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# BUILDING A SUSTAINABLE FUTURE

F&N's portfolio of diversified products bring people together across generations and communities. As we continue our journey to become a food and beverage leader in ASEAN, the Group remains committed to building great brands and delivering high-quality, delicious products to meet consumers' nutritional needs. Through our brands and investments in our communities, we will continue to make F&N an essential part of consumers' lives for even more generations to come.

# CORPORATE PROFILE

Established in 1883, Fraser and Neave, Limited ("F&N") is a leading Southeast Asia Consumer Group with expertise and prominent standing in the Food & Beverage and Publishing & Printing industries. Leveraging its strengths in marketing and distribution, research and development, brands and financial management, F&N provides key resources and sets strategic directions for its subsidiary companies across both industries.

Listed on the Singapore stock exchange, F&N ranks as one of the most established and successful companies in the region with an impressive array of renowned brands that enjoy strong market leadership. F&N is present in 11 countries spanning Asia Pacific, Europe and the USA, and employs over 7,700 people worldwide.

In line with the Group's efforts towards greater environmental conservation, we have adopted an electronic transmission for our Annual Report and Sustainability Report.

The electronic version of the Annual Report is available on Fraser and Neave, Limited's website ([fraserandneave.com/investor-relations/annual-reports](http://fraserandneave.com/investor-relations/annual-reports)). Shareholders and other interested parties who wish to receive a printed copy may order it through the website ([fraserandneave.com/contact-us/request-annual-report](http://fraserandneave.com/contact-us/request-annual-report)), e-mail ([ir@fraserandneave.com](mailto:ir@fraserandneave.com)) or telephone ((65) 6318 9393).

F&N FY2018 Sustainability Report is only available in electronic version, and is available for download at [fraserandneave.com/investor-relations/corporate-sustainability](http://fraserandneave.com/investor-relations/corporate-sustainability).

**#GOPAPERLESS**

## VISION

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

## MISSION

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

## OUR MAIN BRANDS



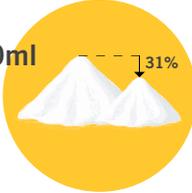
## SUSTAINABILITY HIGHLIGHTS 2018

  
**ZERO**  
WORK-RELATED  
FATALITIES  
IN FY2018

Healthier choice options offered in  
**14 OF**  
OUR 15  
product categories



Sugar level  
**DECREASED**  
**31%**  
to 6.0g/100ml



**8,600**  
**RSPO**  
credits  
purchased



**40%**  
**REDUCTION**  
in PET resin  
packaging material  
at Shah Alam plant



**14%**  
**REDUCTION**  
in water  
intensity  
ratio\*



**5%**  
**REDUCTION**  
in solid waste  
intensity ratio\*



Employee-driven  
innovations totaling  
to an estimated  
**\$3M**  
per annum



\*at the group-level, compared to FY2017

# GROWTH

# BOARD STATEMENT

## SUSTAINABILITY OVERVIEW AND GOVERNANCE

As one of the leading consumer groups in SEA, the Board of Fraser and Neave, Limited (“**F&N**” or the “**Group**”) recognises the great responsibility the Group has in protecting the interest of future generations. The Board believes that acting responsibly is the only way to achieve a balance between profitable long-term growth and protecting our planet and people.

For many years, the Board has anchored sustainability in its strategy. This is in recognition that the Group’s success is measured not only on its economic achievements, but just as important, its environmental and social successes. Guided by sustainable business practices, we conduct our business

with an aim to minimise risks for society, environment and to ensure longevity of our Company. Similarly, we identify business opportunities to ensure we are sustainable for the long-term.

At F&N, the Board continues to take the lead in F&N’s sustainability direction. It has tasked the newly reconstituted Sustainability and Risk Management Committee (“**SRMC**”) with responsibility for steering our company-wide sustainability strategy. The Sustainability Development Committee (“**SDC**”), which is made up of business CEOs and representatives from senior management across the F&N Group, supports the SRMC, and monitors the progress of our sustainability reporting initiatives. During the year, the Board maintained oversight over the SRMC and SDC, managing sustainability risks and opportunities, while ensuring all environment, social and governance (“**ESG**”) matters significant to our business are aligned with our Vision 2020.

This is the second year we are reporting our sustainability performance in accordance with the Global Reporting Initiative (“**GRI**”) framework and in compliance with the Singapore Exchange’s (“**SGX**”) listing rules. We have transitioned from the GRI-G4 guidelines, used in our previous sustainability report for FY2017, to the GRI Standards. In our FY2017 inaugural report, we described F&N’s legacy of ESG stewardship, set targets and provided a report card on our sustainability efforts. This year, we focus on the progress we have made during the past year.

Following the materiality review conducted last year, we have delegated responsibility to the SRMC to consider and re-validate the ESG factors that are of concern to stakeholders and significant to F&N’s business. During the year, further improvements have been achieved on several targets including our water and solid waste intensities.

As we continue to embark on the sustainability journey, we remain committed to building a responsible business that delivers sustainable value to our stakeholders over the long-term.

# MESSAGE FROM CHAIRMAN OF SDC



**Mr Lee Meng Tat**  
Chairman of Sustainability Development Committee

  
**We now offer healthier choice options in 14 out of our 15 product categories.**

This is F&N's second sustainability report, and I am delighted to be able to introduce the progress we have made on our sustainability journey over the past year. F&N's vision is to be a stable and sustainable Food & Beverage leader in the ASEAN region, and this report sets out many of the ways in which we deliver value and care for our shared planet.

This report has been prepared in accordance with the Global Reporting Initiative Standards (Core), which represent global best practice in sustainability reporting. F&N is proud

to have made a positive contribution for the past 135 years, and fully appreciates how financial and non-financial success are complementary: we take our responsibility to make a positive impact in the future very seriously.

As you will see on page 15, Consumer Health & Safety is F&N's most important sustainability topic. We understand that the role our products play in people's daily lives and activities have been evolving. People are now more health conscious and pay more attention to the health benefits and nutrition, ingredients and sugar content in their food and beverages. We have listened to our consumers and deliberated on how we can better adjust our products to accommodate their specific needs and requirements. The sugar content in our products continues to fall, and I am proud that we now offer healthier choice options in 14 out of our 15 product categories.

One of the highlights of the year for me is seeing the bottom-up and innovative ways in which F&N employees are finding solutions to environmental issues, such as water use and waste reduction. Our "Green Carnivals" and "Waste to Wealth Campaign" have raised awareness of environmental stewardship and led to direct performance improvements. 2018 has been designated as the "Year of Climate Change" by the Singapore government and we are determined to play our

part in global efforts to reduce GHG emissions. For instance, we are on track to purchase RSPO credits for 100% of our palm oil usage by the year 2020.

F&N places great emphasis on being a key part of prosperous communities in which we operate. This includes hiring locally and empowering our talent, and also sharing happiness and helping vulnerable members of our communities, wherever we can, to make a difference. It is reassuring to witness the enthusiasm for F&N's sustainability journey from employees at all levels. F&N's success is built from our own financial performance and long-term profitability is only possible when we protect it through our actions on the environment and society.

F&N is working to collect consistent sustainability reporting indicators, which will allow stakeholders to analyse changes in our performance over time and facilitate comparison with peers. The use of the Global Reporting Initiative Standards is essential for this, and we are also taking steps to progressively integrate the United Nation's Sustainable Development Goals ("SDGs") into our reporting and strategy.

We are grateful for your continued support, and hope that this report gives you an insight into F&N's efforts to be a sustainability leader in ASEAN and beyond.

# ABOUT THIS REPORT

## WELCOME TO THE F&N SUSTAINABILITY REPORT 2018

F&N is proud to present its second SGX-compliant sustainability report based on the GRI framework. Since the delivery of its inaugural report in FY2017, we have continued the journey we outlined, focusing on putting ESG at the centre of everything we do. This year has been one of significant change, progress and achievement.

This year, we have further enhanced our reporting approach and have prepared the F&N Sustainability Report 2018 in accordance with the GRI Standards 'Core Option'.

Different from last year, the report is organised into two themes and six core areas:

### 1. Delivering Value

- a. Driving Economic Value
- b. Empowering Our People
- c. Enhancing Social Well-Being

### 2. Managing our Impacts

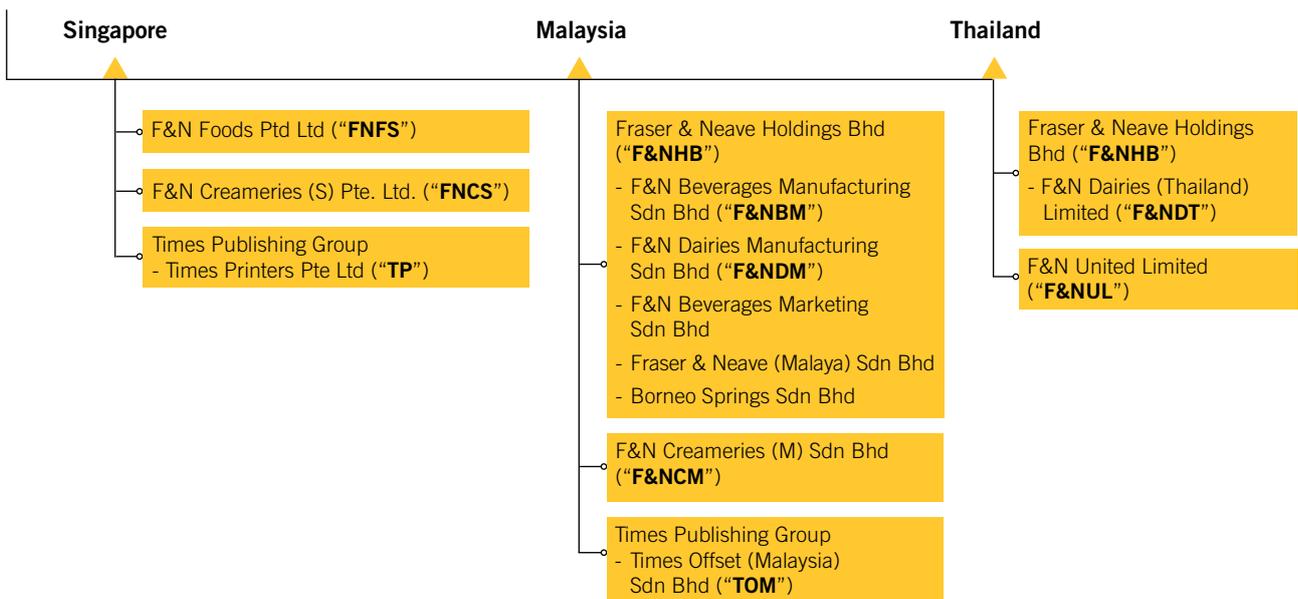
- a. Eco-Efficiency
- b. Responsible Supply Chain
- c. Safety & Well-Being

#### REPORTING PERIOD AND SCOPE

This report contains data and practices relating to F&N's key operations in:

- Singapore (F&B and Printing);
- Malaysia (F&B and Printing); and
- Thailand (F&B)

The reporting period is from 1<sup>st</sup> October 2017 to 30<sup>th</sup> September 2018



**ASSURANCE POLICY**

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

We aim to obtain external assurance on our subsequent sustainability reports.

We value and welcome feedback from our stakeholders as they help us to continuously improve our sustainability approach, performance and disclosure.



Please send your comments and suggestions to

[sustainability@fngroup.com.sg](mailto:sustainability@fngroup.com.sg)

# ABOUT F&N

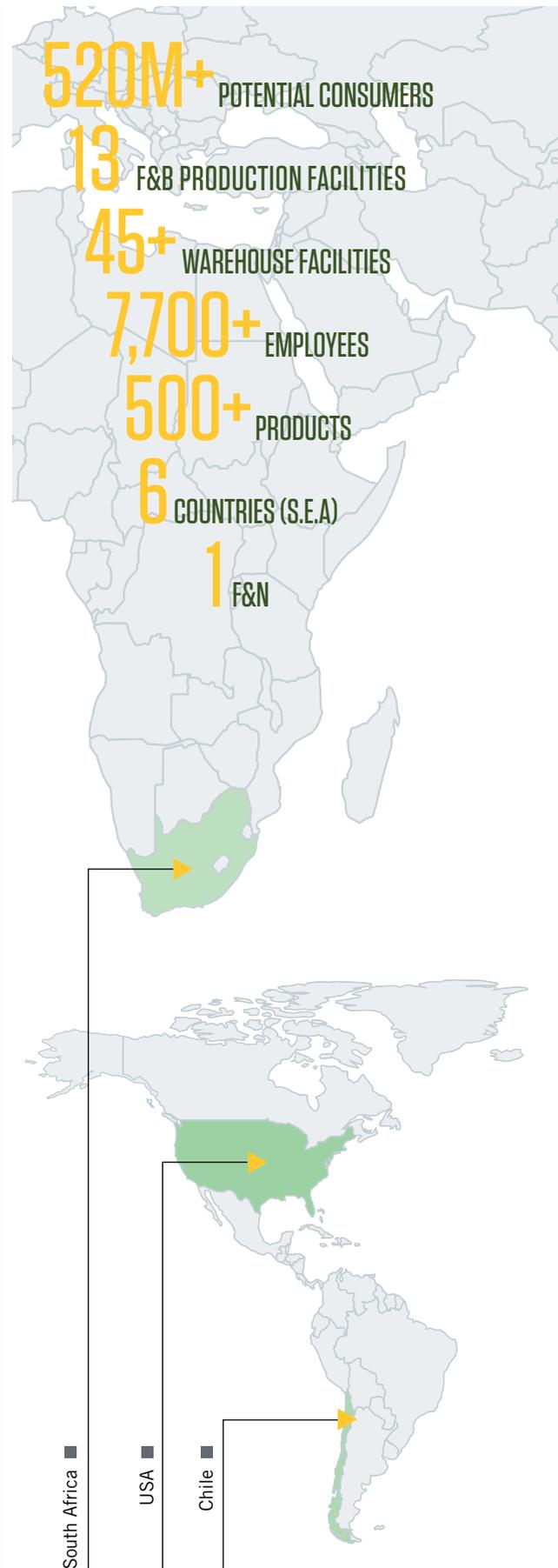
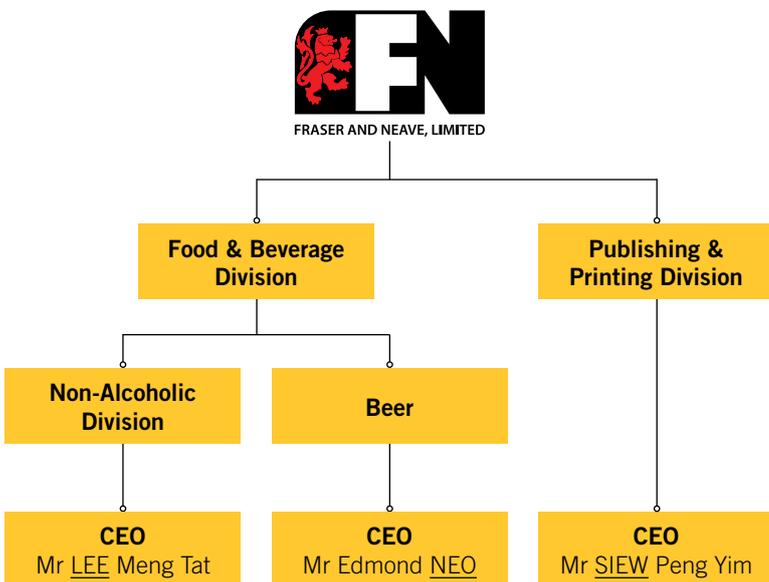
Fraser and Neave, Limited (“**F&N**” or the “**Group**”) originated more than a century ago from the spirited decisions of two enterprising young men, John Fraser and David Neave, who diversified from their printing business to pioneer the aerated water business in Southeast Asia (“**SEA**”) in 1883.

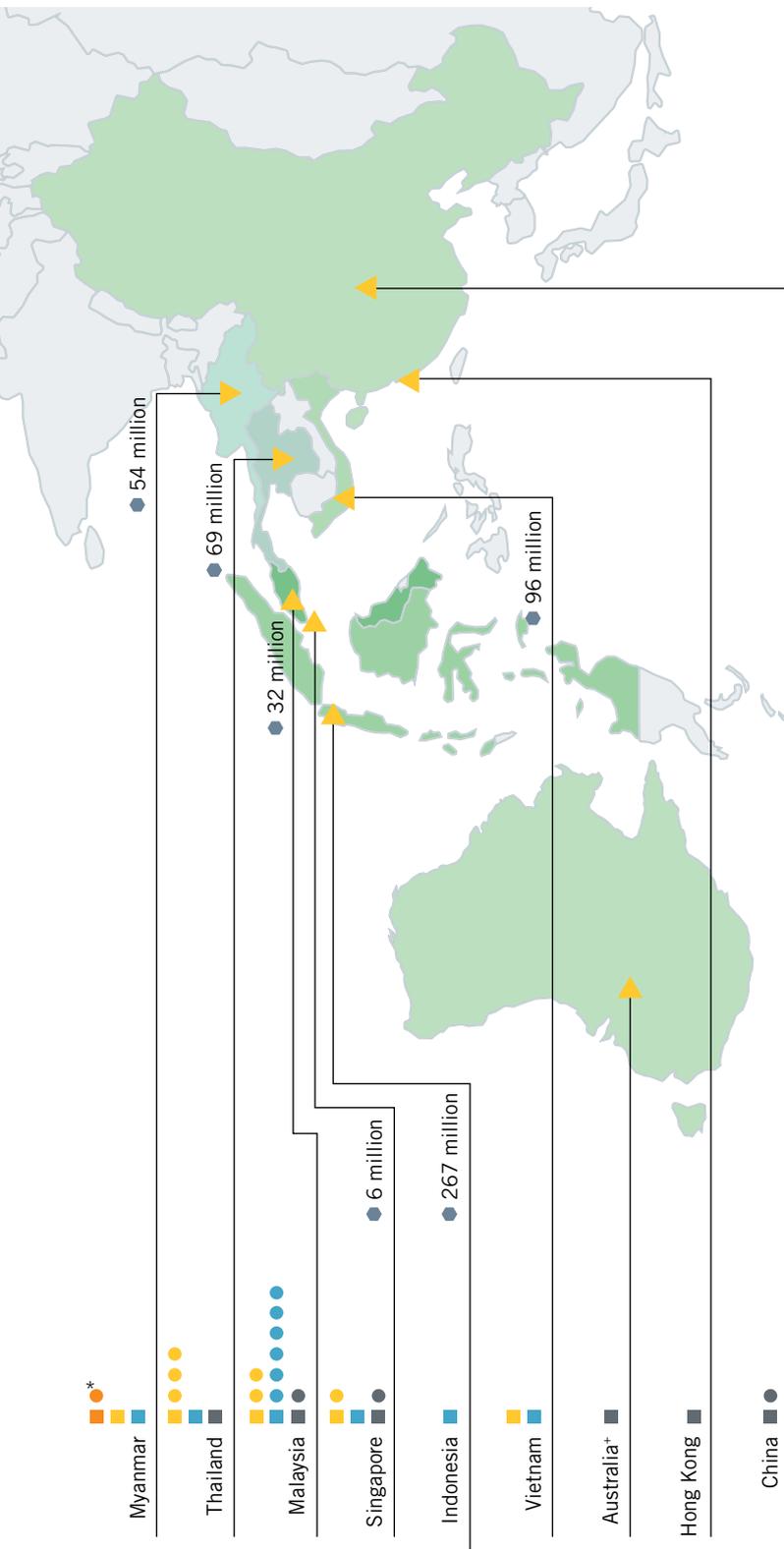
The entrepreneurial spirit, embodied by our founders, remains in today’s F&N. As a soft drink company, F&N seized the growth opportunities and ventured into beer brewing business in 1931 in partnership with The Heineken Company and built a very successful beer empire in Asia Pacific – through its joint 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 re-listed FCL on the Singapore Stock Exchange, thereby realising its latent value.

