



**BUILDING A  
SUSTAINABLE  
FUTURE**

**2019**  
SUSTAINABILITY REPORT

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1 In line with the Group's efforts towards greater environmental conservation, we have elected for an electronic transmission of our Annual Report and Sustainability Report.

The electronic version of this Annual Report is available on Fraser and Neave, Limited's website ([fraserandneave.com/investor-relations/annual-reports](http://fraserandneave.com/investor-relations/annual-reports)). Shareholders and other interested parties who wish to receive a printed copy may order it through the website ([fraserandneave.com/contact-us/request-annual-report](http://fraserandneave.com/contact-us/request-annual-report)), e-mail ([ir@fraserandneave.com](mailto:ir@fraserandneave.com)) or telephone ((65) 6318 9393).

Our FY2019 Sustainability Report is only available in electronic version, and can be downloaded at [fraserandneave.com/investor-relations/corporate-sustainability](http://fraserandneave.com/investor-relations/corporate-sustainability).

2 Unless specifically stated otherwise, all figures in this Annual Report are quoted in Singapore Dollars.

3 Due to rounding, numbers in charts may not always add up to 100% or totals.

# Building a Sustainable Future

We are a successful and responsible branded consumer enterprise, focused on delivering long-term sustainable growth to our stakeholders. We build great-tasting brands, with a diverse and differentiated portfolio that people love and trust. Our business model, driven by our strategy, is simple, effective and profitable. It reflects the core competencies we have built over the years to support our purpose of enhancing the quality of life and contributing to a healthy future of our consumers. **We are F&N.**

## Corporate Profile

Established in 1883, Fraser and Neave, Limited (“**F&N**”) is a leading Southeast Asia Consumer Group with expertise and prominent standing in the Food & Beverage and Publishing & Printing industries. Leveraging its strengths in marketing and distribution, research and development, brands and financial management, F&N provides key resources and sets strategic directions for its subsidiary companies across both industries.

Listed on the Singapore Stock Exchange, F&N ranks as one of the most established and successful companies in the region with an impressive array of renowned brands that enjoy strong market leadership. F&N is present in 11 countries spanning Asia Pacific, Europe and the USA, and employs over 7,700 people worldwide.

## Vision

To be a stable and sustainable Food & Beverage leader in the ASEAN region.

## Mission

To be ASEAN’s leading owner and provider of quality and innovative products that consumers choose and trust. To support our mission, we are guided firmly by our commitment to create value for our stakeholders by ensuring that our corporate actions positively impact the socio-economic and environmental factors.

## Our Main Brands



# Sustainability Highlights 2019

**13%**  
reduction in Lost Time Injury Frequency Rate



**Healthier options**  
offered in 14 of 15 ready-to-drink beverage categories



**39%**  
reduction in Sugar Index (2004 - 2019)

**70%**  
of our 2019 palm oil usage equivalent in Roundtable on Sustainable Palm Oil ("RSPO") Credits has been purchased

**208 MT**  
reduction in usage of PET resin packaging material



**90%**  
of beverages packaging is recyclable

**25%**  
reduction in Solid Waste Intensity Ratio\*

**30 and 11**  
training hours per employee for Executive and Non-Executive categories

**External assurance**  
on selected F&N Health, Safety and Environment ("HSE") disclosures

\* at the group-level, compared to FY2017

# Board Statement

## OVERVIEW OF SUSTAINABILITY

The Board is pleased to present the Fraser and Neave, Limited (“**F&N**” or the “**Group**”) third Sustainability Report in accordance with the internationally recognised Global Reporting Initiatives (“**GRI**”) Standards (Core) which is in compliance with the Singapore Exchange’s (“**SGX**”) Listing Rules 711A and 711B. This report encapsulates the Group’s overarching approach to sustainability, providing greater clarity to our stakeholders on material issues from Environmental, Social and Governance (“**ESG**”) factors that may impact our business, as well as strategies that we have implemented to mitigate these risks. This year, we made great strides toward achieving ambitious 2020 sustainability goals. Each of the Group’s commitments and targets are described in detail on pages 23 to 25 of this report. We remain committed to reducing our environmental impact, enhancing the Group’s economic value, fostering mutually beneficial relationships with our communities and ensuring the health and safety of our staff.

## SUSTAINABILITY GOVERNANCE

The Board has overall responsibility for sustainability and incorporates sustainability issues as part of its strategic formulation. While it continues to take the lead in the Group’s sustainability direction, the Board has tasked the Sustainability and Risk Management Committee (“**SRMC**”) with responsibility for steering the Group’s sustainability efforts. The SRMC is supported by the Sustainability Development Committee (“**SDC**”), which is chaired by Mr Lee Meng Tat, Chief Executive Officer, Non-Alcoholic Beverages and comprises business CEOs and senior executives across various functions. The SDC supports the SRMC and monitors the progress of the Group’s sustainability initiatives.

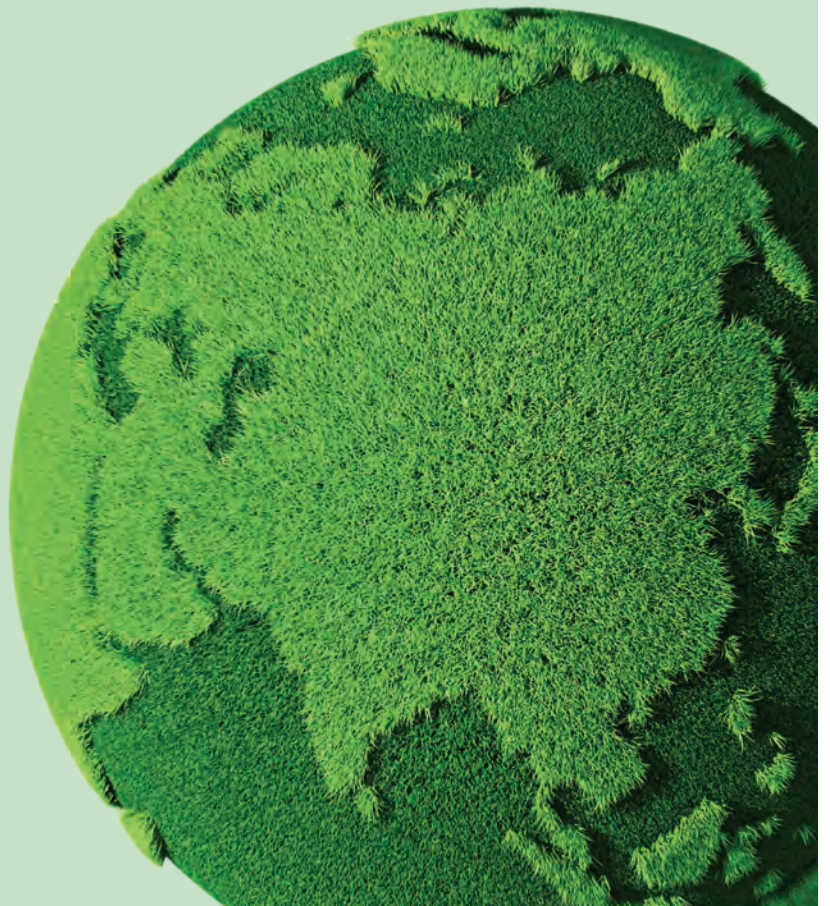
## 2020 AND BEYOND

Today, the responsibility to do even more than what we have done so far to transform F&N, sustainably, is even greater. As one of the leading consumer groups in Singapore and the region, we will continue to anchor sustainability in the Group and advance toward a sustainable circular economy.

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**As one of the leading consumer groups in Singapore and the region, we will continue to anchor sustainability in the Group and advance toward a sustainable circular economy.**

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# Message from Chairman of SDC



**Mr Lee Meng Tat**  
Chairman of Sustainability  
Development Committee

## OVERVIEW OF 2019 SUSTAINABILITY REPORT

GRI 102-14

At F&N, sustainability is an integral part of our operations. F&N's vision is to be a stable and sustainable Food & Beverage ("**F&B**") leader in the ASEAN region, and in the following pages, we provide an insight into how F&N shows leadership for the sustainability challenges faced.

This report has been prepared in accordance with the GRI Standards (Core), which represent global best practice in sustainability reporting. By adhering to GRI Standards, we are able to demonstrate performance for F&N's material sustainability issues consistently over time. We have improved our data collection processes

by aligning and integrating them with the Thai Beverage Public Company Limited's ("**ThaiBev**") parameters.

ThaiBev has been a member of the DJSI World and DJSI Emerging Markets since 2016, and constantly works on improving their sustainability processes through learning and best practice sharing. They first became the Beverages industry leader in the RobecoSAM Corporate Sustainability Assessment in 2018 and continues to retain the title in 2019.

By benchmarking our sustainability processes and performance against the industry leader, we ensure that our processes and performance would further improve through best practices sharing and knowledge transfer.

## ACHIEVEMENTS AND PROGRESS IN 2019

For the first time this year, we have external verification on the sustainability data disclosed in this report. Lloyd's Register Quality Assurance ("LRQA") has conducted an external assurance on selected F&N HSE disclosures. The external assurance serves to ensure the accuracy of the sustainability data disclosed in this report. LRQA's assurance statement can be found on page 92 of this report.

Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. This year, our subsidiary, Fraser & Neave Holdings Bhd ("F&NHB"), has been rated by FTSE4Good Bursa Malaysia Index ("F4GBM") with positive results, and included as part of the F4GBM. This indicates the strong ESG practices in place at F&NHB.

Consumer Health and Safety is our most important sustainability topic and has been key to the success of our business over the decades. I am glad that we continue to lead in this area. 90% of our ready-to-drink ("RTD") beverages sold today in Malaysia contain less than 5g of sugar per 100ml (below the sugar sweetened beverages excise duty threshold) and consumers have responded positively to the reformulated products. This ensures that we continue to provide healthier beverages, which do not compromise on taste, to our consumers. More information regarding other initiatives promoting good health and safety for our consumers can be located on page 77 of this report.

Waste generated by packaging has been increasingly in the spotlight globally. The material issue of Packaging has consequently been adjusted in the F&N materiality matrix to reflect its high importance to F&N. We are committed to sourcing sustainably and supporting efforts to reduce the usage of packaging materials. At the Singapore Packaging Agreement ("SPA") Awards 2019 held on 17 Jul 2019, F&N Foods Pte Ltd ("FNFS") had received a Merit Award for its initiative to reduce the packaging used while still maintaining the integrity and quality of the product. With support from the National Environment Agency ("NEA") in Singapore,

FNFS had also launched a nationwide recycling initiative, Recycle N Save, on 31 Oct 2019. 50 Smart Reverse Vending Machines ("RVM") are scheduled to be placed island-wide by March 2020 in a bid to encourage the public to recycle the packaging of their consumed beverages. With the launch of this initiative, F&N reinforces its commitment to play its part in protecting the environment by ensuring that its packaging is environmentally friendly, and at the same time, encouraging and rewarding consumers who recycle the cans and bottles. At Times Printers, packaging waste is also reduced by decreasing the amount of paper used for the packing of books and magazines through reusing the aluminium plate interleaf paper and the slit waste from the paper reel outer roll.

At the heart of our sustainability approach is Innovation. We encourage employee-driven innovation at dedicated conventions where teams submit ideas for continual improvement and showcase their projects to share learnings and knowledge to help improve the efficiency and product quality of F&N's manufacturing operations. Our employees at F&N Dairies Thailand ("F&NDT") initiated the award winning Gemba Kaizen project at Rojana Plant where the team re-looked the mechanism of the display box at the packing line and incorporated the Karakuri Kaizen mechanism (leveraging on gravitational energy). This innovation in production contributed towards significantly reducing the packing line's electricity usage and frequency of machine faults.

## PLANS FOR 2020

2020 will be an exciting year for sustainability at F&N. The 2020 Group sustainability performance will be assessed against our 2020 Group sustainability targets. This outcome will impact the setting of the new 2025 Group sustainability targets, which are slated to commence in 2021. We will also engage a range of stakeholders to determine our new material topics and materiality matrix for 2021. We will continue to embed sustainability throughout our business, and lead by example for long-term value creation.

F&N appreciates your interest in our 2019 Sustainability Report and is very grateful for your continuous support.

# About This Report

## WELCOME TO THE F&N SUSTAINABILITY REPORT 2019

GRI 102-45; GRI 102-50 TO GRI 102-54

This is our third annual Sustainability Report, in compliance with SGX. We are proud to continue our sustainability journey and reporting in alignment with the GRI Standards 'Core Option'. This year, to promote greater accountability and ownership, we further enhanced our reporting to include more disclosures on our most important sustainability topics.

Read together with our Annual Report, this Sustainability Report gives our stakeholders a comprehensive picture of how F&N integrates financial goals with social and environmental imperatives. We are pleased to take this opportunity to share our commitments and progress in generating value for our stakeholders while conducting our business in an environmentally and socially responsible manner.

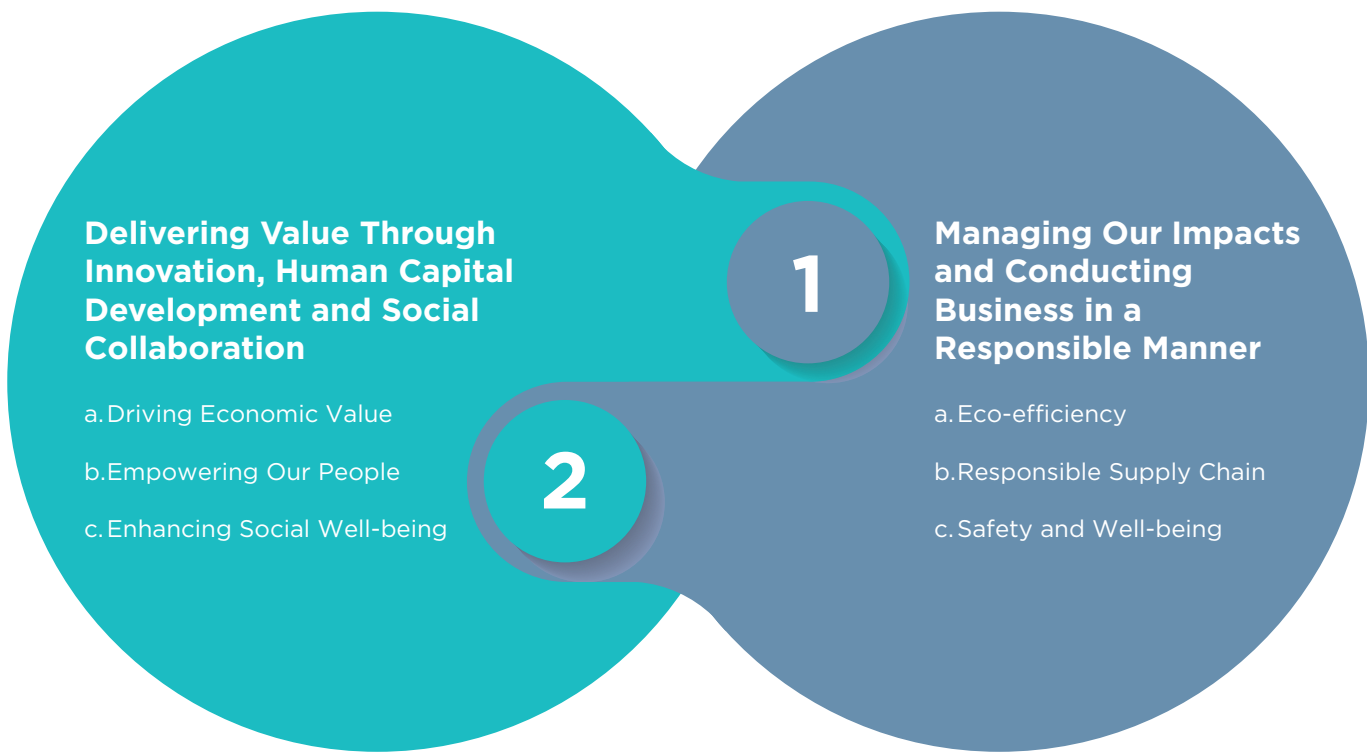
F&NHB, a subsidiary company, has been included in the F4GBM for the first time this year. Its inclusion in the Index demonstrated the Group's commitment to sound corporate governance and responsible environmental and social practices.



**FTSE4Good**

F&NHB has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Similar to last year, this report is organised in two primary focus, each with three 'core areas':

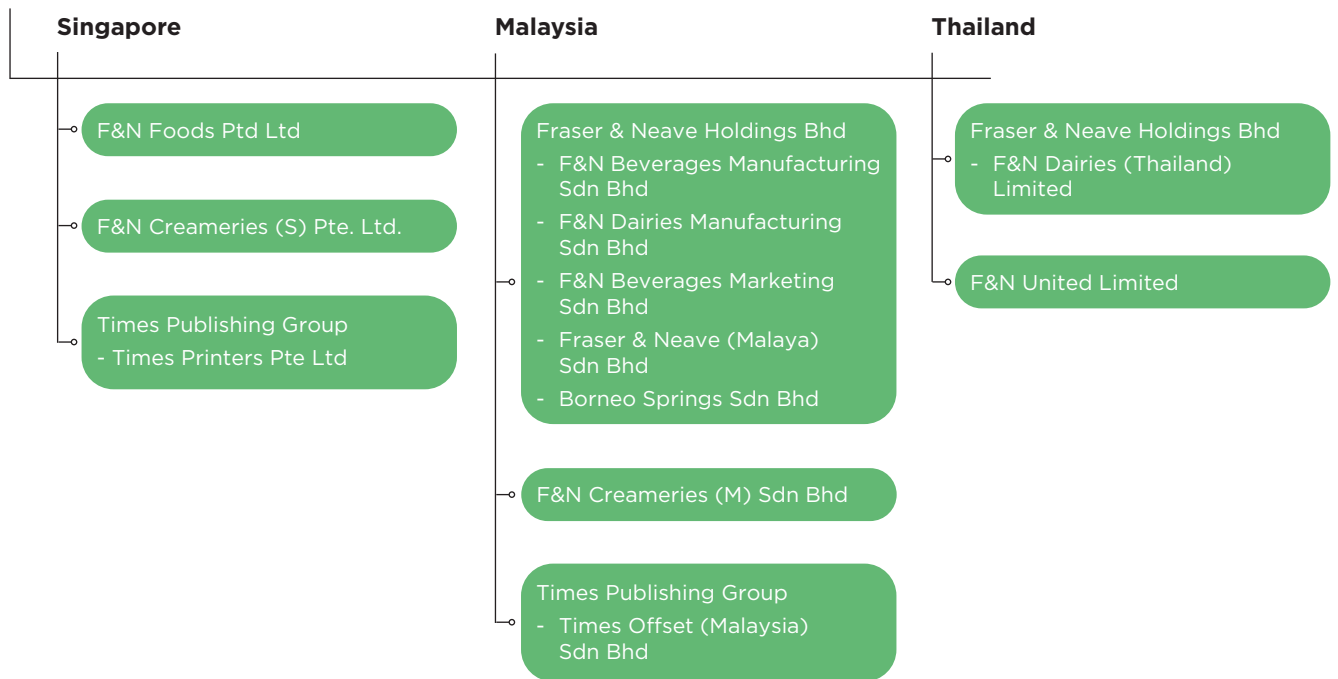




**REPORTING PERIOD AND BASIS OF SCOPE**

The reporting covers the period from 1<sup>st</sup> October 2018 to 30<sup>th</sup> September 2019. Unless otherwise stated, the information contained in this report covers the Group’s operations in Singapore, Malaysia and Thailand.

Specifically, for environmental data, the report covers the Group’s significant operations in 13 manufacturing sites in Malaysia, Singapore and Thailand, excluding Yoke Food Industries Sdn. Bhd in Malaysia and Print Labs in Singapore.



**ASSURANCE POLICY**

F&N’s policy is to align our reporting of non-financial information with the best and most up-to-date standards available at the beginning of our fiscal year. We believe in reporting reliable data and continuously strive to improve the quality of our non-financial disclosures.

For the first time this year, we have obtained external assurance on selected HSE data presented in this report. This aims to increase the confidence in our reporting practices and the quality of our disclosures. The assurance statement is included in page 92 of this report.

**CONTACT US**

We value and appreciate all feedback to help make our future reports more relevant to our stakeholders. Please direct your comments and questions to:

Email: [sustainability@fngroup.com.sg](mailto:sustainability@fngroup.com.sg)

Phone number: +65 6318 9393

Mail: Sustainability Reporting Department  
 438 Alexandra Road  
 #07-00 Alexandra Point  
 Singapore 119958

# About F&N

## WHO WE ARE GRI 102-2 to 102-10

F&N originated more than a century ago from the spirited decisions of two enterprising young men, John Fraser and David Neave, who diversified from their printing business to pioneer the aerated water business in Southeast Asia (“SEA”) in 1883.

The entrepreneurial spirit, embodied by our founders, remains in today’s F&N. As a soft drink company, F&N seized the growth opportunities and ventured into the beer brewing business in 1931 in partnership with The Heineken Company and built a very successful beer empire in Asia Pacific – through its joint venture company, Asia Pacific Breweries Limited (“APB”). In 1959, it entered the Dairies business by forming a canned milk joint venture with Beatrice Foods of Chicago, and in 2007, it acquired Nestle’s liquid canned milk business in Thailand, Malaysia, Singapore and Brunei, and accelerated its growth in the dairy business. Today, F&N is the largest canned milk producer in SEA. In 1985, the Group diversified into the Properties business. Starting with the redevelopment of its soft drinks and brewery sites in Singapore, F&N soon grew its property arm – Frasers Centrepoint Limited (“FCL”, now known as Frasers Property Limited) to become one of the leading property companies in Singapore with multi-national businesses in residential, hospitality, retail, commercial and industrial properties.

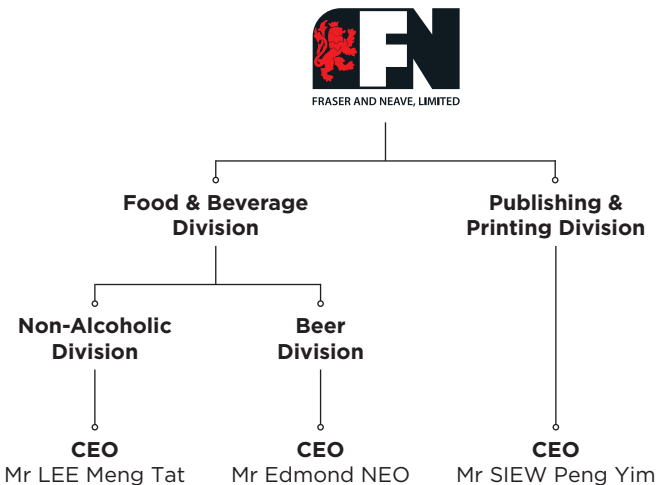
In 2012, F&N divested its equity stake in APB to realise a substantial value for shareholders. In 2014, the Group demerged FCL through a listing on the Singapore Stock Exchange, thereby transferring value to shareholders.

Today, F&N is a leading Asia Pacific Consumer Group with expertise and prominent standing in the F&B and Publishing & Printing industries. Leveraging its strengths in marketing and distribution, research and development (“R&D”), brands and financial management, as well as years of acquisition experience, the Group provides key resources and sets strategic directions for its subsidiary companies across both industries.

Listed on the Singapore Stock Exchange, F&N ranks as one of the most established and successful companies in the region with an impressive array of renowned brands that enjoy strong market leadership. F&N is present in 11 countries spanning Asia Pacific, Europe and the USA, and employs over 7,700 people worldwide.

There have been no significant changes to F&N’s operations, ownership or supply chain during the past year. The Group’s operating businesses are organised according to products and services, namely F&B Division (Non-Alcoholic and Beer) and Publishing & Printing Division.

F&N is headquartered in Singapore. We have 17 production facilities in Malaysia, Singapore, Thailand, China and Myanmar which are serving the needs of customers and consumers in the Asia Pacific region.



**Founded in 1883**

**7,700+ employees**

**40+ brands**

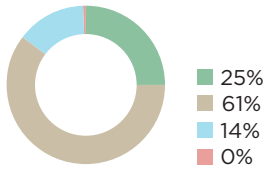
**60+ manufacturing and warehousing facilities in 11 countries**

**130+ export markets**

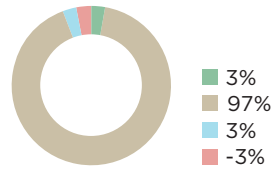
**640+ million consumers in SEA**

**CONTRIBUTION BY SEGMENT**

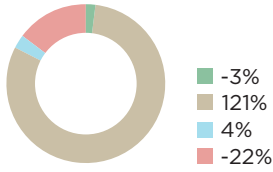
**\$1,902m**  
Revenue



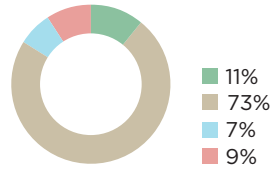
**\$284m**  
Profit Before Interest & Taxation



**\$153m**  
Attributable Profit Before Fair Value Adjustment & Exceptional Items



**\$4,719m**  
Total Assets

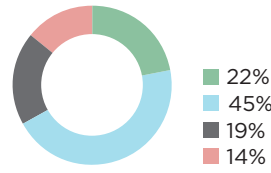


**Legend:**

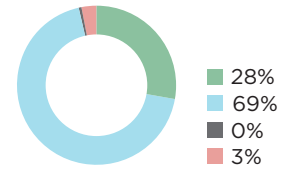
- Beverages
- Dairies
- Publishing & Printing
- Others

**EMPLOYEE BREAKDOWN**

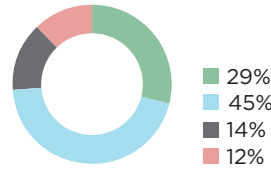
**6,600**  
Full-Time



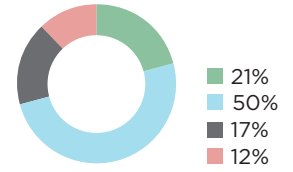
**1,100**  
Contract



**2,400**  
Executive



**5,300**  
Non-Executive



**Legend:**

- Singapore
- Malaysia
- Thailand
- Others



- A** USA
- B** Chile
- C** India
- D** Myanmar
- E** China
- F** Hong Kong
- G** Thailand
- H** Vietnam<sup>1</sup>
- I** Malaysia
- J** Singapore
- K** Brunei
- L** Indonesia

**Legend:**

- | Manufacturing Plants   | Offices |
|--|---------|
| Dairies <span style="color: brown;">●</span> Dairies                                 |         |
| Soft Drinks <span style="color: green;">●</span> Soft Drinks                         |         |
| Beer <span style="color: red;">●</span> Beer   |         |
| Publishing & Printing <span style="color: lightblue;">●</span> Publishing & Printing |         |

**Note:**

1. F&N owns an effective 20.01% stake in Vietnam Dairy Products Joint Stock Company

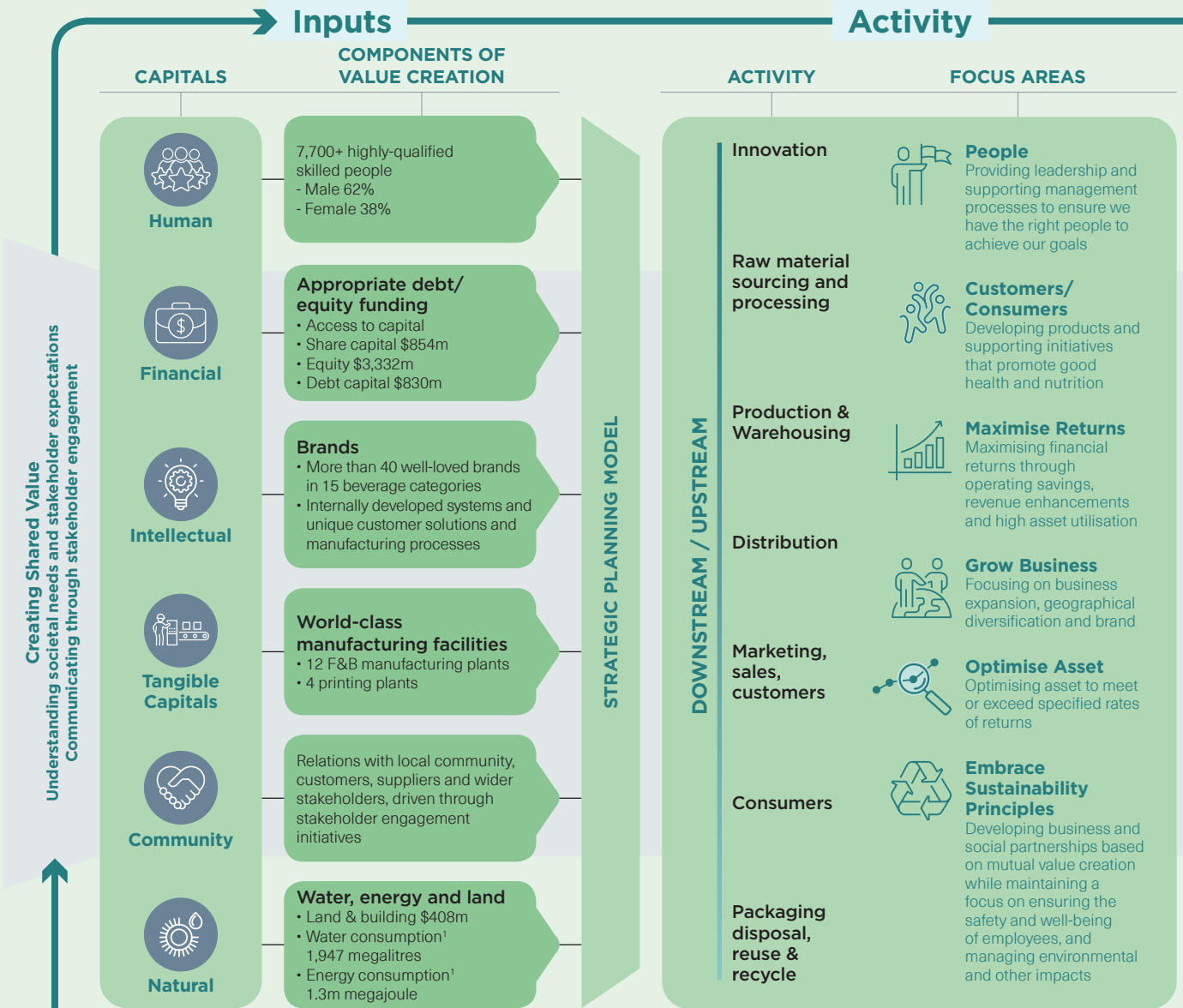
# F&N Business Model

## Our Vision

To be a stable and sustainable Food & Beverage leader in the ASEAN region

## Our Strategy

- Winning with Brands**  
 Focusing resources on and drive the growth of brands that are in the medium- to high-growth segments and where F&N has a right to win
- Winning with Innovation**  
 Focusing on offering new products that appeal to our customers and consumers
- Winning in Marketplace**  
 Focusing on strengthening levers to execute a strong go-to-market strategy that reduces cost and risk
- Winning with People**  
 Focusing on attracting and retaining the talent we need to achieve our growth priorities



**Note:**  
 1 Included water and energy consumed at the Group's significant operations in Malaysia, Singapore and Thailand

Core areas of sustainability:

- Driving economic value
- Empowering our people
- Enhancing social well-being
- Promoting eco-efficiency

## Our Businesses

**Food & Beverage (Soft Drinks, Dairies, Beer)**  
Offering innovative products to consumers



**Publishing & Printing**  
Enriching lives through knowledge

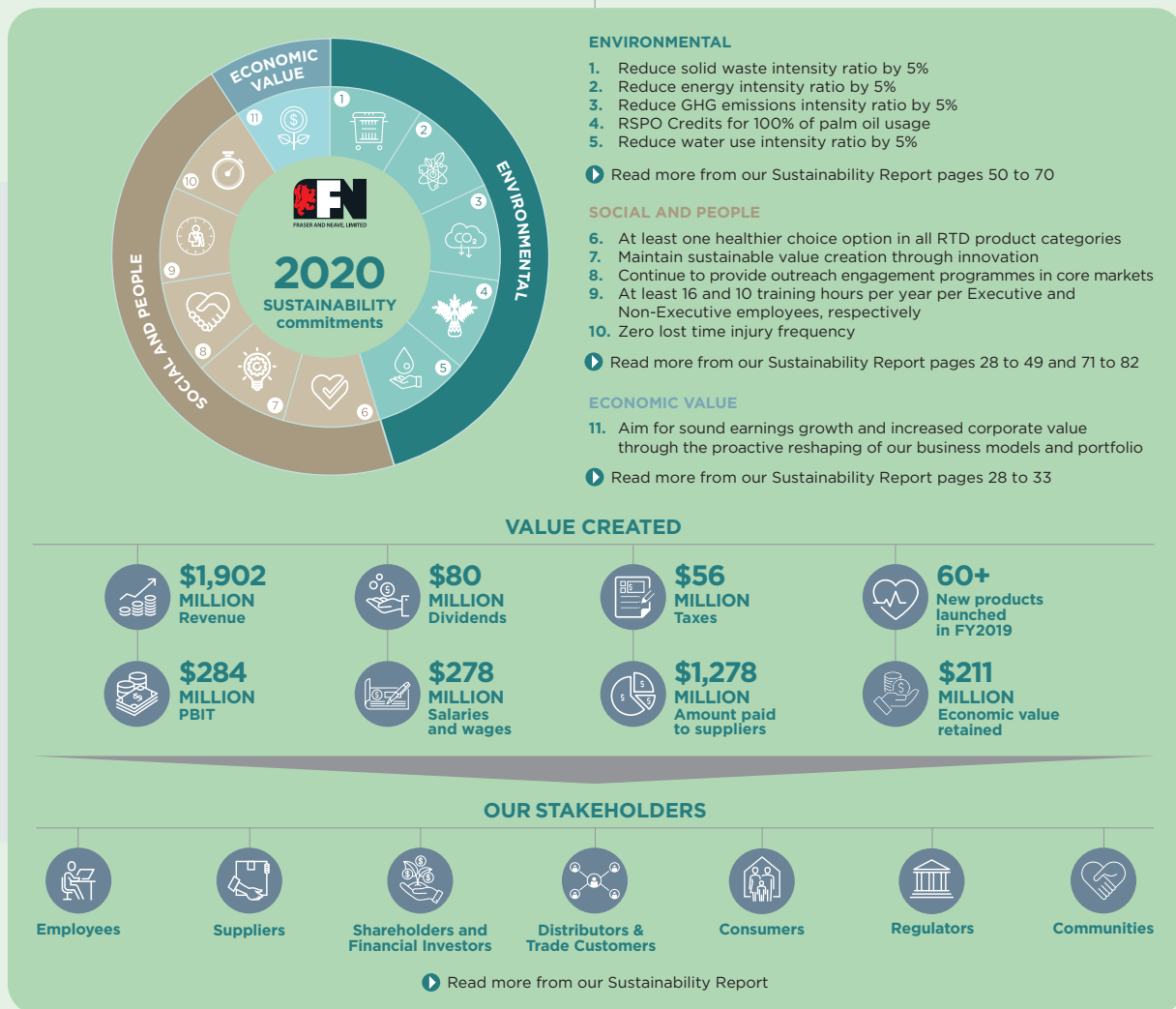


**Other Strategic Investments**  
Delivering economic returns to stakeholders



## Outputs

### SUSTAINABILITY GOALS

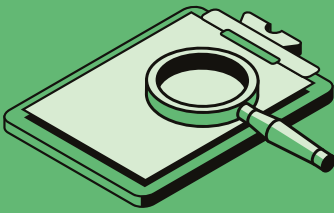


Understanding societal needs and stakeholder expectations  
 Communicating through stakeholder engagement  
 Creating Shared Value

- Responsible supply chain
- Safety and well-being
- Corporate governance
- Learning organisation

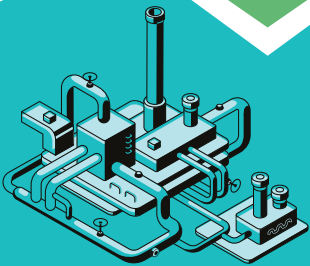
# Our Supply Chain

The preparation, production and packaging of our beverages and consumables for printing requires a range of raw materials, equipment, and other goods and services. In FY2019, we engaged with over 4,500 global and local suppliers across our supply chain. F&N worked with manufacturers, wholesalers, retailers, importer/merchants, contractors, professional services providers, etc and spent a total of about \$1.5 billion on products and services.



