



Managing Our Impacts and Conducting Business in a Responsible **Manner**



Eco-efficiency

- Water Stewardship
- Effluents and Waste
- Packaging
- Energy and Climate Change

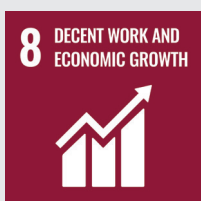
Responsible Supply Chain

- Sustainable Sourcing

Safety and Well-being

- Occupational Health and Safety
- Consumer Health and Safety
- Product Service and Labelling

Contributing to SDGs



Eco-efficiency

Eco-efficiency refers to the act of maximising benefits and minimising ecological costs. As part of our materiality assessment, we identified four main issues in relation to our eco-efficiency efforts:



Packaging



Effluents and Waste



Water Stewardship



Energy and Climate Change

We implement environmentally sustainable business practices in alignment with F&N's core values and the circular economy principles. This means that our approach is not only about minimising resource inputs, but also ensuring that outputs are useful wherever possible, either to F&N or to other organisations.

All employees are at all times guided by our Environmental, Safety & Health ("ESH") Policy.

Our Environmental, Safety and Health Policy

All of our operations are guided by the following principles, to:

- ☒ comply with applicable environmental, safety and health, legal and other requirements and also work with relevant statutory bodies to provide and maintain a safe, green working environment
- ☒ develop, review and carry out Environmental Impacts and Occupational Risk Assessments to take appropriate control measures for prevention of pollution, injury and illness
- ☒ foster communication with shareholders, employees, customers, suppliers and local communities to protect the environment and to have hazard free condition
- ☒ provide and maintain relevant training, instruction, information, resources and supervision to our employees about our commitments and encourage their involvement in Environmental, Safety & Health Programmes
- ☒ ensure continual improvement in the Environmental, Safety and Health Management system and standards
- ☒ strive for Zero Waste, Zero Pollution and Zero Accident through continual improvement in our management systems and processes

Our employees, business partners and stakeholder groups are aware of our Environmental Policy and have given their support for our goals. These policies are reviewed regularly to ensure they are valid and up to date.

In the following pages, we will explain our targets, management approach and performance for each of our eco-efficiency areas of focus. We will show that eco-efficiency is not only just about reducing the environmental impacts of our operations, but also often makes good business sense for F&N.

Water Stewardship

GRI 303-3 (2018); GRI 303-5 (2018)



2020 Target

To reduce the Group water intensity at our plants by 5% from 2017 by 2020

As a responsible corporate leader, F&N ensures that our operations bring value to the community around us and do not negatively affect anyone. A lack of effective water management can have serious implications as F&N's products and business are dependent on a reliable supply of water. We are committed to responsible water stewardship and managing our water use accordingly to safeguard availability of clean water supply for local communities.

APPROACH

While none of our sites are in high water-stress areas, many regions in both Thailand and Malaysia have faced floods in recent years, and the effects of climate change are expected to intensify water stress in the future. Guided by the F&N ESH Policy and the principles of a circular economy, we are adept at developing transitions and initiatives to cope with water stress and optimise our water consumption by identifying and addressing water-related risks and opportunities, and collaborating in partnership with relevant stakeholders.

While none of our sites are in high water-stress areas, many regions in both Thailand and Malaysia have faced floods in recent years, and the effects of climate change are expected to intensify water stress in the future. As such, water stewardship and its associated risks are regularly monitored as part of F&NHB's ERM by utilising tools such as the World Resources Institute Aqueduct and World Wildlife Fund Water Risk Filter.

We have a range of water assessment and action policies which are applied across our facilities. Our Group-wide integrated approach includes efficiency measures; the safe return of wastewater from our operations; and mitigating risk in supply.

PERFORMANCE

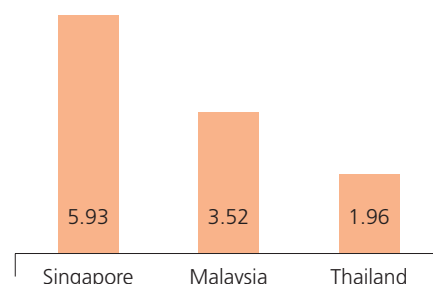
We have a target to reduce the Group water intensity at our plants by 5% from 2017 by 2020. This year, we have an increase by about 18% in water intensity, as compared to 2017, which is above our 2020 target.

The COVID-19 pandemic situation has greatly affected our performance in water management. During production, a minimum amount of water has to be used automatically for each production run despite a decrease in production amount, thus resulting in a higher water intensity ratio than usual.

The commissioning of numerous new production lines in the factories, since the established sustainability reporting baseline in 2017, have contributed to the increased specific water consumption as some of the new production lines require more frequent Clean-In-Place ("CIP") between each production run in order to ensure product quality and safety.

Certain projects, such as the water recycling project at the F&NHB Pulau Indah plant, have also been delayed due to the COVID-19 situation.

Water Intensity Ratio (m³/MT)

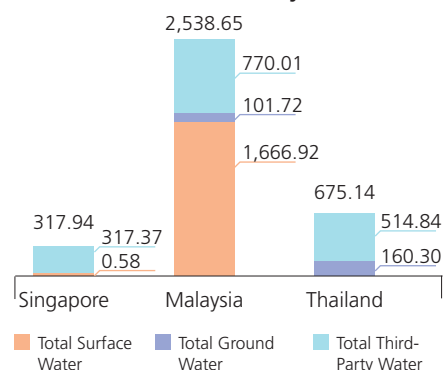


Note:

1. Water intensity ratio is calculated based on the total amount of water withdrawal (in cubic meter, m³) per metric tonne of product (MT)

GRI 303-3 (2018) Water Withdrawal

Freshwater Withdrawal by Source (MI)

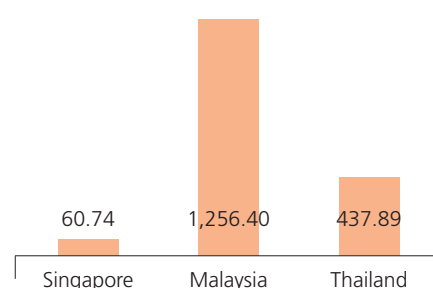


Notes:

1. Water withdrawal is not from areas with high water stress
2. All our withdrawn water is freshwater (< 1,000 mg/l Total Dissolved Solids)

GRI 303-5 (2018) Water Consumption

Water Consumption (MI)



Eco-efficiency

INITIATIVE:

We take every opportunity and approach to reduce water consumption and continue to work towards reducing our water intensity by implementing various projects and initiatives. Project highlights included:

Singapore

1. Recognising that our soya process is one of the more water intensive processes at the FNFS plant, we evaluated our soya activities and implemented operational changes to improve water efficiency. The monthly average water usage showed a reduction of about 42% after the implemented changes. The total average yearly water savings is about 13,300m³ (cost savings of about SGD36,000).

Some of the operational changes included:
 - a. Reuse of discharged water used for cooling purposes. The operation process has been restructured to combine three discharge points into a single discharge point. This reuses the water for cooling more efficiently by optimising the operation process, thereby reducing water usage by about 720 litres per hour.
 - b. Fine tuning of water supply to the stone separator tank by replacing the manual on-off valve so operators can specify the water supply flow and control the water drained from the stone separator tank.
 - c. Change of cleaning method from only using water to flush to clear the okara spillage to sweeping and throwing the okara spillage before flushing with water in order to reduce water usage needed for cleaning.
 - d. Switch from using open-end hose for cleaning to using a hose with spray gun for cleaning. This reduces water usage needed for cleaning as the hose with spray gun serves the same purpose with about 75% less water per hour.
 - e. Stopping the CIP process based on pH reading instead of by time or by visual inspection. When the pH reading of the final rinse water is between 6.5 and 8.5, it means that there is no more acid or alkaline remaining in the production line. At this point, the operator can accurately assess that the CIP process can be stopped.

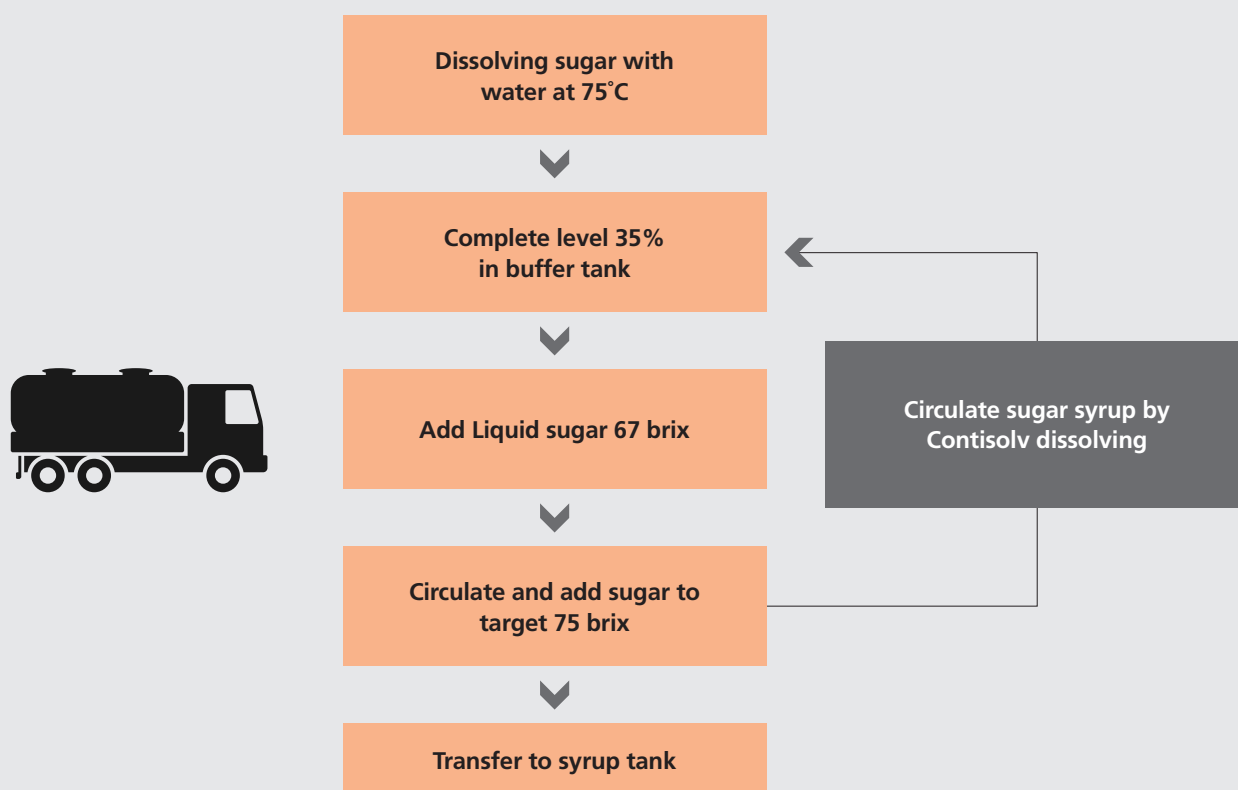
Malaysia

2. F&NHB Shah Alam plant
 - a. Wastewater from the Aseptic Cold-filling PET Line, Sugar Dissolvent Line and Canning Line is treated using Reverse Osmosis ("RO") and reused as cooling water. This reduces water usage by about 115,000m³ each year.
3. F&NHB Pulau Indah plant
 - a. Reuse of wastewater in the cooling tower instead of discharging into the public drain reduces water usage by about 800m³ per day and saves approximately RM215,000 (SGD70,900) per year.
4. F&NCM
 - a. Incoming water supply system is equipped with a carbon filter that needs to be backwashed after a certain amount of usage. The frequency of backwash has been reviewed and reassessed to ensure the frequency is reduced but water quality is not compromised.
 - b. Cleaning of machinery equipment requires a large volume of water as a certain amount of pressure and flowrate is needed. CIP systems have been upgraded to allow for the chemicals and hot water to be channelled back to the system for reusing.
 - c. Originally, the cooling systems were supported by two units of cooling towers supplying to different parts of the production line. By changing to a bigger cooling tower for supplying of water, the usage of water is reduced.

Thailand

5. F&NDT

Simply Flow Usage Liquid Sugar in Current Operation



- a. Usage of liquid sugar in Sweetened Beverage Creamer products at the F&NDT Rojana plant has helped to save around 132m³ of water per day by eliminating the process needed to dissolve cube sugar. This initiative which started in January 2020 has provided a tangible benefit of approximately THB0.80 million (SGD36,000) in cost-savings.

- b. Water Recycling (Phase 2) at F&NDT: Water Recycling Project focuses on the sustainability and the security of water resources for our F&NDT factory. Phase 2 involves the installation of Clarifier Pond System with a capacity to treat water at 120m³ per day by reusing used RO membranes. There is a tangible benefit of about THB2.70 million (SGD121,500).

Eco-efficiency

Effluents and Waste

GRI 303-4 (2018); GRI 306-2



2020 Target

To reduce the Group solid waste intensity by 5% from 2017 to 2020

Waste can be a source of value for our supply chain or for another organisation's supply chain. Being able to effectively manage our waste enhances F&N's ability to conserve natural resources and improve efficiency.

APPROACH

The F&B manufacturing process involves the generation of both liquid (effluent) and solid wastes. We continue to improve on our solid waste management by identifying key categories and key waste streams in order to recycle and reduce our waste generation. We strive to reduce impacts from our operations, and this means

complying with and going beyond relevant regulations.

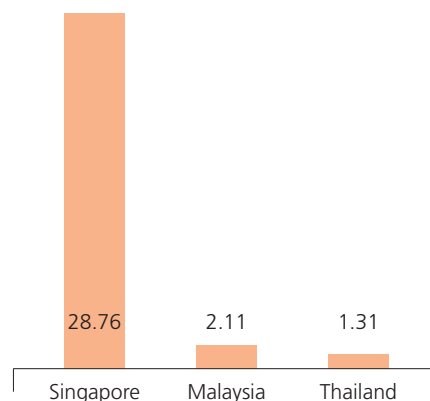
Under the guidance of our Environmental Policy and the principles of a circular economy, F&N explores opportunities to review how 'waste' can be put to alternative uses. Our ultimate aim is that 'waste' is seen not as a problem, but as a source of new value for our supply chain or for another organisation's supply chain. Applying initiatives to promote a more circular economy for our operations and consumers enhances our ability to conserve natural resources and improve efficiency. F&N applies strict standards over the quality of our effluent discharges and we continuously explore how 'waste' from our operations can be minimised and put to alternative uses.

