents. The most common work-related injuries were physical and tool-related accidents. We acknowledge the need for further improvement in this area and are taking necessary measures to enhance safety and reduce the accident rates.

Employee OSH Performance		
	FYE2023	FYE2022
N ¹ Recordable Work-related Injuries	26	12
N ² Injuries by Absent Days	267	110
N ³ Accident Rate	15.24	7.34
N ⁴ Lost Time Injury Frequency Rate (LTIFR)	7.31	3.46
Fatalities	0	0

N¹ Injury while the worker/employees are working
N² The total days with medical certification/hospitalisation due to the injuries
N³ Injuries occurred per 1,000 workers
N⁴ Injuries occurred per million hours worked

For further details on OSH, please refer to the Performance Data section



Sustainability Report

Sustainability Report

Zero work-related fatalities during the year under review.

Manufacturing division achieved 3,110 days (equivalent to 8.5 years) without any lost time incidents as at 31 March 2023. Meanwhile, PTNJL retained its accreditation of Sistem Manajemen Keselamatan dan Kesehatan Kerja (or “SMK3”), an Indonesian government safety certification that is comparable to the globally recognised OHSAS 18001:2007.

Hazard Identification, Risk Assessment and Risk Control

We have adopted Hazard Identification, Risk Assessment and Risk Control (“HIRARC”) as our systematic and objective approach for assessing OSH hazards and their associated risks. Primary risk management is fundamental to the planning, management and operating of our business. The HIRARC framework also outlines the general duties prescribed in the Occupational Safety and Health Act 1994 (Act 514). In the event of an incident or an occurrence of a hazardous situation, the following process is applied:

- Employee reports the hazard/incident to the Person in Charge of their respective unit
- Person in Charge will record the hazard/incident and will report it to the Safety, Health and Environment (“SHE”) manager
- SHE manager will lodge a report with DOSH within a minimum of 7 days
- SHE manager will carry out an investigation into how the incident occurred in consultation with OSH committee members

5. Safety & Health committee members will recommend risk mitigation methods

6. Corrective actions will be taken to prevent the incident from recurring

7. A report will be presented to management

OSH Awareness and Training

Each business division has their own health and safety committee, which comprises management and employee representatives. These committees oversee the health and safety management of their staff, including managing, investigating and resolving reported incidences. All serious incidents are investigated, and actions implemented are shared with the broader Group as part of our commitment to continuous improvement in our management of health and safety risks.



Ongoing activities to mitigate the health and safety risks inherent to our activities include safety campaigns, conducting drills, reviewing standard operating procedures and periodic safety audits on all sites. We also conduct regular preventive and scheduled maintenance, along with repair work and replacement of parts, at our facilities, plants, storage tanks and terminals.

Employees have received training in various areas, including compliance with occupational safety and health regulations. Additionally, training in emergency procedures focuses on safety and health awareness as well as fire fighting techniques. 82 employees have received essential training in these critical areas of safety and health.

Total Safety and Health Training Hours:

1,148

Number of Employees Trained:

82

Community

GRI 203-2, 413-1

With businesses across 2 countries, the Group has a local footprint in many communities. Our approach to community engagement is driven and managed by our businesses to ensure value is created in ways that best fit their operations and geographic spread.

Social Impact Assessment (“SIA”)

SIA is an essential process conducted for relevant plantation developments, both before and during their operation. Prior to commencing any new development activities, SIA has to be conducted to evaluate the potential effects of the plantation on the community, specifically focusing on economic factors, demographics, land use, and socio-cultural aspects. During this assessment, the opinions and perspectives of the community regarding the proposed projects would be sought.

As part of the MSPO requirements, our estates are mandated to conduct Aspect Impact Assessments involving the surrounding community and other stakeholders if there are issues raised by community and stakeholder. This assessment helps us identify and evaluate



the potential impacts of our operations on various aspects such as the environment, social dynamics, and economic factors.

Community Engagement and Investments

During the year, the Group continued its community care and involvement via various contributions in the form of donations, sponsorships and support in kind to charitable bodies and schools, as well as local community endeavours through the provision/upgrades of infrastructures and facilitating access to clean water and energy.

Since 2018, the Group has taken in 113 university graduates to undergo 8 months of workplace experience with companies within the Group (with the possibility of progression to permanent employment) through our participation in and support of the PROTÉGÉ programme. This programme involves a mix of on-the-job placements and skills development workshops that allows trainees to absorb the organisational and work culture while also developing relevant job-specific skills. Allowances and benefits are given during the programme. We also hire and train locals at our job sites, providing technical training and skills to improve their wage-earning potential.



PTNJL, as part of its operations, treats raw water and distributes it to nearby villages for daily use and irrigation. The raw water is obtained from its own water catchment area, which was originally constructed for the mill’s operations. In addition, utilised mesocarp fibre, palm shells and shredded EFB is used as feedstock for steam boilers at PTNJL’s palm oil mill. The excess energy is used to power workers’ quarters, government facilities, schools and mosques.

