



PURE ENJOYMENT  
GOODNESS



FRASER & NEAVE  
HOLDINGS BHD  
196101000155 (4205-V)

# Creating Value for All

Every day, 2,600 employees help to bring our vision to life. Together, we work hard to bring positive economic, social and environment impact towards creating a healthier and more sustainable future.





RECYCLE

REUSE

REDUCE



**ANNUAL REPORT**

Provides a comprehensive assessment of the Group's performance and financial statements for 2019.



**SUSTAINABILITY REPORT**

Delivers a balanced report on our efforts to create value for stakeholders and conducting business in a responsible manner. The report complies with the Global Reporting Initiative (GRI) Standards and Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to Sustainability Statements in Annual Reports.



Soft copy version of F&NHB Annual Report & Sustainability Report 2019






Contact Us



**FEATURE IN THIS SUSTAINABILITY REPORT**

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

- 01**  Download the "QR Code Reader" on App Store or Google Play
- 02**  Run the QR Code Reader app and point your camera to the QR Code
- 03**  Get access to the soft copy of our reports, video and contact information

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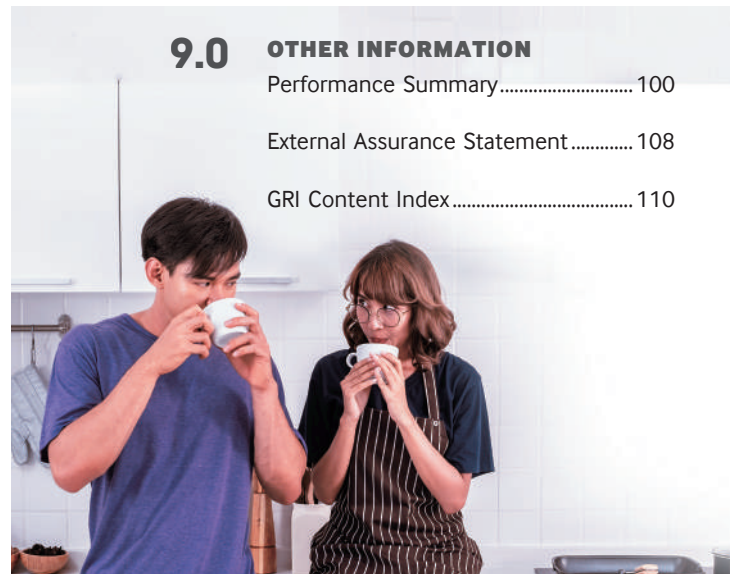
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**58<sup>th</sup>**

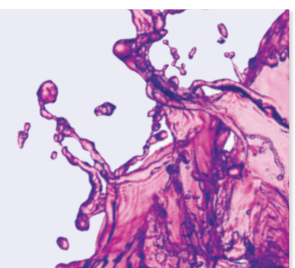
ANNUAL GENERAL MEETING

Venue

Ballroom 1, First Floor, Sime Darby Convention Centre,  
 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur.

Date

Monday,  
 20<sup>th</sup> January 2020  
 at 10.00 a.m.



# 2019 Facts at a Glance

## GENERAL

our **third**



**Standalone  
Sustainability  
Report**

*(produced in line with the GRI  
Standards – Core Options)*

on track  
to achieve our   
Sustainability  
Targets for **2020**

## DRIVING ECONOMIC VALUE

Introduced **11**  
**new products,**



offering more options in product  
categories, **healthier** options and  
**convenience**



Investment of

**RM150 million**

in capital expenditure to **elevate our  
product innovations** and **drive cost  
competitiveness**

Employee-driven  
projects delivered cost  
savings/cost avoidance:



Approximately

**RM2.41 million**

per annum



Reduced PET resin usage by

**208 metric**

tonnes

## EMPOWERING OUR PEOPLE



Employment:

**2,600 people**

Female representation in our workforce:

**32%**

of total  
employees



**44%**

of total  
managerial  
positions



Provided an average:

**22** **training  
hours**

per employee per year

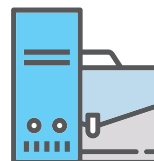
Our senior management are  
hired from local community:

**Thailand**

**100%**

**Malaysia**

**95%**





ENHANCING SOCIAL WELL-BEING

**100%**



of our operations in Malaysia and Thailand implemented **local community engagement, impact assessment** and **development programmes**



Social investment in FY2019

**> RM 1 million**



Over

**50,000**

children and youths participated in **grassroot sports programmes**

**2019 School Recycling Programme**



Spread wings to **13** states in Malaysia

Reached **756** schools this year

More than **4.76** million kg of recyclables were collected since 2007

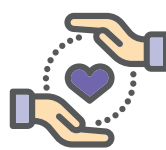
SAFETY & WELL-BEING



**Lowered** the amount of sugar contained per ml of all our beverages by **41%** since 2004

**10 out of 12**

product categories have at least one healthier choice



**90%** of the RTD beverages we sold today in Malaysia are healthier options (below the sweetened beverages excise duty threshold)

Expanded our

**Healthier Choice Logo**

certified product range to 41



ECO-EFFICIENCY

Reduced solid waste ratio by

**34%**



**10% reduction**

in our packaging ratio compared to last year



Almost **24,000** kg of F&B packaging related recyclables were collected by employees in Malaysia via **F&N Go Green++ Programme**

RESPONSIBLE SUPPLY CHAIN

Engaged with

**>3,100**

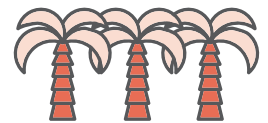


global and local suppliers

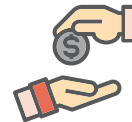
Purchased **RSPO credits** for

**70%**

of our palm oil usage



Supplier Productivity Enhancement Programme in Thailand



Sponsored **3** milking tester machines to **3** milk cooperatives, helping **690** farmers



Organised quarterly seminars for **120** farmers, from **4** milk cooperatives



Supported **45** farmers in the cow feed production project

## JOINT MESSAGE FROM OUR CHAIRMAN & CEO



Chairman

Tengku Syarif Bendahara Perlis  
Syed Badarudin Jamalullail Ibni  
Almarhum Tuanku Syed Putra Jamalullail

Chief Executive Officer

Lim Yew Hoe

“We continue to make positive strides towards achieving F&N Group’s 2020 sustainability goals and strengthen our approach in managing sustainability topics which are material to our business.”

**Dear Shareholders and Stakeholders,**

**P**ur brand promise of 'Pure Enjoyment, Pure Goodness', means that we want our products to provide enjoyment and nourishment to consumers. In other words, utilising the best ingredients, together with best practices in the way we source, produce and distribute.

Equally important for our brand promise is to ensure that Fraser & Neave Holdings Bhd (F&NHB or the Group) is an integral part of our community, improving livelihoods across our value chain; that we are the employer and partner of choice providing opportunities for advancement and development; that we play a leading role in community development; and that we always demonstrate environmental responsibility and leadership.

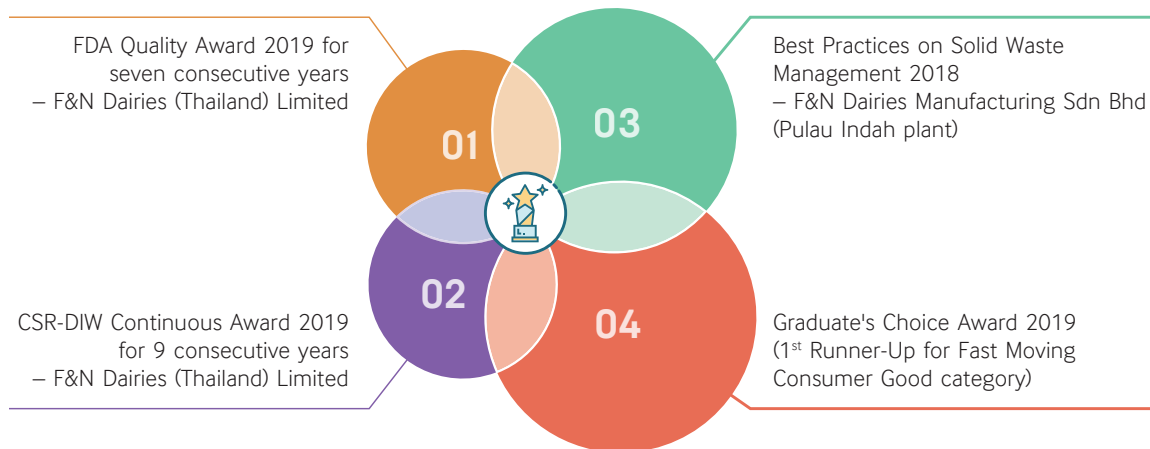
We are happy to report that this year, for the first time, our report has obtained external assurance from Lloyd's Register Quality Assurance, as part of third-party objective validation of our report content, data and processes, prepared in accordance with the Global Reporting Initiative (GRI) Standards.

We continue to make positive strides towards achieving F&N Group's 2020 sustainability goals and strengthen our approach in managing sustainability topics which are material to our business. You can view a summary of our progress relating to F&N Group's 2020 Sustainability Targets on pages 030-031.

It has indeed been an exciting financial year ended 30 September 2019 (FY2019) for F&NHB. For us, some highlights are:

- This year, F&NHB has been included into FTSE4Good Bursa Malaysia Index (F4GBM) for the first time, with positive results indicating our strong environmental, social and governance practices.
- We fast-tracked our product innovation towards improving health and well-being of Malaysians. As a result, 90% of our ready-to-drink (RTD) beverages sold today are healthier options (below the sugar sweetened beverages excise duty threshold) and more importantly, consumers have responded positively to our reformulated products. Meanwhile, we also launched 11 new products and expanded our 'Healthier Choice Logo' (HCL) certified product range in Malaysia and Thailand from 20 in FY2018 to 41 in FY2019.
- Over the year, we have garnered many accolades and awards which have recognised the strengths of our brands and best practices in the marketplace, including:

\*\*\*  
 ... in addition to improving eco-efficiency, F&NHB will be adopting a circular economy approach in managing the environmental impacts across our value chain.  
 \*\*\*



- The F&N School Recycling Programme spread its wings to the entire Peninsular Malaysia and Sarawak. This year, participation rate doubled up to include 756 schools with an increase of up to four-fold of recyclables collected. More than 4.76 million kilogrammes of recyclables have been collected since we began our programme thirteen years ago.
- We have also re-affirmed our commitment to advocating Halal, through our strategic collaboration with the Halal Industry Development Corporation (HDC) in the Halal Sourcing Partnership Programme 2019 (HSPP), to empower local SMEs to become suppliers of Halal-certified ingredients to other organisations, including F&NHB.

## JOINT MESSAGE FROM OUR CHAIRMAN &amp; CEO



cost savings/  
cost avoidance delivered  
via FY2019 initiatives

**RM2.5**  
million



Over

**90%**

of our RTD beverages  
sold in Malaysia are  
healthier options



Recyclables collected  
via F&N School Recycling  
Programme increased  
up to four-fold

> More than

**4.76**  
million kg

collected since 2007



Reduction of  
PET resin usage by

**208**  
metric tonnes

This year, we continued to promote active lifestyle amongst Malaysians through 'Hari Aktifkan MalaysiaKu' - 100PLUS Day and elevating sports development through collaboration with the Malaysia Ministry of Education, Ministry of Sports and the National Sports Council. We also kept 6,000 Malaysian pilgrims hydrated while they performed haj during the hot weather in Mecca, with our 100PLUS ACTIVE in powder sachets, which is part of our innovation for people who are constantly on the go.

In F&NHB, we empower our employees to lead when it comes to innovation. Through 'Excel as One' and 'Winning as One' conventions as well as Kaizen projects, our employees presented ideas which reduced consumption of resources, improved productivity or/and enhanced product quality. These initiatives delivered cost savings or cost avoidance of more than 18 million baht (RM2.5 million) per annum this year.

Climate change is the most prominent global sustainability challenge and single-use plastics are also in the spotlight with growing concern over the damaging impacts of plastic pollution on the environment. Thus, in addition to improving eco-efficiency, F&NHB will be adopting a circular economy approach in managing the environmental impacts across our value chain.

We regularly evaluate the potential for renewable packaging materials and processes to minimise material usage. For instance, the Aseptic Cold-filling Line at Shah Alam helped us reduce PET resin usage by 208 metric tonnes this year, in addition to the products having longer shelf life. We also look forward to installing solar roofing to generate renewable energy at Rojana plant, Thailand in 2020.

Our dairy manufacturing plants in Thailand and Malaysia are leading the way in our commitment towards achieving zero effluents and solid waste. 100% of industrial sludge from production are converted into organic fertiliser and distributed to local farmers.

In line with the nation's ambition to achieve fresh milk self-sufficiency, F&NHB plans to establish an integrated dairy and crop farm in Ladang Chuping, Perlis. By doing so, F&NHB intends to expand the fresh milk consumption in Malaysia and provide nutrition to promote health and wellness for the nation's growing population. We also see this investment as our contribution to the development of the agricultural and dairy sectors in Malaysia and the economic development for the Northern Region.





\*\*\*

Equally important for our brand promise is to ensure that Fraser & Neave Holdings Bhd (F&NHB or the Group) is an integral part of our community, improving livelihoods across our value chain

\*\*\*

For FY2020, the Group plans to conduct a materiality assessment exercise, which will help us understand stakeholder concerns and changing societal expectations to set new medium and long-term sustainability targets.

On behalf of the Board and management, we re-affirm our commitment for continual improvement of F&NHB's sustainability performance, emphasising F&NHB's approach to the management of Environmental, Social and Governance (ESG) aspects, and working with all stakeholders to ensure future prosperity for all. Thank you for your continued support.

**Tengku Syarif Bendahara Perlis Syed Badarudin Jamalullail**  
**Ibni Almarhum Tuanku Syed Putra Jamalullail**

*Chairman*

**Lim Yew Hoe**

*Chief Executive Officer*

## ABOUT THIS REPORT

GRI 102-45; GRI 102-50 to GRI 102-54



# Welcome to F&NHB Sustainability Report 2019

This is our third annual Sustainability Report. We are proud to continue our sustainability journey and reporting in alignment with the Global Reporting Initiative (GRI) Standards 'Core Option'. This year, we have further enhanced our reporting approach to include more disclosures on our most important sustainability topics. F&NHB has been included in the FTSE4Good Bursa Malaysia Index (F4GBM) for the first time this year, with positive results reflecting our strong environmental, social and governance practices.



**FTSE4Good**

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

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

Similar to our approach from previous year, this report is organised into two primary themes on sustainable value creation, each with three 'core areas':

**1. Delivering Value through Innovation, Human Capital Development & Social Collaboration**



Driving Economic Value



Empowering Our People



Enhancing Social Well-being

**2. Managing Our Impacts & Conducting Business in a Responsible Manner**



Eco-efficiency



Responsible Supply Chain



Safety & Well-being

**REPORTING PERIOD AND BASIS OF SCOPE**

The reporting period aligns with F&NHB's fiscal year: 1 October 2018 to 30 September 2019 (our previous Sustainability Report was for the fiscal year ended 30 September 2018). Unless otherwise stated, the information presented in this report has been obtained from the following operations in Malaysia and Thailand, which represent 100% of F&NHB's business operations. For environmental data, information is obtained from our eight manufacturing sites in Malaysia and Thailand.



**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



**THAILAND**

- F&N Dairies (Thailand) Limited

**ASSURANCE POLICY**

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

For the first time this year, we have obtained external verification on the sustainability data disclosed in this report. Lloyd's Register Quality Assurance (LRQA) has conducted a limited external assurance on selected Environment and Social disclosures. The limited external assurance serves to ensure accuracy of the sustainability data disclosed in this report. LRQA's statement can be found on pages 108-109 of this report.

**CONTACT US**

We value and appreciate all feedback to help make our future reports more relevant to our stakeholders. Please direct your comments, feedbacks or other queries to:

 : [groupcomms@fn.com.my](mailto:groupcomms@fn.com.my)

 : +603 9235 2288

 : Communications & Corporate Affairs Department, F&N Point, No. 3, Jalan Metro Pudu 1, Fraser Business Park, off Jalan Yew, 55100 Kuala Lumpur, Malaysia

## ABOUT FRASER & NEAVE HOLDINGS BHD

GRI 102-1 to 102-10

### Who We Are

**F**raser & Neave Holdings Bhd (F&NHB or the Group) is listed on Bursa Malaysia's Main Board and is amongst the region's oldest and most established companies. Founded in 1883 to produce carbonated soft drinks by John Fraser and David Chalmers Neave – from whom the 'F&N' initials are derived – the Group has grown to be an iconic household name that is trusted to provide 'Pure Enjoyment, Pure Goodness' through its wide portfolio of well-loved brands.

A Syariah-compliant company, the Group has an annual turnover in excess of RM4 billion from its core businesses 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 brands such as 100PLUS, F&N Fun Flavours, F&N NutriSoy, F&N SEASONS, F&N ICE MOUNTAIN, BORNEO, OYOSHI, 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, Gold Coin, F&N Magnolia, FARMHOUSE and F&N Fruit Tree 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.

There have been no significant changes to F&NHB's size, operations, ownership or supply chain during the past year.

The Group's operating businesses are organised according to products and services, namely Food and 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.



*Pure Enjoyment,  
Pure Goodness*

At F&N, we are always delighting our consumers with our diverse range of well-loved beverages and dairy products. Our products have satisfied the tastes of consumers from all walks of life and will continue to bring smiles to everyone in tandem with our promise of 'Pure Enjoyment, Pure Goodness'.



### VISION

“To become the leading total beverage company in Malaysia and the region”

### MISSION

“To provide superior returns to our shareholders, excellent value for our customers and a rewarding career for our employees”



## GLOBAL VALUES

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



### COLLABORATION

We leverage the power of inherent strength and diversity to create inclusive synergies and commit to team goals.



### CREATING VALUES

We are passionate to apply new ideas and grasp opportunities to create positive impacts.



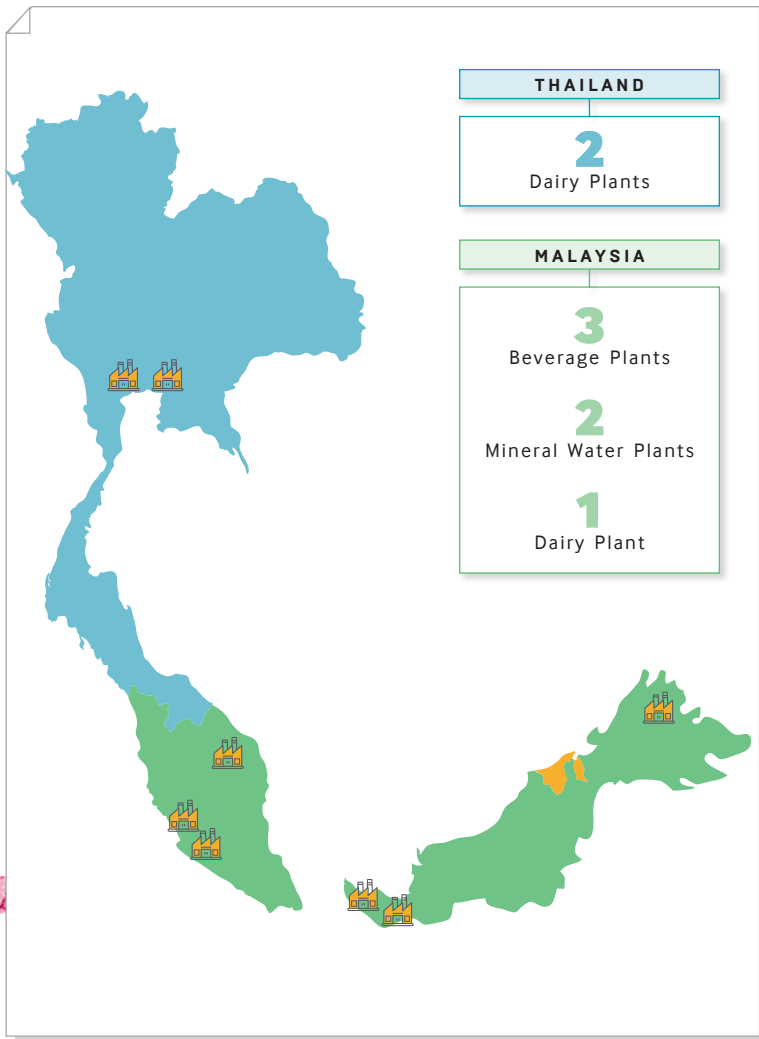
### CARING FOR STAKEHOLDERS

We embrace our stakeholders' perspectives with good intent and right mindset to bring them into the long term sustainability together.

ABOUT FRASER & NEAVE HOLDINGS BHD

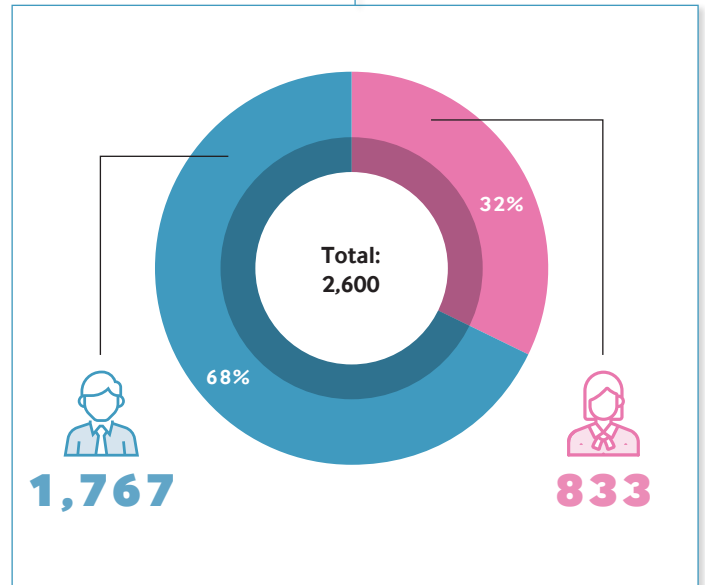
**GEOGRAPHICAL FOOTPRINT**

F&NHB is headquartered in Kuala Lumpur. We have eight manufacturing facilities in Malaysia and Thailand which are serving the needs of customers in ASEAN and beyond. F&NHB operates in Malaysia, Brunei, Thailand and Indochina and exports products to 75 countries across the globe.

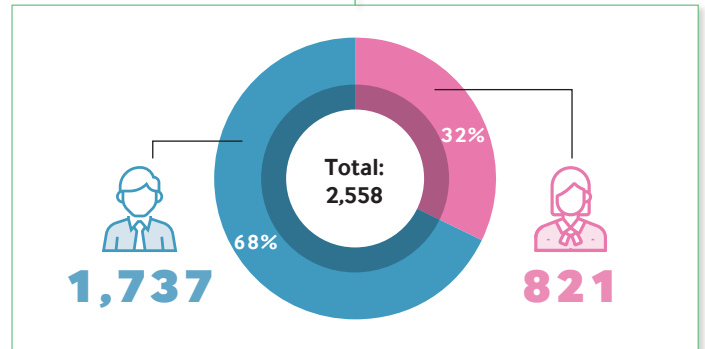


**TOTAL WORKFORCE**

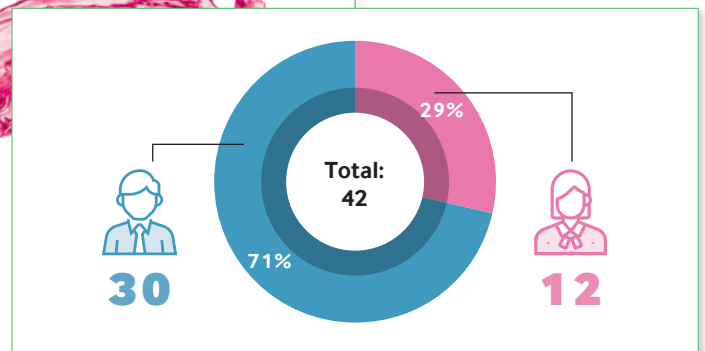
**GENDER**



**FULL-TIME EMPLOYEES**



**TEMPORARY EMPLOYEES**



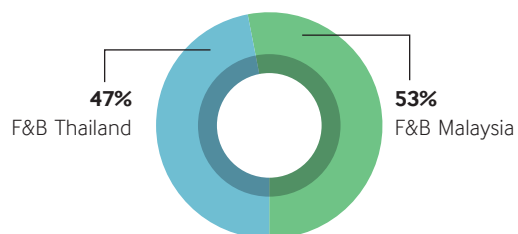
\* We do not have part-time employees in FY2019.

CORPORATE STRUCTURE

FY2019 REVENUE AND OPERATING PROFIT BY BUSINESS SEGMENT

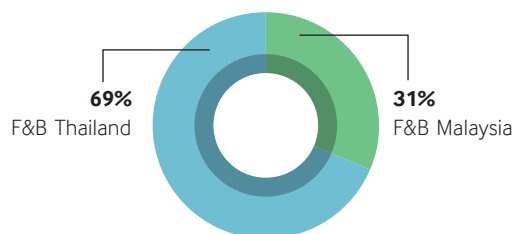
GROUP REVENUE

Contribution by Business Segment (%)



GROUP OPERATING PROFIT

Contribution by Business Segment (%)



CORPORATE STRUCTURE (as at 30 November 2019)

FOOD & BEVERAGES MALAYSIA



100%

F&N Beverages Manufacturing Sdn Bhd

100%

Borneo Springs Sdn Bhd

100%

F&N Beverages Marketing 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%

F&N Dairies (Malaysia) Sdn Bhd

100%

Premier Milk (Malaya) Sdn Berhad

FOOD & BEVERAGES THAILAND



100%

F&N Dairies (Thailand) Limited

PROPERTY

100%

F&N Properties Sdn Bhd

100%

Greenclipper Corporation Sdn Bhd

100%

Nuvak Company Sdn Bhd

100%

Utas Mutiara Sdn Bhd

100%

Utas Mutiara Sdn Bhd

100%

Tropical League Sdn Bhd

70%

Lettricia Corporation Sdn Bhd

50%

Vacaron Company Sdn Bhd

OTHERS

100%

Fraser & Neave (Malaya) Sdn Bhd

100%

F&N Capital Sdn Bhd

100%

Elsinburg Holdings Sdn Bhd

100%

F&N AgriValley Sdn Bhd  
(formerly known as Rimba Perkasa Sdn Bhd)

27.19%

Cocoaland Holdings Berhad

## ABOUT FRASER & NEAVE HOLDINGS BHD

### OUR SUPPLY CHAIN

The preparation, production and packaging of our beverages and dairy products requires a range of raw materials, equipment, and other goods and services. During the past year, we engaged with over 3,100 global and local suppliers across our supply chain, including manufacturers, wholesalers, retailers, importer/merchants, contractors and professional services providers. We spent a total of RM3.25 billion on products and services provided by our suppliers.

#### 1) SOURCING

We work closely with our suppliers to ensure their goods and services meet quality, environmental and social standards, in addition to our stringent internal standards. This helps to ensure that our products are safe and of high quality. To ensure the sustainability of our business, we have risk management mechanisms in place to manage issues associated with the commodities upon which we rely.



#### 2) PRODUCTION

We have implemented a standardised safe production process, in accordance with international standards, throughout all of our operations. We strive for eco-efficient processes, in which we provide good value and maximum benefit without polluting the environment and surrounding communities. We strive to optimise resource use and consider the environmental and social impacts of water consumption, waste, effluents and emissions at all production stages.





**5) POST-CONSUMPTION PACKAGING MANAGEMENT**

We minimise the impact of post-consumer waste through research and development to deliver innovative and environmental-friendly packaging. We are continuously seeking out sustainable packaging that also meets the needs of our consumers. In addition to applying Circular Economy principles throughout F&NHB, we also promote environmental awareness to the communities where we operate.



**4) MARKETING AND SALES**

Responsible marketing and sales practices are of great importance to F&NHB. We demonstrate consumer and societal responsibility by providing healthier product options and informative product labels. We also seek feedback from our customers on our products to improve our marketing practices and, most importantly, to create sustainable value for consumers and for our business.



**3) DISTRIBUTION**

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

## VALUE CREATION BUSINESS MODEL

Our business is built on a profitable, responsible and sustainable manner. This means ensuring that our overall strategy reflects awareness of the interdependencies and trade-offs between different types of capital, and how they support our ability to create value for the short, medium and long-term.

### VALUE ADDED BY F&NHB

#### OUR CAPITALS (INPUTS)

**FINANCIAL CAPITAL** relates to our capital and funding (from operations and investments) which are used efficiently and effectively to support our business and operational activities.

**Share Capital** : RM816.8 million  
**Shareholders' Equity** : RM2,529.3 million  
**Return on Shareholders' Equity** : 16.2%

**HUMAN CAPITAL** is represented by our people and our commitment to attract, develop and retain our talent; our investment in management and leadership development; and the knowledge, skills and experience they collectively bring, to drive value creation for our business.

**Total No. of Employees** : 2,600 employees  
**Local Senior Management** : Malaysia – 95%  
 Thailand – 100%

**SOCIAL & RELATIONSHIP CAPITAL** reflect our citizenship and the strong long-term relationships we have with all our stakeholders, including customers, strategic partners, employees, investors, governments, regulators and the communities within which we operate. Our social 'licence to operate' is due to our reputation and the trust we have earned from key stakeholders.

**INTELLECTUAL CAPITAL** We continuously invested in product and process innovation to increase our product range, and improve efficiency and productivity.

Research and Development (R&D) at F&N is guided by the following five principles:

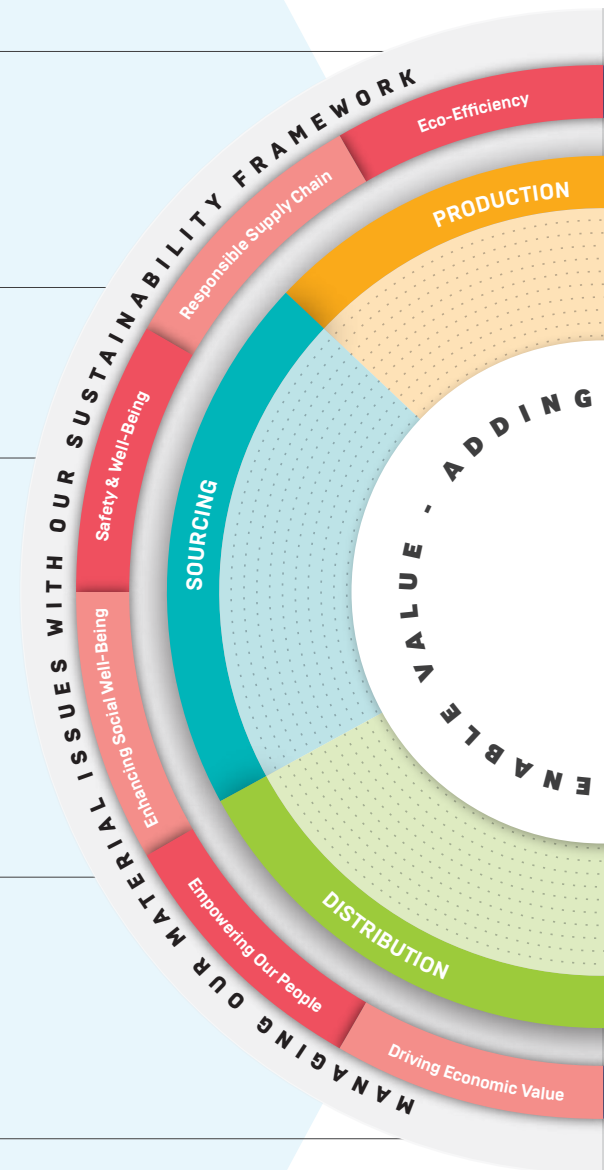
- **Innovation & Creation in terms of** processes, packaging and sensory science
- **Scientific Advances** for application in our processes and products
- **Technical Developments** which support quality improvement and cost optimisation
- **Regulatory Compliance** of our local and export business
- **Quality Products** which meet food safety standards

**Equity from 20 well-loved brands.**  
**New product formulations and recipes.**  
**Innovative process and technology.**  
**Strategic Partnership:** ThaiBev, Fraser and Neave, Limited, Nestle, Sunkist.

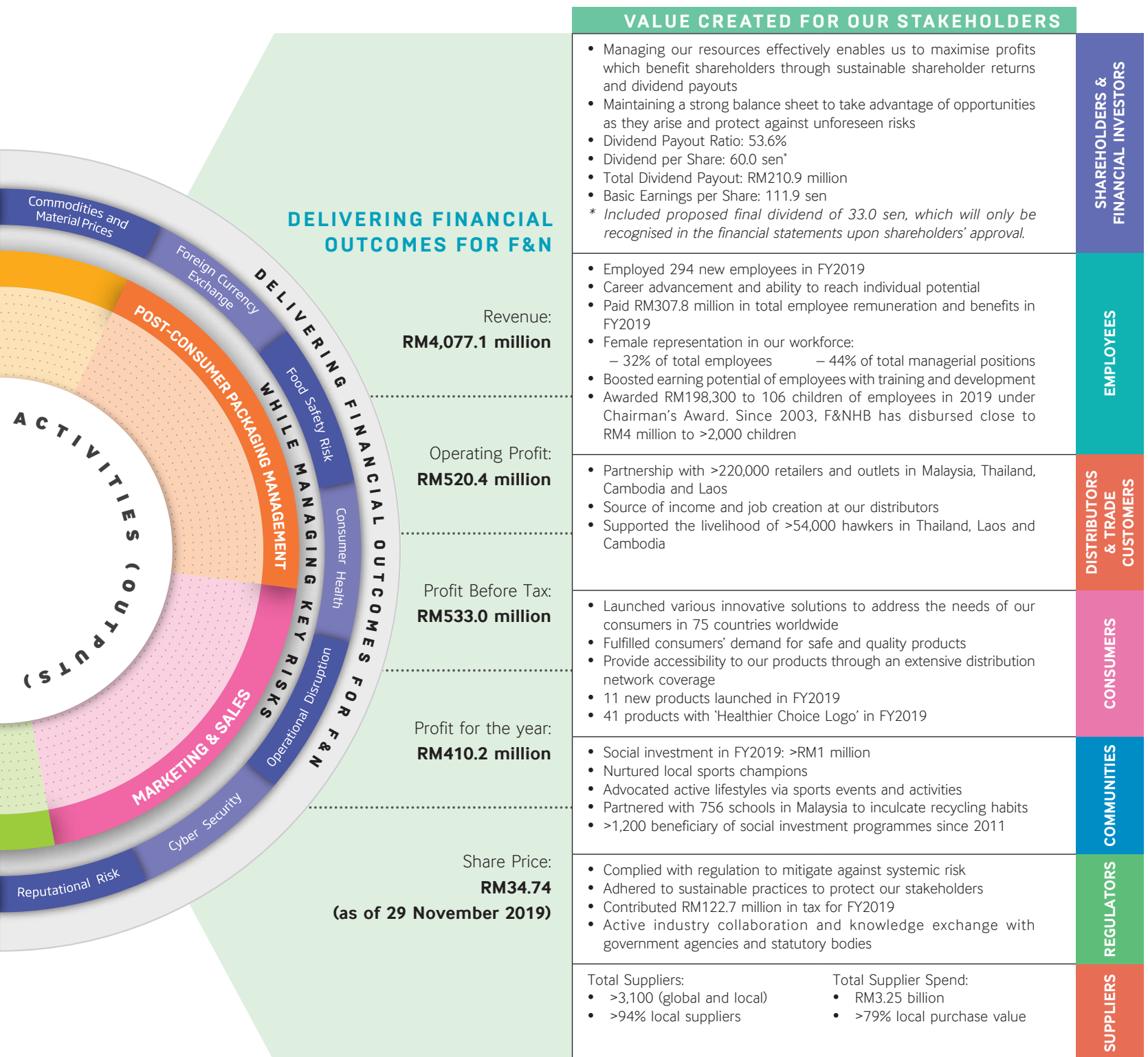
**MANUFACTURED CAPITAL** encompasses our business structure and operational processes, production and logistics assets including our physical and digital infrastructure, as well as information technology which provide the framework and mechanics on how we do business and meet the demands of our stakeholders.

**8 Manufacturing Facilities** : 6 in Malaysia, 2 in Thailand  
**21 Warehouses** : 19 in Malaysia, 2 in Thailand  
**Production Capacity** : 130 million cases per year

**NATURAL CAPITAL** Water is a fundamental element of our products, and our business is dependent on clean water supply. Our activities also require energy, as well as raw materials like sugar, aluminium and resin which we seek to use efficiently and source responsibly. We also ensure efficient effluents and waste management processes to protect biodiversity and ecosystems' health.