PERFORMANCE

We have a target to reduce the Group solid waste intensity by 5% from 2017 by 2020. This year, we have achieved about 47% reduction in solid waste intensity as compared to 2017, significantly exceeding our 2020 target. This is driven by strong performance across our business:

1. F&NDR Rojana and Pak Chong plants further reduced the solid waste sent to landfill by about 32 tonnes from 2019, achieving over 90% of waste being recycled.
2. F&NHB Shah Alam plant achieved a reduction of about 875 tonnes of solid waste to landfill from 2019. This is due to 80% of waste being recycled.
3. F&NHB Pulau Indah plant achieved zero waste to landfill with 100% of waste being recycled.

Solid Waste Intensity Ratio (kg/MT)

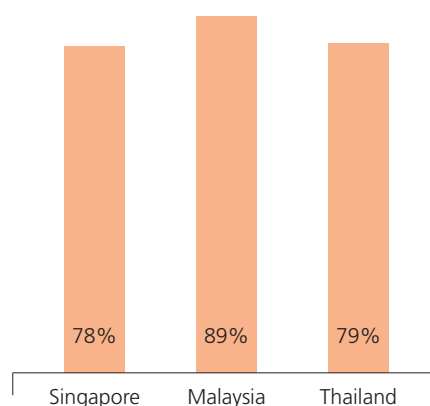


Note:

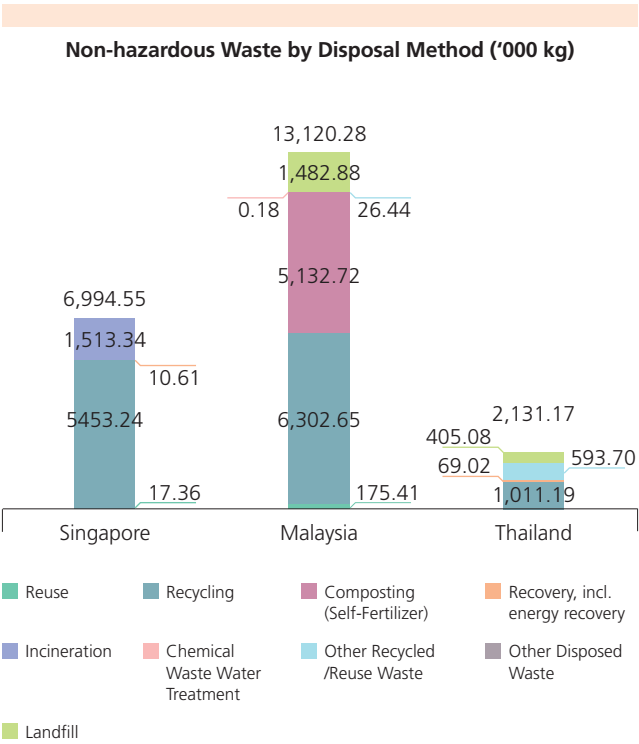
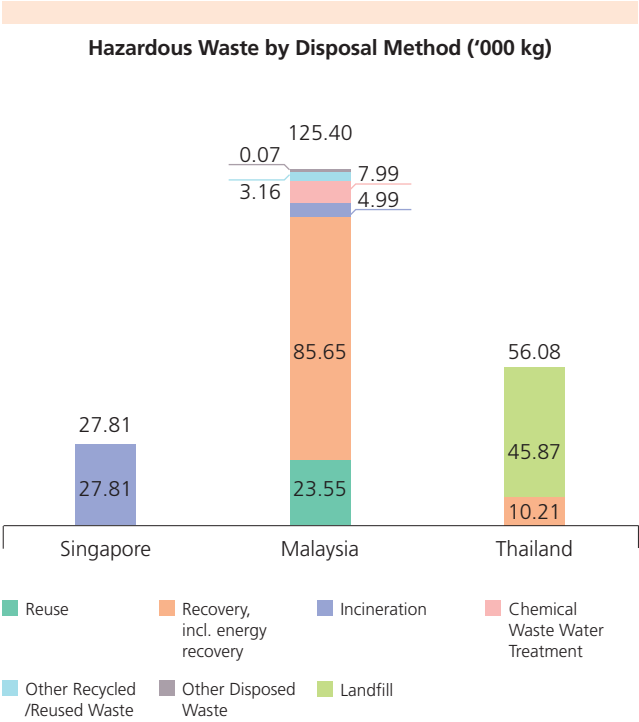
1. Solid waste intensity ratio is calculated based on the total amount of waste generated (in kilogram, kg) per metric tonne of product (MT)

Close to 85% of the Group's solid waste was reused, recycled or recovered in 2020.

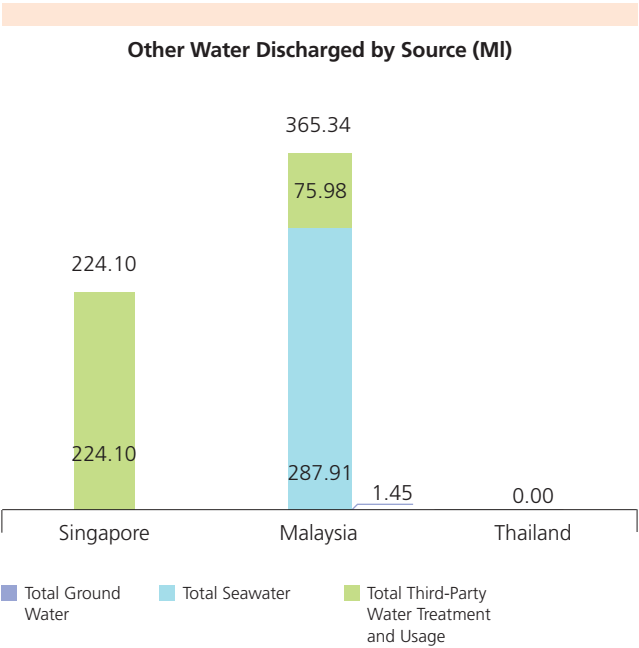
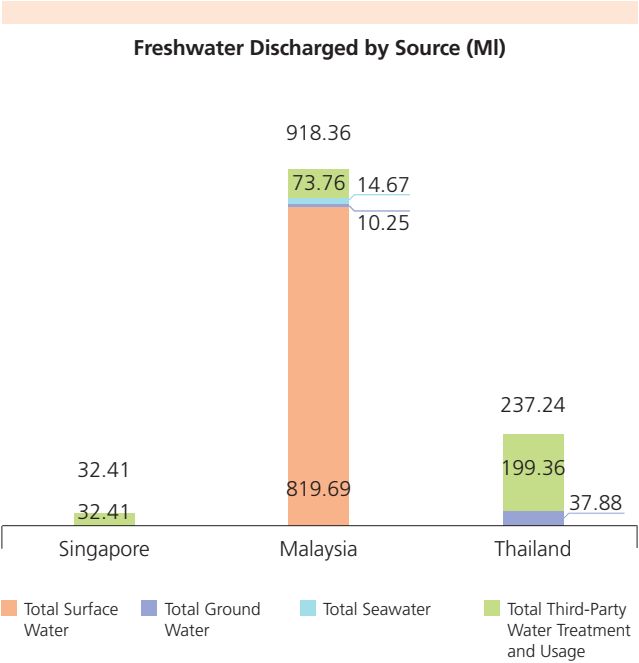
Solid Waste Recycled, Reused and Recovered



GRI 306-2: Waste by Type and Disposal Method



GRI 303-4 (2018) Water discharge



Notes:

1. The data for Malaysia has been expanded to include our two water plants
2. All our wastewater is freshwater (< 1,000 mg/L Total Dissolved Solids)

Eco-efficiency

INITIATIVES:

Employee Awareness

In Thailand, F&NDT puts Circular Economy at its core, creating awareness of environmental protection with employees. Employees are encouraged to practice responsible consumption and a bring-your-own initiative to minimise food waste and single-use packaging. They are aware of the proper handling of waste and waste separation activities which occur in the factory. Waste is continuously reused as an input or resource before it is recycled. The use of plastic bags in waste collection has

been reduced, avoiding around 9 – 10 tonnes of plastic bags per year.

F&NDT has also expanded their Circular Economy Awareness Programme to employees' homes and schools around our factory to provide knowledge on proper waste management at schools, enabling schools to also generate income from waste separation and sales. F&NDT also donates recycling bins to the schools.



Plant Management

F&NDT

Circular Economy serves as a guideline for the waste management at F&NDT's factories that have the capacity to send 99% of their waste for recycling. F&NDT has launched a campaign to understand the economical and cost-effective ways of using water and to reduce overall water usage, thus reducing overall effluents and wastewater generated. Treated effluents and wastewater are used to water plants. As part of the F&NDT Water Recycling programme, treated wastewater is reused in the cooling system, reducing effluent emission by up to 33%. RO reject water is reused for general cleaning purposes.

F&NHB Pulau Indah plant

Zero waste is generated at F&NHB Pulau Indah plant as 100% of recyclables are sent for recycling, kitchen waste is sent for composting to create soil conditioner and fertiliser, and wastewater treatment plant slush goes through composting to create fertiliser.

F&NHB Shah Alam plant

At F&NHB Shah Alam plant, all aluminium, bottles and cartons are recycled, while kitchen waste is composted. Wastewater is reused for cleaning and in cooling towers instead of being discharged. A future initiative that is being looked into is the new technology for soya extraction which utilises the leftover okara (soy pulp).

Packaging



IMPORTANCE

Circular economy is a growing focus area for our stakeholders. There is increasing stakeholder awareness of the importance of environmentally friendly packaging, especially in relation to plastics. The principles of a circular economy guide our approach to meet customers' and consumers' demand for more sustainable packaging. Increasing the sustainability of our packaging is important to support our national regulators and government effort to phase out single-use plastics and going zero waste, as outlined in Malaysia's 'Roadmap Towards Zero Single-Use Plastics 2018-2030'. Increasing sustainability of packaging will also reduce the extraction of raw resources and waste generation. The Singapore Government released a Zero-Waste Master Plan in August 2019, which includes a circular economy approach to resource management. F&N is committed to supporting these efforts and will be reassessing our approach over the next year, as well as establishing relevant targets when we set new sustainability goals for 2025.

APPROACH

We strive to ensure our packaging protects the integrity of the contents and fulfils the visual and functional expectations of our consumers. We have been improving our packaging materials by reducing material usage, increasing

the use of sustainable materials and increasing the recyclability of our packaging. There is much scope for innovation in packaging, which we have been exploring over the years.

Circular economy principles are particularly important for our industry: the frequency of purchases can translate into a large amount of packaging, and so 'closing the loop' is a priority. We are fully committed to reducing F&B waste by increasing shelf life and providing appropriate portion sizes, as well as increasing the recyclability of the primary and secondary packaging used in our products and sourcing more renewable packaging materials.

Reducing packaging materials

We continue to reduce the volume of packaging materials used as a percentage of product and are looking to reduce packing weight (e.g. thinner plastic bottles). We are minimising materials that are not favorable to the environment in our labels and flexibles by switching to PET, laminate paper packaging and TD flute in cartons.

Increasing use of sustainable packaging materials

We are working to include more recycled content in the packaging materials, as well as sourcing more renewable and

bio-based packaging materials such as sugarcane-based plastic. We are working to find new suppliers who can meet our requirements for sustainable packaging materials. For example, F&NHB Pulau Indah plant is increasing recycled paper used in beverage trays.

Improving recyclability of packaging

We are increasing the recyclability of the primary and secondary packaging used in our products. This requires us to address challenging packaging materials such as labels and flexibles to find alternative solutions.

Collaboration

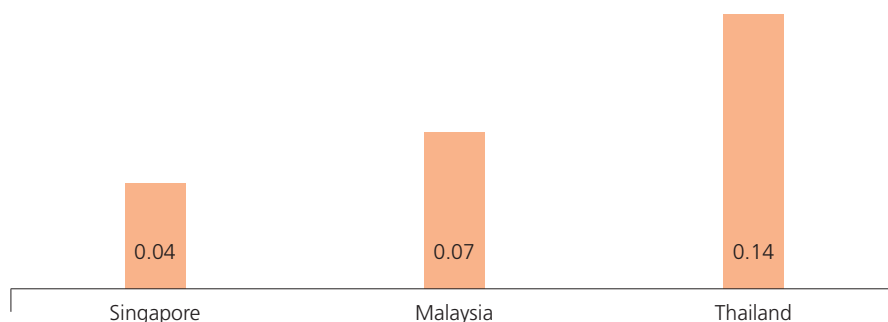
Together with ThaiBev, F&NDT takes part in industry collaborations to realise closed loop recycling in their value chain and also supports circular economy and recycling learning and education in schools. They have also attended the Post-Consumer Plastic Training session with Dow Jones and Scientex to learn about post-consumer plastic.

PERFORMANCE

Overall, our PET usage intensity has decreased by 25.9% between 2004 and 2020.

The Group's packaging ratio is 0.091, which has dropped by about 1% compared to last year.

