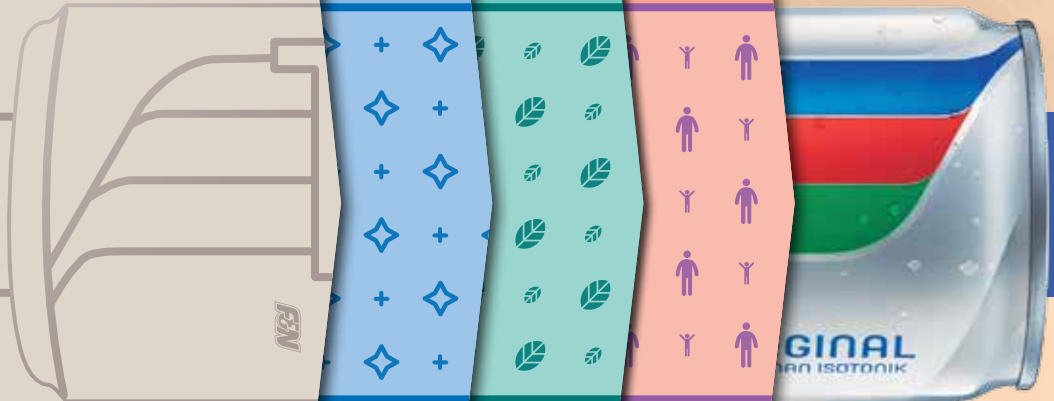




**FRASER & NEAVE
HOLDINGS BHD**
(4205-V)



SUSTAINABILITY IN ACTION

OPTIMISING THE VALUE CHAIN

Sustainability Report 2017



BRINGING VALUE TO LIFE.



Innovation

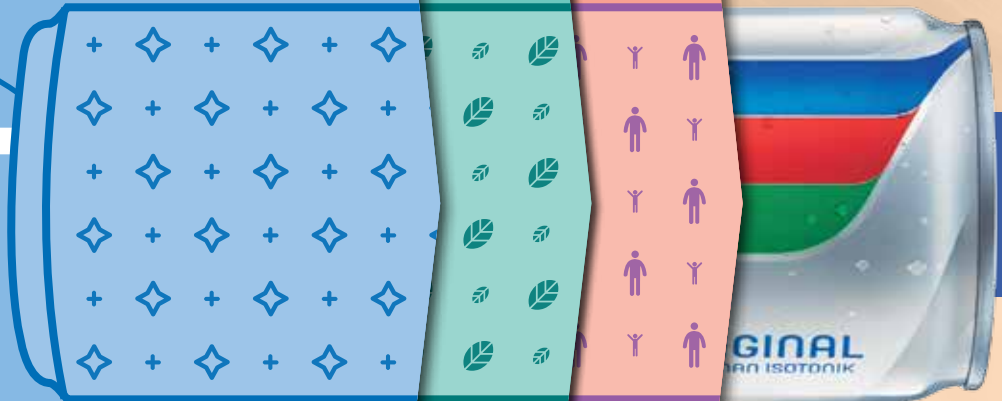


Sustainable Sourcing

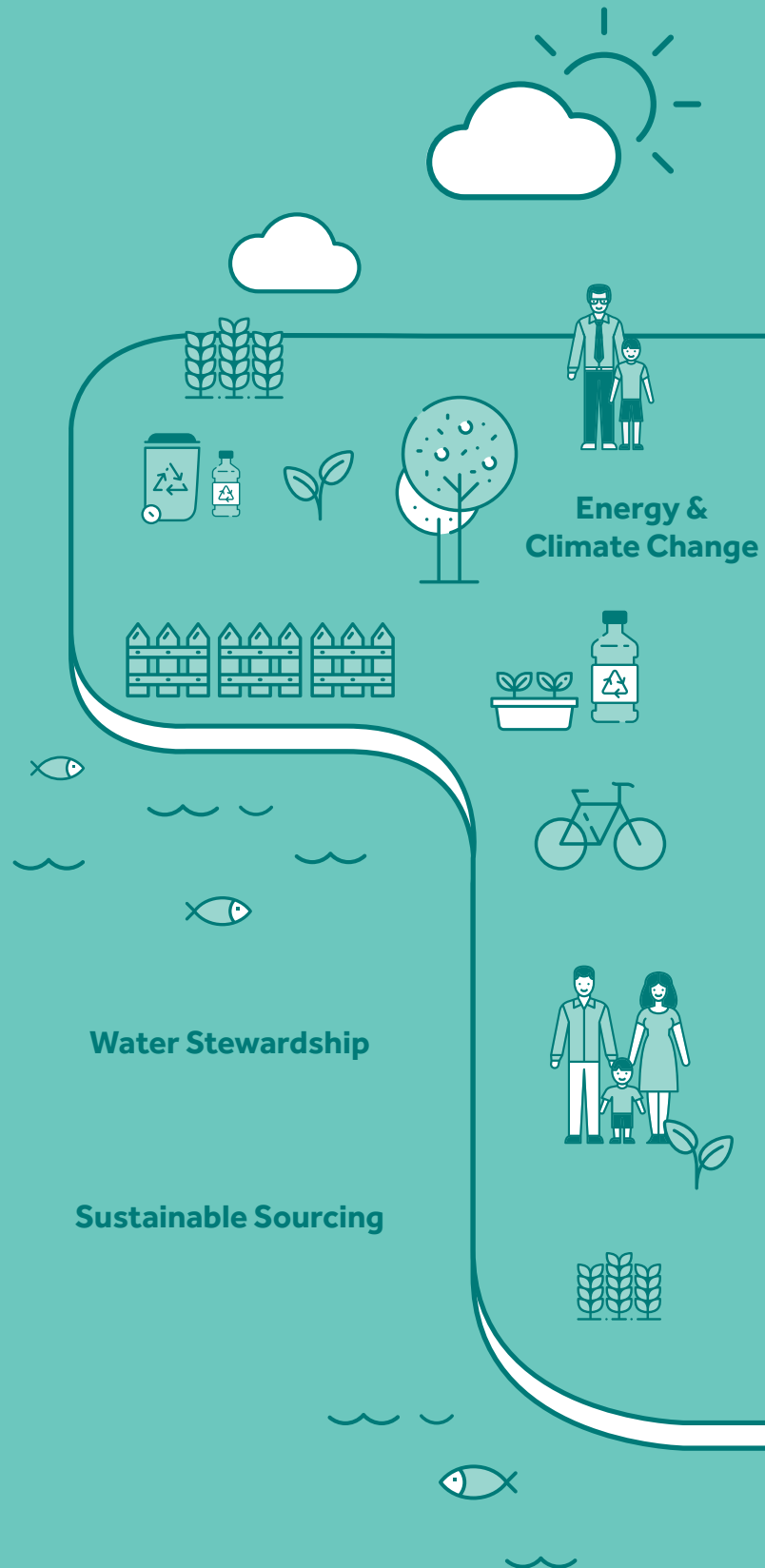


F&N creates economic value and enhances livelihood across our entire value chain of shareholders, employees, suppliers, distributors and retail customers through these four material issues.

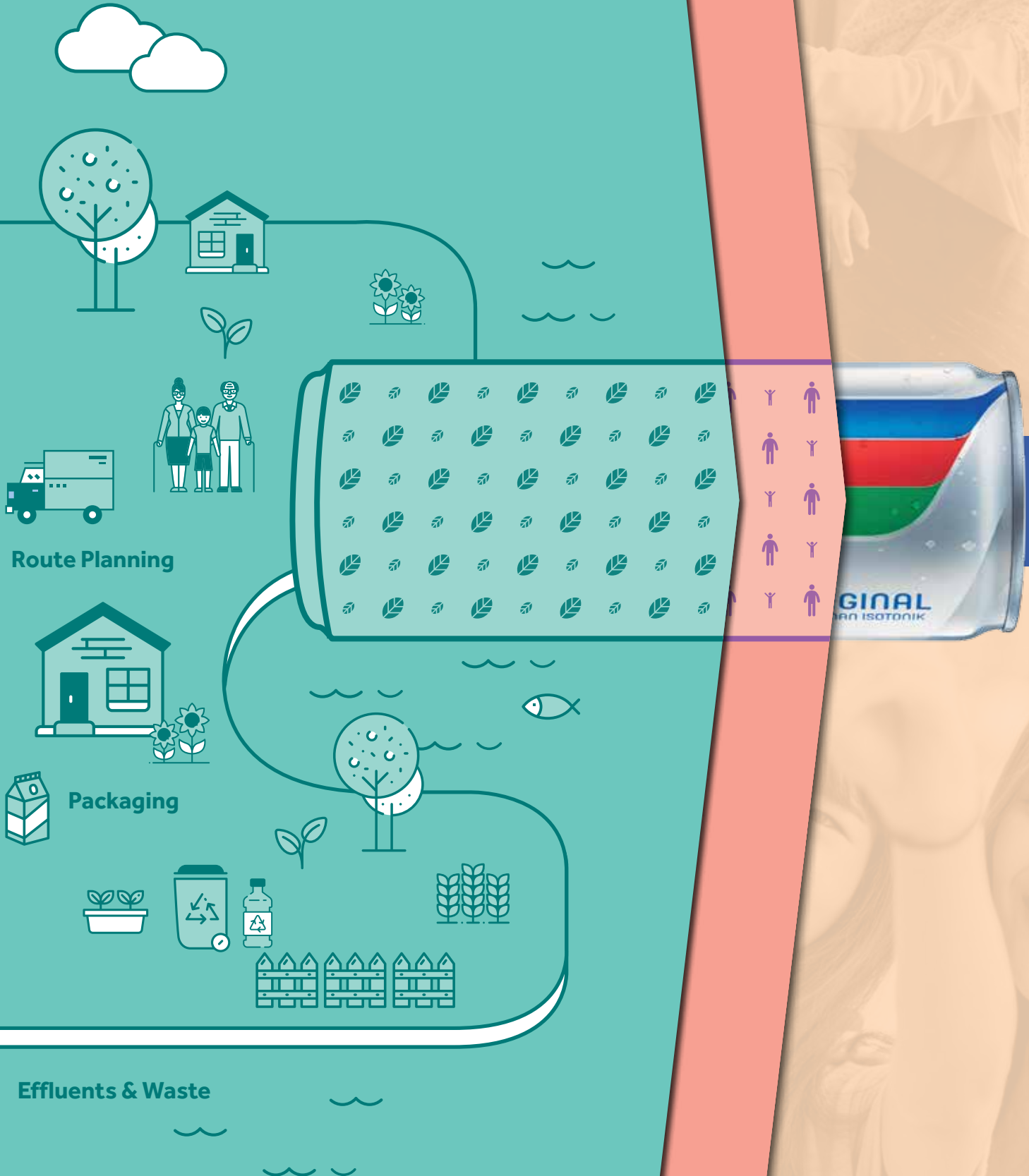
Economic Performance



RESPONSIBLE STEWARDS OF THE ENVIRONMENT WE ALL SHARE.

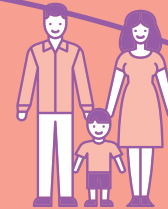


In F&N, we make a conscious effort to be optimally efficient along the entire value chain of our operations to minimise our impact on the environment through continuous improvement in the following material issues.



CONTRIBUTING TO A BETTER WORLD. TODAY AND TOMORROW.

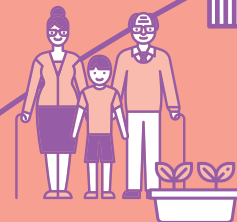
Creating Value
for Society



Consumer
Health & Safety



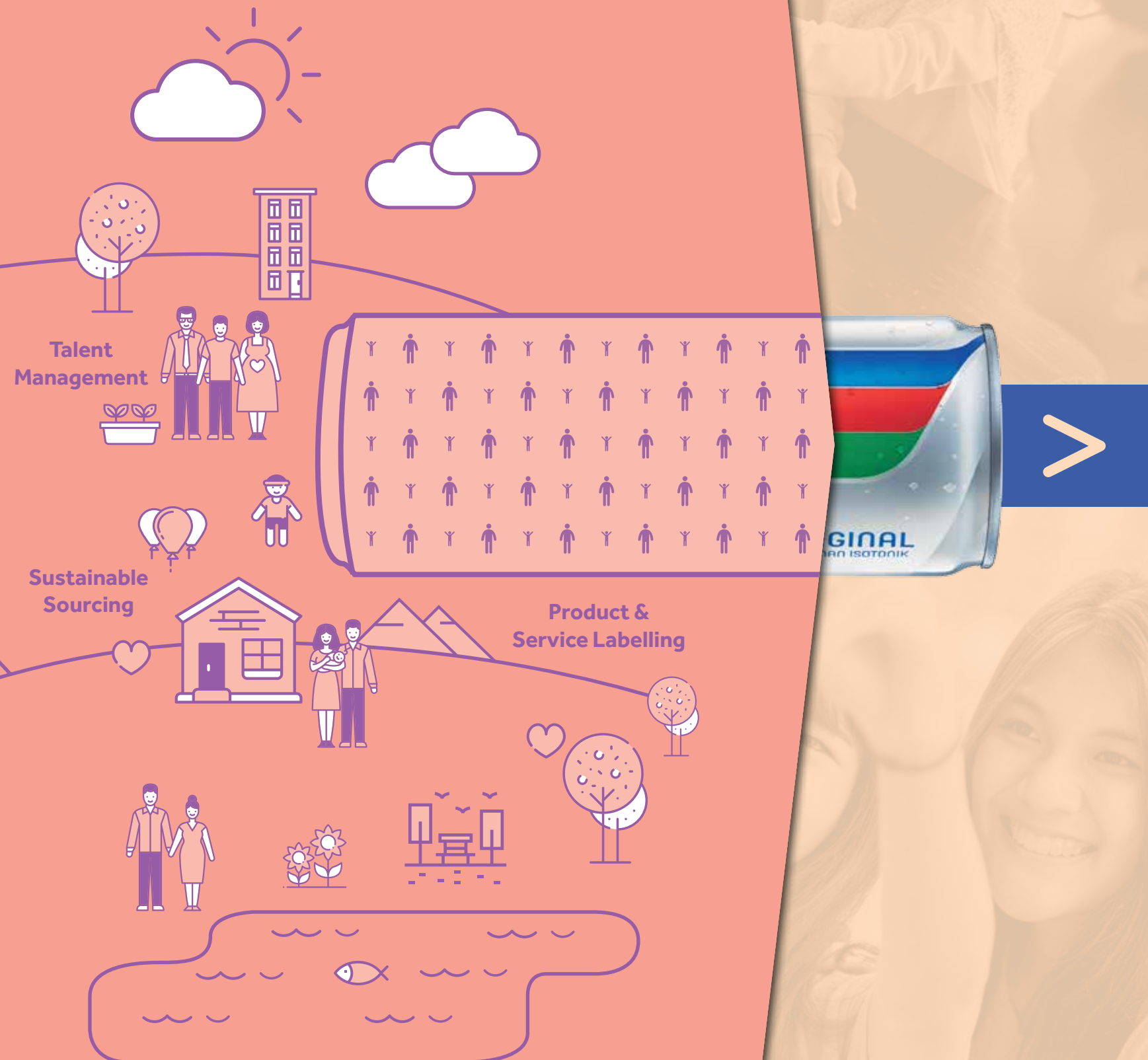
Occupational
Health & Safety



Health & Nutrition

F&N aims to elevate the quality of life and create meaningful difference to the people whose lives we impact and that includes our employees, consumers and society at large.

We strive to deliver "Pure Enjoyment, Pure Goodness" moments to all focusing on these material issues.



F&N CANNED MILK



BORNEO SPRINGS



F&N NUTRISOY



SUNKIST



IDEAL®



RANGER



OUR BRAND PORTFOLIO

F&N FUN FLAVOURS



CARNATION®



GOLD COIN



F&N SEASONS



EST COLA





20

WELL-LOVED BRANDS



TRUSTED BY GENERATIONS OVER

134 YEARS



OUTLETS ACROSS MALAYSIA

80,000



OUTLETS ACROSS THAILAND

153,000

100PLUS
F&N SEASONS
F&N NUTRISOY
OISHI
F&N CONDENSED & EVAPORATED MILK
CARNATION®
BEAR BRAND
MARKET LEADING POSITIONS IN RESPECTIVE CATEGORIES



7

NEW PRODUCTS IN FY2017

F&N MAGNOLIA

F&N FRUIT TREE

OISHI



CAP JUNJUNG®



100PLUS



F&N ICE MOUNTAIN

FARMHOUSE

TEAPOT



BEAR BRAND





INSIDE THIS REPORT



Message From
Our Chairman



Dear Stakeholders,

Welcome to our first standalone Sustainability Report produced according to GRI G4.

Sustainability is about ensuring our long-term success by balancing our financial performance with social and environmental considerations.

I hope that, in reading this report, you glean an insight into our commitment to contribute to a sustainable world. That, truly, underlines our business and will drive us to achieve our goal of becoming a reliable and sustainable food and beverage leader.

F&NHB's performance is the result of the actions of all our stakeholders, and we are committed to creating sustainable value and sharing our successes with you.

**Tengku Syarif Bendahara Perlis
Syed Badarudin Jamalullail Ibni
Almarhum Tuanku Syed Putra
Jamalullail**
Chairman, Fraser & Neave Holdings Bhd

Kindly scan the QR code
to view the message from
our Chairman.



Feature in this Sustainability Report

Follow the steps below to
scan the QR code reader
in 3 easy steps



Download the "QR Code
Reader" on App Store or
Google Play



Run the QR Code Reader
app and point your camera
to the QR Code



Get access to the
soft copy of our reports,
videos and contact
information

We also welcome your feedback
to make sure we are covering the
things that matter to you. Go to
www.fn.com.my or scan the code
on the right with your smartphone.



SECTION

1

CREATING SHAREHOLDER VALUE



SECTION

2

RESPONSIBILITY TO OUR STAKEHOLDERS



SECTION

3

RESPONSIBILITY TO THE COMMUNITY



SECTION

4

RESPONSIBILITY TO THE ENVIRONMENT

COVER RATIONALE

Sustaining a business requires a balanced approach to long-term social, environmental and economic objectives. F&N's material issues cover our Economic, Environmental and Social impacts to provide a clear account of how we are creating shared value for our stakeholders and the planet.

- p.02 2017 At A Glance
- p.04 Message from Our CEO
- p.06 About This Report
- p.07 About Fraser & Neave Holdings Bhd
- p.13 Our Sustainability Approach

CREATING SHAREHOLDER VALUE

- p.24 Economic Performance
- p.25 Innovation

RESPONSIBILITY TO OUR STAKEHOLDERS

- p.30 Sustainable Sourcing
- p.32 Talent Management
- p.36 Market Presence
- p.37 Occupational Health and Safety
- p.38 Consumer Health and Safety
- p.41 Health and Nutrition
- p.44 Product and Service Labelling

RESPONSIBILITY TO THE COMMUNITY

- p.46 Creating Value for Society

RESPONSIBILITY TO THE ENVIRONMENT

- p.50 Water Stewardship
- p.51 Effluents and Waste
- p.54 Energy and Climate Change
- p.56 Route Planning
- p.57 Packaging

- p.60 GRI G4 Content Index for "In accordance: Core"



The full version of F&NHB Sustainability Report 2017 is available from our website.

Soft copy version of F&NHB Sustainability Report 2017



Contact Us



PRESENTS

THE **INSIDE** STORIES

EVOLUTION MIX Team

Shah Alam, F&N Beverages Manufacturing



Pulau Indah, F&N Dairies Manufacturing



Himawari Team

Sam Sahai Kaizen Team

Rojana, F&N Dairies Thailand



Rojana, F&N Dairies Manufacturing



Seven Team 5



Food Application Specialists

Mr. Alric Tong and Mr. Cheong Wai Loon



Kassim Chin Humanity Foundation

Ms. Miliee Kassim

Yayasan Anak-anak Yatim Pinggir TTDI (Rumah Ilham)

Y.Bhg. Datuk Hj. Hassanuddin bin Ali



Majlis Bandaraya Shah Alam Mayor

Y.Bhg. Dato' Haji Ahmad Zaharin bin Mohd Saad



Feature in this Sustainability Report

Follow the steps below to scan the QR code reader in 3 easy steps



Download the "QR Code Reader" on App Store or Google Play



Run the QR Code Reader app and point your camera to the QR Code



Get access to the soft copy of our reports, videos and contact information

We would like to extend our deepest appreciation to the following individuals who kindly provided their perspectives to help us tell "The Inside Stories" of our "Sustainability in Action".

We also welcome your feedback to make sure we are covering the things that matter to you. Go to www.fn.com.my or scan the code on the right with your smartphone.



