

MARKETPLACE

COMMITMENT TO QUALITY

F&N is cognizant of our responsibility to deliver only products of the highest standards to our consumers. This is evident in our award-winning brands and products, as well as in the ways we manufacture and promote them.

We pay special attention at every stage of the entire product life cycle, from the time of conceptualisation, to the time it reaches our consumers. In line with our brand promise of 'PURE ENJOYMENT. PURE GOODNESS', all product innovations are guided by the F&N Nutrition Charter, which outlines our commitment to develop products that not only offer great tastes and experiences, but also health benefits to consumers of different age groups. Our goal is to ensure that our consumers have the utmost confidence that our products are made to the highest standards and are of consistent quality.

Besides upholding good manufacturing practices and responsible supply chain management, F&N is also committed to providing factual nutrition information about our products, be it in our nutrition labelling and/or marketing materials. We believe making informed choices is important and such fact-based initiatives encourage people to live active, healthy lifestyles.

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Healthier
Products



Marketing and
Communications



Responsible
Supply Chain
Practice

HEALTHIER, FORTIFIED PRODUCTS WITH ADDED BENEFITS

In line with F&N’s values of innovation and constant refinement of our products to meet the changing needs of all our consumers, we continuously work on introducing product recipes that have reduced sugar and saturated fat. We also incorporate functional ingredients such as protein, calcium, antioxidants, vitamins and minerals into our products that not only promote health and wellness, but taste great.

Following the successful launch of the Group’s first functional UHT milk, *F&N MAGNOLIA* Ginkgo Plus, in Thailand

in FY2015, this year, the Group introduced *F&N MAGNOLIA* Kids Milk to children in Thailand. A functional UHT milk supplemented with goji berry and lutein, *F&N MAGNOLIA* Kids Milk promotes eye health in addition to enhancing the physical and mental development of young children.

Another innovative product of the Group this year was *F&N ICE MOUNTAIN* Sparkling Water, available in lemon and grapefruit flavours, to offer consumers in Singapore a carbonated water which contains zero sugar and zero calories. It is a refreshing and healthy alternative to a regular carbonated soft drink.

F&N MAGNOLIA Plus Oats Lo-Fat Hi-Cal Milk was reformulated with added beta glucan to boost the body’s immune system. It is the only pasteurised milk in Singapore to be fortified with oats for more nutritional benefits. *F&N NUTRIWELL* Snow Fungus with Wolfberry was the latest addition to the *F&N NUTRIWELL* range which uses natural ingredients, contains 25% less sugar and is certified as a ‘Healthier Choice’ by Singapore’s Health Promotion Board. The Group also made available *COCO LIFE* and *F&N NUTRISOY* UHT Reduced Sugar in 1L packs for in-home consumption in Singapore.

In Malaysia, *F&N MAGNOLIA* UHT Milk, an all-natural product packed with essential nutrients and containing zero preservatives, was introduced in full-cream, low-fat and chocolate milk variations, in 1L and 200ml packs.



F&N SEASONS NUTRISOY Less Sweet was rebranded to *F&N NUTRISOY* Lite. It offers the goodness of soy protein in a formulation that is low in fat, less sweet and contains zero cholesterol, preservatives and colouring.

