

Board Statement

The Group is proud of its sustainability efforts over the past years. To drive progress, we have defined specific mid-terms targets, built on previous milestones, for each of our key material topics to be achieved by 2025.

OVERVIEW OF F&N SUSTAINABILITY REPORT 2021

The Board is pleased to present the F&N Sustainability Report ("Report") for the Financial Year ("FY") covering the period from 1 October 2020 to 30 September 2021. The Report provides an overview of the key Environmental, Social and Governance ("ESG") topics performance of the Group for the year. Through this Report, we demonstrate our unwavering commitment to incorporate sustainable practices into our business and show our leadership in addressing critical sustainability challenges through offering stakeholders an insight into the Group's business model, strategies and values, as well as providing key financial and operating information in an open and balanced manner.

This Report is prepared in accordance with the internationally recognised Global Reporting Initiative ("GRI") Standards (Core) which is in compliance with the Singapore Exchange's ("SGX") Listing Rules 711A and 711B. The report covers activities of the Group's operations, including 13 manufacturing sites in Singapore, Malaysia and Thailand. The detailed reporting scope is explained on pages 10 and 11 of this Report.

SUSTAINABILITY GOVERNANCE

The Board has overall responsibility for sustainability – from strategy to implementation and monitoring of performance – and have been closely involved in the development of this Report. While the Board takes the lead in the Group's sustainability direction, the Sustainability and Risk Management Committee ("SRMC") is responsible for steering the Group's sustainability efforts. The SRMC is supported by the Sustainability Development Committee ("SDC"), chaired by Mr. Lee Meng Tat, Chief Executive Officer for Non-Alcoholic Beverages, which monitors the progress of the Group's sustainability priorities. To ensure a holistic management of sustainability across the material ESG topics across the Group, the SRMC and the SDC are represented by management from various parts of F&N's business, including Finance, Operations, Human Capital, Research and Development, Marketing, Communications and Risk Management.

RENEWED SUSTAINABILITY STRATEGY AND AMBITIONS AT F&N

The Board is responsible for ensuring that the ESG topics remains relevant and are considered and integrated in the formulation of F&N's strategy. We oversaw the process to review the material ESG topics and refresh the F&N materiality matrix in 2020 and update the sustainability framework in 2021. The updated sustainability framework focuses on the material ESG topics

that are perceived by internal and external stakeholders to be important to F&N. F&N has also defined new 2025 sustainability goals for the 12 most important ESG topics, in alignment with the refreshed materiality matrix, marking the path for our sustainability roadmap for the next 5 years.

The 2025 sustainability targets, reviewed by the SDC, were approved by the Board as important sustainability topics that may potentially impact F&N's long-term financial and non-financial goals. Full details on the new 2025 sustainability targets and updated sustainability framework can be found on pages 21 to 23 of this Report. The Group will continue to engage our stakeholders, evolve our sustainability framework and action programs to create sustainable value for people, the planet and the future viability of our businesses.

PURSuing SUSTAINABILITY EXCELLENCE AMIDST CHALLENGING TIMES

The COVID-19 pandemic has presented new challenges to many businesses worldwide, including F&N. This year, as the more infectious Delta variant spreads through Southeast Asia, we adapted and implemented the COVID-19 Business Continuity Plan ("BCP") to ensure that our systems and procedures were implemented to minimise business operational risks and more importantly, to protect the health and safety of our staff and customers.

Despite these difficult times, advancing sustainability and making positive impacts on the material ESG topics remain a core focus for F&N. This year, we stepped up our goals for the future with new milestones to actively contribute, positively, to climate protection, a circular economy and social progress.

We are pleased that our support of sustainable palm oil has been recognised by WWF, the world's leading independent conservation organisation. In the recently released 2021 WWF Palm Oil Buyers Scorecard ("POBS"), F&N had the best score out of the 46 Asian companies invited to participate. This is an important recognition and a great encouragement as we progress on our sustainable journey.

F&N is also pleased that its subsidiary, Fraser & Neave Holdings Bhd ("F&NHB"), has been recognised for excellence in sustainability and strong ESG practices by being included as one of the constituents of the newly launched FTSE4Good Bursa Malaysia Shariah

("F4GBMS") index. It has maintained its position as a constituent of the FTSE4Good Bursa Malaysia Index ("F4GBM") for the third year running; and was invited to participate in the S&P Global 2020 Corporate Sustainability Assessment ("CSA"), for inclusion in the S&P ESG Index. These inclusions stand testament to F&N's sustainability performance and strong ESG practices.

CLOSING REMARKS

The Group is proud of its sustainability efforts over the past years. To drive progress, we have defined specific mid-terms targets, built on previous milestones, for each of our key material topics to be achieved by 2025. These milestones will support our progress toward a sustainable business model based on the principles of circular economy.



Message from Chairman of SDC



Mr Lee Meng Tat
Chief Executive Officer,
Non-Alcoholic Beverages

This year, we have scaled up the success of our previous initiatives, while implementing new activities to continue pursuing sustainability excellence.

OVERVIEW OF F&N SUSTAINABILITY REPORT 2021

This Report has been prepared in accordance with the GRI Standards (Core), which represent the global best practice in sustainability reporting. By adhering to the GRI Standards, F&N aims to provide information on sustainability performance that is useful to our stakeholders and demonstrates our progress towards achieving our targets over time.

As Thai Beverage Public Company Limited ("**ThaiBev**"), F&N's parent company, has demonstrated its sustainability excellence by being awarded the S&P Global Gold Class, for being ranked as the top 1% of companies in the Beverages industry participating in the S&P Global 2020 CSA, in the S&P Global Sustainability Yearbook 2021, F&N has chosen to align and integrate our data collection processes with ThaiBev's reporting parameters. With a systematic approach to sustainability reporting, F&N aims to provide consistent information disclosure and benchmark its performance against industry leaders to improve through best practice sharing and knowledge transfer.

THE YEAR IN REVIEW

This year, we have scaled up the success of our previous initiatives, while implementing new activities to continue

pursuing sustainability excellence. In particular, we would like to highlight the following initiatives, where we have demonstrated commitment to sustainability performance through cross-function collaboration.

2025 sustainability targets, 2021 materiality matrix and sustainability framework

In 2020, F&N conducted a comprehensive materiality assessment to refresh the materiality matrix for 2021. External and internal stakeholders were consulted, and the input received were considered. We identified and prioritised topics that were most material to our businesses and stakeholders, and set 2025 sustainability targets on them. The F&N 2021 materiality matrix and 2025 sustainability targets were reviewed and finalised by the SDC, endorsed by the SRMC and approved by the Board. The sustainability framework was updated in 2021 to incorporate the material topics determined in the materiality assessment. Details of the Group's materiality assessment, 2021 materiality matrix and sustainability framework, and 2025 sustainability targets can be found in the 'Our Sustainability Approach' section on pages 18 to 23 of this Report.

Healthier products for consumers

Nutrition is placed at the core of F&N's sustainability strategy. We constantly review our portfolio and work at increasing the nutrient profile of our products, as well as innovate with new

and nutritious offerings. This year, we continued to rollout a number of healthy beverages such as the F&N *FRUIT TREE FRESH* No Sugar Added Prune & Mixed Fruit Juice Drink, F&N *NUTRISOY* Fresh Soya Milk infused with Ondeh Ondeh flavour, F&N *NUTRIWELL* Roselle, etc. The F&N *FRUIT TREE FRESH* No Sugar Added Prune & Mixed Fruit Juice Drink, for instance, is a health-forward beverage that is not only low in sugar, but also contains health-specific ingredients – vitamin C and fibre-rich. To encourage reduced sugar intake, >60% of F&N's Ready-to-drink ("**RTD**") products sold today in Singapore and Malaysia contain less than 5g of sugar per 100ml.

Human Rights Due Diligence

A robust Human Rights Due Diligence ("**HRDD**") process has been conducted this year to identify and mitigate Human Rights risks along F&N's value chain. The scope of the HRDD process is aligned with this Report's scope and involves a Human Rights Risk Assessment exercise for material F&N operations in Singapore, Malaysia and Thailand. Developed as part of the HRDD process, we have formulated our Human Rights Policy in accordance with related Human Rights principles under key international standards and frameworks. The F&N Human Rights Salient Issue risk matrix, illustrating key Human Rights salient issues identified throughout our value chain, has also been disclosed. More details can be found in the 'Human Rights' section on pages 55 to 61 of this Report.

Environmentally friendly packaging

Integral to our circular transition is the reduction in packaging material usage and waste. To reduce our environmental impacts, we design new packaging solutions to ensure that they can be recycled, reused or composted. F&N ICE MOUNTAIN has added a new sustainable and recyclable pack format to its drinking water range. Available in 300ml cans, the new packaging is made from aluminium that is fully recyclable. Consumers now have the additional option of purchasing F&N ICE MOUNTAIN Drinking Water in an eco-friendly recyclable aluminium packaging.

F&NHB joined nine other companies to form the Malaysia Recycling Alliance ("MAREA") in January 2021. The alliance is an industry-led, pioneering initiative towards circular economy solutions with goals that focus on improving collection and recycling of post-consumer packaging, encouraging the use of recycled and renewable materials as well as reducing post-consumer packaging leakage into the environment for a greener Malaysia.

World Wide Fund for Nature ("WWF") Palm Oil Buyers Scorecard ("POBS") 2021

F&N's efforts in the sourcing of Roundtable on Sustainable Palm Oil ("RSPO") certified sustainable palm oil, over the past few years, have been recognised in the 2021 WWF POBS where F&N scored the highest amongst the 12 participating Asian companies. However, F&N recognises that there is still more work to be done and has begun taking steps regarding this aspect. For example, this year, F&NHB has released a biodiversity statement committing to avoid deforestation and protect high biodiversity value areas through stakeholder engagements in order to preserve biodiversity and conserve natural ecosystems for sustainable development.

