

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

Fraser and Neave, Limited (“**F&N**” or the “**Company**”) and its business divisions (the “**F&N Group**” or the “**Group**”) recognises the importance of strong corporate governance, and to this end, has in place sound corporate policies, business practices and internal controls to help the Company safeguard its assets and Shareholders’ interests while pursuing sustainable growth and value-enhancement strategies.

F&N is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and believes in compliance with applicable laws, rules and regulations, including the SGX-ST Listing Manual (“**Listing Manual**”), and the principles and guidelines of the Code of Corporate Governance 2012 (the “**Code**”). The Company is guided in its corporate governance practices by the principles of the Code, and continues to strive towards achieving a high standard of corporate governance and corporate transparency.

A. BOARD MATTERS

Principle 1: The Board’s Conduct of Affairs

Our Board comprises highly qualified and effective members who set the Company’s values and standards (including ethical standards). The Board has oversight of the business performance and affairs of the F&N Group, and is responsible for the Group’s overall entrepreneurial leadership, strategic direction, performance objectives and long-term success. The Board also reviews annual budgets, financial plans, major acquisitions and divestments, funding and investment proposals, monitors the financial performance of the Group and management’s performance, and ensures compliance by the Group with relevant laws and regulations. The Board meets regularly. During Board meetings, our Directors actively participate, discuss, deliberate and appraise matters requiring attention and decision. If required, time is set aside after scheduled Board meetings for discussions amongst our Directors without the presence of management, as this facilitates a more effective check on management.

As at 30 September 2015, the Board comprises nine Directors, all of whom are non-executive Directors (including two female directors in recognition of the importance and value of gender diversity). They are:

Mr Charoen Sirivadhanabhakdi (Chairman)
 Khunying Wanna Sirivadhanabhakdi (Vice-Chairman)
 Tengku Syed Badarudin Jamalullail
 Mr Timothy Chia Chee Ming
 Mr Koh Poh Tiong
 Mrs Siripen Sitasuwan
 Mr Chotiphat Bijananda
 Mr Thapana Sirivadhanabhakdi
 Mr Sithichai Chaikriangkrai
 Mr Prapakon Thongthepairot (Alternate Director to Mr Sithichai Chaikriangkrai)

Delegation of Authority on certain Board Matters

In order for the Board to efficiently provide strategic oversight of F&N, it delegates specific areas of responsibilities to six Board Committees namely, the Board Executive Committee, the Audit Committee, the Nominating Committee, the Remuneration Committee, the Risk Management Committee, and the Food & Beverage Committee. Each Board Committee is governed by clear terms of reference (the “**Terms of Reference**”) which have been approved by the Board. Minutes of all Board Committee meetings are circulated to the Board so that Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings.

The Company adopts a framework of delegated authorisations in its Manual of Authority (“**MOA**”). The MOA defines the procedures and levels of authorisation required for specified transactions. It also sets out approval limits for operating and capital expenditure as well as acquisitions and disposals of investments. The MOA also contains a schedule of matters specifically reserved to the Board for approval. These include approval of annual budgets financial plans, financial statements, business strategies and material transactions, such as major acquisitions, divestments, funding and investment proposals. The MOA authorises the Board Executive Committee (“**Board Exco**”) to approve certain transactions up to specified limits, beyond which the approval of the Board needs to be obtained. Below the Board and Board Exco levels, there are appropriate delegation of authority and approval sub-limits at management level, to facilitate operational efficiency. To address and manage possible conflicts of interest that may arise between Directors’ interests and those of the Group, Directors are required to abstain from voting, on any matter in which they are interested or conflicted.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

A. BOARD MATTERS (CONT'D)

Board Executive Committee (“Board Exco”)

The Board Exco is made up of the following members:

Mr Koh Poh Tiong	Chairman
Mr Thapana Sirivadhanabhakdi	Vice-Chairman
Mr Sithichai Chaikriangkrai	Member
Mr Prapakon Thongtheppairot	Member

The Board Exco assumes oversight of the business affairs of F&N, and is empowered to exercise the full powers and authority of the Board when the Board does not meet except in respect of matters that specifically require the decision of the Board or any Board Committee.

Food & Beverage (“F&B”) Committee

The F&B Committee oversees the F&N Group’s F&B business strategy. Senior management of the F&B division devises and develops strategic plans and proposals which are then presented to the F&B Committee for discussion and/or debate before they are tabled to the Board. The meetings of this Board Committee also serve as a forum for discussions on key F&B issues and matters which may impact long-term operations of the Group’s F&B business divisions.

The members of the F&B Committee are:

Mr Koh Poh Tiong	Chairman
Mr Thapana Sirivadhanabhakdi	Member
Mr Sithichai Chaikriangkrai	Member
Mr Prapakon Thongtheppairot	Member

In the forthcoming financial year, with a view to facilitating closer collaboration with Thai Beverage Public Company Limited (“**ThaiBev**”), the F&B Committee will be subsumed under the auspices of the Group Steering Committee of ThaiBev.

The activities and responsibilities of the other Board Committees are described on pages 65, 68, 72 and 73 of this Annual Report.

Meetings of the Board and Board Committees

The Board and its various Board Committees meet regularly, and also as required by business needs or if their members deem it necessary or appropriate to do so. For the financial year ended 30 September 2015, a total of 6 Board meetings were held.

The Directors are also given direct access to the management team of the Group’s business divisions¹ through presentations at Board and Board Committee meetings. Where required or requested by Board members, site visits and meetings with personnel from the Group’s business divisions may also be arranged in order for Directors to have an intimate understanding of the key business operations of each division. The Company’s existing Constitution provides for Board members who are unable to attend physical meetings to participate through telephone conference, video conference or any other forms of electronic or instantaneous communication facilities.

Note:

¹ The F&N Group comprises the following business divisions: Food & Beverage (Non-Alcoholic Beverages), Food & Beverage (Beer) and Publishing & Printing.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

A. BOARD MATTERS (CONT'D)

The number of Board meetings and Board Committee meetings held in the financial year ended 30 September 2015 and the attendance of Directors at these meetings are as follows:

	Board	Board Exco	Audit Committee	Risk Management Committee	Remuneration Committee	Nominating Committee ¹	F&B Committee
Meetings held for the financial year ended 30 September 2015 (for Directors as at 30 September 2015)							
Mr Charoen Sirivadhanabhakdi	6/6	-	-	-	-	-	-
Khunying Wanna Sirivadhanabhakdi	6/6	-	-	-	-	-	-
Tengku Syed Badarudin Jamalullail	6/6	-	-	-	-	Nil	-
Mr Timothy Chia Chee Ming	6/6	-	5/5	-	1/1	-	-
Mr Koh Poh Tiong	6/6	6/6	-	4/4	-	-	2/2
Mrs Siripen Sitasuwan	6/6	-	5/5	-	1/1	Nil	-
Mr Chotiphat Bijananda	5/6	-	-	-	-	-	-
Mr Thapana Sirivadhanabhakdi	6/6	5/6	-	3/4	1/1	Nil	2/2
Mr Sithichai Chaikriangkrai	6/6	6/6	5/5	4/4	-	-	2/2
Mr Prapakon Thongtheppairot (Alternate Director)	6/6	6/6	-	4/4	-	-	2/2

Note:

¹ All matters during the year requiring approval of the Nominating Committee were either dealt with via circular resolutions or discussions at Board meetings.