VALUE CREATED FOR F&NHB AND OUR STAKEHOLDERS





# Our Sustainability Approach



# OUR SUSTAINABILITY APPROACH

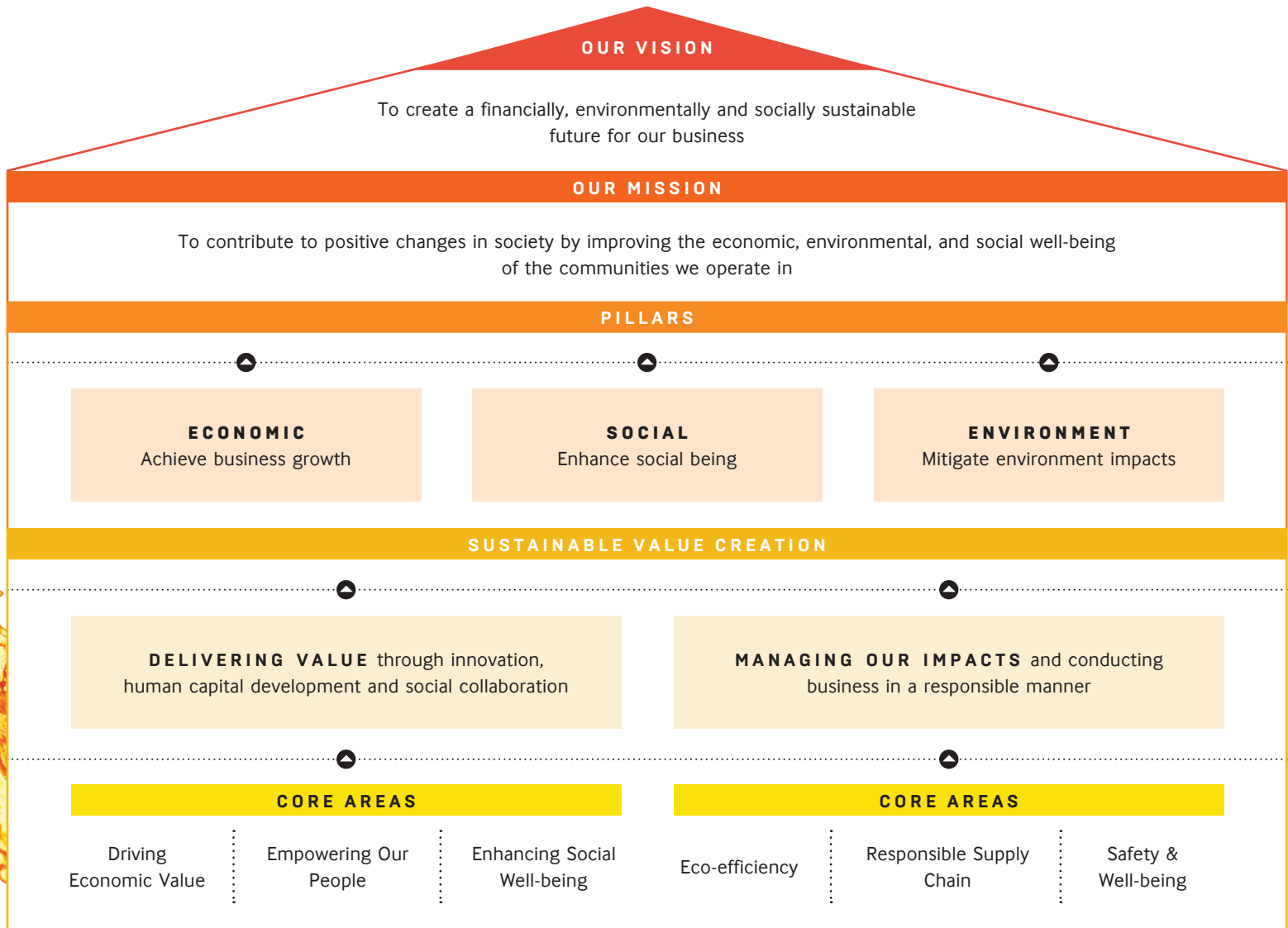
GRI 102-16; GRI 102-18; GRI 102-40; GRI 102-42 to GRI 102-44; GRI 102-46; GRI 102-47; GRI 102-49

## SUSTAINABILITY VISION AND FRAMEWORK

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

- Delivering value through innovation, human capital development and social collaboration; and
- Managing our impacts and conduct business in a responsible manner.

Our overall sustainability framework comprises six pillars:



## Sustainability In F&N

### MANAGEMENT AND GOVERNANCE STRUCTURE

Sustainability is embedded in F&NHB's culture. Our Board Charter sets out their responsibility to "include strategies on economic, environmental and social considerations underpinning sustainability." Hence, our Board ensures F&NHB's long-term business direction is guided by sustainability principles, and they have ultimate oversight of all sustainability issues.

Our Sustainability and Risk Management Committee (SRMC) ensures sustainability risks and opportunities are considered at the highest level of F&NHB by providing strong support to the management team. SRMC has responsibility to approve all strategic initiatives and policies related to sustainability.

Headed by the CEO, the F&NHB Sustainability Management Committee (SMC) translates the overall direction into specific policies and goals for functions. The SMC team works in alignment with the Sustainability Development Committee (SDC) at the F&N Group level in considering, planning, and embedding sustainability development matters.

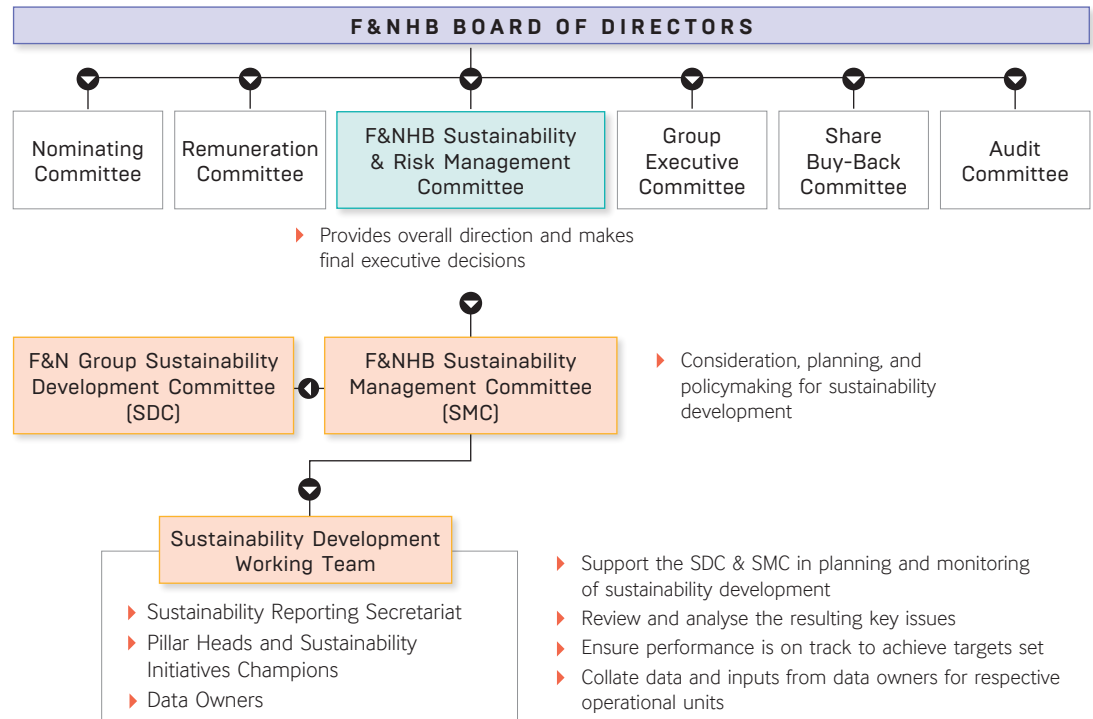
SMC is supported by the Sustainability Development Working Team, which consists of cross-functional representatives which take on various roles of: Sustainability Reporting Secretariat; Pillar Heads; and Sustainability Initiative Champions and Data Owners. Together, they monitor progress of designated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

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



**Mr. Lee Kong Yip**  
Chairman  
F&NHB SRMC

"The SRMC ensures sustainability risks and opportunities are considered at the highest level of F&NHB and drives the company towards achieving its goal of becoming a reliable and sustainable food & beverage leader."



#### F&NHB SUSTAINABILITY MANAGEMENT COMMITTEE (SMC):

1. Lim Yew Hoe (Lead), Chief Executive Officer\*
2. Lai Kah Shen, Director, Finance/Chief Financial Officer  
(appointed with effect from 4 February 2019)\*
3. Tan Hock Beng, Senior Director, Procurement & Special Projects
4. Waradej Patpitak, First Vice President, Manufacturing\*
5. Bart Lim, Managing Director, Domestic Commercial Operations (Peninsular Malaysia)
6. David Hoong, Senior Director, Human Capital, Organisation & Technology Management
7. Karn Chitaravimol, Managing Director, F&N Dairies (Thailand) Limited  
(retired with effect from 1 April 2019)
8. Suchit Riewcharoon, Managing Director, F&N Dairies (Thailand) Limited  
(appointed with effect from 1 April 2019)
9. Dr. Yap Peng Kang, Senior Director, Manufacturing/Corporate Research & Development\*
10. Graham Lim, Director, Brand Marketing
11. Karen Tan, Head, Communications & Corporate Affairs\*\*
12. Kelleigh Foo, Senior Manager, CEO Office & Risk Management





\* F&N Group Sustainability Development Committee

\*\* F&N Group Sustainability Reporting Secretariat




## OUR SUSTAINABILITY APPROACH

## KEY STAKEHOLDERS' ENGAGEMENT

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

	Engagement Channels	Typical Issues Raised	F&NHB Actions
 Shareholders & Investors	<ul style="list-style-type: none"> <li>Annual General Meetings (AGMs)</li> <li>Face-to-face meetings &amp; conference calls</li> <li>Office/plant visits</li> <li>Investor Days/briefings</li> </ul>	<ul style="list-style-type: none"> <li>Transparent and accurate disclosure</li> <li>Return on investment</li> <li>Sustainable financial and operational performance</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>Our Sustainability Approach (pages 020-029)</li> <li>Economic Performance (page 035)</li> </ul>
 Employees	<ul style="list-style-type: none"> <li>Biennial employee engagement survey</li> <li>Annual CEO town hall/roadshow</li> <li>Annual dinner</li> <li>Festive gatherings</li> <li>Sports tournament</li> <li>F&amp;N Chairman Award</li> <li>iConnect (intranet), F&amp;N DIGEST (newsletter), monthly email news highlights, digital TV</li> <li>F&amp;N Voice WhatsApp channel</li> <li>Dialogues with unions</li> </ul>	<ul style="list-style-type: none"> <li>Compensation and benefits</li> <li>Competency development</li> <li>Senior leadership</li> <li>Learning &amp; development</li> <li>Rewards &amp; recognition</li> <li>Safety at work</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>Economic Performance (page 035)</li> <li>Talent Management (pages 042-051)</li> <li>Market Presence (page 052)</li> <li>Occupational Health and Safety (pages 089-091)</li> </ul>
 Distributors & Trade Customers	<ul style="list-style-type: none"> <li>Annual customer meetings</li> <li>Annual factory visits</li> <li>Annual business planning</li> <li>Business development activities</li> <li>Joint supply chain meetings</li> <li>Quarterly business reviews</li> <li>Customer appreciation events</li> </ul>	<ul style="list-style-type: none"> <li>Latest consumer &amp; shopper trends</li> <li>Product innovation</li> <li>Customer relationship management</li> <li>Shopper loyalty programmes</li> <li>Improving customer service level</li> <li>Business practices &amp; ethics</li> <li>Efficient delivery systems</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>Innovation (pages 036-041)</li> <li>Consumer Health and Safety (pages 092-096)</li> </ul>
 Consumers	<ul style="list-style-type: none"> <li>Marketing &amp; sales promotions</li> <li>Brand communication through advertising</li> <li>Social media interactions</li> <li>On-ground events &amp; activities</li> <li>Dedicated consumer hotline</li> </ul>	<ul style="list-style-type: none"> <li>Product quality &amp; safety</li> <li>Consumer health &amp; safety</li> <li>Fair &amp; reasonable product pricing</li> <li>Social &amp; community engagement</li> <li>Environment-friendly packaging</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>Innovation (pages 036-041)</li> <li>Consumer Health and Safety (pages 092-096)</li> <li>Product and Service Labelling (page 097)</li> </ul>

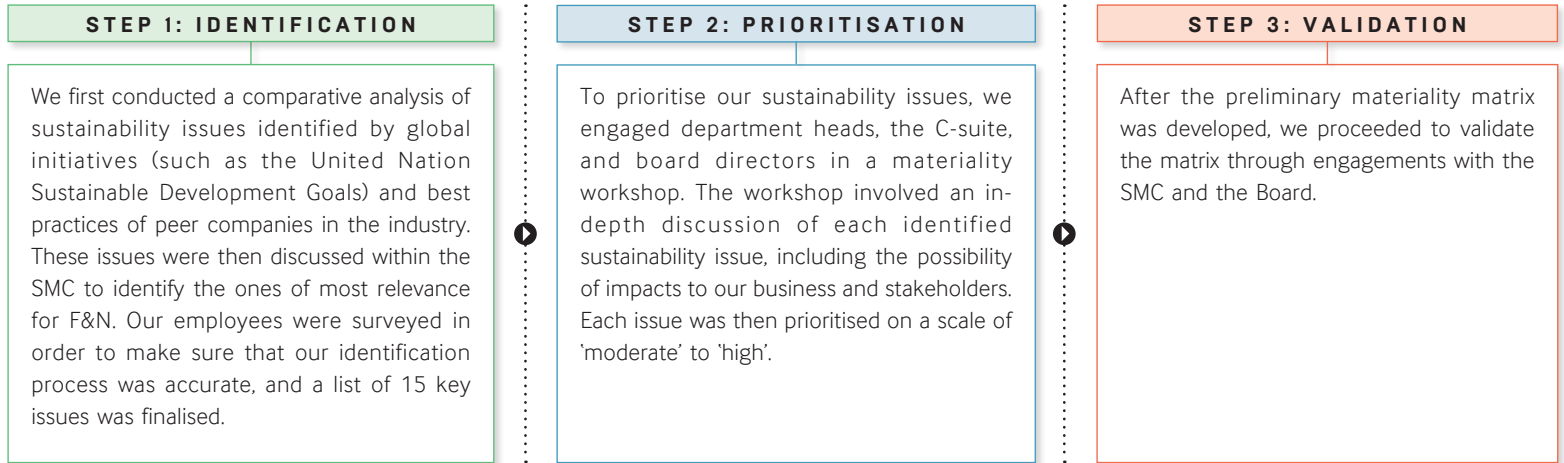
Sustainability In F&N

	Engagement Channels	Typical Issues Raised	F&NHB Actions
 Communities	<ul style="list-style-type: none"> <li>• Collaborations &amp; partnerships</li> <li>• Meetings</li> <li>• Outreach programmes</li> <li>• Meetings/dialogues with community representatives</li> <li>• Leadership programmes</li> <li>• Sponsorships</li> </ul>	<ul style="list-style-type: none"> <li>• Social &amp; environmental responsibility</li> <li>• Job opportunities for locals</li> <li>• Promotion of good health &amp; quality of life</li> <li>• Skills development in sports &amp; leadership</li> <li>• Stimulating local economies</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>• Economic Performance (page 035)</li> <li>• Creating Value for Society (pages 053-065)</li> <li>• Market Presence (page 052)</li> <li>• Water Stewardship (pages 070-071)</li> <li>• Effluents and Waste (pages 072-075)</li> </ul>
 Regulators	<ul style="list-style-type: none"> <li>• Active collaborations e.g. Federation of Malaysian Manufacturers</li> <li>• Meetings with government agencies and statutory bodies</li> <li>• Collaboration &amp; partnerships with local councils</li> </ul>	<ul style="list-style-type: none"> <li>• Good governance</li> <li>• Fair labour practices</li> <li>• Safety at work</li> <li>• Compliance with laws &amp; regulations</li> <li>• Water &amp; waste management</li> <li>• Environment friendly labelling &amp; packaging</li> <li>• Greenhouse gas emission (GHG)</li> <li>• Recycling awareness</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>• Our Sustainability Approach (pages 020-029)</li> <li>• Consumer Health and Safety (pages 092-096)</li> <li>• Product and Service Labelling (page 097)</li> <li>• Water Stewardship (pages 070-071)</li> <li>• Effluents &amp; Waste (pages 072-075)</li> <li>• Packaging (page 076)</li> <li>• Energy &amp; Climate Change (pages 077-082)</li> <li>• Occupational Health and Safety (pages 089-091)</li> </ul>
 Suppliers	<ul style="list-style-type: none"> <li>• Supplier meetings</li> <li>• Annual audits</li> <li>• Tender Management System</li> </ul>	<ul style="list-style-type: none"> <li>• Fair &amp; robust procurement system</li> <li>• Support of local businesses</li> <li>• Social &amp; environmental responsibility</li> <li>• Ethics - anti-bribery &amp; corruption</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>• Sustainable Sourcing (pages 083-088)</li> </ul>

OUR SUSTAINABILITY APPROACH

OUR MATERIAL ISSUES

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



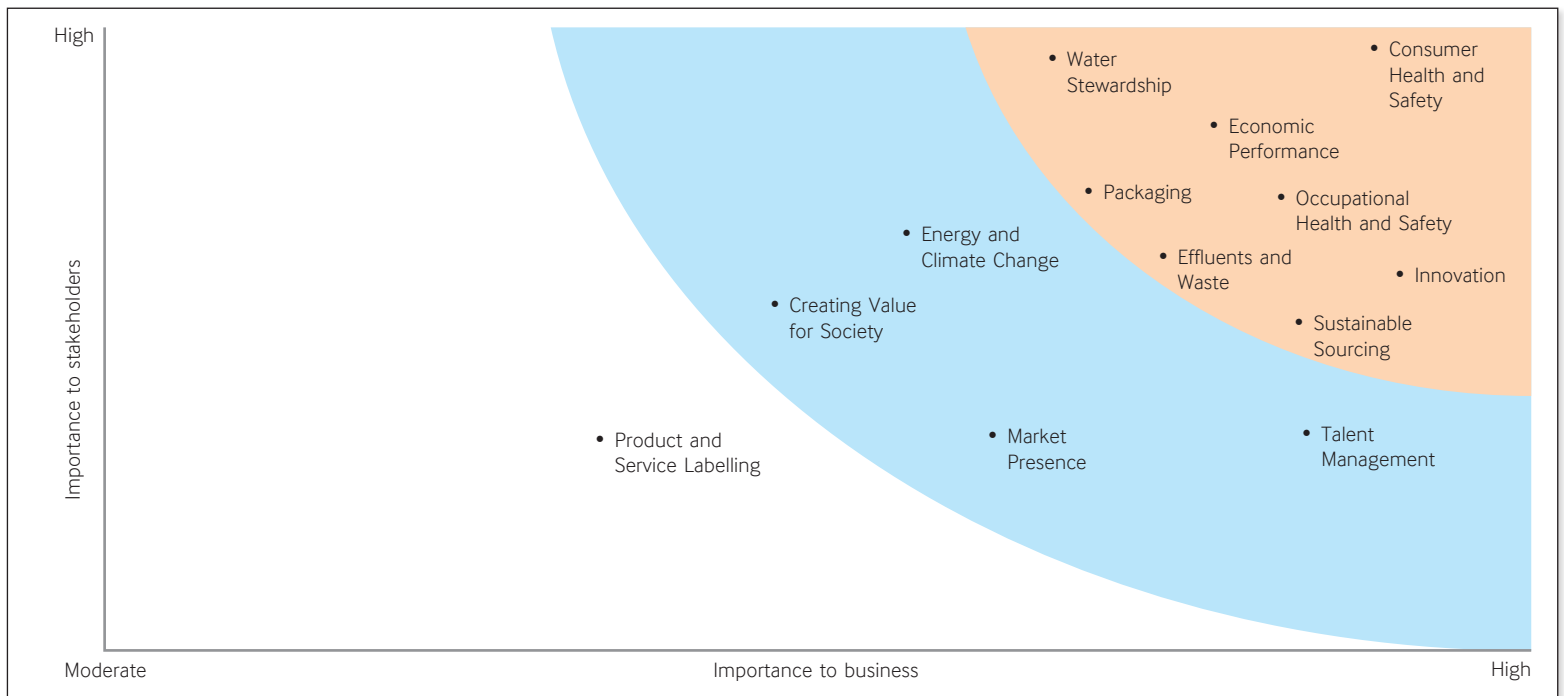
FY2019 MATERIALITY MATRIX

Following the initial materiality exercise in 2017, we have continued to review the 15 materiality issues every year. In 2018, the 'Talent Management' issue became increasingly important to the Group in light of our growth and innovation agenda.

Over the past year, awareness about plastics has grown globally and locally. The Malaysian Government has published a 'Roadmap Towards Zero Single-use Plastics 2018-2030'. The group has assessed the materiality of the 'Packaging' issue to be 'high' in 2019.

For a more holistic reporting, this year we have sub-sumed a) the 'Health and Nutrition' issue under 'Consumer Health & Safety' and 'Creating Value for Society'; and b) the 'Route Planning' issue under 'Energy & Climate Change' to be aligned with the circular economy approach.

Hence, there are now 13 materiality issues for F&NHB.

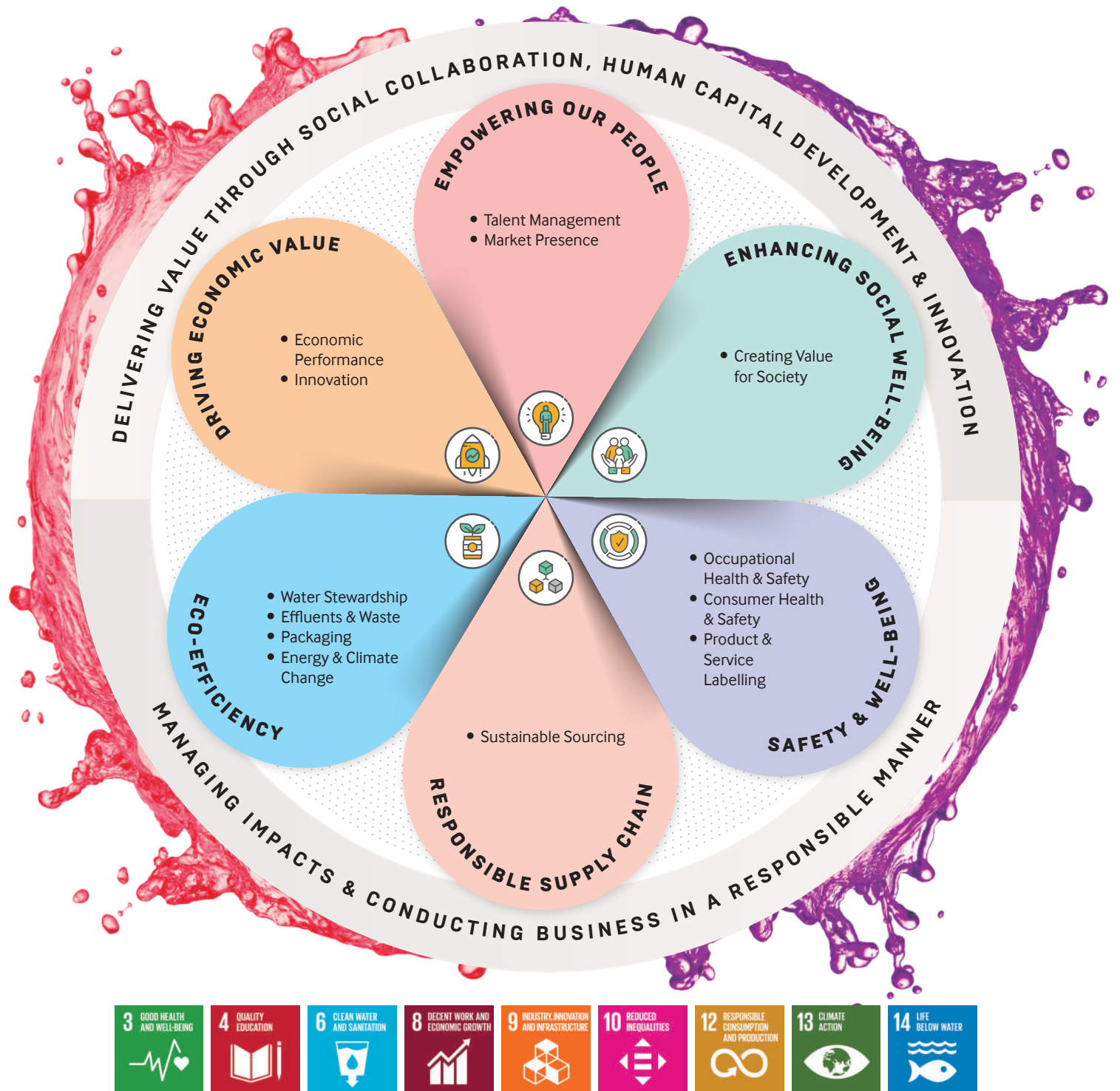


**Sustainability In F&N**

The material issues have been mapped into the six pillars of our Sustainability framework and the United Nations Sustainability Development Goals (UN SDG) they contribute towards.

Through this framework, we align our business and sustainability goals with sharper focus on how we create value for each material issue as well as our contribution towards the UN SDGs, particularly towards Goal 3; Goal 4; Goal 6; Goal 8; Goal 9; Goal 10; Goal 12; Goal 13; Goal 14.

F&NHB is committed to conducting a materiality assessment exercise in 2020. This exercise will help us better understand stakeholders' concerns and changing societal expectations. It will also help set our medium and long-term sustainability targets, especially for 'high' materiality issues.



OUR SUSTAINABILITY APPROACH

MATERIAL ISSUES AND OUR COMMITMENTS

	Material Issue	Main Sustainable Development Goals	Main Boundaries							
			Employees	Suppliers	Customers	Consumers	Shareholders/ Investors	Communities	Regulators	
Driving Economic Value	<b>Economic Performance</b> We are committed to creating direct economic value for our shareholders through the generation of profits and for our employees through stable and rewarding employment. <i>GRI 201-1 Economic Performance</i>		•	•	•		•	•		
	<b>Innovation</b> We invest in product and process innovation to increase our product range, and improve efficiency and productivity. Innovation is critical not only for long-term business success but also in response to growing concern about social and environmental issues.		•		•	•	•			
Empowering Our People	<b>Talent Management</b> We recruit the right talent, train them, and keep them motivated via career development goals and reviews. <i>GRI 401-1, 401-2 Employment</i> <i>GRI 404-1, 404-2 Training and Education</i>		•					•	•	
	<b>Market Presence</b> We contribute to the economic development in the local communities in which we operate by hiring locally and providing our employees attractive salaries and comprehensive benefit packages. <i>GRI 202-2 Market Presence</i>		•					•		
Enhancing Social Well-being	<b>Creating Value for Society</b> We strive to create a positive impact on local communities through social development projects focused on: strengthening vulnerable groups with education and basic needs; supporting sports and active lifestyles; promoting environmental consciousness; and spreading festive cheer. <i>GRI 413-1 Local Communities</i>		•					•	•	
Safety and Well-being	<b>Occupational Health &amp; Safety</b> 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. <i>GRI 403 (2018) Occupational Health and Safety</i>		•						•	
	<b>Consumer Health &amp; Safety</b> We are committed to producing products of the highest quality which are safe, and which address health concerns. Our products comply with relevant standards across their entire life cycle. We promote the consumption of nutrition products, in line with consumer needs. <i>GRI 416-1, 416-2 Customer Health and Safety</i>		•		•	•			•	

Sustainability In F&N

	Material Issue	Main Sustainable Development Goals	Main Boundaries						
			Employees	Suppliers	Customers	Consumers	Shareholders/ Investors	Communities	Regulators
Safety and Well-being (Cont'd)	<b>Product and Labelling</b> .....▶▶ 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.  <b>GRI 417-1, 417-2 Marketing and Labelling</b>	 	•		•	•			•
	<b>Sustainable Sourcing</b> .....▶▶ We promote sustainable and responsible procurement and sourcing via a risk management and supplier selection that is integrated with ESG factors, as well as a focus towards local sourcing to contribute to local economic development when possible.  <b>GRI 204-1 Procurement Practices</b>	 							
Eco-efficiency	<b>Water Stewardship</b> .....▶▶ We seek to use water efficiently across the value chain and employ water resource risk management to ensure that our activities do not threaten water resources in the long-term for both our own operations and our local communities.  <b>GRI 303-1, 303-2, 303-3, 303-5 (2018)</b> <i>Water and Effluents</i>		•		•	•		•	•
	<b>Effluents and Waste</b> .....▶▶ We comply with international and national standards in effluents and waste management. These include actions to minimise waste in the production process.  <b>GRI 303-4 (2018) Water and Effluents</b> <b>GRI 306-2 Effluents and Waste</b>	  	•					•	•
	<b>Packaging</b> .....▶▶ We use innovative packaging to meet consumers' demand and seek out innovative processes to reduce post-consumption waste.		•	•	•	•		•	•
	<b>Energy and Climate Change</b> .....▶▶ We curb our contribution to climate change by managing our Greenhouse Gas (GHG) emission from our production processes and transport. This includes creating greater energy efficiencies in our operations and using as much renewable energy as possible.  <b>GRI 302-1, 302-3 Energy</b> <b>GRI 305-1, 305-2, 305-4 Emissions</b>	 	•					•	•

OUR SUSTAINABILITY APPROACH

CIRCULAR ECONOMY

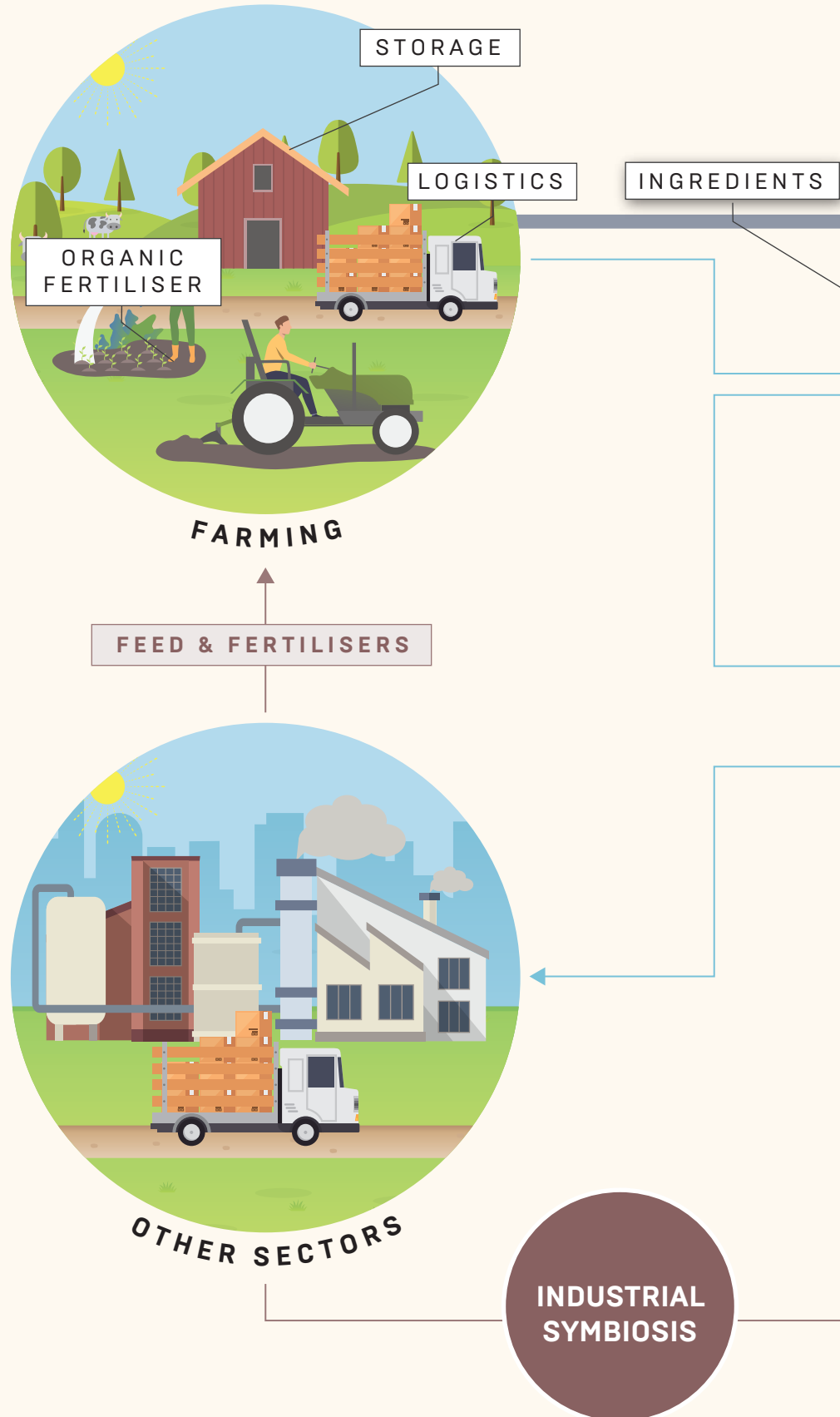
F&NHB is committed to contributing to a more Circular Economy by preserving the value of resources for as long as possible, and applying circular economy principles of:

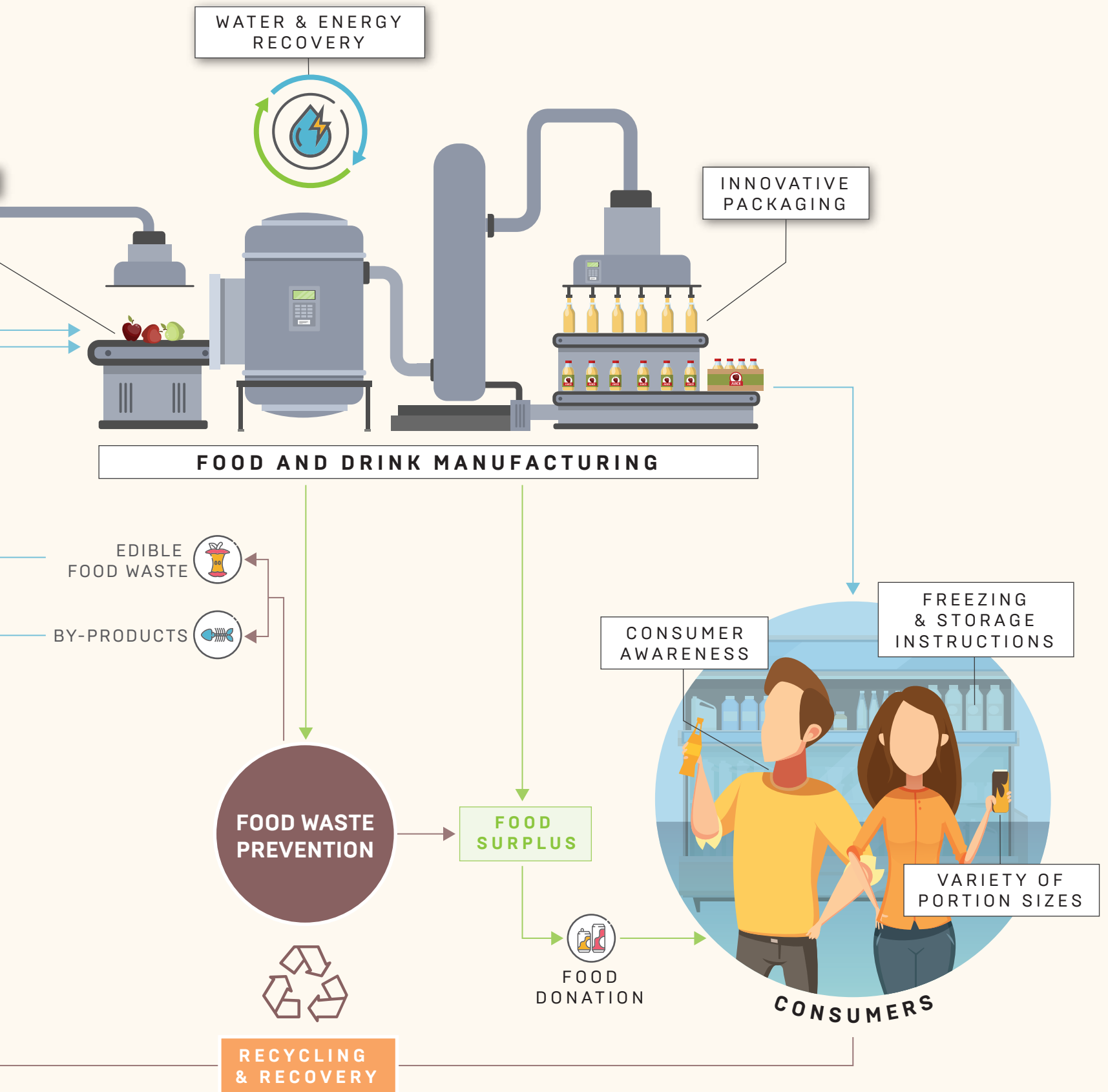
- 01 prioritising renewable inputs
- 02 keeping products and materials in use
- 03 recovering by-products and waste.

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

- **Innovation:** we creatively design new solutions for products and processes which contribute to resource efficiency and the prevention of waste;
- **Water Stewardship:** we manage water use and recover and reuse water where possible;
- **Effluents and Waste:** we minimise waste (in production and post-consumption), and generate new products with liquid and solid waste;
- **Packaging:** we reduce materials needed, and aim to ensure that packaging can be recycled, reused or composted;
- **Energy and Climate Change:** we reduce our energy needs, use renewables and recover energy from our operations;
- **Sustainable Sourcing:** we favour suppliers whose environmental practices adhere to circular economy principles; and
- **Creating Value for Society:** we raise awareness, for example through our School Recycling Programme.