Today, F&N is a leading Asia Pacific 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 7,700 people worldwide.





**Legend:**

**Manufacturing Plants**

- Dairies
- Soft Drinks
- Beer
- Publishing & Printing

**Offices**

- Dairies
- Soft Drinks
- Beer
- Publishing & Printing

Population  
Source: Worldometers

\* Under construction  
+ The Group owns ~7.8% of PMP Limited

**CONTRIBUTION BY SEGMENT**



**Legend:**

- Beverages
- Dairies
- Publishing & Printing
- Others

**EMPLOYEE BREAKDOWN**



**Legend:**

- Singapore
- Malaysia
- Others

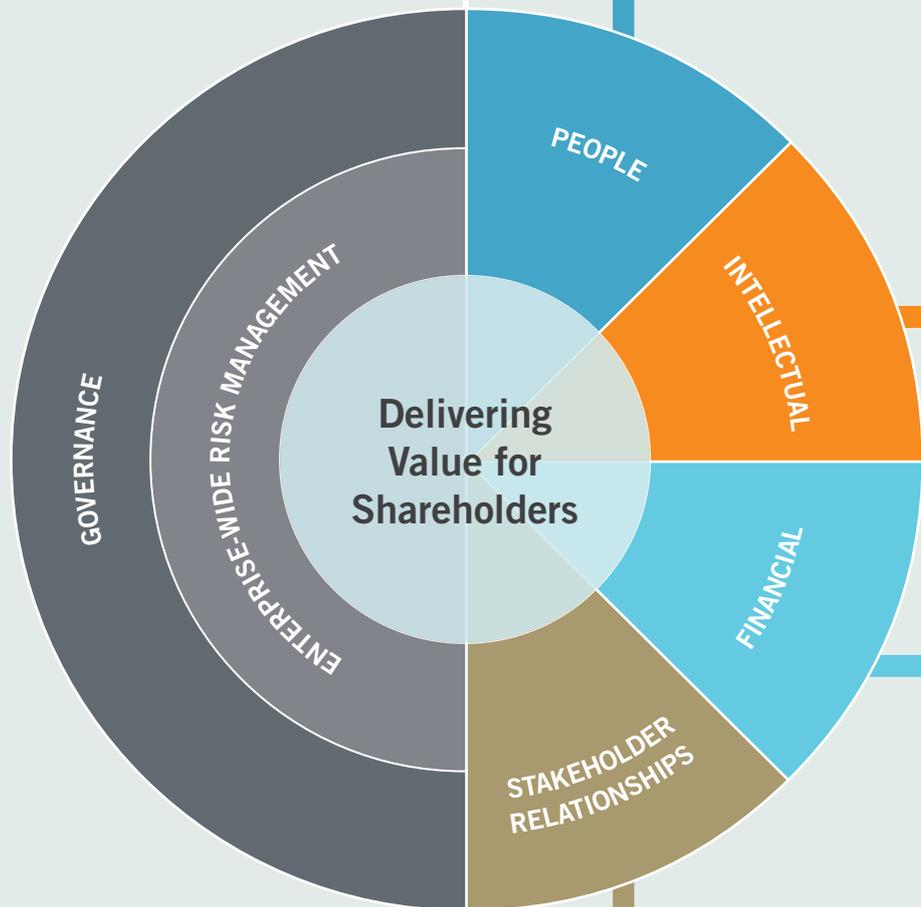
# F&N BUSINESS MODEL

## OUR STRATEGIC FOCUS

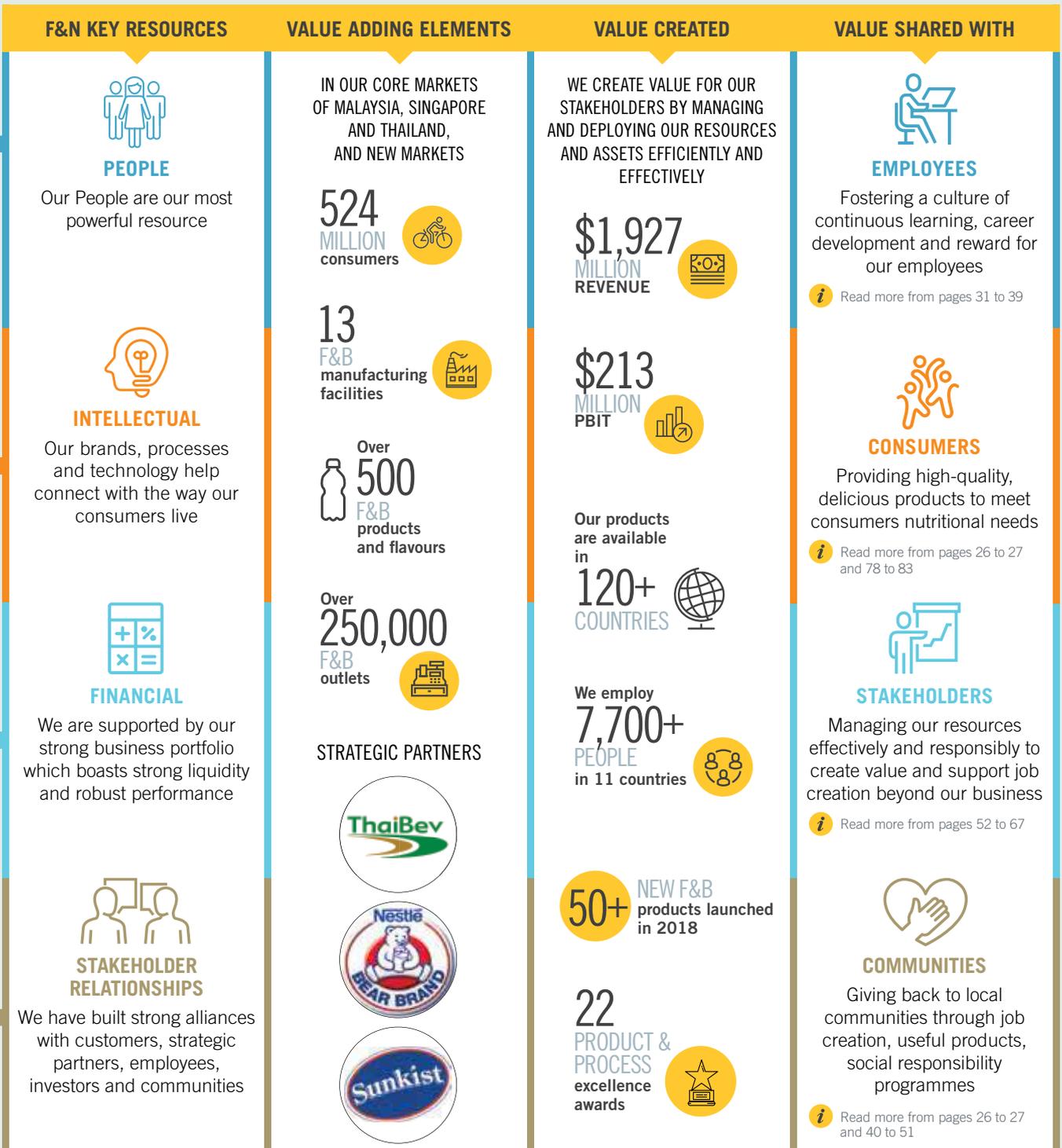
- **WINNING WITH BRANDS**
  - Focus our resources on and drive the growth of brands that are in the medium- to high-growth segments and where F&N has a *right to win*
- **WINNING WITH INNOVATION**
  - Focus on offering new products that appeal to consumers
- **WINNING IN MARKETPLACE**
  - Focus on strengthening levers to execute a strong go-to-market strategy that reduces cost and risk
- **WINNING WITH PEOPLE**
  - Focus on attracting and retaining the talent we need to achieve our growth priorities

## OUR DISTINCTIVE ASSETS

- **DYNAMIC BRAND PORTFOLIO**
- **EXCELLENT R&D CAPABILITIES**
- **STRONG TEAM**
- **MARKETPLACE EXCELLENCE**
- **STRONG STRATEGIC PARTNERS**



Our business model enables us to be agile which has allowed us to react quickly to take advantage of opportunities and achieve sustainable, long-term value creation for our stakeholders. Leveraging our key resources (People, Intellectual, Financial and Stakeholder Relationships), we aim to deliver profitable growth by focusing on: 1) Winning with Brands, 2) Winning with Innovation, 3) Winning in Marketplace, and 4) Winning with People. In delivering on our promise, we are committed to protecting the environment and will continue to contribute positively to our society, while managing operational risks of our businesses and adhere to ethical principles of corporate governance.



# OUR SUPPLY CHAIN

F&N uses different equipment and machinery as well as a range of raw materials for the production of its beverages and, printer consumables for printing. We engage with about 3,500 suppliers globally, including Malaysia, Singapore, Thailand, Taiwan, India, Australia, New Zealand, the US and UK.

Our suppliers also provide us with materials used in our distribution and retail operations. For the financial year under review, we spent an estimated S\$1.2 billion on products and services provided by our suppliers.



**SOURCING**



**PRODUCTION**



**DISTRIBUTION**



**MARKETING AND SALES**



**POST-CONSUMER PACKAGING MANAGEMENT**

We engage with about 3,500 suppliers globally



# OUR SUSTAINABILITY APPROACH

## SUSTAINABILITY VISION AND FRAMEWORK

As the global context becomes increasingly defined by volatility and unpredictability, prioritising sustainability is no longer an option for businesses but the only viable path. F&N recognises the range of emerging risks and challenges to which it

must respond. To continue delivering value to its stakeholders, F&N must root its activities in resilience and embrace the interconnections it shares with its communities and environment. It aims to **create a financially, environmentally and socially sustainable future for its business** by:

- **Delivering value through innovation, human capital development and social collaboration; and**

- **Managing our impacts and conduct business in a responsible manner.**

F&N's sustainability framework comprises **six** core areas.



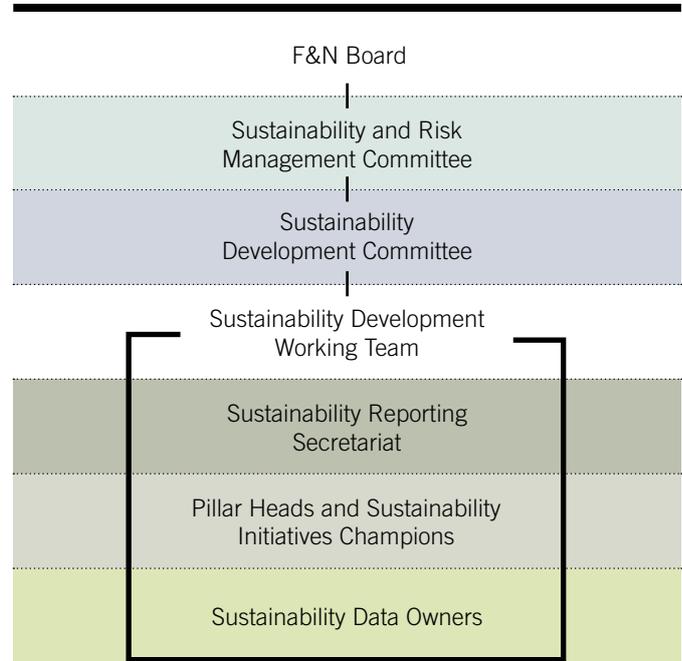
## OUR SUSTAINABILITY APPROACH

### MANAGEMENT AND GOVERNANCE STRUCTURE

F&N has set up a dynamic team to implement, execute and monitor policies and procedures across the organisation. The responsibility for steering and aligning company-wide sustainability strategy is with the Sustainability and Risk Management Committee (“SRMC”) at the Board level. The SRMC is supported by Sustainability Development Committee (“SDC”), chaired by

the Chief Executive Officer of Non-Alcoholic Beverages, Mr Lee Meng Tat, and staffed by employees of key functions, regions and levels. The SDC provides general direction and monitors the progress of F&N’s sustainability reporting project.

In FY2018, the SDC convened on sustainability matters four times and the SRMC two times. The SDC provided inputs and comments which have been incorporated to strengthen our sustainability agenda.



## SUSTAINABILITY DEVELOPMENT COMMITTEE

### Lee Meng Tat (Chairman)

Chief Executive Officer,  
Non-Alcoholic Beverages (NAB), F&N

### Lim Yew Hoe

Chief Executive Officer, F&NHB

### Siew Peng Yim

Chief Executive Officer, Times Publishing Group

### Hui Choon Kit

Chief Financial Officer & Group Company Secretary, F&N

### ● Josephine Woo

First Vice-President, Group Human Capital, F&N

### Lai Kah Shen

Financial Controller (F&B Division), F&N

### ● Dr Yap Peng Kang

Head, Research and Development, F&N

### Jennifer See

General Manager, Singapore and Indonesia, FNFS

### ● Waradej Patpitak

First Vice-President, Manufacturing, F&NHB

### ● Rommel Fuentesbella

Vice-President Marketing, Isotonic/CSD/Water/Tea, F&N

● Pillar Heads in Sustainability Development Working Team

### KEY STAKEHOLDERS' ENGAGEMENT

F&N strives to build and maintain strong relationships based on trust and respect with our eight key stakeholder groups, namely employees, suppliers, customers, investment community, consumers, regulators, non-governmental organisations (“NGOs”) and local communities.

It utilises various platforms for appropriate stakeholder engagement across these eight categories, to ensure that our stakeholders are given the opportunity to voice their demands, opinions, concerns and suggestions, as shown in the table below.

Information received via these channels feeds into our planning and strategy for sustainable value creation.

Engagement Channel	Issues Raised	Actions Taken
<b>Employees</b>		
<ul style="list-style-type: none"> <li>Biannual employee engagement survey</li> <li>Robust compensation and benefits framework</li> <li>Annual CEO town hall/roadshow</li> <li>Annual gatherings</li> <li>Communique, iConnect (intranet), F&amp;N Digest (biannual newsletter), email news highlights, quarterly CEO messages</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with employees</li> <li>Learning &amp; development opportunities</li> <li>Equitable rewards &amp; recognition</li> <li>Safe and healthy work environment</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>Section on Talent Management (pg. 32-39)</li> <li>Section on Occupational Health and Safety (pg. 74-77)</li> </ul>
<b>Suppliers</b>		
<ul style="list-style-type: none"> <li>Supplier meetings</li> <li>Annual audits</li> <li>Tender management system</li> </ul>	<ul style="list-style-type: none"> <li>Fair &amp; robust procurement system</li> <li>Support of local businesses</li> <li>Social &amp; environmental responsibility</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>Section on Sustainable Sourcing (pg. 69-72)</li> </ul>
<b>Investment Community</b>		
<ul style="list-style-type: none"> <li>Annual general meetings</li> <li>Face-to-face meetings &amp; conference calls</li> <li>Office/plant visits</li> <li>Investor Day</li> <li>Website and SGXNET announcements, presentations, press releases</li> <li>Annual reports</li> </ul>	<ul style="list-style-type: none"> <li>Transparency in disclosure</li> <li>Business/financial performance</li> <li>Disclosure on relevant information to shareholders</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>Message from Chairman of SDC (pg. 03)</li> <li>About This Report (pg. 04-05)</li> <li>Section on Economic performance (pg. 23)</li> </ul>
<b>Distributors &amp; Trade Customers</b>		
<ul style="list-style-type: none"> <li>Annual customer meetings</li> <li>Annual factory visits</li> <li>Annual business planning</li> <li>Business development activities</li> <li>Joint supply chain meetings</li> <li>Quarterly business reviews</li> <li>Customer appreciation events</li> </ul>	<ul style="list-style-type: none"> <li>Latest consumer &amp; shopper trends</li> <li>Product innovation</li> <li>Customer relationship management</li> <li>Shopper loyalty programmes</li> <li>Improving customer service level</li> <li>Strategic business development</li> <li>Business practices &amp; ethics</li> <li>Competitive operational system</li> <li>Efficient delivery system</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>Message from Chairman of SDC (pg. 03)</li> <li>Section on Innovation (pg. 24-30)</li> </ul>
<b>Consumers</b>		
<ul style="list-style-type: none"> <li>Marketing &amp; sales promotions</li> <li>Brand communication through advertising</li> <li>Social media interaction</li> <li>On-ground events &amp; activities</li> <li>Dedicated consumer hotline</li> </ul>	<ul style="list-style-type: none"> <li>Product quality &amp; safety</li> <li>Consumer health &amp; safety</li> <li>Fair &amp; reasonable product pricing</li> <li>Social &amp; community engagement</li> <li>Environment-friendly packaging</li> </ul>	Refer to: <ul style="list-style-type: none"> <li>Section on Innovation (pg. 24-30)</li> <li>Section on Consumer Health and Safety (pg. 78-81)</li> <li>Section on Health and Nutrition (pg. 50-51)</li> <li>Section on Product and Service Labelling (pg. 82-83)</li> </ul>

## OUR SUSTAINABILITY APPROACH

Engagement Channel	Issues Raised	Actions Taken
<b>Regulators</b>		
<ul style="list-style-type: none"> <li>Active participation in industry collaborations e.g. Singapore's Health Promotion Board ("HPB"). Federation of Malaysian Manufacturers</li> <li>Meetings with government agencies and statutory bodies</li> </ul>	<ul style="list-style-type: none"> <li>Tax transparency</li> <li>Social &amp; environmental responsibility</li> <li>Fair &amp; legal labour practices</li> <li>Safety at work</li> <li>Compliance with laws &amp; regulations</li> <li>Water &amp; waste management</li> <li>Environment friendly labelling &amp; packaging</li> <li>Greenhouse gas emissions ("GHG")</li> </ul>	<p>Refer to:</p> <ul style="list-style-type: none"> <li>Section on Consumer Health and Safety (pg. 78-81)</li> <li>Section on Health and Nutrition (pg. 50-51)</li> <li>Section on Product and Service Labelling (pg. 82-83)</li> <li>Section on Creating Value for Society (pg. 41-49)</li> <li>Section on Water Stewardship (pg. 54-56)</li> <li>Section on Effluents &amp; Waste (pg. 57-60)</li> <li>Section on Packaging (pg. 61-62)</li> <li>Section on Energy &amp; Climate Change (pg. 63-67)</li> <li>Section on Talent Management (pg. 32-39)</li> <li>Section on Occupational Health and Safety (pg. 74-77)</li> </ul>
<b>Communities</b>		
<ul style="list-style-type: none"> <li>Collaboration &amp; partnership</li> <li>Outreach programmes</li> <li>Meetings with community representatives</li> <li>Leadership programmes</li> <li>Sponsorship of sporting events</li> <li>Donation of food and beverages to the less privileged and elderly</li> </ul>	<ul style="list-style-type: none"> <li>Consumer health &amp; safety</li> <li>Social &amp; environmental responsibility</li> <li>GHG emissions</li> <li>Job opportunities for locals</li> <li>Promotion of good health &amp; quality of life</li> <li>Skills development in sports &amp; leadership</li> <li>Stimulating local economies</li> </ul>	<p>Refer to:</p> <ul style="list-style-type: none"> <li>Section on Consumer Health and Safety (pg. 78-81)</li> <li>Section on Health and Nutrition (pg. 50-51)</li> <li>Section on Product and Service Labelling (pg. 82-83)</li> <li>Section on Creating Value for Society (pg. 41-49)</li> <li>Section on Water Stewardship (pg. 54-56)</li> <li>Section on Effluents &amp; Waste (pg. 57-60)</li> <li>Section on Packaging (pg. 61-62)</li> <li>Section on Energy &amp; Climate Change (pg. 63-67)</li> <li>Section on Talent Management (pg. 32-39)</li> <li>Section on Market Presence (pg. 39)</li> </ul>