To enhance communication and collaboration, the Plantation division has established a “Konsultasi dan Komunikasi” (consultation and communication) platform for its Malaysian estates. This platform serves as a forum for the respective estates to engage with local communities, authorities, NGOs and vendors. During FYE2023, our Malaysian estates conducted 8 engagement sessions. These sessions involved briefing stakeholders on our business practices and policies, including our firm stance against bribery and corruption, employee misconduct and breaches of ethics. We value the feedback received from stakeholders and considers them in our decision-making processes. This inclusive approach significantly contributes to fostering trust between the estates and its stakeholders.

Sustainability Report



Our Alignment to SDGs



STRATEGIC COMMITMENTS

- ✓ Upholding Responsible Business Practices Guided by Corporate Values
- ✓ Integrating Sustainable Practices for Maximum Benefits to Business and Society
- ✓ Zero Tolerance for Fraud, Bribery and Corrupt Practices
- ✓ Promoting Transparency and Sustainability in Supply Chains



Sustainability Governance

GRI 102-29, 102-20, 102-31, 102-32

Our commitment to sustainability starts at the top, with the Board of Directors playing a crucial role in overseeing the management and governance of the Group. The Board assumes the responsibility of establishing the Group's direction, strategies, and financial objectives, while considering the interests of shareholders, stakeholders, and the broader community. Their guidance ensures that sustainability is integrated into our decision-making processes and that we operate in a manner that benefits both our business and society as a whole.

The Board is supported by dedicated Board Committees, each with its own charter setting out its roles and responsibilities. A comprehensive description of the Board's role can be found in the Corporate Governance section of this Annual Report.

The ARC plays a crucial role in supporting the Board's oversight of the Group's sustainability practices. The ARC's primary responsibility is to assess risks that have the potential to significantly impact FimaCorp's ability to achieve its planned objectives. By conducting thorough risk assessments, the ARC ensures that management identifies and addresses these risks promptly and effectively. Through the implementation of appropriate risk

mitigation measures, the ARC contributes to the enhancement of FimaCorp's sustainability performance and the safeguarding of its long-term success.

To ensure the successful integration of sustainability practices across the Group, the ARC receives regular reports and updates from the GSC and the RSC. Led by a Non-Independent Non-Executive Director of FimaCorp, these committees provide valuable insights and recommendations to the ARC allowing the Group to have Board-level oversight of the management of the Group's risks, controls and processes (including ESG factors as drivers of existing risks) and a top-down approach in resolving sustainability matters.

The day-to-day management of sustainability commitments and implementation of programmes is guided by divisional leadership. Each division is responsible for adopting sustainability strategies tailored to their specific operating needs and for allocating the necessary resources for their implementation. They align their brands, technologies, and sites with sustainability objectives based on the unique challenges and priorities of their respective business portfolios. Additionally, each division prepares a monthly sustainability report for the Head Office, covering topics such as safety, environment, attrition, and compliance issues. These reports are then collated and presented to the ARC on a quarterly basis.

Group Internal Audit conducts audits on the various business units to assess the accuracy of the data submitted to the Head Office and to evaluate the implementation and performance of sustainability initiatives as part of their annual audit plan. These audits aim to ensure that the data reported by the business units is reliable and consistent, and that the sustainability initiatives are effectively implemented. Additionally, audits are also performed by authorities, certification bodies and customers to verify compliance with regulations, standards and contracts. Any identified non-conformities and incidents are thoroughly analysed, and appropriate corrective actions are implemented to prevent their recurrence. Serious non-conformities and incidents undergo a comprehensive investigation process to identify root causes and implement necessary measures.



For more information on:

- The Group's Sustainability Committee, please refer to Task Force on Climate-related Financial Disclosures ("TCFD") on page 36 and the Corporate Governance Overview Statement on page 64
- The Group's risk management, please refer to the Statement on Risk Management and Internal Control section on pages 84 to 93

Responsible Business Practices

GRI 201-1

We strive to uphold responsible business practices that align with our corporate values. Our values guide our employees to act with integrity, accountability and a strong sense of responsibility.

By caring about the work that we do, about our fellow employees and stakeholders, we strive to build a business that is respectful and responsible.

We treat all our stakeholders with the dignity and respect that every individual deserves, and we hold the same expectation for our stakeholders to do the same. Our management approach to responsible business practices is underpinned by our robust policies that adhere to all national and international statutory and regulatory requirements as well as international conventions and treaties. These policies also address ESG aspects that are closely associated with our business and operations. They are periodically reviewed and updated to incorporate emerging sustainability issues and regulatory changes. For example, we have also implemented strict procedures for the disposal of scraps and sludge oil, which require obtaining prior written approval from the relevant head of division. These procedures are specifically designed to mitigate any potential risks associated with the disposal of waste materials e.g. mismanagement or inappropriate handling.