Packaging Intensity Ratio (MT of Packaging Material/MT of Finished Product)



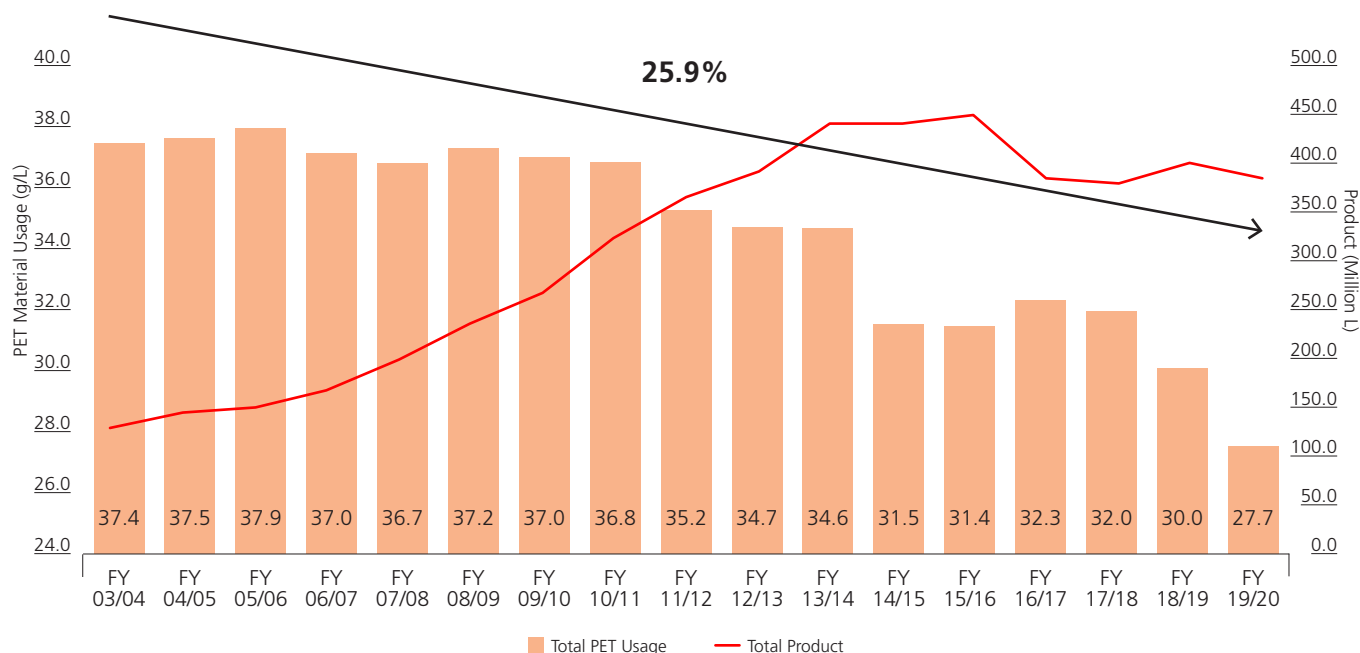
Notes:

1. Packaging intensity ratio is calculated based on the amount of packaging materials used (in metric tonne, MT) per metric tonne of product

Eco-efficiency

Packaging Footprint for Total PET Beverages*:

FY18/19 to FY19/20 packaging index reduction from 19.8% to 25.9%



Notes:

- * Total PET Beverage includes: Isotonic, F&N, CSD, ASD, Water and Aseptic PET packaging for 250ml, 350ml, 380ml, 400ml, 500ml, 600ml, 1L, 1.2L, 1.5L and 1.75L
1. 25.9% reduction from FY03/04 to FY19/20, compared to 19.8% reduction from last reporting (FY03/04 to FY18/19)

INITIATIVES:

SINGAPORE: 'Recycle N Save' initiative

Recycle N Save is a joint initiative by F&N and the NEA of Singapore to place Smart RVMs across Singapore. This joint initiative aims to encourage recycling of used plastic drink bottles and aluminium drink cans amongst Singaporeans and supports the national vision of the Sustainable Singapore Blueprint's goal to increase the national recycling rate to 70% by 2030.

Launched in October 2019 at Our Tampines Hub in Singapore, phase 1 of the launch saw Smart RVMs being installed nationwide, with support from our trade partner, NTUC Fairprice. Public could drop in their used and empty aluminium drink cans and plastic bottles in exchange for discount vouchers at NTUC.

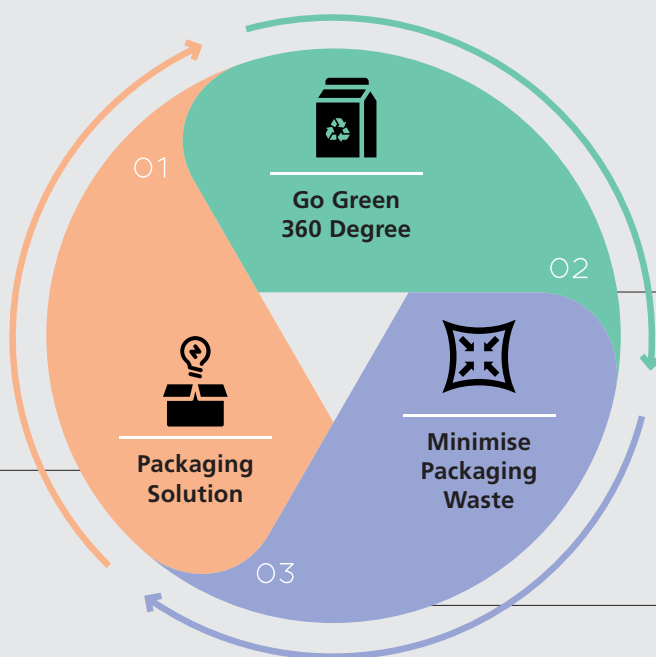
This year, together with four new partners, CapitaLand Malls, Sport Singapore, Sentosa Development Corporation and Anywheel, we installed 50 Smart RVMs island wide. Placed in shopping centres across the island, the public can choose from a wider range of rewards when they deposit used and empty drink cans and plastic bottles. The aim is to motivate Singaporeans to adopt a more circular lifestyle through offering a convenient and rewarding way to recycle empty plastic drink bottles and aluminium drink cans. Since the launch of Recycle N Save in 2019, over 3.1 million plastic beverage bottles and aluminium cans have been collected.

THAILAND: F&NDT Packaging Sustainability Policy

Packaging Sustainability Policy: Green packaging is our priority commitment

Actively develop, source and roll out recycled, reusable packaging with lower carbon footprint. Fulfil our commitments to caring responsibly for customers, society and stakeholders.

Innovative packaging offers convenience with care for customers and consumers.



All packaging must contain recycled material while maintaining durability. Minimising packaging waste through the supply chain through compostable or reusable material.

Commitment to packaging containing recycled material and minimising waste to landfill.

Reduction of packaging usage across F&NDT's activities including waste management during operations and supply.

F&NDT has recently launched the new Packaging Sustainability Policy which places Green Packaging as their priority commitment. With their main packaging materials being aluminium cans, plastic and paper, this policy considers the impact of products from design and development, to post-consumption management. F&NDT has also set a Packaging Intensity Ratio Roadmap that they closely monitor.

SINGAPORE and MALAYSIA: F&N ICE MOUNTAIN Drinking Water Bio-based packaging

This year, we have added another bio-based packaging to our products – the F&N ICE MOUNTAIN Drinking Water is now available in a recyclable paper carton packaging and a bottle cap made out of sugar cane.



Eco-efficiency

MALAYSIA: Packaging reduction at F&NHB Borneo Springs plant

At the F&NHB Bentong plant, cost savings of RM650,000 (SGD214,500) and packaging reduction of 100MT, through the reduction of paper waste by removing the small paper die cut pad at the bottom of each shrink, have been achieved.

The overall switch for secondary packaging cartons has led to a reduction in material consumption by 5%.

MALAYSIA: Sustainable packaging solutions at F&NCM

Since July 2020, F&NCM has started to recycle damaged packaging (carton box, raw material paper bag, tubs and lids) by appointing a certified contractor to collect them.

SINGAPORE: Balanced web/reel paper as packaging material for wrapping books

Previously, TP purchased wrapping paper to wrap the printed books and sold the balanced web/reel papers as paper waste. Now, they have started to reuse the balanced web/reel paper as packaging material for the wrapping of books. This has resulted in a reduction of about 24 tonnes of paper waste and cost savings of about SGD20,000 each year.



THAILAND: Packaging reduction at F&NDT

As part of F&NDT's packaging intensity roadmap, we changed the regulator slotted cartons ("**RSC**") to wrap-around cartons for *TEAPOT* Squeeze Tube products. This switch has contributed to a reduction of 20% of packaging materials used when compared to the previous RSC.

For a period of nine months this year, we have progressively phased out the B flute corrugated cardboard trays to an alternative design to reduce our packaging material usage by September 2020. This resulted in the reduction of usage of annual pulp paper by about 122 tonnes per year.

Energy and Climate Change

GRI 302-1; GRI 302-3; GRI 305-1;
GRI 305-2; GRI 305-4



F&N is committed to reduce our energy consumption and GHG emission intensity as one of the main priorities for our 2020 vision. As part of our contribution, we also have a responsibility to help minimise carbon footprints across our value chain, ranging from manufacturing, packaging, storage and logistics, to end use and disposal.

APPROACH

F&N safeguards internal and external preparedness to realise our performance goals.

1. Fulfil and enhance the energy management system as energy conservation is one important part of our operations
2. Well manage and utilise energy conservation technology and best practices as part of our continuous improvement
3. Implement and improve energy management systems to comply with relevant laws and regulations
4. Conduct energy improvement programmes to optimise business operations
5. Promote, support and manage energy conservation efficiently.

2020 Target

To reduce the Group energy intensity ratio by 5% from 2017 to 2020

To reduce the Group GHG emissions intensity ratio by 5% from 2017 to 2020

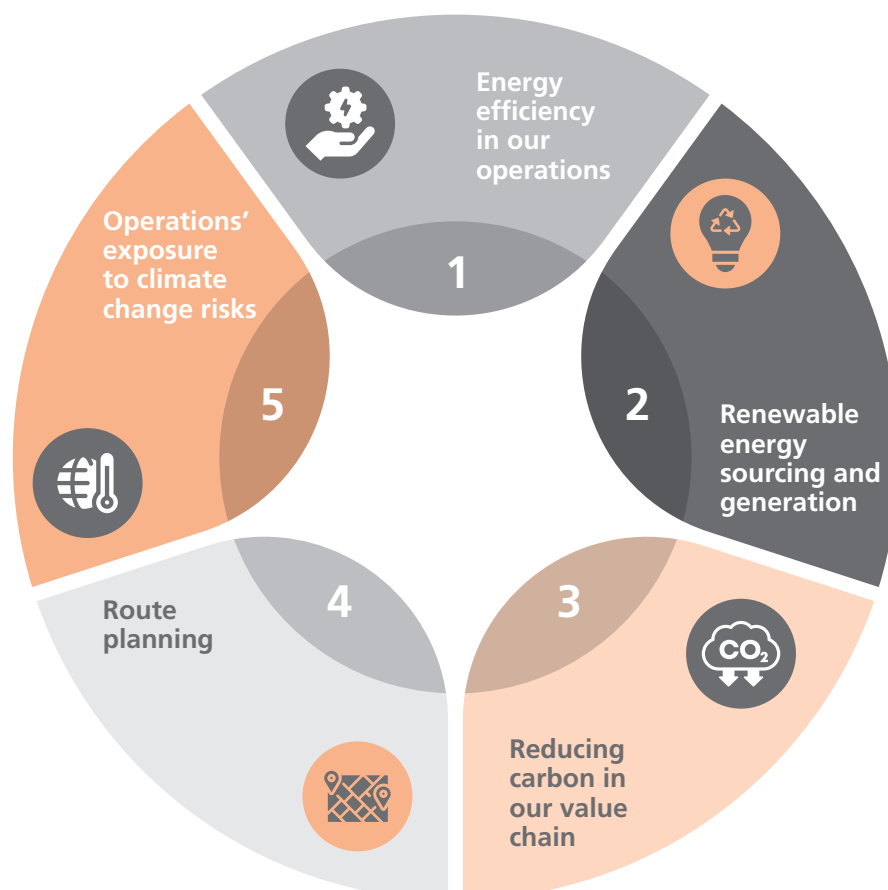


Our Energy Management Policy

Our Energy Management Policy is a guideline that we regularly review to ensure that it is valid and up to date. All our operations are guided by the following principles, to:

Our employees, business partners and stakeholder groups are all aware of our Management Policy and have given their support for our goals. We regularly review the policy to ensure that it is valid and up to date.

Our Energy and Climate Change Strategy



Climate change is a defining global challenge of the 21st century, presenting risks to the global economy. For F&N, climate change presents risks including price fluctuations in raw material commodities, and access to water resources.

Managing this topic presents the opportunity to turn challenges and risks into climate related opportunities for F&N, for example cost savings, energy saving, alignment with customer ambitions, and support and contribute to the development of government policies.

Eco-efficiency

Our Energy and Climate Change Strategy, which aligns with ThaiBev's climate change and energy strategy, is broken down into five priority areas:

1. Energy efficiency in our operations
2. Renewable energy sourcing and generation
3. Reducing carbon in our value chain
4. Route planning
5. Operations exposure to climate change risks.

F&N's operations, including manufacturing, storage and transportation, require energy. We have applied a range of initiatives, based on circular economy principles, to improve our energy performance. We uphold this commitment in our entire value chain by engaging with our suppliers and other third-party management through an agreement to commit to environmentally friendly practices.

We set a GHG emissions intensity target to contribute to the national GHG emission reduction commitments of each nation in which we operate – Singapore's government has pledged to reduce GHG emissions intensity ratio by 36% by 2030, compared with 2005 levels, and to reach peak GHG emissions by 2030. Malaysia's government has targeted a 45% reduction in GHG intensity by 2030, from a 2005 baseline. Finally, Thailand has a reduction target of 30% by 2036, from a 2010 baseline.

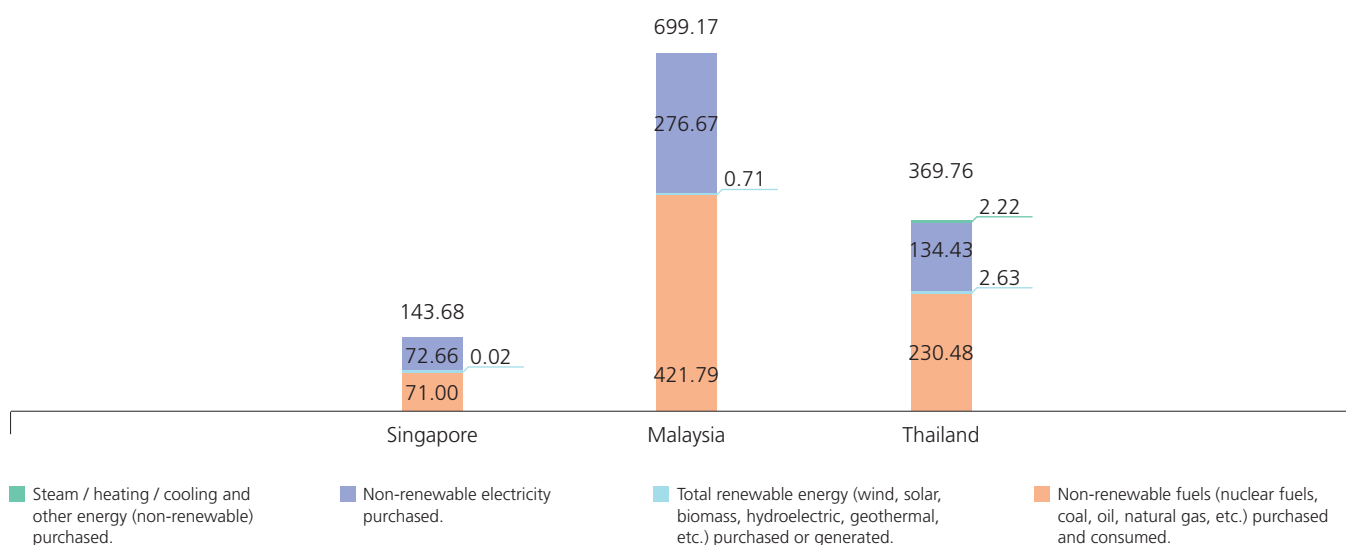
PERFORMANCE

F&N has an initial target to reduce the Group energy and GHG emissions intensity ratios by 5% of 2017 levels by 2020. In 2020, the energy intensity ratio is 1,082.60 MJ/MT and the GHG emissions ratio is 0.114 MT CO₂/MT, above our 2020 targets. After reviewing our performance, we found that some of the challenges which affected our energy and GHG management were:

1. The commissioning of numerous new production lines, since the established sustainability reporting baseline in 2017, which resulted in an increased consumption of energy;
2. The change in operating process where the blow moulding of PET bottles was now done inhouse on the combi-fillers (as compared to the 2017 baseline) at the F&NHB Shah Alam plant, instead of purchasing blown up bottles from third-party suppliers, which further increases energy usage;
3. The launch of new products which require the equipment to perform more frequent CIP between each production run for the assurance of product quality and safety; and
4. The decrease in production volume as a result of the COVID-19 pandemic as there was a minimum amount of energy that must be consumed during production runs regardless of production volume.