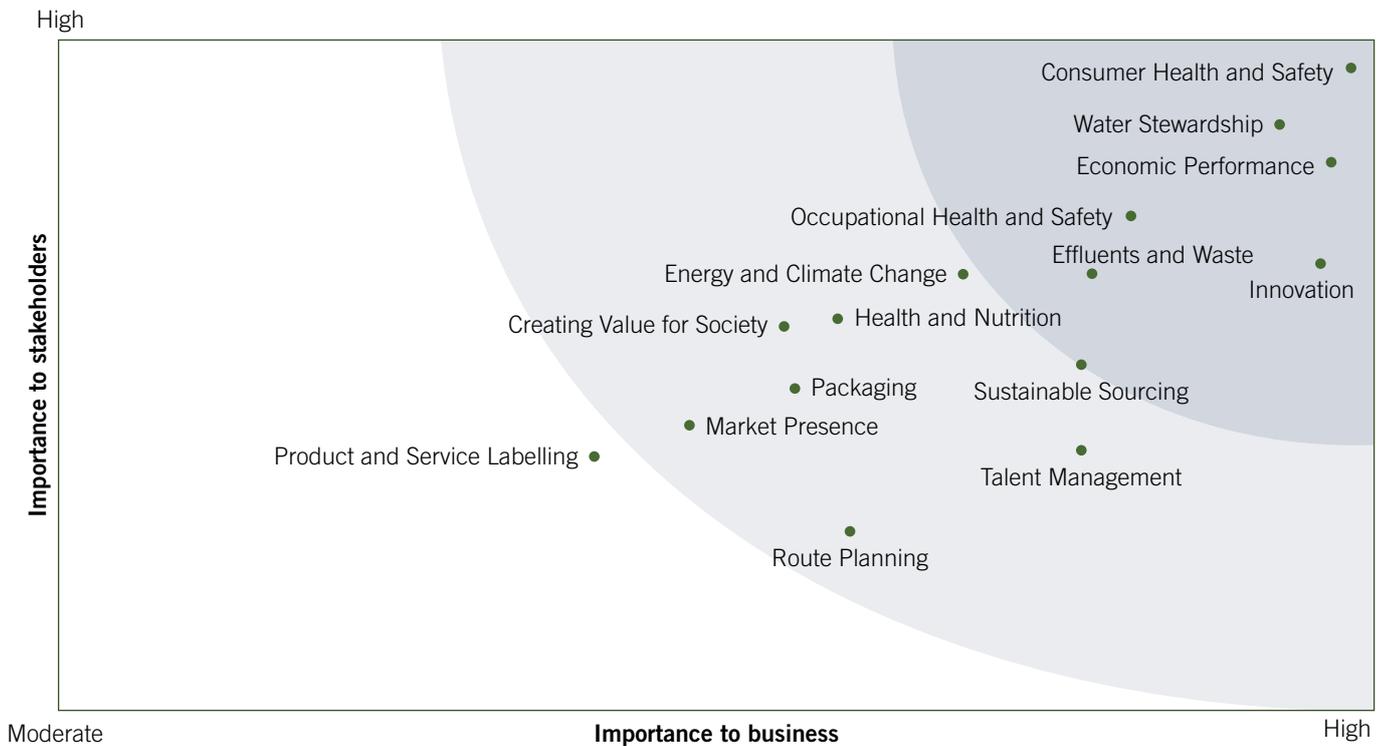
**OUR MATERIAL ISSUES**

We undertook our first materiality assessment in January 2017 to identify, prioritise, validate and review relevant sustainability issues. Facilitated by an independent sustainability consultant, the exercise involved key internal stakeholders, including the SDC, to identify, prioritise and validate ESG factors that are material to F&N’s business operations and of significant interest to our stakeholders. This year, the SDC reviewed and revalidated the material ESG factors.



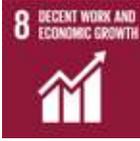
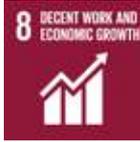
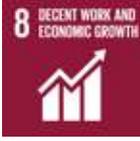
F&N’s SDC revisited the 15 material issues identified last year and confirmed that these topics remain important. The major change this year is the increased importance of Talent Management to the business.

The following matrix depicts 15 issues that are seen to be of importance to both F&N and our stakeholders. We have focused on these material issues in this report.

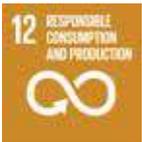
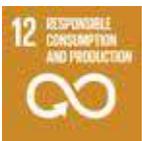


## OUR SUSTAINABILITY APPROACH

### MATERIAL ISSUES

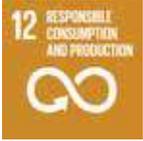
Material Topic	SDG(s)	Boundaries						
		Employees	Suppliers	Customers	Consumers	Investment Community	Communities	Regulators
<b>M01 Economic Performance</b>								
<p>We are committed to creating direct economic value for our shareholders through the generation of profits and for our employees through stable employment.</p> <p><i>GRI 201-1 Economic Performance</i></p>		•	•	•		•		
<b>M02 Innovation</b>								
<p>We invest in product and process innovation to increase our product range and improve efficiency and productivity. Innovation is critical not only for long-term business success but also in response to growing concerns on social and environmental issues.</p>		•		•	•	•		
<b>M03 Sustainable Sourcing</b>								
<p>We promote sustainable and responsible procurement and sourcing via a risk management and supplier selection that is integrated with ESG factors, as well as a focus towards local sourcing to contribute to local employment when possible.</p> <p><i>GRI 204-1 Procurement Practices</i></p>	 	•	•			•		
<b>M04 Talent Management</b>								
<p>We recruit the best talent, train them, and keep them motivated via career development goals and reviews.</p> <p><i>GRI 401-1, 401-2 Employment; GRI 404-1, 404-2 Training and Education</i></p>	 	•					•	•
<b>M05 Market Presence</b>								
<p>We contribute to the economic development in the local communities in which we operate by hiring locally and providing our employees attractive salaries and comprehensive benefit packages.</p> <p><i>GRI 202-2 Market Presence</i></p>		•					•	

**MATERIAL ISSUES**

Material Topic	SDG(s)	Boundaries						
		Employees	Suppliers	Customers	Consumers	Investment Community	Communities	Regulators
<b>M06 Occupational Health and Safety</b>								
<p>Our Health and Safety Management Plan complies with relevant laws and regulations. It is supported by appropriate policies and programmes to safeguard the health and safety of our people at all times.</p> <p><i>GRI 403-2 Occupational Health and Safety</i></p>	 	•						•
<b>M07 Consumer Health and Safety</b>								
<p>We are committed to producing beverages of the highest quality that are safe, and which address health concerns. Our products comply with relevant standards across their entire life cycle.</p> <p><i>GRI 416-1, 416-2 Customer Health and Safety</i></p>	 	•			•		•	•
<b>M08 Health and Nutrition</b>								
<p>We promote healthy lifestyles and the consumption of nutrition products in line with consumer needs.</p>	 	•			•		•	•
<b>M09 Product and Service Labelling</b>								
<p>We provide accessible and adequate information on our products and services in line with relevant laws and regulations. This helps consumers make informed purchasing choices.</p> <p><i>GRI 417-1, 417-2 Marketing and Labelling</i></p>	 	•			•			•
<b>M10 Creating Value for Society</b>								
<p>We strive to create a positive impact on local communities through social development projects focused on strengthening vulnerable groups with education and basic needs, supporting sports and active lifestyles, promoting environmental consciousness and sponsoring festive celebrations.</p> <p><i>GRI 413-1 Local Communities</i></p>	   	•					•	•

## OUR SUSTAINABILITY APPROACH

### MATERIAL ISSUES

Material Topic	SDG(s)	Boundaries						
		Employees	Suppliers	Customers	Consumers	Investment Community	Communities	Regulators
<b>M11 Water Stewardship</b>								
<p>We seek to use water efficiently across the value chain and employ water resource risk management to ensure that our activities do not threaten water resource in the long term for both our own operations and our local communities.</p> <p><i>GRI 303-1, 303-3 Water</i></p>		•		•	•		•	•
<b>M12 Effluents and Waste</b>								
<p>We comply with international and national standards in effluents and waste management. These include actions to minimise waste in the production process.</p> <p><i>GRI 306-1 Effluents and Waste</i></p>	  	•					•	•
<b>M13 Energy and Climate Change</b>								
<p>We curb our contribution to climate change by managing our GHG emissions from our production processes and transport. This includes creating greater energy efficiencies in our operations and using as much renewable energy as possible.</p> <p><i>GRI 302-1, 302-3 Energy</i> <i>GRI 305-1, 305-2, 305-4 Emissions</i></p>	  	•					•	•
<b>M14 Route Planning</b>								
<p>Optimising our routes to market, including the transfer of products, goods and materials as well as employees, serves to reduce our carbon emissions, minimise costs, and improve efficiencies.</p>		•	•	•				•
<b>M15 Packaging</b>								
<p>We use innovative packaging to meet consumers' demand and seek out innovative processes to reduce post-consumption waste.</p>		•	•		•		•	•

## OUR COMMITMENTS

Delivering value through social collaboration, human capital development and innovation

### I. Economic Value



1. **M01 Economic Performance:** We are committed to creating direct economic value for our shareholders through the generation of profits, which will also benefit our employees in the form of salaries and benefits.
2. **M02 Innovation:** We invest in product and process innovation to increase our product range and improve efficiency and productivity. Innovation is critical not only for long-term business success but also in response to growing concerns on health, social and environmental issues.

### II. Empowering Our People



3. **M04 Talent Management (Empowering Growth):** We recruit the best talent, train them, and keep them motivated via career development goals and reviews.
4. **M05 Market Presence:** We contribute to the economic well-being of employees by paying them attractive salaries. We recruit senior management from local communities wherever possible.

### III. Enhancing Social Well-Being



5. **M10 Creating Value for Society:** We strive to create a positive impact on local communities through social development projects.
6. **M08 Health & Nutrition (Advocating Active Lifestyle, Sports Development):** We promote healthy lifestyles and the consumption of nutritious products in line with consumer needs.

Managing impacts and conducting business in a responsible manner

### IV. Eco-Efficiency



7. **M11 Water Stewardship:** We seek to use water efficiently across the value chain and employ water resources risk management to ensure sufficient water for our production purposes.
8. **M12 Effluents and Waste:** We comply with international and national standards in effluents and waste management. These include actions to minimise waste in the production process and post consumption.
9. **M15 Packaging:** We use innovative packaging to minimise our environmental impact and meet consumers' demands.
10. **M13 Energy and Climate Change:** We curb our contribution to climate change by managing our GHG emissions from our production processes and transport. This includes creating greater energy efficiencies in our operations and exploring the use of renewable energy where possible.

### V. Responsible Supply Chain



11. **M03 Sustainable Sourcing:** We promote sustainable and responsible procurement and sourcing via sourcing risks management, supplier selection and local sourcing.
12. **M14 Route Planning (Transportation):** Optimising our routes to market, including the transfer of products, goods and materials as well as employees, serves to reduce our carbon emissions, minimise costs and improve efficiencies.

### VI. Safety and Well-Being



13. **M06 Occupational Health and Safety:** Our health and safety management plan complies with relevant laws and regulations. It is supported by appropriate policies and programmes to safeguard the health and safety of our people at all times.
14. **M07 Consumer Health and Safety:** We are committed to producing beverages of the highest quality that are safe and which address health concerns. Our products comply with relevant standards across their entire life cycle.
15. **M09 Product and Service Labelling:** We provide accessible and adequate information on our products and services in line with relevant laws and regulations. This helps consumers make informed purchasing choices.

# OUR 2020 TARGETS AND PROGRESS

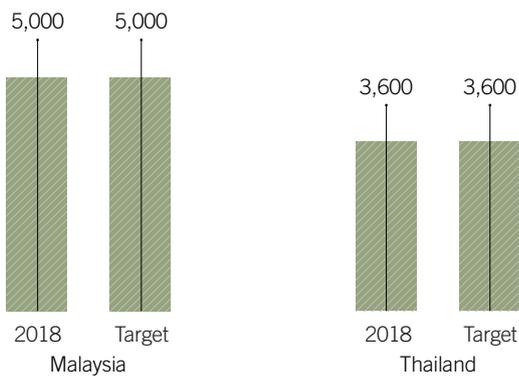
As part of our commitment to sustainability, we have established nine key performance targets in 2017 for the entire F&N Group including Singapore, Malaysia and Thailand, based on the high priority material issues identified. These medium-term performance targets are set to be achieved by 2020.

Recognising the importance placed on climate change, a new target to reduce our greenhouse gas intensity has been added this year, as part of our commitment in the global call-to-action on Energy & Climate Change management.

- 1. M03 Sustainable Sourcing:** The Group has set a target to purchase 100% RSPO credits for our palm oil usage by 2020.

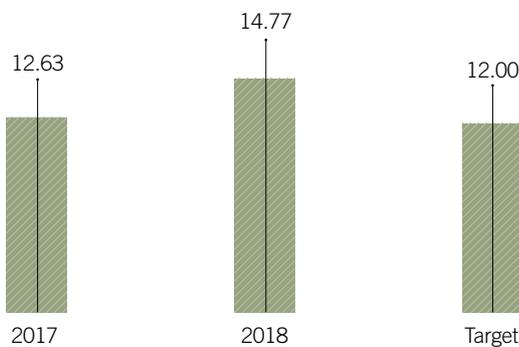
**Interim Target:** Purchase RSPO credits for 30% of our palm oil usage by 2018.

## RSPO CREDITS



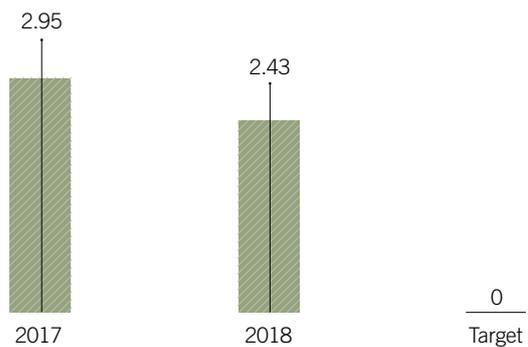
- 2. M04 Talent Management:** The Group has set a target of providing an average of at least 12 training hours per employee per year by 2020.

## AVERAGE TRAINING HOURS PER EMPLOYEE ACROSS THE GROUP



- 3. M06 Occupational Health and Safety:** To reduce the Group Lost Time Injury Frequency Rate ("LTIFR") to Zero by 2020. (Updated target from SR2017)

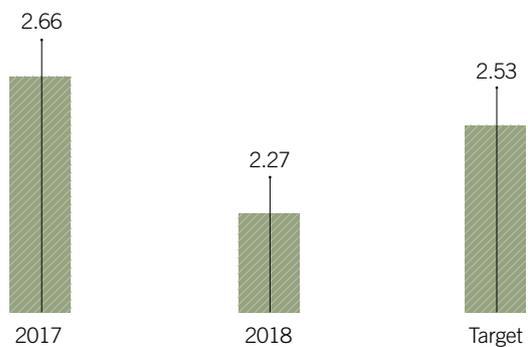
## GROUP LOST TIME INJURY FREQUENCY RATE (REPORTED INJURY CASES/MILLION HOURS)



\* 2017 data does not contain data from F&NCM as they only implemented the system to record workplace accidents in Apr 2018

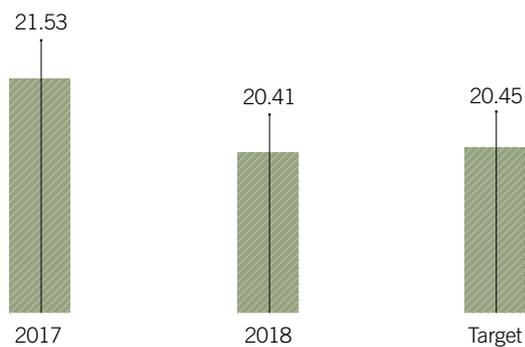
- 4. M11 Water Stewardship:** We intend to reduce the water intensity ratio at our plants across the Group by 5% from 2017 by 2020.

## GROUP WATER INTENSITY RATIO (m<sup>3</sup>/MT)



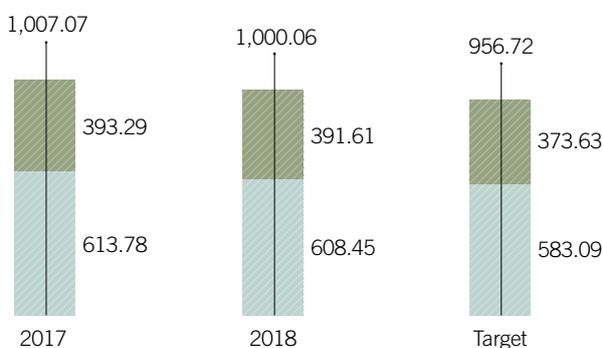
**5. M12 Effluents and Waste:** The Group has set to reduce solid waste intensity ratio by 5% from 2017 by 2020. (Updated target from SR2017 to measure a different aspect from Water Stewardship)

**GROUP SOLID WASTE INTENSITY RATIO (kg/MT)**



**6. M13 Energy and Climate Change:** We target to reduce the Group's energy intensity ratio by 5% between 2017 and 2020.

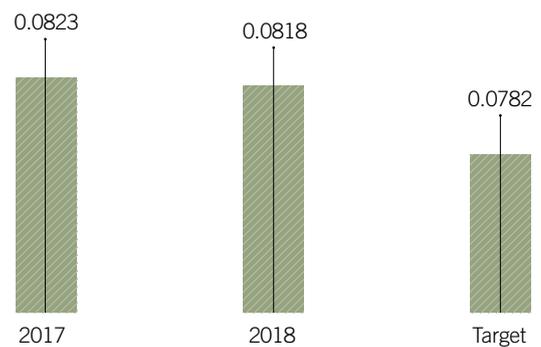
**GROUP ENERGY INTENSITY RATIO (MJ/MT)**



● Purchased energy (Electricity) ratio  
 ● Non-Renewable energy (LPG, Natural Gas, Diesel, Fuel Oil) ratio

**7. M13 Energy and Climate Change:** We target to reduce the Group's GHG emissions ratio by 5% between 2017 and 2020. (New target to reinforce our commitment regarding Climate Change)

**GROUP GHG EMISSIONS INTENSITY RATIO (MTCO<sub>2e</sub>/MT)**



**8. M02 Innovation:** To invest in product and process innovation to expand our offering of nutritious products and improve efficiency and productivity.