Our policies can be accessed at: <http://www.fimacorp.com/corporate-governance.php> or scan the QR Code

Anti-Fraud, Bribery and Corruption

GRI 205-2, 205-3

We do not tolerate any form or practice of fraud, bribery and corruption. We are committed to conduct all our business transactions professionally, fairly and with integrity.

The Group's Anti-Bribery Policy explicitly prohibits its officers, employees, agents and service providers from giving or offering, soliciting or

receiving, or agreeing to receive any gratification in exchange for favours or to secure any improper advantage. The Group takes such a violation seriously and will undertake the necessary action to ensure compliance or even impose sanctions, including disciplinary actions or cessation of business relationship.

The Group ensures that anti-bribery clauses are included in all business contracts entered into with our vendors and service providers. All new hires must complete the Group's anti-bribery training at the start of their employment and at regular intervals thereafter.



We ensure that training materials are updated so that they accurately reflect the risks that stakeholders, employees and business partners are exposed to. Periodic reviews of mandated authority limits are also performed to strengthen transparency and integrity procedures. Furthermore, all employees are required to attest on an annual basis that they have complied, and will continue to comply, with the Group's Anti-Bribery Policy and will report any concerns that they may have.

We have established the Whistle-blowing Policy, which secures the right of employees, external stakeholders and members of the public to confidentially report incidents of improper conduct. The Policy states the procedures on investigating and following up on any identified and reported non-compliance. Additionally, PKN is accredited with ISO 37001:2016 Anti-bribery management system that has now become an integral part of their business practices. This ISO framework enables PKN to proactively prevent, detect, and address any risks related to bribery, thus ensuring integrity and transparency in their operations.

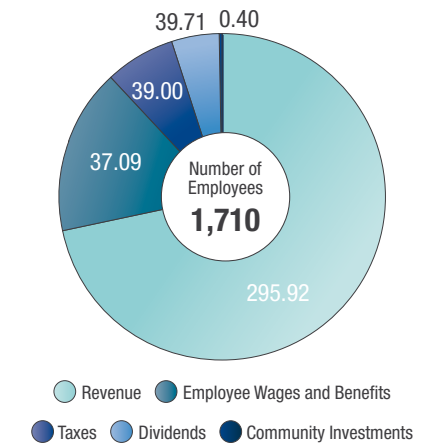
Sustainability Report

Value Distribution to Our Stakeholders

GRI 201-1, 201-3, 203-2

We are proud to support the communities in which we operate and the economic contribution we make through taxes paid to governments of our host countries, both direct and indirect, is fundamental to this. Our contribution comprises local and government taxes, social security contributions on the wages of our employees, goods, sales and services tax, customs duties and property taxes. The taxes we pay will help to support provision of essential services to, and development of infrastructures for the benefit of the wider communities. In Malaysia, we also contribute to the Employee Provident Fund (EPF) and the Social Security Organisation (SOCSO), which is a regulatory requirement.

Value Distribution to Stakeholders in FYE2023 (RM Million)



Cyber and Data Security

GRI 418-1

We strive to mitigate the risk of technological disruptions and maintain the utmost data privacy. We take proactive measures such as regularly updating antivirus and firewall software, to safeguard our information, protect the Group's IT network, and preserve the integrity of our communication assets. Each division, including the Head Office, has its own dedicated network and IT department, assuming risk ownership and

acting as the first line of defence. The IT departments, inter-alia, conduct daily monitoring of IT systems and receives automated reports on traffic and security threats detected through screenings and spam filters. In FYE2023, we continued to implement various controls, including vulnerability testing of our IT systems and procedures, to minimise potential risks.

Safeguarding the privacy and integrity of all data is a priority for us, and we take any breaches or violations seriously. We have strict measures in place to prevent any unauthorised access, data leakages, or illegal manipulation of information, and we take any breach or violation seriously.

Sustainable and Traceable Supply Chain

GRI 102-9, 204-1

Ensuring a sustainable and traceable supply chain is integral to our business operations. Any interruptions to our supply chains will affect the output of our business divisions, exposing the Group to legal, financial, reputational and other risks that might have adverse, long-lasting impacts on our profitability.

Each of our businesses have in place documented policies and procedures that the business should exercise over specified processes, and actively engage with their suppliers throughout the procurement process, from tendering and bidding to surveying and inspecting sites. We constantly communicate with our suppliers to address issues such as cost efficiencies and environmental and social compliance to improve the traceability and transparency of our supply chain.