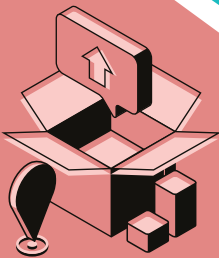
## Sourcing

To provide the highest quality standards for our customers and consumers, we have also been seeking out and working with suppliers who meet high quality in standards and are socially, ethically and environmentally responsible. To ensure the sustainability of our business, we have risk management mechanisms in place to manage issues associated with the commodities upon which we rely.



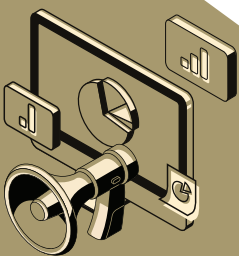
## Production

We have implemented a standardised safe production process, in accordance with international standards, throughout our operations. We strive for eco-efficient processes, in which we optimise the socio-economic value we create, while minimising our negative environmental and social impacts from all production stages.



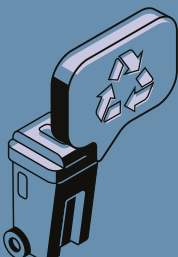
## Distribution

We have a fully integrated and extensive distribution system to ensure that our products are efficiently distributed to our customers and consumers. Our focus is to minimise the environmental and social impacts from transportation by managing energy usage while safeguarding the safety of our personnel and local communities. We also continuously innovate our processes and implement digital technologies to drive efficiency.



## Marketing and Sales

Responsible marketing and sales practices are of great importance to F&N. We demonstrate societal responsibility by providing healthier product options and informative product labels. We also work with regulators and seek feedback from our customers on our products to improve our marketing practices.



## Post-Consumption Packaging Management

We minimise the impact of post-consumer waste by delivering innovative and environmental-friendly packaging. We continuously seek out sustainable packaging that also meets the needs of our consumers. In addition to applying Circular Economy principles throughout F&N, we also promote environmental awareness in the communities we operate.

# Our Sustainability Approach

## SUSTAINABILITY VISION AND FRAMEWORK

GRI 102-16; GRI 102-18; GRI 102-40; GRI 102-42 to GRI 102-44; GRI 102-46; GRI 102-47; GRI 102-49

It is our vision to create a financially, environmentally, and socially sustainable future for our business by:

**1**  
**Delivering value through innovation, human capital development and social collaboration; and**

**2**  
**Managing our impacts and conducting business in a responsible manner.**

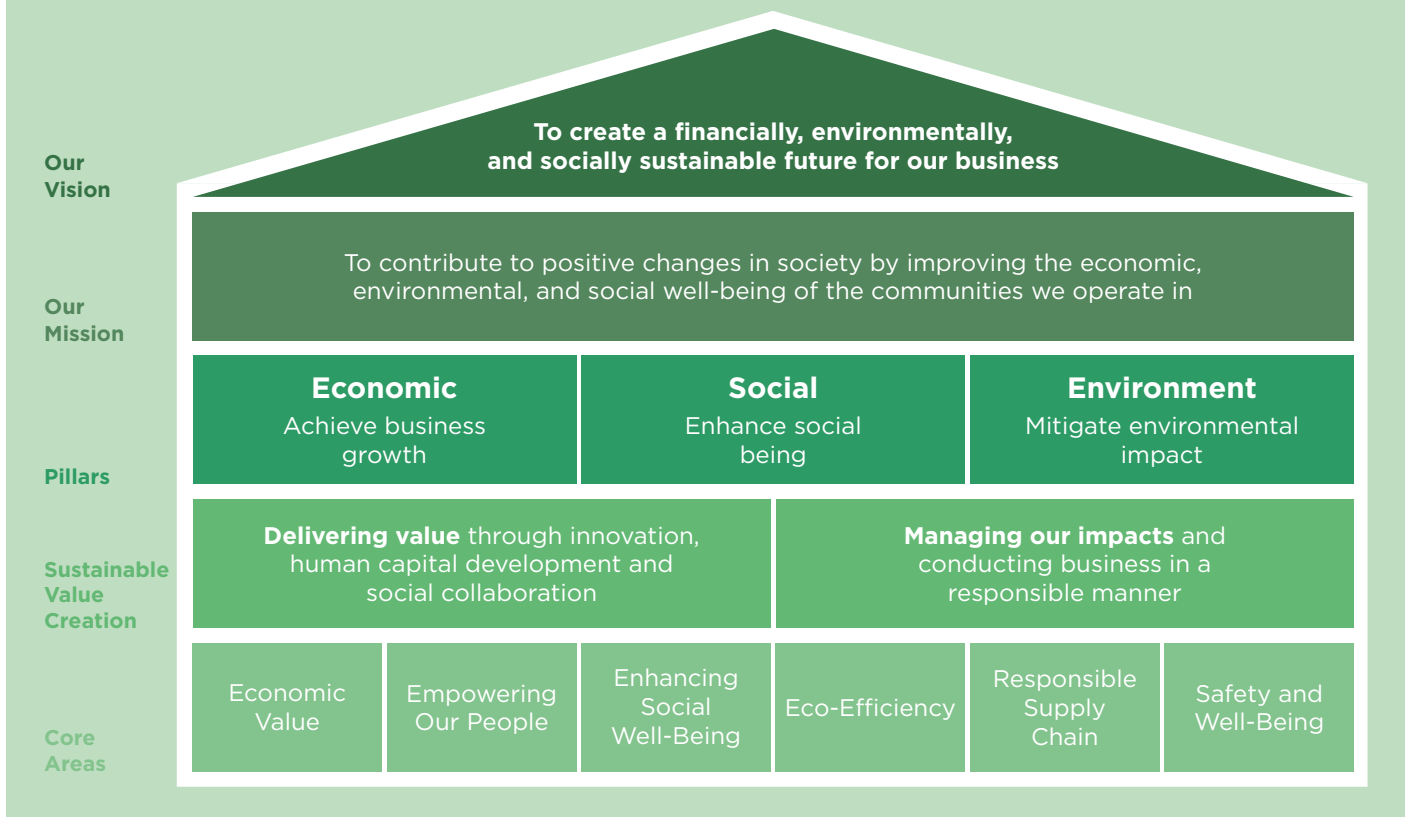
Our sustainability framework comprises six core areas, under the

**Delivering Value** theme are:

- 1) Driving Economic Value;
- 2) Empowering Our People; and
- 3) Enhancing Social Well-Being.

**Managing our Impacts** theme are:

- 1) Eco-Efficiency;
- 2) Responsible Supply Chain; and
- 3) Safety and Well-Being.



# Our Sustainability Approach

## MANAGEMENT AND GOVERNANCE STRUCTURE

F&N Board of Directors recognises the importance of sustainability in the Group’s business operations and performance and oversees the overall strategic plan including considering sustainability and environmental issues as part of its strategic formulation.

The SRMC ensures sustainability risks and opportunities are considered at the highest level of F&N by providing strong support to the management team. The SRMC has the responsibility of steering and aligning company-wide sustainability strategy.

Headed by CEO Non-Alcoholic Beverages, and supported by senior personnel from key functions, regions and levels, the SDC supports the SRMC by providing general direction, monitoring and reporting the progress of F&N’s sustainability projects.

The SDC is supported by the Sustainability Development Working Team, which consists of cross-functional representatives that takes on the various roles of: Sustainability Reporting Secretariat; Pillar Heads; Sustainability Initiative Champions; and Data Owners. Together, they monitor the progress of designated goals, drive initiatives at operational level, identify challenges in performance, and gather data for reporting.

In FY2019, the SRMC and SDC each convened three times on sustainability matters.

All F&N Directors and employees pledge to adhere to F&N’s Code of Business Ethics & Conduct, which includes principles related to integrity, respect and excellence. The Code is reviewed with new employees as part of their induction programme, while updates are communicated to staff by email and are also made available on our intranet.



## SUSTAINABILITY DEVELOPMENT COMMITTEE

- Lee Meng Tat (Chairman)**  
Chief Executive Officer, Non-Alcoholic Beverages, F&N
- Lim Yew Hoe**  
Chief Executive Officer, F&NHB
- Siew Peng Yim**  
Chief Executive Officer, Times Publishing Group
- Hui Choon Kit**  
Chief Financial Officer & Group Company Secretary, F&N
- Josephine Woo\***  
Senior Director, Group Human Capital, F&N
- Lai Kah Shen**  
Director, Non-Alcoholic Beverages Finance, F&N
- Dr Yap Peng Kang\***  
Senior Director, Manufacturing and Corporate R&D, F&N
- Jennifer See**  
Managing Director, Singapore and YFI Malaysia, FNFS
- Waradej Patpitak\***  
First Vice-President, Manufacturing, F&NHB
- Celine Tan\***  
Director, Marketing (Beverages), F&N

\* Pillar Heads in the Sustainability Development Working Team



**KEY STAKEHOLDERS' ENGAGEMENT**

F&N's stakeholders include any individual or group who are impacted by or interested in our activities. We strive to build and maintain strong relationships, based on trust and respect, with all stakeholders and utilise various platforms where they can voice their opinions and suggestions, as shown in the table below. Information received via these channels are fed into our planning for sustainable value creation and reporting.

Engagement Channels	Typical Issues Raised	F&N Actions
<b>Investment Community</b>		
<ul style="list-style-type: none"> <li>• General meetings of Shareholders (AGM &amp; EGM)</li> <li>• Face-to-face meetings and conference calls</li> <li>• Office/plant visits</li> <li>• Investor Day</li> <li>• Website and SGXNET announcements, presentations, press releases</li> <li>• Annual reports</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency in disclosure</li> <li>• Business/financial performance</li> <li>• Disclosure on relevant information to shareholders</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>• Section on Our Sustainability Approach (pg. 13-22)</li> <li>• Section on Economic Performance (pg. 27)</li> </ul>
<b>Employees</b>		
<ul style="list-style-type: none"> <li>• Biennial employee engagement survey</li> <li>• Robust compensation and benefits framework</li> <li>• Annual CEO town hall/roadshow</li> <li>• Annual gatherings</li> <li>• Sports tournament</li> <li>• Communicate, iConnect (intranet), F&amp;N Digest (biannual newsletter), email news highlights, quarterly CEO messages</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement with employees</li> <li>• Learning and development opportunities</li> <li>• Equitable rewards and recognition</li> <li>• Safe and healthy work environment</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>• Section on Economic Performance (pg. 27)</li> <li>• Section on Talent Management (pg. 34-41)</li> <li>• Section on Market Presence (pg. 42)</li> <li>• Section on Occupational Health and Safety (pg. 71-76)</li> </ul>
<b>Distributors and Trade Customers</b>		
<ul style="list-style-type: none"> <li>• Annual customer meetings</li> <li>• Annual factory visits</li> <li>• Annual business planning</li> <li>• Business development activities</li> <li>• Joint supply chain meetings</li> <li>• Quarterly business reviews</li> <li>• Customer appreciation events</li> </ul>	<ul style="list-style-type: none"> <li>• Latest consumer and shopper trends</li> <li>• Product innovation</li> <li>• Customer relationship management</li> <li>• Shopper loyalty programmes</li> <li>• Improving customer service level</li> <li>• Business practices and ethics</li> <li>• Competitive operational system</li> <li>• Efficient delivery systems</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>• Section on Innovation (pg. 28-33)</li> <li>• Section on Consumer Health and Safety (pg. 77-81)</li> </ul>

# Our Sustainability Approach

Engagement Channels	Typical Issues Raised	F&N Actions
<b>Consumers</b>		
<ul style="list-style-type: none"> <li>• Marketing and sales promotions</li> <li>• Brand communication through advertising</li> <li>• Social media interactions</li> <li>• On-ground events and activities</li> <li>• Dedicated consumer hotline</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality and safety</li> <li>• Consumer health and safety</li> <li>• Fair and reasonable product pricing</li> <li>• Social and community engagement</li> <li>• Environment-friendly packaging</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>• Section on Innovation (pg. 28-33)</li> <li>• Section on Consumer Health and Safety (pg. 77-81)</li> <li>• Section on Product and Service Labelling (pg. 82-83)</li> </ul>
<b>Suppliers</b>		
<ul style="list-style-type: none"> <li>• Supplier meetings</li> <li>• Annual audits</li> <li>• Tender Management System</li> </ul>	<ul style="list-style-type: none"> <li>• Fair and robust procurement system</li> <li>• Support of local businesses</li> <li>• Social and environmental responsibility</li> <li>• Ethics – anti bribery and corruption</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>• Section on Sustainable Sourcing (pg. 66-70)</li> </ul>
<b>Communities</b>		
<ul style="list-style-type: none"> <li>• Collaborations and partnerships</li> <li>• Outreach programmes</li> <li>• Meetings/dialogues with community representatives</li> <li>• Leadership programmes</li> <li>• Sponsorship of sporting events</li> <li>• Donation of food and beverages to the less privileged and elderly</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer health and safety</li> <li>• Social and environmental responsibility</li> <li>• Greenhouse gas emissions</li> <li>• Job opportunities for locals</li> <li>• Promotion of good health and quality of life</li> <li>• Skills development in sports and leadership</li> <li>• Stimulating local economies</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>• Section on Consumer Health and Safety (pg. 77-81)</li> <li>• Section on Product and Service Labelling (pg. 82-83)</li> <li>• Section on Creating Value for Society (pg. 43-49)</li> <li>• Section on Market Presence (pg. 42)</li> <li>• Section on Water Stewardship (pg. 52-54)</li> <li>• Section on Effluents and Waste (pg. 54-57)</li> <li>• Section on Packaging (pg. 58-60)</li> <li>• Section on Energy and Climate Change (pg. 60-65)</li> <li>• Section on Talent Management (pg. 34-41)</li> </ul>
<b>Regulators</b>		
<ul style="list-style-type: none"> <li>• Active participation on industry collaborations e.g. Singapore's Health Promotion Board; Federation of Malaysian Manufacturers</li> <li>• Meetings with government agencies and statutory bodies</li> <li>• Collaboration and partnerships with local councils</li> </ul>	<ul style="list-style-type: none"> <li>• Good governance</li> <li>• Fair and legal labour practices</li> <li>• Safety at work</li> <li>• Compliance with laws and regulations</li> <li>• Water and waste management</li> <li>• Environment friendly labelling and packaging</li> <li>• Greenhouse gas emissions</li> <li>• Recycling awareness</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>• Section on Our Sustainability Approach (pg. 13-22)</li> <li>• Section on Consumer Health and Safety (pg. 77-81)</li> <li>• Section on Product and Service Labelling (pg. 82-83)</li> <li>• Section on Water Stewardship (pg. 52-54)</li> <li>• Section on Effluents and Waste (pg. 54-57)</li> <li>• Section on Packaging (pg. 58-60)</li> <li>• Section on Energy and Climate Change (pg. 60-65)</li> <li>• Section on Occupational Health and Safety (pg. 71-76)</li> </ul>

## OUR MATERIAL ISSUES

We undertook our first materiality assessment in 2017 to assess our most important sustainability issues. This assessment was based on three steps: Identification; Prioritisation; and Validation.

### Step 1

#### Identification

We conducted a comparative analysis of sustainability issues identified by global initiatives (such as the Sustainable Development Goals) and best practices of industry peers in the industry. These issues were discussed with the SDC to identify issues most material to F&N. We also surveyed our employees to obtain their views and seek further confirmation on the key issues. A list of 15 material issues were identified.

### Step 3

#### Validation

We were able to develop a preliminary materiality matrix based on the outcome from Step 2. It was then validated through engagements with the SDC and the Board.

### Step 2

#### Prioritisation

To prioritise the material sustainability issues identified in Step 1, we engaged department heads, the C-suite, and the Board in a materiality workshop. The workshop involved an in-depth discussion of each identified material sustainability issue, including the likelihood of impacts to our business and stakeholders, and the extent to which they would affect our sustainability. Each material issue was then plotted, based on importance, on a scale from moderate to high.

# Our Sustainability Approach

## FY2019 MATERIALITY MATRIX

Following the initial materiality assessment in 2017, we review and update our 15 materiality issues every year to identify priority sustainability issues across our value chain.

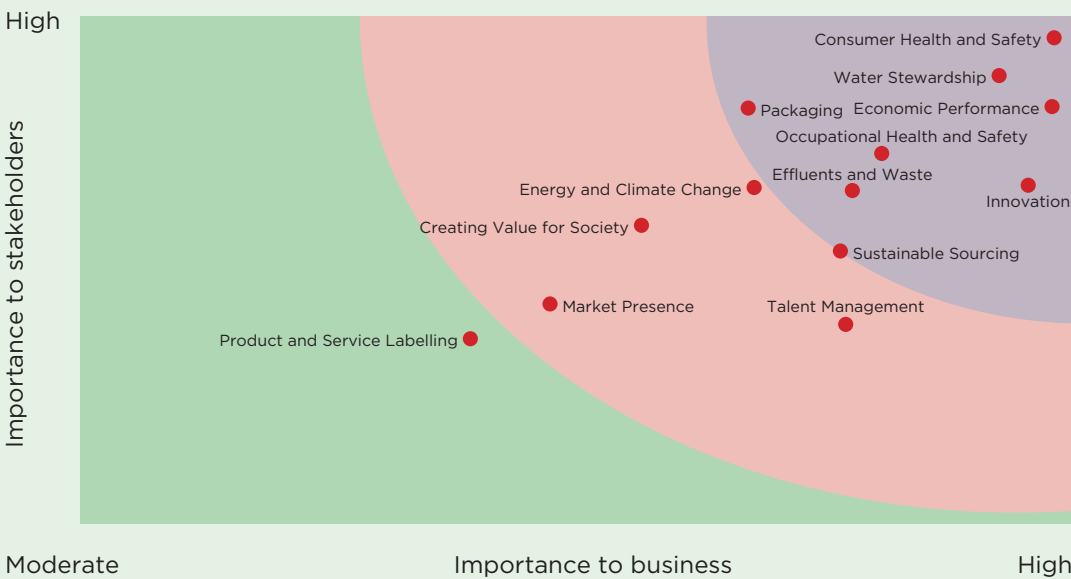
Over the past year, public awareness on plastics waste have grown considerably, both globally and locally, and is now an issue of key importance to business, governments and the public. The Singapore government has designated 2019 as the “Year Towards Zero Waste” while the Malaysian Government published a ‘Roadmap Towards Zero Single-use Plastics 2018-2030’. At F&N, the SDC has also assessed that the ‘Packaging’ materiality topic is increasingly important to F&N’s business and its stakeholders

and has shifted it to the upper right quadrant of the materiality matrix.

For a more holistic reporting, this year we had subsumed:

- a) the ‘Health and Nutrition’ topic under ‘Consumer Health and Safety’ and ‘Creating Value for Society’; and
- b) the ‘Route Planning’ topic under ‘Energy & Climate Change’ to be aligned with the circular economy approach.

As at FY2019, the Group has now 13 materiality issues.

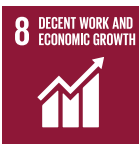

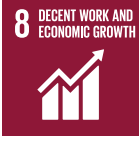


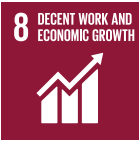
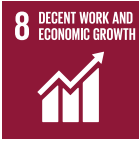


By mapping our material issues to the United Nations Sustainable Development Goals (“UN SDGs”), we have aligned our business and sustainability goals to contribute to the UN SDGs. This allows us to focus on how our sustainability initiatives for each material issue translate towards fulfilling the respective UN SDGs.

F&N will conduct a materiality assessment exercise in 2020 to help ensure our strategy is focused in the right areas, to assess the changing sustainability landscape and to understand and prioritise the issues that matter to our business and our stakeholders.


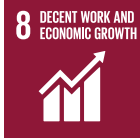

















Material Issues and Our Commitments

Material Topic	Main Sustainable Development Goals	Main Boundaries						
		Employees	Suppliers	Customers	Consumers	Investment Community	Communities	Regulators
<b>M01 Economic Performance</b>								
<p>We are committed to creating direct economic value for our shareholders through the generation of profits and for our employees through stable and rewarding employment.</p> <p><i>GRI 201-1 Economic Performance</i></p>		●	●	●		●		
<b>M02 Innovation</b>								
<p>We invest in product and process innovation to increase our product range and improve efficiency and productivity. Innovation is critical not only for long-term business success but also in response to growing concern about social and environmental issues.</p>		●		●	●	●		
<b>M03 Sustainable Sourcing</b>								
<p>We promote sustainable and responsible procurement and sourcing via a risk management and supplier selection that is integrated with ESG factors, as well as a focus towards local sourcing to contribute to local economic development when possible.</p> <p><i>GRI 204-1 Procurement Practices</i></p>	 	●	●			●	●	
<b>M04 Talent Management</b>								
<p>We recruit the best talent, train them, and keep them motivated via career development goals and reviews.</p> <p><i>GRI 401-1, 401-2 Employment; GRI 404-1, 404-2 Training and Education</i></p>	 	●					●	●
<b>M05 Market Presence</b>								
<p>We contribute to the economic development in the local communities in which we operate by hiring locally and providing our employees attractive salaries and comprehensive benefit packages.</p> <p><i>GRI 202-2 Market Presence</i></p>		●					●	

# Our Sustainability Approach

## Material Issues and Our Commitments

Material Topic	Main Sustainable Development Goals	Main Boundaries						
		Employees	Suppliers	Customers	Consumers	Investment Community	Communities	Regulators
<b>M06 Occupational Health and Safety</b>								
<p>Our health and safety management plan complies with relevant laws and regulations. It is supported by appropriate policies and programmes to safeguard the health and safety of our people at all times.</p> <p><i>GRI 403-9, 403-10 (2018) Occupational Health and Safety</i></p>	 	●						●
<b>M07 Consumer Health and Safety</b>								
<p>We are committed to producing beverages of the highest quality that are safe, and which address health concerns. Our products comply with relevant standards across their entire life cycle. We promote the consumption of nutrition products, in line with consumer needs.</p> <p><i>GRI 416-1, 416-2 Customer Health and Safety</i></p>	 	●		●	●			●
<b>M08 Product and Labelling</b>								
<p>We provide accessible and adequate information on our products and services, in line with relevant laws and regulations. This helps consumers make informed purchasing choices.</p> <p><i>GRI 417-1, 417-2 Marketing and Labelling</i></p>	 	●		●	●			●
<b>M09 Creating Value for Society</b>								
<p>We strive to create a positive impact on local communities through social development projects focused on: strengthening vulnerable groups with education and basic needs; supporting sports and active lifestyles; promoting environmental consciousness; and spreading festive cheer.</p> <p><i>GRI 413-1 Local Communities</i></p>	   	●					●	●

Material Topic	Main Sustainable Development Goals	Main Boundaries						
		Employees	Suppliers	Customers	Consumers	Investment Community	Communities	Regulators
<b>M10 Water Stewardship</b>								
<p>We seek to use water efficiently across the value chain and employ water resource risk management to ensure that our activities do not threaten water resources in the long-term for both our own operations and our local communities.</p> <p><i>GRI 303-3, 303-5 (2018) Water and Effluents</i></p>								
<b>M11 Effluents and Waste</b>								
<p>We comply with international and national standards in effluents and waste management. These include actions to minimise waste in the production process.</p> <p><i>GRI 303-4 (2018) Water and Effluents; GRI 306-2 Effluents and Waste</i></p>	  							
<b>M12 Energy and Climate Change</b>								
<p>We curb our contribution to climate change by managing our Greenhouse gas (“GHG”) emissions from our production processes and transport. This includes creating greater energy efficiencies in our operations and using as much renewable energy as possible.</p> <p><i>GRI 302-1, 302-3 Energy; GRI 305-1, 305-2, 305-4 Emissions</i></p>	 							
<b>M13 Packaging</b>								
<p>We use innovative packaging to meet consumers’ demand and seek out innovative processes to reduce post-consumption waste.</p>								

# Our Sustainability Approach

## CIRCULAR ECONOMY

A circular business model can be defined as the way an organisation creates, delivers and captures value with and within closed material loops and chains. F&N is committed to work towards a more circular economy by preserving the value of resources for as long as possible, and applying circular economy principles of:

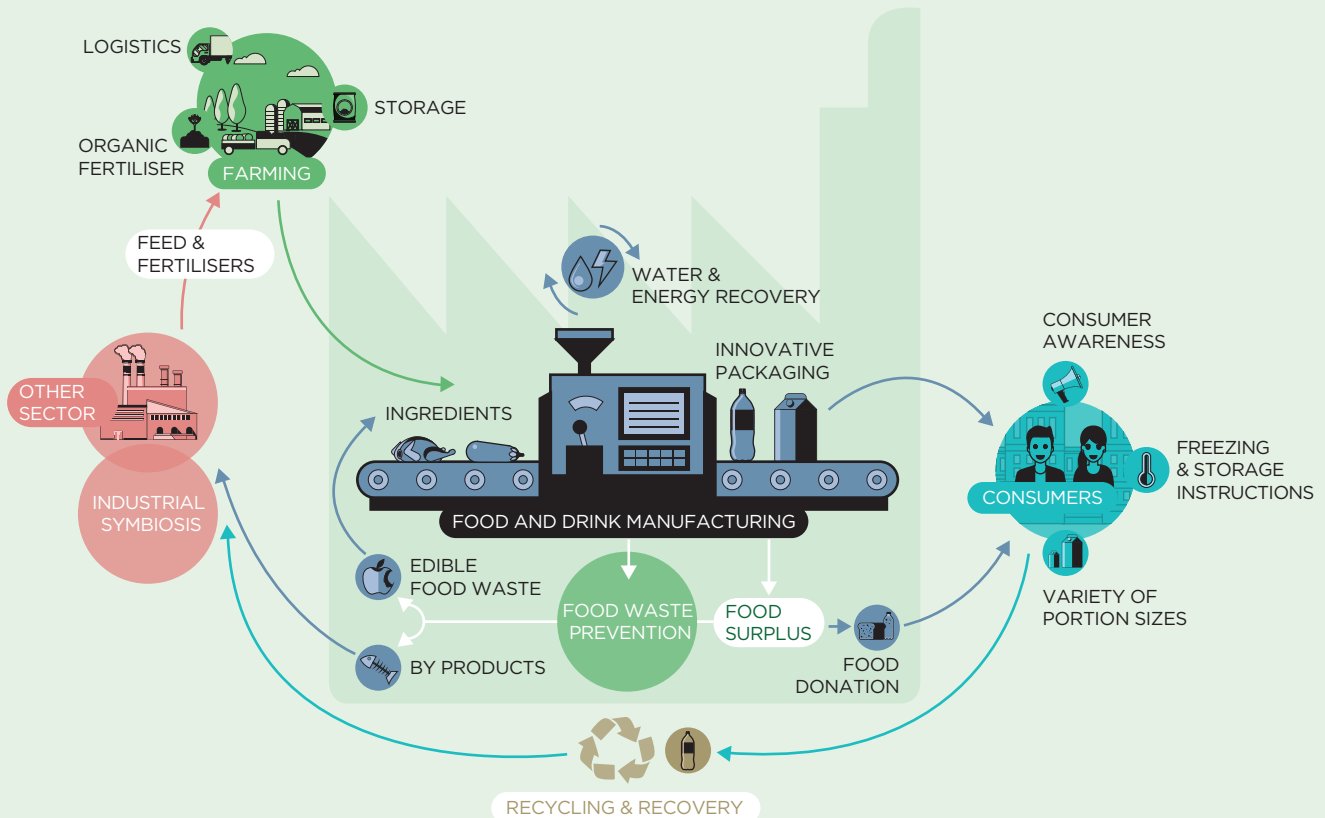
- i) prioritising renewable inputs;
- ii) keeping products and materials in use; and
- iii) recovering by-products and waste.

Our approach to managing materiality topics is guided by these principles. More than half of our materiality topics have links to circular economy:

- **Innovation:** we creatively design new solutions for products and processes which contribute to resource efficiency and the prevention of waste;

- **Water Stewardship:** we manage water use and recover and reuse water where possible;
- **Effluents and Waste:** we minimise waste (in production and post-consumption) and help to create by-products from the residual liquid and solid waste;
- **Packaging:** we reduce raw materials needed and aim to ensure that packaging can be recycled, reused or composted;
- **Energy and Climate Change:** we reduce our energy needs, use renewable and/or recover energy from our operations;
- **Sustainable Sourcing:** we favour suppliers whose environmental practices adhere to circular economy principles; and
- **Creating Value for Society:** we raise awareness, for example, through our School Recycling Programmes.

These links are explored in more details in the chapters which follow.





# Our Commitment

**PEOPLE**

- Occupational Health & Safety
- Talent Management



**ENVIRONMENT**

- Sustainable Sourcing
- Water Stewardship
- Effluents & Waste
- Energy & Climate Change: Reduce energy intensity
- Energy & Climate Change: Reduce GHG emissions



**SOCIAL**

- Consumer Health & Safety
- Innovation
- Creating Value for Society



As part of F&N's commitment to sustainability, we have established 10 key performance targets for the F&N Group, including Singapore, Malaysia and Thailand, based on the high priority material issues identified. F&N is on track to achieve these medium-term performance sustainability goals by 2020.

**1. Key Material Issue Sustainable Sourcing**

**Group Target for 2020** To purchase RSPO Credits for 100% palm oil usage by 2020

**Interim Target** Purchase RSPO Credits for 70% of projected palm oil usage by 2019

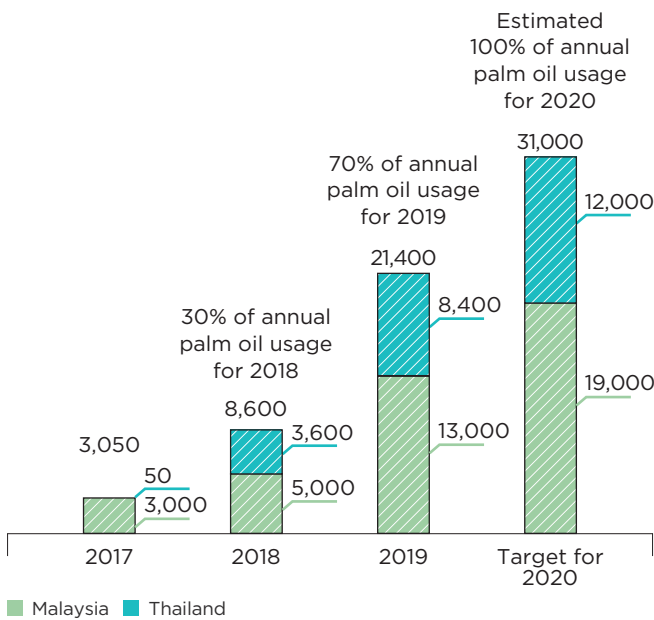
**Progress** We have achieved the interim target for 2019 by purchasing 21,400 RSPO Credits which accounts for about 70% of our 2019 palm oil usage.

