



FRASER AND NEAVE, LIMITED

2015 SUSTAINABILITY REPORT

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About This Report

Fraser and Neave, Limited (“F&N”, or the “Group”) recognises that the stability and growth of our business is interconnected with the sustainability of the economies, the natural environment and the communities in which we operate and vice versa. Therefore, F&N remains steadfast in conducting our business in an ethical and sustainable manner. As a socially responsible corporate citizen, we strive to incorporate best practices in our business so as to minimise our impact on the natural environment, contribute meaningfully to local communities and engage our stakeholders in a responsible manner.

F&N is conscientious of the fact that as one of Southeast Asia’s leading fast-moving consumer goods companies, not only do we have a responsibility to the societies we currently operate in, we are also in a position to effect positive change and action, particularly in the emerging markets.

This is F&N’s inaugural Sustainability Report. It looks beyond financial performance and corporate governance practices, which are outlined in our Annual Report, and examines our non-financial performance.

Past years’ annual reports have outlined our initiatives in the areas of community, environment, product excellence and human capital management. This year, we have extended the scope and depth of our report. More information has been included to reflect the Group’s performance and progress in the following areas:



This report is the first step for us in the articulation of our commitment to sustainable development. We welcome your thoughts and suggestions. Email us at ir@fraserandneave.com

About Fraser and Neave, Limited

Established in 1883, Fraser and Neave, Limited 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; as well as years of acquisition experience, 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 7,890 people worldwide.

For more information on F&N, please visit www.fraserandneave.com.

Our Vision

To be a stable and sustainable leader in Southeast Asia

Vision 2020



Together with our strategic partner Thai Beverage Plc Limited (“ThaiBev”), our aim is to increase the size and scale of the ThaiBev F&N Group by leveraging each other’s strengths. Vision 2020 is the strategic roadmap to help us realise our ambition of becoming a stable and sustainable leader in Southeast Asia (“SEA”). The roadmap centres on the Group building a solid platform for overseas expansion, focusing on SEA, via a two-pronged approach:

- Strengthening market positions in Singapore, Malaysia and Thailand: Leveraging both F&N and ThaiBev’s portfolio of brands, as well as distribution and bottling systems, one of the largest and most extensive in SEA.
- Overseas expansion: Using its operations in Singapore, Malaysia and Thailand as the platform, F&N intends to replicate its successful business models in other ASEAN countries, in particular Vietnam, Myanmar and Indonesia in the next three years. The Group aims to establish itself as one of the top three food and beverage players in key markets outside of Singapore, Malaysia and Thailand.

The five strategic imperatives of Vision 2020 are:

1

Growth

To be the leading beverage company in SEA, differentiated through innovation by developing beverages that meet consumers’ evolving needs and preferences

2

Diversity

To diversify revenue and earnings through geographic expansion and product diversification.

- Existing markets: Singapore, Malaysia and Thailand
- New markets: Myanmar, Indonesia, Vietnam and Philippines

3

Reach

To strengthen and build our route-to-market in priority markets, and to be the most trusted and preferred beverage partner

4

Brands

To be amongst the top three players in our markets. The Group’s core brands for non-alcoholic beverages are:

- 100PLUS
- F&N NUTRISOY
- F&N MAGNOLIA
- EST
- OISHI

5

Professionalism

To be the employer of choice

Workplace

Our Strong Foundation

At F&N, we value our People and know that they are crucial to our success. They are our partners in delivering products and services of the highest quality and safety standards to our customers.

Their dedication, knowledge and performance bring life to F&N's strategy and drive business results. Simply put, our People are the foundation of our business. As such, continual learning and development are encouraged and supported through a group-wide learning and development programme, and our integrated people development model enables employees to play an active role in the learning and development process.

Aside from developing our People, F&N continuously engages them to promote cohesiveness and a sense of belonging. We also place importance on the safety and well-being of our employees, and we are committed to providing and maintaining a safe and healthy work environment. This section of the report focuses on:

-  **Human Resource Management Policy**
-  **Employee Profile**
-  **Employee Engagement**
-  **Personnel Development and Talent Management**
-  **People Care**
-  **Safety at Work**





Our People are the foundation of our business

Workplace

Human Resource Management Policy

F&N Group employees bring various levels of expertise and diverse experience to their work. To retain employees and increase our ability to attract new and retain talent, the company has developed a global human resource policy that encourages continuous learning, strengthens leadership skills and promotes cooperation between colleagues, customers and the community. While the company maintained its recruitment and retention strategy of ensuring the right people with the right skills were deployed in the right locations, recruitment efforts were largely internally focused, as skilled employees were redeployed and reassigned to

alternative projects and areas of the business. This year, to expand our talent pipeline and increase employee engagement, the Group rolled out a global referral programme that encourages employees to refer potential talent for available roles. This programme indirectly boosts our employer branding, as our people are advocating our corporate brand to the public.

F&N Group is committed to conducting its activities in line with ethical, sustainable and transparent practices. In all the countries which we operate in, our People conduct our operations in accordance with our code of conduct and local employment act. All employees of the Group are provided with

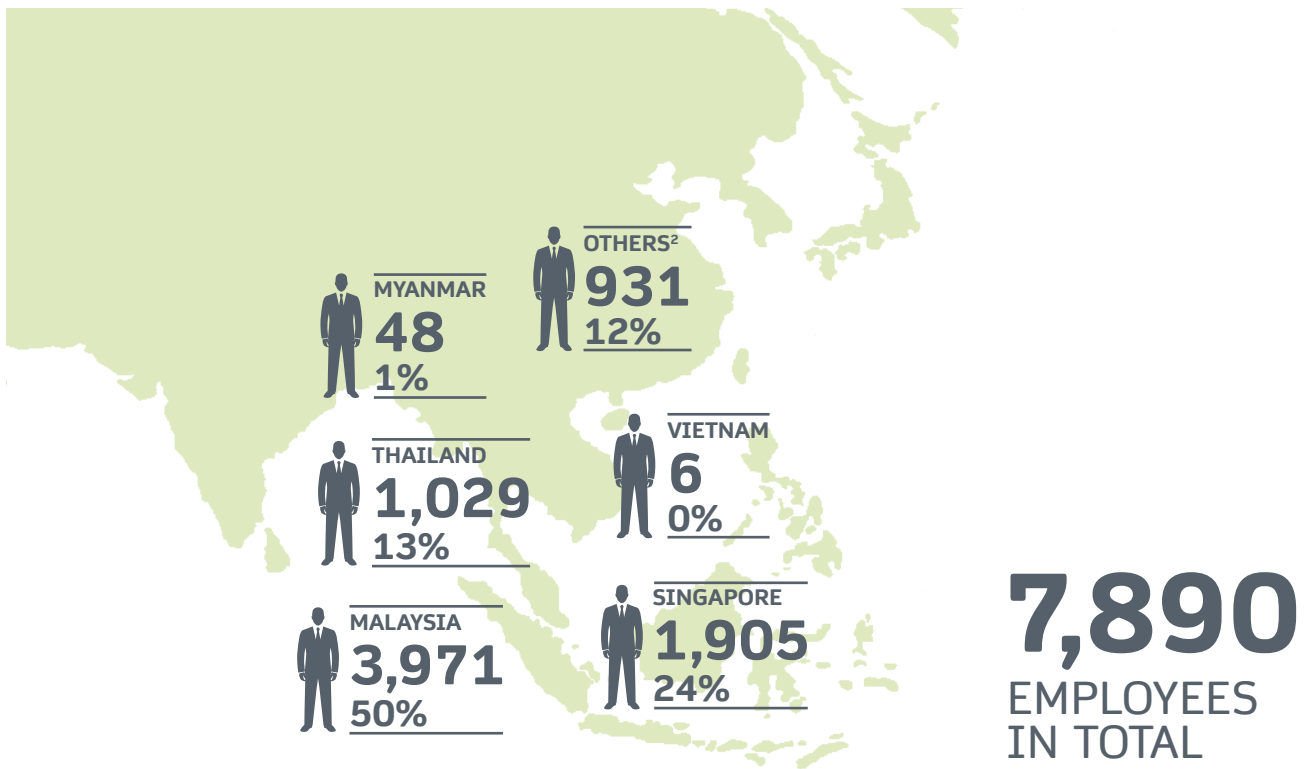
a set of the company’s policies, including the Code of Business Conduct and Whistle-Blowing Policy, upon employment. They are required to acknowledge and sign a statement certifying that they understand their obligations as an employee of the Group, and that they respect and comply with the provisions stipulated in the policies and guidelines.

F&N Group has operations in 11 countries. In these countries, we provide an environment of fair conduct and fair labour practices. We give employment to local citizens, and embrace workplace diversity. The Group’s current gender composition is 40% women; of which 30% holds managerial positions.

Employee Profile

In FY2015, our workforce¹, including full- and part-time permanent and 12-month contract employees, totalled 7,890 across 11 countries.

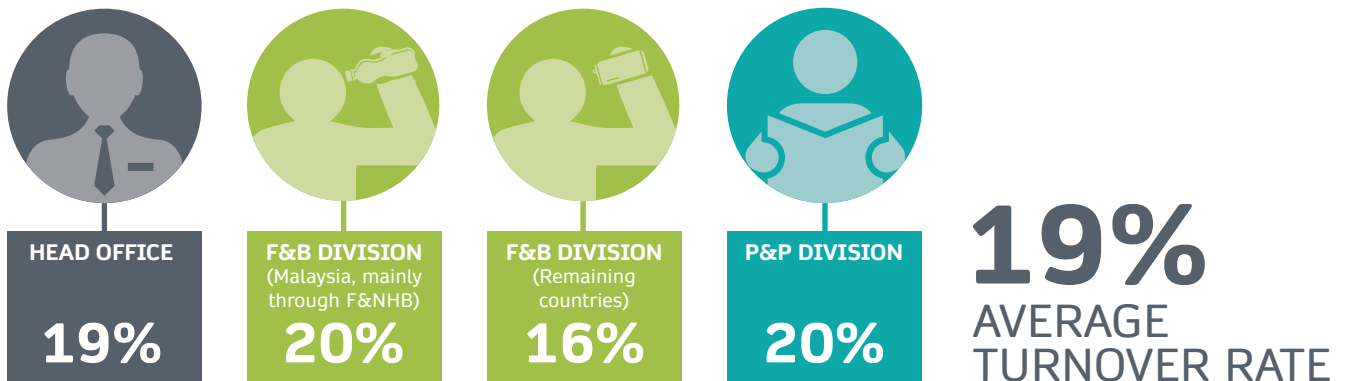
Employees by Country



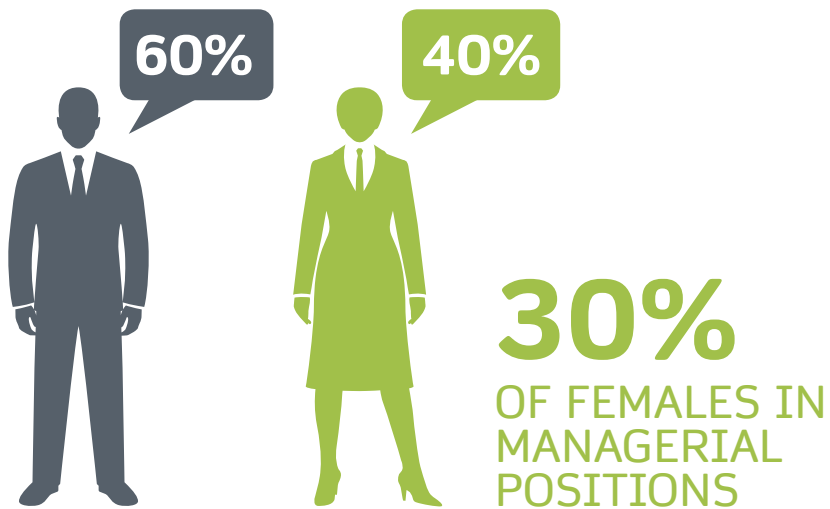
F&N’s priority is to hire local talent to support the local communities we operate in. In our operations across the globe, the majority of our local workforce comprise citizens of that particular country.