F&N RESPONSE TO COVID-19

It has been more than a year since the pandemic began, the world is still grappling with surging infection rates and its damaging impact on society and businesses. The instability of the global situation has reiterated the interconnectedness of Environmental and Social topics. The COVID-19 pandemic also highlights the importance of managing economic and social risks and opportunities, especially in Nutrition, Employee Health, Safety and Well-being, Community Development and Inclusive Growth, and Supply Chain Stewardship. F&N remains committed to addressing our material sustainability topics with our key stakeholders, such as employees, suppliers, customers and the community, in order to build resilience.

Safeguarding Our People

F&N continued to support our employees' adjustment to remote working environments through increased adoption of digital tools, such as videoconferencing software like Zoom and Microsoft Teams, to reduce business travel and replace physical meetings. Flexible working arrangements and social distancing measures also ensured safe distancing in the physical interactions between employees. These measures safeguard employees' health by minimising the potential exposure to COVID-19 at the workplace. F&N employees are the heart of its business operations and to safeguard them would ensure the continuity of business operations.

Supporting Our Suppliers and Customers

F&N ensures minimal disruptions during this period by having regular engagements with suppliers and working with them to ensure healthy inventory levels.

To engage our customers, F&N taps into social media and online platforms, in addition to traditional media, to introduce the latest F&N products. E-commerce platforms, such as Lazada, are some of the alternate methods through which F&N provided customers with access to our products from the convenience and safety of their homes.

Encouraging the Vulnerable Communities and Frontline Workers

F&N continued to support the vulnerable in our communities through outreach programs during this period of uncertainty.

To also show appreciation and gratitude to the frontline healthcare workers who have been serving the people and communities most affected by the COVID-19 pandemic, F&N has also donated products to help keep them hydrated and energised.

TOWARDS F&N'S 2025 SUSTAINABILITY AMBITIONS

As F&N progresses on its sustainability journey, we continue to identify areas where we can make a positive impact. We look forward to further expand our positive contribution to sustainable development and play our part in addressing the complex and interconnected challenges of sustainability.

During 2021, the Group has examined strategies and planned initiatives to be undertaken in the next few years in order to progressively work toward the 2025 sustainability targets. The 2025 sustainability targets will drive F&N's sustainability performance throughout the business and strengthen the commitment to create long-term value for key F&N stakeholders.

Mr Lee Meng Tat

Chairman of Sustainability Development Committee

At a Glance: 2020 - 2021 Highlights

Sustainability at F&N



5th consecutive stand-alone sustainability report

New sustainability strategy, including refreshed materiality matrix, new targets and new ESG framework



Met 50% of our 2020 sustainability targets

External assurance

F&N is the highest scoring Asian company in WWF Palm Oil Buyers Scorecard 2021

F&NHB, our subsidiary, continues to be included as a constituent of the F4GBM for the third year running, with improved rating to 4.1 from 4.0 in 2020 for ESG practices

F&NHB was selected to be a constituent of the newly launched FTSE4good Bursa Malaysia Shariah Index



F&NHB is recognised for environmental excellence with these awards

2019/20 Prime Minister's Hibiscus Award

Sarawak Chief Minister's Environmental Award 2019/2020

Prime Minister Best Industry Award 2020

Better Business



Responsible Product Stewardship

82% of plants and production processes are certified with the Food Safety System Certification ("FSSC") scheme 22000 and Halal Standard (or equivalent)

NEW

40+ new products introduced

Healthier products were launched, including:

Reducing sugar content

Offering zero-sugar beverages

Catering to customers with dietary restrictions and preferences



Responsible Supply Chain

67% of active key suppliers has accepted and is complying with F&N's Supplier Code of Practice by 2025

9% of product innovation for commercialised F&N products

Engagement with over 4,000 global and local suppliers



Purchased physical RSPO Certified Sustainable Palm Oil ("CSPO") and RSPO Credits

to cover 100% of annual palm oil usage

F&N engages public and private stakeholders to maintain high halal standards. F&NHB's partnership with the Halal Industry Development Corporation for the Halal Sourcing Partnership Programme enables us to provide technical advice and knowledge to SMEs

F&NHB successful engagements with upstream vendors redirected two vendors to now supply F&N with specific products that adhere to stringent halal standards



Better Society



Creating Value for Society

62% of products in compliance with Nutritional Guidelines¹ are healthier options with less sugar

59% reduction in sugar index

(grams of sugar content per 100 ml) since 2004 for beverage and dairy products across Singapore and Malaysia

At least one healthier option in 14 out of 15 product categories

24 annual community programmes



100% of operations involved local community engagement, impact assessments and development programmes

The Human Rights Policy was developed in accordance with related human rights principles under international standards. Human Rights Due Diligence and Risk Assessments were undertaken

100% of material F&N operations in Singapore, Malaysia and Thailand have been subjected to human rights reviews or impact assessments



F&N stood in solidarity with local communities during the COVID-19 pandemic. Some key initiatives included:

Actively ensuring appropriate safety measures are in place;

Keeping frontline workers and vaccine recipients at vaccination centres hydrated and energised through pop-up 100PLUS hydration booths; and

Supporting underprivileged communities



Empowering Our People

Over 6,900 employees



38% female representation in total workforce

43% female representation in managerial positions



26.51 training hours per employee in the executive category and

11.94 training hours per employee for the non-executive category

67% reduction in Lost Time Injury Frequency Rate

Better Planet



Operational Eco-efficiency

Reduced total solid waste generated by 6%; however total solid waste sent to landfill increased by 3% from a 2020 baseline

F&NHB is one of the ten founding members of the MAREA – a voluntary, industry-led extended producer responsibility group of companies to drive circular economy initiatives

COVID-19 has resulted in lower production volume at our plants and hence energy and water efficiency has dipped slightly

Reduced the Group's Greenhouse Gas ("GHG") emissions by 1% from a 2020 baseline; however, energy intensity ratio increased by 1% from a 2020 baseline

Group's water intensity ratio increased by 1% from a 2020 baseline

Ground-up initiatives from plant employees for energy and water continues to be suggested and implemented at the plants. This includes enhancing energy or water consumption efficiency of equipment, increasing renewable energy sourcing and implementing zero-discharge initiatives

100% of all plants implemented energy, water and/or waste reduction initiatives



Value Chain Impacts

22% of beverage and dairy packaging contains recycled materials

99% of packaging that is recyclable

F&NHB published a biodiversity statement – commitment to avoid deforestation and protect high biodiversity value areas through stakeholder engagements

¹ % of beverage (excluding Cordial) and dairy (excluding Canned Milk) products (based on formulation) are in compliance with Nutritional Guidelines

Supporting COVID-19 Recovery

Since the COVID-19 outbreak, the world has been grappling with the pandemic's damaging effects on people and businesses. F&N remains cautious of local and global uncertainties as the COVID-19 pandemic situation has not yet stabilised. Despite this uncertainty, F&N remains committed to pursuing sustainable and inclusive growth with our employees, business partners and the community.

The ability to weather challenges and navigate safely through the uncertainty is the result of initiatives to ensure resiliency of our business and stakeholders. Safeguarding the health and well-being of our people remains pivotal while ensuring continued availability and accessibility of F&N's products in the market. We will continue to closely monitor the situation and local regulatory guidelines in our key markets to ensure timely and appropriate mitigation measures.

Looking forward, we are confident that our long-term strategies are well placed to manage the risk of the current landscape, while keeping the Group on track for a stronger future.

Safeguarding the health and well-being of our people remains pivotal while ensuring continued availability and accessibility of F&N's products in the market.

F&N COVID-19 RESPONSE AND LEARNINGS

To manage the changing external landscape, F&N aims to adapt its business through ensuring the safety of employees, suppliers, and the communities it operates in. To ensure business continuity throughout the COVID-19 pandemic, F&N has adapted to working remotely and works closely with suppliers to manage uncertainties in commodity supplies.

As a primary F&B manufacturer, F&N has been working closely with relevant government agencies to expedite the vaccination process for its employees. As of September 2021, in Malaysia, F&NHB's vaccination rate is at 96%. F&N continues to extend our support towards the respective nation's COVID-19 immunisation programme, in the countries the Group operates in.

We continue to enhance safety measures, including regular COVID-19 testing in our plants, to alleviate infection risks and ensure minimal impact to operations. Maintaining the highest levels of hygiene through regular cleaning and sanitising has always been, and will continue to be, a top priority at all the Group's premises. In 2021, F&N remains dedicated in protecting our employees across all working levels. Annual health and safety training sessions on work hazards were conducted virtually and credible information on COVID-19 related risks were provided.

Since the start of the pandemic, F&N has extended its support to the frontline workers, vulnerable communities and vaccination centres in Singapore, Malaysia and Thailand. To date, over 2 million F&B products have been distributed directly or through

Non-Government Organisations ("NGOs")/community groups to beneficiaries.

To ensure business continuity, our employees are fully supported as they adjust to working remotely. F&N has increased adoption of digital tools and technologies to replace physical meetings and reduce business travel. Employees are also encouraged to reskill and upskill with training and development courses to enhance their remote working capabilities. No roles were made redundant due to COVID-19. Our employees are kept up to date on internal company news and relevant COVID-19 advice through our internal mobile application (at F&NHB) and email advisories. Additionally, F&N works closely with suppliers to build resiliency and ensure minimal disruption to the Group's supply chain. This has so far helped F&N to ensure healthy inventory levels throughout the COVID-19 pandemic.



To ensure business continuity throughout the COVID-19 pandemic, F&N has adapted to working remotely and works closely with suppliers to manage uncertainties in commodity supplies.