These links will be explored further in the chapters which follow.





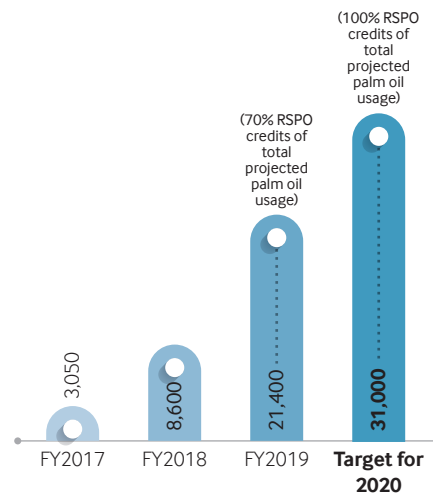
# Summary Of Our Group Targets and Progress

As part of F&N's commitment to sustainability, we have established 10 key performance targets for the entire F&N Group including Singapore, Malaysia and Thailand, based on the high priority material issues identified. While some of our targets are work-in-progress, we remain committed to achieve these medium-term performance sustainability goals by 2020.

## SUSTAINABLE SOURCING

To purchase 100% Roundtable on Sustainable Palm Oil (RSPO) credits for palm oil usage by 2020

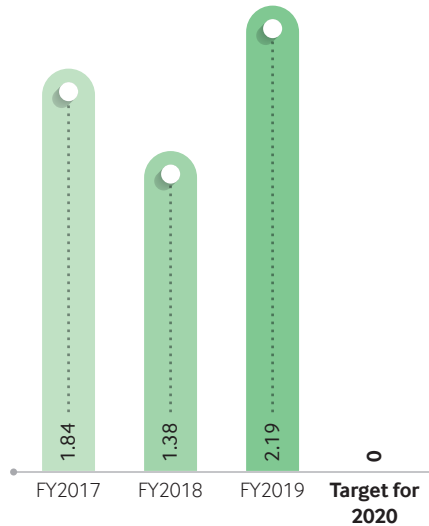
TOTAL RSPO CREDITS PURCHASED BY GROUP



## OCCUPATIONAL HEALTH AND SAFETY

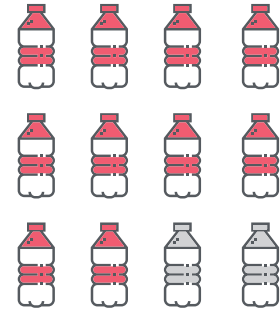
To have Zero Lost Time Injury Frequency Rate by 2020

GROUP LOST TIME INJURY FREQUENCY RATE



## CONSUMER HEALTH AND SAFETY

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

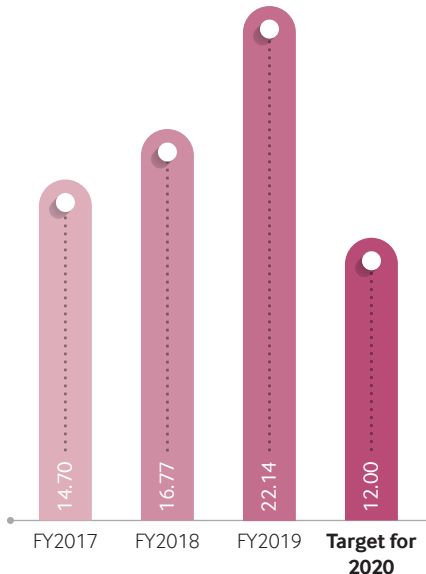


Currently, **10** out of **12** product categories have at least **1** healthier choice

## TALENT MANAGEMENT

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

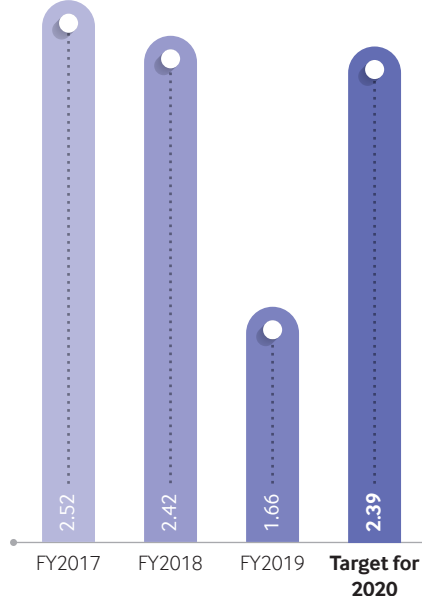
GROUP AVERAGE TRAINING HOURS PER EMPLOYEE



## EFFLUENTS AND WASTE

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

SOLID WASTE RATIO (KG/MT)

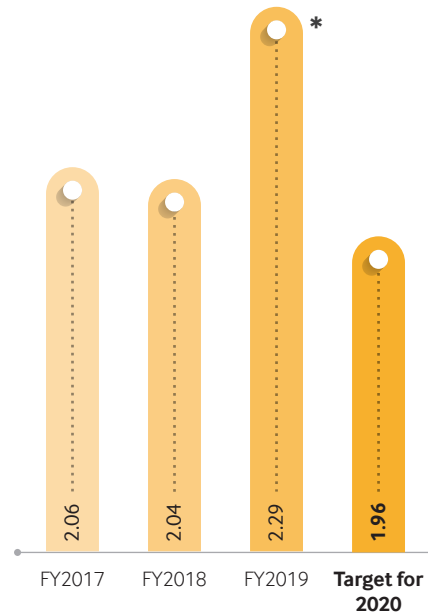


Sustainability In F&N

WATER STEWARDSHIP

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

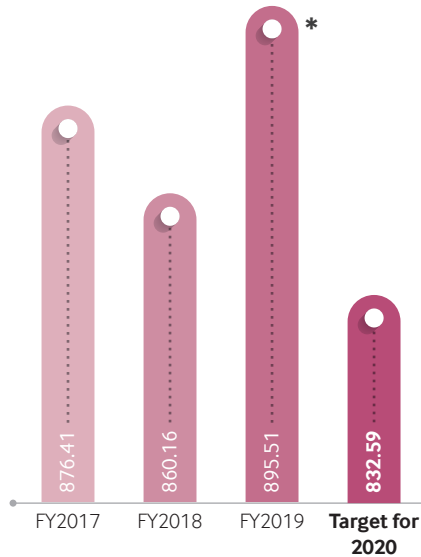
GROUP WATER RATIO (m<sup>3</sup>/MT)



ENERGY AND CLIMATE CHANGE

To reduce energy intensity by 5% from 2017 by 2020

GROUP ENERGY INTENSITY RATIO (MJ/MT)



To reduce GHG emission intensity by 5% from 2017 by 2020

GROUP GHG EMISSION INTENSITY RATIO (MTCO<sub>2e</sub>/MT)



**Note\*:** The Group Water Intensity Ratio, Energy Intensity Ratio and GHG Emission Intensity Ratio are higher in FY2019, due to the two additional production lines at Shah Alam plant. These two lines have much higher consumption ratio of water and energy and GHG emission than other lines.

INNOVATION

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

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

Read more in pages 036-041.

CREATING VALUE FOR SOCIETY

To provide outreach and engagement programmes across Singapore, Malaysia and Thailand by exploring and implementing appropriate outreach programmes to address community needs

We have continued several outreach programmes across Malaysia and Thailand to strengthen vulnerable groups, promote environmental consciousness, spread festive cheer, and promote sports and active lifestyles.

Read more in pages 053-065.



#### MATERIAL ISSUES:

- Economic Performance
- Innovation
- Talent Management
- Market Presence
- Creating Value for Society

#### CONTRIBUTING TO SDGs:



# Delivering Value THROUGH INNOVATION, HUMAN CAPITAL DEVELOPMENT & SOCIAL COLLABORATION

We are committed to creating sustainable value for our consumers, customers, shareholders, employees and the local communities in which we operate. We seek to maintain our leadership position in the dairy and beverages market and continue to reward our valued shareholders with strong long-term returns. We are empowering our employees by encouraging a culture of collaboration and innovation. We are also dedicated to enhancing social well-being through our long-standing community outreach programmes and by developing products and initiatives that promote good health and nutrition.





## DRIVING ECONOMIC VALUE



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

This section presents an overview of our economic performance, which provides us with a firm foundation to continue delivering the products which our customers love. In the 'Innovation' section, we share highlights of Research and Development (R&D) efforts to improve existing products and processes as well as introducing new products and packaging. Each year, we become increasingly aware of how we can innovate to maximise positive environmental and social impacts – and minimise negative impacts – of our products and processes. In this section, we also highlight the initiatives we implement to achieve this.

Delivering Value

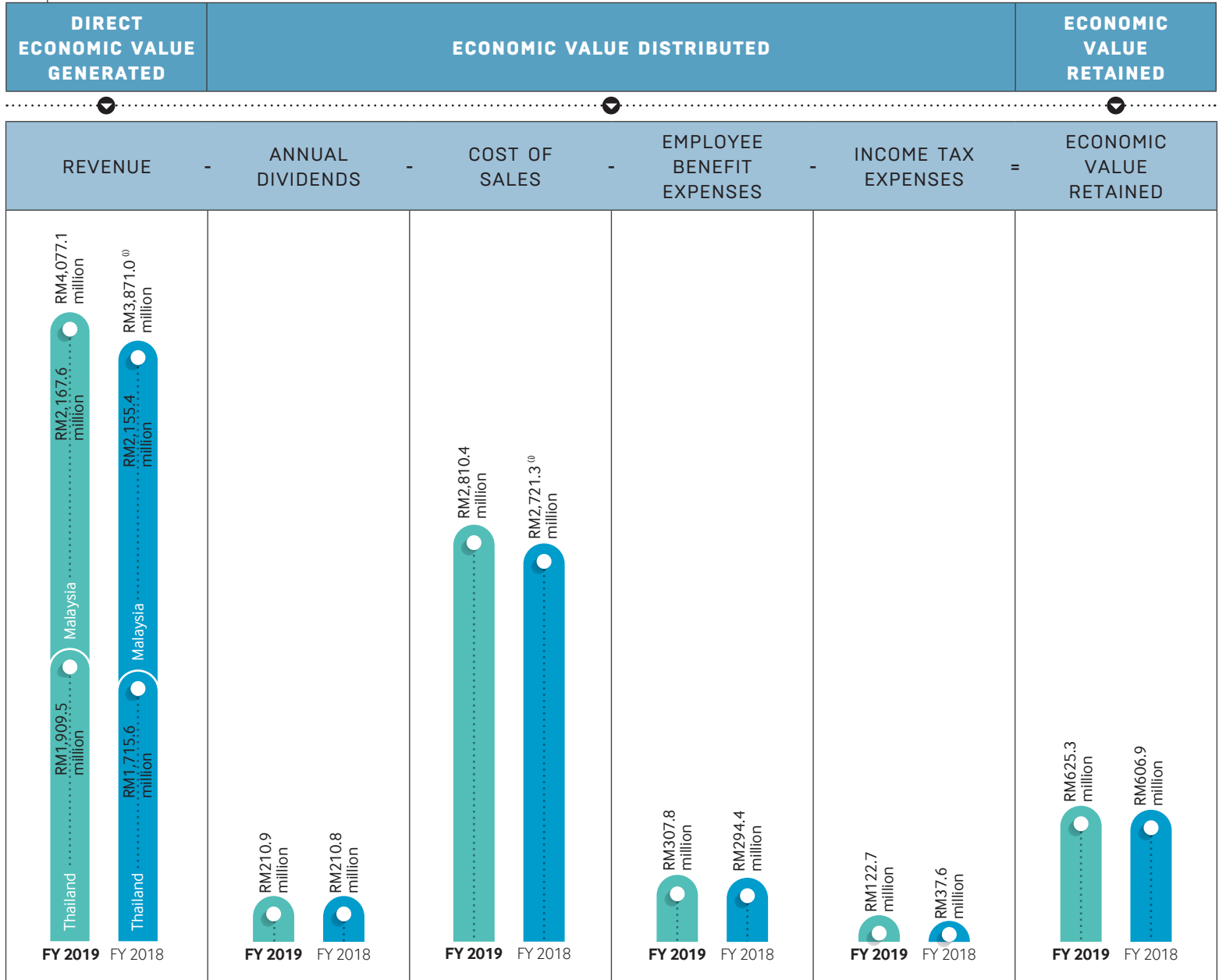
ECONOMIC PERFORMANCE

GRI 201-1

F&NHB generates economic wealth in a number of ways. Full information is included in our audited financial statements, as part of our 2019 Annual Report, but a summary is provided below. Please refer to the Value Creation Model for more details in pages 016-017.

ECONOMIC PERFORMANCE

GRI 201-1



Notes:

- (i) Restated for adjustments pursuant to the adoption of MFRS 15, *Revenue from Contracts with Customers*.
- (ii) Employee benefit expenses comprise wages, salaries, contributions to state plans, expenses related to defined benefit plans, share-based payment expense, one-off restructuring costs and other staff costs.
- (iii) Economic value retained is calculated by direct economic value generated (revenue) – economic value distributed (annual dividends, cost of sales, employee benefit expenses and income tax expenses). Community investments are not included.

Read more about our financial performance in our Annual Report 2019.


DRIVING ECONOMIC VALUE

INNOVATION

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

**Progress in 2019:** We have invested in product and process innovation to increase our product range, and improve efficiency and productivity through:

- ▶ Eleven new products introduced in FY2019, offering more options in different product categories, healthier options and convenience through differentiation in packaging
- ▶ Employee-driven innovation projects, delivering cost savings or cost avoidance of approximately RM2.41 million per annum
- ▶ Innovative technologies to reduce post-consumption waste and automate processes to enhance efficiency



Innovation is central to maintaining F&NHB's competitive edge. We continuously innovate to deliver value through new and unique product offerings to meet consumers' evolving needs, for example towards more beverage choices, flexibility and affordability. Through innovation, we also improve the operational efficiency of our manufacturing processes and better manage our impacts on the environment, further guided by the circular economy principles.

OUR INNOVATION FRAMEWORK

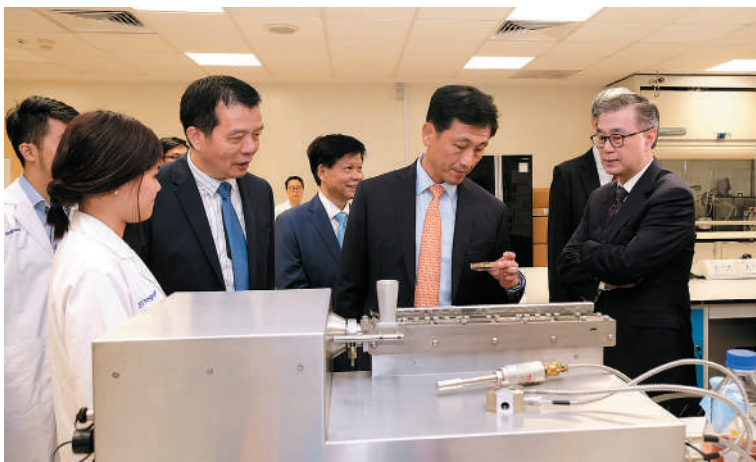
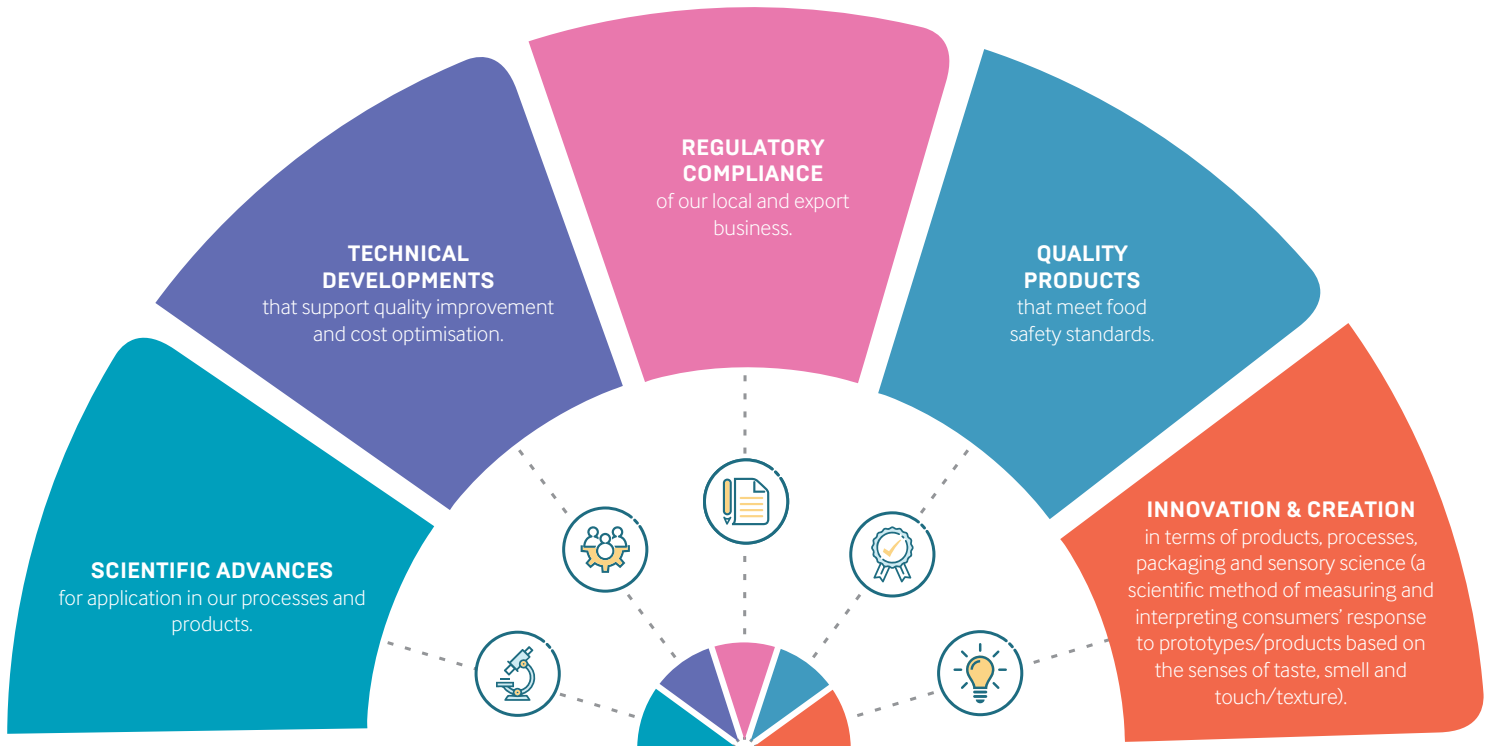


**Delivering Value**

**OUR RESEARCH & DEVELOPMENT APPROACH**

Our Research & Development (R&D) Unit in Singapore is supported by teams in Malaysia and Thailand. The unit leads efforts for continuous improvements to our product formulas according to changes in consumer preferences and the regulatory environment, while searching for ways to improve products' functional benefits and shelf-life.

The goals of R&D at F&NHB are guided by the following principles:



The F&N-NTU F&B Innovation Lab is helmed by Professor William Chen, Director of NTU Science and Technology Programme (third from left), Mr. Ong Ye Kung, Singapore's Minister for Education (third from right) and Mr. Koh Poh Tiong, Adviser of Fraser and Neave Limited, Chairman to the Board Executive Committee.

In 2019, the F&N-NTU F&B Innovation Lab was established in Singapore to foster research that will result in better food products, greener packaging and the conversion of spent produce from food processing into valuable resources. In line with F&N's commitment to deliver sustainable business practices, this collaboration with Nanyang Technological University (NTU) will see the furthering of our green efforts, as well as catering to the health and nutritional needs of our consumers.

## DRIVING ECONOMIC VALUE

## CONSUMER-FOCUSED INNOVATION

At F&NHB, we strive to deliver our 'Pure Enjoyment, Pure Goodness' promise to our consumers by offering: more options in different product categories; healthier options without compromising on taste; and convenience through differentiation in packaging to cater to customers' evolving needs.

We draw upon local knowledge to develop products which our consumers love. We launched 11 new products during FY2019, with each one underwent comprehensive tests before they reached the shelves to ensure that they are safe for our consumers and of the desired quality.

## NEW PRODUCTS IN FY2019

## MALAYSIA



1. F&N Lychee Pear
2. F&N SEASONS Apple Pomegranate Tea
3. F&N SEASONS Watermelon Lychee Tea
4. F&N SEASONS Pu-erh Chrysanthemum Tea  
– No added sugar
5. OYOSHI Sakura Strawberry Green Tea
6. F&N Sweetened Condensed Milk Squeeze Tube  
– Full cream, Chocolate, Strawberry
7. F&N Sweetened Condensed Milk Stix  
– Full cream, Chocolate, Strawberry
8. Carnation Sweetened & Condensed Creamer

## THAILAND



1. F&N Magnolia Lactose Free Milk Product  
– Peppermint Brownie, Plain, Vanilla White Choc
2. TEAPOT Sweetened Creamer Squeeze Tube  
– Caramel
3. F&N Magnolia Gingko Plus Salted Caramel Milk

**Delivering Value**

**Healthier Options**

We invest heavily in the development of healthier products and in extending product options to meet the expectations of different types of consumers. Over the past 15 years, we have made significant efforts to reduce the sugar content across our range of beverages: in 2004, our beverages contained on average 9.5g of sugar per 100ml, and this has fallen by over 41% to 5.2g per 100ml in 2019.

This year, we carried out a reformulation exercise on our beverage portfolio, to accelerate our mission towards improving the health and well-being of Malaysians. Today, about 90% of our RTD beverages sold are healthier options (below the sweetened beverages excise duty threshold). More importantly, consumer responses to our reformulated products have been very positive.

More information on our healthier options, including details of products with the 'Healthier Choice Logo', can be found in the 'Consumer Health & Safety' chapter.

**Increased Convenience**

We offer differentiated product packaging to cater to the different needs of consumers. This year, due to demand for greater convenience and flexibility, we launched the F&N Sweetened Condensed Milk Squeeze Tube and single serve 'Stix'. Besides being portable and easily stored, these options provided more control over portion sizes, hence contributing to consumer health and safety.

We are conscious of our responsibility to manage the environmental impacts associated with our product packaging. We utilised innovative processes to reduce the Polyethylene Terephthalate (PET) resin used in packaging of key products (as detailed on pages 040 and 076), and continuously explore solutions in reducing our post-consumption waste (as detailed on page 059).

**PROCESS INNOVATION**

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

**FUTURE READY INVESTMENTS**

This year, we have invested approximately RM150 million in capital expenditure to elevate our product innovations and drive cost competitiveness. Process innovation projects implemented are described in our Annual Report 2019, and include:



200 bpm drinking water line and warehouse at Kota Kinabalu Industrial Park (KKIP), Sabah, Malaysia



New product development transformation programme, including reformulating products with lower sugar and new product packaging



Sophisticated Automated Storage Retrieval System (ASRS) for our new warehouse at Shah Alam plant, Malaysia



Solar roofing to generate renewable energy at Rojana Plant, Thailand



## DRIVING ECONOMIC VALUE

### Healthier and Better Products

The Aseptic Cold-Filling PET line at the Shah Alam plant has been producing 100PLUS ACTIVE, F&N SEASONS, and OYOSHI since March 2018. Employing state-of-the-art technology, the new line allows the use of lightweight containers, thereby reducing the use of PET resin packaging materials by 208 metric tonnes in FY2019. The line is also able to maintain a sterile environment within the aseptic chambers for a much longer duration, meaning less production downtime. This also allows us to bottle our products with no additional thermal stress and no added preservatives. This has accelerated our expansion into more product offerings, such as the three new healthier variants of new F&N SEASONS – Watermelon Lychee Tea, Apple Pomegranate Tea and Pu-erh Chrysanthemum Tea.

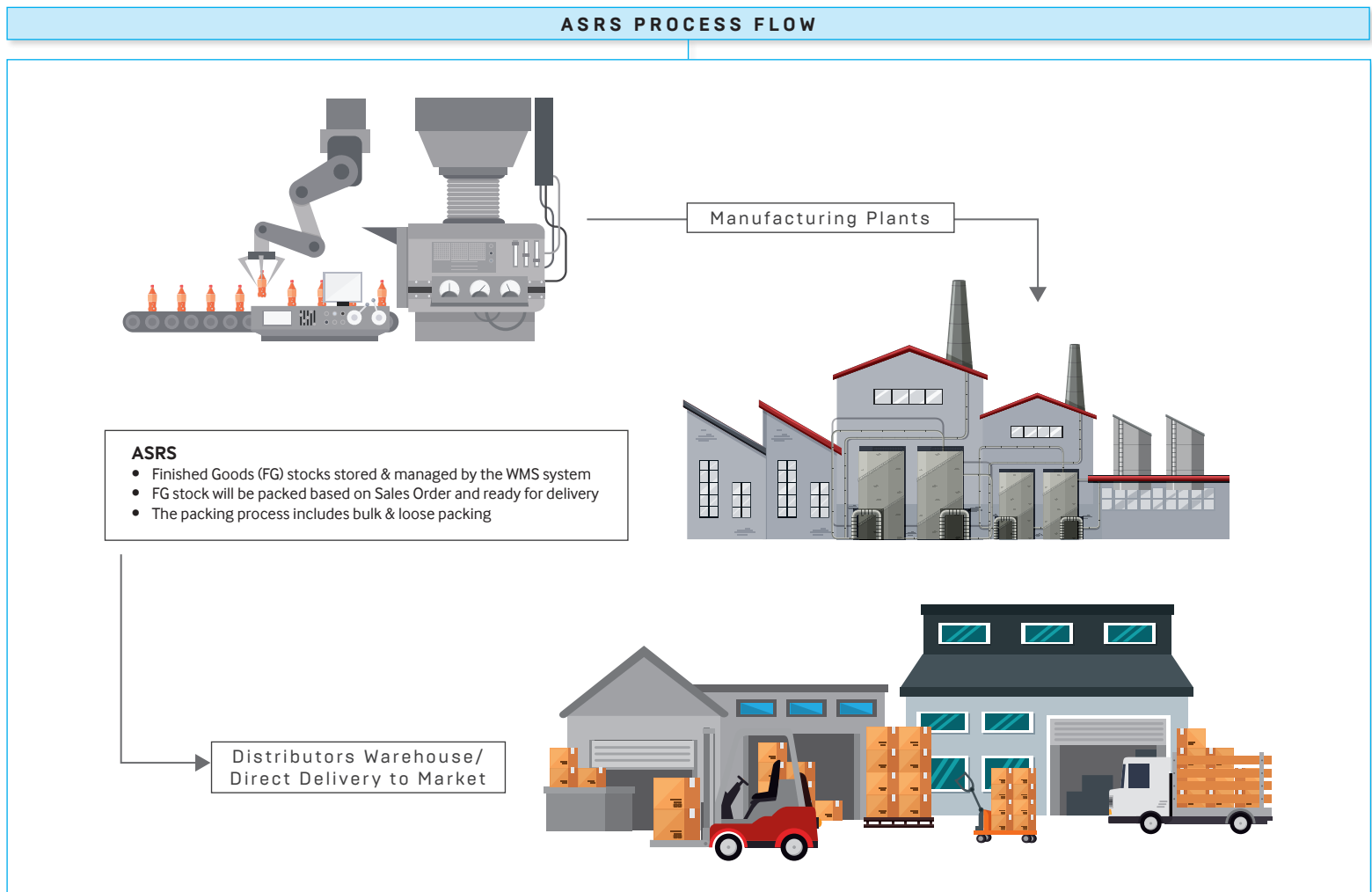
### Optimising Operational Efficiency of Our New Warehouse

To further optimise operational efficiency, we have invested RM78 million in an Automated Storage Retrieval System (ASRS) at our new integrated warehouse at Shah Alam plant, which will commence operation in Quarter 2 of FY2021.

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

- More accurate stock management
- The elimination of product damage caused by mishandling
- In-sourcing of break bulk activities
- A reduction in the amount of time workers need to be at the warehouse
- An improvement in warehouse safety

ASRS will also be implemented in the new Distribution Center at Rojana.



## Delivering Value

### EMPLOYEE-DRIVEN INNOVATION

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

#### Quality Excellence

Our Quality Excellence team at Rojana Plant initiated a project to improve the efficiency of product releasing scheme of sweetened condensed milk, by shortening the period of microbiology tests from seven days to one day. The shorter timeframe allows our products to be released to the market faster and enables consumers to enjoy the freshly produced sweetened condensed milk. This project will help to achieve annual cost savings of 6.5 million baht, through optimisation of finished goods inventory with lower operations cost, reduction of analysis cost and reduction of water usage in laboratory.

#### Lean Production Management

We recognise that lean management is important in our production. Our employees at Rojana Plant initiated a project to increase production line productivity of Sweetened Beverage Creamer (2kg) through effective packaging materials, storage and transportation. The team reviewed the entire process of transportation mechanism of foil from storage room to filling room and implemented an improved design of process flow, including designing and building a storage room near to the filling room to reduce the distance of forklifts, reducing the lead time of changing foil roll to reduce downtime, and installing a roller conveyor machine to reduce workload. This project will help to achieve annual cost savings of 13 million baht, and at the same time reduce the risk of accidents caused by forklifts.

#### Digital Efficiency

We are continuously seeking opportunities to enhance our processes using the latest digital technologies. In Malaysia, we implemented an Enterprise Workflow project which digitised, simplified and integrated the processes of our sales team with the IT application - JOGET. Through this web-based system, sales colleagues can now perform sales transactions anywhere and anytime.

As a result, processing time of sales equipment requests has reduced from an average of fourteen days to only one day (effectively cutting ten hours of administrative work per month for our sales team). Paper usage has also reduced by 70%.

#### Continuous Improvement Project

This year, our employees at F&N Dairies Thailand initiated a Gemba Kaizen project at our plant in Rojana that encouraged continuous improvement in process enhancement and cost reduction. Through this project, the team reviewed the mechanism of display boxes at the packing line and incorporated the Karakuzi Kaizen mechanism (leveraging on gravitational energy). This initiative successfully reduced the frequency of machine jams by almost 90% and recognised by Technology Promotion Association (Thailand-Japan) 2019 in the Thailand Kaizen Award 2019 with a gold medal.

### Excel as One Convention (EAO)

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

This year's convention was held in August 2019 with the theme of 'Continuous Improvement & Innovation Excellence'. Teams successfully identified solutions which resulted in cost savings or cost avoidance of 18.44 million baht (approximately RM2.41 million) per year.

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

F&NHB is determined to maintain an excellent performance and continual development towards being the best in Innovation in the F&B Industry towards achieving our Vision 2020.



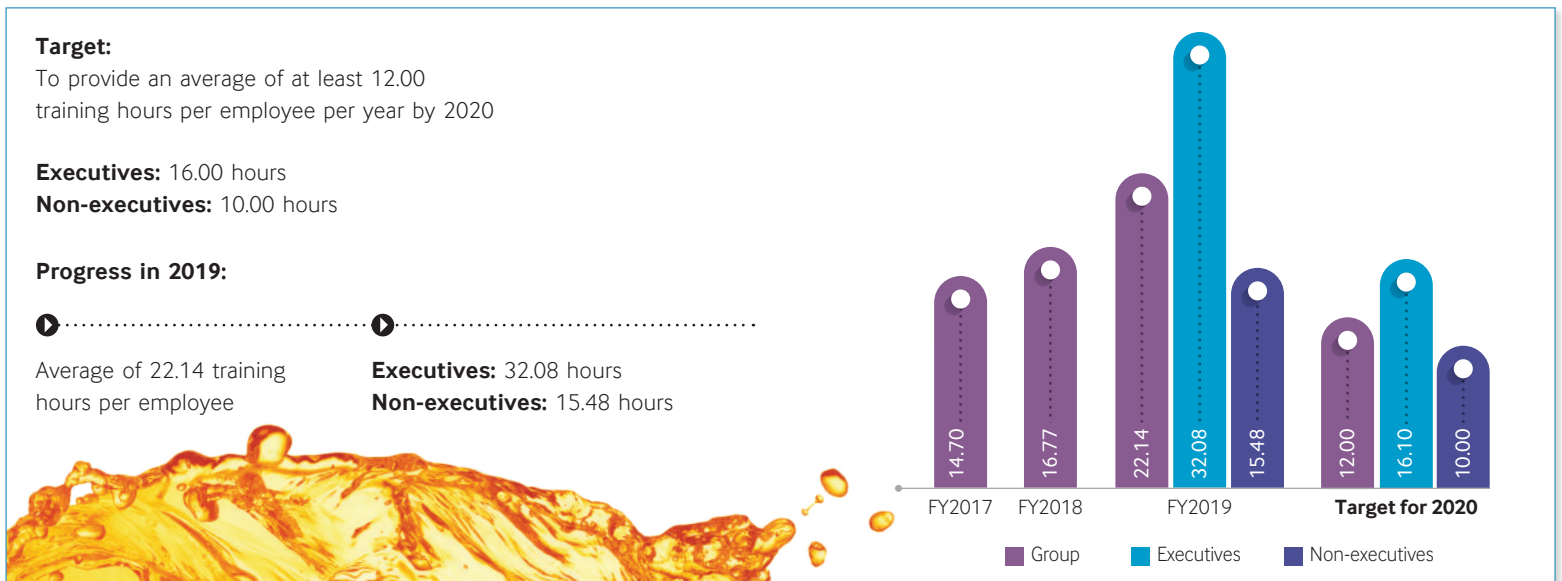
## EMPOWERING OUR PEOPLE



Our people differentiate F&NHB from peers and are central to determining how well we perform. We strive to create a stimulating work environment, where talent is nurtured and rewarded, and employees are engaged, challenged and empowered to perform to their highest potential. We constantly look to hire and retain talent who will enable us to maintain our competitive edge. F&NHB contributes to the United Nations Sustainable Development Goal 8 target to achieve full and productive employment and decent work for all.

### TALENT MANAGEMENT

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



**Delivering Value**

**OUR APPROACH**

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

F&NHB strives to offer equal opportunities for all people, regardless of race, gender, religion and any other factor unrelated to employment requirement. We comply strictly with prevailing legislation on employment rights in our countries of operation, which includes no hiring of minors.

The cultural and age make-up of our workforce in Malaysia and Thailand is representative of the national composition. In terms of gender, while the number of female employees stands at 32% of total employees, our positive approach to gender equity can be seen by women representing 44% of total managerial positions.

As of 30 September 2019, F&NHB has

**2,600**

employees, all of whom work full-time and



**98%**

of whom are on a permanent full-time contract.

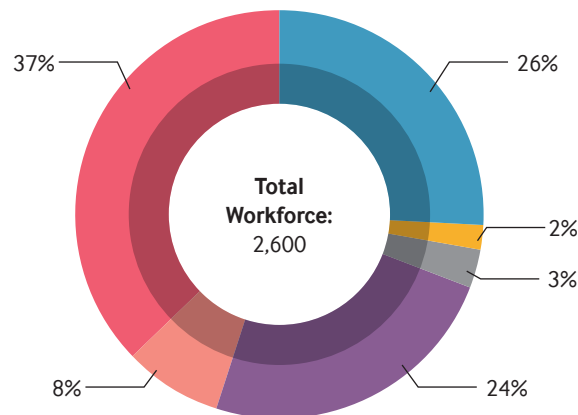


**47%**

of employees have been with F&NHB for over ten years and in the past year, our employee turnover rate was

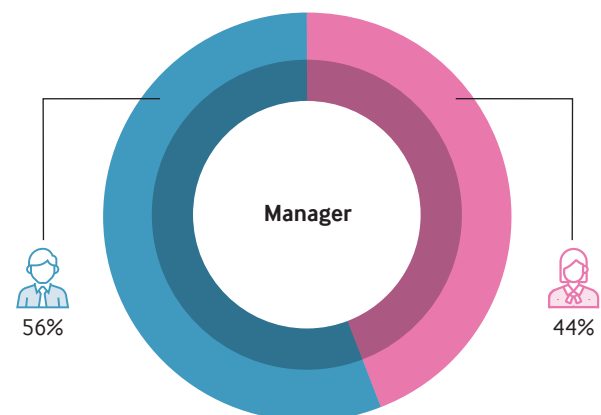
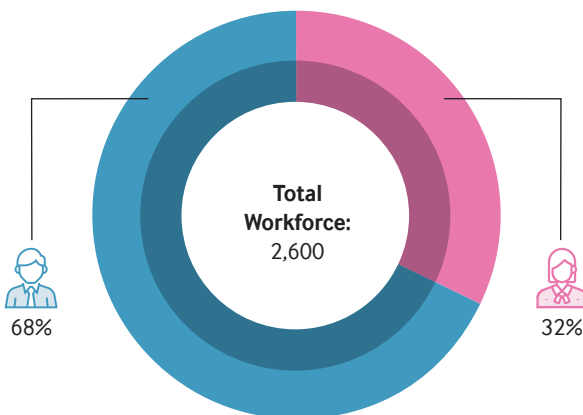
**9%**

**ETHNICITY**



■ Malay ■ Chinese ■ Indian ■ Indigenous Ethnic ■ Thai ■ Others

**GENDER**



EMPOWERING OUR PEOPLE



**GRADUATES' CHOICE AWARD 2019**

F&NHB was nominated as the first runner-up for the Fast Moving Consumer Goods category in the Graduates' Choice Award 2019. This Award recognises organisations which have demonstrated 'Exceptional Employer Branding' through excellence and distinction in graduate recruitment throughout Malaysia.