**2. Key Material Issue Occupational Health and Safety**

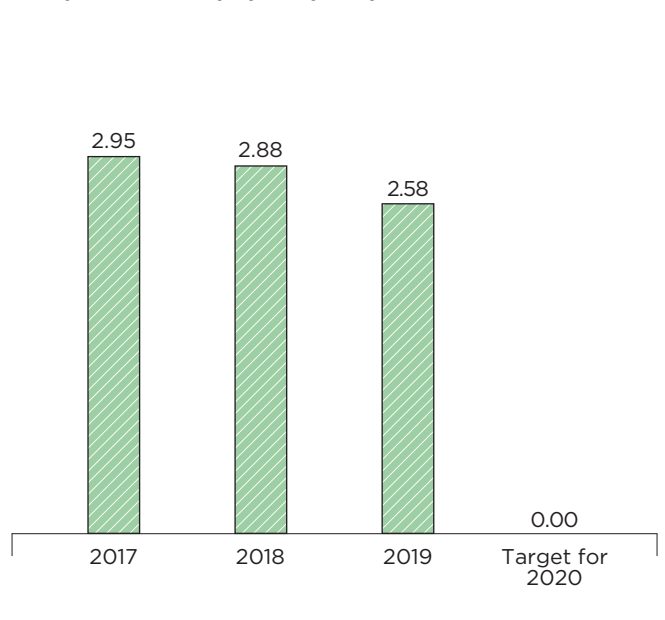
**Group Target for 2020** To have zero Lost Time Injury Frequency Rate by 2020

**Progress**

**Total Number of RSPO Credits Purchased**



**Group Lost Time Injury Frequency Rate**



# Our Commitment

### 3. Key Material Issue **Consumer Health and Safety**

**Group Target for 2020** To introduce at least one healthier choice option in all our product categories by 2020

**Progress** We have healthier alternate products for 14 of the 15 (93%) product categories.

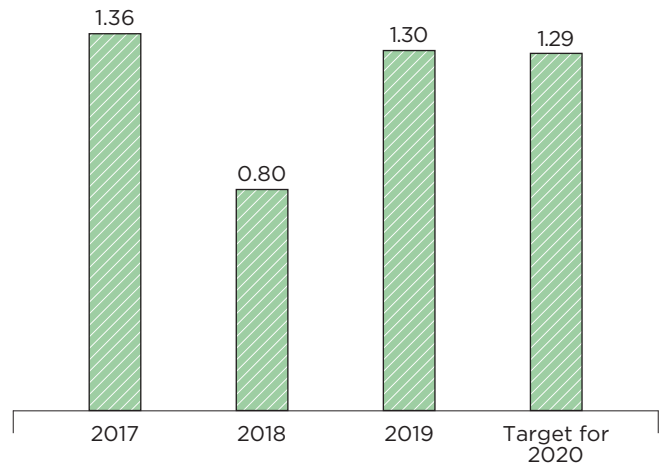
<b>CHILLED / PASTEURIZED</b>	<ul style="list-style-type: none"> <li>• Milk</li> <li>• Drinking/Eating Yoghurt</li> <li>• Fruit Juice</li> <li>• Soya</li> <li>• Asian Soft Drinks</li> </ul>	All product categories have at least one healthier choice
<b>AMBIENT</b>	<ul style="list-style-type: none"> <li>• Isotonic</li> <li>• Water</li> <li>• Carbonated Soft Drinks</li> <li>• Tea</li> <li>• UHT &amp; Sterilised Milk</li> <li>• UHT Soya</li> <li>• Juice</li> <li>• Energy</li> <li>• Asian Soft Drinks</li> <li>• Frozen</li> </ul>	Product categories which do not have at least one healthier choice  1. Energy

### 4. Key Material Issue **Water Stewardship**

**Group Target for 2020** To reduce the water intensity ratio at our plants by 5% from 2017 by 2020

**Progress**

**Group Water Intensity Ratio (m<sup>3</sup>/MT)**



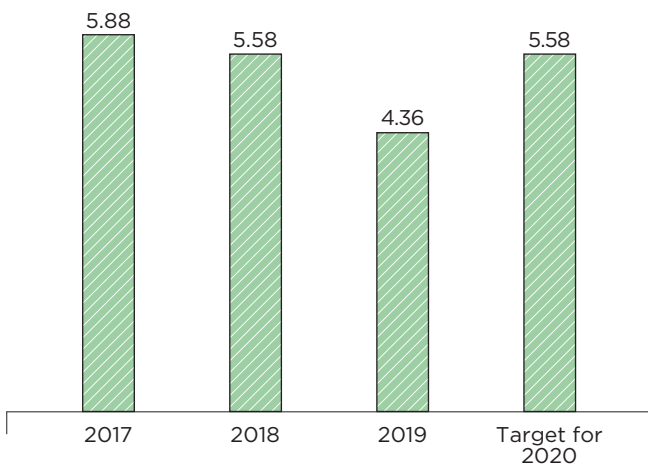
\* Water refers to the water consumed within F&N (Water Consumption = Water withdrawal – Water discharged)

### 5. Key Material Issue **Effluents and Waste**

**Group Target for 2020** To reduce solid waste intensity ratio by 5% from 2017 by 2020

**Progress**

**Group Solid Waste Intensity Ratio (kg/MT)**

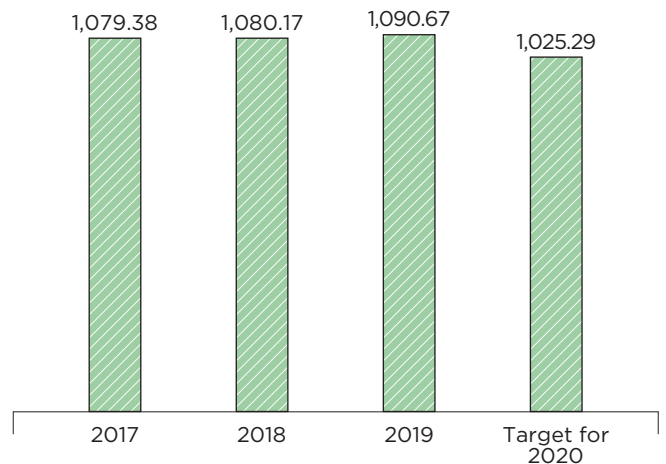


### 6. Key Material Issue **Energy and Climate Change**

**Group Target for 2020** To reduce energy intensity ratio by 5% from 2017 by 2020

**Progress**

**Group Energy Intensity Ratio (MJ/MT)**

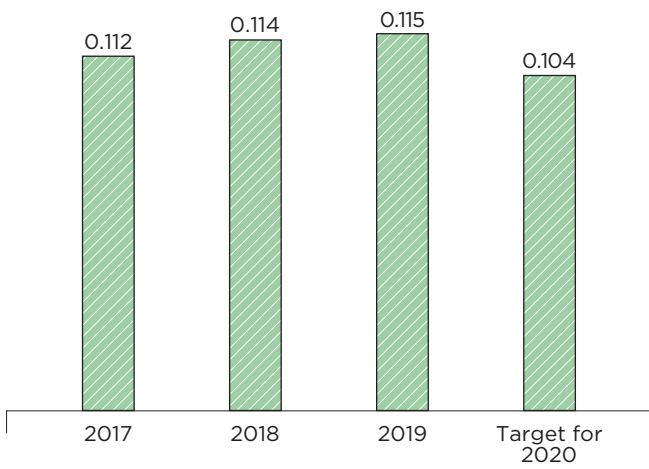


**7. Key Material Issue**     **Energy and Climate Change**

**Group Target for 2020** To reduce GHG emissions intensity ratio by 5% from 2017 by 2020

**Progress**

**Group GHG Emissions Intensity Ratio (MT CO<sub>2e</sub>/MT)**



**8. Key Material Issue**     **Innovation**

**Group Target for 2020** To invest in product and process innovation to increase our product range, and improve efficiency and productivity

**Progress**

We have implemented many innovation projects to improve our product range and improve efficiency and productivity.

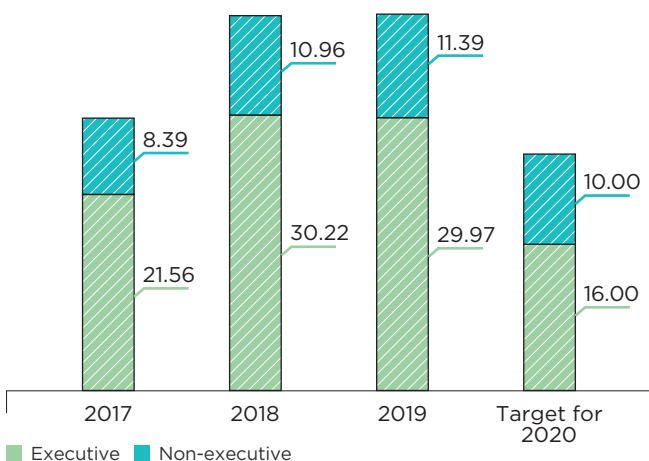
Read more in pages 28-33.

**9. Key Material Issue**     **Talent Management**

**Group Target for 2020** To provide an average of at least 16 and 10 hours of training to employee categories, Executive and Non-executive, respectively, by 2020

**Progress**

**Group Average Training Hour per Employee by Employee Category**



**10. Key Material Issue**     **Creating Value for Society**

**Group Target for 2020** To provide outreach and engagement programmes across Singapore, Malaysia and Thailand by exploring and implementing appropriate outreach programmes to address community needs

**Progress**

We have continued to provide outreach and engagement programmes across Singapore, Malaysia and Thailand via several programmes.

Read more in pages 43-49.

# DELIVERING VALUE THROUGH INNOVATION, HUMAN CAPITAL DEVELOPMENT AND SOCIAL COLLABORATION

## MATERIAL ISSUES

- M01 Economic Performance
- M02 Innovation
- M04 Talent Management
- M05 Market Presence
- M09 Creating Value for Society

## CONTRIBUTING TO SDGS



## Driving Economic Value

F&N's success is based upon long-term value creation for our stakeholders. We achieve this by maintaining leadership in our core markets, and by leveraging innovative technologies and our employees' expertise to meet consumers' evolving demands.

The 'Economic Performance' section presents an overview of our economic performance, which provides us with a firm foundation to continue delivering the products that our customers love.

In the 'Innovation' section, we share highlights of R&D efforts to introduce new products and packaging, and improve upon existing products and processes, for our brands to stay relevant to consumers. We become increasingly aware of how innovation can maximise the positive environmental and social impacts—and minimise negative impacts—of our products and processes each year. We implement initiatives to achieve this and have highlighted it in this section as well.

## MATERIAL ISSUES COVERED

1. **M01 Economic Performance**  
GRI 201-1 Economic Performance

2. **M02 Innovation**

## SDGS MAPPED TO



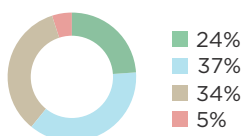
## ECONOMIC PERFORMANCE

GRI 201-1

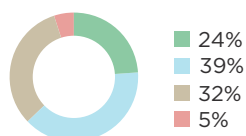
F&N generates economic wealth in a number of ways. A summary of our financial performance is provided below. For detailed financial results, please refer to the following sections in our FY2019 Annual Report:

- Group Financial Highlights, pages 10 -11
- Group Financial Statements, pages 99 -193

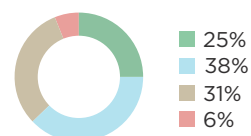
### FY2019 Revenue \$1,902m



### FY2018 Revenue \$1,835m



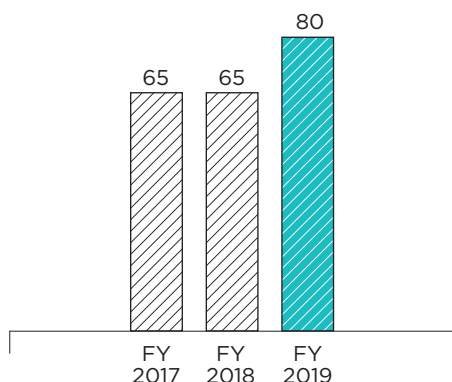
### FY2017 Revenue \$1,898m



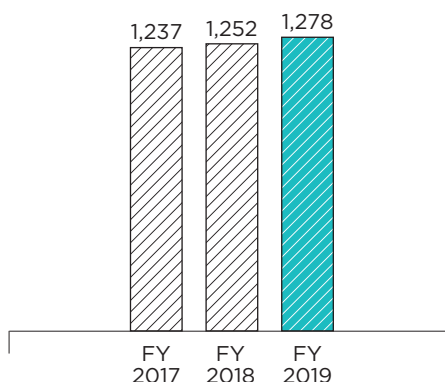
**Legend:**

■ Singapore ■ Malaysia ■ Thailand ■ Others

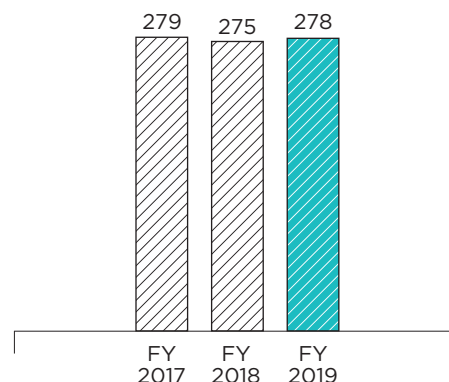
### Dividend (\$M)



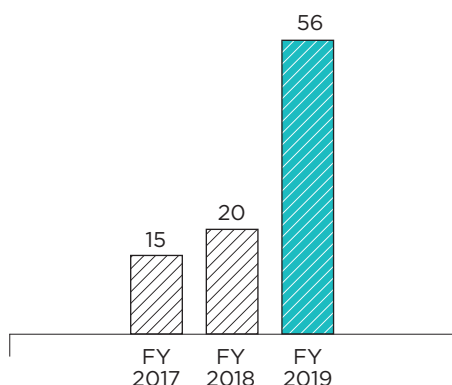
### Cost of Sales (\$M)



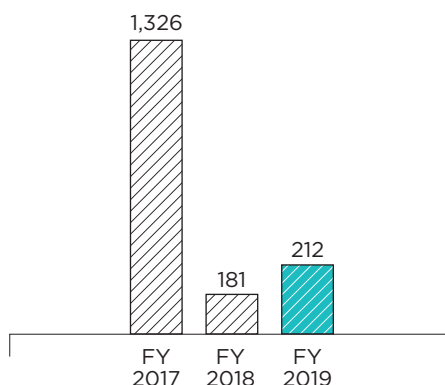
### Employee Benefit Expenses<sup>1</sup> (\$M)



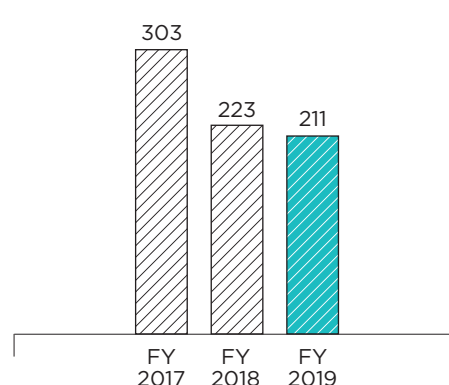
### Taxation (\$M)



### Profit After Tax (\$M)



### Economic Value Retained<sup>2</sup> (\$M)



**Notes:**

1. Employee Benefit Expenses comprises Staff Costs, Employee Shared Based Expenses Defined Contribution Plans and Defined Benefit Plans
2. Economic value retained = Direct economic value generated (Revenue) less Economic value distributed (Cost of Sales, Employee Benefit Expenses, Taxation, Dividend). Community investments are not included

# Driving Economic Value

## 2020 Target:



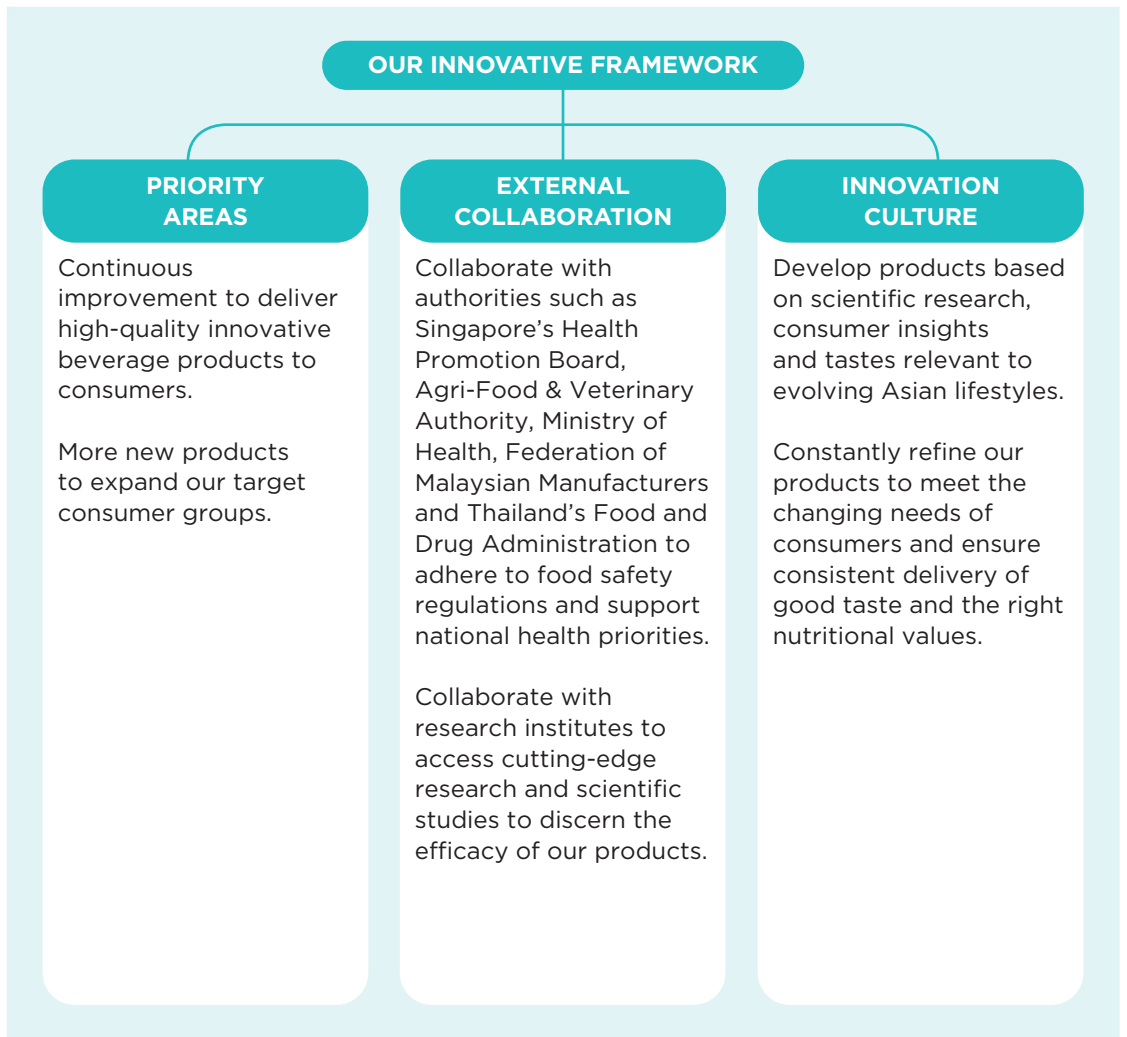
To invest in product and process innovation to increase our product range and improve efficiency and productivity.

### INNOVATION

Innovation is central to long-term value creation. We continuously evolve to deliver new and unique product offerings which cater to consumers' changing needs, for example, towards more beverage choices, flexibility and affordability. Through innovation, we also improve the operational efficiency of our manufacturing processes and better manage our impacts on the environment. The idea of the 'circular economy'—of decoupling our activities from the consumption of finite resources—is one

which drives us to make continual improvements. We continuously innovate for longer shelf life and better recyclability of our products.

Over the past year, we launched new products with lower sugar content and more convenient packaging to meet the diverse needs of our customers. We have also been implementing employee-driven innovative manufacturing processes that increased productivity and improved environmental performance.

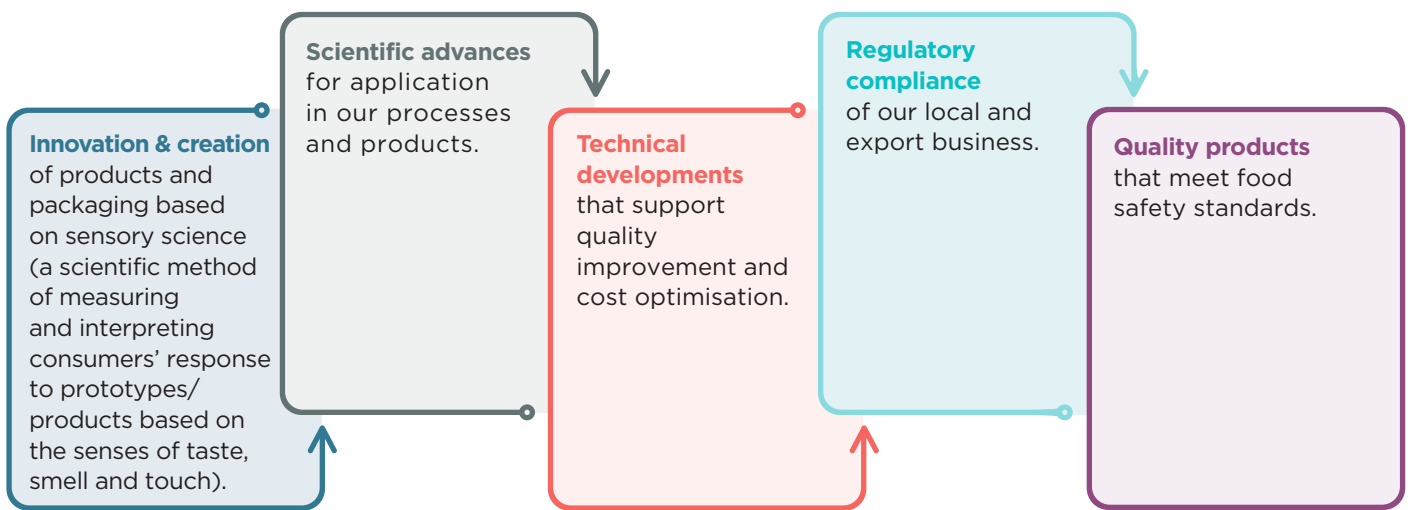


**Our Approach**

Our R&D unit is based in Singapore and supported by teams in Malaysia and Thailand. The unit drives

innovation and supports ongoing renovation of our products to ensure consistent delivery of good tasting and healthy products to consumers.

**Our R&D are guided by the following five principles:**



In 2019, the F&N-NTU F&B Innovation Lab was opened in Singapore to develop innovative products and recipes. In line with F&N's commitment to deliver sustainable business practices, this collaboration with Nanyang Technological University ("NTU") will see the furthering of our green efforts,

as well as catering to the health and nutritional needs of our consumers. The collaboration will foster circular economy research that will result in better food products, greener packaging and the conversion of spent product produced from food processing into valuable resources.



Singapore's Minister for Education, Ong Ye Kung (far right) learns more about NTU's research in food science and technology from Prof William Chen, Director of NTU Food Science and Technology Programme. Looking on is Mr Koh Poh Tiong, F&N Director and Adviser to the Board, and Chairman, Board Executive Committee. (Photo: NTU)

**Consumer-Focused Innovation**

At F&N, we continuously deliver new and unique product offerings to meet consumers' evolving needs. We strive to deliver our "Pure Enjoyment. Pure Goodness" promise to our consumers by offering: choices in different product categories, healthier options without compromising on taste and convenience through differentiation in packaging to cater to customers' needs.

We draw upon local knowledge to develop products that our consumers love. We launched several new products during FY2019, with each one undergoing comprehensive tests, before they even reach the shelves, to ensure that they are safe for our consumers and of the desired quality.

# Driving Economic Value

## New Products In FY2019

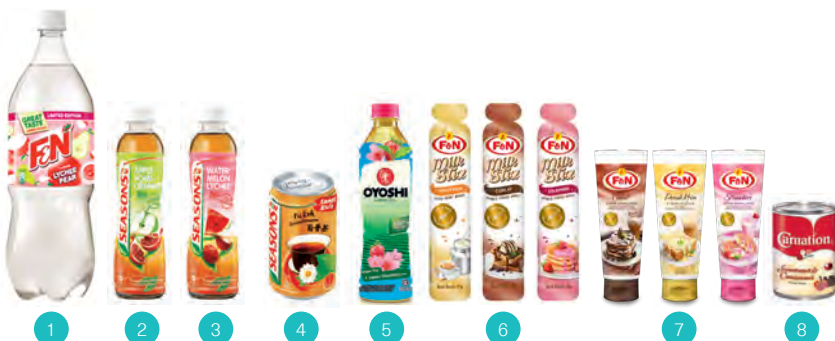
### Singapore

- |   |   |  |   |
|---|---|--|---|
| 1. <i>F&amp;N FRUIT TREE FRESH</i> 50% Less Sugar & Calories Mango                                      | 4. <i>FARMHOUSE</i> Peppermint Chocolate Flavoured Milk – Limited Edition         | 8. <i>F&amp;N</i> Ice Cream Soda Zero Sugar – Limited Edition        | 13. <i>F&amp;N NUTRISOY</i> High Calcium Reduced Sugar Fresh Soya Milk with Purple Sweet Potato – Limited Edition |
| 2. <i>F&amp;N FRUIT TREE FRESH</i> 50% Less Sugar & Calories Pink Guava                                 | 5. <i>F&amp;N MAGNOLIA</i> Lo-Fat Hi-Cal Purple Taro Fresh Milk – Limited Edition | 9. <i>F&amp;N</i> Zappel Low Sugar – Limited Edition                 | 14. <i>OISHI</i> GOLD Genmaicha No sugar  |
| 3. <i>F&amp;N FRUIT TREE FRESH</i> Wonders Kale, Spinach & Broccoli Juice Drink with Organic Chia Seeds | 6. <i>F&amp;N MAGNOLIA</i> Plus Fresh Milk with Kurma                             | 10. <i>F&amp;N SEASONS</i> Pu-Erh Chrysanthemum Tea – no added sugar | 15. <i>OISHI</i> GOLD Genmaicha Delight Low sugar   |
|   | 7. <i>F&amp;N MAGNOLIA</i> Summer Peach Yoghurt Smoothie                          | 11. <i>100PLUS</i> Blackcurrant – Limited Edition                    | 16. <i>OISHI</i> GOLD Kabusecha No Sugar  |
|   |   | 12. <i>F&amp;N NUTRISOY</i> no sugar added Fresh Soya Milk           |   |



### Malaysia

- |  |   |
|--|---|
| 1. <i>F&amp;N</i> Lychee Pear                      | 6. <i>F&amp;N</i> Sweetened Condensed Milk Squeeze Tube - Full cream, chocolate, strawberry |
| 2. <i>F&amp;N SEASONS</i> Apple Pomegranate Tea    | 7. <i>F&amp;N</i> Sweetened Condensed Milk Stix - Full cream, chocolate, strawberry         |
| 3. <i>F&amp;N SEASONS</i> Watermelon Lychee Tea    | 8. <i>CARNATION</i> Sweetened & Condensed Creamer   |
| 4. <i>F&amp;N SEASONS</i> Pu-Erh Chrysanthemum Tea |   |
| 5. <i>OYOSHI</i> Sakura Strawberry Green Tea       |   |



### Thailand

- |  |
|--|
| 1. <i>F&amp;N MAGNOLIA</i> Lactose Free Milk Product – Peppermint Brownie, Plain, Vanilla White Choc |
| 2. <i>TEAPOT</i> Sweetened Creamer Squeeze Tube – Caramel  |
| 3. <i>F&amp;N MAGNOLIA</i> Gingko Plus Salted Caramel Milk   |





**Healthier Options**

We invest heavily in the development of healthier products and in extending product options to best suit the expectations of different types of consumers. Over the past 15 years, we have made significant efforts to reduce the sugar content across our range of beverages: in 2004, our beverages contained an average 9.5g/100ml of sugar, and this has fell over 39% to 5.3g/100ml in 2019.

This year, we have successfully reformulated our product portfolio in Malaysia, aimed at improving the health and well-being of customers. Today, about 90% of our RTD beverages sold in Malaysia are healthier options (below the sugar sweetened beverages excise duty threshold in Malaysia).

More information on our healthier options can be found in the 'Consumer Health and Safety' chapter.

**Increased Convenience**

We differentiate our products' packaging to cater to the different needs of consumers. For example, due to the demand for greater convenience, we launched the F&N Sweetened Condensed Milk Squeeze Tube and single serve 'Stix'. These are portable and convenient to use, as well as providing more suitable portion sizes, and hence contributes to consumer health and safety. These innovative products come in 3 flavours including full cream, strawberry and chocolate.

We are conscious of our responsibility to manage the environmental impacts associated with our product packaging. We have implemented innovative processes to reduce the PET resin used in packaging of key products (as detailed on page 59), and we are continuously seeking solutions to go even further in reducing our post-consumption waste (as detailed on page 47).

**Process Innovation**

Our R&D and Manufacturing teams continuously seek out the most up-to-date technical and scientific advances to improve the efficiency of our operations while minimizing environmental impacts. Over the years, we have implemented innovative technologies to reduce post-consumption waste, automate processes to enhance efficiency and improve fleet efficiency and safety.



**Future Ready Investments**

This year, we have invested approximately \$50 million in capital to elevate our product innovations and drive cost competitiveness. Process innovation projects implemented are described in F&NHB's *Annual Report 2019*, and include:

- 200 bpm drinking water line and warehouse at Kota Kinabalu Industrial Park, Sabah, Malaysia
- New product development transformation programme, including reformulating products with lower sugar and new product packaging
- Sophisticated Automated Storage Retrieval System (“ASRS”) for our new warehouse at Shah Alam plant, Malaysia
- Solar roofing to generate renewable energy at Rojana Plant, Thailand

**Drawing on innovative technologies to produce Healthier and Better Products**

**(A) Aseptic Cold-Filling Polyethylene Terephthalate (“PET”) line**

The Aseptic Cold-Filling PET line at the Shah Alam plant has been producing *100PLUS Active*, *F&N SEASONS*, and *OYOSHI* since March 2018. Employing state-of-the-art technology, the new line allows the use of thinner, lightweight containers, thereby reducing the use of PET resin packaging material by over 208 metric tonnes in FY2019.

The new line is able to maintain a sterile environment within the aseptic chambers for 156 consecutive hours, meaning less production downtime and also allows us to bottle our products gently, with no additional thermal stress and no added preservatives.

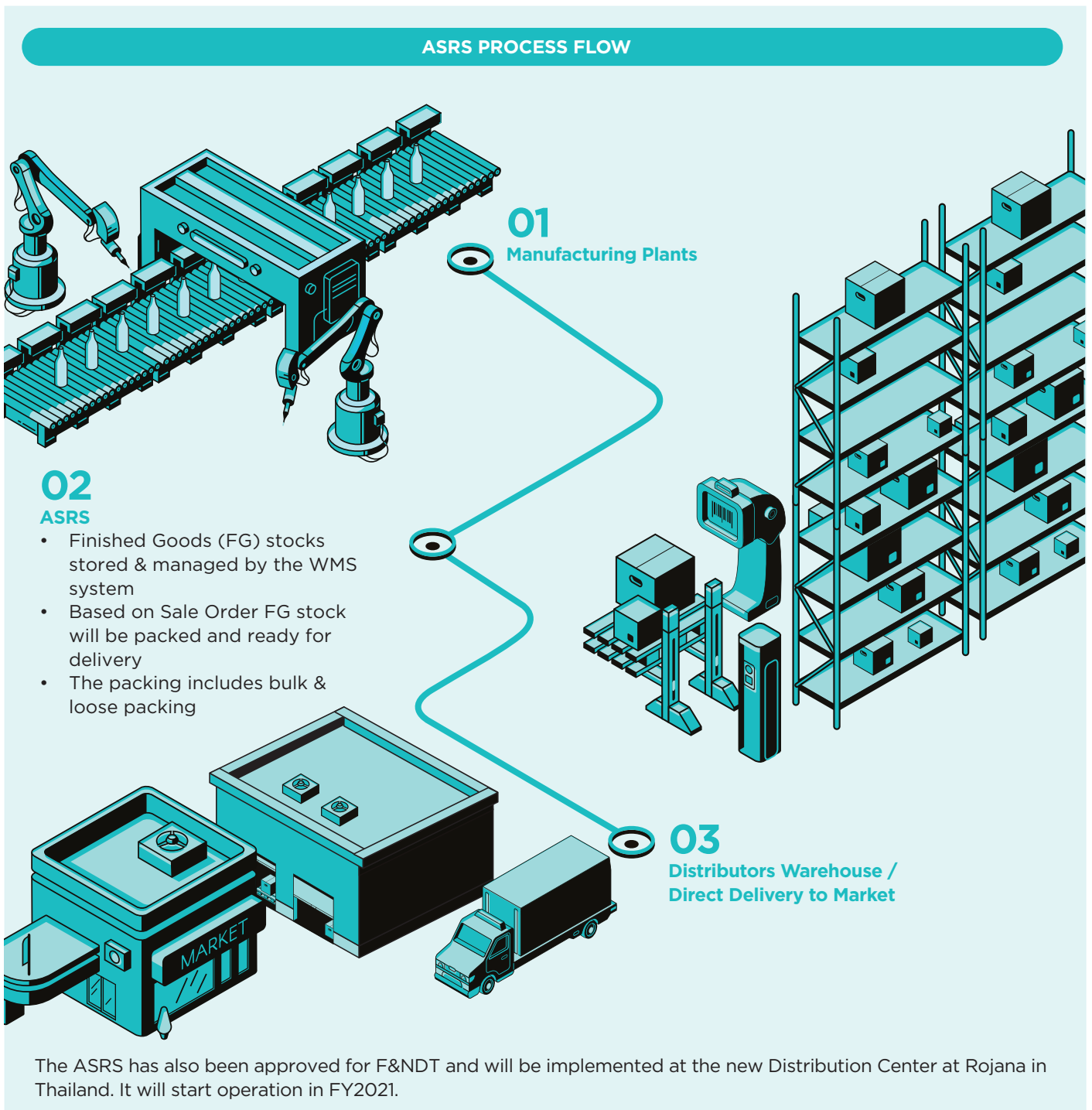
This has accelerated our expansion into more product offerings, such as the 3 new healthier variants of *F&N SEASONS* – Watermelon Lychee Tea, Apple Pomegranate Tea and Pu-Erh Chrysanthemum Tea.

# Driving Economic Value

## (B) New ASRS Warehouse

To further optimise operational and cost efficiency, we have invested about \$26 million in an ASRS at our new integrated warehouse at Shah Alam plant. It will commence operation in Quarter 2 of FY2021.

The ASRS will manage the automated process of getting finished goods ready for delivery to market or to the distributor's warehouse. This system will improve operational efficiency and drive cost competitiveness.





### Excel as One Convention (“EAO”)

EAO (previously known as “Winning as One”) is an annual convention held for the past 13 years in Thailand to allow cross-functional F&N teams to present their ideas to enhance our productivity, cost savings and/or product quality.

This year’s convention was held in August 2019 with the theme of “Continuous Improvement & Innovation Excellence”. Teams successfully identified solutions which resulted in cost savings or cost avoidance of THB18.44 million (approximately \$800,000) per year.

This year’s convention saw continuous improvement activities at the Small Group Activities, Kaizen and Quality Control Circle. New awards were given for the Innovation category and Lean category.



### Employee-driven Innovation

We empower our employees to lead when it comes to innovation. Our employees actively participate in ThaiBev’s Way of Work (“WOW”) Awards, an annual award to promote the concept to improve work processes (Simplicity), enhance capabilities (Efficiency) and Competitiveness. 19 teams from F&NHB participated this year and won the 3rd runner-up award for an enterprise workflow improvement project and 1st runner up award for a project on ‘Quality Excellence’.

### Continuous Improvement Project

This year, our employees, at F&NNDT, initiated a Gemba Kaizen project at the Rojana plant encouraging continuous improvements to enhance processes and reduce costs. Through this project, the team reviewed the mechanism of display boxes at the packing line and incorporated the Karakuzi Kaizen mechanism (leveraging gravitational energy). This initiative has reduced electricity consumption in the packing line and reduced the frequency of machine jams by almost 90% and was recognised by the Technology Promotion Association (Thailand-Japan) 2019 in the Thailand Kaizen Award 2019 with a gold medal.

### Lean Production Management

We recognise that lean management is important in our production. Our employees at Rojana plant initiated a project to increase productivity of the Sweetened Beverage Creamer production line through effective packaging materials, storage and transportation. The team improved the process flow, including: designing and building a storage room near to the filling room to reduce travel distances for forklifts; reducing the lead time of changing foil roll to reduce downtime; and installing a roller conveyor machine to reduce workload. This project will help to achieve annual cost savings of THB13 million (approximately \$600,000) and at the same time reduce the risk of accidents caused by forklifts.

### Digital Efficiency

In Malaysia, we implemented an Enterprise Workflow project which digitised, simplified and integrated the processes of our sales team with the IT application. Through this project, sales colleagues can perform sales transactions with the web-based system anywhere and anytime.

This resulted in reducing the processing time from an average of 14 days to just a day (with an associated reduction of administration time of about 10 hours per month for our sales team). Paper usage for our sales team has also reduced by 70%.

# Empowering Our People

Our people differentiate F&N from its peers and determine our success. We strive to create a stimulating work environment where talent is nurtured and rewarded, and employees are engaged, challenged and empowered to perform to their highest potential. We constantly look to hire and retain talent who will enable us to maintain our competitive edge and expand in the international market. F&N contributes to the UN SDG 8's target to achieve full and productive employment and decent work for all.

In this section, we describe the core elements of our Talent Management strategy, which is driven by our Human Capital Roadmap 2020 and 7 Modules for Strategic Human Capital Transformation.

## MATERIAL ISSUES COVERED

- 1. M04 Talent Management**  
GRI 401-1, 401-2 Employment  
GRI 404-1, 404-2 Training and Education

- 2. M05 Market Presence**  
GRI 202-2 Market Presence

## SDGS MAPPED TO



### TALENT MANAGEMENT

GRI 202-2; GRI 401-1; GRI 401-2; GRI 404-1; GRI 404-2

#### Our Approach

We recognise the importance of diversity in terms of cultural background and age, as well as having a good gender balance, to enrich the workplace with fresh perspectives that help us to meet our business objectives.