About This Report

THE MANAGEMENT FOCUS FOR SR2021

GRI Index: GRI 102-15

This Report aims to provide our stakeholders with a concise, material and clear assessment of how F&N creates value over time.

The Report reviews our strategy and business model, risks and opportunities, and operational and governance performance focusing on three primary themes of sustainable value creation:



The Report is best read together with the F&N 2021 Annual Report. This Report gives a comprehensive overview on how F&N integrates financial goals with social and environmental imperatives. F&N is pleased to take this opportunity to share its commitments and progress in creating value for our stakeholders and conducting our business in an environmentally and socially responsible manner.

REPORTING PERIOD AND SCOPE

GRI Index: GRI 102-45, GRI 102-48, GRI 102-49, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-54

Reporting Period and Basis of Scope

This is F&N's fifth annual stand-alone sustainability report. The reporting period of this Report is from 1 October 2020 to 30 September 2021.

- ▶ The Report covers the activities of the Group's operations in Singapore, Malaysia and Thailand. The environmental performance data covers 13 manufacturing sites in Singapore, Malaysia, and Thailand, excluding data from Yoke Food Industries Sdn. Bhd and Sri Nona in Malaysia, and Print Lab Pte. Ltd. in Singapore. More information of F&N's operations and footprint can be found in the 'About F&N' section of the Report.



Singapore



F&N Foods Ptd Ltd ("FNFS")

F&N Interflavine Ptd Ltd

F&N Treasury Ptd Ltd

F&N Global Marketing Ptd Ltd

F&N Creameries (S) Pte. Ltd.

Times Publishing Group

- Times Printers Pte Ltd ("TP")

Malaysia



Fraser & Neave Holdings Bhd ("F&NHB")

- F&N Beverages Manufacturing Sdn Bhd ("F&NBM")

- F&N Dairies Manufacturing Sdn Bhd ("F&NDM")

- F&N Beverages Marketing Sdn Bhd

- Fraser & Neave (Malaya) Sdn Bhd

- Borneo Springs Sdn Bhd

F&N Creameries (M) Sdn Bhd ("F&NCM")

Times Publishing Group

- Times Offset (Malaysia) Sdn Bhd ("TOM")

Thailand



Fraser & Neave Holdings Bhd ("F&NHB")

- F&N Dairies (Thailand) Limited ("F&NDT")

F&N United Limited ("F&NUL")

Reporting Framework and Indices

This Report is prepared in accordance with the internationally recognised GRI Standards 'Core Option' and SGX Listing Rules 711A and 711B. Information and initiatives on F&N's most important sustainability topics are included in the report. F&N looks to address the gaps in its sustainability performance by referring to the S&P Global CSA criteria and benchmarking against industry leaders, such as ThaiBev.

F&N's subsidiary, F&NHB, continues to be included as a constituent of the F4GBM for the third year running. In June 2021, F&NHB was also selected as one of the 54 constituents in a newly launched F4GBMS index. F&NHB was invited to submit its response to S&P Global CSA for inclusion in the S&P ESG Index.

F&N MATERIAL SUSTAINABILITY MATTERS

In 2020, F&N reached a key milestone in its sustainability journey. This year, we are excited to introduce a refreshed materiality matrix and a new set of sustainability targets for 2025.

F&N conducted a materiality assessment exercise in 2020 to determine the 2021 materiality matrix and 2025 sustainability targets that will guide the next phase of its sustainability journey. This year, F&N will focus its sustainability efforts and disclosures on the material topics outlined below:

 <p>Economic</p> <ul style="list-style-type: none"> ▶ Governance and Ethics ▶ Policy and Regulation ▶ Economic Performance ▶ Product Quality and Safety* ▶ Product and Service Labelling ▶ Innovation* ▶ Supply Chain Stewardship* 	 <p>Environment</p> <ul style="list-style-type: none"> ▶ Packaging* ▶ Water Stewardship* ▶ Energy* ▶ Climate Change* ▶ Waste Management* ▶ Biodiversity 	 <p>Social</p> <ul style="list-style-type: none"> ▶ Nutrition* ▶ Community Development and Inclusive Growth* ▶ Human Capital Development* ▶ Employee Health and Safety* ▶ Human Rights
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* Material topics with 2025 targets

More information on the refreshed materiality assessment and the 2025 targets can be found in Chapter 5 of this Report.

ASSURANCE STATEMENT

GRI Index: GRI 102-56

F&N's policy is to align the reporting of non-financial information with the best and most up-to-date standards and protocols available at the beginning of our financial year. The Group believes in reporting reliable data and continuously strive to improve the quality of non-financial disclosures.

This year will be the third consecutive year of obtaining external assurance on the sustainability data disclosed in this report. Lloyd's Register Quality Assurance ("LRQA") has conducted an external assurance on selected Health, Safety and Environment disclosures. The external assurance serves to ensure the accuracy and credibility of the sustainability data disclosed in this Report.

→ Read more about LRQA's assurance statement on pages 94 and 95 of this Report.

CONTACT DETAILS

GRI Index: GRI 102-53

F&N values and appreciates all feedback to help make future Reports more relevant to our stakeholders. Please direct any questions pertaining to our sustainability initiatives or reporting, or comments and feedback, to:

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Phone Number: +65 6318 9393
Mail: Sustainability Reporting Department
 438 Alexandra Road
 #07-00 Alexandra Point
 Singapore 119958

About F&N

Fraser and Neave, Limited (“F&N” or the “Group”) originated more than a century ago from the spirited decisions of two enterprising young men, John Fraser and David Neave, who diversified from their printing business to pioneer the aerated water business in Southeast Asia (“SEA”) in 1883.

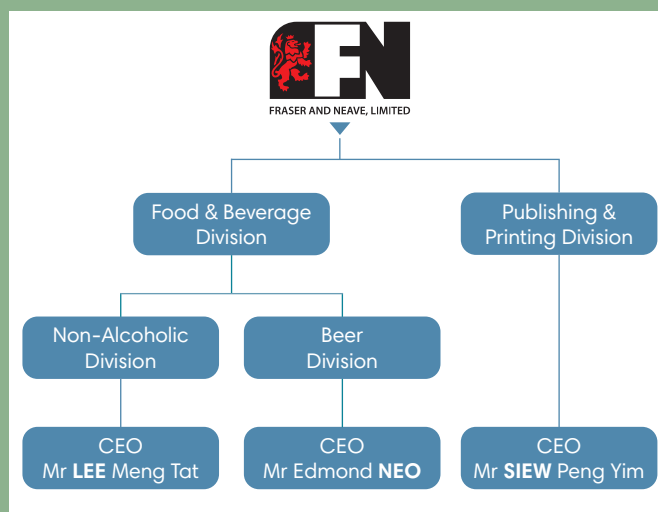
The entrepreneurial spirit, embodied by our founders, remains in today’s F&N. As a soft drink company, F&N seized the opportunity and ventured into the beer brewing business in 1931 in partnership with The Heineken Company and built a very successful beer empire in Asia Pacific – through its joint venture company, Asia Pacific Breweries Limited (“APB”). In 1959, it entered the Dairies business by forming a canned milk joint venture with Beatrice Foods of Chicago, and in 2007, it acquired Nestle’s liquid canned

milk business in Thailand, Malaysia, Singapore and Brunei, and accelerated its growth in the dairy business. Today, F&N is the largest canned milk producer in SEA. In 1985, the Group diversified into the Properties business. Starting with the redevelopment of its soft drinks and brewery sites in Singapore, F&N soon grew its property arm – Frasers Centrepoint Limited (“FCL”, now known as Frasers Property Limited) to become one of the leading property companies in Singapore with multi-national businesses in residential, hospitality, retail, commercial and industrial properties.

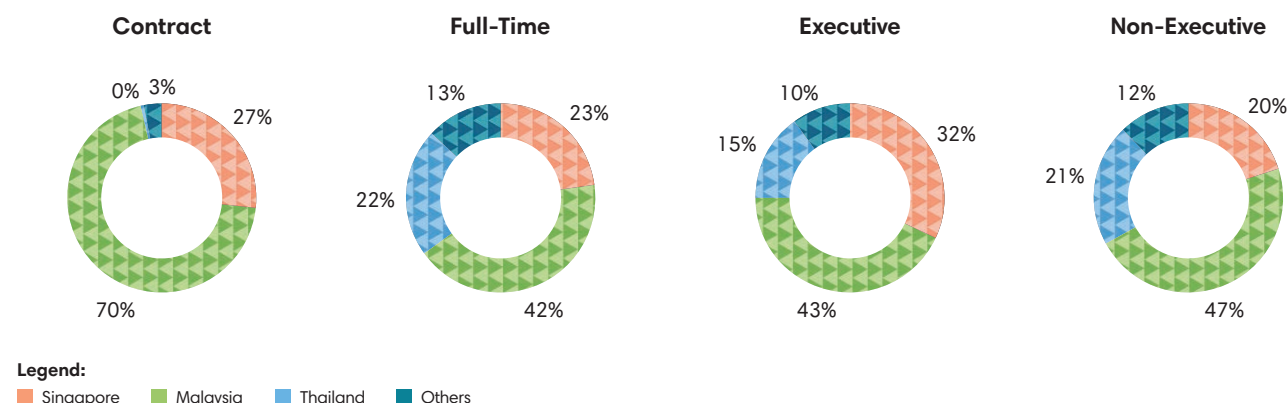
In 2012, F&N divested its equity stake in APB to realise a substantial value for shareholders. In 2014, the Group demerged FCL through a listing on the Singapore Stock Exchange, thereby transferring value to shareholders.