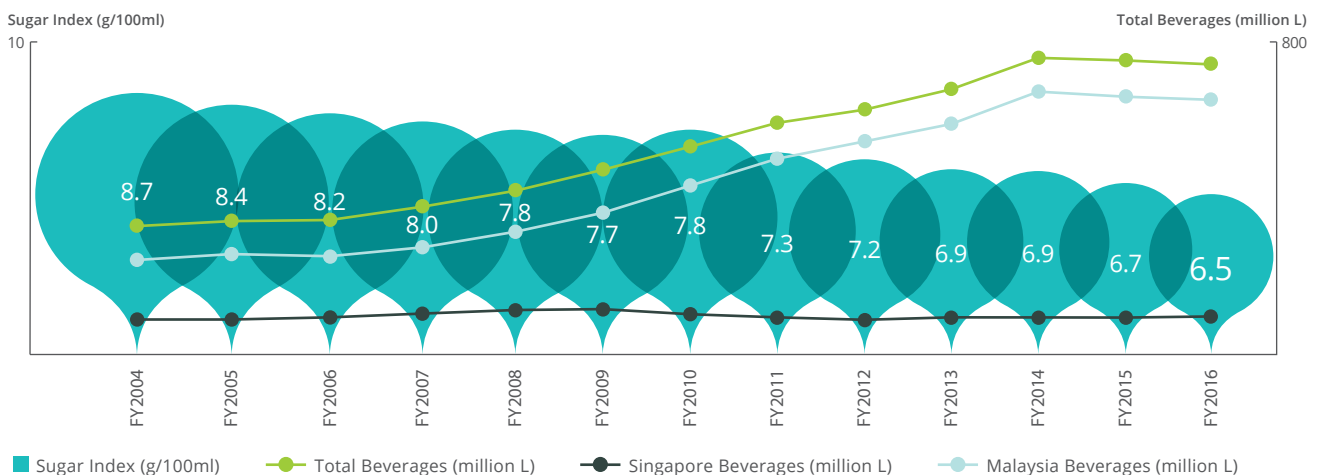
SUGAR FOOTPRINT

F&N has been gradually reducing the sugar levels of our beverages over the past few years. We have in place a Sugar Index which tracks the quantity of sugar added to our beverages, to guide our product development in a continuous effort to reduce the level of sugar in our beverages and ensure we have a balanced product portfolio.

FY2016 saw a 25% improvement in the reduction of sugar levels in our beverages since FY2004. This is a further 2% improvement from the previous year. The sugar footprint



Sugar Index for Total Beverages



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reduction in FY2016 can be attributed to the reformulation of existing products, as well as the introduction and growth in consumption of products with no sugar or reduced sugar, such as 100PLUS, F&N ICE MOUNTAIN Sparkling Water and F&N Club Soda Water.

The continuous reduction in our sugar footprint is in line with F&N's 'PURE ENJOYMENT. PURE GOODNESS' philosophy of bringing healthier products to our consumers for their enjoyment. To that end, F&N has been introducing products without sugar, with no sugar added or reduced sugar. With continuous research and testing, we aim to reduce sugar levels without compromising on local taste preferences and consumers' acceptances of our products. For example, we successfully reduced the sugar level in F&N SEASONS Chrysanthemum and 100PLUS in the Singapore market this year.

It is important to note that we do not measure the sugar index for Dairies as products like milk and yoghurt have inherent (naturally occurring) sugars. Hence there is a limit to the amount of sugar that can be reduced in this category.



In the ASEAN region, our F&B products have been endorsed by local authorities as healthier products, and will start to carry the respective countries' 'Healthier Choice' symbols on the product packaging to inform and educate consumers on our healthier range of F&B products. Examples include 100PLUS in Thailand and F&N MAGNOLIA Gotcha range of ice cream in Singapore.



In Singapore, we work closely with the Health Promotion Board ("HPB") to ensure that our new and current products meet the Healthier Choice Symbol ("HCS") requirements for "Lower in Sugar" or "No Sugar Added" categories. This year, we reformulated more recipes, particularly in our beverages portfolio, as part of our sugar reduction initiatives in response to HPB's new requirements for sugar levels in products. We successfully increased the total number of HCS products to 103 as at FY2016, from 95 in FY2015.

All F&B product innovations and development are guided by the F&N Nutrition Charter, which outlines our commitment to develop products that not only offer great tastes and experiences, but also health benefits to consumers of different age groups.