**ASIA'S BEST EMPLOYER BRAND AWARD 2019**

This year, F&NHB was also awarded the Asia's Best Employer Brand Award. We received recognition for translating and combining vision with action for our Human Capital Strategy, cultivating competencies to build the organisation to be future-ready and putting continuous focus on Employee Engagement.



**MALAYSIA BEST EMPLOYER BRAND AWARDS 2019**

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

**HUMAN CAPITAL ROADMAP AND STRATEGY**

F&NHB has a strategic plan to establish ourselves as a preferred employer, and this is guided by our Human Capital Roadmap to 2020, and specifically our seven 'Modules for Strategic Human Capital Transformation', each explained in more detail below.

**FIVE-YEAR HUMAN CAPITAL ROADMAP**

**2014-2015**

Building foundation for growth

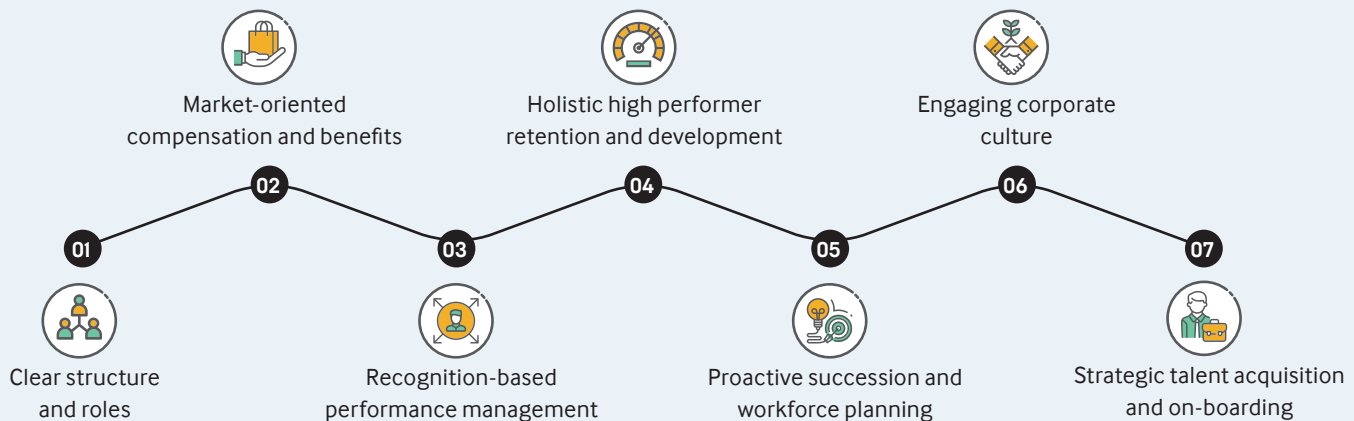
**2016-2017**

Strengthening the organisation & institutionalise engaging culture

**2018-2020**

Fully enabling Vision 2020

**7 MODULES FOR STRATEGIC HUMAN CAPITAL TRANSFORMATION**



**Delivering Value**

**1. Clear Structure and Roles**

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



**2. Market-oriented Compensation and Benefits**

We pay our employee wages competitively and carry out regular reviews to ensure that our remuneration packages remain in line with peers', and in harmony with other Group companies. Benefits provided to all full-time employees include life insurance, health care, disability and invalidity coverage, parental leave, retirement provision, and stock ownership options.

F&NHB's human resources policies go beyond standard labour regulations and statutory requirements in Malaysia and Thailand. F&NHB's Management engages actively with union leaders at our seven formal employee-unions for balanced collective agreements. F&NHB does not restrict freedom of association.

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

STANDARD BENEFITS OFFERED TO FULL-TIME EMPLOYEES	
Life Insurance	By job grade
Health Care	By job age, staff category and/or job grade
Disability and Invalidity Coverage	By job grade
Parental Leave	All eligible employees under the law
Retirement Provision	For certain categories of employees
Stock Ownership	By job grade-F&NHB Shares
Others	1. Enhanced Provident Fund 2. Long Service Award

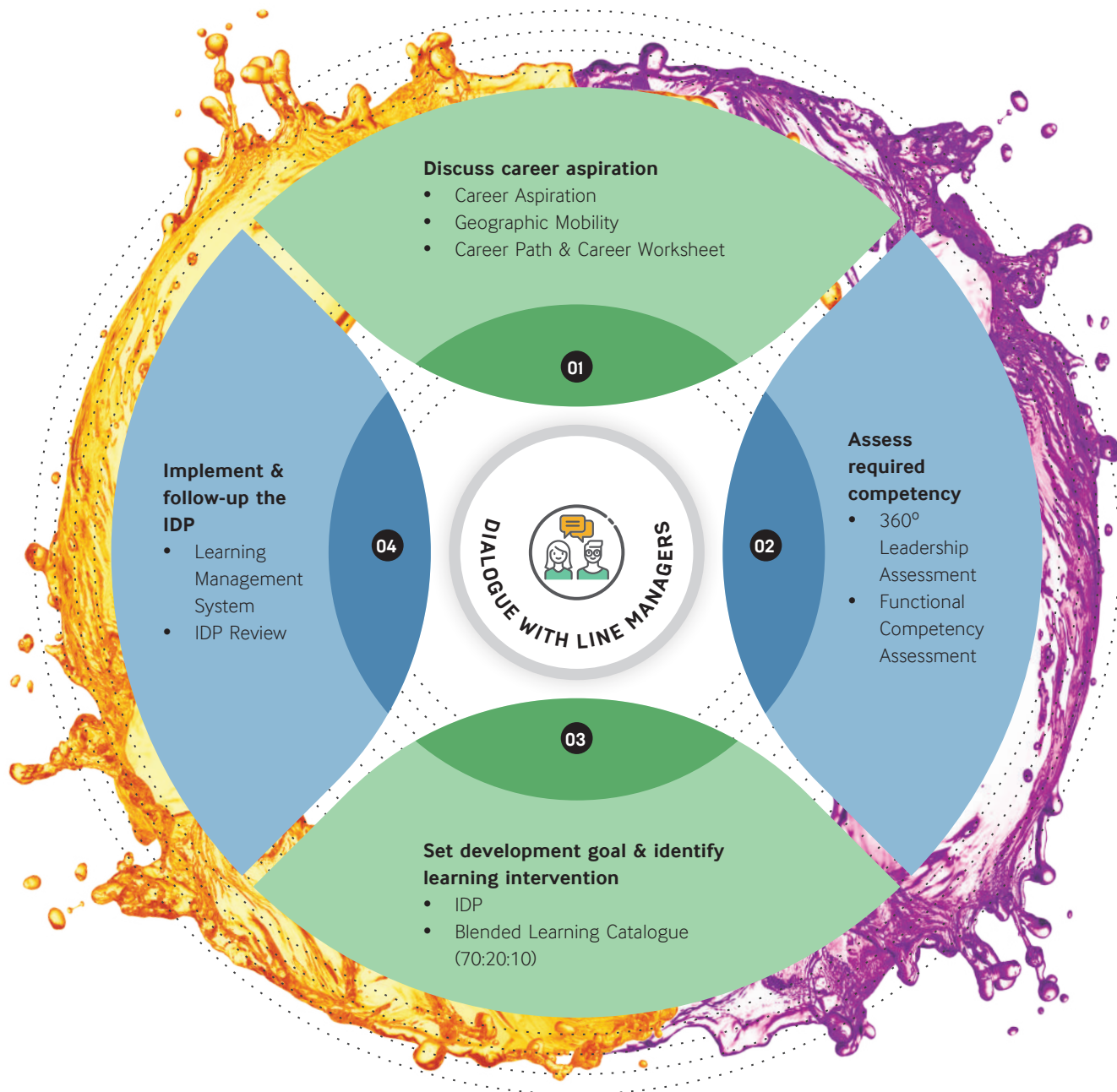
**GRI 401-2:** Benefits provided to full-time employees that are not provided to temporary or part-time employees

## EMPOWERING OUR PEOPLE

### 3. Recognition-based Performance Management

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

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



**Delivering Value**

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

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



**20%**

Learning from others and developing relationships (e.g. coaching and mentoring)



**10%**

Formal training courses or e-learning



**70%**

On-the job training and assignments

During the year, 1,059 employees attended a series of informal knowledge-sharing sessions (more than 1,972 hours) covering a wide range of topics, including: First Aid Awareness & Cardiopulmonary Resuscitation; Corporate Compliance & Tax; and Online Cyber Security Training. These sessions provide great opportunities to learn about a range of technical and non-technical issues and strengthen relationships between colleagues throughout the company.

Our key training programmes focused on developing management and leadership skills, to groom high-potential employees and emplace them for succession. Some key development programmes include:

PROGRAMME	FOCUS	EMPLOYEES TARGETED
7 Habits of Highly Effective People	Self-management & interpersonal skills	Top, middle, junior management & employees
ASEAN Management Development Programme	Leadership and management skills	Top management
Management Development Programme	Leadership and management skills	Top & middle management
Future Leaders Development Programme	Leadership and management skills	Junior management
Coaching Skills	Leadership through effective coaching	Top & middle management
Business Acumen	Driving for business performance	Top, middle, junior management & employees
Education Assistance Programme	For various technical and professional certification	Non-unionised employees
Functional and Technical Training	Functional and technical skills	Manufacturing

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

**5. Proactive Succession and Workforce Planning**

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

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

## EMPOWERING OUR PEOPLE

## 6. Engaging Corporate Culture

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



Senior management interact with employees through various channels such as town hall meetings and briefings, CEO roadshow sessions, intranet updates and monthly employee email newsletters. Employees are encouraged to partake in sports and other physical activities through our in-house gym facilities, membership of internal sports clubs, and in employee badminton or golf tournaments. F&NHB involves employees in a wide range of activities to promote togetherness and collaboration, such as the 'Fit & Nature' plogging activity and community outreach to spread festive cheer.

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



### Caring for F&N Family

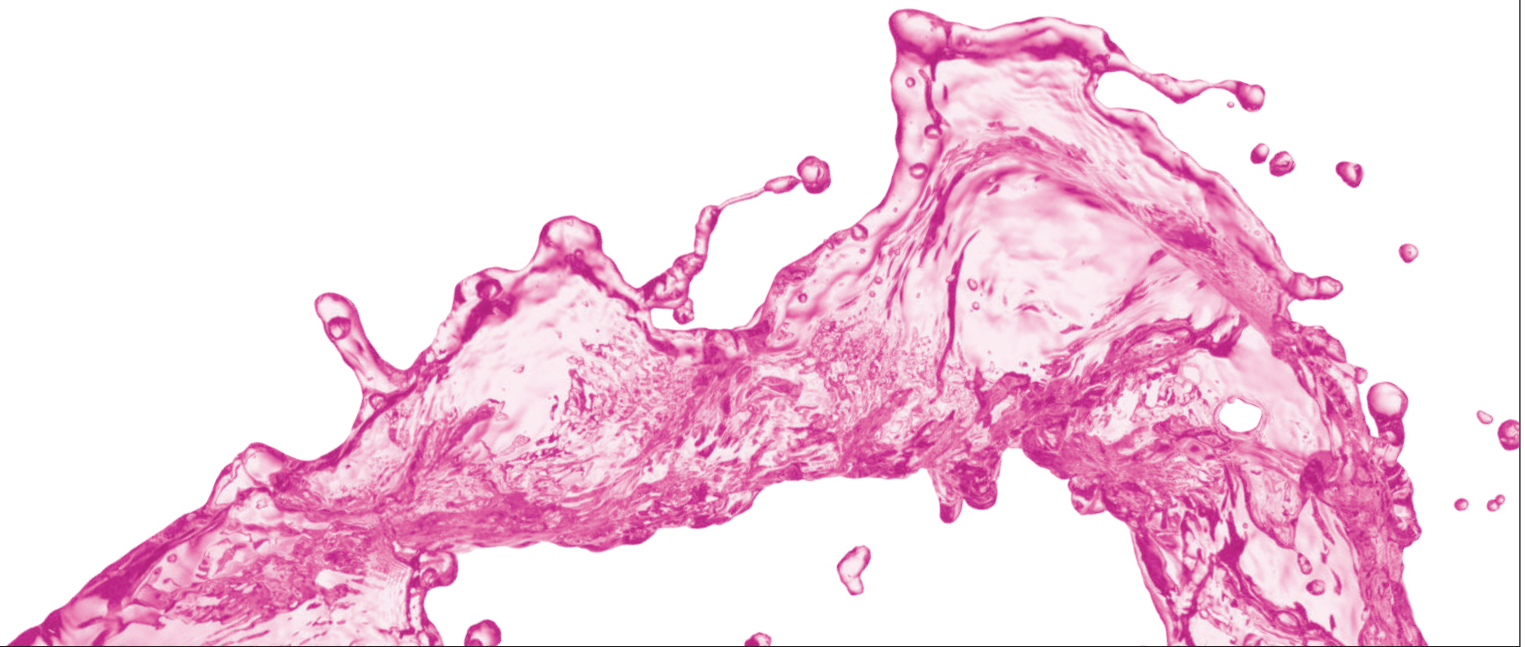
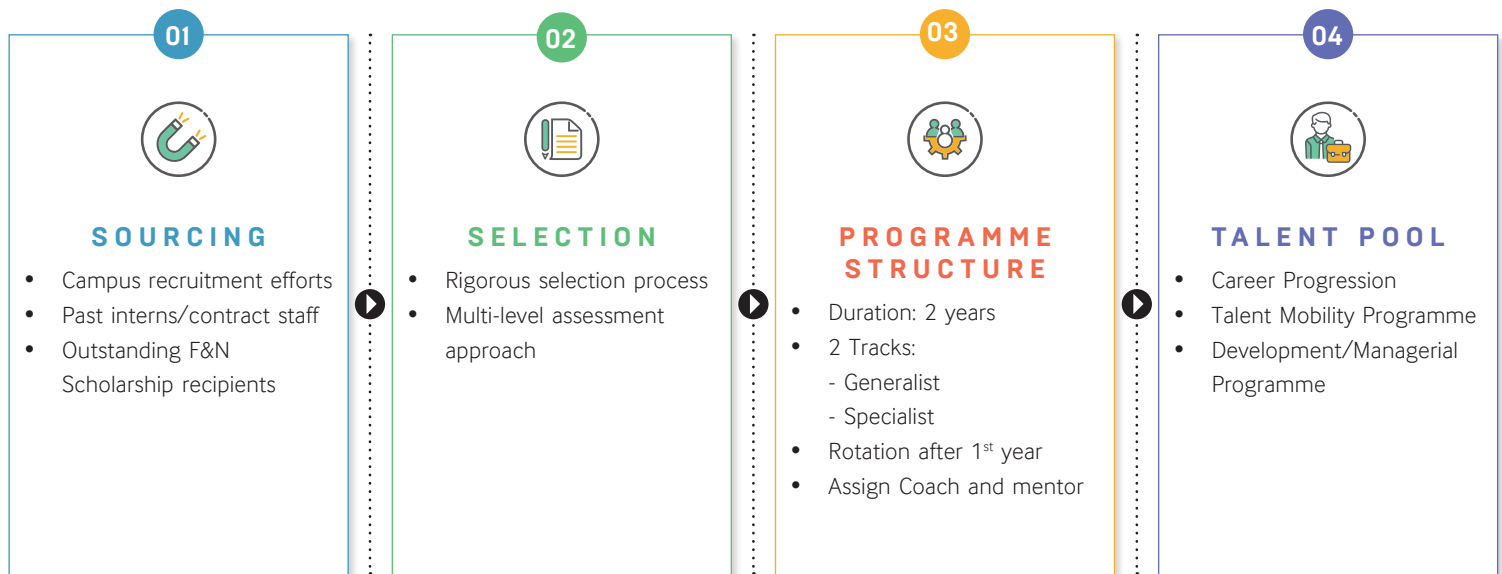
Since 2003, F&NHB has been presenting the Chairman's Award to academically high-achieving children of employees. The award is an employee appreciation initiative and provides motivation for their children to strive for excellence. A total of RM198,300 in cash was awarded to 106 recipients this financial year. To-date, F&NHB has disbursed RM4 million to over 2,000 children through the programme.

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

F&NHB strives to promote from within and maximise opportunities for our own talent. Where this is not possible, our human capital team ensures that we are able to recruit and external applicants with abilities which match the company's needs.

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

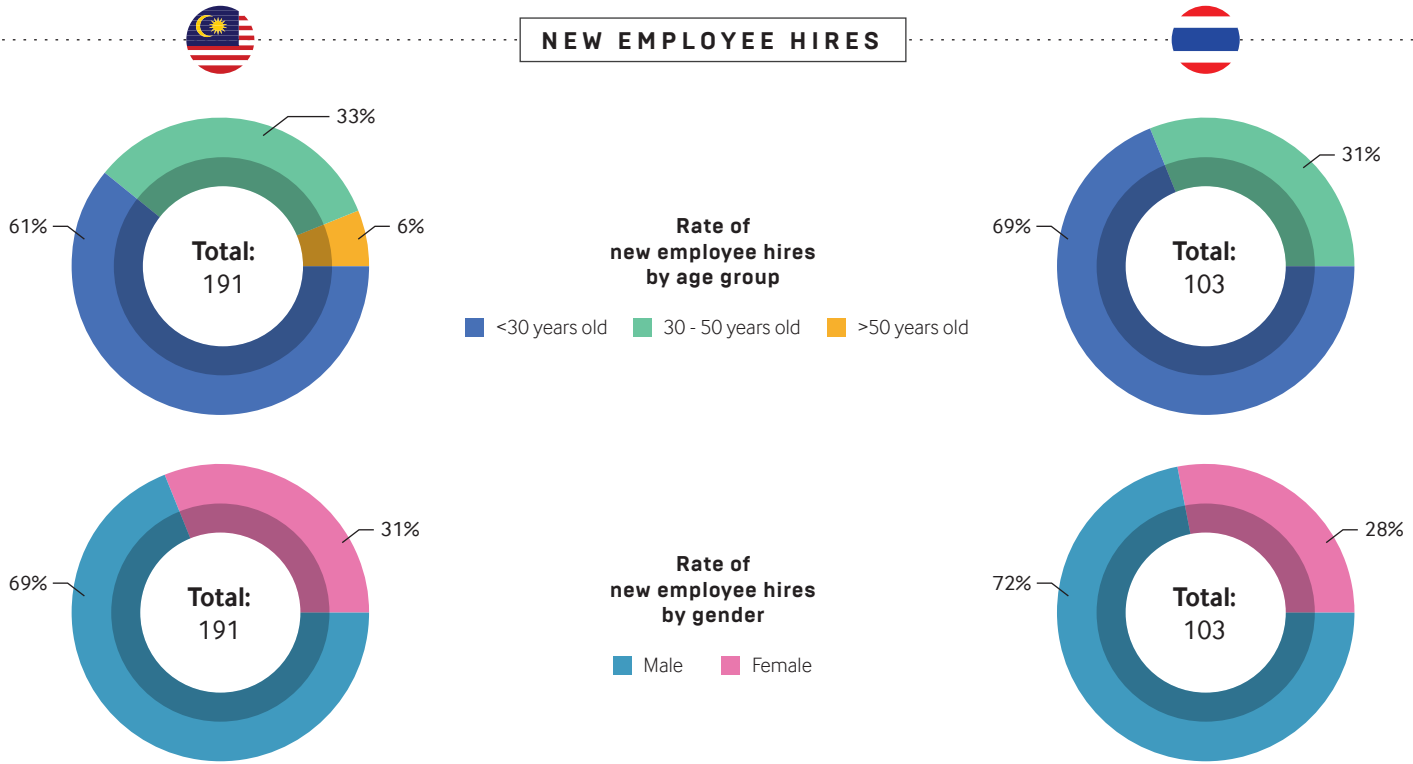
Our 'Future-ready Manager Programme' ensures that we replenish and grow our pool of future executives. We use a variety of assessment tools as part of a rigorous process to recruit the most suitable candidates. As soon as they join the team, the successful candidates begin a formal two-year programme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



EMPOWERING OUR PEOPLE

OUR PERFORMANCE HIGHLIGHTS

GRI 401-1: New Employee Hires and Employee Turnover

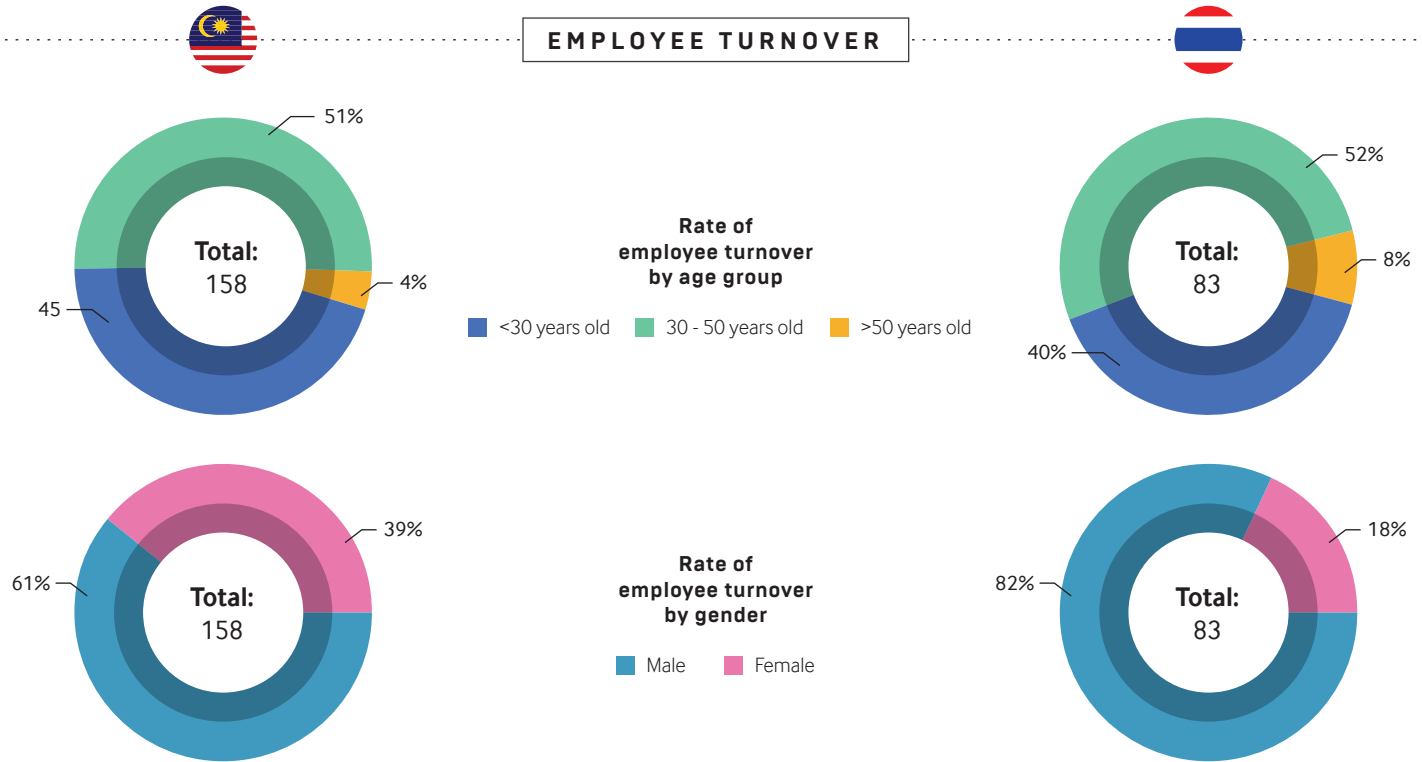


GRI 404-1: Average Hours of Training per Year per Employee



Delivering Value

EMPLOYEE TURNOVER



AVERAGE TRAINING HOURS BY EMPLOYEE CATEGORY



## EMPOWERING OUR PEOPLE

## MARKET PRESENCE

## GRI 202-2

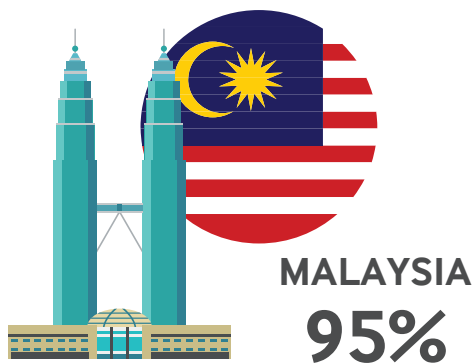
F&NHB's hiring practices are aligned with the interests of the local economies in which we operate, and we are determined to be the employer of choice and a role model for others. We are proud that 100% of our senior management in Thailand, and 95% of our senior management in Malaysia, are hired from the local community. This helps to keep the value created by F&NHB within the local economy and ensures that we understand the local markets.

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

All F&NHB employees adhere to F&NHB's Code of Business Ethics & Conduct, which includes principles related to integrity, respect and excellence. The Code is reviewed with new employees as part of their induction programme and the code is made available on intranet.

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

## LOCAL SENIOR MANAGEMENT



**GRI 202-2:** Proportion of Senior Management Hired from the Local Community

**Notes:**

1. Local employees are defined as people who are either born in or who have legal rights to reside permanently in our significant locations of operations (which are in Malaysia, Brunei, Thailand and Indochina).
2. Our significant locations of operations are Malaysia and Thailand.

## ENHANCING SOCIAL WELL-BEING



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

### CREATING VALUE FOR SOCIETY

#### GRI 413-1

**Target:**

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

**Progress in 2019:**

▶.....  
 We have continued several outreach programmes in FY2019 to strengthen vulnerable groups, promote environmental consciousness, spread festive cheer, and promote sports and active lifestyles.



ENHANCING SOCIAL WELL-BEING

OUR APPROACH

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

**Strengthening Vulnerable Groups**

Inequality of wealth and opportunity is a major global challenge. Our consumers and employees come from all segments of society, and inequality undermines the development and potential of both our business and our communities. To take leadership in tackling this issue, we have chosen to focus on strengthening vulnerable groups such as underprivileged children. Through investing in educational programmes including both technical skills and soft skills, F&NHB works towards promoting a more equal society, diversity and social inclusion where business and society together flourish.

**Promoting Environmental Consciousness**

While companies have a critical role to play in minimising our environmental footprint, sustainable development means a partnership, including behavioural changes at the individual level. Besides maintaining eco-efficiency in our operations (see pages 068-082), we have taken the task of promoting environmental consciousness in our communities as another priority.



**Spreading Festive Cheer**

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

**Promoting Sports & Active Lifestyles**

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

OUR PERFORMANCE HIGHLIGHTS

**GRI 413-1:** Operations with Local Community Engagement, Impact Assessments, and Development Programmes

**Percentage of operations with implemented local community engagement, impact assessment, and development programmes (%).**

- 100% of our operations refer to all our major operating sites in Malaysia and Thailand, which include the below major offices and plants:

**MALAYSIA (100%)**



**Central Region**

Corporate Office @ Kuala Lumpur    Dairy Plant @ Pulau Indah  
Beverage Plant @ Shah Alam    Water Plant @ Bentong

**Northern Region**

Regional Sales Office @ Penang

**Southern Region**

Regional Sales Office @ Johor Bahru

**East Coast Region**

Regional Sales Office @ Kuantan

**Sabah Region**

Kota Kinabalu Plant @ Sabah

**Sarawak Region**

Beverage Plant @ Kuching  
Water Plant @ Matang

**THAILAND (100%)**



**Bangkok Province**

Corporate Office @ Sathorn

**Ayutthaya Province**

Dairy Plant @ Rojana

**Nakhon Ratchashima Province**

Dairy Plant @ Pak Chong

## Delivering Value

The following table summarises our various community development projects:

THEME	ACTIVITY	TIMELINE	AREAS
 <b>Strengthening Vulnerable Groups</b>	F&N ICDL (International Computer Driving License) Annual Programme	2011 – ongoing	MY – Montfort Boys Town, Shah Alam and Melaka
	F&N E.L.I.T.E. (Empowering Lives through Education) Programme	2011 – ongoing	MY – Pangsapuri Enggang, Puchong, Selangor
	F&N Leadership Programme	2015 – ongoing	MY – Rumah Ilham, Selangor
	One Child One School Bag Programme	2018	MY – Various cities
 <b>Promoting Environmental Consciousness</b>	Annual F&N School Recycling Programmes	2006 – ongoing	MY – Peninsular Malaysia, Sarawak
	F&N Fit & Nature Programme	2019	MY – Kuala Terengganu, Shah Alam and Kota Kinabalu
	F&N Save Our Seas Programme	2012 – ongoing	MY – Redang Island, Terengganu
	Water Conservation Programme	2019	TH – Saraburi
 <b>Spreading Festive Cheer</b>	Chinese New Year Celebrations	2002 – ongoing	MY – Various cities
	Hari Raya Celebration	2002 – ongoing	MY – Selangor
	Deepavali Celebration	2002 – ongoing	MY – Selangor
 <b>Promoting Sports and Active Lifestyles</b>	Grassroots football	2011 – ongoing	MY
	Grassroots badminton	2003 – ongoing	MY
	Nurturing Golf Champions	2001 – ongoing	MY
	Active Lifestyle Events	1983 – ongoing	MY

Apart from the 4 key themes above, we also actively engage with local Thailand-based farmers in cooperatives who supply milk to us. Read more in Page 087 of this report.

ENHANCING SOCIAL WELL-BEING



Saraburi

**100%** operations with implemented local community engagement, impact assessment, and development programmes

**>140** underprivileged youths received technical and soft skills trainings this year

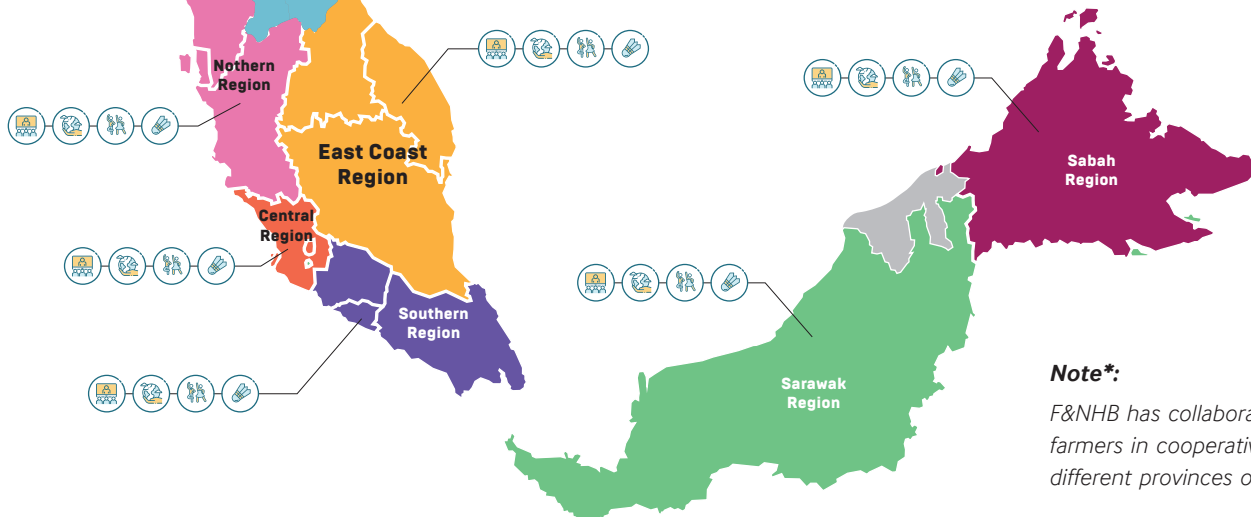
**85%** increase in recycling across 13 states in Malaysia,  
**2.35 mil** kg recyclables in 2019,  
**4.76 mil** kg recyclables collected from the programme since 2006

**>500** elderly people and underprivileged children enjoyed festive celebrations with F&NHB

**>300,000** runners participated in over 50 marathons supported by F&NHB

**>50,000** children and youths participated in the grassroots programmes

**>RM500,000** budget in community outreach programmes



**Note\*:**  
 F&NHB has collaborated with farmers in cooperatives from different provinces of Thailand.

## Delivering Value

### 1) Strengthening Vulnerable Groups

#### **Empowering Youths with Basic Computer Skills**

Computer skills are becoming a necessity in today's digital world, and F&NHB continues to provide youths from underprivileged backgrounds at Montfort Boys Town with opportunities to develop their capabilities through the International Computer Driving License (ICDL) certification course.

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

F&NHB has so far invested RM185,000 in the programme. To-date, over 500 students from Montfort Boys Town have successfully graduated from the ICDL course and have found suitable placements in the working world.



#### **Free Kindergarten & Tuition Classes**

The collaboration between F&NHB and Kassim Chin Humanity Foundation (KCHF) is part of the F&N Empowering Lives Through Education (E.L.I.T.E.) programme that provides educational assistance to the children of Pangsapuri Enggang, a 'Program Perumahan Rakyat' development in Bandar Kinrara, Puchong.

Aimed at empowering the children to take ownership of their own learning, the F&N E.L.I.T.E. programme offers marginalised children aged between five and 20 from Pangsapuri Enggang the opportunity to attend a kindergarten and tuition centre for free. The programme promotes greater access to education and gives the children a chance with early education that helps to shape their academic and personal life trajectories.

To-date, F&NHB has invested RM610,000 in the programme and a total of 487 children have benefited from the F&N E.L.I.T.E programme (248 from five to six years old and 239 from seven to 17 years old). Since 2011, 117 children have graduated from the kindergarten, whilst the older children have graduated and managed to find jobs and live independently.



## ENHANCING SOCIAL WELL-BEING

### **Leadership Programme for Underprivileged Youth**

Since 2015, F&NHB has been partnering with Leaderonomics, a social enterprise dedicated to transforming communities through leadership development. Our programme aims to nurture discipline, develop interpersonal skills, boost self-confidence and encourage teamwork among young residents of Rumah Ilham. Potential leaders are identified and they will mentor the younger children to take over from them next year when they leave the home to enable the other kids to learn about mentoring, shares and responsibilities in becoming a more confident person.

This year, F&NHB organised a half day outing programme where the young residents of Rumah Ilham had the opportunity to interact with their peers from other homes such as Montfort Boys Town to enhance their social skills through the exchange of views and experiences with people from different backgrounds. The boys from Rumah Ilham also had the chance this year to apply their leadership and basic business skills gained from the leadership programme when they set up a booth for two days to raise funds towards education fees for the Home's residents.

F&NHB has so far invested RM145,000 in the programme, benefitting over 200 children who are now more confident and better prepared to contribute in a meaningful way to society.



### **One Child One School Bag Programme**

Held from November to December 2018, the 'F&N Go Green++ One Child, One School Bag' project empowered employees to give back to the community at eight regions which F&NHB operates in throughout Malaysia by using the funds raised from the 'F&N Go Green++ Programme' (an internal recycling programme) to purchase school bags and basic school supplies for 376 underprivileged children.



**Delivering Value**

**2) Promoting Environmental Consciousness**

**School Recycling Programmes**

Since 2007, F&NHB has been partnering with schools across Malaysia to educate the next generation on the importance of environmental conservation. F&NHB organises recycling competition between schools, with prizes ranging from RM200 to RM1,400.