SECTION

1

CREATING SHAREHOLDER VALUE



SECTION

2

RESPONSIBILITY TO OUR STAKEHOLDERS



SECTION

3

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- p.24 Economic Performance
- p.25 Innovation

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- p.30 Sustainable Sourcing
- p.32 Talent Management
- p.36 Market Presence
- p.37 Occupational Health and Safety
- p.38 Consumer Health and Safety
- p.41 Health and Nutrition
- p.44 Product and Service Labelling

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- p.46 Creating Value for Society

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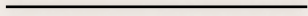


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Soft copy version of F&NHB Sustainability Report 2017



Contact Us



1

Our first
standalone **Sustainability**
Report

*(produced in line with the
GRI G4)*



2

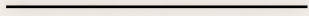
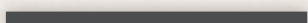
15
Material Issues

identified



3

Established 9
sustainability targets
for **2020**



1

40 process
& product
innovation
ideas

from employees deliver
cost savings or
cost avoidance of

RM 10 million
per annum



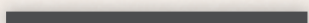
2

F&N Dairies
Manufacturing
Malaysia:

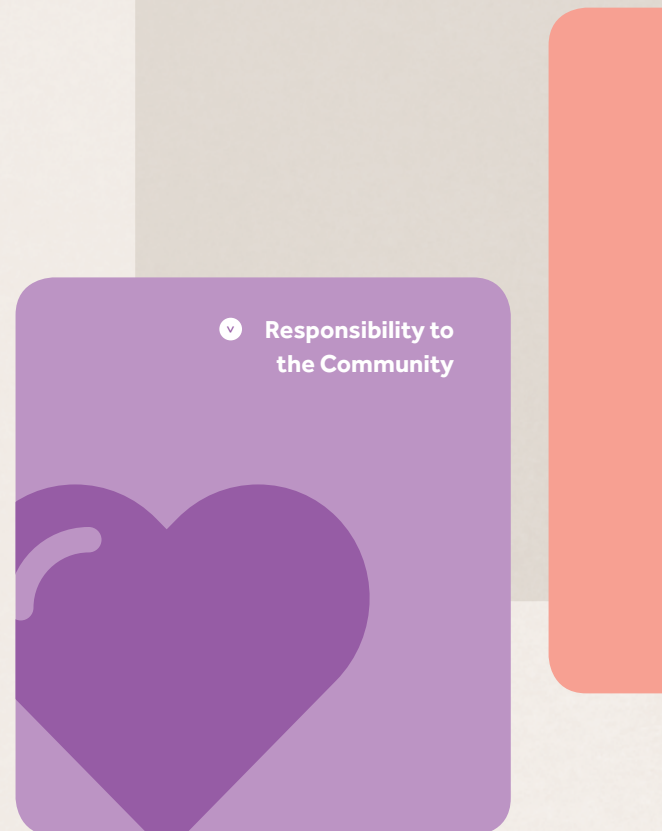
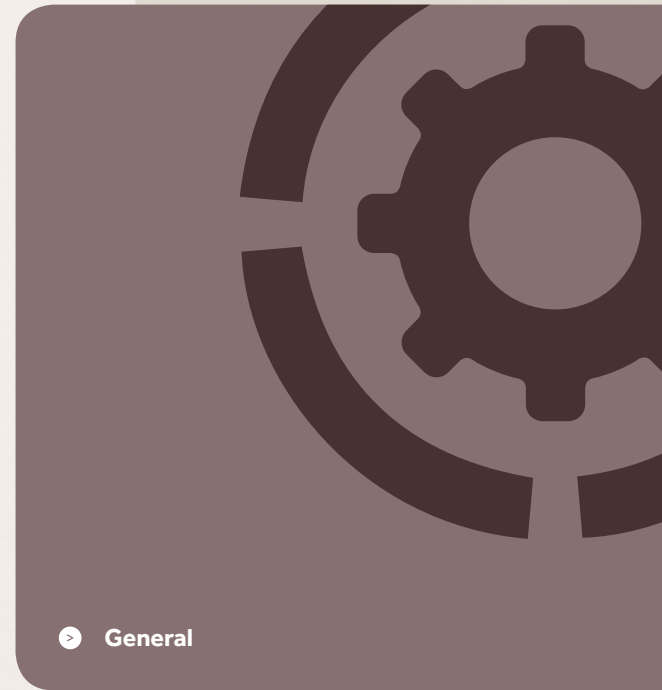
Energy Management
Gold Standard from
the **ASEAN Energy**
Management Scheme

F&N Dairies
Thailand:


Prime Minister's
Industrial Award 2017
for Environmental
Quality Conservation



2017



AT A



Creating Shareholder Value

Responsibility to the Environment

Responsibility to Our Stakeholders



GLANCE



1



Employ
> 2,700 people
> 90%
 local senior management

2



Average training hours per employee
14.7

Total investment on training & development
> RM 2.2 million

3



Engage with
> 2,200
 suppliers worldwide
> 90%
 are local suppliers



1



F&N Leadership Programme
 benefitted over
40 children
 from Rumah Ilham



1



Extended
F&N School Recycling Programme
 to Seberang Prai & Kuching this year

2



363 tonnes
 recyclables collected this year

**MESSAGE FROM
OUR CHIEF
EXECUTIVE
OFFICER**

This year, F&NHB continues to make positive strides in reducing waste and managing our water and energy efficiency across the board on the back of the strong culture of innovation in our manufacturing facilities.

Sustainability has always been at the heart of Fraser & Neave Holdings Bhd ("F&NHB" or "the Group")'s operations. We do not take short-cuts, but adopt a long-term approach in crafting our vision and strategies. This has allowed us to remain relevant in an environment that has seen significant changes in consumer demand together with increasing regulation to protect consumer rights. Indeed, it has allowed us to continue delighting our consumers for 134 years.

This has enabled us to build relationships based on trust with our suppliers, distributors, customers, consumers, employees and even the community at large.

Today's society is evolving so rapidly that there is greater need to continuously adapt to the changes and stay relevant to our consumers. In the beverage business, increasing demand for products and services that afford greater convenience and flexibility, translates to ready-to-



drink packaging in formats that suit different occasions. We recognise that offering such convenience will inevitably also lead to more packaging waste.

As such, we set out on our mission to advocate recycling of packaging waste and educating school children to make sustainable choices through the 5R philosophy (Reduce, Reuse, Recycle, Rethink and Reinvent) for over a decade. We launched a school recycling programme in Shah Alam which then took root in Penang island and, this year, has been further expanded to Seberang Prai, and Kuching. 1,770 tonnes of recyclables have been collected since we began the programme 11 years ago. More importantly, it inculcates a recycling habit in children which will stay with them throughout their lives.

Among the most urgent global issues facing manufacturers today is climate change. We have always sought to contribute towards protecting the environment for future generations by minimising our energy intensity, and have set the target of reducing it by 5 per cent by 2020.

Our efforts in minimising carbon emissions is supported by a capex strategy of decentralising our manufacturing to shorten our route to the different markets we serve. We already have the widest manufacturing footprint in Malaysia among food and beverage producers with a total of six plants across the country inclusive of two in East Malaysia. This geographical spread will further increase along with investments in capacity.

This year, F&NHB continues to make positive strides in reducing waste and managing our water and energy efficiency across the board on the back of the strong culture of innovation in our manufacturing facilities.

We have taken on board consumers' shift in demand for healthier beverages by continuously reducing the sugar index in our beverage portfolio. We are proud that 100PLUS Original, 100PLUS

**Underlying our sustainability
has been a constant:
understanding and fulfilling not only
consumers' needs, but also those of numerous
other stakeholders who play an important role
in our ongoing journey.**

ACTIVE, F&N Magnolia Lo-Fat Hi-Cal Milk and FARMHOUSE Fresh Milk have been accorded the Healthier Choice Logo, recently launched by the Ministry of Health in Malaysia. To live up to our "Pure Enjoyment, Pure Goodness" promise, we aim to offer more and more healthier products, and to offer a healthy option in every product category that we are in by 2020.

Various other key issues have been highlighted in a material assessment conducted earlier this year. The assessment has proven to be exceptionally valuable as it elucidates those areas that the Group needs to focus on more intently to further entrench our sustainability. A total of 15 issues surfaced as being important to both F&NHB as a corporation as well as to our stakeholders, all of which are described in detail in this report.

As this is the first report we have developed based on the Global Reporting Initiative (GRI) guidelines, we have not been able to present as much quantitative data as we would have liked. However, we are committed to putting in place the required systems for measurement and monitoring, and will keep enhancing both the scope and depth of our reporting in the years to come.

The success of F&N today is the result of bold and visionary decisions taken by the generations of management before us to ensure our sustainability. We seek to continue this legacy with actions that will lead to better lives and a healthy planet for future generations.

Lim Yew Hoe
Chief Executive Officer
Fraser & Neave Holdings Bhd



Kindly scan the
QR code to view
CEO's message on
sustainability.



ABOUT THIS REPORT



Welcome to the F&NHB Sustainability Report 2017

For many years, F&NHB produced a Corporate Sustainability Report within our Annual Reports according to Bursa Malaysia's Corporate Social Responsibility (CSR) Framework, outlining efforts undertaken in four focal areas: the Environment, Workplace, Community and Marketplace.

This year, we have progressed our reporting to a standalone report prepared in accordance with Global Reporting Initiative ("GRI") G4 Sustainability Reporting Guidelines: Core Option.

This year, we have strengthened our internal data collection and consolidated procedures. Read together with our Annual Report, this Sustainability Report will give stakeholders a comprehensive picture of how F&NHB is balancing our financial goals with social and environmental imperatives. It underlines our commitment to conducting our business in an ethical and sustainable manner, and offers an insight into how we aim to create stakeholder value.

As a leading beverage and dairy products producer in Malaysia and Thailand, we impact the lives of millions of consumers and other stakeholders in innumerable ways. Through a materiality assessment, we have been able to determine which issues are seen to be most important to F&NHB as a Group, as well as those that are most important to our stakeholders. And these are the areas we have reported on.

The information contained has been presented according to four main categories, namely:

1 Creating Shareholder Value

- in which we outline the ways in which we seek to enhance our economic performance;

2 Responsibility to Our Stakeholders

- detailing how we strengthen our relationships with our suppliers, employees, customers, consumers and shareholders;

3 Responsibility to the Community

- where we describe our outreach programmes; and

4 Responsibility to the Environment

- in which we describe the ways in which we strive to reduce waste and increase our energy efficiency.

Financial year 2017 (covering 1 October 2016 to 30 September 2017) is our baseline year for target setting and future sustainability reporting. The information presented, has been obtained from the following key operations in Malaysia and Thailand.

In Malaysia:

F&N Dairies Manufacturing Sdn Bhd
F&N Beverages Manufacturing Sdn Bhd
F&N Beverages Marketing Sdn Bhd
Fraser & Neave (Malaya) Sdn Bhd
Borneo Springs Sdn Bhd

In Thailand:

F&N Dairies (Thailand) Limited

In accordance with the GRI G4's Core Option, we have provided a content index to make it easier for stakeholders to access information that is relevant or important to them.

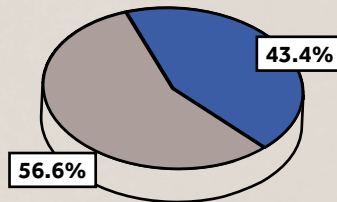
Moving forward, we will continue to work on improving our data quality and will be looking to obtain external assurance on the data provided. We will also seek to expand our engagement process to include inputs from external stakeholders, while taking into account feedback on this report. To help us make our future reports more relevant, please direct your comments or queries to groupcomms@fn.com.my.

ABOUT FRASER & NEAVE HOLDINGS BHD

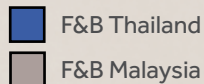
Group Revenue

Contribution by
Business Segment (%)

FY2017



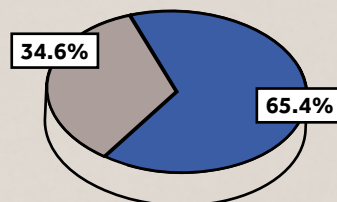
Property & Others: 0%



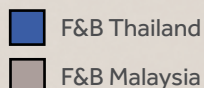
Group Operating Profit

Contribution by
Business Segment (%)

FY2017



Property & Others: 0%



Fraser & Neave Holdings Bhd

("F&NHB" or the "Group")

is one of Malaysia's diversified blue-chip companies with expertise and prominent standing in the food and beverage business. Listed on Bursa Malaysia's Main Board, F&NHB is amongst the region's oldest and most established companies with its brands enjoying the distinction of being a market leader and household name in many categories.



Founded in 1883 by John Fraser and David Chalmers Neave, from whom the instantly recognisable initials 'F&N' are derived, F&N has evolved into an iconic household brand that is trusted by generations while fulfilling its promise of "Pure Enjoyment, Pure Goodness" through its wide portfolio of well-loved brands.

The Group has an annual turnover in excess of RM 4 billion from its core business in the manufacture, sale and marketing of beverages and dairy products. Today, the Group is one of the largest beverage manufacturers and distributors in the region with products such as 100PLUS, F&N Fun Flavours, F&N NutriSoy, F&N SEASONS, F&N ICE MOUNTAIN, OISHI, est Cola and RANGER. Within the dairies line, we produce sweetened condensed and

evaporated milk, as well as packaged milk and juice products under the F&N, TEAPOT, F&N Magnolia, FARMHOUSE and F&N Fruit Tree Fresh brands. F&N is also an exclusive manufacturer, marketer and distributor of CARNATION®, Cap Junjung® and IDEAL® canned milk products in Malaysia, Singapore, Thailand, Brunei and Laos.

The Group's operating businesses are organised according to products and services, namely Food & Beverages Malaysia (F&B Malaysia) which encompass both Soft Drinks and Dairies Malaysia business; Food and Beverages Thailand (F&B Thailand); and Property and others.

GEOGRAPHICAL FOOTPRINT



F&NHB is headquartered in Kuala Lumpur and has 8 manufacturing facilities in Malaysia and Thailand serving the needs of consumers in the regions. We employ more than 2,700 people, and export our products to more than 50 countries across the globe.

F&NHB operates in Malaysia, Brunei, Thailand and Indochina, and is a subsidiary of Fraser and Neave, Limited, a company listed on the Singapore Stock Exchange.

Vision

To become the leading total beverage company in Malaysia and the region.

Mission

To be a world-class multinational enterprise providing superior returns to our shareholders, excellent value for our customers and consumers and a rewarding career for our employees.

Total Workforce



Permanent contract	# of employees	Temporary contract
571	Female	Female 289
1,734	Male	Male 178

* All our permanent employees are full time.

CORPORATE STRUCTURE AND OWNERSHIP



Food & Beverages Malaysia

F&N Beverages Manufacturing Sdn Bhd	100%
Borneo Springs Sdn Bhd	100%
F&N Beverages Marketing Sdn Bhd	100%
F&N Dairies (Malaysia) Sdn Bhd	100%
F&N Dairies Manufacturing Sdn Bhd	100%
F&N Dairies Distribution (Singapore) Pte Ltd	100%
F&N Marketing (B) Sdn Bhd	100%
Lion Share Management Limited	100%
Premier Milk (Malaya) Sdn Berhad	100%
F&N Foods Sdn Bhd*	100%



Food & Beverages Thailand

F&N Dairies (Thailand) Limited	100%
--------------------------------	------



Property

F&N Properties Sdn Bhd	100%
Wimanis Sdn Bhd	100%
Greenclipper Corporation Sdn Bhd	100%
Nuvak Company Sdn Bhd	100%
Utas Mutiara Sdn Bhd	100%
Tropical League Sdn Bhd	100%
Lettricia Corporation Sdn Bhd	70%
Vacaron Company Sdn Bhd	50%



Others

Fraser & Neave (Malaya) Sdn Bhd	100%
F&N Capital Sdn Bhd	100%
Elsinburg Holdings Sdn Bhd	100%
Kuala Lumpur Glass Manufacturers Company Sendirian Berhad*	100%
Cocoaland Holdings Berhad	27.19%

* in the process of member's voluntary winding up

OUR SUPPLY CHAIN

WE REQUIRE A RANGE OF RAW MATERIALS FOR OUR BEVERAGES AND DAIRY PREPARATION AND PACKAGING, AS WELL AS EQUIPMENT AND MACHINERY FOR OUR PRODUCTION LINES AND WAREHOUSES.

We engage with 2,257 suppliers from around the world, including local suppliers in Malaysia and Thailand. Our suppliers cut across the value chain of manufacturers, wholesalers, retailers, importer/merchants, contractors and professional service providers. For the financial year under review, we spent a total of RM 3.11 billion on products and services provided by our suppliers.

1

We place emphasis on sourcing quality materials from suppliers who have good environmental and social responsibility. While developing our suppliers we also prioritise capacity-building of procurement staff, encouraging them to adhere to sustainable purchasing standards and to practise good business ethics in all aspects of their work.

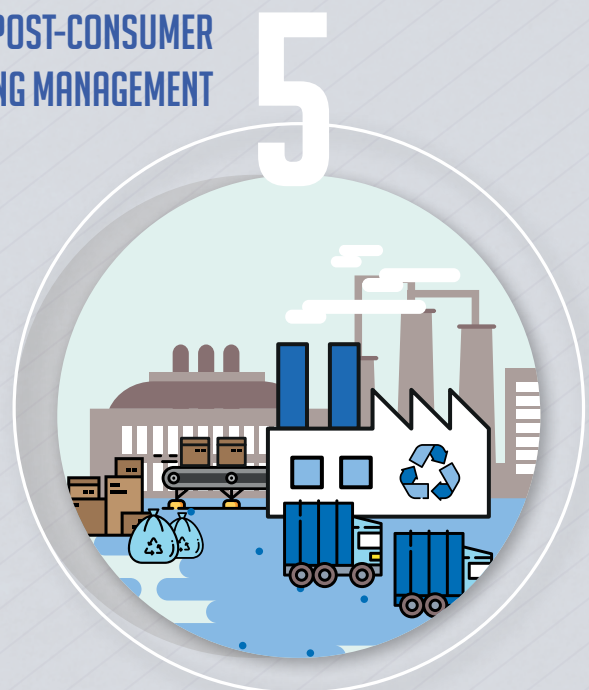
2

We have a standardised and safe production process that complies with all relevant standards in order to deliver high quality products to consumers. The production process optimises resource use, and considers the environmental and social impacts of waste, effluent and emissions from all production stages.

SOURCING



POST-CONSUMER PACKAGING MANAGEMENT



2 PRODUCTION



DISTRIBUTION



4



MARKETING AND SALES

3

We have a fully integrated and extensive distribution system that ensures our products are distributed efficiently to all consumers. Our focus is to minimise the environmental and social impacts from transportation by managing our energy use, while enhancing the safety of our personnel and local communities.

4

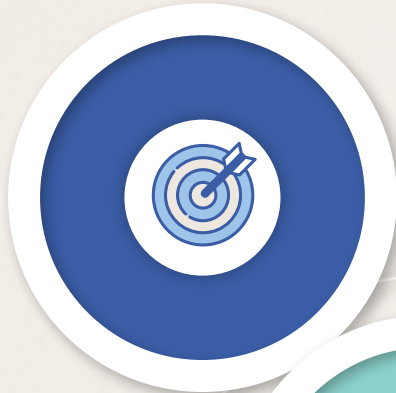
We place emphasis on responsible marketing and sales practices, and take steps to engage consumers and customers through various activities. Input from consumers and customers is used to improve our marketing practices and enhance our sustainability.

5

We minimise the impact of post-consumer waste on the environment via research and development to deliver innovative and environment-friendly packaging and labelling, conducting carbon footprint assessments, and applying the 3R principles of reduce, reuse, recycle.

GROUP STRATEGY

Our vision is supported by the following strategic imperatives:



Clearly-targeted Portfolio of Brands and Products.

We aim to provide distinct and relevant products to as many consumer segments as possible while growing our power brands.



Leading Through Innovation.

We encourage our people to think creatively and embrace change. Our businesses are constantly innovating in terms of product development, packaging and processes to sustain their industry leadership.



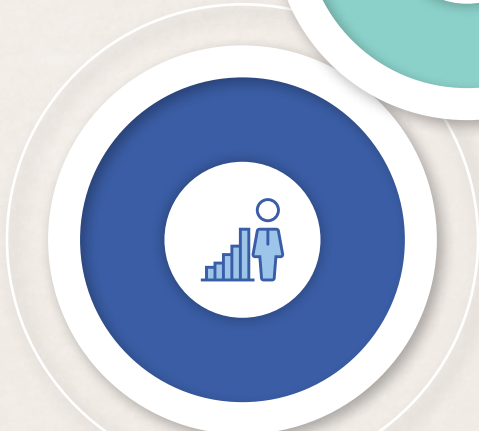
Investments Focusing on the Rights to Win.

We aim to be No. 1 in all the markets in which we compete, and prioritise our investments in markets where we have rights to win. Focusing on markets that offer the best medium- to long-term growth and profitability opportunities, we are expanding our reach into halal core markets particularly Middle East, Africa and South Asia.



Striving for Commercial Excellence.

We seek to strengthen the way we market, distribute and sell our products in order to deliver excellent customer experiences and forge closer relationships with our consumers, ultimately driving consumer loyalty. We continuously improve our operational efficiency, increase our brand presence and sell-through, and streamline internal processes to accelerate decision-making and create a leaner, more efficient organisation.