Today, F&N is a leading Southeast Asian 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, the Group 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 11 countries spanning Asia Pacific, Europe and the USA, and employs over 6,900 people worldwide.



Employee Breakdown



FY2021 Revenue
\$1,879m

530m+
consumers in SEA

140+
export markets

50+
Food & Beverage and
Publishing & Printing
brands

FY2021 PBIT
\$262m

Employees
6,900+

 Female **38%**
 Male **62%**

60+
manufacturing and
warehousing facilities
in 11 countries

FY2021 Total Assets
\$4,921m

FY2021 APBFE
\$145m



SINGAPORE

Revenue **\$422m**
PBIT **\$11m**
APBFE **(\$20m)**
Total Assets **\$568m**

 **F&N HQ**



MALAYSIA

Revenue **\$666m**
PBIT **\$36m**
APBFE **\$12m**
Total Assets **\$895m**



THAILAND

Revenue **\$666m**
PBIT **\$112m**
APBFE **\$49m**
Total Assets **\$565m**



VIETNAM

Revenue **\$0m**
PBIT **\$111m**
APBFE **\$111m**
Total Assets **\$2,685m**



OTHER COUNTRIES

Revenue **\$125m**
PBIT **(\$9m)**
APBFE **(\$7m)**
Total Assets **\$208m**

Brunei



Chile



China



Hong Kong



Dubai



Indonesia



Myanmar



USA



Legend:

Manufacturing Plants

 Dairies  Soft Drinks  Beer  Publishing & Printing

Offices

 Dairies  Soft Drinks  Beer  Publishing & Printing

About F&N

OUR SUPPLY CHAIN

The preparation, production and packaging of F&N's F&B products and consumables for printing require a range of raw materials, equipment, and other goods and services. In FY2021, the Group engaged with over 4,000 global and local suppliers across its supply chain including manufacturers, wholesalers, retailers, importers/merchants, contractors, and professional services providers and spent about SGD1.3 billion on products and services.



Further details on how we demonstrate supply chain stewardship can be found in the 'Supply Chain Stewardship' section of the Report.

OUR CORE VALUES



VISION

To be a stable and sustainable
F&B leader in the ASEAN region.



MISSION

To be ASEAN's leading provider of
quality and innovative products
that consumers choose and trust.
To support our mission, we are guided
firmly by our commitment to create
value for our stakeholders by ensuring
that our corporate actions positively
impact the socio-economic and
environmental factors.



GLOBAL VALUES

Our Global Values serve as a compass for our actions and describe
how we behave in our organisation, they include:

Collaboration: We leverage the power of inherent strengths and
diversity to create inclusive synergies and commit to team goals.

Creating Values: We are passionate about applying new ideas and
seizing opportunities to make a positive impact on our organisation
and around the world.

Caring for Stakeholders: We embrace our stakeholders' perspectives
with good intentions and right mind-sets to create long-term,
sustainable partnerships.

About F&N

F&N BUSINESS MODEL

Key Risk Categories:



WHAT WE DEPEND ON



Human

Over 6,900 talented people across the Group

By Geography

Singapore	24%
Malaysia	46%
Thailand	19%
Others	11%



Social & Relationship

Our relationships with governments and other organisations help us drive change in our communities

We collaborate with over 4,000 suppliers to produce products



Intellectual

Brands, R&D capabilities, and intellectual property set us apart

- 30+ brands in 16 beverage categories
- Internally developed systems, customised customer solutions and manufacturing processes



Manufactured

We operate 12 F&B manufacturing plants and 4 printing plants in Singapore, Malaysia, Myanmar, Thailand and China



Financial

Appropriate cash, equity and debt to invest for the long-term

- Share Capital \$859m
- Equity \$3,451m
- Debt Capital \$927m



Natural

Our operations are dependent on renewable and non-renewable resources particularly land, water, forests and soils

VISION, STRATEGY, VALUES, SUSTAINABILITY TARGETS

Our Vision

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

Our Strategy

To deliver long-term growth and sustainable value creation:

Winning with
BRANDS

Winning in
MARKETPLACE

Winning with
INNOVATIONS

Winning with
PEOPLE

Our Values



Collaboration



Creating Values



Caring for Stakeholders



Primary



Secondary



2025 Sustainability Targets¹

Environment	Social	Economic
<ol style="list-style-type: none"> 1. Reduce solid waste to landfill by 30% 2. Reduce energy intensity ratio by 8% 3. Reduce GHG emissions intensity ratio by 8% 4. Reduce water intensity ratio by 8% 5. 25% of packaging uses recycled materials 	<ol style="list-style-type: none"> 6. Provide an average of at least 18 hours of training to Executives and 11 hours of training to Non-executives 7. Zero Lost Time Injury Frequency Rate 8. 2/3 of F&B products to comply with Nutritional Guidelines 9. Increase community engagement programs by 10% 	<ol style="list-style-type: none"> 10. All key active suppliers to accept and comply with F&N's Supply Code of Practice 11. Rollout 10% new products 12. All plants to be FSSC 22000 and/or halal certified

Note:

¹ Refer to Sustainability Report 2021 for details

Creating Shared Value

Understanding societal needs and stakeholder expectations

Communicating through stakeholder engagement

Reputational

Strategic

Currency

Operational

Country

VALUE CHAIN

STAKEHOLDERS

THE VALUE WE CREATE

UPSTREAM

ACTIVITIES

FOCUS AREAS

Innovation



Our Marketing & R&D teams, combining consumer insights, technical excellence and in collaboration with suppliers, develop products that consumers want and need

Sourcing



We work closely with our suppliers to ensure their goods and services meet quality, environmental and social standards, in addition to our stringent internal standards

Production



We implement a standardised safe production process, in accordance with international standards, throughout most of our operations. We also strive for eco-efficient processes, to provide good value and maximum benefit without polluting the environment

Distribution



Our extensive distribution system and network ensure that our products are efficiently distributed to our consumers. Across our operations, we strive to minimise environmental and social impacts from transportation by managing our energy use, while safeguarding the safety of our personnel and local communities

Marketing & Sales



We demonstrate consumer and societal responsibility by providing healthier product options and informative product labels. We also seek feedback from our customers on our products to create sustainable value for consumers and for our business

Post-Consumption Packaging Management



We minimise the impact of post-consumer waste through research and development to deliver innovative and environmental-friendly packaging. We also promote environmental awareness to the communities where we operate

DOWNSTREAM



Our People

We aim to reward people fairly for the work they do, and help them reach their potential



Consumers & Customers

We aim to provide superior and quality products that promote good health



Suppliers & Business Partners

We partner with thousands of suppliers to deliver quality products, and support mutual growth



Regulators & Communities

We aim to develop business and social partnerships while managing environmental and other social impacts



Shareholders

We aim to maximise financial returns, responsibly, through operating savings, revenue enhancements and high asset utilisation



Human

- Paid \$255m in remuneration in FY2021
- Female representation:
 - 25% of Board
 - 38% of total employee
 - 43% of total managerial positions
- Supported employees growth by providing >72,000 training hours



Intellectual/Consumers

- Continued to fulfill consumers' demand for safe and quality products
- Adopted many channels to make our products available to consumers in over 140 countries
- Introduced over 40 new products in FY2021 to meet the needs of consumers
- Excited consumers with the rollout of various limited edition beverages



Social & Relationship

- Upheld strong human rights practices in our operations and supply chain
- 91% of our suppliers are local
- \$1.3b paid to suppliers; close to 70% local purchase value
- 67% active suppliers who accepted F&N's Supplier Code of Practice
- About 1,500 suppliers were screened using new social criteria



Natural

- Adhered to sustainable practices to protect stakeholders
- Received several environmental excellence recognition
- Total production volume of 1.1m MT



Manufactured

- Over 80% of plants are FSSC 22000 and/or halal certified
- 99% of packaging is recyclable
- Reduction in greenhouse gas emissions, energy emissions and solid waste

Financial Outcomes



\$1,879m
Revenue



\$73m
Dividends



\$145m
APBFE



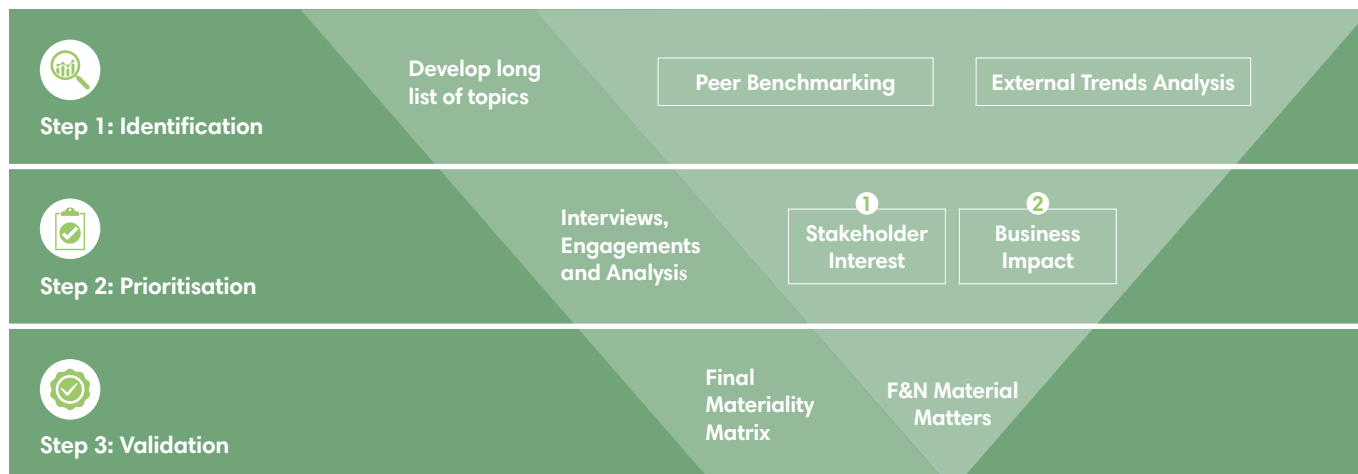
\$220m
Economic
Value Retained



Our Sustainability Approach

F&N SUSTAINABILITY PRIORITIES – MATERIALITY ASSESSMENT METHODOLOGY

In 2020, F&N conducted a robust materiality assessment with support from an independent consultant.