AS AT FY2016, 53% OF OUR TOTAL PORTFOLIO IN SINGAPORE ARE 'HEALTHIER CHOICE' PRODUCTS

	Healthier Choice Products	% of Portfolio
 Beverages	31	36%
 Dairies	72	67%
Total	103	53%



F&N Nutrition Charter

OUR CONVICTIONS

1. Everyone Should Have the Right to Choose Suitable Products for Their Needs

F&N understands that consumers' nutritional needs change as they grow. Consumers need different types of food and beverages to support their health at different stages of their lives. To allow consumers to make better food choices, F&N has a large portfolio of products to cater to different consumer groups. Our products are labelled and advertised responsibly with all the information consumers need to make informed choices.

2. Promotion and Building Up of Community Health and Nutrition

F&N recognises that clear and consistent communication is essential when it comes to promoting health and nutrition. We include nutritional highlights and nutritional tips on our product packaging to help our consumers to learn more about their body's needs and how to meet those needs with good food choices.

3. Taste and Pleasure are Inseparable in Providing Variety and a Balanced Diet

F&N believes that taste and pleasure should not be compromised as we make food choices to meet our nutritional needs. In fact, variety is important in having a balanced diet. F&N has therefore launched a wide range of nutritious products in an assortment of delicious flavours to ensure *'PURE ENJOYMENT. PURE GOODNESS'*.

4. Safety, Health and Nutrition Values must Underpin All Production and Consumption of Our Products

F&N collaborates with our business partners to ensure that we only use approved, high quality ingredients and packaging in the production of all our products. In addition, F&N invests in research and development to develop and innovate products that are healthy and nutritious for consumers at all stages of their lives, and for all occasions.

NEW PRODUCT AND NUTRITION GUIDELINES

Our Principles

- 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
- To innovate and constantly refine our products to meet the changing needs of all our consumers, and ensure consistent delivery of good taste and the right nutritional values

Our New Product Development Governance

At F&N, all our new products follow a stringent and regulated process from conceptualisation to commercialisation (or the entire product life cycle). Our products' nutritional values and information are conscientiously reviewed and approved by an internal cross-functional team comprising Research & Development (R&D), Scientific and Regulatory Affairs (SRA) and a dietician, prior to final authorisation by the marketing team.

The product information is then sent to the government authority for their verification and endorsement. All our new products are required to undergo stringent review and approval by our Leadership team before they are launched.

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F&N Nutrition Charter (cont'd)

Our Mechanisms

Staying in Tune with Our Consumers' Needs and Preferences

F&N keeps abreast with the latest developments in health and nutrition science and research, and works with the relevant country health authorities to ensure we are fully addressing our consumers' health concerns by developing products with scientifically-proven health benefits.

F&N also conducts frequent sensory profiling to gain precious Asian consumer insights and develop products that are suited to their taste preferences.

Working with our business partners, F&N spares no effort in selecting the ideal flavour components for superior flavour delivery and great taste.

With regard to the selection and inclusion of food additives, F&N also takes great care in ensuring that only permitted additives are added well within permitted limits as stipulated by the Singapore Sale of Food Act Regulation. We are also exploring the use of natural ingredients in our products.

Scientific Expertise and Capabilities

At F&N, we believe in the vital role that Research and Development plays in keeping us at the forefront of technology and innovation. Our R&D team is made up of highly qualified scientific and technical experts who constantly develop new and better products that meet the changing needs of our consumers.

The F&N R&D laboratories are also well equipped with state-of-the-art capabilities to support the entire product development process from product design, product formulation, sensory evaluation, product taste and texture manipulation, shelf life testing (product stability and nutritional value assessment) all the way to plant design and automation.

Collaborations with Research Institutes and Authorities

Drawing from our unique pool of R&D expertise and through extensive collaboration with reputable scientists, research institutions and the authorities, F&N has created many products with functional ingredients incorporated to deliver scientifically proven health benefits – without compromising on taste – to all our consumers. We also conduct scientific studies in collaboration with research institutes to study the efficacy of our products and ensure our health claims are strongly backed by scientific research.

