
Corporate Governance Report

FOR THE YEAR ENDED 30 SEPTEMBER 2009

Introduction

Fraser and Neave, Limited (“F&N” or the “Company”) prides itself on its sound and transparent corporate policies and practices to promote corporate transparency. Observing and maintaining high standards of corporate governance ensures the Company’s ability to continually deliver, maximise and sustain long-term shareholder value. Built on a firm foundation of sound internal control systems, F&N’s corporate culture also consistently emphasises transparency, accountability and continuous improvements. In turn, it enables the Company to drive long-term sustainable growth.

This Corporate Governance Report sets out the Company’s corporate governance framework and practices in accordance with the principles and guidelines of the Code of Corporate Governance 2005 (“Code 2005”).

Board Matters

Board’s Conduct of its Affairs

Principle 1:

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

F&N is led by an effective Board comprising eight directors, all of whom are non-executive directors.

Board of Directors

As at 30 September 2009, the directors are:

Mr Lee Hsien Yang (*Chairman*)

Mr Timothy Chia Chee Ming

Mr Ho Tian Yee

Mr Simon Israel

Mr Koh Beng Seng

Mr Soon Tit Koon

Mr Tan Chong Meng

Mr Nicky Tan Ng Kuang

The Board provides entrepreneurial leadership, sets strategic directions, oversees Management effectiveness and ensures proper business conduct. The Board also ensures that proper processes are in place for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and sets the values and standards of corporate governance for the F&N Group. All Directors participate actively in matters relating to corporate governance, business operations and risks, and financial performance of the Company.

The Board meets regularly to discuss and review the F&N Group’s key activities, including its business strategies and plans, business and financial performance, the annual budget and significant acquisitions or disposals.

Delegation of Authority on certain Board Matters

The Board has constituted Board Committees with clear written terms of reference to assist the Board in the discharge of its oversight function. These are the Board Executive Committee, Audit Committee, Nominating Committee, Remuneration & Staff Establishment Committee and Food & Beverage Board Committee. The Company has taken steps to ensure participation of all directors when selecting directors to various Committees so as to maximise the effectiveness of the Board.

The Company has adopted a Chart of Authority setting out the levels of authorisation required for specified transactions, and approval guidelines for operating and capital expenditure as well as the acquisition and disposal of investments.

Board Matters (cont'd)

Board Executive Committee ("Board EXCO")

The Board EXCO comprises the following members:

Mr Lee Hsien Yang	Chairman
Mr Ho Tian Yee	Member
Mr Simon Israel	Member
Mr Soon Tit Koon	Member

The Board EXCO oversees the business affairs of F&N. It is empowered to exercise the full powers and authority of the Board when the Board does not meet except for certain matters that specifically require the decision of the Board or any Board Committee. The EXCO also reviews proposals and projects before submission to the Board for approval.

Food & Beverage ("F&B") Board Committee

This Committee was reconstituted on 18 June 2009. It has oversight of the F&N Group's F&B strategies and strategic plans for the non-beer F&B business. The F&B Management team devises, develops, and presents strategic plans and proposals at meetings of the Committee which serve as a forum for debate prior to tabling such plans and proposals to the F&N Board. The members of the F&B Committee are:

Mr Lee Hsien Yang	Chairman
Mr Simon Israel	Member
Mr Soon Tit Koon	Member
Mr Nicky Tan Ng Kuang	Member

Activities of other Board Committees are described elsewhere in this report.

Meetings of the Board and Board Committees

The Board and the various Board Committees meet regularly, and as warranted by business imperatives or deemed appropriate by the members of the Board. The Board and the various Board Committees held a total of 26 meetings during the financial year ended 30 September 2009. The F&N Articles of Association permit participation of Board members in meetings via telephone, video conference or any other form of electronic or instantaneous communication.

The number of Board meetings and Board Committee meetings held in the financial year ended 30 September 2009 and the attendance of Directors at these meetings are as follows:

	Board	Board EXCO	Audit Committee	Remuneration & Staff Establishment Committee	Nominating Committee	F&B Board Committee ⁽¹⁾
Meetings held for the financial year ended 30 September 2009	7	7	6	4	1	1
Mr Lee Hsien Yang	▲ 7/7	▲ 7/7	-	-	-	▲ 1/1
Mr Timothy Chia Chee Ming	7/7	-	6/6	▲ 4/4	1/1	-
Mr Ho Tian Yee	7/7	7/7	-	4/4	▲ 1/1	-
Mr Simon Israel	6/7	7/7	-	-	-	1/1
Mr Koh Beng Seng	6/7	-	▲ 6/6	-	-	-
Mr Soon Tit Koon	7/7	7/7	-	3/4	-	1/1
Mr Tan Chong Meng	4/7	-	4/6	-	-	-
Mr Nicky Tan Ng Kuang	7/7	-	6/6	-	1/1	1/1

▲ Chairman

Note:

(1) The F&B Board Committee was reconstituted on 18 June 2009.

