

DELIVERING VALUE THROUGH SOCIAL COLLABORATION, HUMAN CAPITAL DEVELOPMENT AND INNOVATION

ECONOMIC VALUE

F&N strives to deliver sustainable long-term value for its stakeholders. We are achieving this by maintaining leadership positions in our core markets. We are investing in our brands positions, leveraging on innovative technologies and our employees' expertise to improve existing and roll out new products that are delicious and of high-quality that meet the nutritional needs of our consumers.

This section presents a snapshot of our economic performance, which provides us with a firm foundation to continue delivering the products that our consumers love. F&N's contribution to economic development in the local communities where we operate is highlighted in the Market Presence section.

In the Innovation section, we share our approach to ensuring our brands stay relevant to consumers, through improving existing products and introducing new products and packaging. Each year we become increasingly more aware of how we can innovate to maximise positive impacts - and minimise negative impacts - of our products and processes, and in this section, we highlight the initiatives we are implementing to achieve this.



Material issues covered

1. **M01 Economic Performance**
GRI 201-1 Economic Performance

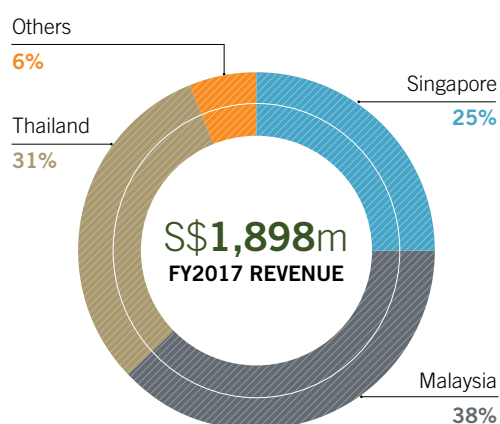
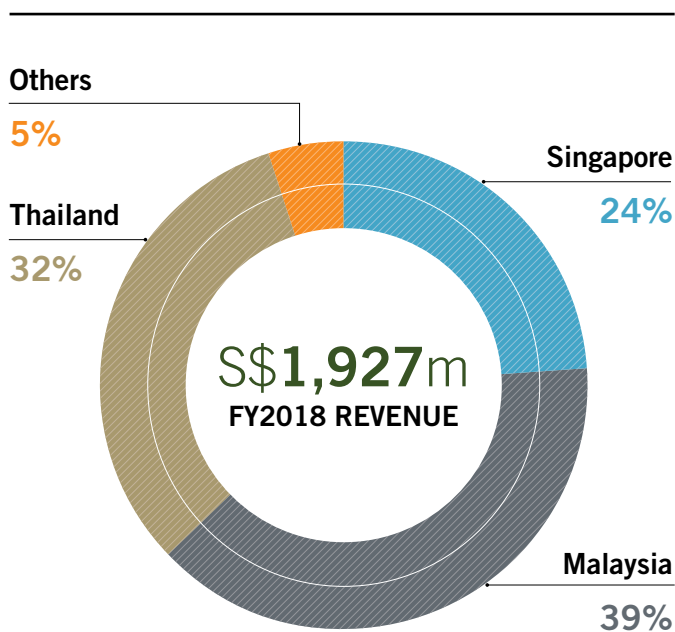
2. **M02 Innovation**

SDGs mapped to

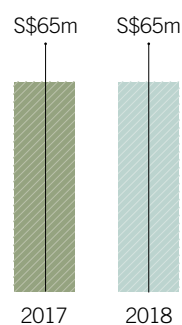


ECONOMIC PERFORMANCE

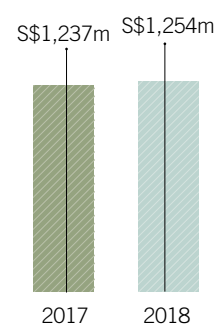
Our economic performance is managed as part of our business strategy. For a more in-depth discussion, please refer to our Annual Report.



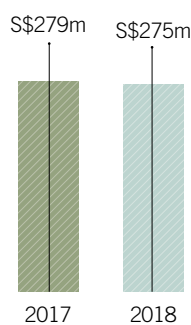
DIVIDEND



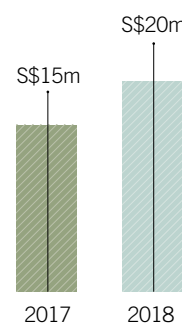
COST OF SALES



EMPLOYEE BENEFIT EXPENSES¹



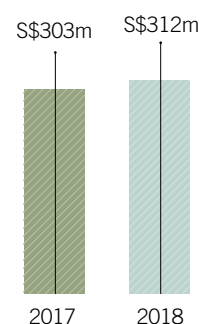
TAXATION



PROFIT AFTER TAX



ECONOMIC VALUE RETAINED³

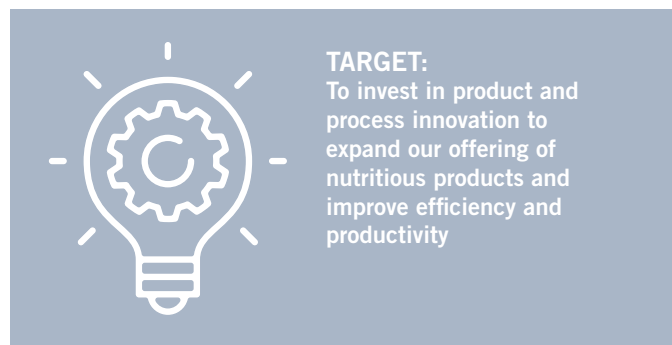


Notes:

- Employee Benefit Expenses comprises Staff Costs, Employee Shared Based Expenses Defined Contribution Plans and Defined Benefit Plans
- 2017 Profit After Tax included a S\$1.2m fair value gain recognised when the Group first equity accounted for its share of Vinamilk profits in April 2017
- Economic value retained = Direct economic value generated (Revenue) less Economic value distributed (Cost of Sales, Employee Benefit Expenses, Taxation, Dividend). Community investments are not included

ECONOMIC VALUE

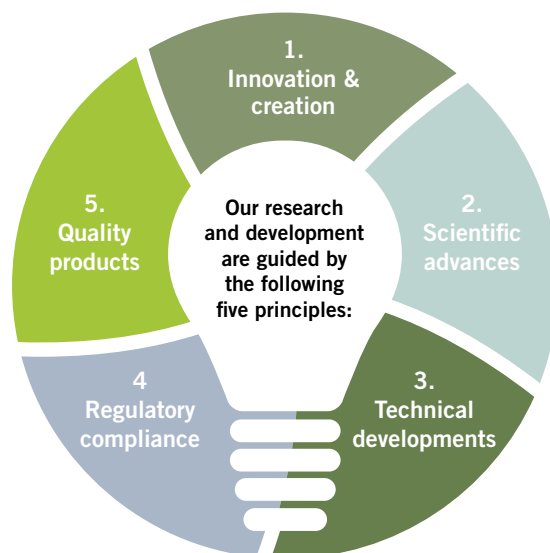
INNOVATION



Innovation is central to our business, and central to maintaining sustainable value creation. This is as true now as at any point in our 135-year history. We are continuously leveraging on innovation to deliver value through new and unique product offerings to meet consumers' evolving needs toward healthier beverage choices, convenience and affordability. Through innovation we also improve the operational efficiency of our manufacturing processes and better manage our impacts on the environment.

Our Approach

Our R&D unit, based in Singapore with teams in Malaysia and Thailand, drives the creation of great new products that our consumers love. The unit also leads efforts for continuous improvements to our manufacturing and logistical processes. In this section, we share our approach and FY2018 highlights of delivering consumer-based innovation, enhancing process innovation and encouraging employee-driven innovation.



- **Innovation & creation** of products and packaging based on sensory science (a scientific method of measuring and interpreting consumers' response to prototypes/products based on the senses of taste, smell and touch).
- **Scientific advances** for application in our processes and products.
- **Technical developments** that support quality improvement and cost optimisation.
- **Regulatory compliance** of our local and export business.
- **Quality products** that meet food safety standards.