1 Total workforce includes employees of Fraser and Neave, Limited, subsidiaries and joint venture companies of which it holds at least 50% stake, and associate companies with 20% to 49% stake.
 2 China, Hong Kong, India and the US.

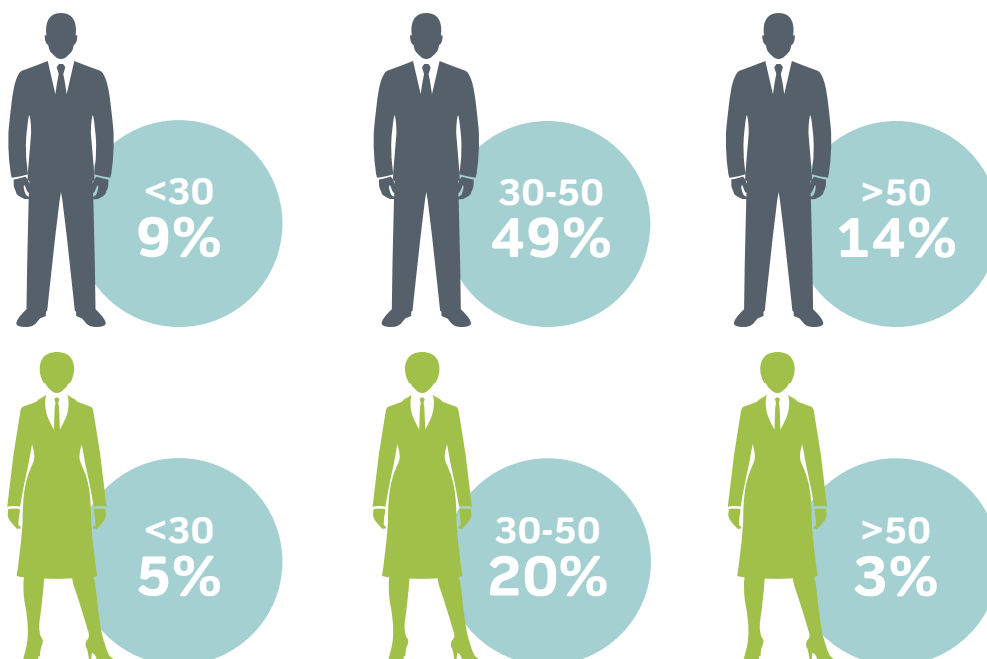
Employee Turnover Rate



Employees by Gender



Employees by Age



Workplace



F&N employees at the Hari Raya tea session



Active participation in employee volunteerism



Keeping fit in a frisbee tournament

Employee Engagement

The Group maintains regular and open communication with its employees on important corporate developments and changes to policies through Meet-The-CEO sessions, briefings from the management as well as employee newsletters and circulars. Other forms of communication include e-mails and the Group intranet portal maintained by the corporate office and subsidiary-level intranet sites maintained by the different business units for their employees.

To promote cohesiveness and forge a greater sense of belonging amongst employees, the Group organises various activities ranging from recreational to volunteering opportunities.

This financial year, in Singapore, the Food & Beverage (“F&B”) division engaged employees in a range of activities, including:

- Sports tournaments: Futsal, bowling and frisbee
- Employee get-togethers: New Year and year-end parties, and Durian feast

- Volunteer opportunities: Distribution of 2,000 bags of F&N products to needy households, and cleaning up the Singapore Indoor Stadium after one of the table tennis matches at the 28th SEA Games

The Group’s Publishing & Printing (“P&P”) division also organised activities all-year round to forge team cohesiveness. These included:

- Bowling tournament
- Festive bazaars
- Durian party, barbeque and Christmas party
- Annual blood donation drive
- Book fair

Recognising the hard work put in by employees, a group-wide private movie screening event was held for over 1,100 employees and their families and friends from the head office, F&B division and P&P division to celebrate Labour Day.

Over in Malaysia, Fraser & Neave Holdings Bhd (“F&NHB”) organised the following activities:

- Sports tournaments: Bowling, badminton and golf (Chairman Cup 2015)
- Monthly and festive parties: Deepavali, Christmas, Chinese New Year, Hari Raya, National Day and monthly tea sessions
- Health talks

In December 2014, Malaysia’s east coast experienced one of the country’s worst floods in decades. Many people were displaced from their homes. 13 employees were among those affected by the floods. Through a Group-wide fundraising effort, more than RM45,000 (\$16,452) was raised through contributions from colleagues from the head office and F&N Foods in Singapore, F&NHB in Malaysia and Dairies Thailand. Following a dollar-for-dollar match by the Group, coupled with additional contribution from the management, the total amount raised came close to RM140,000 (\$51,184). The funds were distributed equally among the 13 employees to give them a hand in rebuilding their homes.

F&N Chairman's Award

Since 2003, in conjunction with its 120th anniversary celebrations, F&NHB has been rewarding the children of its employees for their academic excellence and co-curricular achievements.

The annual award, named "F&N Chairman's Award", is aimed at fostering stronger employer-employee relationships, as well as inculcating a caring and harmonious working environment.

When the award was first introduced in 2003, F&NHB set aside an initial endowment fund of RM1.25 million (\$457,000). This scheme was topped

up in 2008 with an additional RM1.25 million (\$457,000) due to the increase in the number of awards handed out to deserving students. In 2013, in commemoration of F&N's 130th anniversary, a further RM1.3 million (\$475,280) was committed to the Award.

Every year, the young award recipients, together with their families and friends, get invited to the "F&N Chairman's Award" presentation ceremony where the Chairman of F&NHB will present each of them with a cash award of between RM300 (\$110) to RM5,000 (\$1,830).



To date, F&NHB has disbursed over **RM2 million** (\$731,200) to more than **2,000** children of its employees.

Workplace

Personnel Development and Talent Management

The Group's human capital is developed and strengthened through its investment in our People. Continuous training and professional development programmes have helped to boost the hard and soft skills of our employees, positioning them in good stead to take up challenges

in the dynamic business environment we operate in.

This financial year, the Group implemented The 7 Habits of Highly Effective People, the world's leading personal leadership development and training programme, across all business units. Aimed at building leaders at the individual,

team and organisational level, the programme instilled in participants the importance of self-management, influence, engagement and collaboration with others. A total of 493 employees have attended this training programme in Singapore and Malaysia, and there are plans to engage more employees in the coming year.



Active participation and discussion during training

In FY2015, the Group achieved a total of 65,000 training hours, which works out to be an average of



Participants of The 7 Habits of Highly Effective People programme



F&N Corporate R&D team building event

As F&N embarks on its transformation to position itself for long-term sustainable growth, F&NHB conducted Change Leadership workshops to prepare and equip managers with the knowledge and skills to manage and lead change for a smooth transition to an integrated F&N. A total of 20 sessions have been conducted for 363 managers.

The Group recognises that timely and effective performance evaluation empowers employees to give their best performance. As such, managers and their team members meet at least once a year to clarify performance objectives, review performance and results, and determine required development, personal aspirations and career plans – the Total Performance Management System programme (“TPMS”). This in-house TPMS programme provides our People with a deeper understanding of the performance management process within the context of the Group’s framework, empowers employees to manage

their own career development and maintains open and effective communication between managers and their team members.

Knowledge sharing, skill development, effective talent path management and leadership training are all crucial to F&N’s efficient operation and ongoing competitiveness. The company’s integrated human resource development model encourages experts of their respective fields within the Company to conduct in-house training for cross-functional groups as a way to expand employees’ overall organisational understanding. Some examples of in-house courses are ‘Excel Skills’ conducted by Finance, and specialised product trainings such as Canned Milk, Beverages, and Dairies by Corporate Research and Development. The key benefit of this approach is that it enables employees from different departments to gain awareness, more in-depth knowledge of our range of products and a wider set of skills.

The Group also offers external programmes to employees of all job levels to allow them to hone skills necessary for their career advancement. Professional development courses such as finance, innovation, customer service, communication and team building are some of these programmes made available to employees.

“Knowledge sharing, skill development, effective talent path management and leadership training are all crucial to F&N’s efficient operation and ongoing competitiveness.”

Workplace



F&N's Fruits and Vegetables Day



Bowling tournament



Chairman Cup 2015



Inter-group badminton tournament

People Care

The Group organised numerous health and wellness activities, in and outside the workplace, to promote overall wellbeing of our employees.

In Singapore, our business units work closely with the Health Promotion Board to implement health and wellness programmes. The Group's F&B and P&P divisions were awarded Gold and Bronze awards, respectively, in 2014. Awarded to companies once every two years, the Singapore HEALTH (Helping Employees Achieve Life-Time Health) Award is presented by the Health Promotion Board to give national recognition to organisations with commendable Workplace Health Promotion programmes.

Our employees have benefitted from a range of activities throughout the year, such as:

- Fruits and Vegetables Day: To encourage consumption of at least two servings of fruits and vegetables daily
- Weight Management: An intervention programme catered to obese employees
- Healthy Canteen: To encourage the provision of healthier meals at the staff canteen
- Physical activities: Inter-group sports tournaments including badminton, bowling, mass workouts, kickboxing, yoga and aerobics
- Annual health screenings
- Health talks

“In Singapore, our business units work closely with the Health Promotion Board to implement health and wellness programmes.”