(2) Mr Stephen Lee (Attendance – Board 1/1, Board Exco 3/3, Audit Committee 2/2, Remuneration & Staff Establishment Committee 2/2, Nominating Committee 1/1) retired on 22 January 2009.

Board Matters (cont'd)

A formal letter setting out, among other matters, the Director's duties and obligations is given to each new Director upon his appointment. New Directors also undergo comprehensive orientation programmes to familiarise themselves with the F&N Group's business activities, strategic directions, policies, the regulatory environment in which the Group operates and corporate governance practices.

The Company arranges off-site Board strategic review meetings for Directors and Management to discuss and review the Group's strategies and plans. This also provides an opportunity for the Directors to interact and gain familiarity with key members of the Management team so as to facilitate succession planning and its review by the Board. These meetings are held in key operational locations and include site visits as part of the ongoing process for Directors to acquire a better understanding of the F&N Group's key business operations.

The Board is regularly updated on country and industry specific knowledge, including new laws and regulations that may affect the Company's businesses, and changes in accounting and financial reporting requirements. Directors and senior Management are also encouraged to be members of the Singapore Institute of Directors to keep abreast of and be updated on changes to the financial, legal and regulatory requirements, and the business environment.

Board Composition and Guidance

Principle 2:

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The F&N Board comprises eight non-executive Directors, of whom five are considered independent Directors. The Board considers that the present Board size and composition are appropriate for the scope and nature of the F&N Group's operations. No individual or group is able to dominate the Board's decision-making process. This strong and independent element on the Board is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgment on corporate affairs. It enables Management to benefit from their diverse and objective perspectives and ensures that key issues and strategies are constructively challenged, fully discussed and examined, and that the long term interests of F&N and its shareholders are taken into account.

Processes are in place to ensure that the Directors receive accurate, complete and timely information and have unrestricted access to Management as well as sufficient time and resources to discharge their oversight function effectively. The Directors have been effective in carrying out their duties as directors, giving sufficient time and attention to the affairs of the Company.

The Nominating Committee is of the view that there is an appropriate balance of expertise and skills amongst the Directors. The members of the Board as a group bring with them a broad range of industry knowledge, expertise and experience in areas such as accounting, finance, business management, industry and strategic planning relevant to the F&N Group. Their stature and wealth of international business expertise are also critical to the effectiveness and success of the Company and the F&N Group.

The Nominating Committee determines the independence of each Director annually based on the definitions and guidelines of independence set out in Code 2005. In respect of the financial year ended 30 September 2009, the Nominating Committee has determined that the following non-executive Directors are non-independent:

- Mr Lee Hsien Yang: Non-independent. Mr Lee is non-independent by virtue of his chairmanship of the Company's Management Committee and the Executive Committee of Frasers Centrepoint Limited, a wholly-owned subsidiary of the Company.
- Mr Simon Israel: Non-independent. Mr Israel is a nominee of Seletar Investment Pte Ltd ("**Seletar**"), a substantial shareholder⁽¹⁾ of the Company. Seletar is a subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"), which is deemed a substantial shareholder of the Company, and Mr Israel is an executive director on the Board of Temasek.

Note:

(1) A substantial shareholder is one which has, or is deemed to have, 5 percent or more interest in the voting shares of the Company.

Board Matters (cont'd)

- Mr Soon Tit Koon: Non-independent. Mr Soon holds the position of Head, Group Investments at the Oversea-Chinese Banking Corporation Limited (“OCBC”), a substantial shareholder of the Company. He is the Chairman of OCBC Securities Pte Ltd and a Director of certain OCBC subsidiaries.

Chairman and Chief Executive Officer

Principle 3:

There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Chairman and the CEOs of each of the three business units are separate persons to ensure an appropriate balance of power and authority, and clear division of responsibilities and accountability. The Chairman coordinates the reporting lines of each of the CEOs to the Board through his Office and with the support of F&N's Corporate Services. He is also not related to the CEOs of each of the business units, nor is there any other business relationship between the Chairman and each of these CEOs, nor among them.

The Chairman, who is non-executive, leads the Board and ensures effective and comprehensive discussions amongst members of the Board and Management on strategic, business and planning issues pertinent to the Group. He also encourages constructive relations between and among the Board and Management, facilitates the effective contribution of the Directors, and promotes high standards of corporate governance practices in the F&N Group. The Chairman ensures that the Board receives clear, accurate and timely information.