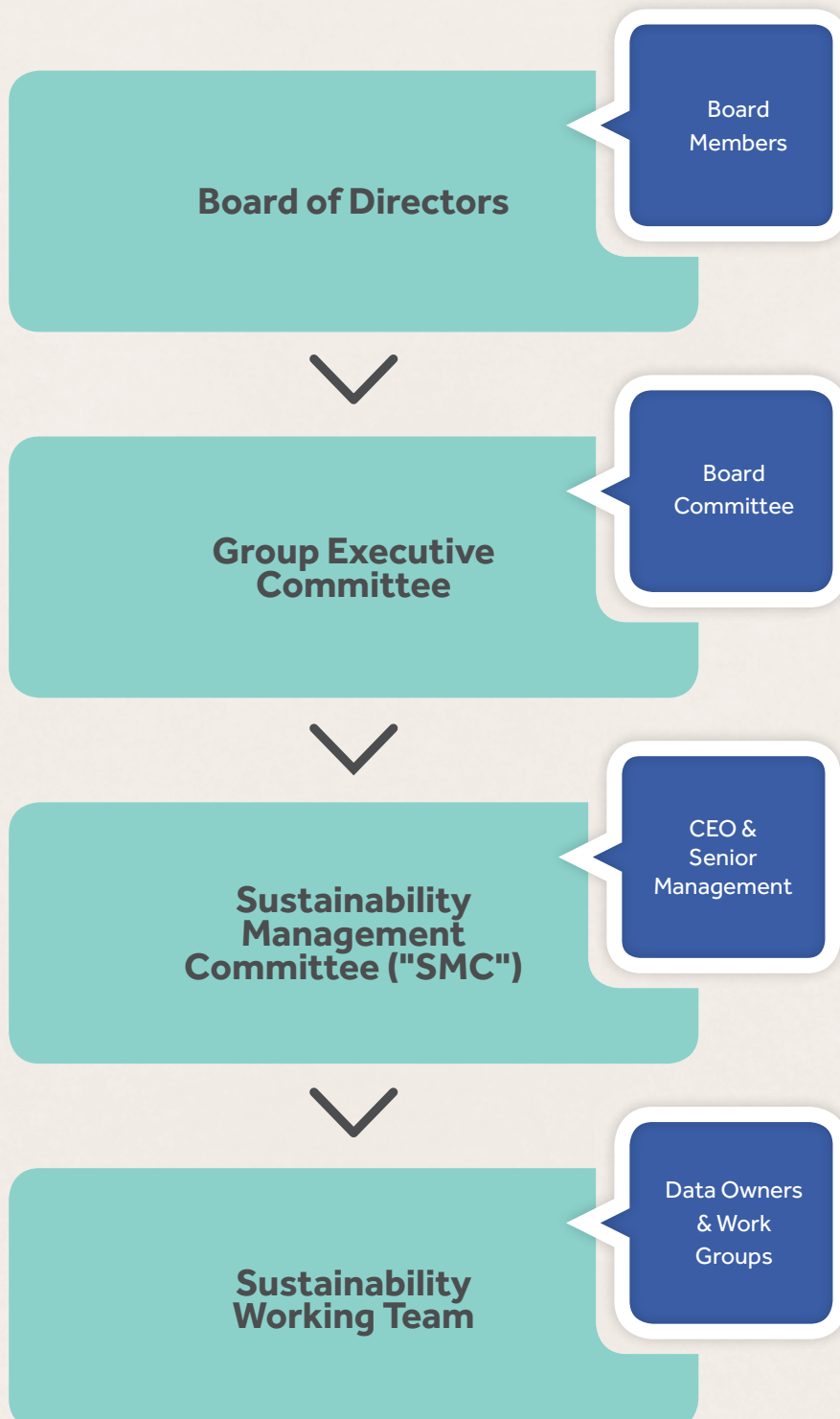


Committing to Talent Development.

Our people are key to implementing our strategies; they form the centre of our 'universe'. We therefore seek to attract, develop and retain the best talent who will enable us to achieve our goals and working towards our vision.

OUR SUSTAINABILITY APPROACH

Sustainability at F&NHB is driven by a Board-level Group Executive Committee with support from a Sustainability Management Committee ("SMC") comprising senior management from various functions and led by the CEO. The SMC oversees a Sustainability Working Team made up of employees from various functional groups. While the working committee ensures the day-to-day implementation of our sustainability programmes, the SMC provides direction to the Group's sustainability strategies and keeps the Board informed of our performance.



F&NHB SUSTAINABILITY MANAGEMENT COMMITTEE

Lim Yew Hoe
Chief Executive Officer

Tan Hock Beng
Senior Vice President,
Finance & Procurement/
Chief Financial Officer

Lai Ming Kong
Senior Vice President,
Domestic Commercial Operations

Karn Chitaravimol
Managing Director,
F&N Dairies (Thailand) Limited

David Hoong
First Vice President,
Human Capital

Waradej Patpitak
First Vice President,
Manufacturing

Graham Lim
Vice President,
Marketing

Karen Tan
Head, Communications
& Corporate Affairs

WHO OUR KEY STAKEHOLDERS ARE AND HOW WE ENGAGE WITH THEM

Our sustainability is anchored on understanding and fulfilling the needs of our stakeholders. We seek to create strong relationships based on trust and respect with our employees, suppliers, customers, shareholders and investors, consumers, regulators, non-governmental organisations ("NGOs") and local communities via regular engagement. Through open two-way dialogue, we are able to explain our business objectives to our stakeholders while listening to their concerns.

Different platforms are used to engage with the different stakeholder groups, as indicated in the table below.

	Engagement Channel	Issues Raised	Actions Taken
Employees	<ul style="list-style-type: none"> • Biannual employee engagement survey • Annual CEO town hall/ roadshow • Annual gatherings • iConnect (intranet), F&N Digest (biannual newsletter), email news highlights, quarterly CEO messages 	<ul style="list-style-type: none"> • Communication with employees • Senior leadership • Learning & development • Rewards & recognition • Safety at work 	Refer to: <ul style="list-style-type: none"> • Section on Talent Management (pages 32-36) • Section on Occupational Health and Safety (pages 37-38)
	Suppliers	<ul style="list-style-type: none"> • Fair & robust procurement system • Support of local businesses • Social & environmental responsibility 	Refer to: <ul style="list-style-type: none"> • Section on Sustainable Sourcing (pages 30-31)
	Distributors & Trade Customers	<ul style="list-style-type: none"> • Latest consumer & shopper trends • Product innovation • Customer relationship management • Shopper loyalty programmes • Improving customer service level • Strategic business development • Business practices & ethics • Competitive operational system • Efficient delivery system 	Refer to: <ul style="list-style-type: none"> • Message from our CEO (pages 4-5) • Section on Innovation (pages 25-28)
	Shareholders & Investors	<ul style="list-style-type: none"> • Transparency in disclosure • Business/financial performance • Disclosure on relevant information to shareholders 	Refer to: <ul style="list-style-type: none"> • Message from our CEO (pages 4-5) • About This Report (page 6) • Section on Economic performance (page 24)



Consumers

<ul style="list-style-type: none"> • Marketing & sales promotions • Brand communication through advertising • Social media interaction • On-ground events & activities • Dedicated consumer hotline 	<ul style="list-style-type: none"> • Product quality & safety • Consumer health & safety • Fair & reasonable product pricing • Social & community engagement • Environment-friendly packaging 	<p>Refer to:</p> <ul style="list-style-type: none"> • Section on Innovation (pages 25-28) • Section on Consumer Health and Safety (pages 38-41) • Section on Health and Nutrition (pages 41-43) • Section on Product and Service Labelling (page 44)
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Regulators

<ul style="list-style-type: none"> • Active participation in industry collaborations e.g. Federation of Malaysian Manufacturers • Meetings with government agencies and statutory bodies 	<ul style="list-style-type: none"> • Tax transparency • Social & environmental responsibility • Fair & legal labour practices • Safety at work • Compliance with laws & regulations • Water & waste management • Environment friendly labelling & packaging • Greenhouse gas emissions (GHG) 	<p>Refer to:</p> <ul style="list-style-type: none"> • Section on Consumer Health and Safety (pages 38-41) • Section on Health and Nutrition (pages 41-43) • Section on Product and Service Labelling (page 44) • Section on Creating Value for Society (pages 46-48) • Section on Responsibility to the Environment (pages 50-57) • Section on Talent Management (pages 32-36) • Section on Occupational Health and Safety (pages 37-38)
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Communities

<ul style="list-style-type: none"> • Collaboration & partnership • Meetings • Outreach programmes • Meetings with community representatives • Leadership programmes 	<ul style="list-style-type: none"> • Consumer health & safety • Social & environmental responsibility • GHG emissions • Job opportunities for locals • Promotion of good health & quality of life • Skills development in sports & leadership • Stimulating local economies 	<p>Refer to:</p> <ul style="list-style-type: none"> • Section on Consumer Health and Safety (pages 38-41) • Section on Health and Nutrition (pages 41-43) • Section on Product and Service Labelling (page 44) • Section on Creating Value for Society (pages 46-48) • Section on Responsibility to the Environment (pages 50-57) • Section on Talent Management (pages 32-36) • Section on Market Presence (page 36)
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MATERIALITY ASSESSMENT

In January 2017, we conducted our first materiality assessment to determine issues that are important to F&NHB as a corporation, as well as those that are important to our stakeholders. The assessment encompassed reviews of issues highlighted by industry leaders and peers, an employee sustainability survey, as well as meetings and workshops with management and directors, who played a critical role in the entire process.

This year, we chose to engage only our internal stakeholders in our materiality assessment. In future, we aim to involve key external stakeholder groups such as our consumers and suppliers for a more objective assessment of issues that are important to them. Issues that are of high importance will not only be reported but will be taken into account in our business plans and decisions.

Our Three-Step Materiality Assessment

Step 1:



Identification

Preliminary issues were identified based on a comparative analysis of peer companies and industry best practices in sustainability. These issues were discussed with the SMC to distill those that are relevant to F&NHB. Subsequently, an employee survey was conducted to obtain their views on material issues. From these sessions and survey, we crafted a list of key issues, opportunities and challenges facing the Group.



Step 2:



Prioritisation

We organised a materiality workshop involving heads of department, the C-suite and directors to provide weightage to issues identified in Step 1. This allowed us to prioritise the issues according to how likely they are to impact our business and the extent to which they are likely to impact our sustainability. Their level of importance was thus plotted – from low to high.



Step 3:

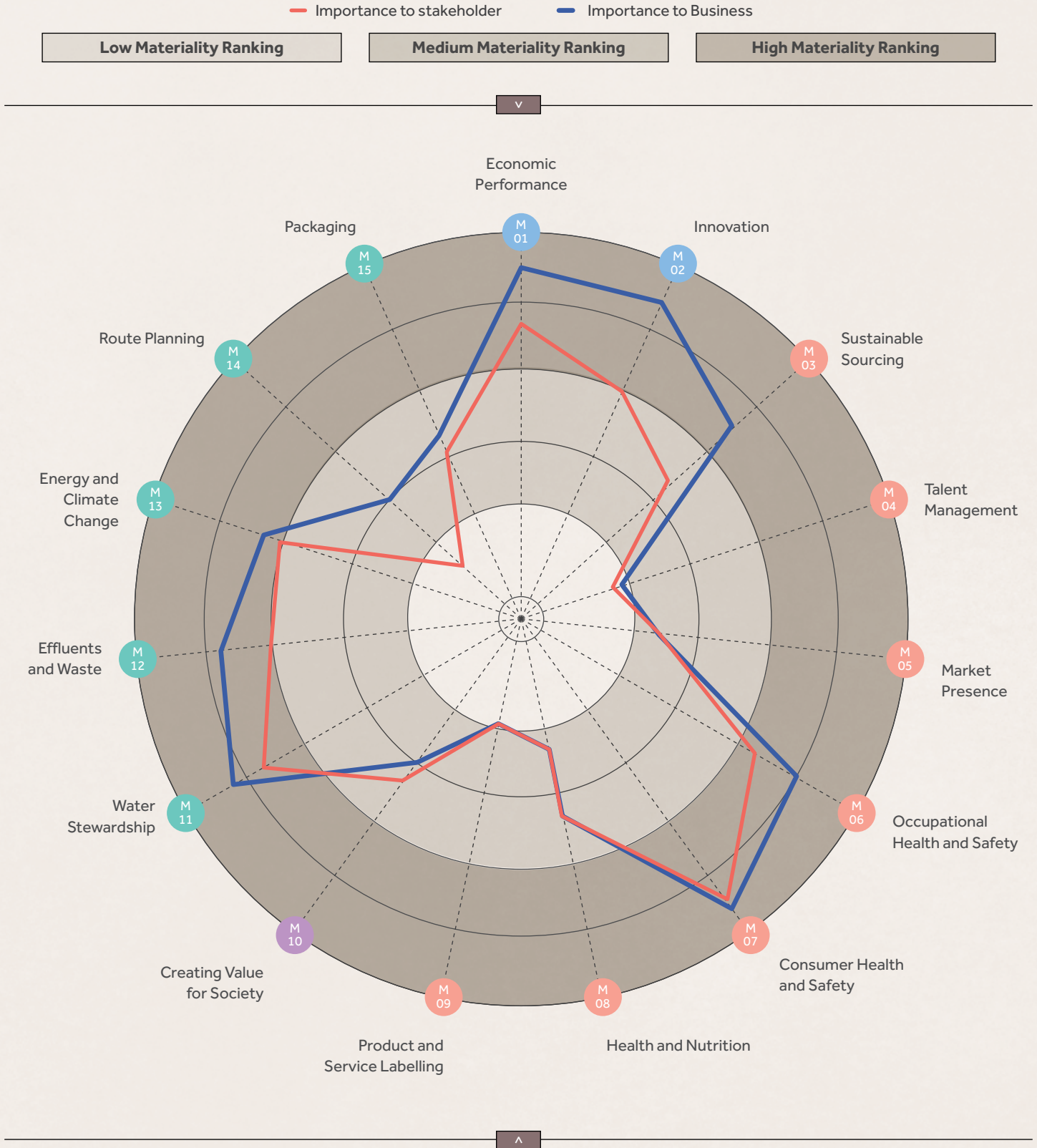


Validation

A preliminary materiality matrix developed at the end of Step 2 was validated by the SMC and Board. The next step involves feedback on this report from stakeholders, which will be used to develop next year's Sustainability Report.

OUR MATERIALITY MATRIX

Our materiality matrix depicts 15 issues that are seen to be of high importance to both F&N and our stakeholders. This report focuses on these material issues as they are more likely than other issues brought up during the assessment process to have an impact on the sustainability of our business.



IDENTIFIED BOUNDARIES FOR MATERIAL ISSUES

Material Issues	Within the organisation			
	Employees	Suppliers	Customers	
Creating Shareholder Value				
Economic Performance	✓	✓	✓	
Innovation	✓		✓	
Responsibility to Our Stakeholders				
Sustainable Sourcing	✓	✓		
Talent Management	✓			
Market Presence	✓			
Occupational Health and Safety	✓			
Consumer Health and Safety	✓			
Health and Nutrition	✓			
Product and Service Labelling	✓			
Responsibility to the Community				
Creating Value for Society	✓			
Responsibility to the Environment				
Water Stewardship	✓		✓	
Effluents and Waste	✓			
Energy and Climate Change	✓			
Route Planning	✓	✓	✓	
Packaging	✓	✓		

The material issues have been categorised into the following four categories:

Creating Shareholder Value

- Economic Performance
- Innovation



Responsibility to Our Stakeholders

- Sustainable Sourcing
- Talent Management
- Market Presence
- Occupational Health and Safety
- Consumer Health and Safety
- Health and Nutrition
- Product and Service Labelling




As part of reviewing process and setting targets for the next financial year, we will re-evaluate our material issues, achievements and goals. Our performance in FY2017 will serve as a benchmark to guide us in strategising and setting our sustainable development goals in the coming years.

		Outside the organisation		
	Consumers	Shareholders/Financial Investors	Communities	Regulators
		✓		
	✓	✓		
		✓		
			✓	✓
			✓	
	✓		✓	✓
	✓		✓	✓
	✓			✓
			✓	✓
	✓		✓	✓
			✓	✓
			✓	✓
				✓
	✓		✓	✓

Responsibility to the Community

- Creating Value for Society



Responsibility to the Environment

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



OUR COMMITMENTS



CREATING SHAREHOLDER VALUE



GRI Aspects : Economic Performance

Economic Performance

We are committed to creating direct economic value for our shareholders through the generation of profits, which will also benefit our employees in the form of bonuses.



GRI Aspects : Innovation

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 concerns on social and environmental issues.



GRI Aspects : Procurement Practices

Sustainable Sourcing

We promote sustainable and responsible procurement and sourcing via sourcing risks management, supplier selection and local sourcing.



GRI Aspects : Employment Training and Education

Talent Management

We recruit the best talent, train them and keep them motivated via career development goals and reviews.



GRI Aspects : Market Presence

Market Presence

We contribute to the economic well-being of employees by paying them attractive salaries.



GRI Aspects : Occupational Health and Safety

Occupational Health and Safety

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.

RESPONSIBILITY TO OUR STAKEHOLDERS



GRI Aspects : Consumer Health and Safety

Consumer Health and Safety

We are committed to producing beverages of the highest quality that are safe, and which address health concerns. Our products comply with relevant standards across their entire life cycle.



GRI Aspects : Health and Nutrition

Health and Nutrition

We promote healthy lifestyles and the consumption of nutritious products, in line with consumer needs.



GRI Aspects : Product and Service Labelling

Product and Service Labelling

We provide accessible and adequate information on our products and services, in line with relevant laws and regulations. This helps consumers make informed purchasing choices.



RESPONSIBILITY TO THE COMMUNITY



GRI Aspects : Local Communities

Creating Value for Society

We strive to create a positive impact on local communities through social development projects.



GRI Aspects : Water

Water Stewardship

We seek to use water efficiently across the value chain and employ water resources risk management to ensure sufficient water for our production purposes.



GRI Aspects : Effluents and Waste

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 and post consumption.



GRI Aspects : Energy; Emissions

Energy and Climate Change

We curb our contribution to climate change by managing our GHG emissions from our production processes and transport. This includes creating greater energy efficiencies in our operations and using as much renewable energy as possible.

RESPONSIBILITY TO THE ENVIRONMENT



Route Planning

Optimising our routes to market, including the transfer of products, goods and materials as well as employees serves to reduce our carbon emissions, minimise costs and improve efficiencies.

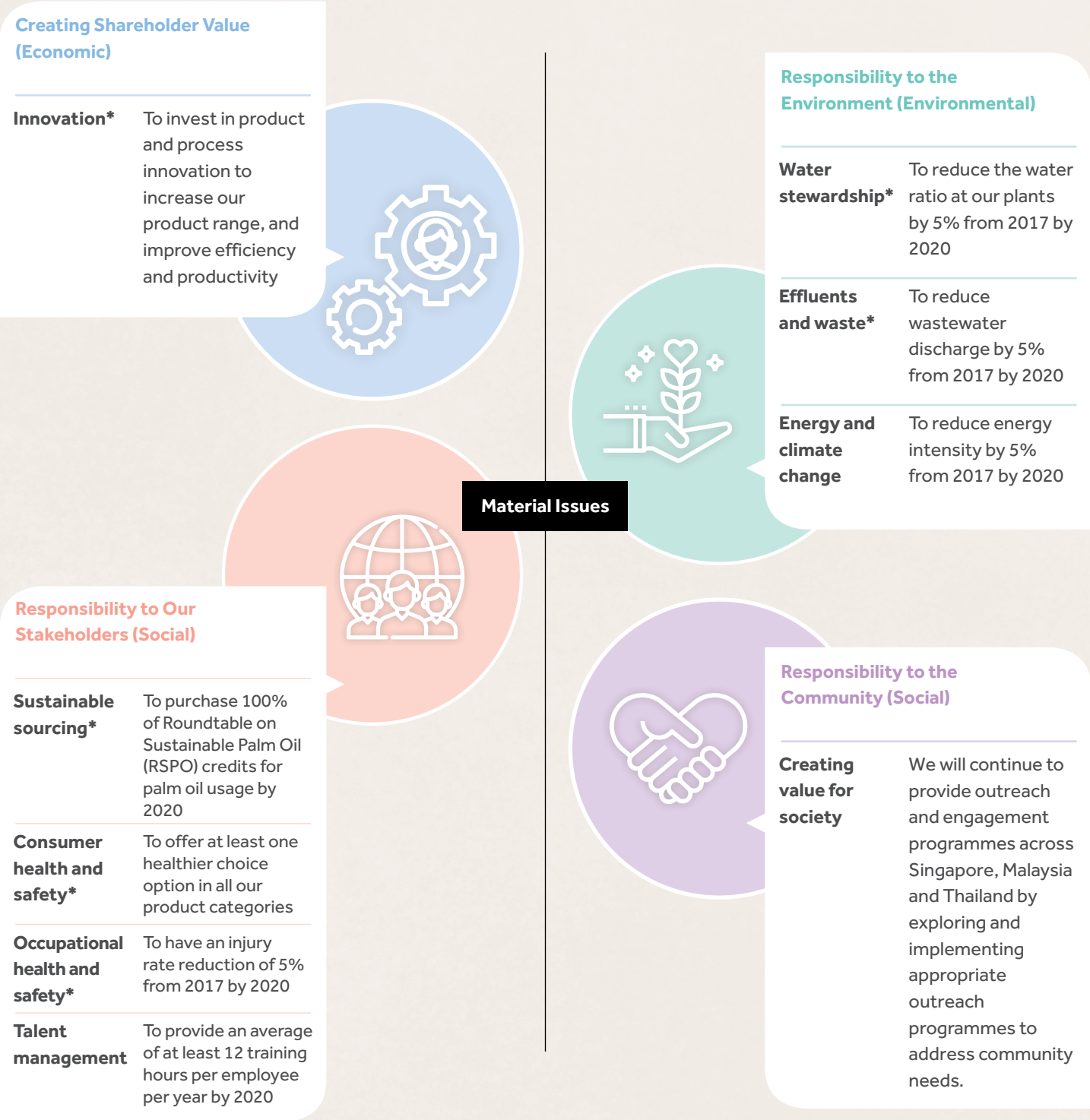


Packaging

We use innovative packaging to minimise our environmental impact and meet consumers' demand.

GROUP TARGETS FOR 2020

As part of our commitment to sustainability, we have established 9 key performance targets for the entire F&N Group including Singapore, Malaysia and Thailand, based on the high priority material issues identified. These medium-term performance targets are set to be achieved by 2020.



Note: * All high priority material issues have targets except for Economic Performance



PRESENTS

THE **INSIDE** STORIES



Winning As One Convention



Rojana Plant, F&N Dairies Thailand

Sam Sahai Kaizen Team

*Mr. Wirapong Wongsricha, Mr. Niphol Srichaisang,
Mr. Chamnarn Sounmali*

The winners of the Kaizen category presented an innovation that allows our manufacturing team in Thailand to produce single-layer product trays at a cost of only THB 20,000, saving on the cost of purchasing a new machine which would cost about THB 20 million.



Rojana Plant, F&N Dairies Thailand

Seven Team 5

*Mr. Somsak Tangprom, Mr. Suriya Srinongkote, Mr. Watcharapong Boonnam
Mr. Prachern Kosuma, Mr. Chamnarn Sounmali, Mr. Pattaya Unathine*

The winning team under the Small Group Activity category successfully reduced the breakdown frequency of a particular machine by 57 per cent. Their innovation will increase output by 2 million pouches per annum at our Rojana plant in Thailand.



THE **INSIDE** STORIES

Excel As One Convention



Shah Alam, F&N Beverages Manufacturing

EVOLUTION MIX Team

*Mr. Mohd Rizal bin Mohd Hamid, Mr. Mohd Fikri,
Mr. Saiful, Mr. Mutalib, Mr. Hanif*

The winning project in the Innovative and Creative Circle (ICC) category corrects a misalignment in the shaft of a particular machine to reduce downtime, bringing about savings in the region of RM 1.6 million a year.

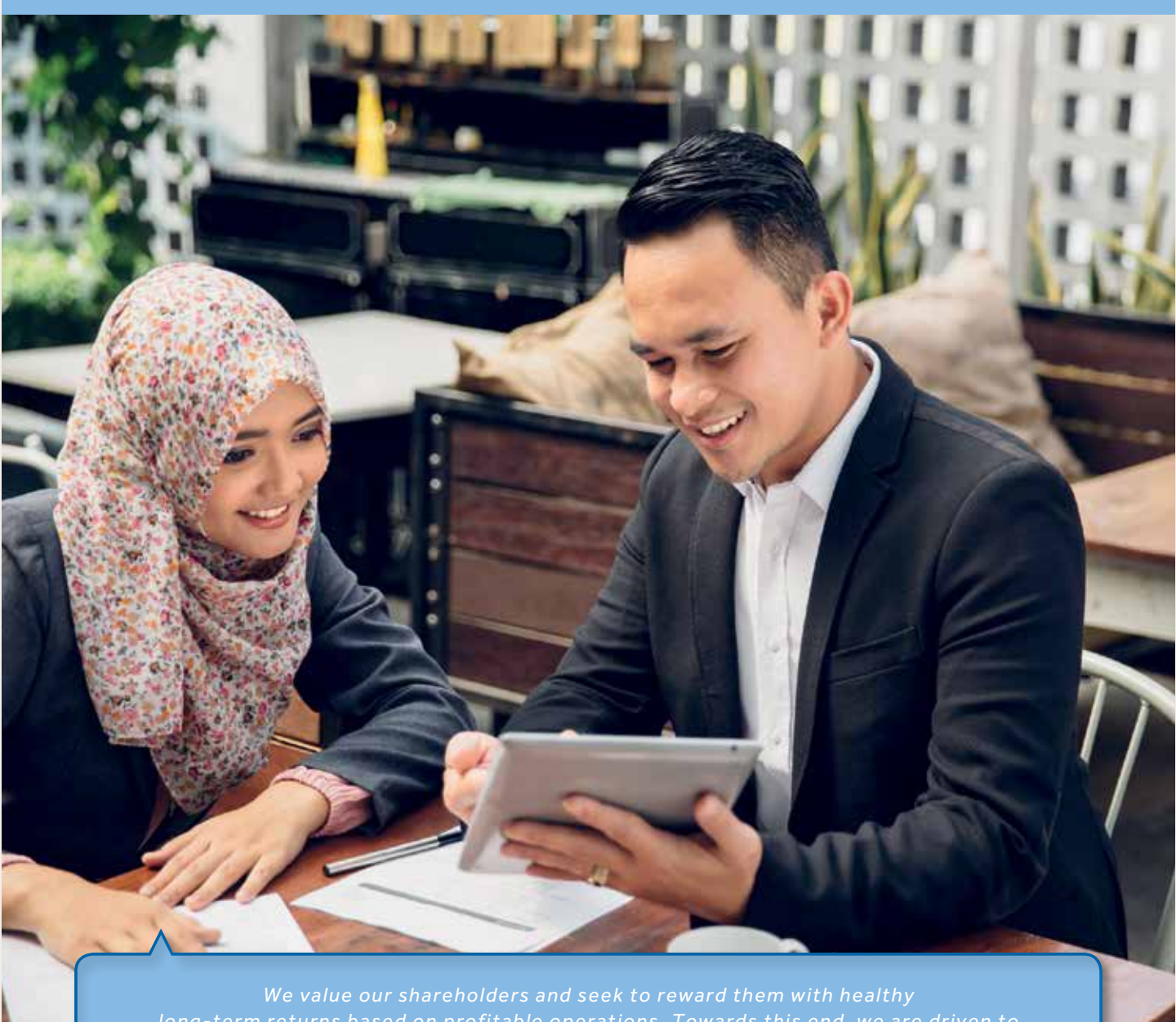


Pulau Indah, F&N Dairies Manufacturing

Himawari Team

*Mr. Ravintharan A/L S. Kaliapan, Mr. Pragas A/L Muniandy,
Ms. Norfadzilah Binti Ismail, Mr. Mohd Taufet, Mr. Jeffery Erskine*

The winning project in the Kaizen category, meanwhile, reduces depalletizer downtime by 90 per cent at our beverage plant in Shah Alam. The team successfully automated the changing process of twist height in depalletizers, saving time and reducing the likelihood of damage caused by manual handling.



We value our shareholders and seek to reward them with healthy long-term returns based on profitable operations. Towards this end, we are driven to maintain our leadership in the various dairy and beverage categories that we are in, evolving with consumer trends to be able to offer products that continuously delight the market. We also focus intently on enhancing our operational and cost efficiencies, encouraging a culture of productivity and innovation among our employees.



**CREATING
SHAREHOLDER
VALUE**

MATERIAL ISSUES

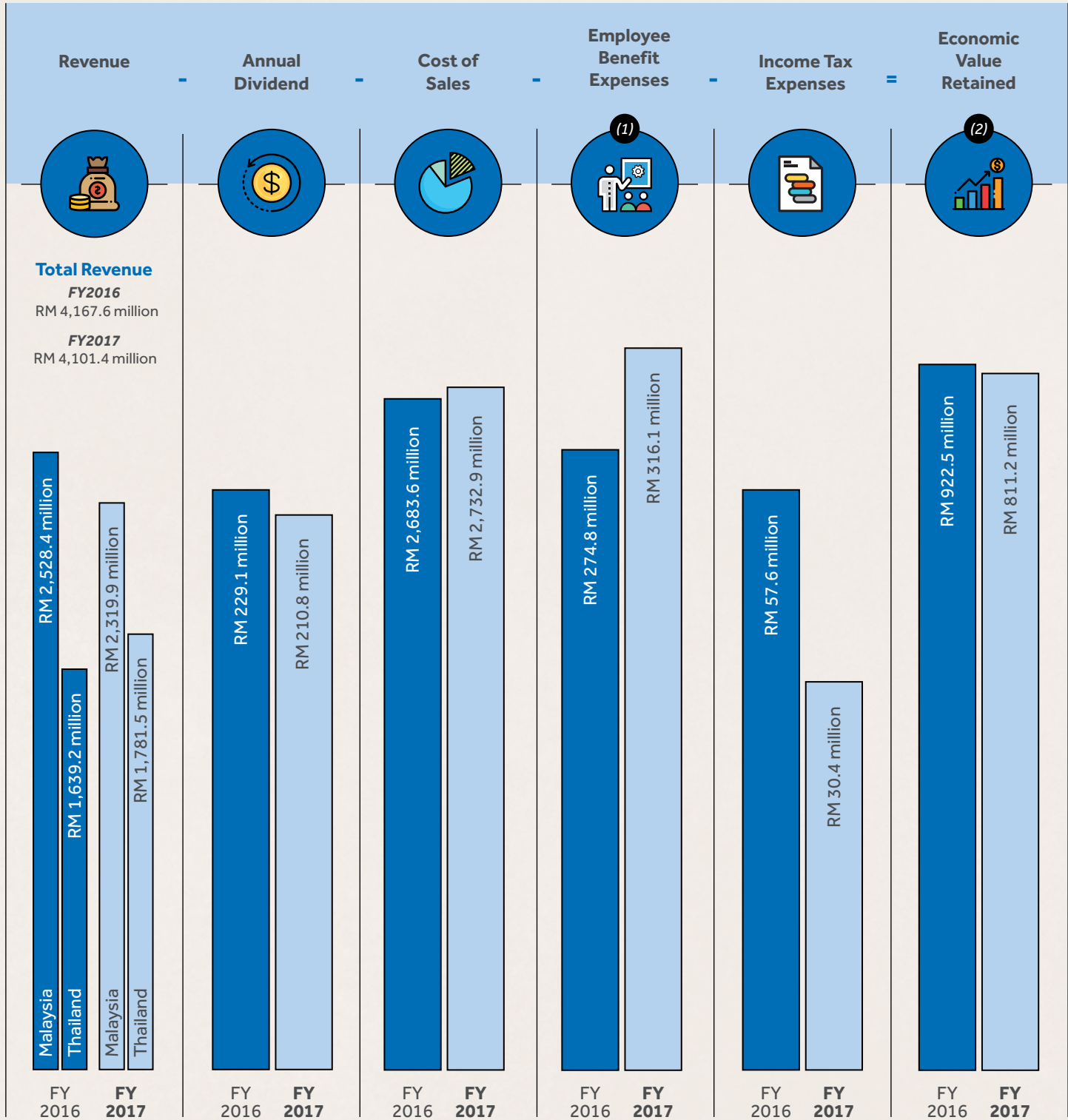
M
01

Economic Performance

M
02

Innovation

ECONOMIC PERFORMANCE



Note:

- Employee benefit expenses comprise of salary, allowances, bonus, contributions to defined contribution plan, retirement benefits (income)/expenses, share-based payment expense and one-off restructuring costs.
- Economic value retained is calculated by direct economic value generated (revenue) - economic value distributed (annual dividend, cost of sales, employee benefit expenses and income tax expenses). Community investments are not included.

M
02

INNOVATION

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



2020 Target

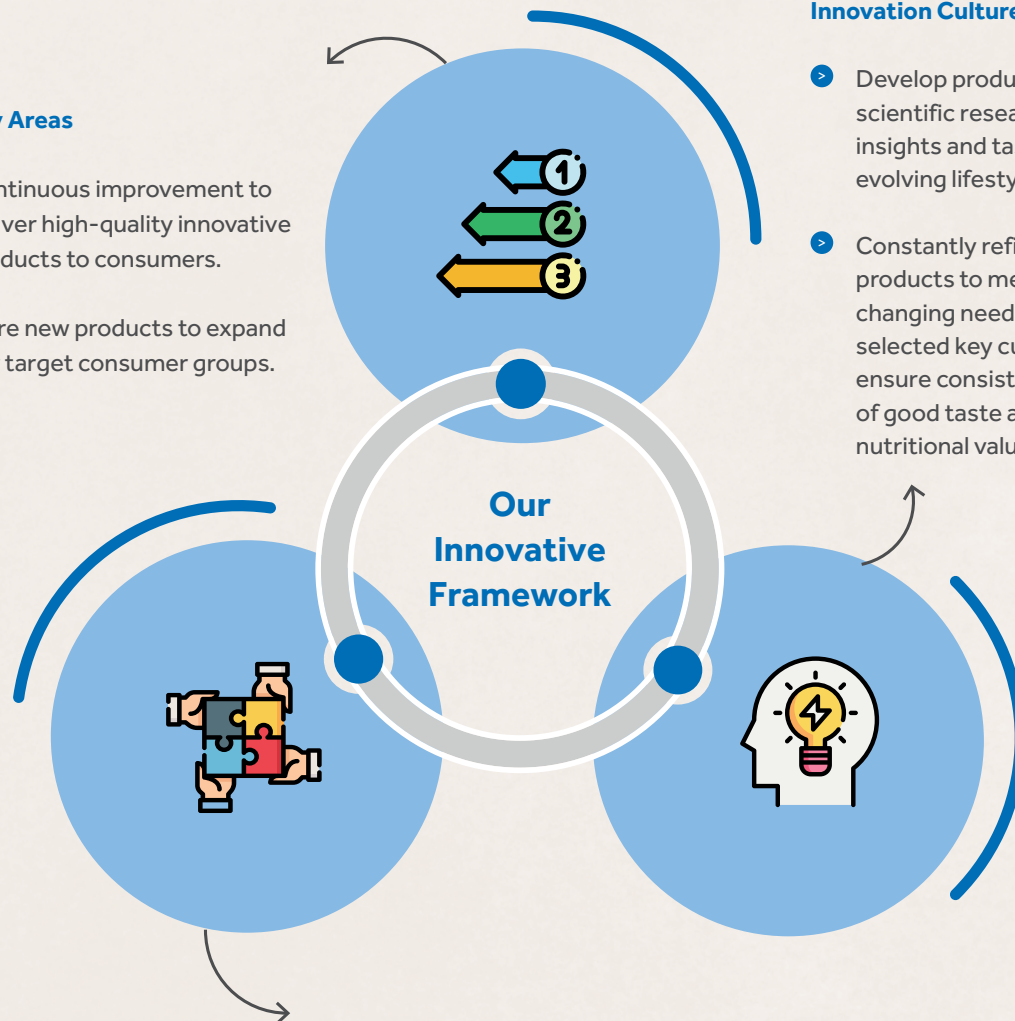
Innovation is critical to maintaining our leadership and competitive advantage in the marketplace. Our customers' needs and demands have evolved as today's society are always on the move and has an increasingly strong leaning towards a healthier lifestyle. Hence, the Group's R&D is focused on creating innovative products and packaging solutions that remain relevant to our loyal consumers and customers, developed to meet their evolving taste and lifestyle preference. At the same time, the culture of process innovation is deeply embedded in our manufacturing team where we consistently seek to increase our operational efficiencies.

Priority Areas

- > Continuous improvement to deliver high-quality innovative products to consumers.
- > More new products to expand our target consumer groups.

Innovation Culture

- > Develop products based on scientific research, consumer insights and tastes relevant to evolving lifestyles.
- > Constantly refine our products to meet the changing needs of consumers, selected key customers and ensure consistent delivery of good taste and the right nutritional values.



External Collaboration

- > Collaborate with authorities such as the Ministry of Health (MoH), Federation of Malaysian Manufacturers (FMM) and Thailand's Food and Drug Administration (FDA) 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.

Product Innovation

Product innovation at F&NHB is led by an R&D unit based in Singapore, with teams in Malaysia and Thailand. In addition to the development of exciting new products that are both delicious and nutritious, the team also adapts our product formulas according to process changes and changes in the regulatory environment while searching for ways to improve a product's functional benefit and shelf life. During the financial year, R&D spend for Malaysia and Thailand totalled about RM 2 million.

We produce dairy products and beverages that are consistently of high quality and meet international food safety standards. In developing new products, F&N's R&D is guided by:

- **Innovation & creation** in terms of product, processes, packaging and sensory science. Sensory science refers to a scientific method of measuring and interpreting consumers' response to prototypes/products based on the senses of sense, smell and touch (texture). For example, before a new supplier of raw materials is engaged, taste sessions are held to determine if there is any significant difference in taste of the product using the new ingredients.
- **Scientific advances** for application in our processes and products.
- **Technical developments** that support quality improvement and cost optimisation.
- **Regulatory compliance** on local and export business.
- **Quality products** that meet food safety standards.

F&N NUTRISOY FRESH

Our latest pasteurised fresh soya milk in Malaysia and comes in a lite (less sweet) option.

100PLUS ACTIVE

Formulated to be non-carbonated to meet the needs of athletes and consumers who leads very sporty lifestyle.

Awarded the Healthier Choice logo by the Nutrition Division of the Ministry of Health.

BEAR BRAND Gold Goji Berry

Enriched with vitamin A for better eyesight and skin.

BEAR BRAND Sterilised Milk Hi Folate

Fortified with high folate and iron content, enhances blood circulation.





Award Winning Brands

Guided Development of Award-Winning Products

We develop new products based on changing consumer tastes. While sales figures provide an indication of this, we have also engaged an independent market research agency to help us monitor our 'brand health', which provides a deeper insight on consumers' perception and how well our products perform in meeting their expectation. Surveys are conducted every three months, both by face-to-face interviews and computer assisted phone interviews among consumers aged 12-19, who are selected randomly.

By catering to consumer tastes, many of our brands are leaders in their categories and continuously win awards for being consumer favourites. Among the accolades this year include:

Product of the Year

The award is given to packaged goods that demonstrate innovation and were launched within the year. Winners are determined by the votes of more than 2,000 householders through online and face-to-face surveys conducted by The Nielsen Company. In 2017, 100PLUS ACTIVE won in the Isotonic Category while OISHI won in the Green Tea Category.

Family Choice Campaign

Based on the votes of more than 6,000 consumers who participated in a survey conducted by GIANT Malaysia from 6 April – 3 May 2017, 100PLUS was named the Best Isotonic Drink while F&N Sweetened Condensed Creamer won in the Best Condensed Creamer category.

100PLUS

100PLUS was once again named one of the top brands in the Non-Alcoholic Beverage category of the 2017 Putra Brand Awards while its marketing team won The Board of Governor's Putra Marketer of the Year award for their innovation and creativity in building the brand. The awards are based on market research conducted on about 6,000 consumers.



Packaging Innovation

We continually strive to enhance the packaging of our products to reduce our environmental footprint, address potential health and safety concerns as well as appeal to consumer's various usage occasions.

Since November 2016, all F&N SEASONS Tea products are packaged in sleek cans.

The taller and slimmer cans are not only visually attractive, but require smaller storage footprint and are easier to hold. Bottles of the new 100PLUS ACTIVE, meanwhile, sport grooves that make them easier to grip after a sweaty session or workout.

In Thailand, we launched 180g squeezable laminated tube for TEAPOT condensed milk, catering to consumers on-the-go

who appreciate the convenience and flexibility of usage offered. In Malaysia, we introduced a laminated flexible bag-in-box (BIB) packaging that can contain up to 20kg of condensed milk.

Both the squeezable tubes and BIB are also more environment-friendly as they reduce the packaging ratio (volume of packaging used per unit of content), thus using less materials and carbon dioxide (CO₂).

Process Innovation

We believe in investing in new, more efficient machinery and equipment to improve our production efficiencies and enhance our resource utilisation.

Among our most recent investments to expand our process innovation capability is an RM 180 million integrated warehouse in Shah Alam, which will boast an aseptic cold-filling polyethylene terephthalate (PET) line enabling us to expand into new product offerings and packaging formats. The high-speed production line will have a maximum capacity of 720,000 bottles a day, and is expected to increase production at the plant by 10%, or 6.5 million cases annually (each case being equivalent to 24 PET bottles). At the same time, it will reduce resin packaging material usage by 40%, further lowering our carbon footprint and packaging costs. Integrating the aseptic cold-filling line with a warehouse will further reduce our carbon emissions from transportation.



INCREASE PRODUCTION
at the plant by **10%**



REDUCE resin packaging
material usage by **40%**

Excel As One Convention

Since 2015, we have been organising an Excel As One Convention at which teams from the shop floor present innovative ideas to help improve productivity, increase efficiencies and reduce production costs. In FY2017, the convention unveiled 22 projects that carried a combined cost savings of RM 7.51 million per annum.

Winning As One Convention

Our Thai operations have been organising a Winning As One Convention since 2007 at which teams of employees present innovative ideas to help improve productivity, quality, delivery, safety and work ethics while reduce costs and enhance the environment. 200 employees participated in the latest convention held on 21 July 2017, with 18 projects achieving an average saving of THB 18.73 million per annum.

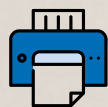
Print-on-Demand

In May 2017, we rolled out a more efficient printing solution – Print-On-Demand – to reduce paper, ink and energy waste in our offices. In addition to that, the new system also ensures confidentiality of information. This year, the Print-On-Demand solution was implemented at our corporate offices and have reduced our printer rental by 26%, paper usage by 16% and toner usage by 3%.

Integrated Business Planning (IBP)

In June 2017, we introduced a dynamic analytics solution that leverages data analytics to enhance the accuracy of our forecasts, allowing for better planning to supply different channels, and increase our speed to market. By better synchronising supply with demand, we expect to reduce our inventory days, which will lead to optimal production and reduced cost of inventory. We expect to realise cost benefits from the system only in 2018 after some fine-tuning that will be further enhanced with an IBP-Vendor Managed Inventory (VMI).

PRINT-ON-DEMAND REDUCED



our
printer rental by
26%



paper usage by
16%



toner usage by
3%



PRESENTS

THE



STORIES

“

We organise cooking workshops at F&N's offices to motivate our colleagues to lead healthier lifestyles through healthier meals.

Mr. Alric Tong and Mr. Cheong Wai Loon,

Food Application Specialists
F&N Beverages Marketing Sdn Bhd



**Mr. Alric Tong and
Mr. Cheong Wai Loon**

Food Application Specialists
F&N Beverages Marketing Sdn Bhd

As Food Application Specialists in F&N, our role is to develop and promote healthy, delicious recipes using F&N products to our consumers. The recipes are then shared with consumers in the form of booklet or leaflet during our roadshows and food and beverage expos. We also post them on our website and collaborate with local magazines. At the same time, we organise cooking workshops at our offices to motivate our colleagues to lead healthier lifestyles through healthier meals.