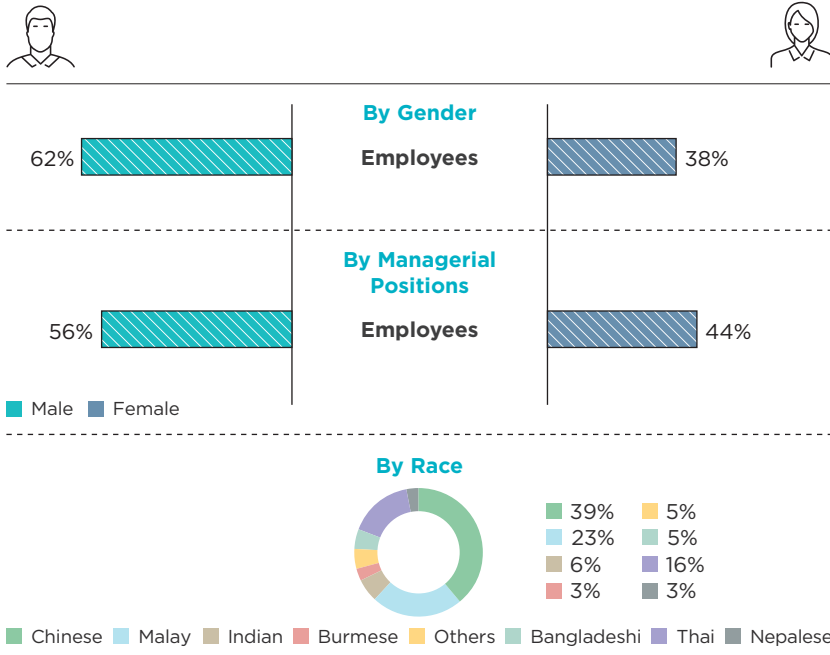
F&N strives to offer equal opportunities for all people without regard to race, gender, religion and any other factor unrelated to employment requirement. We comply strictly with prevailing legislation on employment rights in our countries of operation

including no hiring of minors. In Singapore, F&N employs older staff beyond the statutory requirement age of 62 as we support older employees who desire to find employment opportunities beyond retirement.

In terms of gender, while the number of female employees stands at about 38% of total employees, our positive approach to gender equity can be seen by women representing around 44% of total managerial positions.

As of 30 Sep 2019, F&N has over 7,700 employees. Most work full-time and about 85% are on a permanent contract. Around 30% of employees have been with F&N for over 10 years and in the past year our employee turnover rate was about 19%.

**Workforce Diversity**



**Our Target:**

To provide an average of at least 16 and 10 hours of training to employee categories, Executives and Non-executives, respectively, by 2020



**1. Graduates' Choice Award 2019**

F&N was nominated as one of the top two Finalists (Category: Fast Moving Consumer Goods) in the Graduates' Choice Award 2019. This Award recognises organizations that have demonstrated "Exceptional Employer Branding" through excellence and distinction in graduate recruitment throughout Malaysia.

**2. Asia's Best Employer Brand Award 2019**

F&N has received this award under two categories - the "Top 100 Asia's Best Employer Brands 2019" for the company's strategies and the commitment by senior leadership towards Human Capital. Second, and for the first time, F&N received the "Excellence in HR through Technology" award, which reflects on the success of the Beverest Total Performance Management System ("TPMS").

**3. Malaysia Best Employer Brand Awards 2019**

F&NHB was recognised at the Malaysia Best Employer Brand Awards 2019. Criteria for the award included: providing employees with exemplary learning and development opportunities; communicating distinctiveness in employee hiring, training & retention practices; regular communication with employees of all levels; and excellence in innovation.

**4. HR Excellence Awards 2019**

F&N were finalists under categories including "Excellence in CSR Strategy" and "Excellence in Innovative Use of HR Tech". The Excellence in CSR Strategy honours organisations that are inspiring role models through their impactful CSR framework. The Excellence in Innovative Use of HR Tech, which F&N was awarded the Bronze Winner, emphasises the effective use of technology in reducing inefficiency and adding value to HR's functional excellence while reaping business benefits.



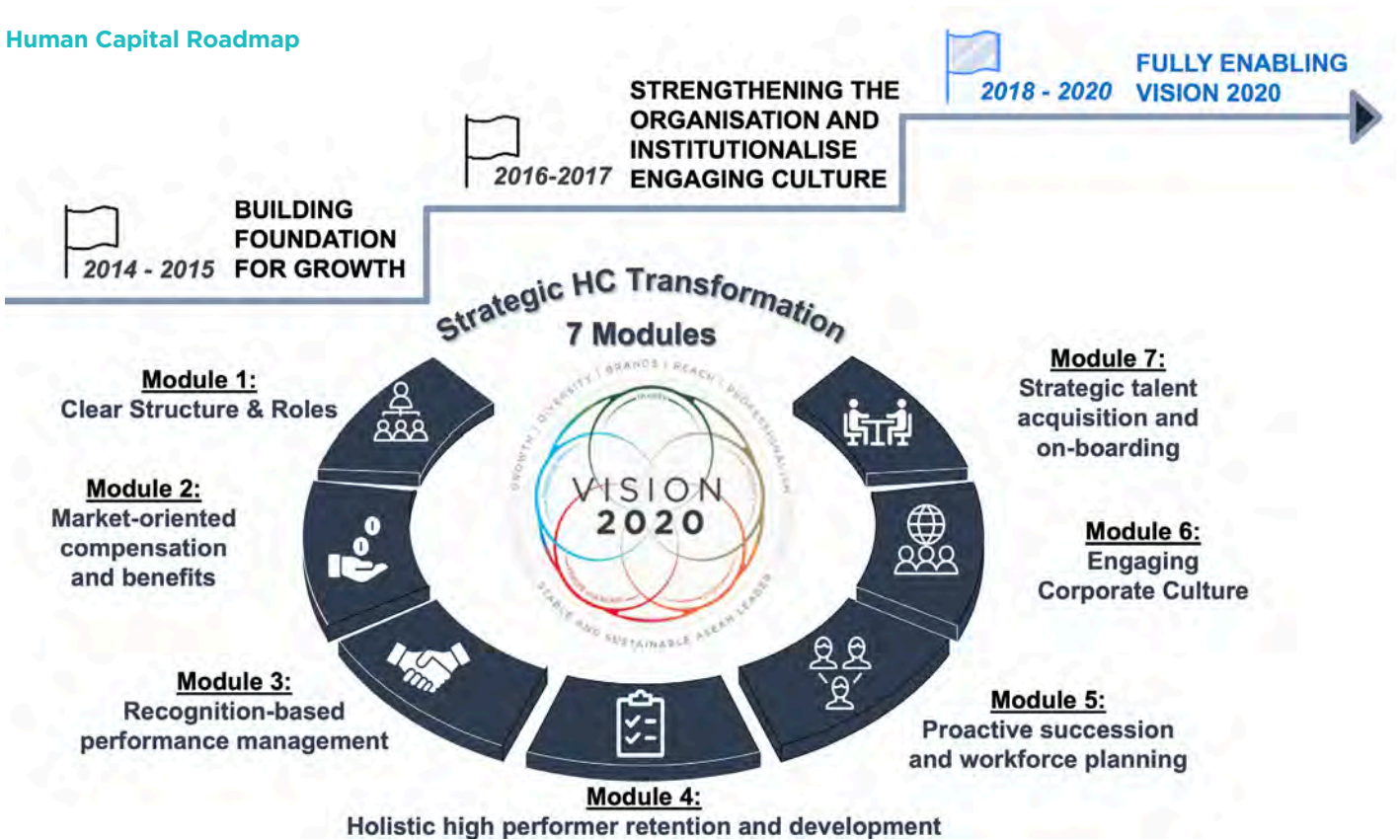
# Empowering Our People

## Human Capital Roadmap and Strategy

F&N has a strategic plan to establish ourselves as a preferred employer. This is guided by our Human

Capital Roadmap to 2020, and specifically our 7 Modules for Strategic Human Capital Transformation. Each is explained in more details below.

## Human Capital Roadmap



### 1. Clear Structure and Roles

We use the 'Beverest' TPMS to integrate our Human Capital processes and systems across the Group. This helps us to make sure that each employee is aware of the expectations and responsibilities for their role, their team and for the Group as a whole. Beverest TPMS is the foundation for a range of Human Capital-related processes, from recruitment and on-boarding to career development.

remain in line with its peers' and in harmony throughout the Group. Benefits provided to full-time employees include life insurance, health care, disability and invalidity coverage, parental leave, retirement provision, and stock ownership options (share-based incentive plans).

### 2. Market-Oriented Compensation and Benefits

We pay employee competitive wages and offer competitive benefits. In addition, the Group carries out regular reviews to ensure that our remuneration packages

F&N's Human Capital policies go beyond standard labour regulations and statutory requirements.

This year, three unions in Malaysia have adopted performance bonus terms in their terms and conditions of employment. This is the start of extending the performance-based reward culture to our production employees.

	Singapore	Malaysia	Thailand
<b>Life Insurance</b>	Yes, by Job Level	Yes, by job grade	Yes, by job grade
<b>Health care</b>	Yes, by staff category and/or Job Level	Yes, by age, staff category and/or job grade	Yes, by age, staff category and/or job grade
<b>Disability and invalidity coverage</b>	Yes, by Job Level	Yes, by job grade	Yes, by job grade
<b>Parental leave</b>	Yes, to all eligible employees under the law	Yes, to all eligible employees under the law	Yes, to all eligible employees under the law
<b>Retirement provision</b>	No (as per statutory requirements)	Yes, for certain categories of employees	Yes, for certain categories of employees
<b>Stock ownership</b>	Yes, for eligible executives only	Yes, by job grade	No
<b>Others</b>	<ol style="list-style-type: none"> <li>1. Company Product/Allowance (Non-Executives only)</li> <li>2. Long Service Awards</li> <li>3. Annual Membership Subscription to Professional Body (Executives Only)</li> <li>4. Mobile Line Subsidy (selected departments / employees only)</li> </ol>	<ol style="list-style-type: none"> <li>1. Car Loan (Executives only)</li> <li>2. Long Service Award</li> <li>3. Annual Membership Subscription to Professional Body (Executives only)</li> <li>4. Phone Subsidy (selected departments / employees only)</li> <li>5. Festive Drinks</li> </ol>	<ol style="list-style-type: none"> <li>1. Provident Fund</li> </ol>

**3. Recognition-based Performance Management**

Employees collaborate with their supervisors to set SMART goals and KPIs for the year. A Performance Assessment Review takes place twice a year to appraise outcomes and identify development opportunities.

Our policy is to support the provision of ‘Limitless Opportunities’ to employees from the moment they join the company and our approach supports Individual Development Plans (“IDP”). There are four stages to our IDP approach:



# Empowering Our People

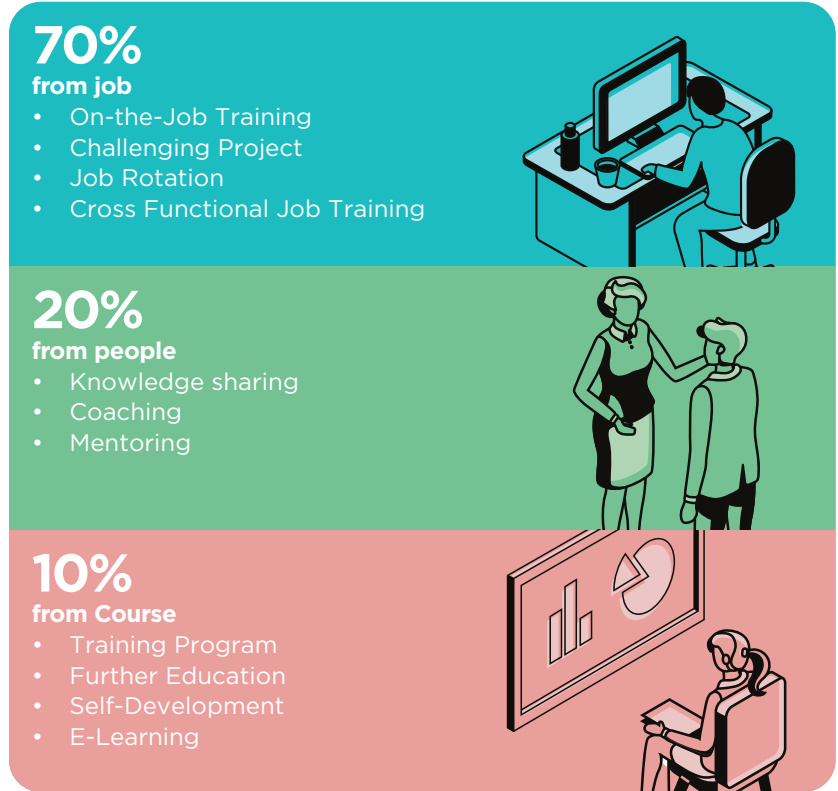
## 4. Holistic High Performer Retention and Development

We give every employee the opportunity to grow with the company and contribute to a high-performing, sustainable organisation. It is part of the culture at F&N that each employee is supported to implement their IDP, using the 70/20/10 Learning Model:

During the year, more than 1,000 employees attended a series of informal knowledge-sharing sessions (more than 1,900 hours) covering a wide range of topics, including: DIY Analytics; Industry 4.0; Skills Future Advice Workshop; Lunch Talks; Mindfulness; Nutrition & Weight Management; First Aid Awareness & Cardiopulmonary Resuscitation; Corporate Compliance; Tax; and Online Cyber Security Training.

These sessions provide great opportunities to learn about a range of technical and non-technical issues and strengthen relationships between colleagues throughout the company.

### 70/20/10 Learning Model



Other highlights included:

Programme	Focus	Employees Targeted
<b>7 Habits of Highly Effective People</b>	Self-management & interpersonal skills	Top, middle, junior management & employees
<b>Business Acumen</b>	Driving for business performance	Top, middle, junior management & employees
<b>Microsoft Office Competency</b>	Microsoft Office Skills	Top, middle, junior management & employees
<b>Education Assistance Programme</b>	For various technical and professional certification	Non-unionised employees
<b>Communications Skills</b>	Leadership through deep listening	Top, middle, junior management
<b>Presentation Skills</b>	Impact business presentation skills	Top, middle, junior management & employees
<b>Functional and Technical Training</b>	Functional and technical skills	Manufacturing
<b>Management Development Programme</b>	Leadership and management skills	Top & middle management
<b>Future Leaders Development Programme</b>	Leadership and management skills	Junior management
<b>Coaching Skills</b>	Leadership through effective coaching	Top & middle management

**GRI 404-2: Programmes for Upgrading Employees and Transition Assistance Programmes**





**5. Proactive Succession and Workforce Planning**

Through our annual Talent Review and Succession Planning process, we identify employees who have the potential to become future leaders at F&N. Working alongside the Talent Management team, identified future leaders chart their individual career development pathways to ensure they are in the best position to succeed at a high level.

Talent Management is closely linked with succession planning, and in combination, provide us with a steady pipeline of future leaders who are able to support our business needs. Initiatives, including job rotations, transfers and project assignments, allow exposure to the various operations within the company.

**6. Engaging Corporate Culture**

F&N promotes a culture of engagement and inclusion. At the heart of this are our Global Values which emphasise that optimal outcomes happen when we work together. We saw an overall participation of about 230 employees at our Global Values sessions in Singapore this year, from workshops to townhall sessions. Some of our main activities were a paper holding game, marshmallow and sticks challenge and balloon tower game. The objective was to encourage effective communication, teamwork and practical problem-solving skills, all of which are core principles behind Global Values.

Senior management interact with employees through various channels such as town hall meetings and briefings, CEO roadshow sessions, intranet updates and quarterly employee email newsletters.

Employees are encouraged to partake in sports and other physical activities through our in-house gym facilities, membership of internal sports clubs, and in employee badminton or golf tournaments. F&N involves employees in a wide range of activities to promote togetherness and collaboration, such as the 'Fit & Nature' plogging activity and community outreach to spread festive cheer.

An engaging culture also means an active feedback platform. At F&NHB, employees are encouraged to share real-time feedback, ideas and suggestions directly with senior management via F&N Voice, a WhatsApp mobile messaging platform.

**GLOBAL VALUES**  
And Key Behaviour Indicators



Our Global Values serve as a compass for **our actions** and describe **how we behave in our organisation**

 <p><b>Collaboration</b></p> <p>We leverage the power of <b>inherent strengths and diversity</b> to create <b>inclusive synergies</b> and commit to <b>team goals</b></p>	 <p><b>Creating Values</b></p> <p>We are passionate to <b>apply new ideas</b> and <b>grasp opportunities</b> to create positive impacts</p>	 <p><b>Caring for Stakeholders</b></p> <p>We <b>embrace our stakeholders' perspectives</b> with <b>good intent and right mindset</b> to bring them into the <b>long term sustainability</b> together</p>
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# Empowering Our People



## Caring for F&N Family

Since 2003, F&NHB has been presenting the Chairman's Award to academically high-achieving children of employees. The award is an employee appreciation initiative and provides motivation for their children to strive for excellence. About \$66,000 in cash was awarded to about 100 recipients this financial year. To date, F&NHB has disbursed about \$1.3 million to over 2,000 children through this programme.



## 7. Strategic Talent Acquisition and On-boarding

F&N strives to promote from within and maximise opportunities for the excellent talent already available to us. Where this is not possible, our Human Capital team ensures that we are able to recruit and welcome external applicants with abilities that match the Group's needs. Our interviewers are trained to ensure that the interview process is fair and effective. Our Beverest TPMS is used to ensure that all new recruits benefit from a comprehensive and consistent on-boarding programme across the Group. This includes a mix of self-serve e-learning and one-on-one support.

Our 'Future-ready Manager Programme' ensures that we replenish and grow our pool of future executives. We use a variety of assessment tools as part of a rigorous process to recruit the most suitable candidates. As soon as they join the team, the successful candidates begin a formal two-year programme to get a wide variety of experience.

### Sourcing

1

- Campus recruitment efforts
- Past interns / contract staff
- Outstanding F&N Scholarship recipients

### Selection

2

- Rigorous selection process
- Multi-level assessment approach

### Programme Structure

3

- Duration: 2 years
- 2 Tracks:
  - Generalist
  - Specialist
- Rotation after 1st year
- Assign coach and mentor

### Talent Pool

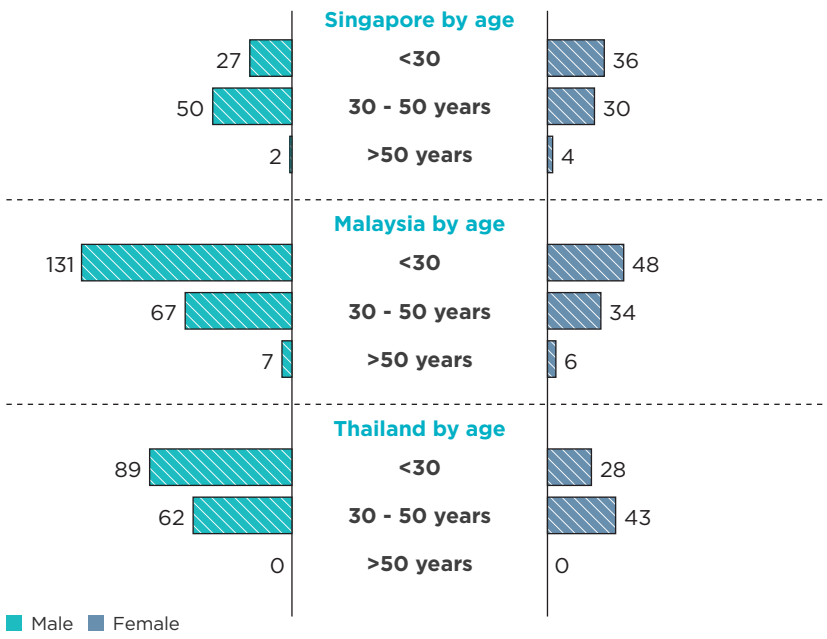
4

- Career Progression
- Talent Mobility Programme
- Development / Managerial Programme

**Our Performance Highlights**

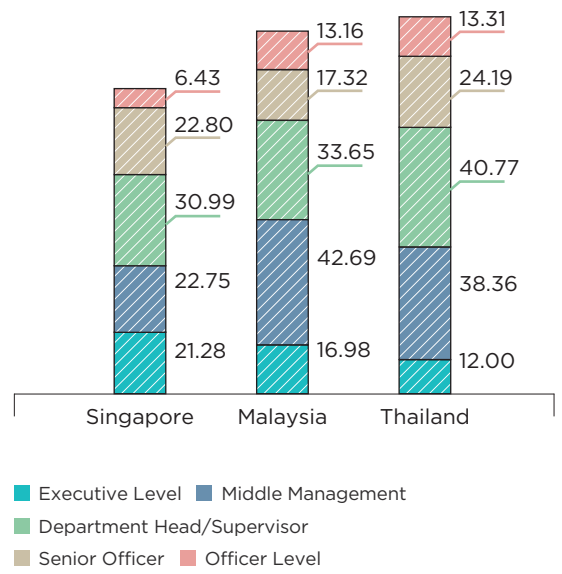
GRI 401-1: New Employee Hires and Employee Turnover

**New Employee Hires**

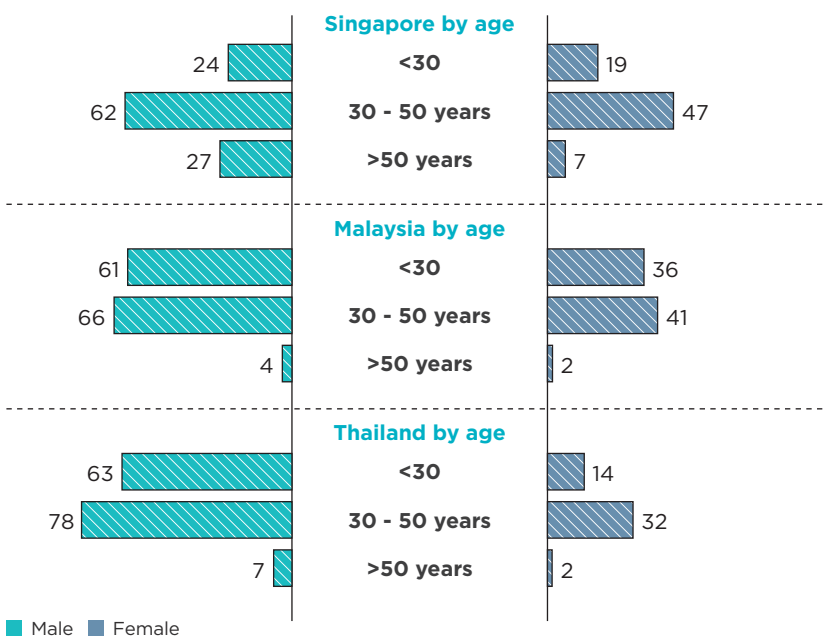


GRI 404-01: Average Hours of Training per Year per Employee

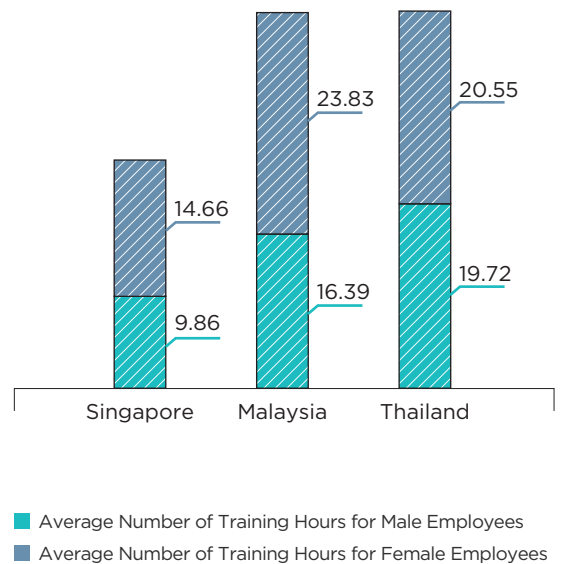
**Average Hours of Training per Year per Employee by Category**



**Employee Turnover**



**Average Hours of Training per Year per Employee by Gender**



# Empowering Our People

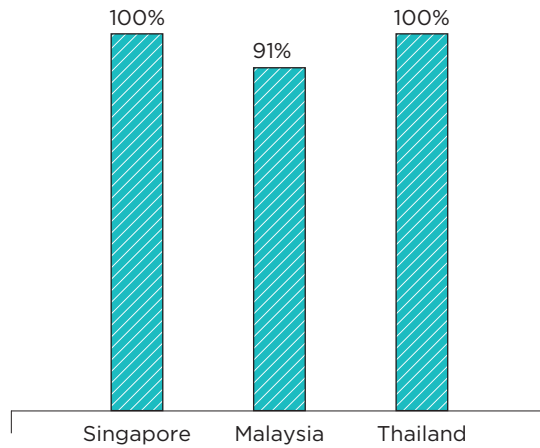
## MARKET PRESENCE GRI 202-2

F&N's hiring practices are aligned with the interests of the local economies in which we operate, and we are determined to be the employer of choice and a role model for others. We are proud that 100% of our senior management in Singapore and Thailand and 91% of our senior management in Malaysia are hired from the local community. This helps to keep the value created by F&N within the local economy and ensures that we understand the local markets.

Our compensation packages have been standardised across the Group to ensure that the highest expectations are being embodied across our operations. These standards are strictly maintained and also reviewed frequently to allow for necessary adaptations with local circumstances.

F&N does not participate in nor condone forced or child labour, the use of intimidation or any manipulation of workers.

Senior Management Hired from Local Community



**Notes:**  
 1. Local employees are defined as people who are either born in or who have legal rights to reside permanently in our significant locations of operations.  
 2. Our significant locations of operation (for the business entities covered in this report are Singapore, Malaysia and Thailand).

# Enhancing Social Well-being

At F&N, we believe that sustainable business development occurs when our communities develop alongside us. This firstly means that we ensure our operations minimise negative impacts on our surrounding communities, and it also means that we strategise our investments to create value where the strengths of our business intersect with the needs of society.

In the next section, we detailed our commitment and initiatives to strengthen vulnerable groups, promote environmental protection and support active lifestyles.

## MATERIAL ISSUES COVERED

- 1. **M09 Creating Value for Society**  
GRI 413-1 Local Communities

## SDGS MAPPED TO



### CREATING VALUE FOR SOCIETY GRI 413-1

#### Our Approach

In each market that we operate, we undertake a number of long and short-term programmes that serve to create greater social equity. To that end, we have developed four main thematic areas where we focus our community endeavours:

- 1. Strengthening Vulnerable Groups**  
Inequality of wealth and opportunity is a major global challenge. Our consumers and employees come from all segments of society and inequality undermines the development and potential of both our business and our communities. To take leadership in tackling this issue, we have chosen to focus on

strengthening vulnerable groups such as underprivileged children. Through investing in educational programmes including both technical skills and soft skills, F&N works towards promoting a more equal society in terms of diversity, equal opportunities and social inclusion, where business and society together flourish.

### Our Target:



We will continue to provide outreach and engagement programmes across Singapore, Malaysia and Thailand by exploring and implementing appropriate outreach programmes to address community needs.

# Enhancing Social Well-being

## 2. Promoting Environmental Consciousness

While companies have a critical role to play in minimizing environmental footprint, sustainable development means a partnership, and this includes behavioural changes at the individual level. Besides maintaining eco-efficiency in our operations (see pg. 76-94), we have taken the task of promoting environmental consciousness in our communities as another priority. As F&N continues to move towards a circular economy model of business, we are sharing lessons and also learning from communities about how to implement our ideas.

## 3. Spreading Festive Cheer

In addition to basic needs and environmental sustainability, our community development programme includes a priority related to our brand promise, which is delivering

“Pure Enjoyment. Pure Goodness” to all. We believe that spreading festive cheers helps our communities connect with each other and strengthen relationships between different cultures. Here, we aim to promote diversity and fosters national unity in our communities.

## 4. Promoting Healthy Lifestyle & Nutrition

As a F&B business, F&N’s products contribute to the health and well-being of our communities. Therefore, we consider it our obligation to facilitate responsible consumption and balanced lifestyles. This is mostly accomplished through the consumption of F&N products to maintain a healthy lifestyle in line with consumer needs. We also prioritise community investments that support sports and active lifestyles to better care for our consumers while also creating value for communities.

### Our Performance Highlights

GRI 413-1

Theme	Activity	Timeline	Areas
Strengthening Vulnerable Groups	F&N ICDL (International Computer Driving License) Annual Programme	2011 - ongoing	Malaysia
	F&N E.L.I.T.E. (Empowering Lives through Education) Programme	2011 - ongoing	Malaysia
	F&N Leadership Programme	2015 - ongoing	Malaysia
	One Child One School Bag Programme	2018	Malaysia
	30 Hour Famine: Hunger Trials with World Vision	2019	Singapore
	Spark the Joy of Giving - hands of Hope	2019	Singapore
	MCE Book Donations to Woodland Rings Primary School	2019	Singapore
	Candle making Workshop with Elderly	2019	Singapore
	Assisi Fun Day 2019	2016 - Ongoing	Singapore
	F&N Fit & Nature Programme	2019	Malaysia
	F&N Save Our Seas Programme	2012 - ongoing	Malaysia
	Water Conservation Programme	2019	Thailand
	Recycle N Save Initiative	2019 - Ongoing	Singapore

Theme	Activity	Timeline	Areas
Sponsoring Festive Celebrations	Chinese New Year Celebrations	2002 - ongoing	Malaysia
	Hari Raya Celebration	2002 - ongoing	Malaysia
	Deepavali Celebration	2002 - ongoing	Malaysia
Supporting Sports and Active Lifestyles	Grassroots football	2011 - ongoing	Malaysia
	Grassroots badminton	2003 - ongoing	Malaysia
	Nurturing Golf Champions	2001 - ongoing	Malaysia
	Active Lifestyle Events	1983 - ongoing	Malaysia
	Standard Chartered Marathon 2018	2018 - ongoing	Singapore
	HSBC Rugby 7s	2016 - ongoing	Singapore
	National Steps Challenge	2016 - ongoing	Singapore
	SingTel-Singapore Cancer Society 2019 Race Against Cancer	2019 - Ongoing	Singapore
OCBC Cycle 2019	2019 - Ongoing	Singapore	

**1. Strengthening Vulnerable Groups**

**SINGAPORE: Candle Making with Lion Befrienders**  
 24 F&N volunteers came together on 20th April 2019, with their family and friends to melt wax and attach wicks with 39 seniors from the Lions Befrienders Service Association through a candle making workshop. This initiative is part of F&N’s CSR programme through which F&N engages with the community.



**SINGAPORE: 30-Hour Famine Hunger Camp**  
 Times Experience (S) Pte Ltd supported World Vision with its 30-Hour Famine Hunger Camp by sponsoring \$3,000 worth of book prizes and gift vouchers.

This event focused on the connection between poverty and child protection issues in 2019, in line with World Vision’s international campaign - ‘It Takes A World to End Violence against Children’.



# Enhancing Social Well-being

## 1. Strengthening Vulnerable Groups

### MALAYSIA: Empowering Youths with Basic Computer Skills

F&NHB continued to provide youths from underprivileged backgrounds at Montfort Boys Town with opportunities to develop their capabilities and reach their full potential, through the ICDL certification course.

The ICDL course, held since 2011, is part of the F&NHB IT Corner programme which was established in 2010. Designed for youth with different levels of digital literacy, the ICDL course helps beginners improve and fully grasp basic computer skills for common real-world application.

F&NHB has so far invested about \$62,000 in the programme. To date, over 500 students from Montfort Boys Town have successfully graduated from the ICDL course and have found suitable placements in the working world.



### MALAYSIA: Free Kindergarten & Tuition Classes

The collaboration between F&NHB and KCHF is part of the F&NHB E.L.I.T.E. programme which provides educational assistance to underprivileged children.

Aimed at empowering the children to take ownership of their own learning, the F&NHB E.L.I.T.E. programme offers marginalised children the opportunity to attend kindergarten and tuition centre for free. The programme promotes greater access to education and gives the children a chance with early education that helps to shape their academic and personal life trajectories.

To date, F&NHB has invested over \$120,000 in the programme and a total of 487 children have benefited from the F&NHB E.L.I.T.E programme.



### MALAYSIA: Leadership Programme for Underprivileged Youth

Since 2015, F&NHB has been partnering with Leaderonomics, a social enterprise dedicated to transforming communities through leadership development. Our programme aims to nurture discipline, develop interpersonal skills, boost self-confidence and encourage teamwork among the young residents of Rumah Ilham.

This year, the boys from Rumah Ilham also had the chance to apply their leadership and basic business skills gained from the leadership programme when they set up a booth for two days to raise funds towards education fees for the Home's residents.





## 2. Promoting Environmental Consciousness

### SINGAPORE: Recycle N Save

A circular economy will be one in which businesses work alongside consumers to ‘close the loop’ of production. The Recycle N Save initiative is a collaboration between the NEA of Singapore and F&N in a joint effort to encourage Singaporeans to adopt a more circular lifestyle by offering them the convenience of recycling used cans and bottles with the help of RVM. Singapore’s Environment and Water Resources Minister, Masagos Zulkifli (center of photo) showed his support by gracing the launch event for the Recycle N Save initiative.

Launched on 31 Oct 2019, following favourable response from the public to the pilot initiative at Waterway Point in Punggol in January last year, the RVM has been updated. The new RVM can hold up to 600 aluminium cans and plastic bottles.

Plans are in place to progressively roll out 50 RVMs island-wide by March 2020.



### MALAYSIA: School Recycling Programmes

Since 2006, F&NHB has been partnering with schools across Malaysia to educate the next generation on the importance of circular economy principles. F&NHB sponsors a recycling competition between schools nationwide, with prizes ranging from about \$70 to \$450. Over the past year, F&NHB has expanded this programme to 756 schools in 130 states of Malaysia, through a partnership with Solid Waste Corporation Management.



### MALAYSIA: F&NHB Fit & Nature Programme

This year, F&NHB has kick-started its ‘Fit & Nature’ initiative, to encourage Malaysians to lead an active lifestyle as well as to generate greater awareness on environmental protection. The inaugural session was held in collaboration with the local council, with F&NHB’s ‘Fit & Nature’ activity organised in conjunction with the official launch of the Terengganu drawbridge. The eco-friendly exercise programme involved plogging, a combination of jogging and collecting litter.

Two more sessions were organised and attracted overwhelming participation from employees. F&NHB employees took part in a wide range of tasks that not only encouraged employees to do their bit to tackle issues affecting the environment and learn about the latest F&N products, but also cultivated camaraderie amongst colleagues to build their morale at the workplace.



# Enhancing Social Well-being

## 2. Promoting Environmental Consciousness

### THAILAND: Water Conservation Programme

As a F&B company, water is an essential resource for the production of our products. F&NDT has worked with the Government of Thailand to conduct a water conservation programme to return water back to nature. Themed 'Return Water to Nature', this is a circular economy initiative in action, and 350 employees worked together to build three check dams at Namtok Chet Sao Noi Saraburi located near the F&NDT Pak Chong factory.



## 3. Spreading Festive Cheer

### MALAYSIA: Celebrating Festivals With Our Communities

This year, our employees in Malaysia brought the joy of Chinese New Year to over 500 underprivileged children and senior citizens from 10 homes across Malaysia. During the visits, F&NHB contributed much-needed provisions such as diapers, toiletries, F&N beverages and milk powder to the homes. Besides distributing red packets and mandarin oranges to the residents, F&NHB employees also treated them to packed lunches as both parties bonded together over food.

The Seratus Ikhlas, Setulus 100PLUS campaign, organised by F&NHB, in collaboration with Media Prima Television Networks, has spread Ramadan and the Hari Raya festive cheer to more than 3,000 people from underprivileged communities across Malaysia during the fasting month this year.

The one-month campaign saw 100PLUS Ambassadors and celebrities from the Seratus Ikhlas 100PLUS squad visiting homes of single mothers, the homeless and senior citizens to personally present Ramadan contributions, courtesy of F&NHB, and participate in gotong-royong and other community activities at a Tahfiz school, mosques and an old folks home.