Healthy cooking workshop conducted by F&N's in-house food specialists

A healthy workforce is also a productive one. By promoting health and wellness at work, the Group has witnessed the reduction in the average number of sick days reported per employee, below the national average of six days per year. Activities like these will be held at regular intervals to encourage a healthy lifestyle and build a healthy workforce.

In Malaysia, cooking workshops were conducted by F&N's in-house food specialists to motivate employees to lead healthier lifestyles through healthier meals. Using F&N's products, our food specialists showed staff how to prepare healthy yet delicious drinks and dishes, such as overnight oats, coconut smoothies, spiced pumpkin soup and lemongrass rice with turmeric chicken. 60 employees from Dairies Malaysia and F&NHB joined in the two sessions to pick up the healthy recipes, as well as understand how to incorporate F&N beverages into their healthy dishes.

Dairies Malaysia continued its successful health and wellness challenge, "Burn Calories Not Electricity, Take The Stairs" campaign over a period of six weeks this year. This annual health challenge aims to encourage staff to increase their amount of physical activity and improve their fitness levels.



Fitness class conducted at the workplace



Keeping fit after office hours



Annual health screening exercise

Workplace

F&N Group Badminton Tournament

Organised by F&NHB, the badminton tournament is an annual event involving employees from F&NHB, as well as the Beverages, Dairies and Ice Cream divisions of the F&N Group. The tournament gives employees from different operating units and countries an opportunity to come together to build camaraderie and unwind while playing sports.

Held in Malaysia in August 2015, this year's tournament saw 168 employees from Singapore, Malaysia and Thailand forming 76 pairs of men's doubles and 8 pairs of women's doubles, pitting their skills against one another. The top four winning men's and women's teams walked away with trophies and cash vouchers worth a total of RM1,500 (\$550).



Safety at Work

At F&N, the safety of our workforce is our utmost priority. We care about the welfare of our People and promote health, safety and well-being at all levels of our businesses. Each business unit has in place safety procedures and adopt best practices that have gained industry recognition in the form of certification and awards.



Dairies Malaysia received the MSOSH OSH Gold Class II Award

Initiatives to increase awareness of safety at work include regular talks and quizzes held for employees. The Company Emergency Response Team (“CERT”) has been set up at both F&B and P&P divisions to prepare employees in the event of a crisis or emergency. Besides the certification of select employees in first aid, cardiopulmonary resuscitation (“CSR”) and automated external defibrillator (“AED”) trainings have also been conducted. Regular fire drills are also exercised at the different offices and manufacturing facilities of the Group.



Dairies Thailand was awarded the Excellent Establishment of Labour Relations and Welfare Award 2015 (National Level)

The Group attained the following certification and awards:

 <p>Dairies Malaysia</p> <ul style="list-style-type: none"> • OHSAS 18001:2007 • MSOSH OSH Gold Class II Award (from the Malaysian Society of Occupational Safety and Health) 	 <p>Dairies Thailand</p> <ul style="list-style-type: none"> • OHSAS 18001:2007 • Excellent Establishment of Labour Relations and Welfare Award 2015 (National Level) (from the Ministry of Labour, Thailand) 	 <p>Soft Drinks Malaysia</p> <ul style="list-style-type: none"> • EMS 14000:2004 	 <p>Print</p> <ul style="list-style-type: none"> • OHSAS 18001:2007
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Community

A Positive Impact

As one of the leading F&B players in our core markets of Singapore, Malaysia and Thailand, as well as a new entrant in emerging markets, we recognise the impact that our business can have on the local communities.

We also understand that the sustainability of our business is dependent on the stability and well-being of these communities. As such, we view corporate philanthropy as an integral part of our operations. Through corporate giving, community partnerships and employee volunteerism, we aim to create long-term shared value. Our corporate philanthropic programmes centre around the following areas:



Sports



Education and Youth



Environmental Awareness



Community Outreach





The 100PLUS promenade at Singapore Sports Hub is Singapore's largest fully-sheltered free-to-use running-cum-cycling track aimed at promoting community participation

Community



Sports

Through years of brand building and partnerships with sports associations and events, 100PLUS has cemented its position as a key pillar of the sporting community.

In 2015, 100PLUS was proud to be appointed the Official Hydration Partner of the 28th SEA Games held in Singapore. On top of providing hydration to all athletes, volunteers and officials participating in the Games, 100PLUS helped to raise the profiles of and garner support for the athletes representing Singapore and Myanmar. As part of 100PLUS' commitment to nurturing these athletes, it featured them in its promotional campaigns, both online and offline.

100PLUS has a number of partnerships to nurture our aspiring sportsmen and sportswomen. These include the on-going partnerships with Sport Singapore, Singapore Sports Hub and Singapore Table Tennis Association, as well as the newly-established partnership with the Singapore Swimming Association in FY2015.



For the 7th consecutive year, 100PLUS sponsored The Straits Times Star of the Month and The Straits Times Athlete of the Year Award, which highlighted the accomplishments and celebrated the hard work of the athletes. Similarly in Malaysia, 100PLUS has collaborated with the Sportswriters Association Malaysia, since 2003, to honour the outstanding achievements of both athletes as well as sports journalists.

In 2015, 100PLUS was proud to be appointed the Official Hydration Partner of the 28th SEA Games held in Singapore.



100PLUS Malaysian Junior Open Golf Championship



Penang Star Walk sponsorship



OCBC Cycle sponsorship



100PLUS supported school sports events



Color Me Run sponsorship



Maybank Malaysian Open 2015 sponsorship

In Singapore this year, to promote active lifestyles within the community, *100PLUS* and *F&N ICE MOUNTAIN* supported over 20 sporting events ranging from running and cycling to tennis tournaments, and kept more than 210,000 participants hydrated. Most of these sponsorships have been enduring partnerships, such as the Standard Chartered Marathon Singapore, BNP Paribas WTA Finals Singapore, Great Eastern Women's Run, 2XU Ultra Biathlon, SGX Bull Charge, OCBC Cycle, Safra Run and Ride and Illumi Run. *100PLUS* also supported over 70 schools this year as it believes in inculcating the importance of living healthy lifestyles in youths. Continuous support of these sporting events is in line with the ethos of *100PLUS* to be the enabler for all to lead healthy and active lifestyles.

Similarly in Malaysia, *100PLUS* continued its support for many sporting events including the *100PLUS* Malaysian Junior Open

Golf Championship held for the 10th time in 2015. Other sponsored events included Nike We Run KL, Penang Star Walk, ATP Malaysian Open, Bursa Bull Charge, Standard Chartered KL Marathon and Port Dickson International Triathlon.

In Myanmar where *100PLUS* has successfully established its position as a strong supporter of athletes, it has been appointed the Official Hydration Partner of several local sports associations, such as the Ministry of Sports, Myanmar Football Federation and Yangon United Football Club. It was also actively involved in various community sporting events, such as the YOMA Yangon International Marathon and Active Family Day Out.

In Vietnam, hydration sponsorships this year included Color Me Run, Danang International Marathon and Ho Chi Minh City Journalist Association Futsal Tournament.

Community



Cooking demonstration which incorporated F&N NUTRISOY in the preparation of healthier meals



F&N MAGNOLIA book donation drive

Health

F&N NUTRISOY is Singapore and Malaysia's No. 1 soya milk beverage. Leveraging its market leadership positions, the brand has been supporting several events with the objective of promoting heart health.

In Singapore, F&N NUTRISOY continued its long-standing support of the Singapore Heart Foundation, participating again in Go Red For Women. Extended from a luncheon in previous years to a 7-day event in April 2015 at a shopping mall with high footfall, Go Red For Women aimed to educate more women on the risks of heart disease and stroke, which when combined, is the leading cause of death among women in Singapore.

On top of sponsoring F&N NUTRISOY Omega No Sugar Added, a celebrity chef was engaged for a live cooking demonstration to showcase how F&N NUTRISOY could be used in the preparation of healthier meals. There was also an F&N NUTRISOY booth to educate consumers on the benefits of consuming soy for heart health. Similarly in Malaysia, F&N NUTRISOY supported

the education and awareness programmes of The Heart Foundation of Malaysia.

F&N NUTRISOY also partook in HPB's "Cook Healthy. Get More from Life" campaign and engaged consumers through cooking demonstrations which showcased innovative ways to incorporate F&N NUTRISOY in home-cooked meals.

Education and Youth

At F&N, we believe in the investment of our future generations and providing them with opportunities to better their future. We strongly support making education accessible to children and youth through our social programmes as we believe that education is the key to breaking the cycle of poverty.

This year in Malaysia, Dairies Malaysia delivered 400 illustrated values-based educational books, which had been carefully curated, for the children from the tuition centre run by the Kassim Chin Humanity Foundation ("KCHF"). Through its F&N Empowering Lives Through Education Programme ("E.L.I.T.E."), Dairies Malaysia has partnered KCHF since 2011 to assist underprivileged children

and their families with free tuition classes. The objective is to empower these children with knowledge so that they may rise above their conditions and become agents of transformation for their families.

The book donation drive was held over a three-week period in conjunction with World Milk Day. Consumers who attended F&N MAGNOLIA's roadshows were encouraged to nominate books to be donated for this cause. By getting consumers involved in this charitable initiative, Dairies Malaysia helped to spread the message of the importance of literacy and to promote awareness of the challenges faced by the less privileged children living in the more socio-economically challenged neighbourhoods.

Through the E.L.I.T.E. programme, Dairies Malaysia has been contributing RM60,000 (\$21,936) annually to KCHF to help with overhead expenses of running its Pangsapuri Enggang tuition centre. In addition, monthly food aid in the form of F&N milk products have improved the nutritional levels of the children. More than 300 children have benefitted from this programme to date.

This year, renovation works were also carried out at the tuition centre, which supports an estimated 120 students, to improve the premises and offer its students a more comfortable and safe place to study in. Educational software was also installed in the computers that were sponsored to promote digital literacy.

70 students from Sekolah Menengah Kebangsaan Pulau Indah were given a one-of-a-kind outdoor learning experience when they transformed part of their school yard into a mini herb garden. It was Dairies Malaysia's initiative to increase the students' awareness of the importance of herbs in medicinal and culinary uses. The herb garden, sponsored by Dairies Malaysia, features 10 species of edible and medicinal plants and is to be managed by the school's Agro-Technology Club members aged 13 to 17 years old. Dairies Malaysia had adopted the school under its social responsibility initiative to help implement positive environmental change in the neighbouring communities of its Pulau Indah manufacturing facility, which already employs environmental conservation technologies in its operations.