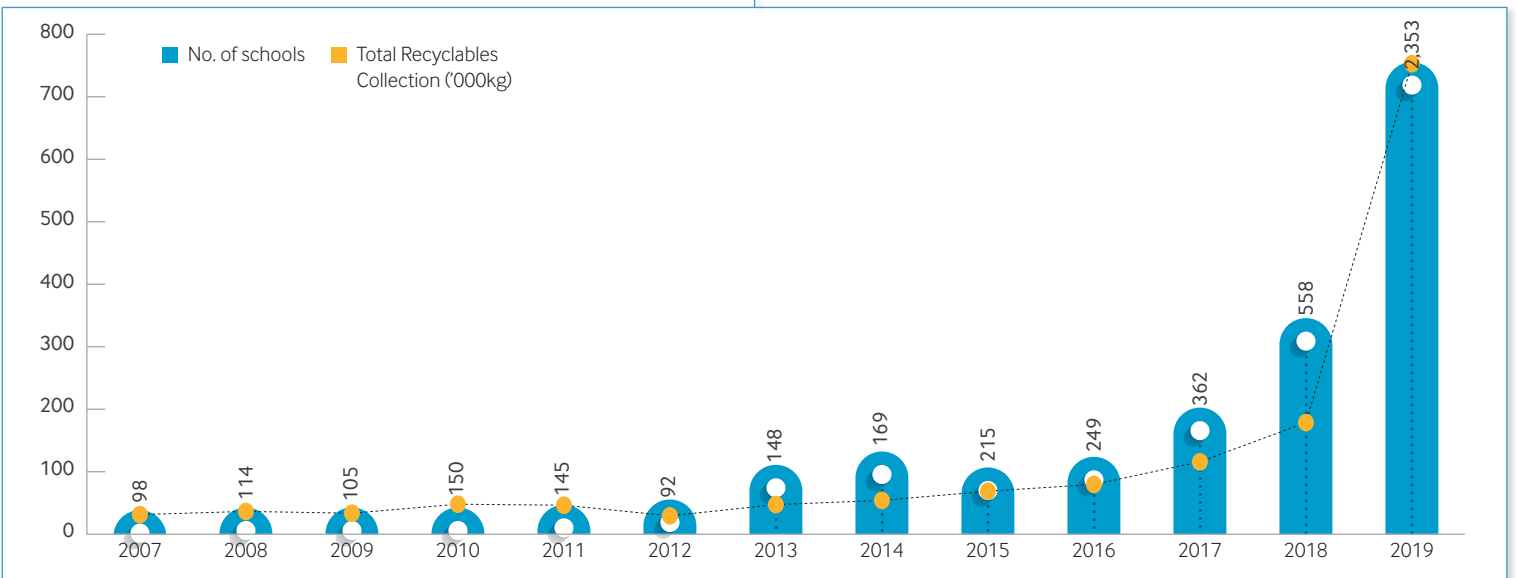
F&NHB continued to enhance its commitment to environmental conservation by collaborating with more partners to organise seven successful school recycling competitions across Malaysia this year. Through a partnership with Solid Waste Corporation Management (SWCorp), participation rate in 2019 doubled up to include 756 schools, with an increase of up to four-fold of recyclables collected, 2.35 million kilogrammes. More than 4.76 million kilogrammes of recyclables have been collected since 2007.

F&NHB, together with Seberang Prai Municipal Council and Tetra Pak (Malaysia) Sdn Bhd and the Penang State Education Department, organised roadshows in Butterworth, Penang to further generate awareness of the 5R concept amongst school-going children – as well as their teachers and parents – in a fun and interactive way.



<p>First ever <b>5R</b> Roadshow in Seberang Prai</p>	<p>Participated by <b>&gt;420</b> preschoolers</p>	<p><b>&gt;110</b> teachers</p>	<p><b>5R</b> Reduce, Reuse, Recycle, Rethink and Reinvent</p>
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**NUMBER OF SCHOOLS REACHED AND TOTAL COLLECTION THROUGH SCHOOL RECYCLING PROGRAMME**

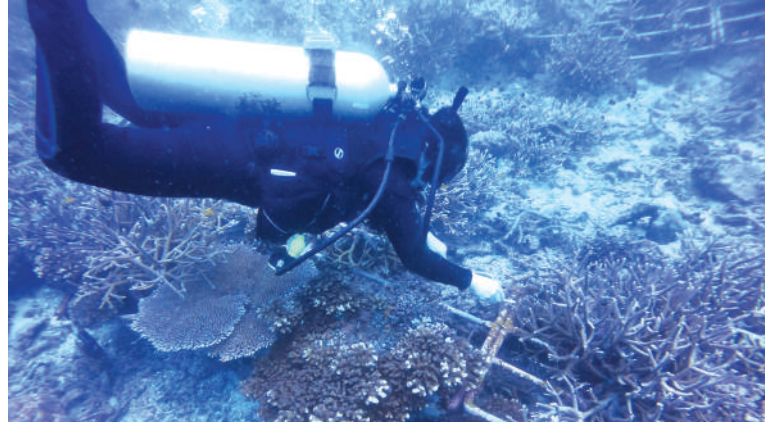


<p><b>HIGHLIGHTS</b></p> <p>F&amp;N School Recycling Campaign Spread wing to <b>13 States</b> in Malaysia</p>	<p>More than <b>4.76 million kg</b> of recyclables collected since 2007</p>	<p>Participation by <b>756 Schools</b> in 2019</p> <p>Collection of recyclables @ <b>2.35 million kg</b> in 2019</p>
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## ENHANCING SOCIAL WELL-BEING

### ***F&N Save Our Seas Programme***

From 2011 to 2013, F&NHB collaborated with Reef Check Malaysia, Marine Park Terengganu and DM Scuba to rehabilitate coral reefs and encourage responsible behaviour on the beach among communities and tourists at Redang Island. Through this programme, our team and partners conducted reef rehabilitation initiatives through collecting coral fragments and planting them in nursery sites, then transplanting them at permanent sites at Paku Kecil and Terumbu Kiri. Every year since then, our internal dive team and partners perform regular checks and maintenance on the man-made reefs. Our coral reef rehabilitation initiative has now shown promising rejuvenation with corals of different colonies on the man-made reefs.



### ***F&N Fit & Nature Programme***

This year, F&NHB kick-started its 'Fit & Nature' initiative, to encourage Malaysians to lead an active lifestyle as well as to generate greater awareness on environmental protection. The inaugural session was held in collaboration with the Kuala Terengganu City Council (MBKT), in conjunction with the official launch of the Terengganu drawbridge. The eco-friendly exercise programme involved plogging, which combines jogging and collecting litter. The community event attracted more than 150 employees, including F&NHB management and employees from our East Coast region.

A second session was held in Shah Alam, Selangor with over 400 employees taking part in a wide range of tasks that not only encouraged employees to do their bit to tackle issues affecting the environment but also cultivated camaraderie amongst colleagues.

Final session was held at Kota Kinabalu, in conjunction with 'Hari Aktifkan MalaysiaKu', 100PLUS Day. This session saw participation from over 100 employees from Sabah region.



### ***Water Conservation Programme***

As a food & beverage company, our plants use substantial amount of water in their manufacturing processes. To embrace holistic sustainability, F&N Dairies Thailand worked with the Government of Thailand to conduct a water conservation programme to return water back to nature. 350 employees worked together to build three check dams at Namtok Chet Sao Noi Saraburi, which is located near F&N Pak Chong factory. The objective of this programme is to reduce the water flow velocity and to conserve water longer in the dry season. The water stored would be used by the surrounding communities for their everyday life.



## Delivering Value

### 3) Spreading Festive Cheer

#### *Chinese New Year Celebration*

This year, our employees in Malaysia brought the joy of Chinese New Year to over 500 underprivileged children and senior citizens from ten homes in Penang, Ipoh, Kuala Lumpur, Melaka, Johor, Kuantan, Kuala Terengganu, Kota Baharu, Kuching and Kota Kinabalu. During the visits, F&NHB contributed provisions such as diapers, toiletries, F&N products and milk powder to the homes. Besides distributing red packets and mandarin oranges to the residents, employees also spent time with the residents and bonded together over food.



#### *Hari Raya Celebration*

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

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

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

#### *Deepavali*

In anticipation of the Festival of Lights, F&NHB organised a full-filled baking session for the children from Persatuan Rumah Kebajikan Rita (Rumah Rita) in addition to presenting the home with a commercial-sized mixer and baking utensils. This will not only give the children more opportunities to test their baking skills in the kitchen, but also will help the home to generate income for the upkeep of the home and to cover the children's daily expenses such as school fees, clothing and food.

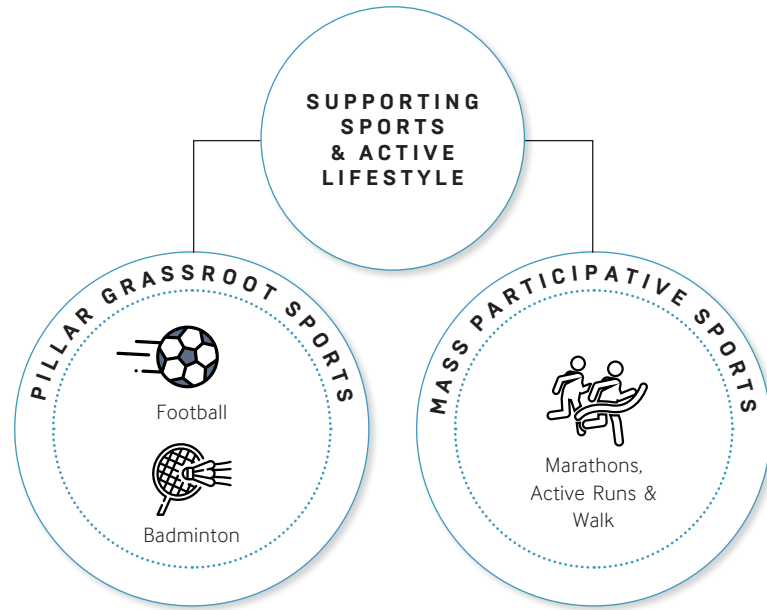


ENHANCING SOCIAL WELL-BEING

4) Supporting Sports and Active Lifestyle

F&NHB has a long and proud tradition of supporting youth development through sports and promoting active lifestyles to the community. Besides improving health for all ages, we believe that sports have an important role in all societies and are a powerful tool to support nation-building.

Access to and participation in sports is especially vital to youth development as it teaches core values such as co-operation and respect, as well as instilling discipline and confidence. Thus, 100PLUS is passionate in supporting schools and grassroots sports programmes, especially in football and badminton to nurture future generations of champions.



ALLOCATION OF INVESTMENT IN SPORTS DEVELOPMENT



## Delivering Value

In 2019, we continued our commitment with the following initiatives:

### **Grassroots Programmes**

100PLUS has been a key partner of Liga Kementerian Pendidikan Malaysia (KPM), a football league organised under the Ministry of Education since 2011. The league encourages children from different parts of Malaysia to develop their football skills.

We have also been supporting the Badminton Association of Malaysia (BAM) in organising the 100PLUS National Junior Circuit, a premier youth development competition to motivate young and rising players to excel in the game. Many of the current national players, including Tan Wee Kiong, Goh V Shem, Chan Peng Soon, Goh Liu Ying and Goh Jin Wei competed in the 100PLUS National Junior Circuit during their junior days. Since 2003, 100PLUS has been the official partner for all BAM events and activities, including the Malaysian Open and Malaysian Masters.

### **Official Partner for the National Sports Council**

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

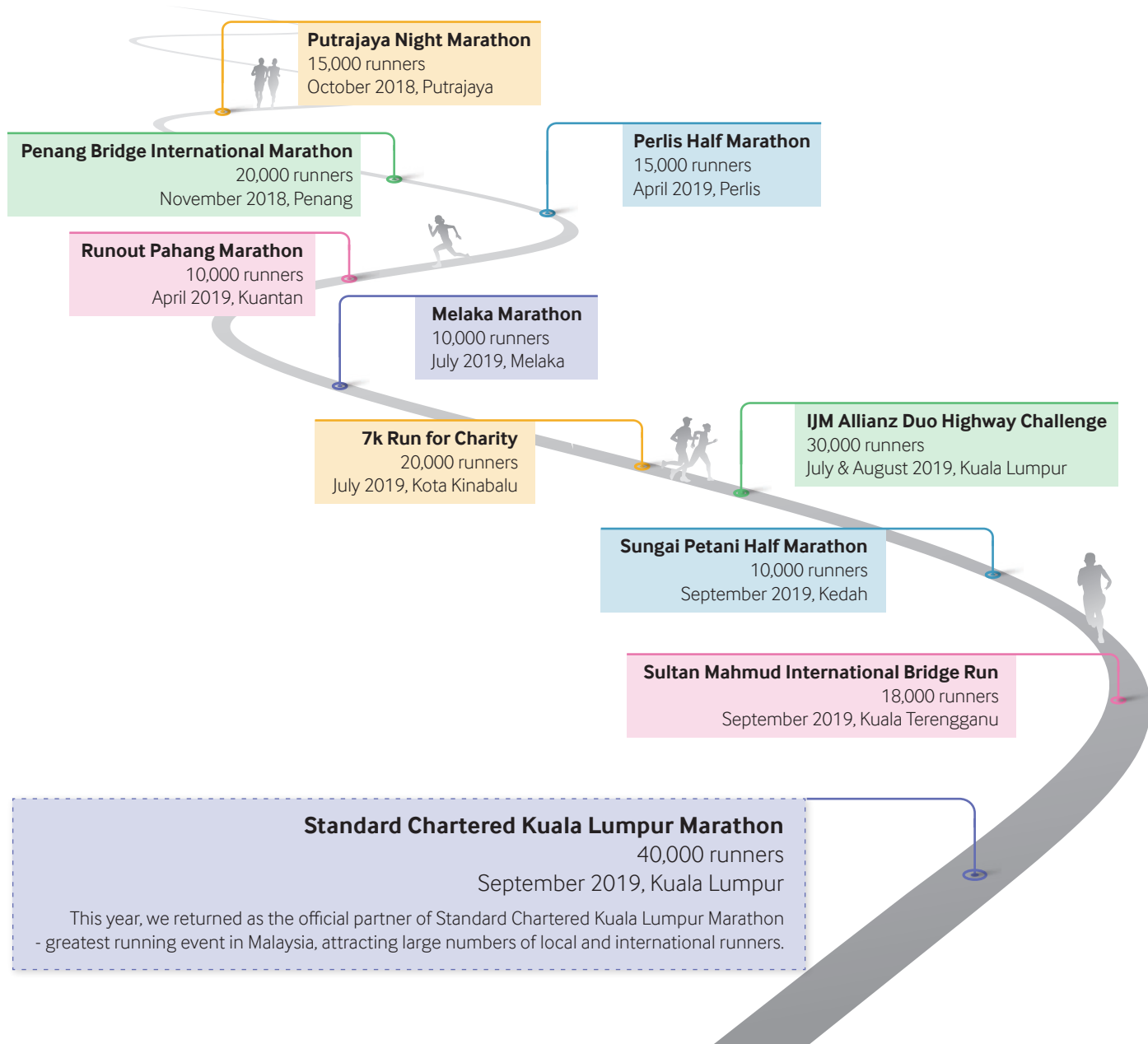
A proud advocate of local sports development, we recognise our local sports personalities through the annual Sportswriters Association of Malaysia (SAM)-100PLUS Awards, and we have been the main sponsor of this award since 2006.



## ENHANCING SOCIAL WELL-BEING

### Promoting Active Lifestyles

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



The initiatives are synonymous with our brand essence that advocates an active lifestyle among Malaysians through simple physical activities which can be enjoyed anytime, anywhere, individually or with family and friends.

# 'Hari Aktifkan MalaysiaKu 2019'

In an effort to encourage active lifestyle among Malaysians, 100PLUS brought along a series of 'Hari Aktifkan MalaysiaKu 2019' across major cities in Malaysia, including Kota Kinabalu, Kuala Terengganu and Bukit Jalil. 100PLUS Day covered a series of fun activities, including a 6km Obstacle Fun Run, Zumba sessions, engagement with 100PLUS brand ambassadors and plogging too.

**12**  
October  
2019

TANJUNG ARU BEACH,  
KOTA KINABALU

**25**  
October  
2019

KUALA TERENGGANU DRAW BRIDGE,  
TERENGGANU

**16**  
November  
2019

NATIONAL STADIUM BUKIT JALIL,  
KUALA LUMPUR - 16 NOVEMBER



More than 20,000 Malaysians participated in the 100PLUS Day at Kota Kinabalu, Kuala Terengganu and Bukit Jalil.

In line with our commitment towards sustainability, 25,000 pieces of t-shirts for the participants of 'Hari Aktifkan MalaysiaKu 2019' were made from 100% recycled PET.





#### MATERIAL ISSUES:

- Water Stewardship
- Effluents & Waste
- Packaging
- Energy & Climate Change
- Sustainable Sourcing
- Occupational Health & Safety
- Consumer Health & Safety
- Product & Service Labelling

#### CONTRIBUTING TO SDGs:



# Managing Our Impacts & CONDUCTING OUR BUSINESS IN A RESPONSIBLE MANNER

To grow sustainably, we must ensure that our products are not only safe, tastier and healthier, but are also friendly to the environment. Our employees are constantly seeking innovative approaches to manage our energy and water consumption. Reducing waste is one of our top priorities; we strive to reduce, reuse and recycle wherever possible along our value chain.

Recognising that post-consumption waste is an important issue in the areas in which we operate, we are continuously in search of solutions to tackle packaging waste. We are also committed to working with our suppliers to implement environmental and social good practice. The top priority in how we conduct our business is the safety of our employees and consumers; we aim to go a step beyond legal requirements and promote well-being through positive interventions.

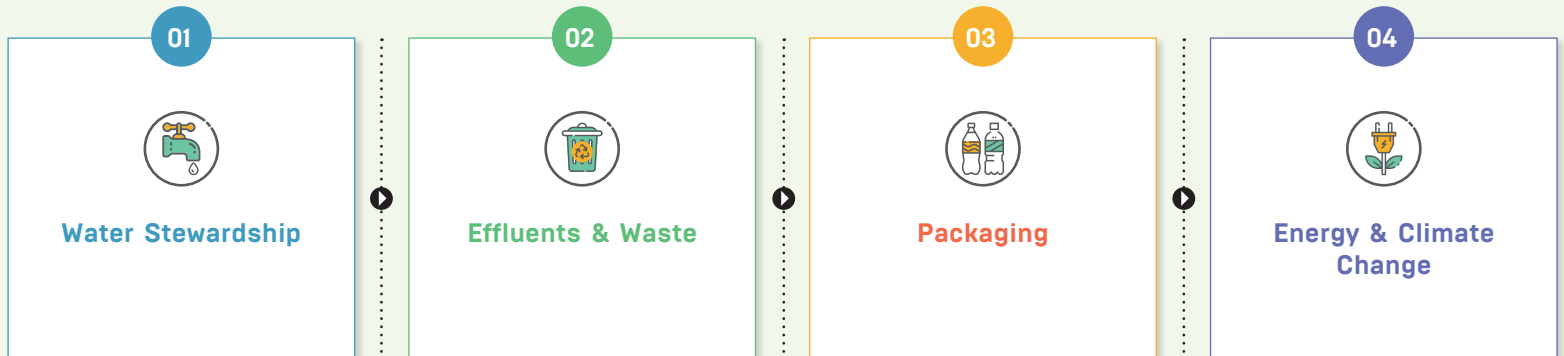




## ECO-EFFICIENCY



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



Managing Our Impacts

We implement environmentally sustainable business practices in alignment with F&NHB's core values and the circular economy principles. All employees are at all times guided by our Environmental, Safety & Health Policy.



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

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

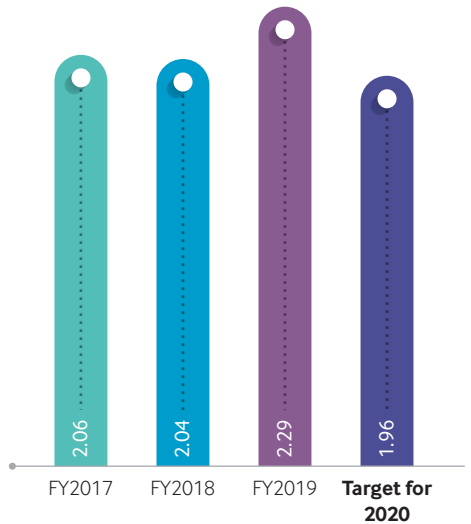
During the year ended 30 September 2019 (FY2019), F&NHB did not receive any fine or sanction for non-compliance with environmental laws or regulations.

ECO-EFFICIENCY

WATER STEWARDSHIP

GRI 303-3 (2018); GRI 303-4 (2018); GRI 303-5 (2018)

GROUP WATER INTENSITY RATIO (M<sup>3</sup>/MT)



**Target:**

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

**Progress in 2019:**

Water intensity ratio in FY2019 increased by 11% from 2017

**Note:**

1. The water intensity ratio is higher in FY2019 because of two additional production lines at Shah Alam plant, which have a higher water consumption ratio compared to other production lines, as well as lower production output at our plant in Pulau Indah. Excluding the two additional lines in Shah Alam, water ratio in FY2019 is 2.06 m<sup>3</sup>/MT.



OUR APPROACH

While none of our sites are in high water-stress areas, many regions in both Thailand and Malaysia have faced floods in recent years, and the effects of climate change are expected to intensify water stress in the future. Therefore, with the guidance of our Environmental Safety & Health Policy and circular economy principles, we are committed to responsible water stewardship and managing our water use accordingly to safeguard availability for local communities.

Water is a fundamental element of our products, and our business is dependent on a reliable supply of water. A lack of effective water management can therefore have serious implications. Therefore, water stewardship at F&NHB and its associated risks are regularly monitored as part of our enterprise risk management by the management.

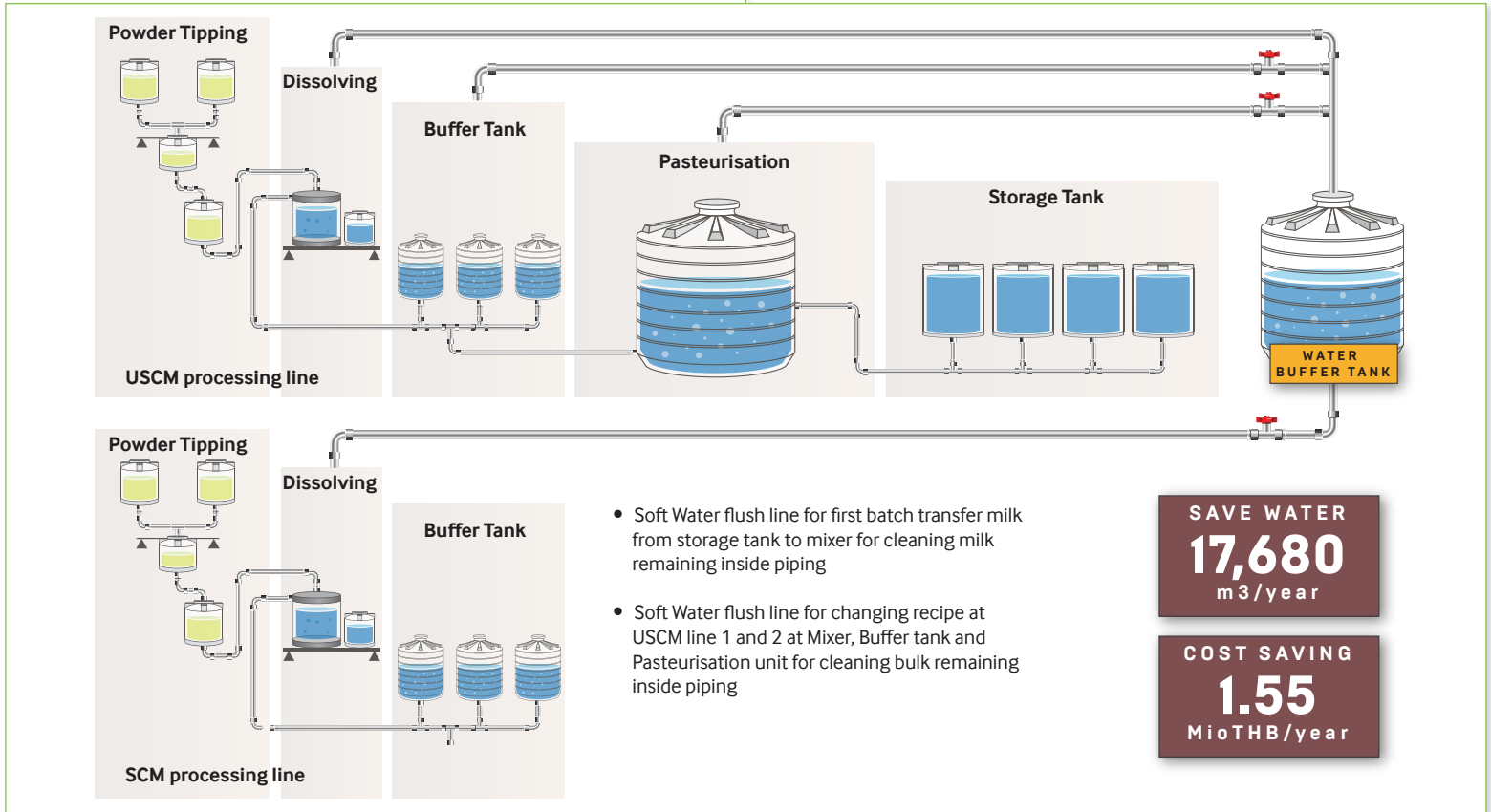
We have a range of water assessment and action policies which are applied across our facilities. Our group-wide integrated approach includes efficiency measures; the safe return of waste water from our operations; and mitigating risk in supply.

We take every opportunity and approach to reduce water consumption and meet our 2020 water intensity target by implementing various projects and initiatives. Project highlights include:

<p><b>Zero Water Discharge from Water Flushing to Buffer Water Tank – Rojana Plant</b></p>	<p>We identified that water consumption can be minimised by transferring water from water flushing to buffer water tanks, which can be used to clean the inside pipe of buffer water tank.</p>	<p><b>Water Reduction:</b> &gt; 17,600 m<sup>3</sup>/year <b>Cost Savings:</b> &gt; 1.55 million baht/year</p>
<p><b>Water Recycling Treatment System – Pulau Indah Plant</b></p>	<p>We implemented a waste water recycling treatment system to reduce water consumption and increase plant efficiency. The water discharge will further be treated as make-up water for process cooling.</p>	<p><b>Water Reduction:</b> &gt; 124,000 m<sup>3</sup>/year <b>Cost Savings:</b> &gt; RM200,000/year</p>
<p><b>IETS Water Recovery for IETS Operation &amp; Cooling Tower Operation – Shah Alam Plant</b></p>	<p>During the year, to reduce water consumption, we recovered the final discharge of raw water from production operation for usage in Industrial Effluent Treatment System (IETS) and centralised cooling condenser.</p>	<p><b>Water Reduction:</b> &gt; 43,000 m<sup>3</sup>/year <b>Cost Savings:</b> RM98,000/year</p>

Managing Our Impacts

DIAGRAM ON ZERO WATER DISCHARGE FROM ALL WATER FLUSHING TO BUFFER TANK

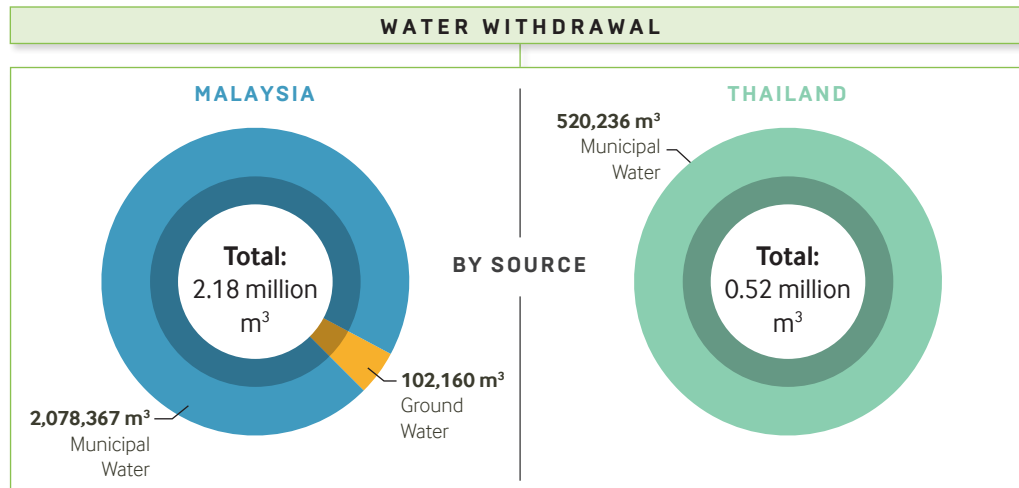


OUR PERFORMANCE HIGHLIGHTS

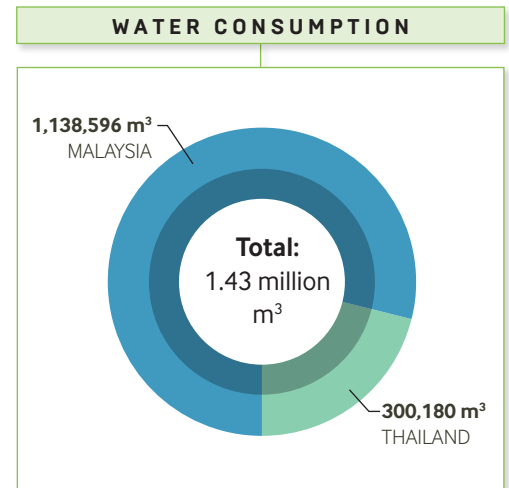
Over the past year, our water intensity increased, due to two additional production lines at our plant in Shah Alam which have a higher water consumption ratio compared to other lines and running at full capacity.

We remain committed to achieving our 2020 water intensity reduction targets. Total water consumption (i.e. withdrawal minus discharges) during the year was 1.43 million m<sup>3</sup>. More information about effluents is included in the next chapter of this report.

GRI 303-3: Water Withdrawal by Source



GRI 303-5: Water Consumption



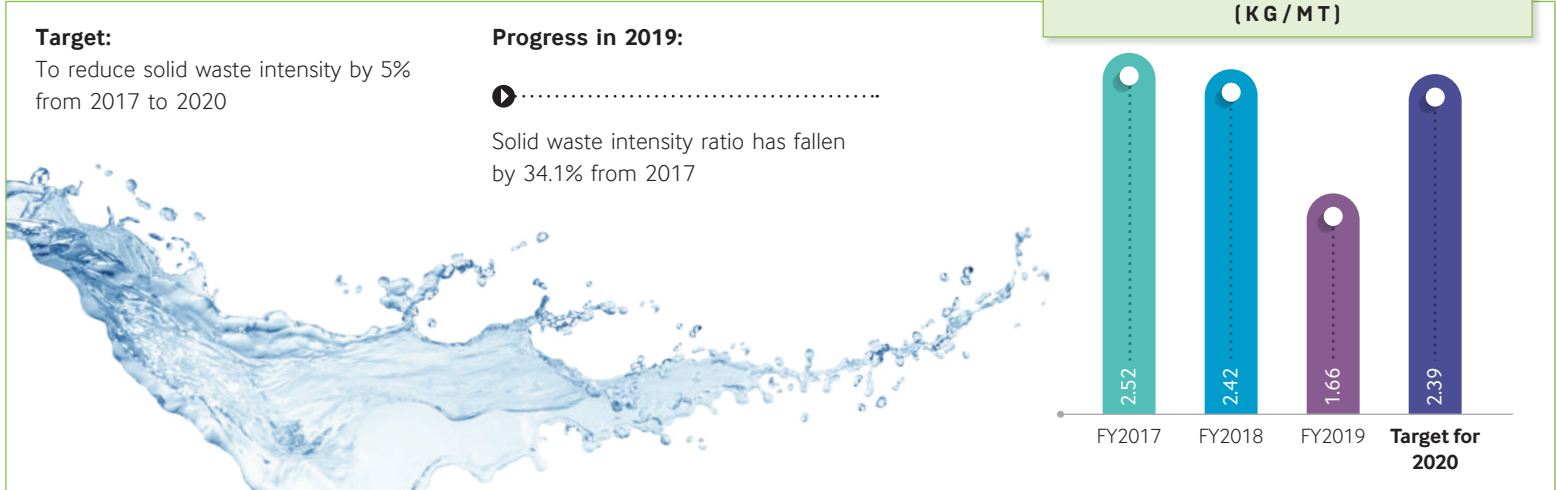
Notes:

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

ECO-EFFICIENCY

EFFLUENTS & WASTE

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



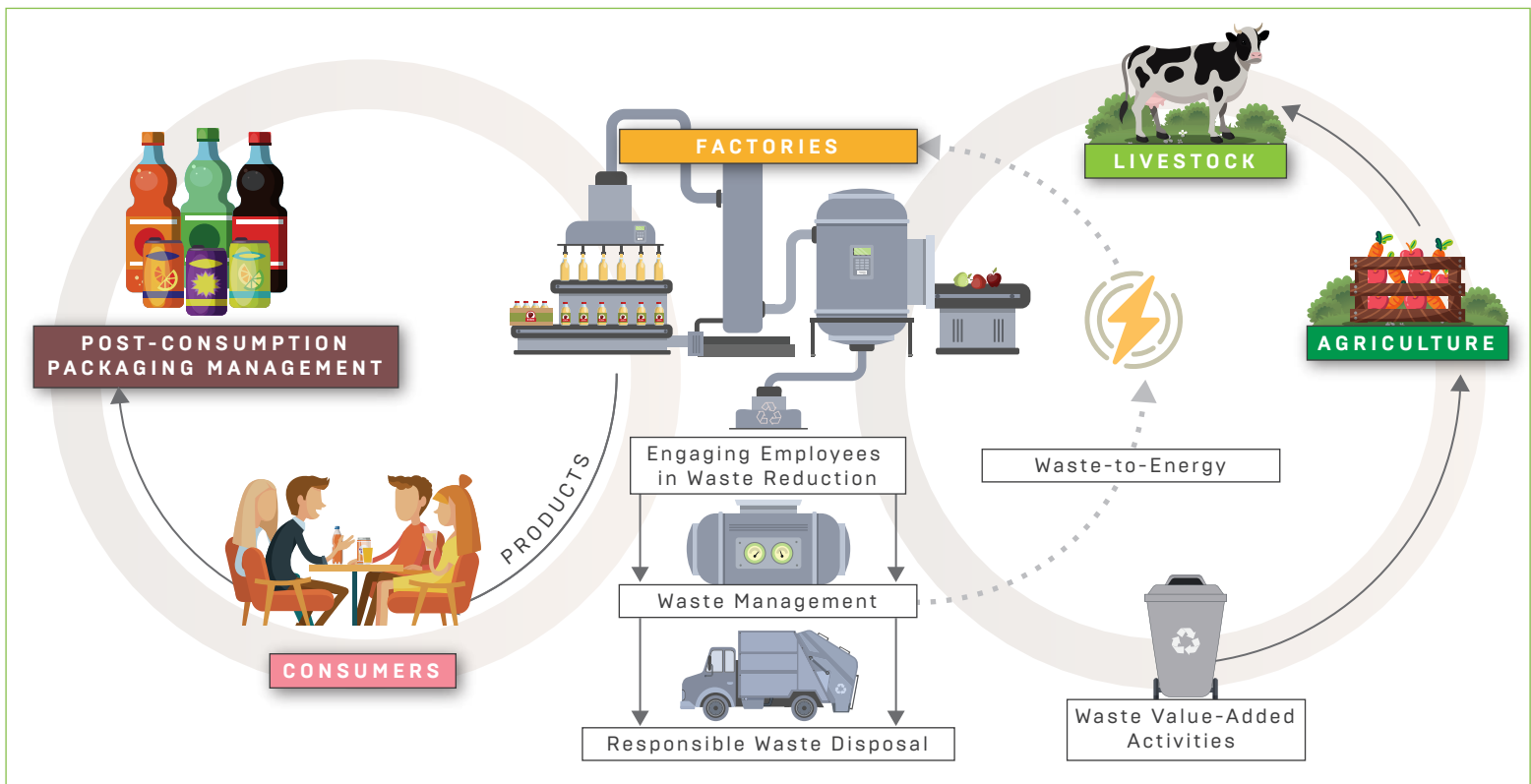
OUR APPROACH

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

Under the guidance of our Environmental Policy and the principles of a circular economy, F&NHB applies strict standards over the quality of our effluent discharges and continuously explore how 'waste' from our operations can be minimised and put to alternative uses.

This chapter focuses on waste and effluents in our own operations. Please refer to the 'Packaging' (page 076) and 'Sustainable Sourcing' (pages 083-088) chapters for further insights about how F&NHB works throughout the value chain with suppliers and customers.

Circular Economy and Waste



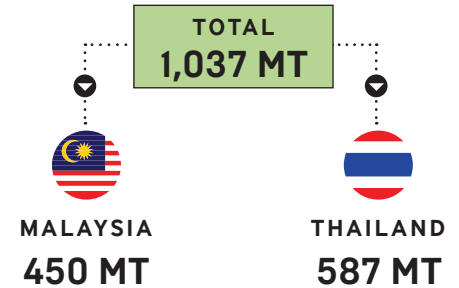
## Managing Our Impacts

We believe that our aspiration for 'zero discharge, zero waste and zero landfill' starts from each individual. As such, we organise activities to enhance environmental awareness among our employees through communication platforms such as the Intranet, emails and internal recycling programmes as well as activities like 'plogging' and our F&N Green Carnival.