To continue the spirit of giving and sharing during the fasting month, F&NHB also hosted break-fast sessions with children from different homes in Malaysia and contributed Raya clothes and 'duit raya' for the children.



#### 4. Supporting Sports and Active Lifestyles

##### SINGAPORE: OCBC Cycle 2019

In its 11th edition, the OCBC Cycle 2019 saw over 6,800 cyclists participating, and it was the first ever recipient of the Singapore Environment Council's Eco Event certification.

In support of the event's green efforts, 100PLUS deployed the manual can crusher and recycling bins beside the Site Hydration tent to encourage recycling of the paper cups and cans.



##### MALAYSIA: Grassroots Programmes

Since 2011, 100PLUS has sponsored the Ministry of Education-organised League known as Liga Kementerian Pendidikan Malaysia. The Football League encourages children from different parts of Malaysia to develop their football skills.

Since 2003, 100PLUS has been the official partner for all Badminton Association of Malaysia (“BAM”) events and activities, including the Malaysian Open and Malaysian Masters. We have been supporting the BAM in organising the 100PLUS National Junior Circuit, a premier youth development competition to motivate young and rising players to excel in the game.

##### MALAYSIA: Official Partner for the National Sports Council

As the official partner of National Sports Council, we supported Malaysian athletes during their trainings and competitions by providing 100PLUS to meet their hydration and energy needs. For athletes competing abroad in international tournaments, we also supported them with 100PLUS Active in sachet version, making it convenient for them to keep hydrated on their travels.

A proud advocate of local sports development, we recognise our local sports personalities through the annual Sportswriters Association of Malaysia-100PLUS Awards, and we have been the main sponsor of this award since 2006.

##### Active Lifestyle Events

F&N has continued our commitment to encourage an active lifestyle by supporting major runs, marathons and sports activities such as:

The initiatives are synonymous with the F&N brand essence that advocates an active lifestyle through simple physical activities that can be enjoyed anytime, anywhere, individually or with family and friends.

Great Eastern Women Run	15,000 runners	October 2018	Singapore
Putrajaya Night Marathon	15,000 runners	October 2018	Putrajaya
Penang Bridge International Marathon	20,000 runners	November 2018	Penang
Standard Chartered Singapore Marathon	40,000 runners	December 2018	Singapore
Income Eco Run	9,000 runners	April 2019	Singapore
Perlis Half Marathon	15,000 runners	April 2019	Perlis
Runout Pahang Marathon	10,000 runners	April 2019	Kuantan
Melaka Marathon	10,000 runners	July 2019	Melaka
7k Run for Charity	10,000 runners	July 2019	Kota Kinabalu
IJM Allianz Duo Highway Challenge	30,000 runners	July & August 2019	Kuala Lumpur
Straits Times Run	13,000 runners	September 2019	Singapore
Standard Chartered Kuala Lumpur Marathon	40,000 runners	September 2019	Kuala Lumpur
Sultan Mahmud International Bridge Run	18,000 runners	September 2019	Kuala Terengganu
Sungai Petani Half Marathon	10,000 runners	September 2019	Kedah
SGX Bull Charge	6,000 runners	November 2019	Singapore

# MANAGING OUR IMPACTS AND CONDUCTING BUSINESS IN A RESPONSIBLE MANNER

## MATERIAL ISSUES

- M10 Water Stewardship
- M11 Effluents and Waste
- M13 Packaging
- M12 Energy and Climate Change
- M03 Sustainable Sourcing
- M06 Occupational Health and Safety
- M07 Consumer Health and Safety
- M08 Product and Service Labelling

## CONTRIBUTING TO SDGS



## Eco-efficiency

Eco-efficiency refers to the act of maximising benefits and minimising ecological costs. As part of our materiality assessment, we identified four main issues in relation to our eco-efficiency efforts:



We implement environmentally sustainable business practices in alignment with F&N’s core values and the circular economy principles. This means that our approach is not only about minimizing resource inputs, but also about ensuring that outputs are useful wherever possible, either to F&N or to other organisations.

All employees are at all times guided by our Environmental, Safety and Health (“ESH”) Policy.

### Our Environmental, Safety and Health Policy

All of our operations are guided by the following principles, to:

Comply with applicable ESH, legal and other requirements and also work with relevant statutory bodies to provide and maintain a safe, green working environment

Develop, review and carry out Environmental Impacts and Occupational Risk Assessments to take appropriate control measures for prevention of pollution, injury and illness

Foster communication with shareholders, employees, customers, suppliers and local communities to protect the environment and to have hazard free condition

Provide and maintain relevant training, instruction, information, resources and supervision to our employees about our commitments and encourage their involvement in ESH Programmes

Ensure continual improvement in the ESH Management system and standards

Strive for Zero Waste, Zero Pollution and Zero Accident through continual improvement in our management systems and processes

Our employees, business partners and stakeholder groups are aware of our ESH Policy and have given their support for our goals. These policies are reviewed regularly to ensure they are valid and up to date.

In the following pages, we will explain our targets, management approach and performance for each of our eco-efficiency areas of focus. We will show that eco-efficiency is not only just about reducing the environmental impacts of our operations, but also often makes good business sense for F&N.

During the year ended 30 September 2019, F&N did not receive any monetary fine or sanction for non-compliance with environmental laws or regulations.

#### MATERIAL ISSUES COVERED

<p><b>1. M10 Water Stewardship</b> GRI 303-3, 303-5 Water and Effluents</p>
<p><b>2. M11 Effluents and Waste</b> GRI 306-1 Effluents and Waste GRI 303-4 Water and Effluents</p>
<p><b>3. M13 Packaging</b></p>
<p><b>4. M12 Energy and Climate Change</b> GRI 302-1, 302-3 Energy GRI 305-1, 305-2, 305-4 Emissions</p>

#### SDGS MAPPED TO

# Eco-efficiency

## Target:

 To reduce the water intensity ratio at our plants by 5% from 2017 by 2020

### WATER STEWARDSHIP

GRI 303-3 (2018); GRI 303-5 (2018)

#### Our Approach

While none of our sites are in high water-stress areas, many regions in Singapore, Thailand and Malaysia have faced floods in recent years and the effects of climate change are expected to intensify water stress in the future. Therefore, with the guidance of our ESH Policy, and in line with our commitment to the circular economy principles, we are committed to responsible water stewardship.

Water is a fundamental element of our products and our business is dependent on a reliable supply

of water. A lack of effective water management can therefore have serious implications. We have a range of water assessment and action policies that are applied across our facilities. This includes: efficiency measures; the safe return of waste water from our operations; and mitigating risk in supply.

A localised approach to water management is essential. We look beyond our own operations and act collectively with other stakeholders in each of the regions in which we operate. We take every opportunity and approach to reduce water consumption and meet our 2020 water intensity target and are carrying out various projects and initiatives to achieve this.

### Project highlights include:

#### THAILAND: Zero Water Discharge from Water Flushing to Buffer Water Tank

F&N has identified that water consumption can be minimised by transferring water from water flushing to buffer water tanks, which can be used to clean the inside pipe of buffer water tank. (See diagram below.)

**Water Reduction:**  
> 17,000 m<sup>3</sup>/year  
**Cost Savings:**  
> \$69,000/year

#### MALAYSIA: Water Recycling Treatment System

We have implemented a waste water recycling treatment system to reduce water consumption and increase plant efficiency. The water discharge will be further treated as make-up water for process cooling.

**Water Reduction:**  
> 124,000 m<sup>3</sup>/year  
**Cost Savings:**  
> \$66,000/year

#### MALAYSIA: IETS Water Recovery for IETS Operation and Cooling Tower Operation

This year, to reduce water consumption, we have recovered the final discharge of raw water from production operation for usage in Industrial Effluent Treatment System (“IETS”) and centralised cooling condenser.

**Water Reduction:**  
> 43,000 m<sup>3</sup>/year  
**Cost Savings:**  
about \$32,000/year

**SINGAPORE: Water Saving at Soya Plant**

At our FNFS Soya plant, water is used for batch soaking of soya beans and continuous flushing of foreign materials in the separator.

Through tighter manual control of the water feeding process, such as installing a level alarm at the soya soaking tanks and level control valve at stone separator, water is prevented from overflowing.

**Water Reduction:** 1,647 m<sup>3</sup>/year

**Cost Savings:** about \$4,500/year

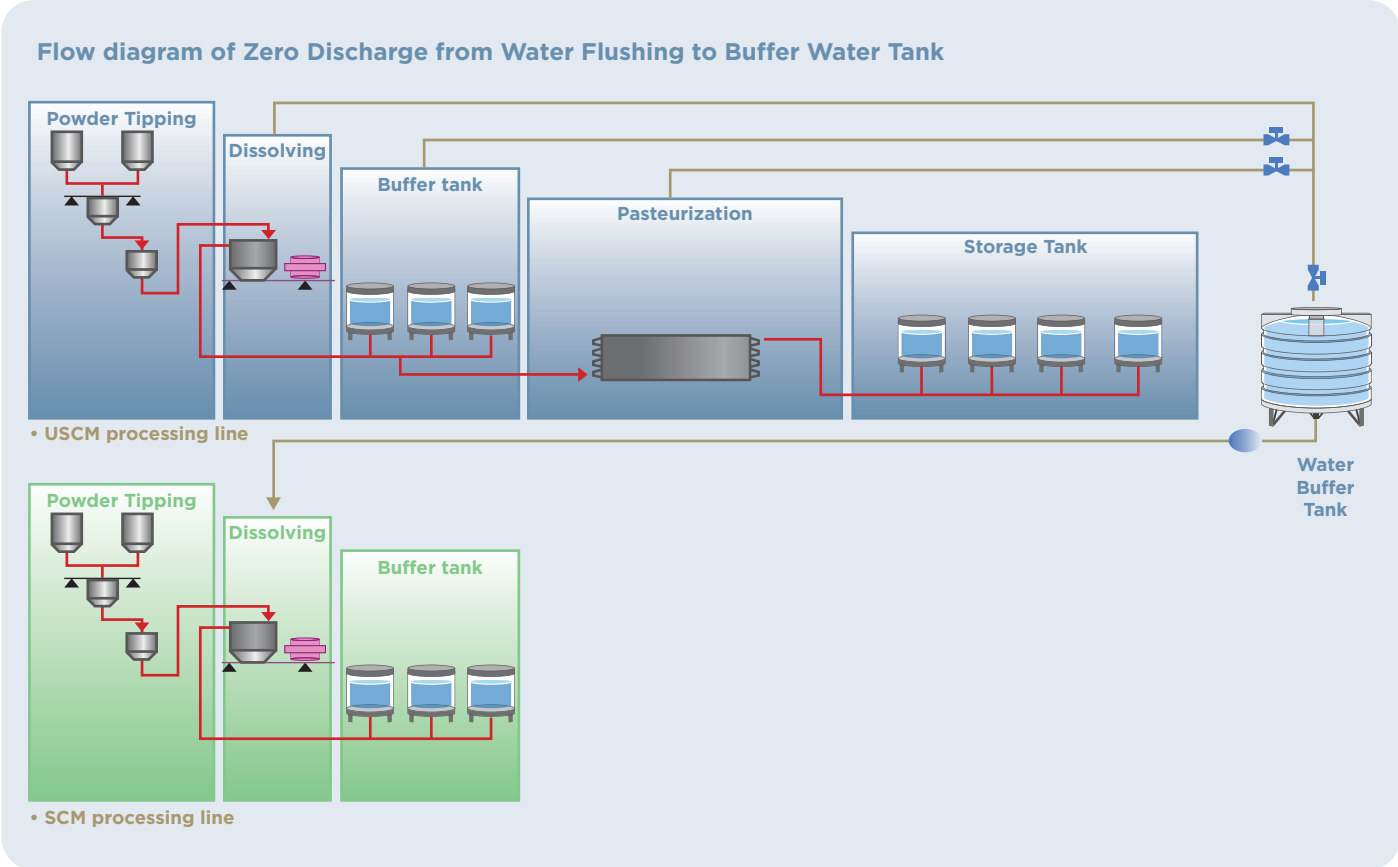
**SINGAPORE: Water reduction during Clean-in-Place process**

At our FNFS plant, Clean-in-place (“CIP”) for transfer piping is carried out after production runs.

With new piping configurations to carry out CIP simultaneously, we can reduce the number of CIPs required from five times to just once or twice.

**Water Reduction:** 972 m<sup>3</sup>/year

**Cost Savings:** about \$2,600/year



These projects demonstrate our commitment to the circular economy principles, with water being regarded as a precious resource as it can be used for multiple purposes. The recovery of water is

part of recognising the true value of water to our communities and of living responsibly to make sure that enough is available for everybody.

# Eco-efficiency

## Our Performance Highlights

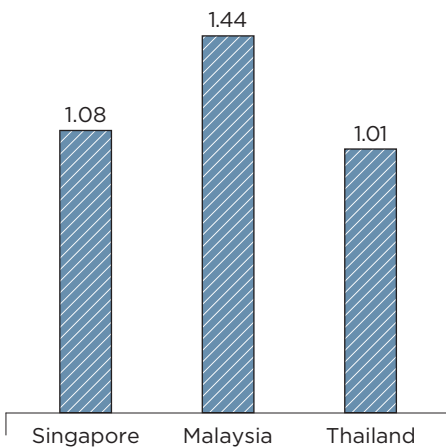
Over the past year, our water intensity increased. This is because of two additional production lines at Shah Alam plant, which offer significant benefits (e.g. reduction in packaging materials) but have higher water consumption than other lines.

None of our water withdrawal is from areas of water stress. We remain committed to achieving our 2020 water intensity reduction targets. Total water consumption (i.e. withdrawal minus discharges) during the year was about 1,940 megalitres ("MI"). This is inclusive of water consumed during our trial runs. More information about effluents is included in the next chapter of this report.

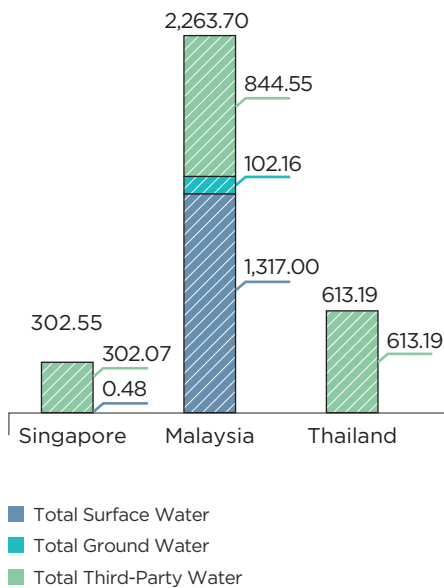
GRI 303-3 (2018) Water Withdrawal

GRI 303-5 (2018) Water Consumption

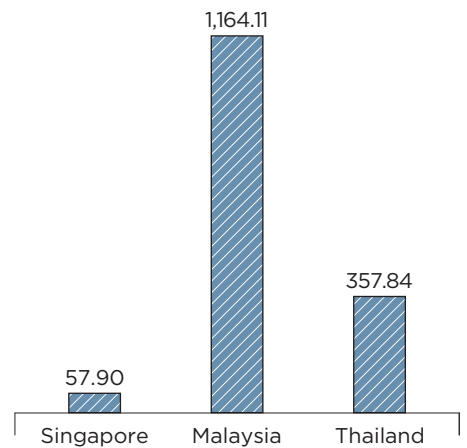
Water Intensity Ratio (m<sup>3</sup>/MT)



Freshwater Withdrawal by Source (MI)



Water Consumption (MI)



**Note:**  
1. Water intensity ratio is calculated based on the total amount of water withdrawal (in cubic meter, m<sup>3</sup>) per metric tonne of product (MT).

**Notes:**  
1. Water withdrawal is not from areas with high water stress.  
2. All our withdrawn water is freshwater (< 1,000 mg/l Total Dissolved Solids).

\* Excluding trial run data

## EFFLUENTS AND WASTE GRI 303-4 (2018); GRI 306-2

### Our Approach

The F&B manufacturing process involves the generation of both liquid (effluent) and solid wastes. We strive to reduce impacts from our operations, and this means complying with relevant regulations.

opportunities to review how 'waste' can be put to alternative uses. Our ultimate aim is that 'waste' is seen not as a problem, but as a source of new value for our supply chain or for another organisation's supply chain. Applying initiatives to promote a more circular economy for our operations and consumers enhances our ability to conserve natural resources and improve efficiency.

Under the guidance of our Environmental Policy and the principles of a circular economy, F&N explores

This chapter focusses on waste and effluents in our own operations. Please refer to the 'Packaging' (pg.58)



## Target:

 To reduce solid waste intensity ratio by 5% from 2017 to 2020

and ‘Sustainable Sourcing’ (pg.66) chapters for further insights about how F&N work throughout the value chain with suppliers and customers.

Each respective Business Unit has an approach to waste appropriate for their activities and hold regular departmental meetings where issues relating to waste are discussed. For example, at F&N Creameries (M) Sdn Bhd (“F&N<sup>CM</sup>”) our Environment Monitoring Committee oversees the company’s management of the environment with regards to waste management. At F&N United Limited (“F&N<sup>UL</sup>”) in Thailand, an Organizational Sustainable Policy has been implemented with a commitment emphasising waste reduction and a 3R project (Reduce, Reuse, Recycle).

We believe that our aspiration for “zero discharge, zero waste and zero landfill” starts from each individual. As such, we organise activities to enhance environmental awareness among our employees through communication platforms such as the intranet, emails and internal recycling programmes as well as activities like ‘plogging’ and the F&NHB Go Green Carnival. At some sites, such as FNFS, workers are encouraged to post any suspicions of non-compliance, including photographic evidence, to a dedicated WhatsApp chat group.

F&N applies strict minimum standards for the quality of our effluent discharges, based on our Environmental Management System, and applies these standards throughout our operations. Waste water from our industrial effluent treatment plant in Malaysia is treated and repurposed for cleaning, toilet flushing, utilities and other functional purposes. Rejected water from our Thai water treatment plant and boiler is transferred to a pond for watering of grass and plants. This is an example of the circular economy principle of converting ‘waste’ to a resource.

Another example is our dairy manufacturing plants in Thailand and Malaysia. They are leading the way in our commitment towards achieving zero effluents and solid waste by converting 100% of industrial sludge from production into organic fertiliser. This is then distributed to local farmers. Over 1,000 MT of industrial sludge from our waste water treatment plants were converted into fertiliser this year.

### Amount of industrial sludge from waste water treatment plant converted to fertiliser

THAILAND	587 MT
MALAYSIA	450 MT
<b>TOTAL</b>	<b>1,037 MT</b>

### Process flow of converting industrial sludge into fertiliser at Thailand

#### Sludge from WWTP

30-90 minute

- Add microbes to eliminate odors.
- Add Microbes for biodegradation.
- Add carbon sources and other ingredients.

#### Complete mix, adjust the C/N ratio accordingly, and make into a pile

Every week

- Add specific microbes for dividing biological substances.
- Add other ingredients and adjust the humidity.

#### Turn over the pile to cool down and speed up the fermentation process

2-4 months

### Bio-fertilizer



low res (please provide photo)

Bio-Fertiliser



low res (please provide photo)

Bio-Fertiliser packing for farmers

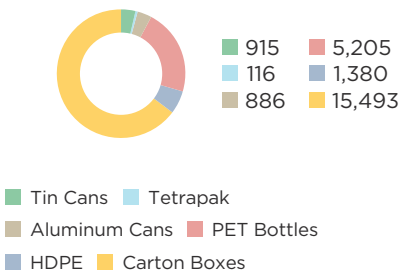
# Eco-efficiency

## F&NHB Go Green Programme

Following the success of 2018’s F&NHB Go Green++, a nation-wide employee recycling programme in Malaysia, we continue to focus on packaging materials, to generate greater awareness of applying the 5Rs philosophy (Refuse, Reduce, Reuse, Repurpose, Recycle) among employees.

Our employees continued their enthusiasm in collecting recyclable packaging materials and we collected almost 24,000 kg of recyclables (an average of 12.5 kg per Malaysian employee) throughout the 6-month programme. There was also a significant increase in employees’ knowledge on the 5R philosophy.

### Total Collection for F&N Go Green++ (kg)



As part of the programme, the F&N Green Carnival was organised at our Kota Kinabalu plant this year. The activities for the carnival were designed to enhance 5R awareness amongst employees as well as share F&N’s Sustainability journey in a fun way. The information and activities in the Green Carnival included:

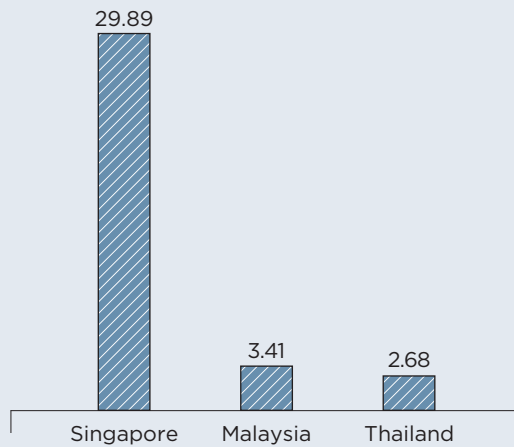
- Recycling tetra packaging by Tetra Pak Malaysia
- Recycling industrial waste into useful materials by KPT Recycle Sdn Bhd
- F&N’s sustainability commitments and initiatives
- Upcycling workshop using beverage cartons

Inspired by the success of this programme in Malaysia, F&NNT launched a “Circular Economy” project, to enhance the awareness of our employees and surrounding communities about aiming for zero solid waste. During the project launch, our employees visited schools around the Rojana plant to educate students about the circular economy. This include donating recycling bins to the schools.

## Our Performance Highlights

We have a target to reduce solid waste intensity by 5% from 2017 to 2020. This year, we and achieved a 26% reduction in solid waste intensity as compared to 2017, putting us well above our target of 5%. The significant reduction was driven by the successful ‘Waste to Wealth’ programme at Pulau Indah plant and the ‘War against Waste’ programme in Thailand.

### Solid Waste Intensity Ratio (kg/MT)

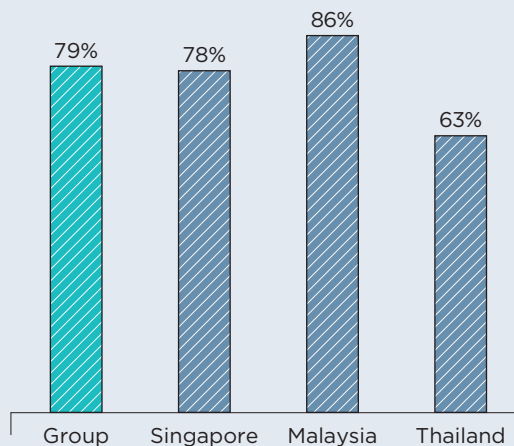


#### Note:

1. Solid waste intensity ratio is calculated based on the total amount of waste generated (in kilogram, kg) per metric tonne of product (MT)

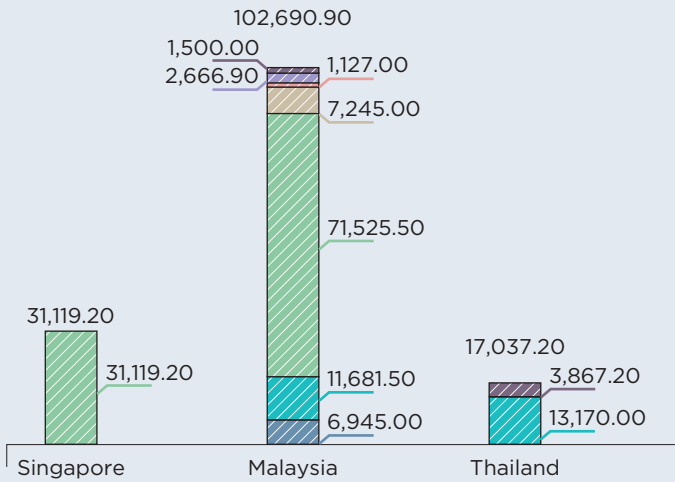
Close to 80% of the Group’s solid waste was reused, recycled or recovered in 2019.

### Solid Waste Recycled, Reused or Recovered



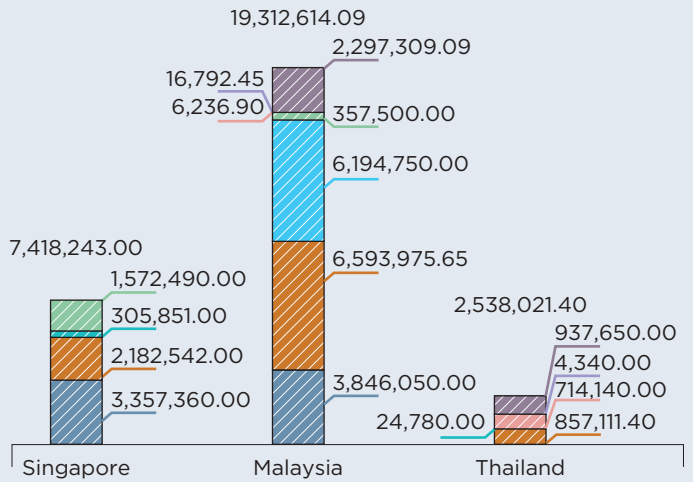
GRI 306-2: Waste by type and disposal method

**Hazardous Waste by Disposal Method (kg)**



■ Reuse ■ Recovery, incl. energy recovery ■ Incineration  
 ■ Chemical Waste Water Treatment ■ Other Recycled/Reused Waste  
 ■ Other Disposal Waste ■ Landfill

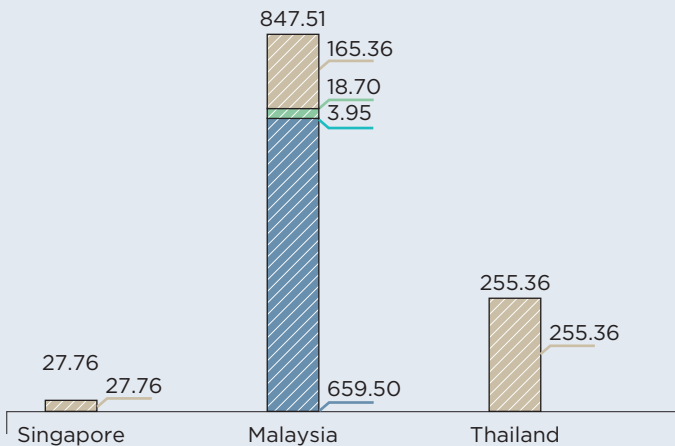
**Non-hazardous Waste by Disposal Method (kg)**



■ Reuse ■ Recycling ■ Composting (Self-Fertilizer)  
 ■ Recovery, incl. energy recovery ■ Incineration  
 ■ Other Recycled/Reused Waste ■ Other Disposed Waste ■ Landfill

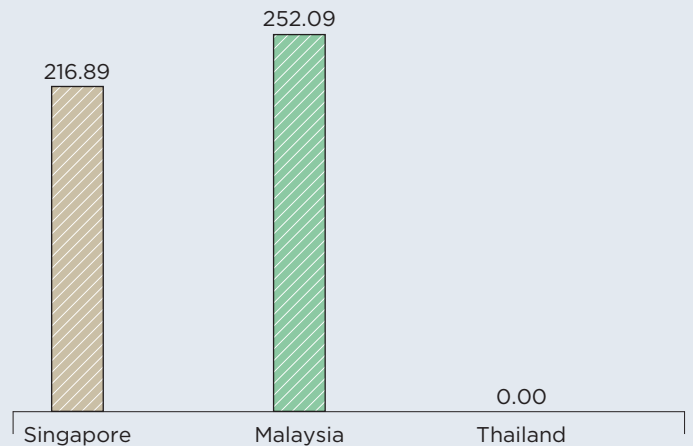
GRI 303-4 (2018) Water discharge

**Freshwater Discharged by Source (MI)**



■ Total Surface Water ■ Total Ground Water ■ Total Seawater  
 ■ Total Third-party Water Treatment and Usage

**Other Water Discharged by Source (MI)**



■ Total Seawater  
 ■ Total Third-party Water Treatment and Usage

**Notes:**

1. The data for Malaysia has been expanded to include our two water plants
2. The data for Thailand excludes the dairy plant in Pak Chong

# Eco-efficiency

## PACKAGING

### Our Approach

We strive to ensure our packaging protects the integrity of the contents and fulfils the visual and functional expectations of our consumers. There is increasing stakeholder awareness of the importance of environmentally-friendly packaging, especially in relation to plastics. In Malaysia, the government recently released a 'Roadmap Towards Zero Single-Use Plastics 2018-2030' setting out their vision to phase out single-use plastics over the next decade. The Singapore Government released a Zero-Waste Masterplan in August 2019, which includes a circular economy approach to resource management. F&N is committed to supporting these efforts and will be reassessing our approach over the next year, as well as establishing relevant targets when we set new sustainability goals for 2025.

There is scope for innovation in packaging and we have been exploring it over the years (more details are included in the 'Innovation' chapter of this report). This has helped us reduce the volume of packaging material used as a percentage of product.

Circular economy principles are particularly important for our industry: the frequency of purchases can translate into a large amount of packaging, and so 'closing the loop' is a priority. We are fully committed to reducing F&B waste by increasing shelf life and providing appropriate portion sizes, as well as increasing the recyclability of the primary and secondary packaging used in our products and sourcing more renewable packaging materials. One such initiative would be to progressively introduce rPET into the manufacturing of bottles used across our range of beverage products and we have since started with the *100PLUS* 4G bottles.

We reduced our PET resin use in packaging materials for some of our products (including *100PLUS ACTIVE* and *F&N SEASONS* and *OYOSHI*) by over 208 metric tonnes this year. On top of that, the products have a longer shelf-life resulting in less waste disposal. Currently, more than 90% of our beverages' packaging contains recyclable material.

We are also active in campaigns to encourage recycling; more information is included in the 'Creating Value for Society' chapter (pg.43-49) of this report.



### Switching from TR Aluminium Board to TR PBU Board

FNFS has transitioned away from the use of aluminium foil for the drinks packaging of our *F&N FRUIT TREE FRESH* Sugarless Apple Juice. This has been achieved without compromising both the product or packaging quality and has saved approximately 430 kg of aluminium foil. This also contributes to our logistics and fuel efficiency as the overall weight per product has been reduced by 0.5 grams.

FNFS won a 'Merit Award' in July 2019 for this initiative as part of the annual SPA Awards which recognises signatories who have made notable efforts and achievements in reducing packaging waste.



BEFORE



AFTER

**Preform Reduction in PET Bottles**

This project aims to reduce the preform for our 250ml 100PLUS PET Bottles. The quantity of packaging materials used would be reduced whilst maintaining the high product quality. This project was recently initiated, and we will be able to monitor the data from the beginning of 2020.

In Thailand, and as described in the earlier 'Innovation' chapter, this year, we also implemented a packaging reduction initiative for cartons of 2kg pouch sweetened beverage creamer. Through this initiative, the weight of paper carton has reduced by 90g, with savings of 150 metric tonnes of cartons and over \$650,000 in cost savings per year.

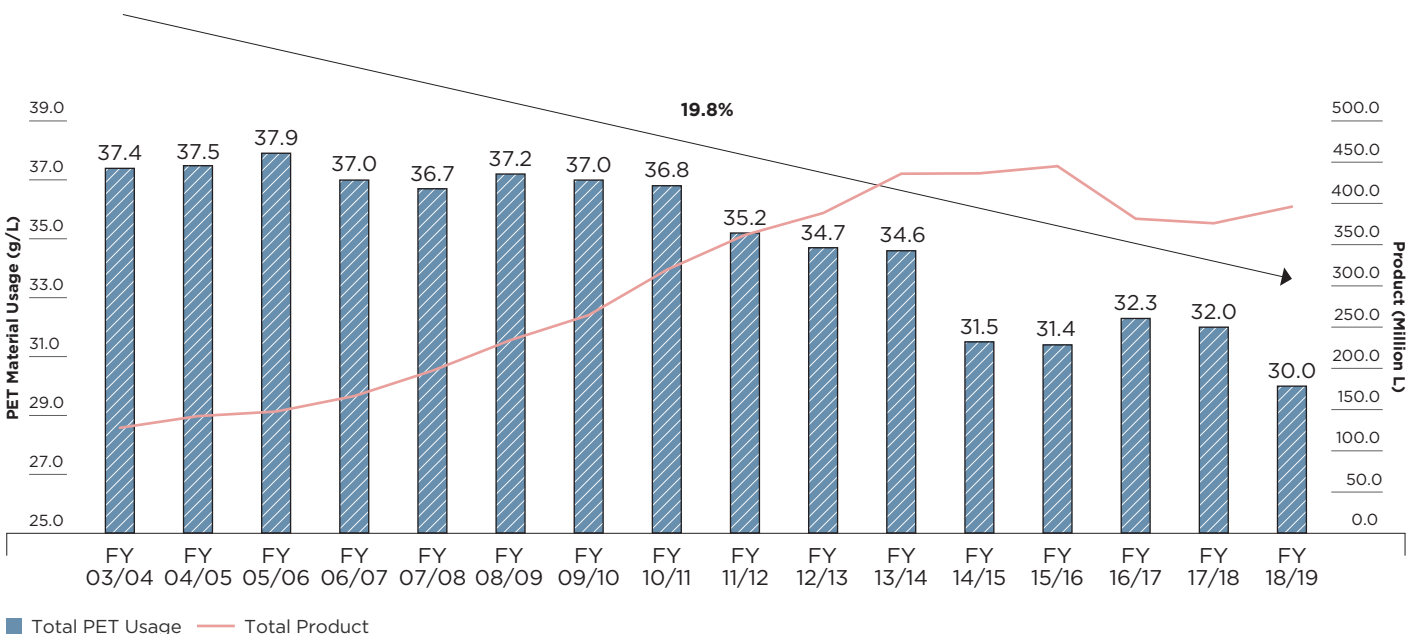
Another initiative implemented this year was to increase the size and weight of shrink film roll and modify the support of auto pack to fit the larger roll. With this, the usage of shrink film has reduced by almost 22 metric tonnes per year.

Overall, our PET usage intensity has decreased by almost 20% between 2004 and 2019.



**Packaging Footprint for Total PET Beverages\***

FY17/18 to FY18/19 packaging index reduction from 14.4% to 19.8%



**Notes:**

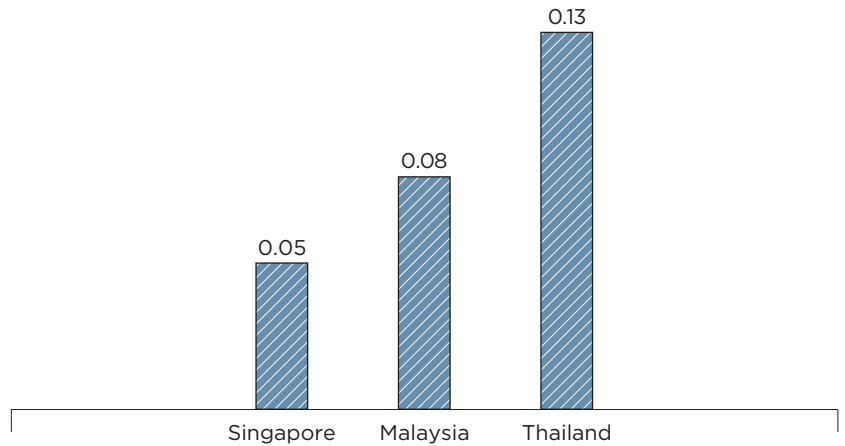
\* Total PET Beverage includes: Isotonic, F&N, CSD, ASD, Water and Aseptic PET packaging for 250ml, 350ml, 380ml, 400ml, 500ml, 600ml, 1L, 1.2L and 1.5L  
 1. 19.8% reduction from FY03/04 to FY18/19, compared to 14.4% reduction from last reporting (FY03/04 to FY17/18)

# Eco-efficiency

## Our Performance Highlights

In Singapore, just over 2,000 metric tonnes of packaging material were used during the year. In Malaysia, the amounts were over 61,000 metric tonnes, and in Thailand it was over 44,000 metric tonnes.