Digital literacy has become a prerequisite in gaining employment in today's rapidly changing world. Recognising that a digital literacy gap exists among underprivileged students, Soft Drinks Malaysia has invested a total of over RM250,000 (\$91,400) since 2010 to promote digital equality among the less fortunate students. At Montfort Boys Town, Soft Drinks Malaysia set up the F&N IT Corner in 2010 to provide IT knowledge and skills to the underprivileged students. This year, it added a fourth IT room which cost RM80,000 (\$29,250) and came fully-equipped with 30 brand new computers,



Students and staff volunteers who participated in the Herb Garden Project



F&N IT Corner

a printer, scanner and internet access, complementing the three other IT rooms which were established over the past few years.

Through this initiative, Soft Drinks Malaysia also continued its sponsorship of enrolling Montfort students in the International Computer Driving Licence ("ICDL") accreditation programme that started in 2011. To date, over 160 students have gained the internationally-recognised ICDL accreditation, giving them the extra edge to secure employment opportunities.

“Digital literacy has become a prerequisite in gaining employment in today’s rapidly changing world.”

Community



The children learned about conservation efforts for the Asian elephant



A unique experience bathing the Asian elephants in the river



Young writers learned about the printing process

For a unique learning experience conducted outside the classroom, Soft Drinks Malaysia organised a team building exercise for 39 orphans from the Yayasan Ilham Pinggir TTDI, an all-boys shelter home. Aged between nine and 17, the boys worked in teams to complete a range of tasks and raised a total of RM4,000 (\$1,460) towards the conservation efforts of endangered Asian elephants. The children trekked through the Elephant Trail where they spotted the Asian elephants and participated in the bathing of the elephants in the river. This exercise not only introduced conservation efforts of endangered animals to the children, it also instilled in them valuable lessons such as team work, the confidence to look beyond their own limitations when completing challenges, and the notion that they could play a part in making a difference to society.

Soft Drinks Malaysia has also been working with Yayasan Ilham Pinggir TTDI since 2008 through a series of social programmes, including the Sudut Iqra, to inculcate good reading habits in children by setting up libraries in schools located in rural locations.

Our Publishing and Printing division also played its role in promoting literacy and getting people, in particular children, to read and write. This year, Marshall Cavendish Education's Budding Writers Project continued for the 14th time. This project encouraged children aged seven to 16 to hone their creative and artistic skills by developing literary works for other children.

Aspiring young writers submit their stories and illustrations to a panel of judges comprising renowned local authors and publishing professionals. The winners are then given a taste of what it is like

to be a full-fledged author as they experience the entire authorship process from start to finish to see their creations get published. Some of the former winners of the Budding Writers Project have gone on to achieve literary fame.

Times Printers participated in the Print & Media Association of Singapore ("PMAS") 2015 fund raising event in aid of the Local Enterprise Association Development Programme, which helps with four projects, namely the PMAS Training Academy, Manpower Study, Resource Sharing Platform and Technological Processes and Business Innovation. As part of its participation in these projects, Times Printers provided young and aspiring students a three-month internship opportunity, which allowed them to gain experience through handling projects as they work with their mentors from the company who gave them guidance.

PROTECT THE WORLD'S FORESTS WITH MAGNOLIA

In efforts to save the forest, MAGNOLIA is switching its packaging to Forest Stewardship Council™ (FSC™) certified cartons and starts everybody to Great Greenness by following the habit of being ecologically responsible.

FSC™ cartons come from responsibly managed forests and other controlled sources where new trees replace the ones that are harvested, either planted or naturally regenerated.

- 1 FORESTS ARE A SOURCE OF LIFE**
70% of Earth's land animals and plants live in forests!
- 2 EFFECTS OF DEFORESTATION**
EVERY 2 SECONDS*, an area the size of a football pitch is lost due to illegal logging.
- 3 CONSEQUENCES**
Loss of animal and plant species, More carbon emissions, Depleted water supply, Drive change in global climate.
- 4 SAVE THE FORESTS**
• Reduce, reuse and recycle paper products
• Encourage others to be environmentally responsible
• Support environmentally sustainable companies and products that carry an FSC™

Find out how you can go green with MAGNOLIA. Visit our green pages in our brochures please contact us. Log on to www.fsc.org for more details.



Environmental Awareness

F&N MAGNOLIA switched its packaging to environmentally friendly Forest Stewardship Council™ (“FSC™”) certified cartons in its bid to do its part for the environment. FSC™ cartons are recyclable and renewable, and they come from responsibly-managed forests and other controlled sources where new trees replace the ones that are harvested, either through planting or natural regeneration.

To spread environmental awareness, the brand ran a Grow Greatness social media contest to encourage consumers to recycle their FSC™ F&N MAGNOLIA milk cartons as potters for plants, by providing them with a Grow Greatness Starter Kit containing a jiffy pellet and seeds. A similar contest was also organised within

the Group for F&N employees so as to spread the message of being ecologically responsible.

It also partnered with NTUC Income RUN 350, Southeast Asia’s premier eco-run in support of the 350 global climate movement. This movement aims to raise awareness of the need to lower atmospheric carbon dioxide (CO₂) levels from more than 400 parts per million to below 350 parts per million. The run involved more than 12,000 participants across all ages. F&N MAGNOLIA helped to spread environmental awareness by getting participants to recycle their F&N MAGNOLIA milk cartons. After they had consumed their F&N MAGNOLIA milk after the run, the participants decorated the milk cartons and created unique potters to plant their seeds in, as a personal expression of environmental responsibility.

“F&N MAGNOLIA switched its packaging to environmentally friendly Forest Stewardship Council™ (“FSC™”) certified cartons in its bid to do its part for the environment.”

Community



F&N educated children, teachers and parents on making greener choices



The winning school with the most amount of collected recyclables



The school-level recycling campaign in Penang

In its bid to tackle the increasing waste problem in the country, Soft Drinks Malaysia created a school-level recycling campaign to actively promote the habit of recycling amongst school-going children. Centred upon the 4R philosophy of Reduce, Reuse, Recycle and Rethink, the campaign aims to build lifelong habits in children that would encourage them to make greener choices in their adulthood.

Its recycling campaign held in Shah Alam collected over 118.5 tonnes of recyclable materials in 2015, a 47.5% increase over 2014's 80.4 tonnes. This impressive result was the joint effort of students from 40 pre-schools, primary and secondary schools in the city. With the support of its partners, Tetra Pak Malaysia and the Department of Education Selangor, the campaign has successfully

educated children, teachers and parents to make greener choices in their daily lives since it started in 2006. To date, the campaign has collected over 900 tonnes of recyclable materials in Shah Alam.

Similarly in Penang, Soft Drinks Malaysia held the annual state-wide recycling competition for the fourth consecutive year. This annual competition has seen tremendous response, as well as an increasing number of students from pre-schools, primary and secondary schools taking part in the collection of recyclable materials ranging from aluminium, plastic and e-waste to Tetra Pak cartons. In 2014, a total of 94 schools collected 88.5 tonnes of recyclable materials. Since the implementation of this competition in 2012, close to 200 tonnes of recyclable materials have been collected.



F&N employees built a check dam at Kaeng Krachan National Park, Thailand

“By working together to build the check dam, our employees contributed to the water conservation project at the National Park.”

Employees of the Group have also been actively participating in staff volunteerism programmes to help conserve the environment.

37 employees from Dairies Thailand and Dairies Malaysia came together in June 2015 to build a check dam at Kaeng Krachan National Park, Thailand. A check dam is a small, temporary structure that lasts between three and five years, constructed across a waterway to counter erosion by reducing the velocity of concentrated water flows. Advantages of a check dam include the preservation of water for wild animals and local communities, the reduction of the occurrence of forest fires during the dry season and the prevention of flooding during the raining season. By working together to build

the check dam, our employees contributed to the water conservation project at the National Park.

In conjunction with World Environment Day and to promote awareness of environmental sustainability amongst its employees, Dairies Thailand conducted another tree planting exercise following the successful one last year. To further encourage participation, Dairies Thailand organised a contest for staff to submit photographs of the trees that they had planted in 2014 to gauge how much they had grown. Conducted in the area of its manufacturing facility in Rojana, this tree planting exercise not only enhanced the biodiversity of the area, but it also helped reduce its carbon footprint.

Community

Community Outreach

In December 2014, Malaysia's east coast experienced one of the worst floods in recent times which resulted in extensive infrastructural damage and the displacement of more than 200,000 people. Soft Drinks Malaysia acted swiftly to form a task force to distribute *F&N ICE MOUNTAIN*, *F&N NUTRISOY*, *F&N MAGNOLIA* sterilised milk and *F&N* condensed milk to the communities within Dungun, Kemaman, Setiu and Besut in Terengganu, and Pasir Mas, Tumpat and Kuala Krai in Kelantan. Together, Fraser & Neave Holdings Bhd ("F&NHB") and F&N Beverages Marketing Sdn Bhd contributed RM200,000 (\$73,120) worth of products to flood relief centres in the worst-hit areas of Terengganu and Kelantan.

While getting supplies to the flood relief centres, the F&N task force noticed that the donated goods could not reach the people in rural areas who were not able to take shelter at the flood relief centres due to the flood situation. The F&N task force then took the extra step to deliver items door-to-door in Manek Urai, which was only accessible via four-wheel drive trucks. With the support its distributor, the team distributed *F&N ICE MOUNTAIN* and blankets to over 400 houses deep within the villages. As a show of their gratitude towards the F&N team, some of the residents even shared a simple meal of instant noodles with the F&N employees, despite having limited food resources.

F&N is a heritage brand synonymous with festive celebrations. It thus endeavours to share festive joy with the less fortunate groups within our communities.

In the spirit of *Ramadan*, where the breaking of fast is a communal affair, Dairies Malaysia treated the children from Rumah Anak Opah Hasnah to a sumptuous *buka puasa* (meaning breaking of fast) feast, followed by the distribution of gifts and *duit raya*, which are green envelopes containing money given by adults as a form of blessing. Dairies Malaysia has supported Rumah Anak Opah Hasnah over the years in the form of donations and a makeover of its premises.



F&N distributed its drinks to flood relief centres



F&N distributed its drinks to flood relief centres

“...the team distributed *F&N ICE MOUNTAIN* and blankets to over 400 houses deep within the villages.”



F&N shared festive joy with the less fortunate

Dairies Malaysia also reached out to single mothers to empower them with skills and knowledge to cultivate an entrepreneurial mindset. Recognising the fact that many single parents face financial challenges and may lack specialised job skills, Dairies Malaysia collaborated with a celebrity chef to impart her culinary skills in a hands-on cooking workshop, as well as a business planning expert to inspire those who have dreams of starting their own business.