The CEOs of each business unit are responsible for the execution of the Group's strategies and policies, and are accountable to the Board for the conduct and performance of their respective business operations.

Board Membership

Principle 4:

There should be a formal and transparent process for the appointment of new directors to the Board.

Nominating Committee

The Nominating Committee comprises the following Directors:

Mr Ho Tian Yee	Chairman
Mr Timothy Chia Chee Ming	Member
Mr Nicky Tan Ng Kuang	Member

All members of this committee are independent non-executive Directors. The Chairman is neither a substantial shareholder nor directly associated⁽¹⁾ to a substantial shareholder.

Note:

- (1) A Director will be considered “directly associated” to a substantial shareholder when the Director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

The Nominating Committee is guided by written terms of reference endorsed by the Board that set out its duties and responsibilities. The Nominating Committee ensures that there is a transparent process in making recommendations to the Board on all new appointments, re-nominations and retirements of Directors. In its deliberations on the re-nomination of Directors, it takes into consideration the contribution and performance of each Director.

Board Matters (cont'd)

The Company's Articles of Association provide that at least one-third of the Directors shall retire from office and are subject to re-election at every Annual General Meeting ("AGM"). All Directors are required to retire from office at least once every three years. A newly appointed Director must also subject himself for retirement and re-election at the next AGM immediately following his appointment. The shareholders approve the election of Board members at the AGM.

The Nominating Committee has put in place an independent and transparent process to assess the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

In its annual review, the Nominating Committee assesses and affirms the independence of each Director. The Nominating Committee has determined the status of each Director as follows:

Mr Lee Hsien Yang	Non-Independent
Mr Timothy Chia Chee Ming	Independent
Mr Ho Tian Yee	Independent
Mr Simon Israel	Non-Independent
Mr Koh Beng Seng	Independent
Mr Soon Tit Koon	Non-Independent
Mr Tan Chong Meng	Independent
Mr Nicky Tan Ng Kuang	Independent

Description of Search and Nomination Process of New Directors

There is a formal and ongoing process in place for the selection of new directors. This would ensure transparency of the nominating process in identifying and evaluating nominees for Directors. The Nominating Committee ensures that the Board and its Committee members are best suited for their respective appointments and able to discharge their responsibilities as such members of the Board and/or Board Committees. It leads the selection process and sources for candidates who are able to contribute to deliberations and activities of the Board. In the search, nomination and selection process, the Nominating Committee reviews the composition of the Board, including the mix of expertise, skills and attributes of existing Board members, to identify desirable competencies for a particular appointment. In so doing, it strives to source for candidates who possess the skills and experience that will further strengthen the Board, and are able to contribute to the Company in relevant strategic business areas, in line with the growth of the F&N Group. The Nominating Committee assesses the suitability of the shortlisted candidates and makes recommendation to the Board for its approval of their appointments. To spread its reach for the best candidates, the Board may engage search companies as well as networking contacts to identify and shortlist candidates.

Key Information regarding Directors

Key information on the Directors is set out on page 70.

Board Performance

Principle 5:

There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The Board has implemented a formal process for assessing the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

The Nominating Committee engaged the services of an independent consultant to facilitate and administer a two-stage process for evaluating the effectiveness of the Board as a whole, and the Board Committees. The engagement of an independent party ensures objectivity and independence in the process. All Directors were required to complete a questionnaire evaluating the Board and the Board Committees. The questionnaire covered areas such as board composition, board processes, managing the company's performance, committee effectiveness and where improvements may be considered.

The process also included a management assessment in which senior Management completed a questionnaire to comment on the Board's performance against set criteria, such as in the areas of developing, ratifying and monitoring strategy, working with management and also sought suggestions for improvements.

Board Matters (cont'd)

The external consultant collated and analysed the feedback from the questionnaires completed by the Directors and senior Management. The findings of the performance evaluation including the comments from Directors and suggestions from senior Management were reviewed by the Nominating Committee, in consultation with the Chairman of the Board, with a view to continuing improvements.

Access to Information

Principle 6:

In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

Management provides the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis. The information provided includes financial results, key issues, market and business developments to enable the Directors to keep abreast of the F&N Group's operational and financial performance.

The annual calendar of Board activities is set in advance. Board papers are dispatched to Directors at least a week in advance before Board meetings so that Directors have sufficient time to consider the background and explanatory information relating to matters to be tabled and discussed at relevant Board meetings. Senior Management is requested to attend the Board meetings to provide additional insights into matters to be discussed. The Board also has separate and independent access to the Company's senior Management and the Company Secretary.