Please refer to the section on *Innovation* (pg. 24-30) for more info on the innovative projects implemented to improve productivity and efficiency and enhance our range of products.

**9. M07 Consumer Health and Safety:** We will offer at least one healthier choice option in all our product categories by 2020.

We have healthier alternate products for 14 of the 15 (93%) product categories.

**10. M10 Creating Value for Society:** We will continue to provide outreach and engagement programmes across Singapore, Malaysia and Thailand by exploring and implementing appropriate outreach programmes to address community needs.

Please refer to the section on *Creating Value for Society* (pg. 41-49) for more info on our various projects across Singapore, Malaysia and Thailand.

# DELIVERING VALUE THROUGH SOCIAL COLLABORATION, HUMAN CAPITAL DEVELOPMENT AND INNOVATION

## ECONOMIC VALUE

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

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

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



### Material issues covered

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

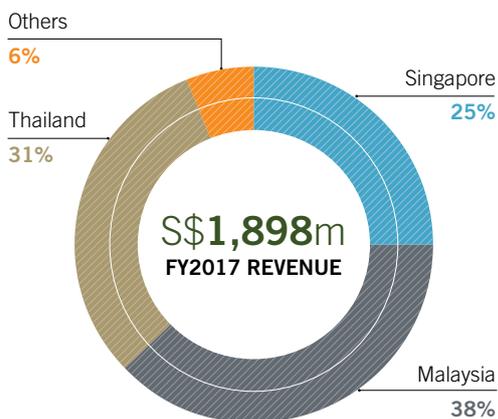
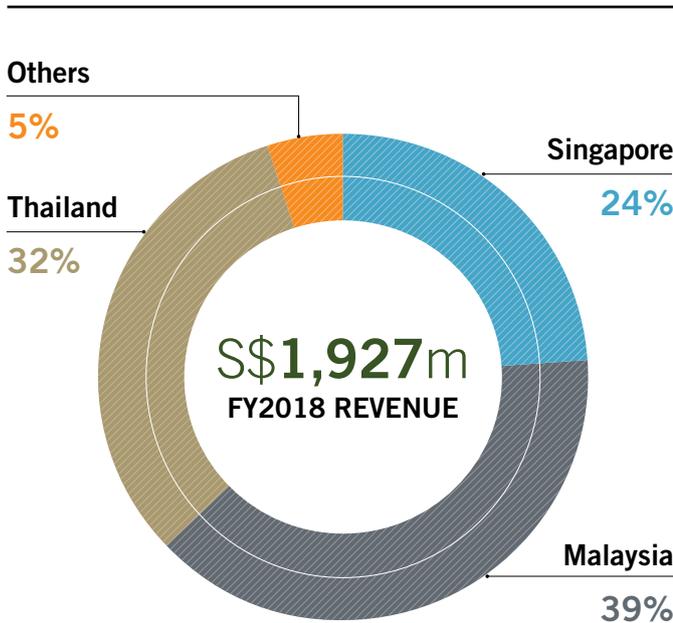
2. **M02 Innovation**

### SDGs mapped to

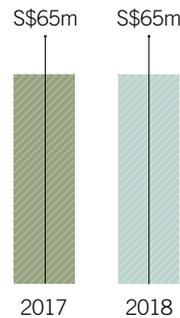


**ECONOMIC PERFORMANCE**

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



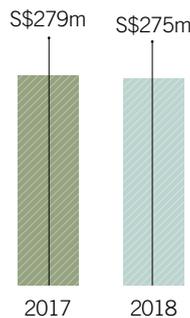
**DIVIDEND**



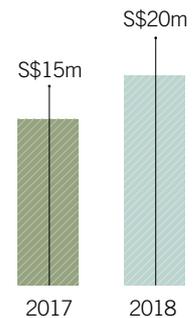
**COST OF SALES**



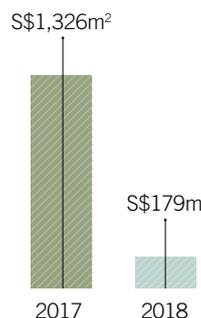
**EMPLOYEE BENEFIT EXPENSES<sup>1</sup>**



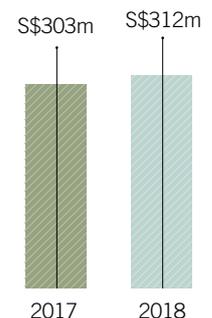
**TAXATION**



**PROFIT AFTER TAX**



**ECONOMIC VALUE RETAINED<sup>3</sup>**



**Notes:**

- 1 Employee Benefit Expenses comprises Staff Costs, Employee Shared Based Expenses Defined Contribution Plans and Defined Benefit Plans
- 2 2017 Profit After Tax included a S\$1.2m fair value gain recognised when the Group first equity accounted for its share of Vinamilk profits in April 2017
- 3 Economic value retained = Direct economic value generated (Revenue) less Economic value distributed (Cost of Sales, Employee Benefit Expenses, Taxation, Dividend). Community investments are not included

## ECONOMIC VALUE

### INNOVATION



**TARGET:**  
To invest in product and process innovation to expand our offering of nutritious products and improve efficiency and productivity

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

#### Our Approach

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



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

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

**Consumer-Focused Innovation**

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

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

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



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



**NEW products in FY2018**

**Singapore**

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

(H) – Healthier option

**Malaysia**

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

**Thailand**

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

**Healthier Options**

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




**We invest heavily in the development of healthier products.**

## ECONOMIC VALUE

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

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

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

**2 F&N MAGNOLIA Plus Lo-Fat Hi-Cal UHT Milk with Oats**  
is higher in calcium and lower in saturated fat than regular milk. In addition to carrying the HCS, the new variant is also halal certified. Rich in dietary fibres, minerals and vitamins, oats have long been associated with health benefits. For example, beta-glucan contributes to a decrease in blood pressure

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

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

**4 F&N SEASONS White Chrysanthemum Tea No Sugar**  
is unsweetened, with no sugar and contains no artificial flavouring, preservatives and colouring.

**5 100PLUS Zero Sugar:**  
the latest addition to the *100PLUS* range of drinks serves up a thirst-quenching electrolyte drink. *100PLUS Zero Sugar* offers zero calories in a daily functional electrolyte drink that is both refreshing and delightful. The electrolytes in *100PLUS Zero Sugar* replenish minerals such as sodium and potassium.

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

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

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



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

**100PLUS**

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

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

**F&N ICE MOUNTAIN**

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

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

- Graham Lim, Vice-President, Brand Marketing



**8 100PLUS ACTIVE Sachets**

**Increased Convenience**

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

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

**9 F&N Healthier Choice Variety Pack**

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

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



## ECONOMIC VALUE



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

### Process Innovation

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

### Future-Ready Investments

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

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

### Reducing Packaging Material

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

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

### Digital Efficiency

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

### Improving Fleet Efficiency and Safety

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

### Employee-driven Innovation

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

## WINNING AS ONE (“WAO”) CONVENTION



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

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

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

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

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



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

## ECONOMIC VALUE

# EXCEL AS ONE (“EAO”) CONVENTION



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

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

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

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

# EMPOWERING OUR PEOPLE

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



## Material issues covered

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

## SDGs mapped to



## EMPOWERING OUR PEOPLE

### TALENT MANAGEMENT



**TARGET:**  
To provide an average of at least 12 training hours per employee per year by 2020

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

#### Roadmap and Strategy

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

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

#### 5-Year Human Capital Roadmap



### 7 Modules for Strategic Human Capital Transformation

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

**1. Clear structure and roles**

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



**2. Market-oriented compensation and benefits**

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

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

**Note:**

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

## EMPOWERING OUR PEOPLE

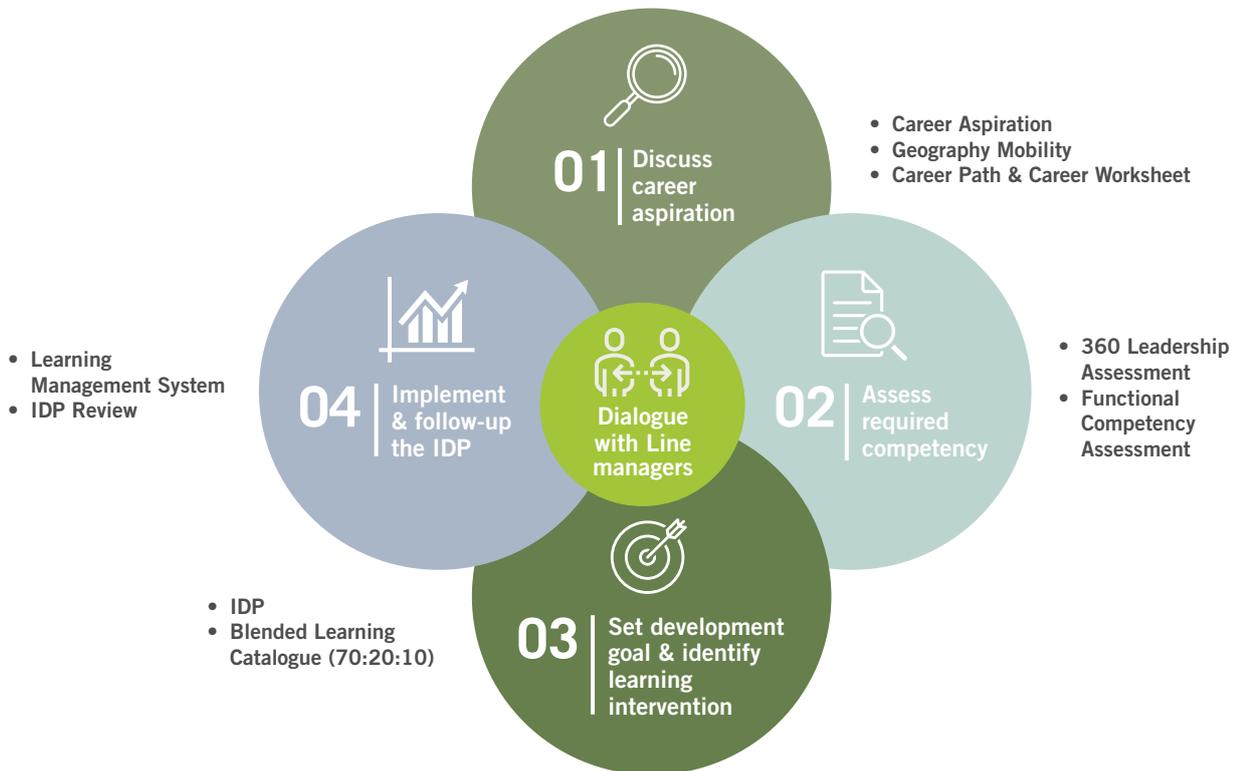
F&N's human resources policies go beyond labour regulations and statutory requirements in our countries of operation. Management engages actively with union leaders for balanced collective agreements.

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

### 3. Recognition-based performance management

Employees collaborate with their supervisors to set SMART goals and KPIs for the year. F&N facilitate clear and honest communication; goals and indicators are set initially at Group level and then cascaded down to teams and individual employees. A Performance Assessment Review takes place twice a year, to appraise outcomes and identify development opportunities.

Our policy is to support the provision of 'Limitless Opportunities' to employees from the moment they join the company, and our Beverest platform supports Individual Development Plans ("IDP").



### 4. Holistic high performer retention and development

We give every employee the opportunity to grow with the company and contribute to a high-performing, sustainable organisation. It is part of the culture at F&N that each employee is supported to implement their IDP using the 70/20/10 Learning Model:



#### 70% from Job

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



#### 20% from People

- Knowledge sharing
- Coaching
- Mentoring



#### 10% from Courses

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

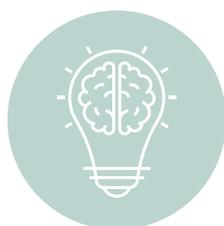
We have found the 70/20/10 Learning Model to be the most effective style of learning for our employees.

Our courses offered can be grouped into four categories:

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



**Leadership  
Competency  
Development**



**Core  
Competency  
Development**



**General Competency  
& Skill  
Development**



**Functional  
Competency  
Development**

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

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

**Note:**

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

## EMPOWERING OUR PEOPLE

### 5. Proactive succession and workforce planning

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

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

### 6. Engaging corporate culture

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



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

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



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

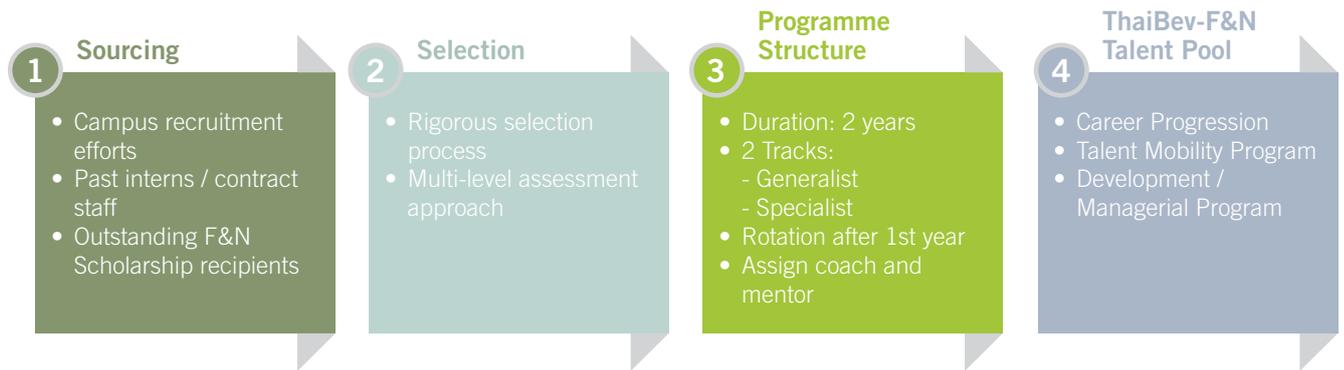


**7. Strategic talent acquisition and onboarding**

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

Our ‘Future-Ready Manager Program’ describes the way that we replenish and grow our pool of future executives. We use a variety of assessment tools as part of a rigorous process to recruit the very best candidates. As soon as they join the company, the successful candidates begin a formal two-year program to get a wide variety of experience.

**Future-Ready Manager Program Summary**



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

**FY2018 Performance Highlights**

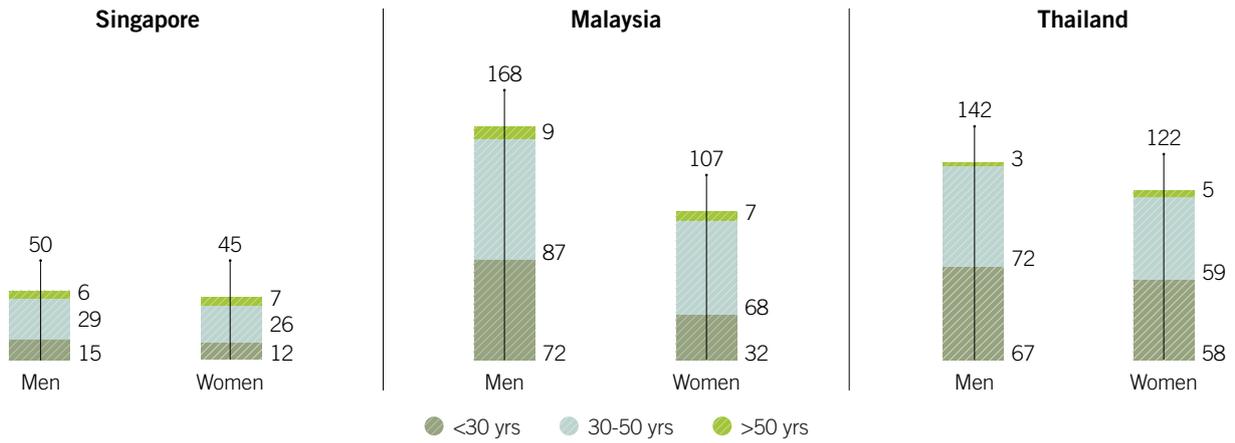
**GRI 401-1 New employee hires and employee turnover**

**NEW EMPLOYEE HIRES**



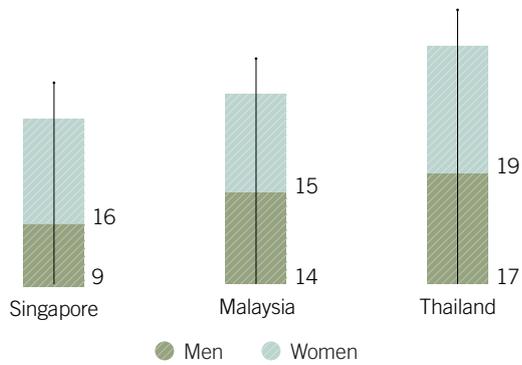
## EMPOWERING OUR PEOPLE

### EMPLOYEE TURNOVER

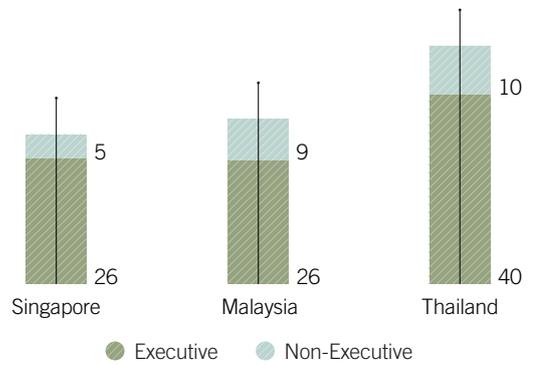


### GRI 404-01 Average hours of training per year per employee

#### AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER



#### AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY CATEGORY



**Market Presence**

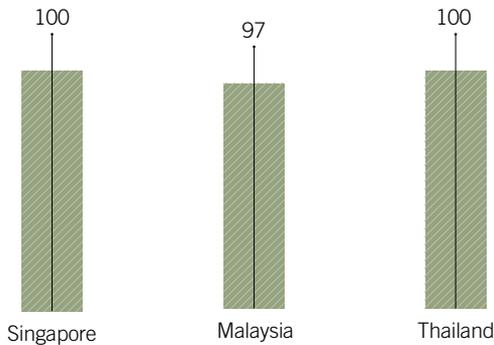
F&N hiring practices are aligned with the interests of the local community, and we are determined to become the employer of choice in markets we operate.