Soft Drinks Malaysia's annual "Majlis Berbuka Puasa Bersama F&N Beverages", which means to end fasting with F&N Beverages during *Ramadan*, aims to spread hope and joy among underprivileged children. This year, Soft Drinks

Malaysia treated 35 children from Rumah Amal Raudhatul Jannah, a home for orphaned, abandoned or children from underprivileged families, to a sumptuous feast. The children were also given a goodie bag each containing new clothes for Hari Raya and *duit raya*.

Soft Drinks Malaysia also brought the fourth edition of the F&N Beverages Deepavali Shopping Programme to the underprivileged children from Sayang Children's Home (Rumah Jagaan Kanak-Kanak Sayang). Under the accompaniment of employees from Soft Drinks Malaysia, each child picked out their own Deepavali outfit and was treated to a festive lunch. Due to their background, most of the children had never experienced the freedom and joy

of shopping for festive clothing. Through this initiative, it was Soft Drinks Malaysia's objective to empower these children with decision-making skills as they selected their own outfits.

In a similar fashion to celebrate Christmas, Soft Drinks Malaysia hosted 33 boys, aged six to 20, from the Salvation Army Boys' Home to a shopping spree, lunch and a movie screening. While they usually received clothes from donors, this time, they were empowered to select clothes and presents of their own liking. Each of them also returned to the Home with a goodie bag containing F&N products, books and stationery items to help them get started for the new year.



Mothers were taught how to prepare nutritious meals for their family



A joyous moment as the boys examined their new clothes for Hari Raya



The F&N Beverages Deepavali Shopping Programme



Children from the Salvation Army Boy's Home were treated to a shopping spree





Environment

Focus on Conservation

Environmental conservation remains a key focus area for the Group. As one of the region’s largest food and beverage manufacturers, we recognise and consider the environmental impact our daily business activities have on the environment.

We make rational and conscientious use of our resources, through the efficient use of water and electricity, and waste minimisation at all levels within the Group. The adoption of these best practices across our operating units underlie our commitment to safeguarding our environment.

As a socially responsible company, we are constantly looking at innovative ways to minimise our impact on the environment and lower our cost through energy and water conservation, as well as the minimisation in the use of packaging materials. This section of the report focuses on the following areas:

-  **Energy and Carbon Emissions**
-  **Water**
-  **Waste**
-  **Packaging**

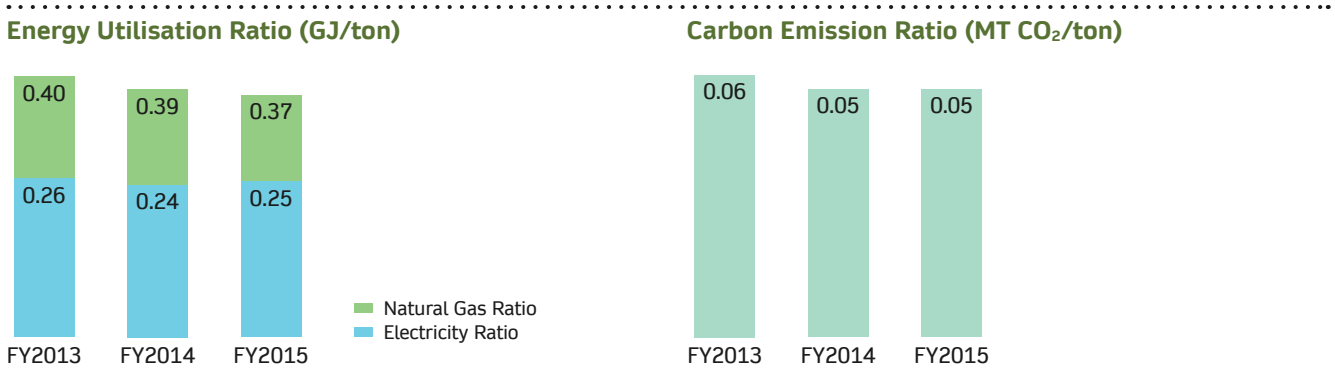




Environment

Energy and Carbon Emissions

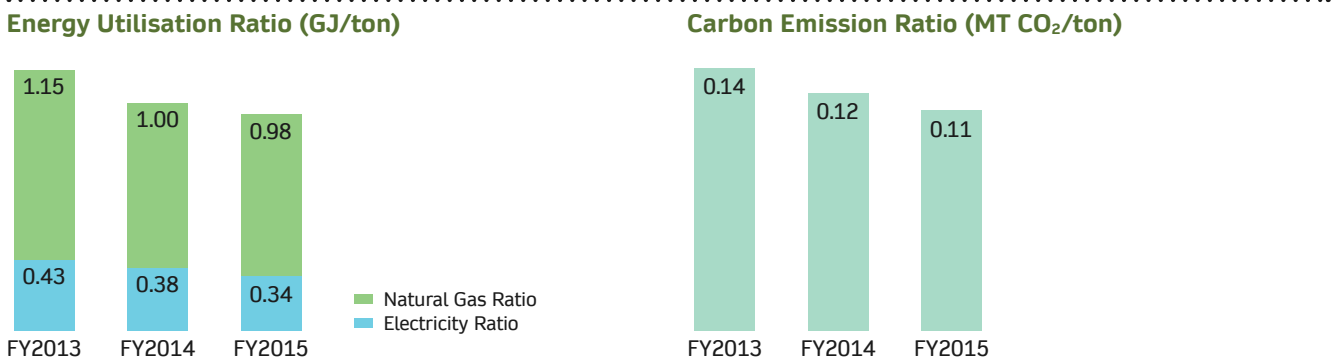
In an era of rising global temperatures as a result of increased carbon emissions, we believe we have a responsibility in minimising our carbon footprint across our value chain. From manufacturing to packaging and logistics, we are constantly finding ways to reduce and optimise our energy usage, including investing in energy efficient equipment to reduce carbon emissions.



★ **Soft Drinks Malaysia**

While the energy utilisation ratio for FY2015 has dropped 6% since FY2013, the usage of electricity during the year has increased. This was due to several line conversion projects that were carried out during the year. Natural Gas, on the other hand, has recorded an 8% decline since FY2013. Consequently soft drinks saw a 16% drop in its carbon emission ratio since FY2013, in spite of increasing output.

We are concerned about the conscientious use of electricity. To use this resource more efficiently, Soft Drinks Malaysia implemented several initiatives in FY2015, such as the conversion of lights to energy-saving ones, installation of economisers for boilers and timers for chillers, as well as the replacement of the diffuser for the effluent treatment system. These energy-saving initiatives have led to significant reductions and cost savings.



★ **Dairies Malaysia**

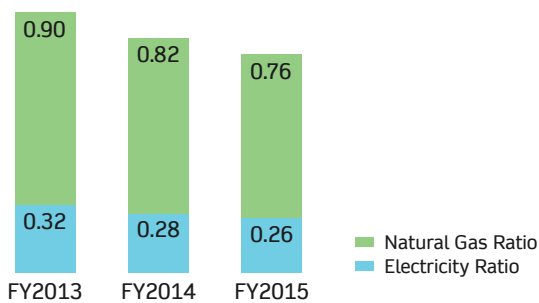
With consistent monitoring, Dairies Malaysia successfully reduced its electricity and natural gas consumption, in spite of increasing production output volumes since FY2013. The more efficient use of energy resulted in a year-on-year decrease in the carbon emission ratio by over 21%.

Dairies Malaysia plans to install more variable speed drives to regulate the speed of its motors, thereby achieving greater overall energy savings.

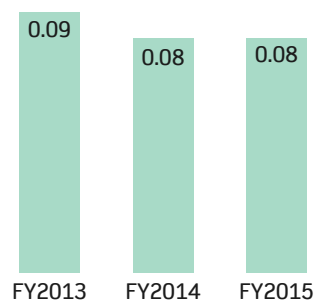
Notes:

- 1 Energy Utilisation Ratio is calculated based on energy consumption (in gigajoule, GJ) per ton of product.
- 2 Carbon Emission Ratio is measured as carbon dioxide released per ton of product.

Energy Utilisation Ratio (GJ/ton)



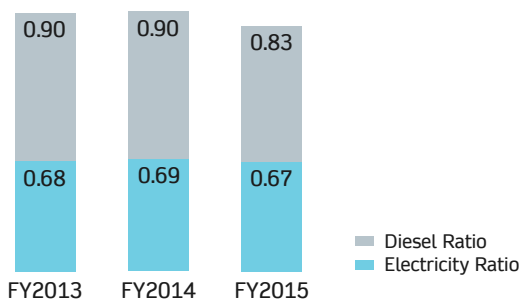
Carbon Emission Ratio (MT CO₂/ton)



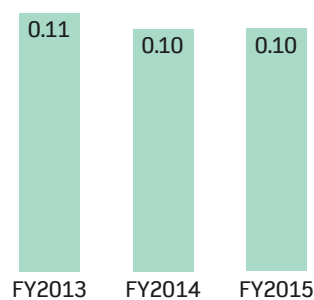
★ Dairies Thailand

In spite of increasing production volumes, both energy usage and carbon emission per ton of product have recorded significant decrease. Since FY2013, Dairies Thailand's energy utilisation ratio and carbon emission registered a drop of 16% and 11% respectively. These were the result of continuous improvements in Dairies Thailand's energy management system.

Energy Utilisation Ratio (GJ/ton)



Carbon Emission Ratio (MT CO₂/ton)



★ Dairies Singapore

Likewise for Dairies Singapore, it has also been efficient in its energy usage. Since FY2013, Dairies Singapore recorded gradual decline in its energy usage and carbon emission. In FY2015, both energy utilisation ratio and carbon emission recorded a decline of 5% and 9%, respectively. To reduce energy consumption, more energy efficient cooling systems and ice builders have been installed. In FY2015, a less energy efficient compressor had been replaced.

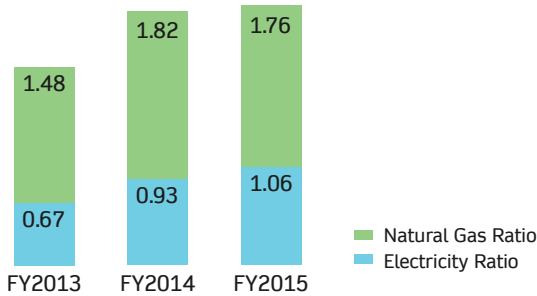
Dairies Singapore will also be studying the feasibility of installing power meters at its different production lines and utility systems to further reduce energy consumption.