GRI 302-1: Energy Consumption within the Organisation

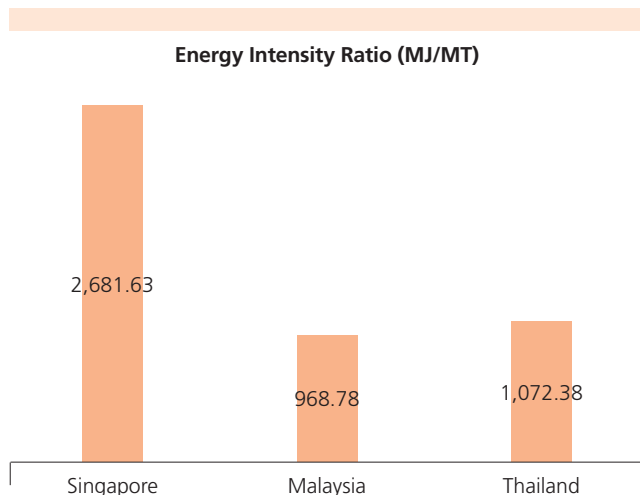
Energy Consumption by F&N ('000,000 MJ)



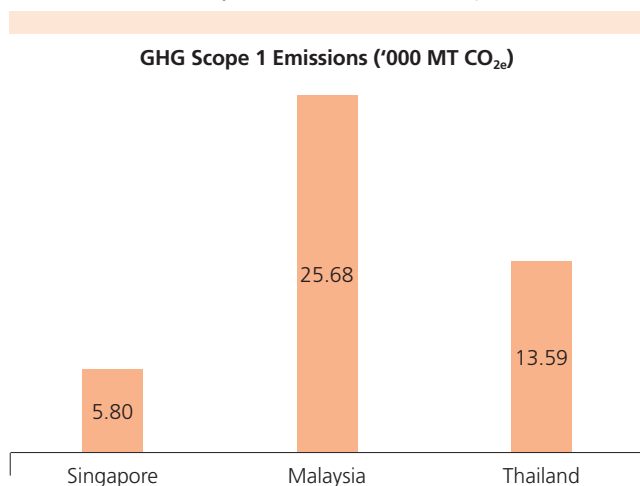
Notes:

1. There is no electricity, heating, cooling and steam sold
2. The data on natural gas and electricity consumption is collected through meter readings and converted to MJ through standard conversion values

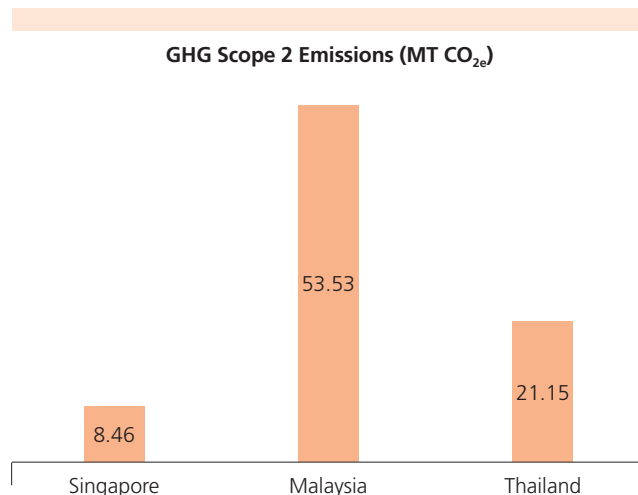
GRI 302-3: Energy Intensity

**Notes:**

1. Energy intensity ratio is calculated based on the total amount of energy consumed (in megajoule, MJ) per metric tonne of product (MT)
2. Energy intensity ratio is for energy consumed within F&N only
3. Natural Gas, Diesel, Fuel Oil, Liquefied Petroleum Gas and Electricity are included in the energy intensity ratio

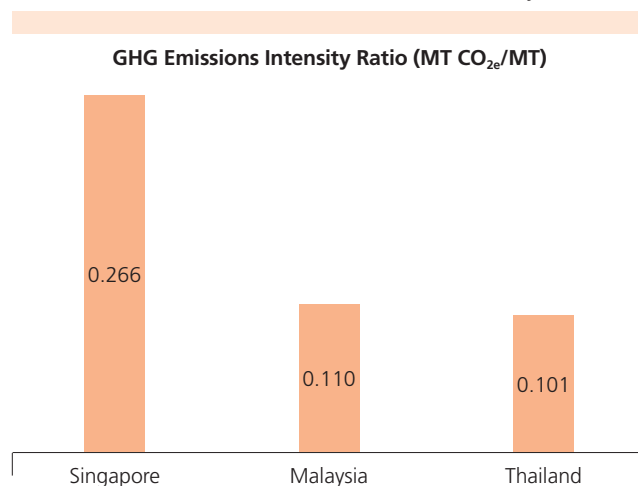
GRI 305-1: Direct (Scope 1) GHG Emissions (CO_{2e})**Notes:**

1. CO_{2e} emissions estimated based on the conversion factors from 2006 IPCC Guidelines for National Greenhouse Gas Inventories
2. Only CO₂ is included in the calculation of the Direct (Scope 1) GHG emissions
3. There is no biogenic CO₂ emissions generated from the combustion of biomass
4. The base year for the calculations is 2017. It was chosen as that was the first year F&N adopted the GRI sustainability reporting framework
5. The Global Warming Potential ("GWP") value for a time horizon of 100 years based on the Intergovernmental Panel on Climate Change ("IPCC") Fifth Assessment Report: Working Group I Report "Climate Change 2013: The Physical Science Basis" (chapter 8) is used in the calculation
6. Operational control method is used for the consolidation approach of emissions

GRI 305-2: Indirect (Scope 2) GHG Emissions (CO_{2e})**Notes:**

1. CO_{2e} emissions estimated based on the conversion factor from IGES List of Grid Emission Factors v10.6 and using the location-based method
2. Only CO₂ is included in the calculation of the Energy indirect (Scope 2) GHG emissions
3. The base year for the calculations is 2017. It was chosen as that was the first year F&N adopted the GRI sustainability reporting framework
4. The GWP value for a time horizon of 100 years based on the IPCC Fifth Assessment Report: Working Group I Report "Climate Change 2013: The Physical Science Basis" (chapter 8) is used in the calculation
5. Operational control method is used for the consolidation approach of emissions

GRI 305-4: Greenhouse Gas (GHG) Emissions Intensity

**Notes:**

1. GHG emissions intensity ratio is calculated based on the total amount of CO_{2e} generated (in metric tonne, MT) per metric ton of product (MT)
2. Direct (scope 1) and energy indirect (scope 2) is included in the GHG emissions intensity ratio
3. Only CO₂ is included in the calculation of the GHG emissions intensity ratio

Eco-efficiency

INITIATIVES:

1. Energy Efficiency in Our Operations

Improving energy efficiency in our operations makes business sense just as much as it helps to reduce our environmental impact. Energy efficiency contributes to a circular economy by limiting the resources needed to produce valuable goods and services.

(A) Singapore

TP has replaced two old 4-colours sheet-fed printing presses with a new high-speed energy efficient 8-colours sheet-fed perfecting press in September 2020. It is estimated that there are energy savings of about 210,000kWh per year. This translates to cost savings of over SGD25,000 and a reduction of CO₂ emissions by about 17 tonnes each year.



(B) Malaysia

- (i) Pulau Indah dairy plant,
 - a. Conventional forklifts were switched to electrical forklifts
 - b. Installation of heat pumps in chillers and 3 Variable Speed Drives for the Filler Exhaust Fan were done to reduce energy consumption. The installation of heat pumps helped to reduce natural gas usage by changing the mechanism to use steam instead. This contributes to potential cost savings of about RM153,000 (SGD50,490) per year.
 - c. The installation of Thermal Vapour Recompression to reduce natural gas was completed in July with potential cost savings of about RM500,000 (SGD165,000) per year.
 - d. We have installed an inter region flow controller to regulate air compressor pressure to regulate electricity usage and avoid peak tariffs at the new fresh milk line. We recover our condensates back to the boiler instead of discharging.

(ii) F&NCM plant

In an effort to minimise energy consumption, in March 2020, part of the cold room was shut down (small hall) and converted to a packaging storage room. Only the main hall was used for the storage of products to improve the efficiency of temperature maintenance. This has resulted in an estimated cost savings of about RM100,000 (SGD33,000) and reduction of electricity usage by about 9,000kWh each year.



(iii) Shah Alam soft drink plant

We are centralising a 40-bar air compressor to compress the air system and stabilise supply air pressure. This is expected to be completed in November 2020. We also replaced diffusers for blowers for our wastewater treatment plant in June 2020 to save 673,000kWh per year. The installation of auto blowdown for boilers to reduce natural gas was completed in October 2019 with 985 MMBtu natural gas savings per year.

(C) Thailand

(i) Rojana dairy plant

The switch to liquid sugar for productions has helped to save energy from the reduction in steam usage of around 150kg of steam per hour. The heat recovery Phase 4 from Super Agi to sugar dissolver gives us about THB0.70 million (SGD31,500) in cost savings.

2. Renewable Energy Sourcing and Generation

(A) Thailand

At F&NDT Rojana plant, we installed a solar panel rooftop in April 2020. It has provided us cost savings of about THB6 million (SGD270,000). The THB30 million (SGD1.35 million) solar PV system with 1MWp generating capacity significantly reduces energy offtake from the grid by utilising renewable energy for its daily operations.



(B) Singapore

Plans to install a 500,000kWh rooftop solar photovoltaic ("PV") system as part of the Rhinestone project in Singapore is underway. This solar PV system is anticipated to be installed by 2022 and is expected to contribute about 3% of the plant's total annual energy usage.

(C) Malaysia

As part of the strategic direction to reduce fossil fuel consumption and carbon footprint reduction, the Group is exploring a renewable energy programme at our F&NHB plants (Shah Alam, Pulau Indah and Bentong) which entail setting up of 3MWp solar PV systems at the three plants starting from October 2020.

3. Reducing Carbon in Our Value Chain

As well as making improvements to our own operations through energy efficiency and renewable energy use, F&N also looks into sharing best practices and encouraging improvements along our value chain. We understand that it is essential to support our business partners and customers to reduce their own GHG emission impacts. For example, F&NHB is currently working with suppliers to implement low-carbon cooling mechanisms for raw materials.

4. Route Planning

Optimal route planning can help F&N to reduce costs and be more environmental-friendly. Over the past few years, we have continued to streamline our distribution networks.

F&NHB has made more than RM800 million (SGD264 million) of capital investments since 2014 on new lines and warehouses across their production facilities in various locations. This decentralisation strategy also means that their manufacturing and warehouse operations are closer together, resulting in shorter routes to market and lower carbon emissions from logistics.

To further optimise route planning, RM180 million (SGD59.4 million) has been invested in the new integrated warehouse at the F&NHB Shah Alam plant, equipped with an ASRS. This new warehouse is expected to commence operations in FY2021.

The ASRS will manage the automated process of getting finished goods ready for delivery to market or distributors' warehouse. The system will drive improvement through:

- More accurate stock management
- Elimination of product damage caused by mishandling
- In-sourcing of break bulk activities
- Reduction of time spent by workers at the warehouse
- Improvement in warehouse safety

5. Operations Exposure to Climate Change Risks

F&N's operations and supply chain face risks due to climate change impacts. This includes impacts from rising sea levels, extreme temperatures, farming shortages and water availability. Climate change risks are monitored and managed as part of our ERM process, which is under the responsibility of the SRMC. For example, at F&NHB, identified climate change related risks include flooding and mineral water sourcing and contamination. To manage these risks, they work closely with state authorities and local councils which monitor climate-change risks. We also have robust incident escalation procedures and response plans in place as part of our Business Continuity Management.

Responsible Supply Chain

Sustainable Sourcing

GRI 204-1



2020 Target

To purchase RSPO credits for 100% of palm oil usage by 2020

As a market-leading F&B company, we constantly work with our business partners, suppliers and vendors to understand their needs, and deliver mutually sustainable solutions that create long lasting value. We also lead by example, encouraging others to improve sustainability performance throughout their supply chain. F&N is committed to Sustainable Sourcing and supports the production of sustainable palm oil.

The following chapter outlines some of the ways we work with and influence other companies.

APPROACH

In the past year, we have engagements with over 4,700 global and local suppliers across our supply chain, including manufacturers, wholesalers, retailers, importers/merchants, contractors and professional services providers. We recognised that sustainability in our own operations is insufficient and we have to also work with business partners to ensure good practices are shared across our supply chain.

Circular economy principles include reassessing what is meant by a 'resource': for example, one organisation's waste may end up becoming a valuable resource for another organisation. Hence, we look to understand suppliers' needs and establish mutually beneficial partnerships for circular economy solutions.

The Group works closely with our suppliers to ensure standards and practices for food safety and the environment are maintained throughout the value chain. For example, F&NHB is a member of the Supplier Ethical Data Exchange and conducts regular audits on our suppliers to ensure standards and practices for food safety and the environment are maintained throughout the value chain. F&N supports the UN Guiding Principles on Business and Human Rights across our value chain.

Our Procurement Policy covers our full commitment to standard principles of ethical business practices throughout the supply chain. While we have a business imperative to obtain goods and services at the best price in a timely manner, this is done only through means that adhere to guidelines and principles of fair play and transparency.