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

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

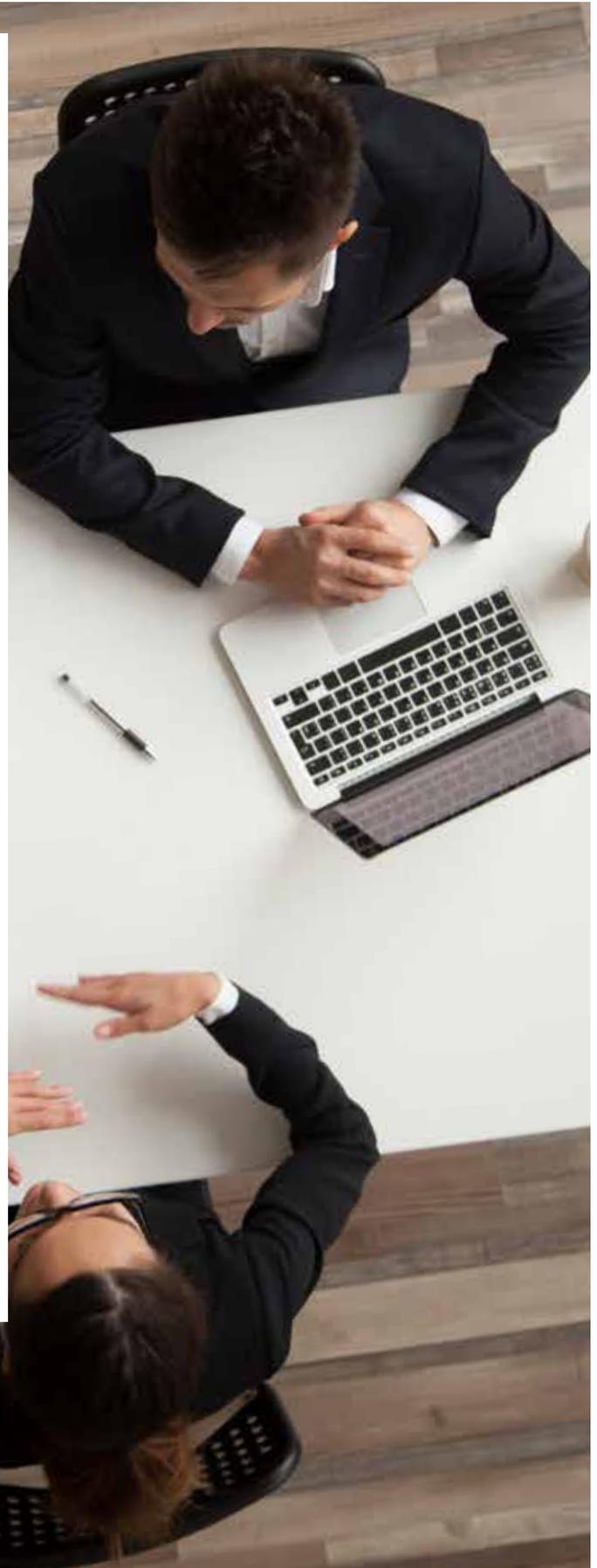
**GRI 202-2 Proportion of senior management hired from the local community**

**PERCENTAGE OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY**



**Notes:**

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



# ENHANCING SOCIAL WELL-BEING

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



## Material issues covered

1. **M10 Creating Value for Society**  
*GRI 413-1 Local Communities*

2. **M08 Health and Nutrition**

## SDGs mapped to



## CREATING VALUE FOR SOCIETY



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

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

### OUR APPROACH

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

#### 1) Protecting and Helping Vulnerable Groups

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



F&N works towards a more equal society.

#### 2) Promoting Environmental Consciousness

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



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



**We aim to make positive impacts on our communities.**

## ENHANCING SOCIAL WELL-BEING

### 3) Sponsoring Festive Celebrations

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

“

We aim to promote diversity and celebrate various cultures.

### 4) Supporting Sports and Active Lifestyles

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

“

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

The following table summarises our various community development projects:

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

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

### 1) Protecting and Helping Vulnerable Groups

#### SINGAPORE

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

#### ASSISI Fun Day

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

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



#### Terrarium Workshop with Seniors

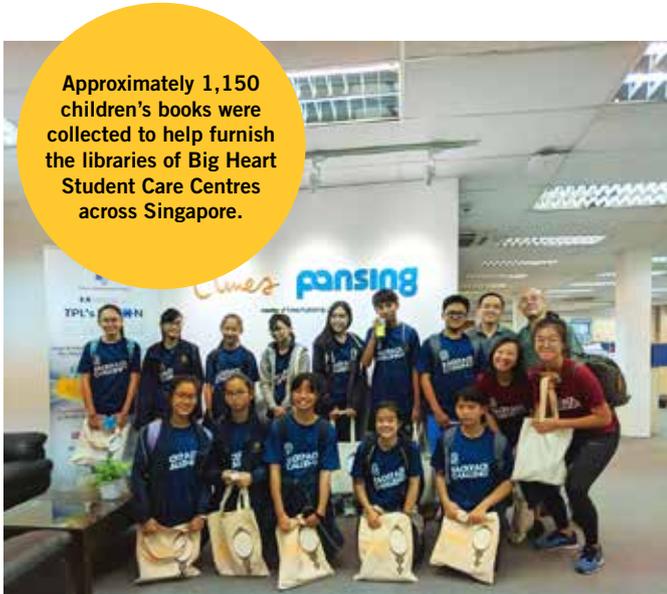
F&N staff from Singapore engaged with seniors from the Lions Befrienders Services Association in the morning of 29<sup>th</sup> September through an engaging and fun filled terrarium making workshop.

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

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



## ENHANCING SOCIAL WELL-BEING



### GoGuru and Times Book Donation Drive

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

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

## MALAYSIA

### KidsLIFE Program

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

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



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

### International Computer Driving Licence ("ICDL") Programme

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

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



**Kassim Chin Humanitarian Foundation (“KCHF”) Programme**

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

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

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



**Rumah Ilham Programme**

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

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



**WHEN NATURAL DISASTER STRIKES...**

**November 2017 Kelantan Floods**

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

**Reaching out to:**

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

**2) Promoting Environmental Consciousness**

**SINGAPORE**

**Recycle and be Rewarded**

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

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

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

## ENHANCING SOCIAL WELL-BEING



### Recycling with Schools

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

### Tzu Chi Foundation’s Recycling Mission

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



## MALAYSIA

### School Recycling Programs

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



### Save Our Seas (“SOS”) – Malaysia

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

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

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



**THAILAND**

**Save Our Seas (“SOS”) – Thailand**

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



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

**3) Sponsoring Festive Celebrations**

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

**SINGAPORE**

**Community Chest Fu Dai 2018**

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

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



**3) Sponsoring Festive Celebrations**

**MALAYSIA**

**Chinese New Year Celebrations**

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

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



**Hari Raya Celebrations**

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



## ENHANCING SOCIAL WELL-BEING

### Deepavali Celebrations

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



### Christmas Celebrations

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



## 4) Supporting Sports and Active Lifestyles

### SINGAPORE

#### Income Eco Run 2018

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

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

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



### HSBC Rugby Sevens

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



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



**MALAYSIA**

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

**Sponsoring Local Athletes**

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

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



**Sponsoring Active Lifestyle Events**

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

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



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



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

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



## ENHANCING SOCIAL WELL-BEING

### HEALTH & NUTRITION

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



#### Towards Healthier Options

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



#### Spreading Nutritional Awareness

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

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



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



#### Promoting an Active Lifestyle

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

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



**Stepping up Hydration with 100PLUS**

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

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

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

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



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



# MANAGING IMPACTS AND CONDUCTING BUSINESS IN A RESPONSIBLE MANNER

## ECO-EFFICIENCY

We described many of the ways in which we deliver economic and social value in the earlier sections of this report. This section of the report sets out the main ways in which F&N ensure sustainable value creation by minimising environmental costs associated with our operations. We talk about our responsible supply chain and the safety & wellbeing of our employees and consumers, but we begin with eco-efficiency. (Eco) efficiency refers to the act of maximising benefits and minimising (ecological) costs. As part of our materiality assessment, we have identified four main issues in relation to our eco-efficiency efforts:



### 1. Water Stewardship



### 2. Effluents and Waste



### 3. Packaging



### 4. Energy and Climate Change

We implement environmentally sustainable business practices in alignment with F&N's core values, and all employees are at all times guided by our Environmental Policy.



**We implement environmentally sustainable business practices in alignment with F&N's core values.**

**Our Environmental Policy**

All our operations are guided by the following principles:

- Provide senior management support and resources to drive our environmental agenda.
- Comply with applicable environmental legislation and regulation and other requirements that we subscribe to.
- Continually enhance our environmental performance and standards.
- Use natural resources wisely and adopt best practices in our daily operations.
- Continuously improve our processes to reduce water & energy consumption and minimise waste.
- Prevent air, water and other pollution, and dispose of waste safely and responsibly.

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

In the following pages we explain our targets, management approach and performance for each of our eco-efficiency areas: Water Stewardship; Effluents and Waste; Packaging; and Energy and Climate Change. We show that eco-efficiency is not just about reducing the environmental impacts of our operations, it also often makes good business sense for F&N.

**Material issues covered**

**SDGs mapped to**

1. **M11 Water Stewardship**  
GRI 303-1, 303-3 Water



2. **M12 Effluents and Waste**  
GRI 306-1 Effluents and Waste



3. **M15 Packaging**



4. **M13 Energy and Climate Change**  
GRI 302-1, 302-3 Energy  
GRI 305-1, 305-2, 305-4 Emissions



## ECO-EFFICIENCY

### WATER STEWARDSHIP



**TARGET:**  
To reduce the water intensity ratio by 5% from 2017 by 2020.

Many countries face water stress in recent years, and the effects of climate change are likely to exacerbate such problems in the future. All life is dependent on safe and accessible water to survive and F&N has a duty to manage our water use responsibly.

#### Our Approach

Within the guidance of our Environmental Policy, we are committed to responsible water stewardship. Our integrated approach includes: efficiency measures; the safe return of wastewater from our operations; and mitigating risk in partnership with local communities. It also includes responsible sourcing of raw materials, which is described in a later chapter.

Water is a fundamental element of our products, and our business is dependent on a reliable water supply. A lack of effective water management can therefore have serious financial implications, especially in areas with high water stress. We have

a range of water assessment and action policies that are applied across our facilities. This includes: daily monitoring of consumption; the recovery of effluent water using ultrafiltration; and the collection and use of rainwater.

A localised approach to water management is essential. We look beyond our own operations and act collectively with other stakeholders in each of the regions in which we operate. We seize every opportunity and carry out various initiatives to reduce water consumption so as to meet our 2020 water intensity target.

<p><b>Can Rinser Water Recovery Shah Alam Site</b></p>	<p>F&amp;NHB has identified that water consumption can be reduced during the can warmer procedure in the production phase and this can be achieved through recovering water usage from the can rinser and twister phase. Previously, water from the can rinser and can twister phase are drained out after it has been used in this process. A water recovery system has since been installed and implemented to reuse water from the can rinser and twister phase so that it can be reused in the can warming phase, hence reducing water consumption and costs significantly.</p>	<p><b>Water Reduction:</b> <b>35,458.56 m<sup>3</sup>/year</b></p> <p><b>Cost Savings:</b> <b>about S\$26,900/year</b></p>
<p><b>Condensate Recovery Project Shah Alam Site</b></p>	<p>Steam loss during the production phase is an area where we can reduce water consumption, most notably in the pasteurisation phase through steam trap replacement and appropriate piping system. Steam header automatic valves have also been installed at various points to reduce steam loss. This initiative has contributed significantly to water consumption reduction targets and cost savings.</p>	<p><b>Water Reduction:</b> <b>14,755 m<sup>3</sup>/year</b></p> <p><b>Cost Savings:</b> <b>about S\$11,500/year</b></p>
<p><b>Rain Harvesting System Malaysia</b></p>	<p>F&amp;NHB will soon be implementing a rainwater harvesting system to extract rain water that can be used to reinforce the process cooling tower and evaporative condenser (EVC). This will allow F&amp;NHB to significantly reduce municipal water consumption.</p>	<p><b>F&amp;NHB has just started on this initiative. Results will be shared in the next Sustainability Report.</b></p>

**Rainwater and Cooling Tower water discharge  
TP Singapore**

Water discharged from cooling towers and rainwater drainage has been utilised for toilet flushing at one of our operational sites using a water collection point which was installed to reduce water consumption.

**Water Reduction:**  
**1,460 m<sup>3</sup>/year**

**Cost Savings:**  
**about S\$3,000/year**



**Water Efficiency  
Project for Chiller  
System Operations  
TP Singapore**

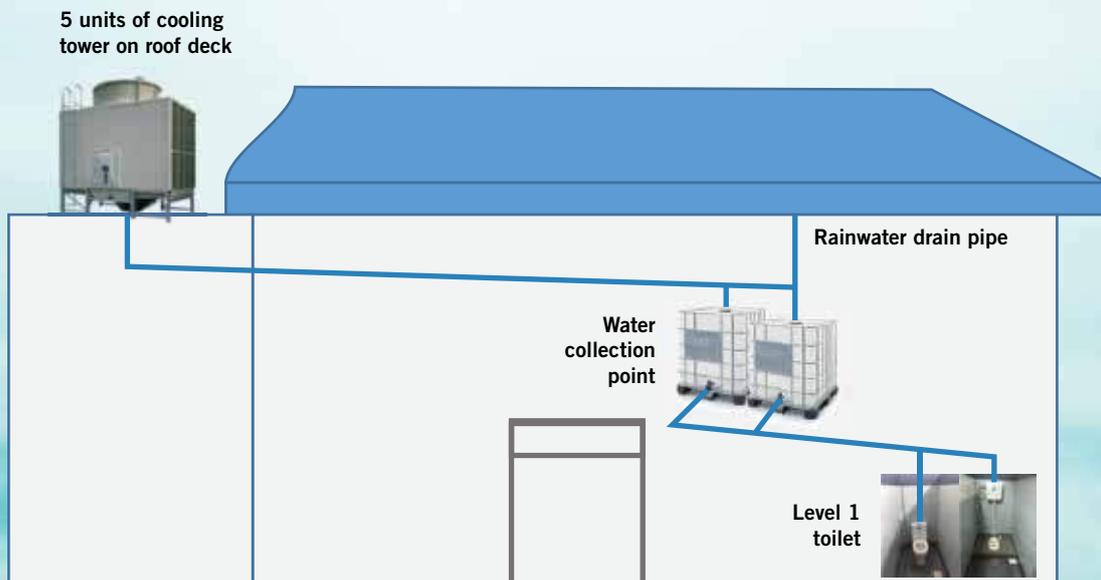
Cooling Tower pipes and pumps have been completely replaced due to corrosion and significant leaks. The newly installed pipes pumps are more resistant to corrosion and meters have been installed to monitor leaks.

**Water Reduction:**  
**1,825 m<sup>3</sup>/year**

**Cost Savings:**  
**about S\$4,500/year**



**Flow diagram of Rainwater and Cooling Tower water discharge process**



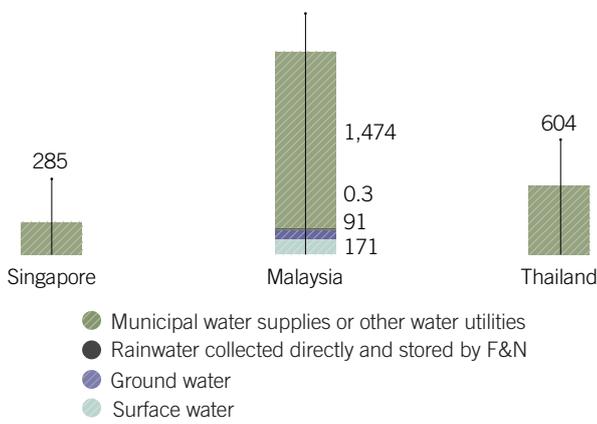
## ECO-EFFICIENCY

### FY2018 Performance Highlights

Over the past year, our water intensity ratio xx due to our capital investments at F&NDT (one-off water use for new machine installations) and in Malaysia (including a new cold aseptic line). In Thailand, we have also been experimenting with a new cleaning-in-place process for our *TEAPOT* Squeeze tube, which has temporarily increased water intensity. Nevertheless, we are still committed to achieve our 2020 water consumption reduction targets.

### GRI 303-1 Water withdrawal by source

#### WATER WITHDRAWAL BY SOURCE ('000m<sup>3</sup>)

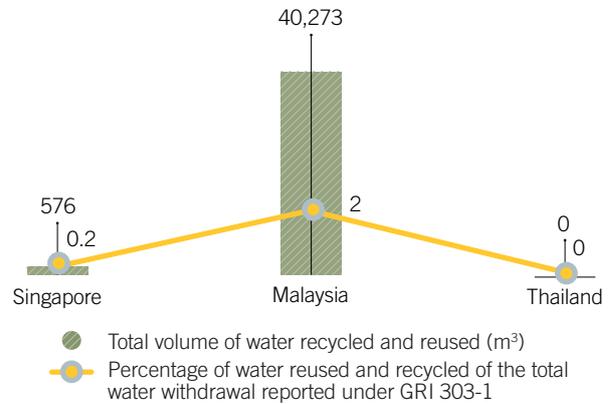


**Note:**  
1 Water withdrawal (Surface water, Ground water and Municipal water) is measured through the use of a meter

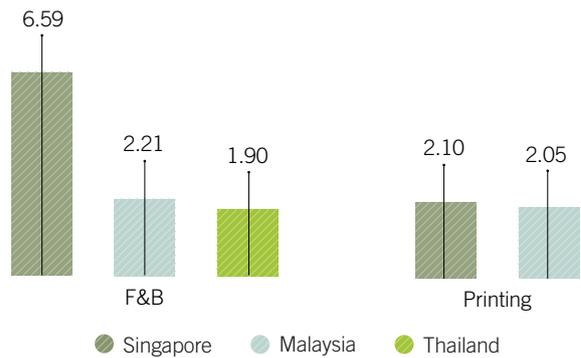
**We are committed to achieve our 2020 water consumption reduction targets.**

### GRI 303-3 Water recycled and reused

#### WATER RECYCLED AND REUSED



### WATER INTENSITY RATIO (m<sup>3</sup>/MT)



**Note:**  
1 Water intensity ratio is calculated based on the total amount of water withdrawal (in cubic meter, m<sup>3</sup>) per metric tonne of product (MT)

**EFFLUENTS AND WASTE**



**TARGET:**  
To reduce solid waste intensity ratio by 5% from 2017 by 2020

The Food & Beverage manufacturing process involves the generation of liquid wastes (effluents) and solid waste, but there are also numerous ways to avoid and recycle waste. We continuously strive to reduce solid waste and wastewater from operations, and this means complying with and going beyond relevant regulations.

**Our Approach**

Under the guidance of our Environment Policy and the 5Rs philosophy, we are committed to reduce, reuse, recycle, rethink and reinvent. The concept of a ‘circular economy’ is certainly a reinvention of the traditional economic system, and F&N is exploring opportunities to regenerate materials and energy as part of a closed loop system.

We are committed to meeting our waste reduction targets by 2020 and the company has been implementing best practice at all of our operating sites. This includes:

- improving production processes to reduce waste production;
- separating recyclable waste to add value such as packaging;
- separating recyclable waste to general waste before being sent to landfills; and
- providing general environmental awareness through communication platforms to raise awareness of employees.

Indeed, information and advice about these practices are cascaded to all employees who are encouraged to contribute to waste reduction targets. Nevertheless, our packaging recycling commitments do not compromise the safety of our products as Consumer Health and Safety is our top priority.

Our operations at F&NDT and Malaysia are leading the way and are committed to achieving zero effluents and solid waste. One way we do this is by converting sludge from production into organic fertiliser, which is then distributed to local farmers.