The Company Secretary attends all Board meetings, and ensures that Board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary ensures good information flow within the Board and with senior Management. The Company Secretary also facilitates orientation programmes for Directors and assists with their professional development. He is the primary channel of communication between the Company and the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Directors, either as a group or individually, may, at the Company's expense, seek and obtain independent professional advice where necessary to discharge its or their duties effectively.

Remuneration Matters

Principle 7:

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Remuneration & Staff Establishment Committee ("RSEC")

All members of the RSEC are non-executive Directors; the majority of whom, including the Chairman, are independent Directors:

Mr Timothy Chia Chee Ming	Chairman
Mr Ho Tian Yee	Member
Mr Soon Tit Koon	Member

The RSEC oversees the executive remuneration and development in the Company. It ensures that a formal and transparent procedure is in place for developing policy on executive remuneration and for determining remuneration packages and service terms of individual Directors and senior Management. Such policy is submitted to the Board for approval. The RSEC also reviews on an annual basis, the level and mix of remuneration and benefits policies and practices including the long-term incentive schemes, taking into consideration the achievements of the Company and the performance of individual employees. It also approves salary reviews, performance bonus and incentives for senior Management.

The RSEC also reviews the succession planning of senior Management and the leadership pipeline for the Company on an annual basis.

The RSEC may from time to time, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management.

Remuneration Matters (cont'd)

Level and Mix of Remuneration

Principle 8:

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The RSEC sets such level and mix of remuneration with the aim to build, motivate and retain Directors and key executives. It ensures that competitive remuneration policies and practices are in place to attract, motivate and retain high-performing executives to drive the Group's businesses. In its deliberation, the RSEC takes into consideration industry practices and benchmarking against industry players to ensure that its remuneration and employment conditions are competitive.

The compensation framework is made up of fixed pay, short-term and long-term incentives. The Company subscribes to linking executive remuneration to corporate and individual performance, based on an annual appraisal of employees, using core values, competencies, key result areas, performance rating, and potential of the employees. Long-term incentive schemes are put in place to motivate and reward employees and align their interests to maximise long-term shareholder value.

The remuneration of non-executive Directors takes into account their level of contribution and respective responsibilities, and includes attendance and time spent at Board meetings and Board Committee meetings.

The RSEC administers the F&N Executive Share Option Scheme ("F&N ESOS"), Restricted Share Plan and Performance Share Plan. Details of the plans, including awards and the performance conditions for the vesting of the awards are found in Principle no. 9.

Disclosure on Remuneration

Principle 9:

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

Remuneration of Directors

Directors of the Company	Remuneration S\$	Fee %	Salary %	Bonus %	Allowances & Benefits %	Long Term Incentives %	Total %
Mr Lee Hsien Yang	1,533,200	100	0	0	0	0	100
Mr Timothy Chia Chee Ming	110,454	100	0	0	0	0	100
Mr Ho Tian Yee	203,200	100	0	0	0	0	100
Mr Simon Israel	233,000	100	0	0	0	0	100
Mr Koh Beng Seng	111,000	100	0	0	0	0	100
Mr Soon Tit Koon	127,000	100	0	0	0	0	100
Mr Tan Chong Meng	94,833	100	0	0	0	0	100
Mr Nicky Tan Ng Kuang	102,417	100	0	0	0	0	100

Remuneration Matters (cont'd)

Remuneration of Top 5 Key Executives

Key Executives of the F&N Group	Remuneration S\$	Fee %	Salary %	Bonus %	Allowances & Benefits %	Long Term Incentives %	Total %
Mr Anthony Cheong Fook Seng	1,422,853	0	43	20	4	33	100
Mr Koh Poh Tiong	2,948,377	0	41	20	3 ⁽²⁾⁽³⁾	36 ⁽¹⁾	100
Mr Lim Ee Seng	2,665,264	0	42	33	3 ⁽²⁾	22	100
Dato' Ng Jui Sia	913,296	0	49	20	6	25	100
Mr Roland Pirmez	1,979,067	0	55	41	4 ⁽²⁾⁽⁴⁾	0	100

Note:

- (1) Includes exercise of options granted under the Phantom Share Option Plan of Asia Pacific Breweries Limited ("APB") to Mr Koh Poh Tiong while he was CEO of the APB Group.
- (2) Refers to car benefits and is stated on the basis of direct costs to the Company.
- (3) This figure does not include one-off payment of S\$750,000 when Mr Koh Poh Tiong was appointed Chief Executive Officer of Food & Beverage Division.
- (4) This figure does not include one-off payments for relocation and accommodation expenses amounting to S\$174,000.