New Supplier Code of Practice

This year, we launched a new Supplier Code of Practice which covers environmental and social impacts. The scope includes the following areas:

1. **Business Ethics** – Suppliers are expected to conduct their business in accordance with ethical business standards and applicable laws
2. **Environmental Management** – Suppliers are expected to conduct their business in an environmentally responsible manner
3. **Human Rights** – Suppliers are expected to treat their employees equally, with respect and dignity,

in accordance with ILO standards and applicable labor laws

4. **Occupational Health and Safety** – Suppliers are expected to procure and maintain proper workplaces and working environments which are safe and hygienic, in accordance with applicable laws

F&N is in the midst of communicating the new Supplier Code of Practice to all suppliers and ensuring that they are compliant with the new terms. After all suppliers understand and have signed the Supplier Code of Practice, audits will be conducted to monitor performance of key suppliers against the specified requirements.

Sustainable sourcing – Palm Oil

Our target for 'Sustainable Sourcing' specifically relates to palm oil. Although this represents a relatively minor proportion of our expenditure, it has potentially major indirect impacts as irresponsible palm oil cultivation has caused — and continues to cause — significant environmental and social damage. We understand that our actions and business practices pertaining to the support of the production of sustainable palm oil is important and, having become an ordinary member of RSPO in August 2017, we reiterate our support for the use of Certified Sustainable Palm Oil ("CSPO") in our products. F&N's approach has been through RSPO with a focus on RSPO credits, and we will be embarking on the RSPO Mass Balance supply chain model.

Sustainable sourcing – Sugar

Another key commodity F&N focuses its sustainable sourcing efforts on is sugar. Sugar is a significant commodity used within F&N products, and we are currently developing a sustainable sourcing approach for this specific commodity, under the guidance of VIVE sugar certification programme.

F&NHB has purchased 20,000 metric tonnes of VIVE certified sustainable sugar which will be consumed within this financial year. F&NDT is also exploring the possibility of using BONSUCRO certified sugar products for our operations in Thailand.

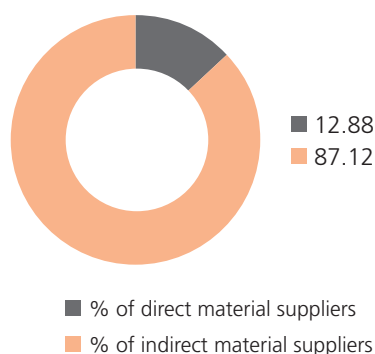
Sustainable sourcing – Paper

Sustainable sourcing of paper as a material in the supply chain is key to

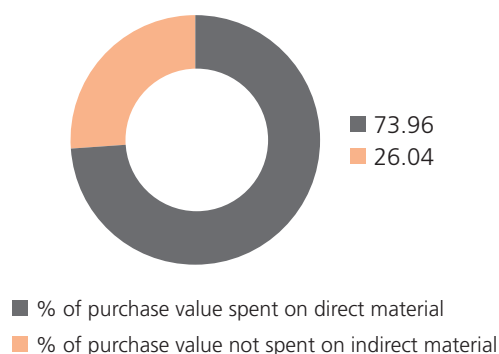
ensure that harmful environmental and social impacts are mitigated or reduced to a minimum. As paper is an essential component in F&N's printing operations, we understand the importance of sourcing paper sustainably and support sustainable forest management. To show our commitment, Times Publishing Group has achieved the Programme for the Endorsement of Forest Certification ("PEFC") chain of

custody certification. The PEFC chain of custody certification tracks forest-based products from sustainable sources to the final product. It demonstrates that each step of the supply chain is closely monitored through independent auditing to ensure that unsustainable sources are excluded. This has been an ongoing initiative since 2009.

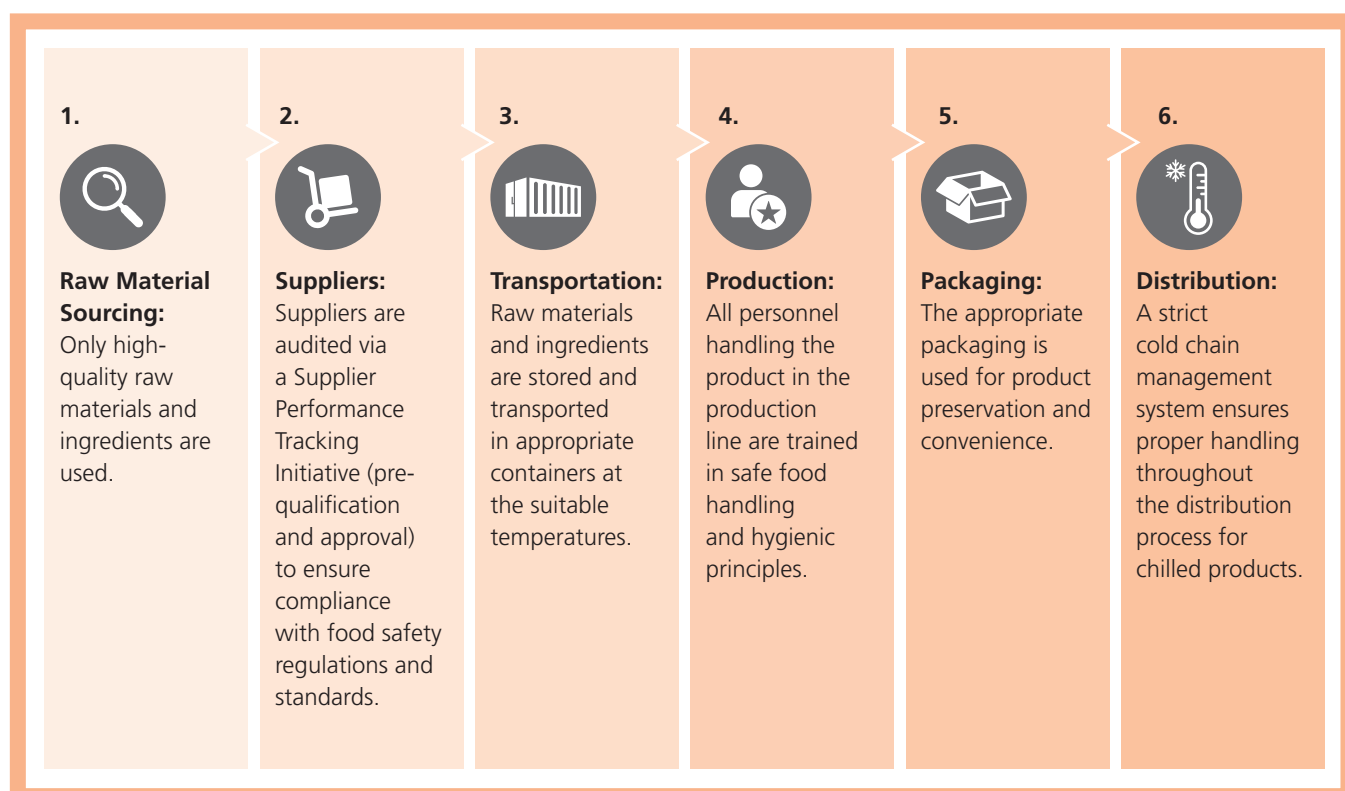
Group Supplier By Supplier Category



Proportion of Spending on Materials



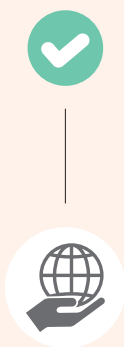
Our Supply Chain



Responsible Supply Chain

Screening our suppliers

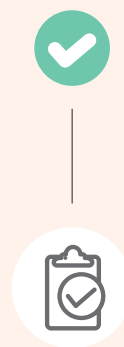
At F&N, we have a systematic screening process for all new suppliers using environmental and social criteria. These criteria reflect the commitments towards the environment (such as reducing waste, pollution and protecting water resources) and society (including human rights and labour practices). The environmental performance of their raw material and packaging material suppliers are also assessed periodically to ensure compliance to the following:



Implemented an environmental policy



Undertaken audits to monitor environmental performance and compliance



Maintained an ISO14001 compliant environmental management system where applicable

Addressing risks in our Supply Chain

High variable costs and uncertain availability of raw materials pose commercial risks to F&N. We therefore undertake risk assessments on our suppliers' prices and capacity to deliver goods and services. For key risk items, we have established Business Continuity Plans to ensure its supply.

We conduct periodic supplier audits to ensure compliance with food safety regulations and specific standards. We assess a range of quality assurance and food safety criteria to safeguard the health of consumers and the

safety of workers in our supply chain. Criteria include the implementation and monitoring of good manufacturing processes, use of protective clothing, food safety management systems, and chemical management.

Non-compliant or underperforming suppliers must demonstrate that they are committed to take the necessary corrective actions within a predefined period, or risk having their contracts terminated and blacklisted. This year, critical suppliers were audited on food safety regulations and standards, and none were found to be in non-compliance.



0

incidents of non-compliance with food safety regulations and standards.

GRI 416-2: Incidents of Non-Compliance concerning the Health and Safety Impacts of Products and Services

PERFORMANCE

Eco-credentials

We source raw materials that are certified with eco-credentials, such as the Forest Stewardship Council ("FSC") and CSPO, to ensure that they are produced in an environmentally and socially responsible manner. All paper products used in the carton packaging of our chilled beverages carry the FSC certification.

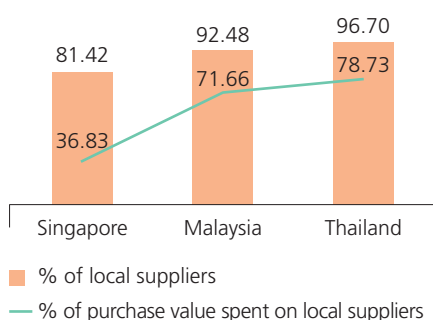
In 2020, we have successfully met our target to purchase RSPO credits for 100% of our projected palm oil usage, which represents an improvement of 30% compared to last year.

Supporting Local Suppliers

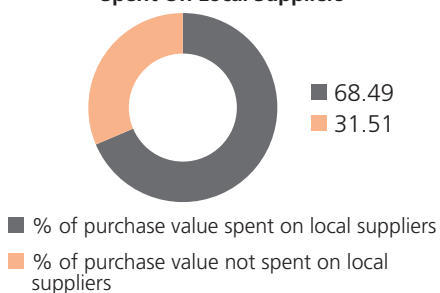
F&N engages with local suppliers, where possible, to support the local economy and minimise the carbon footprint from

GRI 204-1 Proportion Of Spending On Local Suppliers

Proportion of Spending on Local Suppliers



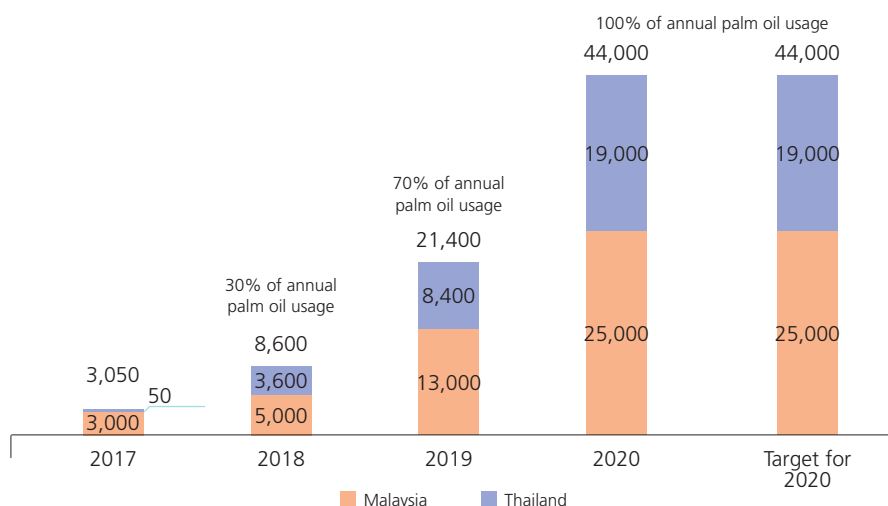
Group Proportion Of Purchase Value Spent On Local Suppliers



Note:

- Local suppliers refer to suppliers who conduct their businesses within the respective countries where F&N's operations (as covered in this report) are based, namely Singapore, Malaysia and Thailand.

Total Number Of RSPO Credits Purchased



transportation. More than 90% of our suppliers are local, representing almost 70% of our purchase value expenditures.

Ensuring Supply Chain Resilience during COVID-19

To ensure supply chain resilience and avoid disruptions, F&N works closely with our trade partners and suppliers to manage and minimise disruption during this period. We are committed to supporting our customers, trade partners and the community as a whole with adequate supply and availability of core F&N products amidst these uncertainties. F&N has recognised the need to replace conventional business continuity planning with new ways of collaboration with suppliers and customers to continue delivering stocks.

Working with suppliers is critical to maintain inventory levels and avoid running out of stock. F&NHB conducted a supplier assessment exercise to understand the resiliency of our supply chain and implement mitigation measures for suppliers that may not be able to meet demands. F&N's diverse pool of suppliers, including strong relationships with local suppliers, also helped mitigate the risk of disruption from one critical supplier.

In Malaysia, F&NHB issued weekly supply chain bulletins to keep all suppliers informed of the changing situation and respective actions taken, and work closely with key retailers to ensure core products like canned milk, UHT and water are sufficiently stocked in their warehouses for long-term consumption. They have kept the supply chain cost competitive while exceeding service levels despite reduced manpower due to the MCO in Malaysia.

In Thailand, the Supplier Productivity Enhancement Programme has been implemented to help F&N's suppliers manage supply shocks and disruptions. Through their work with suppliers F&N was able to maintain a 3-month stock minimum to mitigate any impact to inventory levels.

F&N works to support customers during periods of uncertainty when cash flow is likely to be tight. In view of the exceptional challenges brought about by the COVID-19 pandemic, we have worked together with several customers on flexible payment terms and payment extensions.