Wastewater from our industrial effluent treatment plant in Malaysia is treated and reused (for cleaning, toilet flushing, utilities and other functional purposes).

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Rejected water from our Thai water treatment plant and boiler is transferred to a pond for watering of grass and plants.

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Okara waste from soy extraction at our beverages production are converted into animal feed.



**We continuously strive to reduce solid waste and wastewater from operations.**

## ECO-EFFICIENCY

### F&NHB Go Green++

F&NHB launched Green Carnivals in July 2018 and toured a number of our plants in Malaysia during July and August. The activities for the carnival were designed to be a fun way to improve behaviour, including a workshop about upcycling (creative reuse) of waste items. It also included display booths about:

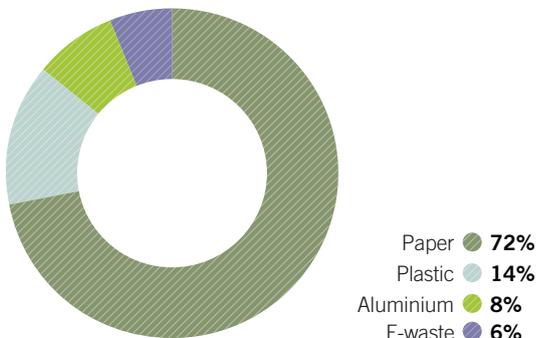
- Recycling carton boxes (run by Tetra Pak Malaysia);
- Recycling industrial waste into useful materials, for example turning sludge into fertiliser;
- Reusing waste fabrics to make clothing such as towels and scarfs; and
- The company's sustainability commitments and initiatives.

More than 75,000 kilograms of recyclables were collected (an average of 39 kilograms per employee) throughout the 6-month program. We have also seen a significant increase in employees' knowledge on 5R philosophy and proper recycling.



The Green Carnival is part of the F&NHB Go Green++ Program that aims to generate greater awareness of applying the 5Rs philosophy (Reduce, Reuse, Recycle, Rethink and Reinvent).

### TOTAL COLLECTION OF RECYCLABLES FROM F&NHB GO GREEN++



**More than 75,000 kilograms of recyclables were collected (an average of 39 kilograms per employee) throughout the 6-month program.**

**Waste to Wealth Campaign**

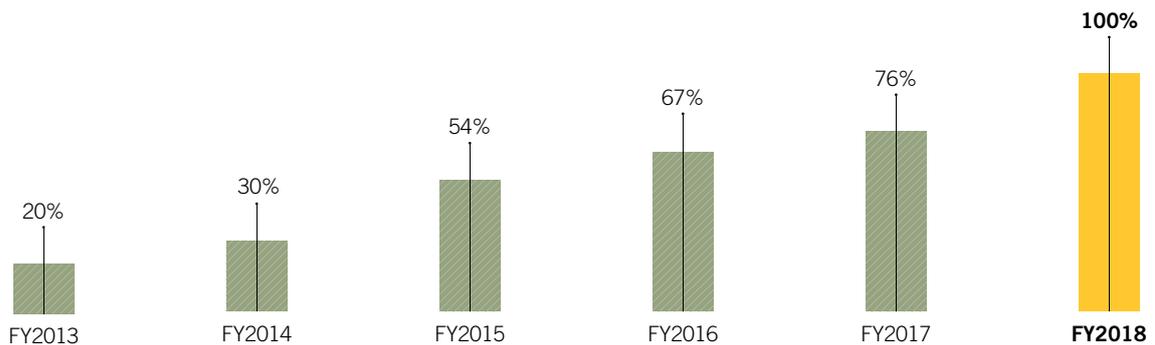
The F&NDT Pulau Indah Sustainability Team has launched the ‘Waste to Wealth Campaign 2018’ which focuses on the importance of recycling waste at the workplace. This campaign emphasises that contributions from all employees can play a vital role in the overall waste reduction for F&N and help to meet the 2020 targets.

This campaign was initiated with a mini exhibition set up to display how waste generated from the production phase can be recycled and generated into new products. The display included organic fertilisers (dairy sludge), carton boxes that were recycled and reused for packaging purposes, and metal plates made from recycled F&N metal cans. These innovative solutions were available for employees to observe and build understanding.



All operating sites have ensured that recycling bins, compost bins and general waste bins have been distributed and are accessible to all employees, including clear illustrations on how to categorise and segregate each waste type. As a result of this campaign, our plant in Pulau Indah have achieved 100% recycling rate of its solid waste this year, effectively become the first manufacturing facility within F&N Group to achieve zero waste (non-hazardous waste).

**PERCENTAGE OF SOLID WASTE RECYCLED AT PULAU INDAH PLANT**

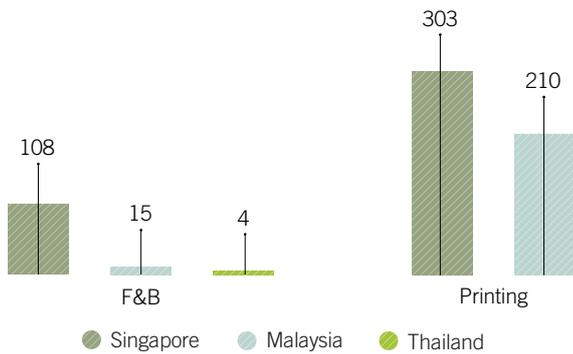


## ECO-EFFICIENCY

### FY2018 Performance Highlights

We have a target to reduce solid waste intensity ratio by 5% from 2017 to 2020. We will also work towards progressively increasing the proportion of solid waste recycled.

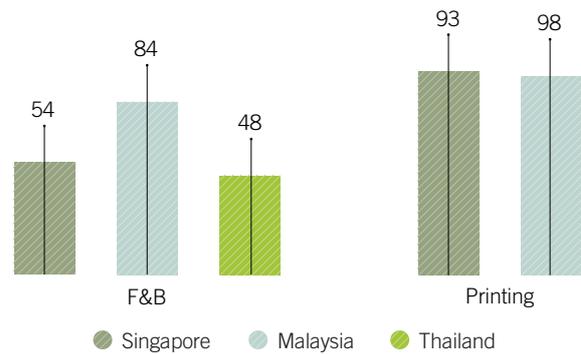
#### SOLID WASTE INTENSITY RATIO (kg OF WASTE GENERATED/MT OF PRODUCT)



**Notes:**

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

#### SOLID WASTE RECYCLED (%)

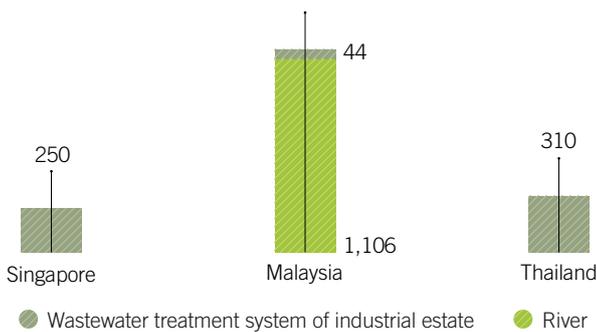


**Notes:**

- 1 Solid waste recycled is the percentage of waste generated that was sent for recycling

### GRI 306-1 Water discharge by quality and destination

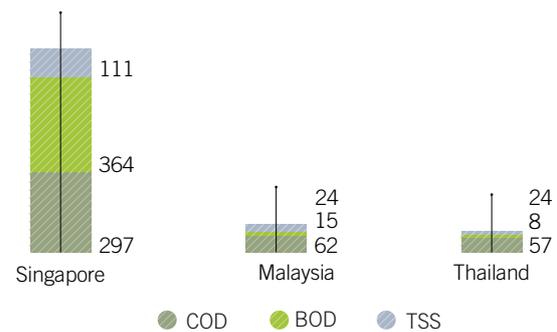
#### WATER DISCHARGED BY DESTINATION ('000m<sup>3</sup>)



**Notes:**

- 1 The data for Malaysia excludes our two water plants in Matang and Bentong as they do not have Waste Water Treatment Plant and they are unable to measure the water discharged.
- 2 The total volume of planned and unplanned water discharges are not reused by another organisation.

#### AVERAGE WATER DISCHARGED BY QUALITY (mg/L)



**Notes:**

- 1 The data for Malaysia excludes our two water plants in Matang and Bentong as they do not have Waste Water Treatment Plant and they are unable to measure the water discharged.
- 2 The data for Singapore on Chemical Oxygen Demand ("COD") excludes our Dairies & Beverages plant as only Biochemical Oxygen Demand ("BOD") is measured to align with the computation of trade effluent tariff by Singapore's Public Utilities Board ("PUB").
- 3 COD is the measure of the amount of oxygen required to oxidise soluble and particulate organic matter in water. It provides an index to assess the effect discharged water would have on the receiving environment. Higher COD levels mean a greater amount of oxidisable organic matter which will reduce dissolved oxygen ("DO") levels. Low DO levels are harmful to higher aquatic life forms.
- 4 BOD is the amount of DO bacteria will consume to break down organic material present in a given water sample at certain temperature over a specific time period. As with the COD, the higher the BOD, the less able the water body is to support healthy aquatic life.
- 5 Total Suspended Solids ("TSS") is the dry-weight of particles trapped by a filter. It is a water quality parameter used to assess the quality of wastewater after treatment in a wastewater treatment plant.

## PACKAGING

As a major food & beverage manufacturer, we recognise our responsibility to reduce the environmental impact of packaging.

### Our Approach

We adopt a two-pronged approach to reduce the environmental impacts of our packaging:

1

Use more recycled materials as an input for our packaging



2

Ensure that more of our packaging is reusable and recyclable for our own customers



We regularly evaluate the potential for new packaging materials and processes.

In the 'Innovation' section of this report, we outlined that one of our priorities for innovation is to improve the environmental performance of our packaging.

Our packaging materials are sourced based on the ability to support our product specifications. We regularly evaluate the potential for new packaging materials and processes. For example, the new aseptic cold-fill line at Shah Alam in Malaysia reduces the PET resin packaging material for our products (including *100PLUS ACTIVE* and *OYOSHI*). Because containers are thinner and lighter, PET resin use has been reduced by up to 40%. In addition, the products have a longer shelf life, leading to less waste.

## ECO-EFFICIENCY



Other initiatives in Malaysia include reducing the weight of aluminium cans and PET bottles for our beverages. Our beverage plants in Malaysia have reduced the weight of PET bottles (500ml, 600ml and 1.5L) and water cap, and this has helped to save material usage by about 70 MT this year.

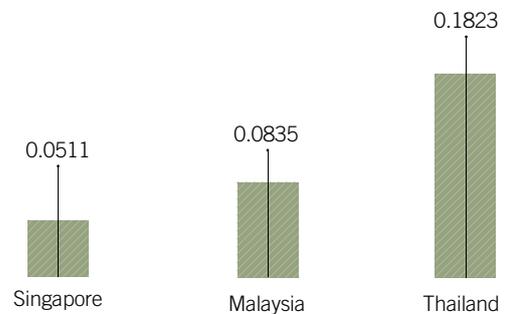
In Singapore, there is the initiative to replace the packing of *F&N MAGNOLIA* 250ml bottles from corrugated cardboard tray to corrugated plastic tray. Currently, the yearly usage for corrugated cardboard trays on 250ml *F&N MAGNOLIA* bottles are estimated to be about 7,300 pieces (equal to around 1,800kg or 1.8 tons of cardboard). This is an equivalent of more than 30 trees being sacrificed every year. Switching to corrugated plastic tray helps F&N to play our part in contributing towards saving the forest and preserving our nature for future generations. Corrugated plastic trays are also recyclable and reusable so as to minimise wastage.



### FY2018 Performance Highlights

The emergence of plastic waste as a significant environmental issue means that we are reassessing our approach.

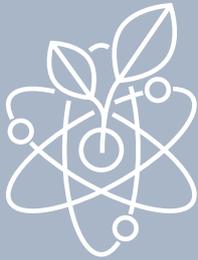
#### PACKAGING INTENSITY RATIO (MT OF PACKAGING MATERIAL/MT OF PRODUCT)



#### Notes:

- 1 Packaging intensity ratio is calculated based on the total amount of packaging material used (in metric tonne, MT) per metric tonne of product (MT)
- 2 Thailand produces more single serve packaging, which has a higher ratio of packaging used per tonne of product, as compared to Singapore and Malaysia.

**ENERGY AND CLIMATE CHANGE**



**TARGET:**  
To reduce energy intensity ratio by 5% from 2017 by 2020

**TARGET:**  
To reduce greenhouse gas intensity ratio by 5% from 2017 by 2020

Climate change is one of the global challenges of the 21<sup>st</sup> century. We are committed to reducing our energy consumption and GHG emissions intensity, as one of the main priorities for our 2020 Vision. 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.

**Our Approach**

Singapore has pledged to reduce the Emissions Intensity (“EI”) by 36%, from 2005 levels by 2030, and to reach peak greenhouse gas emissions by 2030. Malaysia’s government has targeted a 45% reduction in GHG intensity by 2030 from a 2005 baseline and Thailand has a reduction target of 30% by 2036 from a 2010 baseline.

F&N takes its role in these efforts very seriously, and we have an initial target: between 2017 and 2020, we aim to reduce energy and GHG intensity by 5%. Based on the science and peers’ best practices, F&N will reassess and set longer-term targets, beyond 2020, in due course.

Our Energy and Climate Change related activities can be broken down into four priority areas. The first three relate to minimising our own impacts, and the final relates to how we are adapting to climate change risks:

-  **1. Energy efficiency in our operations**
-  **2. Renewable energy sourcing and generation**
-  **3. Reducing carbon in our value chain**
-  **4. Operations’ exposure to climate change risk**



**We aim to reduce energy and GHG intensity ratio by 5%, from 2017 to 2020.**





**2. Renewable energy sourcing and generation**

Energy efficiency can make a significant contribution, but we recognise that in order to decouple our activities from GHG emissions, we must transition from hydrocarbon-based energy to renewable energy. To support this, we are looking into the viability of the notion of sourcing a portion of our electricity from renewable sources. Furthermore, we are also exploring options to generate our own renewable energy at our sites. For example, we are in the planning phase to install solar panels, where applicable, on our plants' rooftops.

<p><b>Solar Energy Proposal Malaysia</b></p>	<p>We propose to install a solar PV system at our Pulau Indah site which will provide an alternative source of energy for our operations. The site's roof area of 25,000m2 will be used to provide a capacity of 3,000kWh generating system which will enable F&amp;NHB to significantly reduce energy consumption from the grid and utilise renewable energy for its operations.</p>	<p><b>Plant Capacity: 3MWp (3000 kWh)</b></p> <p><b>Cost Savings: about S\$500,000/year</b></p>
<p><b>Solar Energy Proposal TP Singapore</b></p>	<p>In parallel with the development of solar PV system installation in Pulau Indah site, TP Singapore is also currently looking to install solar PV on the rooftop of the sheetfed production area, which has the potential to reduce heat load on the sheetfed production floor and reduce electricity consumption.</p>	<p><b>Plant Capacity: 3MWp (3,000 kWh)</b></p> <p><b>Cost Savings: S\$6,000/year</b></p>

**3. Reducing carbon in our value chain**

As we make improvements to our own operations through energy efficiency and renewable energy use, the natural next step is to share best practice and encourage improvement along our full value chain. We are still at the beginning of these efforts but understand that it is essential to support our business partners to reduce their own GHG emission impacts. Further details of our approach to reducing emissions related to transportation are detailed in a later chapter.

**4. Operations' exposure to climate change risk**

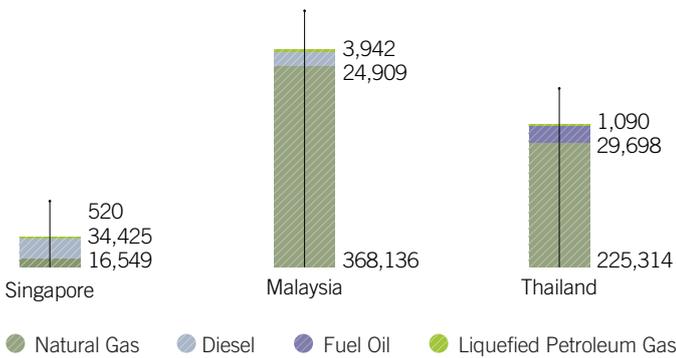
F&N's operations and supply chain face increasing impacts from climate change. This includes impacts from rising sea levels, extreme temperatures, farming shortages and water availability. We must be resilient to climate change risks. We therefore heed the calls of the respective authorities and adhere to the regulations to reduce our environmental footprint in order to actively work towards reducing climate change and thus also mitigating our risk. At F&NHB, climate change risks are also monitored and managed as part of their Enterprise Risk Management process. Robust incident escalation procedures and response plans are part of their BCM.