After many years of sharing healthy recipes made with F&N product, many consumers today recognise that F&N Evaporated Milk can be used as a healthier alternative to "santan" in curries. Among the many interesting recipes that we have created over the years include fusion recipes such as "Ayam Masak Merah Lasagna", which caters to the younger generation who enjoy experimenting with their cooking.

We also actively advocate the F&N "Kahwin" concept, which combines F&N Evaporated Milk together with F&N Sweetened Creamer for a less sweet yet just as creamy and delicious version of Malaysian's favourite "Teh Tarik" or "Kopi Tarik". This is a concept we are promoting and educating among stalls and restaurants around Malaysia as part of our responsibility towards consumer's health & safety.



"Ayam Masak Merah Lasagna"



Our suppliers, employees and consumers play an integral role in F&N's long-term sustainability. Recognising and valuing their support, we are committed to maintaining strong relationships with them through ethical behaviour that respects their needs and expectations. We have various policies that ensure we uphold the interests of our stakeholders and safeguard their rights. We also invest considerably in instilling our corporate values in our people so they are able to contribute towards building our legacy of honesty, trust and integrity.



RESPONSIBILITY TO OUR STAKEHOLDERS

MATERIAL ISSUES

- M
03 Sustainable Sourcing
- M
07 Consumer Health and Safety
- M
04 Talent Management
- M
08 Health and Nutrition
- M
05 Market Presence
- M
09 Product and Service Labelling
- M
06 Occupational Health and Safety

M
03

SUSTAINABLE SOURCING

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



2020 Target

Sustainable sourcing means ensuring all our vendors and suppliers abide by the same principles of sustainability that we do. We take pride in using only quality ingredients and eco-friendly materials (e.g. paper).

Further underlining the sustainability of our operations, we make sure all suppliers and vendors along our entire value chain practise good governance and embrace the well-being of their own stakeholders. This applies to suppliers and vendors who support our sourcing, production and distribution needs, as well as those who provide marketing and sales services and packaging management.

Procurement Policy

Our Procurement Policy is designed to help us obtain the goods and services at the best price in a timely manner, meeting our needs. Adhering to its guidelines and the principles of fair play, our teams have been able to establish strong relationships based on respect and trust with suppliers. We do not accept gift from suppliers (other than customary/ festive in nature and of value not exceeding RM 300); we protect the confidentiality of their information, and expect the same of them. If any employee has an interest in a supplier, this interest has to be made known up front.

We also stand guided by our Procurement Policy to develop and subsequently execute tenders and contracts.

Managing Sustainable Sourcing Risks

In line with Supplier Performance Tracking under our Procurement Policy, we conduct audits on our suppliers every year to ensure sustainable sourcing of ingredients and compliance with food safety regulations and standards. Non-compliant or underperforming suppliers must demonstrate they are committed to taking the necessary corrective actions within a predefined period, or risk having their contracts terminated.

Tests are done on all raw materials from new sources that enter the production process. We use Forest Stewardship Council (FSC) certified paper for all our products in the tetra packaging. Other criteria used in the selection of new suppliers include their environmental impact management, employment policies, and ethical business practices. Business Continuity Plans have also been established to ensure sustainable product supply.

Having recently become a member of the Roundtable on Sustainable Palm Oil (RSPO), we intend to be more stringent on our palm oil suppliers, ensuring they abide by sustainable agricultural principles and practices. Our target is for all palm oil purchased to be RSPO certified by 2020. Meanwhile, all soya bean supplied to us is produced from certified non-genetically modified plants.

Local Sourcing

F&N engages local suppliers where possible to create local employment and to support the local economy. More than 90 per cent of our suppliers are local.

When looking for suppliers, we start from areas closest to our operations. This has the added benefit of minimising the environment impact from logistics.

Roundtable on Sustainable Palm Oil (RSPO) Membership

As one of the largest users of palm oil in our canned milk business, we understand that our actions and business practices pertaining to the sourcing of sustainable palm oil plays a significant part in safeguarding a green environment for the well-being of society. We therefore wish to reiterate our commitment to using only Certified Sustainable Palm Oil (CSPO) in our products, and have embarked on this journey by becoming an ordinary member of RSPO on 14 August 2017.



> 90%

of our suppliers are local



Enhancing Productivity of Thai Dairy Farmers



In Thailand, we obtain fresh milk supply from local farmers belonging to the Dan-Khun-That Milk Cooperative which we have been supporting since 2013. F&N Dairies (Thailand) Limited collaborated with the cooperative to improve the quality of fresh milk under the 'Develop valuable raw milk' project which, led to a lower quantity of microorganisms in the raw milk and considerable energy savings.

In 2015, we introduced new technologies and donated automatic jet cleaning milking machines that helped to increase their productivity.

Since 2016, we have also been training the farmers to plant napier grass which improves the quality of cow's milk by enhancing its fat, solids and protein content. The team in Thailand produces an educational newsletter for the farmers on a quarterly basis and is planning to donate an information board to the cooperative to display useful information on enhancing their productivity. Through this project, the farmers have been able to increase their milk price from THB 19.31/kg to THB 19.75/kg, on average.

Performance data

G4-EC9



Malaysia



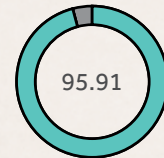
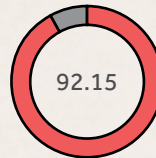
Thailand

FY2017 (Baseline)

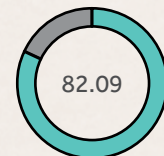
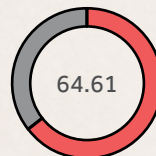
Proportion of spending on local suppliers at significant locations of operation:



Percentage of local suppliers (%)



Percentage of purchase value spent on local suppliers (%)



M
04

TALENT MANAGEMENT

To provide an average of at least 12 training hours per employee per year by 2020



2020 Target

Our talents determine how well we perform. They translate strategies into actions that take us closer to our end goals. We constantly look to hire and retain talent who will enable us to maintain our competitive edge and who have the potential to take us to new markets as the Group further expands in the international market.

Empowering our People

We believe everyone has the potential to grow with the company and contribute to a high-performing, sustainable organisation. To realise our employees' potential, and to equip them constantly with new skills and knowledge, we provide them with continuous training and professional development programmes. Learning and development is integral to the culture at F&NHB and comprises 70% on-the-job training, 20% learning from others (through coaching, mentoring, feedback, knowledge sharing); and 10% classroom sessions and/or workshops.

Key employee training programmes held during the year:

Programme	Focus	Employees targeted
7 Habits of Highly Effective People	Self-management & interpersonal skills	Top, middle, junior management & employees
Microsoft Excel	MS Office Skills	Middle, junior management & employees
Education Assistance Programme	For various technical and professional certification	Non-unionised employees
NUS Global Executive Leadership Programme	Leadership & Management Development	Top management
Level 1 Operational Engineering Certificate	Upskilling technical competencies of employees	Manufacturing
ASEAN Management Development	Leadership & Management Development	Top & middle management



Average Training Hours per Employee

14.7



Total Investment on Training & Development

Over RM 2.2 million

Learning and development at F&N



70%

on-the-job training



20%

learning from others (through coaching, mentoring, feedback, knowledge sharing)

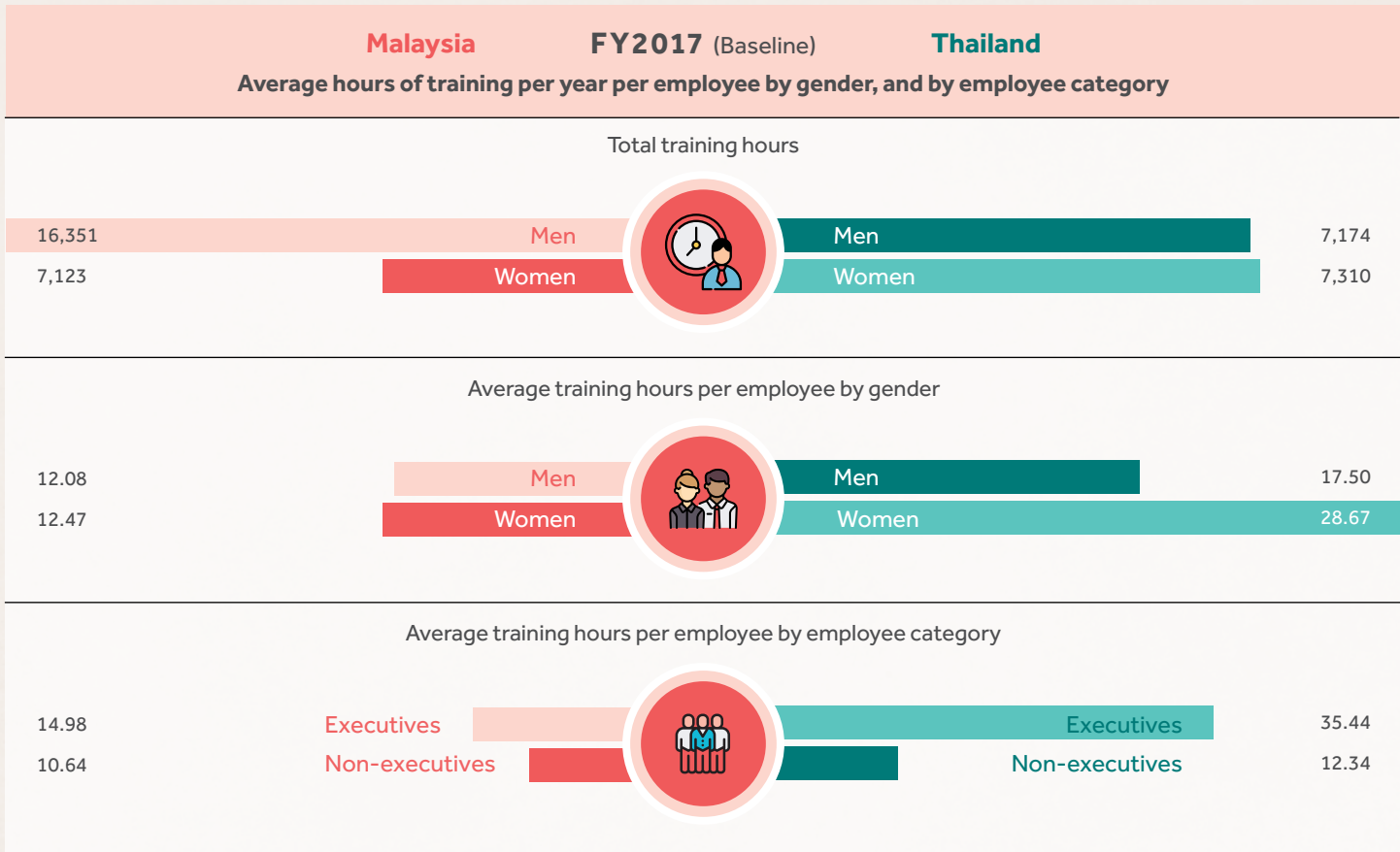


10%

classroom sessions and workshops

Performance data

G4-LA9



Emphasis is placed on potential leaders. Through our annual Talent Review and Succession Planning, we identify employees who have what it takes to lead in the company and, working with the Talent Management team, chart individual career development pathways to ensure high-potential employees are kept motivated. Talent management is closely linked with succession planning to ensure a steady pipeline of future leaders who are able to support our business needs.

In FY2015, we charted a five-year Human Capital Roadmap that seeks to establish F&NHB as a preferred employer with attractive remuneration packages and a dynamic work environment in which employees are presented with opportunities to showcase their abilities and are rewarded for exemplary performance.



Integrated Human Capital System

We have invested in a total performance management system (TPMS) known as Beverest to integrate our human capital processes and systems across the Group, and support the provision of 'Limitless Opportunities' to our people from the time they join the company. Under this system, which went live in stages starting on 1 October 2017, new recruits will benefit from an on-boarding programme while existing employees will benefit from simplified processes, many of which they will be able to perform on their own using self-serve functions. The system allows for more effective setting and monitoring of key performance indicators (KPIs) and supports the development of individual development plans encompassing learning management. All relevant data on employees will be readily accessible allowing for workforce analytics to allow us to better serve our people.

Employee Engagement

Employees who are engaged feel a deeper sense of belonging to the company and are more motivated to perform to the best of their ability. Management therefore make a conscious effort to engage with our people regularly through various channels – from Employee town hall and briefings, CEO "teh-tarik" sessions, to updates via

intranet and employee newsletters as well as memos.

In addition to formal training and development, more than 150 hours of informal knowledge-sharing sessions were held this year during which managers presented useful or interesting ideas covering a wide area of interest such as awareness on Cyber Risk, GST, Halal to topics of personal development like Financial planning for retirement and CPR. About 1,800 employees from different departments participated in the 58 sessions held this year. Such sessions helped to enhance overall performance and efficiency while strengthening inter-departmental relationships within the company.

Since 2003, F&NHB has been presenting a Chairman's Award to academically high-achieving children of employees. Launched in conjunction with F&N's 120th anniversary, the award serves both as an employee appreciation initiative as well as a motivation for their children to strive for excellence. A total of RM 286,600 in cash was awarded to 130 recipients this financial year. To date, F&NHB has disbursed RM 3.5 million to over 2,000 children under the programme.

F&NHB's human resources (HR) policies go beyond labour regulations and

Knowledge sharing sessions



About **1,800 EMPLOYEES** from different departments participated in **58 SESSIONS** held this year

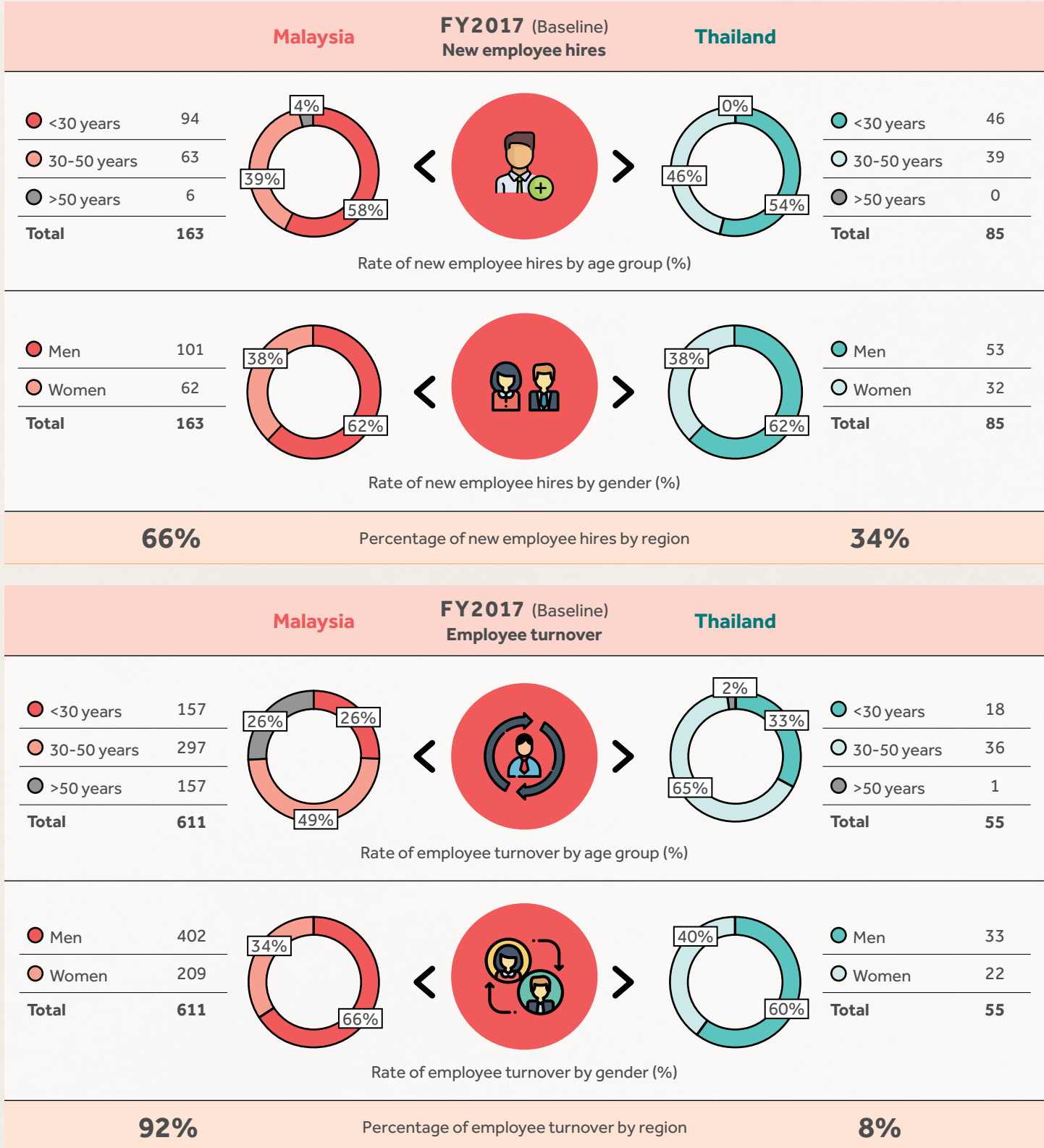
statutory requirements in Malaysia. Management engages actively with union leaders for balanced collective agreements to enhance the well-being of employees. The company also prepares employees for retirement. The company's comprehensive and effective HR policies led to it receiving the Malaysia Best Employer Brand Award in 2016 from the Employer Branding Institute.



Performance data

G4-LA1

Total number and rates of new employee hires and employee turnover by age group, gender, and region:



Note:

1. Rate of new employee hires is calculated by the number of new employee hires in each age group, gender or region/ total number of new employee hires.
2. Employee turnover refers to the number of employees who left F&NHB Group voluntarily or through dismissal, retirement, or death.
3. Rate of employee turnover is calculated by the number of employees in each age group, gender or region/ total number of employees who left the Group.
4. Total employee turnover in Malaysia includes the number of employees who left F&NHB Group under a voluntary separation exercise this year.

Case

**industrial disputes
strikes
lock-outs**

no working time lost
due to industrial disputes, strikes
and/or lock-outs

G4-LA2

	 Malaysia	 Thailand
FY2017 (Baseline)		
Standard benefits offered to full-time employees:		
Life insurance	Yes, by job grade	Yes, by job grade
Health care	Yes, by age, staff category and/or job grade	Yes, by age, staff category and/or job grade
Disability and invalidity coverage	Yes, by job grade	Yes, by job grade
Parental leave	Yes, to all eligible employees under the law	Yes, to all eligible employees under the law
Retirement provision	Yes. For certain categories of employees	Yes. For certain categories of employees
Stock ownership	Yes, by job grade (F&NHB Shares)	Yes, by job grade (F&NHB Shares)
Others	1. Provident Fund 2. Long Service Award	1. Provident Fund 2. Long Service Award



MARKET PRESENCE

We believe in creating a significant presence in the local markets where we operate. We would like to be seen not only as a responsible employer, but an employer of choice. F&N recognises that our people are a key enabler of business strategy and these efforts are part of our roadmap towards building a company that fosters longevity through the most optimal incentive systems.

To attract as well as retain the best possible talent, F&N provides competitive total compensation packages against market benchmarks. Remuneration packages have been standardised across the Group and are updated regularly, in keeping with any significant change in the operating environment or within F&NHB. We adopt a long-term approach in our compensation philosophy to ensure our incentive systems are aligned with and support our business sustainability.

We are also committed to hire staff from the local communities where possible as a way to support the local community and to promote employees within the organisation. As a result, all senior management in Thailand are local, and in Malaysia, more than 90% of senior management are local.

Local Senior Management

Thailand

100%

Malaysia

>90%

M
06

OCCUPATIONAL HEALTH AND SAFETY

To have an injury rate reduction by 5% from 2017 by 2020



2020 Target

The safety of our employees is paramount. Various programmes are organised to cultivate a culture in which everyone takes responsibility for his/her own safety as well as those of their colleagues. At the same time, we promote a healthy lifestyle and encourage employees to engage in physical activity and manage factors such as diet and stress that could affect their well-being.

Sufficient resources are allocated to ensure our buildings, workplace, equipment and other systems are maintained in good order and do not pose any risk to the safety, health or general well-being of our people.

Creating a Safety Culture

The Group has established Company Emergency Response Teams (CERT) that have been trained to mobilise the right actions in any adverse situation, ensuring the safety of our employees and safeguarding our business continuity.

We have Safety Committees that are responsible for identifying health and safety hazards, and recommending corrective actions. These committees meet every month to discuss accidents and incidents, and determine programmes to increase awareness of health and safety issues among employees. Our Safety Committees also develop annual safety plans and conduct audits on our safety, health and environment (SHE) systems.

Employees at our plants are provided adequate training, information and instruction to be able to carry out their functions safely. This includes handling and storage of potentially hazardous chemicals, and use of proper safety gear. Personnel involved in forklift operations are required to wear safety vests which have high visibility and reflectivity, while those in high-noise environments are provided with ear masks or ear plugs. Contractors and their workers are briefed on our safety policies and procedures. This year, we also began to use anti-static devices at the forklift refilling stations as an explosion protection standard.

Safety is an ongoing journey, with the continuous implementation of new initiatives to enhance our safety culture. We require employees to report accidents, hazards and unsafe work practices to their immediate supervisors. We also regularly review our safety policies to improve our risk assessment and management.



Safety training provided to employees:

- > Firefighting Training
- > Chemical and Gas Handling Management
- > First Aid Training and CPR
- > Forklift Driver Certification Training
- > Scheduled Waste Training
- > Confined Space Training
- > Electrical Safety Training

Healthy Workforce

In line with increasing focus on employee health, we have established a Health Risk Assessment Committee comprising personnel who have received appropriate training to determine areas within our operations that expose employees to health risks, and to recommend appropriate actions to protect them from potential harm.