Step 1 – Identification: F&N first conducted an external trends analysis to identify an initial list of 50 possible sustainability topics. After a further survey of peer best practices and a review of global initiatives and frameworks, the list was narrowed to 18 material sustainability topics. Materiality is considered based on the interactions between F&N's value chain and the physical environment and social community and its governance.

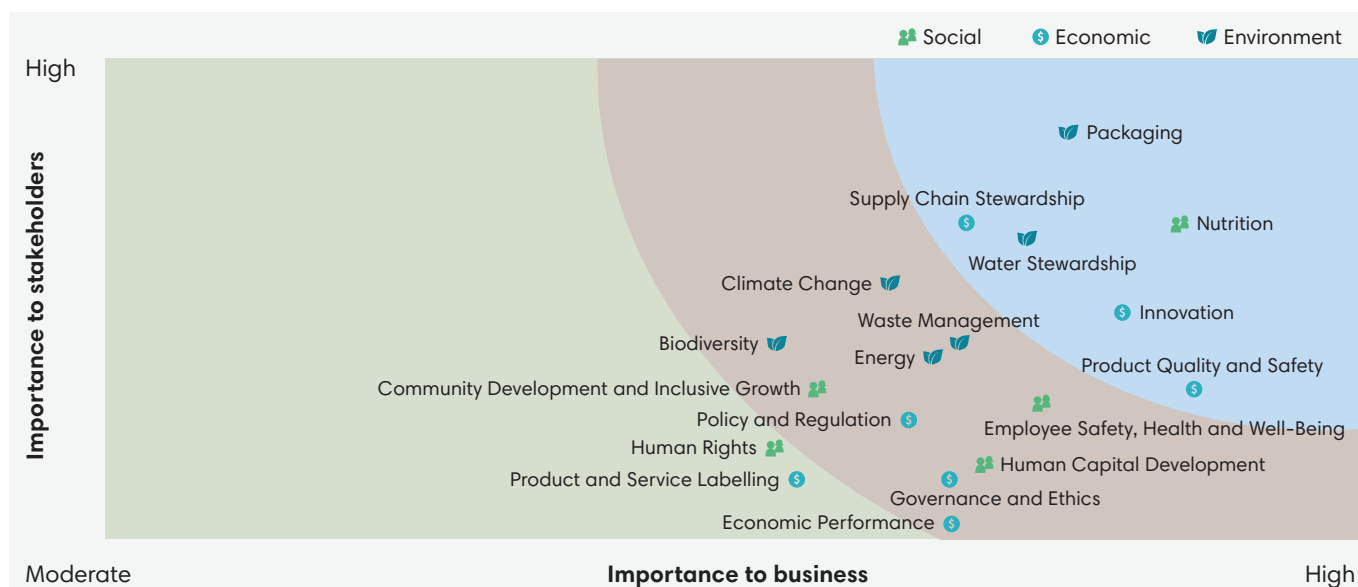
Step 2 – Prioritisation: Internal and external stakeholders were engaged to prioritise the 18 material sustainability topics. This ensures that our ESG materiality assessment takes into consideration relevance to the business, strategy, business model and key stakeholders across the value chain.

- ▶ Over 950 employees from across the Group were surveyed.
- ▶ Interviews with 17 key external stakeholders, including suppliers, customers, thought-leaders and regulators.
- ▶ Workshops with over 50 participants from F&N senior leaders, department heads and subject matter experts in Singapore and Malaysia.

Based on stakeholder inputs received, the list of 18 material sustainability topics were plotted in a matrix based on their priority to stakeholders (external) and to F&N's business (internal).

Step 3 – Validation: The materiality matrix was reviewed and endorsed by the F&N SDC at their meeting on Aug 2020 and approved by the F&N SRMC at their meeting in Sep 2020.

We will continue to monitor sustainability trends and review our material topics annually.



Material Issues and Associated ESG Risks and Opportunities

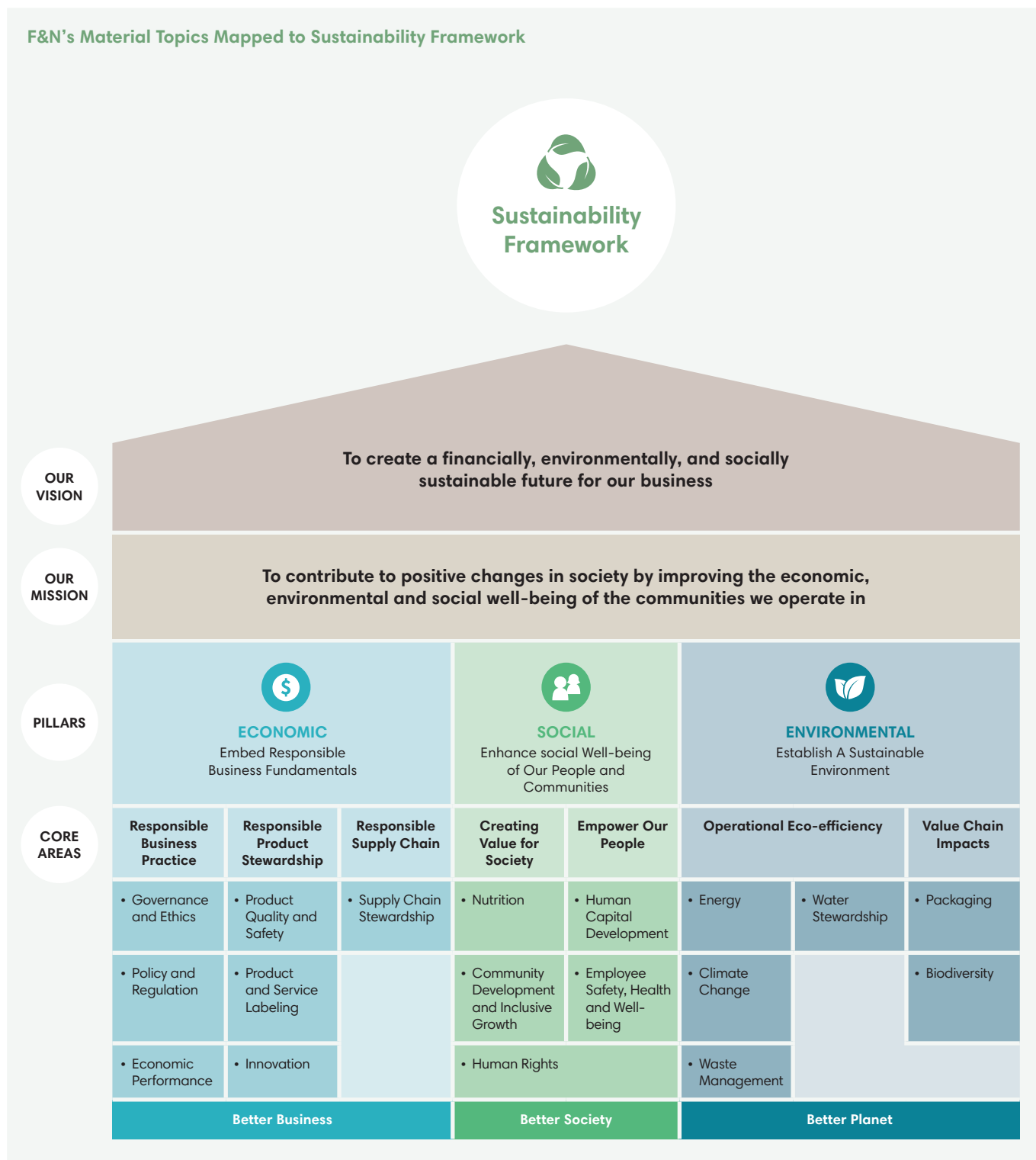
Material Issues of F&N	Opportunities for F&N If issue is addressed	Potential Risks for F&N If issue is not addressed
Better Business		
Governance and Ethics <i>Business policies and practices to ensure ethical, transparent and responsible governance.</i>	<ul style="list-style-type: none"> Upholding F&N reputation as a responsible business maintains trust amongst all stakeholders 	<ul style="list-style-type: none"> Failing to put in place a transparent and sound governance runs a reputational risk
Policy and Regulation <i>Regulatory compliance across our operations and engaging with policymakers in a responsible and transparent manner.</i>	<ul style="list-style-type: none"> Engaging with regulators allows F&N to prepare for emerging legislation and ensure compliance Operational cost savings 	<ul style="list-style-type: none"> A risk of being unprepared when needed to comply with emerging regulations Failing to put in place a transparent and sound governance runs a reputational risk
Economic Performance <i>Financial performance to deliver shareholder value and secure long-term viability of the company.</i>	<ul style="list-style-type: none"> Sustainable financial performance creates long-term value for all stakeholders 	<ul style="list-style-type: none"> Hinder business continuity
Product Quality and Safety <i>Delivering products to consumers which meet the highest quality and safety standards.</i>	<ul style="list-style-type: none"> Deliver F&N brand promise to consumers through product excellence Retain and increase market share through product range expansion and portfolio diversity 	<ul style="list-style-type: none"> Reputational risk from supply chain disruption or compromised products Specific regulatory changes that may affect F&N product recipe and/or packaging
Product and Service Labelling <i>Labelling our products and services in a responsible and transparent way for consumers.</i>	<ul style="list-style-type: none"> Meet regulatory requirements Meet consumer expectations relating to product and ingredient communication 	<ul style="list-style-type: none"> Failure to meet stakeholders' expectations for product transparency
Innovation <i>Building competitive advantage through innovative products and solutions to meet consumer and societal needs.</i>	<ul style="list-style-type: none"> Meet customer and consumer demands and stay relevant Adoption of emerging and disruptive technologies increases competitive edge 	<ul style="list-style-type: none"> Future high R&D and equipment cost with uncertain commercial returns Risk losing market share by changing consumer preferences and/or being outcompeted
Supply Chain Stewardship <i>Procurement policies, contractor management and supplier relationships which address material issues across the value chain.</i>	<ul style="list-style-type: none"> Elevate vendors' productivity and performance in sustainability practices and compliance with food safety standards Cost savings with stronger collaboration Establish robust policies and systems to ensure competitive pricing and safeguard vendors from corruption and malpractice 	<ul style="list-style-type: none"> Many ESG risks are present in F&N supply chain (e.g. human rights, product quality); unethical practice leads to regulatory violations, monetary fines and reputational risk Disruption to operations Price fluctuation as a result of global economic performance and foreign exchange exposure
Better Society		
Nutrition <i>Helping consumers' lead healthy lives by developing nutritious and accessible products.</i>	<ul style="list-style-type: none"> Innovation opportunity to meet customer and consumer demands Offer healthier options that contribute to consumers' well-being 	<ul style="list-style-type: none"> Regulatory risks (e.g. sugar tax) in markets F&N operate in
Community Development and Inclusive Growth <i>Supporting economic development and creating positive social impact for communities connected to our business activities.</i>	<ul style="list-style-type: none"> Investing in communities supports social and economic development and ensures F&N grows alongside the society we operate in Working with communities strengthens our relationships, credibility and presence 	<ul style="list-style-type: none"> Impacts F&N reputation as a corporate citizen and may affect employees' morale Potential financial implications when there are imbalance social, economic and environmental needs

Our Sustainability Approach

Material Issues of F&N	Opportunities for F&N If issue is addressed	Potential Risks for F&N If issue is not addressed
Human Rights <i>Upholding strong human rights practices in our operations and supply chain.</i>	<ul style="list-style-type: none"> Proactively identify and address human rights risks to create a safe workforce in F&N operations and supply chain Reduce inequalities (e.g. gender inequality) Improve productivity and resource efficiency 	<ul style="list-style-type: none"> Human rights violations in operations and supply chain leads to monetary penalties and reputational risks Disruption to operations Unmotivated and unproductive workforce
Human Capital Development <i>Attracting, developing, and retaining high-performing employees, creating an inclusive and diverse culture.</i>	<ul style="list-style-type: none"> Remain competitive with skilled and diverse employees A high-performance culture through effective training and upskilling programmes Provide job opportunities for the local communities where we operate 	<ul style="list-style-type: none"> Challenge to attract and retain talent Financial implications when F&N workforce is not developed to meet the evolving market demands
Employee Health and Safety <i>Improving and maintaining the health, safety and wellbeing of our employees.</i>	<ul style="list-style-type: none"> Increased productivity in F&N operations Improvements in talent acquisition and retention Positive employer branding 	<ul style="list-style-type: none"> Injuries, occupational hazards, lost days and fatalities will result in productivity loss and reputational risk that affects the company's license to operate
Better Planet		
Packaging <i>Developing sustainable packaging solutions to reduce the impact of packaging on the environment.</i>	<ul style="list-style-type: none"> Meeting customer and consumer demands for sustainable packaging Improve packaging resource efficiency and saves cost Reduce reliance on virgin materials 	<ul style="list-style-type: none"> Failure to meet stakeholders' expectations in managing packaging pose reputational risks Losing market share and relevance if F&N is outcompeted
Energy <i>Minimising GHG emissions and energy use in our operations in line with global climate goals.</i>	<ul style="list-style-type: none"> Reduce energy usage and emissions which saves costs Pre-empt future regulation (e.g. carbon tax) Align with targets of governments and customers 	<ul style="list-style-type: none"> Public pressure Rise in operational costs with stricter regulations and energy sourcing changes
Climate Change <i>Adapting our business model to ensure resiliency to climate-related risks.</i>	<ul style="list-style-type: none"> Meet growing expectations of investors and regulators to assess climate-related risks and opportunities, e.g. supply chain disruption, market shifts or extreme weather events 	<ul style="list-style-type: none"> Costly damages on F&N physical assets from extreme weather events due to climate change Failure to meet stakeholders' expectations in managing climate change
Water Stewardship <i>Protecting and preserving shared water resources.</i>	<ul style="list-style-type: none"> Cost saving opportunities with efficient water management Enhance water security for suppliers, increasing supply chain resilience 	<ul style="list-style-type: none"> A direct impact on F&N as water is a key resource for our operations Regulatory risks around water as an important national resource
Waste Management <i>Minimising waste and safely disposing of hazardous materials.</i>	<ul style="list-style-type: none"> Reducing and reusing waste supports operational efficiency, which is cost saving Inculcate sustainable practices and values in employees and communities 	<ul style="list-style-type: none"> Reputational risk from the failure to meet stakeholders' expectations in managing our waste
Biodiversity <i>Sourcing raw materials responsibly, protecting biodiversity and eliminating deforestation from our supply chain.</i>	<ul style="list-style-type: none"> Mitigate reputational risks of negative environmental practices, particularly in our supply chain Create a sustainable business operation without exploitative processes 	<ul style="list-style-type: none"> Reputational risk from the failure to meet stakeholders' expectations

F&N'S SUSTAINABILITY FOCUS AREAS AND 2025 TARGETS

The 18 material topics have been mapped onto the seven core areas of the F&N Sustainability Framework. The framework aligns our business and sustainability goals with a focus on the value creation process for each material topic.



In 2020, F&N had set sustainability performance targets to be achieved by 2025. The targets are focused on the 12 highest priority material topics, which drives the Group's sustainability performance throughout our business and strengthen our commitment to create long-term value for our stakeholders. The links between our business strategy, sustainability strategy and targets set to manage and monitor performance is illustrated in the F&N Business Model.

Our Sustainability Approach

F&N's Material Topics

Material Issue	Target	Progress												
Supply Chain Stewardship	100% of active key suppliers accept and comply with F&N's Supplier Code of Practice ("SCOP") by 2025	Active Key Suppliers Accepting and Complying with F&N SCOP <table><tr><th>Year</th><th>Progress (%)</th></tr><tr><td>2020</td><td>67%</td></tr><tr><td>2021</td><td>67%</td></tr><tr><td>Target for 2025</td><td>100%</td></tr></table>	Year	Progress (%)	2020	67%	2021	67%	Target for 2025	100%				
Year	Progress (%)													
2020	67%													
2021	67%													
Target for 2025	100%													
Innovation	10% product innovation for commercialised F&N products by 2025	Product Innovation for Commercialised F&N Products <table><tr><th>Year</th><th>Progress (%)</th></tr><tr><td>2020</td><td>12%</td></tr><tr><td>2021</td><td>9%</td></tr><tr><td>Target for 2025</td><td>10%</td></tr></table>	Year	Progress (%)	2020	12%	2021	9%	Target for 2025	10%				
Year	Progress (%)													
2020	12%													
2021	9%													
Target for 2025	10%													
Product Quality and Safety	100% of plants and production processes certified with the FSSC scheme 22000 and Halal Standard (or equivalent) by 2025	Plants and Production Processes Certified with FSSC 22000 and Halal Standard (or equivalent) <table><tr><th>Year</th><th>Progress (%)</th></tr><tr><td>2020</td><td>82%</td></tr><tr><td>2021</td><td>82%</td></tr><tr><td>Target for 2025</td><td>100%</td></tr></table>	Year	Progress (%)	2020	82%	2021	82%	Target for 2025	100%				
Year	Progress (%)													
2020	82%													
2021	82%													
Target for 2025	100%													
Human Capital Development	Provide an average of at least 18 hours of training to Executives and 11 hours of training to Non-executives by 2025	Average Training Hours Per Employee by Employee Category <table><tr><th>Year</th><th>Executive (Hours)</th><th>Non-executive (Hours)</th></tr><tr><td>2020</td><td>26.23</td><td>12.57</td></tr><tr><td>2021</td><td>26.51</td><td>11.94</td></tr><tr><td>Target for 2025</td><td>18.00</td><td>11.00</td></tr></table> <div>Executive Non-executive</div>	Year	Executive (Hours)	Non-executive (Hours)	2020	26.23	12.57	2021	26.51	11.94	Target for 2025	18.00	11.00
Year	Executive (Hours)	Non-executive (Hours)												
2020	26.23	12.57												
2021	26.51	11.94												
Target for 2025	18.00	11.00												
Employee Safety, Health and Well-being	Reduce the Lost Time Injury Frequency Rate ("LTIFR") to 0	Lost Time Frequency Rate Per Million Working Hours <table><tr><th>Year</th><th>LTIFR</th></tr><tr><td>2020</td><td>3.34</td></tr><tr><td>2021</td><td>1.10</td></tr><tr><td>Target for 2025</td><td>0.00</td></tr></table>	Year	LTIFR	2020	3.34	2021	1.10	Target for 2025	0.00				
Year	LTIFR													
2020	3.34													
2021	1.10													
Target for 2025	0.00													
Nutrition	67% of beverage and dairy products ² comply with the Nutritional Guidelines by 2025	Beverage and Dairy Products (based on formulation in compliance with Nutritional Guidelines) <table><tr><th>Year</th><th>Compliance (%)</th></tr><tr><td>2020</td><td>25%</td></tr><tr><td>2021</td><td>62%</td></tr><tr><td>Target for 2025</td><td>67%</td></tr></table>	Year	Compliance (%)	2020	25%	2021	62%	Target for 2025	67%				
Year	Compliance (%)													
2020	25%													
2021	62%													
Target for 2025	67%													

2 Based on formulation, excluding canned milk and cordials

Material Issue	Target	Progress
Community Development and Inclusive Growth	10% increase in the number of community programmes offered (from a 2020 baseline) by 2025	<div>Community Programs Carried Out for the Financial Year</div> <div><div>24</div><div>24</div><div>27</div></div> <div>20202021Target for 2025</div>
Waste Management	Reduce the solid waste sent to landfill (from a 2020 baseline) by 30% by 2025	<div>Solid Waste to Landfill ('000 kg)</div> <div><div>1,549.23</div><div>1,601.09</div><div>1,084.46</div></div> <div>20202021Target for 2025</div>
Energy	Reduce the Group's energy intensity ratio at our plants (from a 2020 baseline) by 8% by 2025	<div>Energy Intensity Ratio (MJ/MT)</div> <div><div>1,091.63</div><div>1,101.78</div><div>1,004.3</div></div> <div>20202021Target for 2025</div>
Climate Change	Reduce the Group's GHG emissions intensity ratio at our plants (from a 2020 baseline) by 8% by 2025	<div>GHG Emissions Intensity Ratio (MT CO₂e/MT)</div> <div><div>0.105</div><div>0.105</div><div>0.097</div></div> <div>20202021Target for 2025</div>
Packaging	25% of beverage and dairy packaging to contain recycled materials by 2025	<div>Beverage and Dairy Packaging Containing Recycled Materials</div> <div><div>20%</div><div>22%</div><div>25%</div></div> <div>20202021Target for 2025</div>
Water Stewardship	Reduce the Group's water intensity ratio at our plants (from a 2020 baseline) by 8% by 2025	<div>Water Intensity Ratio (m³/MT)</div> <div><div>2.80</div><div>2.83</div><div>2.58</div></div> <div>20202021Target for 2025</div>

Our Sustainability Approach

OUR CONTRIBUTION TO THE UN SDG TARGETS

Through our sustainability framework and targets, our business contributes to the UN Sustainable Development Goals (“SDGs”), particularly towards SDG 2, 8, 9 and 12. Our business also contributes to SDG 1, 3, 4, 5, 6, 7, 10, 15, 16 and 17.

Below we summarise our business contribution to the specific SDG targets across our material topics:

F&N Alignment with SDG Targets

Pillars		Economic (Better Business)					
Material Topics		Governance and Ethics	Policy and Regulation	Product Quality and Safety	Product and Service Labelling	Innovation	Supply Chain Stewardship
Primary SDGs							
SDG 2							
2.1	Improve access to safe and nutritious food						
2.2	Improve nutrition for society						
2.3	Improve productivity and incomes of small-scale food producers						
2.4	Promote sustainable food production and resilient agricultural practices						
SDG 8							
8.1	Sustain Economic Growth						
8.2	Diversify, innovate and upgrade for economic productivity						
8.4	Improve resource efficiency in consumption and production						
8.6	Promote youth employment, education and training						
8.7	End modern slavery, trafficking, and child labour						
8.8	Protect labour rights and promote safe working environments						
SDG 9							
9.2	Promote inclusive and sustainable industrialisation						
9.4	Promote the use of sustainable industrial processes						
SDG 12							
12.2	Sustainable management and use of natural resources						
12.3	Reduce food waste and loss						
12.8	Promote and provide information about sustainable lifestyles						
Secondary SDGs							
SDG 1							
1.4	Promote equal rights to ownership, basic services, technology and economic resources						
SDG 3							
3.4	Promote health outcomes through nutrition						

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Our Sustainability Approach

Pillars		Economic (Better Business)					
Material Topics		Governance and Ethics	Policy and Regulation	Product Quality and Safety	Product and Service Labelling	Innovation	Supply Chain Stewardship
Secondary SDGs							
SDG 4							
4.4	Promote relevant skills development						
4.7	Promote sustainable development education and global citizenship						
4.B	Expand higher education scholarships for developing countries						
SDG 5							
5.5	Ensure women's full participation in leadership and decision-making						
SDG 6							
6.3	Improve water quality, reduce pollution, enhance wastewater treatment and improve water circularity						
6.4	Increase water-use efficiency and ensure sustainable use of freshwater						
6.A	Expand water and sanitation support to developing countries						
SDG 7							
7.2	Increase use of renewable energy						
7.3	Improve energy efficiency						
SDG 10							
10.2	Promote universal social, economic and political inclusion						
SDG 15							
15.2	Promote sustainable forest management						
15.5	Protect biodiversity and natural habitats						
SDG 16							
16.5	Substantially reduce corruption and bribery						
16.6	Develop effective, accountable and transparent institutions						
SDG 17							
17.6	Knowledge sharing and cooperation for access to science, technology and innovation						

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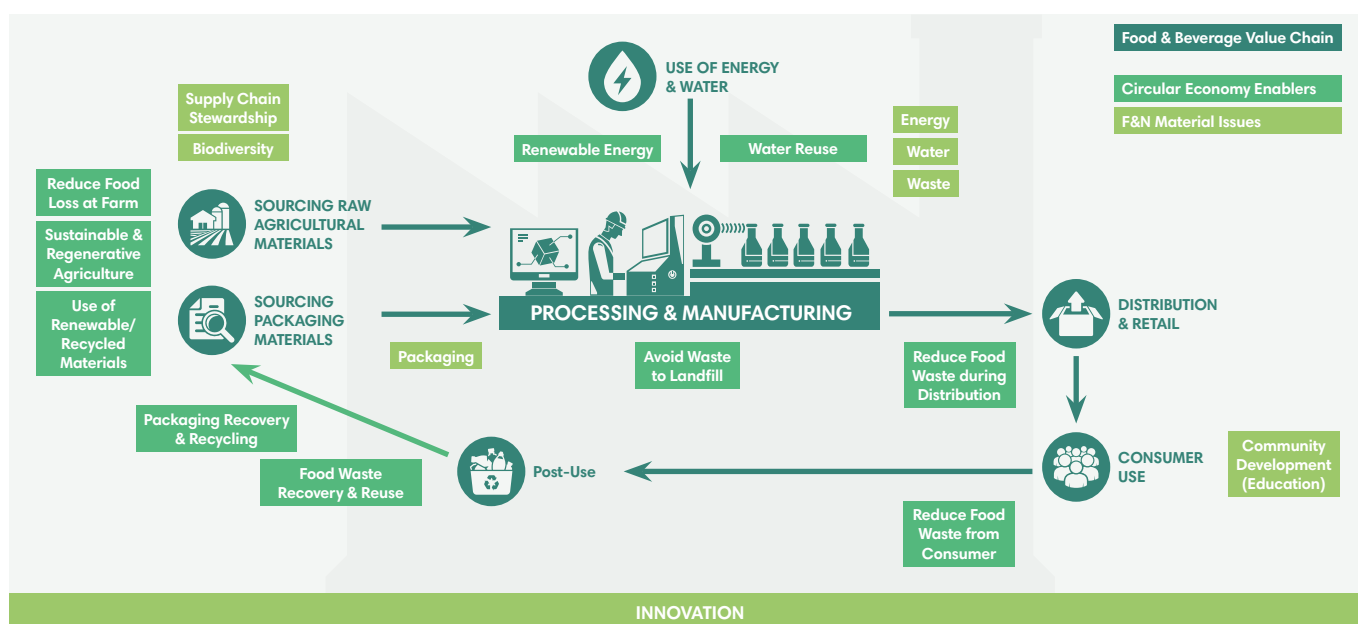
Our Sustainability Approach

CIRCULAR ECONOMY

A circular business model can be defined as the way an organisation creates, delivers and captures value with, and within, closed material loops and chains.

The shift to a circular economy underpins progress on many of F&N's material topics. F&N is committed to work toward a circular economy through the following principles:

- ▶ Prioritising renewable inputs
- ▶ Efficient use of products and materials
- ▶ Recovering by-products and waste



Innovation

We tap into process innovation to improve resource efficiency and the reduction of raw material waste. Our product packaging designs and materials are reconsidered to enhance recyclability.

→ Refer to the 'Innovation' section of the Report for more information.

Supply Chain Stewardship

We encourage our suppliers to follow circular economy principles in the production of raw materials – namely, designing out waste and pollution in production processes, keeping materials in use for as long as possible, and regenerating natural ecosystems – where possible.

→ Refer to the 'Supply Chain Stewardship' section of the Report for more information.

Packaging

We proactively innovate and source sustainable packaging solutions that can be easily recycled, reused or composted. F&N has a long-term target to increase the percentage of recycled materials used in our packaging.

→ Refer to the 'Packaging' section of the Report for more information.

Energy

We reduce our energy demands, extract energy from renewable sources and/or recover energy from our operations. F&N has taken these steps by exploring the installation of solar panels for manufacturing plants in Singapore, Malaysia and Thailand.

→ Refer to the 'Energy and Climate Change' section of the Report for more information.

Water Stewardship

We manage our water usage through monitoring with appropriate tools and conducting water assessments. F&N has implemented a water tracking system to calculate daily water consumption

and effluent quality. Ways to recycle wastewater for cleaning or cooling purposes are being explored.

→ Refer to the 'Water Stewardship' section of the Report for more information.

Waste Management

F&N is committed to our zero-landfill target and does so by minimising waste in production. We work with our stakeholders to explore ways to reduce costs for them, by creating by-products from residual liquid or solid waste, where possible.