## ECO-EFFICIENCY

### FY2018 Performance Highlights

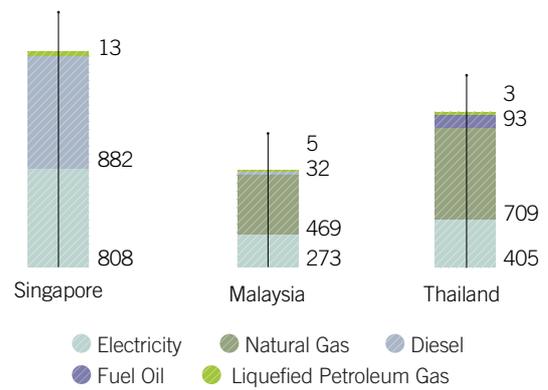
#### GRI 302-1 Energy consumption within the organisation

##### TOTAL FUEL USE FROM NON-RENEWABLE SOURCES ('000 MJ)

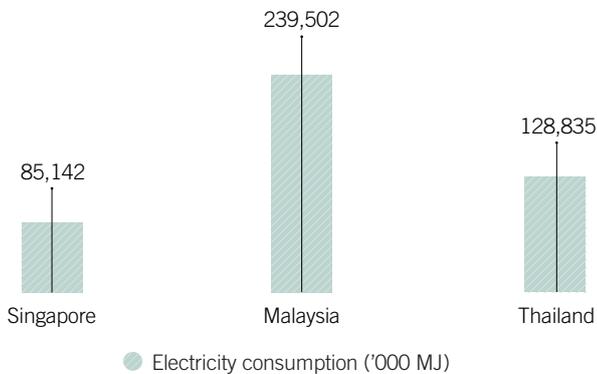


#### GRI 302-3 Energy Intensity

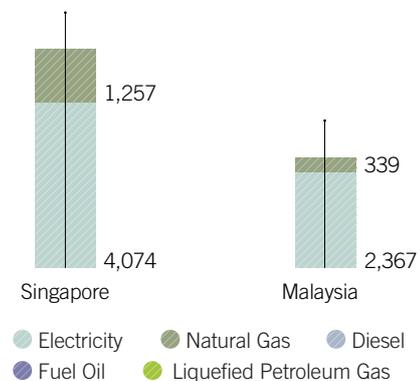
##### ENERGY INTENSITY RATIO (MJ/MT OF PRODUCT) – F&B



#### ELECTRICITY, HEATING AND STEAM PURCHASED FOR CONSUMPTION



#### ENERGY INTENSITY RATIO (MJ/MT OF PRODUCT) – PRINTING



**Notes:**

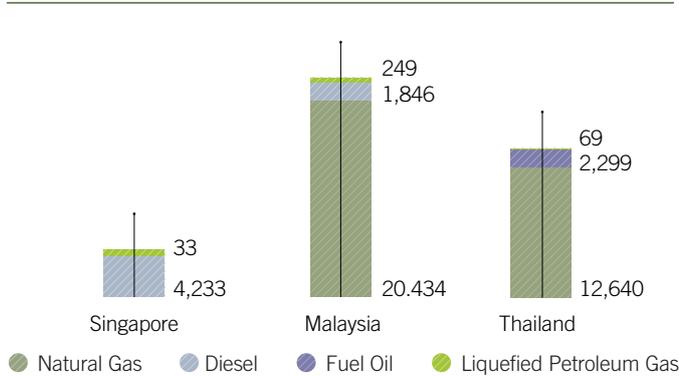
- 1 There is no fuel consumption within F&N from renewable sources
- 2 There is no heating, cooling and steam purchased for consumption
- 3 There is no electricity, heating, cooling and steam sold
- 4 The data on natural gas and electricity consumption is collected through meter readings and converted to MJ through standard conversion values

**Notes:**

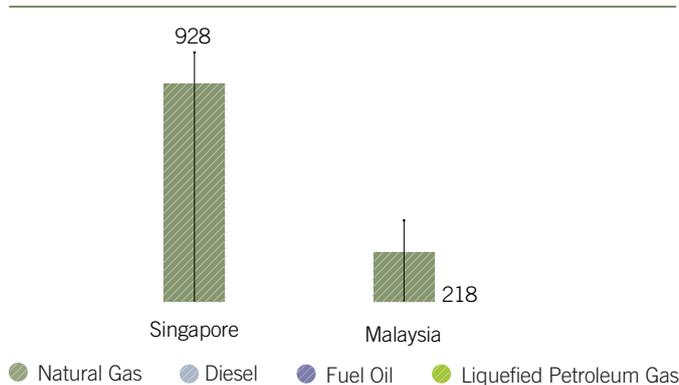
- 1 Energy intensity ratio is calculated based on the total amount of energy consumed (in megajoule, MJ) per metric tonne of product (MT)
- 2 Energy intensity ratio is for energy consumed within F&N only
- 3 Natural Gas, Diesel, Fuel Oil, Liquefied Petroleum Gas and Electricity are included in the energy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

**GRI 305 -1 Direct (Scope 1) GHG emissions**

**DIRECT GHG EMISSIONS (MT CO<sub>2e</sub>) - F&B**



**DIRECT GHG EMISSIONS (MT CO<sub>2e</sub>) - PRINTING**

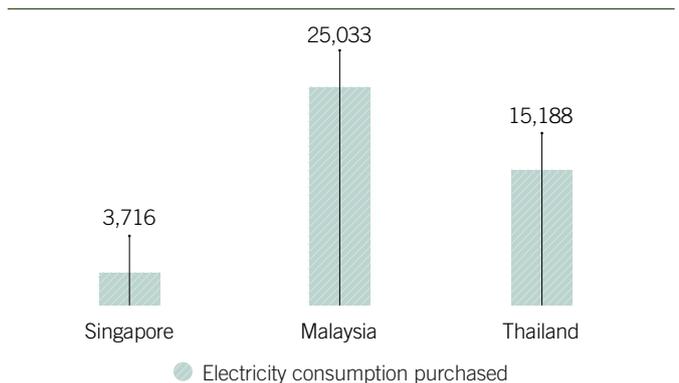


**Notes:**

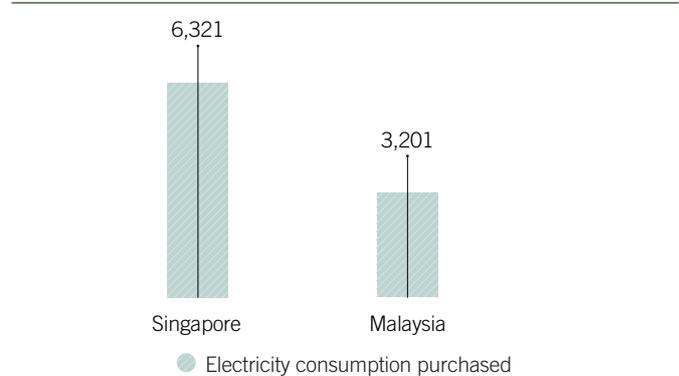
- 1 CO<sub>2e</sub> emissions estimated based on the conversion factor from Greenhouse Gas (“GHG”) Protocol - Emission Factors from Cross-Sector Tools (March 2017)
- 2 Only CO<sub>2</sub> is included in the calculation of the Direct (Scope 1) GHG emissions
- 3 There is no biogenic CO<sub>2</sub> emissions 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 Energy indirect (Scope 2) GHG emissions**

**INDIRECT GHG EMISSIONS (MT CO<sub>2e</sub>) - F&B**



**INDIRECT GHG EMISSIONS (MT CO<sub>2e</sub>) - PRINTING**

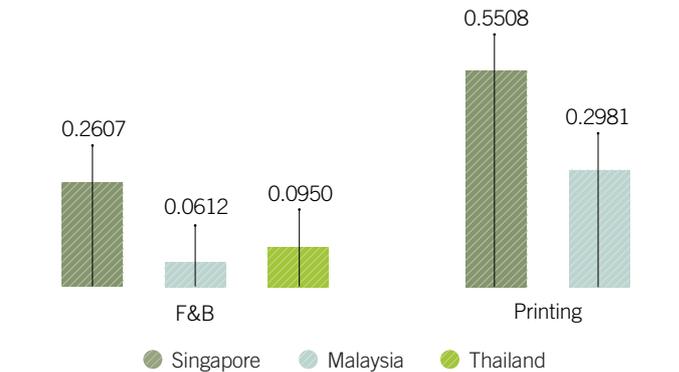


**Notes:**

- 1 CO<sub>2e</sub> emissions estimated based on the conversion factor from Energy Market Authority of Singapore and using the location-based method
- 2 Only CO<sub>2</sub> 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 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
- 5 Operational control method is used for the consolidation approach of emissions

**GRI 305-4 GHG emissions intensity**

**GREENHOUSE GAS (GHG) EMISSIONS INTENSITY RATIO (MT CO<sub>2e</sub> GENERATED/MT OF PRODUCT)**



**Notes:**

- 1 GHG emissions intensity ratio is calculated based on the total amount of CO<sub>2e</sub> 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 CO<sub>2</sub> is included in the calculation of the GHG emissions intensity ratio

# RESPONSIBLE SUPPLY CHAIN

F&N works with our business partners to deliver mutually sustainable solutions that create lasting value. We also lead by encouraging others to improve in order to achieve best environmental and social practices throughout our supply chain.

The following chapter outlines some of the ways we work with and influence other companies. We are committed to Sustainable Sourcing, and the next chapter explains our process for this while also providing additional insight into our Route Planning efforts, which we examine as one of the several ways in which we minimise negative environmental impacts.



## Material issues covered

- 1. M03 Sustainable Sourcing**  
*GRI 204-1 Procurement Practices*
- 2. M12 Route Planning (Transportation)**

## SDGs mapped to



**SUSTAINABLE SOURCING**



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

Raw materials are needed to produce products that our customers enjoy. We rely on farmers to supply sugar and dairy, suppliers to supply packaging materials, as well as dozens of other ingredients for our products.

**Our Approach**

Great care and collaboration is required to source the highest-quality ingredients, as well as other goods and services used during our manufacturing processes. Our procurement policies in Singapore, Malaysia and Thailand guide us in selecting the best quality goods and services that do not compromise sustainability principles. These policies also help us establish and maintain trust with our suppliers by ensuring fair play.

Our Procurement Policy covers standard principles of ethical business practice. 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 with guidelines and principles of fair play and transparency.

**Supply Chain Diagram**



## RESPONSIBLE SUPPLY CHAIN



For three successive years, F&N Dairies Thailand's Agricultural and Manufacturing team has been helping farmers in the Dan-Khun-Thot Milk Cooperative to plant Napier grass, which improves the quality of milk by enhancing its fat, solids, and protein content. We have supported the farms through donating technologies in 2015 and providing training in 2016-17. Through this partnership, farmers have been able to increase the selling price of their milk.

### Commercial Risk Management in Sourcing

Heightened costs and decreased availability of raw materials pose commercial risks. We undertake risk assessments on our suppliers' pricing and capacity to deliver goods and services. For key risks, we have established Business Continuity Plans to proactively ensure product supply.

We conduct annual supplier audits to ensure compliance with food safety regulations and standards. This includes auditing of suppliers' compliance to our stringent food safety criteria, required certifications, specifications and ingredient standards, as part of F&N's Procurement Policy. Non-compliant or underperforming suppliers must demonstrate they are committed to taking the necessary corrective actions within a predefined period, or risk having their contracts terminated.

We assess a range of quality assurance and food security criteria to safeguard the health of consumers and the safety of workers in our supply chain. Such criteria include the implementation and monitoring of good manufacturing processes, use of protective clothing, food safety management system, and chemical management.

### Enhancing Supplier Productivity

We recognise that the various business partnerships we engage with are all opportunities to enhance our sustainability impacts. Our approach to leverage our influence in these partnerships is twofold.

1. First, we ensure that suppliers who have had incidents of non-compliance are encouraged to take corrective actions and are appropriately communicated to about possible avenues to improve their sustainability performance; and
2. Second, we take initiatives to further enhance supplier productivity for those who have already reached minimum standards.

As dairy purchases make up a significant portion of our procurement spending, we have prioritised our dairy suppliers for our supplier productivity enhancement program. We have been building capacity for local milk farmers in Dan-Khun-Thot Milk Cooperative in Thailand and are in the process of expanding this program to Malaysia.

With the success of this collaboration in Thailand, we have now initiated plans to develop a similar program in Malaysia. In July 2018, F&NHB signed a Memorandum of Understanding with Koperasi Pegawai-Pegawai MARDI Berhad to apply F&N's business expertise and strength in manufacturing technology with KoMARDI's production potential to together produce sustainable milk. F&NHB will exclusively purchase KoMARDI's total supply of fresh milk produced.

**FY2018 Performance Highlights**

**Eco-credentials**

We source raw materials that are certified with eco-credentials by, for example, the Forest Stewardship Council and Roundtable on Sustainable Palm Oil (“**RSPO**”), to ensure that they that are produced in an environmentally, economically, and socially responsible manner. All paper products used in the tetra packaging of our chilled beverages carry the certification.

As one of Southeast Asia’s leading fast-moving consumer packaged goods companies and one of the largest users of palm oil in the region, we understand that our actions and business practices pertaining to the sourcing of sustainable palm oil play a significant part in safeguarding a sustainable environment for the well-being of society.

We therefore wish to reiterate our commitment to support the use of Certified Sustainable Palm Oil (“**CSPO**”) in products and have embarked on this journey by becoming an ordinary member of the RSPO on 14<sup>th</sup> August 2017. We aim to purchase RSPO credits for 100% of our palm oil usage by 2020. This year we have reached our interim target and purchased a total of 8,600 credits, representing 30% of our palm oil usage.

Palm oil cultivation is a major cause of deforestation in some regions. There have also been instances of malpractice ranging from forcible displacement of people from their land, to violation of safety and human rights for people working on palm oil plantations. F&N is working with partners to help ensure sustainable environmental and social practices in relation to our palm oil products.

**The need for *sustainable* palm oil**



Fulfills increasing global food demand



Supports affordable food prices



Supports poverty reduction



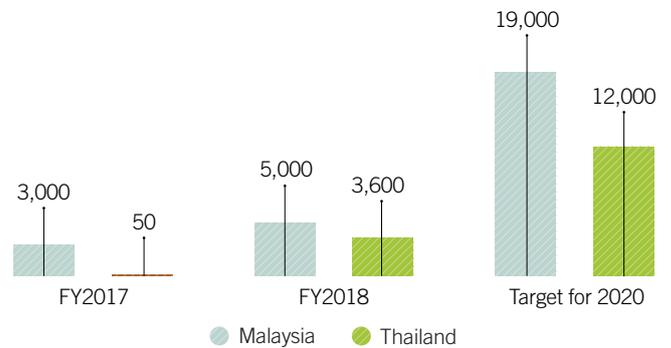
Safeguards social interests, communities and workers



Protects the environment and wildlife

Each RSPO credit represents that one tonne of CSPO, produced by a RSPO-certified company or independent producer, has entered the global palm oil supply chain. F&N purchases RSPO Credits to support the production of CSPO.

**RSPO CREDITS**

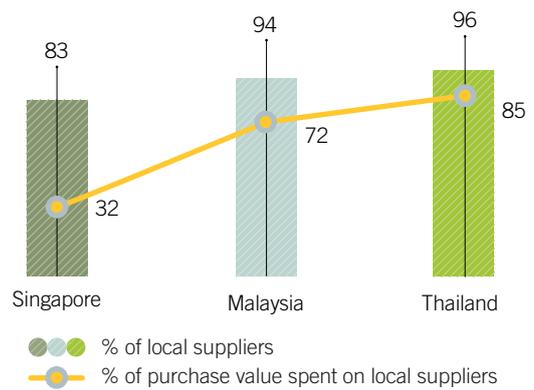


**Local Suppliers**

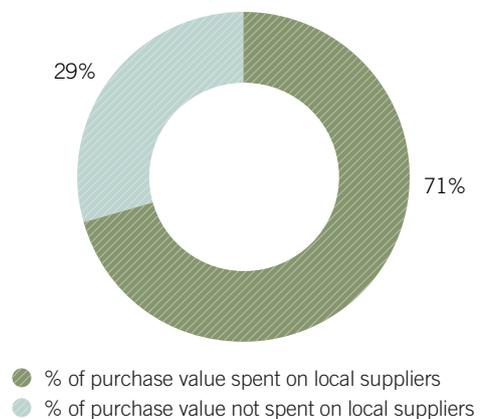
F&N engage with local suppliers where possible to support the local economy and minimise environmental impacts from transportation. More than 92% of our suppliers are local.

**GRI 204-1 Proportion of spending on local suppliers**

**PROPORTION OF SPENDING ON LOCAL SUPPLIERS**



**GROUP PURCHASE VALUE ON SUPPLIERS**



**Note:**

1 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.

## RESPONSIBLE SUPPLY CHAIN

### Route Planning

Optimal route planning can help us reduce costs and is also more environmentally friendly, a classic 'win-win' scenario. We have therefore made major efforts to streamline our distribution networks over the past few years.



**The environmental benefits of our more efficient logistics operations include the reduction of noise, congestion and GHG emissions.**

#### Our Approach

We have made significant progress this year by switching from single-deck to double-decker trucks. During the year, our Malaysian operations also made a switch to increase the product load per truck deck, from 22 pallets to 26 pallets. We are now able to move more goods per trip and reduce the number of trips while at the same time achieve savings in logistics costs and improve stock movement efficiency. To date, the cost savings achieved were about S\$140,000 and total loads reduction of 700 loads.

The environmental benefits of our more efficient logistics operations include the

reduction of noise, congestion and GHG emissions.

We have also implemented a Vehicle Management System in Malaysia to improve the efficiency and safety of our fleet management. This allows for monitoring of the daily truck usage which will help us calculate the GHG emissions reduction in the future.

F&NHB has made more than S\$160 million of capital investments, since 2014, on new lines and warehouses, which mean that our manufacturing and warehouse operations are closer together, resulting in shorter routes to market.



# SAFETY AND WELL-BEING

F&N’s positive impacts are built on the foundations of good business practices – eco-efficiency, a responsible supply chain and safety and well-being of our employees and consumers.

We have a moral duty to maintain the safety of our employees and consumers. This final section of our report illustrates that F&N carries this responsibility fully and above all else. Sustainable value creation is only possible where we do everything within our power to protect employees and potential customers. This section also has many positive examples showing how we enhance the well-being of our employees and customers.

The first chapter in this section outlines our approach to Occupational Health & Safety (“OHS”), including the systems and teams involved. It will explain how best practice

in OHS is cascaded to all of our employees, and how we have set ourselves challenging targets.

Consumer Health & Safety is in focus for the next chapter. F&N’s approach here is embodied by our brand promise: “Pure Enjoyment, Pure Goodness.” We will show how we use a range of tools to ensure the safety and nutrition of our products.

The final chapter in this section is about labelling and communication: how do we make sure consumers are aware of the contents and nutritional qualities of our products?



## Material issues covered

1. **M06 Occupational Health and Safety**  
*GRI 403-2 Occupational Health and Safety*
2. **M07 Consumer Health and Safety**  
*GRI 416-1, 416-2 Customer Health and Safety*
3. **M09 Product and Service Labelling**  
*GRI 417-1, 417-2 Marketing and Labelling*

## SDGs mapped to



**We have responsibility toward our consumers in three main areas:**

- Health and Nutrition
- Product Quality and Product Safety
- Clear Consumer Communication

## SAFETY AND WELL-BEING

### OCCUPATIONAL HEALTH AND SAFETY

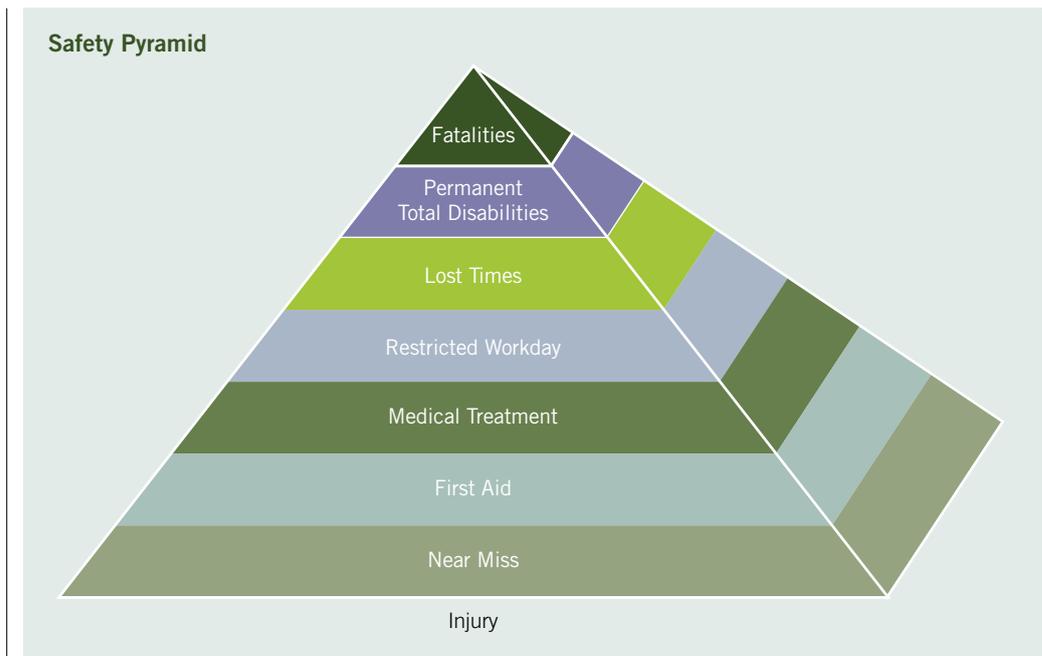


**TARGET:**  
To reduce the 'Lost Time Injury Frequency Rate' to zero by 2020

From sourcing to production to delivery, we do everything we can to try to ensure that our business has no negative impacts on the health and safety of our employees and contractors. Beyond compliance with national regulations, we advance our health and safety performance throughout the value chain by aligning ourselves with international standards and best practices.