Safety and Well-being

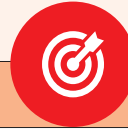
Occupational Health and Safety

GRI 403-9 (2018): GRI 403-10 (2018)



2020 Target

To have zero LTIFR by 2020

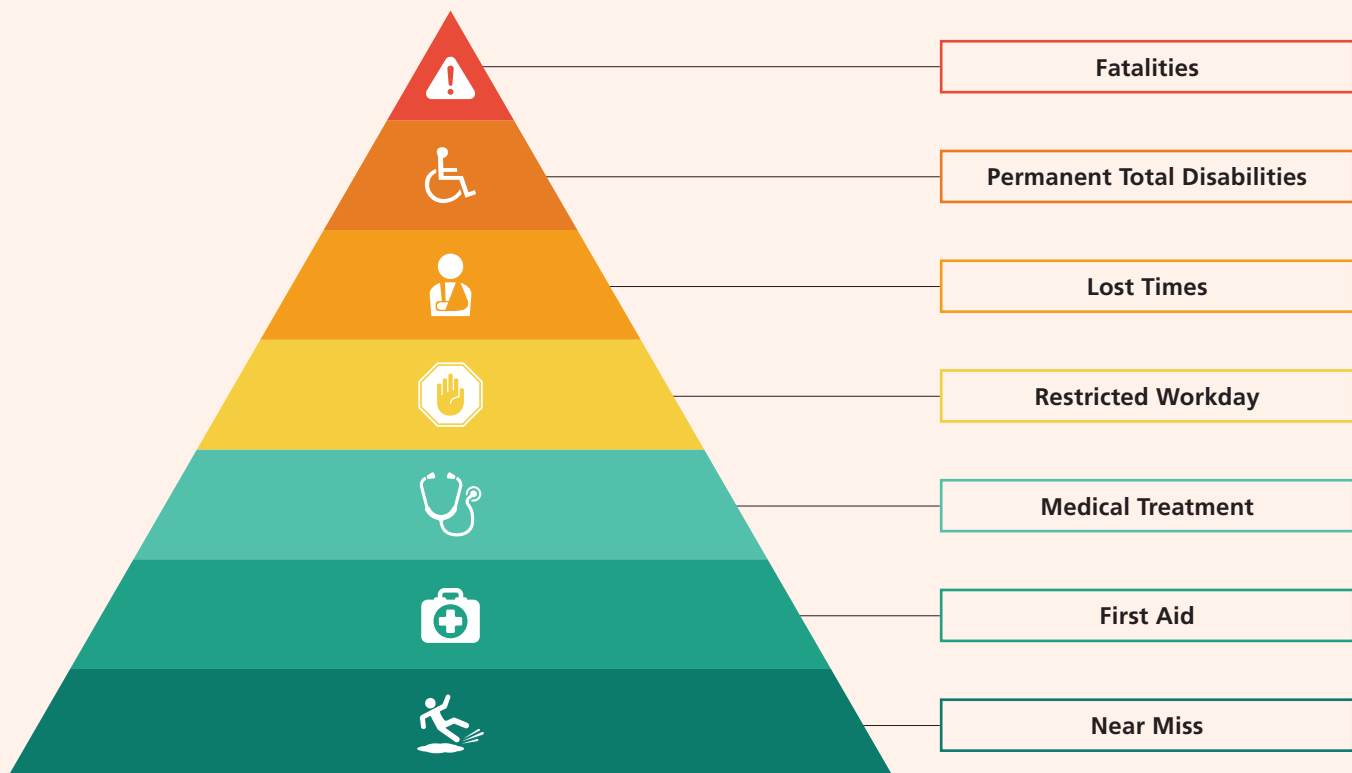


At F&N, we believe that working as a team is the only way to achieve our target of zero lost time injury. We foster a proactive 'safety first' culture for employees to be aware of their

responsibilities to both themselves and their colleagues. This includes advocating for a healthy lifestyle through awareness of nutrition, physical activity and stress reduction measures.

To further strengthen our commitment to a safety culture, a) LTIFR; and b) number of Safety and Health initiatives were incorporated in FY2019 at F&NHB as part of shared key performance indicators for all executives.

Safety Pyramid



Creating a Safety Culture

At F&N, safety is integrated across our operations through the implementation of ESH systems and monitoring processes. Our adherence to international standards, such as ISO 14001, ISO 45001 and OHSAS 18001 for our major sites, demonstrates that our safety practices extend beyond compliance with national regulations. All employees, workers and activities are covered by our ESH

systems, and all workers receive adequate training and safety equipment wherever appropriate.

As safety plays a central role at our plants, each one has its own Safety Committee, which includes management and workers' representatives. F&N has also set up a Safety and Health Committee for its corporate office.

These committees oversee F&N's safety systems and programmes to ensure their effectiveness and meet on a periodical basis to discuss accidents or near-misses and determine appropriate corrective actions to reduce risks. They also conduct audits of our ESH systems, develop annual safety plans, and initiate programmes to increase awareness of health and safety issues among employees.

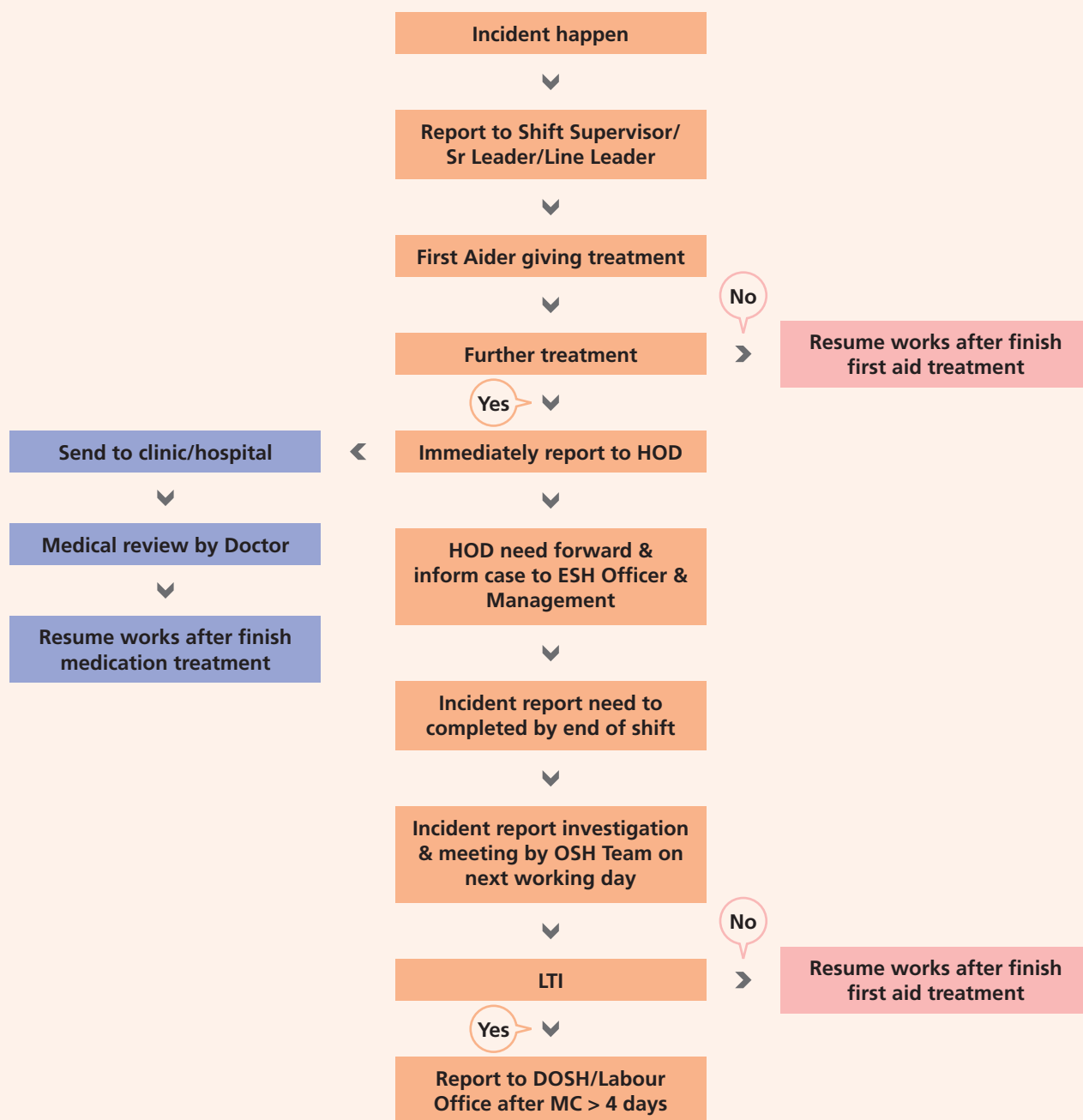
We encourage all employees to report any potential risks or hazards identified. This can be done informally by informing a safety representative or supervisor, or via a more formal – and if preferred, anonymous – reporting to their respective safety committees.

On the ground, Company Emergency Response Teams are trained to mobilise quickly and ensure the safety of our employees should any incidents occur.

We have formulated, in an articulate way, an accident/incident flow diagram that

represents our Emergency Preparedness and Response procedures. All our business units have implemented and strictly follow these procedures.

Flowchart of incident reporting at F&NCM



Safety and Well-being

Enhanced Health and Safety Measures during COVID-19

In response to the COVID-19 pandemic, F&N has taken effective measures to protect its employees' health and safety, and prevent the spread of infection, while ensuring business continuity. To reduce the risk of employees' exposure, F&N has encouraged all its employees to adopt work from home and split team arrangements. Various safety and prevention measures have been implemented to ensure that all our premises maintain strict hygiene practice and a clean environment.

F&N has provided sufficient personal protection equipment for all employees e.g. masks, hand sanitizers, thermometers. In Singapore, care packs, containing an oral thermometer, two face masks and a hand sanitiser, were issued to employees and cleaners who belonged to the Pioneer and Merdeka Generation. Facilities are inspected weekly by safety management officers. There is daily sanitisation and cleaning after each work shift, and special chemical sanitisation every 2 weeks. F&N implemented safe distancing measures at all workplaces to be in compliance with government regulations, as well as daily contactless temperature screenings for all staff working on site or in office. Specific advisory and protective equipment are provided to protect front-line workers at particular risk e.g. receptionists, sales and delivery personnel. F&NHB upgraded key office facilities to avoid contact e.g. replacing cash with e-payment and replacing biometrics with face scanning. F&N also supports national movement monitoring initiatives via QR code (MySejahtera and Selangkah apps in Malaysia and SafeEntry in Singapore) and regular health related declarations. Travel restrictions are implemented for all employees in accordance with F&N's guidelines and national requirements, and regular health and travel advisory updates are disseminated.

F&N adapted our work practices to support employee safety and well-being. All employees with family members working in medical front-line roles can work from home. To support our employees working remotely or from alternate sites during this time, we have made some technological adjustments such as shifting to online meetings and video calls, and we have upgraded employees' IT equipment when required. For those working on site or in the office, work/lunch hours have been staggered and high-risk activities such as sampling and promotion activities were stopped. Going forward, we plan to formalise our flexible work arrangement policy where practical.

F&N has developed mechanisms to protect employees' jobs, leveraging Fortitude/Resilience/Solidarity/Unity Budgets such as the Enhanced Job Support Scheme and the Enhanced Wage Credit Scheme.

For Malaysian employees who were forced to stay in Singapore due to the Malaysia MCO, F&N implemented the following measures:

- Provision of hotel accommodation to approximately 130 employees who were not able to stay with friends or relatives in Singapore.
- Provision of a daily meal allowance and parking reimbursement for all affected employees.
- Provision of free laundry service for employees staying in hotels.

Throughout the pandemic, we communicated transparently and regularly with employees regarding the changing government requirements and business response. This includes best practices in personal hygiene and social distancing as well as up to date health and travel advice. For F&NHB, our 'Fraserians Connect' app has been a key tool for internal communication.

We also support employee wellbeing during periods of lockdown or work-from-home, including providing virtual sports classes and fitness activities, telemedicine programs and virtual lunch talks.

Healthy Workforce

Our Health Risk Assessment Committee comprises skilled personnel trained to comprehensively evaluate areas where employees may be exposed to health risks. It is a priority for F&N to ensure that the workplace is conducive to employees' well-being.

Our work environment is enhanced with ergonomic facilities to prevent office-related injuries and includes shower facilities to help employees integrate physical activity into their daily work life.

In 2020, because of the COVID-19 changes, access to company-organised sport events or F&N's sport facilities and classes was limited. Instead, we have developed resources to guide employees' mental and physical health through wellness talks and broadcasts. In Malaysia, F&NHB organised a wellness programme across the whole organisation, while F&NNT arranged a health wellness activity at the factory. In Singapore, we conducted virtual sport classes during Phase I of the lockdown and we developed an outreach programme through a partnership with Lianhe ZaoBao (a daily newspaper) to promote a healthy lifestyle to senior staff.

Air quality, brightness, temperature and noise levels are monitored in all our facilities. We conduct regular noise monitoring at our facilities to ensure that the level is within the recommended range. For all workers in an environment with high noise levels, we provide hearing protection to reduce their exposure to noise. We also conduct audiometric tests regularly for all at-risk workers, with follow-up doctor consultations where hearing impairments were identified.

Despite limitations and difficulties due to COVID-19, F&N has not compromised on employees' safety trainings. In 2020, over 590 employees from FNFS attended over 1,430 hours of Occupational Health and Safety ("**OHS**") training, while over 120 employees from F&NCM benefited from over 1,290 hours of training. F&N's safety training topics covered in FY2020 included:

- Fire Prevention and Safety
- Chemical Safety
- First Aid Training and CPR
- Forklift and Reach Truck Operation
- Electrical Safety
- Working at Height
- Hot Work Safety
- Ergonomic Safety
- COVID-19

In Singapore, we have implemented SafeEntry to prevent and control the transmission of COVID-19 within our facilities. SafeEntry is a digital check-in system implemented by the Singapore government which allows contact tracing and identification of COVID-19 clusters. All employees and visitors entering F&N's facilities have to scan a specific QR code and enter their details before they can check-in.

Our OHS management systems incorporate SGSecure – an initiative from the Singapore government to sensitise, train and mobilise our communities to prevent and deal with a terror attack. This includes registering an 'SGSecure Rep' with the Ministry of Manpower ("**MOM**"), reviewing our Standard Operating Procedures and conducting risk assessments to identify terror risks. During 2020, we have also provided SGSecure training to our employees to increase awareness on how to manage our safety and security risks.

In Malaysia and Thailand, F&NHB organised regular activities to engage employees on safety topics. Some of

these activities included monthly OHS trainings and newsletters, as well as an unsafe working conditions programme and Unsafe Award to educate and encourage workers in identifying unsafe behaviours and safety hazards. In F&NDT, to prevent the safety risks associated with the use of new equipment, the relevant employees pursued specific safety trainings before commencing high-risk work, such as pre-employment risk assessment activities, Behaviour Based Safety and Kiken Yochi Training activities, and Job Safety Analysis' writing assignments. F&NDT was audited to evaluate any Unsafe Action and Unsafe Condition at work. Corrective actions to implement and safety planning recommendations were provided in audit reports.

All workers (employees and contractors) have access to occupational health services in relation to their relevant activities. This includes hygiene, ergonomics, protective equipment, and first aid kits. Accredited consultants advise F&N on OHS matters. For example, FNFS is advised by Concord Associates who is accredited by both the Singapore Workplace Safety and Health ("**WSH**") Council

and the MOM. The F&N Corporate office engages Greensafe International Pte Ltd on OHS matters and they are similarly accredited by WSH and MOM. Where any work-related health matters occur, F&N pays relevant treatment costs and allows any required time away from work.