→ Refer to the 'Waste Management' section of the Report for more information.

Community Development and Inclusive Growth

To raise awareness of circular economy and promote behavioural change, we conducted school education programmes in Malaysia and Thailand to promote good waste management practices.

→ Refer to the 'Community Development and Inclusive Growth' section of the Report for more information.

STAKEHOLDER ENGAGEMENT

F&N's stakeholders include any individual or group who is impacted by or interested in our activities. We strive to build and maintain strong relationships based on trust and respect, with all stakeholders. Our stakeholders are engaged in various ways where they can participate in conversations and voice their opinions. Stakeholder engagement is critical to our strategy for sustainable value creation.

We identify stakeholder groups to engage by the level of interest the individual or group may have in our business, and/ or have influence over the functioning of our business. Our engagement approach is tailored accordingly to the stakeholder groups' level of interest and influence. A summary of our engagement approach for different stakeholder groups is below.

F&N Engagements with Stakeholders

	Engagement Channels	Key Concerns	How F&N Creates Value for this Stakeholder
Investment Community	<ul style="list-style-type: none"> ▶ General meetings of Shareholders (AGM & EGM) ▶ Regular face-to-face meetings & conference calls ▶ Office/plant visits, as and when required ▶ Investor days/briefing ▶ Website and SGXNET announcements, presentations, press releases ▶ Annual reports 	<ul style="list-style-type: none"> ▶ Transparent & accurate disclosure ▶ Return on investment ▶ Disclosure on relevant information to shareholders 	<ul style="list-style-type: none"> ▶ Managing resources effectively to maximise profits ▶ Maintaining a strong balance sheet <p>Relevant sections: Governance & Ethics Economic Performance</p>
Employees	<ul style="list-style-type: none"> ▶ Biennial employee engagement survey ▶ Robust compensation and benefits framework ▶ Annual CEO town hall/roadshow ▶ Annual gatherings ▶ Sports tournaments ▶ Communicate, iConnect (intranet), F&N BITES (news update), monthly email news highlights, digital TV, Fraserians Connect (mobile app), F&N Voice WhatsApp channel 	<ul style="list-style-type: none"> ▶ Engagement with employees ▶ Learning & development opportunities ▶ Equitable rewards & recognition ▶ Safe and healthy work environment 	<ul style="list-style-type: none"> ▶ Career advancement and ability to reach individual potential ▶ Boosting earning potential of employees with training and development ▶ Strict hygiene practices and sanitary environment in the workplace <p>Relevant sections: Human Capital Development, Employee Safety, Health and Well-being, Human Rights</p>
Distributors & Trade Customers	<ul style="list-style-type: none"> ▶ Annual customer meetings ▶ Annual factory visits ▶ Annual business planning ▶ Regular business development activities ▶ Joint supply chain meetings ▶ Quarterly business reviews ▶ Customer appreciation events 	<ul style="list-style-type: none"> ▶ Latest consumer & shopper trends ▶ Product innovation ▶ Customer relationship management ▶ Shopper loyalty programmes ▶ Improving customer service level ▶ Business practices & ethics ▶ Efficient delivery systems ▶ COVID-19 related payment challenges 	<ul style="list-style-type: none"> ▶ Partnering with retailers on shared opportunities ▶ Source of income and job creation at our distributors ▶ Case-to-case flexible payment method, if necessary <p>Relevant sections: Innovation, Nutrition, Product Quality & Safety, Product Labelling</p>

Our Sustainability Approach

	Engagement Channels	Key Concerns	How F&N Creates Value for this Stakeholder
Consumers	<ul style="list-style-type: none"> ▶ Marketing & sales promotions ▶ Brand communication through advertising ▶ On-going social media interactions ▶ On-ground events & activities ▶ Dedicated consumer hotline 	<ul style="list-style-type: none"> ▶ Product quality & safety ▶ Consumer health & safety ▶ Fair & reasonable product pricing ▶ Social & community engagement ▶ Environmentally friendly packaging 	<ul style="list-style-type: none"> ▶ Launching innovative products ▶ Fulfilling consumers' demand for safe and quality products ▶ Providing accessible products through an extensive distribution network coverage <p>Relevant sections: Innovation, Nutrition, Product Quality & Safety, Product Labelling</p>
Communities	<ul style="list-style-type: none"> ▶ Collaborations & partnerships ▶ Outreach programmes ▶ Meetings/dialogues with community representatives ▶ Leadership programmes ▶ Sponsorship of sporting events ▶ Donation of food and beverages to the less privileged and elderly 	<ul style="list-style-type: none"> ▶ Social & environmental responsibility ▶ Job opportunities for locals ▶ Promotion of good health & quality of life ▶ Skill development in sports & leadership ▶ Stimulating local economies 	<ul style="list-style-type: none"> ▶ Social investment in community projects ▶ Advocating active lifestyles via sports events and activities ▶ Supporting beneficiaries from vulnerable communities <p>Relevant sections: Community Development and Inclusive Growth, Human Rights</p>
Regulators	<ul style="list-style-type: none"> ▶ Active collaborations e.g. Singapore's Health Promotion Board; Federation of Malaysian Manufacturers ▶ Meetings with government agencies and statutory bodies ▶ Collaboration & partnerships with local councils 	<ul style="list-style-type: none"> ▶ Good governance ▶ Fair labour practices ▶ Safety at work ▶ Compliance with laws & regulations ▶ Water & waste management ▶ Environmentally friendly labelling & packaging ▶ Greenhouse gas emissions ▶ Recycling awareness ▶ COVID-19 standard operating procedures 	<ul style="list-style-type: none"> ▶ Compliance with regulation to mitigate against systemic risks ▶ Adhering to sustainable practices to protect stakeholders ▶ Active industry collaboration and knowledge exchange ▶ Adhering to COVID-19 guidelines and social distancing measures <p>Relevant sections: Policy & Regulation</p>
Suppliers	<ul style="list-style-type: none"> ▶ Supplier meetings ▶ Annual audits ▶ Tender Management System 	<ul style="list-style-type: none"> ▶ Fair & robust procurement system ▶ Support of local businesses ▶ Social & environmental responsibility ▶ Ethics - anti-bribery & corruption 	<ul style="list-style-type: none"> ▶ Working with local suppliers ▶ Partnering with suppliers on shared opportunities <p>Relevant sections: Supply Chain Stewardship, Biodiversity</p>

OUR KEY PARTNERSHIPS AND COLLABORATIONS

GRI Index: GRI 102-12 (External Initiatives), GRI 102-13 (Membership of Associations)

We believe our sustainability journey is one where we proactively manage and understand the impacts of our footprint on the larger environment and society. As such, we partner with and take guidance from international organisations and sustainability thought leaders. F&N is a proud member of the RSPO, Support Asia for Sustainable Palm Oil and the Buyer Supporting VIVE Sustainable Supply Chain Programme.

In Malaysia, F&NHB teamed up with key industry leaders to establish a voluntary, industry-led Extended Producer Responsibility – MAREA. The alliance is the first of its kind in Malaysia that focuses on improving collection and recycling of post-consumer packaging.

F&NHB is also part of the CEO Action Network capacity building work stream that aims to uplift the sustainability capacity in supply chains and business ecosystems. F&NHB representatives were speakers in a series of supplier and SME training sessions for two sustainability topics – Energy Management and Labour Practices.

F&N is aligned with sustainability charters, principles and standards, including the United Nations SDGs, GRI and the International Integrated Reporting Council.

EXTERNAL RECOGNITION

The achievements of our subsidiary, F&NHB, toward environmental excellence was acknowledged through different prestigious awards received in Malaysia and Thailand. The awards included:



2019/20 Prime Minister's Hibiscus Award

The award is the premier private sector environmental award for business and industry in Malaysia. F&NHB received three awards – two for F&N Dairies Manufacturing Sdn Bhd and one for F&N Beverages Manufacturing Sdn Bhd.



Sarawak Chief Minister's Environmental Award 2019/2020

Kuching Plant in Malaysia earned an accolade – Merit Award under the Medium Enterprise Category (Manufacturing sector) at the 9th Sarawak Chief Minister's Environmental Award 2019/2020. This prestigious award recognises the environmental effort and commitment of industries, local authorities, and individuals.



Prime Minister ("PM") Best Industry Award 2020

Each year, only one selected company, from amongst all the qualifying companies from the different industries, would be presented with the PM Best Industry Award. To qualify for the PM Best Industry Award, companies will need to have previously received a minimum of at least three PM Awards (from among the nine PM Award categories). The eligible companies will then be further evaluated and scored based on the six criteria of the PM Best Industry Award. F&NHB had previously received 3 PM Awards for Productivity, Energy and Environment in 2014, 2015 and 2016, respectively, thereby meeting the requirement to be considered for the PM Best Industry Award. Based on the score received for the six criteria of the PM Best Industry Award, on 14 December 2020, F&NHB was recognised for its excellent performance and awarded with the PM Best Industry Award.



National Annual Corporate Report Awards ("NACRA") 2020

Acknowledged for our excellence in corporate reporting, F&NHB received the Silver Award for Best Sustainability Reporting at the NACRA 2020 for F&NHB 2019 Sustainability Report.

F&N participated in external sustainability ratings to communicate our commitment to our stakeholders, and to identify strengths and opportunities to improve our sustainability performance.

- ▶ F&NHB was invited to the S&P Global CSA for the first time in 2021.
- ▶ F&NHB received the FTSE4Good rating for another consecutive year, with an improved scoring of 4.1 from 4.0 in September 2021.
- ▶ F&NHB was included in the FTSE4Good Bursa Malaysia index and newly introduced FTSE4Good Bursa Malaysia Shariah index.