

Corporate Social Responsibility

Our vision is to be a world-class multi-national enterprise based on our ability to create and build long term sustainable value to our stakeholders, responsibly.

The F&N Group is committed to conduct our business activities in a way that fulfills our social responsibilities with respect to the environment and community in which we operate, consumers and our people. In addition to raising our corporate value through our three businesses, the Group also considers its role in society to ensure we make meaningful contributions to various social issues.



Environment

F&N continues to integrate environmental best practices into our three businesses. We do so by conserving and protecting global resources through management of water, energy and paper consumption throughout our operations.

Times Printers, our printing division, became the first web offset printer in the region to adopt alcohol-free printing, eliminating environmental and health impacts of alcohol dampening solutions. Beating 16 countries, it won the prestigious *Best Environmental Printer Award* this year. It has also embarked on improvement projects to achieve *Process Standard Offset* certifications, *Forestry Stewardship Council/Programme for Endorsement of Forestry Certification Change of Custody* certifications across all the key printing plants.

As part of its commitment to environmental conservation, Times Printers has implemented a policy of recycling and ensuring clean emissions. Measures include treating and disposing waste products or by-products in compliance with existing local environment legislation. With this move, all products printed by Times Printers now bear a label that allows individuals to recognise products that support the growth of responsible forest management worldwide. To ensure sustainability, Times Printers actively proposes to new and existing clients to use these certified products.

For the fourth consecutive year, F&N Beverages Malaysia jointly organised *Kempen Kitar Semula* with the Shah Alam City Council (MBSA) to inculcate in school children the importance of practicing the 3Rs (Reduce, Reuse and Recycle) and to be more responsible towards Mother Earth. The programme was expanded to the East Coast in May 2010 when a maiden venture was launched with the Kuantan City Council. To date, a total of 123 primary and secondary schools have participated and yielded over 450,843 kg of recyclable materials.

F&N Dairies Thailand was certified *ISO 14001* for its compliance with environment legislation; a recycling mindset was reinforced among employees, and the plant's water and paper usage, and general waste and packaging materials, were each reduced by 5%. With the use of natural gas and the installation of utility meters to monitor energy usage efficiency, overall energy consumption was reduced by 3%.

For its green efforts, Singapore's *Northpoint* received the *Certificate of Appreciation* by National Environment Agency for sponsorship, support and participation in Recycling Week 2010, as well as the Bronze Award in the *BCA Universal Design Award* for Built Environment 2010 (Refurbished Building Category) by Building & Construction Authority.



Central Park, Sydney

Spectacularly located 'downtown', at the southern edge of the Sydney CBD, *Central Park* is a A\$2b urban village with a beautiful, spacious park at its heart – an exceptional destination for living, working, meeting friends, shopping, dining out and relaxing.

Designed by a world-leading team of architects in Sydney, London, Paris and Copenhagen, *Central Park* will include 11 buildings, 2,000 apartments and a lively collection of shops, cafes, restaurants, laneways, terraces and offices development. It is set to transform the old Carlton United Brewery in Chippendale into an intelligent interplay of buildings and public spaces, raising the benchmark for sustainable urban living globally.

With a \$100m investment in 'green' technologies, *Central Park* aims to achieve a minimum five-star environmental rating for each building. This will raise the bar for sustainable city living not just in Sydney, but globally. Characterised by its rooftop gardens, water tanks, solar panels and smart-metering systems, *Central Park* is pioneering a number of Australia-first innovations, such as zero net greenhouse gas emissions for all operational energy use. *Central Park* will also be Australia's greenest urban village, housing its own on-site tri-generation energy plant. This energy source will supply electricity, heating and cooling using ingenious 'green transformers' powered by natural gas. The ambitious goal: an urban community emitting zero net carbon in operation. Water tanks and tri-generation plants will also export excess water and electricity to nearby neighbourhoods in a remarkable display of self-sufficiency. Currently, 93% of all demolition waste has already been recycled, making *Central Park* one of the largest recycling projects in Australia – not bad for a development that covers 5.8 hectares in size.

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Community

Charity Events

In Singapore, Frasers Centrepoint Malls ("FCM") embarked on a series of charitable events, including raising S\$30,000 for the Movement for the Intellectually Disabled of Singapore, thereby setting a new Guinness World Record by creating a 5.1-metre-tall Festive Cupcake Tower made of 2,318 chocolate and vanilla cupcakes which was sold to raise funds. Its efforts garnered a *Corporate Bronze Award* from the Community Chest. FCM was also a *Supporter of Christmas Light-Up Switch-On Ceremony 2009* by Community Chest, and worked with Frasers Hospitality to raise more than S\$20,000 for The Marymount Centre, a home for young girls.