Our Innovative Framework		
Priority Areas	External Collaboration	Innovation Culture
Continuous improvement to deliver high-quality innovative beverage products to consumers.	Collaborate with authorities such as Singapore's Health Promotion Board (HPB), Agri-Food & Veterinary Authority (AVA), Ministry of Health, Federation of Malaysian Manufacturers (FMM) and Thailand's Food and Drug Administration (FDA) to adhere to food safety regulations and support national health priorities.	Develop products based on scientific research, consumer insights and tastes relevant to evolving Asian lifestyles.
More new products to expand our target consumer groups.	Collaborate with research institutes to access cutting-edge research and scientific studies to discern the efficacy of our products.	Constantly refine our products to meet the changing needs of consumers and ensure consistent delivery of good taste and the right nutritional values.

Consumer-Focused Innovation

At F&N, we continuously deliver new and unique product offerings while focusing on meeting consumers' evolving needs toward healthier choices, flexibility and affordability. We strive to continue to deliver our "Pure Enjoyment, Pure Goodness" promise to our consumers by offering healthier options and more convenience without compromising on taste.

We draw upon local knowledge of consumer preferences to develop products that meet our customers' needs. Our new products are thoroughly tested before they reach the shelves to ensure that they are safe for our consumers and of the highest quality.

New products launched during FY2018 provided our customers with healthier options while the improved packaging cater to the various occasions and needs of our consumers.



We continuously deliver new and unique product offerings while focusing on meeting consumers' evolving needs toward healthier choices.



NEW products in FY2018

Singapore

- *F&N Sarsi Zero* (H)
- *F&N Orange Zero* (H)
- *F&N Lychee Pear* (H) (Limited Edition)
- *F&N MAGNOLIA Plus Lo-Fat Hi-Cal UHT Milk with Oats* (H)
- *100PLUS Zero Sugar* (H)
- *F&N NUTRIWELL Snow Pear with Red Dates* (H)
- *F&N NUTRISOY with Walnuts* (H)
- *F&N SEASONS White Chrysanthemum Tea No Sugar* (H)
- *F&N FRUIT TREE Fresh Apple & Aloe Vera 50% Less Sugar & Calories Juice* (H)
- *F&N FRUIT TREE Fresh Orange 50% Less Sugar & Calories Juice* (H)

(H) – Healthier option

Malaysia

- *100PLUS Reduced Sugar* (H)
- *100PLUS Blackcurrant* (H)
- *100PLUS ACTIVE Powder*
- *F&N ICE MOUNTAIN Drinking Water* (H)
- *F&N Lemon Lime Sparkling Drink*
- *F&N SEASONS Juice – Mango, Apple, Lychee and Orange*

Thailand

- *CARNATION Plus Sweetened Condensed Milk*
- *F&N MAGNOLIA Barista 100% Pasteurised Milk*

Healthier Options

We invest heavily in the development of healthier products. Our R&D labs were established to develop products that are both nutritious and delicious. Our R&D team also constantly seeks to innovate to find the best solutions for our customers. One of our main focus area is reducing sugar content in our beverages. This year we continued to make strong progress year-on-year: in 2004, our beverages contained on average 8.7g of sugar per 100ml and this has fallen by 31% to 6.0g/100ml in 2018.



We invest heavily in the development of healthier products.

ECONOMIC VALUE

We launched ten new products in Singapore in FY2018, each of which was awarded the Healthier Choice Symbol (“HCS”) by the Health Promotion Board (“HPB”).

1 F&N Sarsi Zero and F&N Orange Zero:

The same great taste as the regular range, an all-time favourite, *F&N Orange* and *F&N Sarsi*, minus the sugar.

F&N Lychee Pear:

A unique combination of flavours, the limited-edition *F&N Lychee Pear* is the perfect drink to pair with traditional celebratory dishes.

2 F&N MAGNOLIA Plus Lo-Fat Hi-Cal UHT Milk with Oats

is higher in calcium and lower in saturated fat than regular milk. In addition to carrying the HCS, the new variant is also halal certified. Rich in dietary fibres, minerals and vitamins, oats have long been associated with health benefits. For example, beta-glucan contributes to a decrease in blood pressure

and it is recognised to have cholesterol-lowering properties and helping to care for the heart. Regular intake of oats is also connected to improvements in gut health and satisfies hunger due to its high fibre content.

3 F&N NUTRISOY with Walnuts:

F&N NUTRISOY welcomes a new variant to its range of Healthier Choice soya milk drinks - *F&N NUTRISOY* with Walnuts is calcium-rich, cholesterol free, low in Glycaemic Index and low in sugar and saturated fat. It is also a good source of protein, Omega-3 and Vitamin E. In addition to carrying the HCS, our *F&N NUTRISOY* range is halal-certified and suitable for vegetarians. It is also supported by the Singapore Heart Foundation as a heart-friendly drink.

4 F&N SEASONS White Chrysanthemum Tea No Sugar

is unsweetened, with no sugar and contains no artificial flavouring, preservatives and colouring.

5 100PLUS Zero Sugar:

the latest addition to the *100PLUS* range of drinks serves up a thirst-quenching electrolyte drink. *100PLUS Zero Sugar* offers zero calories in a daily functional electrolyte drink that is both refreshing and delightful. The electrolytes in *100PLUS Zero Sugar* replenish minerals such as sodium and potassium.

6 F&N NUTRIWELL Snow Pear with Red Dates:

F&N NUTRIWELL's latest addition is freshly brewed with natural ingredients to restore balance in the body. Red Dates, also known as jujube, is a

traditional ingredient used by generations for over 3,000 years and are recognised for health benefits and antioxidant properties. Freshly brewed for wellness within, it has 25% less sugar and is certified 'Healthier Choice' by the HPB.

7 F&N FRUIT TREE Fresh Apple & Aloe Vera 50% Less Sugar & Calories Juice

is ranked the lowest sugar apple juice drink in Singapore. In addition, this new 50% less Sugar and Calories juice range also carries the HCS by the HPB and taste as great as the regular ones. These juices are high in Vitamin C, making them the healthier choice for all who want a boost of antioxidants. Just 2 servings of these juices deliver 100% of the Recommended Dietary Allowances (“RDA”) of Vitamin C to help maintain the immune system. The *F&N FRUIT TREE*



Fresh Apple & Aloe Vera 50% Less Sugar & Calories Juice contains vitamins B1 and B6, while the *F&N FRUIT TREE Fresh Orange 50% Less Sugar & Calories Juice* contains vitamins A and E.

100PLUS

Our R&D team succeeded in developing a new formula for the 100PLUS range in Malaysia. This included a new option of 100PLUS Reduced Sugar which has sugar content of only 4g/100ml, does not contain any artificial sweetener and has become the lowest sugar carbonated isotonic drink in the market.

Following the reformulation, we are proud that our full range of 100PLUS products have been awarded the Healthier Choice Logo by the Malaysia Ministry of Health. Our *FARMHOUSE Fresh*, *OYOSHI Green Tea*, and *F&N MAGNOLIA Lo-Fat Hi-Cal Milk* products have also received this endorsement.

F&N ICE MOUNTAIN

The Group also broadened its healthier product portfolio with the introduction of the new *F&N ICE MOUNTAIN* Drinking Water, produced at the newly installed water line at the Shah Alam plant.

"From here forward, each beverage in our portfolio will trail along as we are committed to offer our consumers the best. 100PLUS will also make headway as a healthier beverage among consumers who are not only active in sports but live an active lifestyle too. Now everyone can enjoy 100PLUS as a healthier choice of beverage with a lower amount of sugar content."

- Graham Lim, Vice-President, Brand Marketing



8 100PLUS ACTIVE Sachets

Increased Convenience

We have been differentiating our products and packaging to cater to the various needs of our consumers. In response to our consumers' demand for greater convenience and flexibility, we have launched 100PLUS ACTIVE in powder

sachets which are convenient for people who are constantly on the go. Malaysian athletes who recently competed at the Gold Coast Commonwealth Games used the 100PLUS powder sachets to meet their hydration and energy needs while contending at high-level competition.