Notes:

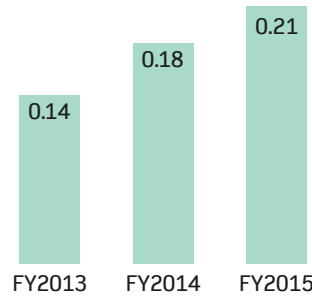
- 1 Energy Utilisation Ratio is calculated based on energy consumption (in gigajoule, GJ) per ton of product.
- 2 Carbon Emission Ratio is measured as carbon dioxide released per ton of product.

Environment

Energy Utilisation Ratio (GJ/ton)



Carbon Emission Ratio (MT CO₂/ton)

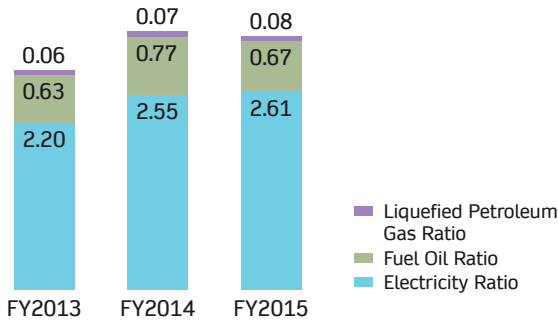


★ **Creameries Malaysia**

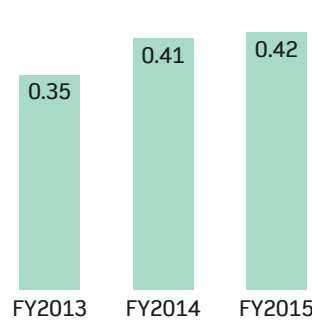
This year, the Group’s ice cream manufacturing facility in Malaysia was awarded the FSSC 22000 Food Safety System Certification, a globally recognised standard in the industry, for its commitment to food safety. Compliant with FSSC 22000, certain improvements were implemented which resulted in an increase in energy consumption and carbon emissions in FY2014 and FY2015. These included using a higher temperature for its Clean-In-Place process, upgrading of refrigerant compressors, evaporators and condensers, as well as increased usage of brighter lights in the facility.

Creameries Malaysia has plans to reduce energy consumption by replacing old and inefficient machines, as well as implementing more energy-saving initiatives in the new year.

Energy Utilisation Ratio (GJ/ton)



Carbon Emission Ratio (MT CO₂/ton)



★ **Creameries Thailand**

Energy consumption in Creameries Thailand was mostly for the running of the cold storage and freezers. There was a reduction in fuel oil consumption in FY2015 due to the installation of a new and more energy efficient steam boiler. Creameries Thailand will continue to monitor its energy management system through energy-saving initiatives.

Notes:

- 1 Energy Utilisation Ratio is calculated based on energy consumption (in gigajoule, GJ) per ton of product.
- 2 Carbon Emission Ratio is measured as carbon dioxide released per ton of product.

Reducing CO₂ Emission from Fleet Vehicles and Chillers

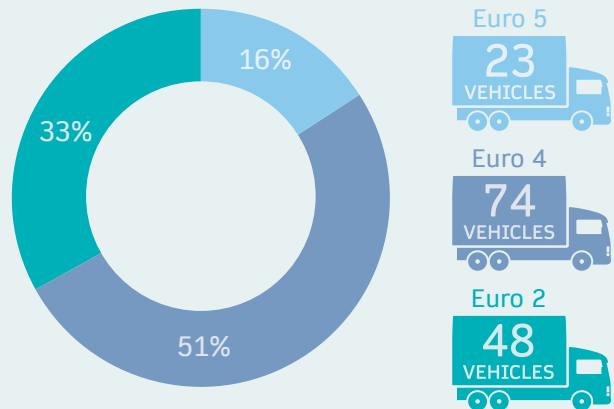
In Singapore, the F&B division aims to reduce its carbon emission through the minimisation of electricity and diesel consumption.

It currently owns a fleet of 145 diesel vehicles as part of its supply chain. All of these vehicles are

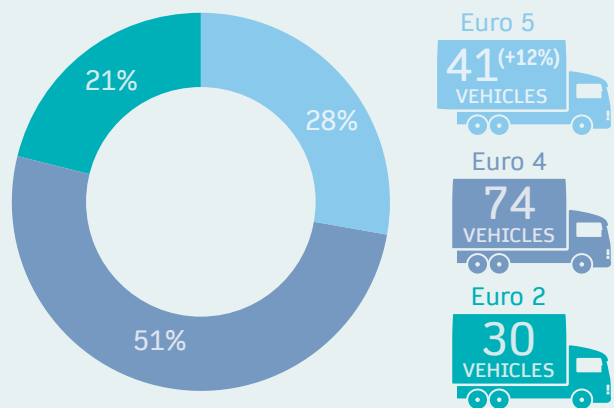
within the European emission standards, which are defined as the acceptable limits for exhaust emissions of vehicles. There are six stages within this standard, ranging from Euro 1 to Euro 6, with increasingly restrictive emission limits as the stages progress.



Where we are as at FY2015:



In three years, our target is to increase the number of vehicles that are compliant with Euro 5:



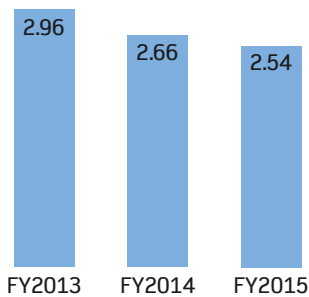
F&N has chillers provided as part of its support to businesses and partners. All the chillers are installed with chlorofluorocarbon ("CFC") free refrigerant gas R134a or R404a. An ongoing exercise to replace fluorescent lights with energy saving, light-emitting diode ("LED") lights began three years ago. Out of the 4,228 F&N chillers, 40% have been retrofitted with LED lights. The remaining chillers will be retrofitted with LED lights by 2019.

Environment



As one of the leading F&B manufacturers in the region, the availability of clean water is essential to us. We use water in our finished product as well as throughout our supply chain. That is why we understand the importance of the responsible usage of water to ensure the sustainable supply of this precious resource.

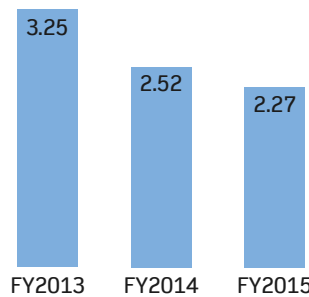
Water Ratio (m³/ton)



★ **Soft Drinks Malaysia**

The consumption of water per ton of product has been decreasing year-on-year due to effective water management practices carried out by Soft Drinks Malaysia. Despite higher production volume, water usage (per ton of product) dropped 14% in FY2015 since FY2013. These include carrying out routine audits in line with Good Manufacturing Practice guidelines to ensure there are no water wastages in the production process, the installation of inverters and orifice plates to control water pressure and water flows.

Water Ratio (m³/ton)

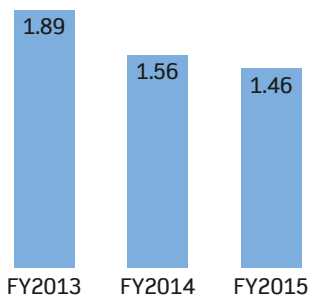


★ **Dairies Malaysia**

Despite an increase in production volume since FY2013, the water ratio for Dairies Malaysia has decreased a significant 30%. The drop was due to its minimisation of wastewater discharge, and the recycling of wastewater for landscape watering.

In the new year, there are plans to increase the reuse of steam condensate in its boilers, as well as recycle its waste water discharges for gardening purposes.

Water Ratio (m³/ton)

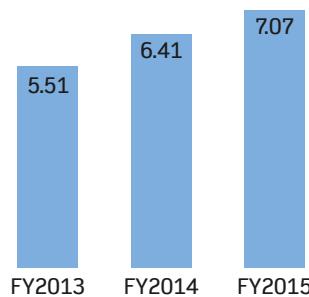


★ **Dairies Thailand**

Similarly in Dairies Thailand, its water usage (per ton of product) has been decreasing year-on-year due to continuous improvements in its water management system. Since 2010 when Dairies Thailand first started production at its manufacturing facility in Rojana, it has seen a 60% decrease in water usage per ton of product in FY2015, from 3.63m³/ton.

In recognition of its water conservation efforts, the plant received the Water Footprint certification from the National Food Institute, Ministry of Industry, in September 2014. The Water Footprint certification is awarded based on both direct and indirect water usage throughout the entire manufacturing process that goes into producing one unit of product.

Water Ratio (m³/ton)



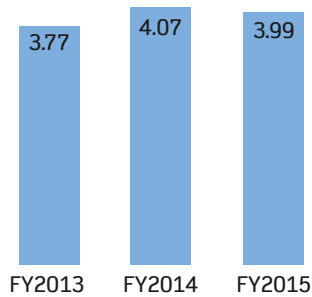
★ **Dairies Singapore**

The rise in water ratio since FY2013 was due to the increase in frequency of the Clean-In-Place process which corresponded with the increase in the manufacture of different product types and sizes. As the Clean-In-Place process requires large amounts of water, water consumption has increased.

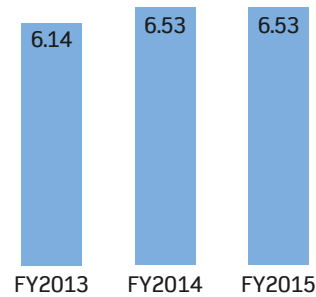
In FY2015, Dairies Singapore was awarded the Water Efficiency Building (Basic) award from the Public Utilities Board for its water conservation programme, in particular the installation of water efficiency fittings to conserve water. To monitor water usage, smart water metres were installed at different production lines and completed at the end of 2015. A feasibility study on the conservation of water for Clean-In-Place and other processes is to be carried out in 2016.

Note:

1 Water Ratio is calculated based on water consumption (in cubic metre, m³) per ton or litre of product.

Water Ratio (m³/L)**★ Creameries Malaysia**

FY2015 water ratio fell on lower water consumption and production volume. The main factor for the higher water ratio in FY2014 was due to the inefficiency of an old equipment, which will be replaced in the new year.