Supporting Local Procurement

We support local suppliers and entrepreneurs through the procurement of local goods and services. In Indonesia, 79.5% of contracts for goods and services have been awarded to small and medium-sized local companies. It is worth noting that there has been an increase in foreign procurement in Indonesia, particularly for mill and vehicle/heavy equipment spare parts sourced from Malaysia. This is primarily due to the unavailability or difficulty in obtaining these specific parts. Our focus remains on supporting local businesses as much as possible, but in cases where local sourcing is not feasible or practical, we ensure that the procurement process is transparent and fair. In addition, 26.5% of the FFB processed by the palm oil mill is purchased from smallholder farmers and third-party growers.

Percentage (%) of Suppliers Engaged in Malaysia and Indonesia

	FYE2023		FYE2022	
	Local	Foreign	Local	Foreign
Malaysia	96.6	3.4	95.9	4.1
Indonesia	79.5	20.5	90.9	9.1

Innovation and Technology

We remain committed to leveraging technology and process innovation as key drivers to enhance productivity, adapt to evolving challenges and mitigate risks. Through these efforts, we strive to deliver value to our customers and stakeholders.

In the Manufacturing division, we have equipped our IT support staff with mobile devices to streamline the process of accessing, storing, and reporting information. This implementation has resulted in reduced operational staff time, lowered management costs, and enhanced customer engagement.

Sustainability Report

The Plantation division utilises geospatial technologies, including Global Positioning System (“GPS”) and Geographic Information System (“GIS”), to enhance various aspects of their operations. GPS is employed for field data collection and mapping of oil palm areas, allowing for accurate and efficient pre-planning, road construction, and terrace positioning. GIS is utilised to store, analyse, and display spatial data, supporting oil palm natural resource development and management. Satellite images are also used to map new estate developments and facilitate tree counting. These technologies have helped in maximising planting density of potential planting areas and overall efficient management of plantation operations.

The implementation of a web-based sustainability reporting system has enabled us to monitor environmental and social data across our subsidiaries more effectively. In the year under review, we have been enhancing our reporting system to provide real-time information and display consumption intensity data on a dashboard, allowing for better visibility and analysis.

Upholding Quality, Standards and Certifications


GRI 417-1, 417-2

We remain committed to upholding high-quality standards and certifications across our operations. We constantly monitor industry best practices and adapt to evolving marketplace conditions. By staying updated with new regulations, we ensure that our businesses meet the required safety and quality standards. Our dedication to maintaining these standards extends throughout our supply chains, enabling us to deliver products and services that meet the expectations of our customers and stakeholders.

Plantation

100% of our fully developed Malaysian estates have been MSPO-certified since FYE2020. Other significant certifications and standards achieved by this division are ISO 50001:2011 and ISO 14001:2015. Meanwhile, PTNJL's application for the Indonesian Sustainability Palm Oil (ISPO) certification is currently pending resolution of certain land title matters.

 Malaysian Sustainable Palm Oil (MSPO)	8 Malaysian estates are MSPO-certified. The MSPO ensures responsible management of palm oil plantations, smallholdings and palm oil processing facilities. The MSPO certification also covers human and workers' rights protection.
 ISO 50001:2011 (Energy Management System)	PTNJL is accredited with ISO 50001:2011 for its energy management system (“EMS”). This certification is awarded to companies that have a robust EMS in place. The EMS is a tool that will enable PTNJL to implement continuous improvement plans to improve its energy efficiency and help preserve resources.

 ISO 14001:2015 (Environment Management System)	PTNJL is ISO 14001:2015 certified for its sustainable environmental practices in the production of its CPO, CPKO and palm kernel.
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Manufacturing

 ISO 27001:2013 Information Security Management	The accreditation reflects PKN's compliance with the highest international and security control standards to protect information against any security risks, underpinning their commitment to delivering excellence.
 ISO 37001:2016 Anti-Bribery Management Systems	This certification affirms PKN's adherence to robust anti-bribery policies, procedures, and controls.
 ISO 9001:2015 Quality Management System	This certification affirms that PKN has implemented effective quality management systems that meet internationally recognised standards.
 ISO 14298:2013 Graphic Technology-Management of Security Printing Processes	This accreditation reflects PKN's adherence to the guidelines and requirements outlined in the standard for the management of security printing processes.

Sustainability Report



As a proud,
home-grown
Malaysian
conglomerate,

our commitment is rooted in building a resilient and productive organisation that generates sustainable value by aligning our goals with the needs and aspirations of our stakeholders. Through collaboration and shared growth, we aim to make a positive and lasting impact that goes beyond mere financial success. We take pride in being part of the collective journey towards a prosperous future for all stakeholders involved.

The artwork was created by Mohammad Hadi, Kon Zin Hong, Clement Ooi, and Afif Irfan who are students of Infinite Minds Academy.

Infinite Minds Academy offers specialised Digital Tech programmes for individuals with special needs, aiming to empower them economically so that they are not left behind in the digital age and have the opportunity to excel independently.