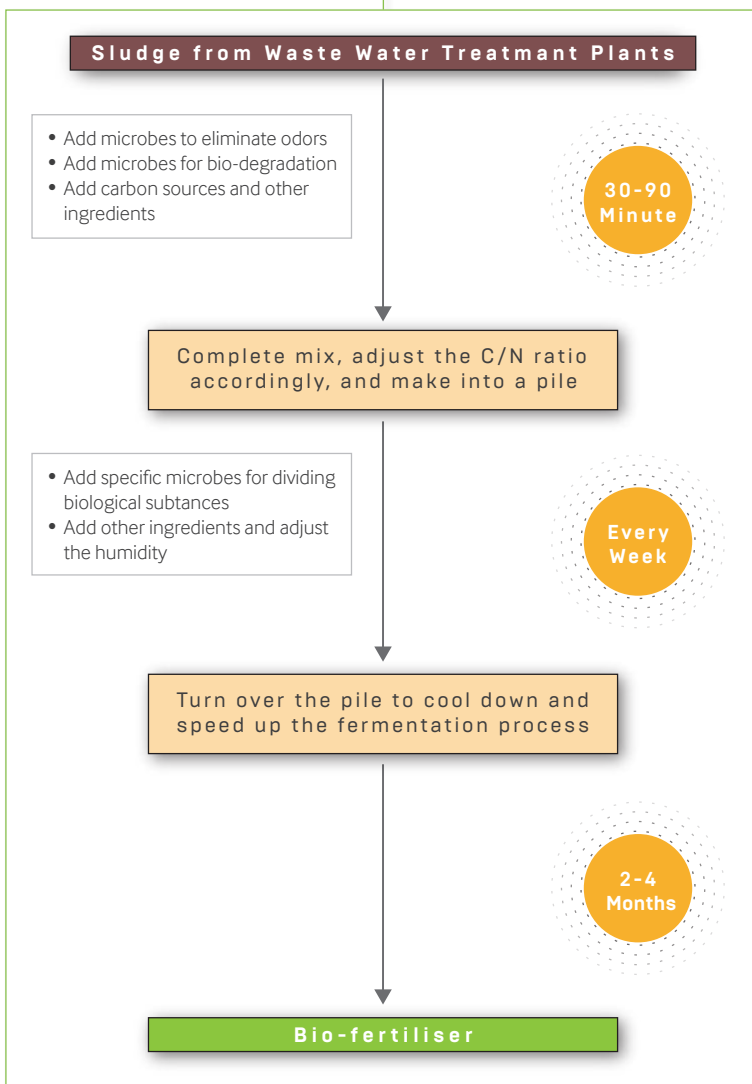
Our dairy manufacturing plants in Thailand and Malaysia are leading the way in our commitment towards achieving zero effluents and solid waste. One way we do this is by converting 100% of industrial sludge from production into organic fertiliser, which is then distributed to local farmers. Over 1,037 metric tonnes of industrial sludge from our waste water treatment plants were converted into fertiliser during the year.

Wastewater from our industrial effluent treatment plant in Malaysia is treated and repurposed for cleaning, toilet flushing, utilities and other functional purposes. Rejected water from our Thai water treatment plant and boiler is transferred to a pond for watering of grass and plants.

### AMOUNT OF INDUSTRIAL SLUDGE FROM WASTE WATER TREATMENT PLANT CONVERTED TO FERTILISER



### FLOW CHART FOR BIO-FERTILISER FROM SLUDGE



Bio - Fertiliser



Bio - Fertiliser packing for farmers



Process flow of converting industrial sludge into fertiliser at Thailand

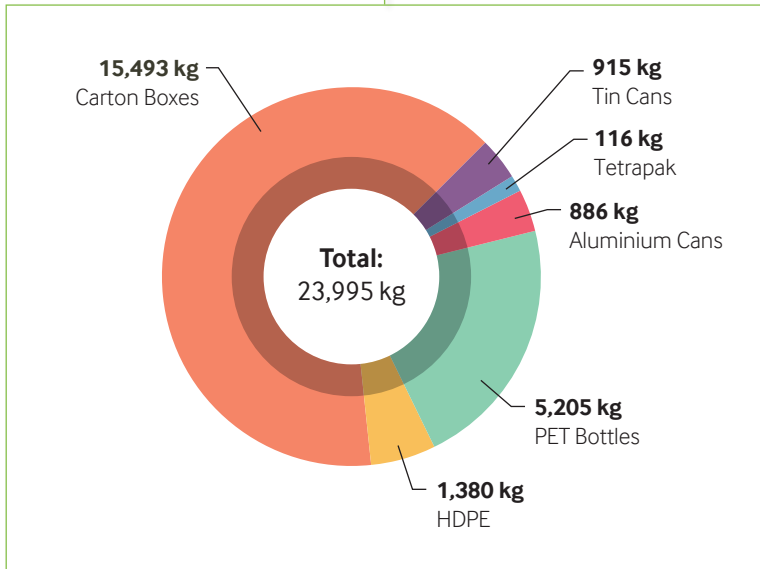
ECO-EFFICIENCY

F&N Go Green Programme

Following the success of 2018's F&N Go Green++, a nation-wide employee recycling programme in Malaysia, we continue to focus on packaging materials, to generate greater awareness of applying the 5Rs philosophy among employees.

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

TOTAL COLLECTION FOR F&N GO GREEN++ PROGRAMME (F&B RELATED PACKAGING MATERIALS)



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

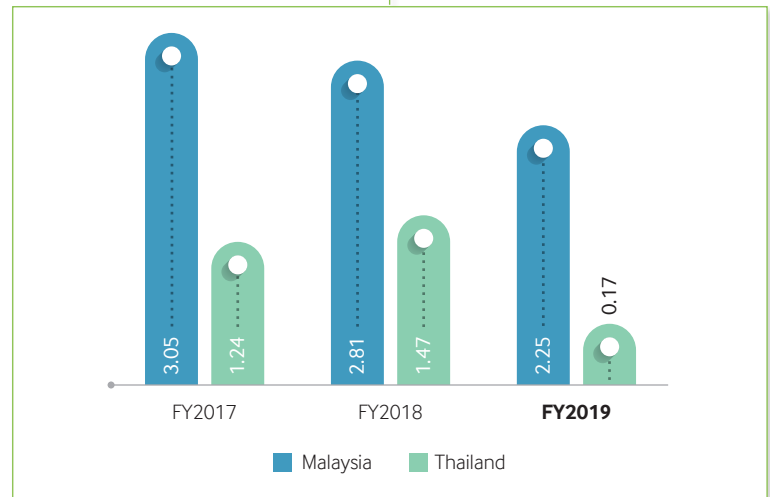
- Recycling tetra packaging by Tetra Pak Malaysia
- Recycling industrial waste into useful materials by KPT Recycle Sdn Bhd
- The company's sustainability commitments and initiatives
- Upcycling workshop using beverage cartons

Inspired by the success of this programme in Malaysia, F&N Dairies Thailand launched a 'Circular Economy' project in September 2019, to enhance the awareness of our employees and surrounding communities about aiming for zero solid waste. During the project launch, our employees visited schools around the Rojana plant to educate students about the circular economy, including the donation of recycling bins to the schools.

OUR PERFORMANCE HIGHLIGHTS

We have a target to reduce solid waste intensity by 5% from 2017 to 2020 and achieved a 34.1% reduction this year compared to 2017. The significant reduction was driven by the successful 'Waste to Wealth' programme at Pulau Indah plant and the 'War against Waste' programme in Thailand.

SOLID WASTE INTENSITY RATIO (kg/MT)



Hazardous	Type of Waste (in kg) by Disposal Method	Non-Hazardous
6,945	Reuse	256,643
0	Recycling	5,218,926
0	Composting	6,194,750
24,852	Recovery	24,780
1,127	Other Recycled/ Reused Waste	714,410
2,667	Other Disposed Waste	4,340
3,200	Landfill	1,800,462

GRI 306-2: Total volume of waste disposed by type and disposal method

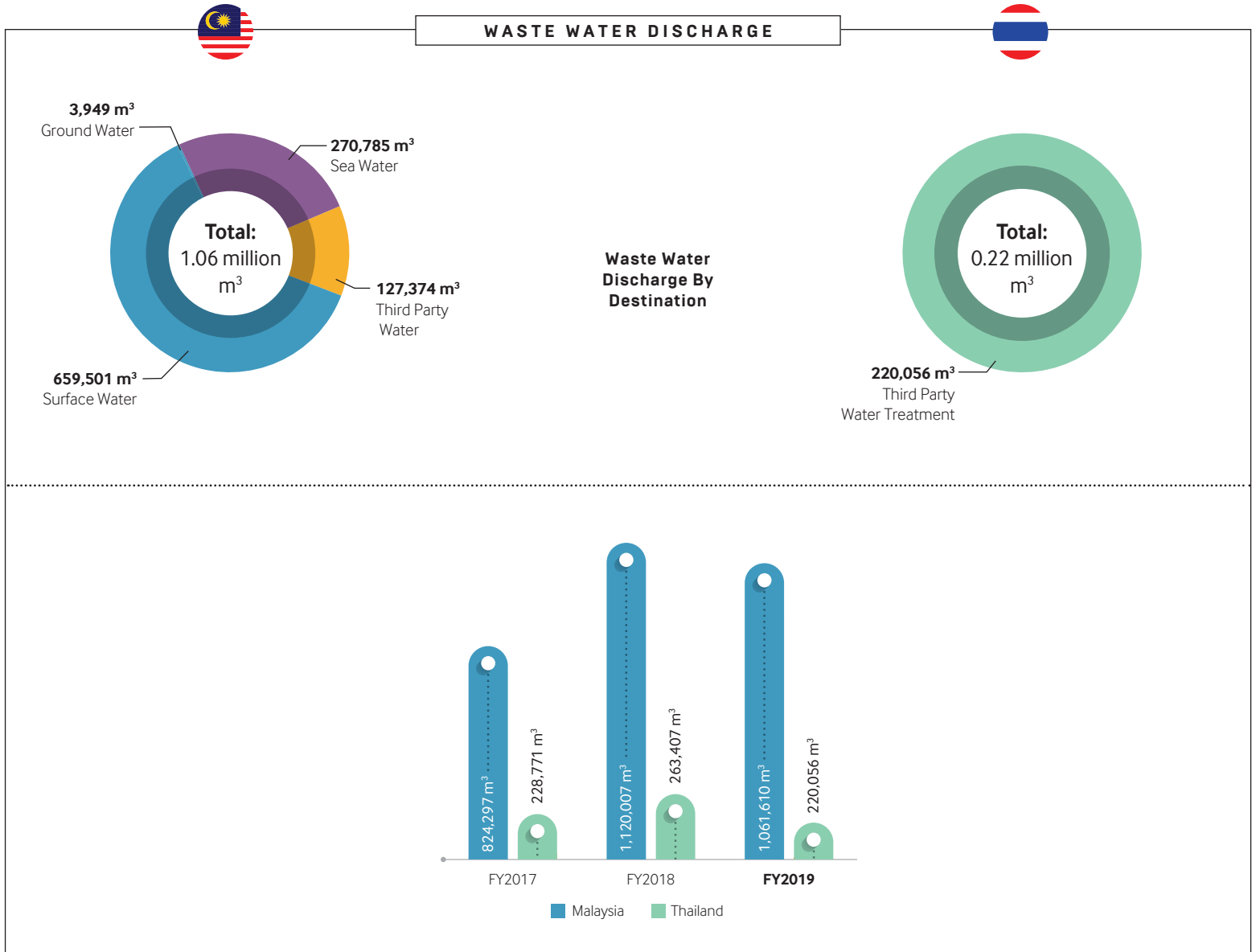
Over 86% of solid waste was reused, recycled or recovered during the year.

Malaysia	Thailand
<b>Total Solid Waste Produced</b>	
12,879 MT	1,523 MT
<b>Solid Waste Reused, Recycled or Recovered</b>	
10,978 MT	1,464 MT
<b>Percentage of Waste Generated Reused, Recycled or Recovered</b>	
85%	96%

Managing Our Impacts

GRI 303-4 (2018): Water discharge

In 2019, we also reduced wastewater discharges in both Malaysia and Thailand.



Notes:

1. The data for Malaysia expanded to include our two water plants as they have systems in place to measure the waste water, although they do not have Waste Water Treatment Plant.
2. The data for Thailand excludes our one dairy plant in Pak Chong as they do not have a Treatment Plant and they are unable to measure the water discharged.
3. All our waste water is freshwater (< 1,000 mg/L Total Dissolved Solids).

ECO-EFFICIENCY

PACKAGING

OUR APPROACH

We strive to ensure our packaging protects the integrity of the contents and fulfils the visual and functional expectations of our consumers. There is increasing stakeholder awareness of the importance of environmental-friendly packaging, especially in relation to plastics. In Malaysia, the government recently released a 'Roadmap Towards Zero Single-Use Plastics 2018-2030' setting out their vision to phase out single-use plastics over the next decade. F&NHB is committed to supporting these efforts and will be re-assessing our approach over the next year, as well as establishing relevant targets when we set new sustainability goals for 2025.

There is much scope for innovation in packaging, which we have been exploring over the years (more details are included in the 'Innovation' chapter of this report). This has helped us reduce the volume of packaging materials used as a percentage of product. Our overall packaging ratio has dropped by 10% compared to last year.

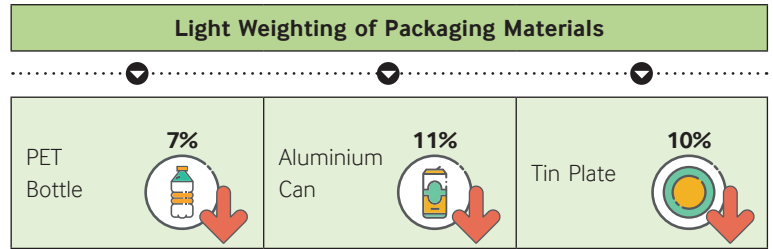
Circular economy principles guide our approach and we are committed to reduce waste by increasing shelf life and providing appropriate portion sizes, as well as increasing the recyclability of the primary and secondary packaging used in our products and sourcing more renewable packaging materials. Currently, more than 90% of our beverages' packaging are made of recyclable materials.

We reduced our PET resin use in packaging materials for some of our products (including 100PLUS ACTIVE and F&N SEASONS and OYOSHI) by 208 metric tonnes this year. On top of that, the products have a longer shelf-life, which led to less waste disposal.

We are also active in campaigns to encourage recycling; more information is included in the 'Creating Value for Society' chapter (pages 053-065) of this report.

Some of our materials' light-weighting initiatives:

Reduction of Materials Usage (in MT)	
PET bottle	208 MT per year
Aluminium can	146 MT per year
Tin plate	130 MT per year
Shrink film	21.8 MT per year

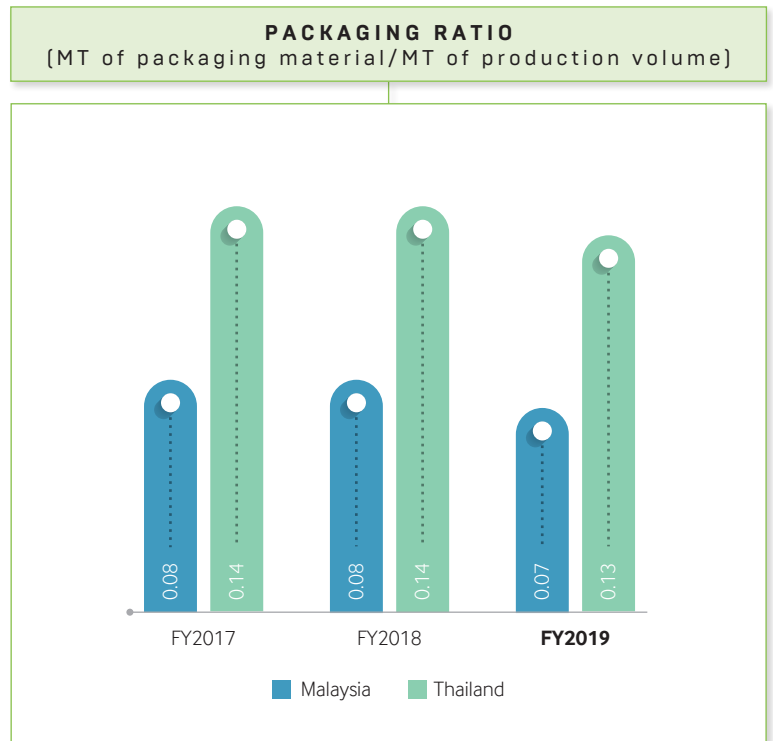


In Thailand, and as described in the earlier 'Innovation' chapter, this year, we also implemented a packaging reduction initiative for cartons of 2kg pouch sweetened beverage creamer. Through this initiative, the weight of paper carton has reduced by 90g, with savings of 150 metric tonnes of cartons and 15 million baht in cost savings per year.

Another initiative implemented this year was to increase the size and weight of shrink film roll and modify the support of auto pack to fit the larger roll. With this, the usage of shrink film has reduced by 21.8 metric tonnes per year.

OUR PERFORMANCE HIGHLIGHTS

In Malaysia, over 58,000 metric tonnes of packaging materials were used during the year, and in Thailand, it was over 44,000 metric tonnes.



Note:

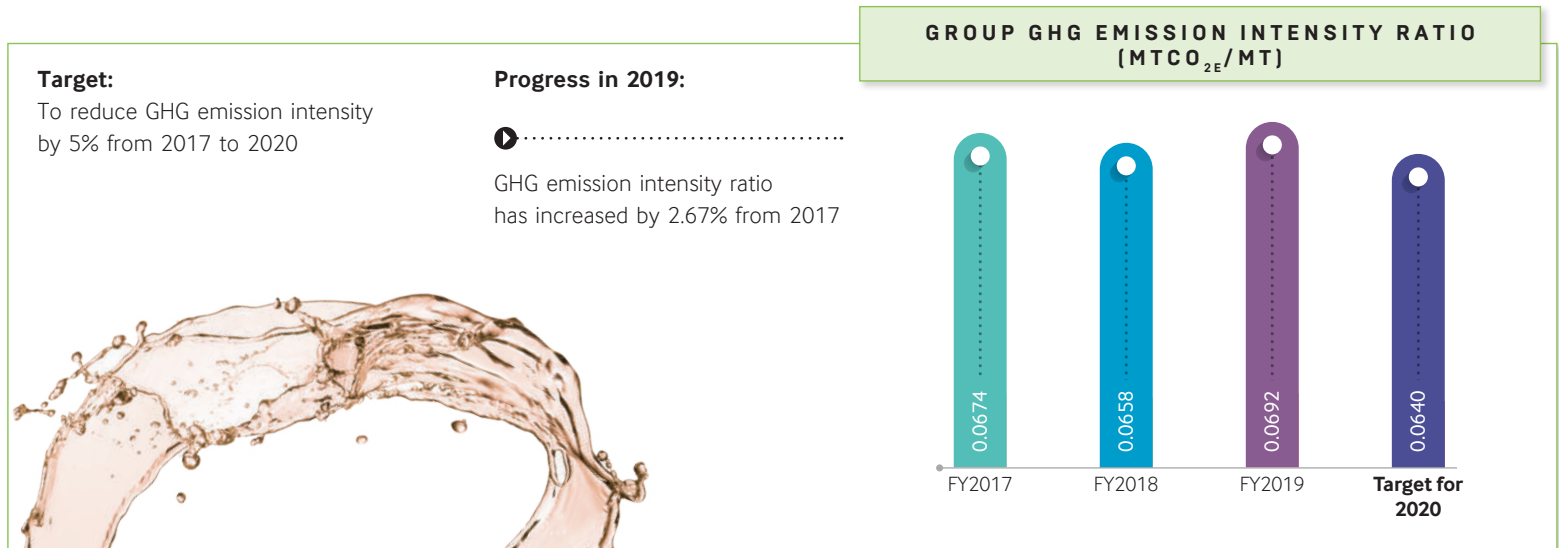
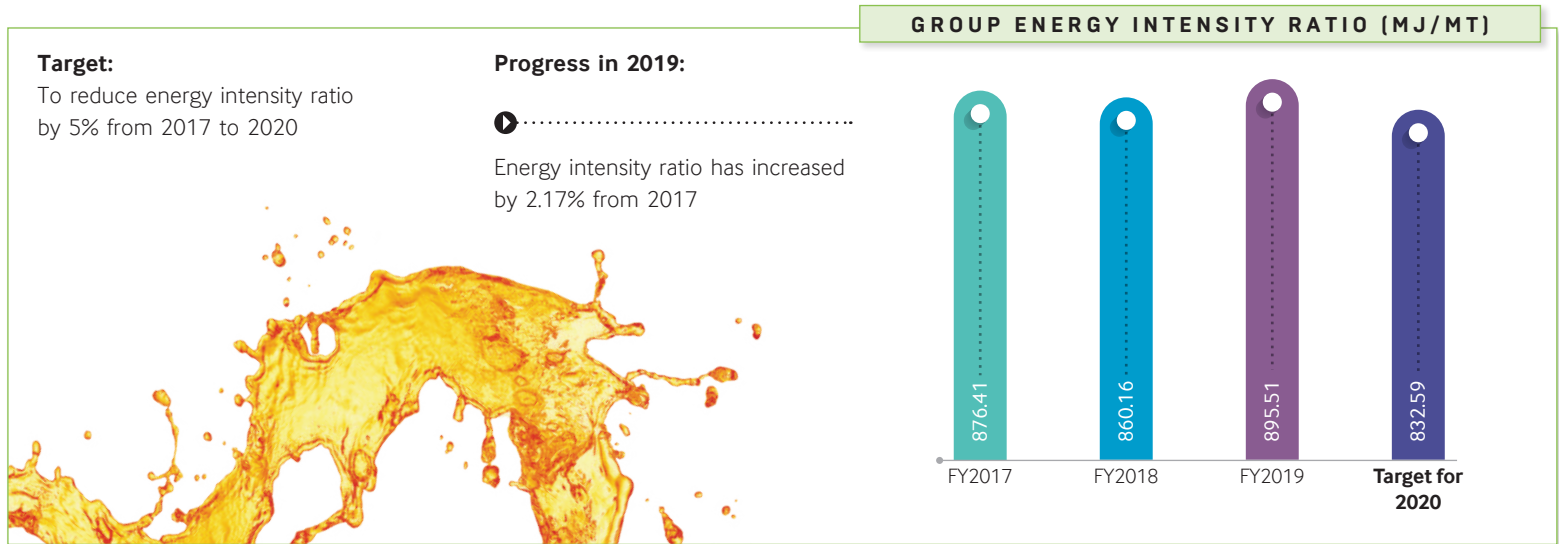
- Packaging intensity ratio is calculated based on the amount of packaging materials used (in metric tonne, MT) per metric tonne of product.

Managing Our Impacts

ENERGY AND CLIMATE CHANGE

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

Climate change is a defining global challenge of the 21<sup>st</sup> century, and F&NHB is committed to reduce our energy consumption and GHG emission intensity as one of the main priorities for our 2020 Vision. As part of our contribution, we also have a responsibility to help minimise carbon footprints across our value chain, ranging from manufacturing, packaging, storage and logistics, to end use and disposal.



**Note:**

The energy intensity ratio and GHG emission intensity ratio are higher in FY2019 because of two additional production lines at Shah Alam plant, which have a higher energy consumption ratio compared to other lines, as well as lower production output at our plant in Pulau Indah. Excluding the two additional lines in Shah Alam, energy intensity ratio in FY2019 is 859.79 MJ/MT and GHG emission intensity ratio in FY2019 is 0.0659.

We remain committed to achieving our 2020 energy intensity and GHG emission reduction targets.

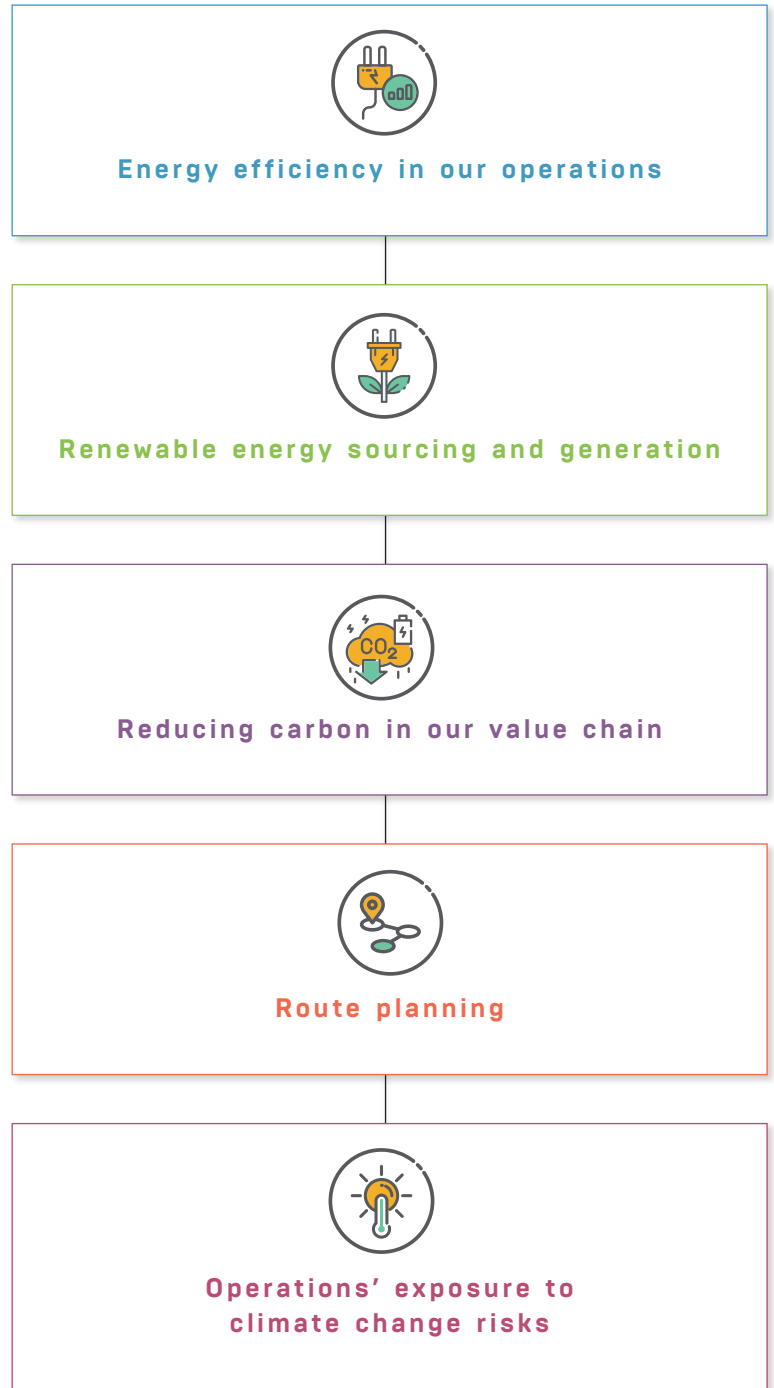
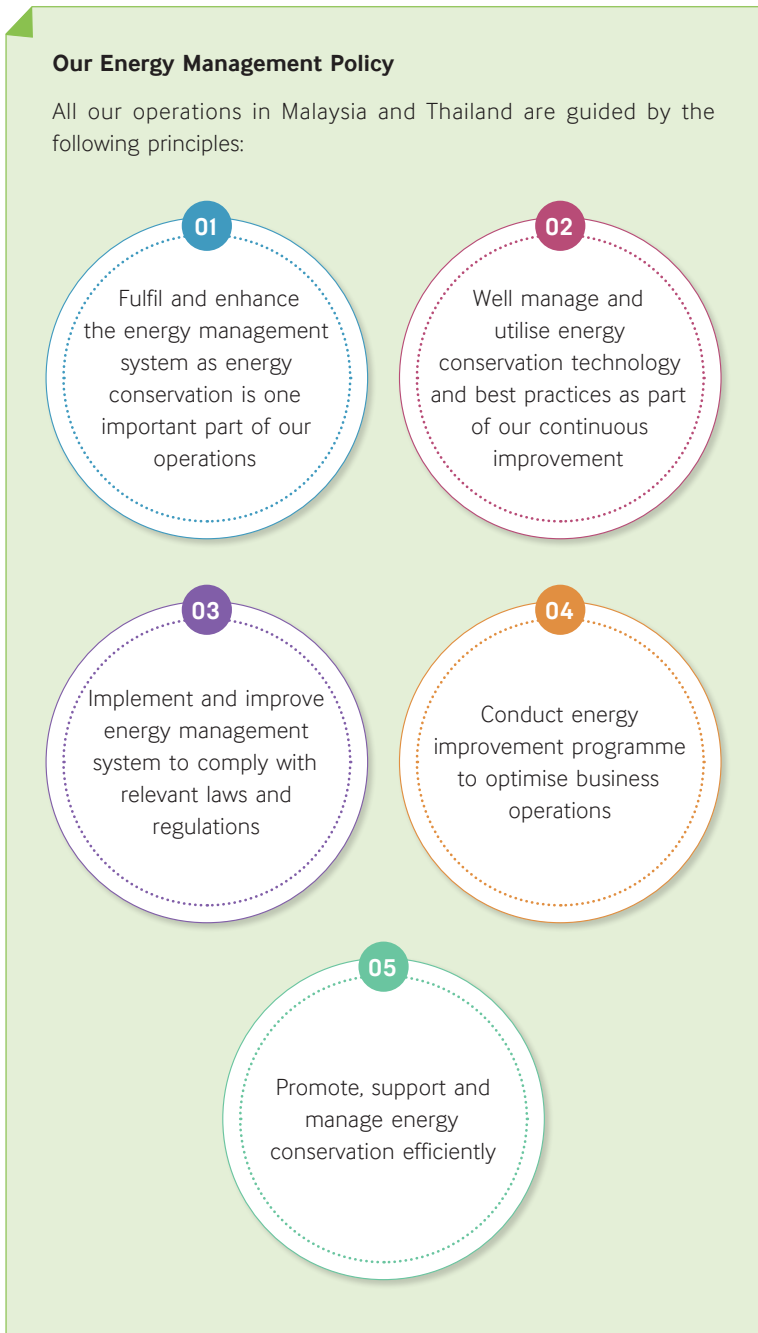
ECO-EFFICIENCY

OUR APPROACH

Malaysia’s government has targeted a 45% reduction in GHG intensity by 2030 from a 2005 baseline, and Thailand has a reduction target of 30% by 2036 from a 2010 baseline. F&NHB has an initial target: between 2017 and 2020, we aim to reduce intensity by 5%.

As with the other eco-efficiency topics, the framework for our approach is our Energy Management Policy. We regularly review the policy to ensure that it is valid and up-to-date.

Various actions during manufacturing, storage and transportation require energy. We have applied a range of initiatives, based on circular economy principles, to improve our energy performance. Our energy and climate change related activities are broken down into five priority areas. The first four relate to minimising our own direct and indirect impacts, and the final one relates to how we are adapting to climate change risks:



## Managing Our Impacts

### Energy Efficiency in Our Operations

Improving energy efficiency in our operations makes business sense just as much as it helps to reduce our environmental impacts. As part of our innovative approach across the group, we have a range of initiatives, including process solutions to eradicate wasted energy (for example installation of Variable Speed Drives and Intelligent Flow Controller); and behavioural solutions to reinforce a culture of good practice throughout our workforce (for example daily monitoring of energy consumption):

<b>VSD for Cooling Tower</b> – Pulau Indah site	Through installation of Variable Speed Drives (VSD), the motor speed of cooling tower fan is modulated based on an analogue input from a temperature sensing device. This helps to reduce the electricity consumption.	<b>Electricity Saving:</b> > 330,000 MJ/year <b>Cost Savings:</b> RM35,000/year
<b>Intelligent Flow Controller (IFC) for Main Air Compressor</b> – Pulau Indah site	Our plant in Pulau Indah installed IFC for Main Air Compressor to help in stabilising the pressure of compressed air and it can avoid the pressure fluctuation (about 8 psig). This elimination of fluctuation saves up to 5% of electricity usage.	<b>Electricity Saving:</b> > 360,000 MJ/year <b>Cost Savings:</b> RM39,000/year
<b>Centralised Cooling Extension</b> – Shah Alam site	With the extension of new lines, our plant in Shah Alam conducted electricity conservation by implementing Centralised Cooling extension for temperature fine-tuning. This system is a combination of each line’s cooling system which continuously circulates, evaporates and condenses a fixed supply of refrigerant in a closed system.	<b>Electricity Saving:</b> > 720,000 MJ/year <b>Cost Savings:</b> RM56,000/year

### Renewable Energy Sourcing and Generation

Energy efficiency can make a significant contribution, but we recognise that in order to ultimately decouple our activities from GHG emission, we must transition from hydrocarbon-based energy to renewable energy. We have begun to do this by sourcing more of our electricity from low-carbon and renewable sources. Further to this, we are also exploring options to generate our own renewable energy at our sites.

<b>Solar Energy Proposal</b>	A proposal to install a solar photovoltaic (PV) system at our Rojana site will provide an alternative source of energy for our operations. This will enable Rojana Site to significantly reduce energy consumption from the grid and utilise renewable energy for its operations. We will expand this into other plants after successful implementation at Rojana site.	<b>Plant Capacity:</b> 999 kWp (1,300 MWh) per year <b>Cost Savings:</b> 6.35 million baht/year
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### Reducing Carbon in Our Value Chain

As well as making improvements to our own operations through energy efficiency and renewable energy use, F&NHB is able to share best practice and encourage improvement along our full value chain. We are still at the beginning of these efforts but understand that it is essential to support our business partners and customers to reduce their own GHG emission impacts.

## ECO-EFFICIENCY

### Route Planning

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

Our Malaysia operations made significant progress in recent years by switching from single-deck trucks to double-decker trucks. We have also increased the product load per truck deck from 22 pallets to 26 pallets. We are now able to move more goods per trip and therefore reduce the number of trips. For FY2019, the cost savings achieved were estimated to be about RM300,000.

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

- Optimised operational planning – our team can plan and optimise shipments based on cost, service level and asset utilisation;
- Improved fleet management – our team can better manage the fleets by transporters, from driver and equipment assignment, dispatch, asset tracking, event management and supplier payment. With the GPS integration into OTM, our planners can track the trucks at any time to ensure safety and timely arrival at destinations.

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

We have also invested RM78 million in a sophisticated Automated Storage Retrieval System (ASRS) at our new integrated warehouse at Shah Alam plant, which will reduce the need for forklifts thus further reducing carbon footprint of our warehouse operations. Read more about the ASRS in page 040.



Double-decker trucks

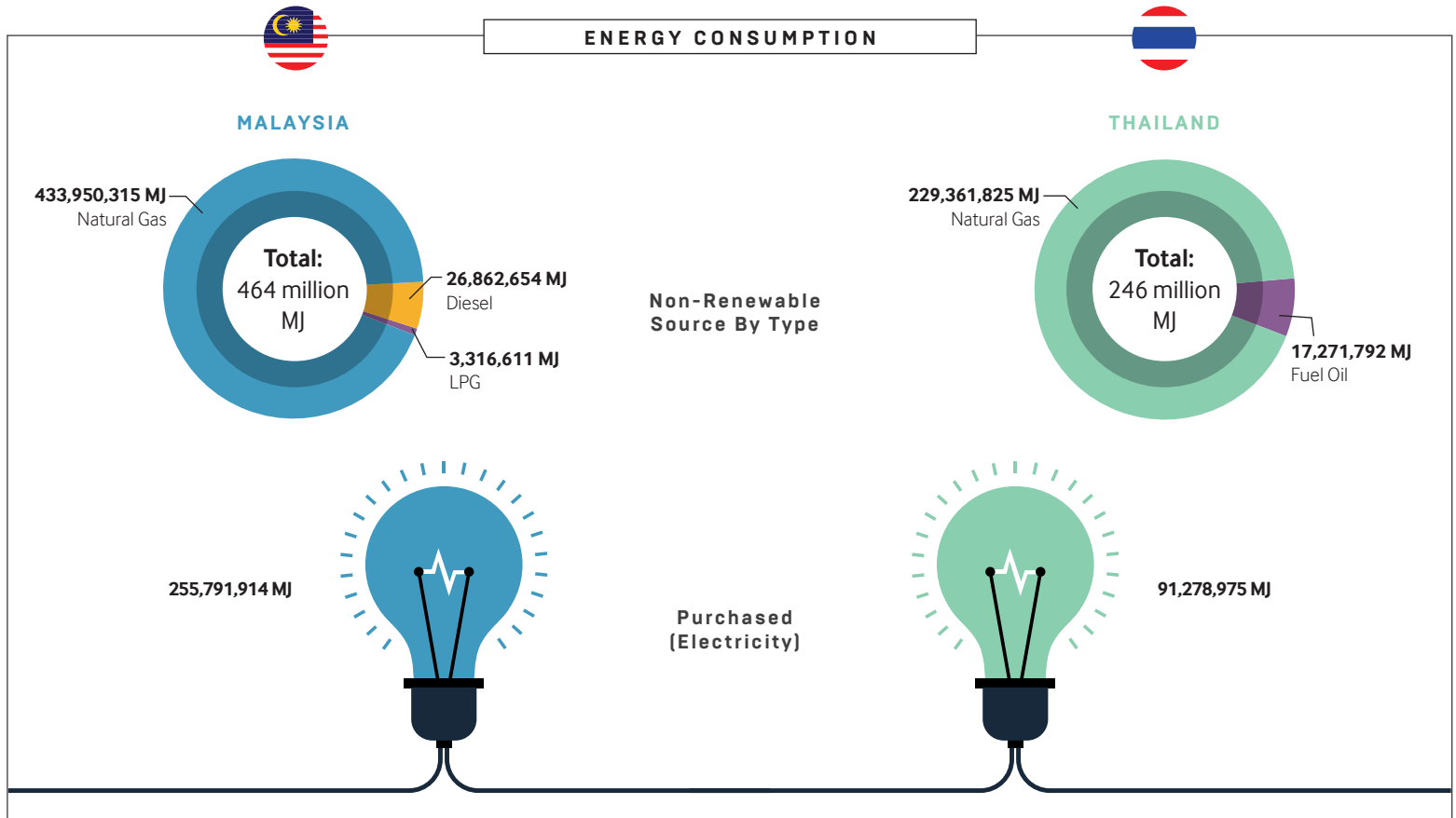
### Operations' Exposure to Climate Change Risk

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

Managing Our Impacts

OUR PERFORMANCE HIGHLIGHTS

GRI 302-1: Energy Consumption within the Organisation



GRI 302-3: Energy Intensity

Malaysia			Energy Intensity Ratio (MJ/MT)	Thailand		
FY2017	FY2018	FY2019		FY2017	FY2018	FY2019
6.70	5.18	3.93	Liquefied Petroleum Gas	0	0	0
477.47	465.63	514.71	Natural Gas	718.97	736.56	679.25
32.87	32.75	31.86	Diesel	0	0	0
0	0	0	Fuel Oil	62.60	66.59	51.07
278.53	257.70	303.40	Electricity	289.28	302.88	269.92

Notes:

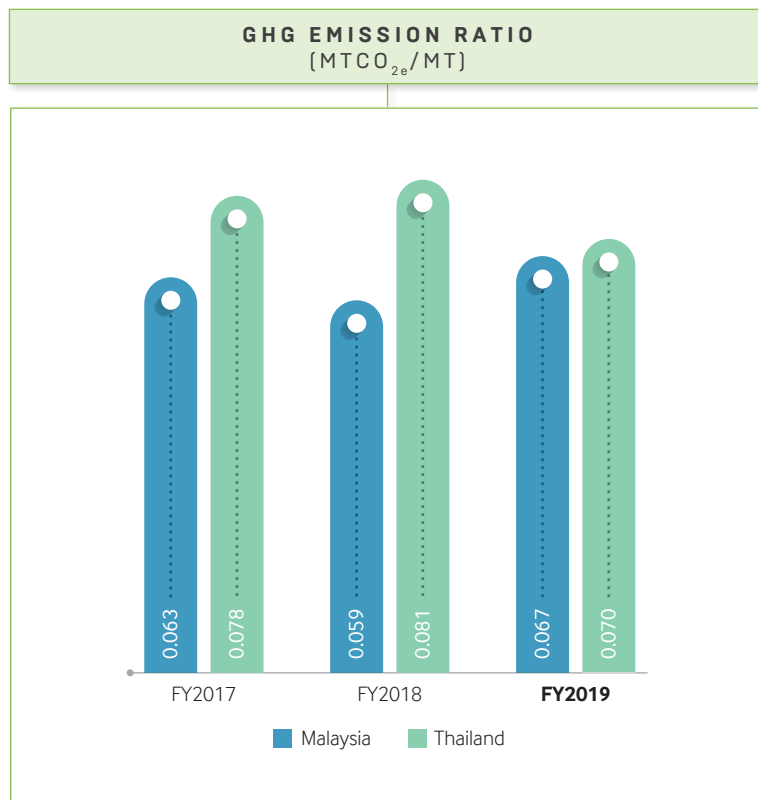
1. Energy intensity ratio is calculated based on the total amount of energy consumed (in megajoule, MJ) per metric tonne of product volume.
2. The energy intensity ratio is for the energy consumed within F&NHB only.

