



FRASER AND NEAVE, LIMITED

SUSTAINABILITY REPORT 2016



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Accompanying this sustainability report:
F&N Annual Report



Download it at www.fraserandneave.com/investor-relations

ABOUT THIS REPORT

Fraser and Neave, Limited (“F&N”, or the “Group”) recognises that the stability and growth of our business is interconnected with the sustainability of the economies, the natural environment and the communities in which we operate and vice versa. Therefore, F&N remains steadfast in conducting our business in an ethical and sustainable manner. As a socially responsible corporate citizen, we strive to incorporate best practices in our business so as to minimise our impact on the natural environment, contribute meaningfully to local communities and engage our stakeholders in a responsible manner.

F&N is conscientious of the fact that as one of Southeast Asia’s leading fast-moving consumer goods companies, we not only have a responsibility to the societies we currently operate in, we are also in a position to effect positive change and action, particularly in the emerging markets.

This report looks beyond financial performance and corporate governance practices which are outlined in our Annual Report 2016, and examines our non-financial performance and progress, in particular in the following areas:



ABOUT FRASER AND NEAVE, LIMITED

Established in 1883, Fraser and Neave, Limited ("F&N") is a leading Southeast Asia Consumer Group with expertise and prominent standing in the Food & Beverage and Publishing & Printing industries.

Leveraging its strengths in marketing and distribution; research and development; brands and financial management; as well as years of acquisition experience, F&N provides key resources and sets strategic directions for its subsidiary companies across both industries.

Listed on the Singapore stock exchange, F&N ranks as one of the most established and successful companies in the region with an impressive array of renowned brands that enjoy strong market leadership. F&N is present in 12 countries spanning Asia Pacific, Europe and the USA, and employs 6,813 people worldwide.

For more information on F&N, please visit www.fraserandneave.com.

VISION

To be a stable and sustainable Food & Beverage leader in the ASEAN region.

MISSION

To be ASEAN's leading owner and provider of quality and innovative products that consumers choose and trust. To support our mission, we are guided firmly by our commitment to great value, the community, diversity and the environment.

VISION

20

20

VISION 2020

Together with our strategic partner, Thai Beverage Plc Limited ("ThaiBev"), our aim is to increase the size and scale of the F&N ThaiBev Group by harnessing each other's strengths. Vision 2020 charts a roadmap to help us achieve our ambition of becoming a stable and sustainable leader in Southeast Asia ("SEA"). The roadmap centres on the Group building a solid platform for overseas expansion, focusing on SEA, via a two-pronged approach:

- Strengthening market positions in Singapore, Malaysia and Thailand: Leveraging both F&N and ThaiBev's portfolio of brands, as well as distribution and bottling systems, one of the largest and most extensive in SEA.
- Overseas expansion: Using its operations in Singapore, Malaysia and Thailand as the platform, F&N intends to replicate its successful business models in other ASEAN countries, in particular Indonesia, Myanmar and Vietnam by 2020. The Group aims to establish itself as one of the top three food and beverage players in key markets outside of Singapore, Malaysia and Thailand.

The five strategic imperatives of Vision 2020 are:

GROWTH

By driving product innovation, diversifying our portfolio, leveraging distribution networks in core markets, and expanding our business in SEA, the F&N ThaiBev Group aims to be the largest and most profitable beverage company in SEA.

DIVERSITY

Diversify revenue and earnings through geographic expansion and product diversification.

- Existing markets: Singapore, Malaysia and Thailand
- New markets: Indonesia, Myanmar, Vietnam and Philippines

REACH

Strengthen and build our route-to-market in priority markets, and to be the most trusted and preferred beverage partner.

BRANDS

To be amongst the top three players in our markets. The Group's core brands for non-alcoholic beverages are:

- 100PLUS
- F&N NUTRISOY
- F&N MAGNOLIA
- est COLA
- OISHI

PROFESSIONALISM

To be the employer of choice, and to ensure a diverse and high-performance workforce.

ACCOLADES RECEIVED IN FY2016



WORKPLACE

Asia Best Employer Brand Award 2016 <i>by Employer Branding Institute and the World HRD Congress</i>	Fraser and Neave, Limited
bizSAFE Level 3 Accreditation <i>by Workplace Safety & Health Council, Singapore</i>	Fraser and Neave, Limited
Malaysia Best Employer Brand Award 2016 <i>by Employer Branding Institute and the World HRD Congress</i>	Fraser & Neave Holdings Bhd
Performance Category – Winner Roll of Honour List – Top Five Outstanding Companies <i>by CIO Asia Awards, Malaysia</i>	Fraser & Neave Holdings Bhd
Excellent Establishment of Labour Relations and Welfare Award (National Level) <i>by Ministry of Labour, Thailand</i>	Dairies Thailand
National Occupational Safety and Health Award <i>by Ministry of Labour, Thailand</i>	Dairies Thailand
Gold Class II Award <i>by Malaysian Society for Occupational Safety and Health</i>	Dairies Malaysia



ENVIRONMENT

Carbon Footprint Organisation Certification <i>by The Federation of Thai Industries</i>	Dairies Thailand
Thailand Kaizen Award 2016 <i>by Technology Promotion Association (Thailand-Japan)</i>	Dairies Thailand
CSR-DIW Award 2016 <i>by Ministry of Industry, Thailand</i>	Dairies Thailand
Green Industry Award 2016 (Anugerah Industri Hijau 2016) <i>by Ministry of Natural Resources and Environment, Malaysia</i>	Beverages Malaysia



MARKETPLACE

<p>Most Transparent Company Award, Consumer Staples Category – Winner by Securities Investors Association Singapore</p>	Fraser and Neave, Limited
<p>Internal Audit Excellence Award – Runner-Up by Securities Investors Association Singapore</p>	Fraser and Neave, Limited
<p>ASEAN Excellence – International by ASEAN Business Advisory Council (ASEAN-BAC) Malaysia</p>	Fraser & Neave Holdings Bhd
<p>Company of the Year, Ready-To-Drink industry by Frost & Sullivan, Malaysia</p>	Fraser & Neave Holdings Bhd
<p>Industry Champion, Brand Icon Leadership Award 2016 for FMCG – Soft Drinks and Dairies Category by The BrandLaureate, Malaysia</p>	Fraser & Neave Holdings Bhd
<p>FDA Quality Award 2016 by Thai Food & Drug Administration</p>	Dairies Thailand
<p>Thailand Quality Prize 2016 by Technology Promotion Association (Thailand-Japan)</p>	Dairies Thailand
<p>Non-Alcoholic Beverages Category – Gold by Putra Brand Awards, Malaysia</p>	100PLUS
<p>Best Youth Marketing by Singapore Media Awards, Singapore</p>	100PLUS
<p>Best Thirst Quencher by CLEO Body Awards 2016, Singapore</p>	OISHI Green Tea Honey Lemon
<p>Best On-The-Go Breakfast by CLEO Body Awards 2016, Singapore</p>	F&N NUTRISOY
<p>Most Soothing Herbal Tea by CLEO Body Awards 2016, Singapore</p>	F&N NUTRIWELL
<p>Most Invigorating Energy Bar by CLEO Body Awards 2016, Singapore</p>	ALIVE

WORKPLACE

OUR STRONG FOUNDATION

At F&N, we value our People and know that they are crucial to our success. They are our partners in delivering products and services of the highest quality and safety standards to our customers.

Their dedication, knowledge and performance bring life to F&N's strategy and drive business results. Simply put, our People are the foundation of our business. As such, continual learning and development is encouraged and supported through a group-wide learning and development programme, and our integrated people development model enables employees to play an active role in the learning and development process.

Aside from developing our People, F&N continuously engages them to promote cohesiveness and a sense of belonging. We also place importance on the safety and well-being of our employees, and we are committed to providing and maintaining a safe and healthy work environment.

In this section:



Human Resource Management Policy



Employee Profile



Employee Engagement



Personnel Development and Talent Management



People Care



Safety at Work

This year, in recognition of F&N as the employer of choice, F&N Group and its subsidiary, Fraser & Neave Holdings Bhd ("F&NHB") won Asia Best Employer Brand Award 2016 and Malaysia Best Employer Brand Award 2016, respectively, from The Employer Branding Institute and World HRD Congress. The awards were conferred based on our exemplary learning and development initiatives, our ability to communicate our distinctiveness in employee hiring, training and retention practices, and our innovative spirit. With the aim of retaining and attracting the right talent, we will continue to strengthen our employer branding through our Human Resource policies and practices.

HUMAN RESOURCE MANAGEMENT POLICY

F&N Group employees bring various levels of expertise and diverse experience to their work. To retain employees and increase our ability to attract new talent, the company has developed a global human resource policy that encourages continuous learning, strengthens leadership skills and promotes cooperation between colleagues, customers and the community. While the company maintained its recruitment and retention strategy



Key Highlights

F&N attained Asia Best Employer Brand Award 2016



of ensuring the right people with the right skills were deployed in the right locations, recruitment efforts were largely internally focused, as skilled employees were redeployed and reassigned to alternative projects and areas of the business. Last year, to expand our talent pipeline and increase employee engagement, the Group rolled out a global referral programme that encourages employees to refer potential talent for available roles. This programme indirectly boosts our employer branding as our People advocate our corporate brand to the public. It also empowers employees to contribute to the Group's talent search and development process.

F&N Group is committed to conducting its activities in line with ethical, sustainable and transparent practices. In all the countries which we operate in, our People conduct our operations in accordance with our code of conduct and the local employment act. All employees of the Group are provided with a set of the

company's policies, including the Code of Business Conduct and Whistle-Blowing Policy, upon employment. They are required to acknowledge and sign a statement certifying that they understand their obligations as an employee of the Group, and that they respect and comply with the provisions stipulated in the policies and guidelines.

In FY2016, the Group launched its Executive Human Capital Handbook, which provides information to employees in executive positions on the expectations, benefits, policies and procedures applicable to them. It also sets out matters of importance to both Fraser and Neave, Limited and its subsidiaries.