Water Ratio (m³/ton)**★ Creameries Thailand**

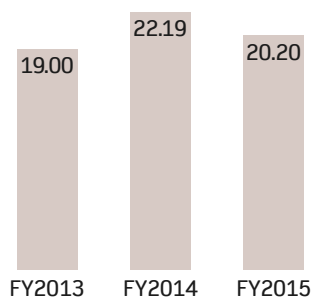
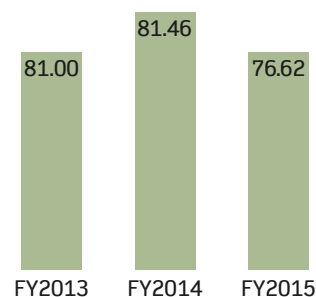
The water ratio of Creameries Thailand remained stable over the last 3 years. While production volumes have varied, the water usage for cleaning the production lines and cooling systems stayed largely the same.

Note:

1 Water Ratio is calculated based on water consumption (in cubic metre, m³) per ton or litre of product.

**Waste**

Large quantities of waste are generated during the manufacturing of our products. As part of our commitment to reduce our carbon footprint, we have made concerted efforts in managing the amount of solid waste generated and amount of waste recycled.

Solid Waste Ratio (kg/ton)**Solid Waste Recycled (%)****★ Soft Drinks Malaysia**

The dip in FY2015 Solid Waste Recycled was due to the increase in sludge, a non-recyclable waste generated by the effluent treatment plant. On the other hand, the total waste generated dropped significantly at a faster rate, which resulted in a 9%-improvement in solid waste ratio.

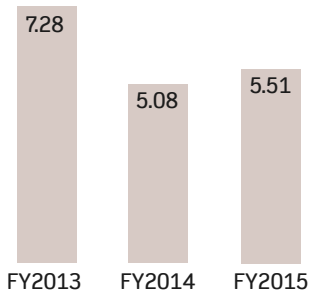
In FY2015, Soft Drinks Malaysia identified additional materials used that were suitable for recycling, such as the layer pads used for pallets. In the three months ended 30 September 2015, 129 tons of layer pads had been successfully recycled.

Notes:

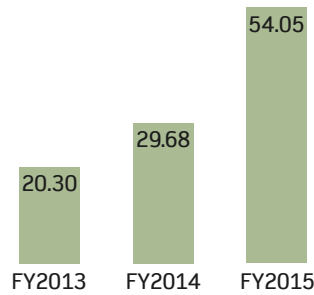
- 1 Solid Waste Ratio is calculated based on the total amount of waste generated (in kilogram, kg) per ton of product.
- 2 Solid Waste Recycled is the percentage of waste generated that was sent for recycling.

Environment

Solid Waste Ratio (kg/ton)



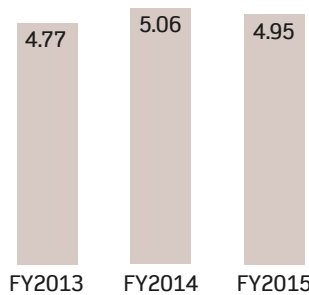
Solid Waste Recycled (%)



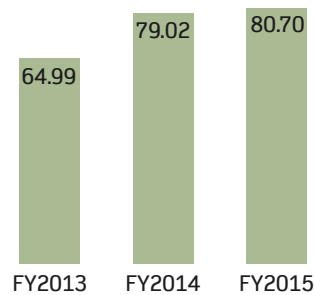
★ **Dairies Malaysia**

The total solid waste generated increased in FY2015 on higher production volume. However, the total weight of recycled waste in FY2015 was almost twice that of last year, an 82%-improvement over FY2014.

Solid Waste Ratio (kg/ton)



Solid Waste Recycled (%)



★ **Dairies Thailand**

The percentage of solid waste recycled has been steadily increasing due to improvements made in its waste management practices. In FY2015, 80.7% of the solid waste generated was successfully recycled and did not enter any landfill.

Notes:

- 1 Solid Waste Ratio is calculated based on the total amount of waste generated (in kilogram, kg) per ton of product.
- 2 Solid Waste Recycled is the percentage of waste generated that was sent for recycling.

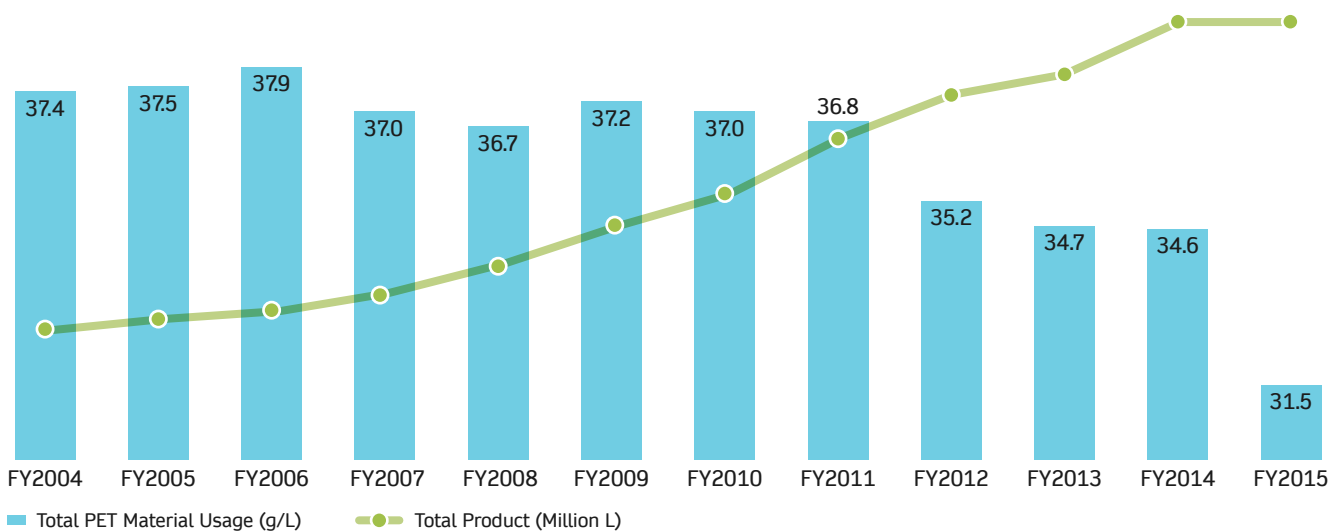


Packaging

Packaging plays an important role in presenting our products and brands to our consumers, while protecting the integrity of the product. F&N is constantly looking at packaging innovation to achieve optimal packaging design and functionality with the least impact on the environment.

Despite growing sales volumes, the Group has achieved an improving packaging index for its Beverages and Dairies segments year-on-year. This means the average amount of material used for each product has been decreasing year-on-year.

Packaging Index for Beverages (Singapore and Malaysia)



F&N's packaging index for beverages measures the use of polyethylene terephthalate ("PET") per product for the Isotonic, Carbonated Soft Drinks, Asian Soft Drinks and Water categories, in the PET bottle sizes of 350ml, 500ml, 600ml and 1.5L, across its Singapore and Malaysia beverage manufacturing plants.

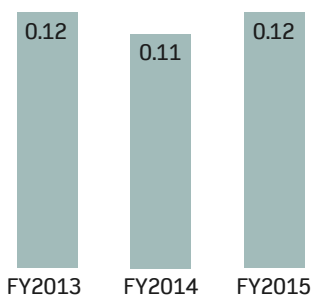
The packaging index has improved year-on-year since FY2009, despite rising sales volume. Since FY2004, when packaging index was first measured, the Group has achieved significant reduction of 15.8% in its packaging footprint. This translates to a significant reduction in the amount of PET material used in Beverages over the years, achieved through the continuous improvements made in packaging designs.

Environment

F&N has implemented several light-weighting projects to reduce the amount of packaging material used in our products:

Financial Year	Category	Bottle Size	PET Weight Reduction
FY2007	Carbonated Soft Drinks	1.5L	48g to 46g
FY2010	Carbonated Soft Drinks	500ml	29g to 27.5g
FY2012	Water	500ml	22g to 17g
		600ml	20g to 16g
		1.5L	35g to 29g
FY2013	Isotonic, Asian Soft Drinks	500ml	32g to 28g
FY2015	Carbonated Soft Drinks	1.5L	46g to 42.75g
		500ml	27.5g to 22.74g

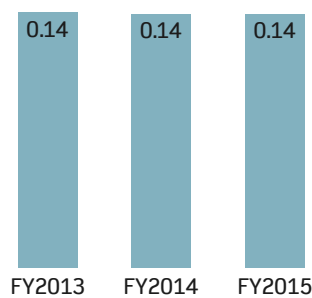
**Packaging Ratio for Dairies Malaysia
(Ton of packaging material/Ton of product)**



Dairies Malaysia and Dairies Thailand continually track their packaging usage by seeking innovative designs to achieve packaging optimisation and functionality. They have also implemented waste minimisation initiatives through the use of recycled materials. The packaging ratio for Dairies Malaysia and Dairies Thailand tracks the amount of packaging material used in the production of canned milk.

In Dairies Malaysia, the increase of 9% in the packaging ratio corresponded with the growth in production volume of canned milk by over 2,000 tons.

**Packaging Ratio for Dairies Thailand
(Ton of packaging material/Ton of product)**



Dairies Thailand's amount of packaging material used per ton of product remained flat in FY2015, in spite of an increase in production volume. This was due to the more efficient use of packaging materials coupled with overall weight reduction in packaging material used. Despite a year-on-year increase in production volume, the total weight of packaging material used has decreased every year – a reflection of Dairies Thailand's continuous efforts in improving its packaging ratio.

F&N Achieves Distinction and Gold at the 3R Packaging Awards 2015

The Group was awarded Distinction and Gold awards in the 3R Packaging Awards 2015 from the Singapore Packaging Agreement (“SPA”) in recognition of its commitment to reducing packaging waste, and effecting changes to its packaging designs. The SPA was introduced in 2007 to tackle waste upstream at the producer’s end, and curb the growth of packaging waste from rising affluence and increased consumption of products.

The Gold Award was an improvement achieved by the Group in 2015, after it had attained a Merit Award for these two initiatives at the 3R Packaging Awards 2014. As the 3R Packaging Awards rewards companies for their continual efforts towards sustainability, companies are encouraged to submit projects that reduce packaging waste, even if they

have received the Merit award in a previous year, to be considered for another award.

Through a continuous review process, we determine the feasibility of reducing the amount of material used in the various packaging designs of our products.

These were the changes implemented to our packaging designs.