## ECO-EFFICIENCY

**GRI 305-1:** Direct (Scope 1) GHG Emission (CO<sub>2e</sub>) | **GRI 305-2:** Indirect (Scope 2) GHG Emission (CO<sub>2e</sub>)

Malaysia			Total GHG Emission (Equivalent) (MTCO <sub>2e</sub> )	Thailand		
FY2017	FY2018	FY2019		FY2017	FY2018	FY2019
			<b>Direct GHG Emission</b>			
375	305	209	Liquefied Petroleum Gas	0	0	0
19,380	19,866	24,235	Natural Gas	12,131	12,640	12,867
1,762	1,846	1,991	Diesel	0	0	0
0	0	0	Fuel Oil	1,188.00	1,285	1,337
			<b>Indirect GHG Emission</b>			
23,780	23,183	30,183	Electricity	10,266	10,933	10,771

**GRI 305-4:** Greenhouse Gas (GHG) Emission Intensity



**Notes:**

1. Data for FY2019 using the same reporting scope as that of the base year FY2017.
2. The greenhouse gas emissions were calculated from carbon dioxide and then converted into carbon dioxide equivalent per metric tonne of product, following the Global Warming Potentials (GWP).
3. GHG emission intensity ratio is calculated based on the total amount of CO<sub>2e</sub> generated (in metric tonne, MT) per metric tonne of product.

## RESPONSIBLE SUPPLY CHAIN



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

### SUSTAINABLE SOURCING

#### GRI 204-1

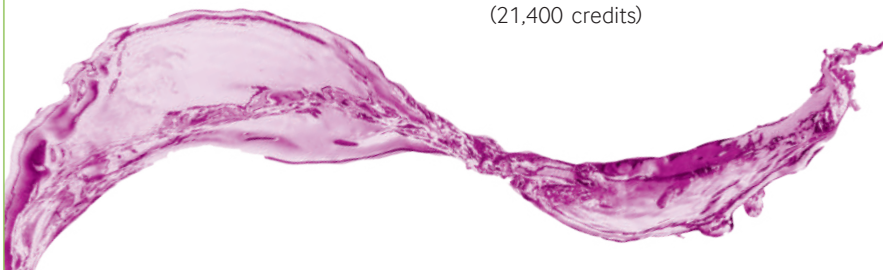
**Target:**

To purchase 100% of Roundtable on Sustainable Palm Oil (RSPO) credits for palm oil usage by 2020 (31,000 credits)

**Progress in 2019:**

▶ .....  
 On target - 70% of RSPO credits for total projected palm oil usage (21,400 credits)

Our target for 'Sustainable Sourcing' specifically relates to palm oil. Although this represents a relatively minor proportion (less than 3% of total expenditure on products and services), it has potentially major indirect impacts as irresponsible oil palm cultivation has caused – and continues to cause – significant environmental and social damage. We understand that our actions and business practices pertaining to the sourcing of sustainable palm oil is important and, becoming an ordinary member of RSPO in August 2017, we re-iterate our commitment to using only Certified Sustainable Palm Oil (CSPO) in our products by 2025.



RESPONSIBLE SUPPLY CHAIN

OUR APPROACH

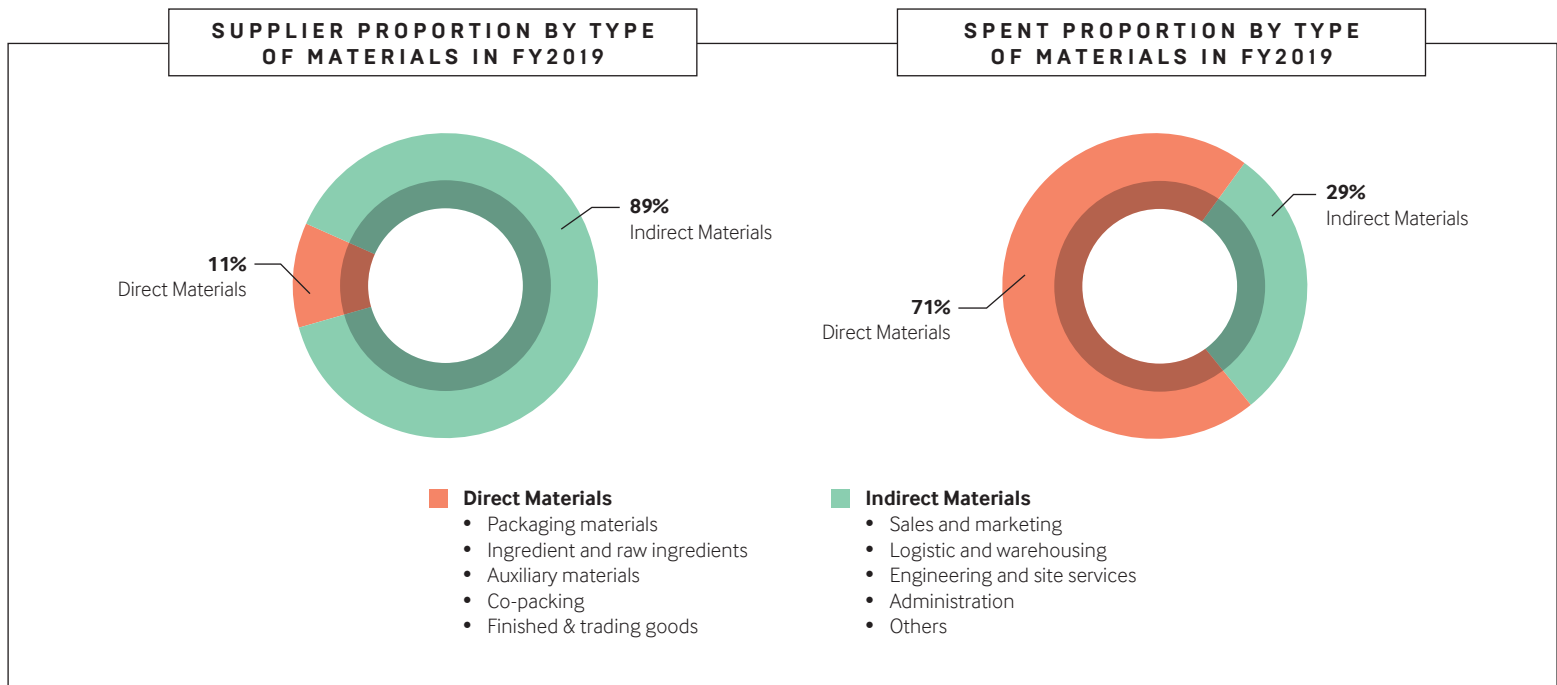
During the past year, we engaged with over 3,100 global and local suppliers across our supply chain, including manufacturers, wholesalers, retailers, importer/merchants, contractors and professional services providers. We recognise that sustainability in our own operations is futile, unless we also work with these partners to ensure best practice across our supply chain for all sustainability issues.

F&NHB promotes sustainable and responsible procurement and sourcing via risk management and conscientious supplier selection. We are a member of the Supplier Ethical Data Exchange and conduct regular audits on our suppliers to ensure standards and practices for food safety and the environment are maintained throughout the value chain.

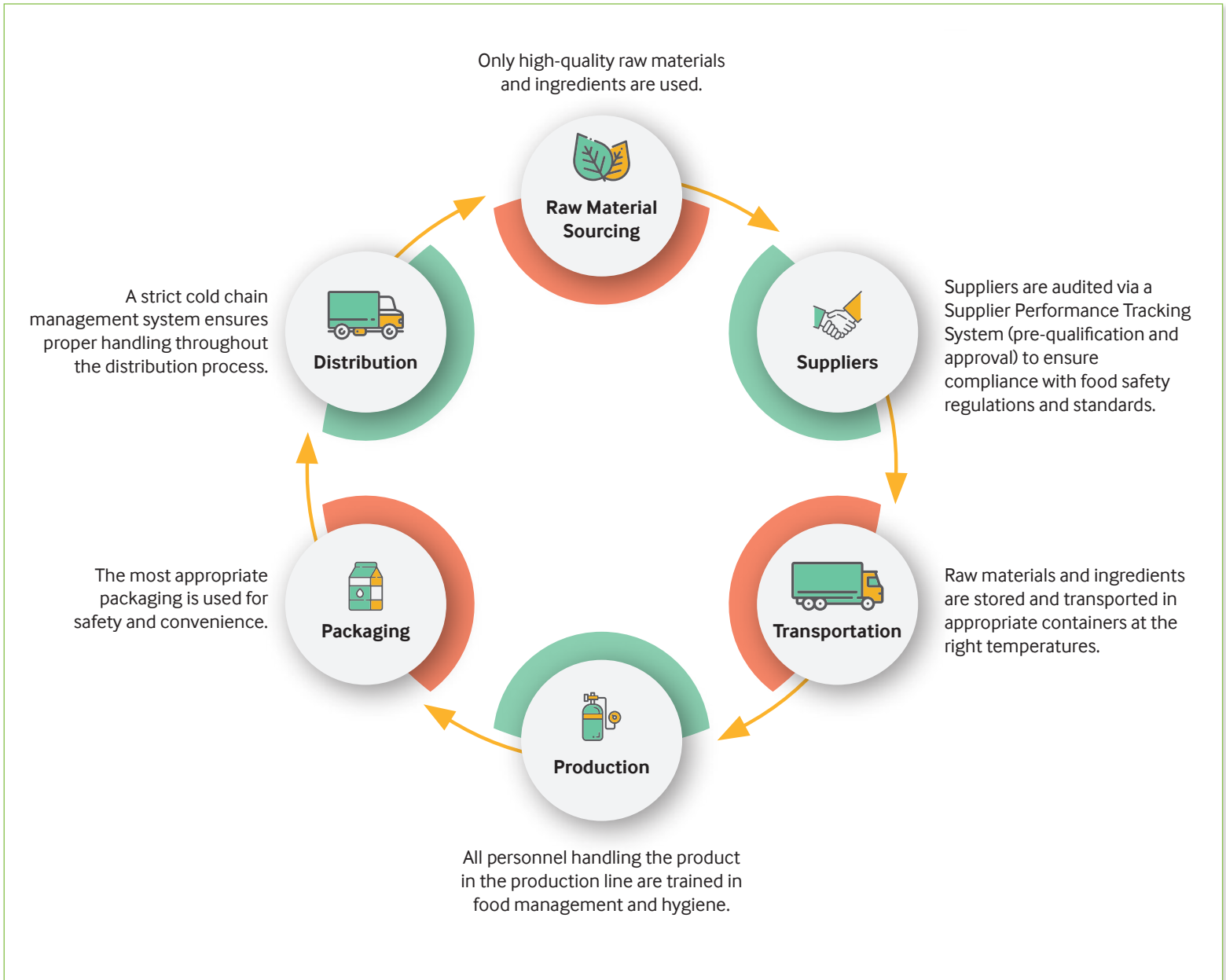
F&NHB supports the UN Guiding Principles on Business and Human Rights across our value chain. Next year, we aim to introduce a 'Supplier Guiding Principles', which will cover areas and standards which we abide by in relation to: child labour; forced labour; promotion of non-discrimination and equal opportunities;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

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

Supplier Categories



OUR SUPPLY CHAIN



## RESPONSIBLE SUPPLY CHAIN

### Screening our Suppliers

At F&NHB, we have a systematic screening process for all potential new suppliers using environmental and social criteria. These criteria reflect our commitments towards the environment (such as reducing waste, pollution and water resources) and society (including human rights and labour practices).

We also assess the environmental performance of our raw materials and primary packaging suppliers annually by verifying if they have:

01



implemented an environmental policy

02



undertaken audits to monitor their environmental performance and compliance

03



maintained an ISO 14001 compliant environmental management system

### Addressing Risks in our Supply Chain

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

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

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



# 0 incident

of non-compliance with food safety regulations and standards.

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

### Halal Sourcing Partnership Programme

As a major producer of Halal products in Malaysia, F&NHB is in a position to facilitate the development of the nation's Halal industry. This year, F&NHB collaborated with Halal Industry Development Corporation (HDC) on the Halal Sourcing Partnership Programme (HSPP).

Through this collaboration, F&NHB shared Halal industry best practices whilst providing technical advice and knowledge transfer to small and medium enterprises (SMEs). 37 SMEs showcased their products during the pitching sessions in Penang and Kuala Lumpur. Successful companies then underwent further screening, coaching and monitoring to elevate their capability to be qualified as Halal vendors for multi-national corporations.

Managing Our Impacts

# Special Feature

## Enhancing Supplier Productivity

Since 2013, we have been collaborating with local Thailand-based farmers in cooperatives which supply F&NHB with milk. We continue to introduce new technologies and equipment (for example, milk machine testers and automatic jet cleaning milking machines) to help them increase productivity, improve milk quality, and reduce wastes as part of a circular economy approach. Working closely with the cooperatives, we also organised seminars and produced quarterly educational newsletters for the farmers.

This year, we worked with Thepsathit Milk Cooperative, one of our milk suppliers in Thailand, to tackle the water shortage problem during the annual dry seasons by providing a champagne tank and piping route to the Thepsathit community. Around 50 employees volunteered in this programme, which provided more than 200 residents with clean and sufficient water supply during the dry season.

01

Sponsored **3** milking tester machines to **3** milk cooperatives, helping **690** farmers in improving milk quality.

02

Organised quarterly seminars for **120** farmers from **4** milk cooperatives, covering various topics including procurement policy, quality evaluation, cost reduction and long-term supply.

03

Supported **45** farmers in the cow feed production project, using Napier grass for total mix ration production to improve milk yield and reduce cost.

### Mr. Chatchawal Maneetap's work recognised by the Animal Husbandry Association of Thailand

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



We have been a milk supplier to F&N for many years, and have developed a strong relationship that is mutually beneficial. There is a lot of knowledge sharing between the two companies, which is not something you get with all business relationships. We provide F&N with information about the upstream fresh milk farming, while they keep us updated about what's happening in the downstream dairy business of producing and marketing sweetened and evaporated condensed milk.

Because F&N is an international company, they also open our minds to the international standards that a dairy farm like us can aspire to. Through this knowledge, we are inspired to keep improving our standards and quality. At the same time, we provide them information on the issues that local farmers face. This helps them understand the needs of their other fresh milk suppliers.



**Emil Kachchap**  
Division Manager of International Relations, Farm Chokchai

As a relatively new dairy company, TFMs really appreciates the support that we get from F&N. From the time that we opened and started supplying milk to them about two years ago, they have gone beyond being just a client to becoming more like our business partner. Their agriculture team has been working closely with our people to provide us with the knowledge and skills to improve the quality of our milk. They conduct training sessions with our farmers on feeding cattle and how to keep them healthy. They have also helped us acquire new technologies that enable us to run our farms more efficiently.



**R Lerkchai Ramanee**  
Manager, TFMs Milk Collection Center and Farm

We feel privileged to have found a business customer that takes our interest to heart. With the relationship that we have developed, I am confident that we will continue to be a partner to F&N for many more years to come.

RESPONSIBLE SUPPLY CHAIN

OUR PERFORMANCE HIGHLIGHTS

Certification

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

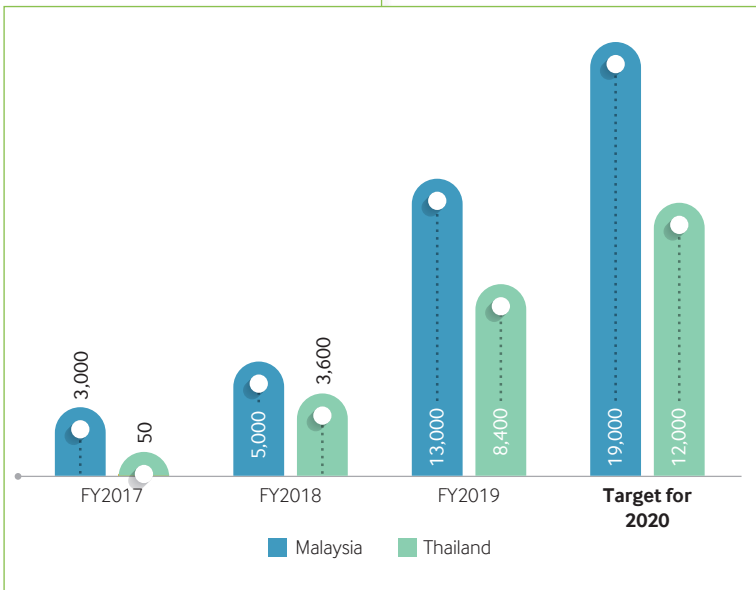
We have a roadmap to purchase RSPO credits for 100% of our projected palm oil usage in 2020. This year, we have reached our interim target and purchased a total of 33,050 credits to-date, representing about 70% of our palm oil usage.



RSPO issues credits which act as proof that one tonne of certified palm oil was produced by an RSPO-certified company or independent producer and has entered the global palm oil supply chain. F&NHB purchases RSPO Credits to support the production of certified sustainable palm oil.

**13,000 RSPO Credits bought in Malaysia**  
**8,400 RSPO Credits bought in Thailand**

PURCHASE OF RSPO CREDITS



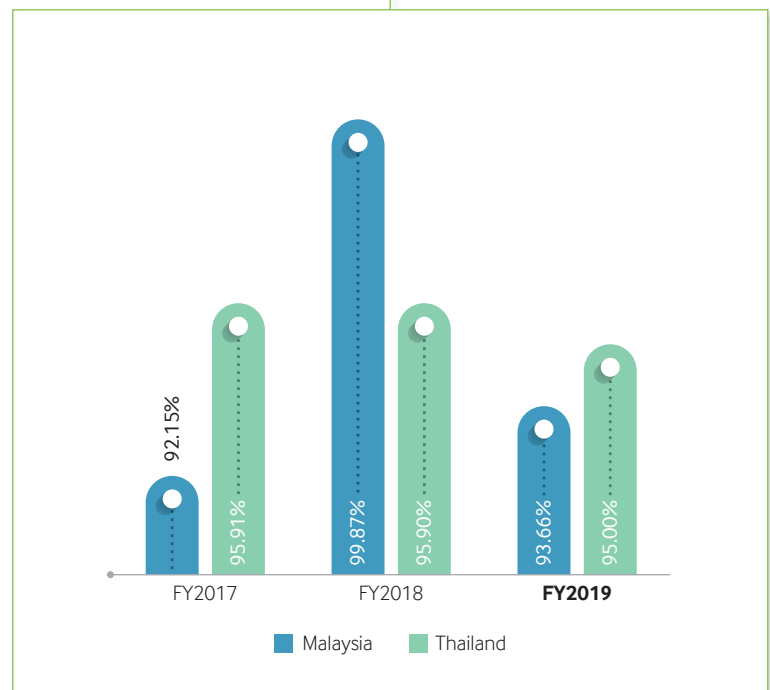
Note:

- Local suppliers refer to a group of suppliers who operate their business in the country where as F&NHB's operation is located, which are Malaysia, Brunei, Thailand and IndoChina.

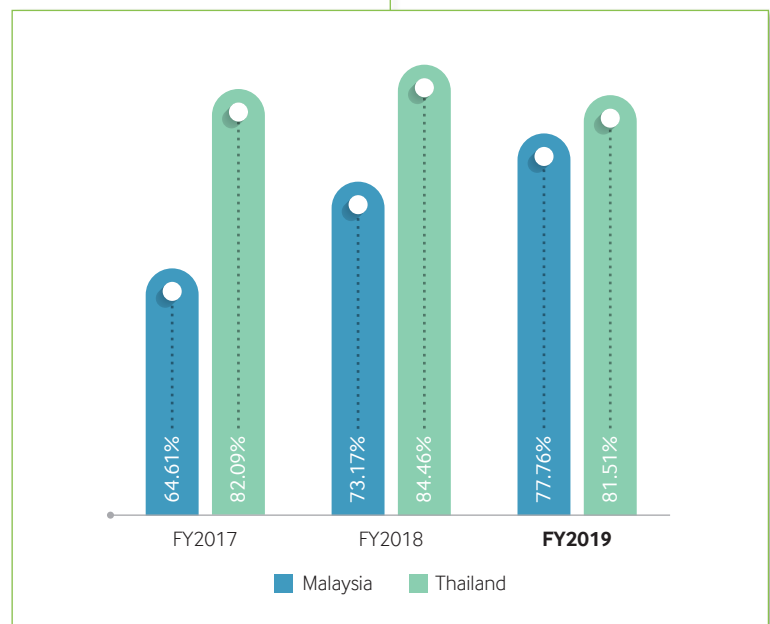
Supporting Local Suppliers

F&NHB engages with local suppliers where possible to support the local economy and minimise environmental impacts from transportation. More than 94% of our suppliers are local, representing more than 79% of our purchase value expenditures.

PERCENTAGE OF LOCAL SUPPLIERS



PERCENTAGE OF PURCHASE VALUE SPENT ON LOCAL SUPPLIERS



## SAFETY & WELL-BEING



At F&NHB, our holistic approach for Safety & Well-being includes: creating a proactive safety culture and healthy workforce; embodying our brand promise of 'Pure Enjoyment, Pure Goodness' through product safety and nutrition; as well as enabling consumers to make informed purchasing choices through accurate and appropriate labelling and responsible marketing.

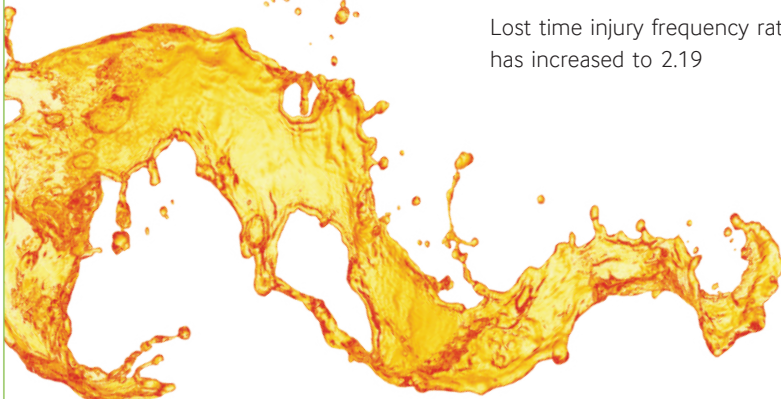
### OCCUPATIONAL HEALTH & SAFETY

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

#### GROUP LOST TIME INJURY FREQUENCY RATE

**Target:**

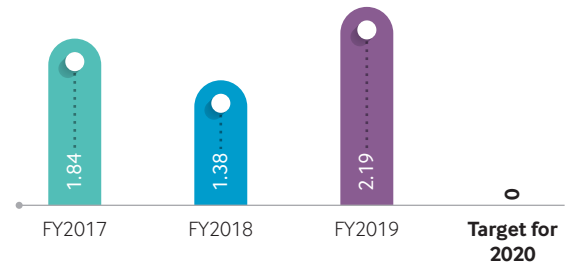
To have zero lost time injury frequency rate (LTIFR) by 2020



**Progress in 2019:**

.....

Lost time injury frequency rate has increased to 2.19

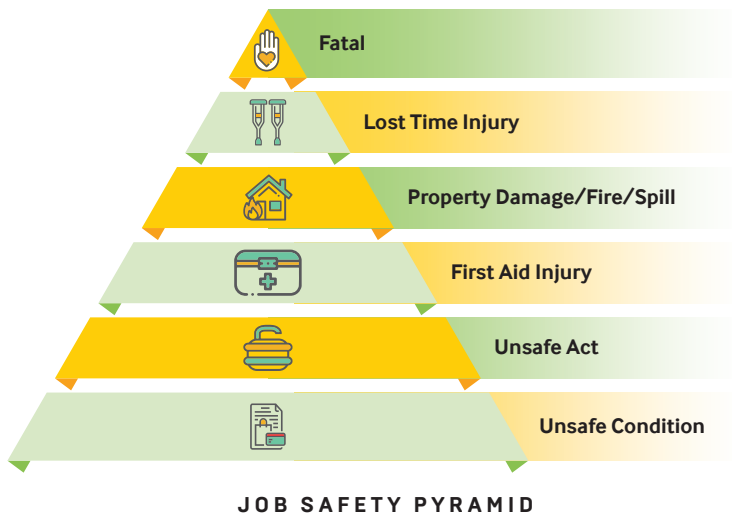


## SAFETY & WELL-BEING

### OUR APPROACH

In F&NHB, we believe working as a team is the only way to achieve our aim of zero lost days due to accidents. We cultivate a proactive 'safety first' culture for employees, so they are aware of their responsibilities for both themselves and their colleagues. This includes advocating a healthy lifestyle through awareness of nutrition, physical activity and stress reduction measures.

To further strengthen our commitment to safety culture, a) Lost Time injury Frequency Rate; and b) number of Safety & Health initiatives were incorporated in FY2019 as part of shared key performance indicators (KPIs) for all executives.



### CREATING A SAFETY CULTURE

F&NHB has in place, Safety, Health, and Environment (SHE) systems and monitoring processes across our operations. Beyond compliance with national regulations, our safety practices adhere to International standards including ISO 14001 and OHSAS 18001 for our major sites. All employees, workers and activities are covered by our SHE systems, and receive adequate training and safety equipment wherever appropriate.

Each plant has its own Safety Committee comprising management and workers. And this year, we have also set up a Safety & Health Committees for our corporate office and regional sales offices. These committees oversee our safety systems and programmes to ensure their effectiveness and meet every month to discuss accidents or near-misses and determine appropriate actions to reduce risks. They also conduct audits on our SHE systems, develop annual safety plans and programmes to increase awareness of health and safety issues among employees.

Employees are encouraged to report any potential risks or hazards. They do this by informing their safety representative or supervisor, or a more formal report to our safety committees with the option to remain anonymous. On ground, we have Company Emergency Response Teams (CERT) who are trained to mobilise quickly and ensure the safety of our employees, should any incidents occur.

### HEALTHY WORKFORCE

We focus on ensuring an environment that is conducive to employee well-being and promoting healthy habits to keep our people healthy and happy.

Our Health Risk Assessment Committee is trained to review areas where employees may be exposed to health risks. Our work environment is enhanced with ergonomic facilities to prevent office-related injuries and includes shower facilities to help employees integrate physical activity into their daily work life.

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

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

In 2019, our employees attended a total of 2,436 hours of occupational health and safety training. Training topics included:

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

In both Malaysia and Thailand, we organised regular activities to engage our employees on safety topics which include safety, health and environment awareness week, an internal ISO 45001 audit and training, monthly newsletter and sharing sessions from local regulatory bodies.

All workers (employees and contractors) have access to occupational health services in relation to their relevant activities. This includes hygiene, ergonomics, protective equipment and first aid kits. F&NHB is advised by accredited consultants on SHE matters. Where any work-related health matters occur, F&NHB pays relevant treatment costs and allow for any required time away from work.

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

Managing Our Impacts

OUR PERFORMANCE HIGHLIGHTS

In FY2019, there were 17 recordable work-related injuries and 0 incident of recordable work-related ill health for both employees and non-employees.

Our Group LTIFR this year was 2.19 per one million hours worked. We remain focused on achieving a zero-accident workplace. This shows our zero-tolerance attitude towards workplace accidents and the importance we place on our employees' safety.

GRI 403-9 (2018) – Work-related injuries | GRI 403-10 (2018) – Work-related ill health

Malaysia			Occupational Health & Safety	Thailand		
FY2017	FY2018	FY2019		FY2017	FY2018	FY2019
1.63	1.66	1.84	Work-related Injuries	0	0	0
0	0	0	High-consequence Work Related Injuries	0	0	0
0	0	0	Fatalities	0	0	0

WORK-RELATED INJURIES



**WE MAINTAIN 0**

high-consequence work-related injury

**WE MAINTAIN 0**

fatality

**WE MAINTAIN 0**

work-related illness

SAFETY & WELL-BEING

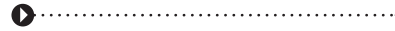
CONSUMER HEALTH & SAFETY

GRI 416-1, 416-2

**Target:**

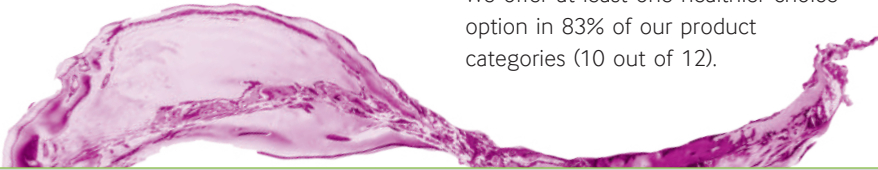
We will offer at least one healthier choice option in all our product categories by 2020.

**Progress in 2019:**



We offer at least one healthier choice option in 83% of our product categories (10 out of 12).

Consumer Health & Safety is fundamental for F&NHB as shown in our materiality matrix. It is identified as our most important sustainability topic. We live by our brand promise of 'Pure Enjoyment, Pure Goodness' by producing, marketing and selling our brands responsibly, enabling consumers to make informed purchasing choices. We consistently maintain the highest standards so that customers have full confidence when purchasing and consuming our products.



OUR APPROACH

Quality & Safety

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

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

Other certifications include: Food Safety Management System ISO 22000; Quality Management System ISO 9001; Accredited Laboratory; Good Manufacturing Practice; and Hazard Analysis and Critical Control Point standards. Our Sustainability & Risk Management Board Committee regularly reviews our key risks in relation to consumer health and safety.

Malaysia 	
FSSC 22000 Food Safety System Certification	ISO 9001:2015 Quality Management System
FSSC 22000 Food Safety System Certification	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)
ISO 14001:2015 Environmental Management System	Industry Responsibility of Food Safety Certification Scheme (MeSTI)
Energy Management Gold Standard Certification (ASEAN Energy Management Scheme)	Halal Certification – JAKIM & MUI
	Veterinary Health Mark (VHM) Certification

Thailand 
ISO/IEC 17025 Accredited Laboratory
Good Manufacturing Practice (GMP)
Halal Certification
Green Industry Level 4
Labour Relations and Welfare Certificate 2013-2018
ISO 22000:2005 Food Safety Management System
Hazard Analysis and Critical Control Point (HACCP)
Food Safety System Certification 22000:2010

## Managing Our Impacts

### Halal Assurance

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

During the year, we held 94 workshop sessions involving 1,131 employees to further raise awareness about Halal. Employees with responsibility in Halal matters for F&NHB also attended a series of professional training sessions related to Halal internal audit and assurance. The Halal Awareness training was also conducted to our key transporters in 2019. Non-halal food and drinks are strictly prohibited within factory premises including offices and canteens.

99% of our employees in Malaysia underwent Halal Awareness training as of 2019. Continuous training for new joiners is on-going.



### Nutrition Charter

As well as safeguarding our consumers' safety while enjoying our products, we are committed to developing products and initiatives to promote health and nutrition. The F&N Nutrition Charter outlines our commitment to develop products which are healthy for consumers, guiding us throughout product development, marketing, and initiatives to advocate healthy lifestyles. The principles of the Nutrition Charter are:

<p><b>01</b></p> <p>Led by our brand promise of 'Pure Enjoyment. Pure Goodness' to consumers - to deliver products which are not only great-tasting but also packed with nutritional goodness</p>	<p><b>02</b></p> <p>To develop products based on proven scientific evidence and research, and consumer insights and tastes relevant to evolving Asian lifestyles</p>	<p><b>03</b></p> <p>To actively self-regulate and ensure accountability via strong corporate governance</p>	<p><b>04</b></p> <p>To provide safe, high-quality and affordable products to all our consumers</p>	<p><b>05</b></p> <p>To innovate and constantly refine our products to meet the changing needs of all our consumers and ensure consistent delivery of good taste and the right nutritional values.</p>
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### Towards Healthier Options

We put much emphasis on developing healthier products. Beyond lowering sugar content, we also boost our product's functional quality by adding vitamins and minerals. Many of our products carry the 'Healthier Choice Logo' by the Ministry of Health Malaysia and Ministry of Public Health of Thailand. This year, we expanded our 'Healthier Choice Logo' certified product range to 41, from 20 last year:

Malaysia 				Thailand 	
<b>100 PLUS</b>	<b>FARMHOUSE</b>	<b>F&amp;N CSD</b>	<b>F&amp;N MAGNOLIA</b>	<b>F&amp;N MAGNOLIA</b>	<b>BEAR BRAND</b>
<ul style="list-style-type: none"> <li>Original</li> <li>Reduced Sugar</li> <li>Berry</li> <li>Lemon Lime</li> <li>Orange</li> <li>Blackcurrant</li> <li>Active</li> </ul>	<ul style="list-style-type: none"> <li>Fresh Milk Pasteurised</li> <li>Low Fat Hi Calcium Milk (Pasteurised)</li> <li>Omega Low Fat Milk (Pasteurised)</li> </ul>	<ul style="list-style-type: none"> <li>Lychee Pear</li> <li>Orange</li> <li>Sarsi</li> <li>Strawberry</li> <li>Zappel</li> <li>Fruitade</li> <li>Ice Cream Soda</li> <li>Ginger Ade</li> <li>Grape</li> </ul>	<ul style="list-style-type: none"> <li>Fresh Milk Pasteurised</li> <li>Barista Milk Fresh Milk (Pasteurised)</li> <li>Low Fat Hi Cal Milk (Pasteurised)</li> <li>Skim Milk 0% Fat (Pasteurised)</li> <li>Chocolate Flavoured Milk (UHT)</li> </ul>	<ul style="list-style-type: none"> <li>Pasteurised Milk Full Fat</li> <li>Pasteurised Milk Low Fat</li> <li>Plus Gingko Plain Flavour</li> </ul>	<ul style="list-style-type: none"> <li>Sterilised Milk Non-fat</li> <li>Sterilised Milk Regular</li> <li>Sterilised Milk Low Fat</li> <li>Sterilised Milk High Folate</li> <li>Gold White Tea</li> <li>Gold White Malt</li> <li>Gold Goji Berry</li> <li>Gold White Kidney Beans</li> </ul>
<b>F&amp;N ICE MOUNTAIN</b>	<b>OYOSHI GREEN TEA</b>	<b>F&amp;N SEASONS</b>	<b>SUNKIST</b>		
<ul style="list-style-type: none"> <li>Mineral Water</li> <li>Drinking Water</li> </ul>	<ul style="list-style-type: none"> <li>Green Tea Original</li> </ul>	<ul style="list-style-type: none"> <li>Chrysanthemum</li> <li>Pu-erh Chrysanthemum Tea</li> </ul>	<ul style="list-style-type: none"> <li>Growers Selection Orange Juice (No sugar added)</li> </ul>		

## SAFETY &amp; WELL-BEING

Our philosophy of 'Pure Enjoyment, Pure Goodness' means innovating constantly to satisfy consumers' increasing preference for natural ingredients. For example, OYOSHI tea products are brewed from high quality organic tea leaves; our soya bean milk beverages are made with first grade Non-GMO (genetically modified organisms) soy beans; and none of our products sold in Malaysia and Thailand contain Partially Hydrogenated Oils (trans fatty acids). We provide alternative and healthier options to cater for consumers with food intolerance, such as lactose-free milk.