Frasers Commercial Trust's ("FCOT") Central Park office tower in Perth hosted the *2010 Enerflex Step Up* for the fourth year in support of the Multiple Sclerosis Society of Western Australia. Attracting over 700 participants who took part in the stair-climbing competition which finished on the building's rooftop, FCOT raised a total of A\$130,000 which will help fund research on multiple sclerosis.

Magnolia celebrated the goodness of milk on World School Milk Day in September 2010 with Northlight School. We donated 6,800 packs of milk to the school to raise funds for needy students.

Education

Fraser & Neave Holdings Berhad ("F&NHB") continued in its 8th year to reward children of employees for academic excellence in public examinations and those who have gained entry to tertiary institutions locally or abroad. Since 2003, a total of 1,267 children have received a total of RM1,500,967. Of these, a total of 18 are currently pursuing tertiary education. F&NHB continues to encourage computer literacy among underprivileged youth by providing computers, furnishings and training for children by F&N volunteers.





Sports and Youth

FCM was a proud sponsor of Singapore's first-ever Youth Olympic Games 2010, with various events held at the malls to generate awareness of the Games within the community.

In line with the Soft Drinks Division to promote an active lifestyle, our leading isotonic drink brand *100PLUS* collaborated with The Straits Times to launch the *100PLUS Straits Times Sports Award* to raise the profile and awareness of our local athletes. We also honoured athletes who have outdone themselves through their contribution, performance and achievement to make both their sport and Singapore proud. Our strategic alliances with the Singapore Health Promotion Board, Singapore Sports Council and schools will continue as part of the total marketing effort to drive home the importance of adequate hydration.

Likewise in Malaysia, the *100PLUS Thomas Cup 1 Million Support* campaign was rolled out to give Malaysians an opportunity to show their support for the nation's badminton team. *100PLUS'* commitment to the sports fraternity was further sealed with a three-year agreement with the Malaysian Hockey Federation for the title sponsorship of the *100PLUS Tun Abdul Razak Cup*. The Razak Cup is one of the oldest and most prestigious domestic competitions in the country held annually since its inception in 1963. These sponsorships reinforce *100PLUS'* position as the preferred isotonic beverage of the sporting community.

In support of the local youth culture, *F&N Sparkling Drink* was proud to inject vibrancy into the local dance scene and support our youth by presenting the Singapore heats of the inaugural *Dance Delight*, hailed as the first international street dance competition of its calibre.



Arts and Heritage

A longstanding supporter of the local arts scene, Frasers Hospitality sponsored a total of S\$324,000 worth of accommodation for overseas artistes who performed in Singapore. These performances included *Beauty & The Beast*, *Animal Farm*, *Boeing Boeing*, *Dance Fest 2009*, *The International Kids Performing Festival* and *Barney's Space Adventures*.

Adding to our list of accolades in recognition of our support for arts and heritage, one of our properties, *Robertson Walk*, received the *2010 Arts Supporter Award* by National Arts Council, and FCM was honoured with a *Friend of Heritage* at the Patron of Heritage Awards 2009 by National Heritage Board.

Over at the *Central Park*, Sydney development site, the Group also supported the arts by converting a vacant warehouse space to a multi-media arts space. *FraserStudios* provides free residence to local artists, and offers regular open days and events for the community.



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Consumer

For our efforts in creating family-friendly shopping environments, Frasers Centrepoint Malls has had the honour of being the only group of malls in Singapore to be accredited the *Businesses For Families Mark* from Singapore Productivity Association.

As a strong supporter and partner of the Singapore Health Promotion Board ("HPB") since 2007, F&N helps to educate Singaporeans on the importance of staying healthy through the knowledge of good nutrition, healthy eating habits and adopting an active lifestyle. The close collaboration has enabled us to roll out meaningful programs to reinforce what the F&B division stands for - healthy enjoyment. F&N has also pledged to support HPB's Healthier Food Choices Commitment by rolling out more Healthier Choice Symbol products in the next three years in line with our F&B philosophy to deliver *Pure Enjoyment. Pure Goodness* to our valued consumers.

Aimed at introducing the virtues of reading to children in schools, *Magnolia* supported The Straits Times Little Red Dot Reading programme. F&N believes that in providing the nutritional fundamentals to nourish the minds of young Singaporeans, the books they read become building blocks that lay the foundation with which they can build their dreams upon.

Asia Pacific Breweries ("APB") continued to benchmark itself against competitors in all channels and segments of the market. To this end, we launched *Project Homeground*, an initiative to help raise service standards among our promoter agents and improve the consumption experience of our consumers.

Identifying a growing trend towards binge drinking among young adults, APB spearheaded a youth-oriented initiative to promote responsible drinking. Titled *Get Your Sexy Back*, it is a youth-led anti-binge drinking initiative that aims to increase awareness of the negative effects of binge drinking and promote responsible drinking behaviour by raising the social currency of moderation. Started in 2007, phase 3 of the campaign was launched in December 2009 based on activities and events (broadly categorised into the platforms of Sports, Music, Fashion and Friendship) that appeal to young adults.

Fronted by a committed team of young Volunteer Ambassadors who help spread the campaign message to tertiary institutions across Singapore, the programme now has a strong following of over 5,400 supporters and more than 1,700 fans on Facebook. In addition, APB continues to support the Traffic Police Anti-Drink Drive Campaign and has done so since 1995. This year, APB piloted the *Drive Me Home* campaign to encourage drivers drinking at popular nightspots to engage valets to send them home. Drivers received a coupon granting them a \$5 discount off the service.



Human Capital Management

SUSTAINABILITY THROUGH INNOVATION

“Innovation need not be something totally new or big, it can be a small change that creates a big impact.”

- Group Chairman, Mr Lee Hsien Yang



Launch of the F&N Group-wide iTAL attended by senior management and staff

Driving Innovation for Sustainability with the launch of F&N Group iTAL

F&N's Corporate Human Resource in support of the Group's strategic focus on innovation to fuel and sustain our future growth launched the **Innovation Through Action Learning ("iTAL")** initiative on 16 June 2010.

iTAL is based on the principles of Action Learning which involves a small group working on real and urgent problems, taking action, and learning as individuals and as a team while doing so through the intervention of an Action Learning Coach. Action Learning is fast gaining popularity as a powerful methodology used by major MNCs around the globe for driving innovation, solving problems, generating creative ideas/products and developing new generation leaders.

F&N has adopted iTAL as the key methodology to drive innovation and problem-solving and this has been endorsed by the CEOs of our three core businesses (Food & Beverage Division, Frasers Centrepoint Limited & Times Publishing Limited).

The F&N Group iTAL initiative was officially launched by Group Chairman, Mr Lee Hsien Yang and attended by CEOs and over 190 senior management representatives from the three business units, both locally and from overseas.

In his address, Group Chairman stressed on the importance of staying innovative in today's highly competitive business environment through candid yet insightful real-life examples. Group Chairman also said that innovation is everyone's responsibility and F&N needs to continue to innovate so that we can secure the sustainability of our businesses and existence of the Company in the new economy.



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Group Chairman delivering his keynote address at the iTAL launch



Group Chairman launching the F&N Group iTAL

The launch was followed by presentation of iTAL plaques by Chairman to the Business Unit CEOs and Corporate Heads, signifying their strong support and commitment to iTAL.

The Business Unit CEOs subsequently launched iTAL at their respective Business Units which was followed by the iTAL workshops by Professor Michael J Marquardt, the author and global expertise in Action Learning.

F&N Group iTAL Coaches (Pioneer Cohort)

Further to the F&N Group iTAL launch and the series of introductory workshops for senior management held in June, F&N welcomed our first cohort of 24 iTAL Coaches who had completed their coach training and been certified to be internal F&N iTAL Coaches. The iTAL Coach is an integral component and key success factor in iTAL initiatives and the Group aims to develop a critical pool of internal Coaches to serve within their respective business units.

The iTAL Coach training has also been incorporated into the Group's overall Human Capital Development plan to help these coaches further develop their leadership competencies.

Follow-up on iTAL at Business Units

Since the iTAL launch in June, business units within the Group have started embarking on their respective iTAL journeys and incorporated it into various aspects of their Human Capital development initiatives as well as business operations.

Food & Beverage

The Food & Beverage Division started using iTAL as the key methodology to generate innovative solutions to pressing issues faced by the division. Employees found that problem-solving using iTAL generated a more positive and creative team working environment.

Right: Business Unit iTAL launches by CEO-F&B, CEO-FCL, CEO-TPL

Left: Business Unit CEOs & Corporate Representatives receiving the iTAL plaques from Chairman





Properties

Fraser's Centrepoint ("FCL") has incorporated iTAL into its overall innovation framework, the Innovation DNA which will drive innovation for the FCL Group both locally and overseas. iTAL will be used as the key methodology to generate specific ideas, strategies and solutions for the various innovation initiatives.

Publishing & Printing

Times Publishing Group will be using iTAL to help develop new strategies / ideas to better compete in the highly competitive printing and publishing market and also to improve operational capabilities.



Brewery

Myanmar Brewery ("MBL") found iTAL to be a very practical and useful tool in both generating innovative solutions and developing leadership capabilities at the same time. MBL will be launching iTAL in December 2010.

F&N Malaysia

F&N Group Malaysia will also be launching iTAL for its group of subsidiary companies in Malaysia in January 2011. iTAL will be used as one of the key drivers for innovation and problem solving in the Malaysian operations. It will also tie in with their overall human capital development initiatives.



The F&N Group iTAL together with the Group's existing Total Performance Management System (which includes Career Development & Succession Planning), Human Resource Policies and Training & Development Initiatives (Management Development Programme, MDP Alumni Programme etc.) not only ensures alignment and consistency across the various business units of the F&N Group, it will also ensure continuity of innovation (through our Human Capital) and sustainability of the Group's survival in the future.

iTAL workshops attended by key staff from Properties, Food & Beverage and Publishing & Printing businesses

F&N Group's first cohort of 24 iTAL Coaches



Enterprise-wide Risk Management

Role of Risk Management

The role of risk management is to ensure risks are properly identified, assessed, controlled and mitigated, so as to safeguard shareholders' value and to steer the Company to the next level of growth. Fraser and Neave, Limited, ("F&N" or the "Company") achieves these objectives through having a risk management framework that encompasses all key areas of our operations.

Risk Management Process

F&N Enterprise-wide Risk Management ("ERM") is built on a web-based Corporate Risk Scorecard system, where Management reports risks and risk status using a common platform and in a consistent and cohesive manner.

Risks are reported and monitored at the operational level using a Risk Scorecard which captures risks, mitigating measures, timeline for action items and risk ratings.

Where applicable Key Risk Indicators ("KRIs") are established to monitor risks.

For risks that are material, the mitigating measures and KRIs are highlighted in the Key Risk Dashboard for Management's discussion and review on a regular basis.

There are three levels of risk reporting: Operating Units reporting into Subsidiary which in turn reports to Business Unit and finally F&N Group ("Group").



Risks are reviewed and managed at each level of reporting and consolidated for review at the next higher level, before they are escalated for review at Group level.

Risks are reviewed at least twice a year and some businesses review them more regularly. A risk coordinator is appointed for each entity whose role is to facilitate risk reporting.

Risk Update

Risks are reported and monitored at the scorecard level and grouped under the following risk categories for the purpose of management reporting.

- Reputational risks
- Strategic risks
- Country and political risks
- Currency and interest rates risks
- Commodity risks
- Property risks

At the end of each Financial Year, an annual risk validation session is held for Senior Management of the Business Units to provide assurance to the Audit Committee that the Key Risks have been adequately identified and managed.

F&N also seeks to benchmark its ERM programme against industry best practices and standards. In assessing areas for improvement and how the ERM processes and practices can be strengthened, reference was made to the best practices in risk management set out in the Guidebook for Audit Committees in Singapore issued by the Audit Committee Guidance Committee in October 2008 and the ISO 31000 standards on risk management.

As effective risk management involves the collective effort of all employees, ERM and Business Continuity Plan ("BCP") awareness workshops were conducted for new staff and refresher programmes organised for existing staff to maintain a high level of risk awareness.

Key Risks in Financial Year 2009/2010

During the last financial year, the key categories of risks faced by the group are summarised as follows:

Strategic and Commodity Risks

The strong economic recovery in Asia coupled with unanticipated hike in commodity prices, and the increased pace in digital transformation posed new challenges to businesses across the Group. The Group closely tracked new developments and the effectiveness of its strategies so as to sustain its competitiveness.

It also faced commercial and operational challenges arising from growth through acquisitions and changes in key collaborations with business partners. Business plans and strategies formulated to manage such issues were regularly monitored and reviewed for their effectiveness.

Country and Political Risks

With geographical presence in more than 20 countries, the Group recognised the importance of maintaining a consistent and cohesive ERM programme and continued its effort to roll out such an ERM programme including BCP to newly acquired overseas business units. For existing operations, BCP was strengthened and regular BCP tests were conducted to test the effectiveness of the plans.

The Group also maintained close working relationships with local business partners and authorities to keep abreast of political developments, and changes in the regulatory framework and business environment in which entities of the Group operate.