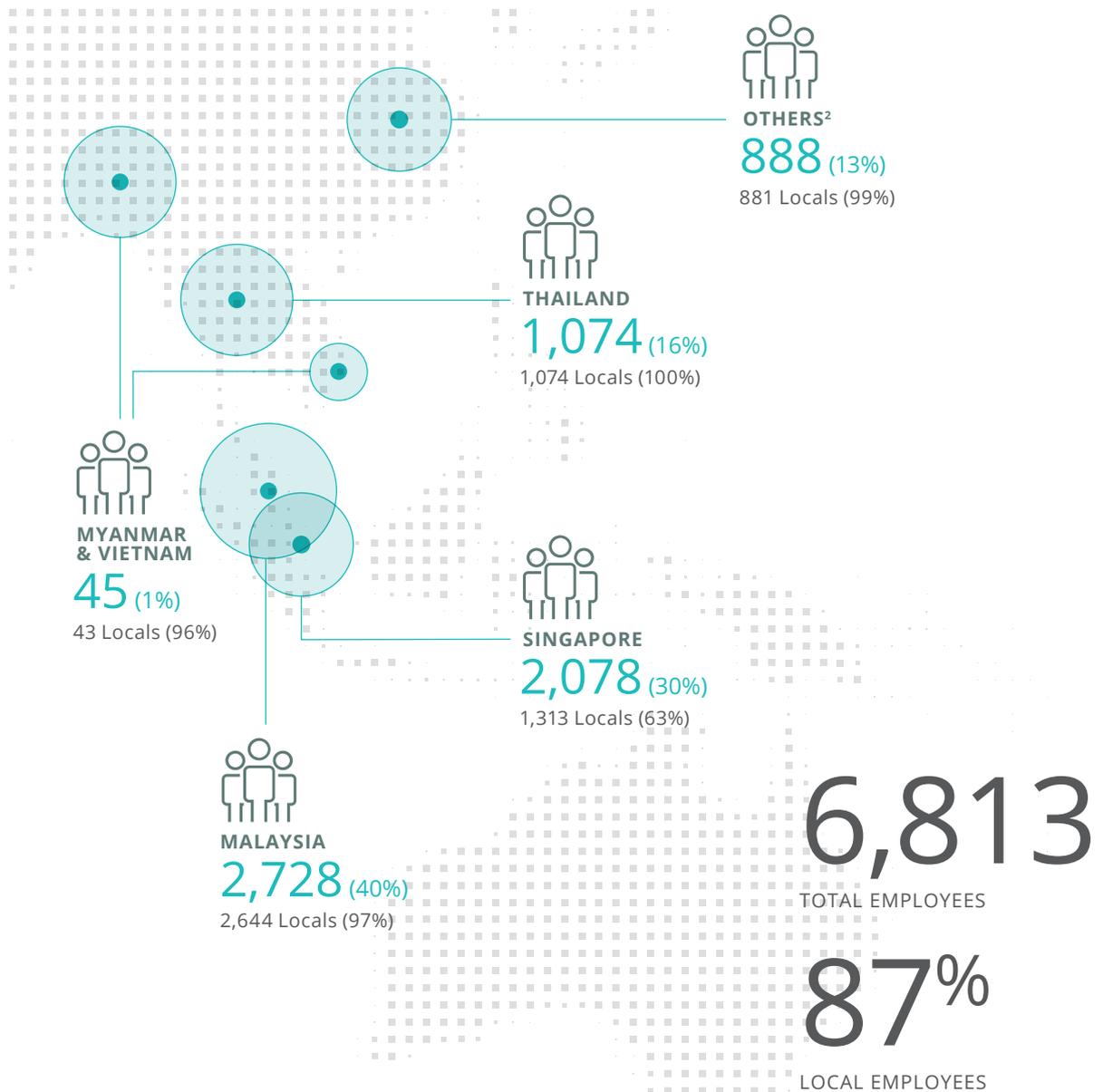
As at FY2016, F&N Group has operations in 12 countries. In these countries, we provide an environment of fair conduct and fair labour practices. We give employment to local citizens and embrace workplace diversity.

WORKPLACE

EMPLOYEE PROFILE

In FY2016, our workforce¹, including full- and part-time permanent and 12-month contract employees, totalled 6,813 across 12 countries. F&N's priority is to hire local talent to support the local communities we operate in. In our operations across the globe, the majority of our local workforce comprises citizens of that particular country. In FY2016, 87% of the Group's total workforce comprised of local employees. The Group's current gender composition is 39% women.

EMPLOYEES BY COUNTRY



Notes:

- 1 Total workforce includes employees of Fraser and Neave, Limited, subsidiaries and joint venture companies which the Group holds at least 50% stake, and associate companies with 20% to 49% stake
- 2 Australia, Chile, China (including Hong Kong), India, UK and US

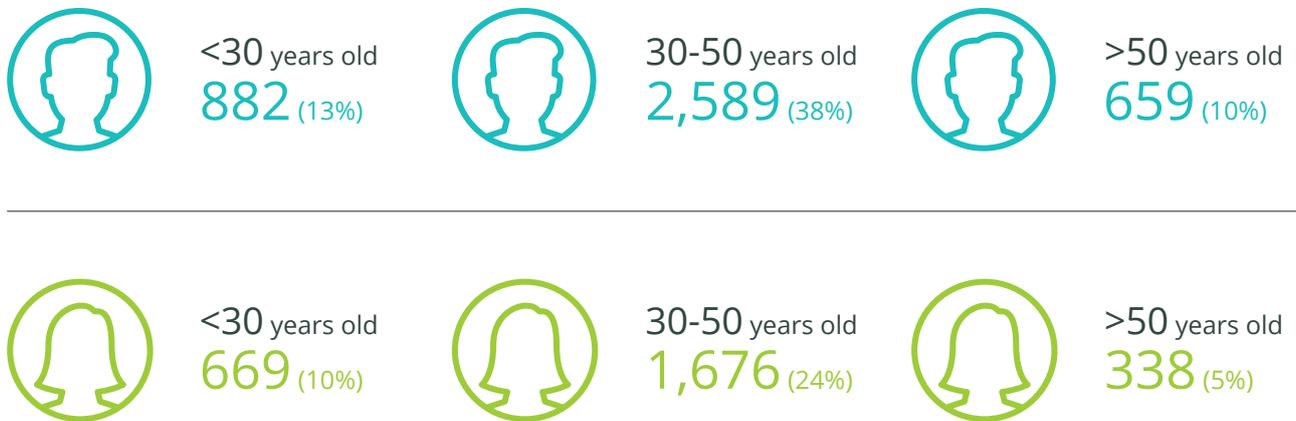
EMPLOYEES BY GENDER



Gender Profile by Country (%)



EMPLOYEES BY AGE



EMPLOYEE TURNOVER RATE

HEAD OFFICE	F&B DIVISION ²	F&B DIVISION ³	P&P DIVISION	AVERAGE TURNOVER RATE
				
11% FY2016	11% FY2016	19% FY2016	27% FY2016	17% FY2016
-8% from FY2015	-9% from FY2015	+3% from FY2015	+7% from FY2015	-2% from FY2015

Notes:

- 1 Australia, Chile, China (including Hong Kong), India, UK and US
- 2 Malaysia, mainly through F&NHB
- 3 Remaining countries

WORKPLACE



EMPLOYEE ENGAGEMENT

The Group maintains regular and open communication with its employees on important corporate developments and changes to policies through Meet-The-CEO sessions, briefings from the management as well as employee newsletters and circulars. Other forms of communication include e-mails and the Group intranet portal maintained by the corporate office, and subsidiary-level intranet sites maintained by the different business units for their employees.

To promote cohesiveness and forge a greater sense of belonging amongst employees, the Group organises various activities ranging from recreational to volunteering opportunities.

This financial year, the Group's Food & Beverage ("F&B") and Publishing & Printing ("P&P") divisions across the region engaged employees in a range of activities, including:

- Sports tournaments: Bowling, futsal, badminton and golf

- Health and wellness programmes: Mass workout sessions, health talks, Singapore Kindness Movement talk and activities, and Fruit and Vegetables day
- Employee get-togethers: Festive celebrations during the New Year, Chinese New Year and Hari Raya, National Day and year-end parties, Durian feast, high-tea sessions, beer festival and annual movie night
- Community outreach programmes: Engaging senior citizens in a biannual games and food fair, and blood donation drive
- Employee family day, long service awards and team building activities

Recognising the hard work put in by its employees, the Group continued the annual group-wide private movie screening night in Singapore to celebrate Labour Day for its employees from the head office, F&B division and P&P division. This year, more than 1,500 employees and their families and friends attended the movie screening.



PERSONNEL DEVELOPMENT AND TALENT MANAGEMENT

The Group's human capital is developed and strengthened through its investment in our People. Continuous training and professional development programmes have helped to boost the hard and soft skills of our employees, positioning them in good stead to take up challenges in the dynamic business environment we operate in.

Last year, the Group implemented The 7 Habits of Highly Effective People, the world's leading personal leadership



F&N Chairman's Award



Since 2003, in conjunction with its 120th anniversary celebrations, F&NHB has been rewarding the children of its employees for their academic excellence and co-curricular achievements.

The annual award, named "F&N Chairman's Award", is aimed at fostering stronger employer-employee relationships, as well as inculcating a caring and harmonious working environment.

When the award was first introduced in 2003, F&NHB set aside an initial endowment fund of RM1.25 million. This scheme was topped up in 2008 with an additional RM1.25 million due to the increase in the number of awards handed out to deserving students. In 2013, in commemoration of F&N's 130th anniversary, a further RM1.3 million was committed to the Award.

Every year, the young award recipients, together with their families and friends,

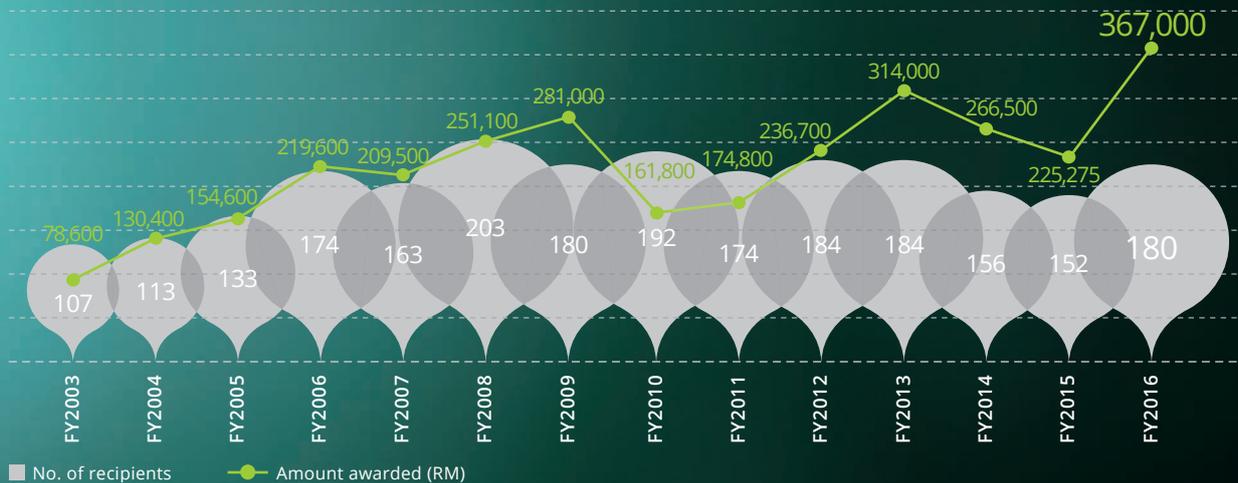
get invited to the "F&N Chairman's Award" presentation ceremony where the Chairman of F&NHB will present each of them with a cash award of between RM300 and RM5,000.