Another aspect of the healthier offering is our commitment to reducing sugar content in our products. This year, we re-formulated a large portion of our product variants to contain less than 5g/100ml sugar. This includes:

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

As a result, more than 90% of our RTD products sold this year are now healthier options (below the sugar sweetened beverage excise duty threshold).

Some highlights from new products introduced this year:



#### F&N Lychee Pear

Our first carbonated soft drinks launched April this year which has received the 'Healthier Choice Logo' from Ministry of Health Malaysia, with 4.9g/100ml sugar.



#### F&N SEASONS Double Fruits Tea

Our new range of healthier option tea with refreshing fruit combinations launched in July this year: F&N SEASONS Apple Pomegranate Tea and F&N SEASONS Watermelon Lychee Tea, with no added preservatives or colouring.



#### F&N SEASONS Pu-erh Chrysanthemum Tea

Our new unsweetened drink made from Pu-Erh tea and sweet chrysanthemum launched during this year's Chinese New Year, with no added preservatives, colouring or sugar.



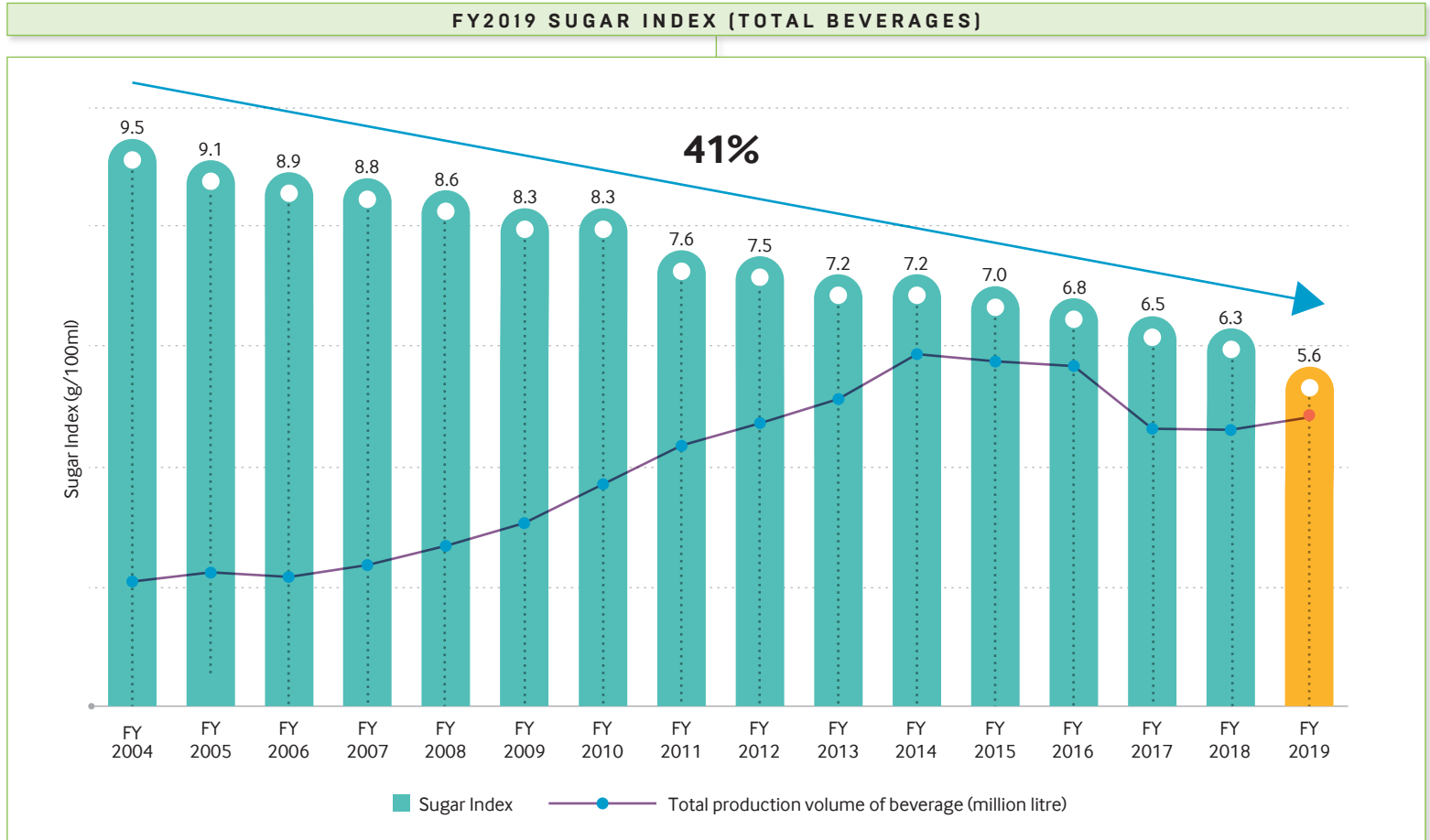
#### F&N Magnolia Plus Lactose Free Milk

Our new range of pasteurised milk launched in April 2019 to meet the growing demand from consumers with food intolerances.

## Managing Our Impacts

Recognising the negative effects associated with excessive sugar consumption, F&NHB has taken the initiative to proactively decrease the sugar content in our beverages since 2004. This is achieved gradually without compromising on the taste of our products and their acceptance by consumers.

As a result, the overall sugar index (grammes of sugar content per 100ml) of our beverages is at 5.2g/100ml which is 11% lower than last year and equivalent to 41% reduction from FY2004.



### Sugar index

is calculated by total volume of sugar (gramme)/total production volume of beverages (million litre).

### Beverages

include Isotonic, CSD, Water, Tea, Soya and Juice (Ambient).



**41%**

reduction from FY2004 to FY2019



**11%**

reduction from FY2018 to FY2019



### Nutrition for Soon-to-be Mothers

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

SAFETY & WELL-BEING

OUR PERFORMANCE HIGHLIGHTS

In FY2019, F&NHB maintained our health and safety standards and, to the best of our knowledge, there was no significant incident of non-compliance with regulations resulting in a fine, penalty or warning.

Percentage of significant product categories for which health and safety impacts are assessed for improvement by country (%)



We are making good progress towards having at least one healthier choice in each product category by 2020. There are currently healthier options in ten out of twelve product categories.

**83%**  
**10 out of 12 product categories**  
have **healthier choice option.**

For ambient juice category, we are committed to offer at least one healthier option in next year.

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

**PRODUCT AND SERVICE LABELLING**

**GRI 417-1; GRI 417-2**

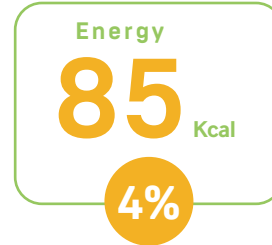
Our packaging and labelling is the primary method through which we communicate information to consumers about our products' quality, nutrition, safety and disposal. It is therefore essential that our labelling is comprehensive and clear, allowing our consumers to make fully informed purchasing decisions.

**OUR APPROACH**

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

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

**FRONT OF PACK LABEL**



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

We ensure that our marketing and advertising activities do not make any ethical breaches. We adhere to the Malaysian Code of Advertising Practice in Malaysia and the Consumer Protection Act of B.E. 2522 (1979) in Thailand. In Malaysia, we are a signatory to the 'Responsible Advertising to Children' initiative and have pledged to restrict marketing to children under 12 years of age. For example, we will only advertise children's products which meet specific nutritional criteria based on accepted scientific evidence, and national and international dietary guidelines.

**OUR PERFORMANCE HIGHLIGHTS**

Throughout our product information, labelling and marketing communications efforts in FY2019, to the best of our knowledge, there was no incident of non-compliance with regulations or voluntary codes resulting in a fine, penalty or warning.





- 
- Performance Summary
  - External Assurance Statement
  - GRI Content Index
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# Other Information





## PERFORMANCE SUMMARY

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR		
			FY2017 (BASELINE YEAR)	FY2018	FY2019
<b>DRIVING ECONOMIC VALUE</b>					
<b>Material Topic: Economic Performance</b>					
GRI 201-1 Direct economic value generated and distributed	<b>Direct economic value generated</b>	RM million	<b>4,101.4</b>	<b>3,871.0**</b>	<b>4,077.1</b>
	Revenue	RM million	4,101.4	3,871.0**	4,077.1
	<b>Economic value distributed</b>	RM million	<b>3,323.0</b>	<b>3,264.1**</b>	<b>3,451.8</b>
	Annual dividend	RM million	210.8	210.8	210.9
	Cost of sales		2,732.9	2,721.3**	2,810.4
	Employee benefit expenses		348.9*	294.4	307.8
	Income tax expenses		30.4	37.6	122.7
	<b>Economic value retained</b>	RM million	<b>778.4*</b>	<b>606.9**</b>	<b>625.3</b>

\* Other employee benefits\* were excluded from "Employee benefit expenses" in FY2017.

\*\* Restated for adjustments pursuant to the adoption of MFRS 15, Revenue from Contracts with Customers.

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR					
			FY2017		FY2018		FY2019	
			MALAYSIA	THAILAND	MALAYSIA	THAILAND	MALAYSIA	THAILAND
<b>EMPOWERING OUR PEOPLE</b>								
<b>Material Topic: Talent Management</b>								
GRI 401-1 New employee hires and employee turnover	<b>Total new employee hires</b>	Person	<b>163</b>	<b>85</b>	<b>211</b>	<b>78</b>	<b>191</b>	<b>103</b>
	– Age under 30 years old		94	46	115	53	116	71
	– Age between 30-50 years old		63	39	90	25	63	32
	– Age over 50 years old		6	0	6	0	12	0
	– Male		101	53	133	57	132	74
	– Female		62	32	78	21	59	29
	<b>Total employee turnover</b>		<b>611</b>	<b>55</b>	<b>170</b>	<b>84</b>	<b>158</b>	<b>83</b>
	– Age under 30 years old		157	18	60	28	71	33
	– Age between 30-50 years old		297	36	99	52	81	43
	– Age over 50 years old		157	1	11	4	6	7
	– Male		402	33	100	54	96	68
	– Female		209	22	70	30	62	15

Other Information

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR					
			FY2017		FY2018		FY2019	
			MALAYSIA	THAILAND	MALAYSIA	THAILAND	MALAYSIA	THAILAND
<b>EMPOWERING OUR PEOPLE (CONT.)</b>								
<b>Material Topic: Talent Management (Cont.)</b>								
<b>GRI 404-1</b> Average hours of training per year per employee	<b>Total training hours</b>	Hours	<b>23,474</b>	<b>14,484</b>	<b>33,062</b>	<b>14,512</b>	<b>38,299</b>	<b>19,275</b>
	– Male		12.08	17.50	17.33	19.02	17.41	27.40
	– Female		12.47	28.67	16.29	27.10	25.78	30.27
	– Executives		14.98	35.44	25.58	41.51	29.42	39.29
	– Non-executives		10.64	12.34	14.56	8.61	13.54	20.85
	Average hours of training per employee per year		12.20	21.78	17.02	22.05	19.91	28.51
	<b>Group average hours of training per employee per year</b>		<b>14.70</b>	<b>16.77</b>	<b>22.14</b>			
<b>Material Topic: Market Presence</b>								
<b>GRI 202-2</b> Proportion of senior management hired from the local community	Percentage of senior management hired from local community	%	90	100	95	100	95	100
<b>ENHANCING SOCIAL WELL-BEING</b>								
<b>Material Topic: Creating Value for Society</b>								
<b>GRI 413-1</b> Operations with local community engagement, impact assessments, and development programmes	Percentage of operations with implemented local community engagement, impact assessment, and development programmes	%	100	100	100	100	100	100

## PERFORMANCE SUMMARY

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR					
			FY2017		FY2018		FY2019	
			MALAYSIA	THAILAND	MALAYSIA	THAILAND	MALAYSIA	THAILAND
<b>ECO-EFFICIENCY</b>								
<b>Material Topic: Water Stewardship</b>								
<b>GRI 303-3 (2018)</b> Water withdrawal by source	<b>Total volume of water withdrawal</b>	m <sup>3</sup>	<b>1,999,598</b>	<b>480,805</b>	<b>1,650,383</b>	<b>521,193</b>	<b>2,180,527</b>	<b>520,236</b>
	– Surface water	m <sup>3</sup>	180,200	0	171,286	0	0	0
	– Ground water		650,388	0	91,217	0	102,160	0
	– Rainwater collected directly and stored by F&N		431	0	290	0	0	0
– Municipal water supplies or other water utilities	1,168,579		480,805	1,387,590	521,193	2,078,367	520,236	
<b>GRI 303-5 (2018)</b> Water consumption	<b>Total volume of water consumption</b>	m <sup>3</sup>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>1,138,596</b>	<b>300,180</b>
<b>Water intensity</b>	Total volume of water withdrawal	m <sup>3</sup>	1,999,598	480,805	1,650,383	521,193	2,180,527	520,236
	Water intensity ratio	m <sup>3</sup> /MT	2.76	1.60	2.17	1.70	2.59	1.54
	<b>Group water intensity ratio</b>	m <sup>3</sup> /MT	<b>2.06</b>		<b>2.04</b>		<b>2.29</b>	
<b>Material Topic: Effluents and Waste</b>								
<b>GRI 306-2</b> Waste by type and disposal	<b>Hazardous waste</b>	kg	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>22,420</b>	<b>16,370</b>
	– Reuse	kg	N/A	N/A	N/A	N/A	6,945	0
	– Recycling	kg	N/A	N/A	N/A	N/A	0	0
	– Composing	kg	N/A	N/A	N/A	N/A	0	0
	– Recovery	kg	N/A	N/A	N/A	N/A	11,682	13,170
	– Incineration	kg	N/A	N/A	N/A	N/A	0	0
	– Chemical waste water treatment	kg	N/A	N/A	N/A	N/A	0	0
	– Other recycled/reused waste	kg	N/A	N/A	N/A	N/A	1,127	0
	– Other disposed waste	kg	N/A	N/A	N/A	N/A	2,667	0
– Landfill	kg	N/A	N/A	N/A	N/A	0	3,200	

## Other Information

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR					
			FY2017		FY2018		FY2019	
			MALAYSIA	THAILAND	MALAYSIA	THAILAND	MALAYSIA	THAILAND
<b>ECO-EFFICIENCY (CONT.)</b>								
<b>Material Topic: Effluents and Waste (Cont.)</b>								
<b>GRI 306-2 Waste by type and disposal (Cont.)</b>	<b>Non-hazardous waste</b>	kg	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>12,707,371</b>	<b>1,506,670</b>
	– Reuse	kg	N/A	N/A	N/A	N/A	256,643	0
	– Recycling	kg	N/A	N/A	N/A	N/A	4,507,116	711,810
	– Composing	kg	N/A	N/A	N/A	N/A	6,194,750	0
	– Recovery	kg	N/A	N/A	N/A	N/A	0	24,780
	– Incineration	kg	N/A	N/A	N/A	N/A	0	0
	– Chemical waste water treatment	kg	N/A	N/A	N/A	N/A	0	0
	– Other recycled/reused waste	kg	N/A	N/A	N/A	N/A	0	714,140
	– Other disposed waste	kg	N/A	N/A	N/A	N/A	0	4,340
– Landfill	kg	N/A	N/A	N/A	N/A	1,748,862	51,600	
<b>GRI 303-4 (2018) Water discharge</b>	<b>Total water discharge by destination</b>	m <sup>3</sup>	<b>824,297</b>	<b>228,771</b>	<b>1,120,007</b>	<b>263,407</b>	<b>1,061,609</b>	<b>220,056</b>
	– Total surface water	m <sup>3</sup>	810,131	0	1,106,055	0	659,501	0
	– Total ground water		0	0	0	0	3,949	0
	– Total seawater		0	0	0	0	270,785	0
	– Total third-party water treatment and usage		14,166	228,771	13,952	263,407	127,374	220,056
<b>Solid waste intensity</b>	Total waste generated	kg	2,206,354	372,280	2,134,666	450,720	1,900,939	59,140
	Waste intensity ratio	kg/MT	3.05	1.24	2.81	1.47	2.25	0.17
	<b>Group solid waste intensity ratio</b>	m <sup>3</sup> /MT	<b>2.52</b>		<b>2.42</b>		<b>1.66</b>	
<b>Material Topic: Energy and Climate Change</b>								
<b>GRI 302-1 Energy consumption within the organisation</b>	<b>Total energy consumption within the organisation</b>	MJ	<b>575,608,770</b>	<b>322,063,159</b>	<b>578,950,496</b>	<b>338,336,407</b>	<b>719,921,494</b>	<b>337,912,592</b>
	– Natural Gas	MJ	345,453,676	216,232,348	354,117,096	225,313,749	433,950,315	229,361,825
	– Diesel		23,782,122	0	24,908,754	0	26,862,654	0
	– Liquefied Petroleum Gas		4,850,700	0	3,941,700	0	3,316,611	0
	– Fuel Oil		0	18,828,126	0	20,371,319	0	17,271,792
	– Electricity	MJ	201,522,272	87,002,685	195,982,946	92,651,339	255,791,914	91,278,975

## PERFORMANCE SUMMARY

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR					
			FY2017		FY2018		FY2019	
			MALAYSIA	THAILAND	MALAYSIA	THAILAND	MALAYSIA	THAILAND
<b>ECO-EFFICIENCY (CONT.)</b>								
<b>Material Topic: Energy and Climate Change (Cont.)</b>								
<b>GRI 302-3 Energy intensity</b>	Total energy intensity ratio	MJ/MT	795.58	1070.85	761.26	1106.03	818.85	1001.19
	<b>Group total energy intensity ratio</b>	MJ/MT	<b>876.41</b>		<b>860.16</b>		<b>895.51</b>	
	Energy intensity ratio							
	– Natural Gas		477.47	718.97	465.63	736.56	514.71	679.25
	– Diesel		32.87	0	32.75	0	31.86	0
	– Liquefied Petroleum Gas		6.70	0	5.18	0	3.93	0
	– Fuel Oil		0	62.60	0	66.59	0	51.07
– Electricity		278.53	289.28	257.70	302.88	303.40	269.92	
<b>GRI 305-1 Direct (Scope 1) GHG emission (CO<sub>2e</sub>)</b>	<b>Total Direct GHG emission (equivalent)</b>	MTCO <sub>2e</sub>	<b>21,518</b>	<b>13,319</b>	<b>22,017</b>	<b>13,926</b>	<b>26,435</b>	<b>14,204</b>
	Direct GHG emission							
	– Natural gas		19,380	12,131	19,866	12,640	24,235	12,867
	– Diesel		1,762	0	1,846	0	1,991	0
	– Liquefied petroleum gas		375	0	305	0	209	0
– Fuel oil		0	1,188	0	1,285	0	1,337	
<b>GRI 305-2 Energy indirect (Scope 2) GHG emission (CO<sub>2e</sub>)</b>	<b>Total Indirect GHG emission (equivalent)</b>	MTCO <sub>2e</sub>	<b>23,780</b>	<b>10,266</b>	<b>23,126</b>	<b>10,933</b>	<b>30,183.000</b>	<b>10,771.000</b>
	Indirect GHG emission							
– Electricity		MTCO <sub>2e</sub>	23,780	10,266	23,126	10,933	30,183	10,771
<b>GRI 305-4 Greenhouse gas (GHG) emission intensity</b>	Total GHG emission (equivalent)	MTCO <sub>2e</sub>	45,297	23,585	45,143	24,858	56,618	23,638
	Total GHG emission intensity ratio	MTCO <sub>2e</sub> /MT	0.063	0.078	0.059	0.081	0.063	0.070
	<b>Group total GHG emission intensity ratio</b>	MTCO <sub>2e</sub> /MT	<b>0.067</b>		<b>0.066</b>		<b>0.070</b>	

## Other Information

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR					
			FY2017		FY2018		FY2019	
			MALAYSIA	THAILAND	MALAYSIA	THAILAND	MALAYSIA	THAILAND
<b>RESPONSIBLE SUPPLY CHAIN</b>								
<b>Material Topic: Sustainable Sourcing</b>								
<b>GRI 204-1</b> <b>Proportion of spending on local suppliers</b>	Percentage of local suppliers	%	92.15	95.91	99.87	95.90	93.66	94.32
	Percentage of purchase value spent on local suppliers		64.61	82.09	73.17	84.46	77.76	79.36
<b>SAFETY &amp; WELL-BEING</b>								
<b>Material Topic: Occupational Health &amp; Safety</b>								
<b>GRI 403-9 (2018)</b> <b>Work-related injuries</b>	<b>Employee recordable work-related injuries</b>	Case	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>10</b>	<b>0</b>
	– Fracture	Case	N/A	N/A	N/A	N/A	2	0
	– Burns	Case	N/A	N/A	N/A	N/A	2	0
	– Lacerations	Case	N/A	N/A	N/A	N/A	1	0
	– Others	Case	N/A	N/A	N/A	N/A	5	0
	High-consequence work-related injuries	Case	N/A	N/A	N/A	N/A	0	0
	Work-related Fatalities	Case	0	0	0	0	0	0
	Lost Time Injury Frequency Rate (LTIFR)	Case/ million hours	1.63	0	1.66	0	1.84	0
	<b>Group Lost Time Injury Frequency Rate (LTIFR)</b>	Case/ million hours	<b>1.34</b>		<b>1.38</b>		<b>2.19</b>	
	<b>Non-employee recordable work-related injuries</b>	Case	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>7</b>	<b>0</b>
	– Fracture	Case	N/A	N/A	N/A	N/A	2	0
	– Burns	Case	N/A	N/A	N/A	N/A	0	0
	– Lacerations	Case	N/A	N/A	N/A	N/A	1	0
	– Others	Case	N/A	N/A	N/A	N/A	4	0
	High-consequence work-related injuries	Case	N/A	N/A	N/A	N/A	0	0
	Work-related Fatalities	Case	N/A	N/A	N/A	N/A	0	0
	Lost Time Injury Frequency Rate (LTIFR)	Case/ million hours	N/A	N/A	N/A	N/A	2.36	0
	<b>Group Lost Time Injury Frequency Rate (LTIFR)</b>	Case/ million hour	<b>N/A</b>		<b>N/A</b>		<b>1.79</b>	

## PERFORMANCE SUMMARY

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR					
			FY2017		FY2018		FY2019	
			MALAYSIA	THAILAND	MALAYSIA	THAILAND	MALAYSIA	THAILAND
<b>SAFETY &amp; WELL-BEING (CONT.)</b>								
<b>Material Topic: Occupational Health &amp; Safety (Cont.)</b>								
<b>GRI 403-10 (2018)</b> <b>Work-related ill-health</b>	<b>Employee recordable work-related ill health</b>	Case	N/A	N/A	N/A	N/A	0	0
	Work-related fatalities	Case	N/A	N/A	N/A	N/A	0	0
	Work-related ill health rate	Case	N/A	N/A	N/A	N/A	0	0
	<b>Group Work-related Ill Health Rate</b>	Case/ million hours	N/A		N/A		0	
	<b>Non-employee recordable work-related ill health</b>	Case	N/A	N/A	N/A	N/A	0	0
	Work-related fatalities	Case	N/A	N/A	N/A	N/A	0	0
	Work-related ill health rate	Case	N/A	N/A	N/A	N/A	0	0
	<b>Group Work-related Ill Health Rate</b>	Case/ million hours	N/A		N/A		0	
<b>Material Topic: Consumer Health &amp; Safety</b>								
<b>GRI 416-1 Assessment of the health and safety impacts of product and service categories</b>	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	%	100	100	100	100	100	100
<b>GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services</b>	Total number of incidents of non-compliance concerning the health and safety impacts of products and services	Case	0	0	0	0	0	0

Other Information

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR					
			FY2017		FY2018		FY2019	
			MALAYSIA	THAILAND	MALAYSIA	THAILAND	MALAYSIA	THAILAND
<b>SAFETY &amp; WELL-BEING (CONT.)</b>								
<b>Material Topic: Product &amp; Service Labeling</b>								
<b>GRI 417-1 Requirements for product and service information and labelling</b>	Percentage of significant product or service categories covered by and assessed for compliance with such procedures stated above	%	100	100	100	100	100	100
<b>GRI 417-2 Incidents of non-compliance concerning product and service information and labelling</b>	Total number of incidents of non-compliance concerning product and service information and labeling	Case	0	0	0	0	0	0

## EXTERNAL ASSURANCE STATEMENT



### LRQA Independent Assurance Statement

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

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

#### Terms of engagement

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

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

Confirming that the data reporting is in accordance with:

- GRI Standards (2016)

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

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

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

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

#### LRQA's Opinion

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

- Met the requirements above

This document is subject to the provision on page 2.



- Disclosed accurate and reliable performance data. The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

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

### LRQA's approach

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

- Auditing F&NHB's data management systems to confirm that there were no significant errors, omissions or mis-statements in the data. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Sampling F&NHB's performance data for the selected GRI indicators at F&NBM in Malaysia, F&NDT in Thailand and the consolidated final data at F&NHB's corporate level.

### Observations

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

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

### LRQA's standards, competence and independence

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

Signed

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

Wiriya Rattanasuwan  
LRQA Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited.  
Represented by Lloyd's Register International (Thailand) Limited,  
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LRQA reference: BGK00000403/C

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## GRI CONTENT INDEX

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

GENERAL DISCLOSURES		
PROFILE DISCLOSURE	DESCRIPTION	REFERENCE PAGE/ EXPLANATIONS
<b>STRATEGY AND ANALYSIS</b>		
GRI 102-14	Joint message from our Chairman & CEO	Pages 004-007
<b>ORGANISATIONAL PROFILE</b>		
GRI 102-1	Name of organisation	Page 010
GRI 102-2	Activities, brands, products and services	Page 010
GRI 102-3	Location of headquarters	Page 012
GRI 102-4	Location of operations	Page 012
GRI 102-5	Ownership and legal form	Page 016 (full information is also available in our Annual Report)
GRI 102-6	Markets served	Page 012 (full information is also available in our Annual Report)
GRI 102-7	Scale of the organisation	Pages 012-013 and 016-017 (full information is also available in our Annual Report)
GRI 102-8	Information on employees and other workers	Page 012
GRI 102-9	Describe the organisation's supply chain	Pages 014-015
GRI 102-10	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain	No significant changes from previous reporting
GRI 102-11	Addressing the precautionary approach or principle	This information is available in our Annual Report, section on Principal/ Key Risks and Mitigation
GRI 102-12	External charters, principles or initiatives endorsed	UN Guiding Principles on Business and Human Rights (Page 084) and Pledge on Responsible Advertising Towards Children (Page 097)
GRI 102-13	Membership of associations	Roundtable on Sustainable Palm Oil (RSPO)
GRI 102-41	Collective bargaining agreements	We have a strong commitment to transparent dialogue. In FY2019, 42% of our employees were covered by collective bargaining agreements.
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>		
GRI 102-45	Report coverage of entities included in the consolidated financial statements	Page 009 (full information is also available in our Annual Report)
GRI 102-46	Process for defining the report content and the aspect boundaries	Page 024
GRI 102-47	Material aspects identified	Page 024
GRI 102-48	The effect of any restatements of information provided in previous reports	No restatement of information
GRI 102-49	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	No significant changes from previous reporting

## Other Information

GENERAL DISCLOSURES		
PROFILE DISCLOSURE	DESCRIPTION	REFERENCE PAGE/ EXPLANATIONS
<b>REPORT PROFILE</b>		
GRI 102-50	Reporting period	Page 009
GRI 102-51	Date of most recent previous report	Page 009
GRI 102-52	Reporting cycle	Page 009
GRI 102-53	Contact point for questions	Page 009
GRI 102-54	'In accordance' option, the GRI content index and external assurance	Page 008
GRI 102-55	GRI content index	Pages 110-111
GRI 102-56	External assurance	Pages 108-109
<b>STAKEHOLDER ENGAGEMENT</b>		
GRI 102-40	List of stakeholder groups engaged by the organisation	Pages 022-023
GRI 102-42	Basis for identification and selection of stakeholders	<p>F&amp;N divides its stakeholders into seven categories: 1) employees, 2) suppliers, 3) distributors &amp; trade customers, 4) shareholders &amp; investors, 5) consumers, 6) regulators and 7) communities.</p> <p>We are currently establishing guidelines for appropriate stakeholder engagement across these seven categories, to ensure that our stakeholders are given the opportunity to voice their demands, opinions, concerns and suggestions.</p>
GRI 102-43	Approaches to stakeholder engagement	Pages 022-023
GRI 102-44	Response to key topics and concerns raised	Pages 022-023
<b>GOVERNANCE</b>		
GRI 102-18	Governance structure of the organisation	Page 021
<b>ETHICS AND INTEGRITY</b>		
GRI 102-16	Values, principles, standards and norms of behaviour such as codes of conduct and code of ethics	Page 021

## GRI CONTENT INDEX

SPECIFIC DISCLOSURES		
PROFILE DISCLOSURE	DESCRIPTION	REFERENCE PAGE/ EXPLANATIONS
<b>DRIVING ECONOMIC VALUE</b>		
<b>Material Issue: Economic Performance</b>		
<b>GRI 103-1</b>	Explanation of the materials topic and its Boundary	Pages 024-025
<b>GRI 103-2</b>	The management approach and its components	Page 035
<b>GRI 103-3</b>	Evaluation of the management approach	Page 035
<b>GRI 201-1</b>	Direct economic value generated and distributed	Page 035
<b>Material Issue: Innovation</b>		
<b>GRI 103-1</b>	Explanation of the materials topic and its Boundary	Pages 024-025
<b>GRI 103-2</b>	The management approach and its components	Page 036
<b>GRI 103-3</b>	Evaluation of the management approach	Page 036
<b>EMPOWERING OUR PEOPLE</b>		
<b>Material Issue: Talent Management</b>		
<b>GRI 103-1</b>	Explanation of the materials topic and its Boundary	Pages 024-025
<b>GRI 103-2</b>	The management approach and its components	Page 043
<b>GRI 103-3</b>	Evaluation of the management approach	Page 043
<b>GRI 401-1</b>	Total number and rates of new employee hires and employee turnover by age group and gender	Pages 050-051
<b>GRI 401-2</b>	Benefits provided to full-time employees which are not provided to temporary or part-time employees, by significant locations of operation	Page 045
<b>GRI 404-1</b>	Average hours of training per year per employee by gender and employee category	Pages 050-051
<b>GRI 404-2</b>	Programmes for upgrading employee skills and transition assistance programmes	Page 047 Currently, we do not have any transition assistance programme.
<b>Material Issue: Market Presence</b>		
<b>GRI 103-1</b>	Explanation of the materials topic and its Boundary	Pages 024-025
<b>GRI 103-2</b>	The management approach and its components	Page 052
<b>GRI 103-3</b>	Evaluation of the management approach	Page 052
<b>GRI 202-2</b>	Proportion of senior management hired from the local community	Page 052

## Other Information

SPECIFIC DISCLOSURES		
PROFILE DISCLOSURE	DESCRIPTION	REFERENCE PAGE/ EXPLANATIONS
<b>ENHANCING SOCIAL WELL-BEING</b>		
<b>Material Issue: Creating Value for Society</b>		
<b>GRI 103-1</b>	Explanation of the materials topic and its Boundary	Pages 024-025
<b>GRI 103-2</b>	The management approach and its components	Pages 053-054
<b>GRI 103-3</b>	Evaluation of the management approach	Pages 053-054
<b>GRI 413-1</b>	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	Page 054
<b>ECO-EFFICIENCY</b>		
<b>GRI 307-1</b>	Non-compliance with environmental laws and regulations	Page 069
<b>Material Issue: Water Stewardship</b>		
<b>GRI 103-1</b>	Explanation of the materials topic and its Boundary	Pages 024-025
<b>GRI 103-2</b>	The management approach and its components	Page 070
<b>GRI 103-3</b>	Evaluation of the management approach	Page 070
<b>GRI 303-1 (2018)</b>	Interactions with water as a shared resource	Page 070
<b>GRI 303-2 (2018)</b>	Management of water discharge-related impacts	Page 070
<b>GRI 303-3 (2018)</b>	Water withdrawal	Page 071
<b>GRI 303-4 (2018)</b>	Water discharge	Page 075
<b>GRI 303-5 (2018)</b>	Water consumption	Page 071
<b>Material Issue: Effluents and Waste</b>		
<b>GRI 103-1</b>	Explanation of the materials topic and its Boundary	Pages 024-025
<b>GRI 103-2</b>	The management approach and its components	Page 072
<b>GRI 103-3</b>	Evaluation of the management approach	Page 072
<b>GRI 306-2</b>	Total volume of waste disposed by type and disposal method	Page 074

## GRI CONTENT INDEX

SPECIFIC DISCLOSURES		
PROFILE DISCLOSURE	DESCRIPTION	REFERENCE PAGE / EXPLANATIONS
<b>ECO-EFFICIENCY (CONT.)</b>		
<b>Material Issue: Energy and Climate Change</b>		
GRI 103-1	Explanation of the materials topic and its Boundary	Pages 024-025
GRI 103-2	The management approach and its components	Pages 078-080
GRI 103-3	Evaluation of the management approach	Pages 078-080
GRI 302-1	Total energy consumption	Page 081
GRI 302-3	Energy intensity ratio	Page 081
GRI 305-1	Scope 1 – direct Greenhouse gas (GHG emission (CO <sub>2</sub> ))	Page 082
GRI 305-2	Scope 2 – indirect GHG emission (CO <sub>2</sub> )	Page 082
GRI 305-4	GHG emission intensity	Page 081
<b>Material Issue: Packaging</b>		
GRI 103-1	Explanation of the materials topic and its Boundary	Pages 024-025
GRI 103-2	The management approach and its components	Page 076
GRI 103-3	Evaluation of the management approach	Page 076
<b>RESPONSIBLE SUPPLY CHAIN</b>		
<b>Material Issue: Sustainable Sourcing</b>		
GRI 103-1	Explanation of the materials topic and its Boundary	Pages 024-025
GRI 103-2	The management approach and its components	Page 084
GRI 103-3	Evaluation of the management approach	Page 084
GRI 204-1	Percentage of purchase value spent on local suppliers	Page 088
<b>SAFETY &amp; WELL-BEING</b>		
<b>Material Issue: Occupational Health and Safety</b>		
GRI 103-1	Explanation of the materials topic and its Boundary	Pages 024-025
GRI 103-2	The management approach and its components	Pages 089-090
GRI 103-3	Evaluation of the management approach	Pages 089-090
GRI 403-1 (2018)	Occupational health and safety management system	Page 090
GRI 403-2 (2018)	Hazard identification, risk assessment, and incident investigation	Page 090
GRI 403-3 (2018)	Occupational health services	Page 090

## Other Information

SPECIFIC DISCLOSURES		
PROFILE DISCLOSURE	DESCRIPTION	REFERENCE PAGE/ EXPLANATIONS
<b>SAFETY &amp; WELL-BEING (CONT.)</b>		
<b>Material Issue: Occupational Health and Safety (Cont.)</b>		
<b>GRI 403-4 (2018)</b>	Work participation, consultation, and communication on occupational health and safety	Page 090
<b>GRI 403-5 (2018)</b>	Worker training on occupational health and safety	Page 090
<b>GRI 403-6 (2018)</b>	Promotion of worker health	Page 090
<b>GRI 403-7 (2018)</b>	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 090
<b>GRI 403-9 (2018)</b>	Work-related injuries	Page 091
<b>GRI 403-10 (2018)</b>	Work-related ill health	Page 091
<b>Material Issue: Consumer Health and Safety</b>		
<b>GRI 103-1</b>	Explanation of the materials topic and its Boundary	Pages 024-025
<b>GRI 103-2</b>	The management approach and its components	Page 092
<b>GRI 103-3</b>	Evaluation of the management approach	Page 092
<b>GRI 416-1</b>	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Page 096
<b>GRI 416-2</b>	Total number of Incidents of non-compliance concerning the health and safety impacts of products and services	Page 096
<b>Material Issue: Marketing and Labelling</b>		
<b>GRI 103-1</b>	Explanation of the materials topic and its Boundary	Pages 024-025
<b>GRI 103-2</b>	The management approach and its components	Page 097
<b>GRI 103-3</b>	Evaluation of the management approach	Page 097
<b>GRI 417-1</b>	Type of product and service information required by the organisation's procedures for product and service information and labelling	Page 097
<b>GRI 417-2</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Page 097

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