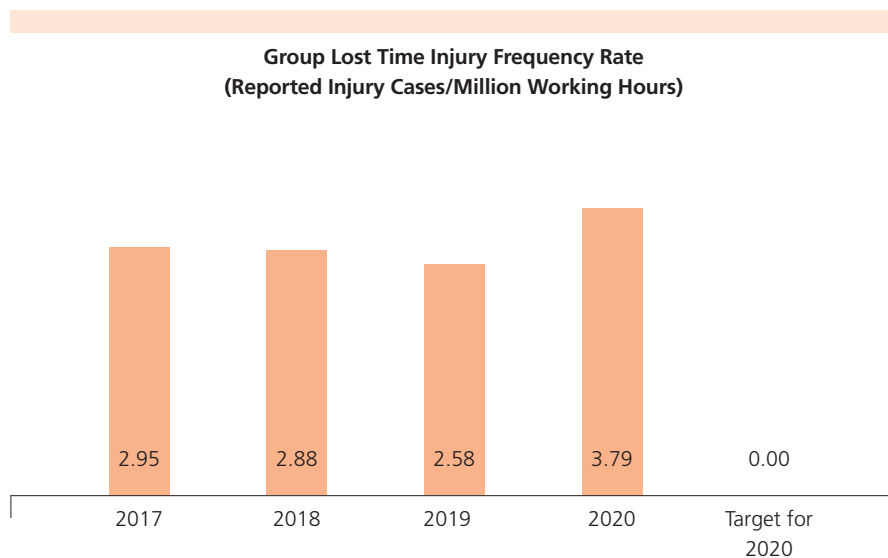
We offer healthcare insurance to employees based on staff category and/or job levels. Malaysia and Thailand offer healthcare for all and we help to facilitate good health coverage for all workers by organising an annual health screening and encouraging all employees to participate. Any work-related illnesses will receive follow-up consultations with doctors, if identified.

PERFORMANCE

Our Group LTIFR this year was 3.79 per one million hours worked which is above our 2020 target of zero LTIFR.

We have set an ambitious target of zero LTIFR to reinforce our stance of zero tolerance for workplace accidents. We aim to pursue our efforts to achieve a zero-accident workplace and will continue to emphasise the importance we place on our employees' safety.

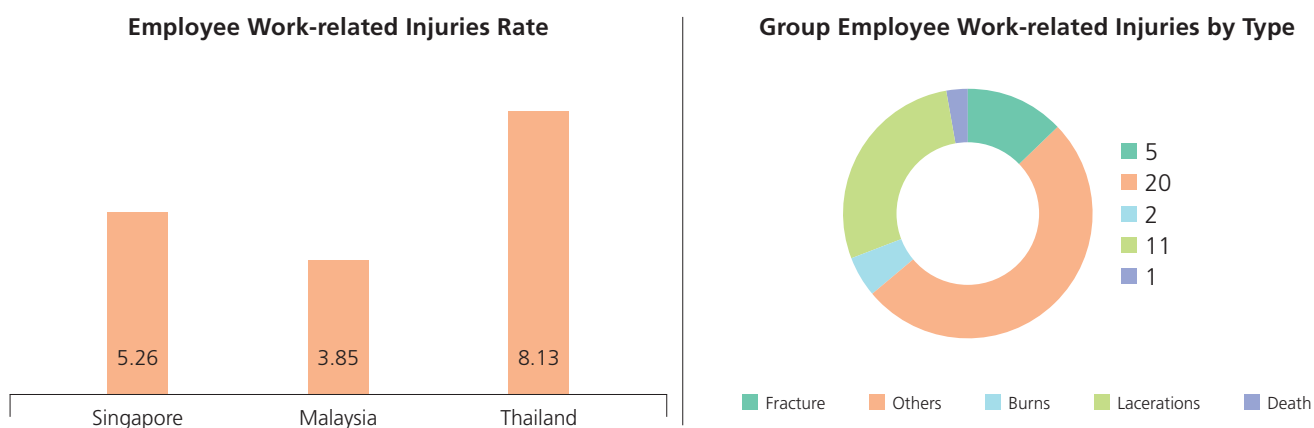
Group Lost Time Injury Frequency Rate
(Reported Injury Cases/Million Working Hours)



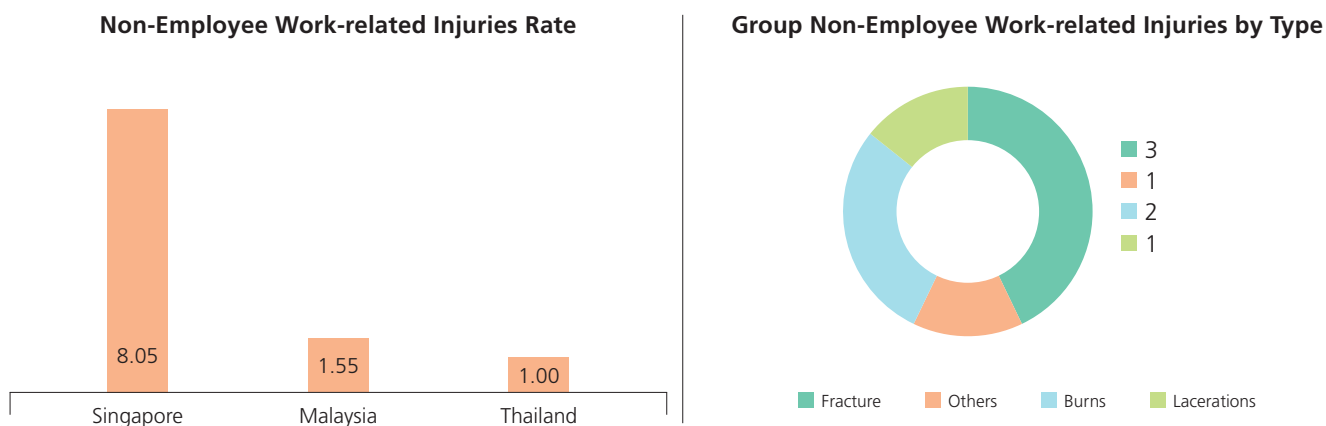
Safety and Well-being

GRI 403-9 (2018) – Work-related injuries

In FY2020, there were 39 employee recordable work-related injuries. None of the incidents were high-consequence work-related injuries. One resulted in a fatality due to the unfortunate van accident in Thailand.



In FY2020, there were 7 non-employee recordable work-related injuries. None of the incidents were high-consequence work-related injuries or resulted in fatalities.



- Note:**
1. Rate of recordable work-related injuries is calculated by number of recordable work-related injuries / number of man-hours worked * 1,000,000
 2. First aid cases are not counted inside the work-related injuries rate
 3. Lost Time Injury Frequency Rate is calculated by number of workplace accidents with a lost time of 1 day or more / number of man-hours worked * 1,000,000

GRI 403-10 (2018) – Work-related ill health

There were zero incidents of recordable work-related ill health at F&N in FY2020.

Consumer Health and Safety

GRI 416-1; GRI 416-2



2020 Target

We will offer at least one healthier choice option in all our product categories by 2020



Consumer Health and Safety is our first and foremost priority and a core principle embedded in F&N's culture. We live by our brand promise of "Pure Enjoyment, Pure Goodness" by producing, marketing and selling our brands responsibly and enabling consumers to make informed purchasing choices. We consistently maintain the highest standards so that customers have full confidence when purchasing and consuming our products.

APPROACH

Our 137 years of success are built on providing products able to earn the trust and satisfaction of our consumers, as well as enhance their future well-being. This requires a holistic approach to safety across the life cycle of our products. In previous chapters, we have described how consumer health is a key part of our innovation efforts, and how our supply chain processes are a key part of our food safety assurance.

In our own operations, we adhere to all health and safety regulations applicable to the F&B industry for the markets in which we operate. All F&N products are manufactured under stringent international quality and food safety standards. Our plants are certified with FSSC 22000, ISO 22000 and HACCP Food Safety management systems, and all stages of our production processes are subjected to rigorous quality control procedures.

Other certifications include: Quality Management System ISO 9001; Accredited Laboratory; Good Manufacturing Practice; and Hazard Analysis and Critical Control Point standards. Our SRMC regularly reviews our key risks in relation to Consumer Health and Safety.

We are committed to providing the highest quality products and ensuing product integrity. From manufacturing to distribution and storage, we protect the

entire product lifecycle. In the 'Packaging' chapter, we also described how our product packaging and labelling are designed to ensure our consumers' health and safety.

In addition to packaging, storage and distribution of products are important to maintain product integrity. Our Singapore production facility follows strict standard of operation procedures so that all our products are stored and transported in acceptable conditions, such as the appropriate temperature range, lighting and stress on packages. F&NCM in Malaysia also engages with third party experts on cold storages and distribution to ensure supply chain security and integrity and maintain product quality. They also conduct annual audits to ensure that their storage and distribution are of the highest standards.

As we value our customers' satisfaction, giving them multiple communication channels to provide feedback is critical to F&N's customer experience. Customers can contact us through our product website or by sending us an email with their enquiries. We have also set up accounts on social media, such as Facebook and Line, for customers to stay connected with us and keep up to date with our products. In Singapore, we have set up a hotline for customers to contact us directly with their enquiries.

We are committed to product quality and food safety and have obtained local and international certifications such as:

1. FNFS

- ISO 22000:2005 - Food Safety Management System
- License to operate food establishment
- Halal Certification

2. F&NHB (F&NBM, F&NDM and F&NDT)

- ISO 22000 - Food Safety Management System
- FSSC 22000 - Food Safety System Certification
- Halal Certification
- Food Safety According to Hazard Analysis and Critical Control Point (HACCP) System (MS 1480:2007)
- Good Manufacturing Practice (GMP)

3. F&NUL

- ISO 22000 - Food Safety Management System
- FSSC 22000 - Food Safety System Certification
- Halal Certification

4. F&NCM

- FSSC 22000 - Food Safety System Certification
- Halal Certification

Safety and Well-being

Consumers' Health and Safety during COVID-19

F&N has taken proactive measures to address the impacts of the pandemic on the health and safety of our consumers. During the lockdown, we worked closely with key retailers to ensure that core products such as canned and UHT milk, or water, were sufficiently stocked and available for purchase by our consumers. In Singapore, we set up a 'contactless' distribution network through vending machines to supply essential products, such as masks, ready-to-eat meals and fresh milk, at locations closest to where people reside to encourage minimal commuting.

At F&N, we aim to offer products, which, together with an active lifestyle, can play an important role in keeping people healthy. Our product development team responded to consumer demands for healthy, immune building products with the launch of new products to boost consumers' immune system, like our *SUNKIST* Pure Juice Drink containing vitamins A, C and E, and reinforce F&N's offering of zero and low-sugar beverages. We also introduced our *OYOSHI Gold* tea beverage which is rich in antioxidants. It is prepared by infusing whole tea leaves in hot water.

We have taken steps to keep our consumers healthy and aware of the importance of staying active and hydrated during this time. In Singapore, we rolled out a Circuit Breaker Campaign "STAY FIT with 100PLUS" fronted by 100PLUS Active and Original which included:

1. Live workout sessions in collaboration with SportSG consisting of two sessions per day with different intensity levels between March and July.
2. Live workout sessions from Monday to Friday, led by five different professional trainers offering

different sport and intensity options: yoga, barre, HIIT, Cardio, Strength, Body Weighting.

3. Live weekend workout sessions held by celebrities who keep their relationships going by working out together, virtually (#Flattenthecurveby staying apart).

Apart from engaging consumers through live workout, we strove to empower our audience in an always-on approach to staying active and fit. Home workout tips & tricks featuring fitness influencers and offering various intensities including cardio, weights and yoga, were hosted on the 100PLUS website.



In Malaysia, we implemented a wider range of activities to encourage a healthy lifestyle during lockdown. F&NHB also conducted virtual fitness challenges with athletes and influencers to engage consumers. In Thailand, F&NDT helped consumers to stay fit and healthy during COVID-19 by sharing healthy cooking tips and recipes using social media platforms, including information on keeping a healthy diet during lockdown.

Halal Assurance

All our products are halal certified by JAKIM and other relevant authorised certification bodies. Each of our manufacturing plants has a Halal Committee, responsible for halal compliance in our supply chain (from materials selection and purchasing, to the

storage, warehousing, and transportation of our products).

During the year, in Malaysia, F&NHB's employees with responsibility in Halal matters attended a series of professional training sessions related to Halal internal audit and assurance. A total of over 950 employees attended Halal training. Six virtual classes on Halal awareness for new joiners were conducted for over 70 employees. The Halal awareness training was also conducted for 14 of our transporters in 2020.

Additionally, F&N prohibits non-halal food and drinks within factory premises including offices and canteens.

Nutrition Charter

F&N is on a continuous journey to develop products and initiatives that promote consumers' health, well-being and nutrition, while maintaining a high quality of taste. The F&N Nutrition Charter outlines our commitment to develop products that are healthy for consumers and guides us throughout products development. The principles of the Nutrition Charter are:

1. 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;
2. To develop products based on proven scientific evidence and research, and consumer insights and tastes relevant to evolving Asian lifestyles;
3. To actively self-regulate and ensure accountability via strong corporate governance;
4. To provide safe, high-quality and affordable products to all our consumers; and
5. To innovate and renovate to meet the changing needs of all our consumers and ensure consistent delivery of good taste and the right nutritional values.

Towards Healthier Options

We put much emphasis on developing healthier products, such as by adding vitamins and minerals to boost products' benefits. Many of our products carry the 'Healthier Choice' Symbol or Logo:



Some products with Singapore's 'Healthier Choice Symbol'

- 100PLUS
- 100PLUS ACTIVE
- F&N MAGNOLIA Gotcha
- CARNATION Low Fat High Calcium Evaporated Milk



Some products with Malaysia's 'Healthier Choice Logo'

- 100PLUS
- 100PLUS ACTIVE
- FARMHOUSE Fresh
- F&N MAGNOLIA Lo-Fat Hi-Cal Milk



Some products with Thailand's 'Healthier Choice Logo'

- F&N MAGNOLIA Pasteurized Milk Full Fat and Low Fat
- F&N MAGNOLIA Plus Gingko Plain Flavour
- BEAR Brand Sterilized Milk Non-Fat
- BEAR Brand Sterilized Milk Regular
- BEAR Brand Sterilized Milk Low-Fat
- BEAR Brand Sterilized Milk High Folate

Our philosophy of 'Pure Enjoyment. Pure Goodness' means that F&N has a responsibility to provide high quality, healthy, safe and reliable products to its consumers. For example, OYOSHI tea products are brewed from high quality organic tea leaves; our soya bean milk is made with first grade non-Genetically Modified Organisms soybeans; and none of our products sold in Malaysia and Thailand contain Partially Hydrogenated Oils ('trans fatty acids'). We provide alternative and healthier options by innovating our products for consumers with food intolerances, such as lactose free milk.