To date, F&NHB has disbursed over

RM 3m
to close to
2,300
children
of its employees



Key Highlights



WORKPLACE



Key Highlights

38,647

Training hours

596

Training programmes



development and training programme, across all business units. Aimed at building leaders at the individual, team and organisational level, the programme instilled in participants the importance of self-management, influence, engagement and collaboration with others. This year, more employees continued to gain from the programme – 342 employees attended the training programme in Singapore, Malaysia and Myanmar. That puts total number of employees who have attended the 7 Habits programme at 835 over two years, and there are plans to engage more employees in the coming year.

In FY2016, the Group rolled out a total of 596 training programmes, achieving 38,647 training hours and benefitting close to 7,500 training participants in total.

The Group recognises that timely and effective performance evaluation empowers employees to give their best performance. As such, managers and their team members meet at least once a year to clarify performance



objectives, review performance and results, and determine required development, personal aspirations and career plans – the Total Performance Management System programme (“TPMS”). This in-house TPMS programme provides our People with a deeper understanding of the performance management process within the context of the Group’s framework, empowers employees to manage their own career development and maintains open and



effective communication between managers and their team members.

Knowledge sharing, skill development, effective talent path management and leadership training are all crucial to F&N’s efficient operation and ongoing competitiveness. The company’s integrated human resource development model encourages experts of their respective fields within the Company to conduct in-house training for cross-functional groups as a way to expand employees’ overall organisational understanding. Some examples of in-house courses are ‘Excel Skills’ conducted by Finance, and specialised product trainings such as Canned Milk, Beverages, and Dairies by Corporate Research and Development. The key benefit of this approach is that it enables employees from different departments to gain awareness, more in-depth knowledge of our range of products and a wider set of skills.

Likewise, the P&P division has initiated cross country mobility programmes for staff to share job knowledge and best practices with their counterparts in Malaysia. P&P believes that the cross country mobility programmes





will help to foster effective communication, collaboration and knowledge sharing among different units and reduce silo mentality and competitive relationships within the company. The Printing division in Singapore had several staff exchanges with its counterpart in Malaysia to share best practices for several plant processes such as maintenance, inventory management and print operations. Similarly, Times The Book Shop Singapore hosted colleagues from Times The Book Shop Malaysia to share their book shop operations practices.

The Group also offers external programmes to employees of all job levels to allow them to hone skills necessary for their career advancement. Some of the professional development courses made available to employees this year were:

- National University of Singapore Executive Development Programme
- Foundations of Manager Programme
- Social Media for Enterprise
- ISO, FSSC 22000, OHSAS 18001, HACCP and GMP
- Creative thinking, Excel and Powerpoint courses

PEOPLE CARE

This year, the Group continued to organise numerous health and wellness activities, in and outside the workplace, to promote the overall well-being of our employees.

In Singapore, our business units work closely with the Health Promotion Board to implement health and wellness programmes. The Group's F&B and P&P divisions were awarded Gold and Bronze awards, respectively, in 2014. Awarded to companies once every

two years, the Singapore HEALTH (Helping Employees Achieve Life-Time Health) Award is presented by the Health Promotion Board to give national recognition to organisations with commendable Workplace Health Promotion programmes.

Our employees have benefitted from a wide range of activities throughout the year, such as:

- Fruits and Vegetables Day: To encourage consumption of at least two servings of fruits and vegetables daily
- Cholesterol Management: An intervention programme to help employees manage their cholesterol level
- Physical activities: Inter-group sports tournaments including badminton, bowling and golf, mass workouts, kickboxing, pilates and aerobics
- Annual health screenings
- Healthy cooking workshops
- Mental and physical wellness talks

Organised by F&NHB, the F&N Group Badminton Tournament is an annual event involving employees from F&NHB, as well as the Beverages and Dairies business units, and head office of the F&N Group. The tournament gives employees from different operating units and countries an opportunity to come together to build camaraderie and unwind through sports.

Held in Malaysia in September 2016, this year's tournament saw 148 employees from Singapore, Malaysia and Thailand form 64 pairs of men's doubles and 10 pairs of women's doubles, pitting their skills against one another. The top four winning

men's and women's teams walked away with trophies and cash vouchers worth a total of RM4,000.

A healthy workforce is also a productive one. By promoting health and wellness at work, the Group has witnessed a reduction in the average number of sick days reported per employee, below the national average of six days per year. Activities like these will be held at regular intervals to encourage a healthy lifestyle and build a healthy workforce.

SAFETY AT WORK

At F&N, the safety of our workforce is our utmost priority. We care about the welfare of our People and promote health, safety and well-being at all levels of our businesses. Each business unit has in place safety procedures and adopt best practices that have gained industry recognition in the form of certification and awards.

A workplace safety and health risk assessment committee was formed in March 2016 and its members are made up of employees from various departments of the head office. These committee members underwent training and received their bizSAFE Level 2 and risk awareness training. bizSAFE is a five-step programme administered by Singapore's Ministry of Manpower and Workplace Safety & Health Council. The programme assists companies to build up their workplace safety and health capabilities so that they can achieve quantum improvements in safety and health standards at the workplace. The head office also attained bizSAFE Level 3, for putting in place a workplace safety and health policy, safe work procedures and risk management plan, conducting a risk assessment at the workplace, and engaging employees on safety and health concerns in the workplace.

Other initiatives to increase awareness of safety at work include regular talks and quizzes held for employees. The Company Emergency Response Team ("CERT") has been set up at both F&B and P&P divisions to prepare employees in the event of a crisis or emergency. Besides the certification of select employees in first aid, cardiopulmonary resuscitation ("CSR") and automated external defibrillator ("AED") trainings have also been conducted. Regular fire drills are also exercised at the different offices and manufacturing facilities of the Group.

COMMUNITY

A POSITIVE IMPACT

As one of the leading F&B players in our core markets of Singapore, Malaysia and Thailand, as well as a new entrant in emerging markets, we recognise the impact that our business can have on the local communities.

We also understand that the sustainability of our business is dependent on the stability and well-being of these communities. As such, we view corporate philanthropy as an integral part of our operations. Through corporate giving, community partnerships and employee volunteerism, we aim to create long-term shared value.

In this section:



Sports



Education
and Youth



Environmental
Awareness



Community
Outreach

SPORTS

Through years of brand building and partnerships with sports associations and events, 100PLUS has cemented its position as a key pillar of the sporting community. 100PLUS supports national sports bodies and athletes, as well as encourages individuals to lead an active lifestyle through its sponsorships of public sporting events.

As Singapore's No.1 isotonic drink, 100PLUS continued to support sports development and endorse active lifestyles through sponsorships. In conjunction with Rio 2016 Olympics, 100PLUS launched a set of three limited edition cans featuring table tennis, swimming and running to rally Singaporeans to support Team Singapore athletes. As Supporter of the Singapore National Olympic Council, 100PLUS provided hydration to Team Singapore athletes while they trained in the three months leading up to Rio 2016 Olympics. 100PLUS also participated in Olympic Day, an event commemorated worldwide to celebrate the Olympic ideals and encourage individuals to get active.

100PLUS organised the "Run for Good" event in Singapore to encourage Singaporeans to lead active lifestyles by rewarding them with a fitness tracker for clocking 1.5km in 10 minutes on a treadmill. 100PLUS also took the opportunity to raise awareness for SportCares, an organisation which works to improve the lives of underprivileged children and youth-at-risk through sports, by donating to SportCares Foundation for every kilometer covered by participants. Over the two-day event, 100PLUS highlighted



the importance of exercise to the public, clocked over 1,360 km by 814 participants and donated \$25,000 to SportCares Foundation.

100PLUS has a number of partnerships to nurture our aspiring sportsmen and sportswomen. These include the ongoing partnerships with Singapore Swimming Association, Singapore Badminton Association, Singapore Table Tennis Association and Singapore Sports School.

For the 8th year running, 100PLUS sponsored The Straits Times Star of the Month and The Straits Times Athlete of the Year Award, which highlighted the accomplishments and celebrated the hard work of the athletes.

Similarly in Malaysia, 100PLUS has collaborated with the Sportswriters Association of Malaysia, since 2003, to honour the outstanding achievements of both athletes as well as sports journalists.

In Singapore this year, to promote active lifestyles within the community, 100PLUS and F&N ICE MOUNTAIN

continued its support for several sporting events ranging from running and cycling to tennis and rugby, including OCBC Cycle, Standard Chartered Marathon Singapore, SGX Bull Charge, The New Paper Big Walk, Sundown Marathon, The Color Run, SMBC Singapore Open, HSBC Rugby Sevens and WTA Finals Singapore. Most of these sponsorships have been enduring partnerships. Continuous support of these sporting events is in line with the ethos of



COMMUNITY

100PLUS to be the enabler for all to lead healthy and active lifestyles.

In Malaysia, *100PLUS* is proud to be the Official Isotonic Drink for the 29th SEA Games and 9th ASEAN Para Games to be held in Kuala Lumpur in 2017. RM3 million has been pledged by *100PLUS* in support of both Games. *100PLUS* was also the Official Isotonic Drink for the 28th SEA Games and 8th ASEAN Para Games held in Singapore in 2015.

Following its resounding success last year, the *100PLUS* Outrunner night race, organised by *100PLUS*, returned this year with more than 10,000 runners. Designed to encourage individuals of different fitness levels, ages and gender to get active, a variety of race categories were created.

Sporting events supported by *100PLUS* included the *100PLUS* Badminton Team Championship 2016, which saw 73 teams compete for an all-expenses paid trip to Rio 2016 Olympics to support the Malaysian badminton team, the *100PLUS* Malaysian Junior Open Golf Championship, held for the 11th time in 2016, as well as the 2016 EurAsia Cup, Purple League and Million Dollar Feet to uncover young football talents.

In support of the traditional Malay martial art of self-defence and to help raise the profiles of local silat champions, *RANGER*, our new energy drink, supported the inaugural OneSilat World Championships Series, where 80 contenders from 17 countries competed for the world championship belt.



In Myanmar where *100PLUS* has cemented its position as a strong supporter of athletes, it continued as the Official Hydration Partner of Myanmar Football Federation and extended its sponsorship this year to include Myanmar Golf Federation. It also carried on its sponsorship of community sporting events, such as the YOMA Yangon International Marathon, Active Family Day Out and Bagan Temple Marathon.

In Vietnam, *100PLUS* continued its sponsorship of the Ho Chi Minh City Media Futsal Tournament, Danang International Marathon, District 4 Charity Walk & Cycling Tournament, Under-18 National Tennis Tournament and the International Table Tennis Competition. *100PLUS* also sponsored the Ho Chi Minh City Student Union to support high school and university students. In Thailand, *100PLUS* supported 34 running and cycling events and has become the preferred beverage partner of event organisers.

Key Highlights



RM3m pledged for
29th SEA Games and
9th ASEAN Para Games

HEALTH

F&N NUTRISOY is Singapore's No. 1 soya milk beverage. Leveraging its market leadership positions, the brand has been supporting several events with the objective of promoting heart health. *F&N NUTRISOY* continued its long-standing support of the Singapore Heart Foundation, participating in World Heart Day 2016 and the National Heart Health Week to educate the public on heart health and making the right choices to reduce risk of cardiovascular disease.

This year, F&N extended its partnership with Singapore's Health Promotion Board ("HPB") to bring more health awareness programmes to Singaporeans. As part of HPB's "Eat Drink Shop Healthy" campaign, *F&N NUTRISOY* engaged a celebrity chef for a live cooking demonstration to showcase how *F&N NUTRISOY* could be used in the preparation of healthier and fuss-free home-cooked meals. Besides *F&N NUTRISOY*, F&N's portfolio of other healthier beverages *100PLUS*, *COCO LIFE* and *F&N MAGNOLIA* also supported the campaign to educate consumers to make healthier food and beverage choices.

As a key partner of HPB's month-long "Healthier Lifestyle Festival SG", consumers could take part in a slew of activities aimed at motivating them to get active and make smart food choices at the F&N booth, on top of sampling our wide array of products endorsed by HPB as 'Healthier Choice' beverages.

In Malaysia, in conjunction with World Milk Day, *F&N MAGNOLIA* promoted the benefits of milk as





Key Highlights



Over 200 Students gained the ICDL accreditation



an essential source of nutrition by running a campaign to reward consumers with free 1L packs of *F&N MAGNOLIA* UHT milk in exchange for any empty milk pack of any brand. It also extended milk aid to 10 children's homes.

Publishing & Printing's Times NewsLink teamed up with Lagardère Travel Retail, its joint venture partner, for a fundraising event in support of Assisi Hospice, a charity organisation which provides palliative care for those with life-limiting illnesses. All the funds raised helped to purchase 10 new electronic beds with special equipment to help and support the patients.

EDUCATION AND YOUTH

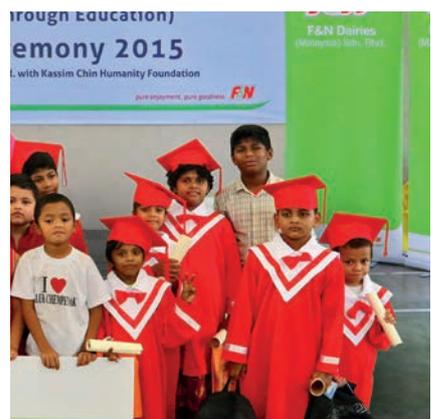
At F&N, we believe in the investment of our future generations and providing them with opportunities to better their future. We strongly support making education accessible to children and youth through our social programmes as we believe that education is the key to breaking the cycle of poverty.

Fraser & Neave Holdings Bhd ("F&NHB") has partnered the Kassim Chin Humanity Foundation ("KCHF") in Malaysia since 2011 to assist underprivileged children and their families with free tuition classes. The objective is to empower these children with knowledge so that they may rise above their conditions and become agents of transformation for their families. F&NHB has set up an e-Learning centre equipped with educational software, provided financial assistance for the upkeep of the KCHF tuition centre and contributed food aid in the form of milk products through the F&N Empowering Lives Through Education ("E.L.I.T.E.") programme. To date, more than 600 children have benefitted from the free tuition classes under the F&N E.L.I.T.E. programme.

Digital literacy has become a prerequisite in gaining employment in today's rapidly changing world. Recognising that a digital literacy gap exists among underprivileged students, F&NHB has invested over RM250,000 since 2010 to promote digital equality among the less

fortunate students. At Montfort Boys Town, the F&N IT Corner was set up in 2010 to provide IT knowledge and skills to the underprivileged students. This year, F&N continued its sponsorship of enrolling Montfort students in the International Computer Driving Licence ("ICDL") accreditation programme that started in 2011. The programme imparts skills and competencies to use a computer and common useful computer applications. In March 2016, the 5th batch of 48 students graduated from the programme. To date, over 200 students have gained the internationally-recognised ICDL accreditation, giving them the extra edge to secure employment opportunities.

Publishing & Printing also played its role in promoting literacy and getting people, in particular children, to read. In Singapore, the Times Junior Book Review Club was established to instill a love of books and reading in the young generation. The book reviews from children for children are shared on Times social media



COMMUNITY

platforms as well as on in-store review boards.

Times Bookstores also collaborated with the National Heritage Board in August 2016 to heighten awareness for the “Speak Mandarin” campaign, supporting the campaign by sponsoring its space at Times Waterway Point as a venue for the Story Challenge.

In support of Changi Foundation, the philanthropic arm of Changi Airport Group, Times NewsLink has started offering, on an annual basis, job attachments and career development programmes for students who might not be strong academically but are able to make positive contributions to the community.

In Hong Kong, Marshall Cavendish Education donated English language books to Northwest Normal University in Sichuan and Gertrude Simon Lutheran College in Hong Kong, respectively, to provide the students with more reading resources to help enhance their language and reading skills, as well as enrich their literary journey.

ENVIRONMENTAL AWARENESS

F&N partnered NTUC Income RUN 350, Southeast Asia’s premier eco-run in support of the 350 global climate movement, for the 2nd consecutive year in FY2016. This movement aims to raise awareness of the need to lower atmospheric carbon dioxide (CO₂) levels from more than 400 parts per million to below 350 parts per million. This year, close to 13,000 participants across all ages participated in the event. As the Official Hydration Partner, 100PLUS was proud to be part of this initiative



which promoted environmental consciousness through sports.

In Malaysia, to tackle the increasing waste problem in the country, F&NHB created a school-level recycling campaign to actively promote the habit of recycling amongst school-going children. Centred upon the 5R philosophy of Reduce, Reuse, Recycle, Rethink and Reinvent, the campaign aims to build lifelong habits in children that would encourage them to make greener choices in their adulthood. The campaign has gained momentum amongst schools, with increasing participation and volumes of recyclables collected every year.

This recycling programme was carried out in Penang for the 5th consecutive time in FY2016. Held over four months, it attracted participation from 90 schools and achieved a record collection of recyclables amounting to more than 127 tonnes.

Similarly in Shah Alam, where the programme has been implemented for 10 years in partnership with the Shah Alam City Council, a record

volume of over 121 tonnes of recyclables was collected over a five-month period. The recyclable materials included aluminium cans, plastic bottles, paper and Tetra Pak materials collected from the students’ homes and surroundings.

There are plans to replicate this recycling campaign in other parts of Malaysia to spread the message of being environmentally responsible to more students, given the success of the programmes in Penang and Shah Alam.

Employees from Dairies Thailand did their part for the environment by helping to restore Thailand’s coral life which has been destroyed by global warming, pollution and human activity. Through the Save Our Seas initiative carried out on Samae San island, F&N employees built a coral nursery with 30 small coral fragments grafted onto frames. The newly-planted coral fragments will need four to five years in the nursery before they can be transferred to their natural environment.

COMMUNITY OUTREACH

F&N’s community outreach programmes not only aim to contribute meaningfully to our community, but also instil a spirit of volunteerism in our employees.

In Singapore, we partnered Lion Befrienders, a voluntary welfare organisation which provides friendship and care for seniors, in a series of programmes, including a talk on understanding and connecting with the elderly, and a day out with the seniors. 82 F&N employees accompanied 65 seniors from Lion Befrienders at a carnival, where the seniors could play games and shop for food and drinks



Key Highlights



More than 248 tonnes of recyclables collected in FY2016

using vouchers provided by F&N. All the seniors also received an F&N goodie bag.

As a 133-year old company with well-known brands synonymous with festive celebrations, F&N endeavours to share festive joy with the less fortunate groups within our community. During the year, in Malaysia, our staff volunteers raised funds through their own efforts to purchase essential electrical items and stationery for 71 children from the Persatuan Penjagaan Kanak-Kanak Cacat Klang Selangor, a home for the physically and mentally-challenged. Our staff volunteers brought the children gifts, including F&N products, engaged them in games, songs and dances, and helped cleaned up the home.

To spread festive cheer during the Lunar New Year, F&NHB gave haircuts and distributed goodie bags and red pockets to the elderly residents of the Home of the Aged (C.W.S.) Simee. In the spirit of *Ramadan* and as part of F&NHB's tradition, children from two homes, Rumah Khadijah Anak-anak Yatim Puteri and Rumah Siti Khadijah Anak-anak Tahfiz Putera, were treated



to a sumptuous *buka puasa* (meaning breaking of fast) feast. Dinner was followed by the distribution of gifts and *duit raya*, which are green envelopes containing money given by adults as a form of blessing. For Deepavali, F&N employees took children from Sri Sai Home out on a shopping spree where they picked out their own Deepavali outfits. The children were then treated to a festive lunch. Due to their background, most of the children had never experienced the freedom and joy of shopping for festive clothing. Through this initiative, it was F&NHB's objective to empower these children with decision-making skills as they selected their own outfits.

in the Candle Festival Parade in conjunction with Buddhist Lent Day (Wan Khao Phansa).

F&N made several donations this year to the less fortunate. In Malaysia, in conjunction with *Ramadan*, F&NHB partnered one of the television networks to inspire acts of kindness in a nationwide charity drive and donated RM300,000 to the television network's charity fund. F&NHB also donated RM200,000 to the Spastic Children's Association of Selangor and Federal Territory to support the development of a new building to accommodate more children, as well as the improvement of rehabilitation services, including research and development for cerebral palsy.



Also held during *Ramadan*, our printing plant in Malaysia organised an open house with Rumah Amal Limpahan Kasih, inviting 30 orphans to participate in its celebrations. Staff also purchased clothes for and donated books to the children.

In Myanmar, in aid of rebuilding efforts for the local communities adversely affected by severe flooding and the 6.8 magnitude earthquake, F&N Myanmar donated 15.3 million Kyats to the Myanmar Red Cross Society.

In Thailand, 50 employees from our manufacturing plant in Rojana helped the local community in Phra Nakhon Sri Ayutthaya Province to clean up a temple and participated

ENVIRONMENT

Environmental conservation remains a key focus area for the Group. As one of the region's largest food and beverage manufacturers, we recognise and consider the environmental impact our daily business activities has on the environment.

We make rational and conscientious use of our resources, through the efficient use of water and electricity, and waste minimisation at all levels within the Group. The adoption of these best practices across our operating units underlie our commitment to safeguarding our environment.

As a socially responsible company, we are constantly looking at innovative ways to minimise our impact on the environment and lower our cost through energy and water conservation, as well as the minimisation in the use of packaging materials.

In this section:



Energy and
Carbon Emissions



Water



Waste



Packaging

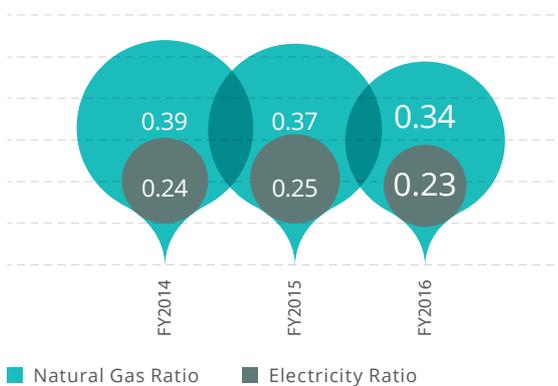


ENERGY AND CARBON EMISSIONS

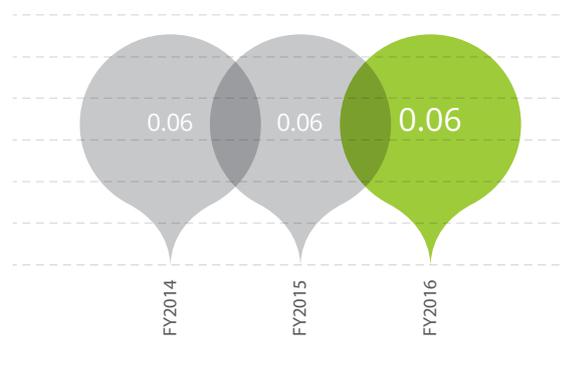
In an era of rising global temperatures as a result of increased carbon emissions, we believe we have a responsibility in minimising our carbon footprint across our value chain. From manufacturing to packaging and logistics, we are constantly finding ways to reduce and optimise our energy usage, including investing in energy efficient equipment to reduce carbon emissions.

BEVERAGES MALAYSIA

Energy Utilisation Ratio (GJ/ton)



Carbon Emission Ratio (MT CO₂/ton)

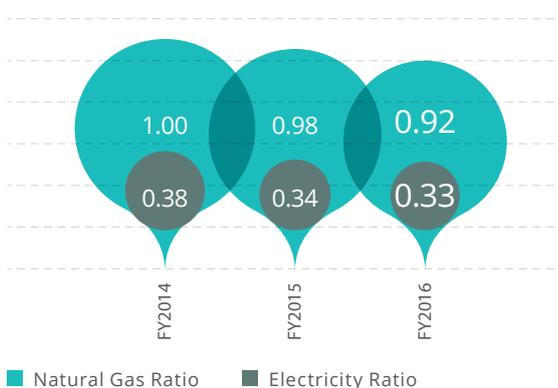


Beverages Malaysia has recorded improvements in both energy utilisation and carbon emissions. Its electricity ratio and natural gas ratio have reduced 4% and 13%, respectively, since FY2014.

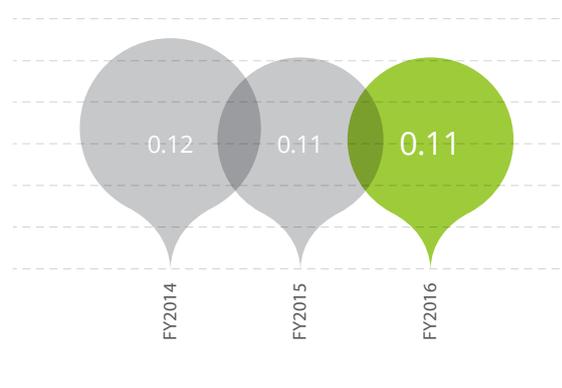
The Group is concerned about the conscientious use of electricity. To use this resource more efficiently, Beverages Malaysia converted individual cooling systems to a centralised one, as well as improved the efficiency of its production line, resulting in both cost and energy savings.

DAIRIES MALAYSIA

Energy Utilisation Ratio (GJ/ton)



Carbon Emission Ratio (MT CO₂/ton)



With consistent monitoring, Dairies Malaysia successfully reduced its electricity and natural gas consumption by 13% and 8%, respectively, in spite of increasing production output volumes since FY2014. The more efficient use of energy resulted in a year-on-year decrease in the carbon emission ratio.

This year, Dairies Malaysia's emphasis on maintaining its ISO 14001 and OHSAS 18001 certifications helped to instill a culture of energy conservation in the workplace. It continued to monitor its energy consumption and implemented energy-saving initiatives on its machinery and equipment, to achieve overall energy savings.

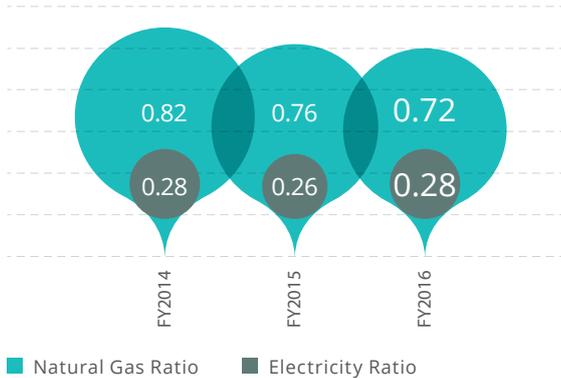
Notes:

- 1 Energy Utilisation Ratio is calculated based on energy consumption (in gigajoule, GJ) per ton of product.
- 2 Carbon Emission Ratio is measured as carbon dioxide release per ton of product.

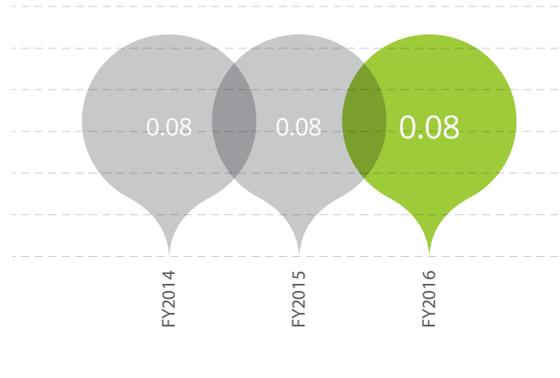
ENVIRONMENT

DAIRIES THAILAND

Energy Utilisation Ratio (GJ/ton)



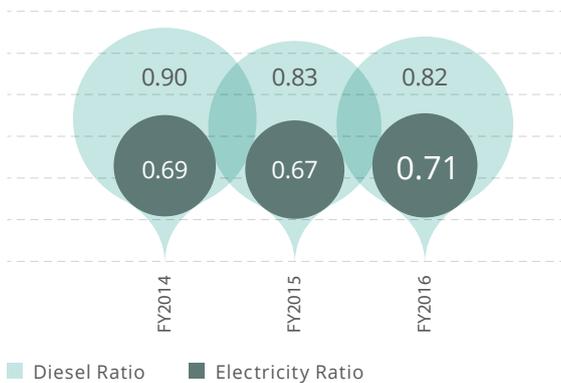
Carbon Emission Ratio (MT CO₂/ton)



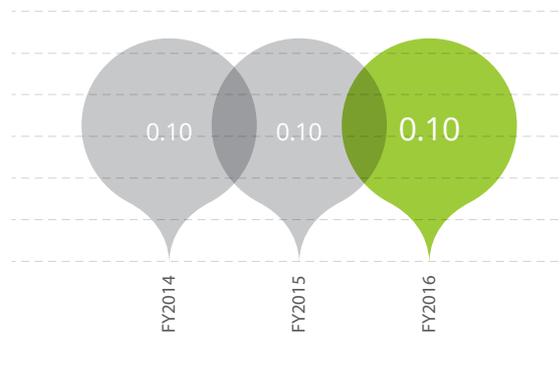
In spite of increasing production volumes, both energy utilisation and carbon emission per ton of product have been decreasing, at 9% and 7%, respectively, compared to FY2014. Dairies Thailand's energy-savings initiatives this year included the replacement of lights with energy-saving LED ones. In the coming year, it has plans to install automatic timers for chillers to conserve electricity.

DAIRIES SINGAPORE

Energy Utilisation Ratio (GJ/ton)



Carbon Emission Ratio (MT CO₂/ton)



Diesel consumption rate improved over the years, recording a 9% decline since FY2014. Electricity consumption ratio increased in FY2016 due to a higher number of refrigerated containers used in the transportation of chilled milk.

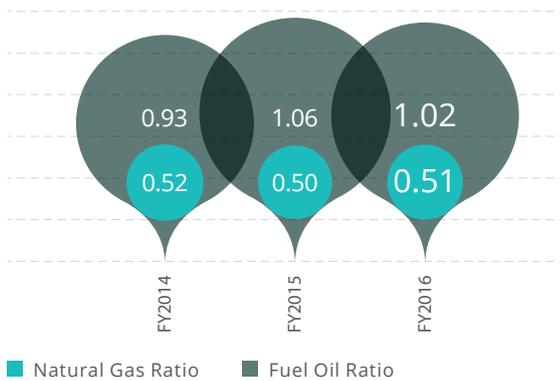
An energy audit was conducted last year to reduce energy consumption. Recommendations from the audit implemented include the increase in chiller temperature, and the installation of LED lights in the manufacturing plant. Power meters have also been installed at its production lines and utility systems to further reduce energy consumption.

Notes:

- 1 Energy Utilisation Ratio is calculated based on energy consumption (in gigajoule, GJ) per ton of product.
- 2 Carbon Emission Ratio is measured as carbon dioxide release per ton of product.

CREAMERIES MALAYSIA

Energy Utilisation Ratio (GJ/ton)



Carbon Emission Ratio (MT CO₂/ton)



■ Natural Gas Ratio ■ Fuel Oil Ratio

Following its FSSC 22000 Food Safety System Certification in FY2015, Creameries Malaysia achieved an improvement in electricity consumption due to energy saving initiatives implemented, particularly in the coldroom where compressors were automatically regulated when the optimal temperature was reached.

Creameries Malaysia has plans to further reduce energy consumption in its plant, including replacing high intensity lamps with LED lights.

CREAMERIES THAILAND

Energy Utilisation Ratio (GJ/ton)



Carbon Emission Ratio (MT CO₂/ton)



■ Liquefied Petroleum Gas Ratio ■ Fuel Oil Ratio ■ Electricity Ratio

Energy consumption in Creameries Thailand was mostly for the running of the cold storage and freezers. After the installation of a new steam boiler in FY2015, fuel oil consumption has reduced year-on-year. Creameries Thailand will continue to monitor its energy management system through energy-saving initiatives.

Notes:

- 1 Energy Utilisation Ratio is calculated based on energy consumption (in gigajoule, GJ) per ton of product.
- 2 Carbon Emission Ratio is measured as carbon dioxide release per ton of product.

Reducing CO₂ Emission from Fleet Vehicles and Chillers

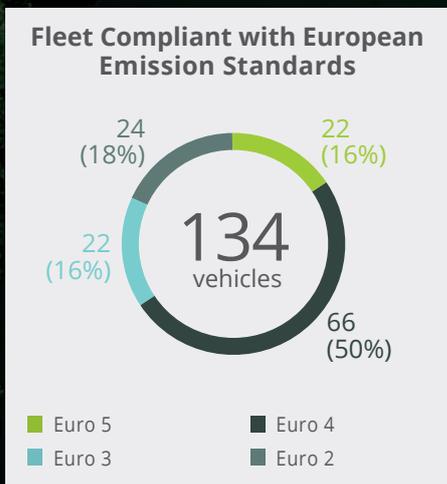
In Singapore, the F&N F&B division aims to reduce its carbon footprint through the minimisation of electricity consumption and vehicle emissions.



As at FY2016, it owns a fleet of 134 diesel vehicles as part of its supply chain. To minimise its impact on the environment, it ensures that all vehicles are compliant with the European emission standards, which are defined as the acceptable limits for exhaust emissions of vehicles. There are six stages within this standard, ranging from Euro 1 to Euro 6, with increasingly restrictive emission limits as the stages progress. Its target is to increase the number of vehicles that are compliant with Euro 5. To that end, several vehicles in its fleet that are of Euro 1 and Euro 2 standards are being replaced to comply with Euro 5 and Euro 6 standards.



F&N has chillers provided as part of its support to businesses and partners. All the chillers are installed with chlorofluorocarbon ("CFC") free refrigerant gas R134a or R404a. An ongoing exercise to replace fluorescent lights with energy saving, light-emitting diode ("LED") lights began four years ago. This year, it achieved an improvement in the proportion of chillers being retrofitted with LED lights despite having an increased number of chillers. The remaining chillers will be retrofitted with LED lights by 2019.



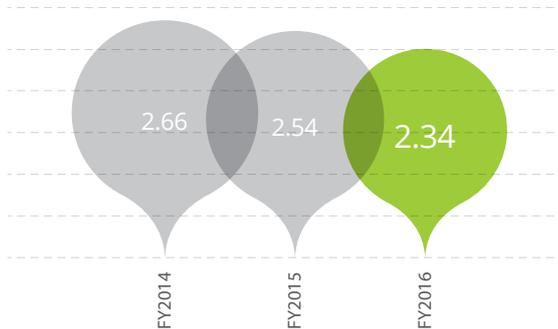
ENVIRONMENT

WATER

As one of the leading manufacturers in the region, the availability of clean water is essential to us. We use water in our finished product as well as throughout our supply chain. That is why we understand the importance of the responsible usage of water to ensure the sustainable supply of this precious resource.

BEVERAGES MALAYSIA

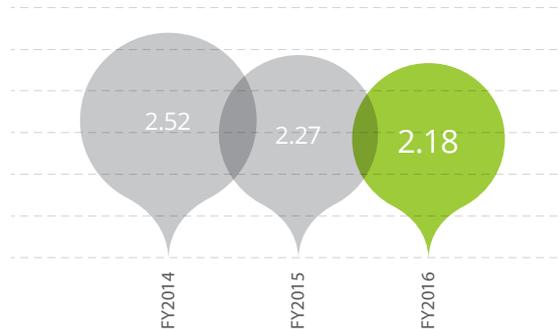
Water Ratio (m³/ton)



The consumption of water per ton of product has been decreasing year-on-year due to effective water management practices carried out by Beverages Malaysia. This year, water consumption has improved 12% as compared to FY2014, due to continuous efforts to ensure there are no water wastages in the production process.

DAIRIES MALAYSIA

Water Ratio (m³/ton)



Despite an increase in production volume since FY2014, the water ratio for Dairies Malaysia has decreased 13% in FY2016. The significant reduction was achieved due to its daily monitoring of water consumption and recycling of wastewater for gardening purposes. There are plans to explore more uses of wastewater in the new year to reduce its water consumption.

DAIRIES THAILAND

Water Ratio (m³/ton)



Water usage per ton of product has been decreasing year-on-year as a result of continuous improvements in its water management system, with the exception of FY2016, which saw a marginal increase in water ratio due to the implementation of a new production line and steriliser. However, Dairies Thailand has also started recycling its wastewater to be used in the evaporator of its chiller in order to reduce its water consumption.

DAIRIES SINGAPORE

Water Ratio (m³/ton)



Dairies Singapore's water consumption rate has increased marginally over the years. To achieve more efficient use of water, its water saving measures in FY2016 included the replacement of two old evaporative condensers with a more efficient one and the condensate recovery system from one of its chillers.

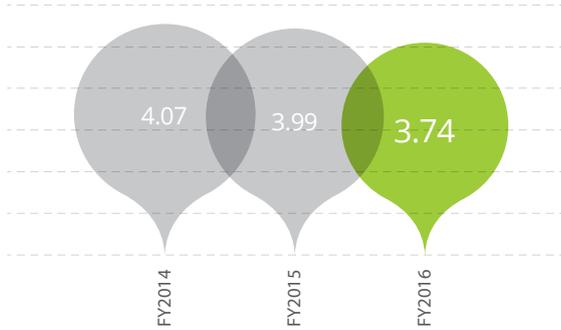
Note:

1 Water ratio is calculated based on water consumption (in cubic metre, m³) per ton of product.

ENVIRONMENT

CREAMERIES MALAYSIA

Water Ratio (m³/ton)



Water consumption has improved 8% since FY2014. Following the installation of a new production machinery in FY2015 which is more water-efficient while producing higher output, Creameries Malaysia has further reduced its water usage.

Creameries Malaysia plans to conduct water-saving awareness programmes for its equipment operators in the new financial year.

Note:

1 Water ratio is calculated based on water consumption (in cubic metre, m³) per ton of product.

CREAMERIES THAILAND

Water Ratio (m³/ton)



The water ratio of Creameries Thailand increased in FY2016 due to the use of more water for the cleaning of the production lines and cooling systems.

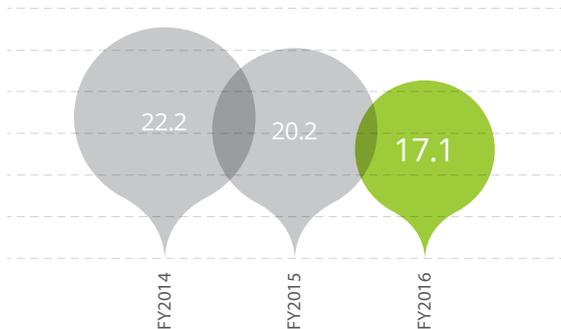


WASTE

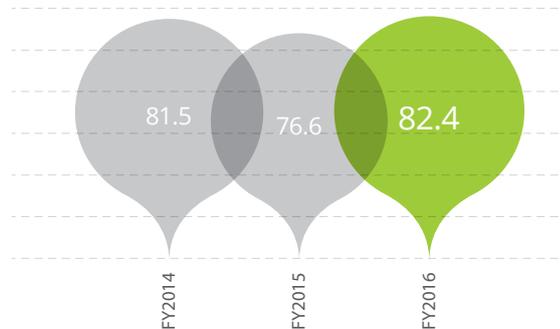
Large quantities of waste are generated during the manufacturing of our products. As part of our commitment to reduce our carbon footprint, we have made concerted efforts in managing the amount of solid waste generated and amount of waste recycled.

BEVERAGES MALAYSIA

Solid Waste Ratio (kg/ton)



Solid Waste Recycled (%)



Following its successful efforts in reducing sludge, a non-recyclable waste generated by the effluent treatment plant, the solid waste generated per ton of product has decreased to 17.1 kg/ton, from 20.2 kg/ton in FY2015. Beverages Malaysia's percentage of solid waste recycled has also improved to 82.4%, the highest level since FY2012.

Notes:

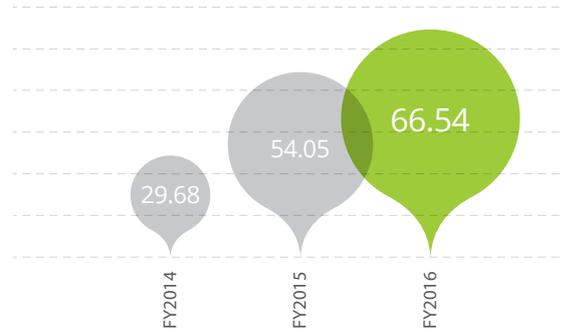
- 1 Solid Waste Ratio is calculated based on the total amount of waste generated (in kilogram, kg) per ton of product.
- 2 Solid Waste Recycled is the percentage of waste generated that was sent for recycling.

DAIRIES MALAYSIA

Solid Waste Ratio (kg/ton)



Solid Waste Recycled (%)



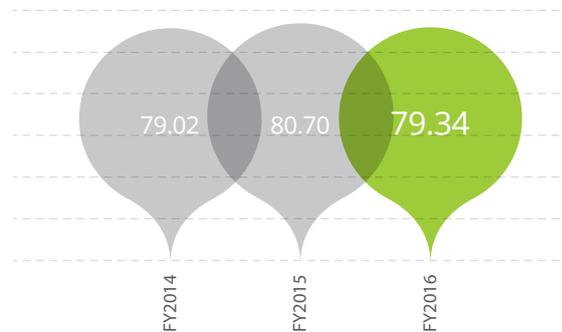
Dairies Malaysia has been effective in its waste management efforts, reducing the solid waste ratio in FY2016 by 16% as compared to FY2015, in spite of higher production volume. The amount of solid waste recycled has also more than doubled since FY2014 due to its concerted recycling efforts.