Information on the Key Executives is set out on page 71.

Long Term Incentive Plans

The F&N ESOS was adopted at an Extraordinary General Meeting ("**EGM**") of the Company held on 30 September 1999. The Scheme was valid for a duration of 10 financial years and the last grant under the F&N ESOS was made on 25 November 2008. Options granted prior to the expiry of the F&N ESOS will continue to be valid and be subject to the terms and conditions of the F&N ESOS.

The Company introduced the Restricted Share Plan ("**RSP**") and Performance Share Plan ("**PSP**") to replace the F&N ESOS. The RSP and PSP were approved and adopted by Shareholders at the EGM of the Company held on 22 January 2009. The RSEC is responsible for the administration of the share-based remuneration plans.

The RSP and PSP serve to foster a greater ownership culture within the F&N Group by aligning more directly the interests of key senior Management and senior executives with the interest of Shareholders, and to improve performance and achieve sustainable growth for the Company to deliver long term shareholder value in the changing business environment.

The RSP is available to a broader base of senior executives compared to the PSP. Its objectives are to increase the Company's flexibility and effectiveness in its continuing efforts to attract, motivate and retain talented senior executives and to reward these executives for the Company's and the individual's performance. The PSP serves to further motivate key senior Management to strive for superior performance and to deliver long-term shareholder value. It is targeted at senior Management in key positions who shoulder the responsibility of the Company's performance and who are able to drive the growth of the Company through superior performance.

Under the RSP and PSP, the Company grants share-based awards ("**Awards**") conditional upon pre-determined targets set for a performance period. The Awards represent the right to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, provided certain prescribed performance conditions are met. No grant of Awards was made during the year ended 30 September 2009. The first grant of Awards was made in the first quarter of the financial year ending 30 September 2010.

Remuneration Matters (cont'd)

Directors' Fees

The Directors receive basic directors' fees, additional fees for serving as Board Committee members and attendance fees for Board and Board Committee meetings. Shareholders' approval will be sought at the 111th Annual General Meeting of the Company on 28 January 2010, for the payment of Directors' fees amounting to S\$2,555,000 comprising the following:

Directors' Fees	FY09/10 (Proposed) (S\$)	FY08/09 (Approved by Shareholders) (S\$)
Non-Executive Chairman	1,250,000 ⁽¹⁾	1,250,000
Non-Executive Directors' Fees @ S\$75,000 each (last year: S\$75,000 each)	750,000	725,000
Attendance Allowances for Board meetings	130,000	110,000
Transport allowance in lieu of company car	80,000	80,000
Board Committee Fees	345,000	390,000
To be approved at the AGM of the Company	2,555,000	2,555,000 ⁽²⁾

The Directors' fees to be proposed for the financial year ended 30 September 2010 amounting to S\$2,555,000 is the same as that approved by Shareholders for the financial year ended 30 September 2009.

Note:

- (1) Additionally, Mr Lee will receive Directors' fees of S\$150,000 (to be paid by Frasers Centrepoint Limited), in his capacity as non-executive Chairman of Frasers Centrepoint Limited.
- (2) For the financial year ended 30 September 2009, the total amount of Directors' fees approved by Shareholders was S\$2,555,000. Of this amount, S\$2,235,364 was paid.

Accountability and Audit

Principle 10:

The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

F&N prepares its financial statements in accordance with the Singapore Financial Reporting Standards ("SFRS") prescribed by the Accounting Standards Council. The Board presents a balanced and understandable assessment of the Company's performance, position and prospects to the public via the release of its quarterly and full year financial results.

Audit Committee

Principle 11:

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee is guided by written terms of reference, which clearly set out its authority and duties. It has explicit authority to investigate any matter within these terms, full access to and the co-operation of Management, and full discretion to invite any Director or executive officer to attend its meetings. Its main responsibilities are to assist the Board in the discharge of its statutory and other responsibilities in the areas of internal controls, financial and accounting matters, compliance, and business and financial risk management. The Audit Committee has reasonable resources to enable it to discharge its functions effectively.

Audit Committee

The Audit Committee comprises the following four members:

Mr Koh Beng Seng	Chairman
Mr Timothy Chia Chee Ming	Member
Mr Tan Chong Meng	Member
Mr Nicky Tan Ng Kuang	Member

Accountability and Audit (cont'd)

All the members, including the Chairman, are independent non-executive Directors. The members of the Audit Committee are appropriately qualified to discharge their responsibilities. They bring along with them a wealth of experience and expertise relating to accounting and financial management.

The Audit Committee reviews the quarterly and annual financial statements, including key significant financial reporting issues and assessments, to safeguard the integrity of the financial statements and ensure compliance with the requirements of SFRS.

The Audit Committee also approves, on behalf of the Board, the 1st and 3rd Quarter financial statements and corresponding SGX-ST announcements. The Audit Committee recommends to the Board for approval, the half-year and annual financial results and related SGX announcements.

The Audit Committee reviews and approves the internal and external audit plans to ensure the sufficiency of the audit scope. It reviews audit findings and recommendations of the internal and external auditors and monitors the timely and proper implementation of all required corrective, preventive or improvement measures. The Audit Committee also meets with the external and internal auditors without the presence of Management at least once a year.

The Audit Committee reviews and evaluates with the internal and external auditors, the adequacy and effectiveness of the system of internal controls, including financial, operational and compliance controls, and risk management policies and framework.

The Audit Committee recommends the appointment and re-appointment of external auditors to the Board for approval. In so doing, the independence of auditors, and the adequacy of external audits in respect of cost, scope and performance are considered. It also approves their compensation and the terms of their engagement.

During the course of the financial year, the four largest audit firms in Singapore were invited to submit their audit proposals. The Audit Committee reviewed the written submissions of these audit firms and presentations made by three of the four firms. After deliberation, the Audit Committee recommended to the Board the re-appointment of the incumbent auditors. Before recommending their re-appointment, the Audit Committee conducted a review of all non-audit services provided by the incumbent auditors and is satisfied that the nature and extent of such services do not affect their independence and objectivity as external auditors.

The Audit Committee Guidance Committee issued the Guidebook for Audit Committees in Singapore in October 2008. The Guidebook has been distributed to all members of the Audit Committee and the Board. Where appropriate, the Audit Committee will adopt relevant best practices set out in the Guidebook, which will be used as a reference to assist the Committee in performing its functions.

A Whistle-Blowing Policy has been put in place to provide a channel through which employees may report, in good faith and in confidence, any concerns in financial and other matters, and arrangements are in place for independent investigation with appropriate follow-up action.

Internal Controls

Principle 12:

The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Audit Committee, through the assistance of the internal and external auditors, reviews and reports to the Board on the adequacy of the system of controls, including financial, operational and compliance controls, and risk management policies and systems established by Management. The Board is satisfied that the Company's framework of internal controls is adequate to provide reasonable assurance of the integrity, effectiveness and efficiency of the Company in safeguarding its assets and shareholders' investments.

The Board through the Audit Committee reviews the risk profiles of the Company to ensure that robust risk management and internal controls are in place. The Company has adopted an enterprise-wide risk management ("ERM") framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the ERM process. Each significant transaction is comprehensively analysed to understand the risks involved. Financial and operational key risk indicators are in place to track key risk exposures.

An outline of the ERM framework and progress report is set out on page 56.

Accountability and Audit (cont'd)

Internal Audit

Principle 13:

The company should establish an internal audit function that is independent of the activities it audits.

The Company has an Internal Audit Department that is independent of the activities it audits. The Head of Internal Audit, who is a Certified Public Accountant, reports to the Chairman of the Audit Committee functionally and to the Group Company Secretary administratively.

The Head of Internal Audit and most of the internal audit staff are members of the Institute of Internal Auditors, Singapore and the department has adopted and complied with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. To ensure that the internal audits are effectively performed, it recruits and employs suitably qualified staff with the requisite skills and experience. The staff is also given relevant training and development opportunities to update their technical knowledge and auditing skills. The key staff members of the Internal Audit Department also receive Fraud Awareness training and other relevant technical trainings and seminars organised by the Institute of Internal Auditors, Singapore and other professional bodies.

The Internal Audit Department operates within the framework stated in its Internal Audit Charter which is approved by the Audit Committee. It adopts a risk-based audit methodology to develop its audit plans which align its activities to key risks across the F&N Group. Based on risk assessments performed, greater focus and appropriate review intervals are set for higher risk activities, and material internal controls, including compliance with the Company's policies, procedures and regulatory responsibilities. The internal audit plans are reviewed and approved by the Audit Committee.

All audit reports detailing audit findings and the appropriate recommendations are submitted to the Audit Committee for deliberation. A summary of key findings and recommendations are discussed at the Audit Committee meetings. Copies of these reports are given to the relevant Management for their follow-up action. The Audit Committee closely monitors the timely and proper implementation of required corrective, preventive or improvement measures.

The Audit Committee is satisfied that the Internal Audit Department has adequate resource and appropriate standing within the Company to perform its function effectively.