A letter of appointment setting out, among other things, a Director's duties and obligations including their responsibilities as fiduciaries and, where appropriate, how to deal with conflicts of interest, is issued to all new Directors. A comprehensive orientation programme is also conducted to familiarise new appointees with the business activities, strategic directions, policies and corporate governance practices of the F&N Group. This programme allows new Directors to get acquainted with senior management, and also facilitates and fosters better rapport and communications with management.

Directors are regularly updated on the Group's businesses and the regulatory and industry-specific environments in which the entities of the Group operate. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts. The Board has been briefed and updated on the changes to the Companies Act, Chapter 50 and the Listing Manual. Our Directors are also encouraged to be members of the Singapore Institute of Directors ("SID") and to receive journal updates and training from SID in order to stay abreast of relevant developments in financial, legal and regulatory requirements.

Principle 2: Board Composition and Guidance

As at 30 September 2015, the F&N Board comprises nine non-executive Directors, of whom three are independent. The Company has begun reviewing its Board composition so as to work towards complying with Principle 2.2 of the Code for the financial year commencing 1 October 2016. In the interim, the three independent Directors help to uphold good corporate governance at the Board level and their presence facilitates the exercise of independent and objective judgment on corporate affairs. Their participation and input also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, always taking into account the long-term interests of F&N and its Shareholders.

Annually, a review of the size and composition of the Board is undertaken by the Nominating Committee ("NC") to ensure alignment with the needs of the Group. The NC is of the view that the current size and composition of the F&N Board is appropriate for the scope and nature of the Group's operations, and facilitates effective decision-making. In line with the Code, the NC is also of the view that the current size of the Board is not so large as to be unwieldy. In this regard, the NC also took into account the requirements of the Group's businesses and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. No individual or group dominates the Board's decision-making process.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

A. BOARD MATTERS (CONT'D)

The Board proactively seeks to maintain an appropriate balance of expertise, skills and attributes among the Directors. This is also reflected in the diversity of backgrounds and competencies of our Directors, whose competencies range from banking, finance and accounting to relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management. This is beneficial to the Company and its management as decisions by, and discussions with, the Board are enriched by the broad range of views and perspectives and the breadth of experience of our Directors. The NC is of the view that there is an appropriate balance of expertise and skills amongst the Directors as they collectively bring with them a broad range of complementary competencies and experience.

The Directors are provided with accurate, complete and timely information and have direct and unrestricted access to management. This is to give the Board and Board Committees sufficient time to critically evaluate and consider issues relevant to the Company and its businesses and operations. This also allows our Directors to carry out their duties and discharge their oversight function more effectively.

Principle 3: Chairman and Chief Executive Officer

The Chairman and the Chief Executive Officers (“CEOs”) of each of the Group’s business divisions are separate persons to ensure an appropriate balance and separation of power, increased accountability, and clear division of responsibilities. The Chairman, who is non-executive, is not related to any of the CEOs of the business divisions. There is no business relationship between him and any of these CEOs. Likewise, none of the CEOs are related to each other, and neither is there any other business relationship between or among them.

The Chairman leads the Board and ensures its effectiveness by, among other things, steering effective, productive and comprehensive discussions amongst Board members and the management team on strategic, business and other key issues pertinent to the businesses and operations of the Group. In addition, the Chairman promotes a culture of openness and debate at Board meetings and also ensures, with the support of the Group Company Secretary, that Directors are provided with clear, complete and timely information in order to make sound, informed decisions.

The Chairman encourages active and effective engagement, participation by and contribution from all Directors, and facilitates constructive relations among and between them and management. With the full support of the Board, Group Company Secretary and management, the Chairman supports the Company in its bid to promote, attain and maintain highest standards of corporate governance and transparency. The Chairman also sees to it that there is overall effective communications to and with Shareholders on the performance of the Group. In turn, the CEOs of the Group’s business divisions are responsible for executing the Group’s strategies and policies, and are accountable to the Board for the conduct and performance of the respective business operations under their charge.

Lead Independent Director

Tengku Syed Badarudin Jamalullail, Chairman of the NC, was appointed as Lead Independent Director on 7 May 2015. As the Lead Independent Director, he serves in a lead capacity to coordinate the activities of the independent Directors when necessary and appropriate. The Lead Independent Director is also available to address Shareholder concerns which have not been resolved through normal channels such as the Chairman or the Chief Financial Officer of the Company.

Principle 4: Board Membership

The Nominating Committee is made up of the following Directors:

Tengku Syed Badarudin Jamalullail	Chairman
Mrs Siripen Sitasuwan	Member
Mr Thapana Sirivadhanabhakdi	Member

A majority of the members of this Board Committee, including the Chairman, are independent and non-executive Directors.

Note:

Under the Code, an “independent” Director is one who has no relationship with the Company, its related corporations, its ten percent (10%) shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgment with a view to the best interests of the Company. Under the Code, the term “10% shareholder” refers to a person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than ten percent (10%) of the total votes attached to all the voting shares in the Company. “Voting shares” excludes treasury shares.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

A. BOARD MATTERS (CONT'D)

The NC is chaired by the Lead Independent Director and is guided by written Terms of Reference, which are approved by the Board. The Terms of Reference set out the duties and responsibilities of the NC. The NC reviews the structure, size and composition of the Board. The NC also identifies the balance of skills, knowledge and experience required for the Board to discharge its responsibilities effectively and nominates candidates to meet the needs and requirements of the Group.

Besides evaluating annually the independence of each Director (as set out in the last paragraph of this section below), the NC appraises the performance of the Board as a whole, and the contribution of each Director to the effectiveness of the Board. The NC is also required to determine whether Directors who hold multiple board representations are able to and have been devoting sufficient time to discharge their responsibilities adequately. The Code recommends that the Board should fix the maximum number of listed company board representations which any Director may hold and that this should be disclosed in the Company's annual report. Details of other directorships and other principal commitments of each of the Directors may be found on pages 16 to 21 of this Annual Report. In determining whether each Director is able to devote sufficient time to discharge his or her duties, the NC has taken cognizance of the recommendations under the Code, but is of the view that its assessment should not be restricted to the number of board representations of each Director and their other principal commitments. The contributions by each Director to and during meetings of the Board and relevant Board Committees as well as their attendance at such meetings are holistically assessed and taken into account by the NC. The NC has determined that all the Directors have devoted sufficient time and attention to the affairs of the Company and have adequately discharged their duties.

The Board currently has one Alternate Director, namely Mr Prapakon Thongtheppairot who is the Alternate Director to Mr Sithichai Chaikriangkrai. Mr Prapakon Thongtheppairot is appropriately qualified and is familiar with the affairs of the Company.

The NC reviews all nominations for appointments and re-appointments to the Board and to Board Committees, and submits its recommendations for approval by the Board, taking into account an appropriate mix of core competencies for the Board to fulfill its roles and responsibilities.

The NC takes the lead in identifying, evaluating and selecting suitable candidates for new directorships. In its search and selection process, the NC considers factors such as the ability of the prospective candidate to contribute to discussions, deliberations and activities of the Board and Board Committees. It also reviews the composition of the Board – including the mix of expertise, skills and attributes of existing Directors – so as to identify needed and/or desired competencies to supplement the Board's existing attributes. Where it deems necessary or appropriate, the NC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting candidates.

The Company's existing Constitution provides that at least one-third of its Directors shall retire from office and are subject to re-election at every Annual General Meeting of the Company ("**AGM**"). All Directors are required to retire from office at least once every three years. The NC will assess and evaluate whether Directors retiring at each AGM are properly qualified for re-appointment by virtue of their skills, experience and contributions. Newly-appointed Directors during the year must also submit themselves for retirement and re-election at the next AGM immediately following their appointment. The Shareholders approve the appointment or re-appointment of Board members at the AGM.

The NC determines the independence of each Director annually and as and when circumstances require based on the definitions and guidelines of independence set out in the Code and provides its views to the Board for the Board's consideration.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

A. BOARD MATTERS (CONT'D)

For the financial year ended 30 September 2015, the NC has performed a review of the independence of the Directors as at 30 September 2015 and following its assessment, has determined the status of each Director as follows:

Mr Charoen Sirivadhanabhakdi ^{1,2}	Non-Independent
Khunying Wanna Sirivadhanabhakdi ^{1,2}	Non-Independent
Tengku Syed Badarudin Jamalullail	Independent
Mr Timothy Chia Chee Ming	Independent
Mr Koh Poh Tiong ³	Non-Independent
Mrs Siripen Sitasuwan	Independent
Mr Chotiphat Bijananda ^{2,4}	Non-Independent
Mr Thapana Sirivadhanabhakdi ²	Non-Independent
Mr Sithichai Chaikriangkrai ⁵	Non-Independent

Notes:

- ¹ Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are directly or indirectly interested in not less than ten percent (10%) of the total voting shares in the Company through their interests in TCC Assets Limited ("TCCA") and ThaiBev. TCCA has a direct interest of 59.41% in the Company and ThaiBev, through its indirect wholly-owned subsidiary InterBev Investment Limited, holds a 28.56% interest in the Company.
- ² Mr Charoen Sirivadhanabhakdi is married to Khunying Wanna Sirivadhanabhakdi. Mr Chotiphat Bijananda is their son-in-law, and Mr Thapana Sirivadhanabhakdi is their son.
- ³ Mr Koh Poh Tiong is also an adviser to the Board, and has received significant compensation for provision of services other than Director's fees.
- ⁴ Mr Chotiphat Bijananda is a director of TCCA.
- ⁵ Mr Sithichai Chaikriangkrai is a Director and the Chief Financial Officer of ThaiBev.

Key Information regarding Directors

Key information on the Directors is set out on pages 16 to 21 of this Annual Report.

Principle 5: Board Performance

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

All Directors are required to assess the performance of the Board and the Board Committees. The assessment covers areas such as Board composition, information management, Board processes, Shareholder management, Board priorities, managing the Company's performance, effectiveness of the Board Committees, Director development and management, risk management and Director self-evaluation. Directors can also provide input on issues which do not fall under these categories, for instance, addressing specific areas where improvements can be made. Feedback and comments received from the Directors are reviewed by the NC, in consultation with the Chairman of the Board.

Based on the NC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

A. BOARD MATTERS (CONT'D)

Principle 6: Access to Information

Management provides the Board with detailed Board papers specifying relevant information and commercial rationale for each proposal for which Board approval is sought. Such information includes relevant financial statements which are presented quarterly, management accounts, financial forecasts, risk analyses, mitigation strategies, feasibility studies and key commercial issues for the Board's attention and consideration. Reports on major operational matters, business development activities, financial performance, potential investment opportunities and budgets are also circulated to the Board.

A calendar of activities is scheduled for the Board a year in advance. The Company recognises that information should be supplied to the Board in a timely manner and as far as possible, Board papers and agenda items are dispatched to the Directors about a week before scheduled meetings. This is to give Directors sufficient time to review and consider the matters being tabled and/or discussed so that discussions can be more meaningful and productive. Senior management is requested to attend meetings of the Board and the Board Committees in order to provide input and insight into matters being discussed, and to respond to any queries that the Directors may have. The Board also has separate and independent access to the Company's senior management and the Group Company Secretary.

The Group Company Secretary attends all Board meetings, ensures that Board procedures are complied with, and provides advice and guidance on corporate governance, and on legal and regulatory compliance. Under the direction of the Chairman, the Group Company Secretary facilitates and acts as a channel of communications for the smooth flow of information to and within the Board and its Board Committees, as well as between and with senior management. The Group Company Secretary also solicits and consolidates Directors' feedback and evaluation from time to time, and arranges for and facilitates orientation programmes for new Directors and assists with their professional development as required. The Group Company Secretary is the Company's primary channel of communication with SGX-ST.

Where it is necessary for the efficacious discharge of their duties, the Directors may seek and obtain independent professional advice at the Company's expense.

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Remuneration Committee ("RC")

The RC is made up of non-executive Directors, the majority of whom, including the Chairman, are independent Directors. It comprises the following members:

Mr Timothy Chia Chee Ming	Chairman
Mrs Siripen Sitasuwan	Member
Mr Thapana Sirivadhanabhakdi	Member

The RC's main responsibility is to assist the Board in establishing a formal and transparent process for developing policies on executive remuneration and development. Such policies are submitted to the Board and/or the Board Exco for approval. The RC also reviews remuneration packages and service terms of individual Directors and the CEOs of the Company's business divisions. When carrying out its duties, the RC reviews and makes recommendations on the remuneration framework for the Board and key management personnel, for endorsement by the Board. The RC also oversees the framework for remuneration and other terms of service for other key management of the Company.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

B. REMUNERATION MATTERS (CONT'D)

Periodically, the RC reviews the level and mix of remuneration and benefits policies and practices of the Company, including long-term incentives. When conducting such reviews, the RC takes into account the performance of the Company and that of individual employees. It also reviews and approves the framework for salary reviews, performance bonus and incentives for key management of the Group.

The RC also periodically conducts a review of the development and succession plans for key management and the leadership pipeline for the Company. In doing so, the RC aligns the CEOs' leadership - through appropriate remuneration and benefits policies and long-term incentives - with the Company's strategic objectives and key challenges. Performance targets are also set for the CEOs and their performances evaluated yearly.

The RC may from time to time, and where necessary or required, engage external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and management. Among other things, this helps the Company to stay competitive in its remuneration packages. During the financial year ended 30 September 2015, Carrots Consulting Pte Ltd and Hay Group Pte Ltd were appointed as remuneration consultants. The Company does not have any relationship with these consultants which would affect their independence and objectivity.

Principle 8: Level and Mix of Remuneration

In recommending the level and mix of remuneration, the RC seeks to build, motivate and retain Directors and key management. It ensures that competitive remuneration policies and practices are in place to draw and motivate high-performing executives so as to drive the Group's businesses to greater growth, efficiency and profitability. In its deliberation, the RC takes into consideration industry practices and benchmarks against relevant industry players to ensure that its remuneration and employment conditions are competitive.

The Company's compensation framework comprises fixed remuneration, annual variable bonuses and long-term incentives. Annual variable bonuses are linked to achievement of financial and non-financial key performance indicators. These indicators such as core values, competencies, key result areas, performance rating, and potential of the employees (including key management) link remuneration to corporate and individual performance. Long-term incentive plans are conditional upon pre-determined performance targets being met and the long-term incentive plans serve to motivate and reward employees and align their interests to maximise long-term Shareholder value.

Long-Term Incentive Plans

The RC administers the Company's share-based remuneration incentive plans, namely, the F&N Restricted Share Plan ("**RSP**") and F&N Performance Share Plan ("**PSP**").

Through the RSP and PSP, the Company seeks 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 for such employees to participate and share in the Group's growth and success.

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 performance of the Company and that of the individual. The PSP applies to 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. It serves as further motivation to key senior management in striving for excellence and delivering long-term Shareholder value.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

B. REMUNERATION MATTERS (CONT'D)

Under the RSP and PSP, the Company grants share-based awards (“**Base Awards**”) conditional upon pre-determined performance targets being met. These targets are set by the RC in its absolute discretion for the performance conditions to be met over the performance period. The performance period for the RSP and PSP are two and three years respectively. For the RSP, the targets set are the achievement of Attributable Profit Before Exceptional Items and Return On Capital Employed. For the PSP, the pre-set targets are based on Return On Invested Capital, Total Shareholders’ Return Relative to Straits Times Index and Absolute Total Shareholders’ Return as a multiple of Cost of Equity.

The Base Awards represent the right to receive fully paid ordinary shares, their equivalent cash value or a combination thereof, free of charge, provided certain prescribed performance and service conditions are met. The final number of shares to be released will depend on the achievement of the pre-determined targets at the end of the performance period. If the pre-determined targets are exceeded, more shares than the Base Awards can be delivered, subject to a maximum percentage of the Base Awards. The first grant of Base Awards was made in December 2009.

The maximum number of Company shares which can be released, when aggregated with:

- (a) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to awards granted under the PSP; and
- (b) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to awards granted under the RSP,

shall not exceed 10% of the total number of issued shares (excluding treasury shares) on the date preceding the date of the relevant Base Award. The RC currently does not intend, in any given year, to grant awards under the RSP and PSP which would comprise more than 1% of the total number of issued ordinary shares from time to time (the “**Yearly Limit**”). However, if the Yearly Limit is not fully utilised in any given year, the balance of the unutilised Yearly Limit may be used by the Company to make grants of awards in subsequent years.

Senior management participants are required to hold a minimum number of the shares released to them under the RSP and PSP to maintain a beneficial ownership stake in the Company for the duration of their employment or tenure with the Company.

Principle 9: Disclosure on Remuneration

Remuneration of Directors and Key Management Personnel

Information on the remuneration of Directors of the Company and top six key management personnel of the Group is set out below.

Directors of the Company as at 30 September 2015	Remuneration \$	Director Fee %	Adviser Fee %	Allowances %	Total %
Mr Charoen Sirivadhanabhakdi	- ¹	-	-	-	-
Khunying Wanna Sirivadhanabhakdi	- ¹	-	-	-	-
Tengku Syed Badarudin Jamalullail	119,011 ²	100	-	-	100
Mr Timothy Chia Chee Ming	147,000	100	-	-	100
Mr Koh Poh Tiong	2,057,000 ³	9.8	87.3	2.9	100
Mrs Siripen Sitasuwan	174,000	100	-	-	100
Mr Chotiphat Bijananda	80,000	100	-	-	100
Mr Thapana Sirivadhanabhakdi	234,000 ⁴	100	-	-	100
Mr Sithichai Chaikriangkrai	180,000	100	-	-	100
Mr Prapakon Thongtheppairot (Alternate Director)	102,500 ⁵	100	-	-	100

Notes:

- ¹ Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi waived payment of Directors’ fees due to them.
- ² Includes payment of \$8,011 being a prorated portion of the basic fee of \$20,000 which is due annually to the Lead Independent Director.
- ³ Includes payment of \$1,796,000 being fees for services provided as Adviser to the Board and \$60,000 being car allowance payable under his appointment as Adviser to the Board.
- ⁴ Includes payment of \$37,000 being director’s fees from Times Publishing Limited (“TPL”).
- ⁵ Includes payment of \$33,500 being director’s fees from TPL.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

B. REMUNERATION MATTERS (CONT'D)

Key Management Personnel of the F&N Group as at 30 September 2015	Remuneration \$	Fee %	Salary %	Bonus %	Allowances & Benefits %	Others %	Long-Term Incentive %	Total %
Dato' Ng Jui Sia ¹	1,007,720	-	67	15	8	-	10	100
Mr Anthony Cheong Fook Seng	1,077,507	-	58	27	5	-	10	100
Mr Huang Hong Peng ²	1,132,251	-	82	0	6	-	12	100
Mr Hui Choon Kit	978,433	-	49	32	5	-	14	100
Mr Lee Meng Tat ³	695,804	-	40	57	3	-	0	100
Mr Lim Yew Hoe ⁴	1,091,154	-	38	37	25	-	0	100
Total:	5,982,869							

Notes:

- Dato' Ng Jui Sia was appointed Adviser, Strategic Projects with effect from 1 May 2015. He was previously CEO, Non-Alcoholic Beverages until 30 April 2015.
- Mr Huang Hong Peng was appointed CEO, Beer with effect from 1 July 2013. The cessation of his appointment was announced on 18 August 2015. Mr Prapakon Thongtheppairot was appointed CEO, Beer with effect from 19 August 2015.
- Mr Lee Meng Tat was appointed CEO, Non-Alcoholic Beverages with effect from 1 May 2015, succeeding Dato' Ng who stepped down on 30 April 2015.
- Mr Lim Yew Hoe was appointed CEO, Fraser & Neave Holdings Bhd ("F&NHB") with effect from 1 December 2014.

No termination, retirement and post-employment benefits were granted to Directors and the above mentioned key management personnel (who are not Directors or the CEO of the Company).

There are no employees within the F&N Group who are immediate family members of a Director, and whose remuneration exceeds \$50,000 during the year.

Directors' Fees

The remuneration of non-executive Directors takes into account their level and quality of contribution and their respective responsibilities, including attendance and time spent at Board meetings and Board Committee meetings. Directors are paid a basic fee and attendance fees for attending Board meetings. Non-executive Directors who perform services through Board Committees are paid additional basic and attendance fees for such services. No Director decides his own fees. Directors' fees are reviewed periodically to benchmark such fees against the amounts paid by other major listed companies. The Company's Board fee structure during the year is as set out below. Save for the introduction of basic fee for the Lead Independent Director, the Board fee structure remains unchanged from that in the preceding financial year i.e. financial year ended 30 September 2014.

	Basic Fee (\$)	Attendance Fee (\$)
Board		
- Chairman	150,000	2,000
- Member	75,000	1,000
- Lead Independent Director	20,000	-
Audit Committee and Board Exco		
- Chairman	50,000	2,000
- Member	25,000	1,000
F&B Committee¹, NC, RC and Risk Management Committee		
- Chairman	30,000	2,000
- Member	15,000	1,000

Note:

- No fees will be payable for the F&B Committee with effect from 1 October 2015 as the Board Committee will be subsumed under the auspices of the Group Steering Committee at ThaiBev.

Shareholders' approval will be sought at the 117th AGM of the Company on 29th January 2016, for the payment of Directors' fees proposed for the financial year ending 30 September 2016 amounting to \$2 million, the same amount for which approval was sought and obtained at the 116th AGM of the Company last year.

To better align with Shareholders' interests, Directors are encouraged to purchase the Company's shares from the open market and to hold the equivalent of a year's fees in such shares while they remain on the Board, subject to their compliance with applicable laws and regulations.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

F&N prepares its financial statements in accordance with the Singapore Financial Reporting Standards (“SFRS”) prescribed by the Accounting Standards Council. The Board provides Shareholders with quarterly and annual financial reports, and releases its quarterly and full-year financial results through announcements to the SGX-ST and, where appropriate, press releases and presentation packs. In communicating and disseminating its results, F&N aims to present a balanced and clear assessment of the Company’s performance, position and prospects.

Management provides the Board Exco with management accounts at every meeting of this Board Committee. This is in addition to such other information as the Board may require from time to time to make a balanced and informed assessment of the Company’s performance, position and prospects.

Principle 11: Risk Management and Internal Controls

The Company maintains a sound system of risk management and internal controls with a view to safeguarding its assets and Shareholders’ interests.

The Audit Committee (“AC”), with the assistance of internal and external auditors, reviews and reports to the Board on the adequacy of the Company’s system of controls, including financial, compliance, operational and information technology controls, established by management. In assessing the effectiveness of internal controls, the AC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

The importance and emphasis placed by the F&N Group on internal controls is underpinned by the fact that the key performance indicators for management’s performance takes into account the findings of both internal and external auditors and the number of unresolved or outstanding issues raised in the process.

Risk Management Committee (“RMC”)

The Board, through the RMC, reviews the adequacy of the Group’s risk management framework 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, mitigating measures and management actions are continually identified, reviewed and monitored as part of the ERM process. Financial and operational key risk indicators are in place to track key risk exposures. Apart from the ERM process, key business risks are thoroughly assessed by management and each significant transaction is comprehensively analysed so that management understands the risks involved before it is embarked upon.

The RMC oversees the risk management framework and policies of the Group. It is responsible for, among other things, reviewing the Group’s enterprise-wide risk management framework, processes and procedures for identifying, measuring, reporting and mitigating key risks in the Group’s businesses and operations. The RMC would report material matters, findings and recommendations to the Board. Together with the AC, the RMC helps to ensure that management maintains a sound system of risk management and internal controls to safeguard the interests of Shareholders and the assets of the Group. The RMC also provides guidance to management, and renders assistance to the Board for determining the nature and extent of significant risks which the Board would be willing to take in achieving the Group’s strategic objectives. The meetings of the RMC are attended by the senior management of the Company’s business divisions, and serve as a forum to review and discuss material risks and exposures of these businesses and their strategies to mitigate risks.

The RMC comprises the following members:

Mr Thapana Sirivadhanabhakdi	Chairman
Mr Koh Poh Tiong	Member
Mr Sithichai Chaikriangkrai	Member
Mr Prapakon Thongtheppairot	Member

Periodic updates are provided to the RMC on the Group’s risk profile. These updates include the assessment of the Group’s key risks by major business units, risk categories, and the status and changes in plans undertaken by management to manage key risks.

Using a comfort matrix of key risks, the material financial, compliance, operational and information technology risks of the Company have been documented and presented against strategies, policies, people, processes, systems, mechanisms and reporting processes that have been put in place. The management of the Company’s business divisions also carry out control self-assessments in key areas of their respective businesses and operations to evaluate the adequacy and effectiveness of their risk management measures and internal controls.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

C. ACCOUNTABILITY AND AUDIT (CONT'D)

The Board has received assurance:

- (a) from the CEOs and the CFOs or Financial Controllers (“**FCs**”) of the Food & Beverage and Publishing & Printing business divisions of the Company and the CFO of the Company that the financial records of the Group have been properly maintained and the financial statements for the year ended 30 September 2015 give a true and fair view of the Group’s operations and finances;
- (b) from the CEOs and the CFOs or FCs of the Food & Beverage and Publishing & Printing business divisions of the Company and the CFO and Group Company Secretary of the Company that the system of internal controls in place for the Group is adequate and effective as at 30 September 2015 to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations; and
- (c) from the CEOs and CFOs or FCs of the Food & Beverage and Publishing & Printing business divisions of the Company and the Group Company Secretary who oversees risk management that the risk management system in place for the Group is adequate and effective as at 30 September 2015 to address risks which the Group considers relevant and material to its operations.

Based on the system of internal controls established and maintained by the Group, work performed by internal and external auditors and reviews performed by management and various Board Committees and assurance from the CEOs and the CFOs or FCs of the Food & Beverage and Publishing & Printing business divisions of the Company and the CFO and the Group Company Secretary of the Company, the Board, with the concurrence of the AC, is of the opinion that the Group’s internal controls were adequate as at 30 September 2015 to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.

Based on the risk management framework established and assurance from the CEOs and the CFOs or FCs of the Food & Beverage and Publishing & Printing business divisions of the Company and the Group Company Secretary of the Company who oversees risk management, the Board is of the view that the Group’s risk management system was adequate and effective as at 30 September 2015 to address risks which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives.

In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

An outline of the Group’s ERM framework and progress report is set out on page 59 of this Annual Report.

Principle 12: Audit Committee

The AC, on behalf of the Board, undertakes the monitoring and review of the system of internal controls. Its main responsibilities are to assist the Board in the discharge of its oversight responsibilities in the areas of internal controls, financial and accounting practices, operational and compliance controls. Significant findings are reported to the Board.

The AC is guided by written Terms of Reference endorsed by the Board and which set out its duties and responsibilities. It is duly authorised to investigate any matter within such Terms of Reference, and has full access to and the co-operation of management, as well as the full discretion to invite any Director or executive officer to attend its meetings.

The AC comprises the following three members:

Mrs Siripen Sitasuwan	Chairman
Mr Timothy Chia Chee Ming	Member
Mr Sithichai Chaikriangkrai	Member

The AC is made up of non-executive Directors, the majority of whom, including the Chairman, are independent Directors. The members of the AC are appropriately qualified. Their collective wealth of experience and expertise in accounting and financial management enables them to discharge their responsibilities competently. The AC has reasonable resources to enable it to discharge its functions effectively.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

C. ACCOUNTABILITY AND AUDIT (CONT'D)

During the year, the key activities of the AC included the following:

- Reviewing quarterly and full-year financial statements and related SGX-ST announcements, including the independent auditors' report for the full-year and significant financial reporting issues and assessments, to safeguard the integrity in financial reporting, and to ensure compliance with the requirements of the SFRS
- Reviewing and approving the internal and external audit plans to ensure the adequacy of the audit scope
- Recommending, for the approval of the Board, the half-year and annual financial results and related SGX-ST announcements
- Reviewing the adequacy and effectiveness of the Group's internal audit function, including the adequacy of internal audit resources and its appropriate standing within the Group
- Reviewing with internal and external auditors, the audit report and their recommendations, and monitoring the timely and proper implementation of any required corrective or improvement measures
- Reviewing and evaluating with internal and external auditors, the adequacy and effectiveness of internal control systems, including financial, operational and compliance controls
- Reviewing whistle-blowing investigations within the Group and ensuring appropriate follow-up actions, if required

The AC also meets with internal and external auditors in each case, without the presence of Management at least once a year to obtain feedback on the competency and adequacy of the finance function, to review the assistance given by the Company's management to external and internal auditors and to ascertain if there are any material weaknesses or control deficiencies in the Group's financial reporting and operational systems. In addition, updates on changes in accounting standards and treatment are prepared by external auditors and circulated to members of the AC periodically.

The AC reviews and approves the remuneration and terms of engagement of the Company's external auditors. The AC also makes recommendations to the Board regarding the appointment, re-appointment and removal of the Company's external auditors. Upon the Board's approval, the relevant recommendations are tabled for approval by Shareholders.

During the year, the AC conducted a review of the scope and results of audit by the incumbent auditors, Ernst and Young LLP and their cost effectiveness, as well as the independence and objectivity of the incumbent auditors. It also reviewed all non-audit services provided by the incumbent auditors, and the aggregate amount of audit fees paid to them. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 4 of the Notes to the Financial Statements on page 120. The AC is satisfied that neither their independence nor their objectivity was put at risk, and that they were able to meet the audit requirements and statutory obligations of the Company. The AC is also satisfied with the aggregate amount of audit fees paid to the incumbent auditors.

In addition to the review of the independence and objectivity of the incumbent auditors, the AC has evaluated a proposal for the appointment of KPMG LLP as the Company's new auditors. In its evaluation, the AC reviewed, deliberated and considered factors such as the adequacy of the resources and experience of KPMG LLP, the audit engagement partner to be assigned to the audit, the number and experience of supervisory and professional staff to be assigned to the audit as well as the size and complexity of the Group. The AC also considered that the appointment of an external auditor within the KPMG International network whose member firms are the external auditors of other listed entities within the TCC Group¹ would be consistent with the best practices of many multi-national corporations, and would be more efficient from a reporting perspective. KPMG LLP has expressed its willingness to accept the appointment. The appointment of KPMG LLP as the new auditors of the Company will be tabled for approval by Shareholders at the upcoming 117th AGM of the Company.

The Directors wish to express their appreciation for the past services rendered by Ernst & Young LLP.

The Company has complied or will comply with Rules 712 and 715 of the Listing Manual in relation to the appointment of its auditors.

Note:

¹ This refers to the companies and entities which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi. The TCC Group owns and controls a majority of the Company's shares.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

C. ACCOUNTABILITY AND AUDIT (CONT'D)

Whistle-Blowing Policy

The Group has in place a Whistle-Blowing Policy (“**Policy**”). This Policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting or other matters may be raised by staff and any other person in confidence and in good faith, without fear of reprisal. Details of this Policy have been disseminated and made available to all employees. This Policy is also available on the Company’s website. All matters which are raised are then independently investigated and appropriate actions taken. The AC ensures that independent investigations and any appropriate follow-up actions are carried out.

Principle 13: Internal Audit

The Internal Audit (“**IA**”) Department is an independent function within the Company. It conducts objective and independent assessments on the adequacy and quality of the Group’s system of internal controls. The Head of IA, who is a Chartered Accountant of Singapore, reports directly to the Chairman of the AC and administratively, to the Group Company Secretary.

The Head of IA 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. Such staff are also given relevant training and development opportunities to update their technical knowledge and auditing skills. Key staff members of the IA Department also receive relevant technical training and seminars organised by the Institute of Internal Auditors, Singapore and other professional bodies.

The IA Department operates within the framework stated in its Terms of Reference, which is approved by the AC. It adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned to key risks of 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.

During the year, the IA Department conducted its audit reviews based on the approved internal audit plans. All audit reports detailing audit findings and recommendations are provided to management who would respond on the actions to be taken. Each quarter, the IA Department would submit to the AC a report on the status of the audit plan and on audit findings and actions taken by management on such findings. Key findings are highlighted at AC meetings for discussion and follow-up action. The AC monitors the timely and proper implementation of required corrective, preventive or improvement measures undertaken by management.

The AC is satisfied that the IA Department has adequate resources and appropriate standing within the Company to perform its function effectively.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

F&N believes in treating all Shareholders fairly and equitably. It aspires to keep all Shareholders and other stakeholders and analysts in Singapore and beyond informed in a timely and consistent manner of its corporate activities, including changes (if any) in the Company or its businesses which are likely to materially affect the price or value of its shares.

Shareholders are also given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated.

Principle 15: Communication with Shareholders

The Company prides itself on its high standards of disclosure and corporate transparency. F&N aims to provide fair, relevant, comprehensive and timely information regarding the Group’s performance and progress to Shareholders and the investment community to enable them to make informed investment decisions. The Group’s dedicated Investor Relations (“**IR**”) team is tasked with and focuses on facilitating communications between the Company and its Shareholders, as well as with the investment community.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES (CONT'D)

The IR team communicates regularly with Shareholders and the investment community, with timely disclosures of material and other pertinent information, through regular dialogues and announcements to SGX-ST. The team conducts roadshows (together with senior management), and participates in investor seminars and conferences to keep the market and investors apprised of the F&N Group's corporate developments and financial performance. During the year, the IR team, together with senior management, engaged with Singapore and foreign investors at investor conferences as well as one-on-one and group meetings. The aim of such engagements 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. The Company makes available all its briefing materials to analysts and the media, its financial information, its annual reports and all announcements to the SGX-ST and on its website at www.fraserandneave.com, with contact details for investors to channel their comments and queries.

Further details on IR's activities and responsibilities during the year can be found in the Investor Relations section of this Annual Report on page 58.

The Company has a policy on the payment of dividends, which is to endeavour – barring unforeseen circumstances – to pay up to fifty percent (50%) of Group Attributable Profit before fair value adjustment and exceptional items.

Principle 16: Conduct of Shareholder Meetings

The Board supports and encourages active Shareholder participation at AGMs. It believes that general meetings serve as an opportune forum for Shareholders to meet the Board and senior management, and to interact with them.

The Company's existing Constitution allows all Shareholders the right to appoint up to two proxies to attend and vote on their behalf in Shareholders' meetings. A copy of each of the Annual Report and Notice of AGM are sent to all Shareholders. At general meetings, the Company sets out separate resolutions on each substantially separate issue and Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed.

Board members and senior management are present at each Shareholders' meeting to respond to any questions from Shareholders. The Company's external auditors are also present to address queries about the conduct of audit and the preparation and content of the auditors' report.

For greater transparency, F&N has implemented electronic poll voting since its 2010 AGM. This entails Shareholders being invited to vote on each of the resolutions by poll, using an electronic voting system (instead of voting by hands), thereby allowing all Shareholders present or represented at the meeting to vote on a one share, one vote basis. The voting results of all votes cast for, or against, each resolution are then screened at the meeting and announced to the SGX-ST after the meeting. The Company will continue to use the electronic poll voting system at the forthcoming AGM.

Code of Business Conduct

F&N has in place a Code of Business Conduct which sets out the business practices, standards and ethical conduct expected of all employees in the course of their employment with the F&N Group. The Code of Business Conduct is disseminated and distributed to all employees for compliance, and covers such aspects of the business operations of the Group as conflicts of interest and dealings with government officials, government employees, and suppliers and customers of the Company. In addition, 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 relevant and applicable laws and regulations, as well as with Company policies.

Listing Rule 1207 sub-Rule (19) on Dealings in Securities

In compliance with Listing Rule 1207 sub-Rule (19) of the Listing Manual, the Group issues quarterly reminders to its Directors, officers and employees on the restrictions in dealings in listed securities of the Group during the period commencing (i) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (ii) one month before the announcement of full-year results, and ending on the date of such announcements. Directors, officers and employees are also reminded not to trade in listed securities of the Group at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Group's securities on short-term considerations.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
General	<p>(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>(a) F&N has complied in all material respects with the principles and guidelines set out in the Code.</p> <p>(b) Please see above.</p>
Board Responsibility Guideline 1.5	<p>What are the types of material transactions which require approval from the Board?</p>	<p>The Company has a Manual of Authority (“MOA”) which contains a schedule of matters specifically reserved to the Board for approval. In addition to matters such as annual budgets, financial plans and business strategies, Board approval is required for material transactions, such as major acquisitions, divestments, funding and investment proposals. The MOA authorises the Board Executive Committee to approve certain transactions up to specified limits beyond which the approval of the Board needs to be obtained.</p>
Members of the Board Guideline 2.6	<p>(a) What is the Board’s policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?</p>	<p>(a) The Board proactively seeks to maintain an appropriate balance of expertise, skills and attributes among Directors. This is reflected in the diversity of backgrounds and competencies of our Directors.</p> <p>(b) The current competencies of the Board range from banking, finance and accounting to relevant industry knowledge including entrepreneurial and management experience and familiarity with regulatory requirements and risk management. The Board also includes 2 female directors in recognition of the importance and value of gender diversity. The profiles of the directors can be found on pages 16 to 21 of this Annual Report (“this Report”).</p> <p>(c) The Board has delegated the Nominating Committee (the “NC”) to annually review the size and composition of the Board with a view to maintaining an appropriate balance of expertise, skills and attributes taking into account the needs of the F&N Group (the “Group”). Please also refer to Guideline 4.6 below on the process for Board succession planning.</p>

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
Guideline 4.6	<p>Please describe the board nomination process for the Company in the last financial year for:</p> <p>(i) selecting and appointing new directors and</p> <p>(ii) re-electing incumbent directors.</p>	<p>(i) The NC takes the lead in identifying, evaluating and selecting suitable candidates, factoring in the ability of the prospective candidate to contribute to the Board, as well as taking into account the existing mix of expertise, skills and attributes of the Directors to identify needed and/or desired competencies.</p> <p>(ii) The NC will assess whether Directors are properly qualified for re-appointment by virtue of their skills, experience and contributions.</p>
Guideline 1.6	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to:</p> <p>(i) new directors and</p> <p>(ii) existing directors to keep them up-to-date?</p>	<p>(a) Yes.</p> <p>(b)(i) New Directors are given a letter of appointment setting out, among other things, a Director's duties and obligations including their responsibilities as fiduciaries and, where appropriate, how to deal with conflicts of interest, is issued to all new Directors. A comprehensive orientation programme is also conducted to familiarise new appointees with the business activities, strategic directions, policies and corporate governance practices of the F&N Group.</p> <p>(b)(ii) Existing Directors are regularly updated on the Group's businesses and the regulatory and industry-specific environments in which the entities of the Group operate. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or hand outs. Directors are also encouraged to be members of the Singapore Institute of Directors ("SID") and to receive journal updates and training from SID in order to stay abreast of relevant developments in financial, legal and regulatory requirements.</p>