**Packaging Intensity Ratio (MT of Packaging Material/MT of Finished Product)**



## Target:



To reduce energy intensity ratio by 5% from 2017 to 2020

To reduce GHG emissions intensity ratio by 5% from 2017 to 2020

**Notes:**

1. Packaging intensity ratio is calculated based on the amount of packaging materials used (in metric tonne, MT) per metric tonne of product
2. Packaging Intensity Ratio for Thailand does not include F&NUL as they do not account for their packaging material by weight but by pcs

## ENERGY AND CLIMATE CHANGE

GRI 302-1; 302-3; 305-1; 305-2; 305-4

### Our Approach

Climate change is a defining global challenge of the 21st century. As one of the main priorities for our 2020 Vision, F&N is committed to reduce our energy consumption and GHG emissions intensity ratio. As part of our efforts, we also feel the responsibility to help minimise carbon footprints across our value chain, ranging from manufacturing, packaging, storage and logistics, to end use and disposal.

Singapore has pledged to reduce GHG emissions intensity ratio by 36% by 2030, compared with 2005 levels and to reach peak GHG emissions by 2030. Malaysia’s government has targeted a 45% reduction in GHG emissions intensity ratio by 2030 from a 2005 baseline, and Thailand has a reduction target of 30% by 2036 from a 2010 baseline.

F&N has an initial target: between 2017 and 2020, we aim to reduce energy and GHG emissions intensity ratios by 5%. F&N will review and look into setting longer-term targets beyond 2020 in due course.

As with the other eco-efficiency topics, the framework for our approach is our Energy Management Policy.



### Our Energy Management Policy

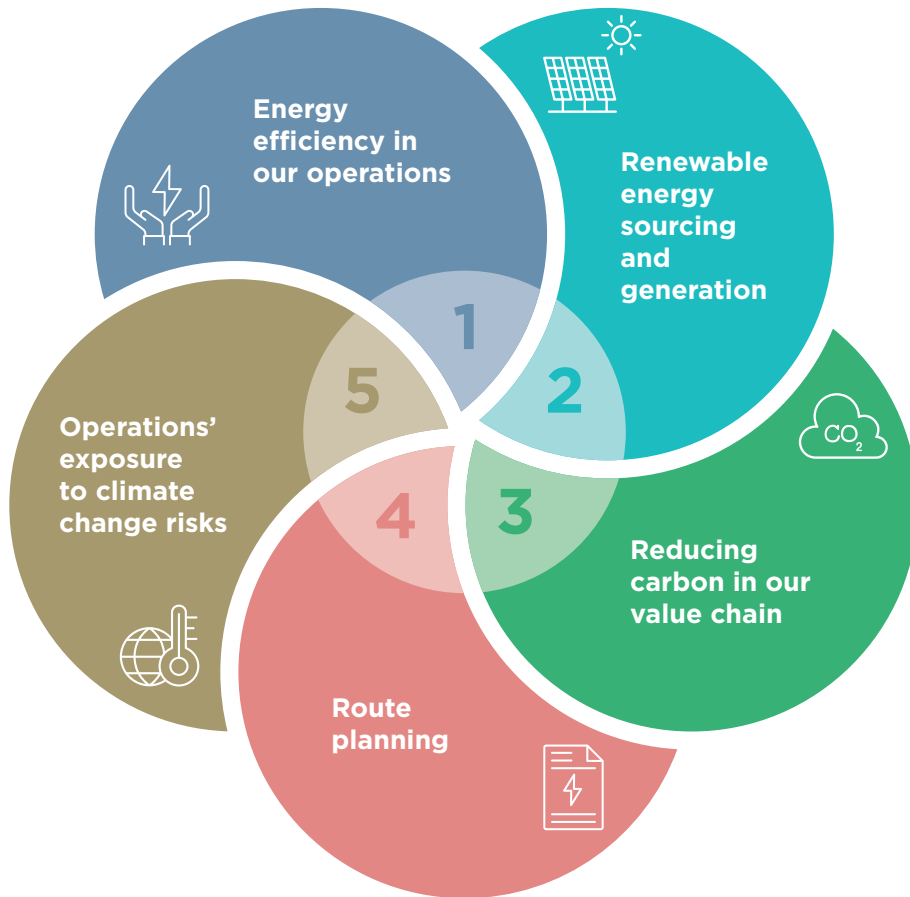
All our operations are guided by the following principles, to:

- fulfil and enhance the energy management system as energy conservation is one important part of our operations
- well manage and utilise energy conservation technology and best practices as part of our continuous improvement
- implement and improve energy management system to comply with relevant laws and regulations
- conduct energy improvement programme to optimise business operations
- promote, support and manage energy conservation efficiently

Our employees, business partners and stakeholder groups are all aware of our Management Policy and have given their support for our goals. We regularly review the policy to ensure that it is valid and up to date.

Operations processes, including manufacturing, storage and transportation, require energy. We have applied a range of initiatives, based on circular economy principles, to improve our energy performance. Our energy and climate

change related activities are broken down into five priority areas. The first four relate to minimising our own direct and indirect impacts, and the final one relates to how we are adapting to climate change risks:



**1. Energy Efficiency in Our Operations**

Improving energy efficiency in our operations makes business sense just as much as it helps to reduce our environmental impacts. Energy efficiency contributes to a circular economy by limiting the resources needed to produce valuable goods and services.

As part of our innovative approach across the group, we have a range of initiatives that include: process solutions to eradicate wasted energy (for example installation of Variable Speed Drives); and behavioural solutions to reinforce a culture of good practice throughout our workforce (for example daily monitoring of energy consumption):

<p><b>MALAYSIA:</b> <b>VSD for Cooling Tower</b></p>	<p>Through installation of Variable Speed Drives (“<b>VSD</b>”), the motor speed of cooling tower fan is modulated based on an analogue input from a temperature sensing device.</p>	<p><b>Energy Saving:</b> &gt;330,000MJ/year</p> <p><b>Cost Savings:</b> About \$11,000/year</p>
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# Eco-efficiency

**MALAYSIA:**  
**Intelligent Flow Controller (“IFC”) for Main Air Compressor**

The installation of IFC for Main Air Compressor helped in stabilising the pressure of compressed air and avoiding the pressure fluctuation. This elimination of fluctuation is estimated to save up to 5% of electricity usage.

**Energy Saving:**  
 >360,000MJ/year

**Cost Savings:**  
 About \$13,000/year

**SINGAPORE:**  
**Air Compressor Unit replacement**

Replacing old fleet of air compressors with newer and technologically advanced air compressor units are more energy efficient. It is estimated that this project has resulted in an energy saving of about 1 million kWh/year (equivalent to about 1,000 MT CO<sub>2</sub>).

**Energy Saving:**  
 > 1,000,000kWh/year

**Cost Savings:**  
 About \$10,000/year



## 2. Renewable Energy Sourcing and Generation

Energy efficiency can make a significant contribution. However, we must also recognise that in order to ultimately decouple our activities from GHG emissions, we should look into transitioning from hydrocarbon-based energy to renewable energy. Renewable inputs are an essential part of the transition to a circular

economy, and F&N is committed to be a part of this transition. We have begun by sourcing more of our electricity from low-carbon and renewable sources. Further to this, we are also exploring options to generate our own renewable energy at our sites.

**THAILAND:**  
**Solar Energy Proposal**

A proposal to install a solar PV system at our Rojana plant will provide an alternative source of energy for our operations. This will enable F&N to significantly reduce energy consumption from the grid and utilise renewable energy for its operations. We will expand and model this onto other plants after the successful implementation at Rojana plant.

**Plant Capacity:**  
 999 kWp  
 (1,300 MWh)/year

**Cost Savings:**  
 About \$285,000/year



### 3. Reducing Carbon in Our Value Chain

In addition to making improvements to our own operations through energy efficiency and renewable energy use, F&N is looking into sharing best practices and encouraging improvements along our full value chain. We are still at the beginning of

these efforts, but we understand it is important to support our business partners and customers to reduce their own GHG emission impacts. As we do this, we will look for opportunities for collaborations for circular economy initiatives.

### 4. Route Planning

Optimal route planning can help us to reduce costs and be more environmentally friendly. We have therefore streamlined our distribution networks over the past few years.

- Improved fleet management – our team can better manage the fleets by transporters, from driver and equipment assignment, dispatch, asset tracking, event management and supplier payment. With the GPS integration into OTM, our planners can track the trucks at any time to ensure safety and timely arrival at destinations.

Our Malaysia operations made significant progress in recent years by switching from single-deck trucks to double-decker trucks. We have also increased the product load per truck deck thereby reducing the number of trips. For FY2019, we have an estimated cost savings of about \$100,000.

F&NHB has put in capital investments of more than \$260 million since 2014 on new production lines and warehouses across our production facilities in various locations. This decentralization strategy also means that our manufacturing and warehouse operations are closer, resulting in shorter routes to market and lower carbon emissions from logistics.

We have implemented the Oracle Transport Management (“OTM”) system that has an efficient control over the overall logistics operations in Malaysia which comprises in-bound, out-bound and export of containers. Our Distribution team now has full visibility of all the transportation activities throughout the entire supply chain. With this web-based system, we are able to improve our operational efficiency through:

About \$26 million has also been invested in a sophisticated ASRS at our new integrated warehouse at Shah Alam plant. This will eliminate the need for forklifts thus further reducing the carbon footprint of our warehouse operations. Read more about the ASRS in page 32 of this report.

- Optimised operational planning – our team can plan and optimise shipments based on cost, service level and asset utilisation; and



# Eco-efficiency

## 5. Operations' Exposure to Climate Change Risk

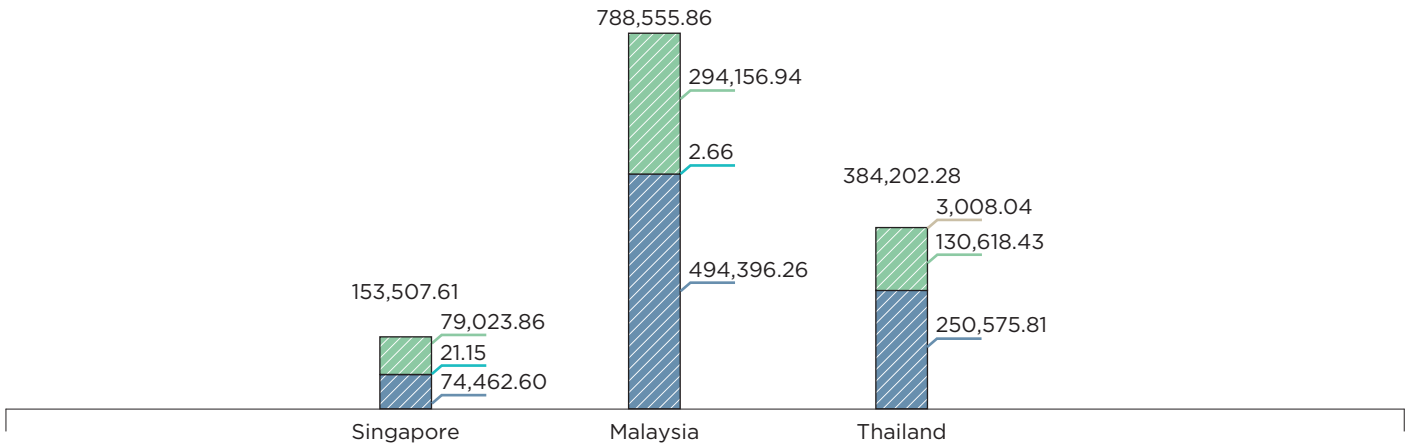
F&N's operations and supply chain face increasing impacts from climate change. This includes impacts from rising sea levels, extreme temperatures, farming shortages and water availability. We adhere to regulations to reduce our environmental footprint, actively working towards reducing climate

change. At F&NHB, climate change risks are also monitored and managed as part of their Enterprise Risk Management process. Robust incident escalation procedures and response plans are part of their BCM.

### Our Performance Highlights

GRI 302-1: Energy Consumption within the Organisation

#### Energy Consumption By F&N ('000 MJ)



\* Excluding trial run data

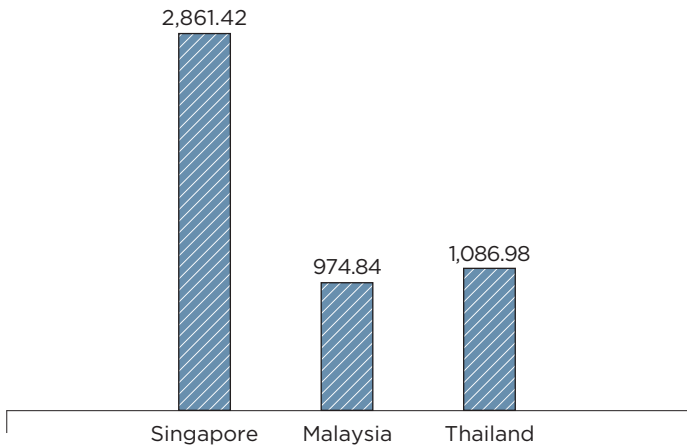
- Non-renewable fuels (nuclear fuels, coal, oil, natural gas, etc.) purchased or consumed
- Total renewable energy (wind, solar, biomass, hydroelectric, geothermal, etc.) purchased or generated
- Non-renewable electricity purchased
- Steam/heating/cooling and other energy (non-renewable) purchased

**Notes:**

1. There is no electricity, heating, cooling and steam sold
2. The data on natural gas and electricity consumption is collected through meter readings and converted to MJ through standard conversion values
3. Natural gas, diesel, fuel oil, liquefied petroleum gas and electricity are the non-renewable fuel types consumed within the organisation
4. Self-produced solar energy and biodiesel are the renewable fuel types consumed within the organisation

GRI 302-3: Energy Intensity

**Energy Intensity Ratio (MJ/MT)**



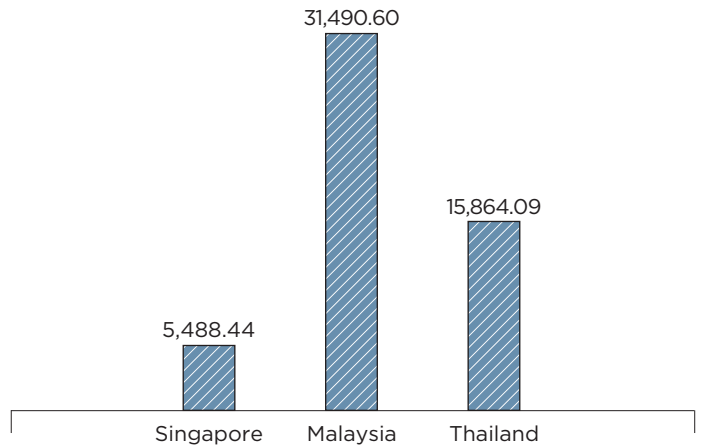
\* Excluding trial run data

**Notes:**

1. Energy intensity ratio is calculated based on the total amount of energy consumed (in megajoule, MJ) per metric tonne of product (MT)
2. Energy intensity ratio is for energy consumed within F&N only
3. Fuel, electricity and steam are included in the energy intensity ratio

GRI 305-1: Direct (Scope 1) GHG Emissions (CO<sub>2</sub>e)

**GHG Scope 1 Emissions (MT CO<sub>2</sub>e)**



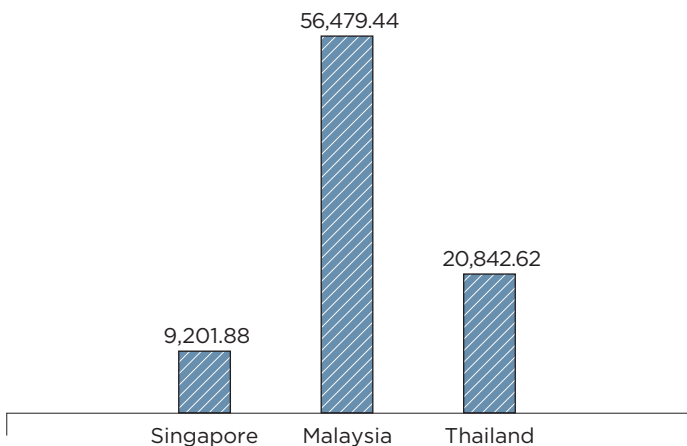
\* Excluding trial run data

**Notes:**

1. CO<sub>2</sub>e emissions estimated based on the conversion factors from 2006 IPCC Guidelines for National Greenhouse Gas Inventories
2. Only CO<sub>2</sub> is included in the calculation of the Direct (Scope 1) GHG emissions
3. There is no biogenic CO<sub>2</sub> emissions generated from the combustion of biomass
4. The base year for the calculations is 2017. It was chosen as that was the first year F&N adopted the GRI sustainability reporting framework
5. The Global Warming Potential ("GWP") value for a time horizon of 100 years based on the Intergovernmental Panel on Climate Change ("IPCC") Fifth Assessment Report: Working Group I Report "Climate Change 2013: The Physical Science Basis" (chapter 8) is used in the calculation
6. Operational control method is used for the consolidation approach of emissions

GRI 305-2: Indirect (Scope 2) GHG Emissions (CO<sub>2</sub>e)

**GHG Scope 2 Emissions (MT CO<sub>2</sub>e)**



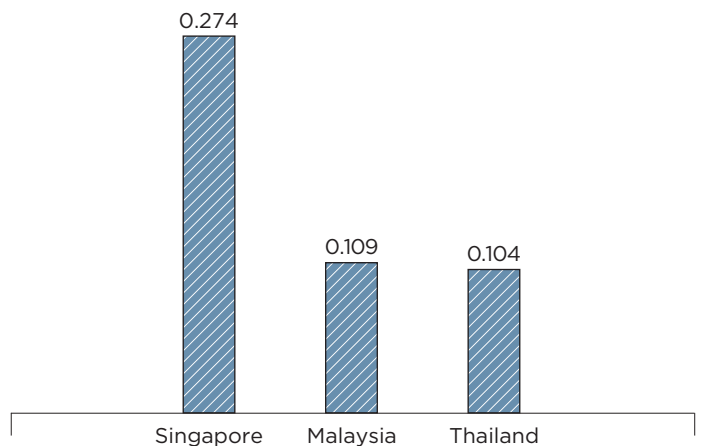
\* Excluding trial run data

**Notes:**

1. CO<sub>2</sub>e emissions estimated based on the conversion factor from IGES List of Grid Emission Factors v10.6 and using the location-based method
2. Only CO<sub>2</sub> is included in the calculation of the Energy indirect (Scope 2) GHG emissions
3. The base year for the calculations is 2017. It was chosen as that was the first year F&N adopted the GRI sustainability reporting framework
4. The GWP value for a time horizon of 100 years based on the IPCC Fifth Assessment Report: Working Group I Report "Climate Change 2013: The Physical Science Basis" (chapter 8) is used in the calculation
5. Operational control method is used for the consolidation approach of emissions

GRI 305-4: Greenhouse Gas (GHG) Emissions Intensity

**GHG Emissions Intensity Ratio (MT CO<sub>2</sub>e/MT)**



\* Excluding trial run data

**Notes:**

1. GHG emissions intensity ratio is calculated based on the total amount of CO<sub>2</sub>e generated (in metric tonne, MT) per metric ton of product (MT)
2. Direct (scope 1) and energy indirect (scope 2) is included in the GHG emissions intensity ratio
3. Only CO<sub>2</sub> is included in the calculation of the GHG emissions intensity ratio

# Responsible Supply Chain

As a market-leading F&B company, we constantly work with our business partners, suppliers and vendors to deliver mutually sustainable solutions that create long lasting value. We also lead by example, encouraging others to improve sustainability performance throughout their supply chain.

The following chapter outlines some of the ways we work with and influence other companies. We are committed to Sustainable Sourcing and the next chapter explains our process for this.

## MATERIAL ISSUES COVERED

- 1. **M03 Sustainable Sourcing**  
GRI 204-1 Procurement Practices

## SDGS MAPPED TO



## Target:

 To purchase RSPO Credits for 100% palm oil usage by 2020

### SUSTAINABLE SOURCING

GRI 204-1

Our target for 'Sustainable Sourcing' specifically relates to palm oil. Although this represents a relatively minor proportion of our expenditure (<3% of total expenditure on products and services), it has potentially major indirect impacts as irresponsible palm oil cultivation has caused—and continues to cause—significant environmental and social damage. We understand that our actions and business practices pertaining to the support of the production of sustainable palm oil is important and, having become an ordinary member of RSPO in August 2017, we reiterate our support for the use of Certified Sustainable Palm Oil (“CSPO”) in products.

### Our Approach

During the past year we have engaged with over 4,500 global and local suppliers across our supply chain, including manufacturers, wholesalers, retailers, importer/merchants, contractors and professional services providers. We recognise that sustainability in our own operations is insufficient and we have to also work with business partners to ensure best practice across our supply chain.

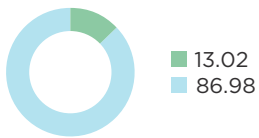
Circular economy principles include reassessing what is meant by a 'resource': for example, one organisation's waste may end up becoming a valuable resource for another organisation. Hence, we look to understand suppliers' needs and establish mutually beneficial partnerships for circular economy solutions. The Group works closely with our suppliers to ensure standards and practices for food safety and the environment are maintained throughout the value chain. For example, F&NHB is a member of the Supplier Ethical Data Exchange and conduct regular audits on their suppliers to ensure standards and practices for food safety and the environment are maintained throughout the value chain.

F&N supports the UN Guiding Principles on Business and Human Rights across our value chain. Next year, we will look into introducing the 'Supplier Guiding Principles', which will cover areas and standards that we abide by in relation to: child labour; forced labour; promotion of non-discrimination and equal opportunities; freedom of association; collective bargaining; the elimination of excessive working hours; fair minimum wages; and health and safety standards, thereby applying

our circular economy principles beyond our own operations.

Our Procurement Policy covers our full commitment to standard principles of ethical business practices throughout the supply chain. While we have a business imperative to obtain goods and services at the best price in a timely manner, this is done only through means that adhere to guidelines and principles of fair play and transparency.

**Group Suppliers by Supplier Category**



■ % of direct material suppliers  
■ % of indirect material suppliers

**Proportion of Spending on Materials**



■ % purchase value spent on direct material  
■ % purchase value spent on indirect material

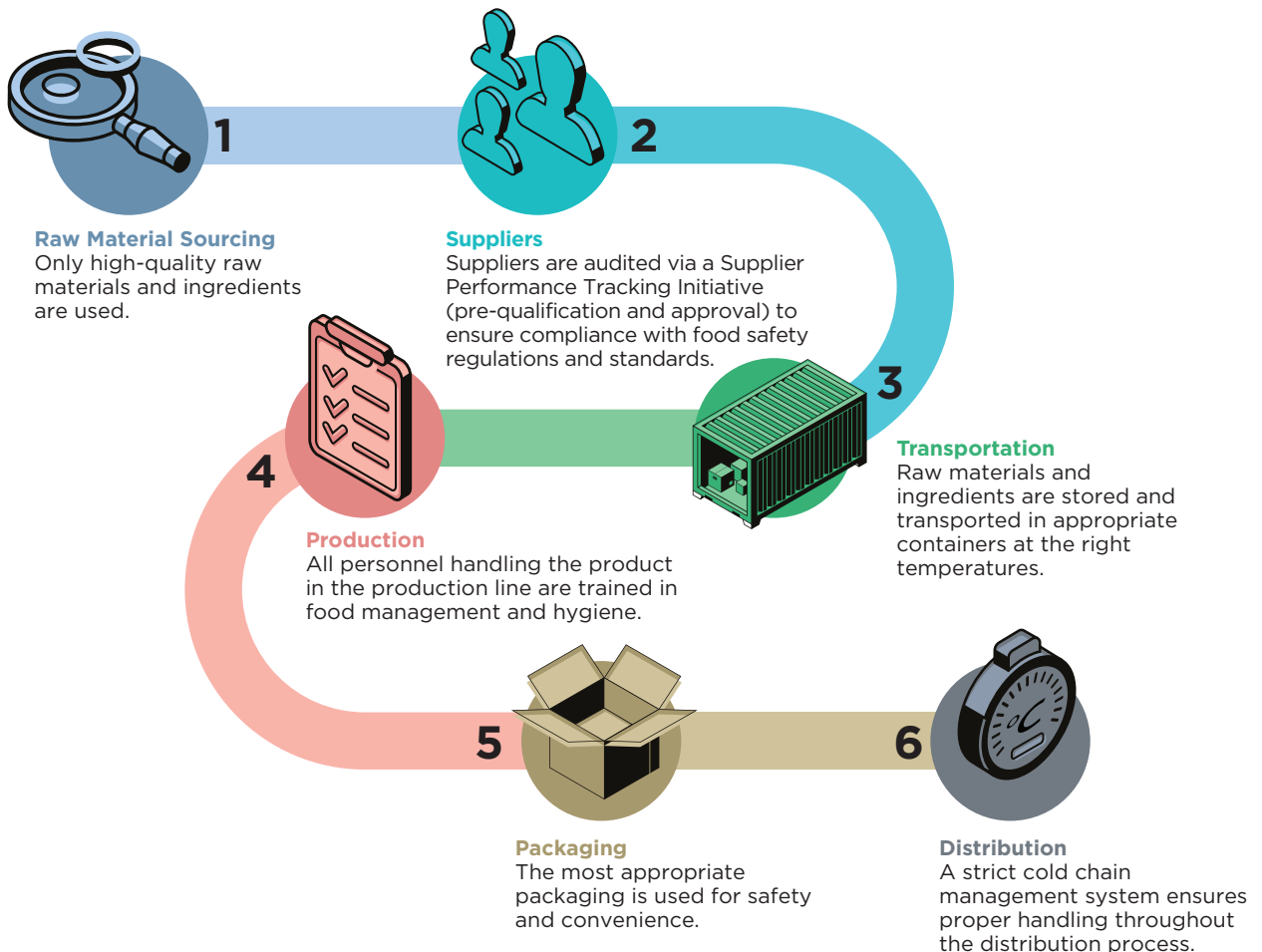
**Direct materials**

- Packaging materials
- Ingredient and raw ingredients
- Auxiliary materials
- Co-packing
- Finished and trading goods

**Indirect materials**

- Sales and marketing
- Logistics and warehousing
- Engineering and site services
- Administration
- Others

**Our Supply Chain**

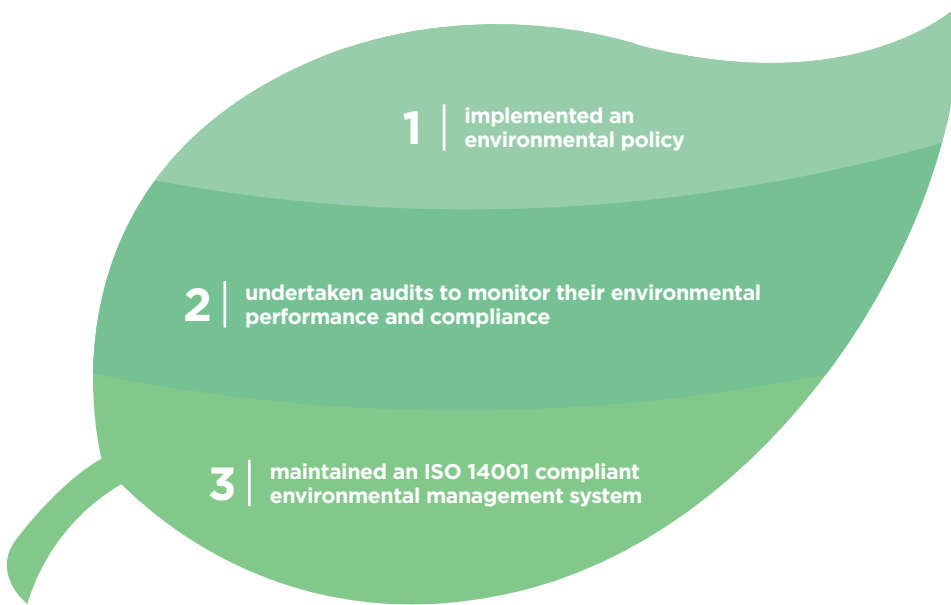


# Responsible Supply Chain

## Screening our Suppliers

At F&NHB, we have a systematic screening process for all new suppliers using environmental and social criteria. These criteria reflect the commitments towards the environment (such as reducing

waste, pollution and water resources) and society (including human rights and labour practices). The environmental performance of their raw material and primary packaging suppliers are also assessed annually to verify if they have:

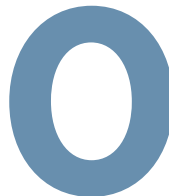


## Addressing Risks in our Supply Chain

High or variable costs and uncertain availability of raw materials pose commercial risks to F&N. We therefore undertake risk assessments on our suppliers' prices and capacity to deliver goods and services. For key risks, we have established Business Continuity Plans to proactively ensure product supply.

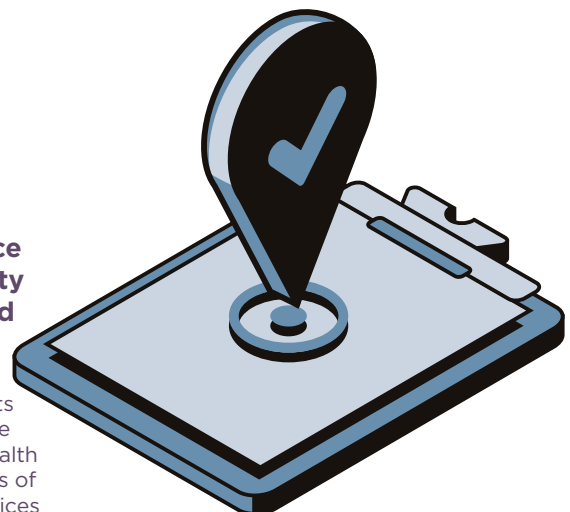
Non-compliant or underperforming suppliers must demonstrate that they are committed to taking the necessary corrective actions within a predefined period, or risk having their contracts terminated. This year, all critical suppliers were audited on food safety regulations and standards, and none was found to be in non-compliance.

We conduct annual supplier audits to ensure compliance with food safety regulations and standards. We assess a range of quality assurance and food security criteria to safeguard the health of consumers and the safety of workers in our supply chain. Criteria include the implementation and monitoring of good manufacturing processes, use of protective clothing, food safety management systems, and chemical management.



**0 incident of non-compliance with food safety regulations and standards.**

GRI 416-2: Incidents of Non-Compliance concerning the Health and Safety Impacts of Products and Services



**Enhancing Supplier Productivity**

Since 2013, our Thai dairy operations have been working with local farmers on improving milk quality. We continue to introduce new technologies and equipment (for example, milk machine testers and automatic jet cleaning milking machines) to help farmers increase their productivity, improve milk quality and reduce waste (as part of a circular economy approach).

We also organised seminars and produced quarterly educational newsletters for them.

This year, we worked with one of our milk suppliers in Thailand, to provide a champagne tank and piping route to the Thepsathit community to tackle the water shortage problem during the annual dry seasons. Around 50 employees volunteered in this programme and more than 200 residents benefitted from this programme.



**Highlights**

1. **Helping 690 farmers** in improving milk quality by sponsoring three milking tester machines to three milk cooperatives.
2. **Organised quarterly seminars for 120 farmers** from four milk cooperatives, covering various topics including procurement policy, quality evaluation, cost reduction and long-term supply.
3. **Supported 45 farmers** in the cow feed production project, using Napier grass for total mix ration production to improve milk yield and reduce cost.

**Special Recognition**

The Animal Husbandry Association of Thailand has recently recognised Mr. Chatchawal Maneetap, Agricultural Business Manager in F&NDT for his work to support the Thai animal production industry in Thailand. He contributed to the invention of simple to use cleaning equipment for milking machines, for which he received the Thailand Kaizen award. Mr. Maneetap also helped to introduce antibiotic and somatic cell count control in fresh milk, which is helping farmers nationwide.



**Halal Sourcing Partnership Programme**

As a major manufacturer of halal products in Malaysia, F&N recognises that it is in a position to facilitate the development of the nation's halal industry. F&NHB and Halal Industry Development Corporation signed a memorandum of agreement for the Halal Sourcing Partnership Programme.

Through this collaboration, F&NHB shared halal industry best practices whilst providing technical advice and knowledge to small and medium enterprises. The programme involved pitching sessions in Penang and Kuala Lumpur where 37 SMEs competed to showcase their products. Successful companies then underwent further screening, coaching and monitoring to elevate their capability to be qualified as halal vendors for multinational corporations.

# Responsible Supply Chain

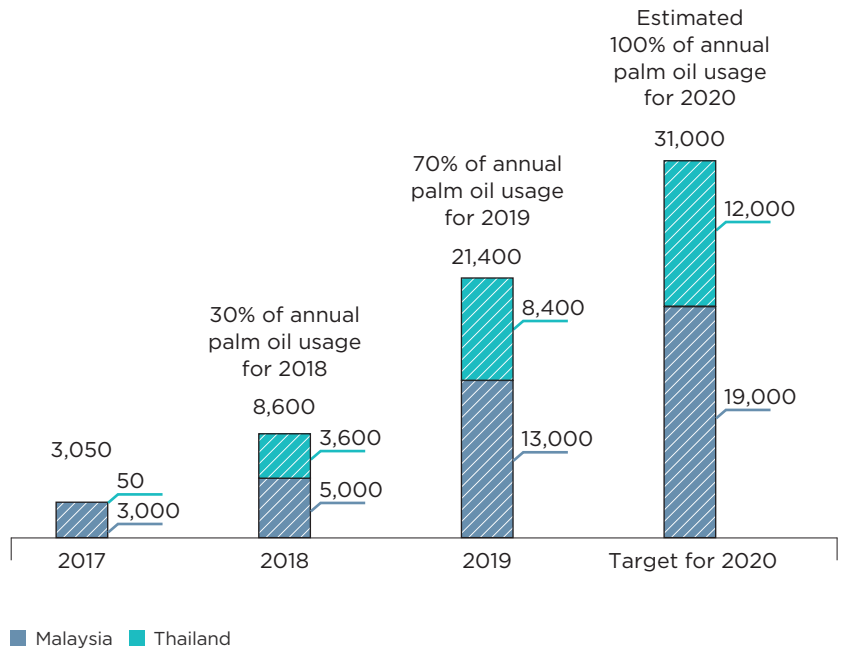
## Our Performance Highlights

### Eco-credentials

We source raw materials that are certified with eco-credentials, such as the Forest Stewardship Council and CSPO, to ensure that they are produced in an environmentally and socially responsible manner. All paper products used in the tetra packaging of our chilled beverages carries the certification.

We have a roadmap to purchase RSPO Credits for 100% of our projected palm oil usage by 2020. This year, we reached our interim target and purchased a total of 21,400 RSPO Credits, representing about 70% of our palm oil usage. 13,000 and 8,400 RSPO Credits were bought in Malaysia and Thailand respectively.