DAIRIES THAILAND

Solid Waste Ratio (kg/ton)



Solid Waste Recycled (%)



Dairies Thailand’s solid waste ratio increased slightly in FY2016 due to the installation and commissioning of new production and packing lines. In FY2016, 79.34% of the solid waste generated was successfully recycled and did not enter any landfill.

Notes:

- 1 Solid Waste Ratio is calculated based on the total amount of waste generated (in kilogram, kg) per ton of product.
- 2 Solid Waste Recycled is the percentage of waste generated that was sent for recycling.

ENVIRONMENT

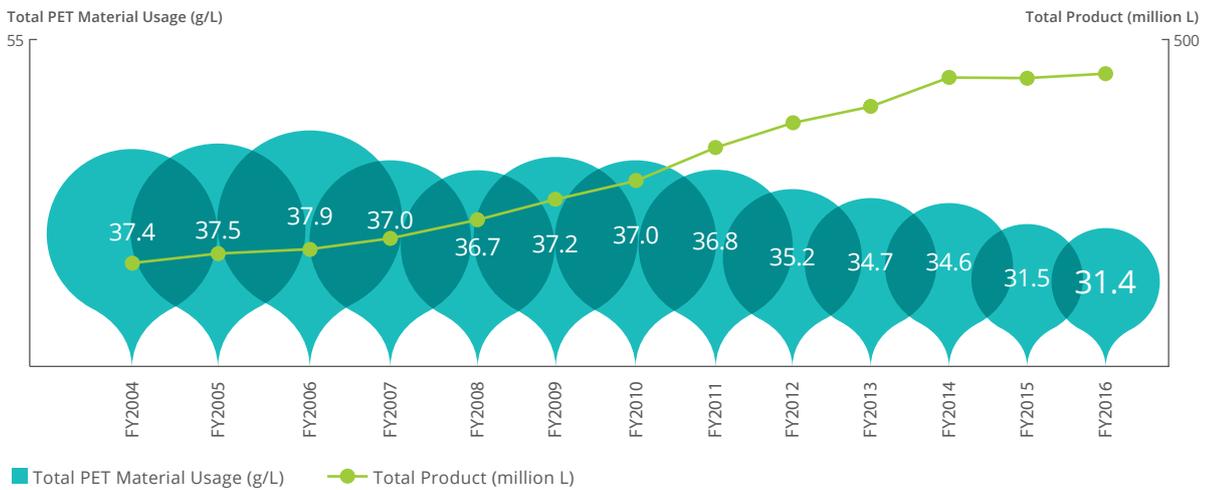


PACKAGING

Packaging plays an important role in presenting our products and brands to our consumers while protecting the integrity of the product. F&N is constantly looking at packaging innovation to achieve optimal packaging design and functionality with the least impact on the environment.

Despite growing sales volumes, the Group has achieved improvements in its packaging footprint for its Beverages and Dairies segments, through continuous packaging innovation and light-weighting initiatives.

Packaging Index for Beverages (Singapore and Malaysia)



F&N's packaging index for beverages measures the use of polyethylene terephthalate ("PET") material used per product, within the following parameters:

- Isotonic, Carbonated Soft Drinks, Asian Soft Drinks and Water categories
- PET bottle sizes of 350ml, 380ml, 500ml, 600ml and 1.5L
- Produced in its Singapore and Malaysia beverage manufacturing plants

The Group has significantly reduced the amount of PET material used in Beverages over the years, achieved through the continuous improvements made in packaging designs. Its packaging index has improved year-on-year since FY2009, despite rising sales volume. In FY2016, it achieved a significant reduction of 16% compared to FY2004, when the packaging index was first measured. Both Singapore and Malaysia recorded packaging footprint reductions compared to FY2015. The Group's 16% reduction in FY2016, a further improvement from FY2015's 15.8% reduction, was partly due to the growth in consumption of larger pack sizes, which translated to less PET material used per product.

F&N has implemented several light-weighting projects to reduce the amount of packaging material used in our products:

Financial Year	Category	Bottle Size	PET Weight Reduction
FY2007	Carbonated Soft Drinks	1.5L	48g to 46g
FY2010	Carbonated Soft Drinks	500ml	29g to 27.5g
FY2012	Water	500ml	22g to 17g
		600ml	20g to 16g
		1.5L	35g to 29g
FY2013	Isotonic, Asian Soft Drinks	500ml	32g to 28g
FY2015	Carbonated Soft Drinks	1.5L	46g to 42.75g
		500ml	27.5g to 22.74g

**Packaging Ratio for Dairies Malaysia
(Ton of packaging material/Ton of product)**



Dairies Malaysia and Dairies Thailand continually examine their packaging use by seeking innovative designs to achieve packaging optimisation and functionality. They have also implemented waste minimisation initiatives through the use of recycled materials. The packaging ratio for Dairies Malaysia and Dairies Thailand tracks the amount of packaging material used in the production of canned milk.

In Dairies Malaysia, the marginal increase in its packaging ratio corresponded with the growth in export volume of canned milk, which required more packaging material as compared to products for the local market.

**Packaging Ratio for Dairies Thailand
(Ton of packaging material/Ton of product)**



Dairies Thailand’s marginal increase in packaging ratio this year was due to an increase in production volume. However, through Dairies Thailand’s continuous efforts in reducing its total packaging material used, cumulative packaging reduction since FY2009 was more than 13,000 tons in FY2016. In FY2016 alone, Dairies Thailand reduced its packaging material by close to 2,200 tons, mainly due to the reduced use of tinplate in its production.

MARKETPLACE

COMMITMENT TO QUALITY

F&N is cognizant of our responsibility to deliver only products of the highest standards to our consumers. This is evident in our award-winning brands and products, as well as in the ways we manufacture and promote them.

We pay special attention at every stage of the entire product life cycle, from the time of conceptualisation, to the time it reaches our consumers. In line with our brand promise of *'PURE ENJOYMENT. PURE GOODNESS'*, all product innovations are guided by the F&N Nutrition Charter, which outlines our commitment to develop products that not only offer great tastes and experiences, but also health benefits to consumers of different age groups. Our goal is to ensure that our consumers have the utmost confidence that our products are made to the highest standards and are of consistent quality.

Besides upholding good manufacturing practices and responsible supply chain management, F&N is also committed to providing factual nutrition information about our products, be it in our nutrition labelling and/or marketing materials. We believe making informed choices is important and such fact-based initiatives encourage people to live active, healthy lifestyles.

In this section:



Healthier
Products



Marketing and
Communications



Responsible
Supply Chain
Practice

HEALTHIER, FORTIFIED PRODUCTS WITH ADDED BENEFITS

In line with F&N’s values of innovation and constant refinement of our products to meet the changing needs of all our consumers, we continuously work on introducing product recipes that have reduced sugar and saturated fat. We also incorporate functional ingredients such as protein, calcium, antioxidants, vitamins and minerals into our products that not only promote health and wellness, but taste great.

Following the successful launch of the Group’s first functional UHT milk, *F&N MAGNOLIA* Ginkgo Plus, in Thailand

in FY2015, this year, the Group introduced *F&N MAGNOLIA* Kids Milk to children in Thailand. A functional UHT milk supplemented with goji berry and lutein, *F&N MAGNOLIA* Kids Milk promotes eye health in addition to enhancing the physical and mental development of young children.

Another innovative product of the Group this year was *F&N ICE MOUNTAIN* Sparkling Water, available in lemon and grapefruit flavours, to offer consumers in Singapore a carbonated water which contains zero sugar and zero calories. It is a refreshing and healthy alternative to a regular carbonated soft drink.

F&N MAGNOLIA Plus Oats Lo-Fat Hi-Cal Milk was reformulated with added beta glucan to boost the body’s immune system. It is the only pasteurised milk in Singapore to be fortified with oats for more nutritional benefits. *F&N NUTRIWELL* Snow Fungus with Wolfberry was the latest addition to the *F&N NUTRIWELL* range which uses natural ingredients, contains 25% less sugar and is certified as a ‘Healthier Choice’ by Singapore’s Health Promotion Board. The Group also made available *COCO LIFE* and *F&N NUTRISOY* UHT Reduced Sugar in 1L packs for in-home consumption in Singapore.

In Malaysia, *F&N MAGNOLIA* UHT Milk, an all-natural product packed with essential nutrients and containing zero preservatives, was introduced in full-cream, low-fat and chocolate milk variations, in 1L and 200ml packs.



F&N SEASONS NUTRISOY Less Sweet was rebranded to *F&N NUTRISOY* Lite. It offers the goodness of soy protein in a formulation that is low in fat, less sweet and contains zero cholesterol, preservatives and colouring.

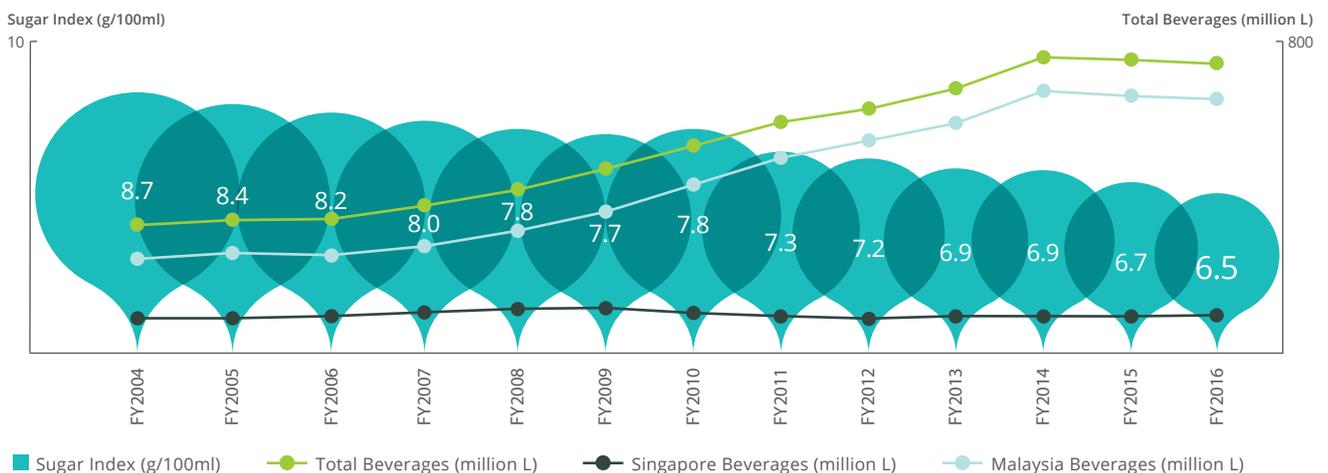
SUGAR FOOTPRINT

F&N has been gradually reducing the sugar levels of our beverages over the past few years. We have in place a Sugar Index which tracks the quantity of sugar added to our beverages, to guide our product development in a continuous effort to reduce the level of sugar in our beverages and ensure we have a balanced product portfolio.