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
Guideline 4.4	<p>(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p>	<p>(a) The Company has not prescribed a maximum number of listed company board representations that a Director may hold.</p> <p>(b) The NC is tasked with determining whether each Director is able to adequately devote sufficient time to discharging their responsibilities to the Company. The NC has taken cognizance of the recommendations of the Code but is of the view that its assessment of a Director's ability to devote sufficient time to the discharge of his or her duties should not entail a restriction on the number of other board commitments or their other principal commitments.</p> <p>(c) The contributions by Directors to and during meetings of the Board and relevant Board Committees as well as their attendance at such meetings are holistically assessed and taken into account by the NC.</p>
Board Evaluation Guideline 5.1	<p>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</p> <p>(b) Has the Board met its performance objectives?</p>	<p>(a) All Directors are required to assess the performance of the Board and the Board Committees. The assessment covers areas such as Board composition, information management, Board processes, Shareholder management, Board priorities, managing the Company's performance, effectiveness of the Board Committees, Director development and management, risk management and Director self-evaluation. Feedback and comments received from the Directors are reviewed by the NC in consultation with the Chairman of the Board.</p> <p>(b) Based on the NC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.</p>

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
Independence of Directors Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. The current F&N Board comprises nine non-executive Directors of whom three are independent. Independent directors thus comprise one-third of the Board.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	(a) No. (b) Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No.
Disclosure on Remuneration Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	(a) Yes. (b) The Company has disclosed the aggregate remuneration paid to the top six key management personnel on page 71 of their Report. The aggregate remuneration paid to the top six key management personnel is S\$5,982,869.

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.
Guideline 9.6	<p>(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.</p> <p>(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?</p> <p>(c) Were all of these performance conditions met? If not, what were the reasons?</p>	<p>(a) <u>Executive Directors</u> Not applicable as there are no executive directors on the F&N Board.</p> <p><u>Key Management Personnel</u> The Remuneration Committee (the "RC") periodically reviews the level and mix of remuneration policies and practices of the Company. When conducting such reviews, the RC takes into account the performance of the Company and that of individual employees. The Company's compensation framework comprises fixed remuneration, annual variable bonuses and long-term incentives. Annual variable bonuses are linked to achievement of financial and non-financial key performance indicators. These indicators such as core values, competencies, key result areas, performance rating, and potential of the employees (including key management) link remuneration to corporate and individual performance. Long-term incentive plans are conditional upon pre-determined performance targets being met and the long-term incentive plans serve to motivate and reward employees and align their interests to maximise long-term Shareholder value.</p> <p>(b) The Company subscribes to linking executive remuneration to corporate and individual performance, based on an annual appraisal of employees and using indicators such as core values, competencies, key result areas, performance rating and potential of the employees. The Company has also put in place long-term share-based incentive schemes which are based on the achievement of certain pre-determined targets.</p> <p>(c) Yes.</p>

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
<p>Risk Management and Internal Controls Guideline 6.1</p>	<p>What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</p>	<p>Management provides the Board with detailed Board papers specifying relevant information and commercial rationale for each proposal for which Board approval is sought. Such information includes relevant financial forecasts, risk analyses, mitigation strategies, feasibility studies and key commercial issues for the Board's attention and consideration. Reports on major operational matters, business development activities, financial performance, potential investment opportunities and budgets are also circulated to the Board. Board papers and agenda items are dispatched to the Directors about a week before scheduled meetings. This is to give Directors sufficient time to review and consider the matters being tabled and/or discussed.</p> <p>On quarterly basis, financial statements are presented at Board meetings.</p> <p>On a quarterly basis, risk-related reports are submitted to the Risk Management Committee ("RMC"). The RMC, comprising selected board members assists the board in overseeing risk management for the Group.</p>
<p>Guideline 13.1</p>	<p>Does the Company have an internal audit function? If not, please explain why.</p>	<p>Yes.</p>

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
Guideline 11.3	<p>(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.</p> <p>(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that:</p> <p>(i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and</p> <p>(ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?</p>	<p>(a) The Board's view on the adequacy and effectiveness of the Company's internal control and risk management systems is based on reviews and reports from the Audit Committee ("AC"). With the assistance of internal and external auditors, the AC reviews and reports on the adequacy of the Company's system of controls including financial compliance operational and information technology controls, established by management. In assessing the effectiveness of internal controls, the AC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.</p> <p>(b) Yes, assurance regarding the adequacy and effectiveness of the risk management systems has been provided by the CEOs and the CFOs or FCs of the Food & Beverage and Publishing & Printing business divisions of the Company and by the Group Company Secretary who oversees risk management.</p>

Corporate Governance

FOR THE YEAR ENDED 30 SEPTEMBER 2015

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
Guideline 12.6	<p>(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.</p> <p>(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.</p>	<p>(a) As disclosed in Note 4(c) to the Notes to the Financial Statements, the fees paid / payable to external auditors for audit and non-audit services for the financial year ended 30 September 2015 are:</p> <p style="text-align: right;">S'\$'000</p> <p>Audit fees paid / payable</p> <ul style="list-style-type: none"> - Auditor of the Company 859 - Member firms of the Auditor of the Company <u>841</u> <li style="text-align: right;"><u>1,700</u> <p>Non-audit fees paid / payable</p> <ul style="list-style-type: none"> - Auditor of the Company 71 - Member firms of the Auditor of the Company <u>235</u> <li style="text-align: right;"><u>306</u> <p>(b) Non-audit fees amount to 18% of the total fees paid/payable to the auditor of the Company, and are not substantial.</p>
<p>Communication with Shareholders Guideline 15.4</p>	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p>	<p>(a) The Company, through its Investor Relations (the "IR") team communicates regularly with Shareholders and the investment community, with timely disclosures of material and other pertinent information, through regular dialogues and announcements to SGX-ST.</p> <p>(b) Yes. Please refer to pages 75 and 76 of this Report.</p> <p>(c) The IR team together with senior management participates in investor seminars, conferences, one-on-one and group meetings.</p>
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.