Another aspect of the healthier offering is our commitment to reducing sugar content in our products. >35% of our RTD products contain less than 5g/100ml of sugar. This includes:

1. Full range of 100PLUS RTD variants
2. Full range of F&N Fun Flavours Carbonated Soft Drinks, except F&N Mixer
3. F&N SEASONS Asian Drinks
4. F&N SEASONS Soya

Since 2004, F&N has taken deliberate steps in reducing the sugar content in our beverages. Today, we are pleased to report a reduction of 56% in sugar

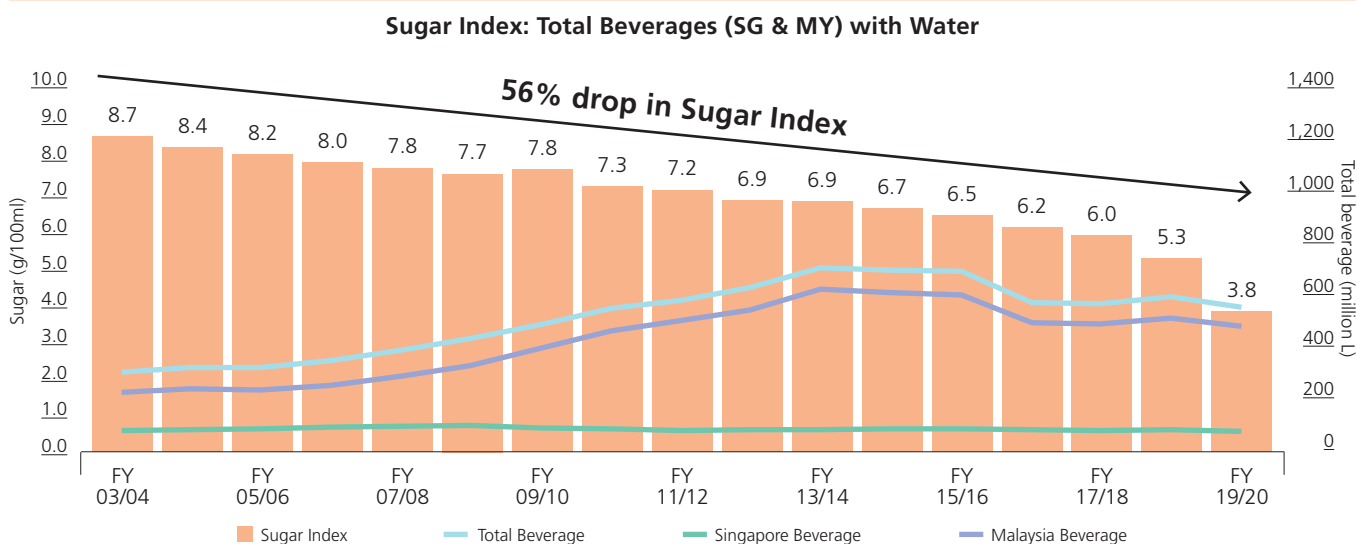
index (grams of sugar content per 100ml) across our range of beverages. This also represents a 17% reduction against last year.

Similarly, in Singapore, F&N also continues to support the Singapore Government's Sugar Reduction Commitment Initiative by:

1. Ensuring that all our RTD beverages contain less than 12g/100ml of sugar.
2. Continuing to innovate, renovate and promote beverages with lower sugar content.

Safety and Well-being

FY2020 Sugar Index (Total Beverages)



- Sugar index is calculated by total volume of sugar (gram) per total production volume of beverages (million litre).
- 56% reduction from FY03/04 to FY19/20, compared to 39% reduction from last reporting (FY03/03 to FY18/19).
- Decrease in FY19/20 due to product portfolio mix and sugar reduction projects in Malaysia and Singapore.
- Beverages include Isotonic, CSD, Water, Tea, Soya and Juice (Chilled and Ambient).

Some highlights from new products introduced this year:

Singapore

1. *F&N ICE MOUNTAIN* Sparkling Water in Peach Flavour was launched in December 2019. Certified as a Healthier Choice product by the Health Promotion Board ("HPB"), *F&N ICE MOUNTAIN* Sparkling Water Peach contains zero sugar and zero calories, providing consumers a guilt-free bubbling sensation in every sip.
2. *F&N* Sparkling Bandung launched as a limited edition in June of this year in conjunction with the Hari Raya festivities. The product is also certified as a Healthier Choice by the HPB.
3. *F&N NUTRIWELL* Herbal Tea or 'liang cha' was introduced in July this year to support consumers' immunity. This herbal tea is made from the finest traditional ingredients – Prunella Spike, Luo Han Guo, Chrysanthemum Flower and Red Dates. Certified as Healthier Choice by the HPB, the drink is made with no added preservatives and only 4.8% sugar.

4. *F&N FRUIT TREE FRESH* Reduced Sugar Soursoy was launched in August of this year and contains many beneficial nutritional elements, such as a high antioxidant level and vitamins A, C and E. The drink is also 25% lower in sugar compared to regular juice drinks and is certified as Healthier Choice by the HPB because of its reduced sugar content. One glass of the beverage meets 100% of your body's daily vitamin C requirements.
5. *F&N NUTRISOY* Fresh Soya Milk with Real Oats & Quinoa was introduced in November 2019. This cholesterol-free drink is endorsed by the HPB and contains 3 times more protein and 28 times more calcium compared to other soya bean drinks. It contains no added preservatives or colouring and has a low glycemic index count due to its high protein levels and 25% lower sugar content. It is also rich in vitamin B1.
6. *F&N MAGNOLIA* Brown Sugar & Sea Salt Milk was launched in May this

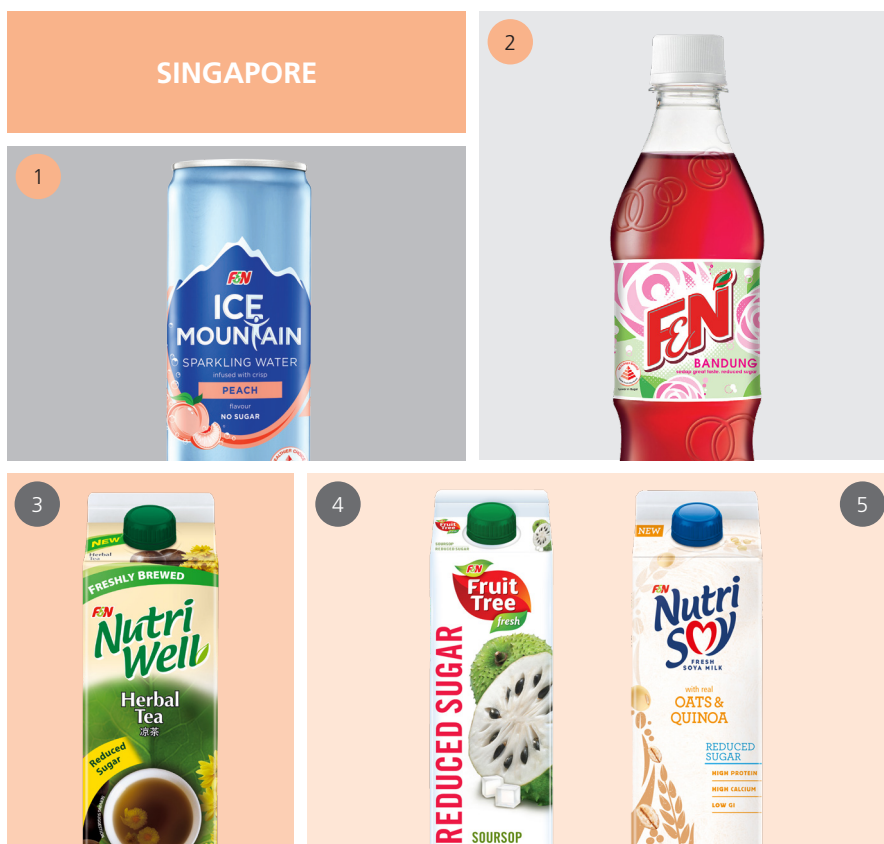
year as a limited edition. Blended with brown sugar and a tinge of sea salt, the drink is high in calcium, and low in fat and sugar. Endorsed as a Healthier Choice product by the HPB, this new beverage was an instant hit with health-conscious consumers.

7. *F&N NUTRISOY* Fresh Soya Milk with Pandan was launched in June this year as a limited edition. Made with fresh soya beans and fragrant pandan leaves, the drink is a reduced sugar variant with a 25% reduced sugar level. Similar to its existing fresh soya bean milk range, this vegan-friendly beverage is high in protein, calcium and Vitamin D4. Certified heart-friendly by the Singapore Heart Foundation, the beverage is also halal-certified.

Malaysia

8. **100PLUS Zero** is a zero sugar and zero calories variant of the 100PLUS drink that was launched this year to provide a sugar-free and calorie-free option to our consumers.
9. **F&N ICE MOUNTAIN Sparkling Water** – Original, Lemon and Grapefruit – This new product was recently launched as a new range of sparkling water to cater to consumers who enjoy a crisp, flavour infused, unsweetened drink. The product comes in three flavours, namely Clear, Lemon and Grapefruit, and has zero sugar and zero calories.
10. **F&N Teh Tarik Ori** with less sugar - F&NHB introduced this new drink made from freshly brewed premium black tea with F&N's signature sweetened condensed and evaporated milk. The drink comes in two variants, with a less sweet option.
11. No Sugar **OYOSHI Gold Kabusecha**, and No Sugar **OYOSHI Gold Sencha** were recently introduced as two premium sugar-free green teas, brewed with 100% imported authentic Japanese Green Tea leaves from Makinohara Plateau in Japan.
12. **SUNKIST Pure** – Orange and Lemon Apple drinks were introduced this year and have high vitamin A, C and E content with no added preservatives.
13. **TEAPOT Squeeze Tube** – Gula Melaka & Pandan - this newly launched product range has been available all across Malaysia since November 2019. With a variety of authentic local flavours to choose from such as Pandan and Gula Melaka, this new product is now in a convenient squeeze tube, easy to spread over foods or desserts to infuse them with that classic taste.
14. **F&N FRUIT TREE FRESH Reduced Sugar Soursop** with Nata De Coco rich in vitamin C and flavour.

SINGAPORE



MALAYSIA



Safety and Well-being

Thailand

15. *CARNATION* Plus Condensed Milk with 0% Fat was recently launched in Thailand to further drive in-home consumption of superior and healthier Sweetened Condensed Milk (SCM) products in the market. The new product is formulated with 25% reduced sugar. The product has been a hit with Thai consumers as it gave consumers the choice of a healthier option.
16. *TEAPOT* Squeeze Tube – Matcha, Mango - is available in Thailand from October onwards. The new flavour is infused together with premium green tea powder from Aichi Japan and fresh milk to create a delicious creaminess and intense aroma making it the ideal mix to any dessert.
17. *F&N MAGNOLIA* Milkies Tablet – Classic Malt, Hokkaido Milk, Strawberry Yogurt – Magnolia Milkies was introduced in Thailand and is made from 100% New Zealand milk. It comes in three flavours, which are Classic Malt, Strawberry Yogurt and Hokkaido Milk.

18. New flavors of ice cream including *F&N MAGNOLIA* Gotcha Elefie, *F&N MAGNOLIA* Pikachu and *F&N MAGNOLIA* Pokeball were launched this year to provide additional healthier choice of ice cream products to our consumers.

THAILAND



PERFORMANCE

In FY2020, F&N maintained our health and safety standards with no significant incidents of non-compliance with regulations resulting in a fine, penalty or warning.

We made good progress towards our 2020 target of offering at least one Healthier Choice in each RTD product category. We currently offer healthier options in 14 out of 15 (93%) product categories. We currently do not have a healthier option available for the 'Energy' product category as we believe that reducing the sugar level of our energy drinks too drastically would result in a loss of its functionality and purpose, which is to provide our consumers, who require it, with an energy boost.

Product Category	Healthier Choice Option?
Milk	Yes
Drinking/Eating Yogurt	Yes
Fruit Juice	Yes
Soya	Yes
Asian Soft Drinks (Chilled/Pasteurised)	Yes
Isotonic	Yes
Water	Yes
Carbonated Soft Drinks	Yes
Tea	Yes
UHT & Sterilised Milk	Yes
UHT Soya	Yes
Juice	Yes
Asian Soft Drinks (Ambient)	Yes
Frozen	Yes
Energy	No

Product and Service Labelling

GRI 417-1; GRI 417-2



Packaging and labelling are the primary means by which F&N communicates information related to its products' quality, nutrition, safety and disposal to consumers. Displaying appropriate, clear and accurate information on products' packaging and labelling is therefore essential to ensure customers' trust in F&N products and allow them to make informed purchasing decisions.

APPROACH

Our labelling adheres to Singapore Food Regulations as well as to the guidelines set down by SFA. We adhere to the Food Act in Malaysia and all requirements of the Food and Drug Administration in Thailand. All information disclosed on our labels is subject to a review process involving a range of internal experts including our R&D and Scientific & Regulatory Affairs teams, plus dietician advice. Labels are then submitted to government authorities for verification and endorsement.

At F&N, as we believe that information provided to customers should be as comprehensive as possible, we go beyond mandatory requirements. For all products, we provide information on ingredients, sourcing, energy per serving size, recommended daily allowances of the different nutritional components, expiry dates and nutrition tips.

Fundamental information (such as calories and contribution to recommended daily caloric intake) is included in "front of pack labelling", for most of our ready-to-drink products, to provide consumers with easy-to-understand data.

We take care to ensure that our marketing and advertising activities do not violate any ethical standards. We adhere to the

Malaysian Code of Advertising Practice in Malaysia and the Consumer Protection Act of B.E. 2522 (1979) in Thailand.

In Malaysia, we are a signatory to the 'Responsible Advertising to Children' initiative and have pledged to restrict marketing to children under 12 years of age.

PERFORMANCE

There were no fines or penalties for breaches recorded in this year. In FY2020, there were no instances of non-compliance with regulations concerning product labelling and packaging, and no breaches of advertising law were reported.

All our product categories comply with product labelling requirements as below:

