

Bringing *Smiles*



FRASER & NEAVE
HOLDINGS BHD
196101000155 (4205-V)



SUSTAINABILITY REPORT TWENTY TWENTY

PURE ENJOYMENT. PURE GOODNESS.

Thank You

EVERYONE

**As the COVID-19 pandemic continues to impact our communities,
we would like to thank everyone for rising to the challenge in
these unprecedented times.**

**Our heartfelt gratitude goes out to all our employees, partners, suppliers and frontliners.
Your tireless dedication and contributions have made it possible for us to continue delivering
Pure Goodness, Pure Enjoyment to everyone in these trying times.
F&N salutes you!**

**A big thank you also goes out to all our customers and consumers as we continue to meet
your satisfaction and bring more smiles to you.**



Stay Healthy & Stay Safe

FRASER & NEAVE HOLDINGS BHD'S SUSTAINABILITY REPORT FOR THE FINANCIAL YEAR 2020



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's Main Market Listing Requirements in relation to Sustainability Statements in Annual Reports. The report is also aligned to the IIRC's International <IR> Framework.

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 and contact information



Read the full version of F&NHB Annual Report 2020 and Sustainability Report 2020 here.



Contact Us

Cover Rationale

COVID-19 is a human catastrophe. But it is also making millions assess what is important, and to count our blessings. We witness communities coming together and forging bonds of solidarity. That in itself is something to be thankful for.

Since the outbreak, we have contributed products to the country's frontliners who have been working tirelessly to keep us safe. Our dedicated workforce and frontline employees have also gone the extra mile to make our products available to our loyal consumers, trade partners and customers. Through their hard work, our products continue to get to our consumers in time for celebrations, ensuring a festive spirit in these uncertain times.

During these challenging times, we learnt that there are moments to be treasured every single day. Ultimately, it's the little things in life that bring the most joy, so we have been working hard to ensure an adequate supply of 'pure enjoyment and pure goodness' reaches all our customers and consumers through our products. It's our way of bringing smiles to everyone, everywhere.

The cover design reflects our aim to put smiles on everyone's face and provide joy everywhere we go. The theme 'Bringing Smiles' is aptly captured on the smiling faces of our employees, customers, consumers and frontliners.



59th ANNUAL GENERAL MEETING

To be held virtually

Date

Tuesday, 19 January 2021
at 10:00 a.m.



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2020 AT A GLANCE

Sustainability Highlights



Constituent of **FTSE4Good** Bursa Malaysia Index. Improved rating from 2019



Met **50%** of our 2020 sustainability targets. Achieved progress from baseline in **8 out of 10 targets**



Obtained External Assurance on environment & social disclosures

Driving Economic Value



10

New Products

6 new **healthier** options

THB 30 million

Annual cost-savings/cost avoidance through **employee-driven** projects



Launched **F&N's flagship online store**, F&N Life, **>250 SKUs** available



Investing for future

RM 40 million on RDC in Thailand

RM 30 million for energy conservation in Malaysia

Empowering Our People



Total Workforce

>2,600

45%

Managerial Positions



31%

Total Workforce

Female Representation



Provide financial support to eligible employees to ease their burden through tough times



Create employee assistance hotline and conduct wellness programmes

27.09

Average training hours

per employee for executive category



14.05

Average training hours

per employee for non-executive category



98%

Senior management hired from local community



97%



100%

SUSTAINABILITY AT F&N

Enhancing Social Well-Being

100%



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

>1,000,000

products distributed to **support frontliners and vulnerable communities** in Peninsular and East Malaysia



Social investment

>RM400,000

Supporting over **200 beneficiaries**

>20,000



Malaysians stayed active in a series of 'Hari Aktifkan Malaysiaku'

Responsible Supply Chain



Procured our **first sustainable sugar** via VIVE sugar certification programme

Engaged with **>2,900** global and local suppliers



Launched **3-year Farming Excellence programme** in **Nakhorn Ratchasima province, Thailand**

+ Quality of milk

↑ Farmer's income and productivity

↓ Energy consumption and waste



Established F&N **Supplier Code of Practice**

Purchased **Roundtable on Sustainable Palm Oil Credits**



for **100%** of annual palm oil usage

Eco-Efficiency



Reduced **solid waste ratio** by **62%**

Safety and Well-Being



59%

Reduction of sugar per ml of our total beverages (2004-2020)

>90%



Ready-To-Drink ("RTD") beverages sold in Malaysia are healthier options



Installed our **first solar PV system** at Rojana plant in Thailand

Healthier Choice

At least **one healthier option in every product category** except in Energy category

47 products certified with

Healthier Choice Symbol/Logo



Joint Message

FROM OUR CHAIRMAN & CEO



Chairman

TENGGU SYARIF
BENDAHARA PERLIS
SYED BADARUDIN
JAMALULLAIL IBNI
ALMARHUM TUANKU SYED
PUTRA JAMALULLAIL

Chief Executive Officer

LIM YEW HOE

“ We are encouraged by our resilient performance this year which is the result of **hard work and dedication of our people**, underpinned by our **strong ESG practices** to drive economic progress. ”

DEAR SHAREHOLDERS & STAKEHOLDERS,

At F&N, sustainability is a key business driver and a critical component of our 137 years of success. As such, it gives us great pleasure to present our Sustainability Report for the financial year ended 30 September 2020 (FY2020). The report communicates what sustainability means to us; what our goals are; and the initiatives implemented to achieve these.

In the following pages, we hope not only to communicate our performance against set targets but also to demonstrate leadership where opportune, with the sustainability challenges faced.

To ensure relevance of the report, we continue to be guided by the GRI Standards. Meanwhile, the accuracy of selected Health, Safety and Environment (HSE) disclosure has been externally validated once again by Lloyd's Register Quality Assurance (LRQA).



[Read more about LRQA's assurance statement on pages 110 to 111 of this SR](#)

PROGRESS AMIDST THE CHALLENGING TIMES

FY2020 was extremely challenging because of the COVID-19 pandemic. Yet, the Group continued to focus on the 10 Sustainability Commitment Targets established in 2017, with commendable results. Of the 10 goals that had been set for the year 2020, we achieved five while making good progress on another three.

Despite all the current initiatives which we have put in place, COVID-19 related circumstances certainly have impacted demand and disrupted operations. That, in turn, affected our ability to operate in the most efficient manner, including for water and energy utilisation; and delayed our plans for new projects implementation.

The five key sustainability targets achieved were:



The three material areas in which we achieved improvement were:



Meanwhile, we need to focus more on the following two priorities:

- Achieving zero lost time injury frequency
- Reducing our water intensity by 5% from the 2017 baseline

For a better understanding of the key factors supporting our performance milestones and gaps, please refer to the relevant chapters in the Sustainability Report.

Overall, we are pleased to share that our sustainability performance remains noteworthy according to independent assessors. Not only have we been included as a constituent of the FTSE4Good Bursa Malaysia Index (F4GBM) for the second year running, this time around we attained a higher rating for our Environmental, Social and Governance (ESG) practices. This is an important external validation on the progress of our sustainability efforts to deliver value to our stakeholders.

OUR RESPONSE TO COVID-19

More than anything, the unprecedented situation caused by COVID-19 has reaffirmed the critical role that our enlarged pool of stakeholders play in our business continuity. Consequently, it further reinforced the importance that the Group manage sustainability-related social risks that could affect our employees, suppliers, customers, as well as the community.

Within the workplace, we are ensuring our employees' well-being by replacing face-to-face meetings with videoconferencing. We have also implemented all the standard operating procedures (SOPs) and guidelines issued by the authorities for employees working at our plants, and encouraged our corporate employees to work from home even when this was not mandatory. Additionally, we have set up a 24-hour employee care line.

With the benefit of a well-oiled and resilient supply chain, the close partnership with our suppliers and trade partners helped to ensure minimal supply disruption and adequate inventory of our core products. During the Movement Control Order (MCO) in Malaysia, we worked closely with raw and packaging material suppliers to optimise our output despite operating with a reduced workforce and fewer hours, as stipulated by the authorities. Our e-commerce platform, F&N Life was also quickly scaled up to meet the rapid increase in demand from consumers for non-contact shopping.

To support communities most affected by the pandemic, we identified vulnerable groups and handed out our products to them. Throughout Ramadan and Raya, we distributed over 500,000 products to about 10,000 underprivileged families.

Meanwhile, in a show of appreciation for frontline healthcare workers and the police force, we also distributed more than 650,000 products to help them keep hydrated and energised while they worked tirelessly to serve the country.

 > [Read more about a summary of our progress on pages 32 to 35 of this SR](#)

 > [Read more about these initiatives on pages 38 to 39 of this SR](#)

Joint Message

FROM OUR Chairman & CEO



THE YEAR IN REVIEW

At F&N, we continuously invest in product innovation with our consumers' health and safety in mind. This year, amidst the pandemic, new products launched included three beverages with zero sugar, namely 100PLUS Zero, F&N ICE MOUNTAIN Sparkling and OYOSHI Gold No Sugar Premium Japanese Green Tea. We also launched Sunkist Pure Juice Drink and Carnation Plus SCM 0% fat, 25% reduced sugar. These have contributed to an increase in our portfolio of products certified with the Healthier Choice Logo, from 41 in 2019 to 47 in 2020.

To assure environmental sustainability, we are keen advocates of the circular economy and continue to look for ways to reduce the volume of packaging material used while minimising waste. A highlight this year was to introduce F&N ICE MOUNTAIN Drinking Water cartons made from recyclable paper and capped with bio-based caps made from sugarcane. Collaborating with industry peers, we have also become a founding member of a coalition of manufacturers that seeks to promote a more sustainable future through increasing the recycling of post-consumption packaging waste in Malaysia.

Last year, we mentioned plans to install a solar photovoltaic (PV) system at our Rojana plant in Thailand. It gives us pride to share that in April 2020, the solar roof system was commissioned. Going a step further, F&NHB is now investing RM30 million into energy conservation initiatives which will include setting up similar systems at our Shah Alam, Pulau Indah and Bentong

plants in Peninsular Malaysia. Once completed in 2021, our total installed renewable energy capacity of 10 MWp, will generate energy equivalent to the electrical consumption of 3,700 typical households in Malaysia.

In terms of governance, we continue to enhance our framework of integrity. This year, F&NHB established three new policies to reinforce an ethical corporate culture, namely the F&N Anti-Bribery and Anti-Corruption Policy, a Code of Business for Third Parties, and F&N Supplier Code of Practice. We also reviewed the F&N Code of Business Ethics and Conduct.

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. We are pleased to share that our efforts to uplift the halal eco-system, as well as extend Malaysia's strong halal leadership to our network were recognised this year. We received the Halal Food and Beverage Excellence Award at the World Halal Excellence Awards 2020 in Malaysia while the Central Islamic Council of Thailand (CICOT) has named F&N Dairies Thailand as Thailand's Best Halal Company of the Year 2020.

We are encouraged by our resilient performance this year which is the result of the hard work and dedication of our people, underpinned by our strong ESG practices to drive economic progress. This has allowed us to continue to offer our shareholders steady dividends.





TOWARDS F&N GROUP 2025 SUSTAINABILITY AMBITION

In FY2020, the Group conducted a refreshed and robust materiality assessment and engagement sessions with internal and external stakeholders to define new goals for 2025. Reflecting our sustainability priorities, these entail greater contribution towards addressing the complex and interconnected challenges of climate change at the local and global scale.



Overall, our 2025 goals will accelerate our sustainability momentum throughout our business and strengthen our commitment to creating long-term value for our stakeholders.

We look forward to 2021 as we embark on the new journey outlined. On behalf of the Board and management, we re-affirm our commitment to continual improvement of F&NHB's sustainability performance and working with all stakeholders to ensure future prosperity for all. Thank you for your continued support.

**TENGGU SYARIF BENDAHARA PERLIS SYED BADARUDIN JAMALULLAIL
IBNI ALMARHUM TUANKU SYED PUTRA JAMALULLAIL**

Chairman

LIM YEW HOE

Chief Executive Officer

ABOUT THIS REPORT

GRI 102-15; GRI 102-45; GRI 102-48 to GRI 102-54; GRI 102-56; GRI 103-2

Welcome to the

F&NHB SUSTAINABILITY REPORT 2020

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

This report reviews our strategy and business model, risks and opportunities, and operational and governance performance with main focus of two primary themes on sustainable value creation, each with three core areas:

DELIVERING VALUE THROUGH INNOVATION, HUMAN CAPITAL DEVELOPMENT & SOCIAL COLLABORATION



Driving Economic Value



Empowering Our People



Enhancing Social Well-being

MANAGING OUR IMPACTS & CONDUCTING BUSINESS IN A RESPONSIBLE MANNER



Eco-efficiency



Responsible Supply Chain



Safety & Well-being

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 to and progress in generating value for our stakeholders and conducting our business in an environmentally and socially responsible manner.



Read the full version of F&NHB Annual Report 2020 and Sustainability Report 2020 here.



REPORTING PERIOD AND BASIS OF SCOPE

This is our fourth annual stand-alone Sustainability Report, for our reporting period of 1 October 2019 – 30 September 2020. The report covers the activities of the Group's operations in Malaysia and Thailand shown below, which represent 100% of F&NHB's business operations. The environmental data presented in this report covers the eight manufacturing sites located in Malaysia and Thailand.

Thailand

- F&N Dairies (Thailand) Limited

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



REPORTING FRAMEWORK & INDICES


We are proud to continue our sustainability journey and reporting in accordance with the GRI Standards 'Core Option' and Bursa Malaysia Securities Berhad's Main Market Listing Requirements. We have also prepared this report in alignment with the IIRC's International <IR> Framework. This year, we continue to include disclosures and initiatives on our most important sustainability topics.

F&NHB has again been included as a constituent of the FTSE4Good Bursa Malaysia Index this year, marking the second year of recognition for our strong Environmental, Social, and Governance practices. Our improved ESG rating and percentile ranking from last year is a testament that we are making positive strides in delivering value to our stakeholders in an environmentally and socially responsible manner.

ASSURANCE 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.


This year, we have again obtained external verification on the sustainability data disclosed in this report. LRQA has conducted a limited external assurance on selected Environment and Social disclosures. The limited external assurance serves to ensure the accuracy of the sustainability data disclosed in this report.


 > [Read more about 'LRQA's assurance statement', on pages 110 to 111 of this SR](#)

CONTACT US

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

 Communications, Corporate Affairs & Sustainability

 groupcomms@fn.com.my

 +603 9235 2288

 **FRASER & NEAVE HOLDINGS BHD**

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 102-2 to 102-7, GRI 102-10; GRI 102-16; GRI 102-18; GRI 201-2

Who We Are

Fraser & 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 of close to RM4 billion from its core businesses in the manufacture, sales 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 products in Thailand, Laos and Cambodia; Carnation, Cap Junjung and Ideal canned milk products in Malaysia, Singapore and Brunei. Currently, F&NHB has over 170 products in Malaysia and Thailand.

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); Property and others.

*Bringing
food &
beverages
to life*

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 strengths and diversity to create inclusive synergies and commit to team goals



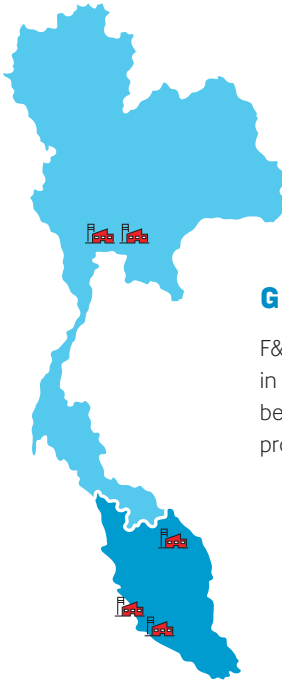
Creating Values

We are passionate about applying new idea and grasping opportunities to create positive impacts



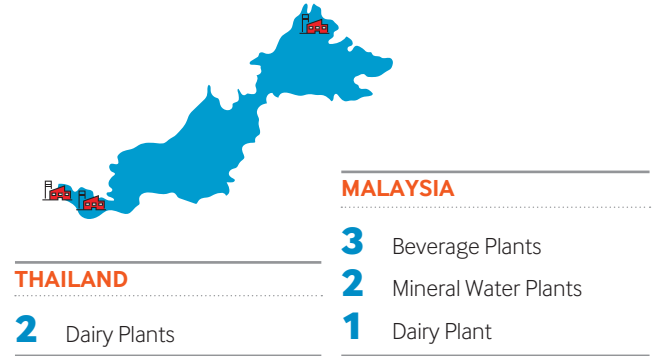
Caring for Stakeholders

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

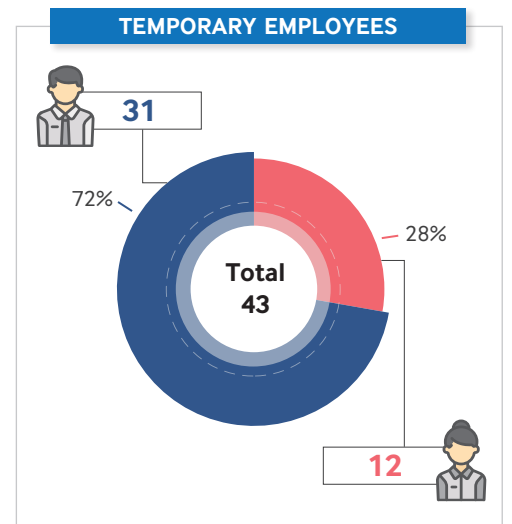
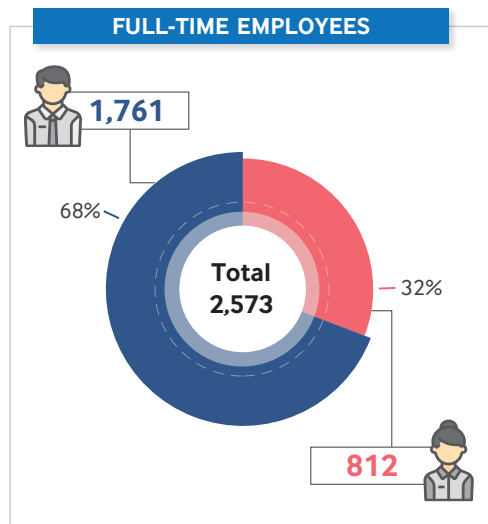
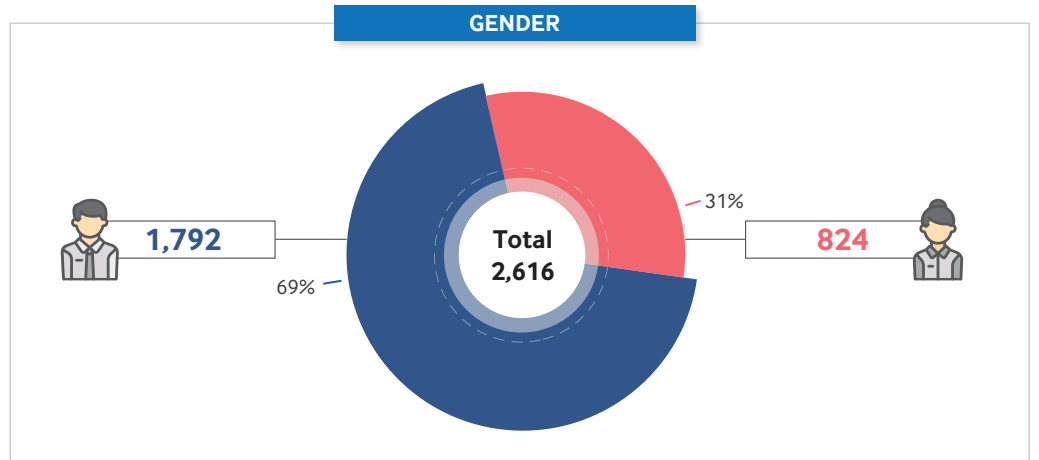


GEOGRAPHICAL FOOTPRINT

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 82 countries across the globe.



TOTAL WORKFORCE



*We do not have part-time employees in FY2020

ABOUT FRASER & NEAVE HOLDINGS BHD

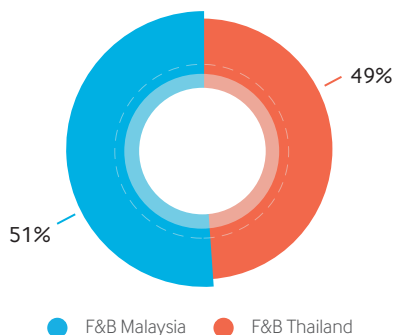
Corporate Structure

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

FY2020 REVENUE AND OPERATING PROFIT BY BUSINESS SEGMENT

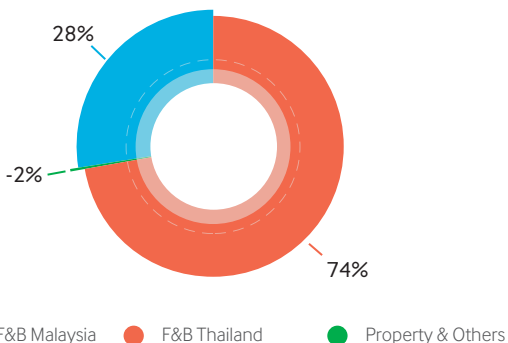
GROUP REVENUE

Contribution by Business Segment (%)



GROUP OPERATING PROFIT

Contribution by Business Segment (%)



CORPORATE STRUCTURE (as at 30 November 2020)



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%**
Fraser & Neave (Malaya) Sdn Bhd *
- └─ **100%**
Fraser and Neave MENA DWC-LLC
- 100%**
Lion Share Management Limited
- 100%**
F&N Dairies (Malaysia) Sdn Bhd
- 100%**
Premier Milk (Malaya) Sdn Berhad
- 100%**
Awana Citra Sdn Bhd #



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%
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

27.19%
Cocoaland Holdings Berhad

Notes:

* Classified under Food & Beverages Malaysia and Others segments.

Incorporated on 10 November 2020.

ABOUT FRASER & NEAVE HOLDINGS BHD

OUR SUPPLY *Chain*

The preparation, production and packaging of our beverages and dairy products require a range of raw materials, equipment, and other goods and services. During the past year, we engaged with over 2,900 global and local suppliers across our supply chain, including manufacturers, wholesalers, retailers, importers/merchants, contractors and professional services providers. We spent a total of RM3.21 billion on products and services provided by our suppliers.



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.



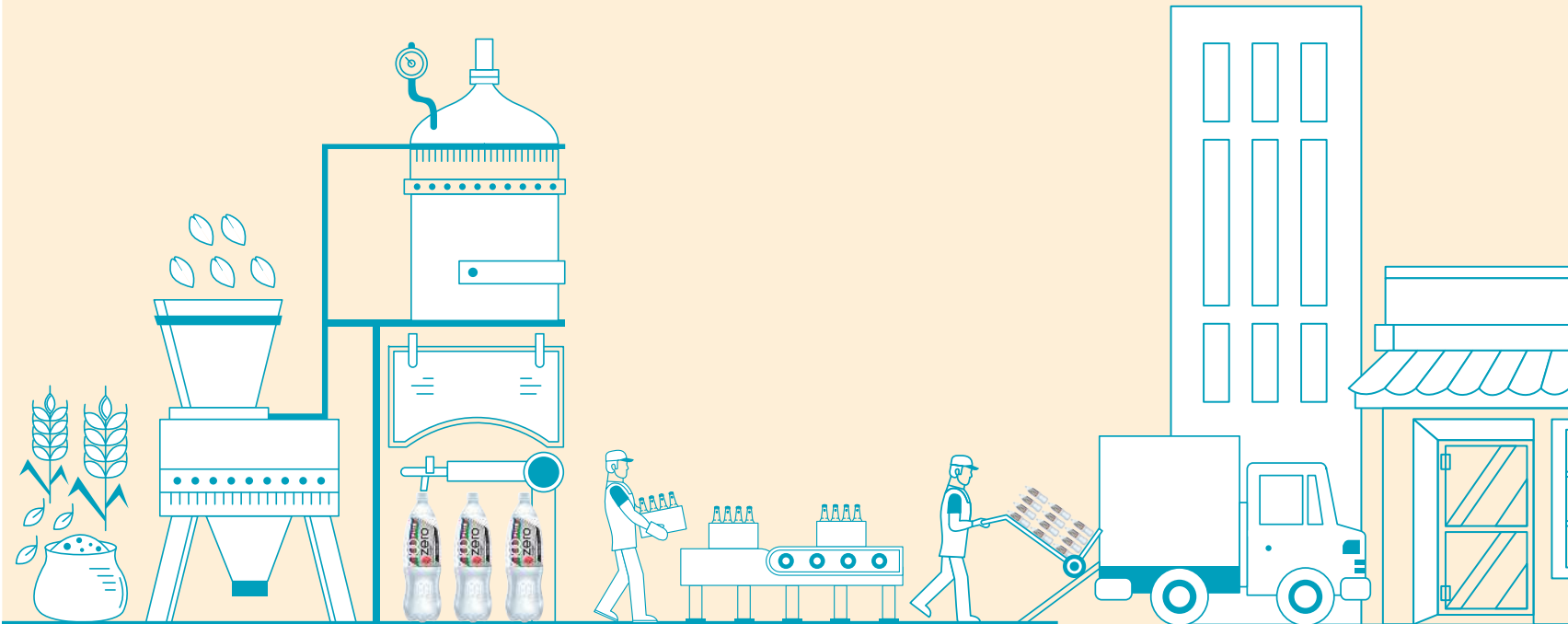
PRODUCTION

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.



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.





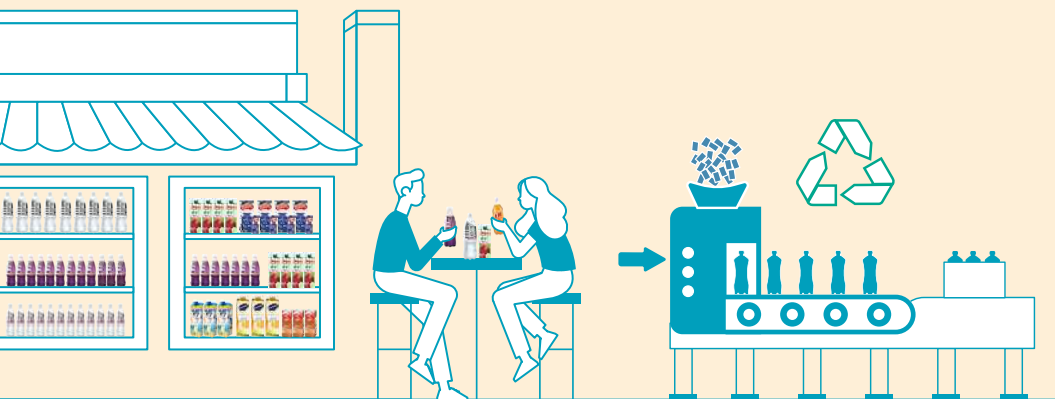
MARKETING AND SALES

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.



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 can also meet the needs of our consumers. In addition to applying Circular Economy principles throughout F&NHB, we promote environmental awareness to the communities where we operate.



SUSTAINABILITY MEMBERSHIP OF ASSOCIATIONS

We believe that our sustainability journey is one where we proactively manage and understand our footprint on the larger environment and society. As such, we partner with, and take guidance from, international organisations and sustainability thought leaders. F&N is a proud member of the Roundtable on Sustainable Palm Oil (RSPO), Support Asia for Sustainable Palm Oil (SASPO) and the Buyer Supporting VIVE Sustainable Supply Chain Programme.

F&NHB also endorses sustainability charters, principles and standards, including United Nations Sustainable Development Goals (UN SDGs), GRI and the International Integrated Reporting Council (IIRC).

Memberships in industry or other associations, and national or international advocacy groups or organisations.



Sustainability charters, principles or other initiatives to which F&N subscribes or endorses.

SUSTAINABLE DEVELOPMENT GOALS



VALUE CREATION

BUSINESS *Model*

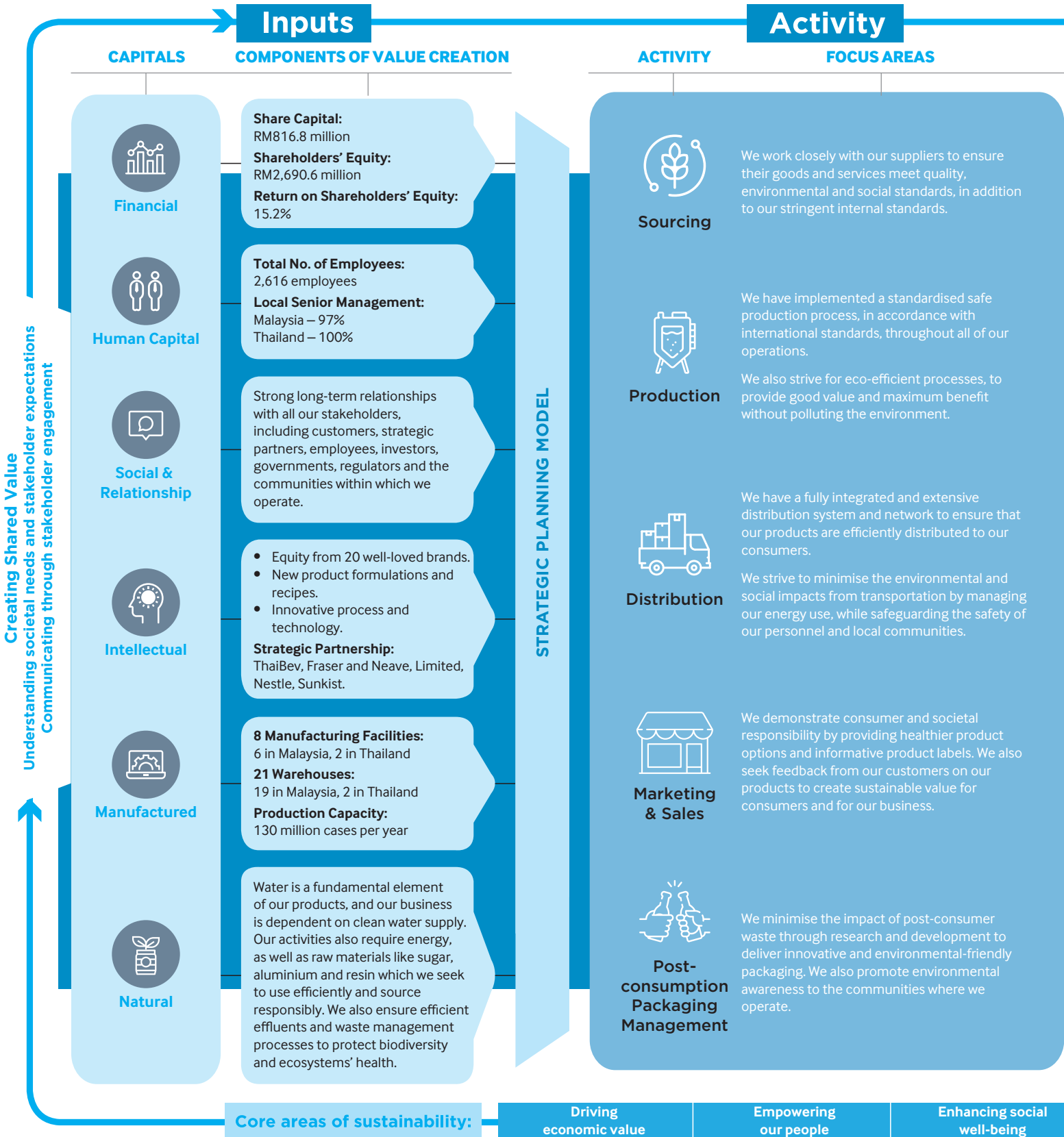
Our business is built in a profitable, responsible and sustainable manner. This means ensuring that our overall strategy reflects awareness of the interdependencies and trade-offs between different types of capital, and how they support our ability to create value for the short, medium and long-term.

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



Core Values

- Collaboration
- Creating Values
- Caring for Stakeholders

Operating Environment / Market Drivers / Trends

- Consumer Behaviour
- Digital Revolution
- Health Consciousness
- Environmental Sustainability

Competitive Advantage

- Better products
- Greater efficiencies
- Strengthened relationships with key stakeholders

Our Businesses

- Food & Beverages Malaysia
- Food & Beverages Thailand
- Property & Others

Outputs

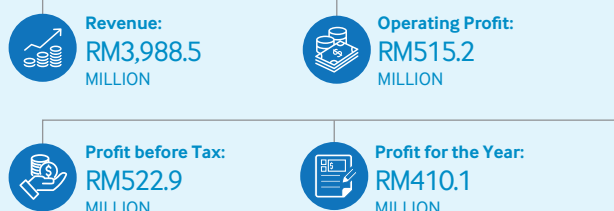
SUSTAINABILITY GOALS



F&N GROUP 2020 SUSTAINABILITY TARGETS

1. Reduce solid waste intensity by 5% from 2017 by 2020
2. Reduce energy intensity by 5% from 2017 by 2020
3. Reduce GHG emission intensity by 5% from 2017 by 2020
4. Purchase 100% Roundtable on Sustainable Palm Oil (RSPO) credits for palm oil usage by 2020
5. Reduce water intensity at our plants by 5% from 2017 by 2020
6. Offer at least one healthier choice option in all our product categories by 2020
7. Provide outreach and engagement programmes across Malaysia and Thailand by exploring and implementing appropriate outreach programmes to address community needs
8. Invest in product and process innovation to increase our product range, and improve efficiency and productivity
9. Provide an average of at least 12 training hours per employee per year by 2020
10. Have zero Lost Time Injury Frequency Rate by 2020

DELIVERING FINANCIAL OUTCOMES FOR F&N



OUR STAKEHOLDERS

- Shareholders & Financial Investors**
 - Managing our resources effectively enables us to maximise profits which benefit shareholders through sustainable shareholder returns and dividend payouts
 - Maintaining a strong balance sheet to take advantage of opportunities as they arise and protect against unforeseen risks
 - Dividend Payout Ratio: 53.6%
 - Dividend per Share: 60.0 sen*
 - Total Dividend Payout: RM220.1 million
 - Basic Earnings per Share: 111.9 sen
 - * Included proposed final dividend of 33.0 sen, which will only be recognised in the financial statements upon shareholders' approval.
- Employees**
 - Employed 204 new employees in FY2020
 - Career advancement and ability to reach individual potential
 - Paid RM297.40 million in total employee remuneration and benefits in FY2020
 - Female representation in our workforce:
 - 31% of total employees
 - 45% of total managerial positions
 - Boosted earning potential of employees with training and development
 - Awarded RM228,225 to 99 children of employees in 2020 under F&N Chairman's Award. Since 2003, F&NHB has disbursed close to RM4 million to >2,000 children
- Distributors & Trade Customers**
 - Partnership with >220,000 retailers and outlets in Malaysia, Thailand, Cambodia and Laos
 - Source of income and job creation at our distributors
 - Supported the livelihood of 40,000 hawkers in Thailand, Laos and Cambodia
- Consumers**
 - Launched various innovative solutions to address the needs of our consumers in 82 countries worldwide
 - Fulfilled consumers' demand for safe and quality products
 - Provide accessibility to our products through an extensive distribution network coverage
 - 10 new products launched in FY2020
 - 47 products with 'Healthier Choice Logo' in FY2020
- Communities**
 - Social investment in FY2020: >RM400,000
 - Nurtured local sports champions
 - Advocated active lifestyles via sports events and activities
 - Partnered with local councils to develop collaterals to increase awareness on COVID-19 prevention for 430 schools across Malaysia
 - Supported over 200 beneficiaries from vulnerable communities
- Regulators**
 - Complied with regulation to mitigate against systemic risk
 - Adhered to sustainable practices to protect our stakeholders
 - Contributed RM112.8 million in tax for FY2020
 - Active industry collaboration and knowledge exchange with government agencies and statutory bodies
- Suppliers**
 - Worked with local suppliers (94% of our suppliers are local)
 - Total Supplier Spend: RM3.21 billion
 - 75% local purchase value

Creating Shared Value
 Understanding societal needs and stakeholder expectations
 Communicating through stakeholder engagement

Eco-efficiency

Responsible supply chain

Safety and well-being

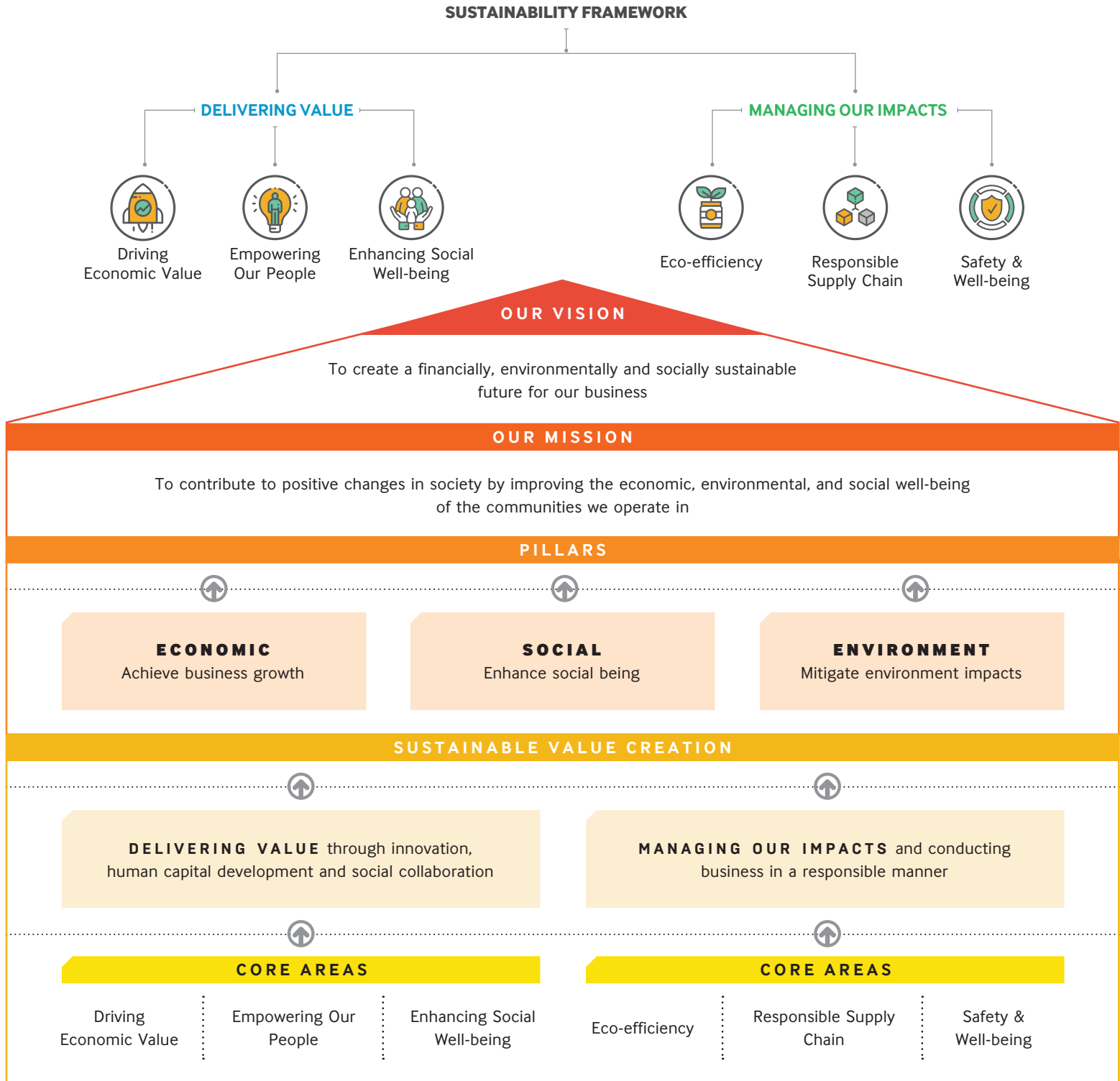
Our Sustainability Approach

GRI 102-16 to GRI 102-18; GRI 102-40; GRI 102-42 to GRI 102-44; GRI 102-46; GRI 102-47; GRI 408-1; GRI 409-1

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 conducting business in a responsible manner.



MANAGEMENT AND GOVERNANCE

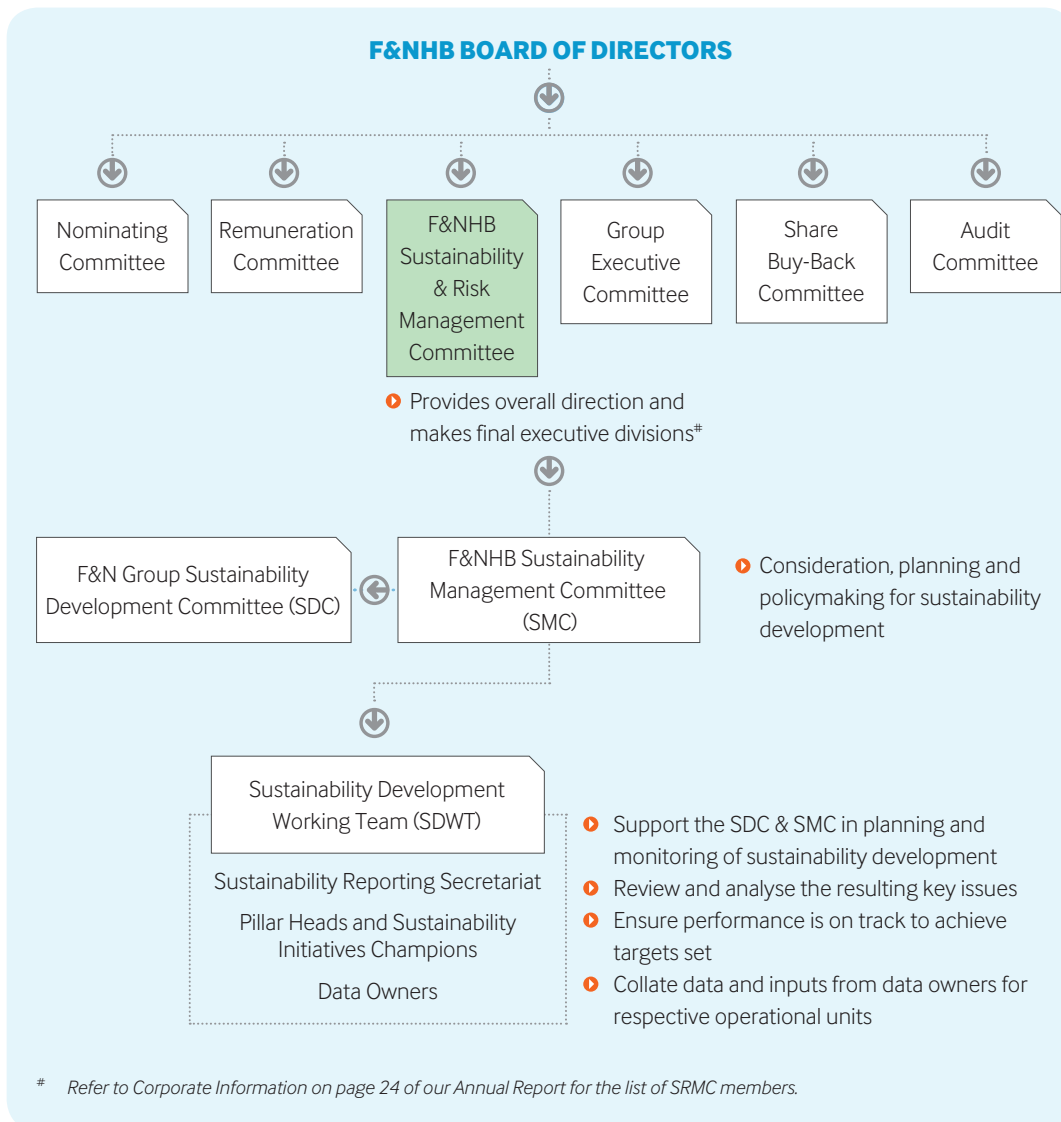
Sustainability is embedded in F&NHB’s culture. Our Board’s Charter sets out their responsibility to “include strategies on economic, environmental and social considerations underpinning sustainability.” Hence, our Board ensures sustainability principles guide F&NHB’s long-term business direction, and 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 vital support to the management team. SRMC has the responsibility to approve all strategic initiatives and policies related to sustainability.

Headed by the Chief Executive Officer (CEO), the F&NHB Sustainability Management Committee (SMC) then 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, headed by CEO Non-Alcoholic Beverages, Fraser & Neave, Limited in considering, planning and embedding sustainability development matters.

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

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



- F&NHB SUSTAINABILITY MANAGEMENT COMMITTEE (SMC):**
- Lim Yew Hoe** (Lead)
Chief Executive Officer*
 - Lai Kah Shen**
Director, Finance/Chief Financial Officer*
 - Waradej Patpitak**
Director, Manufacturing, F&N Dairies (Thailand) Limited
 - Bart Lim**
Managing Director, Domestic Commercial Operations (Peninsular Malaysia)
 - David Hoong**
Senior Director, Human Capital
 - Suchit Riewcharoon**
Managing Director, F&N Dairies (Thailand) Limited
 - Dr. Yap Peng Kang**
Senior Director, Manufacturing/ Group Research & Development*
 - Graham Lim**
Director, Brand Marketing
 - Karen Tan**
Director, Communications, Corporate Affairs & Sustainability**
 - Kelleigh Foo**
Senior Manager, CEO Office & Risk Management
- * F&N Group Sustainability Development Committee
** F&N Group Sustainability Reporting Secretariat

Our Sustainability *Approach*

RISK MANAGEMENT

F&NHB integrates material sustainability topics into our overall Risk Management framework by identifying specific risks, opportunities and key priorities for the financial year to drive our strategic decisions. This helps us to innovate better products and create more meaningful value for our stakeholders. Specific sustainability risks are identified and dealt with as part of the Enterprise Risk Management (ERM) framework. Risk appetite and risk tolerance statements are reviewed by the SRMC and approved by the Board annually. At the end of the financial year, the Board receives assurance from the CEO and Chief Financial Officer that the risk management and internal control system in place for the Group is adequate and effective to address risks which the Group considers relevant and material to its operations through the ERM Validation Report and Comfort Matrix.

Examples of non-financial risks include cyber risks, ensuring skills for digital transformation and the impacts of climate change on commodity prices. Amidst the evolving technology-resilient business environment, the group has developed a Cybersecurity Framework to guide businesses on managing cybersecurity risks. Regular training and constant updates related to cyber threats are provided to all employees to raise awareness level.

> [Read more in our Annual Report under Principal/Key Risks and Mitigation](#)

KEY POLICIES

F&NHB's governance system is supported by various policies and frameworks to ensure that relevant controls are established, and our processes are working as intended.

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

The F&N Code of Business Ethics & Conduct, recently revised in August 2019 and reviewed in June 2020, states the principles upheld by F&N related to integrity, respect and excellence. This Code is communicated to our employees by email and is also made available on our intranet. It requires an annual acknowledgement and declaration to be completed by employees to disclose possible conflicts of interest with F&N, and the annual declaration is reviewed with new employees as part of their induction programmes.



Scan here to read these policies

Any violation of Code can be reported via these mechanisms:

1. Email to whistleblowing@fn.com.my
2. Email to noncompliance@fn.com.my
or
3. Any reporting mechanism provided in existing F&NHB's policies

0 **reported breaches**
of the code of conduct

F&NHB has a No Gift Policy and stringent criteria for donations and sponsorships in accordance to the F&N Anti-Bribery and Anti-Corruption Policy (ABC Policy). Whistleblowing of suspected bribery and corruption can be reported by employees or external parties to the Chairman of the Audit Committee. There has been zero report of employees or external parties corruption and bribery in this financial year.

0 **report of corruption and bribery**




F&NHB also has a Code of Business Practices for Third Parties, putting in place an anti-bribery and anti-corruption management system (ABCMS) to consolidate and manage elements, policies, objectives and processes in relation to bribery and corruption risks. 100% of our employees in Malaysia have made the Integrity Pledge and Declaration of Conflict of Interest submissions.

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

Policies including F&N Code of Business Ethics & Conduct and F&N ABC Policy are also communicated through F&N's internal app, Fraserians Connect and training sessions.





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 is used in our planning and strategy for sustainable value creation.

	Engagement Channels and Frequency of Engagements	Key Concerns	How F&NHB creates value for this stakeholder
 <p>SHAREHOLDERS AND INVESTORS</p>	<ul style="list-style-type: none"> • Annual General Meetings (AGMs) • Regular face-to-face meetings & conference calls • Office/plant visits, as and when required • Investor Days/briefing 	<ul style="list-style-type: none"> • Transparent & accurate disclosure • Return on investment • Sustainable financial & operational performance 	<ul style="list-style-type: none"> • Managing our resources effectively enables us to maximise profits which benefit shareholders through sustainable shareholder returns and dividend payouts • Maintaining a strong balance sheet to take advantage of opportunities as they arise and protect against unforeseen risks • Dividend Payout Ratio: 53.6% • Dividend per Share: 60.0 sen* • Total Dividend Payout: RM220.1 million • Basic Earnings per Share: 111.9 sen <p>* Included proposed final dividend of 33.0 sen, which will only be recognised in the financial statements upon shareholders' approval</p>
 <p>EMPLOYEES</p>	<ul style="list-style-type: none"> • Biennial employee engagement survey • Annual CEO town hall/roadshow • Annual dinner • Festive gatherings • Sports tournaments • F&N Chairman's Award • iConnect (intranet), F&N BITES (news update), monthly email news highlights, digital TV, Fraserians Connect (mobile app) • F&N Voice WhatsApp channel • Dialogues with unions 	<ul style="list-style-type: none"> • Compensation & benefits • Competency development • Senior leadership • Learning & development • Rewards & recognition • Safety at work • COVID-19 related safety precautions and employee wellness 	<ul style="list-style-type: none"> • Employing 204 new employees in FY2020 • Career advancement and ability to reach individual potential • Paying RM297.4 million in total employee remuneration and benefits in FY2020 • Female representation in our workforce: 31% of total employees – 45% of total managerial positions • Boosting earning potential of employees with training and development • Awarding RM228,225 to 99 children of employees in 2020 under F&N Chairman's Award. Since 2003, F&NHB has disbursed close to RM4 million to >2,000 children • Virtual wellness programmes • Strict hygiene practice and sanitary environment in the workplace
 <p>DISTRIBUTORS AND TRADE CUSTOMERS</p>	<ul style="list-style-type: none"> • Annual customer meetings • Annual factory visits • Annual business planning • Regular business development activities • Joint supply chain meetings • Quarterly business reviews • Customer appreciation events 	<ul style="list-style-type: none"> • Latest consumer & shopper trends • Product innovation • Customer relationship management • Shopper loyalty programmes • Improving customer service level • Business practices & ethics • Efficient delivery systems • COVID-19 related payment challenges 	<ul style="list-style-type: none"> • Partnership with over 220,000 retailers and outlets in Malaysia, Thailand, Cambodia and Laos • Source of income and job creation at our distributors • Supporting the livelihood of 40,000 hawkers in Thailand, Laos and Cambodia • Case-to-case flexible payment method

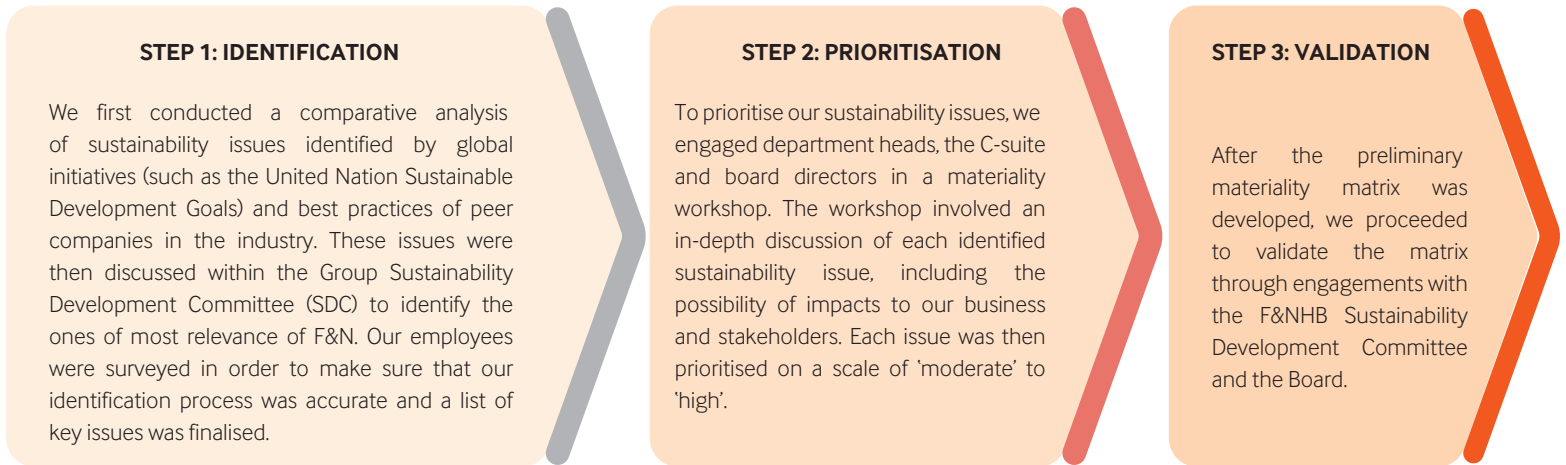
Our Sustainability *Approach*

KEY STAKEHOLDERS' ENGAGEMENT (CONT'D)

	Engagement Channels and Frequency of Engagements	Key Concerns	How F&NHB creates value for this stakeholder
 <p>CONSUMERS</p>	<ul style="list-style-type: none"> Marketing & sales promotions Brand communication through advertising On-going social media interactions On-ground events & activities Dedicated consumer hotline 	<ul style="list-style-type: none"> Product quality & safety Consumer health & safety Fair & reasonable product pricing Social & community engagement Environmental-friendly packaging 	<ul style="list-style-type: none"> Launching innovative solutions to address the needs of our consumers in 82 countries worldwide Fulfilling consumers' demand for safe and quality products Providing accessible products through an extensive distribution network coverage 10 new products launched in FY2020 47 products with 'Healthier Choice Logo' in FY2020
 <p>COMMUNITIES</p>	<ul style="list-style-type: none"> Collaborations & partnerships Meetings Outreach programmes Meetings/dialogues with community representatives Leadership programmes Sponsorships to more than 10 communities 	<ul style="list-style-type: none"> Social & environmental responsibility Job opportunities for locals Promotion of good health & quality of life Skill development in sports & leadership Stimulating local economies 	<ul style="list-style-type: none"> Social investment in FY2020: > RM400,000 Nurturing local sports champions Advocating active lifestyles via sports events and activities Partnering with local councils to develop collaterals to increase awareness on COVID-19 prevention for 430 schools across Malaysia Supporting over 200 beneficiaries from vulnerable communities
 <p>REGULATORS</p>	<ul style="list-style-type: none"> Active collaborations e.g. Federation of Malaysian Manufacturers Meetings with government agencies and statutory bodies Collaboration & partnerships with local councils 	<ul style="list-style-type: none"> Good governance Fair labour practices Safety at work Compliance with laws & regulations Water & waste management Environmental-friendly labelling & packaging Greenhouse gas emission (GHG) Recycling awareness COVID-19 standard operating procedures 	<ul style="list-style-type: none"> Compliance with regulation to mitigate against systemic risk Adhering to sustainable practices to protect our stakeholders Contributing RM112.8 million in tax for FY2020 Active industry collaboration and knowledge exchange with government agencies and statutory bodies Adhering to COVID-19 guidelines and social distancing measures
 <p>SUPPLIERS</p>	<ul style="list-style-type: none"> Supplier meetings Annual audits Tender Management System Annual supplier assessment review and audit 	<ul style="list-style-type: none"> Fair & robust procurement system Support of local businesses Social & environmental responsibility Ethics - anti-bribery & corruption 	<ul style="list-style-type: none"> Working with local suppliers (94% of our suppliers are local) Total Supplier Spend: RM3.21 billion 75% local purchase value

OUR MATERIAL ISSUES

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

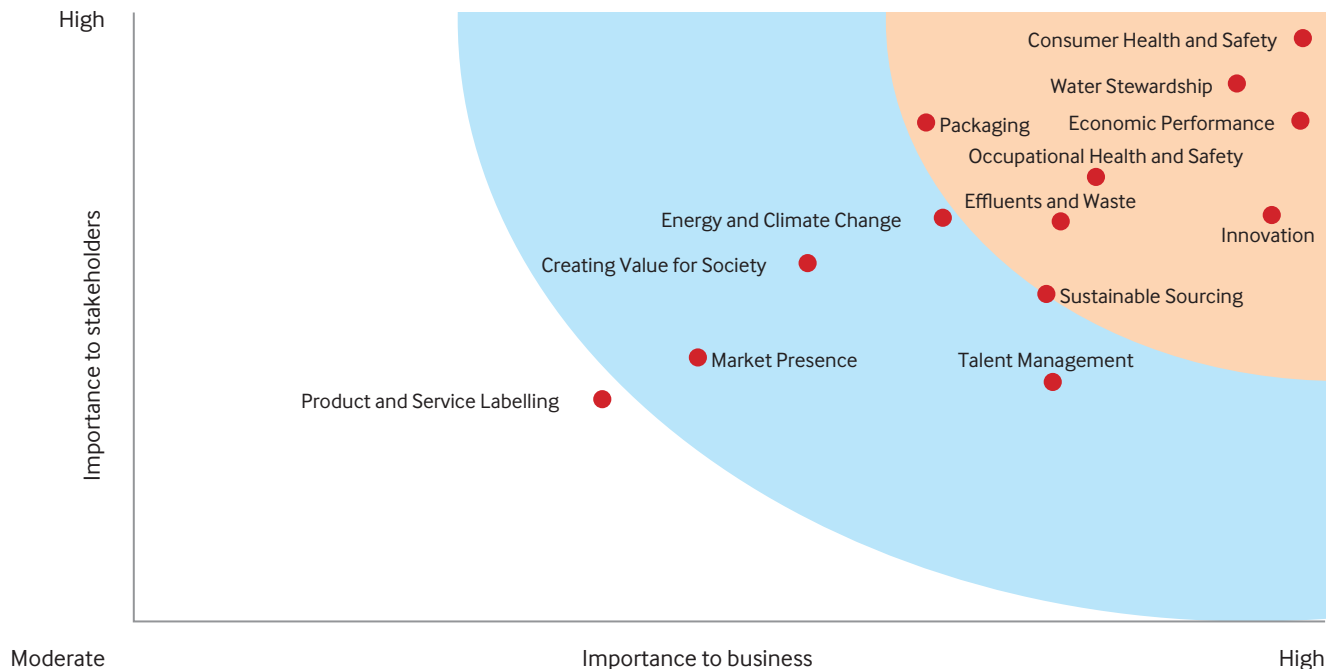


FY2020 MATERIALITY MATRIX

Following the initial materiality exercise in 2017, we have continued to review the 15 materiality issues every year.

In 2019, we have subsumed 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 as shown in the materiality matrix below.

Our most significant material topic 'Consumer Health and Safety' is extremely relevant this year amidst the COVID-19 pandemic as communities are becoming more discerning of their health and hygiene. 'Economic Performance' is vital as we continue to ensure adequate supply to the market as well as the contribution to our frontliners and people in need whilst maintaining a resilient financial performance. The 'Occupational Health and Safety' issue is also increasingly important in light of the pandemic.



Our Sustainability Approach

The material issues have been mapped into the six pillars of our Sustainability framework and the 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.



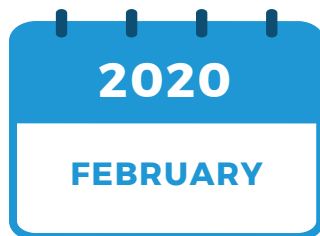
UPDATING OUR MATERIAL ISSUES

We have conducted a materiality assessment this year, with the support of an independent consultant, to engage our internal and external stakeholders to get their input on the material issues for F&N.

An initial list of ESG topics was drafted based on peer benchmarking and external trends analysis. Input from internal and external stakeholders were considered to streamline the list of sustainability topics and determine the key material topics for F&N going forward. The process to determine the material issues impacting our sustainable value creation resulted in a review and refresh of our Materiality Matrix for FY2021.

We have set medium term 2025 sustainability targets, especially for 'high' materiality issues. The 2021 materiality matrix and 2025 sustainability targets will be reflected in next year's Sustainability Report.

F&N MATERIALITY ASSESSMENT 2020



TREND AND PEER ANALYSIS

- Survey of best practices among peers
- Development of sustainability trend



STAKEHOLDER ANALYSIS

- Surveys with 954 F&N employees
- Interviews or questionnaires with 17 key external stakeholders

MATERIALITY ASSESSMENT WORKSHOP

- Two separate senior management workshops in Malaysia and Singapore, to review and finalise prioritisation of sustainability topics

Our Sustainability *Approach*

MATERIAL ISSUES AND OUR COMMITMENTS

	Material Issue	UN Sustainable Development Goals	Main Boundaries						
			Employees	Suppliers	Customers	Consumers	Shareholders/Investors	Communities	Regulators
Driving Economic Value	Economic Performance We are committed to creating direct economic value for our shareholders through the generation of profits and for our employees through stable and rewarding employment. <i>GRI 201-1 Economic Performance</i>		•	•	•		•	•	
	Innovation We invest in product and process innovation to increase our product range, and improve efficiency and productivity. Innovation is critical not only for long-term business success but also in response to growing concern about social and environmental issues.		•		•	•	•		
Empowering Our People	Talent Management 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> <i>GRI 405-1 Diversity of Governance Bodies and Employees</i>	 	•					•	•
	Market Presence 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	Creating Value for Society We strive to create a positive impact on local communities through social development projects focused on: strengthening vulnerable groups with education and basic needs; supporting sports and active lifestyles; promoting environmental consciousness; and spreading festive cheer. <i>GRI 413-1 Local Communities</i>	 	•					•	•
Safety and Well-being	Occupational Health & Safety Our health and safety management plan complies with relevant laws and regulations. It is supported by appropriate policies and programmes to safeguard the health and safety of our people at all times. <i>GRI 403 (2018) Occupational Health and Safety</i>		•						•
	Consumer Health & Safety 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>	 	•		•	•			•

			Main Boundaries						
Material Issue		UN Sustainable Development Goals	Employees	Suppliers	Customers	Consumers	Shareholders/ Investors	Communities	Regulators
Safety and Well-being (Cont'd)	Product and Labelling	 							
	We provide accessible and adequate information on our products and services, in line with relevant laws and regulations. This helps consumers make informed purchasing choices. GRI 417-1, 417-2 Marketing and Labelling	 	•		•	•			•
Responsible Supply Chain	Sustainable Sourcing	 							
	We promote sustainable and responsible procurement and sourcing via a risk management and supplier selection that is integrated with ESG factors, as well as a focus towards local sourcing to contribute to local economic development when possible. GRI 204-1 Procurement Practices	 							
Eco-efficiency	Water Stewardship		•		•	•		•	•
	We seek to use water efficiently across the value chain and employ water resource risk management to ensure that our activities do not threaten water resources in the long-term for both our own operations and our local communities. GRI 303-1, 303-2, 303-3, 303-5 (2018) Water and Effluents								
	Effluents and Waste	  	•					•	•
	We comply with international and national standards in effluents and waste management. These include actions to minimise waste in the production process. GRI 303-4 (2018) Water and Effluents GRI 306-2 Effluents and Waste	 							
	Packaging		•	•	•	•		•	•
We use innovative packaging to meet consumers' demand and seek out innovative processes to reduce post-consumption waste.									
Energy and Climate Change	 	•					•	•	
We curb our contribution to climate change by managing our 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. GRI 302-1, 302-3 Energy GRI 305-1, 305-2, 305-4 Emissions	 								

Our Sustainability *Approach*

CIRCULAR ECONOMY

GRI 103-2

A circular business model can be defined as the way an organisation creates, delivers and captures value with, and within, closed material loops and chains. F&NHB is committed to working towards a more circular economy by applying the principles of:

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

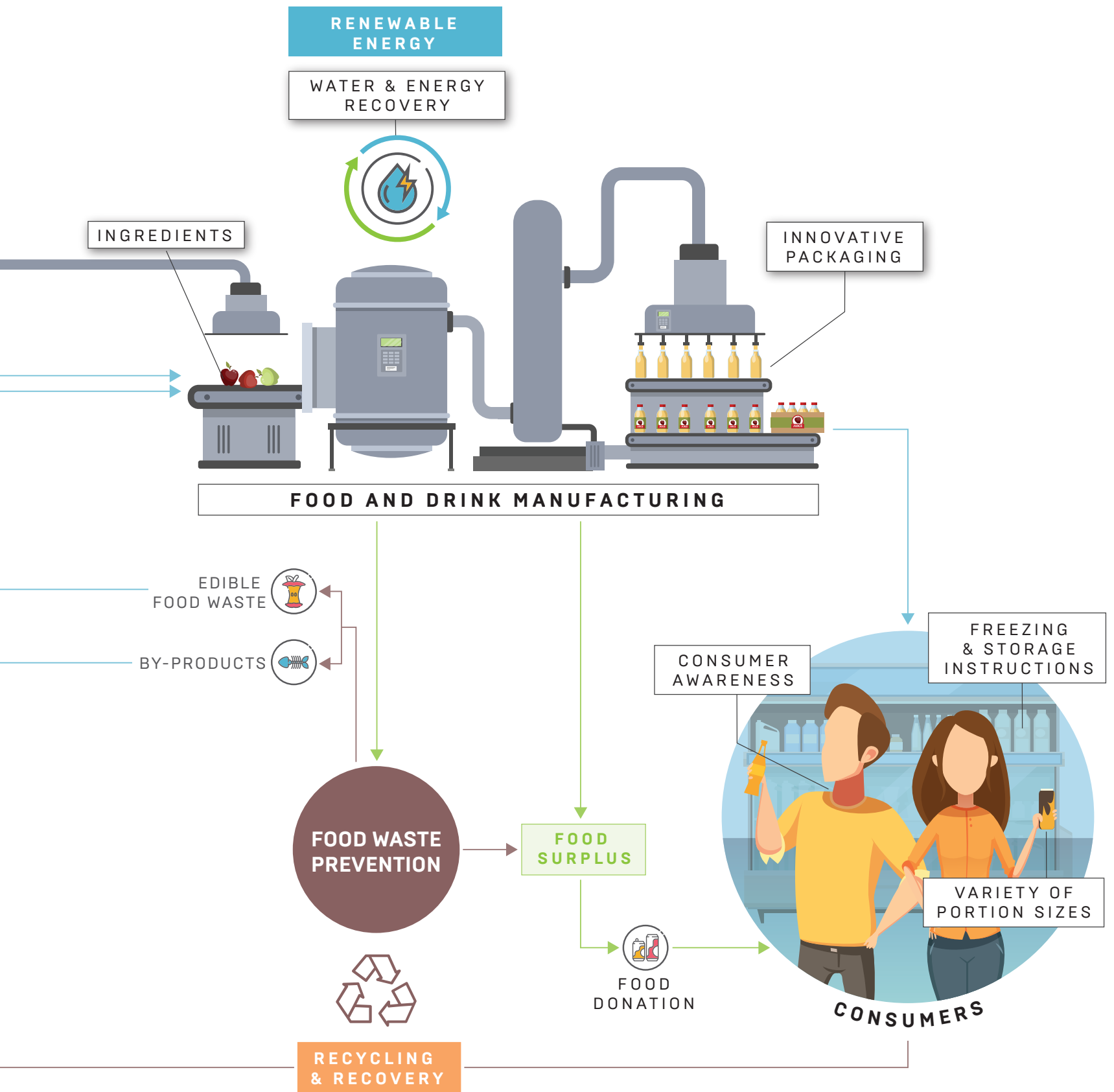
These principles guide our approach to managing materiality topics. More than half of our materiality topics have links to a circular economy:

- **Innovation:** We design new solutions for products and processes which contribute to resource efficiency and the prevention of waste. F&N built an innovation centre in Singapore for R&D, focusing on health and sustainability. Other than packaging, the innovation centre will also look into water efficiencies, energy conservation, environmental programmes and waste management.
- **Water Stewardship:** We manage water use and recover and reuse water where possible. This year, we extended our water stewardship commitment to our supply chain partners. For example, bridging water optimisation gaps with our sugar manufacturers and chemical suppliers, and partnering with our suppliers to provide clean and sufficient water supply to Chaiyaphum Province, Thailand during the annual dry season.
- **Effluents and Waste:** We minimise waste (in production and post-consumption) and help to create by-products from the residual liquid and solid waste. For example, we converted 1,250 MT of industrial sludge into fertiliser this year. We have also significantly exceeded our 2020 target and reduced solid waste intensity by 62%.
- **Packaging:** We reduce raw materials needed and aim to ensure that packaging can be recycled, reused or composted. F&N proactively innovates, develops and sources sustainable packing solutions for our products. We have implemented various packing solutions in 2020, and are on track to meet our goal to have our beverage packaging to be fully recyclable.
- **Energy and Climate Change:** We reduce our energy needs, use renewable energy and/or recover energy from our operations. Our energy and climate change strategy includes: improving energy efficiency in our operations, renewable energy programme, carbon footprint reduction in our value chain, route planning and managing climate change risks to our operations.
- **Sustainable Sourcing:** We favour suppliers whose environmental practices adhere to circular economy principles. In June 2020, we launched a new Supplier Code of Conduct which covers business ethics, environmental management, human rights and occupational health and safety.
- **Creating Value for Society:** Beyond the company, F&N raises awareness on the circular economy and good waste management practices by conducting education programmes for school children in Malaysia and Thailand.

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

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Summary of Our Group Targets and Progress


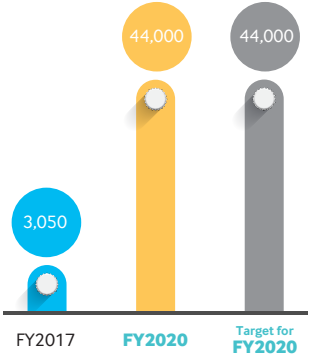

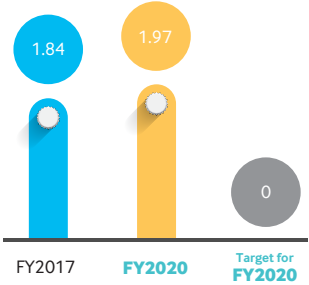
GRI 102-47

As part of F&N's commitment to sustainability, F&N Group had set some ambitious sustainability performance targets in 2017 to be achieved by 2020, based on the high priority material issues identified.


This year, we have evaluated our performance against the 2020 Sustainability Targets and we have achieved our targets relating to the following material issues: Innovation, Talent Management, Creating Value for Society, Effluents & Waste, and Sustainable Sourcing.

Some areas require further effort and adaptation due to the COVID-19 circumstances, strategic decisions and operational changes and these include: Water Stewardship, Energy & Climate Change, Consumer Health & Safety, and Occupational Health & Safety. Key contributing factors supporting our performance milestones and gaps are elaborated in the respective chapters of the Sustainability Report.

A robust materiality assessment and stakeholder engagement were conducted this year. From there, we have set medium and long-term sustainability targets, especially for 'high' materiality issues. The latest materiality assessment and the 2025 sustainability targets will be reflected in next year's Sustainability Report. These 2025 goals will drive F&N Group's sustainability performance throughout our business and strengthen our commitment to creating long-term value for our stakeholders.

KEY MATERIAL ISSUES	NO	2020 GROUP SUSTAINABILITY TARGET	PROGRESS
 <p>Sustainable Sourcing</p>	1	To purchase 100% RSPO credits for palm oil usage by 2020	<p>Target Achieved RSPO Credits purchased for 106% of annual palm oil usage, thus achieving our 2020 Sustainability Target.</p> <p>TOTAL RSPO CREDITS PURCHASED</p>  <p>106% RSPO credits of total actual palm oil usage</p>
 <p>Occupational Health and Safety</p>	2	To have zero lost time injury frequency rate by 2020	<p>Target not met 2020 target not met as our Group lost time injury frequency rate is 1.97. We commit to implement more initiatives to create awareness among employees.</p> <p>GROUP LOST TIME INJURY FREQUENCY RATE</p> 

KEY MATERIAL ISSUES	NO	2020 GROUP SUSTAINABILITY TARGET	PROGRESS
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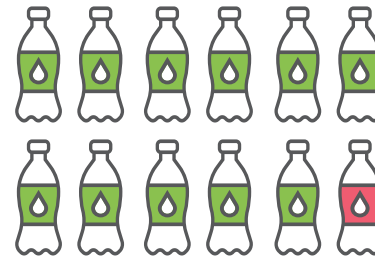
Consumer Health and Safety

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


Target not met

We have at least one healthier option for 11 out of 12 (92%) product categories.

F&N takes the position that reducing the sugar level of our energy drinks drastically would result in a loss of its functionality and purpose to our consumers. Hence, we did not proceed to launch a healthier option for 'Energy' category.



11 / 12 
product categories have at least **one** healthier option



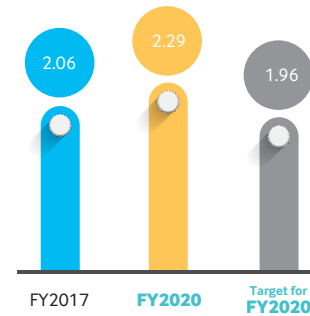

Water Stewardship

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

Target not met

The Group water ratio is 2.29 m³/MT, thus not achieving our 2020 Sustainability target. Higher water ratio is mainly due to significant operational changes in Shah Alam plant and COVID-19 circumstances that affected our water efficiency.

GROUP WATER RATIO (m³/MT)

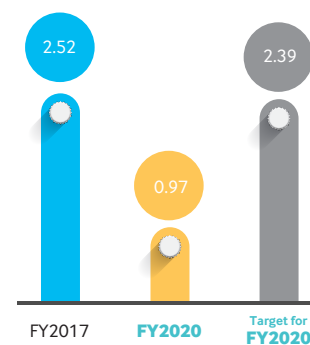
Effluents and Waste

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

Target Achieved

The Group solid waste ratio has significantly reduced by 62% to 0.97, due to the various initiatives implemented by respective plants to recycle solid waste from production.


GROUP SOLID WASTE RATIO (KG/MT)



Summary of Our Group Targets and Progress

KEY MATERIAL ISSUES	NO	2020 GROUP SUSTAINABILITY TARGET	PROGRESS								
 <p>Energy and Climate Change</p>	6	To reduce energy intensity by 5% from 2017 by 2020	<p>Target not met</p> <p>The Group energy intensity ratio reduced slightly to 868.56 MJ/MT, thus not achieving our 2020 Sustainability target. Higher energy consumption is mainly due to significant operational changes in Shah Alam plant and COVID-19 circumstances that affected our energy efficiency.</p> <p>GROUP ENERGY INTENSITY RATIO (MJ/MT)</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Intensity Ratio (MJ/MT)</th> </tr> </thead> <tbody> <tr> <td>FY2017</td> <td>876.41</td> </tr> <tr> <td>FY2020</td> <td>868.56</td> </tr> <tr> <td>Target for FY2020</td> <td>832.59</td> </tr> </tbody> </table>	Year	Intensity Ratio (MJ/MT)	FY2017	876.41	FY2020	868.56	Target for FY2020	832.59
	Year	Intensity Ratio (MJ/MT)									
FY2017	876.41										
FY2020	868.56										
Target for FY2020	832.59										
7	To reduce GHG emissions intensity by 5% from 2017 by 2020	<p>Target not met</p> <p>2020 Sustainability target not met as Group GHG intensity ratio only reduced to 0.0673, mainly due to significant operational changes in Shah Alam plant and COVID-19 circumstances that affected our eco-efficiency.</p> <p>GROUP GHG EMISSIONS INTENSITY RATIO (MTCO_{2e}/MT)</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Intensity Ratio (MTCO_{2e}/MT)</th> </tr> </thead> <tbody> <tr> <td>FY2017</td> <td>0.0674</td> </tr> <tr> <td>FY2020</td> <td>0.0661</td> </tr> <tr> <td>Target for FY2020</td> <td>0.0640</td> </tr> </tbody> </table>	Year	Intensity Ratio (MTCO _{2e} /MT)	FY2017	0.0674	FY2020	0.0661	Target for FY2020	0.0640	
Year	Intensity Ratio (MTCO _{2e} /MT)										
FY2017	0.0674										
FY2020	0.0661										
Target for FY2020	0.0640										
 <p>Innovation</p>	8	To invest in product and process innovation to increase our product range, and improve efficiency and productivity	<p>Target Achieved</p> <p>We have implemented many innovation projects to improve our product range and improve efficiency and productivity.</p> <p>Key Highlights</p> <ul style="list-style-type: none"> A total of 41 new products introduced since 2017, offering more options in different product categories, healthier options and convenience through differentiation in packaging Employee-driven innovation projects through Winning as One Convention (Thailand) and Excel as One Convention (Malaysia), delivering cost savings or cost avoidance of approximately RM10 million per annum 								

KEY MATERIAL ISSUES	NO	2020 GROUP SUSTAINABILITY TARGET	PROGRESS
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Innovation
(Cont'd)

Key Highlights (Cont'd)

- Investment of **over RM900 million in capital expenditure** since 2017 to elevate our product innovations and drive cost competitiveness
- Over 90% of the RTD beverages** we sold today in Malaysia are healthier options
- Our portfolio of Healthier Choice Logo certified range expanded from 4 in 2017 to **47** in 2020

 > [Read more about 'Innovation', on pages 44 to 47 of this SR](#)



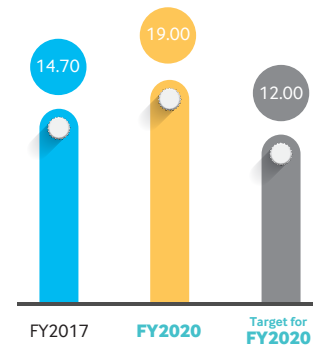
Talent Management

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

Target Achieved

We exceeded our target of training hours this year, amidst the COVID-19 pandemic, supported by the e-learning opportunities introduced to employees.

GROUP AVERAGE TRAINING HOURS PER EMPLOYEE




Creating Value for Society

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

Target Achieved

We have continued to provide outreach and engagement programmes across Malaysia and Thailand via several programmes.

Key Highlights

- 100% of our operations** in Malaysia and Thailand implemented local community engagement, impact assessment and development programmes
- Social investment of **over RM2.4 million** in supporting **over 1,300 beneficiaries** from vulnerable communities since 2017
- Expanding school recycling programme to **756 schools in 2019**, avoiding **4.7 million kg of recyclable items** from going into landfill
- Over 200,000 children and youths** participated in grassroots sports programmes since 2017
- Over 34,000 Malaysians** participated in the series of 100PLUS Day to stay active since 2018
- In the fight against COVID-19, we contributed more than **650,000 products to support frontliners** and distributed **over 500,000 products to about 10,000 underprivileged families** in Malaysia

 > [Read more about 'Creating Value for Society', on pages 58 to 69 of this SR](#)

Our *Response* to COVID-19

GRI 102-15





IMPACT OF COVID-19 FOR OUR BUSINESS AND STAKEHOLDERS

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

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

Our *Response* to COVID-19

OUR COVID-19 RESPONSE AND LEARNINGS

F&NHB has responded to the COVID-19 pandemic with a focus on the following areas:



STRUCTURES AND PLANS TO MANAGE SYSTEMIC SHOCKS



BUSINESS CONTINUITY TO DELIVER STAKEHOLDER VALUE



COVID-19 ACCELERATES OUR TRANSITION TO THE FUTURE OF WORK



ENSURING THE WELL-BEING OF OUR PEOPLE IS OUR TOP PRIORITY



SUPPORTING CONSUMER NEEDS DURING THE PANDEMIC

RUMAH HOPE CHILDREN'S HOME



REINFORCING OUR COMMITMENT TO HEALTHY PRODUCTS AND LIFESTYLES



PARTNERING TO ENSURE SUPPLY CHAIN RESILIENCE AND AVOID DISRUPTION



SUPPORTING LOCAL COMMUNITIES THROUGH THE COVID-19 PANDEMIC

BUSINESS CONTINUITY TO DELIVER STAKEHOLDER VALUE

During 2020, F&NHB had strived to maintain a resilient economic performance in the face of external shocks. We worked to maximise output despite a reduced workforce and production hours during the MCO period.



[Read more about 'Economic Performance', on page 43 of this SR](#)

STRUCTURES AND PLANS TO MANAGE SYSTEMIC SHOCKS

During the MCO in Malaysia and the emergency decree in Thailand, F&N team in both countries communicated regularly to ensure business continuity and protect employee welfare.

During the pandemic, stakeholder engagement was critical for F&N to address key challenges and ensure business continuity. For example, F&NHB maintained ongoing dialogues with regulators, suppliers and trade partners to ensure operations across our supply chain and its workforce was compliant with regulations which avoided unnecessary delays and disruptions.

COVID-19 reinforces the importance of integrating non-financial risks into our risk management process and internal and external preparation for business delays and disruption, which will help to anticipate the impacts of future social and environmental shocks.



[Read more about 'Management and Governance, Stakeholder Engagement', on pages 21 to 24 of this SR](#)

ENSURING THE WELL-BEING OF OUR PEOPLE IS OUR TOP PRIORITY

F&N implemented extensive safety measures to ensure all premises maintain the highest levels of hygiene practice and a sanitary environment. Throughout the pandemic, we communicate regularly with employees regarding the changing government requirements and business response. This includes best practices in personal hygiene and social distancing. A dedicated 24-hour employee careline was set up to address any work-related or health and emotional well-being concerns.

Despite limitations and difficulties due to COVID-19, F&NHB has not compromised our on-going safety trainings. In 2020, we continued to conduct annual safety training and awareness sessions using virtual formats, as well as new training on COVID-related risks.



[Read more about 'Occupational Health & Safety', on pages 91 to 93 of this SR](#)

COVID-19 ACCELERATES OUR TRANSITION TO THE FUTURE OF WORK

Training and resources were made available to equip employees with the skills to function effectively in a remote working environment in areas such as self-management, virtual people management and team-working. Alongside training, we have also increased adoption of digital tools and technologies including e-Learning, virtual classrooms and video-conferencing. As working from home becomes the 'new normal', we expect to continue leveraging digital technology to replace physical meetings and reduce business travel.

No roles were made redundant due to the COVID-19 situation. Some positions have been redesigned to enable employees to work from home.



[Read more about 'Talent Management', on pages 49 to 56 of this SR](#)

REINFORCING OUR COMMITMENT TO HEALTHY PRODUCTS AND LIFESTYLES

Our product development team continued to introduce more healthier products, responding to consumer demands, even during the challenging times of COVID-19.

F&N implemented wider activities to encourage a healthy lifestyle during lockdown such as sharing healthy cooking tips and recipes using social media platforms, and conducted virtual fitness challenges and live workout sessions with athletes and influencers for consumers to participate in.



[Read more about 'Creating Value for Society, Consumer Health & Safety', on pages 58 to 69, 94 to 98 of this SR](#)

SUPPORTING CONSUMER NEEDS DURING THE PANDEMIC

As consumers are looking for a faster and easier way to get our products to support new patterns of living and working, F&NHB launched F&N Life in Malaysia, a new flagship e-commerce store in January 2020 and scaled up the operations in March 2020 during the MCO in Malaysia. F&N Life also offers product details, nutrition values, recipes and loyalty programmes. There are close to 250 SKUs available on the F&N Life platform.

We offered value-up and bundling deals as well as ensured a presence in the more affordable ones in the current climate of growing cost-conscious consumers.



[Read more about 'Innovation', on pages 44 to 47 of this SR](#)

PARTNERING TO ENSURE SUPPLY CHAIN RESILIENCE AND AVOID DISRUPTION

F&NHB recognised the need to replace conventional business continuity planning with new ways of collaborating with suppliers and customers to continue delivering to our customers' demands and ensuring minimal disruption.

We conducted a supplier assessment exercise to understand the resiliency of our supply chain and implement mitigation measures for suppliers that may not be able to meet demands. F&NHB's diverse pool of suppliers and strong relationships with local suppliers in Malaysia and Thailand also helped mitigate any impact to supply chain.



[Read more about 'Responsible Supply Chain', on pages 86 to 89 of this SR](#)

SUPPORTING LOCAL COMMUNITIES THROUGH THE COVID-19 PANDEMIC

F&NHB supported national efforts in Malaysia through product contributions to frontliners and underprivileged community including low-income families, stateless community and street friends.

F&N also partnered with local councils to develop collaterals which are distributed to 430 schools across Malaysia to increase awareness on COVID-19 prevention among school children.



[Read more about 'Creating Value for Society', on pages 58 to 69 of this SR](#)



Delivering VALUE

We drive economic success and social progress through Innovation, Human Capital Development and Social Collaboration to create sustainable value for our consumers, customers, shareholders, employees and the local communities in which we operate.

MATERIAL ISSUES:

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

CONTRIBUTING TO SDGs:



Driving Economic Value



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

Our Value Creation Business Model is explained in detail on pages 18 to 19 of this report. F&N economic performance depends upon all six capitals (financial, manufactured, intellectual, human, social & relationship, and natural). Thus F&N's ability to create financial value is supported by our sustainability initiatives.

ECONOMIC PERFORMANCE

GRI 201-1

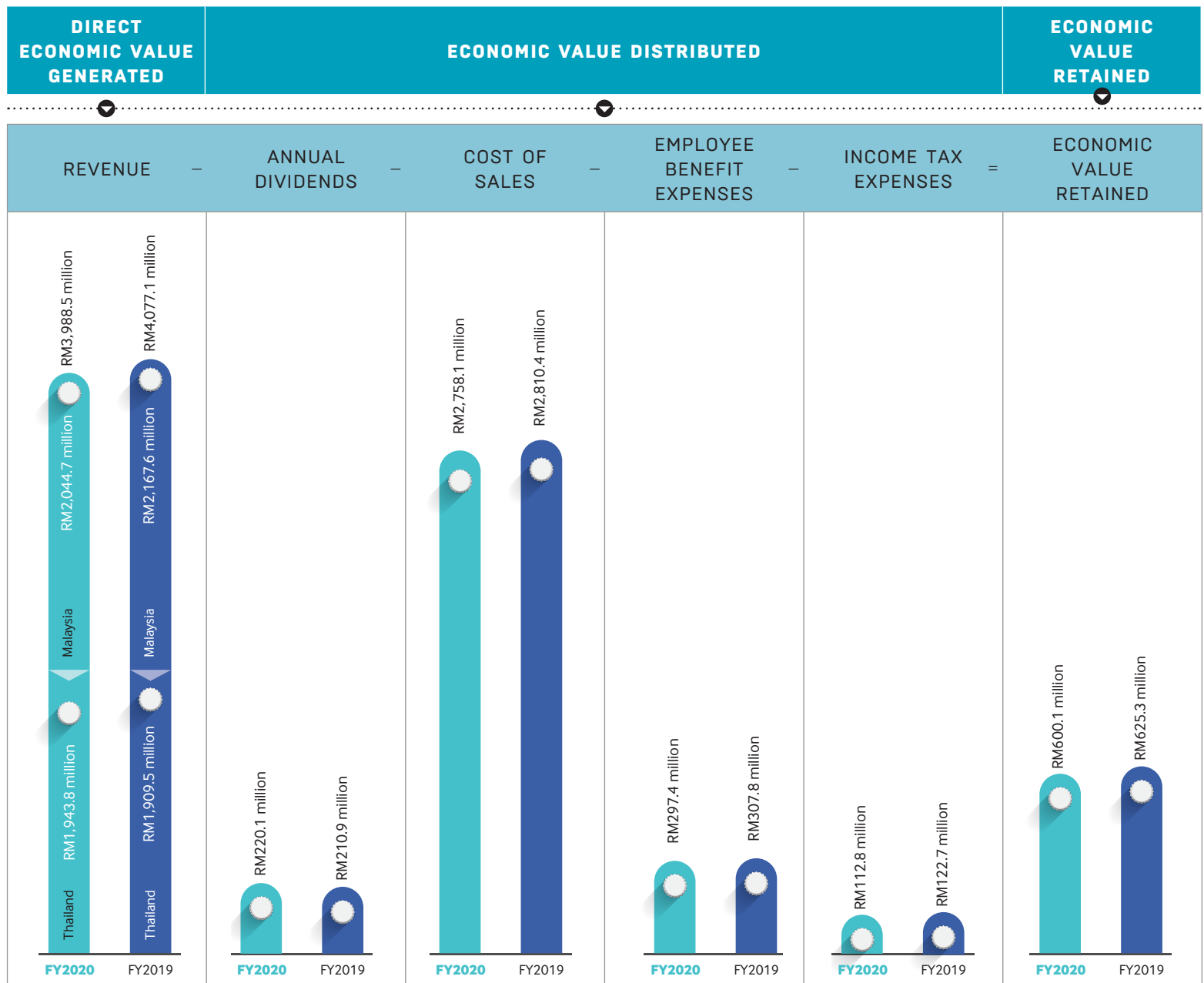
Our Approach

F&N generates economic value in a number of ways. Full information is included in our audited financial statements, as part of our 2020 Annual Report.

 > [Read more in our Annual Report](#)

During 2020, F&NHB maintained a resilient economic performance in the face of external shocks, to continue delivering value for all stakeholders. We worked to maximise output despite a reduced workforce and production hours during the MCO period.

Economic Performance



Notes:

- (i) Employee benefit expenses comprise of wages, salaries, contributions to state plans, expenses related to defined benefit plans, share-based payment expense, one-off restructuring costs and other staff costs.
- (ii) 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.

Driving Economic Value

INNOVATION



Our Target

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

Our Performance in 2020

We have invested in product and process innovation to increase our product range, and improve efficiency and productivity.

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

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

OUR INNOVATION FRAMEWORK

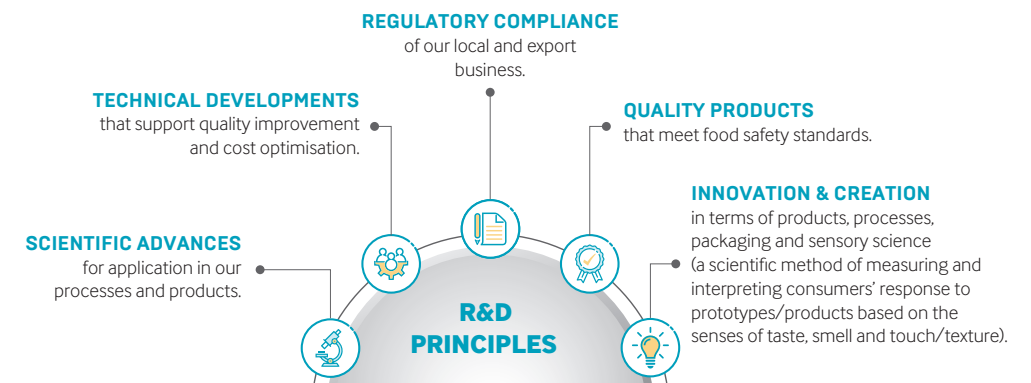


Our Approach

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.

F&N also collaborates with Nanyang Technological University (NTU), through the F&N-NTU F&B Innovation Lab in Singapore, to foster research that will result in better food packaging and the conversion of spent produce from food processing into valuable resources.

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



Our Initiatives

CONSUMER-FOCUSED INNOVATION

At F&N, 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 launched ten new products during FY2020, 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.



1. 100PLUS Zero
2. F&N ICE MOUNTAIN Sparkling Water - Original, Lemon and Grapefruit
3. F&N Teh Tarik - Ori and Less Sugar
4. No Sugar OYOSHI Gold Kabusecha, No Sugar OYOSHI Gold Sencha
5. Sunkist Pure - Orange and Lemon Apple
6. TEAPOT Squeeze Tube - Plain, Gula Melaka & Pandan
7. F&N Fruit Tree Fresh Reduced Sugar Soursop with Nata De Coco

1. Carnation Plus SCM 0% Fat, 25% Reduced Sugar
2. TEAPOT Squeeze Tube - Matcha, Mango
3. Magnolia Milkies Tablet - Classic Malt, Hokkaido Milk, Strawberry Yogurt

Increasing our offering of Healthier Choice products amidst COVID-19

Our product development team continued to introduce healthier product options, in responding to consumer demands for healthy products, amidst the challenging time of COVID-19. Among the new healthier additions are 100PLUS Zero, no sugar OYOSHI Gold green tea, no sugar F&N ICE MOUNTAIN Sparkling Water, Sunkist Pure Juices with higher fruit content and less sugar -> Carnation Plus SCM 0% Fat, 25% Reduced Sugar.

[Read more about 'Consumer Health & Safety', on pages 94 to 98 of this SR](#)

Increased Convenience

The launch of F&N's flagship online store provides an easier platform for consumers to order their favourite F&N products at competitive prices, in bulk and get it delivered to their homes. Besides catering to consumers who enjoy convenience, F&N Life also offers product details and nutrition values, recipes and loyalty programmes. There are close to 250 SKUs available within the F&N Life platform, which was rolled out in January and was scaled up to support Malaysians through COVID-19.

We offer differentiated product packaging to cater to the different needs of consumers. This year, due to demand for greater convenience and flexibility, we have launched our TEAPOT condensed milk in Malaysia in a convenient squeeze tube for easy spread over food or desserts. Another innovative product launched this year in Thailand is the Magnolia Milkies, the milk tablets made with 100% New Zealand milk.

[Read more about 'Consumer Health & Safety', on pages 94 to 98 of this SR](#)

Sustainable Packaging

F&NHB rolled out a new packaging solution for our F&N ICE MOUNTAIN Drinking Water where it is made from recyclable paper (Tetra Pak) carton packaging. The caps are also bio-based, made from sugar cane.

[Read more about 'Packaging', on pages 78 to 79 of this SR](#)

Driving Economic Value

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 INVESTMENT

This year, we have invested approximately RM134 million in capital expenditure to improve energy efficiency by generating renewable energy, elevate product innovation and drive cost competitiveness.

Process innovation projects implemented are described in our Annual Report 2020, and include:



Solar Photovoltaic (PV) system at Shah Alam, Pulau Indah and Bentong plants, Malaysia with a total capacity of generating up to 10 MWp of energy.



State-of-the-art Regional Distribution Centre at Rojana, Bangkok with sophisticated Automated Storage Retrieval System (ASRS).



New manufacturing line at Rojana Plant, Thailand to produce our first milk tablets, Magnolia Milkies.

In-sourcing of Fresh Milk at our Pulau Indah plant

As part of our capacity building for in-sourced milk and juices, we have invested RM40 million in a new fresh milk line at Pulau Indah plant. Beginning 1 April 2020, we have started to produce chilled milk and juices at Pulau Indah plant and this has helped to reduce our operational cost. These milk and juices also come with the new and improved packaging – TetraEdge.

Proof of Delivery Solutions in Thailand

In Thailand, we have implemented a “Proof of Delivery” (ePOD) solution where transportation activities are monitored in real time through a tracking system. Through this solution, it provides real-time visibility and traceability of goods, along with instant and pro-active communications with our customers. This has also reduced the back-office administration.

Optimising Operational Efficiency through Our New Regional Distribution Centre

This year, we invested in a new regional distribution centre (RDC) in Rojana, Ayutthaya Province, Thailand, equipped with 287 million THB ASRS. Strategically located 1.7 km from our dairies manufacturing plant in Rojana, Ayutthaya Province, the 20,000 square metres RDC is expected to be operational in 2021. This RDC will serve as our regional distribution hub for F&N Dairies Thailand (FNDDT)’s products.

Apart from optimising and reducing operational costs, and meeting storage capacity demand with smaller space requirement, the ASRS enables centralised inventory which will enhance stock management accuracy. Additionally, the system will create a fully integrated distribution centre with an enterprise resource planning system and efficient information flow. We will also be installing the same ASRS in our new warehouse in Shah Alam, which will be operational in 2021.

Employee-Driven Innovation

To promote continuous improvement in productivity, quality, cost, delivery, safety, ethics and environment, F&N Dairies Thailand once again organised the World Class Manufacturing - Excel As One Convention 2020 on 17 September 2020, which encouraged manufacturing teams to propose and implement innovative and cost saving initiatives. The innovative ideas initiated through the convention have already successfully achieved an average saving of 30 million THB annually.

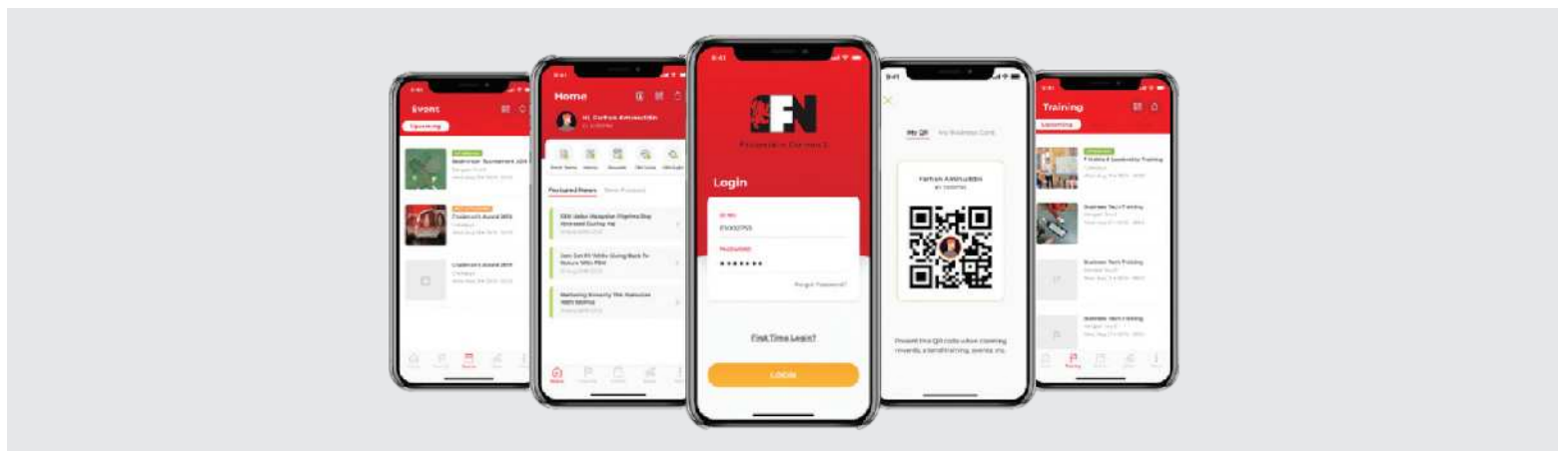
Themed 'Sport to Build Immunity Fighting COVID-19', they showcased innovative projects through exhibition boards and models.



Changing the Way Employees Get Connected with the Company

In January this year, F&NHB launched the Fraserians Connect App in Malaysia, a mobile app that connects employees in Malaysia. The app serves as a faster and more efficient communication tool to all employees, as well as keeping them up-to-date with the latest news and happenings in F&N. Through the app, employees also have access to important policies such as employee's handbook and Collective Agreements at their fingertips.

During the COVID-19 MCO in Malaysia, we provided frequent and, timely updates to the employees about work arrangements, guidelines and memos related to the pandemic via the app.



Empowering Our People

Our people are what differentiate F&N from our peers and determine our success. We strive to create a stimulating work environment for our employees where fresh perspectives are valued, talent is nurtured & rewarded and employees are engaged and empowered to perform to their highest potential, thereby enabling the company to meet our business objectives. F&N contributes to the UN SDG 8's target to achieve full and productive employment and decent work for all.



TALENT MANAGEMENT

GRI 202-1; GRI 401-1; GRI 401-2; GRI 404-1; GRI 404-2; GRI 405-1



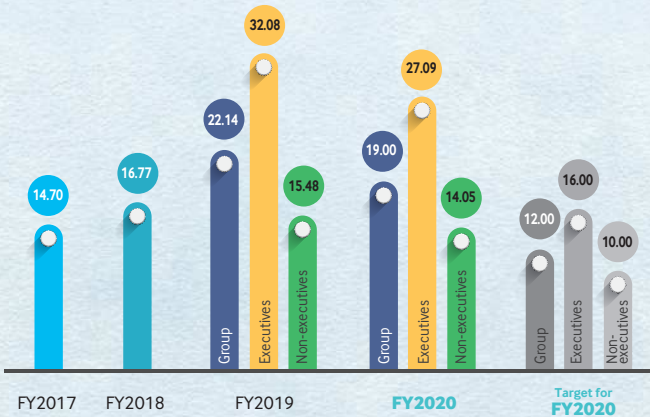
Our Target

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

- Executives** : 16 hours
- Non-executives** : 10 hours

Our Performance in 2020

Average of 19.00 hours per employee.



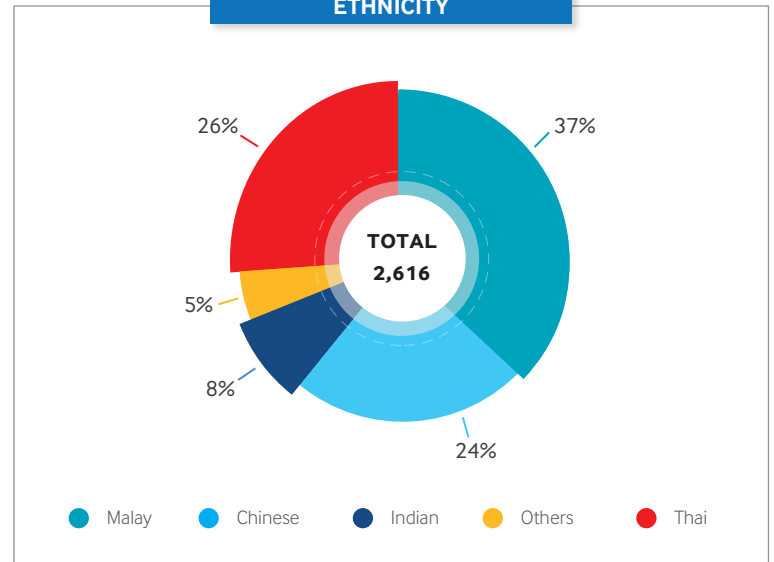
Our Approach

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

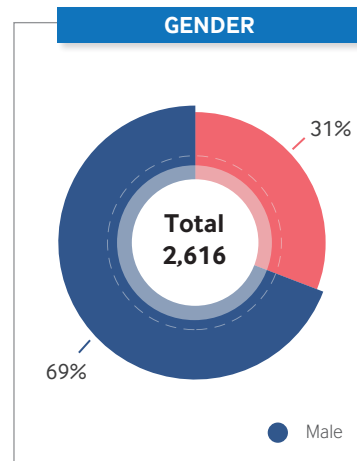
F&N strives to offer equal opportunities for all, regardless of an individual's race, gender, religion and any other attributes unrelated to employment expectations. We comply strictly with prevailing legislation on employment rights in the countries of our operation, including the prohibition of hiring minors.

While 31% of all employees at F&N are female, our positive approach to gender equity can be seen from the female representation at managerial levels, where 45% of managerial positions are held by female employees.

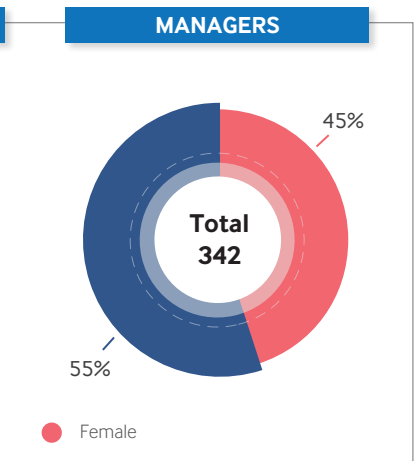
ETHNICITY



GENDER



MANAGERS



Empowering Our People

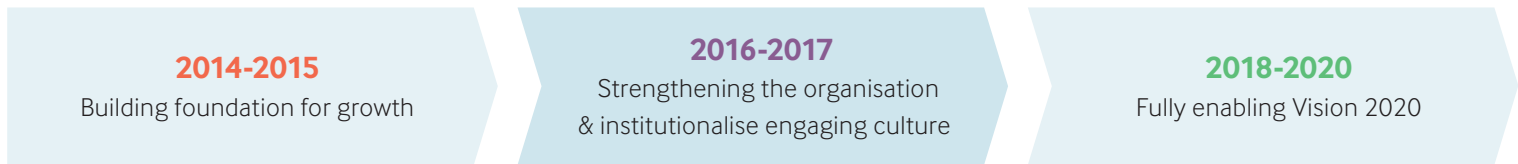
Employee Engagement Survey



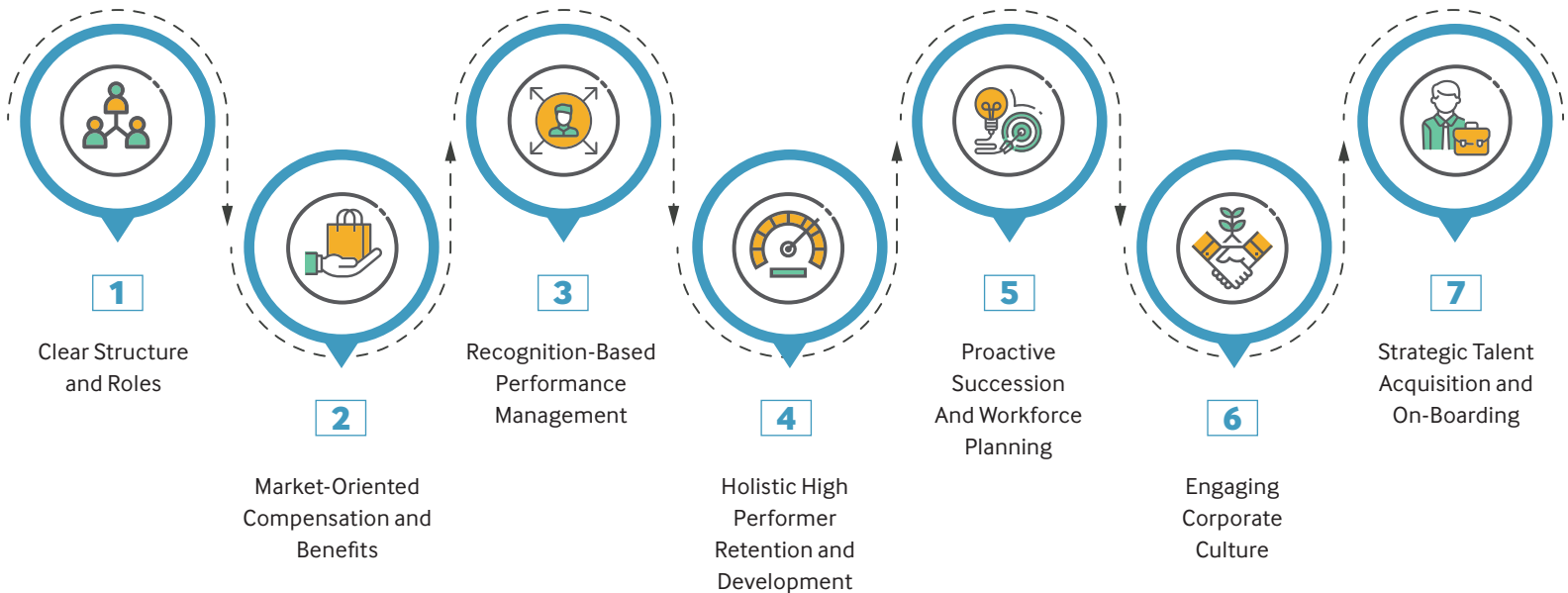
Human Capital Roadmap and Strategy

F&NHB's strategic plan to be a preferred employer 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



7 Modules For Strategic Human Capital Transformation



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 for a range of human capital-related processes, from recruitment and on-boarding to setting goals, performance reviews and career development. This helps us to make sure that each employee is aware of the expectations and responsibilities of their role, their team and for the Group as a whole.



2. Market-oriented Compensation and Benefits

We pay our employees competitive wages and carry out regular reviews to ensure that our remuneration packages remain in line with those of our peers, and in harmony with other companies within the Group. 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 does not restrict freedom of association and the management engages actively with our seven formal employee-unions for balanced collective agreements.

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 3. Flexi-benefits reimbursement

Empowering Our People

3. Recognition-based Performance Management

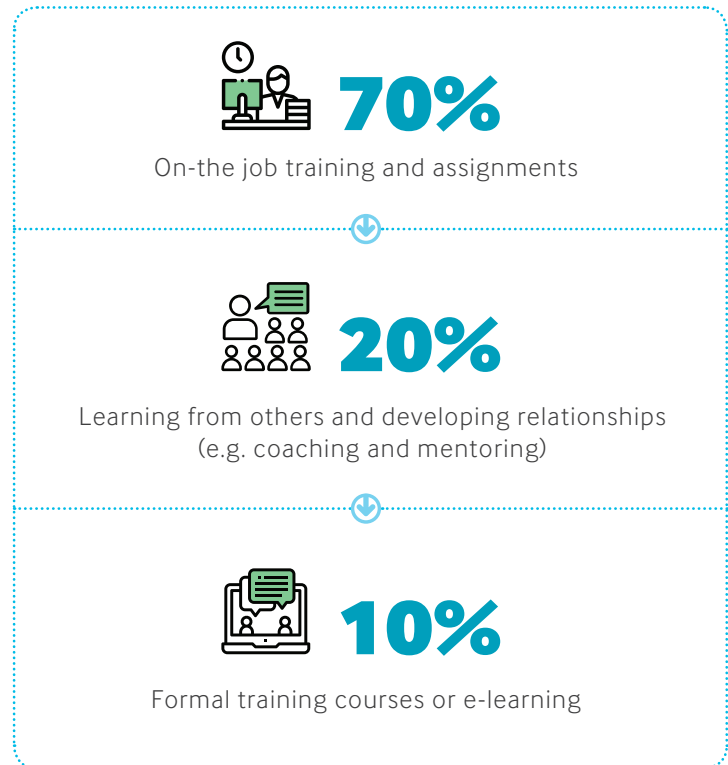
Employees collaborate with their supervisors to set SMART goals and KPIs for the year. A Performance Assessment Review takes place twice a year, to appraise outcomes and identify development opportunities.

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 IDPs' approach:



4. Holistic High Performer Retention and Development

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



Some key development programmes include:

PROGRAMME	FOCUS	EMPLOYEES TARGETED
7-habits of Highly Effective People	Self-management and interpersonal skills	Executives & supervisors
Coaching & Leadership Skills	Leadership and management skills to increase team's productivity	Middle management, executives & supervisors
Design Thinking	Management development	Managers & senior managers
Finance & Strategy	Business acumen and competitive strategic thinking	Managers & senior managers
Sales Excellence	Strategic thinking and sales execution skills	Sales team
Personal Mastery	Self-management and motivation skills	Non-executive employees
Microsoft Office	Functional and technical skills	Executives & supervisors
Education Assistance Programme	For various technical and professional certification	Non-unionised employees
Functional & Technical Training	Functional and technical skills	Manufacturing team
Digital & Analytics Inspiration	Awareness and adoption of digital technology and analytics in transforming businesses	Senior Managers

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, those who have been identified as future leaders, chart their individual career development pathways to ensure they are in the best position to succeed at a high level. Initiatives include job rotations, transfers and project assignments to allow exposure to various operations within the company.

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, Fraserians Connect mobile app, intranet updates, 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.

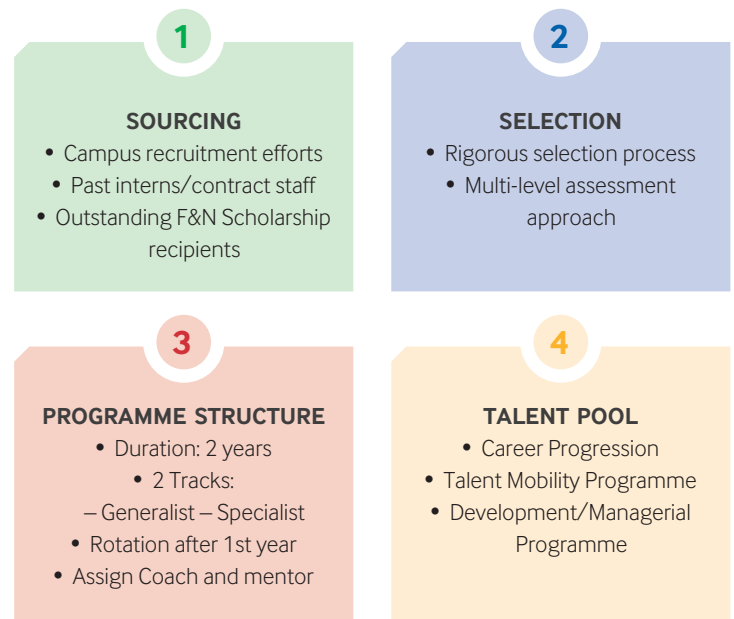
An engaging culture also means an active feedback platform. Employees are encouraged to share real-time feedback, ideas and suggestions directly with senior management via F&N Voice, a WhatsApp mobile messaging platform.

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 external applicants with abilities that match the company's needs.

Our interviewers are trained to ensure that the interview process is fair and effective. Across the Group, our Beverest TPMS is used to ensure that all new recruits benefit from a comprehensive and consistent on-boarding programme. 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.



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 RM228,225 in cash was awarded to 99 recipients this financial year. To-date, F&NHB has disbursed RM4 million to over 2,000 children through the programme.

Empowering Our People



COVID-19 RESPONSE

This section also describes F&N's acceleration in our transition to the future of work in light of the unprecedented situation and impact on our people and activities caused by the COVID-19 pandemic.

Accelerating our transition to the future of work

As part of our efforts to increase our workforce's agility and acceleration towards the future of work, employees were encouraged to adopt new skills through upskilling. The trainings provided covered topics such as self-management, enhancing communication between different generations and cultures, professional writing, people management, working as a team in remote working environments, and more. This meant increased adoption of e-Learning, virtual classrooms, utilisation of learning management systems, platforms and apps to facilitate adaptation to the new normal of working from home and digital communication.

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

F&N recognised that COVID-19 will change the way our organisation works, and we looked into expanding succession plans to account for unforeseen emergencies and new national regulations and measures that might be put in place. We were prepared when the MCO and state of emergency were announced in Malaysia and Thailand respectively.

While some roles are re-designed to enable employees to work from home, no roles were made redundant due to the COVID-19 situation as roles and scope of work remain largely unchanged. Plans to hire contract workers and freelancers are also put in place to allow the company to be more nimble in adjusting manpower needs to business needs.

Supporting and caring for our employees remotely during tough times

We ensure that our staff's well-being is taken care of, even if we are not physically working together. Financial support has been provided to eligible employees, including:

- Special weekly allowances for all frontline employees including contract workers who have been approved to work in our production plants and warehouses during MCO
- Guaranteed full pay and medical support for all F&NHB employees
- Early payment of a contractual bonus in April and May to assist those whose families may require cash during this period. This also serves as an addition/alternative to the Malaysian Government's recent policy to allow partial withdrawal from the Employees Provident Fund (EPF)
- In addition, all monthly deductions from motorcycle loans with the Group have been deferred for four months

To care for our employee's well-being, we have created an employee assistance hotline that helps employees with work-related queries and/or issues that may impact their health and emotional well-being.

In Thailand, we have conducted a wellness programme under the concept "Healthy Challenge or Change Your Shape". We encourage our employees to exercise and have better health – showing positive changes in medical check-up reports, BMI and more.

We have also conducted a wellness programme in Malaysia that's open to all employees across the whole organisation. The wellness programme includes a 'The Biggest Loser' competition for weight-loss and general monitoring of health metrics including blood pressure, cholesterol, and sugar levels, as well as healthy diet and exercise tips while working from home.

Our Performance Highlights

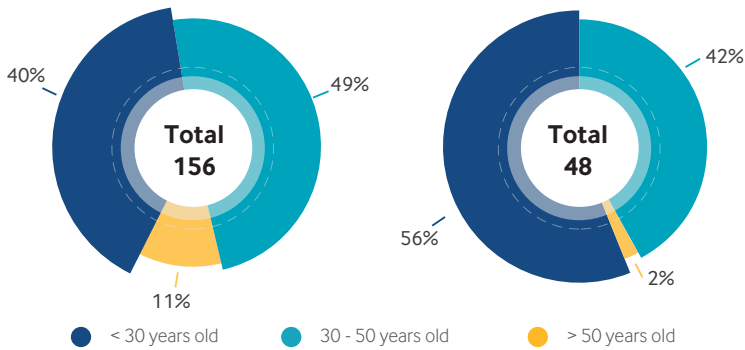
GRI-401-1



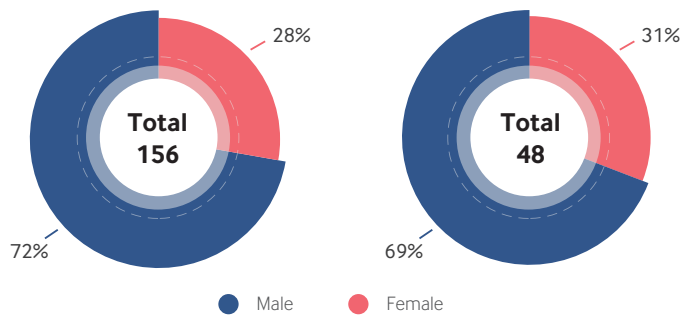
NEW EMPLOYEE HIRES



New Employee Hires by Age Group



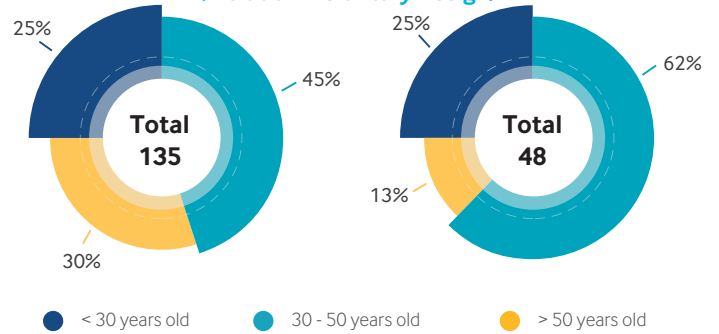
New Employee Hires by Gender



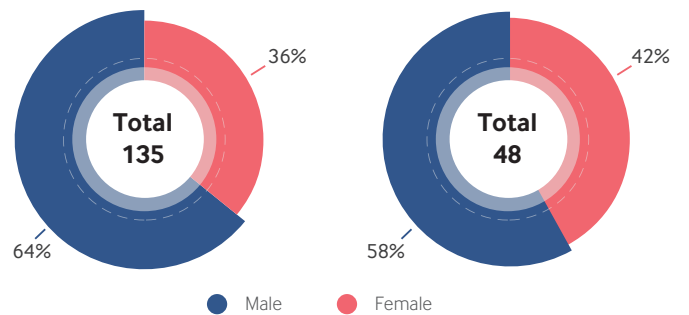
EMPLOYEE TURNOVER



Employee Resign by Age Group (Include Involuntary Resign)

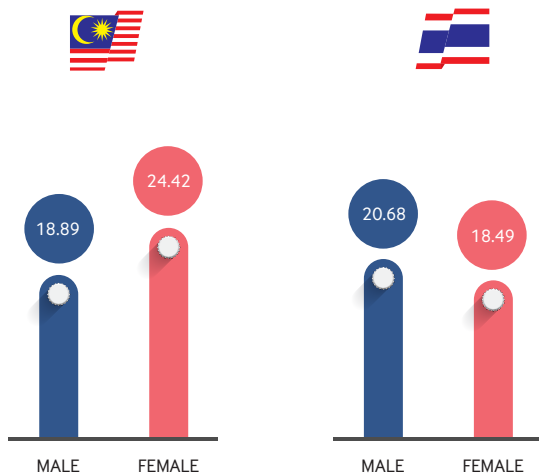


Employee Resign by Gender (Include Involuntary Resign)

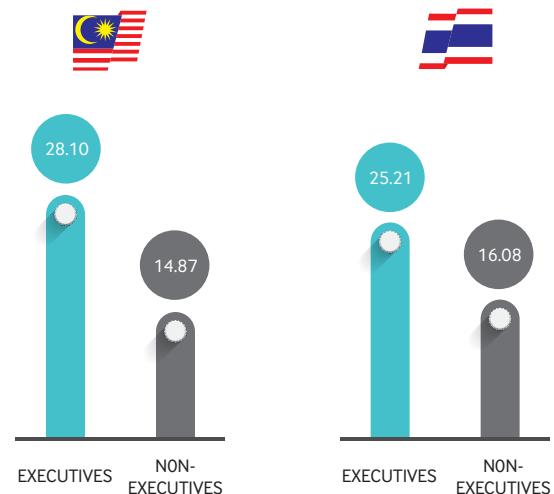


AVERAGE TRAINING HOURS

Average Training Hours by Gender

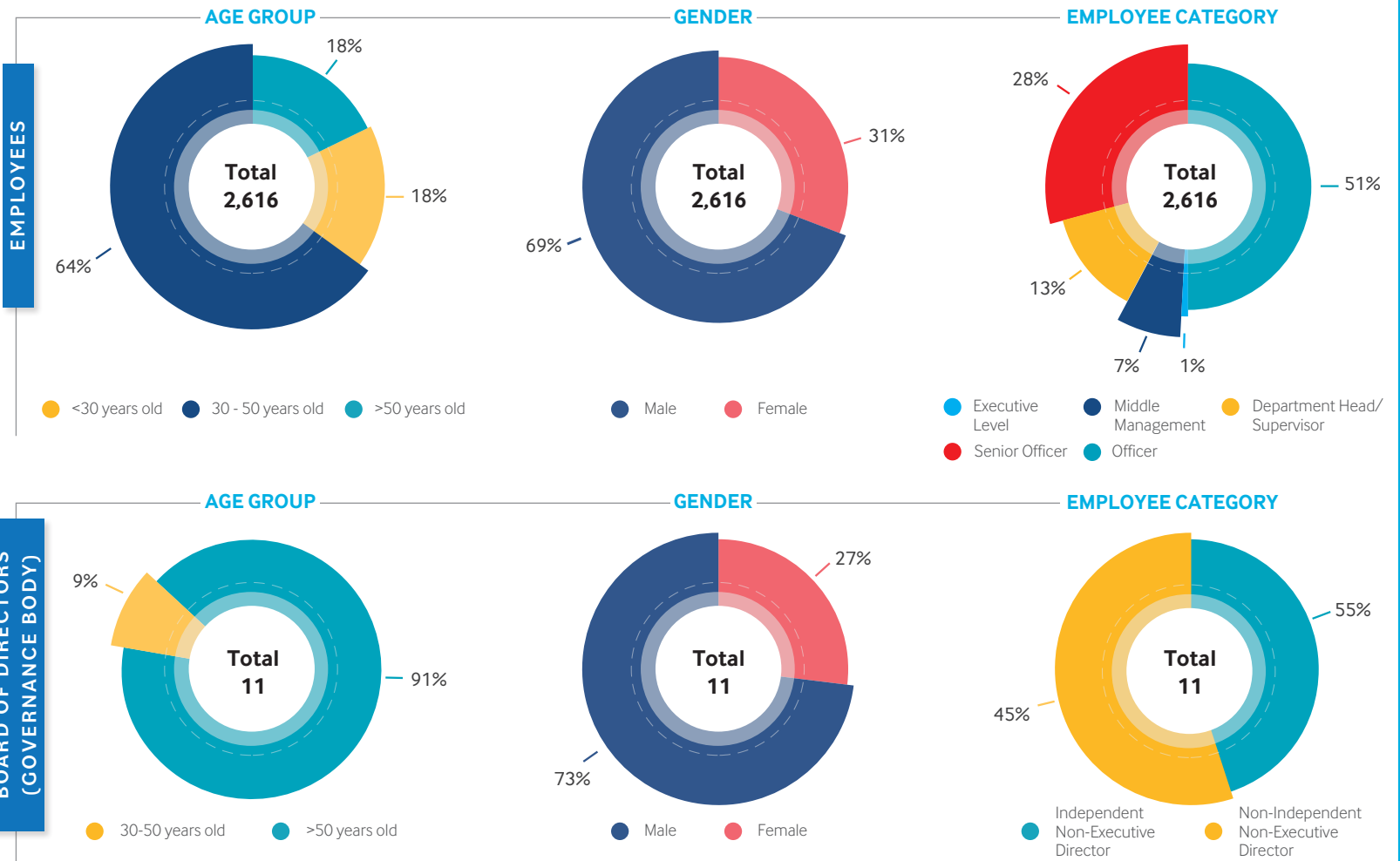


Average Training Hours by Employee Category



Empowering Our People

GRI 405-1: Diversity of governance bodies and employees



MARKET PRESENCE

GRI 202-2

Our Approach

F&N's hiring practices are aligned with the interests of the local economies in which we operate, and we are determined to be the employer of choice and a role model for others. We are proud that 100% of our senior management in Thailand and 97% of our senior management in Malaysia are hired from the local community. This helps to keep the value created by F&N within the local economy and ensures that we understand the local markets.

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

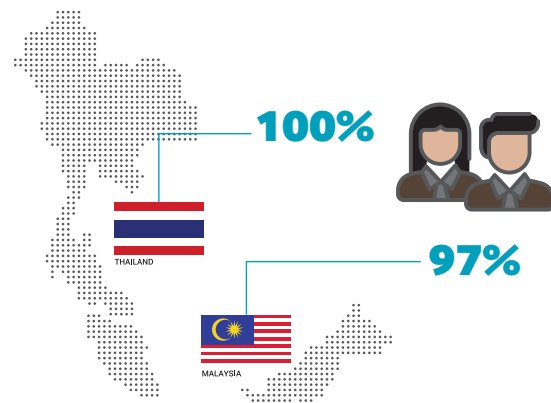
As mentioned in Our Sustainability Approach (page 22), F&N abides by internal and external human rights policies and does not participate in, nor condone, forced or child labour, the use of intimidation or any manipulation of workers.

Notes:

- 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).
- Our significant locations of operations are Malaysia and Thailand.

Our Performance Highlights

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



Enhancing Social Well-Being

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

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



Enhancing Social Well-Being

CREATING VALUE FOR SOCIETY

GRI 413-1



Our 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.

Our Performance in 2020

We have continued several outreach programmes in FY2020 to strengthen vulnerable groups, promote environmental consciousness, spread festive cheer, and promote active lifestyles.

Our Approach

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

I. Strengthening Vulnerable Groups

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

The unprecedented situation caused by the COVID-19 pandemic has significantly impacted people. To show our support and solidarity with vulnerable communities, F&NHB also supported national efforts in Malaysia through product contributions to frontliners and underprivileged community including low-income families, stateless community and street friends.

II. Promoting Environmental Consciousness

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

III. Spreading Festive Cheer

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

IV. Promoting Active Lifestyles

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

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



Our Performance Highlights

GRI 413-1: Operation 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 (Q Kuala Lumpur • Dairy Plant (Q Pulau Indah
- Beverage Plant (Q Shah Alam • Water Plant (Q Bentong

Northern Region

Regional Sales Office (Q Penang

Southern Region

Regional Sales Office (Q Johor Bahru

East Coast Region

Regional Sales Office (Q Kuantan

Sabah Region

Kota Kinabalu Plant (Q Sabah

Sarawak Region

- Beverage Plant (Q Kuching • Water Plant (Q Matang



THAILAND (100%)

Bangkok Province

Corporate Office (Q Sathorn

Ayutthaya Province

Dairy Plant (Q Rojana

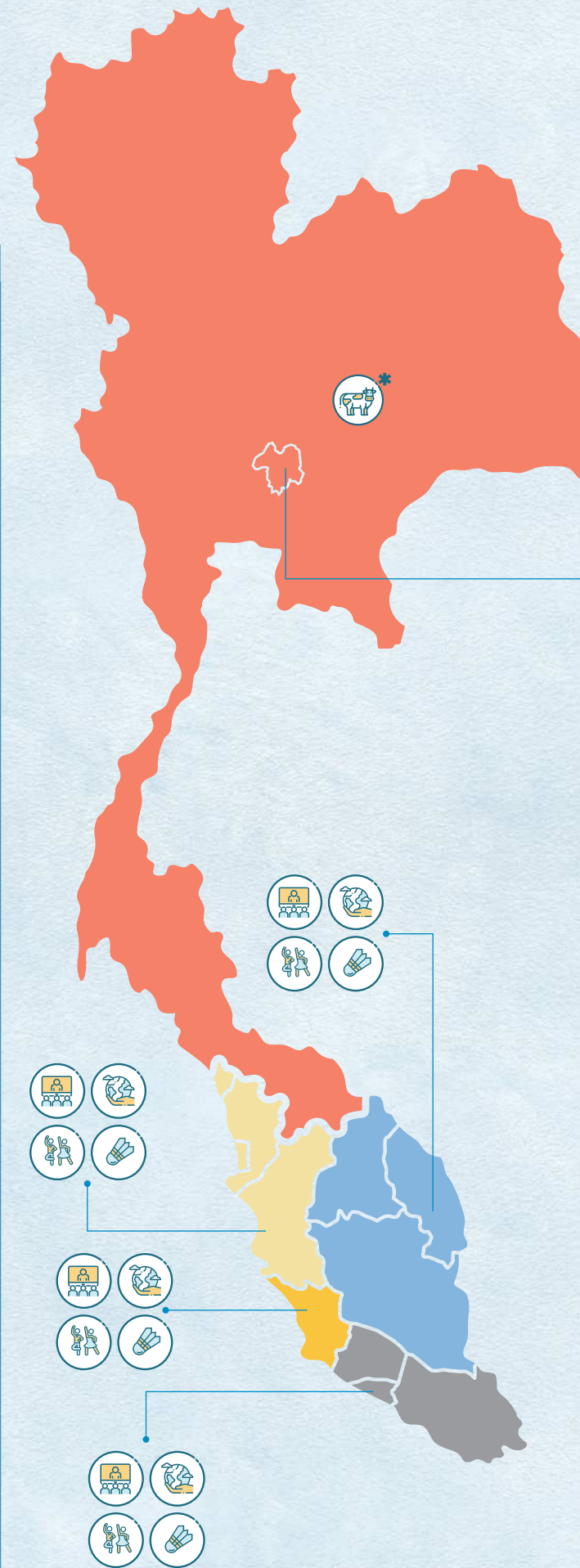
Nakhon Ratchashima Province

Dairy Plant (Q Pak Chong

Enhancing Social Well-Being


The following table summarises our various community development projects:

THEME	ACTIVITY	TIMELINE	AREAS
 Strengthening Vulnerable Groups	F&N ICDDL (International Computer Driving License) Annual Programme	2011 – ongoing	MY - Montfort Boys Town, Shah Alam and Melaka
	Empowering Lives through Education (E.L.I.T.E.) Programme	2011 – 2019	MY - Pangsapuri Enggang, Puchong, Selangor
	Supporting Underprivileged Community during COVID-19 Outbreak	2020	MY - Various cities
 Promoting Environmental Consciousness	Annual F&N School Recycling Programme – “Recycle for a Life Cycle” Day	2006 – ongoing 2020	MY - Various cities MY - Penang, Kuching
	Waste Bank and School Recycling Project	2019	TH - Rojana
	Water Champagne Tanks for Dairy Farmers	2019 – 2020	TH - Chaiyaphum
	F&N Save Our Seas Programme	2012 – ongoing	MY - Redang Island
 Spreading Festive Cheer	‘Tabahkan Hatimu, Sinarkan Ramadanmu’ Programme	2020	MY - Various cities
	Chinese New Year Celebrations	2002 – ongoing	MY - Various cities
	Christmas Celebration	2002 – ongoing	MY - Selangor
	Deepavali Celebration	2002 – ongoing	MY - Selangor
 Promoting Active Lifestyles	Grassroots Football	2011 – ongoing	MY
	Grassroots Badminton	2003 – ongoing	MY
	Supporting Football Development	2008 – ongoing	MY
	Recognising Local Sports Personalities	2006 – ongoing	MY
	Promoting Active Lifestyles	1983 – ongoing	MY



 Saraburi



 Thailand

 Northern Region
 East Coast Region
 Central Region
 Southern Region
 Sabah Region
 Sarawak Region



COMMUNITY OUTREACH IN 2020

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

Social investment

> RM400,000

supporting over 200 beneficiaries from vulnerable communities

34 underprivileged youths received technical and soft skills trainings this year

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

>180 households and

955 cattle from **24** farms in Thailand provided with adequate water supply

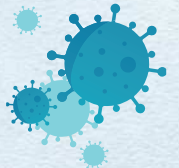
>20,000 Malaysians participated in a series of 'Hari Aktifkan Malaysiaku' to stay active

SUPPORT TO COVID-19

>650,000 products distributed to support frontliners in Malaysia

>500,000 products distributed to

>10,000 families from underprivileged community in Malaysia



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

Enhancing Social Well-Being

Our Initiatives

1. STRENGTHENING VULNERABLE GROUPS

Malaysia: F&N ICDL (International Computer Driving License) Annual Programme

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

Malaysia: Empowering Lives through Education (E.L.I.T.E.) Programme

Since 2011, we have worked to tackle the issue of education insufficiency for marginalised children and to build a foundation for lifelong learning. The F&N E.L.I.T.E. programme provides pre-school education to children between five and six years old at Pangsapuri Enggang, Puchong, Selangor in collaboration with Kassim Chin Humanity Foundation. To-date, F&NHB has also contributed over RM580,000 in cash and more than 600 cartons of F&N milk and soya products to aid in school funding and the nutritional needs of the children who attend the kindergarten and tuition centre.

Since the Foundation's partnership with F&NHB in 2011, the F&N E.L.I.T.E. programme has attracted 487 students, aged between five and 17 years old and produced 132 kindergarten graduates from Pangsapuri Enggang and surrounding underprivileged societies.

Malaysia: Supporting Underprivileged Community during COVID-19 Outbreak

During the MCO period, we distributed over 650,000 products to the country's tireless frontliners at Sungai Buloh Hospital, Selayang Hospital, Kuala Lumpur Hospital and Queen Elizabeth Hospital, the Royal Malaysia Police, the National Disaster Management Agency (NADMA) and a number of city councils in both Peninsular and East Malaysia.

We have also supported the underprivileged community including low-income families, stateless community and street friends.

Soup Kitchen	<p>F&NHB supported Pit Stop Community Café, a soup kitchen in Kuala Lumpur with 2-month supply of F&N ICE MOUNTAIN water (450 cartons) for those in need. Our contribution has helped Pit Stop Community Café continue to feed about 6,000 people throughout the MCO.</p>
Yayasan Food Bank	<p>F&NHB is proud to be an official partner of Yayasan Food Bank, a national community-based programme which helps to provide supply of food and beverage to needy community. During MCO, we supported Yayasan Food Bank to provide supply of beverages to university students who were stranded in their universities' dormitory.</p>
Stateless Community @ Omadal Island, Sabah	<p>About 1,000 stateless individuals are living off the coast of the Omadal Island, Semporna, Sabah, most of whom have exhausted their food supply and lack access to clean water. F&NHB supported this community with 100 cartons of F&N ICE MOUNTAIN mineral water through a non-profit organisation called Iskul Sama DiLaut Omadal (known as Sekolah Bajau Laut Omadal in the Bajau language). Bottled water were distributed to each family, along with other basic necessities such as rice, sugar, flour, noodles, sweetened creamer and tea bags.</p>
Low-income Community	<p>F&NHB contributed 400 cartons of F&N Magnolia milk to Pertubuhan Al Taaf Ziadah, a non-governmental organisation helping families from the B40 group affected by the COVID-19 pandemic, as part of the Emergency Covid-19 Food Pack.</p> <p>In conjunction with the holy month, F&NHB also contributed essential items such as rice, cooking oil, together with F&N products to the Department of Islamic Development Malaysia (JAKIM). These essential packs have been distributed to the low-income community affected by the MCO, through Persatuan Kakitangan Perkhidmatan Ugama, a society under JAKIM.</p>

F&N also partnered with local councils to develop collaterals which are distributed to 430 schools across Malaysia to increase awareness on COVID-19 prevention among school children.

2. PROMOTING ENVIRONMENTAL CONSCIOUSNESS

Malaysia: "Recycle for a Life Cycle" Day

F&NHB continued our commitment to advocating the 5R philosophy of Reduce, Reuse, Recycle, Rethink and Reinvent amongst schoolchildren in more fun and imaginative ways, through the F&N "Recycle For A Life Cycle" Day, at Kuching, Sarawak and Seberang Prai, Penang, in conjunction with our annual F&N School Recycling Campaign.

Supported by Tetra Pak (Malaysia) Sdn. Bhd., local councils, recycling partners and non-governmental organisations (NGOs), the one-day F&N "Recycle For A Life Cycle" Day featured a plethora of fun and exciting activities to generate awareness and educate over 1,000 schoolchildren and their teachers on the many benefits of recycling and how incorporating the 5R philosophy in their daily lives can help conserve the environment.

The main highlight of the F&N "Recycle For A Life Cycle" Day was the campaign's first ever poster design competition to empower schoolchildren to take the lead in protecting the environment. Themed "Recycle For A Life Cycle", the poster design competition was aimed at raising awareness of recycling and fostering creativity by inspiring students to harness their thoughts and imagination to create ingenious posters with recyclable items.



Thailand: Waste Bank and Recycling Project in Thailand

The Waste Bank and Recycling Project was implemented at 2 local schools in Thailand - Wattanodtia School, Ayutthaya Province, Thailand and Watkokmayom School, Ayutthaya Province, Thailand. More than 170 students and teachers learned how to dispose of waste and recycle appropriately, and the impact of poor waste management on the environment and the society. Recycling also provides tangible monetary benefits to the students of Watkokmayom School by selling the recyclables. Approximately 150,000 THB was spent on improving the waste management infrastructure of the schools from setting up recycling stations to renovating waste storage areas.



Enhancing Social Well-Being

Thailand: Water Champagne Tanks for Dairy Farmers

In the Chaiyaphum Province in Thailand, FNDT installed a huge water storage tank to provide efficient water supply for community and dairy farmers. This project minimises the need to travel long distances to access reservoirs for water resources during seasonal droughts. The 460,000 THB investment is able to supply 1,680,000 liters of water every month for up to 180 households across communities in Chaiyaphum Province. This provides sufficient water supply for up to 24 farms, consisting of 955 cattle, to minimise disruption from drought and ensure farmers can continue their farming operations sustainably. About 50 F&N employees volunteered in this programme.



Malaysia: 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.



3. SPREADING FESTIVE CHEER

Malaysia: 'Tabahkan Hatimu, Sinarkan Ramadanmu' 'Hari Raya Aidilfitri' Celebration

F&NHB marked this year's Ramadan by contributing over one million in products and essentials to the nation's frontliners, underprivileged families and individuals. During the holy month, F&NHB also supported 10,000 families from B40 communities in Peninsular and East Malaysia with provisions. Through the programme, more than 500,000 F&N products including 100PLUS drinks and special meal boxes were contributed to frontliners, including hospitals, police stations and fire stations, to break fast, ensuring they stay hydrated and energised to perform essential services.

Through this programme, we also collaborated with local food providers to prepare the meal boxes to ensure local businesses receive adequate support to generate income that will help sustain their business.



Malaysia: A Treat for our Street Friends during the 'Hari Raya' Week



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

Malaysia: F&N Brings Joy to the Less Fortunate during Chinese New Year

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



Enhancing Social Well-Being

Malaysia: Christmas Celebration with Kids and Support of back-to-school supplies

In the true spirit of Christmas, F&NHB spread joy to 31 children a, aged between one and 18 years old from the USJ and Klang branches of Persatuan Rumah Kanak-Kanak Ini Disayangi (Persatuan Rumah KIDS), by bringing them on a fun shopping spree at the SWAN Concept Store. They were provided with back-to-school necessities such as uniforms, shoes, school bags and stationery for the upcoming new school year.



Malaysia: Fun-Baking Session for the Underprivileged Children During Deepavali

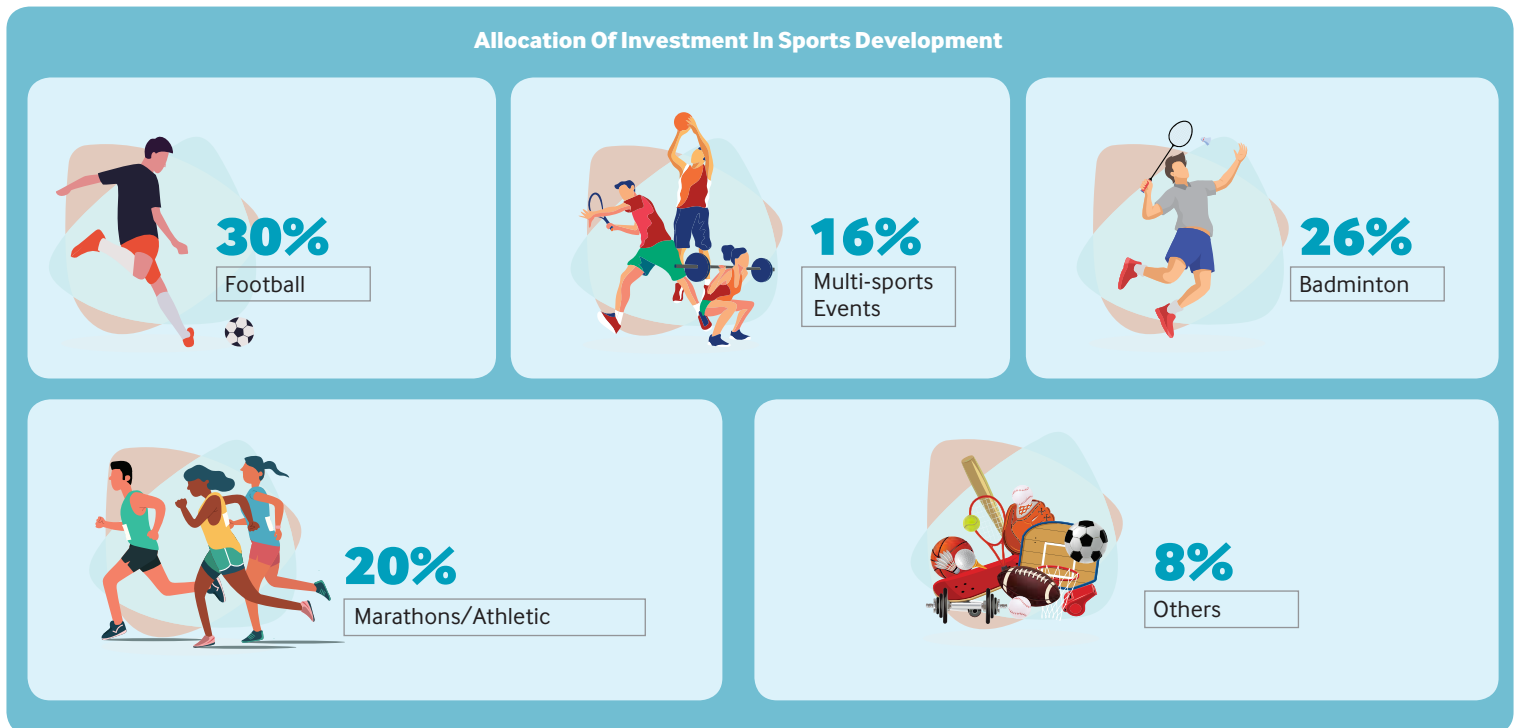
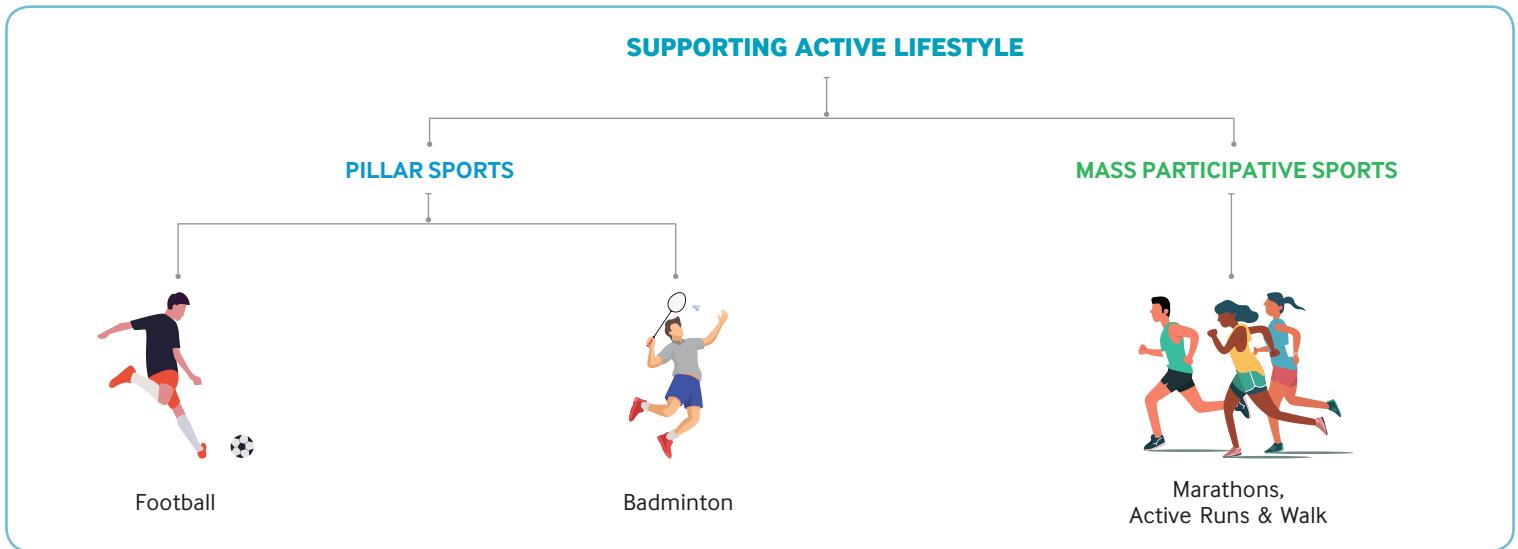


During this festive season, F&NHB visited Persatuan Rumah Kebajikan Rita and organised a fun baking session for the underprivileged children. F&NHB presented Rumah Rita with various baking machineries, utensils and ingredients. F&NHB's contribution will not only give the residents more opportunities to test their baking skills in the kitchen but will also help the home generate income for the upkeep of the centre and to cover the children's daily expenses such as school fees, clothing and food.

4. PROMOTING ACTIVE LIFESTYLE

F&NHB has a long and proud tradition of supporting and promoting active lifestyles in the community from grassroot development to elite levels.. 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.



Enhancing Social Well-Being

This year, 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.



Supporting Football Development

As a long term supporter of football development in Malaysia, we extended our support towards the Football Association Malaysia (FAM) as the official hydration partner for major football and futsal events across Malaysia, including the Malaysian Premier Futsal League 2020.



Recognising Local Sports Personalities

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.



Promoting Active Lifestyle

F&NHB continued our commitment to encourage Malaysians to lead an active lifestyle by supporting major runs, marathons and sports activities, such as the Penang Bridge International Marathon 2019 and Penang Starwalk 2019.

During the MCO period in Malaysia, all the physical sports events and activities were cancelled or postponed. 100PLUS hosted a series of virtual workout sessions, conducted by professional trainers and sports enthusiasts, to help consumers keep active while staying at home.

'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 and attracted participation of over 20,000 Malaysians. 100PLUS Day covered a series of fun activities, including a 6 km Obstacle Fun Run, Zumba sessions, engagement with 100PLUS brand ambassadors and plogging.

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.




>20,000
Malaysian participants

A SERIES OF ACTIVITIES



Obstacle Fun Run

Zumba sessions

Engagement with
100PLUS brand
ambassadors

Plogging

ACROSS 3 MAJOR CITIES





Managing

OUR IMPACTS

We aim to grow sustainably by conducting our business in a responsible manner to build a safe and inclusive environment for our future generation.

MATERIAL ISSUES:

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

CONTRIBUTING TO SDGs:



Eco - Efficiency

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





We implement environmentally sustainable business practices in alignment with F&NHB’s core values and circular economy principles. All employees are at all times guided by our Environmental, Safety & Health Policy. This Policy serves as a framework for all of F&NHB’s decisions concerning the environment.

As part of our regular review to keep our policies up-to-date, we have updated the policy in June this year to have a more holistic focus on sustainability and include our commitments and principles on Water and Packaging.

Our employees, business partners and relevant stakeholder groups are made aware of the Policy via email, intranet, notice boards as well as internal briefings to employees.

Eco-Efficiency

WATER STEWARDSHIP

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

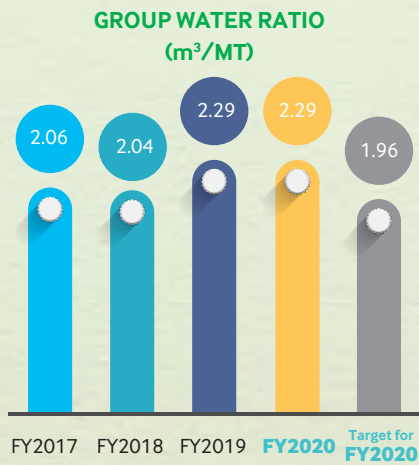


Our Target

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

Our Performance in 2020

Group water ratio in 2020 increased by 11% to 2.29 from 2017



The increase in Group water ratio is mainly due to significant operational changes in Shah Alam plant – a new Aseptic-cold filling line that has higher water consumption ratio compared to other production lines, and in-sourcing of two blow moulding lines which were previously procured from our supplier.

Despite all the water efficiency initiatives put in place, the pandemic circumstances has also affected our overall ability to operate at the most efficient manner. A minimum amount of water is required for each production batch despite lower production volume. Some water efficiency projects have also been postponed.

On the contrary, our operations in Thailand has improved its water ratio by 13% compared to baseline year.

[Read more about our performance by country on page 75 of this SR](#)

Our Approach

A lack of effective water management can have serious implications as F&N's products and business is dependent on a reliable supply of water. Guided by the F&N Environmental, Safety and Health Policy and the principles of a circular economy, we are committed to responsible water stewardship and managing our water use accordingly to safeguard the availability of a clean water supply for local communities.

While none of our sites are in high water-stress areas (according to World Resources Institute (WRI) Aqueduct), 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. Hence, water stewardship and its associated risks are regularly monitored as part of F&NHB enterprise risk management (ERM) and also by sustainability team who utilises tools such as the World Resources Institute (WRI) Aqueduct and World Wildlife Fund (WWF) Water Risk Filter. We have a range of water assessment and action policies which are applied across our facilities. Our Group-wide integrated approach includes efficiency measures, the safe return of waste water from our operations and mitigating risk in the supply.

Our Initiatives

This year, we grew our collaborations in support of water stewardship:

- Educating our dairy farmers on water conservation and the reusability potential of water for cleaning and feed.
- Partnering with our sugar manufacturers and chemical suppliers to find a collective solution in bridging the gap of water optimisation.
- In Thailand, FNDDT joined hands with our suppliers to provide clean and sufficient water supply during the annual dry season in Chaiyaphum Province to 180 households and 24 milk farms.

We also implemented various projects and initiatives to reduce water consumption. Project highlights include:

Usage of liquid sugar in Sweetened Beverage Creamer (SBC) products – Rojana plant

Water Recycling Project – Thailand

Wastewater recovery – Pulau Indah plant

Reusing Wastewater – Shah Alam plant

Since January 2020, we have started to use liquid sugar in the production of Sweetened Beverage Creamer products in Rojana Plant, Thailand. By removing the process of dissolving cube sugar, we save around 132 m³ of water per day. This has helped us to achieve cost savings of about 0.8 million THB.

Dissolving sugar with water at 75°C

↓

Complete level 35% in buffer tank

↓

Add liquid sugar 67 Brix

↓

Circulate and add sugar to target 75 Brix

↓

Transfer to syrup tank

Circulate sugar syrup by Contisolv dissolving

Water Recycling Project – Thailand

Water Recycling (Phase 2) at FNDDT: Water Recycling Project focuses on the sustainability and the security of water resources for our FNDDT factory. Phase 2 involves the installation of Clarifier Pond System with a capacity to treat water at 120 m³ per day using RO reused membrane. There is a tangible benefit of about THB2.70 million.

Wastewater recovery – Pulau Indah plant

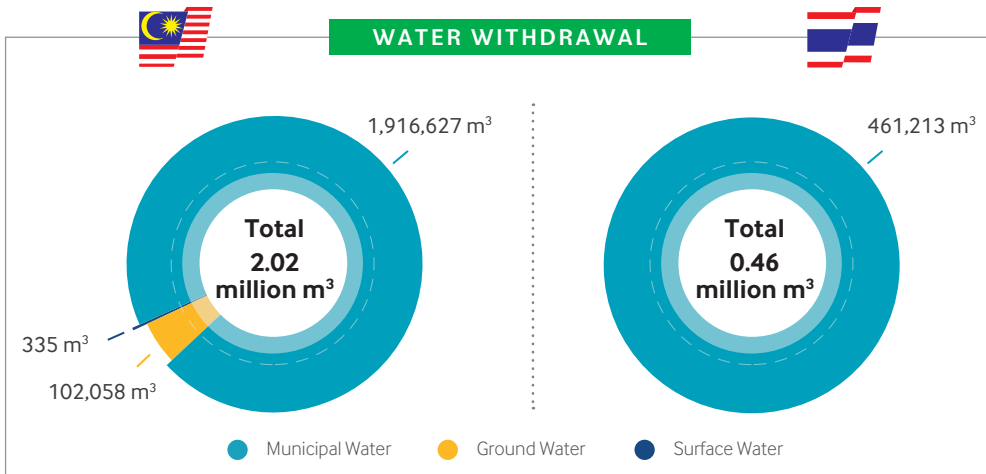
Wastewater is reused in cooling tower, to avoid the usual discharge into public drains of 800 m³ per day and saves approximately RM215,000 per year.

Reusing Wastewater – Shah Alam plant

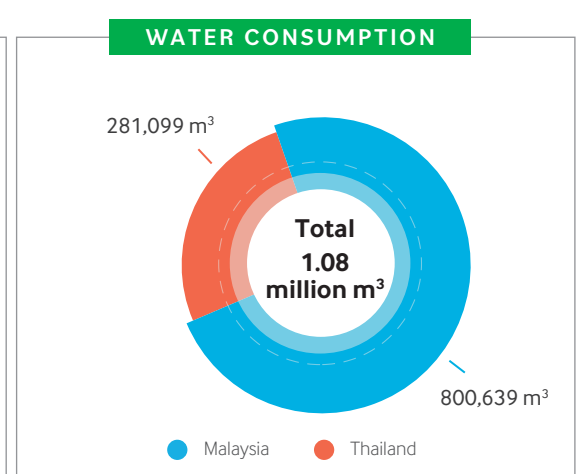
Wastewater from Aseptic Cold-filling PET Line and Sugar Dissolving Line and Canning Line is treated via reverse osmosis and reused as cooling water, reducing water usage by 115,000 m³ per year.

Our Performance Highlights

GRI 303-3: Water Withdrawal by Source



GRI 303-5: Water Consumption

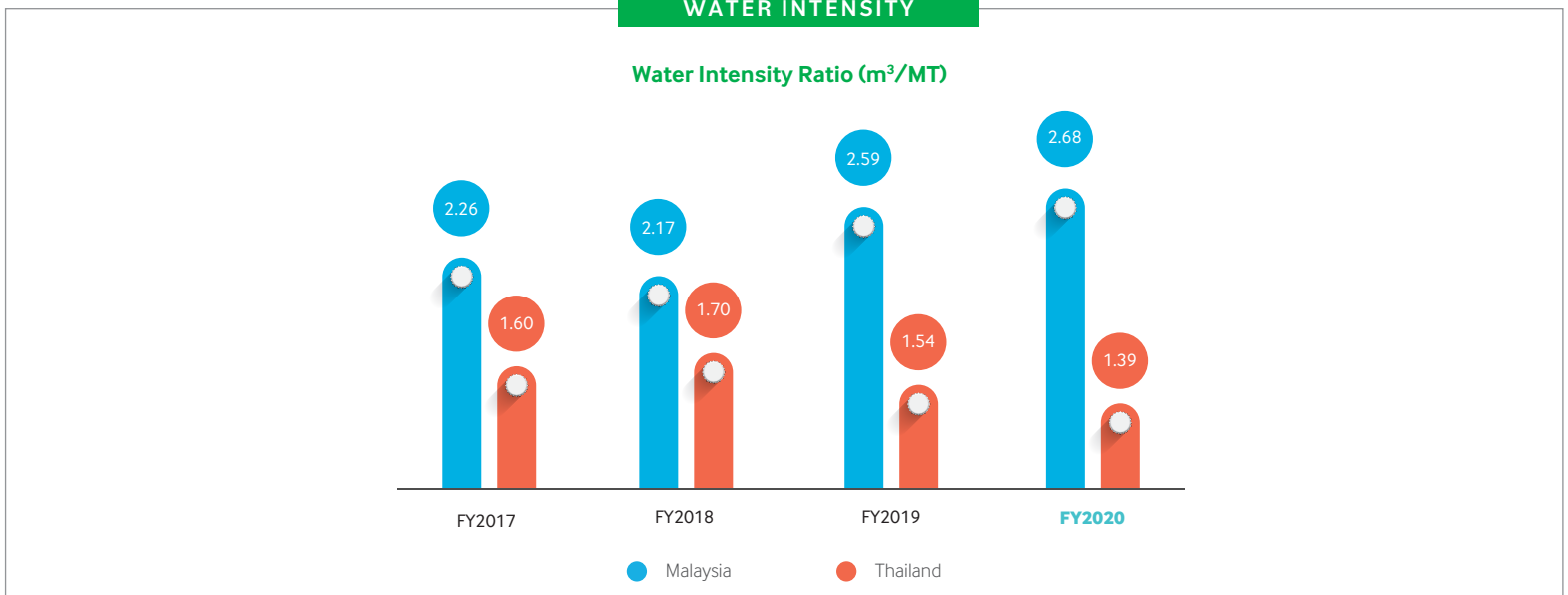


Notes:

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).

WATER INTENSITY

Water Intensity Ratio (m³/MT)



Compared to 2017, our operation in Thailand has improved its water ratio by 13% while Malaysia operation's water ratio has increased by 19%.

Shah Alam plant underwent aggressive expansion since 2019 with a new aseptic-cold filling line that is utilised to produce many of the healthier options products that F&N has launched recently, and the in-sourcing of two blow moulding lines which were previously procured from our supplier. This has significantly changed the eco-efficiency performance of Malaysia operations and further impacted by loss of economy of scale under COVID-19 circumstances.

Eco-Efficiency

EFFLUENTS & WASTE

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



Our Target

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

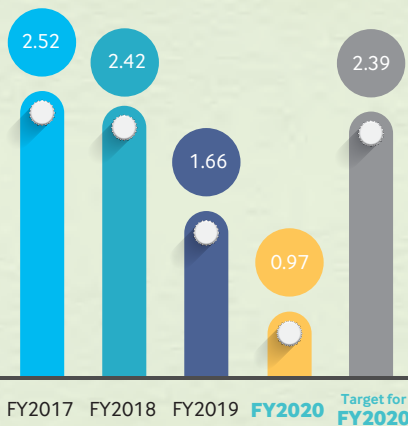
Our Performance in 2020

Group solid waste intensity has fallen by 62% from 2017 to 0.97

We are proud to have significantly exceeded our 2020 target, driven by a strong performance across our business:

- Our Kota Kinabalu and Pulau Indah plant in Malaysia achieved zero waste to landfill, with 100% of waste recycled.
- Our Rojana and Pak Chong in Thailand, and our Bentong plant in Malaysia achieved over 90% of waste recycled.
- Our Matang, Kuching and Shah Alam recycled over 80% of their production waste.

GROUP SOLID WASTE RATIO (KG/MT)



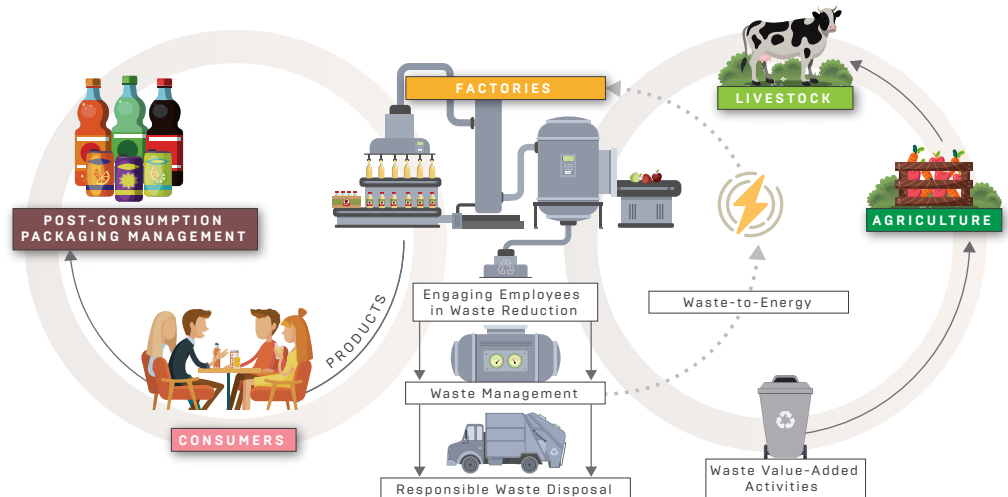
Our Approach

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

The food & beverage manufacturing process involves the generation of both liquid (effluent) and solid wastes. We continue to improve on our solid waste management by identifying key categories and key waste streams so that we can recycle and reduce our waste generation. We strive to reduce the impacts from our operations, and this means complying with, and going beyond, relevant regulations.

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

Circular Economy and Waste



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.

Our Initiatives

Preserving the Value of our Waste

Our dairy manufacturing plants in Thailand and Malaysia continued to lead 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. Over 1,250 metric tonnes of industrial sludge from our waste water treatment plants were converted into fertiliser this year.

Wastewater from our industrial effluent treatment plant in Malaysia and Thailand is treated and repurposed for general cleaning purposes and watering of plants. As part of our Water Recycling programme, FNHT also reused treated wastewater in our cooling system, reducing effluent emission by up to 33%.

At our Pulau Indah plant, 100% of recyclables are sent for recycling while kitchen waste is sent for composting to create soil conditioner and fertiliser this year.

At our Shah Alam plant, all aluminium, bottles and cartons are recycled and kitchen waste is composted. Wastewater is reused for cleaning and cooling towers, instead of discharging. A future initiative that we are looking forward to undertaking is new technology for soya extraction which utilises the leftover Okara (soy pulp).

Employee Awareness

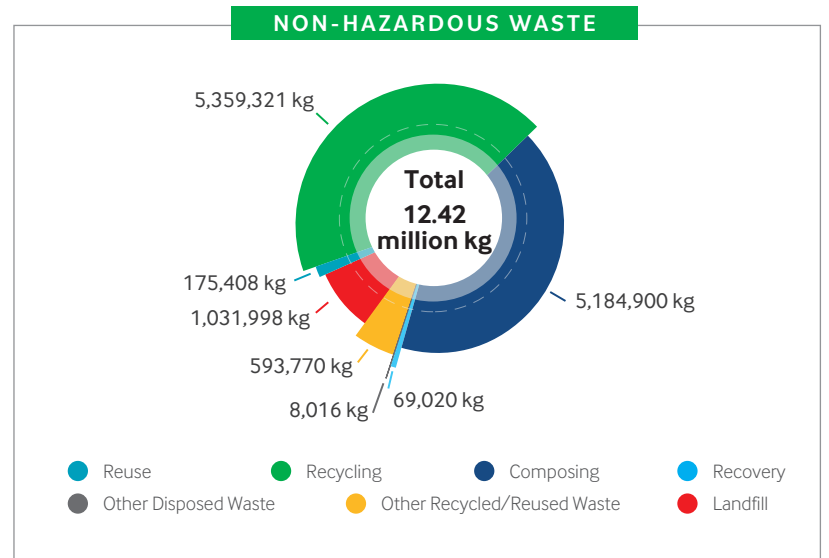
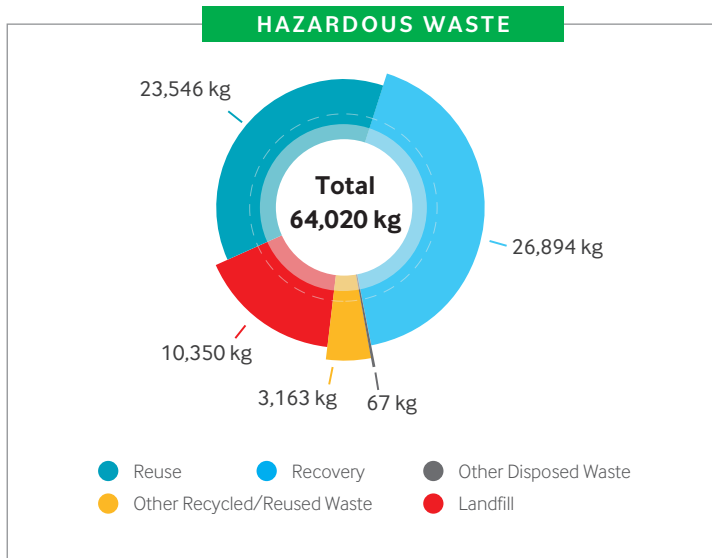
FNDT puts the Circular Economy at the core in creating awareness of environmental protection with our employees. The programme promoted responsible consumption and a bring-your-own initiative among employees to minimise food waste and single-use packaging. Our Employees also learned about proper handling of waste and through waste separation activities to encourage continuously reuse of 'waste' as an input or resource until it is no longer usable, before we bring it into the recycling process.

In addition, FNDT also avoided the usage of 10 tonnes of plastic bags per year by cutting out the use of plastic bags in waste collection.

We have also expanded our Recycling Programme to our employees' homes and schools around our factory in Thailand to provide knowledge on proper waste management, enabling schools to generate income from waste separation and sales. We also donate recycling bins to the schools.

Our Performance Highlights

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



Total Solid Waste Produced

10,879 MT	1,605 MT
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Solid Waste Reused, Recycled or Recovered

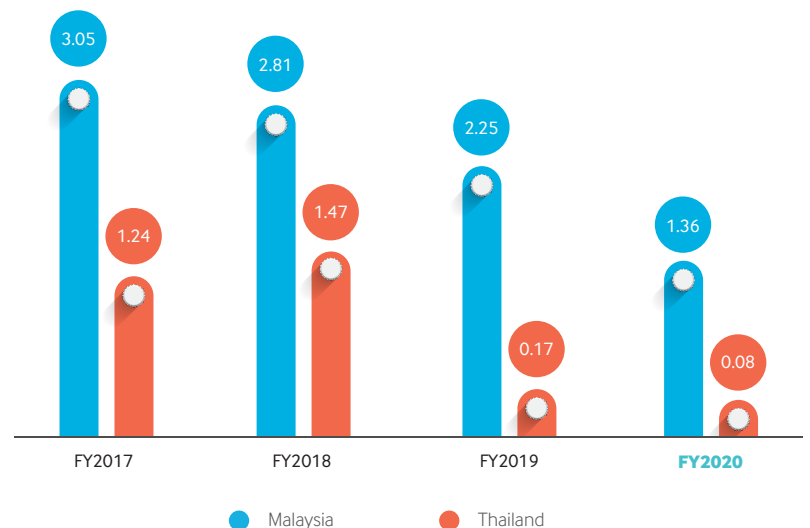
9,859 MT	1,577 MT
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Percentage of Waste Reused, Recycled or Recovered

91%	98%
-----	-----

Over 91% of solid waste was reused, recycled or recovered during the year.

Solid Waste Intensity Ratio (Kg/MT)



Eco-Efficiency

PACKAGING

Our Approach

The circular economy is a growing focus area for our stakeholders. There is increasing stakeholder awareness of the importance of environmental-friendly packaging, especially in relation to plastics. Increasing the sustainability of our packaging is important to support our national regulators' and government's effort to phase out single-use plastics and go zero waste, as well as reduce the extraction of raw resources and waste generation.

We strive to ensure our packaging protects the integrity of the contents and fulfils the visual and functional expectations of our consumers. We have been improving our packaging materials by progressively reducing material usage, increasing the use of sustainable materials and increasing the recyclability of our packaging. There is much room for innovation in packaging which we have been exploring over the years (more details are included in the 'Innovation' chapter of this report).

Reducing Packaging Materials

We are reducing the volume of packaging materials used as a percentage of product. We are minimising materials that are not favourable to the environment in our labels and flexibles by switching to PET, laminate paper packaging and Transverse Direction (TD) flute in cartons.

Increasing Use of Sustainable Packaging Materials

We are working to include more recycled content in the packaging materials, as well as sourcing more renewable and bio-based packaging materials such as sugarcane-based plastic. We are working to find new suppliers who can meet our requirements for sustainable packaging materials including rPET. For example, we are increasing the use of recycled paper in our beverage trays.

Improving Recyclability of Packaging

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

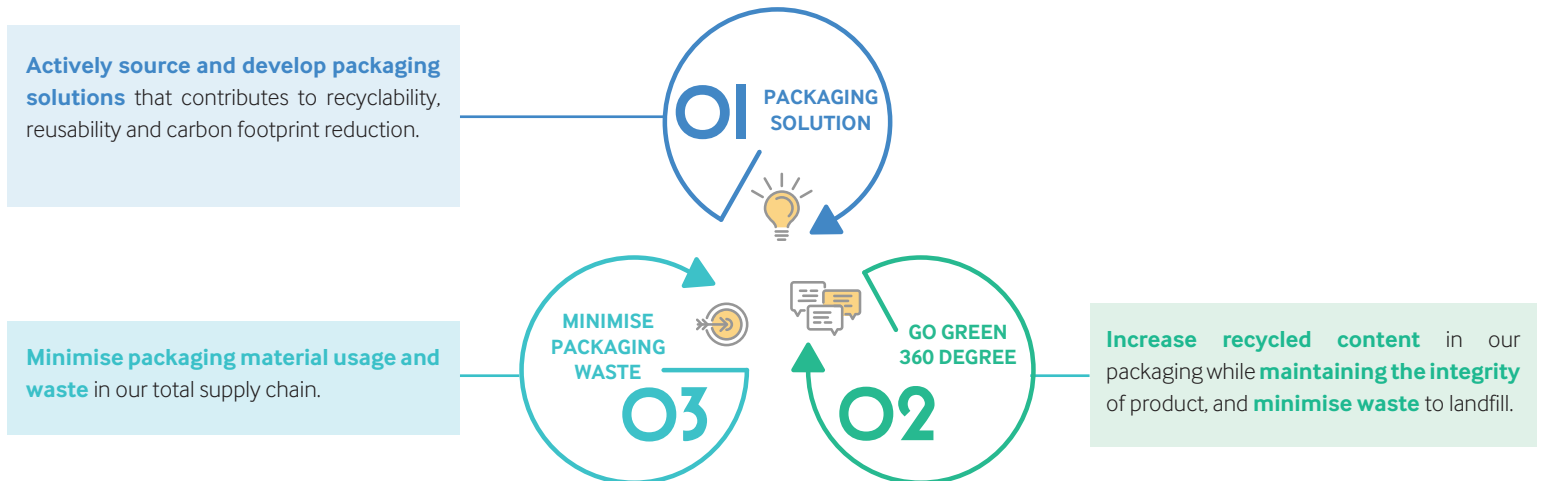
Collaboration

Together with ThaiBev, we take part in industry collaborations to realise closed loop recycling in our value chain and also support the Circular Economy and Recycling learning and education in schools. We have also attended the Post-Consumer Plastic (PCR) Training session with Dow Jones and Scientex to learn about post-consumer plastic.

Packaging Sustainability Policy

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

PACKAGING SUSTAINABILITY POLICY
Green packaging is our priority



Our Initiatives

Packaging Reduction at Thailand's plants

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

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

F&N ICE MOUNTAIN Bio-based packaging

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

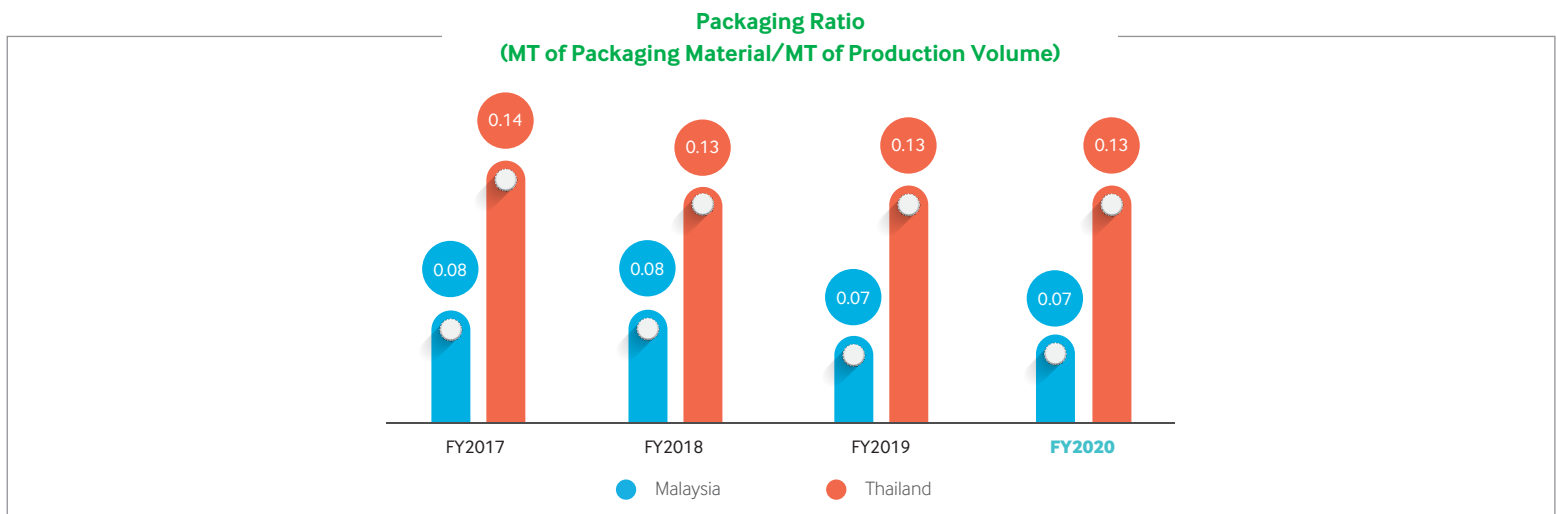
Packaging reduction at Borneo Springs plant

At our Bentong plant, we have implemented an initiative to reduce the paper waste by removing a small paper die cut pad at the bottom of each shrink. With this, the usage of packaging has reduced by 100 metric tonnes, this year.



Our Performance Highlights

In Malaysia, over 50,000 metric tonnes of packaging materials were used during the year, and in Thailand, it was over 44,000 metric tonnes.



Note:

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

Eco-Efficiency

ENERGY & CLIMATE CHANGE

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



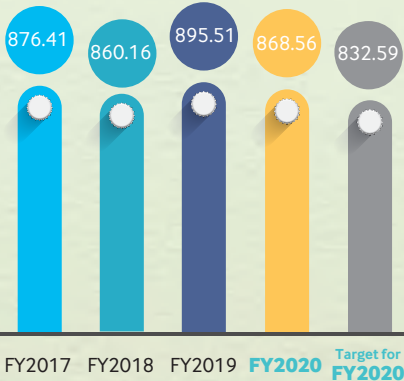
Our Target

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

Our Performance in 2020

Energy intensity ratio has reduced by 1% from 2017

GROUP ENERGY INTENSITY RATIO (MJ/MT)



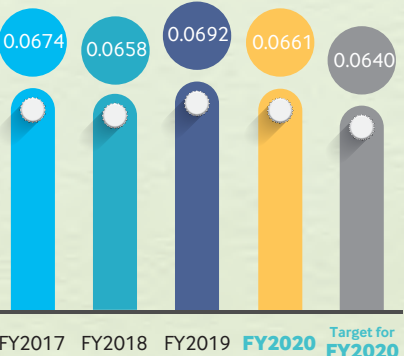
Our Target

To reduce greenhouse gas intensity ratio by 5% from 2017 to 2020

Our Performance in 2020

Greenhouse gas intensity ratio has reduced by 2% from 2017

GROUP GHG INTENSITY RATIO (MTCO_{2e}/MT)



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

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

F&NHB is committed to reducing energy consumption and GHG emission intensity as our main priorities in managing climate change. As part of our contribution, F&NHB also upholds our responsibility to help minimise carbon footprints across our value chain, ranging from manufacturing, packaging, storage and logistics, to end use and disposal.

Our Approach

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

We based our intensity target on national GHG emission reduction commitments – 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&N safeguards internal and external preparedness to realise our performance goals.

Our Energy Management Policy

All our operations in Malaysia and Thailand are guided by the following principles:

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

The spike of energy intensity ratio was recorded in 2019, mainly due to significant operational changes in Shah Alam plant – a new Aseptic Cold-filling PET line that has higher energy consumption ratio compared to other production lines, and in-sourcing of two blow moulding lines which were previously procured from our suppliers.

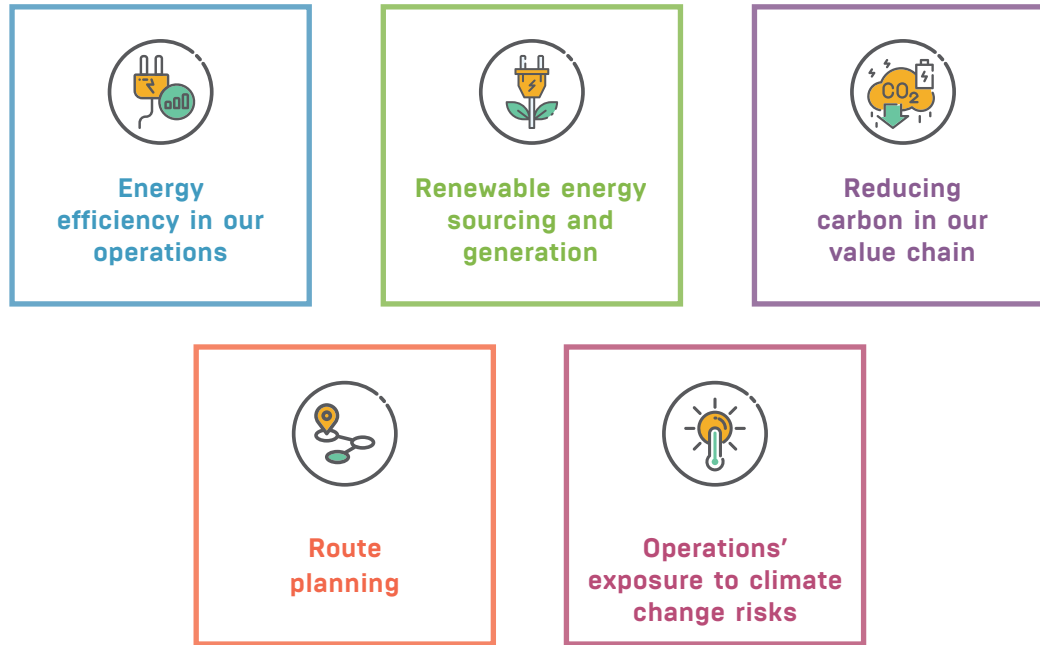
Unfortunately, despite all the energy efficiency initiatives put in place, the pandemic situation has also affected our overall eco-efficiency performance. A minimum amount of energy consumption is required for each production batch despite lower production volume. Short-runs and frequent start-stop have resulted in higher specific energy consumption. Some energy saving projects have also been postponed.

With this, our Group GHG Emissions Intensity ratio is similarly impacted.



[Read more about our performance by country on page 84 of this SR](#)

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



Our Initiatives

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:

Switch to liquid sugar for our productions – Rojana plant

In Thailand, the switch to liquid sugar for our productions at the Rojana plant has helped us save energy due to the approximately 150 kg steam/hr reduction in steam usage. The heat recovery Phase 4 to sugar dissolver gives us 0.70 million THB in savings.

Energy Reduction Initiatives – Pulau Indah plant

In Malaysia, we phased out the conventional forklifts for electrical forklifts at our plants to reduce GHG emission.

The installation of heat pumps helps to reduce natural gas consumption by changing the mechanism to use steam. This contributes to a potential saving of RM153,000 per year.

Installation of Thermal Vapour Recompression (TVC) has helped to reduce natural gas consumption, with potential savings of RM500,000 per year.

We have installed an inter-region flow controller to regulate air compressor pressure to regulate electricity usage and avoid peak loads at the new fresh milk line. We recover our condensates back to the boiler instead of discharging.

Energy Reduction Initiatives – Shah Alam plant

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

Eco-Efficiency

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 transit from hydrocarbon based energy to renewable energy.

Solar Energy – Rojana plant

At our Rojana plant, we have installed a solar panel rooftop since April 2020, which gives us saving of 6 million THB. The 30 million THB Solar Photovoltaic (PV) system with 1MWp generating capacity significantly reduces energy offtake from the grid by utilising renewable energy for its daily operations.

Solar Energy – Shah Alam, Pulau Indah and Bentong plant

As part of the strategic direction to reduce fossil fuel consumption and our carbon footprint, we are setting up a renewable energy programme at our Shah Alam, Pulau Indah and Bentong plants in Malaysia which entail the setting up of 10MWp Solar PV system at the three plants starting in September 2021.

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 practices and encourage improvement along our full value chain. We understand that it is essential to support our business partners and customers in reducing their own GHG emission impacts.

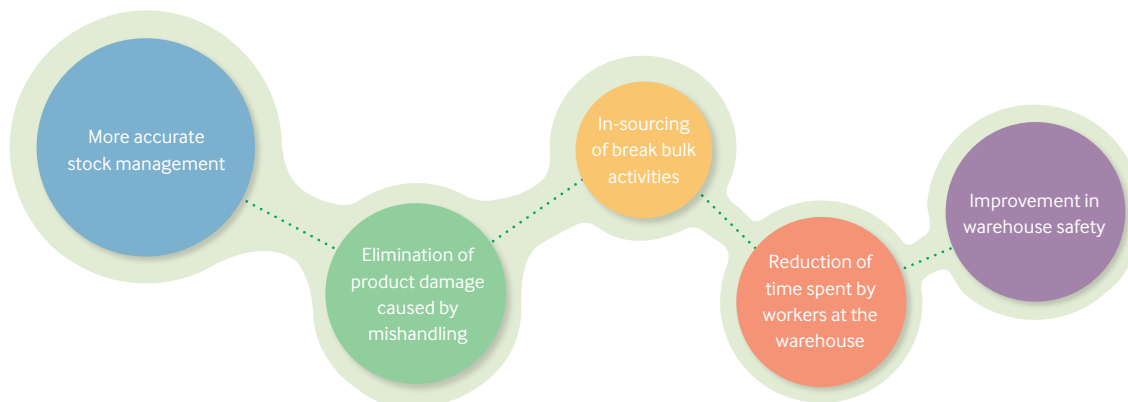
Route Planning

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

We have made more than RM800 million of capital investments since 2014 on new lines and warehouses across our production facilities in various locations. Our 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.

To further optimise route planning, we have invested RM180 million in a new integrated warehouse at our Shah Alam plant, equipped with an Automated Storage Retrieval System (ASRS). This new warehouse is expected to commence operations in FY2021.

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



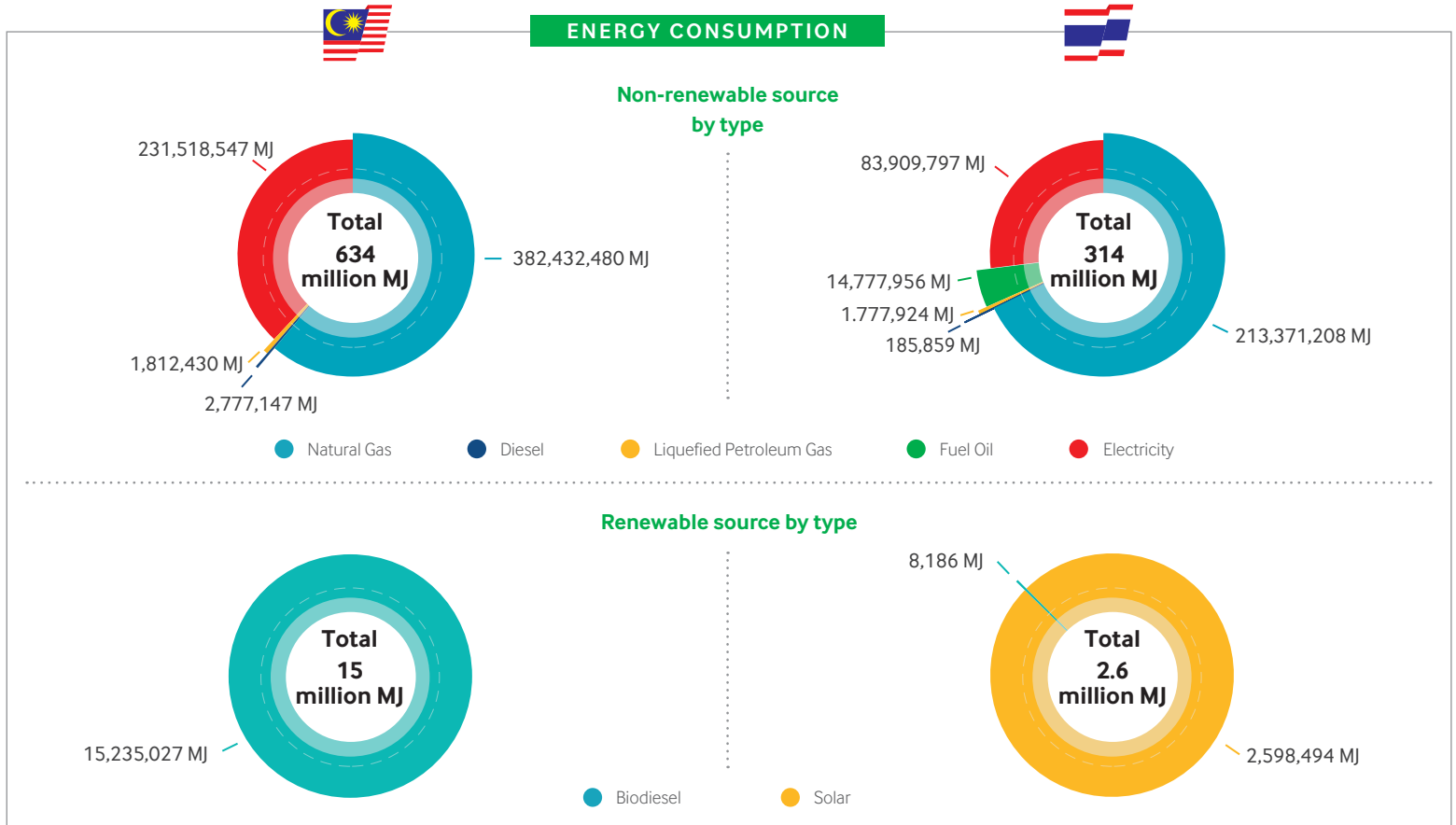
Similarly, we will also establish a regional distribution centre (RDC) in Rojana, Ayutthaya Province, Thailand, equipped with 287 million THB ASRS. Strategically located 1.7 km from our dairies manufacturing plant in Rojana, Ayutthaya Province, the 20,000 square metres RDC is expected to be operational in 2021. This RDC will serve as our regional distribution hub for F&N Dairies Thailand (FNDT)'s products.

Operations Exposure To Climate Change Risks

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.

Our Performance Highlights

GRI 302-1: Energy Consumption within the Organisation



GRI 302-3: Energy Intensity

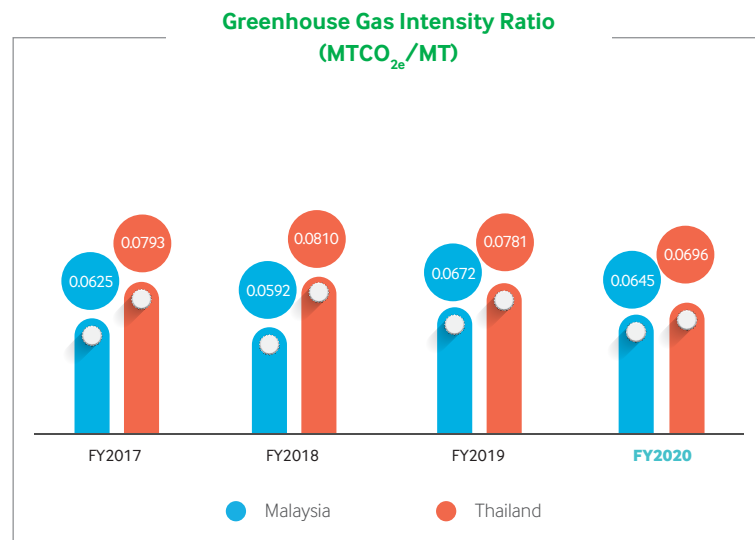
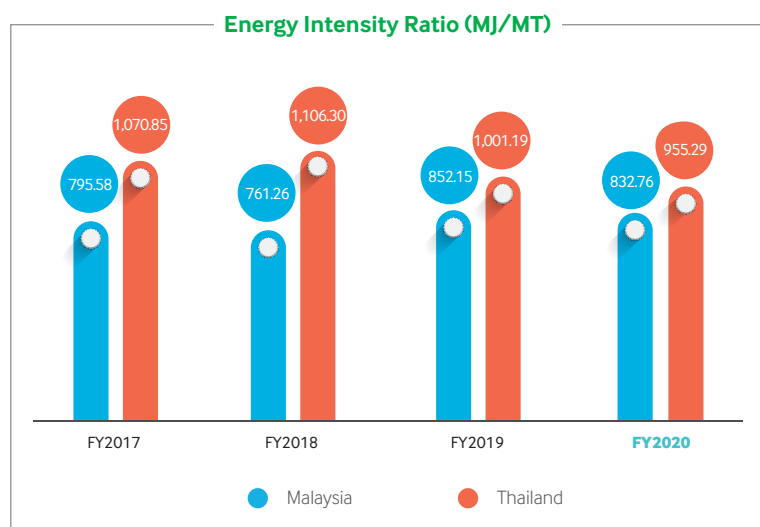
MALAYSIA				Energy Intensity Ratio (MJ/MT)	THAILAND			
FY2017	FY2018	FY2019	FY2020		FY2017	FY2018	FY2019	FY2020
477.47	465.63	514.71	498.54	Natural Gas	718.97	736.56	679.25	643.76
32.87	32.75	31.86	3.69	Diesel	0	0	0	0.56
0	0	0	20.26	Biodiesel	0	0	0	0.02
6.70	5.18	3.93	2.41	Liquefied Petroleum Gas	0	0	0	5.36
0	0	0	0	Solar	0	0	0	7.84
0	0	0	0	Fuel Oil	62.60	66.59	51.07	44.59
278.53	257.70	303.40	307.86	Electricity	289.28	302.88	269.92	253.16

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 with F&NHB only.

Eco-Efficiency

GRI 305-4: GHG emission intensity



Our plant in Shah Alam underwent extensive expansion since 2018 with a new aseptic-cold filling line that is utilised to produce many of the healthier options products that F&N has launched recently, and the in-sourcing of two blow moulding lines which were previously procured from our supplier. Various energy saving projects helped to reduce energy intensity ratio as can be seen from FY2019 performance. Unfortunately, our energy efficiency in 2020 is further impacted by lower production volume and postponement of some energy saving projects due to COVID-19. As such energy intensity ratio for Malaysia operations has increased by 4.7% and GHG intensity ratio is higher by 3.2% compared to 2017.

Meanwhile, our Thailand operations successfully reduced its energy consumption ratio and GHG intensity ratio by 11% and 12% respectively compared to 2017.

GRI 305-1: Direct (Scope 1) GHG Emission (CO_{2e}) | GRI 305-2: Direct (Scope 2) GHG Emission (CO_{2e})

MALAYSIA				Total GHG Emission (Equivalent) (MTCO _{2e})	THAILAND			
FY2017	FY2018	FY2019	FY2020		FY2017	FY2018	FY2019	FY2020
Direct GHG Emissions								
19,380	19,866	24,235	20,893	Natural Gas	12,131	12,640	12,867	11,970
1,762	1,846	1,991	206	Diesel	0	0	0	14
0	0	0	106	Biodiesel	0	0	0	1
375	305	209	114	Liquefied Petroleum Gas	0	0	0	112
0	0	0	0	Fuel Oil	1,188	1,285	1,337	1,081
Indirect GHG Emissions								
23,780	23,126	30,183	27,319	Electricity	10,266	10,933	10,771	9,901

Responsible Supply Chain

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

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



Responsible Supply Chain

SUSTAINABLE SOURCING

GRI 204-1



Our Target

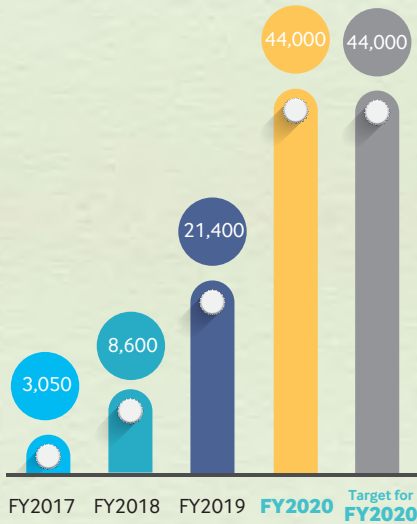
To purchase 100% of RSPO credits for palm oil usage by 2020

Our Performance in 2020

100% of RSPO credits for palm oil purchased in 2020

TOTAL RSPO CREDITS PURCHASED

106% RSPO credits of total actual palm oil usage)



Sustainable Palm Oil

Our target for 'Sustainable Sourcing' specifically relates to palm oil. Although this represents a relatively minor proportion of our expenditure (less than 3% of total expenditure on products and services), it has potentially major indirect impacts as irresponsible palm oil cultivation has caused—and continues to cause—significant environmental and social damage. We understand that our actions and business practices pertaining to the support of sustainable palm oil production is important and, having become an ordinary member of RSPO in August 2017, we reiterate our support for the use of Certified Sustainable Palm Oil (CSPO) in products. F&N's approach has been through RSPO with a focus on credits, and we are currently exploring the mass balance approach.

Sustainable Sugar

Another key commodity F&N focuses its sustainable sourcing efforts on is sugar as it is a significant commodity used within F&N products. We are currently developing a sustainable sourcing approach for this specific commodity. This year, F&NHB has started procuring sustainable sugar under the guidance of VIVE sugar certification programme. F&N is also exploring the possibility of using BONSUCRO certified sugar products for our operations in Thailand.

Our Approach

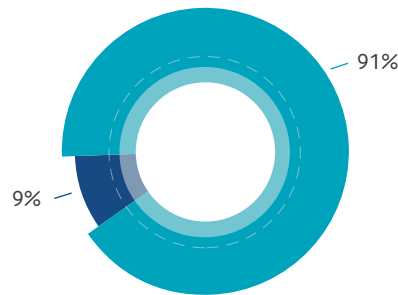
In the past year, we have engaged with over 2,900 global and local suppliers across our supply chain, including manufacturers, wholesalers, retailers, importers/merchants, contractors and professional services providers.

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. Hence, we look to understand our suppliers' needs and establish mutually beneficial partnerships for circular economy solutions. For example, our organisation's waste may end up becoming a valuable resource for another organisation.

The Group works closely with our suppliers and conducts regular audits 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 and we are a member of the Supplier Ethical Data Exchange.

Our Procurement Policy covers our full commitment to standard principles of ethical business practices throughout the supply chain.

SUPPLIER PROPORTIONS BY TYPE OF MATERIALS IN FY2020



- Direct Materials
 - Packaging materials
 - Ingredient raw ingredients
 - Auxiliary materials
 - Co-packing
 - Finished & trading goods
- Indirect Materials
 - Sales and marketing
 - Logistic and warehousing
 - Engineering and site services
 - Administration
 - Others

New Supplier Code of Conduct

This year, we have launched a new Supplier Code of Practice which covers all environmental and social impacts, including business ethics, environmental management, human rights and occupational health and safety. F&N is in the midst of communicating the Code of Practice to all suppliers and ensuring that they are compliant with the new terms. Upon understanding and signing of the Code of Practice, audits will be conducted to monitor performance of key suppliers against defined criteria. Currently, about 30% of F&NHB suppliers have signed the new Code. We aim to get 100% of our suppliers accepting and complying to the new code by 2025.

 > [Read more about 'Our Supply Chain' for our supply chain flow on pages 16 to 17 of this SR](#)

Screening our suppliers

At F&NHB, we have a systematic screening process for all new suppliers using environmental and social criteria. These criteria reflect the commitments towards the environment (such as reducing waste, pollution and water usage) and society (including human rights and labour practices). The environmental performance of their raw material and primary packaging suppliers are also assessed annually to verify if they have:

1. Implemented an environmental policy
2. Undertaken audits to monitor their environmental performance and compliance
3. Maintained an ISO14001 compliant environmental management system

Addressing risks in our Supply Chain

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

Food Safety Standards – We conduct annual supplier audits 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.

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

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

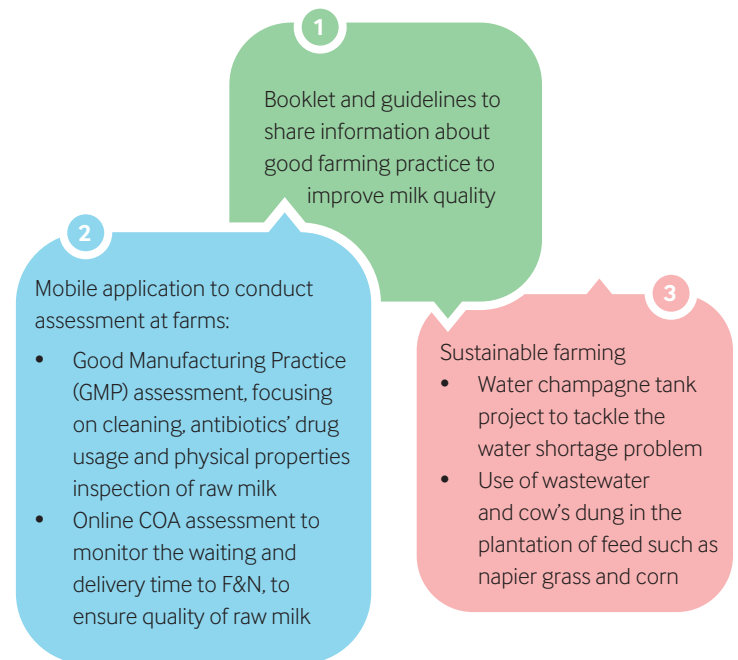
Halal Sourcing Partnership Programme

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 continued to partner with Halal Industry Development Corporation (HDC) on the Halal Sourcing Partnership Programme (HSPP). Through this collaboration, we shared Halal industry best practices whilst providing technical advice and knowledge transfer to small and medium enterprises (SMEs), and further coached them to elevate their capability to be qualified as Halal vendors for multi-national corporations.

Capacity Building for Our Suppliers

Since 2013, we have been collaborating with local Thailand-based farmers in cooperatives which supply F&N with fresh 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 continued to build the capability of over 2,000 farmers from 10 milk cooperatives, mainly in Nakhorn Ratchasima Province, through a Farming Excellence System, which consists of 3 key programmes:



Beginning July 2019, we, together with Soonthorn Metal Can (our can supplier) and Thepsathit Milk Cooperative (one of our milk suppliers in Thailand), came together to tackle the water shortage problem during the annual dry seasons by providing a champagne tank and piping route to the Thepsathit community in Chaiyaphum Province. This programme is able to supply 1,680,000 liters of water every month for up to 180 households across communities in Chaiyaphum province. This also provides sufficient water supply for up to 24 farms, consisting of 955 cattle, to minimise disruption from drought and ensure farmers can continue their farming operations sustainably.

Responsible Supply Chain

Our Initiatives

ENSURING SUPPLY CHAIN RESILIENCE DURING COVID-19

The global COVID-19 pandemic has resulted in significant supply chain disruptions, exposing areas that can be improved in our operational and management system. To ensure supply chain resilience and avoid disruptions, F&NHB worked closely with our trade partners and suppliers to ensure adequate supply and availability of F&N core products to our customers and community during this period. F&NHB also recognised the need to strengthen conventional business continuity planning with our suppliers and trade partners.

F&NHB conducted a supplier assessment exercise to understand the resiliency of our supply chain and implement mitigation measures for suppliers that may not be able to meet demands. F&NHB's diverse pool of suppliers and our strong relationships with those on the local level have also helped to mitigate the risk of disruption from one critical supplier.

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

In Thailand, the Supplier Productivity Enhancement Programme has been implemented to help our suppliers manage supply shocks and disruptions. Through our work with suppliers, we were able to maintain a three-month stock minimum to mitigate any impact to inventory levels.

F&NHB also supported our customers during periods of uncertainty when cash flow is likely to be tight. We have worked together to improve flexibility on payment terms and payment extensions on a case-by-case basis for selected customers.



Our Performance Highlights

Eco-credentials

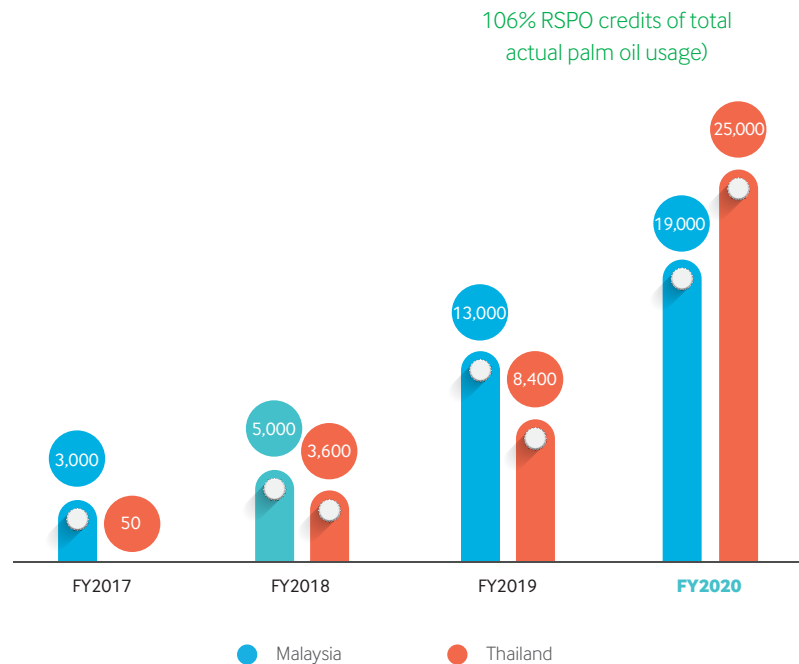
We source raw materials that are certified with eco-credentials, such as those from the Forest Stewardship Council and RSPO, to ensure that they are produced in an environmentally and socially responsible manner. All paper products used in the tetra packaging of our chilled beverages carries the certification.

In 2020, we have successfully met our target to purchase RSPO credits for 100% of our projected palm oil usage.

RSPO Credits Purchased

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.

TOTAL RSPO CREDITS PURCHASED

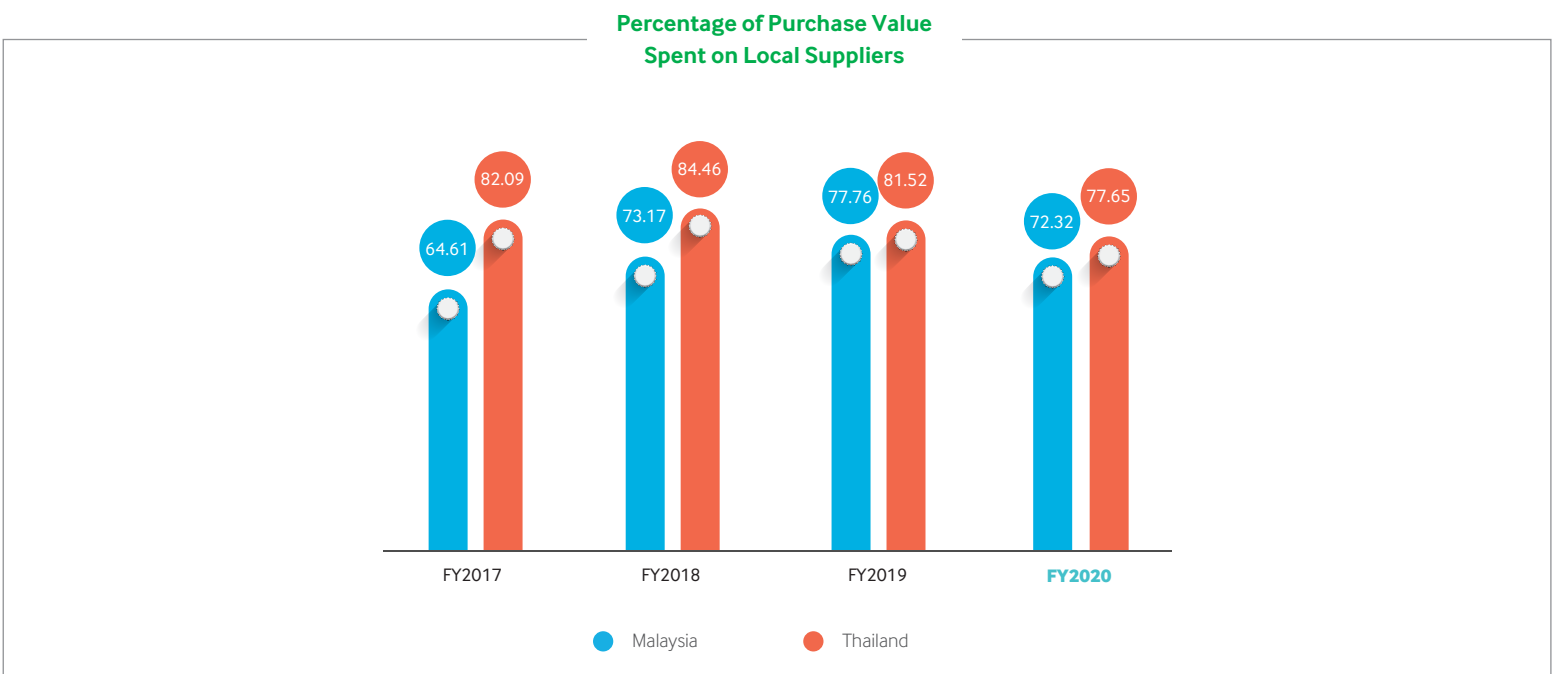
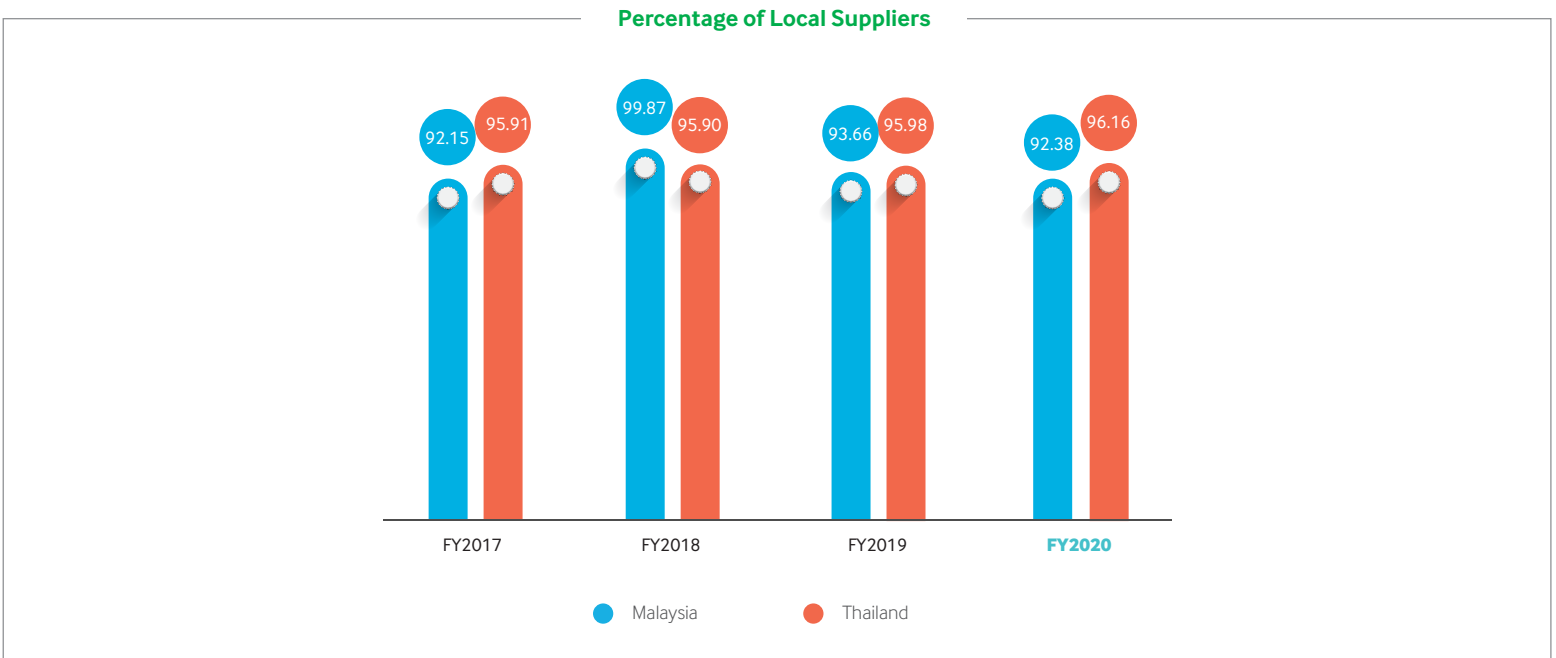


Purchase of RSPO Credits	GROUP	MALAYSIA	THAILAND
FY2017	3,050	3,000	50
FY2018	8,600	5,000	3,600
FY2019	21,400	13,000	8,400
FY2020	44,000	19,000	25,000

Supporting Local Suppliers

GRI 204-1 : Proportion of spending on 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 almost 75% of our purchase value expenditures.



Note:

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

Safety & Well-Being

At F&N, we adopt a holistic approach to health and safety across our operations including creating a proactive safety culture and healthy workforce, embodying our brand promise of “Pure Enjoyment. Pure Goodness” through product safety and nutrition, and enabling consumers to make informed purchasing choices through appropriate and clear labelling and responsible marketing. In the context of the COVID-19, the health and safety topic is, more than ever, of paramount importance for F&N as we strive to protect our employees and consumers.

The first chapter in this section outlines our approach to Occupational Health and Safety (OHS) with a specific focus on our response to the COVID-19 pandemic to uphold the safety and well-being of our employees. It explains how the best approach to OHS is communicated with all of our employees and how we implemented specific measures to ensure safe working. In this chapter, we also report on our 2020 targets and progress.

Consumer Health and Safety is in focus for the next chapter. F&N’s approach to this important topic is embodied by our brand promise: “Pure Enjoyment. Pure Goodness”. We will demonstrate how we implemented a range of initiatives to ensure the safety and nutrition of our products, especially in the context of COVID-19.

The final chapter in this section is about how we ensure that the information related to our products’ contents and nutritional qualities is easily accessible and understood by our consumers.



OCCUPATIONAL HEALTH & SAFETY

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



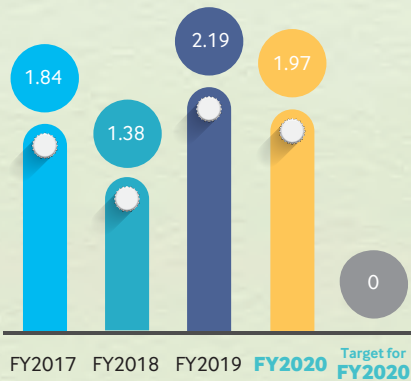
Our Target

To have 0 lost time injury frequency rate (LTIFR) by 2020

Our Performance in 2020

The Group lost time injury frequency rate in 2020 is 1.97

GROUP LOST TIME INJURY FREQUENCY RATE



Our Approach

At F&N, we believe that working as a team is the only way to achieve our target of zero Lost Time Injury. We foster a proactive 'safety first' culture for employees to be aware of their responsibilities to both themselves and their colleagues. This includes advocating a healthy lifestyle through awareness of nutrition, physical activity and stress reduction measures.

To further strengthen our commitment to a safety culture, we have incorporated 2 key performance indicators in this area for all executives in F&NHB:

- a) Lost Time Injury Frequency Rate ("LTIFR"); and
- b) Number of Safety and Health initiatives conducted



Creating a Safety Culture

At F&N, safety is integrated across our operations through the implementation of Environmental, Safety and Health (ESH) systems and monitoring processes. Our adherence to international standards, such as ISO 14001 and ISO 45001 for our major sites, demonstrates that our safety practices extend beyond compliance with national regulations. All employees, workers and activities are covered by our ESH systems, and all workers receive adequate training and safety equipment wherever appropriate.

Every plant has its own Safety Committee, which includes management and workers' representatives. F&NHB has also set up a Safety and Health Committee for its corporate office and its regional sales offices. These committees oversee F&N's safety systems and programmes to ensure their effectiveness and meet on a monthly basis to discuss accidents or near-misses and determine appropriate corrective actions. They also conduct audits of our ESH systems, develop annual safety plans, and initiate programmes to increase awareness of health and safety issues among employees.

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 should any incidents occur.

Safety & Well-Being

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

Our Initiatives

ENHANCED HEALTH AND SAFETY MEASURES DURING COVID-19

F&NHB implemented extensive safety measures to ensure all premises maintain the highest levels of hygiene practice and a sanitary environment.

- There is daily sanitisation and cleaning after each work shift, and special chemical sanitisation every 2 weeks. All facilities are inspected weekly by safety management officers.
- We implemented daily contactless temperature screening, health related declarations for all staff and safe distancing measures at all workplaces.
- Specific advisory and protective equipment are provided to our front-line workers at risk e.g. receptionists, sales and delivery personnel.
- Upgraded key office facilities to contactless e.g. e-payment at the cafeteria and replacing biometrics with face scanning for signing in.
- We provided personal protection equipment for all employees e.g. masks, hand sanitisers and mask keepers.

F&N also adapted work practices to uphold the safety and well-being of our employees.

- Access to company-organised sport events or F&N's sport facilities and classes was unfortunately limited by the pandemic this year. Therefore, we have organised a wellness programme in Malaysia and Thailand and developed resources to guide employees' mental and physical health through virtual talks and broadcasts.
- F&N also implemented work-from-home or split team arrangements where applicable. We upgraded our IT resources and tools to support remote working. Going forward, we plan to formalise our flexible work policy where possible.

All workers (employees and contractors) have access to occupational health services in relation to their relevant activities. This includes hygiene services, ergonomic tools, protective equipment, and first aid kits. F&N is also supported by accredited OHS consultants whenever required.

We offer healthcare insurance to all employees in Malaysia and Thailand. F&N also facilitates good health coverage for all workers by organising an annual health screening. Any work-related illnesses will receive follow-up consultations with doctors, if identified.

Employee Safety Training and Awareness

F&NHB has not compromised on employee safety trainings despite limitations due to COVID-19. A total of 1,455 employees participated in 6,602 hours of safety trainings. Topics covered in FY2020 included:

- Safety, Health and Environmental Awareness
- Fire Prevention and Safety
- First Aid Training and CPR
- Forklift Driver Operators and Safety Training
- Overhead Crane Safety and Proficiency
- Hazard Identification, Risk Assessment and Determining Control
- Scheduled Waste
- Hand Safety
- Radiation Safety and Health
- Noise and Hearing Conservation
- COVID-19 Training

In FY2020, we were not able to conduct our health safety campaign due to COVID-19 constraints. Instead, we conducted safety briefing in small groups during toolbox meetings. 5 safety briefings of total 315 hours were conducted this year, which were attended by 122 employees.

In Malaysia and Thailand, we continued to engage our employees on safety topics through regular activities such as monthly OHS trainings and newsletters, as well as an unsafe working conditions programme to educate workers in identifying risky behaviours and safety hazards.

Our Performance Highlights

Our Group LTIFR this year was 1.97 per one million hours worked.

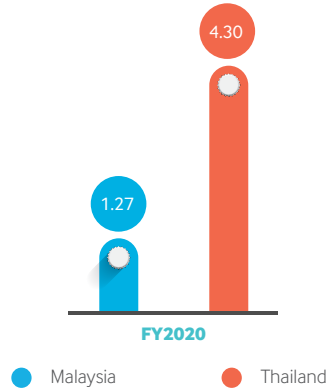
For Malaysia operations, LTIFR improved to 1.27 from 1.93 in 2017. Meanwhile, Thailand operations have achieved zero LTIFR since 2017 but recorded 4.30 this year due to an unfortunate van accident in May 2020. We remain focused on achieving a zero-accident workplace. This shows our zero-tolerance attitude 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

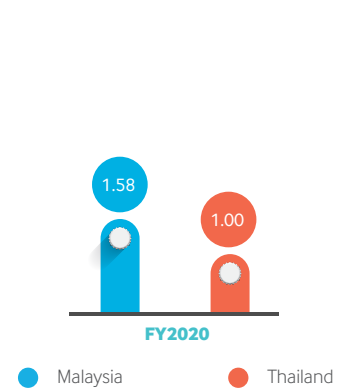
In FY2020, there were 12 employee recordable work-related injuries. None of the incidents were high-consequence work-related injuries. There was one fatality due to the unfortunate van accident in Thailand.

In FY2020, there were 6 non-employee recordable work-related injuries. None of the incidents were high-consequence work-related injuries or resulted in fatalities.

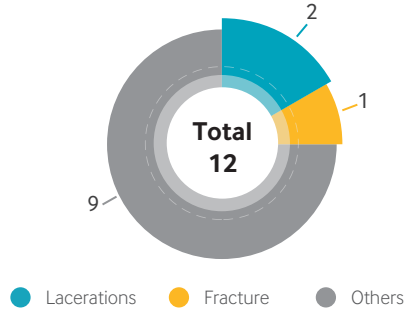
Employee Work-related Injuries Rate



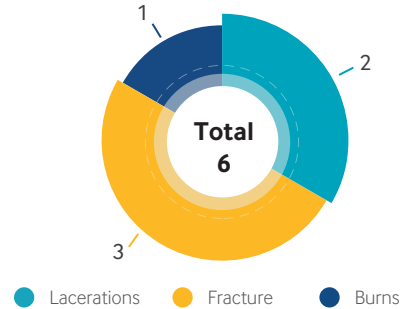
Non-employee Work-related Injuries Rate



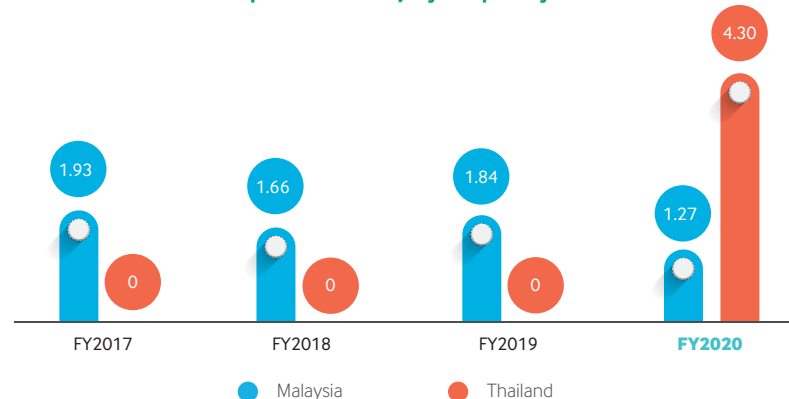
Group Employee Work-related Injuries by Type



Group Non-employee Work-related Injuries by Type



Group Lost Time Injury frequency Rate



Safety & Well-Being

CONSUMER HEALTH & SAFETY

GRI 416-1, 416-2



Our Target

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

Our Performance in 2020

We offer at least one healthier choice option in 92% of our product categories (11 out of 12).

	Chilled/ Pasteurised	Ambient
Product categories with at least one healthier choice option 	1. Milk 2. Soya 3. Juice	1. Isotonic 2. Water 3. Tea 4. UHT & Sterilised Milk 5. UHT Soya 6. Asian Drinks 7. Carbonated Soft Drinks 8. Juice
Product categories with no healthier choice option 		1. Energy

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

**Our Approach
Quality & Safety**

F&N's success and longevity are built on providing products that earn the trust and satisfaction of our consumers, as well as enhancing their future well-being. This requires a holistic approach to safety across the life cycle of our products. In previous chapters, we described how consumer health is a key part of our innovation efforts, and how our supply chain processes are a key part of our food safety assurance. In the 'Packaging' chapter, we described how our product packaging and labelling are also designed to ensure our customers' health and safety.

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

MALAYSIA	THAILAND
<ul style="list-style-type: none"> FSSC 22000 Food Safety System Certification Good Manufacturing Practice (GMP) HACCP Halal Certification (JAKIM + MUI) Industry Responsibility of Food Certification Scheme (Mesti) ISO 22000 Food Safety Management System ISO 9001:2015 Quality Management System ISO/IEC 17025:2017 Accredited Laboratory ISO/TS 22002-1:2009 Prerequisite Programme on Food Safety MS 1480:2019 Food Safety According to HACCP Veterinary Health Mark (VHM) Certification GB12693:2010 China National Certification and Accreditation (CNCA) Roundtable Sustainability Palm Oil (RSPO) Supply Chain Certification Standard 2017 SEDEX – SMETA (4-Pillar) 	<ul style="list-style-type: none"> ISO 22000:2005 Food Safety System Certification Food Safety System Certification 22000:2010 Good Manufacturing Practice (GMP) Green Industry Level 4 HACCP Halal Certification (CICOT) Labour Relations and Welfare Certificate 2013-2018 ISO 22000 Food Safety Management System ISO/IEC 17025:2017 Accredited Laboratory


As we value our customers' satisfaction, giving them multiple communication channels to provide feedback is critical to F&N's customer experience. Customers can contact us through our toll-free consumer careline, website or by sending us an email with their enquiries.

Nutrition Charter

The F&N Nutrition Charter outlines our commitment to developing products that are healthy for consumers and it guides us throughout product development. The principles of the Nutrition Charter are:



Our Initiatives



CONSUMERS' HEALTH AND SAFETY DURING COVID-19

F&N has taken proactive measures to address the impact of the pandemic on the health and safety of our consumers. During the lockdown, we worked closely with key retailers to ensure that core products such as canned and UHT milk and water, were sufficiently stocked and available for purchase by our consumers.

At F&N, we aim to offer products, which, together with an active lifestyle, can play an important role in keeping people healthy. Our product development team continued to introduce healthier product options, in responding to consumer demands for healthy products, amidst the challenging time of COVID-19. This includes Sunkist Pure Juices with higher fruit content, containing vitamins A, C and E. We have also reintroduced our offerings of zero sugar beverages, which are 100PLUS Zero, no sugar OYOSHI Gold green tea and no sugar F&N ICE MOUNTAIN Sparkling Water. In Thailand, we introduced a healthier option of condensed milk – Carnation Plus SCM 0% Fat, 25% Reduced Sugar.

We have taken steps to keep our consumers healthy and aware of the importance of staying active and hydrated during this time. In Malaysia, we implemented a wider range of activities to encourage a healthy lifestyle during lockdown. F&NHB also conducted virtual fitness challenges with athletes and influencers to engage consumers. In Thailand, FNDT helped consumers stay fit and healthy during COVID-19 by sharing healthy cooking tips and recipes using social media platforms, including information on keeping a healthy diet during lockdown.

Halal Assurance

All our products are halal certified by the Department of Islamic Development Malaysia 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).

All employees in Malaysia undergo mandatory halal awareness training while employees with a responsibility in halal matters also attended a series of professional training related to halal internal audits and assurance. The halal awareness training was also extended to our key transporters. Over 950 employees and external participants attended Halal-related briefing this year.

This year, our Shah Alam plant has received the highest status of Halal Assurance System Certification from Majelis Ulama Indonesia (MUI). This accreditation further affirms our commitment in upholding strict standards of Halal.

F&NHB practices strict prohibition of non-halal food and drinks from entering factory premises including in offices and canteens.

Safety & Well-Being

Special Recognition for our Halal Commitment in Malaysia and Thailand

This year, F&NHB won the prestigious Halal Food and Beverage Excellence Award during the World Halal Conference 2020 organised by the Halal Development Corporation. This award is testament to our commitment in upholding Halal standards throughout our operations and our contribution towards the development of the nation's Halal industry. Y.A.M. Tengku Syed Badarudin Jamalullail, Chairman of F&NHB received the award from YB Datuk Senator Lim Ban Hong, Deputy Minister of International Trade & Industry.

In Thailand, FNNT was recognised as the Thailand Best Halal Company of the Year 2020, by the Central Islamic Council of Thailand for the first time. This further affirms our Halal commitment in developing Halal products for Thailand and export markets. The award was presented by H.E. Asis Pitakkumpol, Sheikh-ul-Islam of Thailand and Ms. Mananya Thaiset, Deputy Minister of Agriculture, Thailand.