Total Number of RSPO Credits Purchased

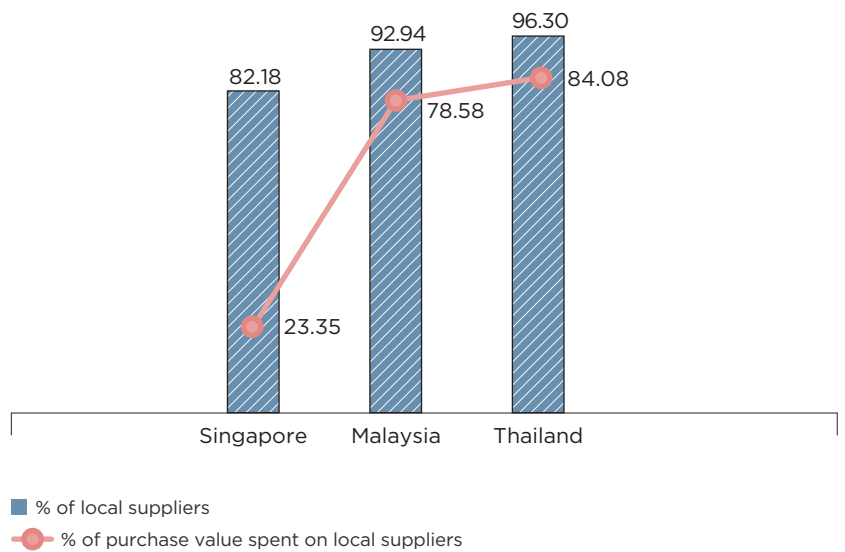


### Supporting Local Suppliers

F&N engages with local suppliers, where possible, to support the local economy and minimise environmental impacts from transportation. More than 92% of our suppliers are local, representing almost 73% of our purchase value expenditures.

GRI 204-1 Proportion Of Spending On Local Suppliers

Proportion of Spending on Local Suppliers



Group Proportion of Purchase Value Spent on Local Suppliers



■ % of purchase value spent on local suppliers  
 ■ % of purchase value not spent on local suppliers

**Note:**  
 1. Local suppliers refer to suppliers who conduct their businesses within the respective countries where F&N's operations (as covered in this report) are based, namely Singapore, Malaysia and Thailand.



# Safety & Well-being

At F&N, we adopt a holistic approach to health and safety across our operations including creating a proactive safety culture and healthy workforce, embodying our brand promise of “Pure Enjoyment. Pure Goodness” through product safety and nutrition, as well as enabling consumers to make informed purchasing choices through accurate and appropriate labelling and responsible marketing.

The first chapter in this section outlines our approach to Occupational Health and Safety (“OHS”), including the systems and teams involved. It explains how best practice in OHS is cascaded to all of our employees, and how we have set ourselves challenging targets.

Consumer Health and Safety is in focus for the next chapter. F&N’s approach here is embodied by our brand promise: “Pure Enjoyment. Pure Goodness.” We will show how we use a range of tools to ensure the safety and nutrition of our products.

The final chapter in this section is about labelling and communication: how do we make sure consumers are aware of the contents and nutritional qualities of our products.

## MATERIAL ISSUES COVERED

1. **M06 Occupational Health and Safety**  
GRI 403-9, 403-10 Occupational Health and Safety
2. **M07 Consumer Health and Safety**  
GRI 416-1, 416-2 Customer Health and Safety
3. **M08 Product and Service Labelling**  
GRI 417-1, 417-2 Marketing and Labelling

## SDGS MAPPED TO

### OCCUPATIONAL HEALTH AND SAFETY GRI 403 (2018): 403-9, 403-10

#### Our Approach

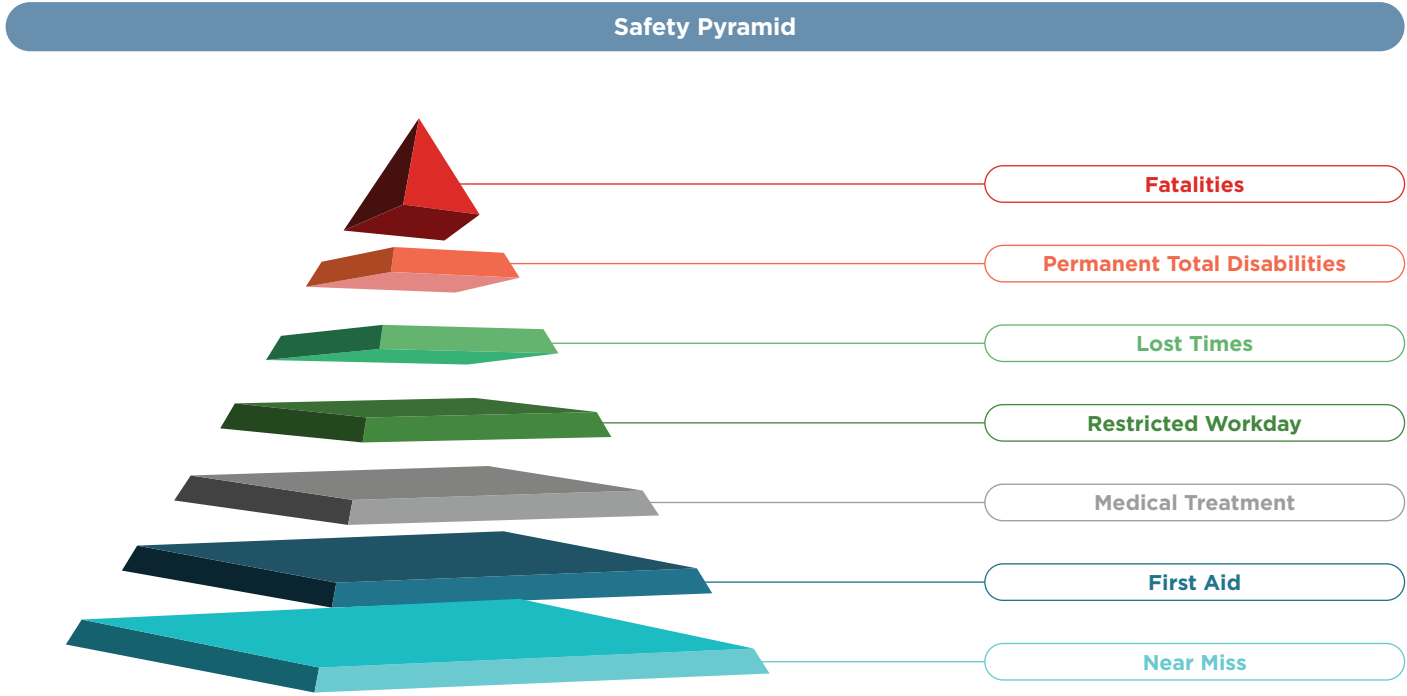
Working as a team is the only way to achieve our aim of zero lost time injury. We cultivate a proactive ‘safety first’ culture for employees so they are aware of their responsibilities for both themselves and their colleagues. This includes advocating a healthy lifestyle through awareness of nutrition, physical activity and stress reduction measures.

To further strengthen our commitment to a safety culture, a) LTIFR; and b) number of Safety and Health initiatives were incorporated in FY2019 at F&NHB as part of shared key performance indicators for all executives.

### Target:

 To have zero Lost Time Injury Frequency Rate (“LTIFR”) by 2020

# Safety & Well-being



### Creating a Safety Culture

F&N has established ESH systems and monitoring processes across our operations. Beyond compliance with national regulations, our safety practices adhere to international standards including ISO 14001 and OHSAS 18001 for our major sites. All employees, workers and activities are covered by our ESH systems, and all workers receive adequate training and safety equipment wherever appropriate.

Each plant has its own Safety Committee, with membership comprising management and workers. And this year, at F&NHB, we have also set up a Safety and Health committee for our corporate office and regional sales offices. These committees oversee our safety systems and programmes to ensure their effectiveness and meet every month to discuss accidents or near-misses and determine appropriate actions to reduce risks. They also conduct audits on our ESH systems, develop annual

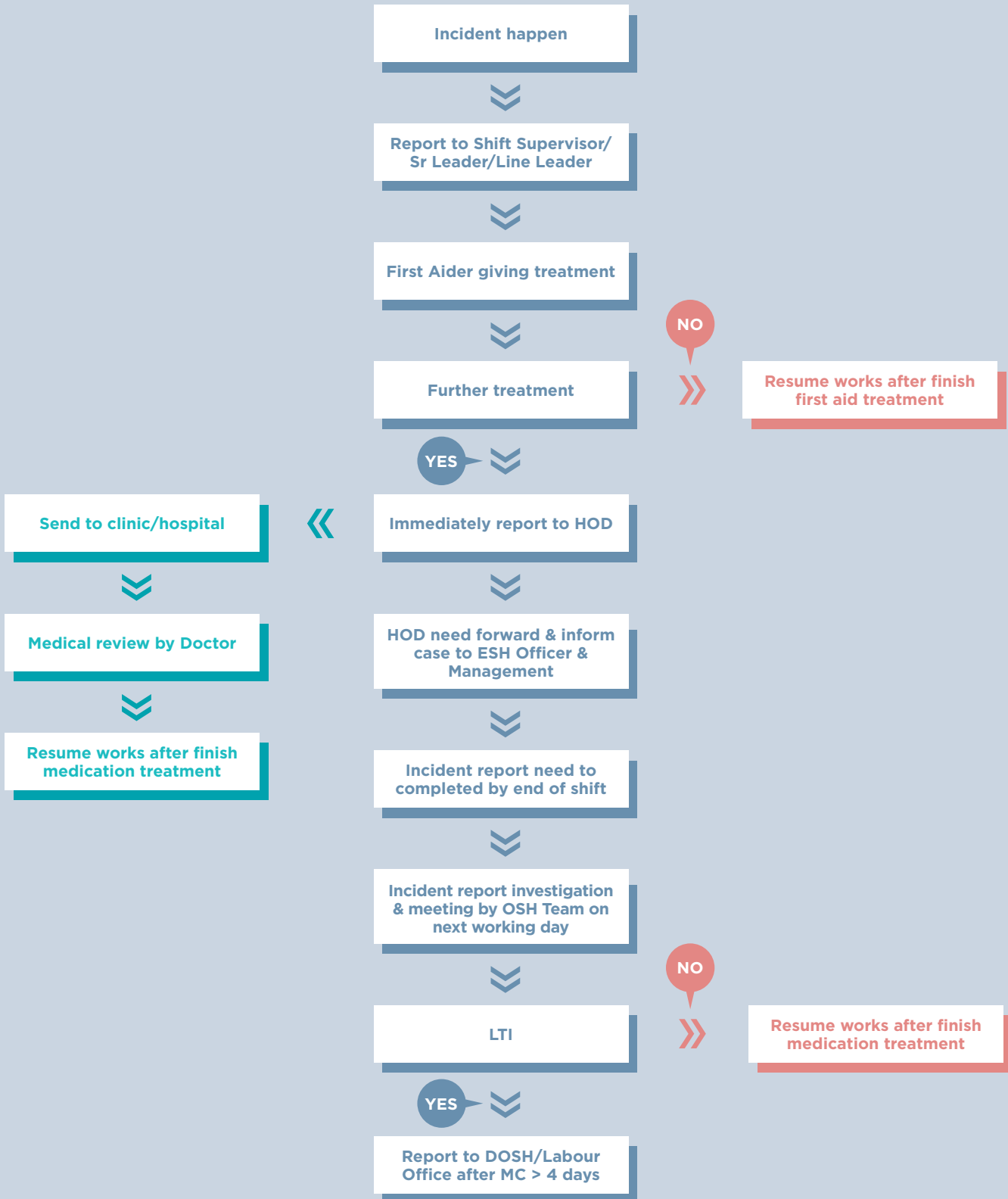
safety plans, and initiate programmes to increase awareness of health and safety issues among employees.

Employees are encouraged to report any potential risks or hazards. They can do this by informally telling a safety representative or supervisor, or via a more formal—and if preferred, anonymous—reporting to their respective safety committees.

On the ground, we have Company Emergency Response Teams. They are trained to mobilise quickly and ensure the safety of our employees should any incidents occur.

Throughout F&N, all our Business Units have implemented and strictly followed the Accident/ Incident flow diagram which represents the Emergency Preparedness and Response procedures.

### Flowchart of incident reporting at F&NCM



# Safety & Well-being

## Healthy Workforce

Our Health Risk Assessment Committee is staffed with trained personnel who can comprehensively review areas where employees may be exposed to health risks. We focus on ensuring that an environment is conducive to employees' well-being.

Our work environment is enhanced with ergonomic facilities to prevent office-related injuries and includes shower facilities to help employees integrate physical activity into their daily work life.

Employees access company-organised events such as badminton tournaments and Zumba classes and free medical check-ups. A gym was also set up at F&NHB's headquarter office this year to encourage office employees to stay healthy.

Air quality, brightness, temperature and noise levels are monitored in all our facilities. We conduct regular monitoring on noise levels at our facilities. For all workers working at area with high noise level, we provide hearing protector to reduce the noise exposure level. We also conduct audiometric tests regularly for

all at-risk workers, with follow up-doctor consultations where hearing impairments were identified.

In 2019, 325 employees from FNFS attended a total of 736 hours of OHS training while 99 employees from F&NMC benefitted from 819.5 hours of training. The training topics included:

- Fire Prevention and Safety
- Chemical and Gas Handling Management
- First Aid Training and CPR
- Forklift Driver Certification
- Scheduled Waste
- Confined Space
- Electrical Safety
- Working at Height
- Radiation Safety and Health

In FY2019, we conducted a safety roadshow in Singapore to foster awareness amongst our employees on safety topics. Topics presented included driving safety, fire safety traffic management, occupational health, and healthy eating. Over 560 employees attended the event.



### D. Use of Emergency Equipment

I. How to Use Fire Extinguishers

Most fire extinguishers operate using the following technique:

1. PULL - Pull the pin.
2. AIM - Aim low at the base of the fire.
3. SQUEEZE - Squeeze the handle.
4. SWEEP - Sweep from side to side at the base of the fire.

If the fire re-ignites, repeat steps 2 - 4.

Only fight incipient fires. **ESCAPE** immediately if fire is uncontrollable.

**F&N** Safety is Everyone's Responsibility

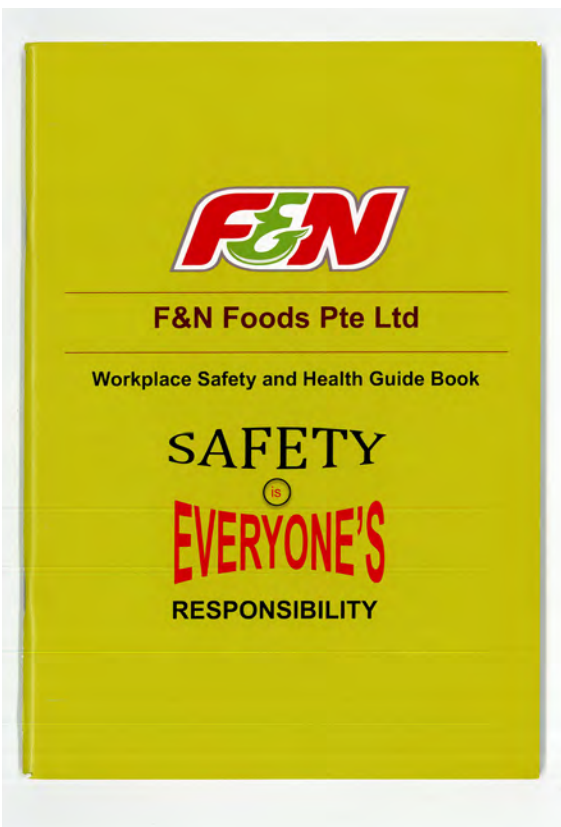
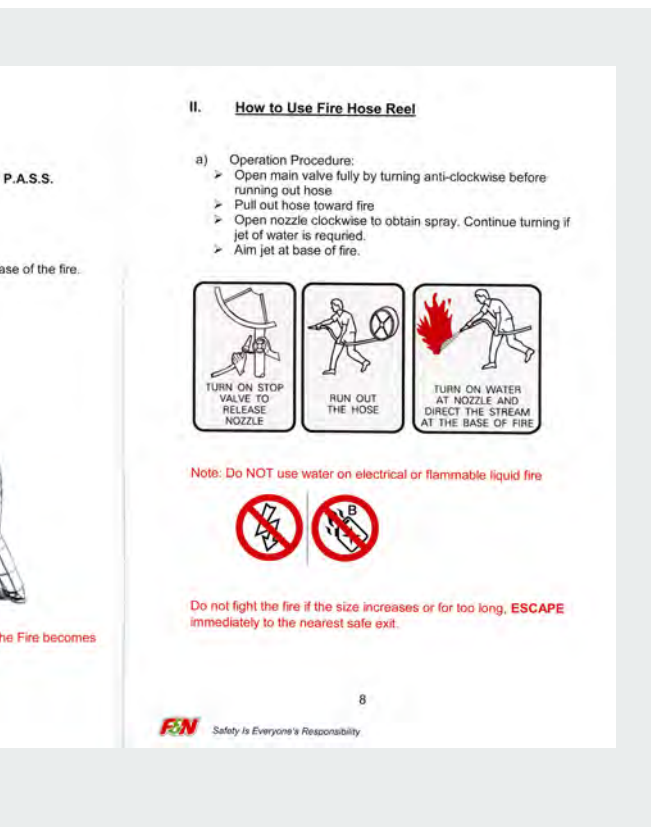
We have incorporated SGSecure (the Singapore government’s initiative to sensitise, train and mobilise our communities to prevent and deal with a terror attack) into our OHS management systems. This included registering an ‘SGSecure Rep’ with the Ministry of Manpower (“**MOM**”), reviewing our Standard Operating Procedures and conducting risk assessments to identify terror risks. During 2019, we have also provided SGSecure training to our employees to increase awareness on how to manage our safety and security risks.

Additionally, in order to provide the employees with easy access to information on rules and regulations pertaining to security, safety, environment and health in FNFS, all employees were issued a guidebook on rules, regulations and good practices pertaining to security, safety, environment and health.

In Malaysia and Thailand, we organised regular activities to engage our employees on safety topics. Some of these activities included SHE awareness week, an internal ISO 45001 audit and training, monthly newsletter and sharing sessions from local regulatory bodies.

All workers (employees and contractors) have access to occupational health services in relation to their relevant activities. This includes hygiene, ergonomics, protective equipment, and first aid kits. F&N is advised by accredited consultants on OHS matters. For example, FNFS is advised by Concord Associates who is accredited by both the Singapore Workplace Safety and Health (“**WSH**”) Council and MOM. The F&N Corporate office engages Greensafe International Pte Ltd on OHS matters and they are similarly accredited by WSH and MOM. Where any work-related health matters occur, F&N pays relevant treatment costs and allow for any required time away from work.

We offer healthcare insurance to employees based on staff category and/or job levels. Malaysia and Thailand offer health care for all and we help to facilitate good health coverage for all workers by organising an annual health screening and encouraging all employees to participate. Any work-related illnesses will receive follow-up consultations with doctors, if identified.

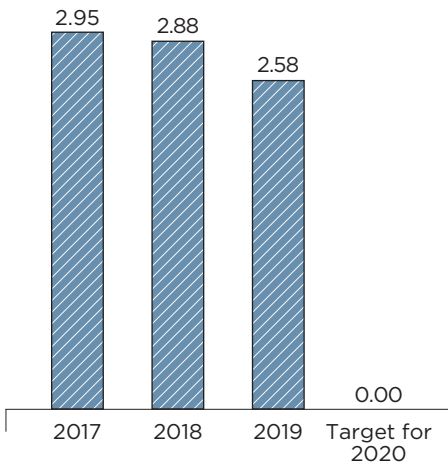


# Safety & Well-being

## Our Performance Highlights

Our Group LTIFR this year was 2.58 per one million hours worked. We remained focused on achieving a zero-accident workplace. This shows our zero-tolerance attitude towards workplace accidents and the importance we place on our employees' safety.

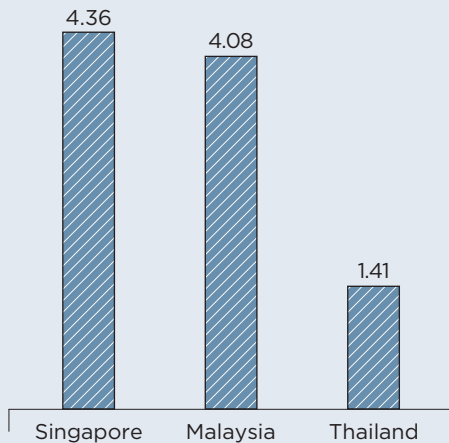
Group Lost Time Injury Frequency Rate



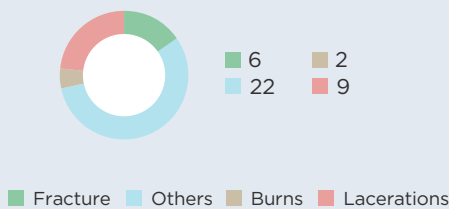
## GRI 403-9 (2018) – Work-related injuries

In FY2019, there were 39 employee recordable work-related injuries. None of the incidents were high-consequence work-related injuries or resulted in fatalities.

Employee Work-related Injuries Rate

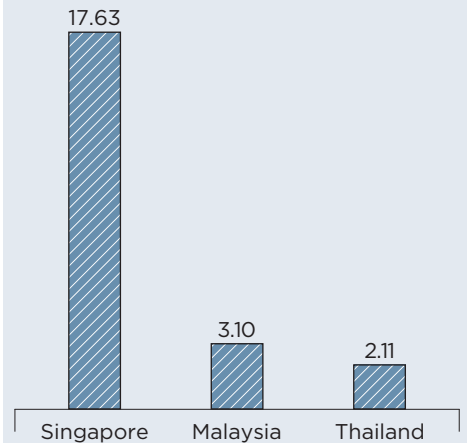


Group Employee Work-related Injuries by Type

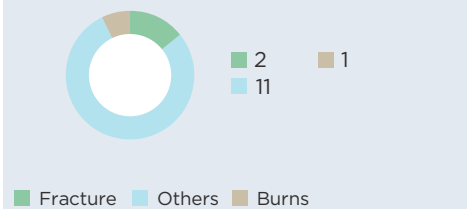


In FY2019, there were 14 non-employee recordable work-related injuries. None of the incidents were high-consequence work-related injuries or resulted in fatalities.

Non-employee Work-related Injury Rate



Group Non-employee Work-related Injuries by Type



**Notes:**

1. Rate of recordable work-related injuries is calculated by number of recordable work-related injuries / number of man-hours worked \* 1,000,000
2. First aid cases are not counted inside the work-related injuries rate
3. Lost Time Injury Frequency Rate is calculated by number of workplace accidents with a lost time of 1 day or more / number of man-hours worked \* 1,000,000

## GRI 403-10 (2018) – Work-related ill health

There were 2 incidents of recordable work-related ill health at FNFS.

## Target:



We will offer at least one healthier choice option in all our product categories by 2020

### CONSUMER HEALTH AND SAFETY

GRI 416-1, 416-2

Consumer Health and Safety is more than a top priority, but a core principle embedded in our culture. We live by our brand promise of “Pure Enjoyment. Pure Goodness” by producing, marketing and selling our brands responsibly and enabling consumers to make informed purchasing choices. We consistently maintain the highest standards so that customers have full confidence when purchasing and consuming our products.

#### Our Approach

##### Quality & Safety

Our 136 years of success are built on mutual trust with our consumers and we are committed to enhancing their future well-being. This requires a holistic approach to safety across the life cycle of our products. In previous chapters, we have described how consumer health is a key part our innovation efforts, and about our processes for suppliers as part of our food safety assurance.

In our own operations, we adhere to all health and safety regulations applicable to the F&B industry for the markets in which we operate. All F&N products are manufactured under stringent international quality and food safety standards. Our plants are certified with FSSC 22000, ISO 22000 and HACCP Food Safety management systems, and all stages of our production processes are subjected to rigorous quality control procedures.

Other certifications include: Food Safety Management System ISO 22000; Quality Management System ISO 9001; Accredited Laboratory; Good Manufacturing Practice; and Hazard Analysis and Critical Control Point standards. Our SRMC regularly reviews our key risks in relation to Consumer Health and Safety.

We are committed to providing the highest quality products and ensuing product integrity. From manufacturing to distribution and storage, we protect the entire product lifecycle. In the ‘Packaging’ chapter, we also described how our product packaging and labelling are designed to ensure our customers’ health and safety.

Apart from packaging, storage and distribution of products are important to maintain product integrity. Our Singapore production facility follows strict standard of operation procedures so that all our products are stored and transported in good conditions, such as within the tolerated temperature, lighting and stress on packages. F&NCM in Malaysia also engages with third party experts on cold storages and distribution to ensure supply chain security and integrity and maintain product quality. They also conduct annual audits to ensure that their storage and distribution are of the highest standards.

We facilitate feedback from our customers through many communication channels for our customers’ convenience. Customers can contact us through our product website or by sending us an email with regards to their enquiries. We have also set up accounts on social media, such as Facebook and Line application, for customers to stay connected with us and keep up-to-date on our products. In Singapore, we have set up a hotline for customer to directly contact us with their enquiries.

We are committed to product quality and food safety and have obtained local and international certifications such as:

#### 1. FNFS

- a. ISO 22000:2005 - Food Safety Management System
- b. License to operate food establishment
- c. Halal Certification

#### 2. F&NHB (F&NBM, F&NDM and F&NDT)

- a. ISO 22000 - Food Safety Management System
- b. FSSC 22000 - Food Safety System Certification
- c. Halal Certification
- d. Food Safety According to Hazard Analysis and Critical Control Point (HACCP) System (MS 1480:2007)
- e. Good Manufacturing Practice (GMP)

#### 3. F&NUL

- a. ISO 22000 - Food Safety Management System
- b. FSSC 22000 - Food Safety System Certification
- c. Halal Certification

#### 4. F&NCM

- a. FSSC 22000 - Food Safety System Certification
- b. Halal Certification

\* F&N Beverages Manufacturing Sdn Bhd (“F&NBM”) F&N Dairies Manufacturing Sdn Bhd (“F&NDM”)

# Safety & Well-being

## Halal Assurance

All our products are halal certified by the Department of Islamic Development Malaysia and other relevant authorised certification bodies. Each of our manufacturing plants has a Halal Committee, responsible for halal compliance in our supply chain (from materials selection and purchasing, to the storage, warehousing, and transportation of our products).

During the year, in Malaysia, we held 94 workshop sessions involving over 1,100 employees in order to raise halal awareness. Employees with responsibility in halal matters for F&NHB also attended a series of professional training sessions related to halal internal audit and assurance. The halal awareness training was also conducted to their key transporters in 2019.

We also prohibit non-halal food and drinks within factory premises including offices and canteens.

## Nutrition Charter

To safeguard our consumers' well-being, while at the same time providing them with great tasting products, we are committed to developing products and undertaking initiatives to promote health and nutrition. The F&N Nutrition Charter outlines our

commitment to develop products that are healthy for consumers and guides us throughout product development. The principles of the Nutrition Charter are:

- F&N product developments are led by our group philosophy of "Pure Enjoyment. Pure Goodness" - our commitment to consumers that we will deliver products that are not only great-tasting but also packed with nutritional goodness;
- To develop products based on proven scientific evidence and research, and consumer insights and tastes relevant to evolving Asian lifestyles;
- To actively self-regulate and ensure accountability via strong corporate governance;
- To provide safe, high-quality and affordable products to all our consumers; and
- To innovate and renovate to meet the changing needs of all our consumers and ensure consistent delivery of good taste and the right nutritional values.

## Towards Healthier Options

We put much emphasis on developing healthier products, such as by adding vitamins and minerals to boost products' benefits. Many of our products carry the 'Healthier Choice' Symbol or Logo:



### Some products with Singapore's 'Healthier Choice Symbol'

- 100PLUS
- 100PLUS ACTIVE
- F&N MAGNOLIA Gotcha
- CARNATION Low Fat High Calcium Evaporated Milk



### Some products with Malaysia's 'Healthier Choice Logo'

- 100PLUS
- 100PLUS ACTIVE
- FARMHOUSE Fresh
- F&N MAGNOLIA Lo-Fat Hi-Cal Milk



### Some products with Thailand's 'Healthier Choice Logo'

- F&N MAGNOLIA Pasteurized Milk Full Fat and Low Fat
- F&N MAGNOLIA Plus Gingko Plain Flavour
- BEAR Brand Sterilized Milk Non-Fat
- BEAR Brand Sterilized Milk Regular
- BEAR Brand Sterilized Milk Low-Fat
- BEAR Brand Sterilized Milk High Folate



Our philosophy of ‘Pure Enjoyment. Pure Goodness’ means innovating constantly to satisfy changing consumer preferences. For example, OYOSHI tea products are brewed from high quality organic tea leaves; our soya bean milk is made with first grade non-GMO (genetically modified organisms) soybeans; and none of our products sold in Malaysia and Thailand contain Partially Hydrogenated Oils (‘trans fatty acids’). We provide alternative and healthier options by innovating our products for consumers with food intolerance, such as lactose free milk.

Another aspect of the healthier offering is our commitment to reducing sugar content in our products. This year, we have successfully re-formulated about 90% of our RTD products to below the 5g/100ml sugar content. This included:

- Full range of 100PLUS RTD variants
- Full range of F&N Fun Flavours Carbonated Soft Drinks, except F&N Mixer
- F&N SEASONS Asian Drinks
- F&N SEASONS Soya

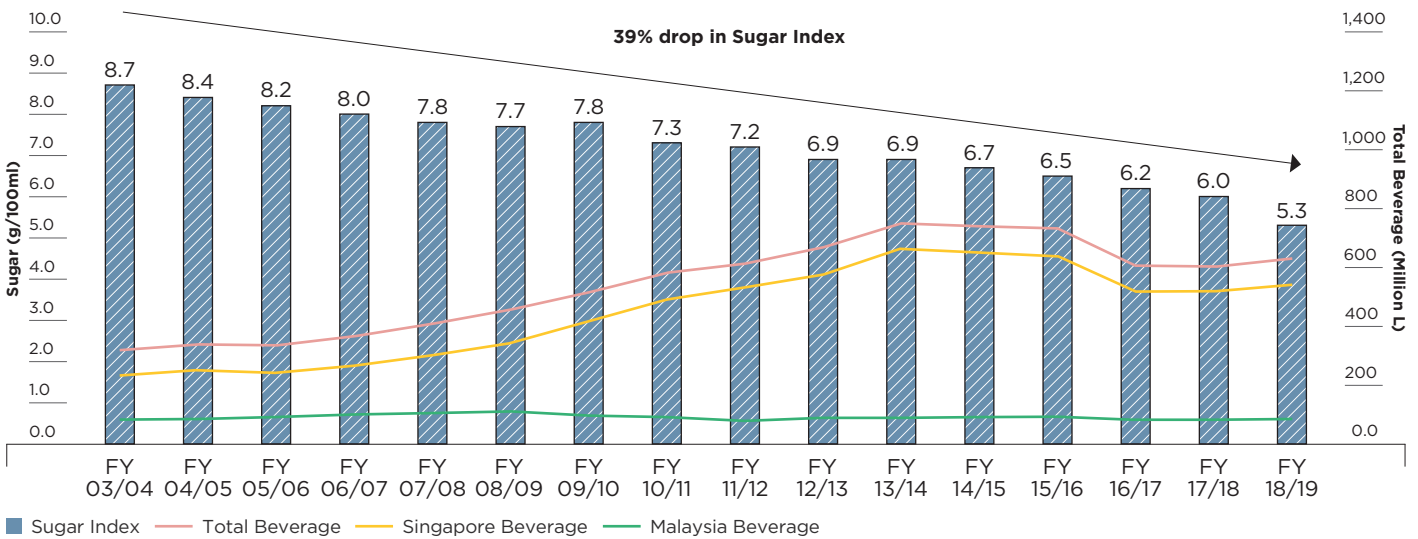
Similarly, in Singapore, F&N also continues to support the Singaporean Government’s Sugar Reduction Commitment initiative by:

- Ensuring that all our RTD beverages contain less than 12g/100ml of sugar.
- Continuing to innovate, renovate and promote lower sugar beverages



**FY2019 Sugar Index (Total Beverages)**

Sugar Index: Total Beverages (SG & MY) with Water



Since 2004, F&N has taken deliberate steps in reducing sugar content in our beverages. Today, we are pleased to report a reduction of 39% in sugar index (grams of sugar content per 100ml) across our range of beverages. This also represents an 8% reduction against last year.

- Sugar index is calculated by total volume of sugar (gram)/total production volume of beverages (million litre).
- 39% reduction from FY03/04 to FY18/19, compared to 31% reduction from last reporting (FY03/04 to FY17/18)
- Decrease in FY 18/19 due to: product portfolio mix and sugar reduction projects in MY and SG
- Beverages include Isotonic, CSD, Water, Tea, Soya and Juice (Ambient)

# Safety & Well-being

Some highlights from new products introduced this year:

## Singapore

1. *F&N NUTRISOY* no sugar added Fresh Soya Milk – Launched in May this year, with three times more protein and 28 times more calcium compared to a regular soya bean drink, the all new *F&N NUTRISOY* No Sugar Added Fresh Soya Milk helps reduce the risk of developing heart diseases and promotes a healthier heart.
2. *F&N FRUIT TREE FRESH* Wonders Kale, Spinach & Broccoli Juice Drink with Organic Chia Seeds – launched in February this year, one serving fulfils the recommended daily vitamin C intake and the daily requirement of 2+2 servings of fruits and vegetables.
3. *OISHI GOLD* Genmaicha No sugar – launched in November last year, our unsweetened drink made from green tea mixed with roasted brown rice.
4. *OISHI GOLD* Kabusecha No Sugar – launched in November last year, our unsweetened drink made from tea leaves which were shaded from direct sunlight for one week, resulting in its mild taste and high catechin levels (a natural antioxidant).

## Malaysia

5. *F&N Lychee Pear* – Our first carbonated soft drinks launched in April. It has received the Healthier Choice logo from Ministry of Health Malaysia, with 4.9g/100ml sugar.
6. *F&N SEASONS* Double Fruit Tea – Our new range of healthier option tea with refreshing fruit combination was launched in July this year: *F&N SEASONS* Apple Pomegranate Tea and *F&N SEASONS* Watermelon Lychee Tea, with no added preservatives or colouring.
7. *F&N SEASONS* Pu-Erh Chrysanthemum – Our new unsweetened drink made from Pu-Erh tea and sweet chrysanthemum was launched during this Chinese New Year. It contains no added preservatives, colouring or sugar.

## Thailand

8. *F&N MAGNOLIA* Plus Lactose Free milk – Our new range of pasteurised milk was launched in April 2019 to offer dairy-alternatives for lactose-intolerant consumers.





### Nutrition for Soon-to-be Mothers

This year, *BEAR BRAND* collaborated with Nestle Mom & Me Club to educate consumers about the importance of folate to expecting mothers. Soon-to-be mothers were provided with product knowledge during the in-store promotional exercise and servings of *BEAR BRAND* High Folate Sterilised Milk were handed out to mothers who were in their first trimester of pregnancy.

### Our Performance Highlights

In FY2019, F&N maintained our health and safety standards with no significant incidents of non-compliance with regulations resulting in a fine, penalty or warning.

We are making good progress towards offering at least one healthier choice in each RTD product category by 2020. There are currently healthier options in 14 out of 15 (93%) product categories.

