



**SUSTAINABILITY  
REPORT  
2020**

## VISION

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

## MISSION

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

## ABOUT US

Established in 1883, F&N is a leading Southeast Asian consumer group with expertise and prominent standing in the Food & Beverage and Publishing & Printing industries. Leveraging its strengths in marketing and distribution, research and development, brands and financial management, F&N provides key resources and sets strategic directions for its subsidiary companies across both industries.

Listed on the Singapore Stock Exchange, F&N ranks as one of the most established and successful companies in the region with an impressive array of renowned brands that enjoy strong market leadership. F&N is present in 12 countries spanning Asia Pacific, Europe and the USA, and employs over 7,700 people worldwide.



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#GOPAPERLESS



- 1 In line with the Group's efforts towards greater environmental conservation, we have elected for electronic transmission of our Annual Report and Sustainability Report. The electronic version of our 2020 Annual Report is available on Fraser and Neave, Limited's website ([www.fraserandneave.com/investor-relations/annual-reports](http://www.fraserandneave.com/investor-relations/annual-reports)). Shareholders and other interested parties who wish to receive a printed copy may order it through the website ([www.fraserandneave.com/contact-us/request-annual-report](http://www.fraserandneave.com/contact-us/request-annual-report)), e-mail ([ir@fraserandneave.com](mailto:ir@fraserandneave.com)) or telephone ((65) 6318 9393). Our FY2020 Sustainability Report is only available in electronic version, and can be downloaded at [www.fraserandneave.com/investor-relations/corporate-sustainability](http://www.fraserandneave.com/investor-relations/corporate-sustainability).
- 2 Unless specifically stated otherwise, all figures in this Sustainability Report are quoted in Singapore Dollars.
- 3 Due to rounding, numbers and percentages in this document may not always add up precisely to the totals or absolute figures stated.





## Sustainability at F&N

- **Met or exceeded 5 out of 10 (50%)** of our 2020 sustainability targets

### Effluents and Waste

**Reduce solid waste intensity by 5% by 2020**

### Sustainable Sourcing

**Purchase of RSPO Credits for 100%** of annual palm oil usage

### Innovation

**Continuously invest in product and process innovation**

### Talent Management

**Average of 16 and 10 training hours** for Executive and Non-executive employees respectively

### Creating Value for Society

**Continuously provide outreach and engagement programs** across Singapore, Malaysia and Thailand

- **External assurance done for SR2020**



# 2020 AT A GLANCE



## Driving Economic Value

- **17 new products** (beverages and dairies) introduced
- **25.9% reduction** in Packaging Index since FY03/04
- **Cost savings of about THB40 million (SGD1.8 million)** through employee-driven projects in Thailand



## Empowering Our People

- **> 7,700** employees
- **44% female representation** in total managerial positions
- **26.23 training hours** per employee for executive category and **12.57 training hours** per employee for non-executive category
- **99% of senior management hired from local community** (100% in Singapore, 100% in Thailand and 98% in Malaysia)
- **38% female representation** in total workforce





## Enhancing Social Well-being

- **100% of operations** involve local community engagement, impact assessment and development programmes
- **Waste Bank and Recycling Project** at Wattanodtia School and Watkokmayom School with more than **150 students**
- **Support to more than 30** beneficiary groups for COVID-19



## Eco-efficiency

- **46.6% reduction** in solid waste intensity ratio since 2017



## Safety and Well-being

- **56% reduction** in Sugar Index (2004-2020)
- **At least one healthier choice option** in 14 out of 15 product categories
- **>35% of the Ready-To-Drink ("RTD")** products sold are healthier options
- **88 Healthier Choice Symbol/Logo** on certified products



## Responsible Supply Chain

- **Engagement with > 4,700** global and local suppliers
- **Purchased Roundtable on Sustainable Palm Oil ("RSPO") credits** for 100% of annual palm oil usage



## Board Statement

### Overview of Sustainability at F&N

The Board is pleased to present the Fraser and Neave, Limited ("F&N" or the "Group") Sustainability Report ('Report') covering the period from 1 October 2019 to 30 September 2020. This Report is prepared in accordance with the internationally recognised Global Reporting Initiative ("GRI") Standards (Core) which is in compliance with the Singapore Exchange's ("SGX") Listing Rules 711A and 711B. The Report encapsulates the Group's overarching approach to sustainability. In this Report, we share how the Group integrates key Environmental, Social and Governance ("ESG") issues in its strategies, how the Group manages impacts and risks associated with these issues as well as its progress towards its 2020 sustainability targets.

### Sustainability Governance

The Board has overall responsibility for sustainability and incorporates ESG issues in the formulation of F&N's strategy. While it takes the lead in the Group's sustainability direction, the Sustainability and Risk Management Committee ("SRMC") is responsible for steering the Group's sustainability efforts. The SRMC is supported by the Sustainability Development Committee ("SDC"), which is chaired by Mr Lee Meng Tat, Chief Executive Officer, Non-Alcoholic Beverages and comprises business Chief Executive Officers and senior executives across various functions. The SDC supports the SRMC and monitors the progress of the Group's sustainability priorities.

### Materiality Assessment 2020

In 2017, based on the SGX Sustainability Reporting Guide, we conducted our first materiality assessment and determined F&N's materiality matrix and 2020 targets. The 2017 materiality matrix and 2020 sustainability targets were measured, reviewed and where necessary, refined annually to ensure they reflected changes to the sustainability landscape. As F&N approached the end of our three-year 2020 targets, the Group is looking to refresh the materiality matrix and set new sustainability targets for 2025.

F&N has conducted a materiality assessment exercise in 2020 to determine the 2021 materiality matrix and 2025 sustainability targets for the next phase of our sustainability journey starting 1 October 2020. An initial list of ESG topics has been identified and benchmarked against peer organisations and external trends analysis. We have expanded the exercise this year by also seeking inputs from external stakeholders, in addition to our internal stakeholders. These inputs were considered and integrated in the decision-making process of determining the new key material topics for F&N. F&N's 2021 materiality matrix and 2025 sustainability

targets were finalised and approved by the SRMC in September 2020. F&N will share more details in the next issue of the F&N Sustainability Report.

### COVID-19 Pandemic

The COVID-19 pandemic has disrupted lives and created unprecedented challenges for businesses worldwide. Business interruption arising from supply chain disruption, temporary closures of manufacturing plants, reduced personnel, etc. has tested the quality of business continuity framework, policies and procedures. During the course of this year, F&N has adapted and implemented a COVID-19 business continuity plan ("BCP") to ensure that we have appropriate systems and procedures in place within the Group to specifically address the impact of the pandemic on business operational risks.

At F&N, protecting the health and safety of our workforce has always been the top priority. As we navigate these unprecedented times, we continue to take steps to communicate with our staff and connect them with resources that support their health and well-being. We continue to actively address evolving issues and provide guidance to our staff consistent with local government regulations. Social distancing measures at the workplace, staggered work hours, mandatory mask wearing, team segregation of work and telecommuting are some of the measures we have put in place to keep F&N employees safe.

The Group continues to work collaboratively with suppliers, partners and customers to manage our supply chain so as to maintain healthy inventory levels. Continued availability of our core products to our customers during these trying times, through the use of e-commerce platforms, has also reduced the likelihood of disruptions to the business operations.

During the COVID-19 pandemic, to provide support to the less fortunate in our local communities, and show our appreciation to the frontline heroes, F&N has donated products to keep them hydrated and energised during this difficult time.

### Looking At 2020 And Beyond

We are proud of our commitment to sustainability and of the work we have done across our businesses. While we have achieved some success in certain areas, there is more for us to do to transform F&N, sustainably. As one of the leading consumer groups in Singapore and the region, we will continue to anchor sustainability in the Group and advance further toward a business model based on the principles of circular economy.

## Message from Chairman of SDC

GRI 102-14, GRI 102-15

F&N's commitment to reduce packaging material and waste continues to be an important priority and is an integral part of the Group's Circular Economy approach. To reduce our environmental impacts, we design and develop new packaging solutions to ensure that they can be recycled, reused or composted.

### Mr Lee Meng Tat

Chairman of Sustainability  
Development Committee



### OVERVIEW OF 2020 SUSTAINABILITY REPORT

At F&N, sustainability is a key business driver and a critical component of our success. F&N's vision is to be a stable and sustainable F&B leader in the ASEAN region. Our 2020 Sustainability Report demonstrates our constant commitment to incorporate sustainable practices into our business and show leadership with the sustainability challenges faced.

This report has been prepared in accordance with the GRI Standards (Core), which represent global best practice in sustainability reporting. By adhering to GRI Standards, F&N aims to communicate our performance against our sustainability targets and demonstrate our progress over time. F&N's data collection processes are aligned and integrated with Thai Beverage Public Company Limited's ("ThaiBev") reporting parameters.

ThaiBev has been a member of the Dow Jones Sustainability Index ("DJSI") World and DJSI Emerging Markets since 2016, and their constant progress to

integrate sustainability across their value chain has earned the company the title of Beverages Industry leader in the RobecoSAM Corporate Sustainability Assessment from 2018 to 2020.

With a systematic approach to sustainability reporting, F&N aims to provide consistent information disclosure and benchmark our performance against industry leaders to improve through best practice sharing and knowledge transfer.

### ACHIEVEMENTS AND PROGRESS IN 2020

#### External Assurance

For the second consecutive year, Lloyd's Register Quality Assurance ("LRQA") has conducted an external assurance on selected F&N Health, Safety and Environment ("HSE") disclosures. This external assurance serves to demonstrate the accuracy of the sustainability data disclosed in this report.

▶ LRQA's assurance statement can be found on page 98 of this report.

### FTSE4Good Bursa Malaysia Index ("F4GBM")

Our subsidiary, Fraser & Neave Holdings Bhd ("F&NHB"), has been included as a constituent of the F4GBM with positive results. For the second year, the performance of our strong ESG practices have been recognised by the Index. Our improved ESG ratings from last year is a testament to our positive strides in delivering value to our stakeholders in an environmentally and socially responsible manner.

### Progress on 2020 sustainability targets

Guided by F&N's 2020 sustainability targets, we have continued to track and report our annual performance since 2017. In 2020, the Group has achieved 50% of its 10 key sustainability targets, with certain areas requiring further efforts and adaptations due to the COVID-19 circumstances and operational changes (e.g. new production lines, new operational processes, product requirement and internal stringent health and safety demands). The respective sections of the report dealing with these material topics provide further explanations.



## Message from Chairman of SDC

The five key 2020 sustainability targets that we have achieved are:

Material Topic	Sustainability Target
<b>Effluents and Waste</b>	1. Reduce solid waste intensity by 5% by 2020
<b>Talent Management</b>	2. Average of 16 and 10 training hours for Executive and Non-executive employees respectively
<b>Sustainable Sourcing</b>	3. Purchase of RSPO Credits for 100% of annual palm oil usage
<b>Innovation</b>	4. Continuously invest in product and process innovation
<b>Creating Value for Society</b>	5. Continuously provide outreach and engagement programs across Singapore, Malaysia and Thailand

The five key sustainability targets that require further work and efforts are:

Material Topic	Sustainability Target	Reason
<b>Water Stewardship</b>	1. Reduce water intensity by 5% by 2020	Due to operational changes and COVID-19 circumstances ▶ More details can be found on pages 59 and 69 of this report
<b>Energy and Climate Change</b>	2. Reduce energy intensity by 5% by 2020	
	3. Reduce Greenhouse Gas ("GHG") emissions intensity by 5% by 2020	
<b>Consumer Health and Safety</b>	4. Introduce at least one healthier choice option in all our product categories	No healthier choice option for the "Energy" product category due to its specific function ▶ More details can be found on page 83 of this report
<b>Occupational Health and Safety</b>	5. To have zero Lost Time Injury Frequency Rate ("LTIFR")	The highest aspiration target of zero LTIFR is set to reaffirm our position of zero tolerance for workplace accidents ▶ More details can be found on page 78 of this report

While F&N has made good progress in some areas, we still need to do more for the other targets. We remain committed to exploring and implementing new initiatives to achieve our 2025 targets.

- ▶ Each of the Group's commitments and target achievements are described in detail on pages 29 to 31 of this report.

### Highlights of key initiatives

#### Healthier products for consumers

At F&N, we place Consumer Health and Safety at the core of our sustainability strategy and have been continuously innovating our products with our consumer's health and safety in mind. This year, we launched healthy drinks such as the *F&N NUTRISOY* Fresh Soya Milk with Real Oats & Quinoa which helps to boost our consumers' immune system. To encourage reduced sugar intake, >35% of our RTD products sold today in Singapore and Malaysia contain less than 5g of sugar per 100ml and do not compromise on taste.

- ▶ More information on innovative products encouraging good health and safety for our consumers can be located on page 36 of this report.

#### Recyclable packaging

F&N's commitment to reduce packaging material and waste continues to be an important priority and is an integral part of the Group's Circular Economy approach. To reduce our environmental impacts, we design and develop new packaging solutions to ensure that they can be recycled, reused or composted. The Group is on track to meet its goal to have 100% recyclable beverage packaging by 2021. In 2020, F&N rolled out a new packaging solution for our *F&N ICE MOUNTAIN* Drinking Water. In addition to bottles, consumers now have the extra option of purchasing our *F&N ICE MOUNTAIN* Drinking Water in an eco-friendly recyclable paper carton packaging.

#### Recycle N Save

Recycle N Save is a joint initiative by F&N and the National Environment Agency ("NEA") of Singapore to place Smart Reverse Vending Machines ("RVMS") across Singapore. This joint initiative aims to encourage recycling of used plastic drink bottles and aluminium drink cans amongst Singaporeans and supports the national vision of the Sustainable

Singapore Blueprint's goal to increase the national recycling rate to 70% by 2030.

Launched in October 2019, at Our Tampines Hub in Singapore, Mr Masagos Zulkifli, the then Singapore Minister of Environment and Water Resources, was the Guest-of-Honour. He along with Mr Tan Meng Dui, Chief Executive Officer of NEA, Mr Seah Kian Peng, Group Chief Executive Officer, National Trades Union Congress ("NTUC") Fairprice Group, Mr Suhaimi Rafdi, Director of Our Tampines Hub, and Ms Jennifer See, Managing Director, Singapore and Yoke Food Industries Malaysia, F&N Foods Singapore ("FNFS"), commenced this initiative. Phase 1 of the launch saw 10 Smart RVMS being installed nationwide, with support from our trade partner, NTUC Fairprice. Public could drop in their used and empty aluminium drink cans and plastic bottles in exchange for discount vouchers at NTUC.

This year, together with four new partners, Capitaland Malls, Sport Singapore, Sentosa Development Corporation and Anywheel, we installed 50 Smart RVMS island wide. Placed in shopping centres

across the island, the public can choose from a wider range of rewards when they deposit used and empty drink cans and plastic bottles. Since the launch of Recycle N Save in 2019, over 3.1 million plastic beverage bottles and aluminium cans have been collected.

The RVM School Education Programme, under the Recycle N Save initiative, was also launched in March 2020. In the first run, five RVMs were placed in primary and secondary schools for a six-month period. Students were encouraged to proactively collect empty plastic drink bottles and aluminium drink cans, and deposit them into the RVMs located at their schools. The schools had also organised their own environmental education activities to tie in with the placement of these RVMs.

#### Reduction of packaging waste

Earlier in 2020, Times Printers (“TP”) also started to make use of balanced web paper as packaging material for wrapping books. This has resulted in a reduction of the quantity of paper waste in our printing operations.

#### Contributions to the Community

F&N has expanded its community support efforts to help combat the negative impacts of COVID-19 on the less privileged and vulnerable groups. The Group has contributed towards helping vulnerable communities through product sponsorships to the elderly and to children from low-income families. Through partnerships with local organisations, such as Everyday Heroes SG, F&N has donated products to frontline healthcare workers to show our appreciation for their tremendous efforts in helping to combat the COVID-19 virus. In these challenging times, F&N is strongly committed to supporting impacted communities in order to ensure their resilience and to help them get through this crisis.

#### **F&N’S RESPONSE TO COVID-19**

In 2020, the unprecedented situation caused by the COVID-19 pandemic resulted in a significant impact on people and businesses around the world. It has highlighted the importance of managing material social risks and opportunities among key stakeholder groups, such as employees, suppliers, customers and the

community, as they have an impact on business continuity.

Having integrated sustainability into our operations, we have implemented BCP to respond to this challenging context. As our employees’ safety, health and well-being are of utmost importance to us, we have made use of digital mediums (e.g. videoconferencing software such as Zoom and Microsoft Teams) to replace the need for physical meetings and business travels. Flexible working arrangements (e.g. staggering of working hours to start at different times, work-from-home policies, split team arrangements) have also been adopted to reduce the interactions between our employees in order to protect them. Compliance with the social distancing measures during the Circuit Breaker period in Singapore, Movement Control Order (“MCO”) in Malaysia and the emergency decree in Thailand were also ensured. Our employees are the heart of our business operations and to safeguard them would ensure the continuity of business operations.

By means of a resilient supply chain and partnership with suppliers, F&N ensured minimal disruption during this period. By having regular engagements with suppliers and working with them to ensure healthy inventory levels, F&N was equipped to cope with the negative impacts of the COVID-19 virus. For example, during the MCO in Malaysia, by working with raw and packaging material suppliers, F&NHB had strived to ensure maximum output while having to operate under reduced production hours and workforce that was stipulated by the authorities.

Maintaining the lines of communication with customers helped ensure that an adequate supply of core F&N products is made available to them amidst the uncertainties. The use of social media to introduce our latest products and the use of online platforms (e.g. F&NHB’s F&N Life website and/or mobile app) to facilitate bulk orders of products are some of the alternate methods through which we ensured continued contact with our customers and reduced disruptions to the downstream flow of business operations.

To provide support for communities affected by the COVID-19 pandemic,

F&N reinforced its engagement through product donations for less privileged and vulnerable groups. F&NHB donated products to university students, old folks’ homes, orphanages and people who were stranded in the Red Zones in Malaysia. To show our appreciation and gratitude to the front-line healthcare workers, F&N had also donated products to help them keep hydrated and energised while they worked tirelessly to fight the virus. The recipients in Singapore include National University Hospital Singapore (“NUHS”), Ng Teng Fong Hospital, Alexandra Hospital; Yishun dormitory workers, and Food Bank Singapore beneficiaries, while the recipients in Malaysia include Sungai Buloh Hospital, Selayang Hospital, Kuala Lumpur Hospital and Queen Elizabeth Hospital; the Royal Malaysia Police, the National Disaster Management Agency and a number of city councils, among others.

➤ More information regarding the initiatives being implemented during COVID-19 can be located in the ‘Response to COVID-19’ chapter of this report.

#### **TOWARDS F&N 2025 SUSTAINABILITY AMBITIONS**

F&N looks forward to 2021 as we embark on our journey towards our 2025 sustainability ambitions. As part of this journey, we aim to further expand our positive contribution to sustainable development and play our part to address the complex and interconnected challenges of sustainability.

During the course of 2020, the Group conducted a robust materiality assessment, by engaging internal and external stakeholders, in order to refresh the sustainability targets for 2025 and reflect our sustainability priorities in the face of the everchanging sustainability landscape. These 2025 sustainability targets will drive our sustainability performance throughout our business and strengthen our commitment to create long-term value for our stakeholders.

➤ More information on the conduct of the materiality assessment can be found on page 25 of this report.

F&N appreciates your interest in our 2020 Sustainability Report and is very grateful for your continuous support.

## About This Report

GRI 102-15; GRI 102-45; GRI 102-48 to GRI 102-54; GRI 102-56

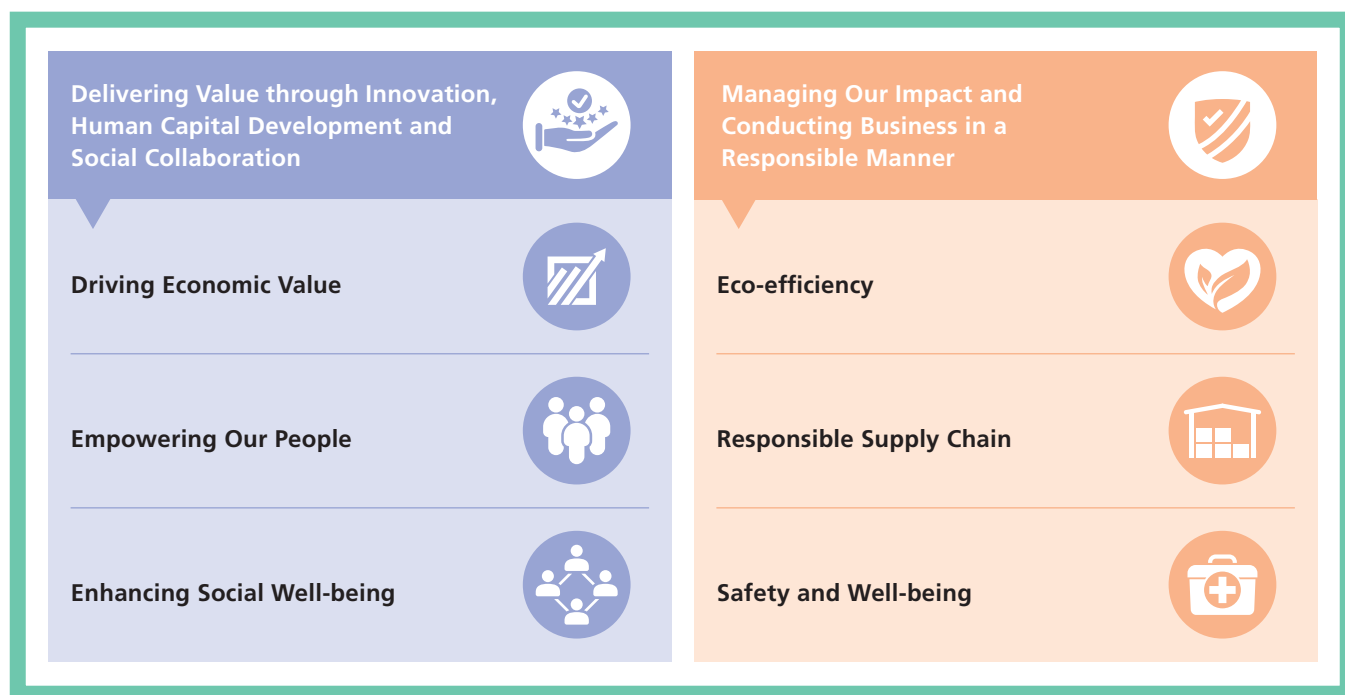
### FOCUS OF THE REPORT

F&N's Sustainability Report aims to provide our stakeholders with a concise, material and clear assessment of how we create value over time.

This report reviews our strategy and business model, risks and opportunities, operational and governance performance with the primary focus on Delivering Value Through Innovation, Human Capital Development and Social Collaboration and Managing Our Impact and Conducting Business in a Responsible Manner. We explore the three core areas of Driving Economic Value, Empowering Our People, and Enhancing Social Well-being under delivering value, and

and Enhancing Social Well-being under delivering value, and the three core areas of Eco-efficiency, Responsible Supply Chain and Safety and Well-being under managing our impacts.

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



### REPORTING PERIOD, SCOPE AND BOUNDARY

This is our fourth annual stand-alone Sustainability Report, for our reporting period of 01 October 2019 - 30 September 2020. The report covers the activities of the Group's operations in Singapore, Malaysia and Thailand.

The environmental data presented in this report covers the 13 manufacturing sites in Singapore, Malaysia and Thailand, excluding Yoke Food Industries Sdn Bhd in Malaysia and Print Lab Pte Ltd in Singapore.





## REPORTING FRAMEWORK AND INDICES

We are proud to continue our sustainability journey and reporting in accordance with the GRI Standards 'Core Option' and SGX Listing Rules 711A and 711B. This year, we continue to include disclosures and initiatives on our most important sustainability topics. We looked into addressing gaps in our sustainability performance based on the DJSI key criterion. By benchmarking our sustainability processes and performance against industry leaders such as ThaiBev, we ensure that our processes and performance will further improve through best practice sharing and knowledge transfer.

F&NHB, a subsidiary company, has again been included as a constituent of the F4GBM this year, marking the 2nd year of recognition for our strong ESG practices. Our improved ESG ratings and percentile ranking from last year is a testament that we are making positive strides in delivering value to our stakeholders in an environmentally and socially responsible manner.

## ASSURANCE STATEMENT

F&N's policy is to align our reporting of non-financial information with the best and most up-to-date standards and

protocols available at the beginning of our financial year. We believe in reporting reliable data and continuously strive to improve the quality of our non-financial disclosures.

This is the second year we have obtained independent assurance for our Sustainability Report from LRQA based on the external assurance conducted on selected F&N HSE sustainability data.

## CONTACT FOR MATTERS PERTAINING TO F&N SR2020

We value and appreciate all feedback to help make our future reports more relevant to our stakeholders. Please direct any questions pertaining to our sustainability initiatives or reporting, or comments and feedback to:

Department name: F&N Sustainability Reporting

Email:	sustainability@fngroup.com.sg
Phone number:	+65 6318 9393
Mail:	Sustainability Reporting Department 438 Alexandra Road #07-00 Alexandra Point Singapore 119958

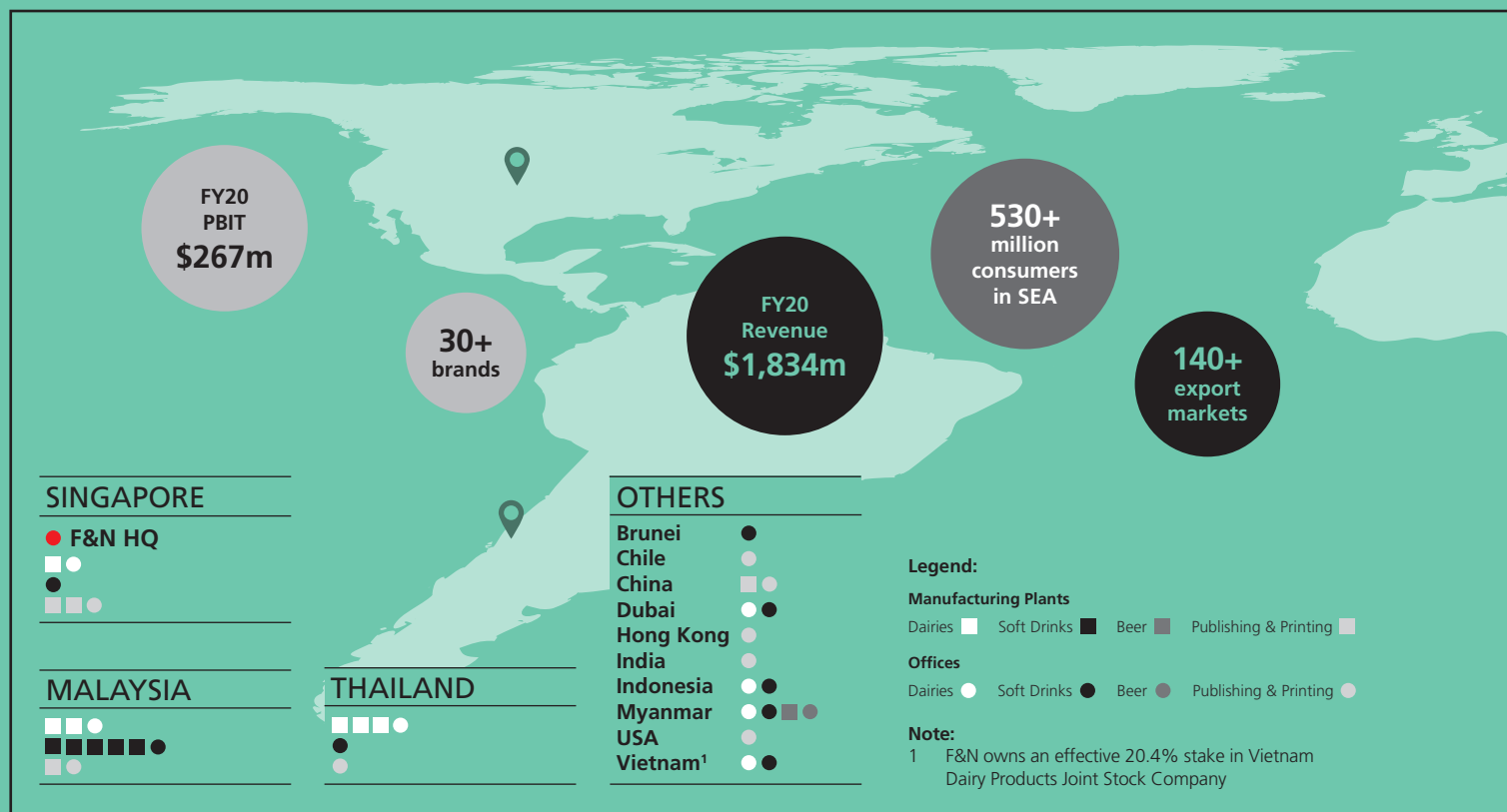
## This is F&N

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

The entrepreneurial spirit, embodied by our founders, remains in today's F&N. As a soft drink company, F&N seized the opportunity and ventured into the beer brewing business in 1931 in partnership with The Heineken Company and built a very successful beer empire in Asia Pacific – through its joint venture company, Asia Pacific Breweries Limited ("APB"). In 1959, it entered the Dairies business by forming a canned milk joint venture with Beatrice Foods of Chicago, and in 2007, it acquired Nestle's liquid canned milk business in

Thailand, Malaysia, Singapore and Brunei, and accelerated its growth in the dairy business. Today, F&N is the largest canned milk producer in SEA. In 1985, the Group diversified into the Properties business. Starting with the redevelopment of its soft drinks and brewery sites in Singapore, F&N soon grew its property arm – Frasers Centrepoint Limited ("FCL", now known as Frasers Property Limited) to become one of the leading property companies in Singapore with multi-national businesses in residential, hospitality, retail, commercial and industrial properties.

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



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



**Collaboration**  
We leverage our inherent strengths and diversity to create synergies and commit to team goals



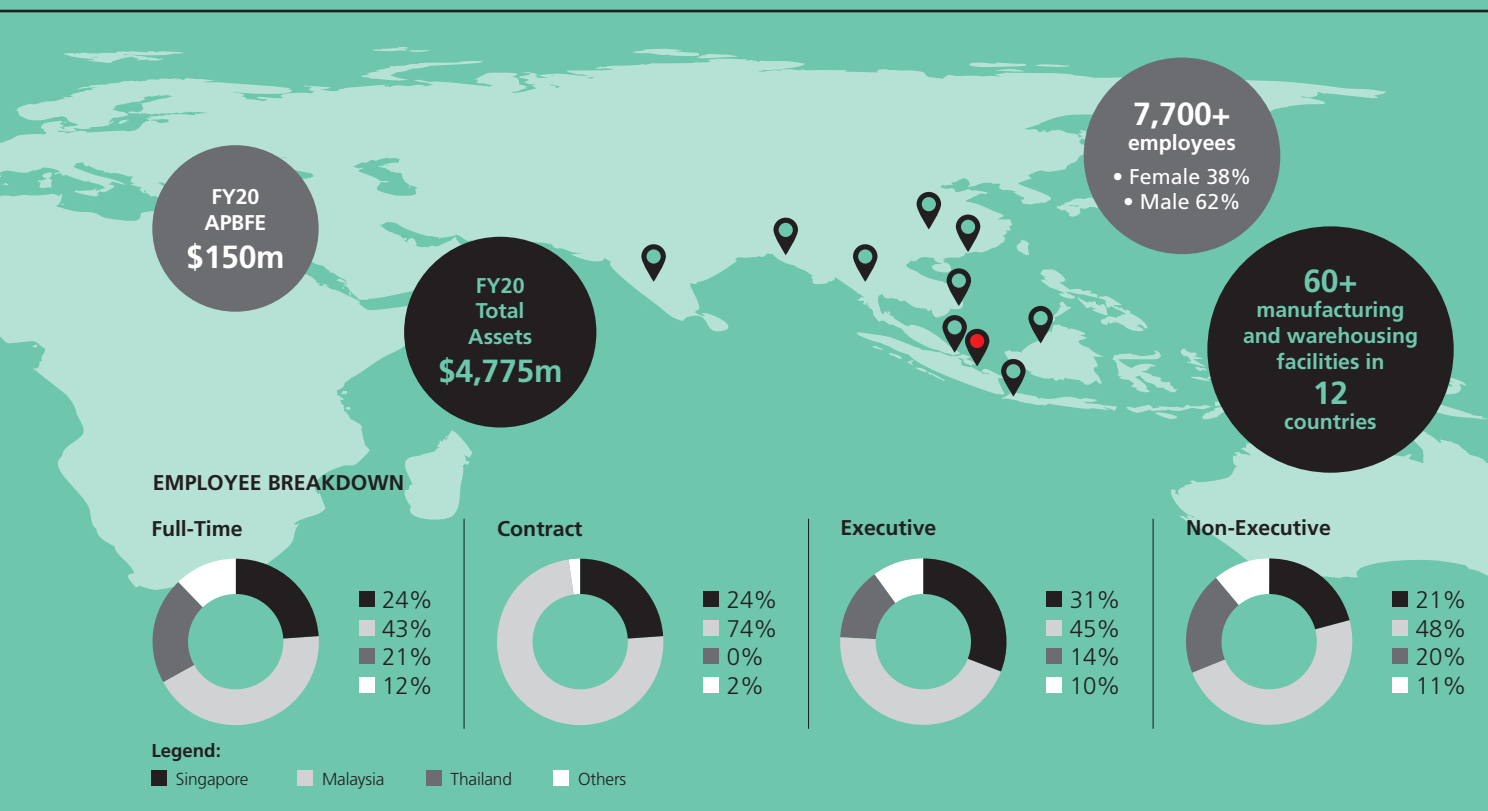
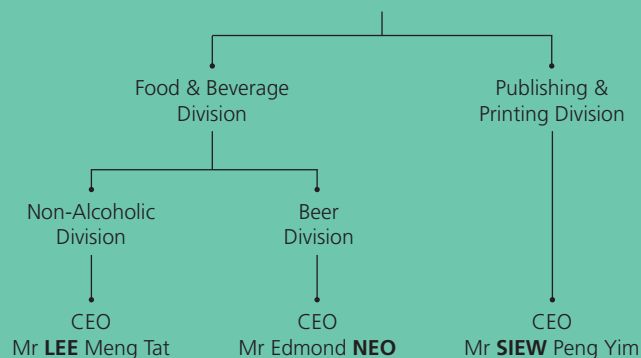
**Creating Values**  
We are passionate about applying new ideas and grasping opportunities to make a positive impact on our organisation and the world



**Caring for Stakeholders**  
We embrace our stakeholders' perspectives with good intentions and the right mindsets to create long-term, sustainable partnerships

Today, F&N is a leading Southeast Asian 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, the Group provides key resources and sets strategic directions for its subsidiary companies across both industries.

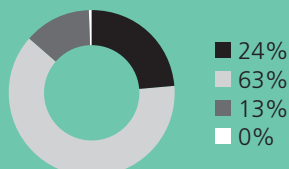
Listed on the Singapore Stock Exchange, F&N ranks as one of the most established and successful companies in the region with an impressive array of renowned brands that enjoy strong market leadership. F&N is present in 12 countries spanning Asia Pacific, Europe and the USA, and employs over 7,700 people worldwide.



#### CONTRIBUTION BY SEGMENT

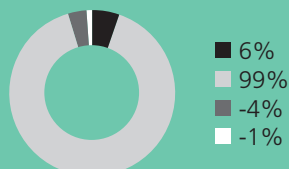
##### Revenue

**\$1,834m**



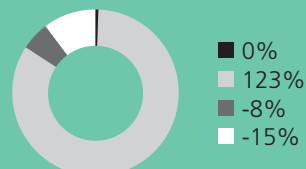
##### Profit Before Interest & Taxation ("PBIT")

**\$267m**



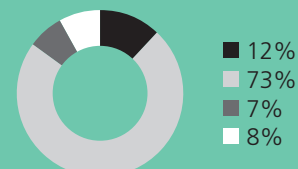
##### Attributable Profit Before Fair Value Adjustment & Exceptional Items ("APBFE")

**\$150m**



##### Total Assets

**\$4,775m**



**Legend:**  
 ■ Beverages ■ Dairies ■ Publishing & Printing ■ Others



## Our Supply Chain

The preparation, production and packaging of our beverages and consumables for printing requires a range of raw materials, equipment, and other goods and services. In FY2020, we engaged with over 4,700 global and local suppliers across our supply chain. F&N worked with manufacturers, wholesalers, retailers, importer/merchants, contractors, professional services providers, etc. and spent a total of about SGD1.34 billion on products and services.

### Sourcing



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

### Production



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

### Distribution



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

### Marketing and Sales



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

### Post-Consumption Packaging Management



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

## Sustainability Membership of **Associations**

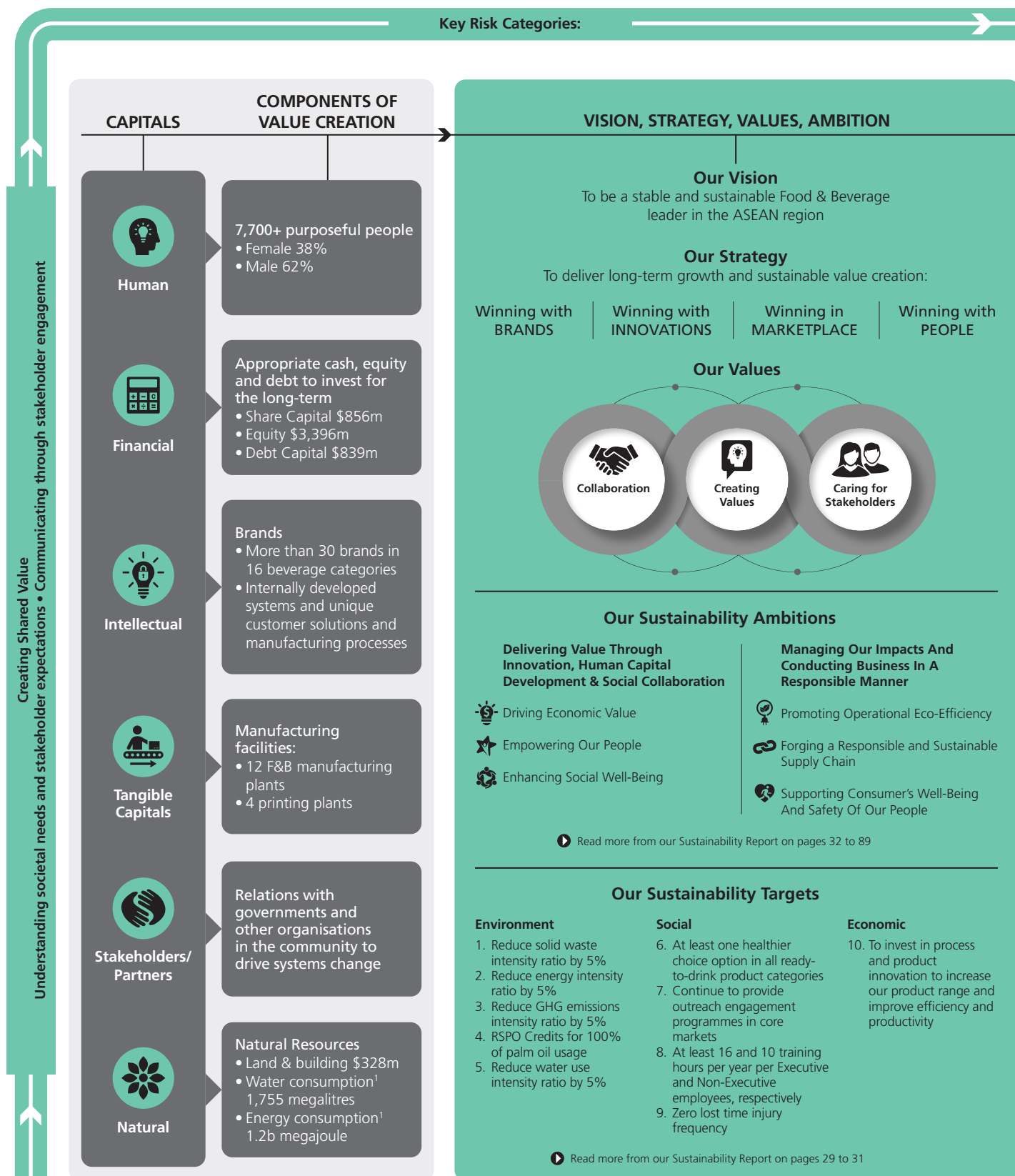


F&N believes that our sustainability journey is one where we proactively manage and understand our footprint on the larger environment and society. As such, we partner with and take guidance from international organisations and sustainability thought leaders. F&N is a proud member of the RSPO and Support Asia for Sustainable Palm Oil ("**SASPO**"). F&N also endorses various sustainability charters, principles and standards, including the United Nations Sustainable Development Goals ("**UN SDGs**") and the GRI.

 <p><b>Sustainability charters, principles or other initiatives to which F&amp;N subscribes or endorses</b></p>	<ul style="list-style-type: none"> <li>• RSPO ordinary member</li> <li>• SASPO</li> </ul>
<ul style="list-style-type: none"> <li>• UN SDGs</li> <li>• GRI</li> </ul>	 <p><b>A list of the main memberships of industry or other associations, and national or international advocacy or organisations</b></p>

## F&N Business Model

### Key Risk Categories:

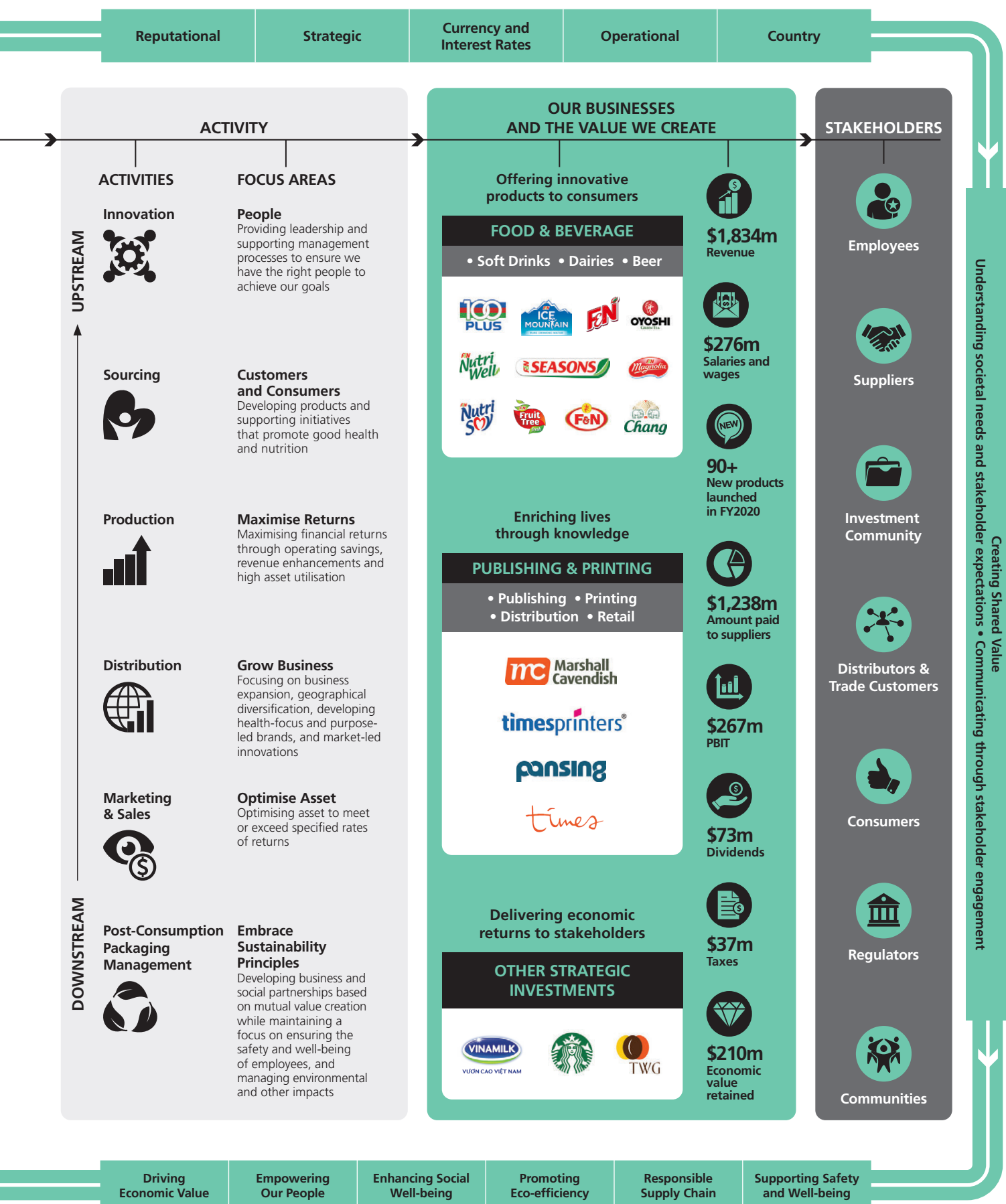


#### Note:

<sup>1</sup> Included water and energy consumed at the Group's significant operations in Malaysia, Singapore and Thailand

### Core Areas of Sustainability:





## Our Sustainability Approach

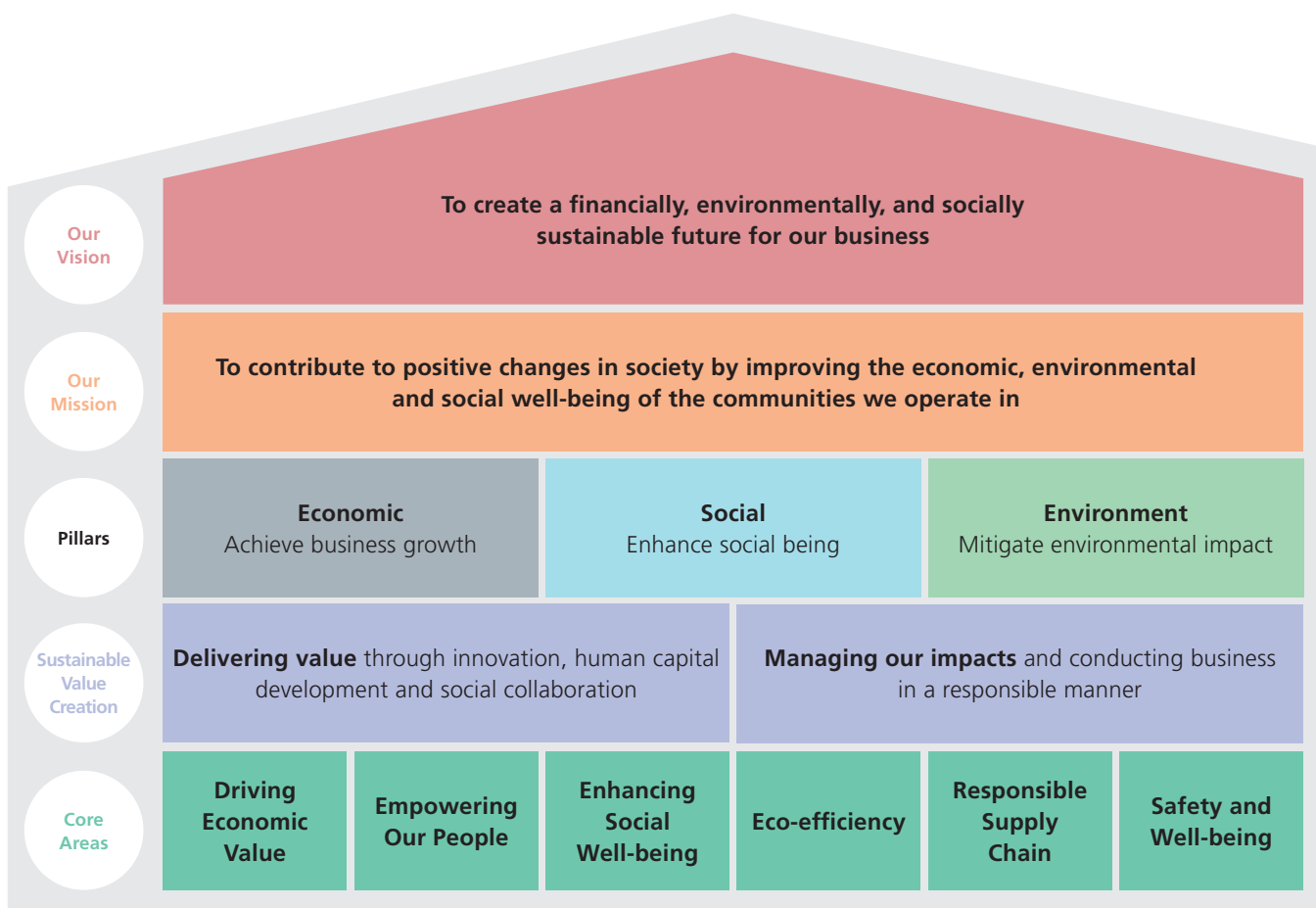
GRI 102-16, GRI 102-18, GRI 102-40, GRI 102-42 to GRI 102-44, GRI 102-46, GRI 102-47

### SUSTAINABILITY VISION AND FRAMEWORK

It is our vision **to create a financially, environmentally, and socially sustainable future for our business** through Sustainable Value Creation by:



Our sustainability framework comprises six core areas, under the



## MANAGEMENT AND GOVERNANCE

### Governance Structure

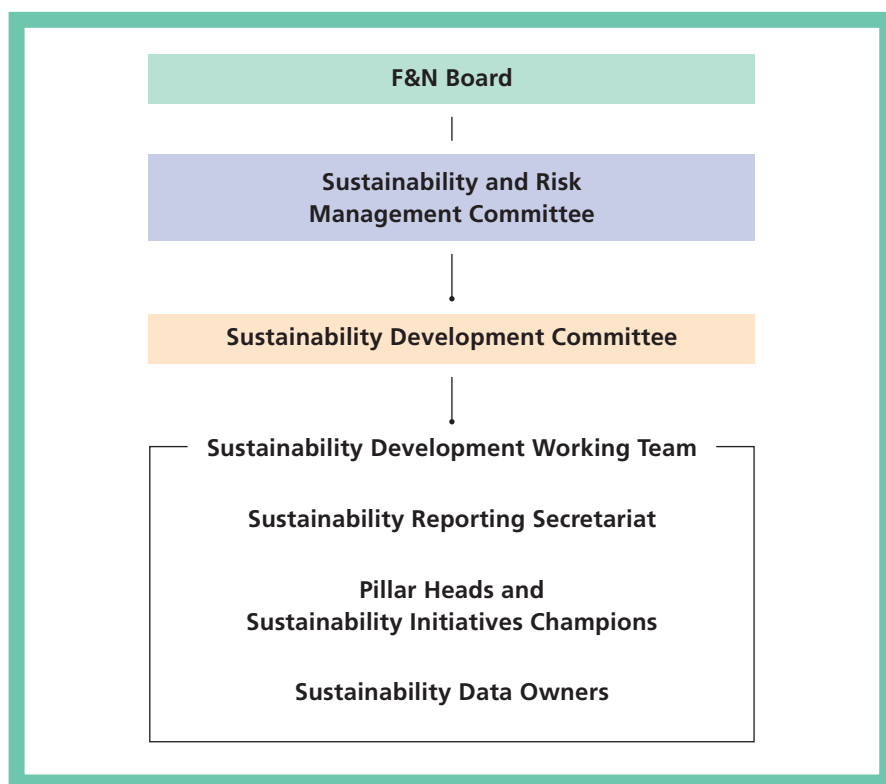
Sustainability is embedded in F&N's culture. As part of the Board's Conduct of Affairs, the Board "considers sustainability issues such as environmental and social factors as part of its strategic formulation". Hence, the Board ensures F&N's long-term business direction is guided by sustainability principles, and they have ultimate oversight of all sustainability issues.

The SRMC ensures sustainability risks and opportunities are considered at the highest level of F&N by providing strong support to the management team. The SRMC has the responsibility to approve all strategic initiatives and policies related to sustainability.

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

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

In FY2020, the SRMC and SDC each convened three times on sustainability matters.



### Sustainability Development Committee

#### Lee Meng Tat (Chairman)

Chief Executive Officer, Non-Alcoholic Beverages, F&N

#### Lim Yew Hoe

Chief Executive Officer, F&NHB

#### Siew Peng Yim

Chief Executive Officer, Times Publishing Group

#### Hui Choon Kit

Chief Financial Officer & Group Company Secretary, F&N

#### Josephine Woo\*

Senior Director, Group Human Capital, F&N

#### Lai Kah Shen

Director, Non-Alcoholic Beverages Finance, F&N

#### Dr Yap Peng Kang\*

Senior Director, Manufacturing and Corporate R&D, F&N

#### Jennifer See

Managing Director, Singapore and YFI Malaysia, FNFS

#### Waradej Patpitak\*

Director, Manufacturing, F&NDT

#### Celine Tan\*

Director, Marketing (Beverages), F&N

\* Pillar Heads in the Sustainability Development Working Team

## Our Sustainability Approach

### Risk Management

F&N integrates material sustainability topics into our overall Risk Management framework by identifying specific risks, opportunities and key priorities for the financial year in order to drive our strategic decisions. This helps us to innovate better products and create more meaningful value for our stakeholders. Specific sustainability risks are identified and dealt with as part of the Enterprise Risk Management ("ERM") framework. For instance, Management considers the potential impacts of climate change on our business, including measures to mitigate water scarcity. Risk appetite and risk tolerance statements are reviewed by the SRMC and approved by the Board annually. At the end of the financial year, the Board receives assurance from the Chief Executive Officers, senior personnel from key functions and the Chief Financial Officer that the risk management and system of internal controls in place for the Group are adequate and effective to address risks which the Group considers relevant and material to its operations.

► For more information on F&N's risk management of sustainability topics integrated with other topics, please refer to our Annual Report (pg. 60).

### Key Policies

F&N's governance system is supported by various policies and frameworks put in place to ensure that relevant controls are in place and our people are working as intended.

F&N supports the UN Guiding Principles on Business and Human Rights, International Labour Organisation ("ILO") guidelines, Singapore's Employment Act, Thailand's Labour Protection Act and the Malaysia Employment Act 1955, and have extended these guidelines and legal requirements in our internal policies.

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

Any violation of Code can be reported via these mechanisms:

1. Reporting mechanism provided in existing F&N Group policies
2. Whistleblowing policy

In FY2020, there were no substantiated bribery and corruption cases.

F&N has stringent criterion for donations and sponsorships as according to the F&N Group Anti-Bribery Policy. Whistleblowing of suspected bribery and corruption can be reported to the Chairman of the Audit Committee. There have been zero reports of corruption and bribery in this financial year.

F&NHB also has a Code of Business Practices for Third Parties, putting in place an Anti-Bribery and Anti-Corruption Management System to consolidate and manage elements, policies, objectives and processes in relation to bribery and corruption risks. 100% of our employees in Malaysia have made the Integrity Pledge and Declaration of Conflict of Interest submissions. There have been zero number of pledge breaches recorded in FY2020.

F&N suppliers are expected to conduct their business in accordance with ethical business standards and applicable laws, following the F&N Supplier Code of Practice. Suppliers are expected to treat their employees equally, with respect and dignity, in accordance with ILO standards and applicable labour laws.

### STAKEHOLDER ENGAGEMENT

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



Engagement Channels	Typical Issues Raised	F&N Actions
<b>Investment Community</b>		
<ul style="list-style-type: none"> <li>• General meetings of Shareholders (AGM &amp; EGM)</li> <li>• Face-to-face meetings &amp; conference calls</li> <li>• Office/plant visits</li> <li>• Investor Day</li> <li>• Website and SGXNET announcements, presentations, press releases</li> <li>• Annual reports</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency in disclosure</li> <li>• Business/financial performance</li> <li>• Disclosure on relevant information to shareholders</li> </ul>	<p>Refer to:</p> <ul style="list-style-type: none"> <li>▶ Section on Our Sustainability Approach (pg. 16)</li> <li>▶ Section on Economic Performance (pg. 33)</li> </ul>
<b>Employees</b>		
<ul style="list-style-type: none"> <li>• Biennial employee engagement survey</li> <li>• Robust compensation and benefits framework</li> <li>• Annual CEO town hall/roadshow</li> <li>• Annual gatherings</li> <li>• Lunch talks</li> <li>• Exercise classes</li> <li>• Sports tournament</li> <li>• Communique, iConnect (intranet), F&amp;N Digest (biannual newsletter), email news highlights, quarterly CEO messages</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement with employees</li> <li>• Learning &amp; development opportunities</li> <li>• Equitable rewards &amp; recognition</li> <li>• Safe and healthy work environment</li> </ul>	<p>Refer to:</p> <ul style="list-style-type: none"> <li>▶ Section on Economic Performance (pg. 33)</li> <li>▶ Section on Talent Management (pg. 38)</li> <li>▶ Section on Market Presence (pg. 47)</li> <li>▶ Section on Occupational Health and Safety (pg. 78)</li> </ul>
<b>Distributors and Trade Customers</b>		
<ul style="list-style-type: none"> <li>• Annual customer meetings</li> <li>• Annual factory visits</li> <li>• Annual business planning</li> <li>• Business development activities</li> <li>• Joint supply chain meetings</li> <li>• Quarterly business reviews</li> <li>• Customer appreciation events</li> </ul>	<ul style="list-style-type: none"> <li>• Latest consumer &amp; shopper trends</li> <li>• Product innovation</li> <li>• Customer relationship management</li> <li>• Shopper loyalty programmes</li> <li>• Improving customer service level</li> <li>• Business practices &amp; ethics</li> <li>• Competitive operational system</li> <li>• Efficient delivery systems</li> </ul>	<p>Refer to:</p> <ul style="list-style-type: none"> <li>▶ Section on Innovation (pg. 34)</li> <li>▶ Section on Consumer Health and Safety (pg. 83)</li> </ul>
<b>Consumers</b>		
<ul style="list-style-type: none"> <li>• Marketing &amp; sales promotions</li> <li>• Brand communication through advertising</li> <li>• Social media interactions</li> <li>• On-ground events &amp; activities</li> <li>• Dedicated consumer hotline</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality &amp; safety</li> <li>• Consumer health and safety</li> <li>• Fair &amp; reasonable product pricing</li> <li>• Social &amp; community engagement</li> <li>• Environment-friendly packaging</li> </ul>	<p>Refer to:</p> <ul style="list-style-type: none"> <li>▶ Section on Innovation (pg. 34)</li> <li>▶ Section on Consumer Health and Safety (pg. 83)</li> <li>▶ Section on Product and Service Labelling (pg. 89)</li> </ul>
<b>Suppliers</b>		
<ul style="list-style-type: none"> <li>• Supplier meetings</li> <li>• Annual audits</li> <li>• Tender Management System</li> </ul>	<ul style="list-style-type: none"> <li>• Fair &amp; robust procurement system</li> <li>• Support of local businesses</li> <li>• Social &amp; environmental responsibility</li> <li>• Ethics – anti bribery and corruption</li> </ul>	<p>Refer to:</p> <ul style="list-style-type: none"> <li>▶ Section on Sustainable Sourcing (pg. 74)</li> </ul>

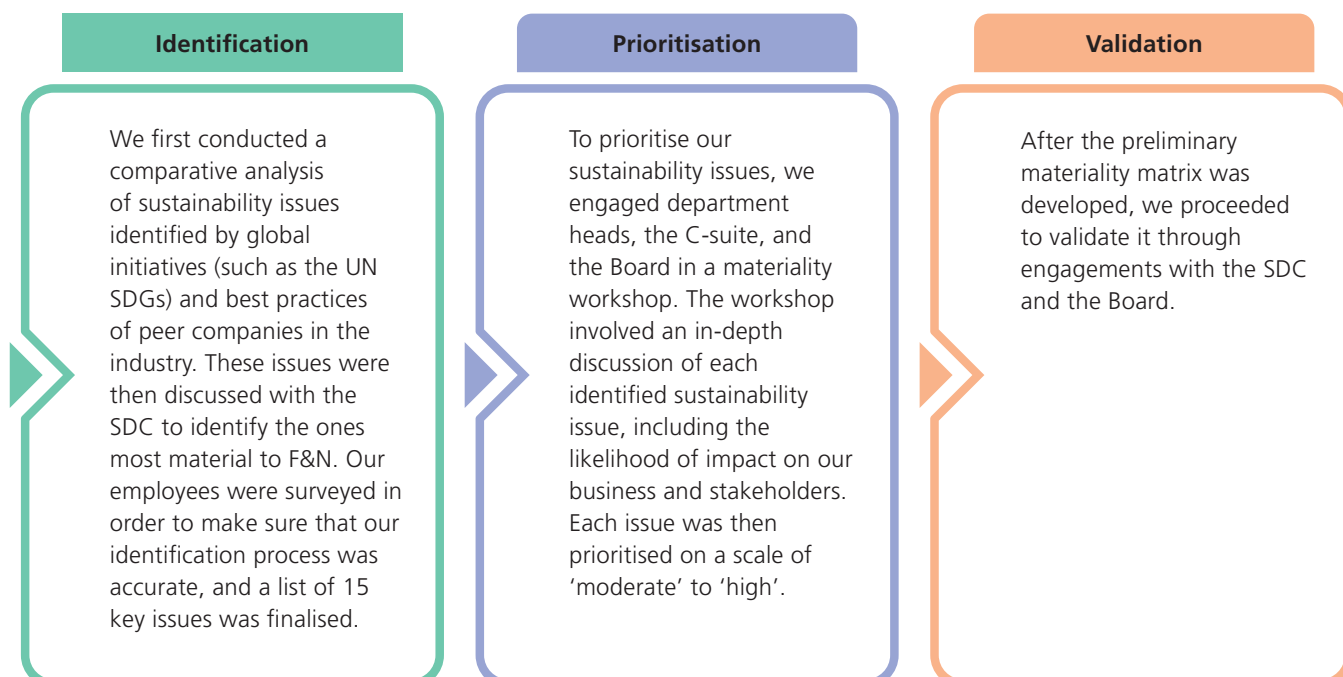
## Our Sustainability Approach

Engagement Channels	Typical Issues Raised	F&N Actions
<b>Communities</b>		
<ul style="list-style-type: none"> <li>• Collaborations &amp; partnerships</li> <li>• Outreach programmes</li> <li>• Meetings/dialogues with community representatives</li> <li>• Leadership programmes</li> <li>• Sponsorship of sporting events</li> <li>• Donation of food and beverages to the less privileged and elderly</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer health and safety</li> <li>• Social &amp; environmental responsibility</li> <li>• Greenhouse gas emissions</li> <li>• Job opportunities for locals</li> <li>• Promotion of good health &amp; quality of life</li> <li>• Skills development in sports &amp; leadership</li> <li>• Stimulating local economies</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>▶ Section on Consumer Health and Safety (pg. 83)</li> <li>▶ Section on Product and Service Labelling (pg. 89)</li> <li>▶ Section on Creating Value for Society (pg. 48)</li> <li>▶ Section on Market Presence (pg. 47)</li> <li>▶ Section on Water Stewardship (pg. 59)</li> <li>▶ Section on Effluents and Waste (pg. 62)</li> <li>▶ Section on Packaging (pg. 65)</li> <li>▶ Section on Energy and Climate Change (pg. 69)</li> <li>▶ Section on Talent Management (pg. 38)</li> </ul>
<b>Regulators</b>		
<ul style="list-style-type: none"> <li>• Active participation on industry collaborations e.g. Singapore's Health Promotion Board; Federation of Malaysian Manufacturers</li> <li>• Meetings with government agencies and statutory bodies</li> <li>• Collaboration &amp; partnerships with local councils</li> </ul>	<ul style="list-style-type: none"> <li>• Good governance</li> <li>• Fair &amp; legal labour practices</li> <li>• Safety at work</li> <li>• Compliance with laws &amp; regulations</li> <li>• Water &amp; waste management</li> <li>• Environment friendly labelling &amp; packaging</li> <li>• Greenhouse gas emissions</li> <li>• Recycling awareness</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>▶ Section on Our Sustainability Approach (pg. 16)</li> <li>▶ Section on Consumer Health and Safety (pg. 83)</li> <li>▶ Section on Product and Service Labelling (pg. 89)</li> <li>▶ Section on Water Stewardship (pg. 59)</li> <li>▶ Section on Effluents &amp; Waste (pg. 62)</li> <li>▶ Section on Packaging (pg. 65)</li> <li>▶ Section on Energy &amp; Climate Change (pg. 69)</li> <li>▶ Section on Occupational Health and Safety (pg. 78)</li> </ul>

### MATERIAL MATTERS

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

#### Materiality Assessment Process

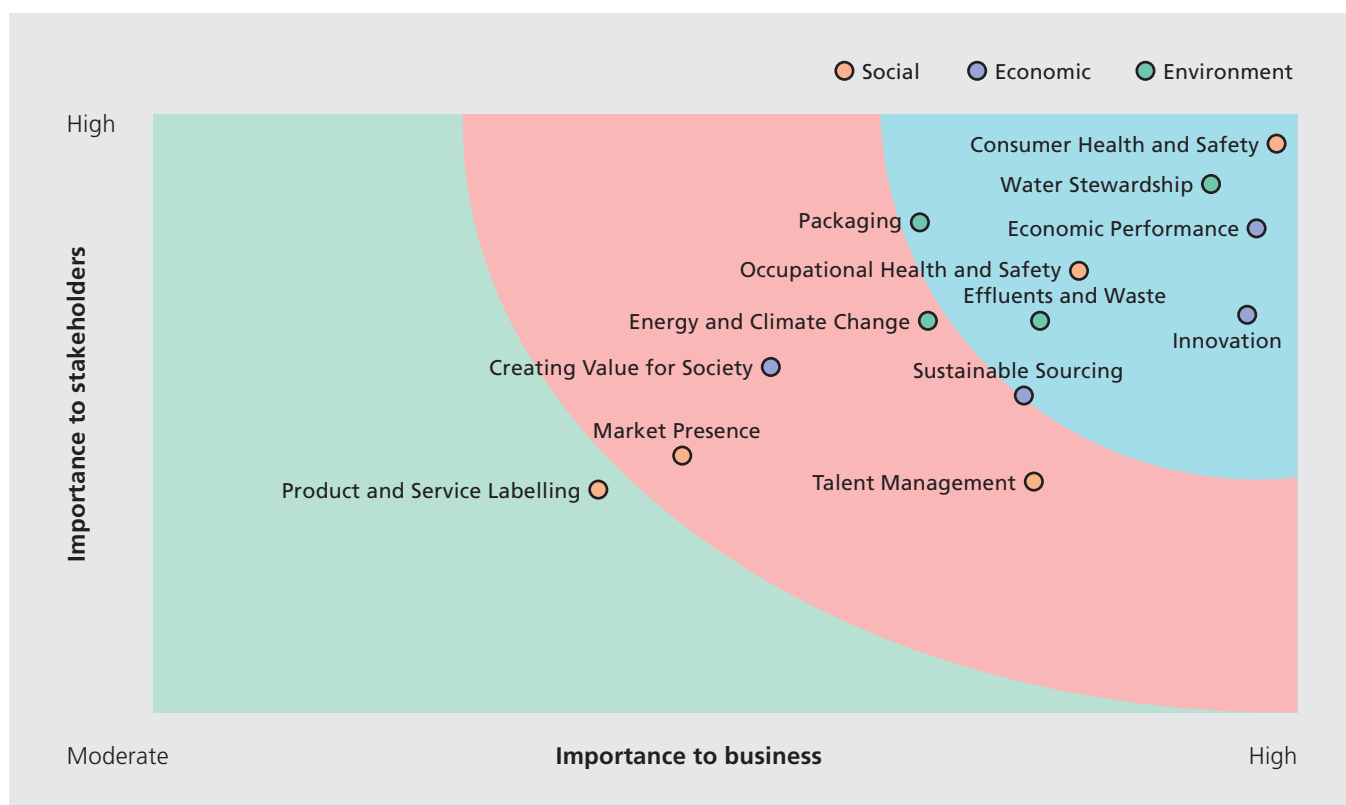


### FY2020 Materiality Matrix

Since the initial materiality assessment conducted in 2017, F&N has continued to review and refine, where necessary, the materiality topics yearly. There were no changes to the 13 material topics from 2019. The materiality topics can be seen in the FY2020 materiality matrix below.

Our most significant material topic 'Consumer Health and Safety' is extremely relevant this year amidst the COVID-19 pandemic as communities are becoming increasingly aware of the importance of their health and hygiene. 'Economic Performance' is vital as we continue to balance our

contributions to frontliners and people in need with our financial performance. 'Occupational Health and Safety' is also receiving more focus in light of the COVID-19 pandemic as we take steps to keep our employees safe.












We endeavour to comprehensively disclose our growth strategies and measures to address the opportunities and risks affecting our operating environment. These matters have also been identified as significant to our stakeholders and have the potential to impact our delivery of value in the short, medium and long-term. To fairly and sufficiently discuss our material matters and the performance targets to which we have committed ourselves, we need to clearly define what each of these sustainability topics mean to the Group.































The material issues have been mapped following the structure of the six pillars of our Sustainability framework and the UN SDGs they contribute to. Through this framework, we align our business and sustainability goals with a sharper focus on how we create value for each material issue as well as our contribution towards the UN SDGs, particularly towards Goal 3; Goal 4; Goal 6; Goal 8; Goal 9; Goal 10; Goal 12; Goal 13; Goal 14.





## Our Sustainability Approach

Material Topic	Importance to F&N's Stakeholders and Business	Main Sustainable Development Goals	Main Boundaries						
			Employees	Suppliers	Customers	Consumers	Investment Community	Communities	Regulators
Driving Economic Value									
Economic Performance	We are committed to creating direct economic value for our shareholders through the generation of profits and for our employees through stable and rewarding employment.  GRI 201-1 Economic Performance		<div></div>	<div></div>	<div></div>		<div></div>		
Innovation	We invest in product and process innovation to increase our product range and improve efficiency and productivity. Innovation is critical not only for long-term business success but also in response to growing concern about social and environmental issues.		<div></div>		<div></div>	<div></div>	<div></div>		
Empowering Our People									
Talent Management	We recruit the best talent, train them, and keep them motivated via career development goals and reviews.  GRI 401-1, 401-2 Employment; GRI 404-1, 404-2 Training and Education GRI 405-1 Diversity and Equal Opportunity	 	<div></div>					<div></div>	<div></div>
Market Presence	We contribute to the economic development of the local communities in which we operate by hiring locally and providing our employees attractive salaries and comprehensive benefit packages.  GRI 202-2 Market Presence		<div></div>					<div></div>	
Enhancing Social Well-being									
Creating Value for Society	We strive to create a positive impact on local communities through social development projects focused on: strengthening vulnerable groups with education and basic needs; supporting sports and active lifestyles; promoting environmental consciousness; and spreading festive cheer.  GRI 413-1 Local Communities	   	<div></div>					<div></div>	<div></div>

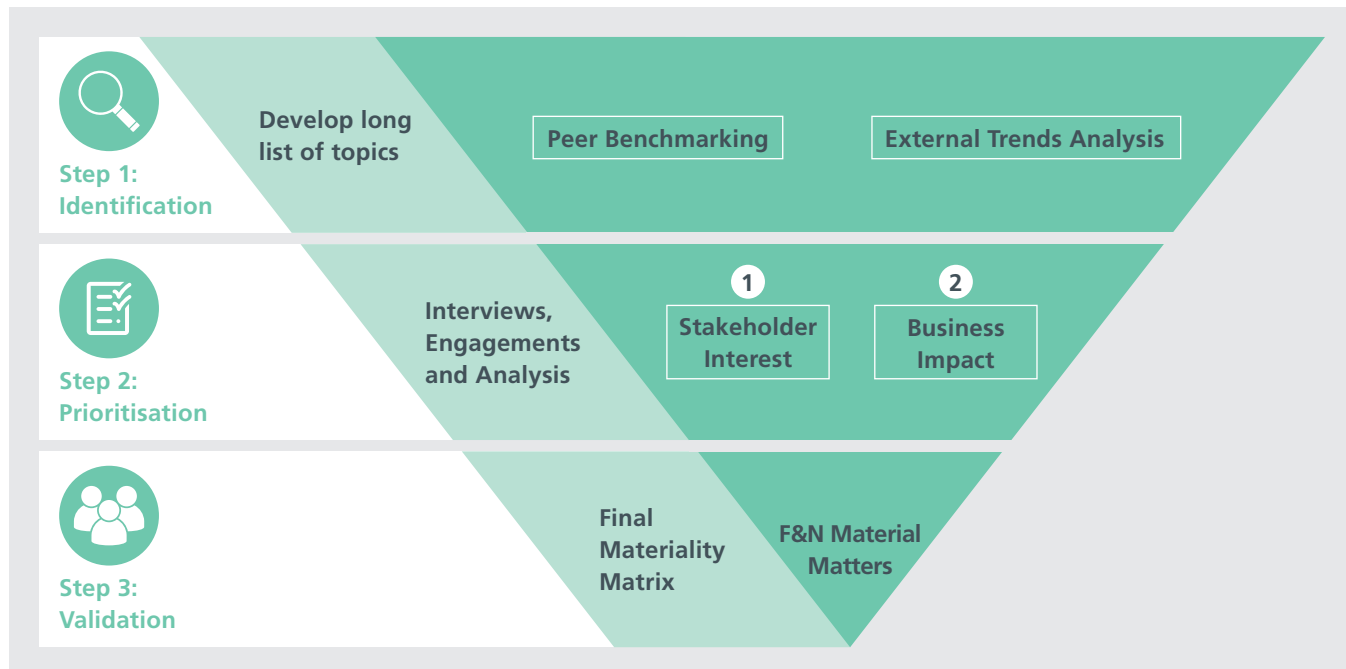


Material Topic	Importance to F&N's Stakeholders and Business	Main Sustainable Development Goals	Main Boundaries						
			Employees	Suppliers	Customers	Consumers	Investment Community	Communities	Regulators
Eco-efficiency									
Water Stewardship	We seek to use water efficiently across the value chain and employ water resource risk management to ensure that our activities do not threaten water resources in the long-term for both our own operations and our local communities.  GRI 303-3, 303-5 (2018) Water and Effluents								
Effluents and Waste	We comply with international and national standards in effluents and waste management. These include actions to minimise waste in the production process.  GRI 303-4 (2018) Water and Effluents; GRI 306-2 Effluents and Waste	  							
Packaging	We use innovative packaging to meet consumers' demand and seek out innovative processes to reduce post-consumption waste.								
Energy and Climate Change	We curb our contribution to climate change by managing the GHG emissions from our production processes and transport. This includes creating greater energy efficiencies in our operations and using as much renewable energy when possible.  GRI 302-1, 302-3 Energy GRI 305-1, 305-2, 305-4 Emissions	 							
Responsible Supply Chain									
Sustainable Sourcing	We promote sustainable and responsible procurement and sourcing via a risk management and supplier selection that is integrated with ESG factors, as well as a focus towards local sourcing to contribute to local economic development when possible.  GRI 204-1 Procurement Practices	 							

## Our Sustainability Approach

Material Topic	Importance to F&N's Stakeholders and Business	Main Sustainable Development Goals	Main Boundaries						
			Employees	Suppliers	Customers	Consumers	Investment Community	Communities	Regulators
Safety and Well-being									
Occupational Health and Safety	<p>Our health and safety management plan complies with relevant laws and regulations. It is supported by appropriate policies and programmes to safeguard the health and safety of our people at all times.</p> <p><i>GRI 403-9, 403-10 (2018) Occupational Health and Safety</i></p>	<div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></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## Updating Our Material Issues



### 1. Identification

We conducted a materiality assessment in March this year with the support of an independent consultant. An initial list of 50 ESG topics were identified. It was narrowed down to 18 material ESG topics through peer benchmarking and external trends analysis.

### 2. Prioritisation

To prioritise the 18 material ESG topics, we sought input from both internal and external stakeholders through

- Engaging 16 external stakeholders from across our stakeholder groups. The interviews with the stakeholders were conducted through audio calls using Microsoft Teams, and they were sent a questionnaire beforehand. One of the questions in the questionnaire requested the stakeholders to select from the list of 18 material topics and rank the material topics according to how important they felt it should be for F&N.
- Conducting two internal materiality assessment executive workshops, one in Singapore and one in Malaysia, with over 50 participants from senior management. One of the activities tasked the attendees to select from the list of 18 material topics and rank the material topics based on how important its impact would be on F&N.

- Carrying out an employee survey which had over 950 responses from across the Group. One of the questions in the survey gave our employees the choice to indicate which amongst the list of 18 material topics they felt were more important to F&N and to rank those material topics accordingly in terms of importance.

The feedback received from the internal and external stakeholders was consolidated and used in the overall ranking of the 18 material ESG topics to determine our key material ESG topics. They were plotted in a matrix based on their importance to stakeholders (external) and to F&N's business (internal).

### 3. Validation

The 2021 materiality matrix and 2025 sustainability targets were endorsed by the SDC in August 2020 and approved by the SRMC in September 2020. Detailed information on them will be disclosed in the F&N Sustainability Report 2021.

This process enabled us to refresh our materiality matrix for FY2021 and set medium term 2025 sustainability targets, especially for our 'high' materiality issues.

## Circular Economy

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

- Prioritising renewable inputs
- Keeping products and materials in use
- Recovering by-products and waste.

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

- **Innovation:** We creatively design new solutions for products and processes which contribute to resource efficiency and the prevention of waste. F&N built a new innovation centre in Singapore for R&D focusing on health and sustainability. Other than packaging, the innovation centre will also look into water efficiencies, energy conservation, environmental programs and waste management with Singapore's BCA Green Mark Platinum award as the target.

➤ Refer to page 34 for more information.

- **Water Stewardship:** We manage water use and recover and reuse water where possible. In Singapore, as our soya process is one of the more water intensive processes, we evaluated our soya activities and implemented operational changes. Compared to 2019, water usage in 2020 was reduced by 42%.

➤ Refer to page 59 for more information.

- **Effluents and Waste:** We minimise waste (in production and post-consumption) and help to create by-products from the residual liquid and solid waste. We are proud to announce that we have significantly exceeded our 2020 target to reduce solid waste intensity by 5%.

➤ Specific initiatives are elaborated in page 62.

- **Packaging:** We reduce raw materials needed and aim to ensure that packaging can be recycled, reused or composted. F&N proactively innovates, develop and source sustainable packaging solutions for our products. We have implemented various packaging solutions in 2019 and are on track to meet our goal to have 100% of F&N's beverage packaging to be recyclable by 2021.

➤ Refer to page 65 for more information.

- **Energy and Climate Change:**

We reduce our energy needs, use renewable and/or recover energy from our operations. Our energy and climate change strategy includes: improving energy efficiency in our operations, renewable energy sourcing and generation, reducing carbon in our value chain, route planning and reducing operations exposure to climate change risks.

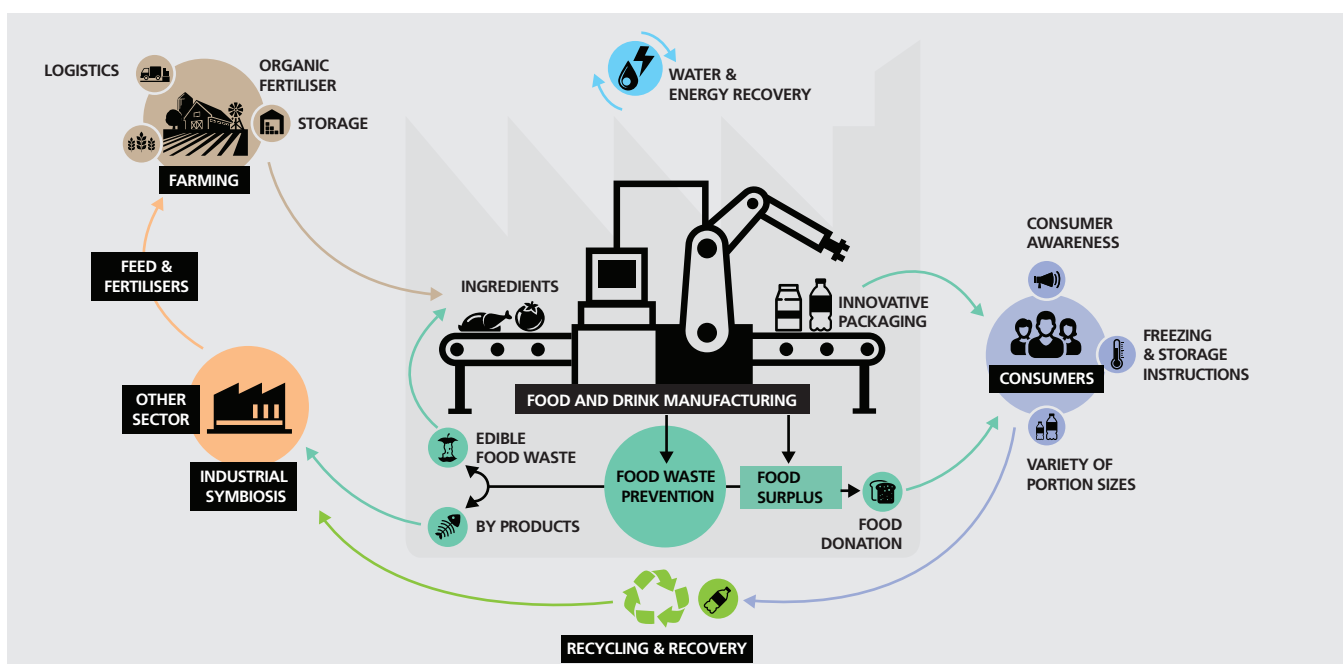
➤ Refer to page 69 for more information.

- **Sustainable Sourcing:** We favour suppliers whose environmental practices adhere to circular economy principles. In June 2020, we have launched a new Supplier Code of Practice which covers Business Ethics, Environmental Management, Human Rights and Occupational Health and Safety.

➤ Refer to page 74 for more information.

- **Creating Value for Society:** Beyond the company, F&N raises awareness of circular economy and good waste management practices through conducting education programmes for students in Malaysia and Thailand.

➤ Refer to page 48 for more information.





## Response to COVID-19

### IMPACT OF COVID-19 FOR OUR BUSINESS AND STAKEHOLDERS

In 2020, the unprecedented situation caused by the COVID-19 pandemic had significant impacts on people and businesses around the world. It has reinforced the materiality of environmental and social topics by showing just how connected we are as a global society and how sustainability risks can very quickly create an impact across the economic system. COVID-19 highlights the importance of our Economic and Social material issues including Consumer Health and Safety, Occupational Health and Safety, Sustainable Sourcing, Creating Value for Society, and Innovation.

Our commitment to addressing sustainability through our material issues helps to ensure the resilience of our business and stakeholders to external shocks such as COVID-19.

### F&N COVID-19 RESPONSE AND LEARNINGS

F&N has reacted to the pandemic with a focus on the following material topics:

#### Economic Performance:

Business continuity to deliver stakeholder value

During 2020, F&N aimed to maintain a resilient economic performance in the face of external shocks to continue to deliver value for all stakeholders. For example, in Malaysia, we worked to maximise output despite reduced production hours and workforce during the MCO period.

▶ More information can be found in the 'Economic Performance' chapter (page 33) of this report.

#### Governance & Risk Management:

Structures and plans to manage systemic shocks

COVID-19 reinforces the importance of integrating non-financial risks into

our risk management processes. This helps to prepare for possible future impacts of social and environmental shocks. F&N cannot control external factors (pandemics, climate change) but can make preparations internally to ensure business continuity.

During the COVID-19 pandemic, stakeholder engagement was critical for F&N to address key challenges and ensure business continuity. For example, F&NHB maintained ongoing dialogues with regulators, through the government and industry affairs department, to ensure operations and workforce were compliant with regulations, permits and screening mechanisms. This ensured that operations avoided unnecessary delays and disruptions.

▶ More information can be found in the 'Our Sustainability Approach' chapter (page 16) of this report.



## Response to COVID-19

### Occupational Health & Safety:

Ensuring the well-being of our employees is our first priority

Despite limitations and difficulties due to COVID-19, F&N has not compromised our ongoing safety related trainings. In 2020, we continued to conduct annual safety trainings and awareness sessions using virtual formats, as well as new training on COVID-related risks. Throughout the pandemic, we have communicated regularly with employees regarding the changing government requirements and business response. This includes best practices in personal hygiene and social distancing as well as up to date health and travel advice.

▶ More information can be found in the 'Occupational Health and Safety' chapter (page 78) of this report.

### Talent Management:

COVID-19 has accelerated the pace of our transition to the Future of Work

F&N equips employees with skills to succeed in the 'new normal'. Training and resources are available to enable employees with the skills to perform effectively in a remote working environment with focus areas such as self-management, communication with different generations and cultures, virtual people management and team-working. We expedite employees for the shift in future technology by providing training in Cyber Security, Industry 4.0, Data Analytics and Introduction to Robotic Process Automation as well as setting up digital platforms for specific functions. We have also updated our leadership development programs to focus on leading change in an uncertain world.

▶ More information can be found in the 'Talent Management' chapter (page 38) of this report.

### Consumer Health & Safety:

Reinforcing our commitment to healthy products and lifestyles

F&N continues to increase our offering of Healthier Choice products. Our product development team responded to consumer demands for healthy, immune building products. F&N has launched healthy drinks to boost the immune system such as *SUNKIST Pure*, which contains multivitamins to strengthen immunity, *F&N NUTRISOY Fresh Soya Milk with Real Oats & Quinoa*, which contains more protein and calcium as compared to other soya bean drinks, *F&N ICE MOUNTAIN Sparkling Water in Peach Flavour*, which has zero sugar and zero calories, and *OYOSHI GOLD* which includes antioxidants.

F&N implemented wider activities to encourage a healthy lifestyle during lockdown. In Thailand, F&N helped consumers stay fit and healthy during COVID-19 by sharing healthy cooking tips and recipes using social media platforms, including information on keeping a healthy diet during lockdown. In Malaysia and Singapore, F&N conducted virtual fitness challenges and organised workout sessions with athletes and influencers for consumers to participate in.

▶ More information can be found in the 'Consumer Health and Safety' chapter (page 83) of this report.

### Innovation:

Supporting consumer needs during the pandemic

At the same time, consumers are looking for quick and easy products to support new patterns of living and working. F&NHB strengthened its e-commerce presence with the launch of a flagship online store, *F&N Life*, to offer convenience and accessibility to Malaysian consumers. This platform

was rolled out in January and scaled up to support Malaysians during the COVID-19 pandemic. This provided an easier platform for consumers to bulk order their favourite F&N products at competitive prices and have them delivered to their homes.

▶ More information can be found in the 'Innovation' chapter (page 34) of this report.

### Sustainable Sourcing:

Partnering to ensure supply chain resilience and avoid disruption

We work closely with our trade partners and suppliers to ensure minimal disruption during this period. We are committed to supporting our customers, trade partners and communities with adequate supply of core F&N products amidst this uncertain period. F&N recognises the need to replace conventional business continuity planning with new ways of collaboration with suppliers and customers to continue ensuring availability of stocks.

▶ More information can be found in the 'Sustainable Sourcing' chapter (page 74) of this report.

### Creating Value for Society:

Supporting local communities through the COVID-19 pandemic

F&N supported national efforts through product donations for vulnerable groups including elderly people, low-income families, healthcare workers and migrant workers in Singapore, Malaysia and Thailand.

▶ More information can be found in the 'Creating Value for Society' chapter (page 48) of this report.

## Sustainability Target and Progress Summary

### SUMMARY

As part of F&N's commitment to sustainability, F&N had set 10 key sustainability performance targets for the F&N Group's material operations across Singapore, Malaysia and Thailand, based on the high priority material issues identified, to be achieved by 2020.

Guided by these targets, this year, we have evaluated our performance against the 2020 Sustainability Commitment Targets.

We have met five of our key sustainability targets relating to the following material topics:

- Effluents and Waste** – Reduce solid waste intensity by 5% by 2020
- Talent Management** – Average of 16 and 10 training hours for Executive and Non-executive employees respectively
- Sustainable Sourcing** – Purchase of RSPO Credits for 100% of annual palm oil usage
- Innovation** – Continuously invest in product and process innovation
- Creating Value for Society** – Continuously provide outreach and engagement programs across Singapore, Malaysia and Thailand

The five key sustainability targets, that require further effort and adaptation due to the COVID-19 circumstances and operational changes, are associated with the following material topics:

- Reason: Due to operational changes and COVID-19 circumstances
  - Water Stewardship** – Reduce of water intensity by 5% by 2020
  - Energy and Climate Change** – Reduce energy intensity by 5% by 2020
  - Energy and Climate Change** – Reduce GHG emissions intensity by 5% by 2020

More details can be found on pages 59 and 69 of this report

- Reason: No healthier choice option for the "Energy" product category due to its specific function
  - Consumer Health and Safety** – Introduce at least one healthier choice option in all our product categories

More details can be found on page 83 of this report

- Reason: The ambitious target of zero LTIFR is set to reaffirm our stance of zero tolerance for workplace accidents

- Occupational Health and Safety** – To have zero LTIFR

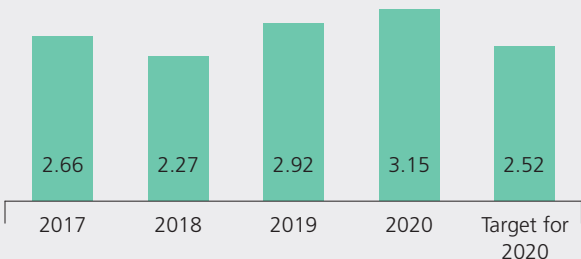
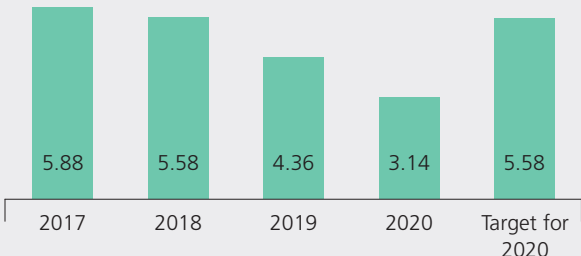
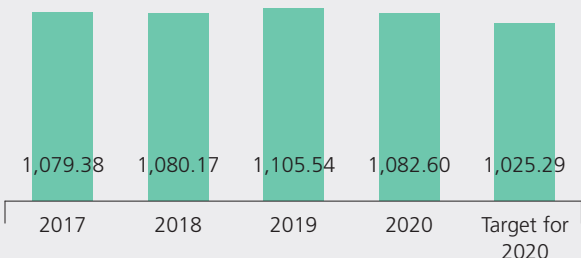
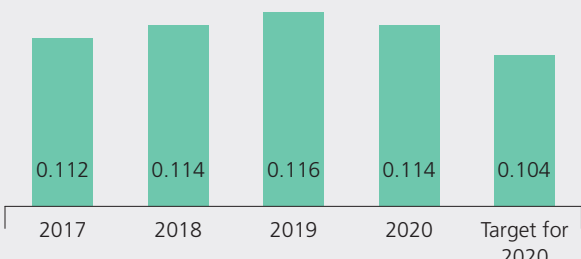
Key contributing factors supporting our performance and gaps are elaborated in the respective chapters of the Sustainability Report.

More details can be found on page 78 of this report

In 2021, F&N will embark on our journey towards our 2025 sustainability ambition. As part of a refreshed, robust materiality assessment and stakeholder engagement conducted this year, we have set medium term 2025 sustainability targets, especially for 'high' materiality issues. Changes from the latest materiality assessment and the 2025 sustainability targets will be reflected in next year's Sustainability Report. These 2025 goals will drive F&N sustainability performance throughout our business and strengthen our commitment to creating long-term value for our stakeholders.

Core Areas	Key Material Issues	2020 Sustainability Commitments	Progress																		
Driving Economic Value	Innovation	To invest in product and process innovation to increase our product range, and improve efficiency and productivity	We have implemented many innovation projects to improve our product range and improve efficiency and productivity, achieving our 2020 Sustainability Commitment Target																		
Empowering Our People	Talent Management	To provide an average of at least 16 and 10 hours of training to employee categories, Executive and Non-executive, respectively.	<p>Average training hours of 26.23 and 12.57 provided to Executives and Non-executives, respectively.</p> <p><b>Group Average Training Hour Per Employee By Employee Category</b></p> <table><thead><tr><th>Year/Target</th><th>Executive (Hours)</th><th>Non-executive (Hours)</th></tr></thead><tbody><tr><td>2017</td><td>21.56</td><td>8.39</td></tr><tr><td>2018</td><td>30.20</td><td>10.96</td></tr><tr><td>2019</td><td>29.97</td><td>11.39</td></tr><tr><td>2020</td><td>26.23</td><td>12.57</td></tr><tr><td>Target for 2020</td><td>27.00</td><td>13.00</td></tr></tbody></table>	Year/Target	Executive (Hours)	Non-executive (Hours)	2017	21.56	8.39	2018	30.20	10.96	2019	29.97	11.39	2020	26.23	12.57	Target for 2020	27.00	13.00
Year/Target	Executive (Hours)	Non-executive (Hours)																			
2017	21.56	8.39																			
2018	30.20	10.96																			
2019	29.97	11.39																			
2020	26.23	12.57																			
Target for 2020	27.00	13.00																			

## Sustainability Target and Progress Summary

Core Areas	Key Material Issues	2020 Sustainability Commitments	Progress												
Enhancing Social Well-being	Creating Value for Society	To provide outreach and engagement programmes across Singapore, Malaysia and Thailand by exploring and implementing appropriate outreach programmes to address community needs	We have continued to provide outreach and engagement programmes across Singapore, Malaysia and Thailand via several programmes, achieving our 2020 Sustainability Commitment Target												
Eco-efficiency	Water Stewardship	Reduce the Group water intensity at our plants by 5% from 2017	<p>The Group water intensity ratio is 3.15 m³/MT.</p> <p><b>Group Water Intensity Ratio (m³/MT)</b></p>  <table><thead><tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>Target for 2020</th></tr></thead><tbody><tr><td>Ratio (m³/MT)</td><td>2.66</td><td>2.27</td><td>2.92</td><td>3.15</td><td>2.52</td></tr></tbody></table>	Year	2017	2018	2019	2020	Target for 2020	Ratio (m³/MT)	2.66	2.27	2.92	3.15	2.52
Year	2017	2018	2019	2020	Target for 2020										
Ratio (m³/MT)	2.66	2.27	2.92	3.15	2.52										
	Effluents and Waste	Reduce the Group solid waste intensity by 5% from 2017	<p>The Group solid waste intensity ratio is 3.14 kg/MT.</p> <p><b>Group Solid Waste Intensity Ratio (kg/MT)</b></p>  <table><thead><tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>Target for 2020</th></tr></thead><tbody><tr><td>Ratio (kg/MT)</td><td>5.88</td><td>5.58</td><td>4.36</td><td>3.14</td><td>5.58</td></tr></tbody></table>	Year	2017	2018	2019	2020	Target for 2020	Ratio (kg/MT)	5.88	5.58	4.36	3.14	5.58
Year	2017	2018	2019	2020	Target for 2020										
Ratio (kg/MT)	5.88	5.58	4.36	3.14	5.58										
	Energy and Climate Change	To reduce the Group energy intensity by 5% from 2017	<p>The Group energy intensity ratio is 1,082.60 MJ/MT.</p> <p><b>Group Energy Intensity Ratio (MJ/MT)</b></p>  <table><thead><tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>Target for 2020</th></tr></thead><tbody><tr><td>Ratio (MJ/MT)</td><td>1,079.38</td><td>1,080.17</td><td>1,105.54</td><td>1,082.60</td><td>1,025.29</td></tr></tbody></table>	Year	2017	2018	2019	2020	Target for 2020	Ratio (MJ/MT)	1,079.38	1,080.17	1,105.54	1,082.60	1,025.29
Year	2017	2018	2019	2020	Target for 2020										
Ratio (MJ/MT)	1,079.38	1,080.17	1,105.54	1,082.60	1,025.29										
		To reduce the Group GHG emission intensity by 5% from 2017	<p>The Group GHG emissions intensity ratio is 0.114 MT CO<sub>2e</sub>/MT.</p> <p><b>Group GHG emissions Intensity Ratio (MT CO<sub>2e</sub>/MT)</b></p>  <table><thead><tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>Target for 2020</th></tr></thead><tbody><tr><td>Ratio (MT CO<sub>2e</sub>/MT)</td><td>0.112</td><td>0.114</td><td>0.116</td><td>0.114</td><td>0.104</td></tr></tbody></table>	Year	2017	2018	2019	2020	Target for 2020	Ratio (MT CO <sub>2e</sub> /MT)	0.112	0.114	0.116	0.114	0.104
Year	2017	2018	2019	2020	Target for 2020										
Ratio (MT CO <sub>2e</sub> /MT)	0.112	0.114	0.116	0.114	0.104										



Core Areas	Key Material Issues	2020 Sustainability Commitments	Progress																											
Responsible Supply Chain	Sustainable Sourcing	To purchase RSPO Credits for 100% of palm oil usage	RSPO Credits purchased for 100% of annual palm oil usage, thus achieving our 2020 Sustainability Commitment Target.																											
			<div>Total Number of RSPO Credits Purchased</div> <div><table><thead><tr><th>Year</th><th>Malaysia</th><th>Thailand</th><th>Total</th><th>Annual Palm Oil Usage (Credits)</th></tr></thead><tbody><tr><td>2017</td><td>3,000</td><td>50</td><td>3,050</td><td>30% of annual palm oil usage</td></tr><tr><td>2018</td><td>5,000</td><td>3,600</td><td>8,600</td><td>30% of annual palm oil usage</td></tr><tr><td>2019</td><td>13,000</td><td>8,400</td><td>21,400</td><td>70% of annual palm oil usage</td></tr><tr><td>2020</td><td>25,000</td><td>19,000</td><td>44,000</td><td>100% of annual palm oil usage</td></tr><tr><td>Target for 2020</td><td>25,000</td><td>19,000</td><td>44,000</td><td>100% of annual palm oil usage</td></tr></tbody></table></div>	Year	Malaysia	Thailand	Total	Annual Palm Oil Usage (Credits)	2017	3,000	50	3,050	30% of annual palm oil usage	2018	5,000	3,600	8,600	30% of annual palm oil usage	2019	13,000	8,400	21,400	70% of annual palm oil usage	2020	25,000	19,000	44,000	100% of annual palm oil usage	Target for 2020	25,000
Year	Malaysia	Thailand	Total	Annual Palm Oil Usage (Credits)																										
2017	3,000	50	3,050	30% of annual palm oil usage																										
2018	5,000	3,600	8,600	30% of annual palm oil usage																										
2019	13,000	8,400	21,400	70% of annual palm oil usage																										
2020	25,000	19,000	44,000	100% of annual palm oil usage																										
Target for 2020	25,000	19,000	44,000	100% of annual palm oil usage																										
Safety and Well-being	Occupational Health and Safety	To have zero LTIFR	The Group Lost Time Injury Frequency Rate is 3.79.																											
			<div>Group Lost Time Injury Frequency Rate (Reported Injury Cases/Million Working Hours)</div> <div><table><thead><tr><th>Year</th><th>LTIFR</th></tr></thead><tbody><tr><td>2017</td><td>2.95</td></tr><tr><td>2018</td><td>2.88</td></tr><tr><td>2019</td><td>2.58</td></tr><tr><td>2020</td><td>3.79</td></tr><tr><td>Target for 2020</td><td>0.00</td></tr></tbody></table></div>	Year	LTIFR	2017	2.95	2018	2.88	2019	2.58	2020	3.79	Target for 2020	0.00															
Year	LTIFR																													
2017	2.95																													
2018	2.88																													
2019	2.58																													
2020	3.79																													
Target for 2020	0.00																													
	Consumer Health and Safety	To introduce at least one healthier choice option in all our product categories	<div>We have healthier alternate products for 14 of the 15 (93%) product categories.</div> <div><div>CHILLED / PASTEURIZED</div><div><ul style="list-style-type: none"><li>Milk</li><li>Drinking/Eating Yogurt</li><li>Fruit Juice</li><li>Soya</li><li>Asian Soft Drinks</li></ul></div><div>All product categories have at least one healthier choice</div></div> <div><div>AMBIENT</div><div><ul style="list-style-type: none"><li>Isotonic</li><li>Water</li><li>Carbonated Soft Drinks</li><li>Tea</li><li>UHT &amp; Sterilised Milk</li><li>UHT Soya</li><li>Juice</li><li>Energy</li><li>Asian Soft Drinks</li><li>Frozen</li></ul></div><div>Product categories which do not have at least one healthier choice</div><div>1. Energy</div></div>																											



## Delivering Value Through Innovation, Human Capital Development and Social **Collaboration**



### Driving Economic Value

- Economic Performance
- Innovation

### Empowering Our People

- Talent Management
- Market Presence

### Enhancing Social Well-being

- Creating Value for Society

### Contributing to SDGs



## Driving Economic Value

### Economic Performance

GRI 201-1



F&N's business success is based upon long-term value creation for our stakeholders. We achieve this by maintaining leadership in our core markets, and by leveraging innovative technologies and employees' expertise to meet consumers' evolving demands and enter new markets. Our economic performance provides us with a firm foundation to continue delivering the products which our customers love.

Our Value Creation model is explained in detail on pages 14 - 15 of this report. F&N economic performance depends upon all six capitals (financial, manufactured, intellectual, human, social & relationship, and natural). Thus F&N's ability to create financial value is supported by our sustainability initiatives.

#### APPROACH

F&N generates economic value in a number of ways. Full information is included in our audited financial statements, as part of our FY2020 Annual Report:

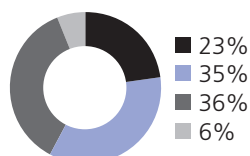
- ▶ Group Financial Highlights, pages 10-11
- ▶ Group Financial Statements, pages 84-189

During 2020, F&N maintained a resilient economic performance in the face of external shocks, to continue to deliver value for all stakeholders.

#### PERFORMANCE

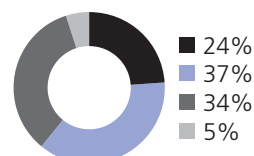
FY2020 Revenue

**\$1,834m**



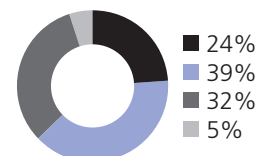
FY2019 Revenue

**\$1,902m**



FY2018 Revenue

**\$1,926m**



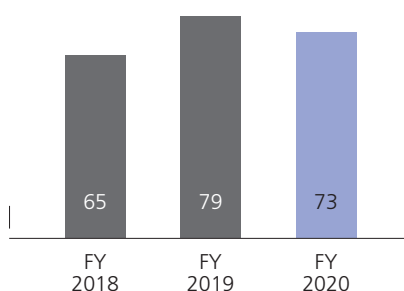
■ Singapore

■ Malaysia

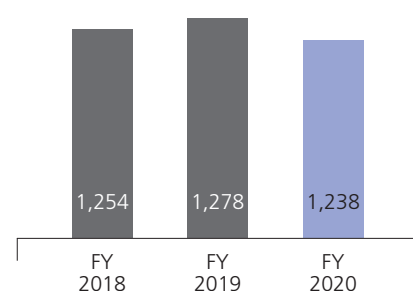
■ Thailand

■ Others

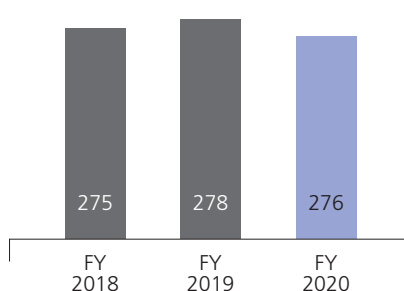
Dividend (\$M)



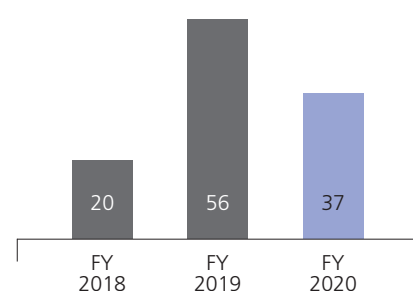
Cost of Sales (\$M)



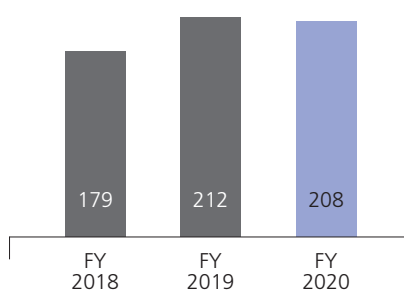
Employee Benefit Expenses<sup>2</sup> (\$M)



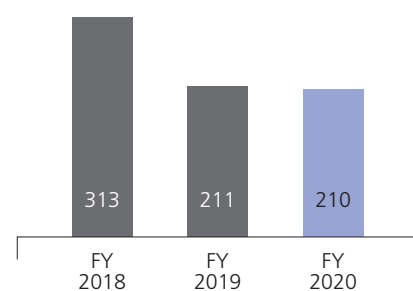
Taxation (\$M)



Profit After Tax (\$M)



Economic Value Retained<sup>1</sup> (\$M)



#### Notes:

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

## Driving Economic Value

### Innovation



#### 2020 Target

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

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

Over the past year, we launched new healthier choice products and more convenient packaging to meet the diverse needs of our customers. We have also been implementing employee-driven innovative manufacturing processes that increase productivity and improve environmental performance.

*Product Innovation:* Meeting consumer's evolving needs through product choice and availability

*Process Innovation:* Improving our operations to increase resource efficiency, reduce environmental impact and contribute to a circular economy

#### APPROACH

##### Our Innovative Framework

##### Priority Areas



Continuous improvement to deliver high-quality innovative beverage products to consumers.

More new products to expand our target consumer groups.

##### External Collaboration



Collaborate with authorities such as Singapore's Health Promotion Board, Singapore Food Agency ("SFA"), Ministry of Health ("MOH"), Federation of Malaysian Manufacturers and Thailand's Food and Drug Administration to adhere to food safety regulations and support national health priorities.

Collaborate with research institutes to access cutting-edge research and scientific studies to discern the efficacy of our products.

##### Innovation Culture



Develop products based on scientific research, consumer insights and tastes relevant to evolving Asian lifestyles.

Constantly refine our products to meet the changing needs of consumers and ensure consistent delivery of good taste and the right nutritional values.

Our Research & Development (“**R&D**”) Unit in Singapore is supported by teams in Malaysia and Thailand. The unit leads

efforts for continuous improvements to our product formulas according to changes in consumer preferences and the

regulatory environment, while searching for ways to improve products’ functional benefits and shelf-life.

#### The goals of R&D at F&N are guided by the following five principles

##### **Innovation & creation**

of products and packaging based on sensory science (a scientific method of measuring and interpreting consumers’ response to prototypes/products based on the senses of taste, smell and touch).

##### **Scientific advances**

for application in our processes and products.

##### **Technical developments**

that support quality improvement and cost optimisation.

##### **Regulatory compliance**

of our local and export business.

##### **Quality products**

that meet food safety standards.

## PERFORMANCE

### **Consumer-Focused Product Innovation**

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

We draw upon local knowledge to develop products that our consumers love. We launched several new products during FY2020, with each one undergoing comprehensive tests, before they even reach the shelves, to ensure that they are safe for our consumers and of the desired quality.

## PROCESS INNOVATION

### **1. Proof of Delivery Solutions in Thailand**

We have implemented a “Proof of Delivery” solution where transportation activities are monitored in real time through a tracking system. This solution provides real-time visibility and traceability of goods along with instant and pro-active communications with our customers.

### **2. Launch of F&N Life, flagship online store**

F&NHB has strengthened its e-commerce presence with the launch of its flagship online store, F&N Life, to offer greater convenience, accessibility and value to Malaysian consumers. The platform was rolled out in January and was scaled up to support Malaysians during COVID-19.



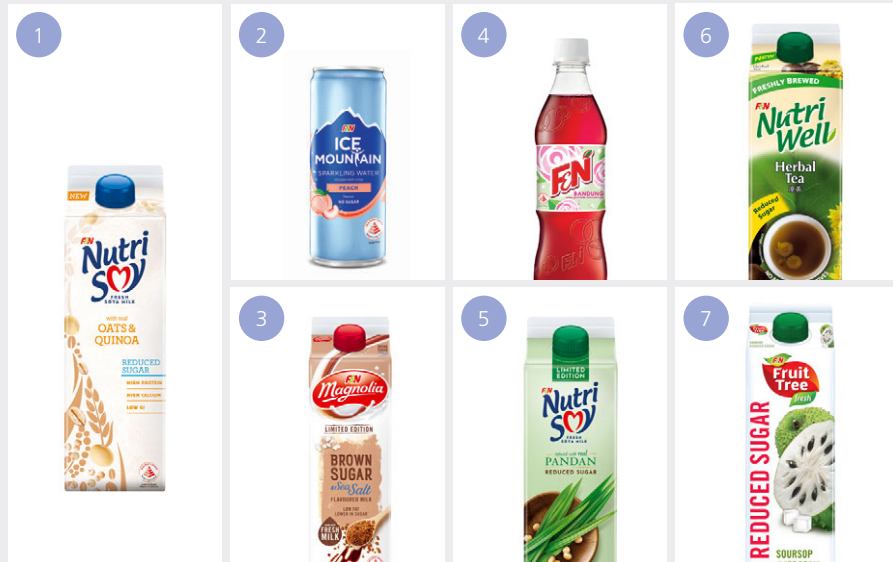


## Driving Economic Value

### New products launched in Singapore, Malaysia and Thailand in FY2020

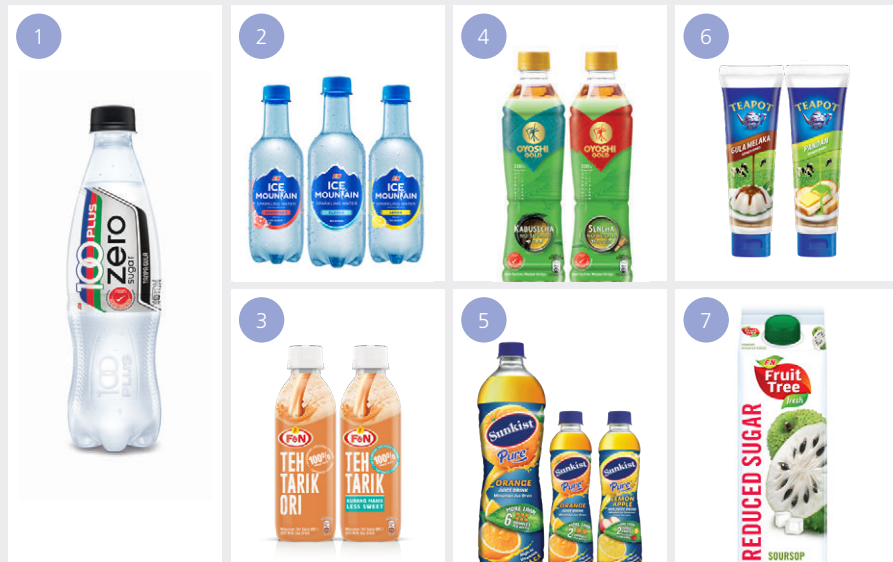
#### Singapore:

1. F&N NUTRISOY Fresh Soya Milk with Real Oats & Quinoa
2. F&N ICE MOUNTAIN Sparkling Water Peach
3. F&N MAGNOLIA Brown Sugar and Sea Salt Flavoured Milk (Limited Edition)
4. F&N Sparkling Bandung (Limited Edition)
5. F&N NUTRISOY Fresh Soya Milk with Pandan (Limited Edition)
6. F&N NUTRIWELL Herbal Tea
7. F&N FRUIT TREE FRESH Reduced Sugar Soursop Juice Drink



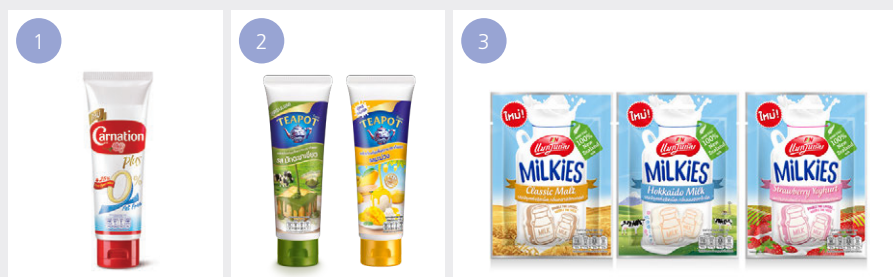
#### Malaysia:

1. 100PLUS Zero
2. F&N ICE MOUNTAIN Sparkling Water – Original, Lemon and Grapefruit
3. F&N Teh Tarik – Ori and Less Sugar
4. No Sugar OYOSHI GOLD Kabusecha, No Sugar OYOSHI GOLD Sencha
5. SUNKIST Pure – Orange and Lemon Apple
6. TEAPOT Squeeze Tube – Gula Melaka & Pandan
7. F&N FRUIT TREE FRESH Reduced Sugar Soursop with Nata De Coco



#### Thailand:

1. CARNATION 0% Fat Condensed Milk
2. TEAPOT Squeeze Tube – Matcha, Mango
3. F&N MAGNOLIA Milkies Tablet – Classic Malt, Hokkaido Milk, Strawberry Yogurt





In Malaysia, consumers are shifting to purchase from digital platforms. The launch of F&N's first e-commerce site provides an easier platform for consumers to bulk order their favourite F&N products at competitive prices for delivery to their homes. Besides catering to consumers' convenience, F&N Life also offers product details, nutrition values, recipes and loyalty programmes. There are close to 250 products available on the F&N Life platform. The F&N Life mobile app can be found on both Google Play Store and Apple's App Store or at [www.fnlife.com.my](http://www.fnlife.com.my).

F&N is also partnering with mobile payment providers to provide greater convenience for consumers. F&NHB partnered with the largest e-Wallet payment provider in Malaysia, Touch 'n Go eWallet, to offer cashback for money spent on F&N Life. F&NHB also collaborates with the digital merchant platform, Fave, to offer exclusive new products and trial packs to consumers.

### 3. Employee-driven innovation – Excel as One Convention

Employees of F&NDT have once again promoted continuous improvements in productivity, quality, cost, delivery, safety, ethics and environment by developing innovative cost-saving initiatives at the F&NDT WCM Excel As One Convention 2020 held on 17th September 2020. This convention has successfully achieved average cost savings of about THB30 million (SGD1.8 million) annually thus far.

Themed 'Sport to Build Immunity Fighting COVID-19', F&NDT encourages and motivates employees to come up with continuous improvement and innovation projects which would help strengthen staff's immune systems during the COVID-19 pandemic.

The activities cover more than a thousand relevant topics where employees were able to showcase their projects through exhibition boards and models. Their learnings and knowledge were then shared to improve the company's manufacturing operation.

### 4. F&NDT's new Regional Distribution Centre ("RDC") to optimise operational efficiency

This year, F&NDT invested in a new RDC in Rojana, Ayutthaya province, Thailand. The RDC is equipped with a RM40 million (SGD13.2 million) automated storage and retrieval system. Strategically located 1.7km from F&NDT's manufacturing plant in Rojana, Ayutthaya province, the 20,000 square metres RDC is expected to be operational in 2021. This RDC will serve as the regional distribution hub for F&NDT products.

Apart from optimising and reducing operational costs, and meeting storage capacity demand with smaller space requirement, the Automated Storage and Retrieval System ("ASRS") enables centralised inventory which will enhance stock management accuracy. Additionally, the ASRS will create a fully integrated distribution centre with an enterprise resource planning system and efficient information flow. We will also be installing the same ASRS in F&NHB's new warehouse in Shah Alam, which is expected to be operational in 2021.

## Empowering Our People

### Talent Management

GRI 401-1; GRI 401-2; GRI 404-1;  
GRI 404-2; GRI 405-1



#### 2020 Target

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

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

In this chapter, we describe the core elements of our Talent Management strategy, which is driven by our Human Capital Roadmap 2025 and 7 Modules for Strategic Human Capital Transformation.

This section also describes F&N's acceleration in our transition to the Future of Work, in light of the

unprecedented situation and impacts on our people and activities caused by the COVID-19 pandemic.

#### APPROACH

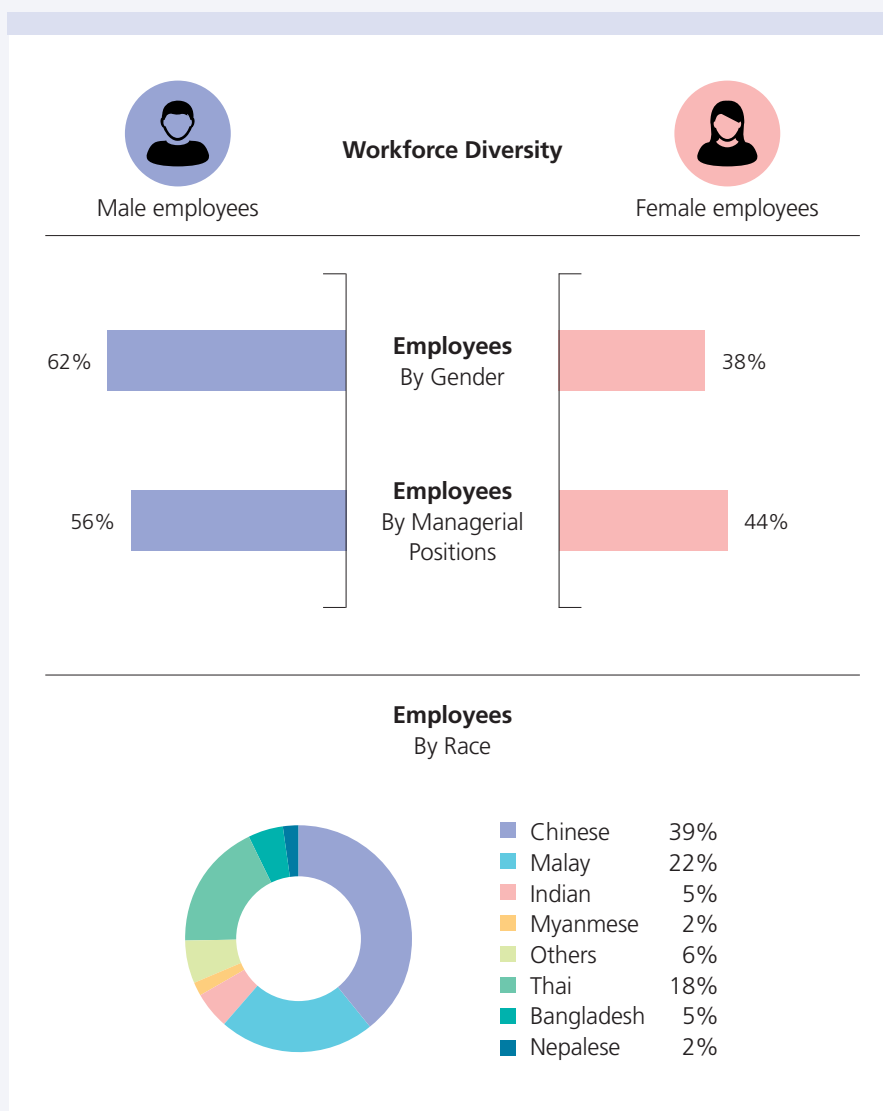
We recognise the importance of diversity in terms of cultural background, age and gender, in order to enrich the workplace with fresh perspectives that will enable us to meet our business objectives.

F&N strives to offer equal opportunities for all regardless of an individual's race, gender, religion and any other attributes unrelated to employment expectations. We comply strictly with prevailing legislation on employment rights in our countries of operation, including no hiring of minors. In Singapore,

F&N employs staff beyond the statutory retirement age of 62, providing employment to older individuals.

While 38% of all employees in F&N are female, our positive approach to gender equity can be seen from the female representation at managerial levels, where 44% of managerial positions are held by female employees.

As of 30 Sep 2020, F&N has over 7,700 employees. Most employees work full-time, and about 13% of all hires are working under temporary contracts. About 25% of all F&N employees have been with the company for over a decade, and the employee turnover rate sits at about 36% this year.





## Human Resource ("HR") Excellence Awards 2019

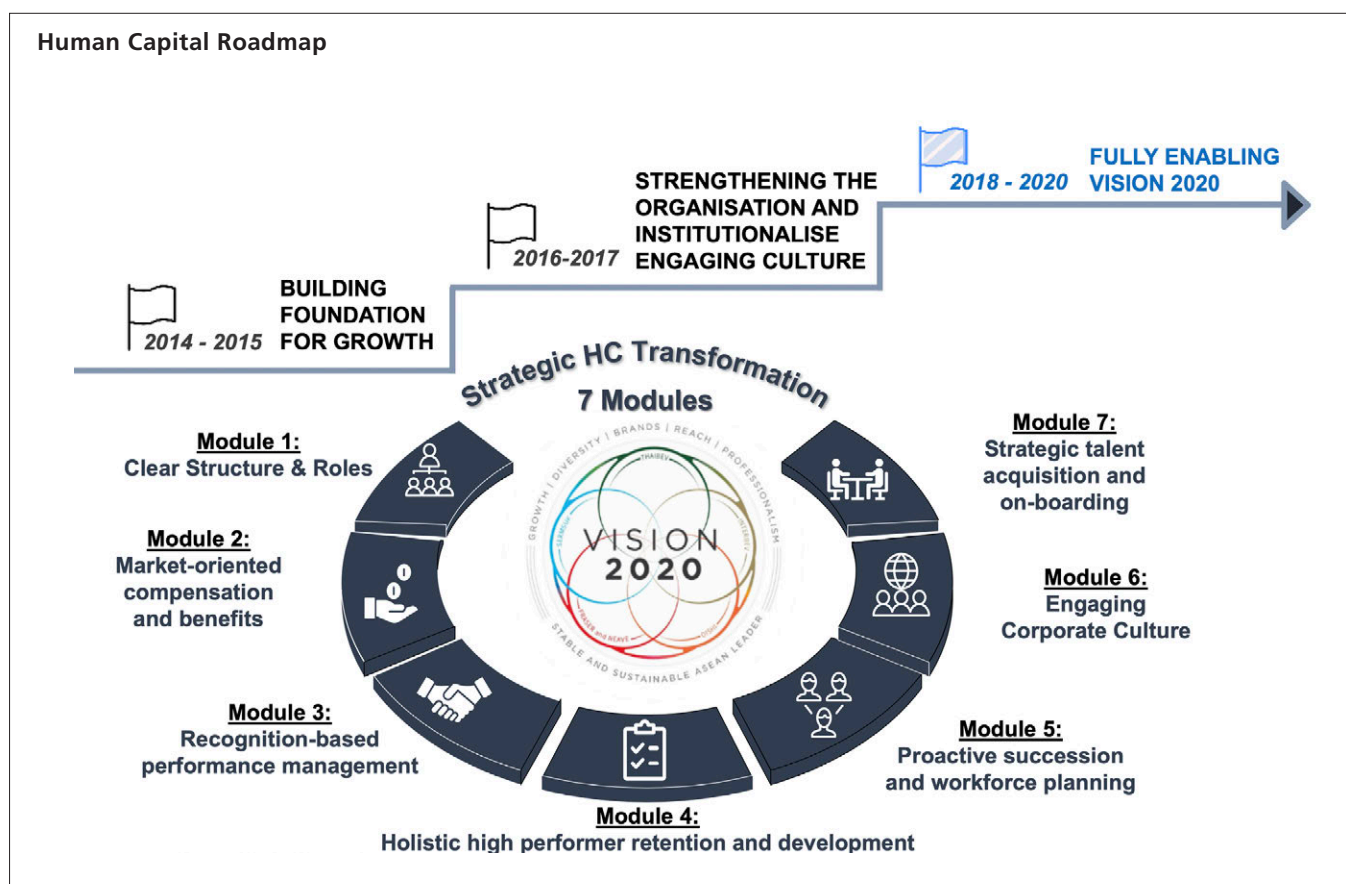


F&N was one of the finalists for the "Excellence in Corporate Social Responsibility ("CSR") Strategy" and "Excellence Innovative Use of HR Tech" awards. The Excellence in CSR Strategy honours organisations that are inspiring role models

through their impactful CSR framework. The Excellence in Innovative Use of HR Tech, which F&N was awarded the Bronze Winner, emphasises the effective use of technology in reducing inefficiencies and adding value to HR's functional excellence, all while reaping business benefits.

## Human Capital Roadmap and Strategy

F&N has a strategic plan to establish ourselves as a preferred employer. This is guided by our Human Capital Roadmap to 2020, and specifically our 7 Modules for Strategic Human Capital Transformation. Each is explained in more details below.



### 1. Clear Structure and Roles

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

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

### 2. Market-Oriented Compensation and Benefits

We pay employee competitive wages and offer competitive benefits. In addition, the Group carries out regular reviews to

F&N's Human Capital policies go beyond standard labour regulations and statutory requirements. For example, F&NHB actively engages with union leaders from their seven formal employee-unions to have balanced collective agreements. F&N does not restrict the freedom of association.

## Empowering Our People



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

### 3. Recognition-based Performance Management

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

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

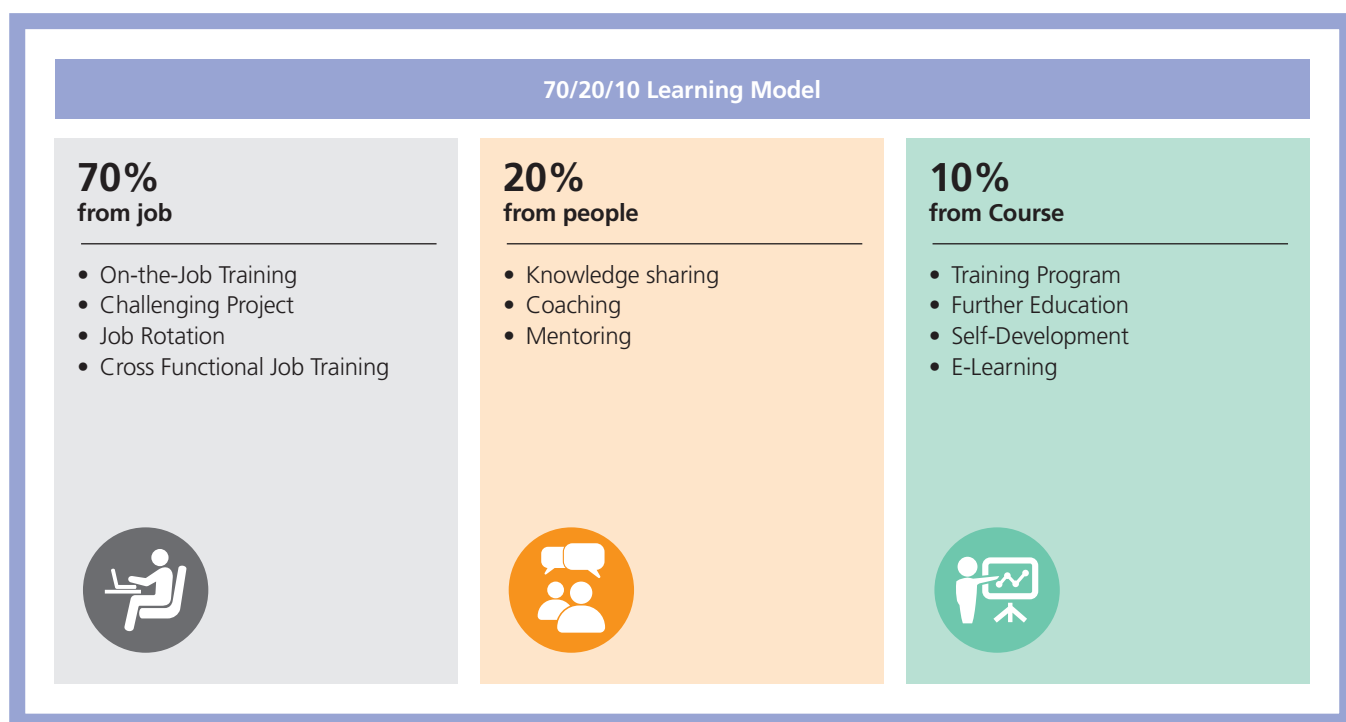




#### 4. Holistic High Performer Retention and Development

We give every employee the opportunity to grow with the company and contribute to a high-performing, sustainable

organisation. It is part of the culture at F&N that each employee is supported to implement their IDP, using the 70/20/10 Learning Model:



Some key development programmes included:

Programme	Focus	Employees Targeted
7 Habits of Highly Effective People (webinar)	Self-management & interpersonal skills	Executives and Sup-Con
Cyber Security Training	Technical skills	Executives and Sup-Con
SAP training		Finance Department
Digital Transformation Awareness		Executives and Sup-Con
Industry 4.0		Executives and Sup-Con
Data Analytics		Executives
Introduction to Robotic Process Automation (“RPA”)		Executives
GRI 404-2: Programmes for Upgrading Employees and Transition Assistance Programmes		

#### 5. Proactive Succession and Workforce Planning

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

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

## Empowering Our People

### 6. Engaging Corporate Culture

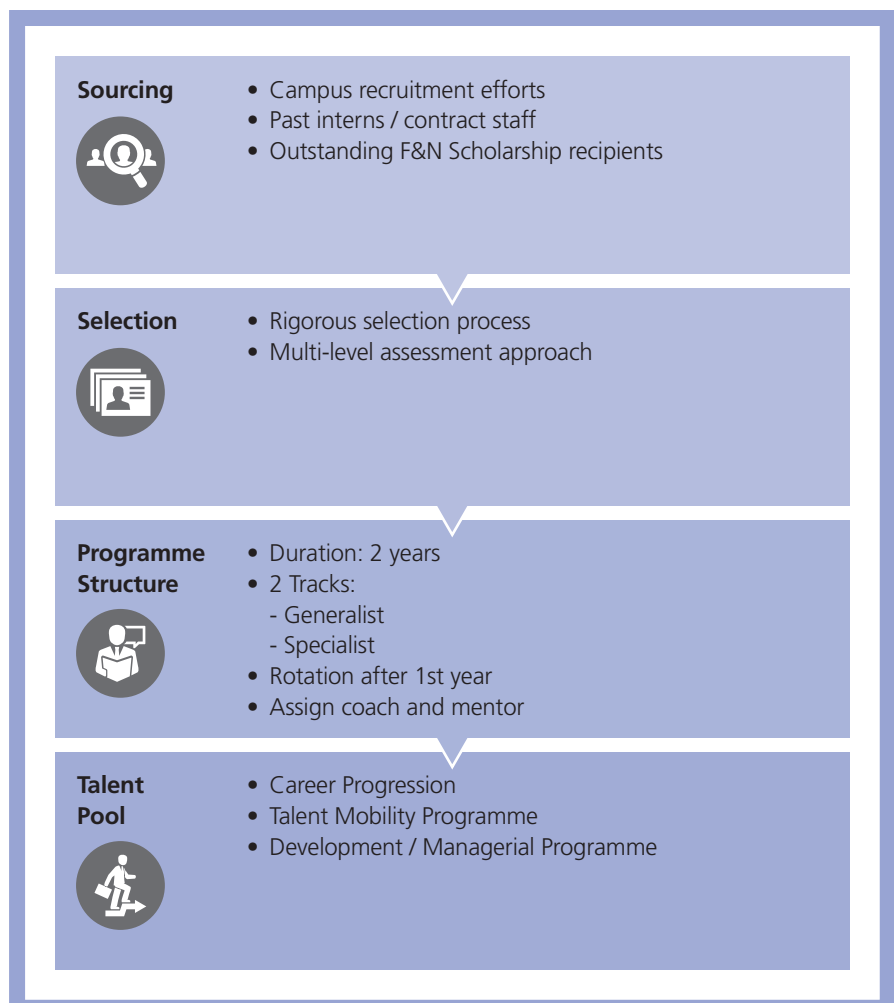
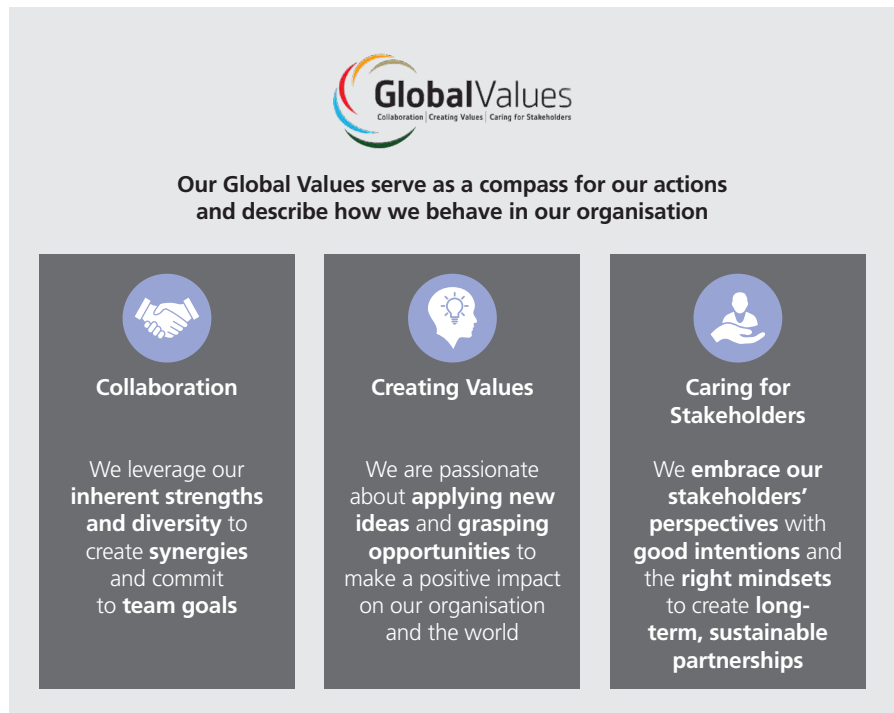
F&N promotes a culture of engagement and inclusion. At the heart of this are our Global Values which emphasise that optimal outcomes happen when we work together.

### 7. Strategic Talent Acquisition and On-boarding

F&N strives to promote from within and maximise opportunities for the excellent talent already available to us. Where this is not possible, our Human Capital team ensures that we are able to recruit and welcome external applicants with abilities that match the Group's needs.

Our interviewers are trained to ensure that the interview process is fair and effective. We ensure that all new recruits benefit from a comprehensive and consistent on-boarding programme across the Group. This includes a mix of self-serve e-learning and one-on-one support.

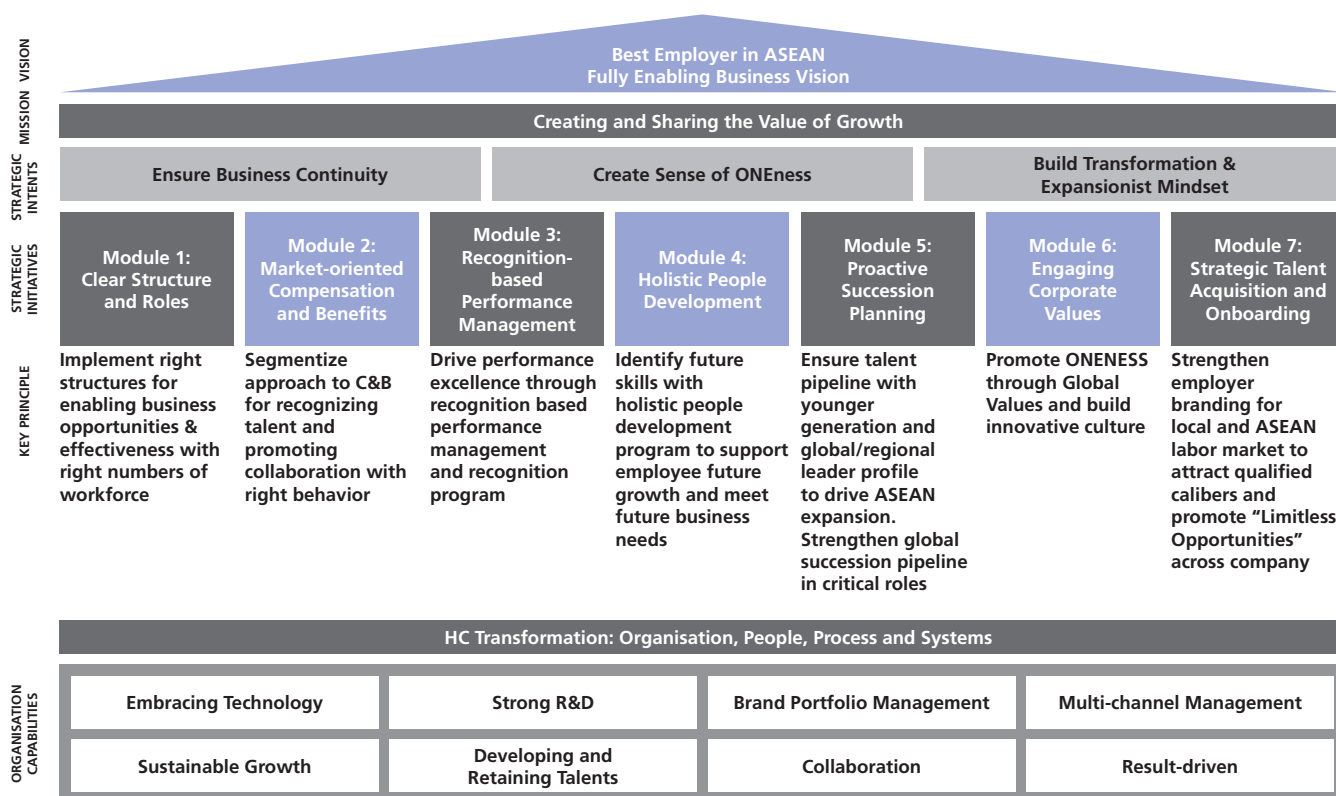
Our 'Future-Ready Manager Programme' ensures that we replenish and grow our pool of future executives. We use a variety of assessment tools as part of a rigorous process to recruit the most suitable candidates. As soon as they join the team, the successful candidates begin a formal two-year programme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



## Human Capital Vision, Mission and Strategic Intents Towards 2025

To guide our Human Capital Vision, Mission and Strategic Intents towards the next phase until 2025, we have developed

the framework as shown below. It includes the seven key areas of our Human Capital Transformation where more focus will be placed. More details will be covered in the F&N Sustainability Report 2021.



## COVID-19 has accelerated our transition to the Future of Work

While the unprecedented situation caused by the COVID-19 pandemic resulted in significant impacts on our people, it was also an opportunity to accelerate F&N's transition to the Future of Work. F&N took the opportunity to assess our organisational design, increase adoption of digital technology and equip our employees with the necessary digital skills. We also ensured our employees' well-being as they adapt to the new normal.

### 1. Assessing organisational design and increasing agility of F&N's workforce

F&N recognised that COVID-19 would change the way our organisation works and looked into expanding succession plans to account for unforeseen emergencies, new national regulations and measures that might be put in place. We made the necessary adjustments when the Circuit Breaker, MCO and state of emergency was announced in Singapore, Malaysia and Thailand respectively.

F&N also made plans to facilitate re-deployment for jobs that were affected through initiatives such as the internal career mobility programme. While some roles were re-designed to enable employees to work from home, no roles were made redundant due to the COVID-19 situation as roles and scope of work remained largely unchanged. Plans to hire contract workers and freelancers were also put in place to allow the company to be more nimble in adjusting manpower needs to business needs.

As part of the efforts to increase our workforce's agility, employees were encouraged to adopt new skills through job rotations and upskill themselves. The trainings provided covered topics such as self-management, enhancing communication between different generations and cultures, professional writing, people management, working as a team in remote working environments, leading change in the 'Volatility, Uncertainty, Complexity and Ambiguity' world, etc.

## Empowering Our People

### 2. Increasing adoption of digital technology and equipping our employees with the necessary digital skills

As part of accelerating towards the future of work, trainings were provided to facilitate adaptation to the new normal of working from home and digital communication. Various trainings were offered to our employees, such as the SAP training for the Finance Department, Cyber Security training for the IT Department and other trainings such as Digital Transformation Awareness, Industry 4.0, Data Analytics and Introduction to RPA for employees.

This meant increased adoption of e-Learning, virtual classrooms, utilisation of learning management systems, platforms and apps. Microsoft Teams and Zoom are currently extensively used by employees in Singapore and Malaysia as virtual communication solutions. Today, our staff engagement and welfare sessions are effectively conducted virtually. For instance, we had organised virtual lunch talks, virtual exercise classes such as piloxing, and successfully implemented telemedicine.

As working from home becomes the new normal for Singapore and Malaysia, e-communication will be encouraged as a medium to replace physical meetings and reduce the frequency of business travels in future.

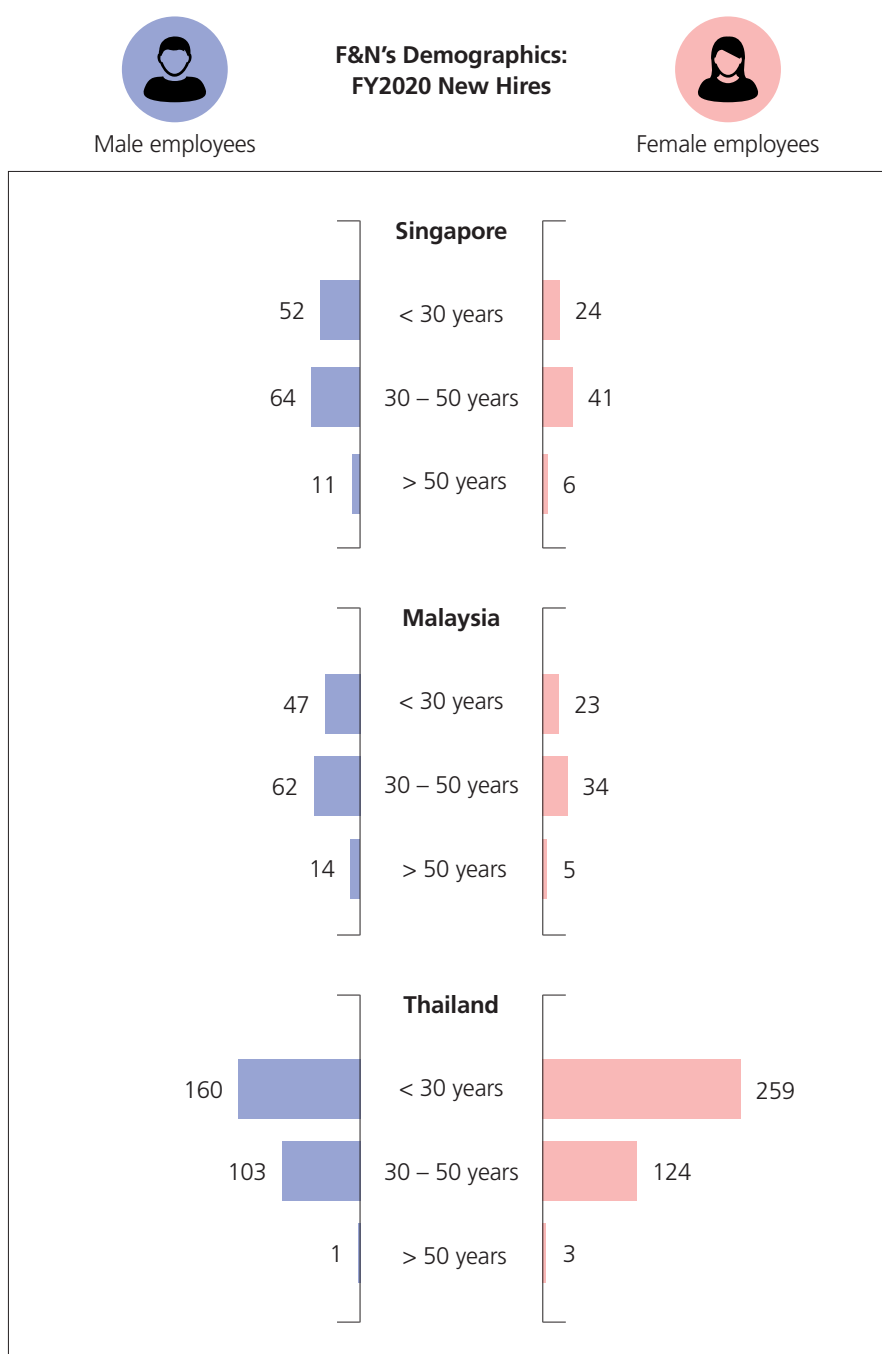
### 3. Supporting and caring for our employees remotely during tough times

We ensured that our employees' well-being was taken care of, even when we were not physically working together. Health talks and fitness classes were organised during Phase 1 of the Circuit Breaker period in Singapore. Care Packs containing an oral thermometer, two face masks

and a hand sanitiser were issued to employees and cleaners who belonged to the Pioneer and Merdeka Generations. A lump sum of \$200 was paid out to all supervisory / Confidential and Bargainable, who were unable to work at the site

in the field during Circuit Breaker. For Malaysian employees who were stuck in Singapore due to Malaysia's MCO, daily meal allowance of SGD15 and parking reimbursements were provided. F&N also provided accommodations<sup>1</sup> for approximately

#### GRI 401-1: New Employee Hires and Employee Turnover



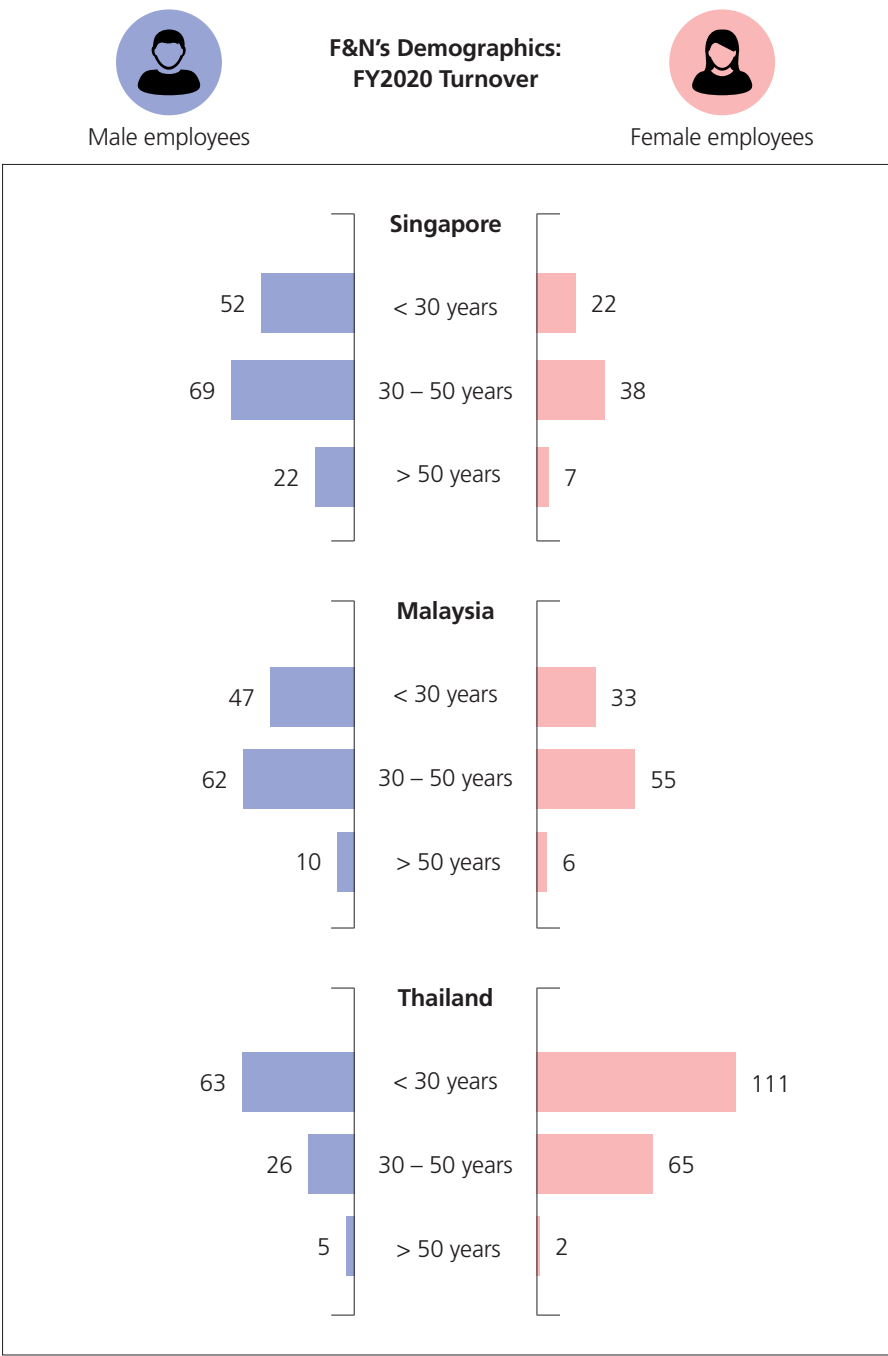
130 employees<sup>2</sup> who did not have friends or relatives in Singapore.

PERFORMANCE

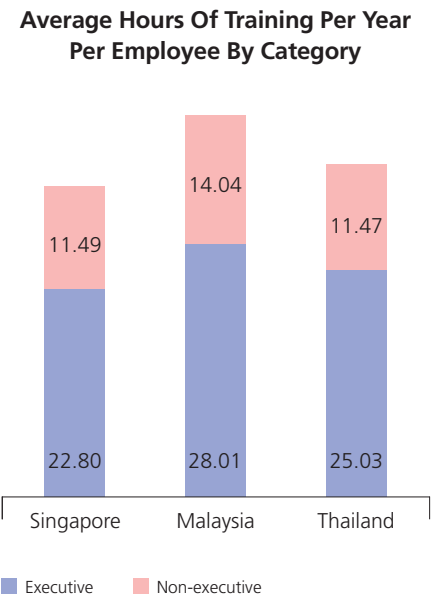
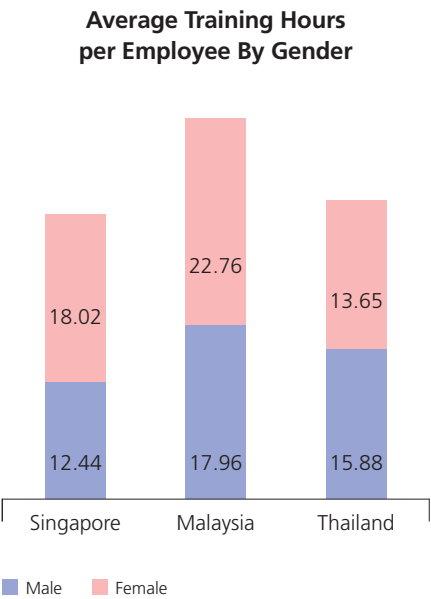
We had set a target to provide an average of at least 16 hours and 10 hours of training to executives and

non-executives respectively by 2020. We achieved this target this year with executives and non-executives each receiving 26.23 hours and 12.57 hours of training respectively.

GRI 401-1: New Employee Hires and Employee Turnover



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



1. These employees were housed at Capri China Square, Fraser Residence and Fraser Robertson Walk.  
2. These include employees of FNFS, IPL, Warburg and FNCS

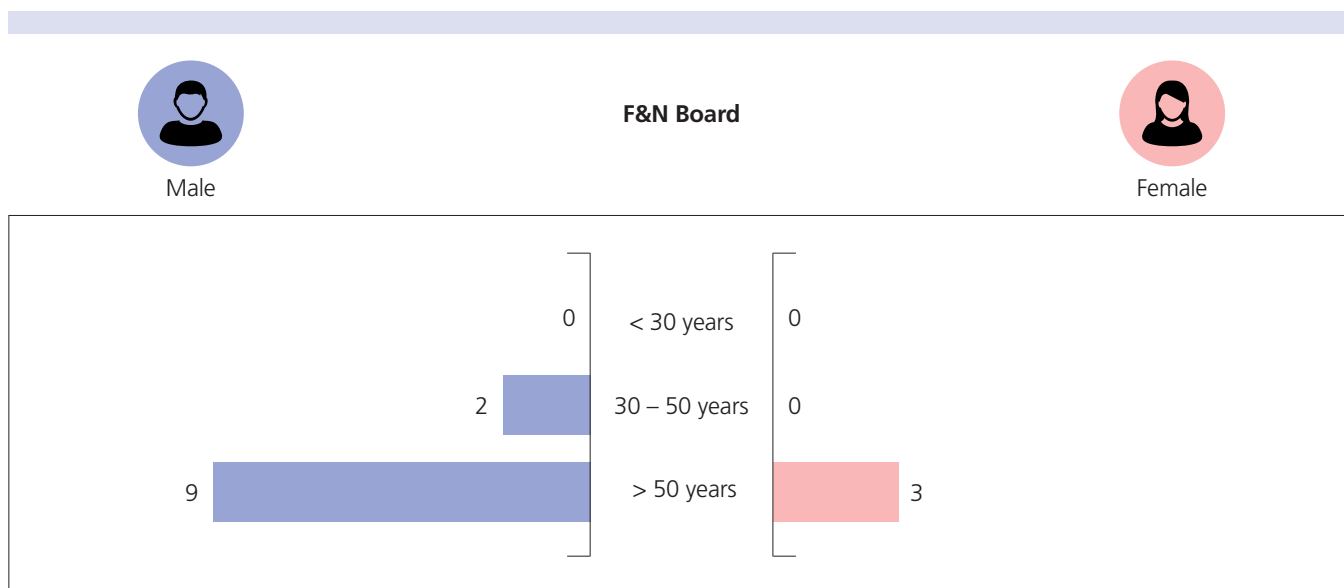


## Empowering Our People

### GRI 405-1 Diversity of Governance Bodies and Employees



	Singapore		Malaysia		Thailand	
	Male	Female	Male	Female	Male	Female
Officer						
< 30 years	117	61	298	76	168	100
30 – 50 years	292	120	616	179	232	239
> 50 years	114	84	195	36	25	15
Senior Officer						
< 30 years	11	16	25	36	27	53
30 – 50 years	47	42	188	163	205	136
> 50 years	12	22	51	27	36	14
Department Head/Supervisor						
< 30 years	1	1	2	2	0	0
30 – 50 years	33	38	118	93	45	49
> 50 years	11	14	41	9	5	4
Middle Management						
< 30 years	0	0	0	0	0	0
30 – 50 years	7	26	55	55	11	12
> 50 years	14	7	33	14	4	7
Executive						
< 30 years	0	0	0	0	0	0
30 – 50 years	2	1	1	0	1	1
> 50 years	9	7	9	3	2	1



## Market Presence

GRI 202-2



Our compensation packages have been standardised across the Group to ensure that the highest expectations are being embodied across our operations. These standards are strictly maintained and also reviewed frequently to allow for necessary adaptations with local circumstances. Market-based compensations are offered to fresh graduates. In general, managers are

promoted from within the company (as opposed to new hires) so as to motivate employees by setting a clear career trajectory within the organisation.

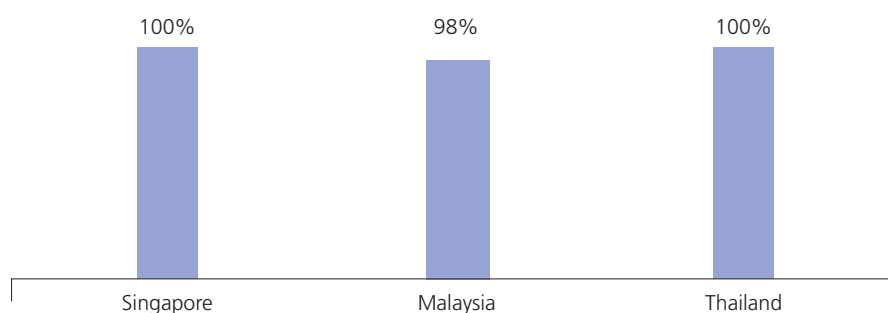
F&N does not participate in nor condone forced or child labour, the use of intimidation or any manipulation of workers.

### GRI 202-2 Proportion of senior management hired from the local community

#### APPROACH

F&N's hiring practices are aligned with the interests of the local economies in which we operate, and we are determined to be the employer of choice and a role model for others. We are proud that 100% of our senior management in Singapore and Thailand and 98% of our senior management in Malaysia are hired from the local community. This helps to keep the value created by F&N within the local economy and ensures that we understand the local markets.

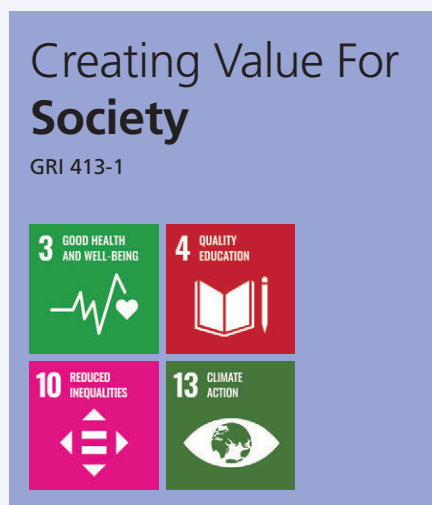
#### Senior Management Hired From Local Community



#### Notes:

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

## Enhancing Social Well-being



### 2020 Target

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

F&N believes that through promoting a more equal society with diversity, equal opportunities and social inclusion, business and society will flourish together. As such, we support and connect with local communities, strengthen relationships between different cultures and maintain a positive corporate image by establishing strong relationships with the community.

In this section, we detail our commitment and initiatives to strengthen vulnerable groups, promote environmental protection and support active lifestyles. The COVID-19 pandemic had significant impacts on vulnerable communities and our commitment to support them during this period is more critical than ever.

### APPROACH

In each market that we operate, we undertake a number of long and short-term programmes that serve to create greater social equity. To that end, F&N has developed four main thematic areas where we focus our community endeavours. This year, in light of the unprecedented COVID-19 pandemic, one new thematic area has been included to show how additional support is provided to the local community.

#### 1. Strengthening Vulnerable Groups

Inequality of wealth and opportunity is a major global challenge. Our consumers and employees come from all segments of society and inequality undermines the development and potential of not only our communities but also our business. To take leadership in tackling this issue, we have chosen to focus on strengthening vulnerable groups such as underprivileged children. Through investing in educational programmes including both technical skills and soft skills, F&N works towards promoting a more equal society in terms of diversity, equal opportunities and social inclusion, where business and society flourish together.

Activity	Timeline	Areas
F&N ICDL (International Computer Driving License) Annual Programme	2011 – ongoing	Malaysia
F&N E.L.I.T.E. (Empowering Lives through Education) Programme	2011 – ongoing	Malaysia
President's Challenge Fund	2019 – 2020	Singapore

#### 2. Promoting Environmental Consciousness

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

Activity	Timeline	Areas
F&N Fit & Nature Programme	2019 – ongoing	Malaysia
F&N Save Our Seas Programme	2012 – ongoing	Malaysia
Water Champagne Tanks for Dairy Farmers	2020	Thailand
Sustainable Development Farming Project	2014 – ongoing	Thailand
Waste Bank and Recycling Project	2019 – 2020	Thailand
Recycle N Save Initiative	2019 – ongoing	Singapore

### 3. Spreading Festive Cheer

In addition to basic needs and environmental sustainability, our community development programme includes a priority with regard to our brand promise, which is delivering “*Pure Enjoyment. Pure Goodness*” to all. We believe that spreading festive cheer helps our communities connect with each other and strengthens relationships between different cultures. Here, we aim to promote diversity and foster national unity in our communities.

Activity	Timeline	Areas
Chinese New Year Celebration	2002 – ongoing	Malaysia
Hari Raya Celebration	2002 – ongoing	Malaysia
Deepavali Celebration	2002 – ongoing	Malaysia

### 4. Promoting Healthy Lifestyle & Nutrition

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

Because of the COVID-19 circumstances, most of our activities to encourage a healthy lifestyle were conducted virtually. F&N also helped consumers stay fit and healthy during COVID-19 by sharing healthy cooking tips and recipes using social media platforms, including information on keeping a healthy diet during the period of lockdown.

Activity	Timeline	Areas
Grassroots football: 100PLUS extends FAM support with Futsal partnership	2011 – ongoing*	Malaysia
Grassroots badminton	2003 – ongoing*	Malaysia
Nurturing Golf Champions	2001 – ongoing*	Malaysia
Active Lifestyle Events e.g. Penang Bridge International Marathon 2019 and Penang Starwalk 2019	1983 – ongoing*	Malaysia
Standard Chartered Marathon	2018 – ongoing	Singapore
HSBC Rugby 7s	2016 – 2019*	Singapore
National Steps Challenge	2016 – ongoing	Singapore

\* Event cancelled in 2020 due to COVID-19

### 5. Supporting local communities during COVID-19

The unprecedented situation caused by the COVID-19 pandemic has had a significant impact on people. To show our support and solidarity with vulnerable communities, F&N also contributed to national efforts through product donations for vulnerable groups including elderly people, low-income families, healthcare workers and migrant workers.

## Enhancing Social Well-being

### PERFORMANCE

#### 1. Strengthening Vulnerable Groups

##### **MALAYSIA: F&NHB International Computer Driving License ("ICDL") Annual Programme**

This year, 53 students from the vocational training institute successfully received their ICDL certification in Graphic Design Management and Computer Management after going through an intense six-module training programme. Since 2010, F&NHB has invested a total of RM185,000 (SGD61,000) in three F&N IT Corners at Montfort Boys Town in Shah Alam.



##### **MALAYSIA: Empowering Lives through Education ("E.L.I.T.E.") Programme**

Since 2011, we have worked to tackle the issue of education insufficiency for marginalised children and to build a foundation for lifelong learning. The F&NHB E.L.I.T.E. programme provides pre-school education to children between five and six years old at Pangsapuri Enggang, Puchong, Selangor in collaboration with Kassim Chin Humanity Foundation. F&NHB has also contributed over RM580,000 (SGD191,400) in cash and more than 600 cartons of F&N milk and soya products to aid in school funding and the nutritional needs of the children attending the kindergarten and tuition centre. This year, F&NHB contributed nearly RM50,000 (SGD16,500) and 100 cartons of F&N products to ease the Foundation's financial burden.



##### **SINGAPORE: F&N's Donation in support of President's Challenge 2020**

In July 2020, F&N donated SGD20,000 to SHINE Children and Youth Services, "SHINE" (a President's Challenge benefitting agency), as part of our sustained commitment towards engaging and empowering the youth in our community. F&N's donation will go towards supporting SHINE's training programmes and services which aim to maximise the potential of underprivileged or at-risk children and youth aged 5 to 21 years.

The President's Challenge ("PC") is an annual community outreach and fund-raising campaign to help the less fortunate, with the slogan "*Give freely and live fully*". It aims to build a more caring and inclusive society in Singapore by uniting a community of holistic givers.

On 20 November 2020, F&N attended the annual PC Appreciation Event 2020 which was held virtually for the first time. As one of the esteemed partners of PC, F&N was privileged to receive a token of appreciation



from President Halimah Yacob via an exclusive afternoon tea session in recognition of our support towards PC2020.

This token serves as an affirmation of F&N's desire to continue empowering the vulnerable in our communities through our Corporate Social Responsibility efforts despite the challenges posed by COVID-19 this year, and a testimony to our belief that sustainable business growth occurs when our communities grow alongside us.



## 2. Promoting Environmental Consciousness

### **MALAYSIA: “Recycle for a Life Cycle” Day**

F&NHB’s annual School Recycling Programme, Recycle for a Life Cycle Day, aims to promote the 5R philosophy of Reduce, Reuse, Recycle, Rethink and Reinvent amongst primary and secondary school students. This year, we went to schools in Kuching and Kota Samarahan, Sarawak and Seberang Perai, Penang. The events were organised in collaboration with the district and state government, Tetra Pak (Malaysia) Sdn. Bhd., recycling partners and non-governmental organisations.

From the survey that F&NHB had conducted with 237 schoolteachers from Penang, Selangor and Kuching in 2019, 100% of respondents agreed that our programme has helped to improve their community and over 84% rated our programme as either ‘effective’ or ‘extremely effective’.



### **THAILAND: Waste Bank and Recycling Project**

The F&N Waste Bank and Recycling Project was implemented at 2 schools in Thailand - Wattanodtia School and Watkokmayom School in the Ayutthaya Province. More than 170 students and teachers learnt how to dispose of waste and/or recycle them appropriately, and the impact of poor waste management on the environment and the society. Recycling also provides tangible monetary benefits to the students of Watkokmayom School through selling the recyclables. Approximately THB150,000 (SGD6,750) was spent on improving the waste management infrastructure of the schools from setting up recycling stations to renovating waste storage areas.



### **THAILAND: Water Champagne Tanks for Dairy Farmers**

In the Chaiyaphum Province in Thailand, F&N installed water tanks to provide efficient water supply for communities and dairy farmers. This project minimises the need to travel long distances to access reservoirs for water resources during seasonal droughts.

The THB460,000 (SGD20,700) investment can supply about 1,680,000 litres of water every month to up to 180 households across communities in Chaiyaphum province. This provides sufficient water supply for up to 24 farms, consisting of 955 cattle, to minimise the disruption from drought and ensure farmers can continue their farming operations sustainably.



## Enhancing Social **Well-being**

### 2. Promoting Environmental Consciousness

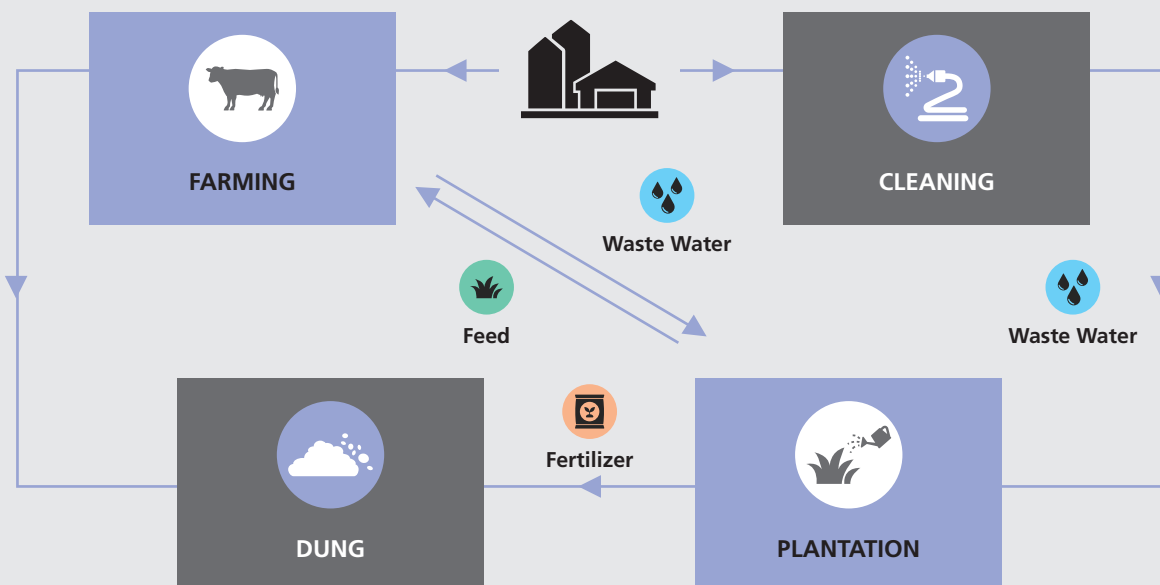
#### THAILAND: Sustainable Development Farming Project

Starting 2014, as part of a joint effort between F&NDT and ThaiBev, the Farming Excellence system was developed and shared with dairy farmers supplying milk. This has benefitted all parties – F&NDT receives good quality raw milk; more income for dairy farmers as they implement the sufficiency economy principles and reduce cost through increased efficiency; and ultimately, better quality products for consumers.

Since 2019, the focus has been on the new farming excellence handbook and circular economy.

There are 3 initiatives under this phase of the project:

1. Booklet/Guidelines to improve milk quality – to train/mentor new dairy farmers on Good Manufacturing Practices ("GMP"). This has benefitted an estimated 1,500 – 2,500 farms across 10 Cooperatives.
2. Online GMP and Certificate of Analysis assessment at farms – for performance evaluation, big data analysis, digital traceability.
3. Farming sustainability – ensure sustainable farming by constructing a weir to provide sufficient water for dairy farmers to continue their farming activities



#### MALAYSIA: Save Our Seas Programme

The F&NHB Save Our Seas team made a dive recently at Redang Island to perform regular checks and maintenance on the man-made reefs that we have been planting since 2011. Our internal dive team and partners conducted reef rehabilitation initiatives by collecting coral fragments and

planting them in nursery sites, then transplanting them to permanent sites at Paku Kecil and Terumbu Kiri. Our coral reef rehabilitation initiative has now shown promising rejuvenation with different colonies of coral on the man-made reefs.

## 2. Promoting Environmental Consciousness

### SINGAPORE: Recycle N Save

Recycle N Save is a joint initiative by F&N and the NEA of Singapore to place Smart RVMs across Singapore. This joint initiative aims to encourage recycling of used plastic drink bottles and aluminium drink cans amongst Singaporeans and supports the national vision of the Sustainable Singapore Blueprint's goal to increase the national recycling rate to 70% by 2030.

Launched in October 2019, at Our Tampines Hub in Singapore, Mr Masagos Zulkifli, the then Singapore Minister of Environment and Water Resources, was the Guest-of-Honour. He along with Mr Tan Meng Dui, Chief Executive Officer of NEA, Mr Seah Kian Peng, Group Chief Executive Officer, NTUC Fairprice Group, Mr Suhaimi Rafdi, Director of Our Tampines Hub, and Ms Jennifer See, Managing Director, Singapore and Yoke Food Industries Malaysia, FNFS, commenced this initiative. Phase 1 of the launch saw 10 Smart RVMs being installed nationwide, with support from our trade partner, NTUC Fairprice. Public could drop in their used and empty aluminium drink cans and plastic bottles in exchange for discount vouchers at NTUC.

This year, together with four new partners, CapitaLand Malls, Sport Singapore, Sentosa Development Corporation and Anywheel, we installed 50 Smart RVMs island wide. Placed in shopping centres across the island, the public



can choose from a wider range of rewards when they deposit used and empty drink cans and plastic bottles. Since the launch of Recycle N Save in 2019, over 3.1 million plastic beverage bottles and aluminium cans have been collected.

The RVM School Education Programme, under the Recycle N Save initiative, was also launched in March 2020. In the first run, five RVMs were placed in primary and secondary schools for a six-month period. Students were encouraged to proactively collect empty plastic drink bottles and aluminium drink cans, and deposit them into the RVMs located at their schools. The schools had also organised their own environmental education activities to tie in with the placement of these RVMs.

## 3. Spreading Festive Cheer

### MALAYSIA: 'Tabahkan Hatimu, Sinarkan Ramadanmu' Hari Raya Aidilfitri Celebration

The 'Tabahkan Hatimu, Sinarkan Ramadanmu' programme is part of F&NHB's annual initiative to spread Ramadan cheer to the less fortunate since 2004. F&NHB marked this year's Ramadan by contributing over one million in products and essentials to the nation's frontliners, underprivileged families and individuals. During the holy month, F&NHB also pledged to support 10,000 families from B40 communities in Peninsular and East Malaysia with provisions.

Through the programme, more than 500,000 F&N products including 100PLUS drinks and special meal boxes were contributed to frontliners, including hospitals, police stations and fire stations.



## Enhancing Social **Well-being**

### 3. Spreading Festive Cheer

#### **MALAYSIA: A Treat for our Street Friends during the Hari Raya Week**

While most people are celebrating Hari Raya Aidilfitri with family and loved ones, our street friends, at temporary shelters set up by the Government, were not forgotten. Street Feeders of KL, a grassroots movement founded in 2011, served breakfast at one of the temporary shelters set up at Pusat Komuniti Setiwangsa, from the 24 May 2020 to 31 May 2020. F&NHB was delighted to support their noble effort with our products such as *F&N SEASONS* Soya, *F&N SEASONS* Tea and *SUNKIST* Juice, to help provide hydration and nutrition.

#### **MALAYSIA: F&N Brings Joy to the Less Fortunate during Chinese New Year**

F&NHB volunteers celebrated Chinese New Year with over 500 under privileged residents from 10 homes/centres in 10 locations throughout Malaysia. During the month of February 2020, over 100 volunteers visited these 10 homes/centres in Penang, Ipoh, Kuala Lumpur, Melaka, Johor, Kuantan, Kuala Terengganu, Kota Bahru, Kuching and Kota Kinabalu. F&NHB donated basic necessities and household items to assist the home in its upkeep, while our volunteers went around to personally extend festive greetings and distribute 'ang paus' and goodie bags to all residents.

#### **MALAYSIA: F&N Spreads Chinese New Year Joy to Underprivileged Students**

The Group's regional office in Kota Kinabalu welcomed the Year of the Rat by organising an early Chinese New Year celebration with underprivileged students from their region – 70 boarders at San Damiano Girls Hostel in Kiulu. F&NHB staff mingled with the boarders and contributed daily necessities comprising of rice, oil, biscuits, grocery items, condensed milk and school stationery to the hostel. The boarders also received 'ang paus' and mandarin oranges.

#### **MALAYSIA: Fun-Baking Session for the Underprivileged Children During Deepavali**

During this festive season, F&NHB staff visited Persatuan Rumah Kebajikan Rita and organised a fun baking session for the underprivileged children. F&NHB also donated various baking machineries, utensils and ingredients to Rumah Rita. These provided residents with more opportunities to test their baking skills in the kitchen, and also helped the home generate income for the upkeep of the centre and to cover the children's daily expenses such as school fees, clothing and food.

### 4. Supporting Sports and Active Lifestyles

F&NHB sponsors major sporting events including grassroots badminton, grassroots football and marathons, as well as nurturing golf champions. Major sporting events it supported included:

- 100PLUS Hydrates Runners at Penang Bridge International Marathon 2019
- 100PLUS Rallies Malaysians to Live An Active Lifestyle
- Hydrating Runners at The Penang Starwalk 2019
- 100PLUS extended Football Association of Malaysia support with Futsal partnership

Due to the COVID-19 situation, all live events had to be cancelled, and where possible, the events took place virtually.

#### **MALAYSIA: Recognising Local Sports Personalities**

F&NHB has been the main sponsor of the Sportswriters Association of Malaysia ("SAM")-100PLUS Awards since 2006. This year, the 15th SAM-100PLUS Awards was held on 12 August, despite the challenges posed by the COVID-19 situation. Cyclist Azizulhasni Awang won the Athlete of the Year and para powerlifter Bonnie Bunyau Gustin won the Para Athlete of the Year.



## 5. Supporting local communities during COVID-19

### **MALAYSIA: Contribution to the Frontliners**

Contributed 3,800 cartons of products worth more than RM100,000 (SGD33,000) to the frontliners in both Peninsular and East Malaysia. The recipients included Sungai Buloh Hospital, Selayang Hospital, Kuala Lumpur Hospital and Queen Elizabeth Hospital; the Royal Malaysia Police, the National Disaster Management Agency (NADMA) and a number of city councils, among others.

My FundAction, who partnered F&NHB to supply drinks to frontline officers at health and hospital clinics in Kota Kinabalu commented "This effort was a task for the sacrifice of the front row officers in struggling to control the contagion of this plague. May this cooperation continue for the future so that more people in need can (get) help."

### **MALAYSIA: F&N Reaches Out to Needy Students and Homeless**

F&NHB was proud to be able to sponsor *100PLUS* and *F&N SEASONS* drinks to Yayasan Food Bank. These products were distributed to students from institutions of higher learning who experienced food supply shortage during the MCO, and to the Dewan Bandaraya Kuala Lumpur food supply for about 500 homeless people living in Kuala Lumpur.

### **SINGAPORE: Supporting the Frontliners**

The unprecedented situation caused by the COVID-19 pandemic resulted in immense stress on the healthcare industry. Our efforts to support the front-liners through this tough COVID-19 period included:

- Supported frontline workers from NUHS, Ng Teng Fong Hospital, Alexandra Hospital and Jurong Polyclinic with aLIVE Wholegrain Muesli Bar with Strawberry & Yoghurt snack-bars, *F&N MAGNOLIA* ice cream and *F&N SEASONS* Pu-Erh for teatime.
- Donated 100PLUS for healthcare workers at Ng Teng Fong General Hospital, and those who were stationed at Tuas South Dormitory.
- Donated *F&N SEASONS* Pu-Erh and *OISHI* Genmai and Kabusecha to National Neuroscience Institute (SingHealth) and Woodlands Health Campus (National Healthcare Group).

- Partnered Oversea-Chinese Banking Corporation to send food (bottles of bird's nest, drinks and snacks) and cards to staff of Tan Tock Seng Hospital.
- Partnership with Everyday Heroes SG, an independent voluntary group to support healthcare workers with *100PLUS* Zero, *F&N ICE MOUNTAIN* Sparkling Water Lemon and *F&N SEASONS* Pu-Erh Chrysanthemum to keep them hydrated and motivated.

### **MALAYSIA: F&N Helps Soup Kitchen to Continue Serving the Community in Need**

F&NHB donated a three-weeks supply of 150 cartons of *F&N ICE MOUNTAIN* bottled water and a few cartons of *100PLUS* to be distributed to those in need and to the volunteers. Our small contribution has allowed Pit Stop Community Café to continue its work in feeding about 2,000 people throughout the MCO.

### **MALAYSIA: F&N Gives the Gift of Clean Drinking Water**

About 1,000 stateless individuals reside off the coast of the Omdal Island, Semporna, Sabah, with no access to clean water. F&NHB donated cartons of *F&N ICE MOUNTAIN* mineral water to these communities through a non-profit organisation, Iskul Sama DiLaut Omdal (known as Sekolah Bajau Laut Omdal in the Bajau language).

Bottles of mineral water were distributed to each family, along with other basic necessities such as rice, sugar, flour, noodles, sweetened creamer and tea bags. As an effort to conserve the environment and reduce pollution, Iskul Sama Dilaut Omdal collected and recycled the empty drinking water bottles.

Iskul Sama DiLaut Omdal commented "Thank you again F&N Malaysia for this kind sponsorship. The gift of clean drinking water is utmost important to their lives. Most of them live without clean running water and electricity."



## Enhancing Social **Well-being**

### 5. Supporting local communities during COVID-19

#### **MALAYSIA: Nourishing 400 Needy Families Throughout MCO and F&N MAGNOLIA Milk**

F&NHB contributed 400 cartons of *F&N MAGNOLIA* Full Cream UHT 200ml milk to Pertubuhan Al Taaf Ziadah, a non-governmental organisation helping families from the B40 group affected by the COVID-19 pandemic.



#### **MALAYSIA: F&NHB Contributes Essential Packs to Department of Islamic Development Malaysia ("JAKIM") for Needy Community**

In conjunction with the holy month, F&NHB contributed essential items such as rice, cooking oil, together with F&N products such as *100PLUS*, *F&N* condensed milk and *F&N MAGNOLIA* UHT Milk to JAKIM. These essential packs were distributed to the low-income families affected by the MCO, through 'Persatuan Kakitangan Perkhidmatan Ugama', a society under JAKIM.

#### **SINGAPORE: Partnerships with organisations to support the community**

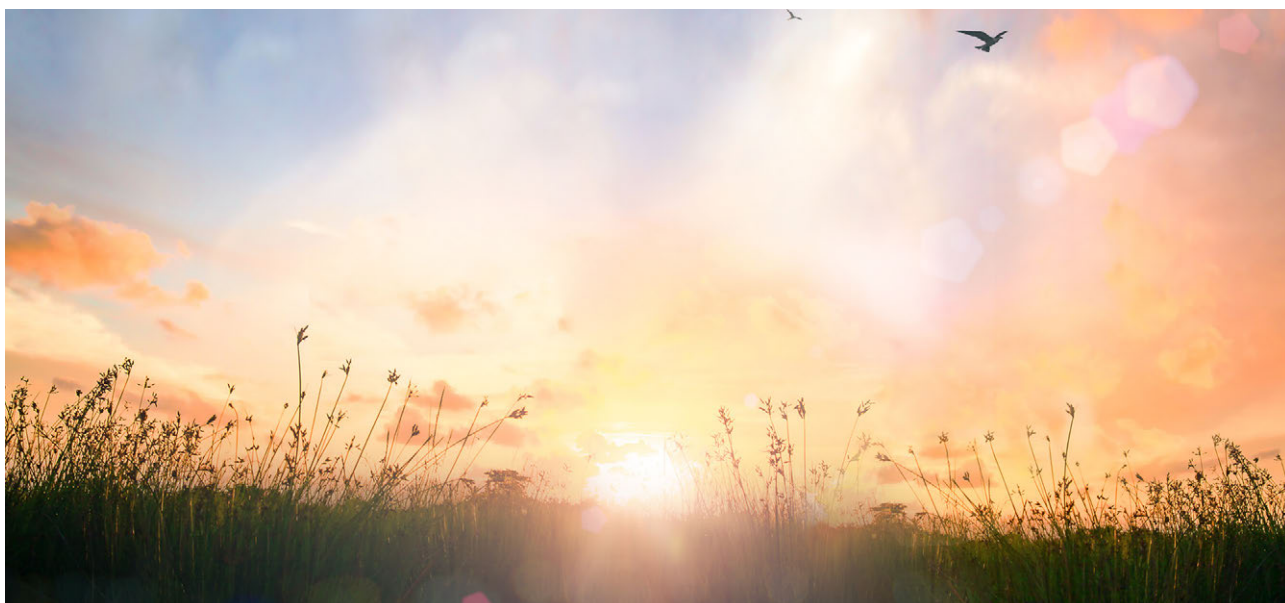
F&N partnered with several organisations in order to extend our reach to provide further support to the local community through product donations during this COVID-19 period.

Some of our partnerships included:

- Donated cartons of *F&N NUTRISOY*, *F&N NUTRIWELL* and *FARMHOUSE* to The Food Bank Singapore's beneficiaries: Bishan Home, Sunlove Home and Chen Su Lan Methodist Children's Home
- Donated cartons of *100PLUS* to the Migrant Workers' Centre for about 15,000 migrant workers in Singapore, to keep them hydrated and refreshed especially during the hot days.
- Donated *F&N* Orange Sparkling Drinks, *F&N SEASONS* Reduced Sugar Ice Lemon Tea as well as Alive Snack Bars to help boost the morale of the nursing home staff as part of an initiative organised by the Singapore Ministry of Culture, Community and Youth.



## Managing Our Impacts and Conducting Business in a Responsible **Manner**



### Eco-efficiency

- Water Stewardship
- Effluents and Waste
- Packaging
- Energy and Climate Change

### Responsible Supply Chain

- Sustainable Sourcing

### Safety and Well-being

- Occupational Health and Safety
- Consumer Health and Safety
- Product Service and Labelling

### Contributing to SDGs



## Eco-efficiency

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



### Packaging



### Effluents and Waste



### Water Stewardship



### Energy and Climate Change

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

All employees are at all times guided by our Environmental, Safety & Health ("ESH") Policy.

### Our Environmental, Safety and Health Policy

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



comply with applicable environmental, safety and health, legal and other requirements and also work with relevant statutory bodies to provide and maintain a safe, green working environment



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



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



provide and maintain relevant training, instruction, information, resources and supervision to our employees about our commitments and encourage their involvement in Environmental, Safety & Health Programmes



ensure continual improvement in the Environmental, Safety and Health Management system and standards



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

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

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

## Water Stewardship

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



### 2020 Target

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

As a responsible corporate leader, F&N ensures that our operations bring value to the community around us and do not negatively affect anyone. A lack of effective water management can have serious implications as F&N's products and business are dependent on a reliable supply of water. We are committed to responsible water stewardship and managing our water use accordingly to safeguard availability of clean water supply for local communities.

### APPROACH

While none of our sites are in high water-stress areas, many regions in both Thailand and Malaysia have faced floods in recent years, and the effects of climate change are expected to intensify water stress in the future. Guided by the F&N ESH Policy and the principles of a circular economy, we are adept at developing transitions and initiatives to cope with water stress and optimise our water consumption by identifying and addressing water-related risks and opportunities, and collaborating in partnership with relevant stakeholders.

While none of our sites are in high water-stress areas, many regions in both Thailand and Malaysia have faced floods in recent years, and the effects of climate change are expected to intensify water stress in the future. As such, water stewardship and its associated risks are regularly monitored as part of F&NHB's ERM by utilising tools such as the World Resources Institute Aqueduct and World Wildlife Fund Water Risk Filter.

We have a range of water assessment and action policies which are applied across our facilities. Our Group-wide integrated approach includes efficiency measures; the safe return of wastewater from our operations; and mitigating risk in supply.

### PERFORMANCE

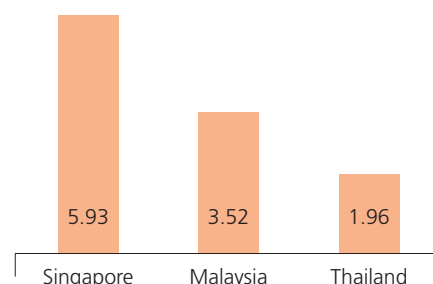
We have a target to reduce the Group water intensity at our plants by 5% from 2017 by 2020. This year, we have an increase by about 18% in water intensity, as compared to 2017, which is above our 2020 target.

The COVID-19 pandemic situation has greatly affected our performance in water management. During production, a minimum amount of water has to be used automatically for each production run despite a decrease in production amount, thus resulting in a higher water intensity ratio than usual.

The commissioning of numerous new production lines in the factories, since the established sustainability reporting baseline in 2017, have contributed to the increased specific water consumption as some of the new production lines require more frequent Clean-In-Place ("CIP") between each production run in order to ensure product quality and safety.

Certain projects, such as the water recycling project at the F&NHB Pulau Indah plant, have also been delayed due to the COVID-19 situation.

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

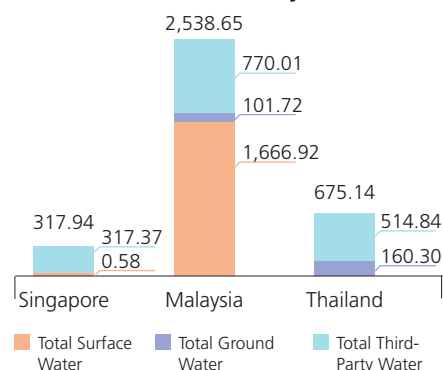


#### Note:

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

### GRI 303-3 (2018) Water Withdrawal

#### Freshwater Withdrawal by Source (MI)

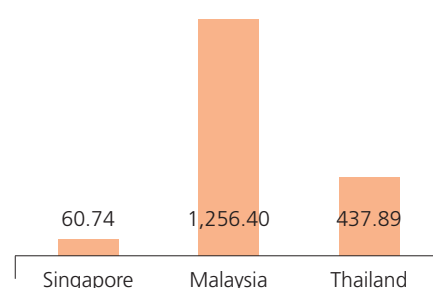


#### Notes:

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

### GRI 303-5 (2018) Water Consumption

#### Water Consumption (MI)



## Eco-efficiency

### INITIATIVE:

We take every opportunity and approach to reduce water consumption and continue to work towards reducing our water intensity by implementing various projects and initiatives. Project highlights included:

#### Singapore

1. Recognising that our soya process is one of the more water intensive processes at the FNFS plant, we evaluated our soya activities and implemented operational changes to improve water efficiency. The monthly average water usage showed a reduction of about 42% after the implemented changes. The total average yearly water savings is about 13,300m<sup>3</sup> (cost savings of about SGD36,000).  
  
Some of the operational changes included:
  - a. Reuse of discharged water used for cooling purposes. The operation process has been restructured to combine three discharge points into a single discharge point. This reuses the water for cooling more efficiently by optimising the operation process, thereby reducing water usage by about 720 litres per hour.
  - b. Fine tuning of water supply to the stone separator tank by replacing the manual on-off valve so operators can specify the water supply flow and control the water drained from the stone separator tank.
  - c. Change of cleaning method from only using water to flush to clear the okara spillage to sweeping and throwing the okara spillage before flushing with water in order to reduce water usage needed for cleaning.
  - d. Switch from using open-end hose for cleaning to using a hose with spray gun for cleaning. This reduces water usage needed for cleaning as the hose with spray gun serves the same purpose with about 75% less water per hour.
  - e. Stopping the CIP process based on pH reading instead of by time or by visual inspection. When the pH reading of the final rinse water is between 6.5 and 8.5, it means that there is no more acid or alkaline remaining in the production line. At this point, the operator can accurately assess that the CIP process can be stopped.

#### Malaysia

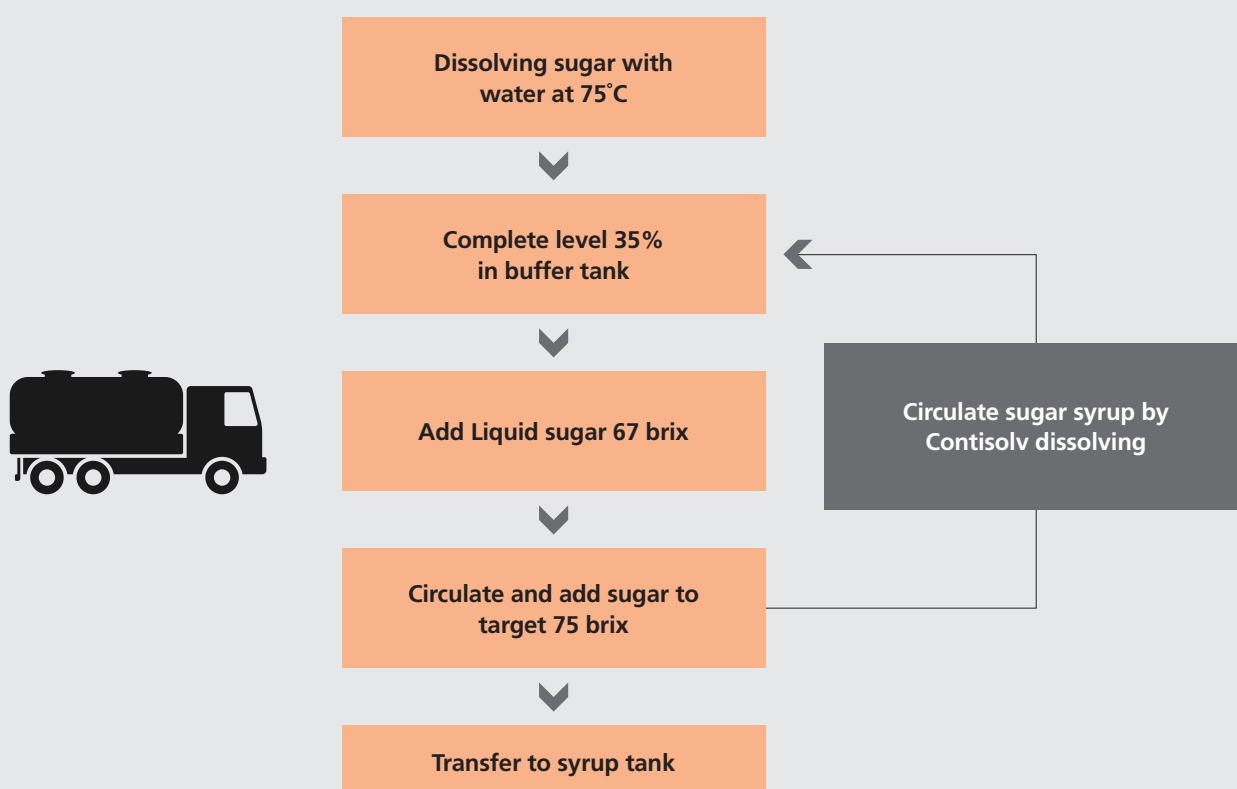
2. F&NHB Shah Alam plant
  - a. Wastewater from the Aseptic Cold-filling PET Line, Sugar Dissolvent Line and Canning Line is treated using Reverse Osmosis ("RO") and reused as cooling water. This reduces water usage by about 115,000m<sup>3</sup> each year.
3. F&NHB Pulau Indah plant
  - a. Reuse of wastewater in the cooling tower instead of discharging into the public drain reduces water usage by about 800m<sup>3</sup> per day and saves approximately RM215,000 (SGD70,900) per year.
4. F&NCM
  - a. Incoming water supply system is equipped with a carbon filter that needs to be backwashed after a certain amount of usage. The frequency of backwash has been reviewed and reassessed to ensure the frequency is reduced but water quality is not compromised.
  - b. Cleaning of machinery equipment requires a large volume of water as a certain amount of pressure and flowrate is needed. CIP systems have been upgraded to allow for the chemicals and hot water to be channelled back to the system for reusing.
  - c. Originally, the cooling systems were supported by two units of cooling towers supplying to different parts of the production line. By changing to a bigger cooling tower for supplying of water, the usage of water is reduced.



## Thailand

### 5. F&NDT

#### Simply Flow Usage Liquid Sugar in Current Operation



a. Usage of liquid sugar in Sweetened Beverage Creamer products at the F&NDT Rojana plant has helped to save around 132m<sup>3</sup> of water per day by eliminating the process needed to dissolve cube sugar. This initiative which started in January 2020 has provided a tangible benefit of approximately THB0.80 million (SGD36,000) in cost-savings.

b. Water Recycling (Phase 2) at F&NDT: Water Recycling Project focuses on the sustainability and the security of water resources for our F&NDT factory. Phase 2 involves the installation of Clarifier Pond System with a capacity to treat water at 120m<sup>3</sup> per day by reusing used RO membranes. There is a tangible benefit of about THB2.70 million (SGD121,500).

## Eco-efficiency

### Effluents and Waste

GRI 303-4 (2018); GRI 306-2



#### 2020 Target

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

Waste can be a source of value for our supply chain or for another organisation's supply chain. Being able to effectively manage our waste enhances F&N's ability to conserve natural resources and improve efficiency.

#### APPROACH

The F&B manufacturing process involves the generation of both liquid (effluent) and solid wastes. We continue to improve on our solid waste management by identifying key categories and key waste streams in order to recycle and reduce our waste generation. We strive to reduce impacts from our operations, and this means

complying with and going beyond relevant regulations.

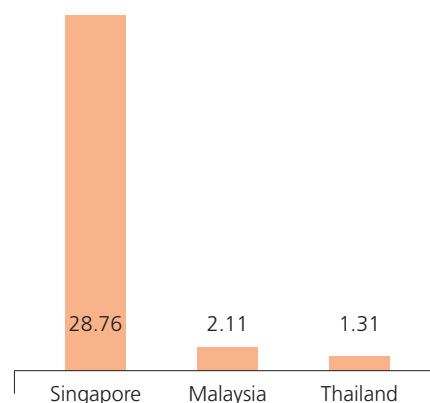
Under the guidance of our Environmental Policy and the principles of a circular economy, F&N explores opportunities to review how 'waste' can be put to alternative uses. Our ultimate aim is that 'waste' is seen not as a problem, but as a source of new value for our supply chain or for another organisation's supply chain. Applying initiatives to promote a more circular economy for our operations and consumers enhances our ability to conserve natural resources and improve efficiency. F&N applies strict standards over the quality of our effluent discharges and we continuously explore how 'waste' from our operations can be minimised and put to alternative uses.

#### PERFORMANCE

We have a target to reduce the Group solid waste intensity by 5% from 2017 by 2020. This year, we have achieved about 47% reduction in solid waste intensity as compared to 2017, significantly exceeding our 2020 target. This is driven by strong performance across our business:

1. F&NDR Rojana and Pak Chong plants further reduced the solid waste sent to landfill by about 32 tonnes from 2019, achieving over 90% of waste being recycled.
2. F&NHB Shah Alam plant achieved a reduction of about 875 tonnes of solid waste to landfill from 2019. This is due to 80% of waste being recycled.
3. F&NHB Pulau Indah plant achieved zero waste to landfill with 100% of waste being recycled.

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

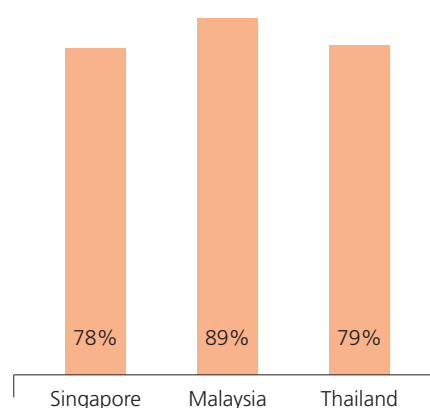


#### Note:

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

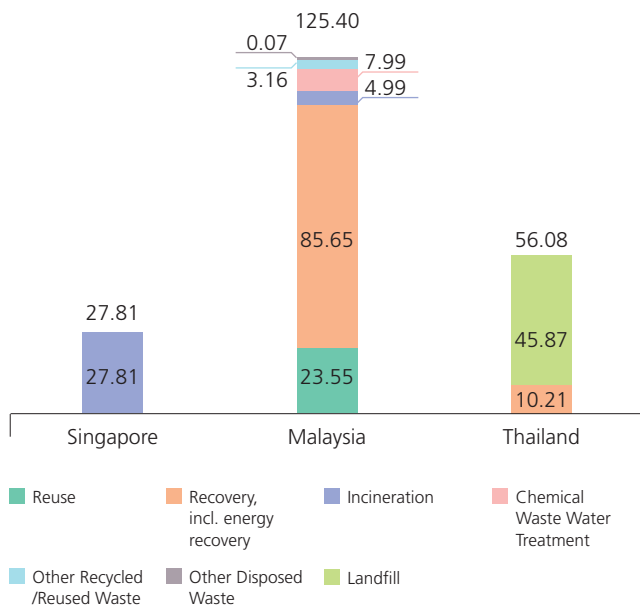
Close to 85% of the Group's solid waste was reused, recycled or recovered in 2020.

#### Solid Waste Recycled, Reused and Recovered

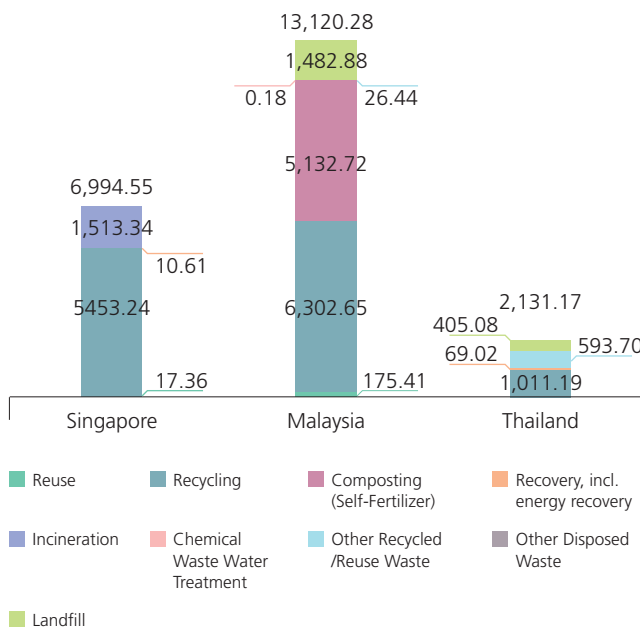


## GRI 306-2: Waste by Type and Disposal Method

## Hazardous Waste by Disposal Method ('000 kg)

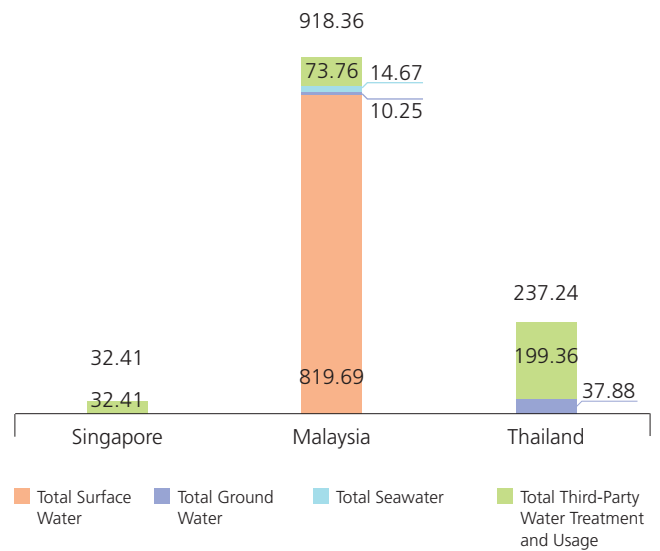


## Non-hazardous Waste by Disposal Method ('000 kg)

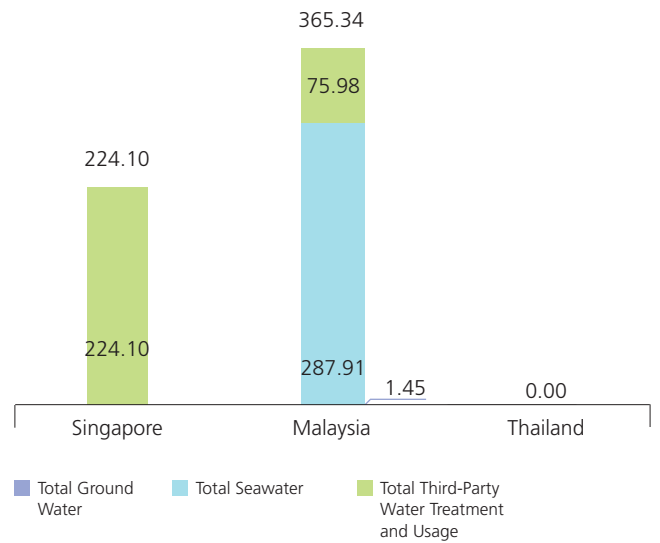


## GRI 303-4 (2018) Water discharge

## Freshwater Discharged by Source (MI)



## Other Water Discharged by Source (MI)



## Notes:

1. The data for Malaysia has been expanded to include our two water plants
2. All our wastewater is freshwater (< 1,000 mg/L Total Dissolved Solids)

## Eco-efficiency

### INITIATIVES:

#### Employee Awareness

In Thailand, F&NDT puts Circular Economy at its core, creating awareness of environmental protection with employees. Employees are encouraged to practice responsible consumption and a bring-your-own initiative to minimise food waste and single-use packaging. They are aware of the proper handling of waste and waste separation activities which occur in the factory. Waste is continuously reused as an input or resource before it is recycled. The use of plastic bags in waste collection has

been reduced, avoiding around 9 – 10 tonnes of plastic bags per year.

F&NDT has also expanded their Circular Economy Awareness Programme to employees' homes and schools around our factory to provide knowledge on proper waste management at schools, enabling schools to also generate income from waste separation and sales. F&NDT also donates recycling bins to the schools.



#### Plant Management

##### F&NDT

Circular Economy serves as a guideline for the waste management at F&NDT's factories that have the capacity to send 99% of their waste for recycling. F&NDT has launched a campaign to understand the economical and cost-effective ways of using water and to reduce overall water usage, thus reducing overall effluents and wastewater generated. Treated effluents and wastewater are used to water plants. As part of the F&NDT Water Recycling programme, treated wastewater is reused in the cooling system, reducing effluent emission by up to 33%. RO reject water is reused for general cleaning purposes.

##### F&NHB Pulau Indah plant

Zero waste is generated at F&NHB Pulau Indah plant as 100% of recyclables are sent for recycling, kitchen waste is sent for composting to create soil conditioner and fertiliser, and wastewater treatment plant slush goes through composting to create fertiliser.

##### F&NHB Shah Alam plant

At F&NHB Shah Alam plant, all aluminium, bottles and cartons are recycled, while kitchen waste is composted. Wastewater is reused for cleaning and in cooling towers instead of being discharged. A future initiative that is being looked into is the new technology for soya extraction which utilises the leftover okara (soy pulp).

## Packaging



### IMPORTANCE

Circular economy is a growing focus area for our stakeholders. There is increasing stakeholder awareness of the importance of environmentally friendly packaging, especially in relation to plastics. The principles of a circular economy guide our approach to meet customers' and consumers' demand for more sustainable packaging. Increasing the sustainability of our packaging is important to support our national regulators and government effort to phase out single-use plastics and going zero waste, as outlined in Malaysia's 'Roadmap Towards Zero Single-Use Plastics 2018-2030'. Increasing sustainability of packaging will also reduce the extraction of raw resources and waste generation. The Singapore Government released a Zero-Waste Master Plan in August 2019, which includes a circular economy approach to resource management. F&N is committed to supporting these efforts and will be reassessing our approach over the next year, as well as establishing relevant targets when we set new sustainability goals for 2025.

### APPROACH

We strive to ensure our packaging protects the integrity of the contents and fulfils the visual and functional expectations of our consumers. We have been improving our packaging materials by reducing material usage, increasing

the use of sustainable materials and increasing the recyclability of our packaging. There is much scope for innovation in packaging, which we have been exploring over the years.

Circular economy principles are particularly important for our industry: the frequency of purchases can translate into a large amount of packaging, and so 'closing the loop' is a priority. We are fully committed to reducing F&B waste by increasing shelf life and providing appropriate portion sizes, as well as increasing the recyclability of the primary and secondary packaging used in our products and sourcing more renewable packaging materials.

#### Reducing packaging materials

We continue to reduce the volume of packaging materials used as a percentage of product and are looking to reduce packing weight (e.g. thinner plastic bottles). We are minimising materials that are not favorable to the environment in our labels and flexibles by switching to PET, laminate paper packaging and TD flute in cartons.

#### Increasing use of sustainable packaging materials

We are working to include more recycled content in the packaging materials, as well as sourcing more renewable and

bio-based packaging materials such as sugarcane-based plastic. We are working to find new suppliers who can meet our requirements for sustainable packaging materials. For example, F&NHB Pulau Indah plant is increasing recycled paper used in beverage trays.

#### Improving recyclability of packaging

We are increasing the recyclability of the primary and secondary packaging used in our products. This requires us to address challenging packaging materials such as labels and flexibles to find alternative solutions.

#### Collaboration

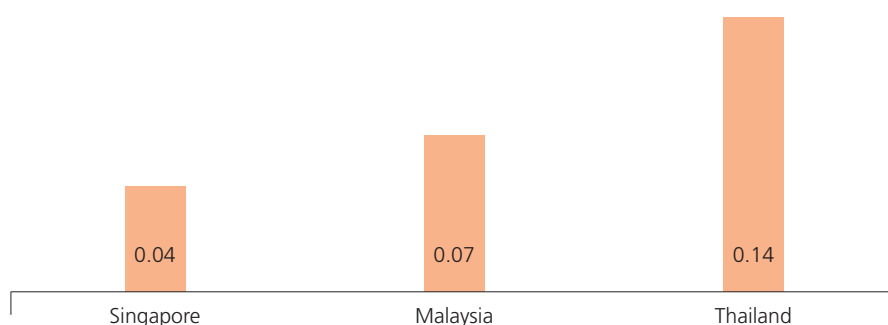
Together with ThaiBev, F&N takes part in industry collaborations to realise closed loop recycling in their value chain and also supports circular economy and recycling learning and education in schools. They have also attended the Post-Consumer Plastic Training session with Dow Jones and Scientex to learn about post-consumer plastic.

#### PERFORMANCE

Overall, our PET usage intensity has decreased by 25.9% between 2004 and 2020.

The Group's packaging ratio is 0.091, which has dropped by about 1% compared to last year.

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

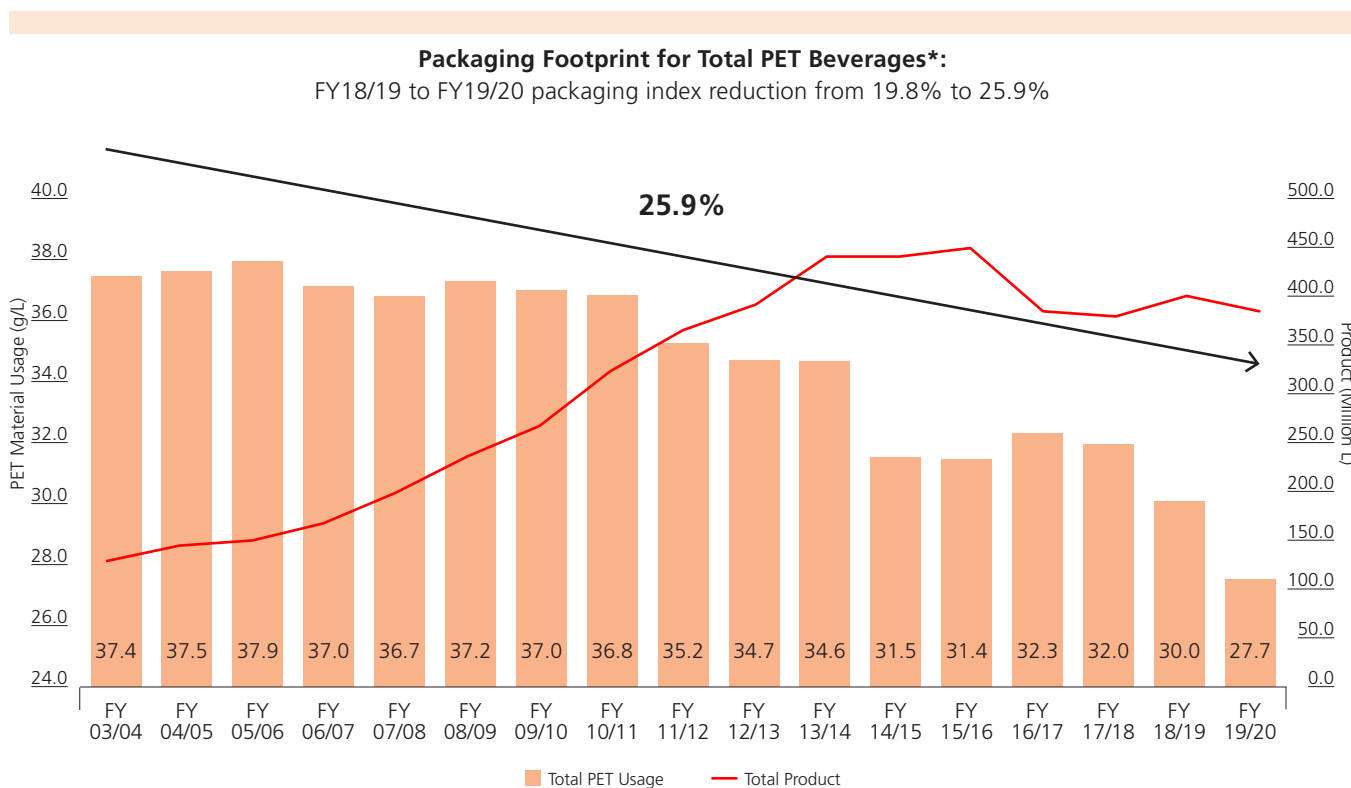


#### Notes:

1. Packaging intensity ratio is calculated based on the amount of packaging materials used (in metric tonne, MT) per metric tonne of product



## Eco-efficiency



### Notes:

- \* Total PET Beverage includes: Isotonic, F&N, CSD, ASD, Water and Aseptic PET packaging for 250ml, 350ml, 380ml, 400ml, 500ml, 600ml, 1L, 1.2L, 1.5L and 1.75L
1. 25.9% reduction from FY03/04 to FY19/20, compared to 19.8% reduction from last reporting (FY03/04 to FY18/19)

## INITIATIVES:

### SINGAPORE: 'Recycle N Save' initiative

Recycle N Save is a joint initiative by F&N and the NEA of Singapore to place Smart RVMs across Singapore. This joint initiative aims to encourage recycling of used plastic drink bottles and aluminium drink cans amongst Singaporeans and supports the national vision of the Sustainable Singapore Blueprint's goal to increase the national recycling rate to 70% by 2030.

Launched in October 2019 at Our Tampines Hub in Singapore, phase 1 of the launch saw Smart RVMs being installed nationwide, with support from our trade partner, NTUC Fairprice. Public could drop in their used and empty aluminium drink cans and plastic bottles in exchange for discount vouchers at NTUC.

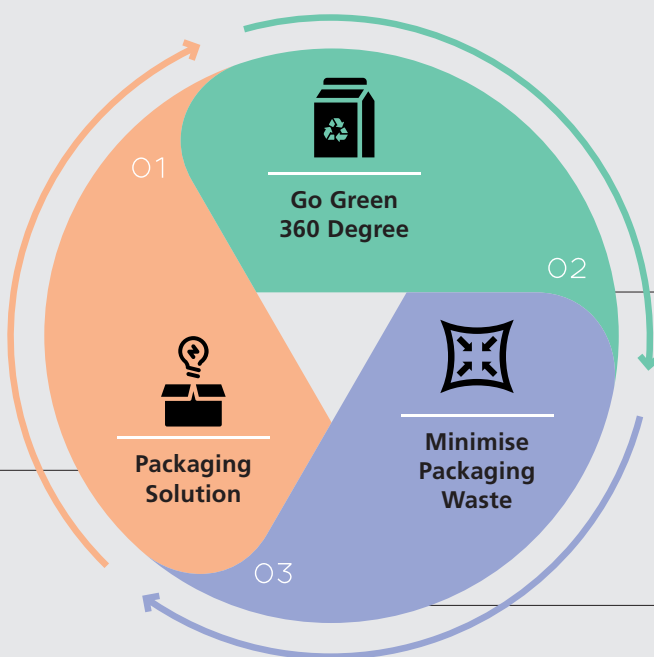
This year, together with four new partners, CapitaLand Malls, Sport Singapore, Sentosa Development Corporation and Anywheel, we installed 50 Smart RVMs island wide. Placed in shopping centres across the island, the public can choose from a wider range of rewards when they deposit used and empty drink cans and plastic bottles. The aim is to motivate Singaporeans to adopt a more circular lifestyle through offering a convenient and rewarding way to recycle empty plastic drink bottles and aluminium drink cans. Since the launch of Recycle N Save in 2019, over 3.1 million plastic beverage bottles and aluminium cans have been collected.

## THAILAND: F&NDT Packaging Sustainability Policy

### Packaging Sustainability Policy: Green packaging is our priority commitment

Actively develop, source and roll out recycled, reusable packaging with lower carbon footprint. Fulfil our commitments to caring responsibly for customers, society and stakeholders.

**Innovative packaging offers convenience with care for customers and consumers.**



All packaging must contain recycled material while maintaining durability. Minimising packaging waste through the supply chain through compostable or reusable material.

**Commitment to packaging containing recycled material and minimising waste to landfill.**

Reduction of packaging usage across F&NDT's activities including waste management during operations and supply.

F&NDT has recently launched the new Packaging Sustainability Policy which places Green Packaging as their priority commitment. With their main packaging materials being aluminium cans, plastic and paper, this policy considers the impact of products from design and development, to post-consumption management. F&NDT has also set a Packaging Intensity Ratio Roadmap that they closely monitor.

## SINGAPORE and MALAYSIA: F&N ICE MOUNTAIN Drinking Water Bio-based packaging

This year, we have added another bio-based packaging to our products – the F&N ICE MOUNTAIN Drinking Water is now available in a recyclable paper carton packaging and a bottle cap made out of sugar cane.



## Eco-efficiency

### MALAYSIA: Packaging reduction at F&NHB Borneo Springs plant

At the F&NHB Bentong plant, cost savings of RM650,000 (SGD214,500) and packaging reduction of 100MT, through the reduction of paper waste by removing the small paper die cut pad at the bottom of each shrink, have been achieved.

The overall switch for secondary packaging cartons has led to a reduction in material consumption by 5%.

### MALAYSIA: Sustainable packaging solutions at F&NCM

Since July 2020, F&NCM has started to recycle damaged packaging (carton box, raw material paper bag, tubs and lids) by appointing a certified contractor to collect them.

### SINGAPORE: Balanced web/reel paper as packaging material for wrapping books

Previously, TP purchased wrapping paper to wrap the printed books and sold the balanced web/reel papers as paper waste. Now, they have started to reuse the balanced web/reel paper as packaging material for the wrapping of books. This has resulted in a reduction of about 24 tonnes of paper waste and cost savings of about SGD20,000 each year.



### THAILAND: Packaging reduction at F&NDT

As part of F&NDT's packaging intensity roadmap, we changed the regulator slotted cartons ("RSC") to wrap-around cartons for TEAPOT Squeeze Tube products. This switch has contributed to a reduction of 20% of packaging materials used when compared to the previous RSC.

For a period of nine months this year, we have progressively phased out the B flute corrugated cardboard trays to an alternative design to reduce our packaging material usage by September 2020. This resulted in the reduction of usage of annual pulp paper by about 122 tonnes per year.

## Energy and Climate Change

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



F&N is committed to reduce our energy consumption and GHG emission intensity as one of the main priorities for our 2020 vision. As part of our contribution, we also have a responsibility to help minimise carbon footprints across our value chain, ranging from manufacturing, packaging, storage and logistics, to end use and disposal.

### APPROACH

F&N safeguards internal and external preparedness to realise our performance goals.

1. Fulfil and enhance the energy management system as energy conservation is one important part of our operations
2. Well manage and utilise energy conservation technology and best practices as part of our continuous improvement
3. Implement and improve energy management systems to comply with relevant laws and regulations
4. Conduct energy improvement programmes to optimise business operations
5. Promote, support and manage energy conservation efficiently.

### 2020 Target

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

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

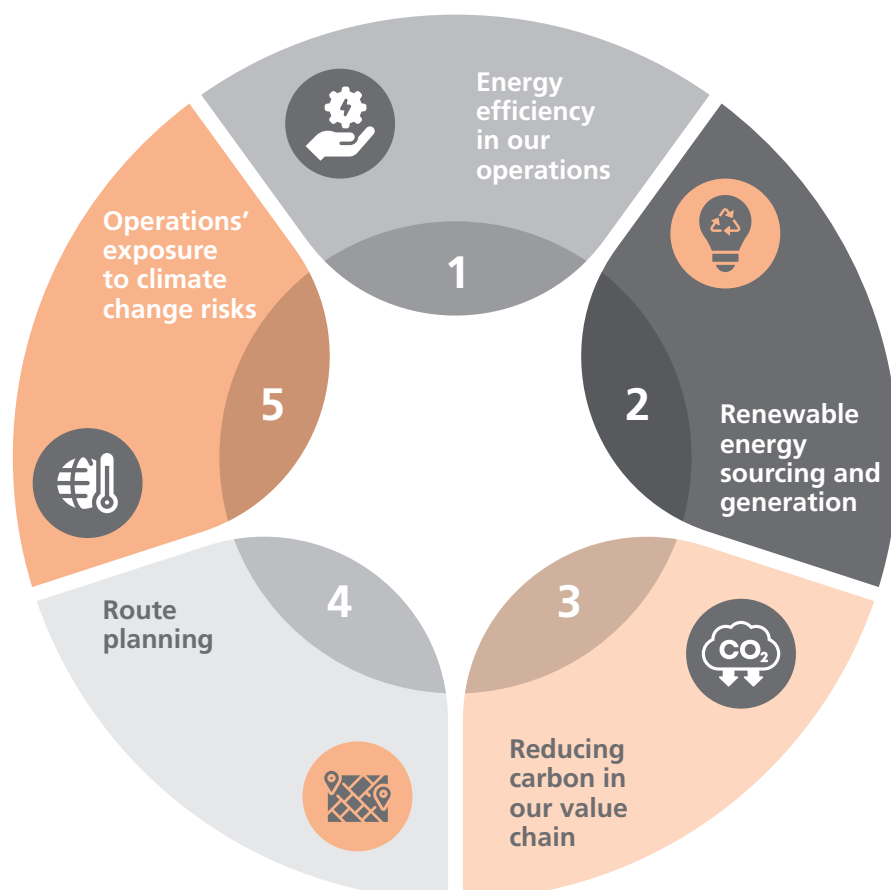


### Our Energy Management Policy

Our Energy Management Policy is a guideline that we regularly review to ensure that it is valid and up to date. All our operations are guided by the following principles, to:

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

### Our Energy and Climate Change Strategy



Climate change is a defining global challenge of the 21<sup>st</sup> century, presenting risks to the global economy. For F&N, climate change presents risks including price fluctuations in raw material commodities, and access to water resources.

Managing this topic presents the opportunity to turn challenges and risks into climate related opportunities for F&N, for example cost savings, energy saving, alignment with customer ambitions, and support and contribute to the development of government policies.

## Eco-efficiency

Our Energy and Climate Change Strategy, which aligns with ThaiBev's climate change and energy strategy, is broken down into five priority areas:

1. Energy efficiency in our operations
2. Renewable energy sourcing and generation
3. Reducing carbon in our value chain
4. Route planning
5. Operations exposure to climate change risks.

F&N's operations, including manufacturing, storage and transportation, require energy. We have applied a range of initiatives, based on circular economy principles, to improve our energy performance. We uphold this commitment in our entire value chain by engaging with our suppliers and other third-party management through an agreement to commit to environmentally friendly practices.

We set a GHG emissions intensity target to contribute to the national GHG emission reduction commitments of each nation in which we operate – Singapore's government has pledged to reduce GHG emissions intensity ratio by 36% by 2030, compared with 2005 levels, and to reach peak GHG emissions by 2030. Malaysia's government has targeted a 45% reduction in GHG intensity by 2030, from a 2005 baseline. Finally, Thailand has a reduction target of 30% by 2036, from a 2010 baseline.

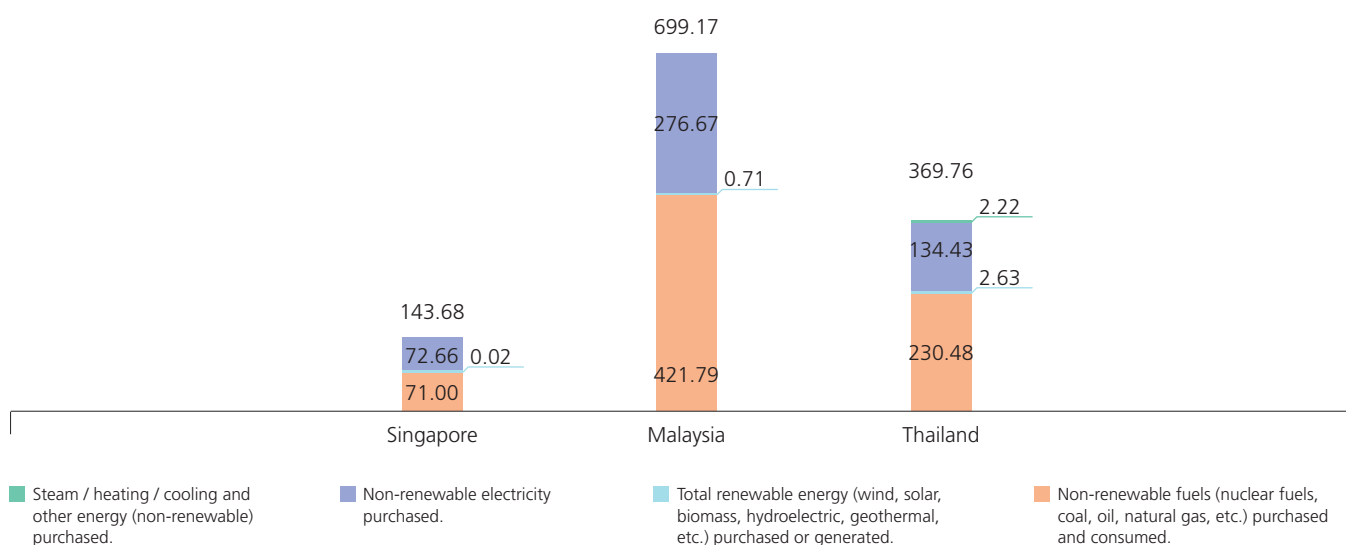
### PERFORMANCE

F&N has an initial target to reduce the Group energy and GHG emissions intensity ratios by 5% of 2017 levels by 2020. In 2020, the energy intensity ratio is 1,082.60 MJ/MT and the GHG emissions ratio is 0.114 MT CO<sub>2</sub>/MT, above our 2020 targets. After reviewing our performance, we found that some of the challenges which affected our energy and GHG management were:

1. The commissioning of numerous new production lines, since the established sustainability reporting baseline in 2017, which resulted in an increased consumption of energy;
2. The change in operating process where the blow moulding of PET bottles was now done inhouse on the combi-fillers (as compared to the 2017 baseline) at the F&NHB Shah Alam plant, instead of purchasing blown up bottles from third-party suppliers, which further increases energy usage;
3. The launch of new products which require the equipment to perform more frequent CIP between each production run for the assurance of product quality and safety; and
4. The decrease in production volume as a result of the COVID-19 pandemic as there was a minimum amount of energy that must be consumed during production runs regardless of production volume.

### GRI 302-1: Energy Consumption within the Organisation

Energy Consumption by F&N ('000,000 MJ)

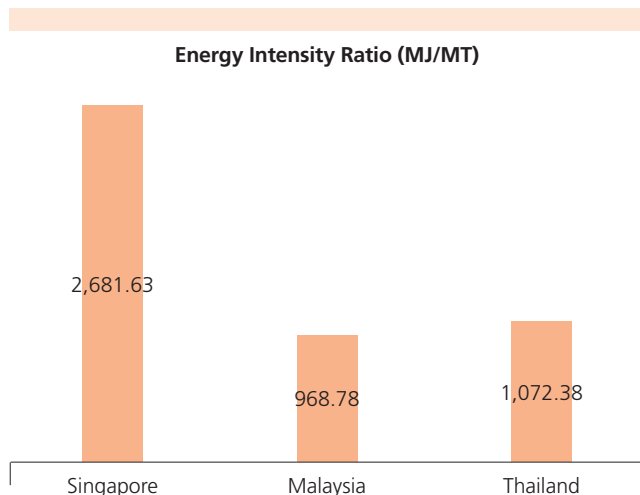


#### Notes:

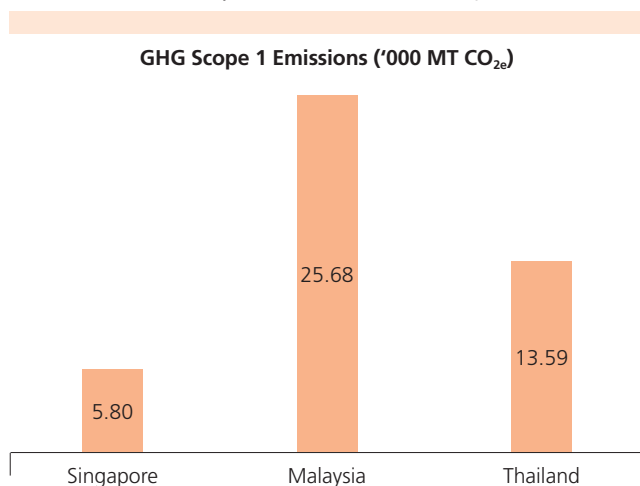
1. There is no electricity, heating, cooling and steam sold
2. The data on natural gas and electricity consumption is collected through meter readings and converted to MJ through standard conversion values



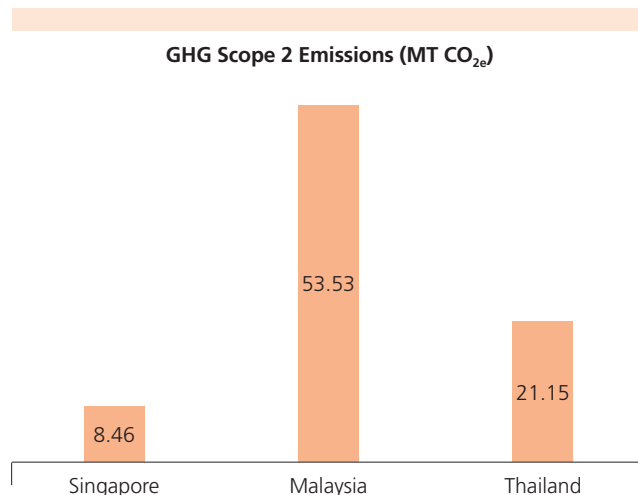
## GRI 302-3: Energy Intensity

**Notes:**

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

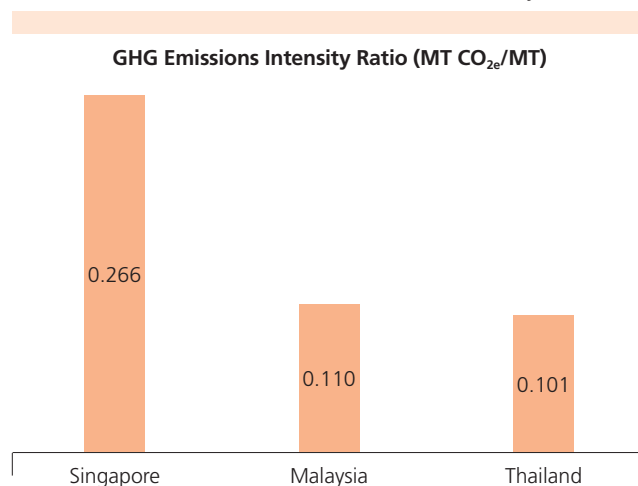
GRI 305-1: Direct (Scope 1) GHG Emissions (CO<sub>2e</sub>)**Notes:**

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

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

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

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

**Notes:**

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

# Eco-efficiency

## INITIATIVES:

### 1. Energy Efficiency in Our Operations

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

#### (A) Singapore

TP has replaced two old 4-colours sheet-fed printing presses with a new high-speed energy efficient 8-colours sheet-fed perfecting press in September 2020. It is estimated that there are energy savings of about 210,000kWh per year. This translates to cost savings of over SGD25,000 and a reduction of CO<sub>2</sub> emissions by about 17 tonnes each year.



#### (B) Malaysia

- (i) Pulau Indah dairy plant,
  - a. Conventional forklifts were switched to electrical forklifts
  - b. Installation of heat pumps in chillers and 3 Variable Speed Drives for the Filler Exhaust Fan were done to reduce energy consumption. The installation of heat pumps helped to reduce natural gas usage by changing the mechanism to use steam instead. This contributes to potential cost savings of about RM153,000 (SGD50,490) per year.
  - c. The installation of Thermal Vapour Recompression to reduce natural gas was completed in July with potential cost savings of about RM500,000 (SGD165,000) per year.
  - d. We have installed an inter region flow controller to regulate air compressor pressure to regulate electricity usage and avoid peak tariffs at the new fresh milk line. We recover our condensates back to the boiler instead of discharging.

#### (ii) F&NCM plant

In an effort to minimise energy consumption, in March 2020, part of the cold room was shut down (small hall) and converted to a packaging storage room. Only the main hall was used for the storage of products to improve the efficiency of temperature maintenance. This has resulted in an estimated cost savings of about RM100,000 (SGD33,000) and reduction of electricity usage by about 9,000kWh each year.



#### (iii) Shah Alam soft drink plant

We are centralising a 40-bar air compressor to compress the air system and stabilise supply air pressure. This is expected to be completed in November 2020. We also replaced diffusers for blowers for our wastewater treatment plant in June 2020 to save 673,000kWh per year. The installation of auto blowdown for boilers to reduce natural gas was completed in October 2019 with 985 MMBtu natural gas savings per year.

#### (C) Thailand

##### (i) Rojana dairy plant

The switch to liquid sugar for productions has helped to save energy from the reduction in steam usage of around 150kg of steam per hour. The heat recovery Phase 4 from Super Agi to sugar dissolver gives us about THB0.70 million (SGD31,500) in cost savings.

## 2. Renewable Energy Sourcing and Generation

### (A) Thailand

At F&NDT Rojana plant, we installed a solar panel rooftop in April 2020. It has provided us cost savings of about THB6 million (SGD270,000). The THB30 million (SGD1.35 million) solar PV system with 1MWp generating capacity significantly reduces energy offtake from the grid by utilising renewable energy for its daily operations.



### (B) Singapore

Plans to install a 500,000kWh rooftop solar photovoltaic ("PV") system as part of the Rhinestone project in Singapore is underway. This solar PV system is anticipated to be installed by 2022 and is expected to contribute about 3% of the plant's total annual energy usage.

### (C) Malaysia

As part of the strategic direction to reduce fossil fuel consumption and carbon footprint reduction, the Group is exploring a renewable energy programme at our F&NHB plants (Shah Alam, Pulau Indah and Bentong) which entail setting up of 3MWp solar PV systems at the three plants starting from October 2020.

## 3. Reducing Carbon in Our Value Chain

As well as making improvements to our own operations through energy efficiency and renewable energy use, F&N also looks into sharing best practices and encouraging improvements along our value chain. We understand that it is essential to support our business partners and customers to reduce their own GHG emission impacts. For example, F&NHB is currently working with suppliers to implement low-carbon cooling mechanisms for raw materials.

## 4. Route Planning

Optimal route planning can help F&N to reduce costs and be more environmental-friendly. Over the past few years, we have continued to streamline our distribution networks.

F&NHB has made more than RM800 million (SGD264 million) of capital investments since 2014 on new lines and warehouses across their production facilities in various locations. This decentralisation strategy also means that their manufacturing and warehouse operations are closer together, resulting in shorter routes to market and lower carbon emissions from logistics.

To further optimise route planning, RM180 million (SGD59.4 million) has been invested in the new integrated warehouse at the F&NHB Shah Alam plant, equipped with an ASRS. This new warehouse is expected to commence operations in FY2021.

The ASRS will manage the automated process of getting finished goods ready for delivery to market or distributors' warehouse. The system will drive improvement through:

- More accurate stock management
- Elimination of product damage caused by mishandling
- In-sourcing of break bulk activities
- Reduction of time spent by workers at the warehouse
- Improvement in warehouse safety

## 5. Operations Exposure to Climate Change Risks

F&N's operations and supply chain face risks due to climate change impacts. This includes impacts from rising sea levels, extreme temperatures, farming shortages and water availability. Climate change risks are monitored and managed as part of our ERM process, which is under the responsibility of the SRMC. For example, at F&NHB, identified climate change related risks include flooding and mineral water sourcing and contamination. To manage these risks, they work closely with state authorities and local councils which monitor climate-change risks. We also have robust incident escalation procedures and response plans in place as part of our Business Continuity Management.

## Responsible Supply Chain

### Sustainable Sourcing

GRI 204-1



#### 2020 Target

To purchase RSPO credits for 100% of palm oil usage by 2020

As a market-leading F&B company, we constantly work with our business partners, suppliers and vendors to understand their needs, and deliver mutually sustainable solutions that create long lasting value. We also lead by example, encouraging others to improve sustainability performance throughout their supply chain. F&N is committed to Sustainable Sourcing and supports the production of sustainable palm oil.

The following chapter outlines some of the ways we work with and influence other companies.

#### APPROACH

In the past year, we have engagements with over 4,700 global and local suppliers across our supply chain, including manufacturers, wholesalers, retailers, importers/merchants, contractors and professional services providers. We recognised that sustainability in our own operations is insufficient and we have to also work with business partners to ensure good practices are shared across our supply chain.

Circular economy principles include reassessing what is meant by a 'resource': for example, one organisation's waste may end up becoming a valuable resource for another organisation. Hence, we look to understand suppliers' needs and establish mutually beneficial partnerships for circular economy solutions.

The Group works closely with our suppliers to ensure standards and practices for food safety and the environment are maintained throughout the value chain. For example, F&NHB is a member of the Supplier Ethical Data Exchange and conducts regular audits on our suppliers to ensure standards and practices for food safety and the environment are maintained throughout the value chain. F&N supports the UN Guiding Principles on Business and Human Rights across our value chain.

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

#### New Supplier Code of Practice

This year, we launched a new Supplier Code of Practice which covers environmental and social impacts. The scope includes the following areas:

1. **Business Ethics** – Suppliers are expected to conduct their business in accordance with ethical business standards and applicable laws
2. **Environmental Management** – Suppliers are expected to conduct their business in an environmentally responsible manner
3. **Human Rights** – Suppliers are expected to treat their employees equally, with respect and dignity,

in accordance with ILO standards and applicable labor laws

4. **Occupational Health and Safety** – Suppliers are expected to procure and maintain proper workplaces and working environments which are safe and hygienic, in accordance with applicable laws

F&N is in the midst of communicating the new Supplier Code of Practice to all suppliers and ensuring that they are compliant with the new terms. After all suppliers understand and have signed the Supplier Code of Practice, audits will be conducted to monitor performance of key suppliers against the specified requirements.

#### Sustainable sourcing – Palm Oil

Our target for 'Sustainable Sourcing' specifically relates to palm oil. Although this represents a relatively minor proportion of our expenditure, it has potentially major indirect impacts as irresponsible palm oil cultivation has caused — and continues to cause — significant environmental and social damage. We understand that our actions and business practices pertaining to the support of the production of sustainable palm oil is important and, having become an ordinary member of RSPO in August 2017, we reiterate our support for the use of Certified Sustainable Palm Oil ("CSPO") in our products. F&N's approach has been through RSPO with a focus on RSPO credits, and we will be embarking on the RSPO Mass Balance supply chain model.

#### Sustainable sourcing – Sugar

Another key commodity F&N focuses its sustainable sourcing efforts on is sugar. Sugar is a significant commodity used within F&N products, and we are currently developing a sustainable sourcing approach for this specific commodity, under the guidance of VIVE sugar certification programme.

F&NHB has purchased 20,000 metric tonnes of VIVE certified sustainable sugar which will be consumed within this financial year. F&NDT is also exploring the possibility of using BONSUCRO certified sugar products for our operations in Thailand.

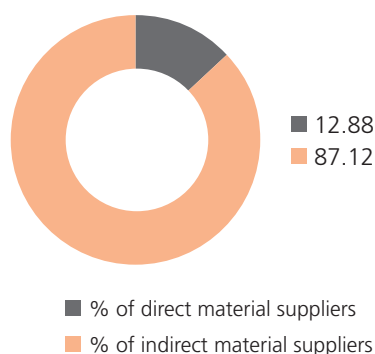
### Sustainable sourcing – Paper

Sustainable sourcing of paper as a material in the supply chain is key to

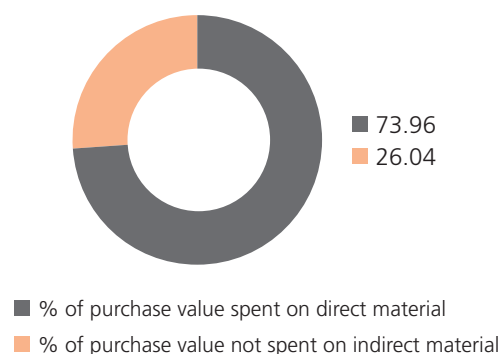
ensure that harmful environmental and social impacts are mitigated or reduced to a minimum. As paper is an essential component in F&N's printing operations, we understand the importance of sourcing paper sustainably and support sustainable forest management. To show our commitment, Times Publishing Group has achieved the Programme for the Endorsement of Forest Certification ("PEFC") chain of

custody certification. The PEFC chain of custody certification tracks forest-based products from sustainable sources to the final product. It demonstrates that each step of the supply chain is closely monitored through independent auditing to ensure that unsustainable sources are excluded. This has been an ongoing initiative since 2009.

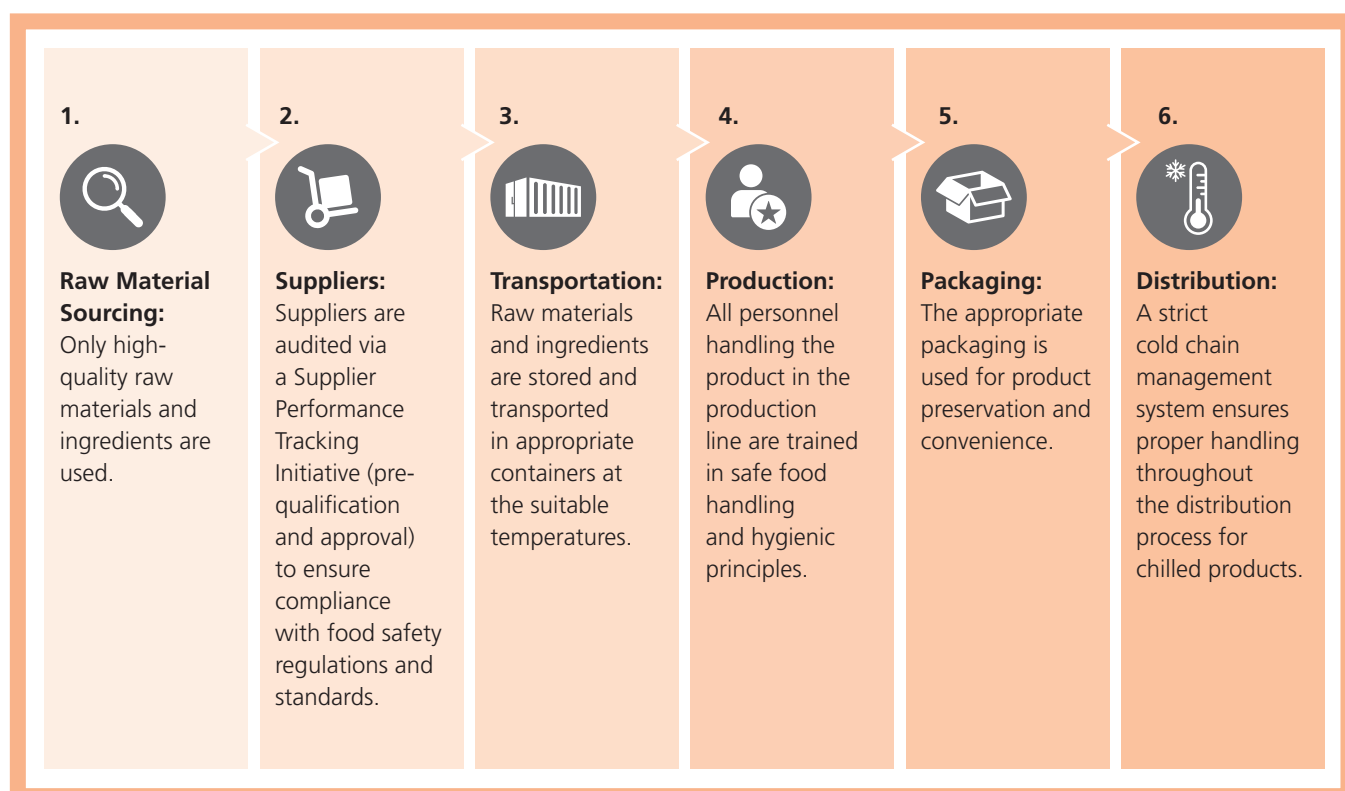
Group Supplier By Supplier Category



Proportion of Spending on Materials



### Our Supply Chain

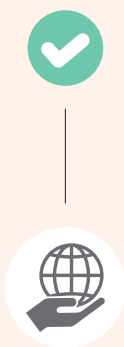




## Responsible Supply Chain

### Screening our suppliers

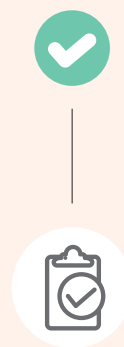
At F&N, we have a systematic screening process for all new suppliers using environmental and social criteria. These criteria reflect the commitments towards the environment (such as reducing waste, pollution and protecting water resources) and society (including human rights and labour practices). The environmental performance of their raw material and packaging material suppliers are also assessed periodically to ensure compliance to the following:



**Implemented an environmental policy**



**Undertaken audits to monitor environmental performance and compliance**



**Maintained an ISO14001 compliant environmental management system where applicable**

### Addressing risks in our Supply Chain

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

We conduct periodic supplier audits to ensure compliance with food safety regulations and specific standards. We assess a range of quality assurance and food safety criteria to safeguard the health of consumers and the

safety of workers in our supply chain. Criteria include the implementation and monitoring of good manufacturing processes, use of protective clothing, food safety management systems, and chemical management.

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



**0**

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

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

## PERFORMANCE

### Eco-credentials

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

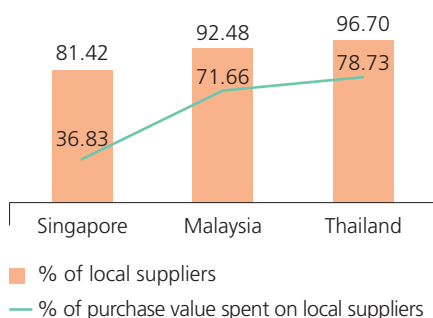
In 2020, we have successfully met our target to purchase RSPO credits for 100% of our projected palm oil usage, which represents an improvement of 30% compared to last year.

### Supporting Local Suppliers

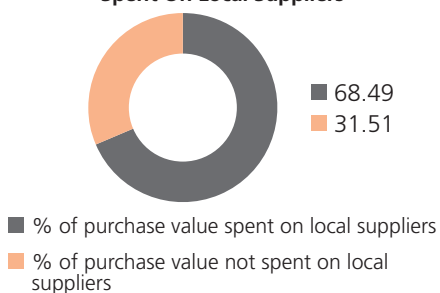
F&N engages with local suppliers, where possible, to support the local economy and minimise the carbon footprint from

### GRI 204-1 Proportion Of Spending On Local Suppliers

#### Proportion of Spending on Local Suppliers



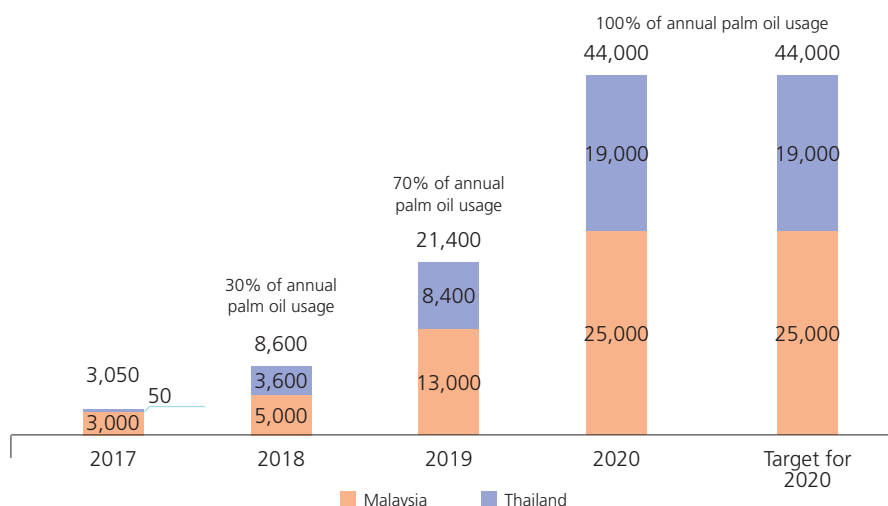
#### Group Proportion Of Purchase Value Spent On Local Suppliers



#### Note:

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

### Total Number Of RSPO Credits Purchased



transportation. More than 90% of our suppliers are local, representing almost 70% of our purchase value expenditures.

### Ensuring Supply Chain Resilience during COVID-19

To ensure supply chain resilience and avoid disruptions, F&N works closely with our trade partners and suppliers to manage and minimise disruption during this period. We are committed to supporting our customers, trade partners and the community as a whole with adequate supply and availability of core F&N products amidst these uncertainties. F&N has recognised the need to replace conventional business continuity planning with new ways of collaboration with suppliers and customers to continue delivering stocks.

Working with suppliers is critical to maintain inventory levels and avoid running out of stock. F&NHB conducted a supplier assessment exercise to understand the resiliency of our supply chain and implement mitigation measures for suppliers that may not be able to meet demands. F&N's diverse pool of suppliers, including strong relationships with local suppliers, also helped mitigate the risk of disruption from one critical supplier.

In Malaysia, F&NHB issued weekly supply chain bulletins to keep all suppliers informed of the changing situation and respective actions taken, and work closely with key retailers to ensure core products like canned milk, UHT and water are sufficiently stocked in their warehouses for long-term consumption. They have kept the supply chain cost competitive while exceeding service levels despite reduced manpower due to the MCO in Malaysia.

In Thailand, the Supplier Productivity Enhancement Programme has been implemented to help F&N's suppliers manage supply shocks and disruptions. Through their work with suppliers F&N was able to maintain a 3-month stock minimum to mitigate any impact to inventory levels.

F&N works to support customers during periods of uncertainty when cash flow is likely to be tight. In view of the exceptional challenges brought about by the COVID-19 pandemic, we have worked together with several customers on flexible payment terms and payment extensions.

## Safety and Well-being

### Occupational Health and Safety

GRI 403-9 (2018): GRI 403-10 (2018)



#### 2020 Target

To have zero LTIFR by 2020

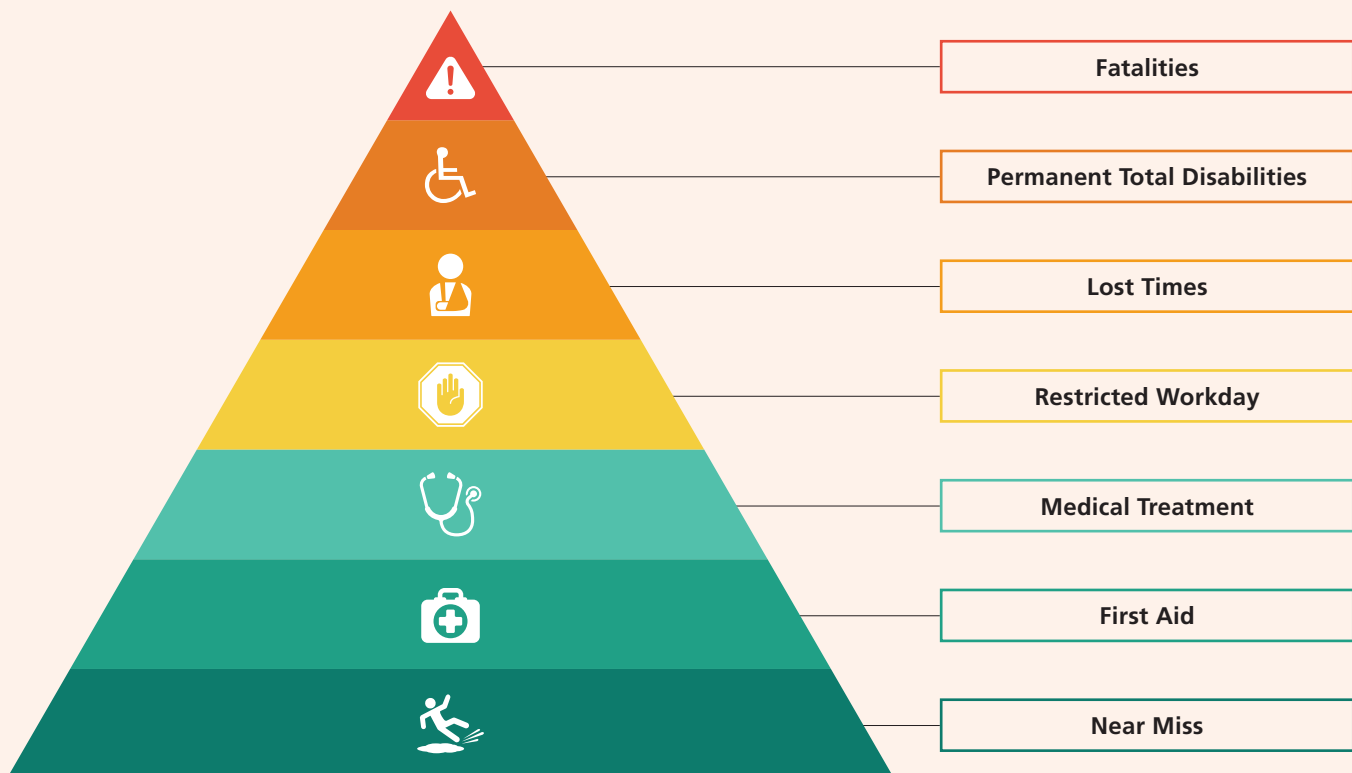


At F&N, we believe that working as a team is the only way to achieve our target of zero lost time injury. We foster a proactive 'safety first' culture for employees to be aware of their

responsibilities to both themselves and their colleagues. This includes advocating for a healthy lifestyle through awareness of nutrition, physical activity and stress reduction measures.

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

### Safety Pyramid



### Creating a Safety Culture

At F&N, safety is integrated across our operations through the implementation of ESH systems and monitoring processes. Our adherence to international standards, such as ISO 14001, ISO 45001 and OHSAS 18001 for our major sites, demonstrates that our safety practices extend beyond compliance with national regulations. All employees, workers and activities are covered by our ESH

systems, and all workers receive adequate training and safety equipment wherever appropriate.

As safety plays a central role at our plants, each one has its own Safety Committee, which includes management and workers' representatives. F&N has also set up a Safety and Health Committee for its corporate office.

These committees oversee F&N's safety systems and programmes to ensure their effectiveness and meet on a periodical basis to discuss accidents or near-misses and determine appropriate corrective actions to reduce risks. They also conduct audits of our ESH systems, develop annual safety plans, and initiate programmes to increase awareness of health and safety issues among employees.

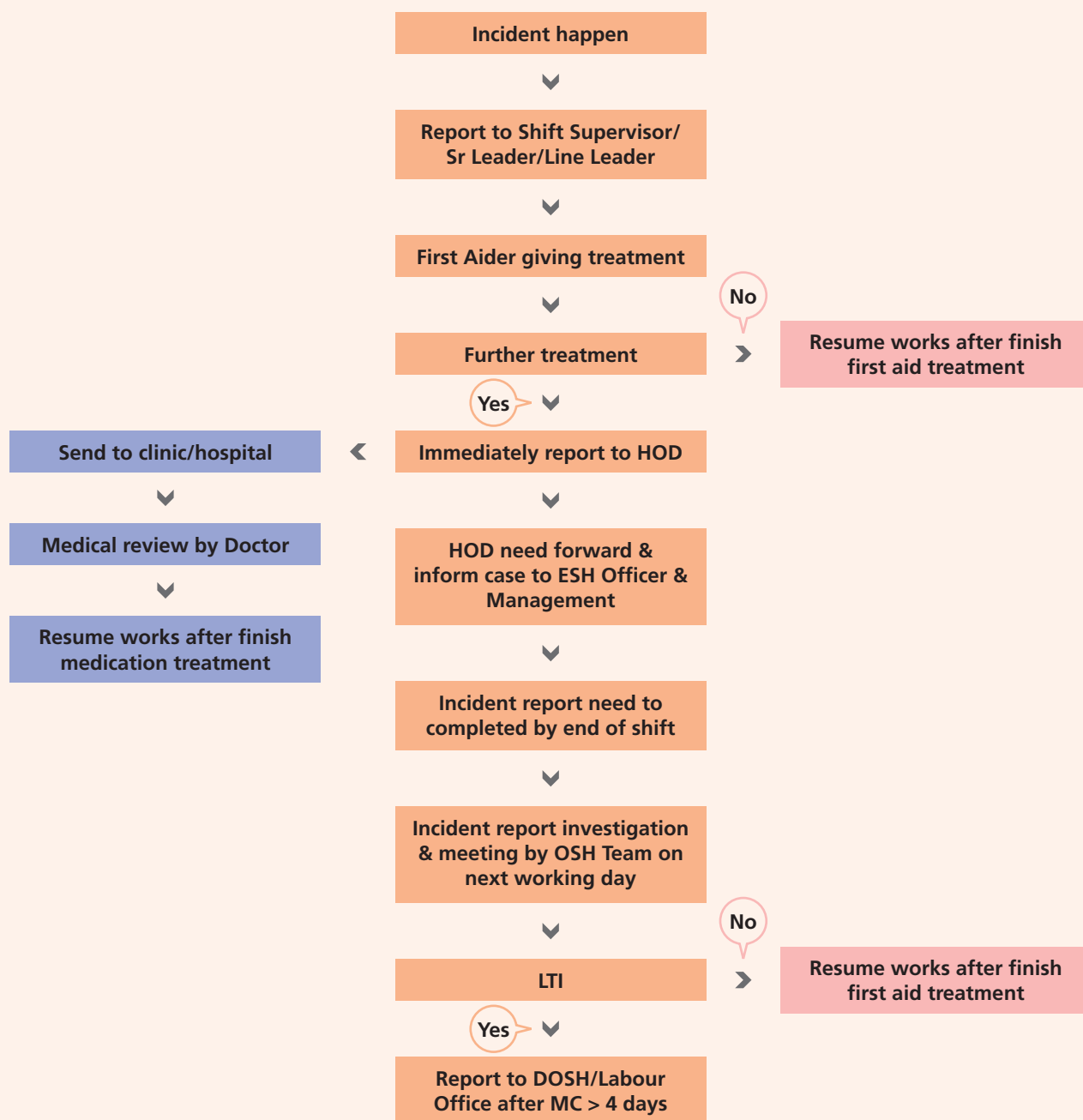
We encourage all employees to report any potential risks or hazards identified. This can be done informally by informing a safety representative or supervisor, or via a more formal – and if preferred, anonymous – reporting to their respective safety committees.

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

We have formulated, in an articulate way, an accident/incident flow diagram that

represents our Emergency Preparedness and Response procedures. All our business units have implemented and strictly follow these procedures.

### Flowchart of incident reporting at F&NCM



## Safety and Well-being

### Enhanced Health and Safety Measures during COVID-19

In response to the COVID-19 pandemic, F&N has taken effective measures to protect its employees' health and safety, and prevent the spread of infection, while ensuring business continuity. To reduce the risk of employees' exposure, F&N has encouraged all its employees to adopt work from home and split team arrangements. Various safety and prevention measures have been implemented to ensure that all our premises maintain strict hygiene practice and a clean environment.

F&N has provided sufficient personal protection equipment for all employees e.g. masks, hand sanitizers, thermometers. In Singapore, care packs, containing an oral thermometer, two face masks and a hand sanitiser, were issued to employees and cleaners who belonged to the Pioneer and Merdeka Generation. Facilities are inspected weekly by safety management officers. There is daily sanitisation and cleaning after each work shift, and special chemical sanitisation every 2 weeks. F&N implemented safe distancing measures at all workplaces to be in compliance with government regulations, as well as daily contactless temperature screenings for all staff working on site or in office. Specific advisory and protective equipment are provided to protect front-line workers at particular risk e.g. receptionists, sales and delivery personnel. F&NHB upgraded key office facilities to avoid contact e.g. replacing cash with e-payment and replacing biometrics with face scanning. F&N also supports national movement monitoring initiatives via QR code (MySejahtera and Selangkah apps in Malaysia and SafeEntry in Singapore) and regular health related declarations. Travel restrictions are implemented for all employees in accordance with F&N's guidelines and national requirements, and regular health and travel advisory updates are disseminated.

F&N adapted our work practices to support employee safety and well-being. All employees with family members working in medical front-line roles can work from home. To support our employees working remotely or from alternate sites during this time, we have made some technological adjustments such as shifting to online meetings and video calls, and we have upgraded employees' IT equipment when required. For those working on site or in the office, work/lunch hours have been staggered and high-risk activities such as sampling and promotion activities were stopped. Going forward, we plan to formalise our flexible work arrangement policy where practical.

F&N has developed mechanisms to protect employees' jobs, leveraging Fortitude/Resilience/Solidarity/Unity Budgets such as the Enhanced Job Support Scheme and the Enhanced Wage Credit Scheme.

For Malaysian employees who were forced to stay in Singapore due to the Malaysia MCO, F&N implemented the following measures:

- Provision of hotel accommodation to approximately 130 employees who were not able to stay with friends or relatives in Singapore.
- Provision of a daily meal allowance and parking reimbursement for all affected employees.
- Provision of free laundry service for employees staying in hotels.

Throughout the pandemic, we communicated transparently and regularly with employees regarding the changing government requirements and business response. This includes best practices in personal hygiene and social distancing as well as up to date health and travel advice. For F&NHB, our 'Fraserians Connect' app has been a key tool for internal communication.

We also support employee wellbeing during periods of lockdown or work-from-home, including providing virtual sports classes and fitness activities, telemedicine programs and virtual lunch talks.

### Healthy Workforce

Our Health Risk Assessment Committee comprises skilled personnel trained to comprehensively evaluate areas where employees may be exposed to health risks. It is a priority for F&N to ensure that the workplace is conducive to employees' well-being.

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

In 2020, because of the COVID-19 changes, access to company-organised sport events or F&N's sport facilities and classes was limited. Instead, we have developed resources to guide employees' mental and physical health through wellness talks and broadcasts. In Malaysia, F&NHB organised a wellness programme across the whole organisation, while F&NDT arranged a health wellness activity at the factory. In Singapore, we conducted virtual sport classes during Phase I of the lockdown and we developed an outreach programme through a partnership with Lianhe ZaoBao (a daily newspaper) to promote a healthy lifestyle to senior staff.

Air quality, brightness, temperature and noise levels are monitored in all our facilities. We conduct regular noise monitoring at our facilities to ensure that the level is within the recommended range. For all workers in an environment with high noise levels, we provide hearing protection to reduce their exposure to noise. We also conduct audiometric tests regularly for all at-risk workers, with follow-up doctor consultations where hearing impairments were identified.



Despite limitations and difficulties due to COVID-19, F&N has not compromised on employees' safety trainings. In 2020, over 590 employees from FNFS attended over 1,430 hours of Occupational Health and Safety ("**OHS**") training, while over 120 employees from F&NCM benefited from over 1,290 hours of training. F&N's safety training topics covered in FY2020 included:

- Fire Prevention and Safety
- Chemical Safety
- First Aid Training and CPR
- Forklift and Reach Truck Operation
- Electrical Safety
- Working at Height
- Hot Work Safety
- Ergonomic Safety
- COVID-19

In Singapore, we have implemented SafeEntry to prevent and control the transmission of COVID-19 within our facilities. SafeEntry is a digital check-in system implemented by the Singapore government which allows contact tracing and identification of COVID-19 clusters. All employees and visitors entering F&N's facilities have to scan a specific QR code and enter their details before they can check-in.

Our OHS management systems incorporate SGSecure – an initiative from the Singapore government to sensitise, train and mobilise our communities to prevent and deal with a terror attack. This includes registering an 'SGSecure Rep' with the Ministry of Manpower ("**MOM**"), reviewing our Standard Operating Procedures and conducting risk assessments to identify terror risks. During 2020, we have also provided SGSecure training to our employees to increase awareness on how to manage our safety and security risks.

In Malaysia and Thailand, F&NHB organised regular activities to engage employees on safety topics. Some of

these activities included monthly OHS trainings and newsletters, as well as an unsafe working conditions programme and Unsafe Award to educate and encourage workers in identifying unsafe behaviours and safety hazards. In F&NDT, to prevent the safety risks associated with the use of new equipment, the relevant employees pursued specific safety trainings before commencing high-risk work, such as pre-employment risk assessment activities, Behaviour Based Safety and Kiken Yochi Training activities, and Job Safety Analysis' writing assignments. F&NDT was audited to evaluate any Unsafe Action and Unsafe Condition at work. Corrective actions to implement and safety planning recommendations were provided in audit reports.

All workers (employees and contractors) have access to occupational health services in relation to their relevant activities. This includes hygiene, ergonomics, protective equipment, and first aid kits. Accredited consultants advise F&N on OHS matters. For example, FNFS is advised by Concord Associates who is accredited by both the Singapore Workplace Safety and Health ("**WSH**") Council

and the MOM. The F&N Corporate office engages Greensafe International Pte Ltd on OHS matters and they are similarly accredited by WSH and MOM. Where any work-related health matters occur, F&N pays relevant treatment costs and allows any required time away from work.

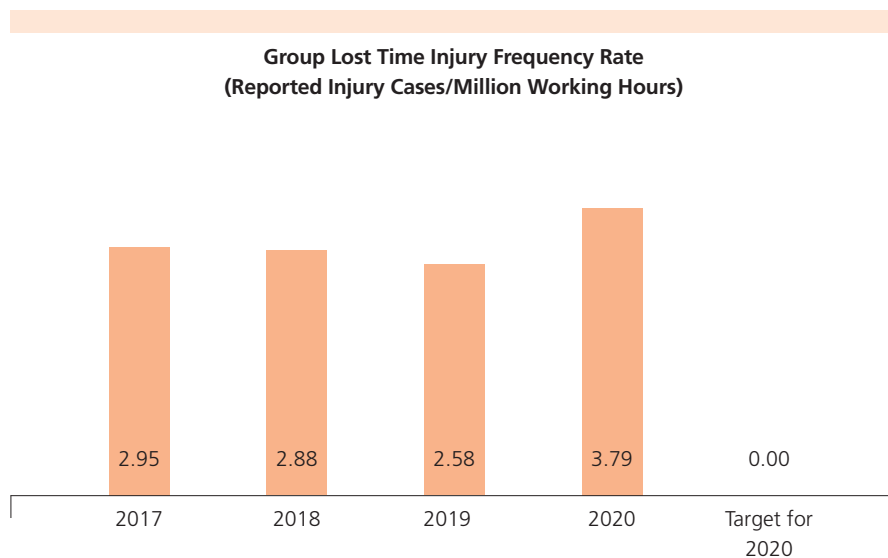
We offer healthcare insurance to employees based on staff category and/or job levels. Malaysia and Thailand offer healthcare for all and we help to facilitate good health coverage for all workers by organising an annual health screening and encouraging all employees to participate. Any work-related illnesses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

## PERFORMANCE

Our Group LTIFR this year was 3.79 per one million hours worked which is above our 2020 target of zero LTIFR.

We have set an ambitious target of zero LTIFR to reinforce our stance of zero tolerance for workplace accidents. We aim to pursue our efforts to achieve a zero-accident workplace and will continue to emphasise the importance we place on our employees' safety.

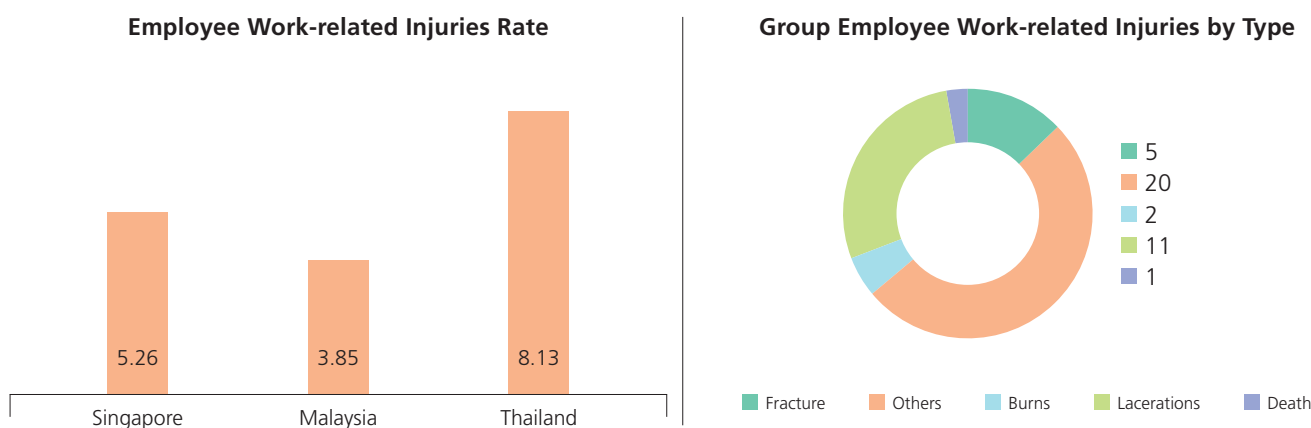
**Group Lost Time Injury Frequency Rate**  
(Reported Injury Cases/Million Working Hours)



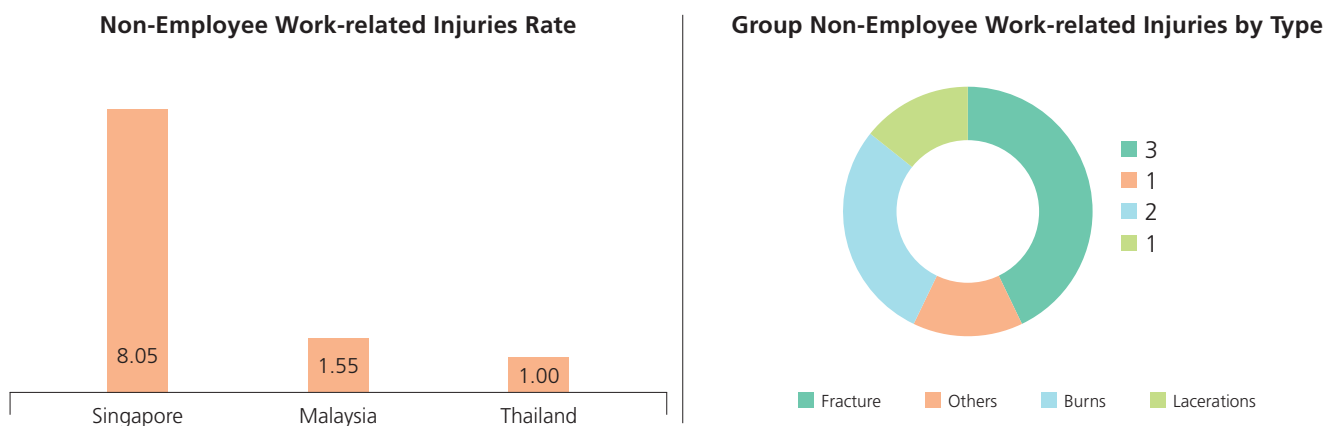
## Safety and Well-being

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

In FY2020, there were 39 employee recordable work-related injuries. None of the incidents were high-consequence work-related injuries. One resulted in a fatality due to the unfortunate van accident in Thailand.



In FY2020, there were 7 non-employee recordable work-related injuries. None of the incidents were high-consequence work-related injuries or resulted in fatalities.



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

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

There were zero incidents of recordable work-related ill health at F&N in FY2020.

## Consumer Health and Safety

GRI 416-1; GRI 416-2



### 2020 Target

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



Consumer Health and Safety is our first and foremost priority and a core principle embedded in F&N's culture. We live by our brand promise of "Pure Enjoyment, Pure Goodness" by producing, marketing and selling our brands responsibly and enabling consumers to make informed purchasing choices. We consistently maintain the highest standards so that customers have full confidence when purchasing and consuming our products.

### APPROACH

Our 137 years of success are built on providing products able to earn the trust and satisfaction of our consumers, as well as enhance their future well-being. This requires a holistic approach to safety across the life cycle of our products. In previous chapters, we have described how consumer health is a key part of our innovation efforts, and how our supply chain processes are a key part of our food safety assurance.

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

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

We are committed to providing the highest quality products and ensuing product integrity. From manufacturing to distribution and storage, we protect the

entire product lifecycle. In the 'Packaging' chapter, we also described how our product packaging and labelling are designed to ensure our consumers' health and safety.

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

As we value our customers' satisfaction, giving them multiple communication channels to provide feedback is critical to F&N's customer experience. Customers can contact us through our product website or by sending us an email with their enquiries. We have also set up accounts on social media, such as Facebook and Line, for customers to stay connected with us and keep up to date with our products. In Singapore, we have set up a hotline for customers to contact us directly with their enquiries.

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

#### 1. FNFS

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

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

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

#### 3. F&NUL

- ISO 22000 - Food Safety Management System
- FSSC 22000 - Food Safety System Certification
- Halal Certification

#### 4. F&NCM

- FSSC 22000 - Food Safety System Certification
- Halal Certification

## Safety and Well-being

### Consumers' Health and Safety during COVID-19

F&N has taken proactive measures to address the impacts of the pandemic on the health and safety of our consumers. During the lockdown, we worked closely with key retailers to ensure that core products such as canned and UHT milk, or water, were sufficiently stocked and available for purchase by our consumers. In Singapore, we set up a 'contactless' distribution network through vending machines to supply essential products, such as masks, ready-to-eat meals and fresh milk, at locations closest to where people reside to encourage minimal commuting.

At F&N, we aim to offer products, which, together with an active lifestyle, can play an important role in keeping people healthy. Our product development team responded to consumer demands for healthy, immune building products with the launch of new products to boost consumers' immune system, like our *SUNKIST* Pure Juice Drink containing vitamins A, C and E, and reinforce F&N's offering of zero and low-sugar beverages. We also introduced our *OYOSHI Gold* tea beverage which is rich in antioxidants. It is prepared by infusing whole tea leaves in hot water.

We have taken steps to keep our consumers healthy and aware of the importance of staying active and hydrated during this time. In Singapore, we rolled out a Circuit Breaker Campaign "STAY FIT with 100PLUS" fronted by 100PLUS Active and Original which included:

1. Live workout sessions in collaboration with SportSG consisting of two sessions per day with different intensity levels between March and July.
2. Live workout sessions from Monday to Friday, led by five different professional trainers offering

different sport and intensity options: yoga, barre, HIIT, Cardio, Strength, Body Weighting.

3. Live weekend workout sessions held by celebrities who keep their relationships going by working out together, virtually (#Flattenthecurveby staying apart).

Apart from engaging consumers through live workout, we strove to empower our audience in an always-on approach to staying active and fit. Home workout tips & tricks featuring fitness influencers and offering various intensities including cardio, weights and yoga, were hosted on the 100PLUS website.



In Malaysia, we implemented a wider range of activities to encourage a healthy lifestyle during lockdown. F&NHB also conducted virtual fitness challenges with athletes and influencers to engage consumers. In Thailand, F&NDT helped consumers to stay fit and healthy during COVID-19 by sharing healthy cooking tips and recipes using social media platforms, including information on keeping a healthy diet during lockdown.

### Halal Assurance

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

storage, warehousing, and transportation of our products).

During the year, in Malaysia, F&NHB's employees with responsibility in Halal matters attended a series of professional training sessions related to Halal internal audit and assurance. A total of over 950 employees attended Halal training. Six virtual classes on Halal awareness for new joiners were conducted for over 70 employees. The Halal awareness training was also conducted for 14 of our transporters in 2020.

Additionally, F&N prohibits non-halal food and drinks within factory premises including offices and canteens.

### Nutrition Charter

F&N is on a continuous journey to develop products and initiatives that promote consumers' health, well-being and nutrition, while maintaining a high quality of taste. The F&N Nutrition Charter outlines our commitment to develop products that are healthy for consumers and guides us throughout products development. The principles of the Nutrition Charter are:

1. 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;
2. To develop products based on proven scientific evidence and research, and consumer insights and tastes relevant to evolving Asian lifestyles;
3. To actively self-regulate and ensure accountability via strong corporate governance;
4. To provide safe, high-quality and affordable products to all our consumers; and
5. To innovate and renovate to meet the changing needs of all our consumers and ensure consistent delivery of good taste and the right nutritional values.

### Towards Healthier Options

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



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

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



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

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



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

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

Our philosophy of 'Pure Enjoyment. Pure Goodness' means that F&N has a responsibility to provide high quality, healthy, safe and reliable products to its consumers. For example, OYOSHI tea products are brewed from high quality organic tea leaves; our soya bean milk is made with first grade non-Genetically Modified Organisms soybeans; and none of our products sold in Malaysia and Thailand contain Partially Hydrogenated Oils ('trans fatty acids'). We provide alternative and healthier options by innovating our products for consumers with food intolerances, such as lactose free milk.

Another aspect of the healthier offering is our commitment to reducing sugar content in our products. >35% of our RTD products contain less than 5g/100ml of sugar. This includes:

1. Full range of 100PLUS RTD variants
2. Full range of F&N Fun Flavours Carbonated Soft Drinks, except F&N Mixer
3. F&N SEASONS Asian Drinks
4. F&N SEASONS Soya

Since 2004, F&N has taken deliberate steps in reducing the sugar content in our beverages. Today, we are pleased to report a reduction of 56% in sugar

index (grams of sugar content per 100ml) across our range of beverages. This also represents a 17% reduction against last year.

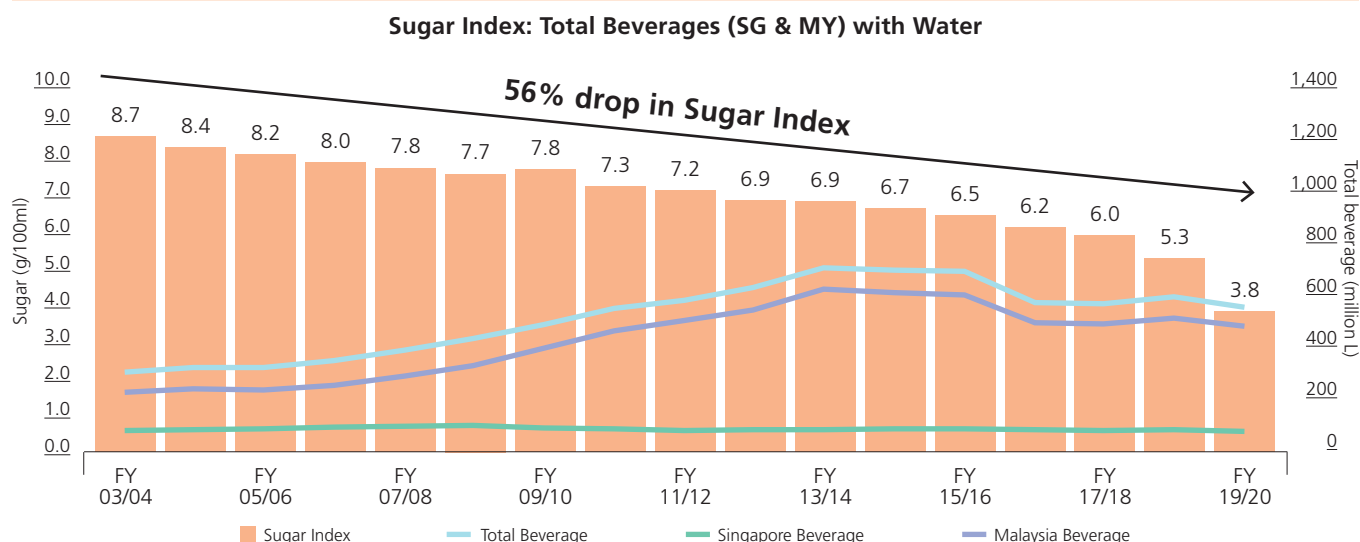
Similarly, in Singapore, F&N also continues to support the Singapore Government's Sugar Reduction Commitment Initiative by:

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



## Safety and Well-being

### FY2020 Sugar Index (Total Beverages)



- Sugar index is calculated by total volume of sugar (gram) per total production volume of beverages (million litre).
- 56% reduction from FY03/04 to FY19/20, compared to 39% reduction from last reporting (FY03/03 to FY18/19).
- Decrease in FY19/20 due to product portfolio mix and sugar reduction projects in Malaysia and Singapore.
- Beverages include Isotonic, CSD, Water, Tea, Soya and Juice (Chilled and Ambient).

Some highlights from new products introduced this year:

#### Singapore

1. *F&N ICE MOUNTAIN* Sparkling Water in Peach Flavour was launched in December 2019. Certified as a Healthier Choice product by the Health Promotion Board ("HPB"), *F&N ICE MOUNTAIN* Sparkling Water Peach contains zero sugar and zero calories, providing consumers a guilt-free bubbling sensation in every sip.
2. *F&N* Sparkling Bandung launched as a limited edition in June of this year in conjunction with the Hari Raya festivities. The product is also certified as a Healthier Choice by the HPB.
3. *F&N NUTRIWELL* Herbal Tea or 'liang cha' was introduced in July this year to support consumers' immunity. This herbal tea is made from the finest traditional ingredients – Prunella Spike, Luo Han Guo, Chrysanthemum Flower and Red Dates. Certified as Healthier Choice by the HPB, the drink is made with no added preservatives and only 4.8% sugar.

4. *F&N FRUIT TREE FRESH* Reduced Sugar Soursoy was launched in August of this year and contains many beneficial nutritional elements, such as a high antioxidant level and vitamins A, C and E. The drink is also 25% lower in sugar compared to regular juice drinks and is certified as Healthier Choice by the HPB because of its reduced sugar content. One glass of the beverage meets 100% of your body's daily vitamin C requirements.
5. *F&N NUTRISOY* Fresh Soya Milk with Real Oats & Quinoa was introduced in November 2019. This cholesterol-free drink is endorsed by the HPB and contains 3 times more protein and 28 times more calcium compared to other soya bean drinks. It contains no added preservatives or colouring and has a low glycemic index count due to its high protein levels and 25% lower sugar content. It is also rich in vitamin B1.
6. *F&N MAGNOLIA* Brown Sugar & Sea Salt Milk was launched in May this

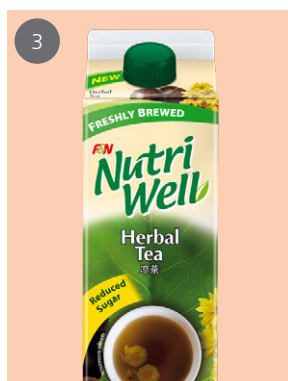
year as a limited edition. Blended with brown sugar and a tinge of sea salt, the drink is high in calcium, and low in fat and sugar. Endorsed as a Healthier Choice product by the HPB, this new beverage was an instant hit with health-conscious consumers.

7. *F&N NUTRISOY* Fresh Soya Milk with Pandan was launched in June this year as a limited edition. Made with fresh soya beans and fragrant pandan leaves, the drink is a reduced sugar variant with a 25% reduced sugar level. Similar to its existing fresh soya bean milk range, this vegan-friendly beverage is high in protein, calcium and Vitamin D4. Certified heart-friendly by the Singapore Heart Foundation, the beverage is also halal-certified.

## Malaysia

8. **100PLUS Zero** is a zero sugar and zero calories variant of the 100PLUS drink that was launched this year to provide a sugar-free and calorie-free option to our consumers.
9. **F&N ICE MOUNTAIN Sparkling Water** – Original, Lemon and Grapefruit – This new product was recently launched as a new range of sparkling water to cater to consumers who enjoy a crisp, flavour infused, unsweetened drink. The product comes in three flavours, namely Clear, Lemon and Grapefruit, and has zero sugar and zero calories.
10. **F&N Teh Tarik Ori** with less sugar - F&NHB introduced this new drink made from freshly brewed premium black tea with F&N's signature sweetened condensed and evaporated milk. The drink comes in two variants, with a less sweet option.
11. No Sugar **OYOSHI Gold Kabusecha**, and No Sugar **OYOSHI Gold Sencha** were recently introduced as two premium sugar-free green teas, brewed with 100% imported authentic Japanese Green Tea leaves from Makinohara Plateau in Japan.
12. **SUNKIST Pure** – Orange and Lemon Apple drinks were introduced this year and have high vitamin A, C and E content with no added preservatives.
13. **TEAPOT Squeeze Tube** – Gula Melaka & Pandan - this newly launched product range has been available all across Malaysia since November 2019. With a variety of authentic local flavours to choose from such as Pandan and Gula Melaka, this new product is now in a convenient squeeze tube, easy to spread over foods or desserts to infuse them with that classic taste.
14. **F&N FRUIT TREE FRESH Reduced Sugar Soursop** with Nata De Coco rich in vitamin C and flavour.

## SINGAPORE



## MALAYSIA



## Safety and Well-being

### Thailand

15. *CARNATION* Plus Condensed Milk with 0% Fat was recently launched in Thailand to further drive in-home consumption of superior and healthier Sweetened Condensed Milk (SCM) products in the market. The new product is formulated with 25% reduced sugar. The product has been a hit with Thai consumers as it gave consumers the choice of a healthier option.
16. *TEAPOT* Squeeze Tube – Matcha, Mango - is available in Thailand from October onwards. The new flavour is infused together with premium green tea powder from Aichi Japan and fresh milk to create a delicious creaminess and intense aroma making it the ideal mix to any dessert.
17. *F&N MAGNOLIA* Milkies Tablet – Classic Malt, Hokkaido Milk, Strawberry Yogurt – Magnolia Milkies was introduced in Thailand and is made from 100% New Zealand milk. It comes in three flavours, which are Classic Malt, Strawberry Yogurt and Hokkaido Milk.

18. New flavors of ice cream including *F&N MAGNOLIA* Gotcha Elefie, *F&N MAGNOLIA* Pikachu and *F&N MAGNOLIA* Pokeball were launched this year to provide additional healthier choice of ice cream products to our consumers.

### THAILAND



### PERFORMANCE

In FY2020, F&N maintained our health and safety standards with no significant incidents of non-compliance with regulations resulting in a fine, penalty or warning.

We made good progress towards our 2020 target of offering at least one Healthier Choice in each RTD product category. We currently offer healthier options in 14 out of 15 (93%) product categories. We currently do not have a healthier option available for the 'Energy' product category as we believe that reducing the sugar level of our energy drinks too drastically would result in a loss of its functionality and purpose, which is to provide our consumers, who require it, with an energy boost.

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

## Product and Service Labelling

GRI 417-1; GRI 417-2



Packaging and labelling are the primary means by which F&N communicates information related to its products' quality, nutrition, safety and disposal to consumers. Displaying appropriate, clear and accurate information on products' packaging and labelling is therefore essential to ensure customers' trust in F&N products and allow them to make informed purchasing decisions.

### APPROACH

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

At F&N, as we believe that information provided to customers should be as comprehensive as possible, we go beyond mandatory requirements. For all products, we provide information on ingredients, sourcing, energy per serving size, recommended daily allowances of the different nutritional components, expiry dates and nutrition tips.

Fundamental information (such as calories and contribution to recommended daily caloric intake) is included in "front of pack labelling", for most of our ready-to-drink products, to provide consumers with easy-to-understand data.

We take care to ensure that our marketing and advertising activities do not violate any ethical standards. We adhere to the

Malaysian Code of Advertising Practice in Malaysia and the Consumer Protection Act of B.E. 2522 (1979) in Thailand.

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

### PERFORMANCE

There were no fines or penalties for breaches recorded in this year. In FY2020, there were no instances of non-compliance with regulations concerning product labelling and packaging, and no breaches of advertising law were reported.

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



# Appendix

## PERFORMANCE SUMMARY

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

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



Financial Year		
FY2018	FY2019	FY2020
1,835 million	1,902 million	1,834 million
65 million	80 million	73 million
1,252 million	1,278 million	1,238 million
275 million	278 million	276 million
20 million	56 million	37 million
<b>223 million</b>	<b>211 million</b>	<b>210 million</b>

Financial Year								
Singapore	FY2018 Malaysia	Thailand	Singapore	FY2019 Malaysia	Thailand	Singapore	FY2020 Malaysia	Thailand
<b>78 (10.47%)</b>	<b>345 (46.31%)</b>	<b>322 (43.22%)</b>	<b>149 (22.44%)</b>	<b>293 (44.13%)</b>	<b>222 (33.43%)</b>	<b>198 (19.17%)</b>	<b>185 (17.91%)</b>	<b>650 (62.92%)</b>
35 (4.70%)	203 (27.25%)	195 (26.17%)	63 (9.49%)	179 (26.96%)	117 (17.62%)	76 (7.36%)	70 (6.78%)	419 (40.56%)
38 (5.10%)	136 (18.26%)	127 (17.05%)	80 (12.05%)	101 (15.21%)	105 (15.81%)	105 (10.16%)	96 (9.29%)	227 (21.97%)
5 (0.67%)	6 (0.80%)	0 (0.00%)	6 (0.90%)	13 (1.96%)	0 (0.00%)	17 (1.65%)	19 (1.84%)	4 (0.39%)
45 (6.04%)	238 (31.95%)	166 (22.28%)	79 (11.90%)	205 (30.87%)	151 (22.74%)	127 (12.29%)	123 (11.91%)	264 (25.56%)
33 (4.43%)	107 (14.36%)	156 (20.94%)	70 (10.54%)	88 (13.25%)	71 (10.69%)	47 (6.87%)	62 (6.00%)	386 (37.37%)
<b>95 (14.99%)</b>	<b>275 (43.37%)</b>	<b>264 (41.64%)</b>	<b>186 (31.42%)</b>	<b>210 (35.47%)</b>	<b>196 (33.11%)</b>	<b>210 (30.22%)</b>	<b>213 (30.65%)</b>	<b>272 (39.14%)</b>
27 (4.26%)	104 (16.40%)	125 (19.72%)	43 (7.26%)	97 (16.39%)	77 (13.01%)	74 (10.65%)	80 (11.51%)	174 (25.04%)
55 (8.68%)	155 (24.45%)	131 (20.66%)	109 (18.41%)	107 (18.07%)	110 (18.58%)	107 (15.40%)	117 (16.83%)	91 (13.09%)
13 (2.05%)	16 (2.52%)	8 (1.26%)	34 (5.74%)	6 (1.01%)	9 (1.52%)	29 (4.17%)	16 (2.30%)	7 (1.01%)
50 (7.89%)	168 (26.50%)	142 (22.40%)	113 (19.09%)	131 (22.13%)	148 (25.00%)	143 (20.58%)	119 (17.12%)	94 (13.53%)
45 (7.10%)	107 (16.87%)	122 (19.24%)	73 (12.33%)	79 (13.34%)	48 (8.11%)	67 (9.64%)	94 (13.53%)	178 (25.61%)
<b>10,367.44</b>	<b>37,358.50</b>	<b>20,881.00</b>	<b>14,550.81</b>	<b>43,576.80</b>	<b>24,861.00</b>	<b>16,374.32</b>	<b>42,913.95</b>	<b>20,673.00</b>
545	1,601	611	726	1,634	706	680	1,568	751
335	715	543	508	704	532	439	630	641
261	513	314	328	839	351	311	833	347
619	1,803	840	906	1,498	887	808	1,365	1,045
11.78	16.13	18.09	11.79	18.64	20.08	14.63	19.33	14.85
	<b>30.20</b>			<b>29.97</b>			<b>26.23</b>	
	<b>10.96</b>			<b>11.39</b>			<b>12.57</b>	

# Appendix

## PERFORMANCE SUMMARY

GRI Standards	Reference	Unit
<b>EMPOWERING OUR PEOPLE</b>		
<i>Material Topic: Effluents and Waste</i>		
GRI 405-1 Diversity and equal opportunity	<b>Total employee breakdown</b>	%
	<b>F&amp;N Board</b>	
	- Male	
	- Female	
	- Age under 30 years old	%
	- Age between 30 - 50 years old	
	- Age over 50 years old	
	<b>Male employees</b>	
	- Executive Level	
	- Middle Management	
	- Department Head	%
	- Senior Officer	
	- Officer Level	
	<b>Female employees</b>	
	- Executive Level	
	- Middle Management	
	- Department Head	%
	- Senior Officer	
	- Officer Level	
	<b>Age under 30 years old</b>	
	- Executive Level	
	- Middle Management	
	- Department Head	%
	- Senior Officer	
	- Officer Level	
	<b>Age between 30 - 50 years old</b>	
	- Executive Level	
	- Middle Management	
	- Department Head	%
	- Senior Officer	
	- Officer Level	
	<b>Age over 50 years old</b>	
	- Executive Level	
	- Middle Management	
	- Department Head	%
	- Senior Officer	
	- Officer Level	
<i>Material Topic: Market Presence</i>		
GRI 202-2	Percentage of senior management hired from local community	%
<b>Proportion of senior management hired from the local community</b>		

			Financial Year					
	FY2018			FY2019			FY2020	
Singapore	Malaysia	Thailand	Singapore	Malaysia	Thailand	Singapore	Malaysia	Thailand
Breakdown of employee diversity to be disclosed from FY2020 onwards						23.14	48.08	28.78
							78.57	
							21.43	
	Breakdown of employee diversity to be disclosed from FY2020 onwards						0.00	
							14.29	
							85.71	
						0.23	0.21	0.06
						0.66	1.82	0.32
	Breakdown of employee diversity to be disclosed from FY2020 onwards					0.96	3.33	1.06
						1.49	5.46	5.70
						11.13	22.93	9.05
						0.17	0.06	0.04
						0.70	1.43	0.40
	Breakdown of employee diversity to be disclosed from FY2020 onwards					1.13	2.15	1.13
						1.70	4.67	4.32
						5.64	6.02	7.54
						0.00	0.00	0.00
						0.00	0.00	0.00
	Breakdown of employee diversity to be disclosed from FY2020 onwards					0.04	0.08	0.00
						0.57	1.26	1.70
						3.79	7.73	5.70
						0.06	0.02	0.04
						0.92	2.27	0.49
	Breakdown of employee diversity to be disclosed from FY2020 onwards					1.51	4.36	2.00
						1.89	7.26	7.26
						8.77	16.44	10.03
						0.34	0.25	0.06
						0.45	0.97	0.23
	Breakdown of employee diversity to be disclosed from FY2020 onwards					0.53	1.03	0.19
						0.72	1.61	1.06
						4.21	4.78	0.85
100	97	100	100	91	100	100	98	100

## Appendix

1. In FY2020, we have achieved our target for Talent Management and provided an average of at least 16 and 10 training hours across the Group per employee for the employee categories of Executive and Non-executive respectively. We have provided an extra 10.06 and 2.53 hours of training on average per employee in the employee categories of Executive and Non-executive respectively when compared to the target.

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

GRI Standards	Reference	Unit
ECO-EFFICIENCY		
Material Topic: Water Stewardship		
GRI 303-3 Water withdrawal	Total volume of water withdrawal	
	Surface water	MI
	Ground water	
	Rainwater collected directly and stored by F&N	
	Third-Party Water (e.g. municipal water)	
GRI 303-4 Water discharged	Total volume of water discharged	
	Surface water	MI
	Ground water	
	Seawater	
	Third-Party water treatment and usage	
GRI 303-5 Water consumption	Total volume of water consumed	MI
Water intensity	Total volume of water consumed	m³
	Production volume	MT
	Water intensity ratio	m³/MT
	Group water intensity ratio	
Material Topic: Effluents and Waste		
GRI 306-2 Waste by type and disposal method	Total volume of solid waste generated	kg
	Hazardous waste	
	Reuse	kg
	Recycling	
	Composting (Self-Fertilizer)	
	Recovery, incl. energy recovery	
	Other recycled/reused waste	
	Incineration	
	Chemical waste water treatment	
	Other disposed waste	
	Landfill	
	Non-hazardous waste	
	Reuse	
	Recycling	
	Composting (Self-Fertilizer)	
	Recovery, incl. energy recovery	
	Other recycled/reused waste	
	Incineration	
	Chemical waste water treatment	
	Other disposed waste	
	Landfill	

Singapore	Financial Year			Singapore	Financial Year			Singapore	Financial Year		
	FY2018	Thailand			FY2019	Thailand			FY2020	Thailand	
	Malaysia				Malaysia				Malaysia		
100	100	100		100	100	100		100	100	100	

Singapore	Financial Year			Singapore	Financial Year			Singapore	Financial Year		
	FY2018	Thailand			FY2019	Thailand			FY2020	Thailand	
	Malaysia				Malaysia				Malaysia		
285	1,737	604		303	2,631	613		318	2,539	675	
0	171	0		0.48	1,608	0		0.58	1,667	0	
0	91	0		0	102	0		0	102	160	
0	0.29	0		0	0	0		0	0	0	
285	1,474	604		302	920	613		317	770	515	
250	1,150	310		244	1,100	255		257	1,252	237	
0	1,106	0		0	660	0		0	820	0	
0	0	0		0	4	0		0	10	38	
0	0	0		0	271	0		0	303	0	
250	44	310		244	165	255		257	119	199	
35	586	295		58	1531	358		61	1,287	438	
34,791	586,478	294,656		58,269	1,531,339	357,836		317,940	2,538,650	675,140	
52,170	788,063	317,760		53,647	808,907	353,460		53,587	721,702	344,801	
0.67	0.74	0.93		1.09	1.89	1.01		5.93	3.52	1.96	
	0.79				1.60				3.15		
0	0	0		7,449,362	15,825,908	2,555,059		7,022,368	13,245,679	2,187,245	

Breakdown of data for solid waste generated to be disclosed from FY2019 onwards

0	6,945	0	0	23,546	0
0	0	0	0	0	0
0	0	0	0	0	0
0	11,682	13,170	0	85,653	10,210
0	1,127	0	0	3,163	0
31,119	71,526	0	27,814	4,987	0
0	7,245	0	0	7,986	0
0	2,667	0	0	67	0
0	1,500	3,867	0	0	45,870

Breakdown of data for solid waste generated to be disclosed from FY2019 onwards

3,357,360	256,643	0	17,360	175,408	0
2,182,542	6,593,986	857,111	5,453,244	6,302,648	1,011,187
0	6,194,750	0	0	5,132,720	52,180
305,851	0	24,780	10,610	0	69,020
0	6,237	714,140	0	0	593,700
1,572,490	357,500	0	1,513,340	0	0
0	0	0	0	180	0
0	16,792	4,340	0	26,444	0
0	2,297,309	937,650	0	1,482,879	405,078



## Appendix

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

1. In 2020, our target for Water Stewardship was to reduce the Group water intensity at our plants across the Group by 5% from 2017 by 2020. In FY2020, we saw an increase by about 18% on our Group water intensity ratio as compared to FY2017.
2. We have also met our target for Effluents and Waste to reduce the Group solid waste intensity ratio by 5% across the Group from 2017 in FY2020. We have achieved a reduction of around 47% on our Group solid waste intensity ratio as compared to FY2017.
3. Our targets for Energy and Climate Change was to reduce the Group energy and GHG emissions intensity ratios by 5% between 2017 and 2020. Our Group energy and GHG emissions intensity ratios have increased by about 0.3% and 2% as compared to FY2017.

Financial Year								
Singapore	FY2018 Malaysia	Thailand	Singapore	FY2019 Malaysia	Thailand	Singapore	FY2020 Malaysia	Thailand
2,146,709	3,090,927	1,228,830	1,603,609	2,754,539	945,857	1,541,154	1,522,542	450,948
52,170	788,063	317,760	53,647	808,907	353,460	53,587	721,702	344,801
41.15	3.92	3.87	29.89	3.41	2.68	28.76	2.11	1.31
<b>5.58</b>				<b>4.36</b>			<b>3.14</b>	
8,118,473	15,027,642	1,829,408	7,449,362	15,825,908	2,555,059	7,022,368	13,245,679	2,187,245
5,971,764	11,936,718	600,578	5,845,753	13,071,369	1,609,201	5,481,214	11,723,138	1,736,297
73.56	79.43	32.83	78.47	82.59	62.98	78.05	88.51	79.38
<b>159,151,176</b>	<b>666,969,895</b>	<b>424,704,086</b>	<b>153,507,610</b>	<b>800,427,368</b>	<b>384,202,283</b>	<b>143,680,465</b>	<b>699,171,975</b>	<b>369,757,783</b>
159,151,176	666,969,895	424,704,086	153,486,464	800,424,704	384,202,283	143,659,671	698,457,390	367,130,877
16,544,494	368,050,181	225,253,959	13,960,952	446,071,746	229,300,960	9,626,520	402,654,592	213,371,208
56,922,639	23,260,944	56,815	60,233,181	2,825,964	512,292	61,372,107	4,709,463	496,923
542,328	3,901,013	955,564	268,468	20,154,298	2,486,487	0	14,422,124	1,836,526
0	0		0	52,173	0	0	0	0
0	0	21,555,830	0	25,099,429	18,276,071	0	0	14,777,956
85,141,715	271,757,757	167,877,894	79,023,863	306,221,094	130,618,429	72,661,045	276,671,210	134,430,879
0	0	9,004,024	0	0	3,008,044	0	0	2,217,384
0	0	0	21,146	2,664	0	20,794	714,585	2,626,905
0	0	0	21,146	0	0	20,794	0	2,598,494
0	0	0	0	2,664	0	0	714,585	28,412
3,050.65	846.34	1,336.56	2,861.42	989.52	1,086.98	2,681.23	968.78	1,072.38
	<b>1,080.17</b>			<b>1,100.43</b>			<b>1,082.60</b>	
5,219	22,649	15,112	5,305	31,480	15,864	5,802	25,681	13,592
9,914	52,138	27,287	9,202	58,805	20,843	8,461	53,532	21,150
0.290	0.095	0.133	0.270	0.112	0.104	0.266	0.110	0.101
	<b>0.114</b>			<b>0.116</b>			<b>0.114</b>	

## Appendix

GRI Standards	Reference	Unit
RESPONSIBLE SUPPLY CHAIN		
Material Topic: Sustainable Sourcing		
GRI 204-1 Proportion of spending on local suppliers	Percentage of local suppliers Percentage of purchase value spent on local suppliers	%
GRI Standards	Reference	Unit
SAFETY & WELL-BEING		
Material Topic: Occupational Health & Safety		
GRI 403-9 Work-related injuries	Employees work-related injury rate Non-employees work-related injury rate	incident/million hours
	Work-related Fatalities	incident
	Lost Time Injury Frequency Rate (LTIFR)	incident/million hours
	Group Lost Time Injury Frequency Rate	
Material Topic: Consumer Health & Safety		
GRI 416-1 Assessment of the health and safety impacts of product and service categories	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	%
GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Total number of incidents of non-compliance concerning the health and safety impacts of products and services	incident
Material Topic: Marketing and Labeling		
GRI 417-1 Requirements for product and service information and labelling	Percentage of significant product or service categories covered by and assessed for compliance with such procedures stated above	%
GRI 417-2 Incidents of non-compliance concerning product and service information and labelling	Total number of incidents of non-compliance concerning product and service information and labeling	incident

1. We have not achieved our target of reducing the Group LTIFR to zero by 2020. We have since saw an increase of about 28% in our Group LTIFR as compared to FY2017 and will continue to work towards our eventual goal.



## Independent Assurance Statement



### LR Independent Assurance Statement

#### Relating to Fraser and Neave, Limited's data for selected GRI indicators for the fiscal year 2020 (1<sup>st</sup> October 2019 – 30<sup>th</sup> September 2020)

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

#### Terms of engagement

Lloyd's Register Quality Assurance Limited (LR) was commissioned by Fraser and Neave, Limited (F&N), to provide independent assurance on its selected GRI indicators ("the data") against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using LR's verification procedure. LR's verification procedure is based on current best practice, is in accordance with ISAE 3000<sup>1</sup> and uses the following principles of - inclusivity, materiality, responsiveness and reliability of performance data.

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

- Confirming whether the selected economic, environmental and social indicators below were compiled according to GRI's Standard 2016.
- Evaluating the reliability of data and information for only the selected environmental and social indicators listed below:

#### *Economic:*

- GRI 201-1 Direct economic value generated and distributed

#### *Environmental*

- GRI 302-1 Energy consumption within the organization
- GRI 302-3 Energy intensity
- GRI 303-3 (2018 edition) Water withdrawal
- GRI 303-4 (2018 edition) Water discharge
- GRI 303-5 (2018 edition) Water consumption
- GRI 305-1 Direct (Scope 1) GHG emissions
- GRI 305-2 Energy indirect (Scope 2) GHG emissions
- GRI 305-4 GHG emissions intensity
- GRI 306-2 Waste by type and disposal method

#### *Social*

- GRI 403-8 (2018 edition) Workers covered by an occupational health and safety management system
- GRI 403-9 (2018 edition) Work-related injuries
- GRI 403-10 (2018 edition) Work-related ill health
- GRI 404-1 Average hours of training per year per employee
- GRI 404-3 Percentage of employees receiving regular performance and career development reviews
- GRI 413-1 Operations with local community engagement, impact assessments, and development programs

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

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

<sup>1</sup> GHG quantification is subject to inherent uncertainty.



### LR's Opinion

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

- Met the requirements above
- Disclosed reliable performance data and information as no errors or omissions were detected

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

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

### LR's approach

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

- Auditing F&N's data management systems to confirm that there were no significant errors, omissions or mis-statements in the data. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Sampling the selected GRI indicators (FNDM and Times Offset Printing Plants in Malaysia, FNDT Plant in Thailand). We also reviewed how these selected GRI indicators from the operations in Malaysia, Singapore and Thailand were consolidated into the final reported data.

### Observations

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

- Reliability: Data management systems are established and centralized for the data and information collection and calculation associated with the selected GRI indicators. However, we believe that F&N should work closer with supply chain to improve the quality and reliability of data reported in the future, typically for reporting of waste circularity.

### LR's standards, competence and independence

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

This verification is the only work undertaken by LR for F&N and as such does not compromise our independence or impartiality.

Dated: 29<sup>th</sup> November 2020

Opart Charuratana  
LR Lead Verifier

On behalf of Lloyd's Register Quality Assurance Ltd  
Lloyd's Register International (Thailand) Limited  
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## GRI Standards Content Index

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

GENERAL DISCLOSURES		
Profile Disclosure	Description	Reference page / Explanation
STRATEGY AND ANALYSIS		
<b>GRI 102-14</b>	Message from Chairman of SDC	Pg. 5
ORGANISATIONAL PROFILE		
<b>GRI 102-1</b>	Name of organisation	Pg. 4
<b>GRI 102-2</b>	Activities, brands, products and services	Pg. 15
<b>GRI 102-3</b>	Location of headquarters	Pg. 10
<b>GRI 102-4</b>	Location of operations	Pg. 10-11
<b>GRI 102-5</b>	Ownership and legal form	This information is available in our Annual Report.
<b>GRI 102-6</b>	Markets served	This information is available in our Annual Report.
<b>GRI 102-7</b>	Scale of the organisation	This information is available in our Annual Report.
<b>GRI 102-8</b>	Information on employees and other workers	Pg. 11, 38
<b>GRI 102-9</b>	Describe the organisation's supply chain	Pg. 12
<b>GRI 102-10</b>	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain	No significant changes from previous reporting.
<b>GRI 102-11</b>	Addressing the precautionary approach or principle	This information is available in our Annual Report, section on Addressing our Risk & Opportunities.
<b>GRI 102-12</b>	External charters, principles or initiatives endorsed	Pg. 13, 18, 89
<b>GRI 102-13</b>	Membership of associations	Pg. 13
<b>GRI 102-15</b>	Key impacts, risks, and opportunities	Pg. 5, 8, 14-15, 27-28
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
<b>GRI 102-45</b>	Report coverage of entities included in the consolidated financial statements	This information is available in Annual Report.
<b>GRI 102-46</b>	Process for defining the report content and the aspect boundaries	Pg. 20-24
<b>GRI 102-47</b>	Material aspects identified	Pg. 20-24
<b>GRI 102-48</b>	The effect of any restatements of information provided in previous reports	No restatement of information from previous reporting.
<b>GRI 102-49</b>	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	No significant changes from previous reporting.
REPORT PROFILE		
<b>GRI 102-50</b>	Reporting period	Pg. 8
<b>GRI 102-51</b>	Date of most recent previous report	Pg. 8
<b>GRI 102-52</b>	Reporting cycle	Pg. 8
<b>GRI 102-53</b>	Contact point for questions	Pg. 9
<b>GRI 102-54</b>	Claims of reporting in accordance with the GRI Standards	Pg. 9, 100
<b>GRI 102-55</b>	GRI Content Index	Pg. 102-107
<b>GRI 102-56</b>	External Assurance Statement	Pg. 100-101

GENERAL DISCLOSURES		
Profile Disclosure	Description	Reference page / Explanation
STAKEHOLDER ENGAGEMENT		
<b>GRI 102-40</b>	List of stakeholder groups engaged by the organisation	Pg. 19-20
<b>GRI 102-41</b>	Collective bargaining agreements	We have a strong commitment to transparent dialogue. In FY2020, 54% of our employees were covered by collective bargaining agreements.
<b>GRI 102-42</b>	Basis for identification and selection of stakeholders	<p>F&amp;N divides its stakeholders into 7 categories:</p> <ol style="list-style-type: none"> <li>1) employees;</li> <li>2) suppliers;</li> <li>3) customers;</li> <li>4) consumers;</li> <li>5) investors;</li> <li>6) communities; and</li> <li>7) regulators</li> </ol> <p>We are currently establishing guidelines for appropriate stakeholder engagement across these eight categories, to ensure that our stakeholders are given the opportunity to voice their demands, opinions, concerns and suggestions.</p>
<b>GRI 102-43</b>	Approaches to stakeholder engagement	Pg. 19-20
<b>GRI 102-44</b>	Response to key topics and concerns raised	Pg. 19-20
GOVERNANCE		
<b>GRI 102-18</b>	Governance structure of the organisation	Pg. 17
<b>GRI 102-30</b>	Effectiveness of risk management processes	Pg. 18
ETHICS AND INTEGRITY		
<b>GRI 102-16</b>	Values, principles, standards and norms of behaviour such as codes of conduct and code of ethics	Pg. 17-18
<b>GRI 102-17</b>	Mechanisms for advice and concerns about ethics	Pg. 18

## GRI Standards Content Index

SPECIFIC DISCLOSURES		
Profile Disclosure	Description	Reference page / Explanation
<b>DRIVING ECONOMIC VALUE</b>		
<i>Material Issue: Economic Performance</i>		
<b>GRI 103-1</b>	Explanation of the material topic and its Boundary	Pg. 33
<b>GRI 103-2</b>	The management approach and its components	Pg. 33
<b>GRI 103-3</b>	Evaluation of the management approach	Pg. 33
<b>GRI 201-1</b>	Direct economic value generated and distributed	Pg. 33
<i>Material Issue: Innovation</i>		
<b>GRI 103-1</b>	Explanation of the material topic and its Boundary	Pg. 34-37
<b>GRI 103-2</b>	The management approach and its components	Pg. 34-37
<b>GRI 103-3</b>	Evaluation of the management approach	Pg. 34-37
<b>EMPOWERING OUR PEOPLE</b>		
<i>Material Issue: Talent Management</i>		
<b>GRI 103-1</b>	Explanation of the material topic and its Boundary	Pg. 38-47
<b>GRI 103-2</b>	The management approach and its components	Pg. 38-47
<b>GRI 103-3</b>	Evaluation of the management approach	Pg. 38-47
<b>GRI 401-1</b>	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Pg. 44-45
<b>GRI 401-2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Pg. 40
<b>GRI 404-1</b>	Average hours of training per year per employee by gender and employee category	Pg. 45
<b>GRI 404-2</b>	Programmes for upgrading employee skills and transition assistance programmes	Pg. 41 Currently, we do not have any transition assistance programme.
<b>GRI 405-1</b>	Diversity of governance bodies and employees	Pg. 46-47
<i>Material Issue: Market Presence</i>		
<b>GRI 103-1</b>	Explanation of the material topic and its Boundary	Pg. 47
<b>GRI 103-2</b>	The management approach and its components	Pg. 47
<b>GRI 103-3</b>	Evaluation of the management approach	Pg. 47
<b>GRI 202-2</b>	Proportion of senior management hired from the local community	Pg. 47

SPECIFIC DISCLOSURES		
Profile Disclosure	Description	Reference page / Explanation
<b>ENHANCING SOCIAL WELL-BEING</b>		
<i>Material Issue: Creating Value for Society</i>		
<b>GRI 103-1</b>	Explanation of the material topic and its Boundary	Pg. 48-56
<b>GRI 103-2</b>	The management approach and its components	Pg. 48-56
<b>GRI 103-3</b>	Evaluation of the management approach	Pg. 48-56
<b>GRI 413-1</b>	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	Pg. 93
<b>ECO-EFFICIENCY</b>		
<i>Material Issue: Water Stewardship</i>		
<b>GRI 103-1</b>	Explanation of the material topic and its Boundary	Pg. 59-61
<b>GRI 103-2</b>	The management approach and its components	Pg. 59-61
<b>GRI 103-3</b>	Evaluation of the management approach	Pg. 59-61
<b>GRI 303-1 (2018)</b>	Interactions with water as a shared resource	Pg. 59-61
<b>GRI 303-2 (2018)</b>	Management of water discharge-related impacts	Pg. 59-61
<b>GRI 303-3 (2018)</b>	Water withdrawal	Pg. 59
<b>GRI 303-4 (2018)</b>	Water discharge	Pg. 63
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