FY2016 saw a 25% improvement in the reduction of sugar levels in our beverages since FY2004. This is a further 2% improvement from the previous year. The sugar footprint



Sugar Index for Total Beverages



MARKETPLACE



reduction in FY2016 can be attributed to the reformulation of existing products, as well as the introduction and growth in consumption of products with no sugar or reduced sugar, such as 100PLUS, F&N ICE MOUNTAIN Sparkling Water and F&N Club Soda Water.

The continuous reduction in our sugar footprint is in line with F&N's 'PURE ENJOYMENT. PURE GOODNESS' philosophy of bringing healthier products to our consumers for their enjoyment. To that end, F&N has been introducing products without sugar, with no sugar added or reduced sugar. With continuous research and testing, we aim to reduce sugar levels without compromising on local taste preferences and consumers' acceptances of our products. For example, we successfully reduced the sugar level in F&N SEASONS Chrysanthemum and 100PLUS in the Singapore market this year.

It is important to note that we do not measure the sugar index for Dairies as products like milk and yoghurt have inherent (naturally occurring) sugars. Hence there is a limit to the amount of sugar that can be reduced in this category.

In the ASEAN region, our F&B products have been endorsed by local authorities as healthier products, and will start to carry the respective countries' 'Healthier Choice' symbols on the product packaging to inform and educate consumers on our healthier range of F&B products. Examples include 100PLUS in Thailand and F&N MAGNOLIA Gotcha range of ice cream in Singapore.



In Singapore, we work closely with the Health Promotion Board ("HPB") to ensure that our new and current products meet the Healthier Choice Symbol ("HCS") requirements for "Lower in Sugar" or "No Sugar Added" categories. This year, we reformulated more recipes, particularly in our beverages portfolio, as part of our sugar reduction initiatives in response to HPB's new requirements for sugar levels in products. We successfully increased the total number of HCS products to 103 as at FY2016, from 95 in FY2015.

All F&B product innovations and development are guided by the F&N Nutrition Charter, which outlines our commitment to develop products that not only offer great tastes and experiences, but also health benefits to consumers of different age groups.

AS AT FY2016, 53% OF OUR TOTAL PORTFOLIO IN SINGAPORE ARE 'HEALTHIER CHOICE' PRODUCTS

	Healthier Choice Products	% of Portfolio
 Beverages	31	36%
 Dairies	72	67%
Total	103	53%



F&N Nutrition Charter

OUR CONVICTIONS

1. Everyone Should Have the Right to Choose Suitable Products for Their Needs

F&N understands that consumers' nutritional needs change as they grow. Consumers need different types of food and beverages to support their health at different stages of their lives. To allow consumers to make better food choices, F&N has a large portfolio of products to cater to different consumer groups. Our products are labelled and advertised responsibly with all the information consumers need to make informed choices.

2. Promotion and Building Up of Community Health and Nutrition

F&N recognises that clear and consistent communication is essential when it comes to promoting health and nutrition. We include nutritional highlights and nutritional tips on our product packaging to help our consumers to learn more about their body's needs and how to meet those needs with good food choices.

3. Taste and Pleasure are Inseparable in Providing Variety and a Balanced Diet

F&N believes that taste and pleasure should not be compromised as we make food choices to meet our nutritional needs. In fact, variety is important in having a balanced diet. F&N has therefore launched a wide range of nutritious products in an assortment of delicious flavours to ensure *'PURE ENJOYMENT. PURE GOODNESS'*.

4. Safety, Health and Nutrition Values must Underpin All Production and Consumption of Our Products

F&N collaborates with our business partners to ensure that we only use approved, high quality ingredients and packaging in the production of all our products. In addition, F&N invests in research and development to develop and innovate products that are healthy and nutritious for consumers at all stages of their lives, and for all occasions.

NEW PRODUCT AND NUTRITION GUIDELINES

Our Principles

- F&N product developments are led by our group philosophy of *'PURE ENJOYMENT. PURE GOODNESS'* - our commitment to consumers that we will deliver products that are not only great-tasting but also packed with nutritional goodness
- To develop products based on proven scientific evidence and research, and consumer insights and tastes relevant to evolving Asian lifestyles
- To actively self-regulate and ensure accountability via strong corporate governance
- To provide safe, high-quality and affordable products to all our consumers
- To innovate and constantly refine our products to meet the changing needs of all our consumers, and ensure consistent delivery of good taste and the right nutritional values

Our New Product Development Governance

At F&N, all our new products follow a stringent and regulated process from conceptualisation to commercialisation (or the entire product life cycle). Our products' nutritional values and information are conscientiously reviewed and approved by an internal cross-functional team comprising Research & Development (R&D), Scientific and Regulatory Affairs (SRA) and a dietician, prior to final authorisation by the marketing team.

The product information is then sent to the government authority for their verification and endorsement. All our new products are required to undergo stringent review and approval by our Leadership team before they are launched.

MARKETPLACE

F&N Nutrition Charter (cont'd)

Our Mechanisms

Staying in Tune with Our Consumers' Needs and Preferences

F&N keeps abreast with the latest developments in health and nutrition science and research, and works with the relevant country health authorities to ensure we are fully addressing our consumers' health concerns by developing products with scientifically-proven health benefits.

F&N also conducts frequent sensory profiling to gain precious Asian consumer insights and develop products that are suited to their taste preferences.

Working with our business partners, F&N spares no effort in selecting the ideal flavour components for superior flavour delivery and great taste.

With regard to the selection and inclusion of food additives, F&N also takes great care in ensuring that only permitted additives are added well within permitted limits as stipulated by the Singapore Sale of Food Act Regulation. We are also exploring the use of natural ingredients in our products.

Scientific Expertise and Capabilities

At F&N, we believe in the vital role that Research and Development plays in keeping us at the forefront of technology and innovation. Our R&D team is made up of highly qualified scientific and technical experts who constantly develop new and better products that meet the changing needs of our consumers.

The F&N R&D laboratories are also well equipped with state-of-the-art capabilities to support the entire product development process from product design, product formulation, sensory evaluation, product taste and texture manipulation, shelf life testing (product stability and nutritional value assessment) all the way to plant design and automation.

Collaborations with Research Institutes and Authorities

Drawing from our unique pool of R&D expertise and through extensive collaboration with reputable scientists, research institutions and the authorities, F&N has created many products with functional ingredients incorporated to deliver scientifically proven health benefits – without compromising on taste – to all our consumers. We also conduct scientific studies in collaboration with research institutes to study the efficacy of our products and ensure our health claims are strongly backed by scientific research.

- **Health Promotion Board, Singapore:** Develop products that are in line with national health trends and priorities, and in line with the Healthier Choice Symbol nutrition guidelines
- **Agri-Food and Veterinary Authority of Singapore:** Adherence to food safety and regulations
- **DSO National Laboratories, Singapore:** Supporting scientific research to substantiate health benefit claims
- **Professional Research Bodies:** Access to cutting-edge research in the field of food and life sciences; Contribute to research funding
- **Academic Institutions and Research Agencies:** Collaboration in scientific research and product innovation

MARKETING AND COMMUNICATIONS

The Group believes in bringing clear and accurate information to our consumers, whether it is through brand communication, advertisements or the sharing of nutritional information, to enable them to make informed decisions.

We ensure that our product packaging design accurately communicates the health attributes of each product, such as nutrition information, nutrition tips and endorsements from authorities. We also include information such as recommended daily allowances, nutrient function claims of various components and suggested recipes to educate consumers on healthy eating.

In Malaysia, we have joined other leading companies in making a pledge on Responsible Advertising to Children as a demonstration of our commitment to responsible marketing to children under the age of 12. Sanctioned by the Ministry of Health, Malaysian Advertisers Association and Federation of Malaysian Manufacturers Food Manufacturing Group, the Responsible Advertising to Children Pledge is the first-of-its-kind in the country. F&N now only advertises products that meet specific nutrition criteria based on accepted scientific evidence and/or applicable national and international dietary guidelines to children under the age of 12.



F&N MAGNOLIA Milk: Educating Consumers on Drinking Milk Fresh



As a trusted and leading dairy brand, *F&N MAGNOLIA* plays a significant role in educating consumers on the importance of drinking milk at its freshest on top of providing nutrition.

It brought back its successful “Drink Milk Fresh” campaign in FY2016 to continue advocating the importance of drinking milk at its freshest, within three days of opening. This is in line with the recommendation of Singapore’s Agri-Food and Veterinary Authority.

F&N MAGNOLIA milk undergoes pasteurisation to kill pathogenic bacteria which may cause food poisoning. However, as pasteurised milk can become contaminated upon opening, *F&N MAGNOLIA* encouraged consumers to drink from twin 1L-packs instead of 2L-packs to enjoy milk at its freshest.

To share this important fact with more consumers, *F&N MAGNOLIA* travelled to various housing estates in its roving milk truck for consumers to exchange their empty 2L milk bottles for a free *F&N MAGNOLIA* 1L-pack. To further raise awareness of drinking milk at its freshest, in-store roadshows were conducted and print advertisements sharing useful tips and information were deployed.

MARKETPLACE

Key Highlights



Dairies Thailand was bestowed the Thai FDA Quality Award for the 4th consecutive time



RESPONSIBLE SUPPLY CHAIN PRACTICE

All products go through a stringent and regulated process from the time they are conceptualised till they are commercialised. As one of the region's leading food and beverage manufacturers, we uphold high standards of

manufacturing and product safety and quality.

As testament to the Group's unfailing commitment to exceptional standards in product quality and safety control, good manufacturing practices, customer relations and corporate social responsibility, Dairies Thailand

was bestowed the highly prestigious Thai FDA Quality Award for the 4th consecutive time. A proud achievement for Dairies Thailand, the Thai FDA Quality Award was attained in addition to the Gold and Silver awards received at the 2016 Thailand Quality Prize, in the Junior Manufacturing QCC and Task Achieving QCC categories for innovative solutions in productivity and quality, respectively.



Both F&NHB and the Group's printing plant in Malaysia are part of the Supplier Ethical Data Exchange ("SEDEX") to manage and drive ethical and responsible practices in their supply chain, boost productivity, improve supplier engagement and reduce reputational risk. Being part of SEDEX is important to us as most UK and US companies recognise and work with SEDEX members. Attaining this membership allows the Group more opportunities to work with a greater number of international customers.

Engaging our commercial partners and maintaining good supplier relationships are vital to our business. At F&N, we work hand in hand with our partners in the supply chain to ensure access to the best resources and latest technological advances, more favourable terms and shared risk taking.

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