In addition to the annual health screenings, various activities have been organised to enhance awareness of the importance of good health and how this can be achieved. Among the programmes conducted during the financial year were audiometric (hearing) tests for employees in high-noise level environments such as compressor rooms, blower rooms and filling halls; and mental and physical wellness talks.

Our work environment is enhanced with ergonomic facilities to prevent office-related injuries. Smoking is discouraged by designating no-smoking areas, while nursing rooms and fridges are provided to enable working mums to breast-feed. Employees are also encouraged to participate in sports and other physical activities through membership of internal sports clubs. Badminton and golf tournaments are organised, while weekly yoga classes have proved to be popular.

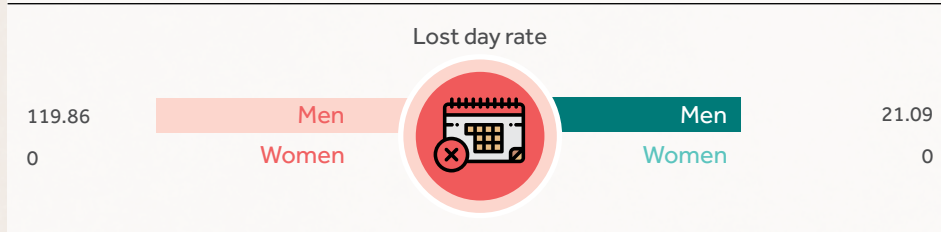
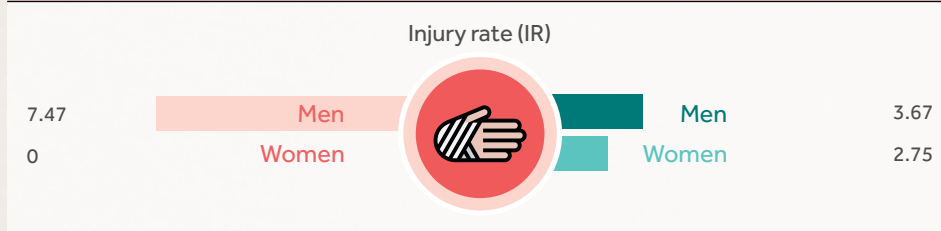
Our premises in Thailand are equipped with shower facilities to encourage employees to engage in more physical activity by, for example, making use of recreational spaces available as well as cycling to work.

Performance data

G4-LA6

FY2017 (Baseline)

Injury rate and lost day rate of our total workforce (including supervised workers)



zero **occupation diseases work related fatalities** in all our plants in Malaysia and Thailand

zero **accident** in our beverage plant in Kota Kinabalu since October 2014

	Malaysia	Thailand
FY2017 (Baseline)		
Injuries, occupational diseases, lost days and fatalities by region		
Injury rate (IR)	7.47	6.42
Occupational diseases rate (ODR)	0	0
Lost day rate (LDR)	119.86	21.09
Work-related fatalities	0	0

Notes:

1. Injury rate is calculated by number of workplace accident reported / number of man-hours worked * 1,000,000.
2. Occupational disease rate is calculated by number of occupational disease reported / number of man-hours worked * 1,000,000.
3. Lost day rate is calculated by number of man-days lost to workplace accidents / number of man-hours worked * 1,000,000.
4. Absenteeism rate has not been disclosed because we need to standardise absenteeism rate across the Group to be able to disclose the figures accurately the following year.

M 07

CONSUMER HEALTH AND SAFETY

To offer at least one healthier choice option in all our product categories

2020 Target

Our brand promise says it all. "Pure Enjoyment, Pure Goodness". While we seek to delight consumers with great tastes and the promise of fun times, we place even more emphasis on maintaining the highest quality standards so our products are not just safe for consumption but also contribute to better health.

We adhere to all health and safety regulations applicable to the F&B industry in the markets where we operate, such as the ISO 22000:2005 Food Safety Management System, Hazard Analysis and Critical Control Point (HACCP) and Good Manufacturing Practice. Going a step further, we provide consumers healthier choices for almost all our soft drinks and dairy beverages.

In Malaysia, four products have been endorsed with the Healthier Choice logo recently introduced by the Ministry of Health (MoH), namely 100PLUS, 100PLUS ACTIVE, FARMHOUSE Fresh and F&N Magnolia Lo-Fat Hi-Cal Milk. We seek to keep increasing this number. Our operations in Thailand, meanwhile, regularly receives the FDA Quality Award by the Ministry of Public Health. These endorsements by health authorities validate our Pure Goodness value proposition.



Our plants have been certified under various systems:



Malaysia

- FSSC 22000 Food Safety System Certification
- ISO 9001:2015 Quality Management System
- ISO 22000:2005 Food Safety Management System
- ISO/IEC 17025:2005 Accredited Laboratory
- ISO/TS 22002-1: 2009 Prerequisite Programme on Food Safety
- MS 1480:2007 Food Safety According to Hazard Analysis and Critical Control Point (HACCP) System
- Good Manufacturing Practice (GMP)
- Halal Certification
- ISO 14001:2004 Environmental Management System
- Occupational Health and Safety Management System OHSAS 18001: 2007
- Veterinary Health Mark (VHM) Certification
- Energy Management Gold Standard Certification (ASEAN Energy Management Scheme)

Thailand

- ISO 22000:2005 Food Safety Management System
- Hazard Analysis and Critical Control Point (HACCP)
- Good Manufacturing Practice (GMP)
- Food Safety System Certification 22000: 2010
- Halal Certification
- ISO 14001: 2015 Environmental Management System
- Occupational Health and Safety 18001: 2007
- ISO/IEC 17025 Laboratory Accreditation
- Green Industry Level4
- Labour Relations and Welfare Certificate 2013 -2017

Healthier Beverages

We ensure our products are healthy and safe for consumption by focusing on two main areas: their formulas and their shelf-life (which includes appropriate packaging, storage and transport).

Scientists at our R&D labs have been working conscientiously on developing healthier foods and beverages by reducing their sugar and fat content, and adding vitamins and minerals where possible without compromising on taste and overall experience. As a result, over the years we have successfully lowered the amount of sugar contained per millilitre of all our beverages. From a baseline of 9.5g/100ml in FY2004, our sugar index has dropped to 6.5g/100ml in FY2017.

This year, we introduced 400ml pack size for 100PLUS, F&N Fun Flavours and est Cola as part of our portion control commitment. We have also been educating hawkers and stall owners to offer "teh tarik kahwin" – in which F&N Evaporated Creamer is combined with F&N Sweetened Creamer to cater to consumers' demand for "teh tarik kurang manis" (less sweet) without compromising on the creaminess that marks a good and authentic "teh tarik".

We offer the benefits of antioxidant-rich green tea to consumers through the OISHI range, which are brewed from 100% natural tea leaves grown in certified organic plantations. Our Sunkist 100% Orange Juice, meanwhile, is among the few truly fresh juice choices in the local markets where we operate, which also contains no added sugar or preservative.

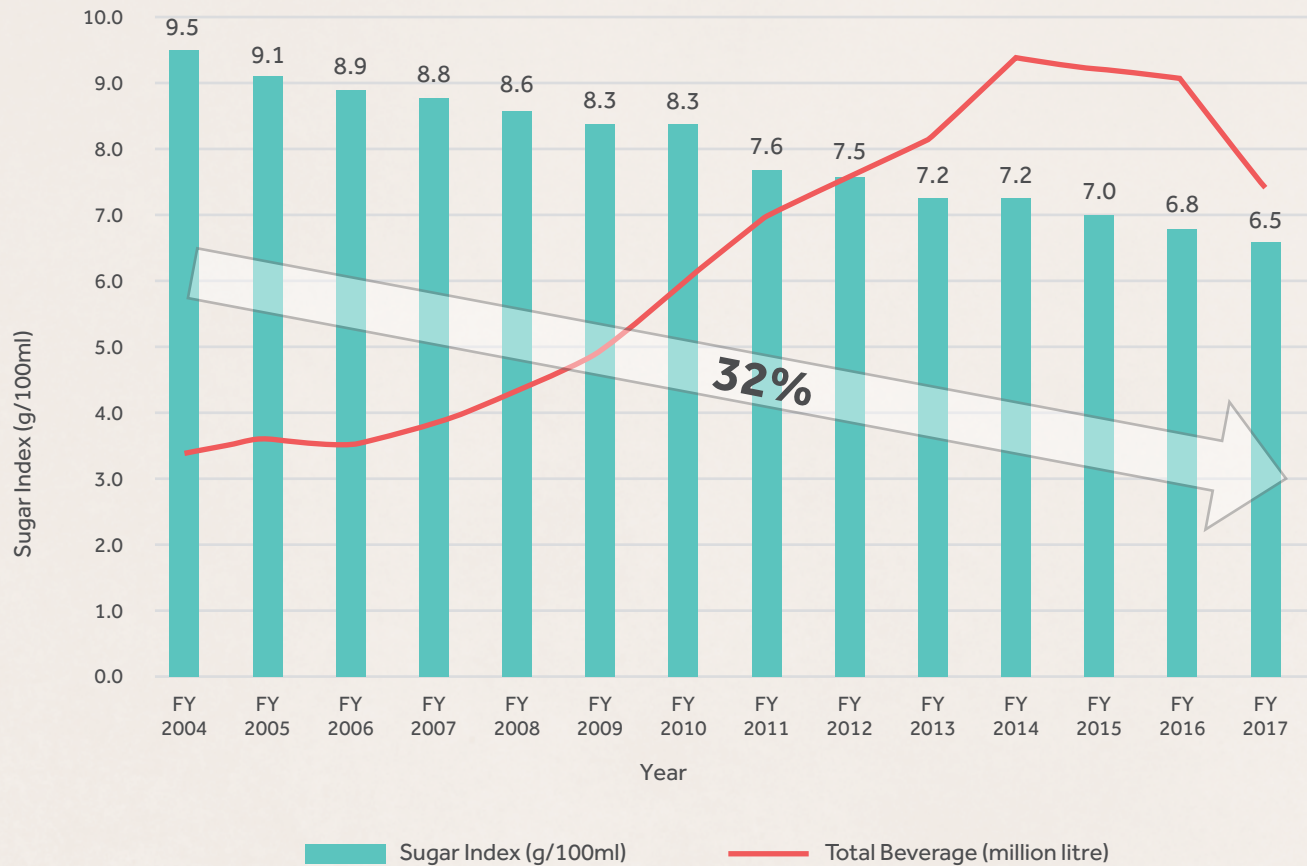


400ml
pack size

for 100PLUS, F&N Fun Flavours and est Cola

As part of our portion control commitment

Sugar Index: Total Beverages



- Sugar index is calculated by total volume of sugar (gram) / total production volume of beverages (million litre).
- 31.6% reduction from FY2004 to FY2017, compared to 28.4% reduction from last reporting (FY2004 to FY2016)
- Decrease in FY2017 due to: product portfolio mix and sales of no sugar beverages (Borneo/ IMO Water)
- Beverages include Isotonic, CSD, Water, Tea, Soya and Juice (Ambient)

To preserve the quality and integrity of our products, attention is paid to the entire value chain of our operations, from sourcing raw ingredients to the manufacture of products and their distribution.

- Only high-quality raw materials and ingredients are used.
- Raw materials/ingredients as well as our final products are stored and transported in appropriate containers at the right temperature.
- Employees in the production line are trained in food management and hygiene.
- The most appropriate packaging is used for safety and convenience.
- A strict cold chain management system ensures proper handling throughout the distribution process.
- We audit our suppliers via a Supplier Performance Tracking initiative to ensure compliance with food safety regulations and standards.

To enable consumers to make informed dietary choices, all ingredients used in our products are listed clearly on the labels. Going forward, we seek to develop more organic products.

Enhancing the Freshness of Milk

In Thailand, we have been working closely with dairy farmers to improve the quality of their fresh milk under a 'Develop valuable raw milk project' undertaken in collaboration with the Dan-Khun-Thot Milk Cooperative at Nakhon Province. Through the initiative, the quality of cow's milk has been improved by enhancing its fat, solids and protein content.



See side box story on "Enhancing Productivity of Thai Dairy Farmers" at page 31.

Halal Certification

All F&NHB products in Malaysia and Thailand are halal certified by the Department of Islamic Advancement Malaysia (JAKIM) and other relevant bodies. Efforts are also being made to ensure the entire operations in Malaysia comply with Halalan Toyyiban regulations and requirements. This entails compliance in products and services, workplace practices, consumer engagement, as well as in environmental actions.

This year, 20 sessions of halal awareness workshops were attended by over 750 employees nationwide. The objective of these awareness sessions is to enhance employees' awareness about Halal and how Halal plays a part in the operations.



Performance data

G4-PR1

FY2017 (Baseline)



HEALTH AND NUTRITION

Health and nutrition are interlinked. Good health comes from having a good diet; and we ensure that our products contribute to consumers getting all the nutrients they need. We keep informed of nutritional updates and seek to understand the needs of individuals across different ages.

We are guided by the F&N Nutrition Charter in our product development, marketing communication and initiatives to advocate healthy lifestyles. This Nutrition Charter outlines F&N's principles and commitment to health and nutrition.

Milking Nutritional Goodness

Milk contains many nutrients that are essential to proper bone development in children, and that prevent the effects of ageing on bone density in women. While promoting the goodness of milk we have also been researching on ways to fortify our milk products with supplements to add to their nutritional value.

To enhance the goodness of our milk products, we recently introduced Magnolia Gingko UHT in the Thai market, blending milk with gingko extracts and vitamin B12. Gingko is said to increase blood circulation to the head and have positive effects on one's mental well-being. This year, we added to the portfolio of nutritionally enhanced milk products in Thailand with the launch of BEAR BRAND Sterilised Milk Goji Berry and BEAR BRAND GOLD Hi Folate. Goji berries are said to be a 'superfood' containing Vitamins A, B2, C, iron, selenium and other antioxidants which help to boost the immune system and brain activity, protect against heart disease and cancer, and improve life expectancy. The Hi Folate variant, meanwhile, enhances blood circulation.

Why Our Soya's So Good

We have also been enhancing the nutritional value of our soya milk products which are produced from certified non-genetically modified plants. F&N NutriSoy with Calcium, which contains nine times more calcium than normal soya milk, and is further enriched with vitamin D to aid in the absorption of the mineral. The beverage offers added value to women and other consumers concerned about bone health.

F&N NutriSoy Lite offers all the goodness of soy protein in a formulation that is low in fat, less sweet and contains zero cholesterol, preservatives or colouring. This financial year, we launched a pasteurised F&N NutriSoy Fresh which preserves nine essential amino acids and a high level of calcium in a form of fresh soya milk that has a relatively long shelf life of 35 days.

Health Via Sports

Physical activity is essential to keeping healthy, and is something we advocate as an integral part of our philosophy of promoting a good life. We encourage children's participation in sports through various programmes targeted at schools and communities.



Football at the Grassroots

We have been supporting the Ministry of Education (MOE) Malaysia's Football League which encourages children from rural and urban areas all around the country to develop their football skills. The championship has been an annual event since 2011, with some players graduating to the state league and even playing in the national team.



Nurturing Junior Golfers

We promote golfing among children and support talent development from the amateur to professional level by being a title sponsor of the 100PLUS Junior Golf. The annual event, organised since 2001 in partnership with the Malaysian Golfers Association, attracts participants from Southeast Asia. Past winners such as Kelly Tan and Gavin Kyle Green have subsequently turned professionals.



Grassroots development in badminton

Since 2003, we have been partnering the Badminton Association Malaysia (BAM) in organising the 100PLUS National Junior Circuit/Junior League. The badminton championship motivates young players to excel in the game, as top players eventually progress to the national squad.

Sponsoring a healthy lifestyle

F&N is also an active sponsor of marathons, walks, fun runs, school sports and car-free mornings.

100PLUS SEA GAMES Sponsorship

✓ Flying the Malaysian Flag High



There is no denying that 100PLUS has great taste and is an extremely effective isotonic beverage. Yet, at least part of the appeal of Malaysia's leading isotonic drink has to do with its promotion of sports and sporting events at all levels in the country. It is the title sponsor of the 100PLUS Badminton Team Championships and the 100PLUS Malaysian Junior Open (for golf). For many years, 100PLUS has contributed to efforts to unravel sporting talent such as the nationwide Million Dollar Feet search for young footballers. It also recognises our sports personalities through the Sportswriters Association of Malaysia Awards (otherwise known as the SAM-100PLUS Award).

This year, however, 100PLUS reached greater heights than ever before in the Malaysian sporting arena. It was the Official Isotonic Beverage of the 29th SEA Games, rehydrating some 4,646 athletes from 11 nations that took part in the 404 events across 38 sports. The Games, broadcast extensively across the region, whipped up a fervour of nationalism in Malaysia, uniting us as we cheered on our sportsmen and sportswomen, and shared their joy as they won medal after medal, ending as champions with 145 Golds, 92 Silvers and 86 Bronzes.

100PLUS added to the entire Games buzz, from the beginning of the 100-day countdown on 19 May when a non-carbonated 100PLUS ACTIVE variant was launched catering specifically to athletes' preference, till the very end when special edition KITA JUARA (We are the Champions) cans were launched and a giant gold-coloured KITA JUARA can was unveiled by Youth and Sports Minister Y.B. Khairy Jamaluddin. In between, many events were held at Rumah Malaysia which we built at the Bukit Jalil Sports Complex, further reinforcing 100PLUS' association with the Games with its 100PLUS dome and giant 100PLUS can adjacent to it.

The Games were a moment of pride for the country, and we feel honoured to have been an integral part of its success.

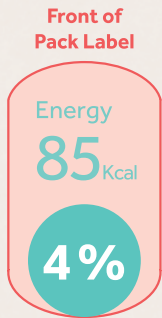




PRODUCT AND SERVICE LABELLING

We believe in enabling consumers to make informed purchasing choices, hence ensure all our products are accurately and appropriately labelled.

In addition to the ingredients list, we also provide information on energy per serving size, recommended daily allowances (RDA) of the different nutritional components, their functions, nutrition tips as well as endorsements from the authorities. In addition, we state the country of origin of the product, the name and address of the manufacturer or importer, and the date on which the product expires.



In Malaysia, we have started to include the front of pack labelling for some of our products, including 100PLUS and F&N NutriSoy. Front of Pack Labelling for Energy is an at-a-glance label that shows the amount of energy (expressed in kcal) a particular food contains and how it contributes to recommended daily requirements (2000 kcal).

The nutritional value and other relevant information for each product is thoroughly reviewed before being approved by an internal cross-functional team comprising personnel from Research & Development and Scientific and Regulatory Affairs, plus a dietician. Following this, the data is sent to the government authorities for their verification and endorsement.

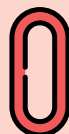
Our labelling adheres to the Food Act in Malaysia and requirements of the Food and Drug Administration in Thailand.

Performance data

G4 PR3

In FY2017, 100% of our product categories complied with product labelling requirements as stated:

	Yes	No
The sourcing of components of the product or service	✓	
Content, particularly with regard to substances that might produce an environmental or social impact	✓	
Safe use of the product or service	✓	
Disposal of the product and environmental/social impacts	✓	
Others (Halal logo, Certification on HACCP, Nutritional information in compliance to Food Act)	✓	



incident of non-compliance with regulations or voluntary codes concerning product and service information and labelling.

Responsible Marketing and Advertising

Responsible labelling is part of a larger responsibility to communicate in an ethical manner with consumers. This encompasses the messages that are conveyed through our advertisements and marketing material.

In Malaysia, we adhere to The Malaysian Code of Advertising Practice by the Advertising Standards Authority Malaysia, while in Thailand we comply with the advertising practices and standards as advocated by the Consumer Protection Act of B.E. 2522 (1979).



Our Pledge to Children

In Malaysia, we are a signatory to the Responsible Advertising to Children Pledge. This means we will only advertise products targeting children under 12 that meet specific nutritional criteria based on accepted scientific evidence and/or applicable national and international dietary guidelines. The pledge is promoted by the Ministry of Health, Malaysian Advertisers Association and Federation of Malaysian Manufacturers Food Manufacturing Group.





PRESENTS

THE **INSIDE** STORIES



Y.Bhg. Datuk Hj. Hassanuddin bin Ali

Chairman, Yayasan Anak-anak Yatim Pinggir TTDI (Rumah Ilham)

Rumah Ilham has been participating in the F&N Leadership programme in partnership with Leaderonomics for three years now. About 40 children at secondary school level have taken part and we have seen a positive impact in many of them. Besides better personal and interpersonal skills, they are now more confident and more likely to take the lead in activities and are also better team players. Visitors to the home have commented on how they interact more easily and openly.

In terms of studies, they are more systematic in the way they approach school work and projects. They have better discipline and time management, and are better able to follow instructions from their wardens and teachers. It's interesting to see how, with greater self-confidence and desire to succeed, they have become more competitive, in a healthy way! A great example of their leadership capability is evident when, these children have even started to positively influence the younger children in our home.



*Scan the QR code
to view this inside story.*



Ms. Miliee Kassim

Founder, Kassim Chin Humanity Foundation

Since 2011, F&N has been supporting the Kassim Chin Humanity Foundation (KCHF) via the Empowering Lives Through Education (E.L.I.T.E) programme, under which free kindergarten ("tadika") and tuition classes are given to underprivileged children in Pangsapuri Enggang, Puchong. Currently 50 children attend the "tadika" and in the afternoon, the centre provides tuition to Standard 1 to Form 5 students where 3 dedicated teachers help them in homework as well as prepare for exam.