We currently do not have a healthier option available for the 'Energy' product category as we believe that reducing the sugar level of our energy drinks too drastically would result in a loss of its functionality and purpose, which is to provide our consumers, who require it, with an energy boost.

Product Category	Healthier Choice Option?
Milk	Yes
Drinking/Eating Yogurt	Yes
Fruit Juice	Yes
Soya	Yes
Asian Soft Drinks (Chilled/Pasteurised)	Yes
Isotonic	Yes
Water	Yes
Carbonated Soft Drinks	Yes
Tea	Yes
UHT & Sterilised Milk	Yes
UHT Soya	Yes
Juice	Yes
Asian Soft Drinks (Ambient)	Yes
Frozen	Yes
Energy	No

# Safety & Well-being

## PRODUCT AND SERVICE LABELLING

GRI 417-1; GRI 417-2

Our packaging and labelling are the primary methods by which we communicate information about our products' quality, nutrition, safety and disposal to consumers. It is therefore essential that our labelling is comprehensive and clear, allowing our busy customers to make informed purchasing decisions.

### Our Approach

Our labelling adheres to Singapore Food Regulations as well as to the guidelines set down by Agri-Food & Veterinary Authority in Singapore. We adhere to the Food Act in Malaysia and all requirements of the Food and Drug Administration in Thailand. All information disclosed on our labels is subject to a review process involving a range of internal experts including our R&D and Scientific & Regulatory Affairs teams, plus dietician advice. Labels are then submitted to government authorities for verification and endorsement.

We go beyond mandatory requirements and for all products we provide information on ingredients, sourcing, energy per serving size, recommended daily allowances of the different nutritional components, expiry dates and nutrition tips.

In order to make it as easy as possible for consumers to understand fundamental information (calories and contribution to recommended daily Calorie intake), we include 'front of pack labelling' for most of our ready-to-drink products.

We take care to ensure that our marketing and advertising activities do not violate any ethical standards. We adhere to the Malaysian Code of Advertising Practice in Malaysia and the Consumer Protection Act of B.E. 2522 (1979) in Thailand.

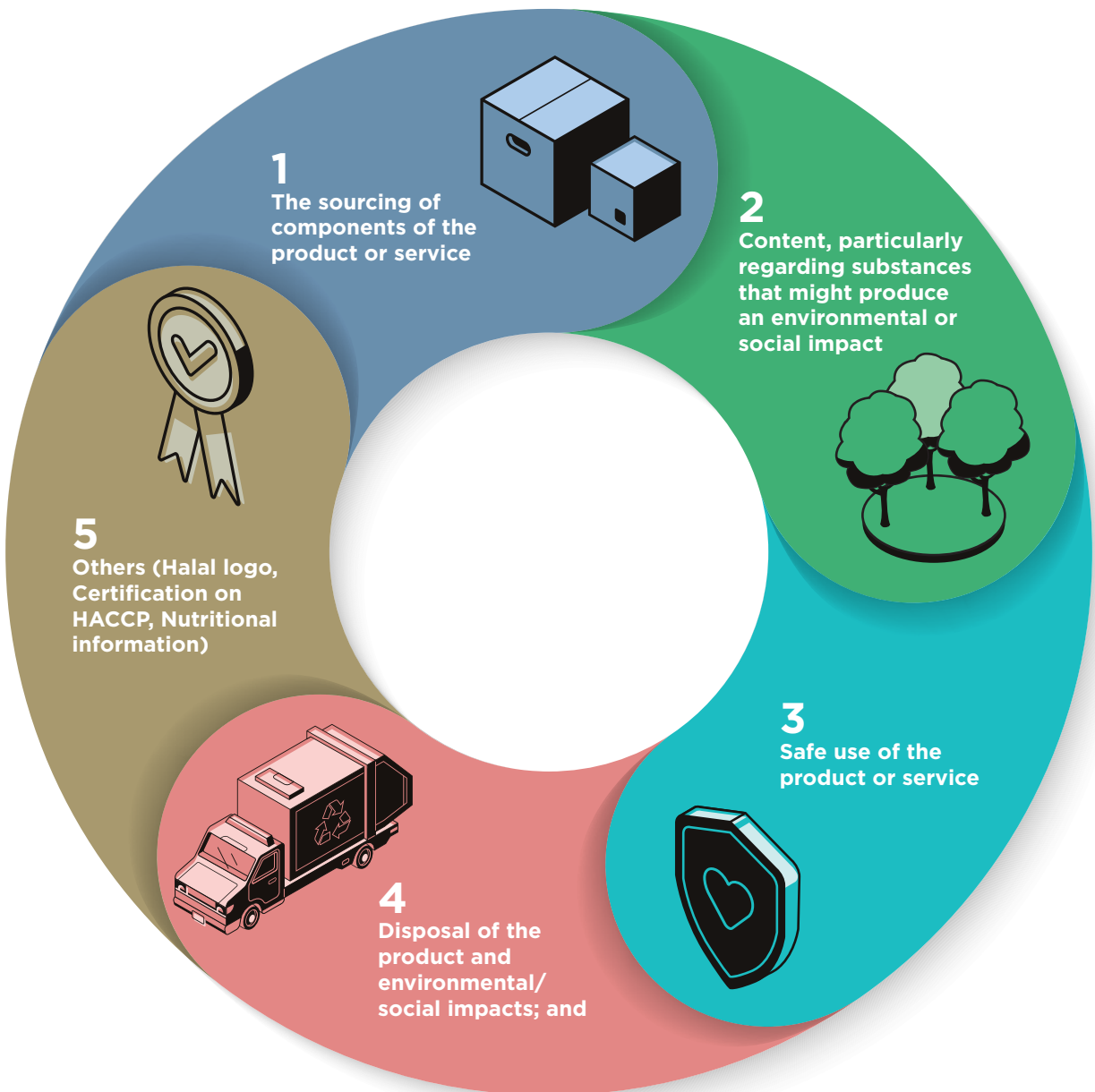
In Malaysia, we are a signatory to the 'Responsible Advertising to Children' initiative and have pledged to restrict marketing to children under 12 years of age.



**Our Performance Highlights**

There were no fines or penalties for breaches recorded in this year. In FY2019, there were no instances of non-compliance with regulations concerning product labelling and packaging, and no breaches of advertising were reported.

All our product categories comply with product labelling requirements as below:



# Appendix

## PERFORMANCE SUMMARY

The environmental and social data for FY17 and FY18 was restated to reflect changes (updates to the data and/or calculation methodology and errors in calculations) that would otherwise compromise the accuracy, consistency and relevance of the reported information.

GRI Standards	Reference	Unit
<b>DRIVING ECONOMIC VALUE</b>		
<i>Material Topic: Economic Performance</i>		
<b>GRI 201-1 Direct economic value generated and distributed</b>	Revenue	SGD
	<b>Economic value distributed</b>	
	Annual dividend	
	Cost of sales	
	Employee benefit expenses	SGD
	Income tax expenses	
	<b>Economic value retained</b>	

GRI Standards	Reference	Unit
<b>EMPOWERING OUR PEOPLE</b>		
<i>Material Topic: Talent Management</i>		
<b>GRI 401-1 New employee hires and employee turnover</b>	<b>Total new employee hires</b>	
	- Age under 30 years old	
	- Age between 30 - 50 years old	
	- Age over 50 years old	
	- Male	
	- Female	
	<b>Total employee turnover</b>	Person
	- Age under 30 years old	
	- Age between 30 - 50 years old	
	- Age over 50 years old	
<b>GRI 404-1 Average hours of training per year per employee</b>	<b>Total training hours</b>	Hours
	- Male	
	- Female	
	- Executives	Person
	- Non-executives	
	Average hours of training per employee	
	<b>Average hours of training per Executive across the Group</b>	Hours
	<b>Average hours of training per Non-executive across the Group</b>	
<i>Material Topic: Market Presence</i>		
<b>GRI 202-2 Proportion of senior management hired from the local community</b>	Percentage of senior management hired from local community	%

Financial Year		
FY2017	FY2018	FY2019
1,898 million	1,835 million	1,902 million
65 million	65 million	80 million
1,237 million	1,252 million	1,278 million
279 million	275 million	278 million
15 million	20 million	56 million
<b>303 million</b>	<b>223 million</b>	<b>211 million</b>

Financial Year									
	FY2017			FY2018			FY2019		
	Singapore	Malaysia	Thailand	Singapore	Malaysia	Thailand	Singapore	Malaysia	Thailand
	<b>256 (32.32%)</b>	<b>289 (36.49%)</b>	<b>247 (31.19%)</b>	<b>78 (10.47%)</b>	<b>345 (46.31%)</b>	<b>322 (43.22%)</b>	<b>149 (22.44%)</b>	<b>293 (44.13%)</b>	<b>222 (33.43%)</b>
	133 (16.79%)	156 (19.70%)	138 (17.43%)	35 (4.70%)	203 (27.25%)	195 (26.17%)	63 (9.49%)	179 (26.96%)	117 (17.62%)
	112 (14.14%)	125 (15.78%)	109 (13.76%)	38 (5.10%)	136 (18.26%)	127 (17.05%)	80 (12.05%)	101 (15.21%)	105 (15.81%)
	11 (1.39%)	8 (1.01%)	0 (0.00%)	5 (0.67%)	6 (0.80%)	0 (0.00%)	6 (0.90%)	13 (1.96%)	0 (0.00%)
	158 (19.95%)	197 (24.87%)	152 (19.19%)	45 (6.04%)	238 (31.95%)	166 (22.28%)	79 (11.90%)	205 (30.87%)	151 (22.74%)
	98 (12.37%)	92 (11.62%)	95 (12.00%)	33 (4.43%)	107 (14.36%)	156 (20.94%)	70 (10.54%)	88 (13.25%)	71 (10.69%)
	<b>370 (27.97%)</b>	<b>726 (54.88%)</b>	<b>227 (17.16%)</b>	<b>95 (14.99%)</b>	<b>275 (43.37%)</b>	<b>264 (41.64%)</b>	<b>186 (31.42%)</b>	<b>210 (35.47%)</b>	<b>196 (33.11%)</b>
	156 (11.79%)	219 (16.56%)	110 (8.31%)	27 (4.26%)	104 (16.40%)	125 (19.72%)	43 (7.26%)	97 (16.39%)	77 (13.01%)
	156 (11.79%)	346 (26.15%)	112 (8.47%)	55 (8.68%)	155 (24.45%)	131 (20.66%)	109 (18.41%)	107 (18.07%)	110 (18.58%)
	58 (4.39%)	161 (12.17%)	5 (0.38%)	13 (2.05%)	16 (2.52%)	8 (1.26%)	34 (5.74%)	6 (1.01%)	9 (1.52%)
	242 (18.29%)	488 (36.89%)	136 (10.28%)	50 (7.89%)	168 (26.50%)	142 (22.40%)	113 (19.09%)	131 (22.13%)	148 (25.00%)
	128 (9.68%)	238 (17.99%)	91 (6.88%)	45 (7.10%)	107 (16.87%)	122 (19.24%)	73 (12.33%)	79 (13.34%)	48 (8.11%)
	<b>9,853.50</b>	<b>25,865.00</b>	<b>20,016.00</b>	<b>10,367.44</b>	<b>37,358.50</b>	<b>20,881.00</b>	<b>14,550.81</b>	<b>43,576.80</b>	<b>24,861.00</b>
	940	1583	641	545	1,601	611	726	1,634	706
	278	711	451	335	715	543	508	704	532
	662	776	328	261	513	314	328	839	351
	10.48	1518	764	619	1,803	840	906	1,498	887
		11.28	18.33	11.78	16.13	18.09	11.79	18.64	20.08
		<b>21.56</b>			<b>30.20</b>			<b>29.97</b>	
		<b>8.39</b>			<b>10.96</b>			<b>11.39</b>	
	100	90	100	100	97	100	100	91	100

# Appendix

- In FY2019, we have achieved our target for Talent Management and provided an average of at least 16 and 10 training hours across the Group per employee for the employee categories of Executive and Non-executive respectively. We have provided an extra 13.97 and 1.39 hours of training on average per employee in the employee categories of Executive and Non-executive respectively when compared to the target.

GRI Standards	Reference	Unit
<b>ENHANCING SOCIAL WELL-BEING</b>		
<i>Material Topic: Creating Value for Society</i>		
<b>GRI 413-1</b> <b>Operations with local community engagement, impact assessments, and development programs</b>	Percentage of operations with implemented local community engagement, impact assessment, and development programs	%

GRI Standards	Reference	Unit
<b>ECO-EFFICIENCY</b>		
<i>Material Topic: Water Stewardship</i>		
<b>GRI 303-3</b> <b>Water withdrawal</b>	<b>Total volume of water withdrawal</b>	
	Surface water	
	Ground water	MI
	Rainwater collected directly and stored by F&N Third-Party Water (e.g. municipal water)	
<b>GRI 303-4</b> <b>Water discharged</b>	<b>Total volume of water discharged</b>	
	Surface water	
	Ground water	MI
	Seawater Third-Party water treatment and usage	
<b>GRI 303-5</b> <b>Water consumption</b> <b>Water intensity</b>	Total volume of water consumed	MI
	Total volume of water consumed	m <sup>3</sup>
	Production volume	MT
	Water intensity ratio	m <sup>3</sup> /MT
<i>Material Topic: Effluents and Waste</i>		
<b>GRI 306-2</b> <b>Waste by type and disposal method</b>	<b>Total volume of solid waste generated</b>	kg
	<b>Hazardous waste</b>	
	Reuse	
	Recycling	
	Composting (Self-Fertilizer)	
	Recovery, incl. energy recovery	
	Other recycled/reused waste	kg
	Incineration	
	Chemical waste water treatment	
	Other disposed waste	
	Landfill	
	<b>Non-hazardous waste</b>	
	Reuse	
	Recycling	
	Composting (Self-Fertilizer)	
	Recovery, incl. energy recovery	
	Other recycled/reused waste	
	Incineration	
	Chemical waste water treatment	
Other disposed waste		
Landfill		



Financial Year								
Singapore	FY2017 Malaysia	Thailand	Singapore	FY2018 Malaysia	Thailand	Singapore	FY2019 Malaysia	Thailand
100	100	100	100	100	100	100	100	100

Financial Year								
Singapore	FY2017 Malaysia	Thailand	Singapore	FY2018 Malaysia	Thailand	Singapore	FY2019 Malaysia	Thailand
<b>321</b>	<b>2,084</b>	<b>569</b>	<b>285</b>	<b>1,737</b>	<b>604</b>	<b>303</b>	<b>2,631</b>	<b>613</b>
0	180	0	0	171	0	0.48	1,608	0
0	650	0	0	91	0	0	102	0
0	0.43	0	0	0.29	0	0	0	0
321	1,253	569	285	1,474	604	302	920	613
<b>282</b>	<b>875</b>	<b>300</b>	<b>250</b>	<b>1,150</b>	<b>310</b>	<b>244</b>	<b>1,100</b>	<b>255</b>
0	810	0	0	1,106	0	0	660	0
0	0	0	0	0	0	0	4	0
0	0	0	0	0	0	0	271	0
282	65	300	250	44	310	244	165	255
39	1,209	270	35	586	295	58	1531	358
39,322	1,208,555	269,764	34,791	586,478	294,656	58,269	1,531,339	357,836
55,704	750,956	312,629	52,170	788,063	317,760	53,647	808,907	353,460
0.71	1.61	0.86	0.67	0.74	0.93	1.09	1.89	1.01
	<b>1.36</b>			<b>0.79</b>			<b>1.60</b>	
0	0	0	0	0	0	7,449,362	15,825,908	2,555,059

Breakdown of data for solid waste generated to be disclosed from FY19 onwards

0	6,945	0
0	0	0
0	0	0
0	11,682	13,170
0	1,127	0
31,119	71,526	0
0	7,245	0
0	2,667	0
0	1,500	3,867

Breakdown of data for solid waste generated to be disclosed from FY19 onwards

3,357,360	256,643	0
2,182,542	6,593,986	857,111
0	6,194,750	0
305,851	0	24,780
0	6,237	714,140
1,572,490	357,500	0
0	0	0
0	16,792	4,340
0	2,297,309	937,650

# Appendix

GRI Standards	Reference	Unit
<b>ECO-EFFICIENCY</b>		
<i>Material Topic: Effluents and Waste</i>		
<b>Solid waste intensity</b>	Solid waste incinerated, disposed or sent to landfill	kg
	Production volume	MT
	Solid waste intensity ratio	kg/MT
	<b>Group solid waste intensity ratio</b>	
<b>Solid waste recycled</b>	Total solid waste generated	kg
	Solid waste reused, recycled or recovered	kg
	Solid waste recycled	%
<i>Material Topic: Energy and Climate Change</i>		
<b>GRI 302-1 Energy consumption within the organisation</b>	<b>Total energy consumption within the organisation</b>	MJ
	Fuel consumption from non-renewable fuel sources	
	<b>Fuel Type</b>	
	Natural Gas	
	Diesel	
	Liquified Petroleum Gas	MJ
	Gasoline	
	Fuel Oil	
	<b>Energy purchased</b>	
	Electricity	
	Steam	
	Fuel consumption from renewable fuel sources	MJ
	Solar	
Biodiesel		
<b>GRI 302-3 Energy intensity</b>	Total energy intensity ratio	MJ/MT
	<b>Group total energy intensity ratio</b>	
<b>GRI 305-1 Direct (Scope 1) GHG emissions (CO<sub>2e</sub>)</b>	Total Scope 1 GHG emissions (CO <sub>2e</sub> )	MT CO <sub>2e</sub>
<b>GRI 305-2 Energy indirect (Scope 2) GHG emissions (CO<sub>2e</sub>)</b>	Total Scope 2 GHG emissions (CO <sub>2e</sub> )	MT CO <sub>2e</sub>
<b>GRI 305-4 Greenhouse gas (GHG) emissions intensity</b>	Total energy intensity ratio	MT CO <sub>2e</sub> /MT
	<b>Group total energy intensity ratio</b>	

1. We are working towards our target for Water Stewardship to reduce the water intensity ratio at our plants across the Group by 5% from 2017 by 2020 in FY2019. We saw a decrease by about 4% on our Group water intensity ratio as compared to FY2017.
2. We have also met our target for Effluents and Waste to reduce solid waste intensity ratio by 5% across the Group from 2017 in FY2018. We have achieved a reduction of around 25% on our Group solid waste intensity ratio as compared to FY2017.
3. We are working towards achieving our targets on Energy and Climate Change of reducing the Group's energy and GHG emissions intensity ratios by 5% between 2017 and 2020. Our energy and GHG emissions intensity ratios have increased by about 1% and 5% as compared to FY2017.

This is mainly due to the commissioning 2 new operation lines at our Shah Alam plant in Malaysia. As they have a higher water and energy consumption, our water, energy and GHG intensity ratio would tend to increase due to the increase usage.

Singapore	FY2017			Financial Year			FY2019		
	Malaysia	Thailand	Singapore	Malaysia	Thailand	Singapore	Malaysia	Thailand	
2,166,683	3,275,589	1,135,280	2,146,709	3,090,927	1,228,830	1,603,609	2,754,539	945,857	
55,704	750,956	312,629	52,170	788,063	317,760	53,647	808,907	353,460	
38.90	4.36	3.63	41.15	3.92	3.87	29.89	3.41	2.68	
	<b>5.88</b>			<b>5.58</b>			<b>4.36</b>		
9,109,804	13,789,395	2,491,760	8,118,473	15,027,642	1,829,408	7,449,362	15,825,908	2,555,059	
6,943,121	10,513,806	1,356,480	5,971,764	11,936,718	600,578	5,845,753	13,071,369	1,609,201	
76.22	76.25	54.44	73.56	79.43	32.83	78.47	82.59	62.98	
<b>167,607,110</b>	<b>630,354,816</b>	<b>410,173,379</b>	<b>159,151,176</b>	<b>666,969,895</b>	<b>424,704,086</b>	<b>153,507,610</b>	<b>800,427,368</b>	<b>384,202,283</b>	
167,607,110	630,354,816	410,173,379	159,151,176	666,969,895	424,704,086	153,486,464	800,424,704	384,202,283	
17,826,587	358,496,125	216,174,967	16,544,494	368,050,181	225,253,959	13,960,952	446,071,746	229,300,960	
60,322,446	22,208,843	0	56,922,639	23,260,944	56,815	60,233,181	2,825,964	512,292	
987,996	4,782,431	1,154,887	542,328	3,901,013	955,564	268,468	20,154,298	2,486,487	
0	0	0	0	0	0	0	52,173	0	
0	0	30,344,423	0	0	21,555,830	0	25,099,429	18,276,071	
88,470,080	244,867,417	162,499,101	85,141,715	271,757,757	167,877,894	79,023,863	306,221,094	130,618,429	
0	0	0	0	0	9,004,024	0	0	3,008,044	
0	0	0	0	0	0	21,146	2,664	0	
0	0	0	0	0	0	21,146	0	0	
0	0	0	0	0	0	0	2,664	0	
3,008.86	839.40	1,312.01	3,050.65	846.34	1,336.56	2,861.42	989.52	1,086.98	
	<b>1,079.38</b>			<b>1,080.17</b>			<b>1,100.43</b>		
5,576	22,092	14,569	5,219	22,649	15,112	5,305	31,480	15,864	
10,302	47,205	25,567	9,914	52,138	27,287	9,202	58,805	20,843	
0.285	0.092	0.128	0.290	0.095	0.133	0.270	0.112	0.104	
	<b>0.112</b>			<b>0.114</b>			<b>0.116</b>		

# Appendix

GRI Standards	Reference	Unit
<b>RESPONSIBLE SUPPLY CHAIN</b>		
<i>Material Topic: Sustainable Sourcing</i>		
<b>GRI 204-1</b>	Percentage of local suppliers	%
<b>Proportion of spending on local suppliers</b>	Percentage of purchase value spent on local suppliers	

GRI Standards	Reference	Unit
<b>SAFETY &amp; WELL-BEING</b>		
<i>Material Topic: Occupational Health &amp; Safety</i>		
<b>GRI 403-9</b> <b>Work-related injuries</b>	Employees work-related injury rate	incident/million hours
	Non-employees work-related injury rate	
	Work-related Fatalities	incident
	Lost Time Injury Frequency Rate (LTIFR)	incident/million hours
<b>Group Lost Time Injury Frequency Rate</b>		
<i>Material Topic: Consumer Health &amp; Safety</i>		
<b>GRI 416-1</b> <b>Assessment of the health and safety impacts of product and service categories</b>	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	%
<b>GRI 416-2</b> <b>Incidents of non-compliance concerning the health and safety impacts of products and services</b>	Total number of incidents of non-compliance concerning the health and safety impacts of products and services	incident
<i>Material Topic: Marketing and Labeling</i>		
<b>GRI 417-1</b> <b>Requirements for product and service information and labelling</b>	Percentage of significant product or service categories covered by and assessed for compliance with such procedures stated above	%
<b>GRI 417-2</b> <b>Incidents of non-compliance concerning product and service information and labelling</b>	Total number of incidents of non-compliance concerning product and service information and labeling	incident

1. We are constantly working towards meeting our new target of reducing the Group Lost Time Injury Frequency Rate to 0 by 2020. We have since saw a drop of about 12.5% in our Group LTIFR as compared to FY2017 and will continue to work towards our eventual goal.



# External assurance statement



## LRQA Independent Assurance Statement

Relating to Fraser and Neave, Limited's data for selected GRI indicators for the fiscal year 2019 (1<sup>st</sup> October 2018 – 30<sup>th</sup> September 2019)

This Assurance Statement has been prepared for Fraser and Neave Limited in accordance with our contract but is intended for the readers of this Report.

### Terms of engagement

Lloyd's Register Quality Assurance (LRQA) was commissioned by Fraser and Neave, Limited (F&N), to provide independent assurance on its selected GRI indicators ("the data") against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using LRQA's verification procedure. LRQA's verification procedure is based on current best practise, is in accordance with ISAE 3000 and uses the principles of AA1000AS (2008) - inclusivity, materiality, responsiveness and reliability of performance data.

Our assurance engagement covered F&N operations and activities in Malaysia, Singapore and Thailand and specifically the following requirements:

Confirming that the data reporting is in accordance with:

- GRI Standards (2016)

Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:

- Economic:
  - GRI 201-1 Direct economic value generated and distributed
  - Note:** Only the community investment data verified.
- Environment:
  - GRI 302-1 Energy consumption within the organization
  - GRI 302-3 Energy intensity
  - GRI 303-3 (2018 edition) Water withdrawal
  - GRI 303-4 (2018 edition) Water discharge
  - GRI 303-5 (2018 edition) Water consumption
  - GRI 305-1 Direct (Scope 1) GHG emissions
  - GRI 305-2 Energy indirect (Scope 2) GHG emissions
  - GRI 305-4 GHG emissions intensity
  - GRI 306-2 Waste by type and disposal method
- Social:
  - GRI 403-8 (2018 edition) Workers covered by an occupational health and safety management system
  - GRI 403-9 (2018 edition) Work-related injuries
  - GRI 403-10 (2018 edition) Work-related ill health
  - GRI 404-1 Average hours of training per year per employee
  - GRI 404-3 Percentage of employees receiving regular performance and career development reviews
  - GRI 413-1 Operations with local community engagement, impact assessments, and development programs

Our assurance engagement excluded the data and information of F&N's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to F&N. LRQA disclaims any liability or responsibility to others as explained in the end footnote. F&N's responsibility is for collecting, aggregating, analysing and presenting all the data and for maintaining effective internal controls over the systems from which the data is derived. Ultimately, the data has been approved by, and remains the responsibility of F&N.

### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that F&N has not, in all material respects:



- Met the requirements above
- Disclosed accurate and reliable performance data,

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

**Note:** The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing F&N's data management systems to confirm that there were no significant errors, omissions or mis-statements in the data. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Sampling the selected GRI indicators, as agreed in our Terms of Engagement, at FNFS in Singapore, F&NBM in Malaysia and F&NDT in Thailand. We also reviewed how these selected GRI indicators from the operations in Malaysia and Thailand were consolidated into the final reported data.

### Observations

Further observations and findings, made during the assurance engagement, are:

- Reliability:  
Data management systems are established and centralized for the data and information collection and calculation associated with the selected GRI indicators.  
However, to prevent similar data errors (as those identified and corrected at corporate level during this verification), we believe that F&N should internally verify its own data and information to improve the quality and reliability of data reported in the future.

### LRQA's standards, competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Signed

Dated: 29<sup>th</sup> November 2019

A handwritten signature in black ink, appearing to read 'Wiriya Rattanasuwan'.

Wiriya Rattanasuwan  
LRQA Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited.  
Represented by Lloyd's Register International (Thailand) Limited,  
22<sup>nd</sup> Floor, Sirinrat Building, 3388/78 Rama IV Road, Klongton,  
Klongtoey, Bangkok 10110 THAILAND.

LRQA reference: BGK00000403/B

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# GRI Content Index

This report has been prepared in accordance with the GRI Standards: Core option.

GENERAL DISCLOSURES		
Profile Disclosure	Description	Reference page / Explanation
<b>STRATEGY AND ANALYSIS</b>		
GRI 102-14	Message from Chairman of SDC	Pg. 04-05
<b>ORGANISATIONAL PROFILE</b>		
GRI 102-1	Name of organisation	Pg. 03
GRI 102-2	Activities, brands, products and services	Pg. 11
GRI 102-3	Location of headquarters	Pg. 08
GRI 102-4	Location of operations	Pg. 08-09
GRI 102-5	Ownership and legal form	Pg. 08 (Full information is also available in our Annual Report.)
GRI 102-6	Markets served	Pg. 08 (Full information is also available in our Annual Report.)
GRI 102-7	Scale of the organisation	Pg. 08-09 (Full information is also available in our Annual Report.)
GRI 102-8	Information on employees and other workers	Pg. 09, 35
GRI 102-9	Describe the organisation's supply chain	Pg. 12
GRI 102-10	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain	No significant changes from previous reporting
GRI 102-11	Addressing the precautionary approach or principle	This information is available in our Annual Report, section on Addressing our Risk & Opportunities.
GRI 102-12	External charters, principles or initiatives endorsed	UN Guiding Principles on Business and Human Rights (Pg. 67) and Pledge on Responsible Advertising towards Children (Pg. 82)
GRI 102-13	Membership of associations	RSPO, SASPO
GRI 102-41	Collective bargaining agreements	We have a strong commitment to transparent dialogue. In FY2019, 52% of our employees were covered by collective bargaining agreements.
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>		
GRI 102-45	Report coverage of entities included in the consolidated financial statements	Pg. 07 (Full information is also available in our Annual Report.)
GRI 102-46	Process for defining the report content and the aspect boundaries	Pg. 18-21
GRI 102-47	Material aspects identified	Pg. 19-21
GRI 102-48	The effect of any restatements of information provided in previous reports	Pg. 84
GRI 102-49	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	No significant changes from previous reporting



<b>GENERAL DISCLOSURES</b>		
<b>Profile Disclosure</b>	<b>Description</b>	<b>Reference page / Explanation</b>
<b>REPORT PROFILE</b>		
GRI 102-50	Reporting period	Pg. 07
GRI 102-51	Date of most recent previous report	Pg. 07
GRI 102-52	Reporting cycle	Pg. 06
GRI 102-53	Contact point for questions	Pg. 07
GRI 102-54	'In accordance' option, the GRI content index and external assurance	Pg. 92, 94
GRI 102-55	GRI content index	Pg. 94-99
GRI 102-56	External assurance	Pg. 92-93
<b>STAKEHOLDER ENGAGEMENT</b>		
GRI 102-40	List of stakeholder groups engaged by the organisation	Pg. 15-16
GRI 102-42	Basis for identification and selection of stakeholders	<p>F&amp;N divides its stakeholders into 7 categories:</p> <ol style="list-style-type: none"> <li>1) Employees;</li> <li>2) Suppliers;</li> <li>3) Distributors and Trade Customers;</li> <li>4) Consumers;</li> <li>5) Investment Community;</li> <li>6) Communities; and</li> <li>7) Regulators</li> </ol> <p>We are currently establishing guidelines for appropriate stakeholder engagement across these eight categories, to ensure that our stakeholders are given the opportunity to voice their demands, opinions, concerns and suggestions</p>
GRI 102-43	Approaches to stakeholder engagement	Pg. 15-16
GRI 102-44	Response to key topics and concerns raised	Pg. 15-16
<b>GOVERNANCE</b>		
GRI 102-18	Governance structure of the organisation	Pg. 14
<b>ETHICS AND INTEGRITY</b>		
GRI 102-16	Values, principles, standards and norms of behaviour such as codes of conduct and code of ethics	Pg. 14

# GRI Content Index

SPECIFIC DISCLOSURES		
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<b>DRIVING ECONOMIC VALUE</b>		
<i>Material Issue: Economic Performance</i>		
GRI 103-1	Explanation of the materials topic and its Boundary	Pg. 26
GRI 103-2	The management approach and its components	Pg. 26
GRI 103-3	Evaluation of the management approach	Pg. 26
GRI 201-1	Direct economic value generated and distributed	Pg. 27
<i>Material Issue: Innovation</i>		
GRI 103-1	Explanation of the materials topic and its Boundary	Pg. 28-33
GRI 103-2	The management approach and its components	Pg. 28-33
GRI 103-3	Evaluation of the management approach	Pg. 28-33
<b>EMPOWERING OUR PEOPLE</b>		
<i>Material Issue: Talent Management</i>		
GRI 103-1	Explanation of the materials topic and its Boundary	Pg. 34-41
GRI 103-2	The management approach and its components	Pg. 34-41
GRI 103-3	Evaluation of the management approach	Pg. 34-41
GRI 401-1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Pg. 41
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Pg. 37
GRI 404-1	Average hours of training per year per employee by gender and employee category	Pg. 41
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	Pg. 38 Currently, we do not have any transition assistance programme.
<i>Material Issue: Market Presence</i>		
GRI 103-1	Explanation of the materials topic and its Boundary	Pg. 42
GRI 103-2	The management approach and its components	Pg. 42
GRI 103-3	Evaluation of the management approach	Pg. 42
GRI 202-2	Proportion of senior management hired from the local community	Pg. 42

<b>SPECIFIC DISCLOSURES</b>		
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<i>Material Issue: Creating Value for Society</i>		
GRI 103-1	Explanation of the materials topic and its Boundary	Pg. 43-49
GRI 103-2	The management approach and its components	Pg. 43-49
GRI 103-3	Evaluation of the management approach	Pg. 43-49
GRI 413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	Pg. 86-87
<b>ECO-EFFICIENCY</b>		
GRI 307-1	Non-compliance with environmental laws and regulations	Pg. 51
<i>Material Issue: Water Stewardship</i>		
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GRI 103-2	The management approach and its components	Pg. 52-54
GRI 103-3	Evaluation of the management approach	Pg. 52-54
GRI 303-1 (2018)	Interactions with water as a shared resource	Pg. 52-54
GRI 303-2 (2018)	Management of water discharge-related impacts	Pg. 55
GRI 303-3 (2018)	Water withdrawal	Pg. 54
GRI 303-4 (2018)	Water discharge	Pg. 57
GRI 303-5 (2018)	Water consumption	Pg. 54
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# GRI Content Index

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GRI 103-2	The management approach and its components	Pg. 60-65
GRI 103-3	Evaluation of the management approach	Pg. 60-65
GRI 302-1	Total energy consumption	Pg. 64
GRI 302-3	Energy intensity ratio	Pg. 65
GRI 305-1	Scope 1 – direct GHG emissions (CO <sub>2</sub> )	Pg. 65
GRI 305-2	Scope 2 – indirect GHG emissions (CO <sub>2</sub> )	Pg. 65
GRI 305-4	Greenhouse gas (GHG) emissions intensity	Pg. 65
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GRI 103-2	The management approach and its components	Pg. 58-60
GRI 103-3	Evaluation of the management approach	Pg. 58-60
<b>RESPONSIBLE SUPPLY CHAIN</b>		
<i>Material Issue: Sustainable Sourcing</i>		
GRI 103-1	Explanation of the materials topic and its Boundary	Pg. 66-70
GRI 103-2	The management approach and its components	Pg. 66-70
GRI 103-3	Evaluation of the management approach	Pg. 66-70
GRI 204-1	Percentage of purchase value spent on local suppliers	Pg. 70
<b>SAFETY &amp; WELL-BEING</b>		
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GRI 103-3	Evaluation of the management approach	Pg. 71-76
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SPECIFIC DISCLOSURES		
Profile Disclosure	Description	Reference page / Explanation
<b>SAFETY &amp; WELL-BEING</b>		
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GRI 403-6 (2018)	Promotion of worker health	Pg. 75
GRI 403-7 (2018)	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pg. 66-70, 71-76, 77-81
GRI 403-9 (2018)	Work-related injuries	Pg. 76
GRI 403-10 (2018)	Work-related ill health	Pg. 76
<i>Material Issue: Consumer Health and Safety</i>		
GRI 103-1	Explanation of the materials topic and its Boundary	Pg. 77-81
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GRI 416-1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Pg. 81
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GRI 103-2	The management approach and its components	Pg. 82-83
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GRI 417-1	Type of product and service information required by the organisation's procedures for product and service information and labelling	Pg. 83
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**Fraser and Neave, Limited**

438 Alexandra Road  
 #20-00 Alexandra Point  
 Singapore 119958  
 Tel: (65) 6318 9393  
 Fax: (65) 6271 0811

[www.fraserandneave.com](http://www.fraserandneave.com)

(Company Registration No. 18980001R)  
 (Incorporated in Singapore)