Communication with Shareholders

Principle 14:

Companies should engage in regular, effective and fair communication with shareholders.

The Company engages in regular and effective communication with Shareholders and the investment community, with timely disclosures of material and other pertinent information, through regular dialogues and announcements to SGX-ST. It has a dedicated Corporate Communications team to keep the market and investors apprised of the F&N Group's corporate developments and financial performance through press releases, briefings and meetings. The aim is to provide Shareholders and investors prompt disclosure of relevant information, to enable them to have a better understanding of the Company's businesses and performance. Material information is simultaneously disseminated via announcements to SGX-ST, and posted on the Company's website at www.fraserandneave.com.

Briefings for the half-yearly and full year results are conducted for analysts and the media following the release of the results. Such analysts' and media briefing materials are disseminated through announcements to the SGX-ST and are made available on the Company's website to the public.

The Company's efforts were recently validated and recognised at the Investors' Choice Awards 2009, where it won the Most Improved Award in the Singapore Corporate Governance Award segment, and was runner-up for the Most Transparent Company in the Multi-Industry/Conglomerates category. Organised by non-profit investor rights watchdog, Securities Investors Association of Singapore ("SIAS"), this annual event rewards and recognises public-listed companies for their good corporate governance practices and their efforts at increasing corporate transparency.

Communication with Shareholders (cont'd)

Greater Shareholder Participation

Principle 15:

Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company sends its Annual Report and notice of AGM to all Shareholders. The Company's Articles of Association allow all Shareholders the right to appoint a proxy to attend and vote on their behalf in Shareholders' meetings.

At the Company's AGM, the Board encourages participation from Shareholders. Separate resolutions are proposed for substantially separate issues at the meeting. Shareholders are given the opportunity to raise questions and clarify any issues they may have relating to the resolutions to be passed. Board members and senior Management are in attendance at Shareholders' meetings to address any questions raised. The external auditors are also present to address queries about the conduct of audit and the preparation and content of the auditors' report.

The results of voting on resolutions at Shareholders' meetings are announced to the SGX-ST.

Code of Business Ethics and Conduct

F&N has a Code of Business Ethics and Conduct which sets out the standards and ethical conduct expected of all employees in the course of their employment with the F&N Group. Directors, officers and employees are required to observe and maintain high standards of integrity in carrying out their roles and responsibilities, and to comply with laws and regulations, and company's policies.

Whistle-Blowing Policy

The Group has in place a Whistle-Blowing Policy with a well-defined process to provide an independent feedback channel through which staff may, in confidence and in good faith, raise concerns about possible improprieties in matters of financial reporting or other matters. All cases are independently investigated and appropriate actions taken where required.

Listing Rule 1207 sub-Rule (18) on Dealings in Securities

In compliance with Listing Rule 1207 (18) on Dealings in Securities, F&N issues a quarterly circular to its Directors, officers and employees on the restrictions on dealings in listed securities of the F&N Group:

- in the period commencing one month before the public announcement of the annual results and two weeks before the public announcement of quarterly results, and ending on the date of announcement of the relevant results; and
- at any time while in possession of price sensitive information.

Directors and officers are also directed to refrain from dealing in listed securities of the Group on short-term considerations.

Name of Directors	Age	Academic & Professional Qualifications	Board Committees as Chairman or Member	Directorship: Date first appointed Date last re-elected	Board appointment whether Executive or Non-Executive Whether considered by NC to be Independent	Due for re-election at next AGM
Mr Lee Hsien Yang	52	Bachelor of Arts, Cambridge University, UK (Double First) M Sc. in Management Science, Stanford University, California, USA	Chairman: Board Executive Committee Chairman: F&B Board Committee	06.09.2007 31.01.2008	Non-Executive Non-Independent	-
Mr Timothy Chia Chee Ming	59	Bachelor of Science cum laude in Management, Fairleigh Dickinson University, USA	Chairman: Remuneration & Staff Establishment Committee Member: Audit Committee Member: Nominating Committee	26.01.2006 31.01.2008	Non-Executive Independent	Retirement by rotation
Mr Ho Tian Yee	57	Bachelor of Arts (Honours) Economics (CNA), Portsmouth University, UK Executive Program, Carnegie-Mellon University, USA	Chairman: Nominating Committee Member: Board Executive Committee Member: Remuneration & Staff Establishment Committee	01.12.1997 22.01.2009	Non-Executive Independent	-
Mr Simon Israel	56	Diploma, Business Studies, The University of South Pacific	Member: Board Executive Committee Member: F&B Board Committee	11.01.2007 25.01.2007	Non-Executive Non-Independent	Retirement by rotation
Mr Koh Beng Seng	59	Bachelor of Commerce (First Class Honours), Nanyang University, Singapore MBA, Columbia University, New York	Chairman: Audit Committee	26.01.2006 22.01.2009	Non-Executive Independent	-
Mr Soon Tit Koon	58	Master of Business Administration, University of Chicago, USA Bachelor of Science (Honours), National University of Singapore Advance Management Program, Harvard Business School	Member: Board Executive Committee Member: Remuneration & Staff Establishment Committee Member: F&B Board Committee	31.01.2008	Non-Executive Non-Independent	-
Mr Tan Chong Meng	49	Master of Arts, Industrial Engineering, National University of Singapore Bachelor of Arts, Mechanical Engineering, National University of Singapore	Member: Audit Committee	18.06.2008 22.01.2009	Non-Executive Independent	-
Mr Nicky Tan Ng Kuang	51	Member, The Institute of Chartered Accountants in England and Wales Certified Public Accountant, Institute of Certified Public Accountants in Singapore	Member: Audit Committee Member: Nominating Committee Member: F&B Board Committee	21.10.2003 25.01.2007	Non-Executive Independent	Retirement by rotation

Note:

- (1) Directors' shareholdings in the Company and its related Companies: please refer to page 74
- (2) Directorships or Chairmanships in other listed companies and other major appointments, both present and over the preceding 3 years: please refer to page 10

Name of Key Executives	Age	Academic & Professional Qualifications	Working Experience	Area of Responsibility
Mr Anthony Cheong Fook Seng	55	Associate, The Institute of Chartered Accountants in England and Wales Member, Institute of Certified Public Accountants of Singapore	1982 – 1989 Manager, Corporate Recovery Services, Ernst & Young 1989 – 2001 Company Secretary, CarnaudMetalbox Asia Ltd 2001 Corporate General Manager, Finance Times Publishing Limited	Group Company Secretary Fraser and Neave Group (Date appointed: 1 April 2002)
Mr Koh Poh Tiong	63	Bachelor of Science, University of Singapore	1985 – 1991 General Manager, Asia Pacific Breweries Limited 1991 – 1993 Deputy Group General Manager, Asia Pacific Breweries Limited 1993 – 2008 Chief Executive Officer, Asia Pacific Breweries Limited	Chief Executive Officer, Food & Beverage Fraser and Neave, Limited (Date appointed: 1 October 2008) Director Asia Pacific Breweries Limited Fraser & Neave Holdings Bhd
Mr Lim Ee Seng PBM	58	Bachelor of Engineering (Civil), University of Singapore Master of Science (Project Management), National University of Singapore	1982 – 1989 Project Manager, Singapore Land Ltd 1989 – 1996 General Manager (Property Division), First Capital Corporation Ltd 1996 – 2004 Managing Director, MCL Land Ltd	Director and Chief Executive Officer Fraser Centrepoint Limited (Date appointed: 15 October 2004)
Dato' Ng Jui Sia	57	Bachelor of Business Administration, University of Singapore Associate, The Institute of Chartered Accountants in England and Wales	1978 Investment Officer, Board of Commissioner of Currency of Singapore 1978 – 1980 Audit Assistant, Michael Fenton and Co. 1982 – 1985 Audit Senior/Audit Manager, Price Waterhouse Singapore 1985 – 1989 Regional Financial Controller, MK Electric SEA Pte Ltd 1989 – 1995 General Manager (Hong Kong & South China), Carnaudmetalbox Asia Pacific 1995 – 1999 General Manager, Fraser and Neave, Limited/F&N Coca-Cola (Singapore) Pte Ltd 1999 – 2006 Managing Director, F&N Coca-Cola (Malaysia) Sdn Bhd	Chief Executive Officer Times Publishing Limited (Date appointed: 15 July 2006) Director Times Publishing Limited (Date appointed: 31 August 2006) Director PMP Limited (ASX listed company in Australia) (Date appointed: 29 November 2007) Director Fung Choi Media Group Ltd (Date appointed: 24 August 2009)
Mr Roland Pirmez	49	Master Degree in Brewing Engineering, Universite Catholique de Louvain Bachelor Degree in Agriculture Engineering, Universite Catholique de Louvain	1995 – 1998 Managing Director, Heineken Angola 1998 – 2002 Managing Director, Thai Asia Pacific Brewery 2002 – 2008 Chief Executive Officer, Heineken Russia	Director and Chief Executive Officer Asia Pacific Breweries Limited (Date appointed: 1 October 2008)