9 F&N Healthier Choice Variety Pack

In Singapore, we launched the F&N Healthier Choice Variety Pack, a selection of four beverages which have been certified Healthier Choice by the Health Promotion Board. *F&N SEASONS Ice Lemon Tea Reduced Sugar* and *F&N SEASONS White Chrysanthemum Reduced Sugar* are healthier, lower in sugar variants of the ever-popular flavours at festive celebrations, while the newly launched *F&N Orange Zero* and *F&N Sarsi Zero* provide the taste of nostalgia as the zero sugar options of the childhood favourites.

We are conscious of our responsibility to manage the environmental impacts associated with our product packing. We have implemented innovative processes to reduce the PET resin packaging of key products (as detailed on pg. 28), and we are continuously seeking solutions to go even further in reducing our post-consumption waste (as detailed on pg. 46).



ECONOMIC VALUE



Our R&D teams continuously seek to improve the efficiency of our operations.

Process Innovation

Our R&D teams continuously seek out the most up-to-date technical and scientific advances to improve the efficiency of our operations while minimising environmental impacts. Such examples over the past year included the implementation of innovative technologies to reduce post-consumption waste, digitising processes to enhance efficiency and improving fleet efficiency and safety.

Future-Ready Investments

We have invested approximately S\$70 million in capital expenditures to elevate our product innovations and cost competitiveness. Process innovation projects implemented included:

- 600bpm water line, Shah Alam
- Sweetened condensed milk pouch & tube filling line, Rojana
- Combi blow, mould & filling machine, Shah Alam
- Cold aseptic PET line & warehouse, Shah Alam
- Debottlenecking programme at dairy plant in Pulau Indah
- Mineral water plant expansion, Bentong

Reducing Packaging Material

The new Polyethylene Terephthalate (“**PET**”) line at the Shah Alam plant has been producing *100PLUS ACTIVE* one litre pack, *F&N SEASONS* tea range, and *OYOSHI* since March 2018. Employing the latest technology, the new line allows the use of thinner, lightweight containers, thereby reducing the use of PET resin packaging material by 40%. The line is also able to maintain a sterile environment within the aseptic chambers for 156 consecutive hours, equating to less production downtime and eliminating microbial contamination.

The state-of-the-art line also provides for longer product shelf life with less flavour loss and flexibility in bottle design due to the ambient filling. The commissioning of the new line will further accelerate F&NHB's expansion into new offerings in the near future.

Digital Efficiency

We are continuously seeking opportunities to enhance the efficiency of our processes through the use of the latest digital technologies. In July 2018, we implemented electronic proof of delivery (“**ePOD**”) in Malaysia which eliminated the need for our drivers to submit hardcopies of invoices. With ePOD, drivers use their smartphones to send signed invoices upon the delivery of goods. Our SAP system is updated real-time once our customers receive their product, thereby improving the efficiency of our revenue recognition process.

Improving Fleet Efficiency and Safety

During the past year, we have made great strides in enhancing the efficiency and safety of our fleet management process through improved dispatching. Our Vehicle Management System (“**VMS**”) maximises the usage of warehouse loading bays at our F&NBM factory and assigns each truck with its own designated waiting area, thereby increasing safety at the bays as truck traffic is reduced. The VMS generates various reports which are used for monitoring purposes, including total trucks in the bay per day, total trucks loaded by checker and the duration of loading of trucks by bay/checker.

Employee-driven Innovation

At F&NHB, employees are encouraged to improve their current work practices through process and product innovation. At the “Winning as One” convention (running for the past eleven years in Thailand) and the “Excel as One” convention (running for the past four years in Malaysia), various teams present their ideas on enhancing productivity, cost savings and/or product quality. This year, the teams presented innovations that would improve productivity and deliver cost savings totaling approximately S\$3 million per annum.

WINNING AS ONE (“WAO”) CONVENTION



WAO is an annual convention in Thailand to promote continuous improvement in productivity, quality, cost, delivery, safety, ethics and environment and create innovative cost-savings initiatives.

Held on 6th July 2018, this convention has successfully identified solutions which will result in a cost savings of THB14 million (approximately S\$600,000) per year.

Themed “Step into World Class Manufacturing”, F&N Dairies Thailand is determined to maintain an excellence performance and continual development towards being the best in Innovation in the Food and Beverages industry.

This year’s convention involved more than 200 people and served as a conducive platform for employees to share their best practices with their colleagues from F&NHB Malaysia and Thai Beverage.

The winning team this year devised a systematic approach to reduce machine breakdown at KLIKLOK Line 2. They analysed breakdown by using QC technique to find out root causes and set action plan to reduce breakdown of KLIKLOK machine. Through the project, machine efficiency has increased from 90% to 92%.



Employees are encouraged to improve upon current practices through process and product innovation.

ECONOMIC VALUE

EXCEL AS ONE (“EAO”) CONVENTION



The annual EAO convention in Malaysia took place on 5th September 2018. Our theme this year was “Transformation of Manufacturing Innovation Excellence Towards World Class Quality & Lowest Cost”. The theme is a continuation of last year’s: “Manufacturing Excellence towards Lean and Innovation”. Ahead of the convention, participants presented initiatives that would enhance quality and reduce resource consumption, resulting in lower costs and increased competitiveness.

There were 225 participants from our F&N Dairies Manufacturing in Pulau Indah and F&N Beverages Manufacturing located in Shah Alam, Bentong & East Malaysia. The teams generated innovative ideas and lean practices that can be incorporated into our daily activities. Such as managing water consumption through the installation of automatic water-level control valves in the feed tank.

The total cost savings of the initiatives identified by the teams that participated at the 2018 EAO convention is about S\$3 million per annum.

The winning team of Innovative Creative Circle this year successfully reduced the downtime of flanging section at Pulau Indah plant from four hours to one hour, saving about S\$73,000. Their innovation will also help to reduce the rejection of materials during production.

EMPOWERING OUR PEOPLE

The success of F&N is driven by our talented and dedicated workforce. We strive to empower our employees through a supportive corporate culture and comprehensive Human Capital Management approach. In this section we describe the core elements of our Talent Management strategy, which is driven by our *Human Capital Roadmap 2020* and *Seven Modules for Strategic Human Capital Transformation*.



Material issues covered

- 1. **M04 Talent Management**
GRI 401-1, 401-2 Employment
GRI 404-1, 404-2 Training and Education
- 2. **M05 Market Presence**
GRI 202-2 Market Presence

SDGs mapped to



EMPOWERING OUR PEOPLE

TALENT MANAGEMENT



We strive to create an inspiring and exciting work environment, where talent is nurtured and rewarded. Only by hiring and retaining the best talent can we achieve our goals and expand in the international market. We therefore promote a culture where employees are fully engaged and enjoy a sense of belonging. Training and education are central to F&N's approach to sustainability, and our employees are provided with a variety of training and professional development opportunities. We ensure that our employees get regular performance and career development reviews and use this to tailor training opportunities according to their individual development needs to maximise their contributions to F&N.

Roadmap and Strategy

F&N has a clear strategic plan to continue to position ourselves as the preferred employer and this is guided by:

- Our Human Capital Roadmap to 2020
- Seven Modules for Strategic Human Capital Transformation

5-Year Human Capital Roadmap



7 Modules for Strategic Human Capital Transformation

1. Clear structure roles
2. Market-oriented compensation and benefits
3. Recognition-based performance management
4. Holistic high performer retention and development
5. Proactive succession and workforce planning
6. Engaging corporate culture
7. Strategic talent acquisition and onboarding

1. Clear structure and roles

We use the 'Beverest', a Human Capital operating platform to integrate our Human Capital processes and systems across the Group. This ensures that each employee is aware of the expectations and responsibilities for their role, their team and for the Group as a whole.



2. Market-oriented compensation and benefits

We pay our employees fairly and carry out regular reviews to ensure that our compensation packages remain competitive and in harmony with other Group companies. Benefits provided to employees include life insurance, health care, disability and invalidity coverage, parental leave, retirement provision and stock ownership options.

	Singapore	Malaysia	Thailand
Life insurance	Yes, by job grade	Yes, by job grade	Yes, by job grade
Health care	Yes, by age, staff category and/or job grade	Yes, by age, staff category and/or job grade	Yes, by age, staff category and/or job grade
Disability and invalidity coverage	Yes, by job grade	Yes, by job grade	Yes, by job grade
Parental leave	Yes, to all eligible employees under the law	Yes, to all eligible employees under the law	Yes, to all eligible employees under the law
Retirement provision	No	Yes, for certain categories of employees	Yes, for certain categories of employees
Stock ownership	Yes, by job grade	Yes, by job grade	No
Others	1. Company Product/Allowance (Supervisory/Confidential and Bargainable staff categories only) 2. Long Service Awards 3. Annual Membership Subscription to Professional Body (Executives only) 4. Phone Subsidy (selected departments / employees only)	1. Car Loan (Executives only) 2. Long Service Award 3. Annual Membership Subscription to Professional Body (Executives only) 4. Phone Subsidy (selected departments / employees only) 5. Festive Drinks	1. Provident Fund

Note:

1 Our significant locations of operation (for business entities covered in this report) are Singapore, Malaysia and Thailand

EMPOWERING OUR PEOPLE

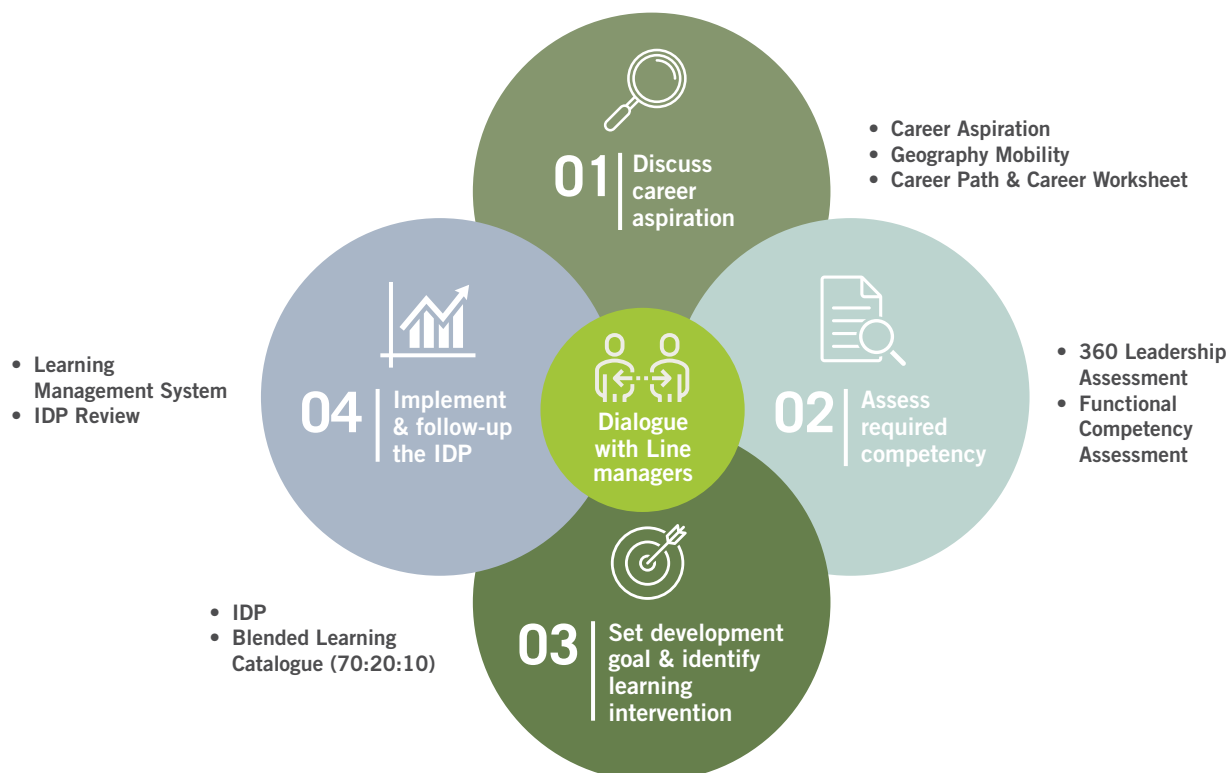
F&N's human resources policies go beyond labour regulations and statutory requirements in our countries of operation. Management engages actively with union leaders for balanced collective agreements.

It is important for us to be the local employer of choice, and wherever possible to hire local staff from within the communities in which we operate. We are proud that 100%, 97% and 100% of our senior management in Singapore, Malaysia and Thailand respectively are hired from the local community.

3. Recognition-based performance management

Employees collaborate with their supervisors to set SMART goals and KPIs for the year. F&N facilitate clear and honest communication; goals and indicators are set initially at Group level and then cascaded down to teams and individual employees. 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 Beverest platform supports Individual Development Plans ("IDP").



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&N that each employee is supported to implement their IDP using the 70/20/10 Learning Model:



70% from Job

- On-the-Job Training
- Challenging Project
- Job Rotation
- Cross Functional Job Training



20% from People

- Knowledge sharing
- Coaching
- Mentoring



10% from Courses

- Training Program
- Further Education
- Self-Development
- E-Learning

We have found the 70/20/10 Learning Model to be the most effective style of learning for our employees.

Our courses offered can be grouped into four categories:

- **Leadership Competency Development** – for all employees in accordance with the 5 levels of leadership namely:
 - Responsibility
 - Relationships
 - Result
 - Regeneration
 - Respect
- **Core Competency Development** – development of necessary management skills with the aim of improving the capacity of employees in core areas such as communication, collaboration and creation.
- **General Skills Development** – improving the skills of employees at all levels and fields, such as computer skills and English language skills.
- **Functional Competency Development** – for employees in each business and units to learn specifically in relation to their own agency and business.



**Leadership
Competency
Development**



**Core
Competency
Development**



**General Competency
& Skill
Development**



**Functional
Competency
Development**

Based on employee feedback and our assessment of skills needs, one key emphasis for our formal training this year has been on the “Power of Clarity” which has developed employees’ skills on setting clear goals. Other highlights include:

Programme	Focus	Employees targeted
7 Habits of Highly Effective People	Self-management & interpersonal skills	Executives
People competency development programme to upskill manufacturing employees - level 1 Operational Engineering Certificate course	Technical and professional certification	Manufacturing employees
ASEAN Management Development Programme (AMD) 2017	Leadership & Management Development	Senior management
NPD Project Management & Collaboration	Project management skills	Executives
Rules of Engagement	Understanding and commitment to roles to deliver the expected results	Executives
Middle-Managers Development Programme	Managing change and people in teams	Middle management
ThaiBev-NUS Senior Executive Leadership Programme	Leading regional and global teams	Senior management

Note:

- 1 There is no transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment

EMPOWERING OUR PEOPLE

5. Proactive succession and workforce planning

Through our annual Talent Review and Succession Planning process, we identify employees who can be future leaders at F&N. Working alongside the Talent Management team, these employees chart individual career development pathways to ensure they are in the best position to succeed at a high level.

Talent management is closely linked with succession planning, and in combination provide us with a steady pipeline of future leaders who are able to support our business needs. Our 'Future-Ready Manager Program' (described below) is our executive workforce planning approach and it includes a combination of external recruitment and nurture of existing talent.

6. Engaging corporate culture

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



Senior management regularly engage with all employees through various channels such as: town hall meetings and briefings; CEO "teh-tarik" sessions; quarterly CEO messages; intranet updates; and employee newsletters.

F&N organises a wide range of activities to promote engagement and support healthy lifestyles. Employees are encouraged to partake in sports and other physical activities through membership of internal sports clubs. We also organise badminton, golf tournaments and yoga classes for our employees.



Since 2003, F&NHB has been presenting a Chairman's Award to deserving children of employees. The award is an employee appreciation initiative and provides motivation for their children to strive for excellence. A total of about S\$94,000 in cash was awarded to 139 recipients this financial year. To date, F&NHB has disbursed nearly S\$1.3 million to over 2,100 children under the programme.

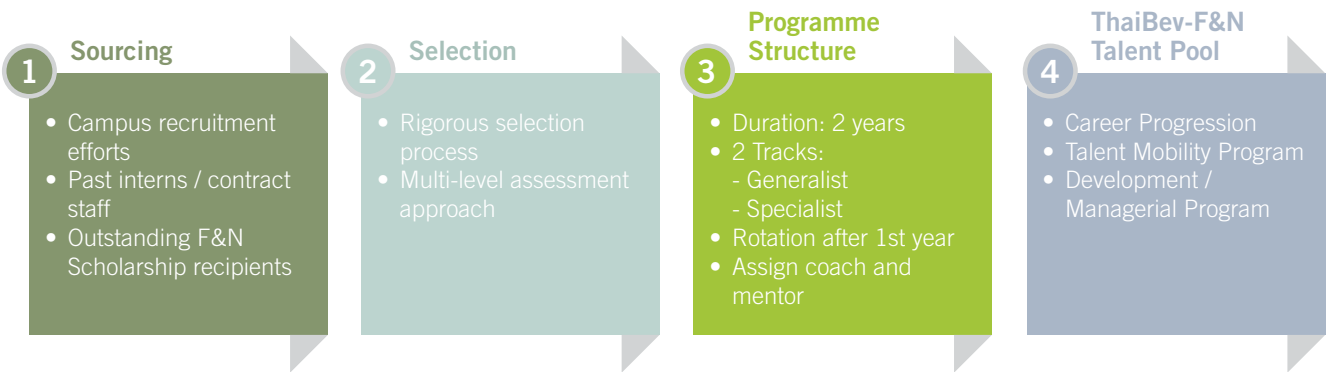


7. Strategic talent acquisition and onboarding

Our preference at F&N is to promote from within and develop the excellent talent already available to us. Where this is not possible, our Human Capital team ensures that we are able to recruit external applicants with abilities and experience that match the company’s needs.

Our ‘Future-Ready Manager Program’ describes the way 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 very best candidates. As soon as they join the company, the successful candidates begin a formal two-year program to get a wide variety of experience.

Future-Ready Manager Program Summary

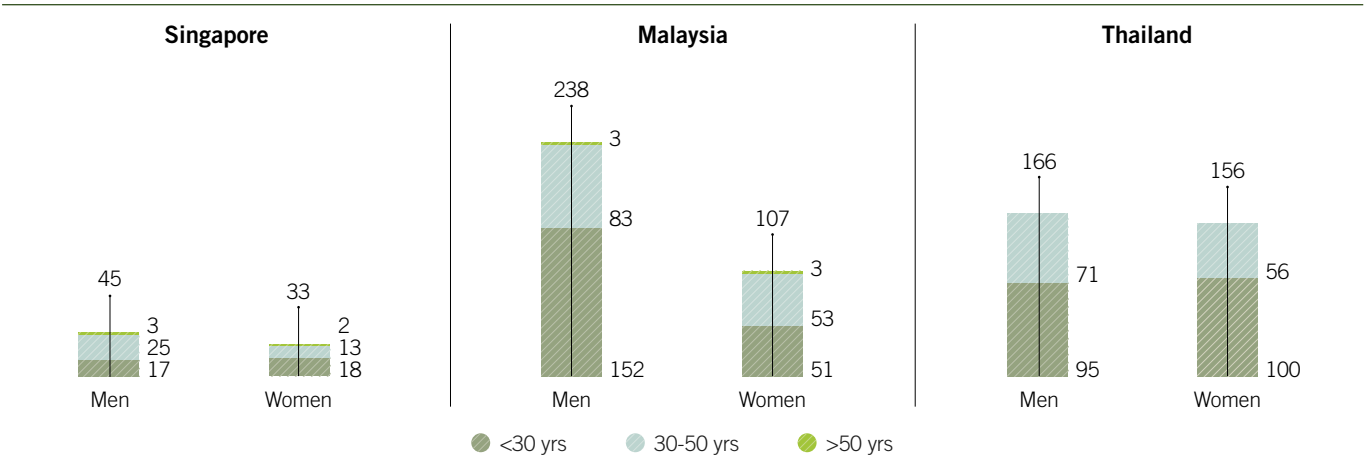


For all levels of recruitment, our interviewers are trained to present a positive image of the company and ensure that the interview process is fair and effective. Our Beverest platform is used to ensure that all new recruits benefit from a comprehensive and consistent onboarding programme across the Group. This includes a mix of self-serve e-learning and one-on-one support.

FY2018 Performance Highlights

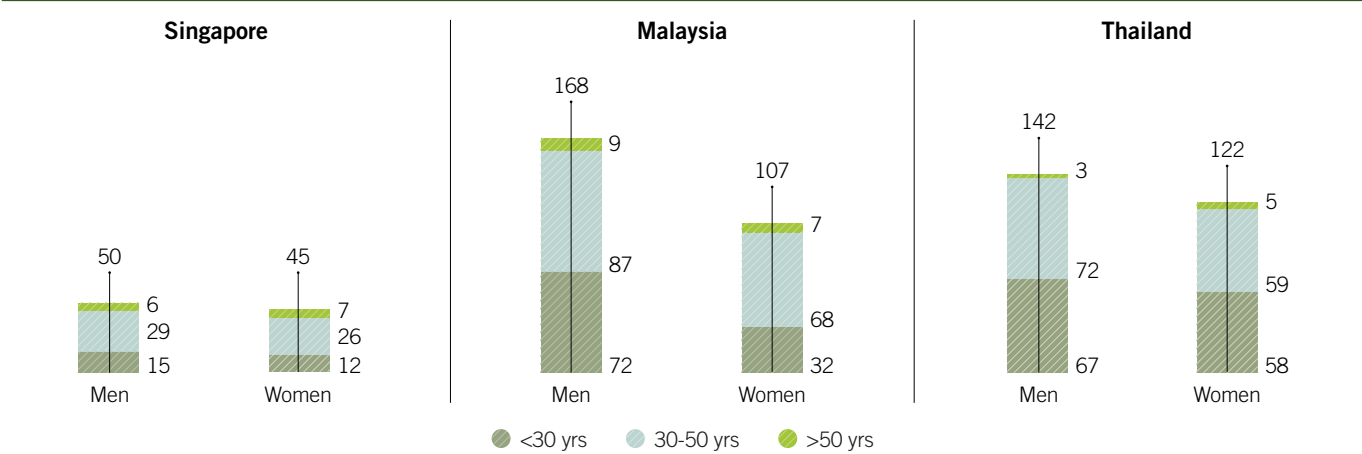
GRI 401-1 New employee hires and employee turnover

NEW EMPLOYEE HIRES



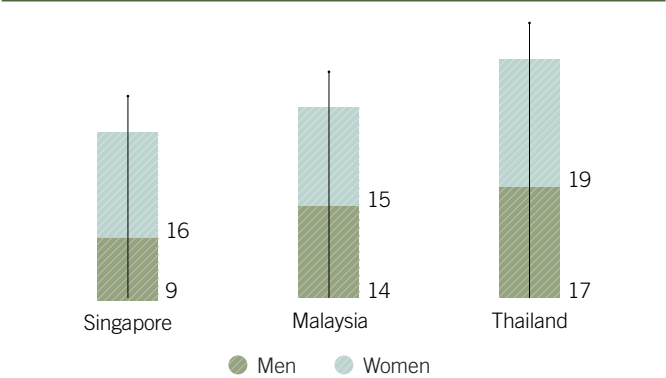
EMPOWERING OUR PEOPLE

EMPLOYEE TURNOVER

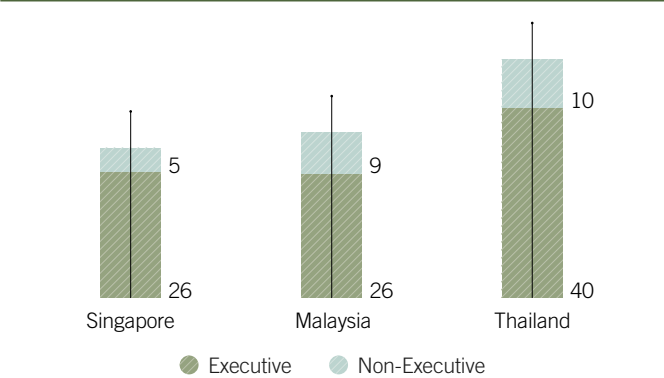


GRI 404-01 Average hours of training per year per employee

AVERAGE HOURS OF TRAINING PER YEAR
PER EMPLOYEE BY GENDER



AVERAGE HOURS OF TRAINING PER YEAR
PER EMPLOYEE BY CATEGORY



Market Presence

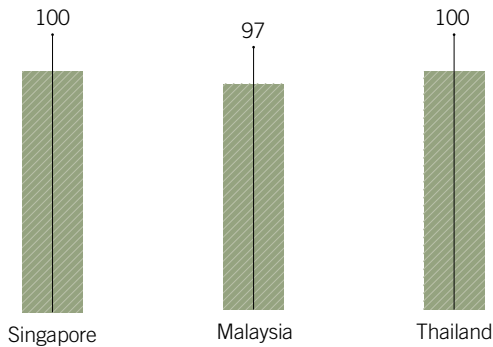
F&N hiring practices are aligned with the interests of the local community, and we are determined to become the employer of choice in markets we operate.

Our compensation packages are regularly reviewed and updated to be competitive with market benchmarks. Remuneration packages have been standardised across the Group to ensure that the highest expectations are being embodied across our operations. These standards are strictly maintained, but are also reviewed frequently enough to allow for necessary adaptations with particular local circumstances.

We make sure that our business stimulates the local economy through prioritising local employment where possible. Currently, 100% of our senior management in Singapore and Thailand and 97% of our senior management in Malaysia are local.

GRI 202-2 Proportion of senior management hired from the local community

PERCENTAGE OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY



Notes:

- 1 Senior management is defined as JG12 and above in Singapore and Malaysia and JG11 and above in Thailand
- 2 'Local' are defined as people who are either born in or who have the legal rights to reside permanently in the respective countries of our significant locations of operation
- 3 Our significant locations of operation (for the business entities covered in this report) are Singapore, Malaysia and Thailand



ENHANCING SOCIAL WELL-BEING

At F&N, we strive to enhance social well-being through our community outreach programmes as well as by developing products and supporting initiatives that promote good health and nutrition. In the next section, we detailed our commitment and initiatives to protect and help vulnerable groups, promote environmental protection and support active lifestyles.



Material issues covered

- 1. **M10 Creating Value for Society**
GRI 413-1 Local Communities
- 2. **M08 Health and Nutrition**

SDGs mapped to



CREATING VALUE FOR SOCIETY



TARGET:
We will continue to provide outreach and engagement programmes across Singapore, Malaysia and Thailand by exploring and implementing appropriate outreach programmes in accordance with community needs.

At F&N, we believe that sustainable business growth occurs when our communities grow alongside us. This means that we aim to make positive impacts on our communities and that we strategise our endeavours to create value where the needs of our business intersect with the needs of society.

OUR APPROACH

We communicate regularly with our neighbours to understand local communities' needs. To that end, we have developed four main thematic areas where we focus our community endeavours:

1) Protecting and Helping Vulnerable Groups

Inequality of opportunity has emerged as a major global challenge in recent years. Our consumers and employees come from all segments of society and inequality undermines the development and potential of both our business and our communities. To take leadership in tackling this issue, we have chosen to focus on helping vulnerable groups such as underprivileged children and the disabled around our operational areas. Through investing in educational programs – including both technical skills and soft skills – and donating vital movement tools for the disabled, F&N works towards a more equal society where the growth of business and society together flourish.



F&N works towards a more equal society.

2) Promoting Environmental Consciousness

While companies have a critical role to play in minimising our environmental footprints and mitigating climate change impacts, sustainable development cannot be achieved by companies alone without behavioural changes at the individual level. Besides maintaining eco-efficiency in our operations (see pg. 52-77), we have taken the task of promoting environmental consciousness in our communities as another priority to address in order to maintain sustainability.



We have taken the task of promoting environmental consciousness in our communities.



We aim to make positive impacts on our communities.

ENHANCING SOCIAL WELL-BEING

3) Sponsoring Festive Celebrations

In addition to basic needs and environmental sustainability, our community development programme includes a priority that is signature to our brand. As the promise of our brand is to deliver “Pure Enjoyment, Pure Goodness” to all, we have developed initiatives to sponsor festive celebrations in our communities. Here, we aim to promote diversity and celebrate various cultures through ensuring that our sponsorships reach a variety of vulnerable groups.

“

We aim to promote diversity and celebrate various cultures.

4) Supporting Sports and Active Lifestyles

As one of the F&B leading players in this region, F&N's products have direct impacts on the health of our consumers. It is our duty to encourage responsible consumption. This is mostly accomplished through a production process that is centered on consumer health, well-being, and safety (see pg. 78-81). However, we also see sports and physical activity as key to maintaining a healthy lifestyle. We thus prioritise community investments that support sports and active lifestyles to better care for our consumers while also creating value for communities.

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We also see sports and physical activity as key to maintaining a healthy lifestyle.

The following table summarises our various community development projects:

Theme	Activity	Timeline	Areas
Protecting and Helping Vulnerable Groups – Children	Donation of Library	2017 - 2018	Thailand – Wat Lin Thong School, Ang Thong
	F&N International Computer Driving License Annual Program	2011 – ongoing	Malaysia – Shah Alam and Malacca
	F&NHB Kindergarten Annual E.L.I.T.E. Programme	2011 – ongoing	Malaysia – Pangsapuri Enggang, Puchong
	F&NHB Leadership Programme	2015 – ongoing	Malaysia – Rumah Ilham
	KidsLIFE Program	2018	Malaysia – Kuala Lumpur
	Goguru and Times Book Donation Drive	May 2018	Singapore
Protecting and Helping Vulnerable Groups – Elderly	ASSISI Fun Day with Seniors	2016 – ongoing	Singapore
	Terrarium Making Workshop with Seniors	September 2018	Singapore
Promoting Environmental Consciousness	Save Our Seas (S.O.S)	2012 - ongoing	Malaysia – Redang Island Thailand – Chonburi
	Annual Recycling Programs with Schools	2006 – ongoing	Malaysia – Shah Alam, Pulau Pinang, Seberang Perai, Kuching Utara, Subang Jaya, Melaka Tengah, Perlis, Ampang Jaya, and Petaling Jaya
	Recycle and be Rewarded	2018 – ongoing	Singapore
	Recycling with Schools	2017 – ongoing	Singapore
	Tzu Chi Foundation's Recycling Mission	2017 – ongoing	Singapore

Sponsoring Festive Celebrations	Chinese New Year Celebrations	2002 – ongoing	Malaysia – Kuching, Kuantan, Butterworth, and Melaka
	Community Chest Fu Dai 2018	2018	Singapore
	Hari Raya Celebrations	2002 – ongoing	Malaysia - Selangor
	Deepavali Celebrations	2002 – ongoing	Malaysia – Kuala Lumpur
	Christmas Celebrations	2002 – ongoing	Malaysia – Kuala Lumpur
Supporting Sports and Active Lifestyles	Active Lifestyle Events such as <i>100PLUS</i> Day	2017	Malaysia – Johor, Terengganu, Kedah and Kuala Lumpur
	Income Eco Run 2018	2015 – ongoing	Singapore
	HSBC Rugby Sevens	2016 – ongoing	Singapore
	<i>100PLUS</i> Junior Golf	2001 – ongoing	Malaysia
	<i>100PLUS</i> National Junior Circuit/Junior League Badminton	2003 – ongoing	Malaysia
	MOE Football League & FAM National Team Sponsorship	2011 – ongoing	Malaysia

1) Protecting and Helping Vulnerable Groups

SINGAPORE

With a rapidly ageing population, we appreciate the importance of looking out for the elderly population in Singapore. During the past year, our employees continued to volunteer their time to bring joy to elders in our communities.

ASSISI Fun Day

A total of 40 volunteers consisting of F&N staff from Singapore, family members and friends spent the 24th June morning with 30 seniors from Lions Befrienders at the Assisi Fun Carnival to raise funds for Assisi Hospice.

The volunteers accompanied the seniors from Lions Befrienders' branch at Mei Ling Senior Activity Centre. Each senior was given vouchers worth \$100 to buy food, drinks, apparels, handicrafts, shoes, books and many other interesting items from stalls at the Carnival.



Terrarium Workshop with Seniors

F&N staff from Singapore engaged with seniors from the Lions Befrienders Services Association in the morning of 29th September through an engaging and fun filled terrarium making workshop.

A terrarium, also known as a glass garden, is a collection of small plants growing in a transparent sealed container. It is a closed environment and can be used to illustrate how an ecosystem works.

About 30 seniors participated in this workshop learning to make their own terrarium. They were able to take home their terrarium to remind them of this day.



ENHANCING SOCIAL WELL-BEING



GoGuru and Times Book Donation Drive

To promote reading in school-aged children, TIMES collaborated with World Vision Singapore and GoGuru to organise a book donation drive for Big Heart Student Care Centre, a non-profit organisation and beneficiary of TIMES Publishing Group that provides affordable, quality-after school care for students from all walks of life.

Together with contributions from book-loving communities, TIMES Publishing Group collected approximately 1,150 children's books to help furnish the libraries of Big Heart Student Care Centres across Singapore.

MALAYSIA

KidsLIFE Program

From March through November 2018, employees of F&N Creameries Malaysia ("F&NCM") volunteered their time to facilitate activities for KidsLIFE, which provides children from urban and low-income families with financial literacy skills and life skills enhancement programs.

F&NCM sponsored ice cream, as well as rewards and gifts for the children, including schooling materials, home appliances and vouchers to be shared with the family.



During the past year F&NHB continued its annual programmes with the International Computer Driving Licence ("ICDL"), Kassim Chin Humanity Foundation ("KCHF") and Rumah Ilham.

International Computer Driving Licence ("ICDL") Programme

While information technology ("IT") skills are increasingly in demand, only a limited number of schools can afford to provide computer literacy programmes. F&NHB sees this as a major gap in community development and has initiated partnership with ICDL, the world's leading computer skills certification, to provide these necessary twenty-first century skills to Malaysia's underprivileged youth. To date, more than 389 at Montfort Town have gained the certification through the ICDL Programme.

Over the past year, the Montfort ICDL programme accepted 46 students in Shah Alam and 33 students in Melaka. This was an increase in the number of registered students from last year in both locations. 20 students received certification in Graphic Design and Multimedia, while 15 students graduated in the field of Computer Maintenance. Additionally, the past year also saw the Contact Center Association of Malaysia ("CCAM") expressed interest in the program. CCAM has since joined the partnership through providing support with arranging job placements within the contact center industry. Out of 27 students interviewed, seven have successfully received job offers.



Kassim Chin Humanitarian Foundation (“KCHF”) Programme

In partnership with the KCHF, we have continued to support vulnerable young people through the Empowering Lives Through Education (“E.L.I.T.E.”) programme for the seventh year. Through this programme, free kindergarten and tuition classes are given to underprivileged children in Pangsapuri Enggang, Puchong.

To date, a total of 442 children have benefitted from the F&NHB E.L.I.T.E. programme (223 between five to six years old and 219 between seven to seventeen years old).

This year, F&NHB also provided financial support of about S\$6,700 to refurbish the classrooms, to repair the cabling and air-conditioners and give the wall fresh coat of painting.



Rumah Ilham Programme

While F&NHB has been partnering with the social enterprise Leaderonomics since 2015 to sponsor leadership programs for children from the Rumah Ilham home, 2018 saw new developments in this partnership. This year, 42 children participated in a two-day, one-night leadership camp. Acting as trainers, these children applied their knowledge and skills acquired from the camp into organising leadership development programme for children from KAFA Integrasi Hidayatul Islamiah Kampung Baru Hicom, aged between nine and twelve years old.

F&NHB has so far invested about S\$74,500 in the program benefitting over 170 children who are now more confident and better prepared to contribute in a meaningful way to society.



WHEN NATURAL DISASTER STRIKES...

November 2017 Kelantan Floods

In November 2017, the floods in Kelantan displaced over 14,000 Malaysians. While we do not currently have natural disasters as a strategic priority for our community investments, we consider it our duty to respond appropriately when the well-being of our communities has been compromised. F&NHB supported the flood relieve efforts by giving away products to seven relief centres in Kelantan, communities within Pasir Tumpat and Kuala Krai in Kelantan.

Reaching out to:

- Seven relief centres in Ketereh, Gual Periok, Rantou Panjang, Alor Pasir and Bunut Susu
- About 2,000 families (about 5,500 people)
- Donated over 1,000 cartons of products of about S\$6,500

2) Promoting Environmental Consciousness

SINGAPORE

Recycle and be Rewarded

F&N, FairPrice, Malls of Frasers Property and InconGreen embarked on a joint effort to encourage Singaporeans to adopt an eco-conscious lifestyle by offering them the convenience of recycling used cans and bottles with the help of ‘reverse vending machines’.

Consumers and shoppers joined in the programme to recycle used cans and bottles at their convenience at the reverse vending machines located in the Waterway Point shopping mall. To encourage consumers and shoppers to form the habit of recycling, the machine is designed to reward them when they recycle every five used containers. The programme has since been extended to include two other locations.

With the launch of this initiative, F&N reinforced its commitment to play a part in protecting the environment by ensuring that its packaging is environmentally friendly and by encouraging and rewarding consumers who recycle cans and bottles.

ENHANCING SOCIAL WELL-BEING



Recycling with Schools

F&N works with environmental clubs at local schools to educate and raise awareness of the importance of recycling. Students learn first-hand how simple and easy it is to recycle with the help of the recycling can and PET bottle crusher from F&N. The initiative began in November 2017, with the first round of activation at polytechnics and the local universities. To date, F&N has collaborated with students from Temasek Polytechnic, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore University of Technology and Design (“SUTD”) and Nanyang Technological University (“NTU”).

Tzu Chi Foundation’s Recycling Mission

As part of F&N’s recycling outreach programme in Singapore, the company supports the Tzu Chi Foundation’s community recycling mission. Tzu Chi Singapore established its first recycling point in Jurong East in 1999. Today, there are 39 community recycling points island-wide and an Eco-Awareness Centre, where volunteers young and old work together tirelessly to protect the environment. F&N also supported the foundation’s annual Eco Charity Fair which was held on 27th and 28th January 2018.



MALAYSIA

School Recycling Programs

F&NHB has been partnering with schools across Malaysia, since 2007, to educate the next generation on the importance of recycling and promote the preservation of the planet. F&NHB sponsors a recycling competition between schools nationwide, with prizes ranging from S\$70 – S\$400. Over the past year, F&NHB has expanded this programme to schools in Subang Jaya, Melaka Tengah, Perlis, Ampang Jaya, and Petaling Jaya.



Save Our Seas (“SOS”) – Malaysia

To raise environmental awareness within F&NHB, marine conservation initiatives that engage employees are organised.

Since 2011, F&NHB has been conducting reef rehabilitation initiatives in Redang Island through collecting coral fragments from donor sites, planting them in nursery sites, then transplanting them in natural permanent sites.

The company also engages the local community, resort operators, tourists, and schools to promote awareness about human impacts on marine ecosystems.



THAILAND

Save Our Seas ("SOS") – Thailand

At F&NDT, we raise environmental awareness through our employees and their families. In the past year, 30 employees and family members participated in a trip on marine conservation at Samae-San Sattahip District in Chonburi Province.



"Employees and family members learned about the importance of marine conservation and were trained on making Staghorn coral frames with PVC pipes through a session with Professor Prasarn Sangpaiboon, an expert on Artificial Coral Reef Restoration."

3) Sponsoring Festive Celebrations

In 2018, we continued our sponsorship of festive celebrations in Singapore and Malaysia.

SINGAPORE

Community Chest Fu Dai 2018

Chinese New Year is the season to celebrate and share good fortune and happiness with family, friends and those in need of a good cheer. This Chinese New Year, F&N and 20 staff volunteers helped spread joy to lonely seniors and the less fortunate at Mei Ling Senior Activity Centre in Singapore. This was done in partnership with and in support of Community Chest.

Staff volunteers from F&N brought smiles to seniors who live alone. Volunteers delivered over 200 fortune bags across five blocks in Mei Ling street to the less fortunate in the spirit of caring and sharing. Each bag was filled with Chinese New Year goodies and essential items such as rice, biscuits and condiments.



3) Sponsoring Festive Celebrations

MALAYSIA

Chinese New Year Celebrations

F&NHB employees organised Chinese New Year celebrations with underprivileged children and senior citizens from Sarawak Hun Nam Siang Tng in Kuching, Sarawak; the Handicapped & Mentally Retarded Children Centre (Pusat Penjagaan Kanak-kanak Terencat Akal) in Kuantan, Pahang; Rumah Charis in Butterworth, Penang; and Pertubuhan Kebajikan Warga Emas & Anak Yatim Nazareth, Melaka.

A total of 123 underprivileged children and senior citizens benefited from about S\$4,000 worth of donations.



Hari Raya Celebrations

In 2018, F&NHB treated 80 children from Rumah Baitus Sakinah to a buffet at Concorde Hotel Shah Alam.



ENHANCING SOCIAL WELL-BEING

Deepavali Celebrations

For the “Festival of Lights”, F&NHB gifted new “Deepavali clothes” and other goodies to 68 children of Rumah Kebajikan Rita Home. To encourage children to put their baking skills to the test and help generate income for the Home, F&NHB also sponsored a two-tier oven to the Home this year.



Christmas Celebrations

45 underprivileged children were treated to a full day of games, ice cream, and other treats at Sunway Velocity Mall.



4) Supporting Sports and Active Lifestyles

SINGAPORE

Income Eco Run 2018

Income Eco Run 2018 was Southeast Asia’s premier eco-run which championed environmental conservation and aimed to encourage everyone to play their part in supporting the cause. The run took place on Sunday, 29th April 2018, at the F1 Pit Building, and included categories in 21.1km, 10km, 5km, 1.2km and 800m. Organisers encouraged runners to sign up as a ‘Zero Waste Runner’ and to pledge to be eco-friendly.

Race entitlements as a ‘Zero Waste Runner’ differed from other participants. For example, the 21.1km half marathon runners did not receive a finisher tee or medal in order to reduce the production waste.

100PLUS has been a sponsor of the Income Eco Run (previously known as Run 350) since 2015.



HSBC Rugby Sevens

The world’s best rugby sevens teams came to Singapore for the third edition of the HSBC Singapore Rugby Sevens, which took place on 28-29 April at the Singapore National Stadium. 100PLUS has been a sponsor of the HSBC Rugby Sevens since 2016.



100PLUS activated a 360 VR experiential booth where fans could experience training with rugby legends and were encouraged to “Outdo Yourself” by surpassing their own high score. After the VR experience, participants were given a cup of 100PLUS to rehydrate and replenish their energy and electrolytes for their efforts.



MALAYSIA

In 2018, F&NHB continued its annual sponsorships of golf, badminton, and football athletes and sports events across Malaysia.

Sponsoring Local Athletes

We believe that the presence of successful Malaysian athletes can serve to inspire others towards pursuing healthy and active lifestyles. Our support for the skill development and success of local athletes have continued over the past year.

Since 2003, 100PLUS is the official partner for all Badminton Association Malaysia (“BAM”) events and activities, including the Malaysian Open and Malaysian Masters.



Sponsoring Active Lifestyle Events

We regularly sponsor active lifestyle events across Malaysia. In 2018, F&NHB sponsored sports competitions and tournaments such as the 100PLUS National Junior Grand Prix Finals and Badminton Association Malaysia events, as well as events open to the public such as the 19th Sukan Malaysia (“SUKMA”) sports events and the 100PLUS Day.

The 19th SUKMA events included a total of 427 events across 12 districts and garnered the participation of 8,000 athletes and 4,000 officials and volunteers.



Meanwhile, the 100PLUS Day had a total of 10,000 participants participating in activities ranging from a Zumba session to a 5km Inflatable Obstacle Fun Run.



To support women’s sports, F&NHB also sponsored the 2018 Asian Football Confederation Women’s Football Day.

While the annual event has been organised since 2014, this year included an initiative to showcase women in football across Asia called the “It’s My Game” campaign.



ENHANCING SOCIAL WELL-BEING

HEALTH & NUTRITION

F&N is committed to developing products and undertaking initiatives that promote food safety, nutrition and health. The F&N Nutrition Charter guides us in product development, marketing communications and initiatives to advocate healthy lifestyles.



Towards Healthier Options

Our commitment towards developing healthy and nutritious products is evidenced by our focus on R&D efforts to innovate healthier options for our consumers (see pg. 24-30). In FY2018, we have continued to reduce sugar content in our products.



Spreading Nutritional Awareness

All F&N products are labelled and advertised responsibly (see pg. 82-83) to promote healthy choices. We also have conducted initiatives to spread nutritional awareness in addition to our regular marketing and communication.



All F&N products are labelled and advertised responsibly to promote healthy choices.



Bear Brand collaborated with Thai Red Cross Society during blood donation drives from January through February 2018. The objective of this initiative was to spread awareness about the nutritional importance of folate, especially on women's health. Folate is not only important for pregnancy, it also helps in red blood cell formation. During this exercise, a total of 55,000 servings of Bear Brand Sterilised Milk Hi Folate were handed out.



Promoting an Active Lifestyle

We believe that living an active lifestyle is important to staying healthy. Our approach focuses on supporting professional athletes in their skill development and competition as well as organising and supporting sports events for the general public. We have shared some highlights in the 'Creating Value for Society' section of this report (pg. 48-49).

During the year, we have introduced non-carbonated *100PLUS ACTIVE* sachets. This allows travellers to stay hydrated by providing the same *100PLUS* goodness on-the-go. Malaysian national athletes used the sachets when they competed in the 2018 Commonwealth Games.



Stepping up Hydration with 100PLUS

Following the success of National Steps Challenge™ (“NSC”) Season 2, Singapore’s HPB launched the NSC Season 3, which ran from 28th October 2017 to 30th April 2018. The NSC was a nationwide movement aimed at getting Singaporeans to be physically active by walking 10,000 steps every day. By tracking the number of steps using mobile apps or HPB-issued steps tracker, participants were able to earn points for shopping and grocery vouchers.

As HPB’s main partner of this event and a strong advocate for active lifestyles, 100PLUS rolled out a series of marketing events to remind Singaporeans to be physically active every day, anytime and anywhere. Across 200 locations, 100PLUS promoted its message by placing posters at bus shelters

to encourage bus commuters to walk instead of taking the bus. Commuters were also reminded to keep their bodies hydrated with 100PLUS. In addition, 100PLUS launched the ‘100PLUS Longest Steps Movement Campaign’ to motivate Singaporeans to adopt a more active lifestyle; participants were encouraged to take a 5-second video of their steps and upload it to social media using the hashtags #100PLUSsg and #100PLUSStepsChallenge.

In conjunction with the NSC, The New Paper Big Walk 2017 returned to the National Stadium for a fun-filled morning on 26th November 2017. Participants walked the 8.5km or approximately 10,000 steps long route that stretched from the Singapore Sports Hub to the iconic Singapore Flyer and back. Multiple 100PLUS hydration



points were made available along the way to help the participants during the walk. We also set up an interactive station called the ‘100PLUS Steps Challenge Machine’ at the race village, which challenged walkers to clock in 100 steps within 30 seconds to win a chance to redeem a free 100PLUS goodie bag.