The "tadika" takes in children who you would normally see loitering on the streets. Many of these children cannot speak a word of Malay or English. In the tadika, we teach them to read and write, sing and dance as well as do sketches in Malay and English. Most importantly, we motivate them to be interested in studies, and we have seen that it works.

A fair number of these children have gone on to colleges and universities. Among others, we have had a girl who has gone on to become a pharmacist, a boy who has learnt culinary skills and is now a chef in a hotel, and another student who is now an electrical supervisor.

When they graduate, these children uplift their families who will no longer need to depend on the foundation. I am proud to say that some of these children also come back and give back to the foundation, either financially or in kind by helping to teach our current students.

We are very grateful for the support of F&N over these years. We want to inspire the children to have dreams. With F&N's support, we can help fulfil the dreams of children who otherwise would have no future, no dreams that can be achieved.



*Scan the QR code
to view this inside story.*



We believe that all businesses have a responsibility to give back to the communities where they operate. At F&N, we have a tradition of positive intervention aimed at elevating the quality of life of marginalised segments of society in Malaysia and Thailand. In each core market, we undertake a number of long- and short-term programmes that serve to create greater social equity. Our aim is to touch lives in a way that is meaningful and that helps us integrate into our local communities.



**RESPONSIBILITY
TO THE COMMUNITY**

MATERIAL ISSUES



Creating Value for Society

M
10

CREATING VALUE FOR SOCIETY

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



2020 Target

Any positive action taken to develop the nation enhances our business as our consumers come from all walks of life and all segments of society. Recognising, however, that there are pockets of marginalised communities within the nation who do not enjoy the same access to privileges or opportunities as others, we focus our community outreach programmes on these groups. By helping to bridge the socio-economic divide, we aim to deliver "Pure Enjoyment, Pure Goodness" moments to all, in line with our brand promise.

Community Outreach in Malaysia

We have a number of ongoing community programmes that focus on bridging the educational gap and equipping marginalised youth with life skills to help them create brighter futures for themselves and their families. These efforts serve to elevate the quality of life of the underprivileged and support the government's nation-building agenda.

Leadership Programme

F&NHB sponsors a leadership programme that seeks to empower children from the Yayasan Anak-Anak Yatim Pinggir TTDI (Rumah Ilham) home with leadership skills. Organised since 2015, the programme includes teambuilding camps, motivational workshops, excursions and community projects to nurture discipline, develop interpersonal skills, boost self-confidence and encourage teamwork. F&NHB has so far invested RM 90,000 in the programme benefitting over 40 children who are now more confident and better prepared to contribute in a meaningful way to society.



Empowering Youth with Basic Computer Skills

Through the F&N IT Corner initiative, we provide Montfort Town youth the opportunity to pick up computer skills and gain the International Computer Driving Licence (ICDL) certification. More than 340 students have gained the ICDL following a six to eight-month programme that enables participants to manage files, word processing, develop spreadsheets, databases and presentations, as well as information and communication functions.

Impressed by the initiative, the Contact Center Association of Malaysia (CCAM) recently established a programme to groom ICDL graduates the opportunity to pursue a rewarding career in the contact centre industry. To date, 7 students have secured job placements in contact centres following their stint with CCAM.

Free Kindergarten & Tuition Classes

Since 2011, F&NHB has been supporting the Kassim Chin Humanity Foundation (KCHF) via the Empowering Lives Through Education (E.L.I.T.E) programme, under which free kindergarten and tuition classes are given to over 300 underprivileged children and youth in Pangsapuri Enggang, Puchong. To date, F&NHB has invested over RM 470,000 in the programme, helping 365 children gain access to education and improve their academic performance thus setting them on a sound footing for future success.

➤ **Spreading Festive Cheer to the Less-fortunate**

F&N has always been a part of all festive celebrations in Malaysia especially since its products are synonymous with festive and cultural occasions for generations. Every year, F&N volunteers organise various activities with the less-fortunate community to bring some joy into their lives. These efforts are targeted at homes that do not receive support from the Welfare Department, hence are dependent on public donations.



Spreading Festive Cheer in FY2017



Chinese New Year

Every year, we organise a luncheon for old folks and give them necessities they require to help them celebrate this joyous occasion.



Christmas

Children from selected homes are invited to a Christmas party with F&N. Each child also taken home a gift of their wish, fulfilled by F&N employees.

Deepavali

Children from underprivileged home in klang valley are taken shopping for new Deepavali clothes and treated to a vegetarian lunch.



Ramadhan

To celebrate Ramadhan, we present underprivileged children with new clothes and other gifts while treating them to a sumptuous buka puasa meal.



Community Outreach in Thailand

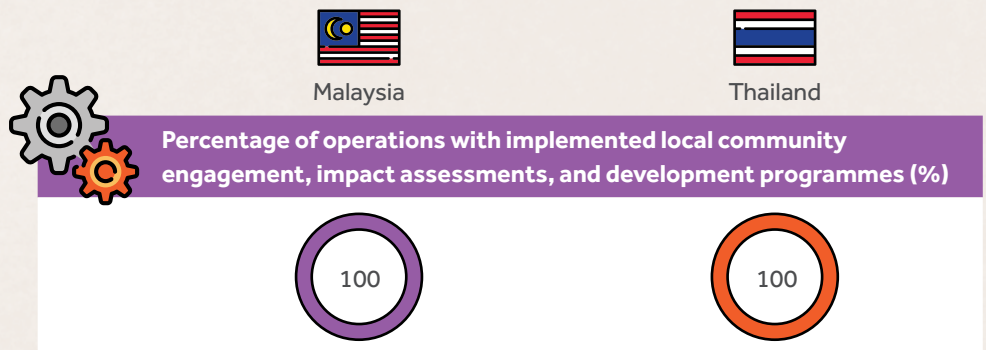
- Reaching out to the less fortunate, our Thai colleagues donated walking aids, wheelchairs and mattresses to the Sambundit Hospital Ayutthaya on 10 February 2017. On the same day, the company also organised fun activities for the community living nearby the Rojana factory.
- The team's Volunteer Club set out on a mission to rehabilitate the mangrove forest of Ban Khun Samut Chin, Samut Prakan Province by planting saplings. By conserving the mangrove forest, they also help to protect the coastline in Samut Prakarn Province against erosion and storms.
- During the BEAR BRAND's 80th anniversary event, BEAR BRAND organised an activity to collect zip-top rings from the can, for use in the manufacture of prosthetic limbs by the Prostheses Foundation of Her Royal Highness the Princess Mother. The team also presented THB 95,578 from donations and products sold to the foundation.



Performance Data

G4-SO1

FY2017 (Baseline)





PRESENTS

THE

INSIDE

STORIES

“

The main challenge in recycling is to change people's mindset so they see recycling as not something special but something that is part of our daily lives.

Y.Bhg. Dato' Haji Ahmad Zaharin bin Mohd Saad,
Majlis Bandaraya Shah Alam Mayor



**Y.Bhg. Dato' Haji Ahmad Zaharin
bin Mohd Saad**

Majlis Bandaraya Shah Alam Mayor

The main challenge in recycling is to change people's mindset so that they see recycling as not something special but something that is part of our daily lives. We have to think of recycling as the norm.

While the authorities play our part in educating people, it is more effective when you see your neighbours – and especially children – recycling their waste. This has been one of the most significant outcomes of the F&N school recycling programme. The schoolchildren involved have influenced their entire families to recycle, and this has spread to their neighbours as well.

At the same time, the schools have set up their own recycling clubs, which means the students continue to recycle all year, not just during the six-month period of the annual F&N Recycling Programme. Because of the large number of schools involved, we have started to see results of this programme in waste disposal data in Shah Alam. We highly commend F&NHB's initiatives to encourage recycling and hope to see more corporate organisations embark on similar initiatives.



We recognise that, as a major manufacturer, our operations have an impact on the environment. Along with increasing awareness of how human activity leaves long-lasting effects on our natural surroundings, we have become more conscious of the need to minimise our environmental footprint via more efficient resource use, and by reducing toxic emissions and waste generation along our entire value chain.



RESPONSIBILITY TO THE ENVIRONMENT

MATERIAL ISSUES

- M₁₁ Water Stewardship
- M₁₂ Effluents and Waste
- M₁₃ Energy and Climate Change
- M₁₄ Route Planning
- M₁₅ Packaging

WATER STEWARDSHIP

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



2020 Target

Our Environmental Policy

Our operations in Malaysia and Thailand are guided by an Environmental Policy that helps us achieve our environmental goals. Through the policy, we seek to:

- > Provide senior management support and resources to drive our environmental agenda
- > Comply with applicable environmental legislation and regulations and other requirements that we subscribe to
- > Continually enhance our environmental performance and standards
- > Use natural resources wisely and adopt best practices in our daily operations
- > Continuously improve our processes to reduce water & energy consumption and minimise waste
- > Prevent air, water and other pollution, and dispose of waste safely and responsibly

We ensure our employees, business partners and other stakeholders are aware of our Environmental Policy and play their part to support our goals. To keep it relevant, we review this policy every three years and incorporate new knowledge and trends as these evolve.

Efficient water management practices are fundamental for business growth, especially in beverages manufacturing. As outlined in our Environmental Policy, we strive continuously to improve our processes and procedures to reduce our water consumption and minimise discharge to drain.

Malaysia

We have been enhancing our water management efficiency in Malaysia via a combination of: daily monitoring of consumption; effluent water recovery via the installation of multimedia and ultra-filtration filters; collecting and storing rainwater and production water for utility purposes (e.g. general cleaning, toilet flushing, cooling towers and watering plants); and the implementation of water saving projects at our plants.

At our Beverage plants, the Total Dissolved Solids (TDS) is monitored to control bleeding of cooling tower water,

reducing volume of raw water used. Water consumption is further reduced by checking the water quality, regular tank cleaning, and the installation of sensors and relays to lower the drainage setting from 5% to 3% in the second cooling process.

We have successfully reduced the water use intensity over the last five years for our plants in Malaysia.

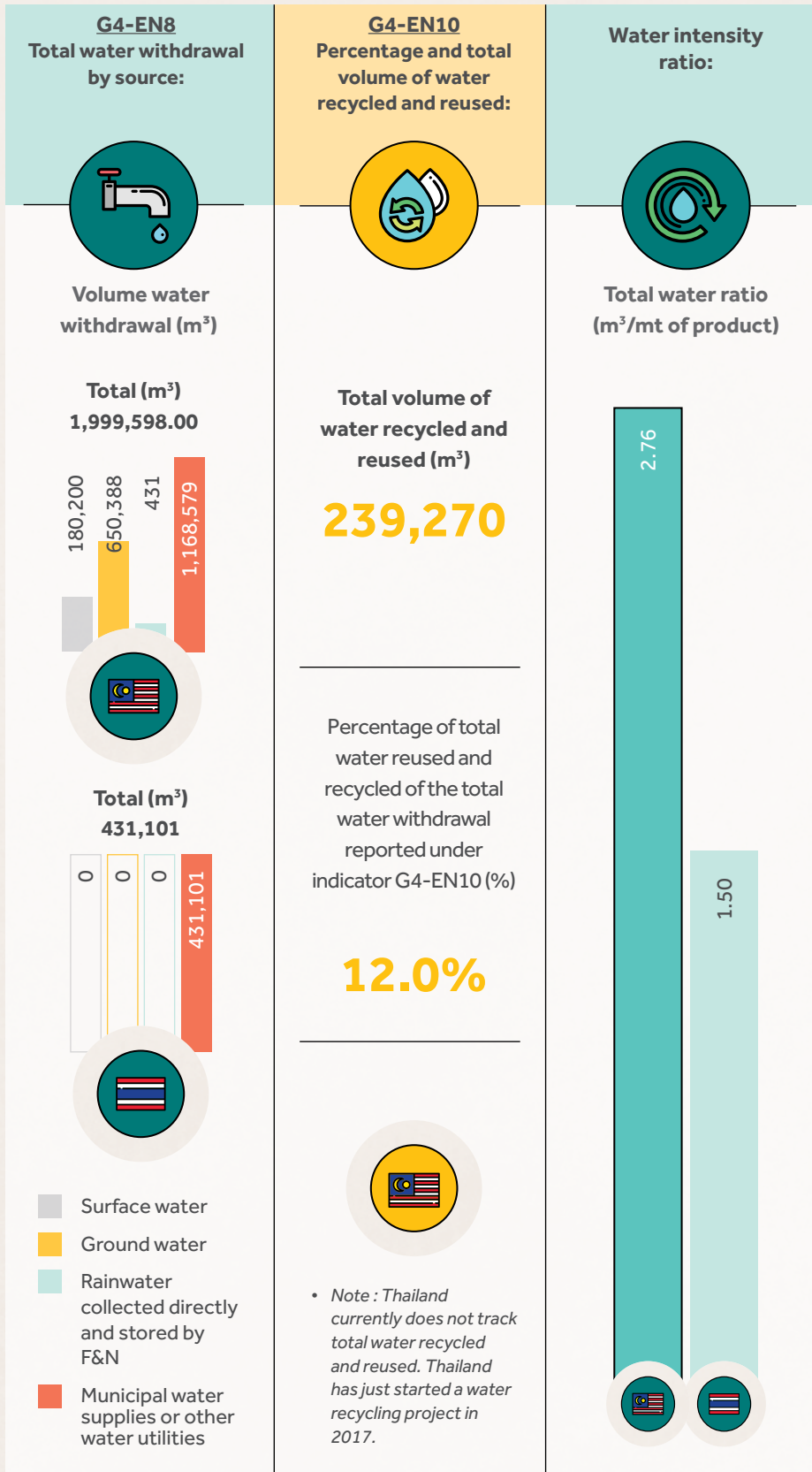
Thailand

In Thailand, concerted efforts are made to reduce water consumption at the farm level as well as at our milk collection centre.

Except for FY2012 when there were massive floods, water usage has been decreasing by approximately 10% every year since FY2010, when the Rojana Plant was commissioned. This year, the team extended its cleaning-in-place (CIP) cycle time in the production of sterilised and evaporated milk. CIP is done after each production cycle to clean and sanitise the equipment. By extending the CIP cycle time, there will be more production output with less CIP, therefore less water usage.

Performance data

FY2017 (Baseline)



M 12

EFFLUENTS AND WASTE

To reduce wastewater discharge by 5% from 2017 to 2020

2020 Target

The process of manufacturing involves the use of materials and resources, some of which end up as waste. We ensure such waste does not have a negative impact on surrounding communities or the environment. At the same time, we recognise that the less materials we use, the less waste we generate. Hence, we engage in the 3Rs of reduce, reuse and recycle as far as possible. While minimising our environmental impact, this has the added benefit of also reducing our costs.

For FY2017, the group total volume of waste water discharged was about 1 million m³.

Total volume of waste water discharged was about

1 million m³

Malaysia

In Malaysia, waste water from our manufacturing plants' industrial effluent treatment plant is treated and used for cleaning, cooling tower, toilet flushing, utilities and other functional purposes. Industrial sludge from F&N Dairies Malaysia Manufacturing Plant in Pulau Indah is sent to a waste processing vendor where it is converted into fertilisers. Used batteries, chargers and toner cartridges are recycled while old newspapers, used packaging materials (such as cartons, containers, trays, bottles and metal) are sold as part of a waste-to-wealth initiative.

Notes:

1. Water intensity ratio is calculated based on the total amount of water withdrawal (in cubic meter, m³) per metric tonne of product (MT).
2. Water withdrawal (Surface water, Ground water and Municipal water) is measured through the use of a meter.

Thailand

Our Thai operations are committed to zero discharge, zero waste and zero landfill.

To achieve this, the team has been building on its 3R programme of reduce, reuse and recycle. All employees are encouraged to practise the 3Rs in the plant. This includes double-side printing, separating recyclable materials such as

plastic and aluminium, and collecting zip-top rings from used cans for use in prosthetic limbs.

Another key initiative is installation of ultra-filtration system to recycle effluent water from production. With a turbidity sensor that detects the presence of particles or dirt, the system will automatically stop until the water is clear again.

Started three years ago, sludge from production is turned into organic fertiliser which is then distributed to employees and local farmers.

Apart from that, rejected water from water treatment and boiler will be transferred to the recycle pond for the watering of grass and plants.



Recycling Programme



F&NHB has been partnering local municipal councils and state education departments to run recycling programmes with schools in Shah Alam, Penang and, as of this financial year, Kuching, in Sarawak. To encourage the students to recycle, schools that collect the most recyclables are rewarded.



The programme in Shah Alam was launched in 2007, while that in Penang took off in 2012. In both locations, the programmes have been growing in terms of number of participating schools and the volume of recyclables collected. These include products made of aluminium, plastic and paper as well as tetrapak cartons. Inclusive of the programme in Sarawak, a total of 362,820.4 kg of recyclables was collected in FY2017. Since the programme started, the kindergarten, primary and secondary school children have collected a total of over 1.77 million kg.

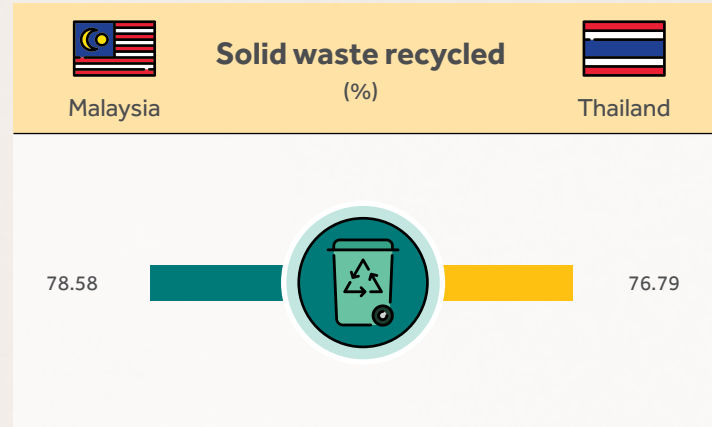
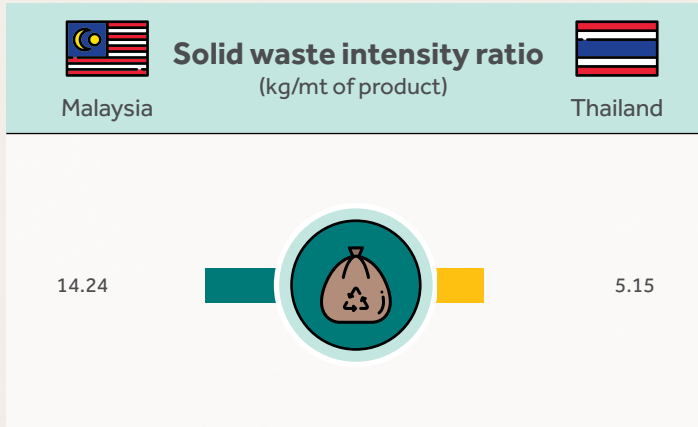
The involvement of children in this programme creates a stronger sustainable value, as the habit of recycling acquired is likely to carry on throughout the children's lives. In the long-term it will contribute towards a zero-waste mentality.

This year, to instil a culture of reuse, a new award category was introduced – for the most creative use of recyclable materials. To further promote the idea of re-use, we organised up-cycling workshops for 144 teachers in Seberang Prai and, separately, for residents and members of the Penang Deaf Association, Cheshire Home, Old Folks Association and several other NGOs.

Commending the recycling programme, the Majlis Bandaraya Shah Alam Mayor, Y.Bhg. Dato' Haji Ahmad Zaharin bin Mohd Saad, said it has led to participating schools launching their own recycling clubs. More encouragingly, the students have involved their families in various 5R activities to Reduce, Reuse, Recycle, Rethink and Reinvent. And their actions have influenced others in their neighbourhoods. "People feel obligated to recycle when they see their neighbours recycle and are convinced that recycling is everyone's responsibility," he added.

Performance data

FY2017 (Baseline)



Notes:

1. Solid waste intensity ratio is calculated based on the total amount of waste generated (in kilogram, kg) per metric tonne of product (MT).
2. Solid waste recycled is the percentage of waste generated that was sent for recycling.

G4-EN22

Total volume of water discharged by quality and destination

FY2017 (Baseline)	Malaysia	Thailand
	Overall total volume of water discharged by destination	
River (m ³)	810,131	0
Wastewater treatment system of industrial estate (m ³)	14,166	228,771
Others (m ³)	0	0
Total (m³)	824,297	228,771

Notes:

1. The data for Malaysia excludes our two water plants in Matang and Bentong as they do not have Waste Water Treatment Plant and they are unable to measure the water discharged.
2. The total volume of planned and unplanned water discharges are not reused by another organisation.

By quality

FY2017 (Baseline)	Malaysia	Thailand
	Overall total volume of water discharged by quality	
Chemical oxygen demand (COD) (mg/L) ¹	184.70	66.44
Biological oxygen demand (BOD) (mg/L) ²	33.24	8.22
Total suspended solids (TSS) (mg/L) ³	96.72	26.55
Total (mg/L)	314.66	101.21

Notes:

1. The data for Malaysia excludes our two water plants in Matang and Bentong as they do not have Waste Water Treatment Plant and they are unable to measure the water discharged.

¹ COD is the measure of the amount of oxygen required to oxidise soluble and particulate organic matter in water. It provides an index to assess the effect discharged water would have on the receiving environment. Higher COD levels mean a greater amount of oxidisable organic matter which will reduce dissolved oxygen (DO) levels. Low DO levels are harmful to higher aquatic life forms.

² BOD is the amount of DO bacteria will consume to break down organic material present in a given water sample at certain temperature over a specific time period. As with the COD, the higher the BOD, the less able the water body is to support healthy aquatic life.

³ TSS is the dry-weight of particles trapped by a filter. It is a water quality parameter used to assess the quality of wastewater after treatment in a wastewater treatment plant.

M
13

ENERGY AND CLIMATE CHANGE

To reduce energy intensity by 5% from 2017 to 2020



2020 Target

As part of our commitment to protecting the environment under our Environmental Management Policy, we are making every effort to reduce our carbon footprint across our value chain from manufacturing to packaging and logistics by reinventing our procedures and adopting energy efficient systems as widely as possible. In addition, we are replacing conventional hydrocarbon-based energy with cleaner sources of renewable energy.

While safeguarding the quality of life for current and future generations, they also establish F&NHB as an environment-conscious corporation.

Energy Management

Group-wide, we have started to progressively replacing conventional lights in our offices and production areas with light emitting diodes (LED), which consume less electricity. At the same time, various initiatives are being undertaken at our manufacturing plants to optimise our energy consumption and minimise our environmental footprint.

Our energy efficiency and conservation initiatives have led to significant reductions in energy consumption in Malaysia and Thailand. By continuously updating our systems, and educating our employees on the importance of reducing waste, we hope to reduce the Group's energy intensity by 5% from 2017 to 2020.

Energy Efficiency

In Malaysia, we support the government's target of reducing the country's GHG emissions intensity (as a measure of GDP) by 45% by the year 2030 from a 2005 baseline. Our own target is to reduce our energy consumption by 5%, and our CO₂ emissions from electricity, fuel consumption and refrigerants by 5% by 2020. Our Thai operations, meanwhile have set a target to reduce both energy consumption and CO₂ emissions by 5% during the same period.

The Ministry of Energy for Thailand has targeted for a 30% reduction of energy intensity by year 2036 compared to that of year 2010, as stated in their Energy Efficiency Development Plan (EEDP) 2015 - 2036. This is a very beneficial initiative to protect the environment and will directly help to reduce the GHG emissions. At F&N, we have developed several initiatives to support the Thai government's policies by reducing our own environmental footprint.

We are also exploring to install solar panels on our manufacturing plants' roof top as a source of alternative energy.

Some of Our Initiatives to Reduce Energy Consumption

- > Daily monitoring and tracking of utilities consumption
- > Implementation of centralised cooling system and optimisation of air conditioner compressor temperature setting
- > Installed timer for air conditioners and fresh air blowers
- > Replace of metal halide high bay with LED high bay
- > Installation of valves, economiser, insulation and steam header actuators to minimise steam loss, heat loss and natural gas consumption
- > Installation of inverters for high capacity motors to reduce electricity consumption and prolong lifespan of motors
- > Adjusting the speed of conveyor system and automating it to stop function after a specific idling time
- > Installation of variable speed drives for Boilers to optimise electricity consumption
- > Stoppage of air handling unit (AHU) on non-production days
- > Reduce the number and running time of smoke spill fans
- > Recovery of waste heat from the production process to reduce steam usage

Achievement for Beverage manufacturing in Malaysia:

Total savings of

2,108,239 kWh

per year of electricity and

8,162 MMBtu

per year of steam

Achievement for Dairies manufacturing in Malaysia:

Overall utility consumption/tonne reduced

4% from previous financial year

Achievement for Dairies manufacturing in Thailand:

Total savings of

1,293,852 kWh

per year of electricity

Performance Data


G4-EN3

Energy consumption within F&N:

	FY2017 (Baseline)	
	Malaysia	Thailand
Total fuel used from non-renewable sources in megajoules (MJ)		
Natural Gas (MJ)	346,061,230.70	216,232,348.00
Fuel Oil (MJ)	4,639,618	0
Total (MJ)	350,700,848.70	216,232,348.00

G4-EN5

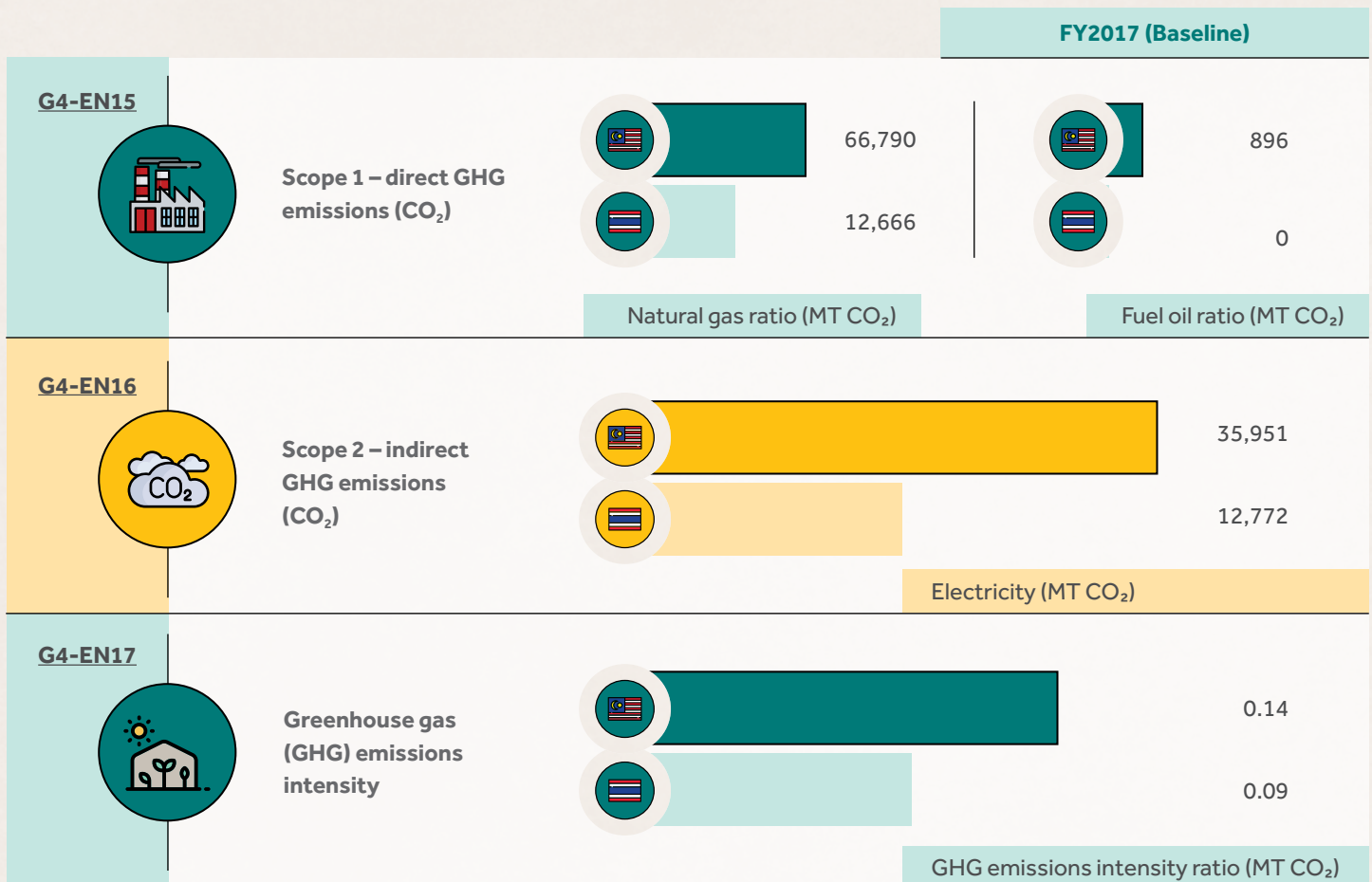
	FY2017 (Baseline)	
	Malaysia	Thailand
Energy intensity ratio		
Electricity (MJ/MT (litre))	220.67	275.46
Natural Gas Ratio (MJ/MT (litre))	478.31	753.04
Fuel Oil Ratio (MJ/MT (litre))	6.41	0



Group Total Consumed Non-Renewable Fuel
566,933,196.70 MJ

Notes:

1. Energy intensity ratio is calculated based on the total amount of energy consumed (in megajoule, MJ) per metric tonne of product.
2. The Energy intensity ratio is for energy consumed within F&N only.



Notes:

1. CO₂ emissions from Malaysia estimated based on the conversion factor from Green Building Index (GBI).
2. CO₂ emissions from Thailand estimated based on the conversion factor from Thailand Greenhouse Gas Management (Public Organisation) (TGO).
3. GHG emissions intensity ratio is calculated based on the total amount of CO₂ generated (in metric tonne, MT) per metric tonne of product.



ROUTE PLANNING

One of F&N's competitive edge is our pervasive distribution network which is why an optimal route planning is important to us as it has the potential to save time and costs, while also reducing our carbon footprint.

Since the integration of Dairies and Soft Drinks operations in Malaysia, there has been a rationalisation of logistics. Today the same group of distributors manage the entire portfolio allowing the country operations to reduce the number of distributors used and the number of trips made.

In addition, F&NHB has allocated more than RM 500 million in capital expenditure over 3 years on new lines and warehouses which will result in a decentralisation of manufacturing and warehousing operations, resulting in shorter routes to market, further reducing our carbon emissions from logistics.

During the year, our Malaysian operations also made the switch from two-way to four-way pallets to increase the product load per truck from 20 pallets to 22 pallets. This has enabled savings on logistics costs (in terms of cost per pallet) and have enhanced our stock movement efficiency as we are now able to move more goods per trip and hence, reduce the number of trips required. To date, the cost savings achieved are estimated to be about RM 300,000.

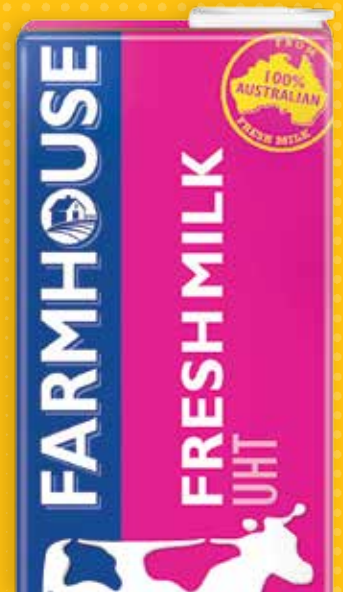


Cost Savings
from increased efficiency in
logistics
RM 300,000

F&N CANNED MILK



FARMHOUSE



100PLUS

GOLD COIN



BEAR BRAND
STERILISED
MILK HI
FOLATE

M
15

PACKAGING



BEAR BRAND GOLD GOJI BERRY

OISHI



100PLUS

F&N FUN FLAVOURS






We place importance on our packaging because it creates the first impression on consumers. More than just focusing on the visual aspects of packaging, we also ensure our packaging is suitable to protect the integrity of the contents, and is user- as well as environment-friendly. Additionally, the packaging has to include product labels to keep consumers informed about the contents within.

There is much scope for innovation in packaging, which we have been exploring over the years. This has helped us maintain a healthy packaging ratio – namely volume of packaging material used as a measure of quantity of product. We also ensure that the packaging for pasteurised juices and milk are recyclable.

Some of the initiatives to enhance the sustainability of our packaging include:

- > In both Shah Alam and Kota Kinabalu plant, we are implementing a sustainability pad project, to reduce the volume of packaging material used by converting from tray to pad. This is expected to reduce the usage of carton paper by half.
- > In the Matang Plant, we have reduced the volume of packaging material used by converting full carton packaging to shrink wrap with half-trays for some of our products since 2016.
- > Our beverages plants in Malaysia are reducing the weight of Aluminium can and PET bottle.
- > Our Thai operations are increasing the recyclable quotient of their packaging by using environment-friendly paper cartons/bricks and introducing returnable crates for our chilled products at Pak Chong plant.

	 Malaysia	 Thailand
 FY2017 (Baseline)		
F&N's KPI packaging intensity ratio:		
Packaging intensity ratio (tonne of packaging material /tonne of product)	0.07	0.15

Notes:

1. Packaging intensity ratio is calculated based on the total amount of packaging material used (in metric tonne, MT) per metric tonne of product.
2. Thailand produces more single serve packaging which has a higher ratio of packaging used per tonne of product compared to Malaysia.



All you need is



A used PET bottle



A Plant

How to Make A Self Watering Planter Using Recycled PET Bottle

Step by step



- Cut the bottle into 2 parts

01

- Decorate the bottle however you like

02

- Punch a small hole in the bottle cap
- String the 2 ropes through the bottle cap
- Put the cap back to the bottle top

03

- Fill half of upper part with plant soil
- * Ensure to keep the ropes in the middle and covered with soil*

04

- Put the plant in the soil until roots are fully covered

05

- Fill the lower part of bottle with water until the 1/3 mark

06

- Place the upper part of the bottle inside the lower part
- * Bottom of the ropes should sink into the water*
- * Ensure that the mouth of bottle does not touch the water*

07





2 ropes
(~10cm each)



Scissors/
cutter



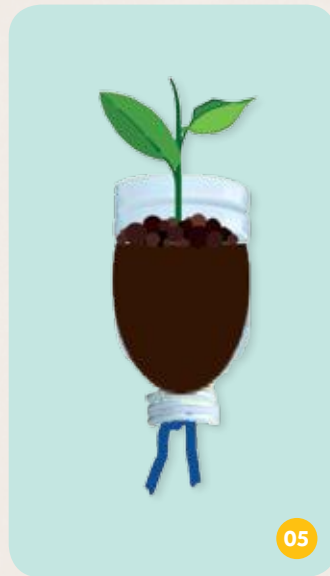
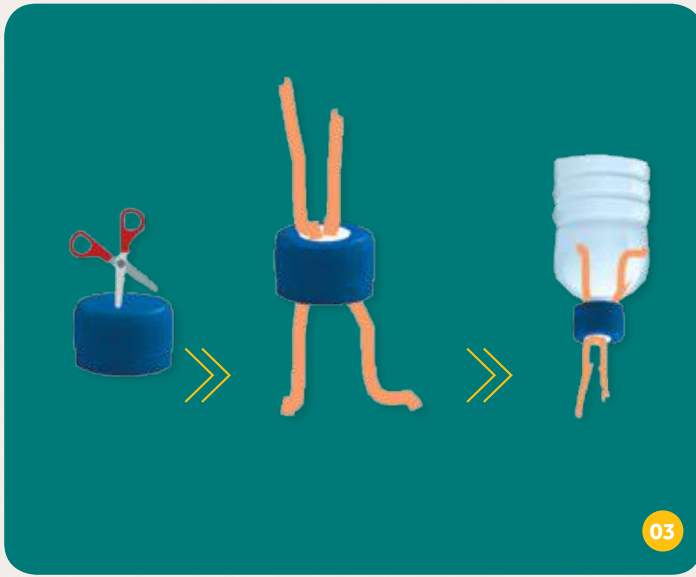
Plant soil



Water



Deco items
(~like ribbons, stickers...)



Ta daa.. You have now a self-watering planter!

- Make sure to provide the plants with sufficient amount of sunlight so that they can grow healthily.
- About once every few weeks, remove the lower part of bottle, water the soil, rinse off the ropes and allow it to drain. This will help to wash out any build-up of minerals in the soil and completely- hydrate everything.











GRI G4 CONTENT INDEX

For "In Accordance: Core"








This report is developed in accordance with GRI G4 guidelines: Core option.

GENERAL STANDARD DISCLOSURES			
Profile Disclosure	Description	Reference Page	UN SDGs Mapping to Disclosure
Strategy and Analysis			
G4-1	Statement from the CEO	Pg. 4-5	-
Organisational Profile			
G4-3	Name of organisation	Pg. 7	-
G4-4	Primary brands, products and services	Pg. 7	-
G4-5	Location of the organisation's headquarters	Pg. 8	-
G4-6	Number of countries where the organisation operates and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Pg. 8	-
G4-7	Nature of ownership and legal form	Pg. 9	-
G4-8	Markets served	Pg. 8	-
G4-9	Scale of the organisation	Pg. 8	-
G4-10	Breakdown of workforce	Pg. 8	-
G4-11	Report of percentage of total employees covered by collective bargaining agreements	35.3% of our employees are covered by collective bargaining agreements	-
G4-12	Describe the organisation's supply chain	Pg. 10-11	-
G4-13	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 as this is our first report	-
G4-14	Addressing the precautionary approach or principle	This information is available in Annual Report, section on "Addressing Our Risks & Opportunities" in Page 40-41	-
G4-15	External charters, principles or initiatives endorsed	Pg. 44	-
G4-16	Membership of association and advocacy organisations	Roundtable on Sustainable Palm Oil (RSPO)	-







GENERAL STANDARD DISCLOSURES			
Profile Disclosure	Description	Reference Page	UN SDGs Mapping to Disclosure
Identified Material Aspects and Boundaries			
G4-17	Report coverage of entities included in the consolidated financial statements	This information is available in Annual Report	-
G4-18	Process for defining the report content and the aspect boundaries	Pg. 18-19	-
G4-19	Material aspects identified	Pg. 17	-
G4-20	For each material Aspect, report the Aspect Boundary within the organisation	Pg. 18	-
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation	Pg. 19	-
G4-22	The effect of any restatements of information provided in previous reports	No restatement of information as this is our first report	-
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	No significant changes from previous reporting as this is our first report	-
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by the organisation	Pg. 14-15	-
G4-25	Basis for identification and selection of stakeholders	Pg. 14-15	-
G4-26	Approaches to stakeholder engagement	Pg. 14-15	-
G4-27	Response to key topics and concerns raised	Pg. 14-15	-
Report Profile			
G4-28	Reporting period	Pg. 6	-
G4-29	Date of most recent previous report	Pg. 6	-
G4-30	Reporting cycle	Pg. 6	-
G4-31	Contact point for questions	Pg. 6	-
G4-32	'In accordance' option, the GRI content index and external assurance	Pg. 6	-
Governance			
G4-34	Governance structure of the organisation	Pg. 13	-
Ethics and Integrity			
G4-56	Values, principles, standards and norms of behaviour such as codes of conduct and code of ethics	Pg. 4, 12, 44	-

SPECIFIC STANDARD DISCLOSURES			
Profile Disclosure	Description	Reference Page	UN SDGs Mapping to Disclosure
Economic			
Material Issue: Economic Performance			
G4-DMA	Disclosure on Management Approach	Pg. 24	
G4-EC1	Direct economic value generated and distributed	Pg. 24	 Decent Work and Economic Growth
Society			
Aspect: Sustainable Sourcing			
G4-DMA	Disclosure on Management Approach	Pg. 30	 Decent Work and Economic Growth
G4-EC9	Percentage of purchase value spent on local suppliers	Pg. 31	 Responsible Consumption and Production
Aspect: Talent Management			
G4-DMA	Disclosure on Management Approach	Pg. 32	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Pg. 35	 Quality Education
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Pg. 33	 Gender Equality
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Pg. 36	 Decent Work and Economic Growth
G4-FP3	Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country	Pg. 36	
GA-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Pg. 32	 Reduced Inequalities
Aspect: Market Presence			
G4-DMA	Disclosure on Management Approach	Pg. 36	
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	The ratio is 1:1, F&N does not practice discrimination or segmentation of entry wage levels. Wages are determined by labour supply-demand, competencies, and job scope.	 Decent Work and Economic Growth
Aspect: Consumer Health and Safety			
G4-DMA	Disclosure on Management Approach	Pg. 38	 Good Health and Well-being
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	100% of significant product categories for F&N are assessed for improvement on health and safety impact.	 Responsible Consumption and Production

SPECIFIC STANDARD DISCLOSURES

Profile Disclosure	Description	Reference page	UN SDGs Mapping to Disclosure
Aspect: Product and Service Labelling			
G4-DMA	Disclosure on Management Approach	Pg. 44	
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information required	100% of significant product categories are covered by and assessed for compliance. Pg. 44	 Responsible Consumption and Production
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Pg. 44	
Aspect: Occupational Health and Safety			
G4-DMA	Disclosure on Management Approach	Pg. 37	 Good Health and Well-being
G4-LA6	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender	Pg. 38	 Decent Work and Economic Growth
Aspect: Creating Value for Society			
G4-DMA	Disclosure on Management Approach	Pg. 46	
G4-SO1	Percentage of operations with implemented community engagement, impact assessments, and development programmes	100% of F&N operations have implemented local community engagement, impact assessments, and development programmes. Pg. 48	 Good Health and Well-being  Sustainable Cities and Communities
Environmental			
Aspect: Water Stewardship			
G4-DMA	Disclosure on Management Approach	Pg. 50	
G4-EN8	Total water withdrawal by source	Pg. 51	 Clean Water and Sanitation
G4-EN10	Percentage and total volume of water recycled and reused	Pg. 51	 Responsible Consumption and Production

SPECIFIC STANDARD DISCLOSURES

Profile Disclosure	Description	Reference Page	UN SDGs Mapping to Disclosure
Aspect: Effluents and Waste			
G4-DMA	Disclosure on Management Approach	Pg. 51	 Clean Water and Sanitation
G4-EN22	Total volume of water discharged by quality and destination	Pg. 53	 Responsible Consumption and Production  Life Below Water
Aspect: Energy and Climate Change			
G4-DMA	Disclosure on Management Approach	Pg. 54	
G4-EN3	Total energy consumption	Pg. 55	 Affordable and Clean Energy
G4-EN5	Energy intensity ratio	Pg. 55	
G4-EN15	Scope 1 – direct GHG emissions (CO ₂)	Pg. 55	 Responsible Consumption and Production
G4-EN16	Scope 2 – indirect GHG emissions (CO ₂)	Pg. 55	
G4-EN17	Greenhouse gas (GHG) emissions intensity	Pg. 55	 Climate Action

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