“ We put great emphasis on developing healthier products. This includes adding vitamins and minerals to boost product benefits. Many of our products carry the *Healthier Choice* Symbol or Logo: ”

THAILAND

- Magnolia Full Fat Milk (Pasteurised)
- Magnolia Low Fat Milk (Pasteurised)
- Magnolia Gingko Plus UHT Plain
- BEAR BRAND Sterilised Milk Regular
- BEAR BRAND Sterilised Milk Low Fat
- BEAR BRAND Sterilised Milk Non-fat
- BEAR BRAND Sterilised Milk Folate
- BEAR BRAND GOLD Sterilised Milk White Malt
- BEAR BRAND GOLD Sterilised Milk White Tea
- BEAR BRAND GOLD Sterilised Milk White Kidney Beans
- BEAR BRAND GOLD Sterilised Milk Goji Berry

MALAYSIA

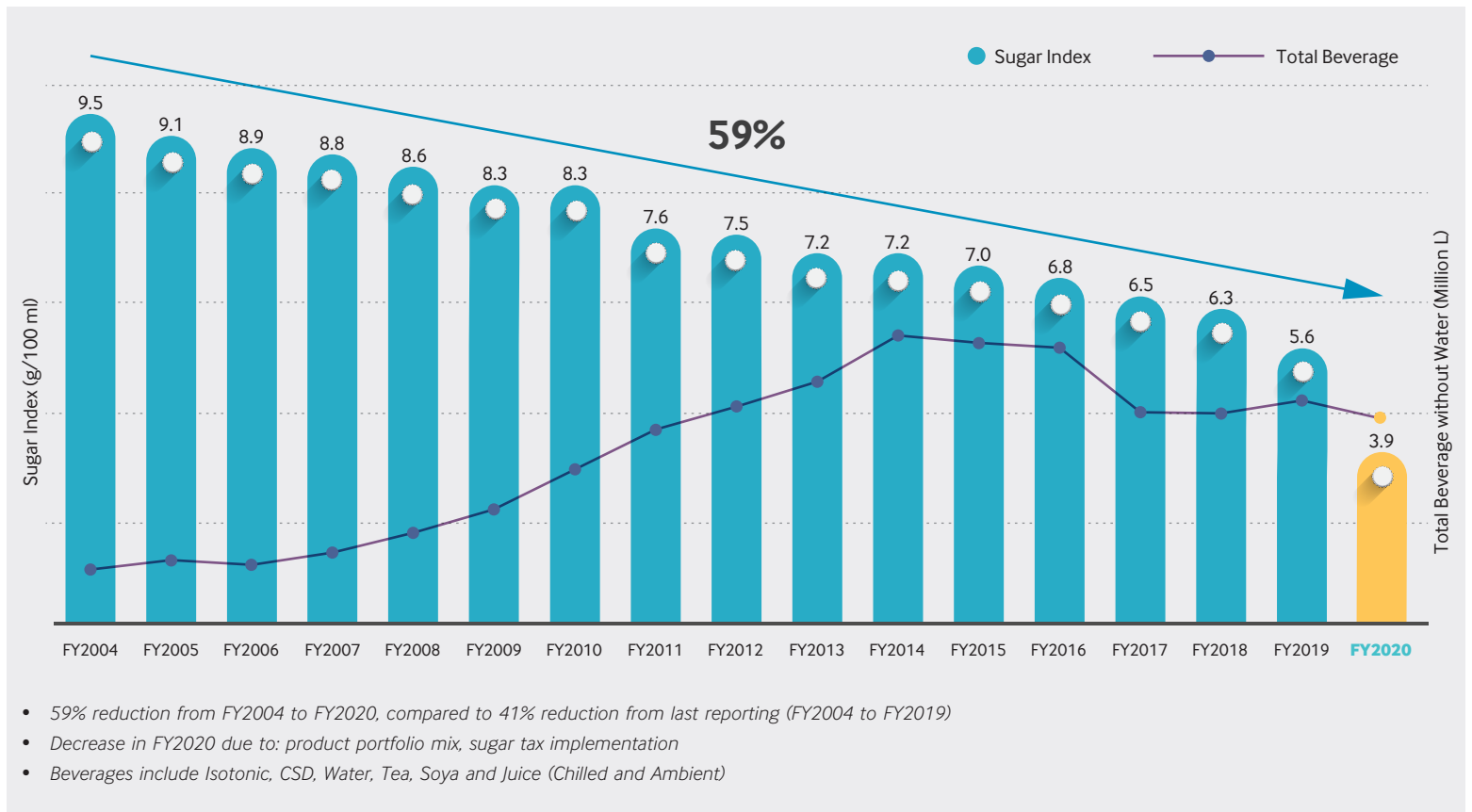
- F&N ICE MOUNTAIN Mineral Water
- F&N ICE MOUNTAIN Drinking Water
- F&N ICE MOUNTAIN Sparkling Water Classic
- F&N ICE MOUNTAIN Sparkling Water Grapefruit
- F&N ICE MOUNTAIN Sparkling Water Lemon
- 100PLUS Original
- 100PLUS Reduced Sugar
- 100PLUS Berry
- 100PLUS Lemon Lime
- 100PLUS Orange
- 100PLUS Blackcurrant
- 100PLUS Active
- 100PLUS Zero
- OYOSHI Green Tea Original
- OYOSHI GOLD Kabusecha Green Tea
- OYOSHI GOLD Sencha Green Tea
- F&N SEASONS Chrysanthemum
- F&N SEASONS Pu-erh Chrysanthemum
- F&N SEASONS Apple Pomegranate Tea
- F&N SEASONS Grass Jelly
- F&N Fruit Tree Blackcurrant Fruit Drink with Aloe Vera
- Sunkist Pure Orange Juice Drink
- Sunkist Growers Selection Orange Juice (No sugar added)
- Farmhouse Fresh Milk (Pasteurised)
- F&N Magnolia Fresh Milk (Pasteurised)
- F&N Magnolia Barista Milk Fresh Milk (Pasteurised)
- F&N Magnolia Low Fat Hi Cal Milk (Pasteurised)
- F&N CSD Orange
- F&N CSD Sarsi
- F&N CSD Strawberry
- F&N CSD Zappel
- F&N CSD Fruitade
- F&N CSD Ice Cream Soda
- F&N CSD Ginger Ade
- F&N CSD Grape
- est Cola

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

Another aspect of the healthier offering is our commitment to reducing sugar content in our products. Over 90% of our RTD products sold this year contain less than 5 g/100 ml of sugar content.

Since 2004, F&N has taken deliberate steps in reducing the sugar content in our beverages. Today, we are pleased to report a reduction of 59% in the sugar index (grams of sugar content per 100 ml) across our range of beverages. This also represents a 30% reduction against last year.

FY2020 Sugar Index (Total beverages)



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).

Safety & Well-Being

Some highlights from new products introduced this year:

MALAYSIA

1. **100PLUS Zero**, a zero sugar and zero calorie variant of the 100PLUS drink.
2. **F&N ICE MOUNTAIN Sparkling Water** in Original, Lemon and Grapefruit with zero sugar and zero calories for crisp, flavour infused unsweetened drinks.
3. **F&N Ready-to-drink Teh Tarik**, from freshly brewed premium black tea with F&N's signature sweetened condensed and evaporated milk, available in two variants, **ori and less sweet** option.
4. **No Sugar OYOSHI Gold Kabusecha, and No Sugar OYOSHI Gold Sencha** are premium sugar-free green teas, brewed with 100% imported, authentic Japanese Green Tea leaves from Makinohara Plateau in Japan.
5. **Sunkist Pure in Orange and Lemon Apple** with high vitamin A, C and E content with no added preservatives
6. **TEAPOT Squeeze Tube in Plain, Gula Melaka & Pandan**, authentic local flavours available in convenient squeeze tubes which are easy to spread over foods or desserts to infuse them with that classic taste.
7. **F&N Fruit Tree Fresh Reduced Sugar Soursop with Nata De Coco**, a healthier offering rich in vitamin C and flavour.

THAILAND

1. **Carnation Plus SCM 0% Fat, 25% Reduced Sugar** is formulated with 0% fat and 25% reduced sugar for the in-home consumption of superior and healthier Sweetened Condensed Milk (SCM).
2. **TEAPOT Squeeze Tube in Matcha and Mango** are infused with premium green tea powder from Aichi Japan and mango, and fresh milk to create a delicious creaminess and intense aroma, making it the ideal mix to any dessert.
3. **Magnolia Milkies Tablet** in Classic Malt, Hokkaido Milk, and Strawberry Yogurt are made from 100% New Zealand milk.

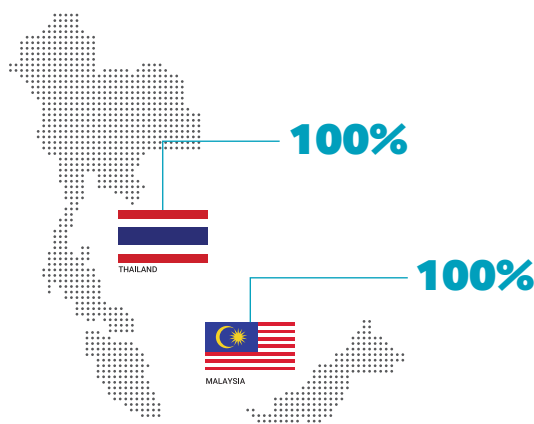


Our Performance Highlights

GRI 416-1 : Assessment of the health and safety impacts of product and service categories

GRI 416-2 : Incidents of non-compliance concerning the health and safety impacts of products and services

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



In FY2020, F&NHB maintained our health and safety standards with no significant incidents of non-compliance with regulations resulting in fine, penalty or warning. We made good progress towards our 2020 target of offering at least one healthier choice in each RTD product category. We currently offer healthier options in 11 out of 12 (92%) product categories.

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



11 out of 12 product categories have healthier choice option

PRODUCT & SERVICE LABELLING

GRI 417-1; GRI 417-2

Packaging and labelling are the primary means by which F&N communicates information about its products' quality, nutrition, safety and disposal to consumers. It is therefore essential that our labelling is comprehensive, accurate and clear, allowing our consumers to make fully informed purchasing decisions.

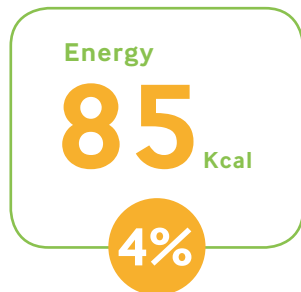
Our Approach

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

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

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

FRONT OF PACK LABEL



We ensure that our marketing and advertising activities do not violate any ethical standards. We adhere to the Malaysian Code of Advertising Practice in Malaysia and the Consumer Protection Act of B.E. 2522 (1979) in Thailand. In Malaysia, we are a signatory to the 'Responsible Advertising to Children' initiative and have pledged to restrict marketing to children under 12 years of age.

Our Performance Highlights

GRI 417-1: Requirements for product and service information and labelling

All product categories comply with product labelling requirements as below:

The grid consists of five colored boxes, each with a small icon of three people in the top left corner and a title in the center:

- Blue box:** The sourcing of components of the product or service
- Green box:** Content, particularly with regard to substances that might produce and environmental or social impact
- Purple box:** Safe use of the product or service
- Orange box:** Disposal of the product and environmental/social impacts
- Pink box:** Others such as Halal logo, Certification on HACCP, Nutritional information

GRI 417-2: Incidents of non-compliance concerning product and service information and labelling

Throughout our product information, labelling and marketing communications efforts in FY2020, 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.



A hand in a green sleeve is visible on the left side of the page, reaching out towards the right. The background is a soft, out-of-focus green landscape. The word "Other" is written in a gold, cursive font.

Other

INFORMATION

- Performance Summary
- External Assurance Statement
- GRI Content Index









Performance Summary

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR			
			FY2017 (BASELINE YEAR)	FY2018	FY2019	FY2020
DRIVING ECONOMIC VALUE						
Material Topic: Economic Performance						
GRI 201-1 Direct economic value generated and distributed	Direct economic value generated	RM million	4,101.4	3,871.0**	4,077.1	3,988.5
	Revenue	RM million	4,101.4	3,871.0**	4,077.1	3,988.5
	Economic value distributed	RM million	3,323.0	3,264.1**	3,451.8	3,388.4
	Annual dividend	RM million	210.8	210.8	210.9	220.1
	Cost of sales		2,732.9	2,721.3**	2,810.4	2,758.1
	Employee benefit expenses		348.9*	294.4	307.8	297.4
	Income tax expenses		30.4	37.6	122.7	112.8
	Economic value retained	RM million	778.4*	606.9**	625.3	600.1

* "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	FY2020				
EMPOWERING OUR PEOPLE										
Material Topic: Talent Management										
GRI 401-1 New employee hires and employee turnover	Total new employee hires	Person	163	85	211	78	191	103	156	48
	– Age under 30 years old		94	46	115	53	116	71	62	27
	– Age between 30-50 years old		63	39	90	25	63	32	77	20
	– Age over 50 years old		6	0	6	0	12	0	17	1
	– Male		101	53	133	57	132	74	112	33
	– Female		62	32	78	21	59	29	44	15
	Total employee turnover		611	55	170	84	158	83	135	48
	– Age under 30 years old		157	18	60	28	71	33	34	12
	– Age between 30-50 years old		297	36	99	52	81	43	61	30
	– Age over 50 years old		157	1	11	4	6	7	40	6
	– Male		402	33	100	54	96	68	86	28
	– Female		209	22	70	30	62	15	49	20

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR								
			FY2017		FY2018		FY2019		FY2020		
											
EMPOWERING OUR PEOPLE (CONT.D)											
Material Topic: Talent Management (cont.d)											
GRI 404-1 Average hours of training per year per employee	Total training hours	Hours	23,474	14,484	33,062	14,512	38,299	19,275	36,317	13,376	
	– Male		12.08	17.50	17.33	19.02	17.41	27.40	18.89	20.68	
	– Female		12.47	28.67	16.29	27.10	25.78	30.27	24.42	18.49	
	– Executives		14.98	35.44	25.58	41.51	29.42	39.29	28.10	25.21	
	– Non-executives		10.64	12.34	14.56	8.61	13.54	20.85	14.87	16.08	
	Average hours of training per employee per year		12.20	21.78	17.02	22.05	19.91	28.51	18.70	19.84	
Group average hours of training per employee per year	14.70	16.77	22.14	19.00							
GRI 405-1 (206) Diversity of governance bodies and employees	Total directors	Person	N/A							11	
	– Age under 30 years old									0	
	– Age between 30-50 years old									1	
	– Age over 50 years old									10	
	– Male									8	
	– Female		N/A							3	
	– Independent Non-executive Director									6	
	– Non-independent Non-executive Director									5	
	Total employees		N/A							1,942	674
	– Age under 30 years old									304	154
	– Age between 30-50 years old									1,258	429
	– Age over 50 years old									380	91
	– Male									1,374	428
	– Female		N/A							568	246
	– Executive Level									12	5
– Middle Management								149	26		
– Department Head/ Supervisor								250	92		
– Senior Officer								427	304		
– Officer								1,104	247		









Performance Summary

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR							
			FY2017		FY2018		FY2019		FY2020	
EMPOWERING OUR PEOPLE (CONT.D)										
Material Topic: Market Presence										
GRI 202-2 Proportion of senior management hired from the local community	Percentage of senior management hired from local community	%	90	100	95	100	95	100	97	100
ENHANCING SOCIAL WELL-BEING										
Material Topic: Creating Value for Society										
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	100	100	100	100	100	100	100
ECO-EFFICIENCY										
Material Topic: Water Stewardship										
GRI 303-3 (2018) Water withdrawal by source	Total volume of water withdrawal	m ³	1,999,598	480,805	1,650,383	521,193	2,180,527	520,236	2,019,020	461,213
	– Surface water	m ³	180,200	0	171,286	0	0	0	335	–
	– Ground water		650,388	0	91,217	0	102,160	0	102,058	–
	– 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	1,916,627	461,213
	Total volume of water consumption	m ³	N/A	N/A	N/A	N/A	1,138,596	300,180	800,639	281,099
	Total volume of water withdrawal	m ³	1,999,598	480,805	1,650,383	521,193	2,180,527	520,236	2,019,020	461,213
	Water intensity ratio	m ³ /MT	2.26	1.60	2.17	1.70	2.59	1.54	2.68	1.39
	Group water intensity ratio	m ³ /MT	2.06		2.04		2.29		2.29	

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR							
			FY2017		FY2018		FY2019		FY2020	
										
ECO-EFFICIENCY (CONT.D)										
Material Topic: Effluents and Waste***										
GRI 306-2 Waste by type and disposal	Hazardous waste	kg	N/A				22,420	16,370	46,690	17,330
	– Reuse	kg	N/A				6,945	0	23,546	0
	– Recycling	kg	N/A				0	0	0	0
	– Composing	kg	N/A				0	0	0	0
	– Recovery	kg	N/A				11,682	13,170	16,684	10,210
	– Incineration	kg	N/A				0	0	0	0
	– Chemical waste water treatment	kg	N/A				0	0	0	0
	– Other recycled/reused waste	kg	N/A				1,127	0	3,163	0
	– Other disposed waste	kg	N/A				2,667	0	67	0
	– Landfill	kg	N/A				0	3,200	3,230	7,120
	Non-hazardous waste	kg	N/A				12,707,371	1,506,670	10,835,130	1,587,304
	– Reuse	kg	N/A				256,643	0	175,408	0
	– Recycling	kg	N/A				4,507,116	711,810	4,507,465	851,856
	– Composing	kg	N/A				6,194,750	0	5,132,720	52,180
	– Recovery	kg	N/A				0	24,780	0	69,020
	– Incineration	kg	N/A				0	0	0	0
	– Chemical waste water treatment	kg	N/A				0	0	0	0
	– Other recycled/reused waste	kg	N/A				0	714,140	0	593,770
	– Other disposed waste	kg	N/A				0	4,340	8,016	0
– Landfill	kg	N/A				1,748,862	51,600	1,011,520	20,478	
GRI 303-4 (2018) Water discharge	Total water discharge by destination (Freshwater, <1,000 mg/L Total Dissolved Solids)	m³	824,297	228,771	1,120,007	263,407	1,061,609	220,056	1,218,381	180,114
	– Total surface water	m ³	810,131	0	1,106,055	0	659,501	0	786,513	0
	– Total ground water		0	0	0	0	3,949	0	10,152	0
	– Total seawater		0	0	0	0	270,785	0	302,570	0
	– Total third-party water treatment and usage		14,166	228,771	13,952	263,407	127,374	220,056	119,147	180,114
Solid waste intensity	Total waste generated	kg	2,206,354	372,280	2,134,666	450,720	1,900,939	59,140	1,022,833	27,598
	Waste intensity ratio	kg/MT	3.05	1.24	2.81	1.47	2.25	0.17	1.36	0.08
	Group solid waste intensity ratio	m³/MT	2.52		2.42		1.66		0.97	

Performance Summary

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR								
			FY2017		FY2018		FY2019		FY2020		
ECO-EFFICIENCY (CONT.D)											
Material Topic: Energy and Climate Change											
GRI 302-1 Energy consumption within the organisation	Total energy consumption within the organisation	MJ	575,608,770	322,063,159	578,950,496	338,336,407	719,921,494	337,912,592	623,763,103	313,845,400	
	– Natural Gas	MJ	345,453,676	216,232,348	354,117,096	225,313,749	433,950,315	229,361,825	382,432,480	213,371,208	
	– Diesel		23,782,122	0	24,908,754	0	26,862,654	0	2,777,147	185,859	
	– Biodiesel		0	0	0	0	0	0	15,235,027	8,186	
	– Liquefied Petroleum Gas		4,850,700	0	3,941,700	0	3,316,611	0	1,812,430	1,777,924	
	– Solar		0	0	0	0	0	0	0	2,598,494	
	– Fuel Oil		0	18,828,126	0	20,371,319	0	17,271,792	0	13,965,900	
	– Electricity		201,522,272	87,002,685	195,982,946	92,651,339	255,791,914	91,278,975	231,518,547	83,909,797	
GRI 302-3 Energy intensity	Total energy intensity ratio		MJ/MT	795.58	1,070.85	761.26	1,106.03	818.85	1,001.19	832.76	955.29
	Group total energy intensity ratio	MJ/MT	876.41		860.16		895.51		865.38		
	Energy intensity ratio										
	– Natural Gas	MJ/MT	477.47	718.97	465.63	736.56	514.71	679.25	498.54	643.76	
	– Diesel		32.87	0	32.75	0	31.86	0	3.69	0.56	
	– Biodiesel		0	0	0	0	0	0	20.26	0.02	
	– Liquefied Petroleum Gas		6.70	0	5.18	0	3.93	0	2.41	5.36	
	– Solar		0	0	0	0	0	0	0	7.84	
– Fuel Oil	0		62.60	0	66.59	0	51.07	0	42.14		
– Electricity	278.53		289.28	257.70	302.88	303.40	269.92	307.86	253.16		
GRI 305-1 Direct (Scope 1) GHG emissions (CO_{2e})	Total Direct GHG emissions (equivalent)		MTCO_{2e}	21,518	13,319	22,017	13,926	26,435	14,204	21,213	13,177
	Direct GHG emissions										
	– Natural gas	MTCO _{2e}	19,380	12,131	19,866	12,640	24,235	12,867	20,893	11,970	
	– Diesel		1,762	0	1,846	0	1,991	0	206	14	
	– Biodiesel		0	0	0	0	0	0	106	1	
	– Liquefied petroleum gas		375	0	305	0	209	0	114	112	
– Fuel oil	0		1,188	0	1,285	0	1,337	0	1,081		
GRI 305-2 Energy indirect (Scope 2) GHG emissions (CO_{2e})	Total Indirect GHG emissions (equivalent)	MTCO_{2e}	23,780	10,266	23,126	10,933	30,183	10,771	27,319	9,901	
	Indirect GHG emissions										
	– Electricity	MTCO _{2e}	23,780	10,266	23,126	10,933	30,183	10,771	27,319	9,901	

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR							
			FY2017		FY2018		FY2019		FY2020	
										
ECO-EFFICIENCY (CONT.D)										
Material Topic: Energy and Climate Change (cont.d)										
GRI 305-4 Greenhouse gas (GHG) emissions intensity	Total GHG emissions (equivalent)	MTCO _{2e}	45,297	23,585	45,143	24,858	56,618	23,638	48,532	23,078
	Total GHG emissions intensity ratio	MTCO _{2e} /MT	0.063	0.078	0.059	0.081	0.063	0.070	0.065	0.070
	Group total GHG emissions intensity ratio	MTCO_{2e}/MT	0.067		0.066		0.069		0.066	
RESPONSIBLE SUPPLY CHAIN										
Material Topic: Sustainable Sourcing										
GRI 204-1 Proportion of spending on local suppliers	Percentage of local suppliers	%	92.15	95.91	99.87	95.90	93.66	95.98	92.38	96.16
	Percentage of purchase value spent on local suppliers		64.61	82.09	73.17	84.46	77.76	81.52	72.32	77.65
SAFETY & WELL-BEING										
Material Topic: Occupational Health & Safety										
GRI 403-9 (2018) Work-related injuries	Employee recordable work-related injuries	Case	N/A				10	0	6	6
	– Fracture	Case	N/A				2	0	1	0
	– Burns	Case					2	0	0	0
	– Lacerations	Case					1	0	2	0
	– Others	Case					5	0	3	6
	High-consequence work-related injuries	Case					0	0	0	0
	Work-related fatalities	Case	0	0	0	0	0	0	0	1
	Lost Time Injury Frequency Rate (LTIFR)	Case/million hours	1.93	0	1.66	0	1.84	0	1.27	4.30
	Group Lost Time Injury Frequency Rate (LTIFR)	Case/million hours	1.84		1.38		2.19		1.97	

Performance Summary

GRI STANDARDS	REFERENCE	UNIT	FINANCIAL YEAR					
			FY2017	FY2018	FY2019	FY2020		
SAFETY & WELL-BEING (CONT.D)								
Material Topic: Occupational Health & Safety (cont.d)								
GRI 403-9 (2018) Work-related injuries (cont.d)	Non-employee recordable work-related injuries	Case/ million hours	N/A	7	0	5	1	
	– Fracture	Case	N/A	2	0	2	1	
	– Burns	Case		0	0	1	0	
	– Lacerations	Case		1	0	2	0	
	– Others	Case		4	0	0	0	
	High-consequence work-related injuries	Case		0	0	0	0	
	Work-related fatalities	Case	0	0	0	0		
	Lost Time Injury Frequency Rate (LTIFR)	Case/ million hours	2.36	0	1.58	1.00		
	Group Lost Time Injury Frequency Rate (LTIFR)	Case/ million hours	N/A	1.79		1.44		
GRI 403-10 (2018) Work-related ill-health	Employee recordable work-related ill health	Case	N/A	0	0	0	1	
	Work-related fatalities	Case	N/A	0	0	0	1	
	Work-related ill health rate	Case		0	0	0	0	
	Group Work-related Ill Health Rate	Case/ million hours	N/A	0		0.24		
	Non-employee recordable work-related ill health	Case	N/A	0	0	0	0	
	Work-related fatalities	Case	N/A	0	0	0	0	
	Work-related ill health rate	Case		0	0	0	0	
Group Work-related Ill Health Rate	Case/ million hours	N/A	0		0			



LR Independent Assurance Statement

Relating to Fraser & Neave Holdings Bhd's data for selected GRI indicators for the fiscal year 2020 (1st October 2019 – 30th September 2020)

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 Limited (LR) was commissioned by Fraser & 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 LR's verification procedure. LR's verification procedure is based on current best practice, is in accordance with ISAE 3000¹ and uses the following principles of - 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 whether the selected economic, environmental and social indicators below were compiled according to GRI's Standard 2016.
- Evaluating the reliability of data and information for only the selected environmental and social indicators listed below:

Economic:

- GRI 201-1 Direct economic value generated and distributed

Environmental

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

Social

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

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

LR's responsibility is only to F&NHB. LR 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 information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of F&NHB.

¹ GHG quantification is subject to inherent uncertainty.



LR's Opinion

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

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

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

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

LR's approach

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

- Auditing F&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 (FNDM Plant in Malaysia and FNDT 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, we believe that F&NHB should work closer with supply chain to improve the quality and reliability of data reported in the future, typically for reporting of waste circularity.

LR's standards, competence and independence

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

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

Dated: 29th November 2020

Opart Charuratana
LR Lead Verifier

On behalf of Lloyd's Register Quality Assurance Ltd
Lloyd's Register International (Thailand) Limited
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LR reference: BGK00000507/B

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GRI Context Index

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

GENERAL DISCLOSURES

GRI STANDARD	DESCRIPTION OF DISCLOSURE	REFERENCE PAGE/ EXPLANATION
ORGANISATIONAL PROFILE		
102-1	Name of the organisation	Cover page, Who We Are (pages 12 to 13)
102-2	Activities, brands, products, and services	Who We Are (pages 12 to 13), Value Creation Business Model (pages 18 to 19)
102-3	Location of headquarters	Geographic Footprint (page 13)
102-4	Location of operations	Geographic Footprint (page 13)
102-5	Ownership and legal form	Corporate Structure (pages 14 to 15)
102-6	Markets served	Geographic Footprint (page 13)
102-7	Scale of the organisation	Geographic Footprint (page 13), Our Employees (page 13)
102-8	Information on employees and other workers	Our Employees (page 13), Performance Summary (pages 102 to 103)
102-9	Supply chain	Our Supply Chain (pages 16 to 17)
102-10	Significant changes to the organisation and its supply chain	Our Supply Chain (pages 16 to 17)
102-11	Precautionary Principle or approach	This information is available in our Annual Report, section on Principal/ Key Risks and Mitigation
102-12	External initiatives	Membership of Associations (page 17)
102-13	Memberships of associations	Membership of Associations (page 17)
STRATEGY AND ANALYSIS		
102-14	Statement from senior decision-maker	Joint Message from F&N Chairman & CEO (pages 6 to 9)
102-15	Key impacts, risks, and opportunities	Joint Message from F&N Chairman & CEO (pages 6 to 9), Value Creation Business Model (pages 18 to 19), Our COVID-19 Response and Learnings (pages 38 to 39)
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behaviour	Vision, Mission & Values (page 12), Value Creation Business Model (pages 18 to 19)
102-17	Mechanisms for advice and concerns about ethics	Management and Governance (pages 21 to 22)
GOVERNANCE		
102-18	Governance structure	Corporate Structure (pages 14 to 15), Management and Governance (page 21)
102-30	Effectiveness of risk management processes	Management and Governance (page 22)

GENERAL DISCLOSURES

GRI STANDARD	DESCRIPTION OF DISCLOSURE	REFERENCE PAGE/ EXPLANATION
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Stakeholder Engagement (pages 23 to 24)
102-41	Collective bargaining agreements	We have a strong commitment to transparent dialogue. In FY2020, 45% of our employees were covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	F&N divides its stakeholders into seven categories: 1) employees, 2) suppliers, 3) distributors & trade customers, 4) shareholders & investors, 5) consumers, 6) regulators and 7) communities 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
102-43	Approach to stakeholder engagement	Stakeholder Engagement (pages 23 to 24)
102-44	Key topics and concerns raised	Stakeholder Engagement (pages 23 to 24)
REPORTING PROFILE		
102-45	Entities included in the consolidated financial statements	Reporting Period, Scope and Boundary (pages 11 to 12), full information is also available in our Annual Report
102-46	Defining report content and topic boundaries	Our Material Matters (pages 25 to 27)
102-47	List of material topics	Our Material Matters (pages 25 to 27), Summary of Our Group Targets (pages 32 to 33)
102-48	Restatements of information	Reporting Period, Scope and Boundary No reinstatement of information from previous reporting
102-49	Changes in reporting	No significant changes from previous reporting
102-50	Reporting period	Reporting Period, Scope and Boundary (pages 11 to 13)
102-51	Date of most recent report	Reporting Period, Scope and Boundary (pages 11 to 13)
102-52	Reporting cycle	Reporting Period, Scope and Boundary (pages 11 to 13)
102-53	Contact point for questions regarding the report	Contact Us (page 11)
102-54	Claims of reporting in accordance with the GRI Standards	Reporting Framework and Indices (page 11)
102-55	GRI Content Index	GRI Content Index (pages 112 to 117)
102-56	External assurance	External Assurance Statement (pages 110 to 111)

SPECIFIC DISCLOSURES

GRI STANDARD	DESCRIPTION OF DISCLOSURE	REFERENCE PAGE/ EXPLANATION
DELIVERING VALUE: DRIVING ECONOMIC VALUE		
ECONOMIC PERFORMANCE		
103-1	Explanation of the material topic and its Boundary	Economic Performance (page 43)
103-2	The management approach and its components	Economic Performance (page 43)
103-3	Evaluation of the management approach	Economic Performance (page 43)
201-1	Direct economic value generated and distributed	Economic Performance (page 43)
INNOVATION		
103-1	Explanation of the material topic and its Boundary	Innovation (pages 44 to 47)
103-2	The management approach and its components	Innovation (pages 44 to 47)
103-3	Evaluation of the management approach	Innovation (pages 44 to 47)
DELIVERING VALUE: EMPOWERING OUR PEOPLE		
TALENT MANAGEMENT		
103-1	Explanation of the material topic and its Boundary	Talent Management (pages 49 to 56)
103-2	The management approach and its components	Talent Management (pages 49 to 56)
103-3	Evaluation of the management approach	Talent Management (pages 49 to 56)
401-1	Total number and rates of new employee hires and employee turnover by age group and gender	Talent Management (page 55)
401-2	Benefits provided to full-time employees which are not provided to temporary or part-time employees, by significant locations of operation	Talent Management (page 51)
404-1	Average hours of training per year per employee by gender and employee category	Talent Management (page 55)
404-2	Programmes for upgrading employee skills and transition assistance programmes	Talent Management (page 52) Currently, we do not have any transition assistance programme
405-1	Diversity of governance bodies and employees	Talent Management (page 56)
MARKET PRESENCE		
103-1	Explanation of the material topic and its Boundary	Market Presence (page 56)
103-2	The management approach and its components	Market Presence (page 56)
103-3	Evaluation of the management approach	Market Presence (page 56)
202-2	Proportion of senior management hired from the local community	Market Presence (page 56)

SPECIFIC DISCLOSURES		
GRI STANDARD	DESCRIPTION OF DISCLOSURE	REFERENCE PAGE/ EXPLANATION
DELIVERING VALUE: ENHANCING SOCIAL WELL-BEING		
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103-1	Explanation of the material topic and its Boundary	Creating Value for Society (pages 58 to 69)
103-2	The management approach and its components	Creating Value for Society (pages 58 to 69)
103-3	Evaluation of the management approach	Creating Value for Society (pages 58 to 69)
413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	Creating Value for Society (page 59)
MANAGING OUR IMPACTS: ECO-EFFICIENCY		
ENVIRONMENTAL, SAFETY AND HEALTH POLICY		
103-1	Explanation of the material topic and its Boundary	Environmental, Safety and Health Policy (page 73)
103-2	The management approach and its components	Environmental, Safety and Health Policy (page 73)
103-3	Evaluation of the management approach	Environmental, Safety and Health Policy (page 73)
PRODUCT PACKAGING		
103-1	Explanation of the material topic and its Boundary	Packaging (pages 78 to 79)
103-2	The management approach and its components	Packaging (pages 78 to 79)
103-3	Evaluation of the management approach	Packaging (pages 78 to 79)
EFFLUENTS AND WASTE		
103-1	Explanation of the material topic and its Boundary	Effluents and Waste (pages 76 to 77)
103-2	The management approach and its components	Effluents and Waste (pages 76 to 77)
103-3	Evaluation of the management approach	Effluents and Waste (pages 76 to 77)
306-2	Total volume of waste disposed by type and disposal method	Effluents and Waste (page 77)
WATER STEWARDSHIP		
103-1	Explanation of the material topic and its Boundary	Water Stewardship (pages 74 to 75)
103-2	The management approach and its components	Water Stewardship (pages 74 to 75)
103-3	Evaluation of the management approach	Water Stewardship (pages 74 to 75)
303-1 (2018)	Interactions with water as a shared resource	Water Stewardship (pages 74 to 75)
303-2 (2018)	Management of water discharge-related impacts	Water Stewardship (pages 74 to 75)
303-3 (2018)	Water withdrawal	Water Stewardship (page 75)
303-4 (2018)	Water discharge	Water Stewardship (page 105)
303-5 (2018)	Water consumption	Water Stewardship (page 75)

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SPECIFIC DISCLOSURES

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103-2	The management approach and its components	Energy and Climate Change (pages 80 to 84)
103-3	Evaluation of the management approach	Energy and Climate Change (pages 80 to 84)
302-1	Total energy consumption	Energy and Climate Change (page 83)
302-3	Energy intensity ratio	Energy and Climate Change (page 84)
305-1	Scope 1 – direct Greenhouse gas (GHG emission (CO ₂))	Energy and Climate Change (page 84)
305-2	Scope 2 – indirect GHG emission (CO ₂)	Energy and Climate Change (page 84)
305-4	GHG emission intensity	Energy and Climate Change (page 84)
MANAGING OUR IMPACTS: RESPONSIBLE SUPPLY CHAIN		
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103-2	The management approach and its components	Sustainable Sourcing (pages 86 to 89)
103-3	Evaluation of the management approach	Sustainable Sourcing (pages 86 to 89)
204-1	Percentage of purchase value spent on local suppliers	Sustainable Sourcing (page 89)
MANAGING OUR IMPACTS: SAFETY & WELL-BEING		
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417-1	Type of product and service information required by the organisation's procedures for product and service information and labelling	Product and Service Labelling (page 99)
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