- **Health Promotion Board, Singapore:** Develop products that are in line with national health trends and priorities, and in line with the Healthier Choice Symbol nutrition guidelines
- **Agri-Food and Veterinary Authority of Singapore:** Adherence to food safety and regulations
- **DSO National Laboratories, Singapore:** Supporting scientific research to substantiate health benefit claims
- **Professional Research Bodies:** Access to cutting-edge research in the field of food and life sciences; Contribute to research funding
- **Academic Institutions and Research Agencies:** Collaboration in scientific research and product innovation

MARKETING AND COMMUNICATIONS

The Group believes in bringing clear and accurate information to our consumers, whether it is through brand communication, advertisements or the sharing of nutritional information, to enable them to make informed decisions.

We ensure that our product packaging design accurately communicates the health attributes of each product, such as nutrition information, nutrition tips and endorsements from authorities. We also include information such as recommended daily allowances, nutrient function claims of various components and suggested recipes to educate consumers on healthy eating.

In Malaysia, we have joined other leading companies in making a pledge on Responsible Advertising to Children as a demonstration of our commitment to responsible marketing to children under the age of 12. Sanctioned by the Ministry of Health, Malaysian Advertisers Association and Federation of Malaysian Manufacturers Food Manufacturing Group, the Responsible Advertising to Children Pledge is the first-of-its-kind in the country. F&N now only advertises products that meet specific nutrition criteria based on accepted scientific evidence and/or applicable national and international dietary guidelines to children under the age of 12.



F&N MAGNOLIA Milk: Educating Consumers on Drinking Milk Fresh

As a trusted and leading dairy brand, *F&N MAGNOLIA* plays a significant role in educating consumers on the importance of drinking milk at its freshest on top of providing nutrition.

It brought back its successful “Drink Milk Fresh” campaign in FY2016 to continue advocating the importance of drinking milk at its freshest, within three days of opening. This is in line with the recommendation of Singapore’s Agri-Food and Veterinary Authority.

F&N MAGNOLIA milk undergoes pasteurisation to kill pathogenic bacteria which may cause food poisoning. However, as pasteurised milk can become contaminated upon opening, *F&N MAGNOLIA* encouraged consumers to drink from twin 1L-packs instead of 2L-packs to enjoy milk at its freshest.

To share this important fact with more consumers, *F&N MAGNOLIA* travelled to various housing estates in its roving milk truck for consumers to exchange their empty 2L milk bottles for a free *F&N MAGNOLIA* 1L-pack. To further raise awareness of drinking milk at its freshest, in-store roadshows were conducted and print advertisements sharing useful tips and information were deployed.

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Key Highlights



Dairies Thailand was bestowed the Thai FDA Quality Award for the 4th consecutive time



RESPONSIBLE SUPPLY CHAIN PRACTICE

All products go through a stringent and regulated process from the time they are conceptualised till they are commercialised. As one of the region's leading food and beverage manufacturers, we uphold high standards of

manufacturing and product safety and quality.

As testament to the Group's unflinching commitment to exceptional standards in product quality and safety control, good manufacturing practices, customer relations and corporate social responsibility, Dairies Thailand

was bestowed the highly prestigious Thai FDA Quality Award for the 4th consecutive time. A proud achievement for Dairies Thailand, the Thai FDA Quality Award was attained in addition to the Gold and Silver awards received at the 2016 Thailand Quality Prize, in the Junior Manufacturing QCC and Task Achieving QCC categories for innovative solutions in productivity and quality, respectively.



Both F&NHB and the Group's printing plant in Malaysia are part of the Supplier Ethical Data Exchange ("SEDEX") to manage and drive ethical and responsible practices in their supply chain, boost productivity, improve supplier engagement and reduce reputational risk. Being part of SEDEX is important to us as most UK and US companies recognise and work with SEDEX members. Attaining this membership allows the Group more opportunities to work with a greater number of international customers.

Engaging our commercial partners and maintaining good supplier relationships are vital to our business. At F&N, we work hand in hand with our partners in the supply chain to ensure access to the best resources and latest technological advances, more favourable terms and shared risk taking.