GOLD AWARD 3R PACKAGING AWARDS 2015



Removal of the tamper-proof ring from the cap of drink cartons
FROM 1.6g TO 1.5g (-6.3%)

REDUCTION IN ANNUAL PACKAGING USAGE OF

3.2
TONS



Original F&N product cap



F&N product cap after removal of the tamper-proof ring

Reduction of weight of F&N FRUIT TREE FRESH 2L bottle
FROM 100g TO 85g (-15.0%)

REDUCTION IN ANNUAL PACKAGING USAGE OF

3.8
TONS

DISTINCTION AWARD 3R PACKAGING AWARDS 2015



Reduction of weight of SUNKIST 2L bottle
FROM 122g TO 85g (-30.3%)

REDUCTION IN ANNUAL PACKAGING USAGE OF

34.3
TONS



Reduction of weight of 100PLUS and F&N Sparkling Drinks 500ml and 1.5L bottles

500ml:
FROM 27.5g TO 22.7g (-17.5%)

1.5L:
FROM 46g TO 42g (-7.1%)



Old Bottle

New Bottle

Old Bottle

New Bottle

REDUCTION IN ANNUAL PACKAGING USAGE OF

68.7
TONS

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 informed choice is important and such fact-based initiatives encourage people to live active, healthy lifestyles. This section covers the following topics:



Healthier Products



Marketing and Communications



Responsible Supply Chain Practice





Food safety, good nutrition and health underpin all production and consumption of our products

Marketplace

Healthier Products

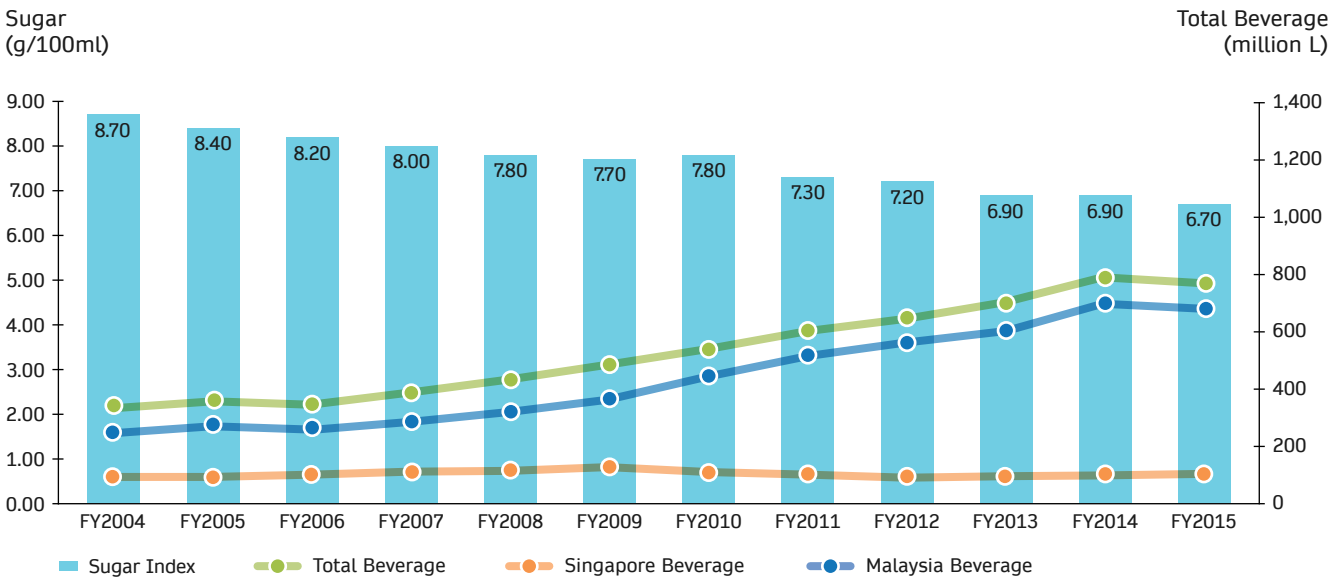
In line with F&N’s values of innovation and constant refinement of our products to meet the changing needs of all our consumers, we continuously work on introducing product recipes that have reduced sugar and saturated fat. We also incorporate functional ingredients such as proteins, calcium, antioxidants,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

Specifically, the Group launched its first functional UHT milk, *F&N MAGNOLIA* Ginkgo Plus in Thailand. The first-of-its-kind in Thailand, *F&N MAGNOLIA* Ginkgo Plus is fortified with ginkgo and vitamin B12. Ginkgo is a herb that improves cognitive function and enhances memory. Vitamin B12 is important for the body as it helps in the production of healthy red blood cells that carry oxygen around the body.

Sugar Footprint

F&N has been gradually reducing the sugar levels of all 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 all our beverages and ensure we have a balanced product portfolio.

Sugar Index for Total Beverage



Note: Based on sugar added to our beverages of the following categories:
 - Singapore: Isotonic, Carbonated Soft Drinks, Water, Tea, Soya and Juice (chilled and ambient)
 - Malaysia: Isotonic, Carbonated Soft Drinks, Water, Tea, Soya and Juice (ambient)

FY2015 saw a 23% improvement in the reduction of sugar levels in our beverages since FY2004. 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 brought down the sugar level in *F&N SEASONS* Ice Lemon Tea 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 line with our philosophy of bringing healthier products to our consumers for their enjoyment, F&N has been introducing products without sugar, with no sugar added or reduced sugar.

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 15 recipes as part of our sugar reduction initiatives in response to HPB’s new requirements for sugar levels in beverages sold in schools by January 2016.



As at FY2015, 52% of F&N's total portfolio are compliant with, and carry the HCS logo.



BEVERAGES

NO. OF PRODUCTS WITH HCS LOGOS

23

TOTAL



DAIRIES

NO. OF PRODUCTS WITH HCS LOGOS

72

95



BEVERAGES

% OF PORTFOLIO WITH HCS LOGO

32%

TOTAL



DAIRIES

% OF PORTFOLIO WITH HCS LOGO

65%

52%

Fortified Products with Added Benefits

Innovation is in the lifeblood of F&N. We introduce products and variants in response to global health trends, and in anticipation of changing consumers' needs.

This year, the Group launched its first functional UHT milk in Thailand. F&N MAGNOLIA Ginkgo Plus, the first in the market to include ginkgo in milk, offers the additional benefit of improving cognitive function and enhancing memory with the addition of ginkgo extract and vitamin B12, on top of

the nourishing goodness of milk. This product was launched in three flavours of plain, chocolate and white malt, in 180ml tetra pack sizes.

In Malaysia, F&N MAGNOLIA Low-Fat Hi-Cal pasteurised milk was re-introduced with a new and improved formulation – vitamin D has been added for better calcium absorption by the body and improved bone strength. The product also contains 76% less fat, high calcium and nine essential vitamins for overall well-being.



Fortified products launched this year

Marketplace

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.

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

For more information on the F&N Nutrition Charter, please refer to www.fnnfoods.com/healthandnutrition

Marketplace

Staying attuned to consumer preferences yet simultaneously maintaining product excellence, our brands continued to garner awards this year, including:

Singapore



GOLD AWARD

at the Trusted Brands Asia 2015 by Reader's Digest
(*F&N MAGNOLIA Milk*)

GOLD AWARD

at the Trusted Brands Asia 2015 by Reader's Digest
(*F&N FRUIT TREE FRESH*)

Malaysia



GOLD AWARD

at the Trusted Brands Asia 2015 by Reader's Digest
(*F&N ICE MOUNTAIN*)

PEOPLE'S CHOICE AWARD

at the Super Brands Awards 2015
(*100PLUS*)

BRONZE AWARD

in the Beverages - Non-Alcoholic category at the Putra Brands Awards 2015
(*100PLUS*)

PRODUCT OF THE YEAR

in the Ambient Product category by Advertising & Marketing Malaysia
(*F&N NUTRISOY*)

For its excellence in print quality, Times Printers in Singapore was recognised with four awards at the Asian Print Awards, which was held in November 2014.



GOLD AWARD

in the Web Offset- LWC (light weight coated stock 65gsm or less) category for Silver Kris
(July 2014 issue)

SILVER AWARD

in the Web Offset (coated stock 70gsm and above) category for Men's Health
(August 2014 issue)

SILVER AWARD

in the Digital Colour Proofing category for Silver Kris
(September 2014 issue)

BRONZE AWARD

in the Sheetfed magazines (four or more colours) category for PEAK Singapore
(August 2014 issue)

In China, our printing plant attained Gold in the Asian Print Awards 2014 for both 'Book Printing (Four or more colours)' and 'Limited Editions & Artwork Reproductions (under 2000 print run)'. The plant was bestowed the Judges Award, which aims to recognise print excellence in Asia.

For its excellent customer service, the Group's airport retail arm, Times Newslink, was recognised by both local and international travellers, having received more than 80 Quality Service Awards, which are monthly awards given out by the Changi Airport Group.

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 extended its “Drink Milk Fresh” campaign in May 2015 to continue advocating the importance of drinking milk at its freshest, within three days of opening, 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 1-litre packs instead of 2-litre 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 2-litre milk bottles for a free F&N MAGNOLIA 1-litre pack.



Marketplace



Creameries Malaysia's manufacturing plant received the FSSC 22000



Dairies Thailand picked up the Thai FDA Quality Award for the 3rd time



Dairies Thailand received two Gold awards at the Thailand Kaizen Awards 2015



Creameries Thailand won the Thai FDA Quality Award for the 4th 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 and the Group's ice cream unit in Thailand were bestowed the highly prestigious Thai FDA Quality Award, for the 3rd and 4th time, respectively.

The Group's ice cream unit in Malaysia received the FSSC 22000 Food Safety System Certification for having a robust food safety management system in place that meets the requirements of its customers and consumers.

Already well-known among many manufacturing companies for its Kaizen competency, Dairies Thailand received two Gold awards

in the 'Suggestion System' and 'Automation Kaizen' categories at the recent Thailand Kaizen Award 2015, for its continuous improvement in its manufacturing process.

Dairies Thailand also won the Prime Minister's Industry Award 2014 for outstanding productivity and planning, process management, business results and employee engagement. Organised by the Ministry of Industry to encourage creativity and commitment to the overall industrial development, the award has become the hallmark of excellence for companies in Thailand.

Our printing plant in Malaysia is now a member of Sedex Members Ethical Trade Audit ("SEDEX") after successfully completing our audit in Labour Standards, Health and Safety, Environment and Business Ethics. This 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.

Supplier Engagement

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.

In Singapore, we received the JBP Partners Appreciation Award 2015 in recognition of our support and contribution as a Joint Business Planning Partner of FairPrice. Joint Business Planning, or JBP, is an ongoing process whereby F&N's team of staff from Sales, Trade Marketing, Brand Marketing and Logistics works closely with FairPrice's team to deliver the objectives of both companies. The Company was awarded based on its strong performance in delivering strong sales growth, consumer satisfaction and good product quality, and high service standards in logistics support. FY2015 is the first year the company is receiving this award, which is given annually to suppliers.

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