#### Our Approach

We cultivate a proactive 'safety first' culture for employees, so they are aware of their responsibilities for both themselves and their colleagues. This includes a positive approach, and we encourage a healthy lifestyle for our employees through a nutritious diet, physical activity and stress reduction measures.



#### Safety Culture

F&N has established safety, health, and environment ("SHE") systems and monitoring processes across our operations. The safety practices in all of our major plants (F&NCM is working towards getting the ISO 45001 certification) have been certified with international standards including ISO 14001 and OHSAS 18001, meaning employees are provided with the basic necessities to conduct their work without risking their safety. All employees receive adequate training, information and instruction, as well as proper safety gear wherever appropriate.

On the ground, we have Company Emergency Response Teams, who are trained to mobilise and ensure the safety of our employees. Safety Committees overlook our safety systems and programs to ensure their effectiveness. Each Business Unit has their own Safety Committee to monitor and ensure safety protocols are adhered to. These Safety Committees meet every month to discuss accidents and near-misses, and determine appropriate actions to reduce risks. They are also conduct audits on the SHE systems, develop annual safety plans, and initiate programmes to awareness of health and safety issues among employees.

Here, we focus on ensuring an environment conducive to employee wellbeing and incentivise healthy habits. 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. Employees have free access to company-organised events such as badminton tournaments and yoga classes.

Air quality, brightness, temperature and noise levels are monitored in all of our facilities, and we offer tests for employees. For instance, in April 2018, we provided audiometric tests for all at-risk workers, with follow-up doctor consultations where impairments were identified. We also provide an annual health screening for all employees.

Safety training conducted covers a range of topics including:



Fire Prevention and Safety



Chemical and Gas Handling Management



First Aid Training and CPR



Forklift Driver Certification



Scheduled Waste



Confined Space



Electrical Safety

**Singapore**

Each year, we conduct a safety roadshow to foster awareness amongst our employees on safety topics. Topics presented during FY2018 include SGSecure, driving safety, traffic management, occupational health, healthy eating and fire safety.

During the past year, we have incorporated SGSecure into our OHS management system to align with the Singapore government's initiative to sensitise, train and mobilise our employees to prevent and deal with a terror attack. This entails registering an SGSecure Rep with the Ministry of Manpower, reviewing our Standard Operating Procedures and conducting risk assessments to identify terror risks. We provided SGSecure training to our employees to increase awareness on how to manage our safety and security risks.

Additionally, in order to provide the employees with easy access to information on rules and regulations pertaining to security, safety, environment and health within FNFS, there was a compilation and printing of a guidebook on rules, regulations and good practices pertaining to security, safety, environment and health. All FNFS employees were issued a copy.



## SAFETY AND WELL-BEING



SHE Drama activity

### Malaysia and Thailand

In both Malaysia and Thailand, we organised regular activities to engage our employees on safety topics. Some of these activities included a SHE Drama activity, an internal ISO 45001 audit and training, and some guest lectures from the Ministry of Health and the Department of Environmental Quality Promotion. In Thailand, there is also a monthly newsletter sent to employees about health & safety issues.



Guest Lectures from the Ministry of Health and Department of Environment

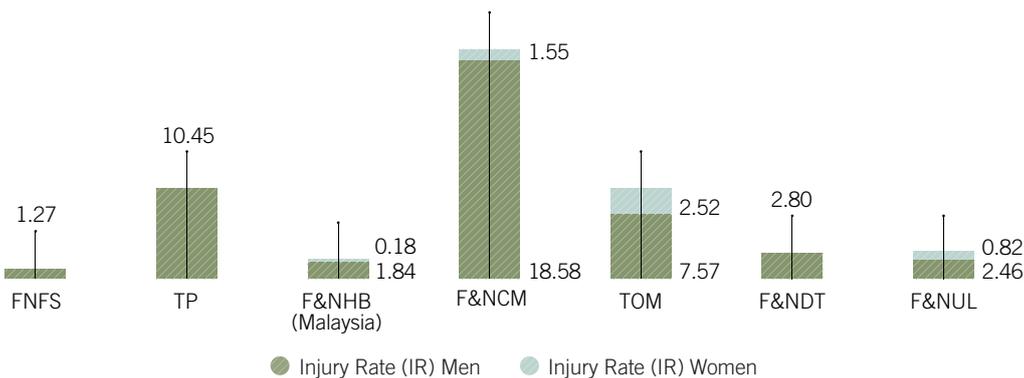


ISO 45001 – Awareness/Internal Audit

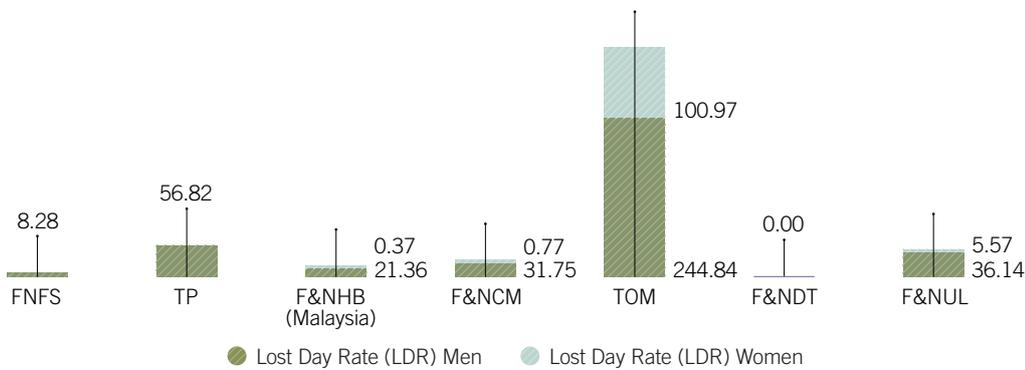
### FY2018 Performance Highlights

**GRI 403-2 Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.**

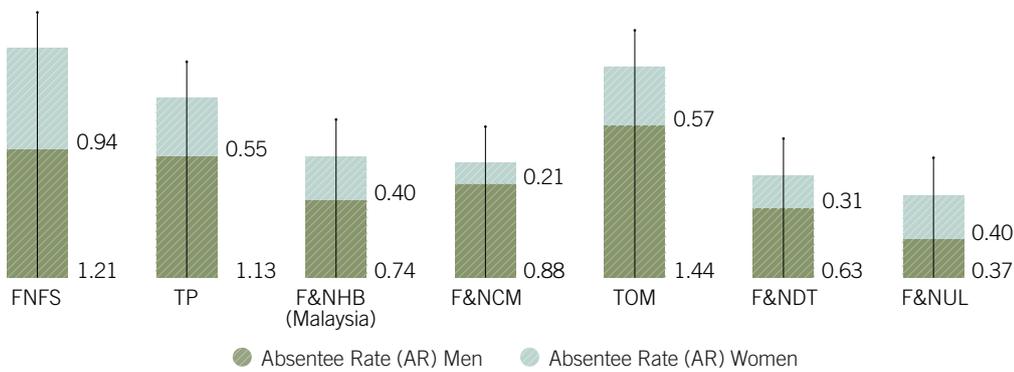
#### INJURY RATE (“IR”)



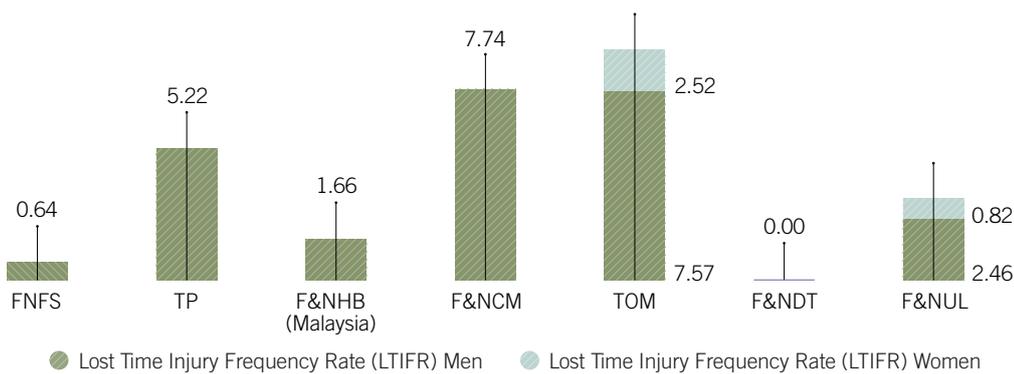
**LOST DAY RATE (“LDR”)**



**ABSENTEE RATE (“AR”)**



**LOST TIME INJURY FREQUENCY RATE (“LTIFR”)**



**Notes:**

- 1 Injury Rate is calculated by number of workplace accident reported / number of man-hours worked \* 1,000,000
- 2 First aid cases are not counted inside the injury rate
- 3 Occupational Disease Rate is calculated by number of occupational disease reported / number of man-hours worked \* 1,000,000
- 4 Lost Day Rate is calculated by number of man-day lost to workplace accidents / number of man-hours worked \* 1,000,000
- 5 Lost days refers to scheduled work days. The lost day count starts the day after the accident.
- 6 Absenteeism Rate is calculated by the number of absentee days / number of man-days worked \* 100
- 7 Lost Time Injury Frequency Rate is calculated by number of workplace accidents required to be reported to the respective authorities / number of man-hours worked \* 1,000,000
- 8 Independent contractors are not required to submit their data to us. However, we only engage contractors who comply with the respective national legislation on safety. For example, in Singapore, they comply with the WSH Act and provide us with their Risk Assessment
- 9 Singapore, Malaysia and Thailand are members of the International Labour Organization (“ILO”) and have ratified the C187 - Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187) in 2012 (for Singapore and Malaysia) and 2016 (for Thailand)
- 10 Types of injury, breakdown by region and gender, have not been disclosed as we need to standardise the types of injury across the Group to be able to disclose the figures accurately the following year.
- 11 FNFS has an Occupational Disease Rate (“ODR”) of 0.64 while the other BUs maintained 0 ODR.

## SAFETY AND WELL-BEING

### CONSUMER HEALTH AND SAFETY



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

Product safety and quality are of paramount importance to F&N and we live by our brand promise: “Pure Enjoyment, Pure Goodness”. It is our duty to produce, market and sell our brands responsibly and enable consumers to make informed purchasing choices. We consistently maintain the highest standards so that customers have full confidence when purchasing our products.

#### Our Approach

##### Safety

Consumer Health and Safety is our main priority. Our 135 years of success are based on mutual trust with our customers and we are committed to enhancing their future wellbeing. This requires a holistic approach to safety across the life cycle of our products. In previous chapters, we have already described how Consumer Health & Safety is a key component of our R&D innovations. We have also described how our food safety assurance cycle requires suppliers’ pre-qualification and approval.

In our own operations, we adhere to all health and safety regulations applicable to the Food and Beverage industry in the markets where we operate. The most internationally recognised food safety standard is FSSC 22000, and most of our sites are certified to this standard. This demonstrates our commitment to meet and exceed our customers’ expectations. FSSC 22000 certification also raises food safety awareness across the company, for example through regular meetings and reporting. Our Risk Committee regularly reviews our key risks in relation customer health and safety, and we manage these and maintain the highest standards.



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

- 1. FNFS**
  - a. ISO 22000:2005 - Food Safety Management System
  - b. License to operate food establishment
  - c. Halal Certification
- 2. F&NHB (F&NBM, F&NDM and F&NDT)**
  - a. ISO 22000 - Food Safety Management System
  - b. FSSC 22000 - Food Safety System Certification
  - c. Halal Certification
  - d. Food Safety According to Hazard Analysis and Critical Control Point (HACCP) System (MS 1480:2007)
  - e. Good Manufacturing Practice (GMP)
- 3. F&NUL**
  - a. ISO 22000 - Food Safety Management System
  - b. FSSC 22000 - Food Safety System Certification
  - c. Halal Certification
- 4. F&NCM**
  - a. FSSC 22000 - Food Safety System Certification
  - b. Halal Certification



**Consumer Health and Safety is our main priority.**

**Halal Assurance**

All our products are halal certified by the Department of Islamic Development Malaysia, and other relevant authorised certification bodies. A Halal Committee has been set up in each of our manufacturing plants and is responsible for halal compliance in our supply chain, from materials selection and purchasing, to the storage, warehousing, and transportation of our products. Key responsible employees have also attended a series of professional training sessions related to halal internal audit and assurance. We also prohibit non-halal food and drinks within factory premises including the office and canteen in Malaysia.

Our adherence to the highest health & safety standards extends beyond manufacturing and production. In the next chapter we will outline our responsible approach to product labelling.

**Nutrition**

F&N has a Nutrition Charter which outlines our principles and commitment to health and nutrition. We rely on the charter to guide all aspects of our product development, marketing and initiatives to advocate healthy lifestyles. We live by our “Pure Enjoyment. Pure Goodness” philosophy, and this means that we provide a wide choice of nutritious products in an assortment of delicious

flavours. Our philosophy means innovating constantly to satisfy changing consumer preferences. For example, none of our products sold in Thailand contain Partially Hydrogenated Oils (‘trans fatty acids’).

We put much emphasis on developing healthier products, such as by adding vitamins and minerals to boost products’ nutritional value. As detailed in the next chapter, many of our products in Singapore and Malaysia and Thailand carry the ‘Healthier Choice’ Symbol and Logo respectively.



**A Halal Committee has been set up in each of our manufacturing plants.**



**F&N MAGNOLIA Gingko Plus UHT milk**

The first in the market to include ginkgo in milk, offers the additional benefit of improving cognitive function and enhancing memory with the addition of ginkgo extract and vitamin B12.

**BEAR Brand Gold Goji Berry**

Rich in vitamin A for better eyesight.

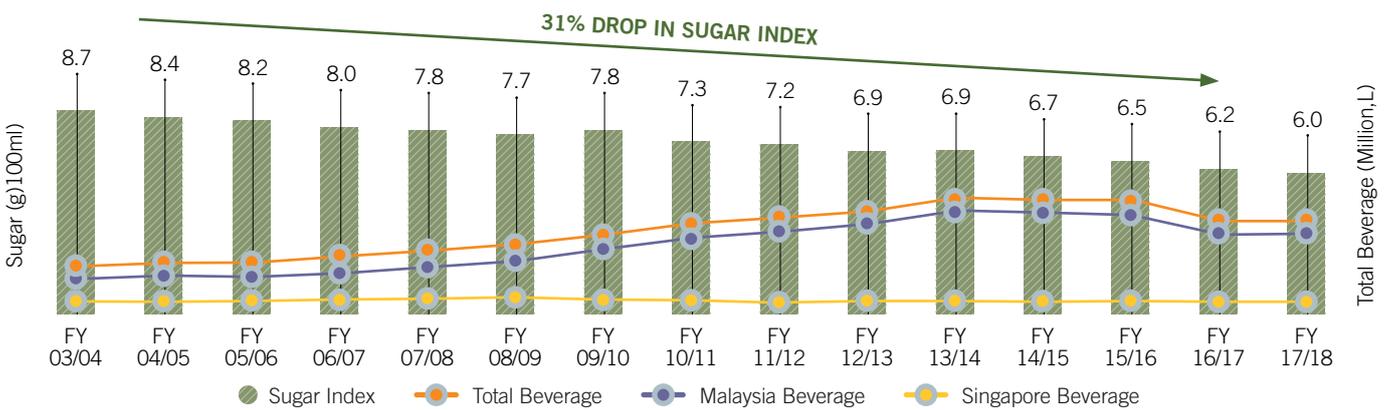
**BEAR Brand Sterilised Milk High Folate**

High folate and iron content, which enhances blood circulation.

## SAFETY AND WELL-BEING

Consumers are becoming more informed of the possible health effects associated with excessive sugar consumption, and in response we are decreasing our sugar index (the amount of sugar contained per milliliters of all our beverages, including water).

### SUGAR INDEX: TOTAL BEVERAGE



F&N supports the Singaporean Government's Sugar Reduction Commitment which aims to reduce sugar content in food and drinks, particularly sugar-sweetened beverages.

F&N is contributing to the Sugar Reduction Commitment by:

- Ensuring that all F&N drinks sold in Singapore do not exceed 12% sugar content
- Continuing to lower sugar contents across all other products and to promote and innovate low sugar contents drinks for consumers



Our unwavering commitment to product health and safety is exemplified by our *F&N ICE MOUNTAIN Drinking Water*.

This product undergoes a world class purification process which consists of a three-tier filtration, followed by ultraviolet treatment, reverse osmosis and finally an ultra-shield process.

To preserve the water purity, each bottle and cap goes through five decontamination steps to produce the ultimate clean drinking water.

We look for opportunities to create value with other partners. For example, *BEAR Brand* collaborated with Thai Red Cross Society during blood donation drives in early 2018. The objective of this initiative was to spread awareness about the nutritional importance of folate, especially to women. Folate is not only important for pregnant women, it also helps in red blood cell formation. During this exercise, a total of 55,000 servings of *BEAR Brand Sterilised Milk High Folate* were handed out.

**FY2018 Performance Highlights**

In FY2018, F&N maintained our health and safety standards, and to the best of our knowledge there were no significant incidents of non-compliance with regulations resulting in a fine, penalty or warning.

We are making good progress towards having at least one healthier choice in each product category by 2020; there are currently healthier options in 14 out of 15 product categories.

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

## SAFETY AND WELL-BEING

### PRODUCT AND SERVICE LABELLING

Our packaging and labelling is the primary method through which we communicate information to consumers about our products' quality, nutrition, safety and disposal. It is therefore essential that our labelling is comprehensive and clear, allowing our busy customers to make fully informed purchasing decisions.

#### Our Approach

Our labelling adheres to the Singapore Food Regulations as well as to the guidelines set down by Agri-Food & Veterinary Authority in Singapore, the Food Act in Malaysia and requirements of the Food and Drug Administration in Thailand. But we go beyond mandatory requirements, and 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.

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 sent to government authorities for verification and endorsement.

In order to make it as easy as possible for consumers to understand fundamental information (Calories and contribution to recommended daily Calorie intake), we include 'front of pack labelling' for an increasing range of our products in Malaysia. This includes our 100PLUS range and F&N NUTRISOY.



In Malaysia, many of our products, including the entire *100PLUS* product line, have been endorsed with the Healthier Choice Logo introduced by the Ministry of Health. In Thailand, three products lines have received the Ministry of Public Health’s Healthier Choice Logo. In Singapore, 59% of all F&N products have been awarded with the HCS which is awarded by the Health Promotion Board:

Some products with Singapore's 'Healthier Choice Symbol'	Some products with Malaysia's 'Healthier Choice Logo'	Some products with Thailand's 'Healthier Choice Logo'
 <ul style="list-style-type: none"> <li>• <i>100PLUS</i></li> <li>• <i>100PLUS ACTIVE</i></li> <li>• <i>F&amp;N MAGNOLIA</i> Gotcha</li> <li>• <i>CARNATION</i> Low Fat High Calcium Evaporated Milk</li> </ul>	 <ul style="list-style-type: none"> <li>• <i>100PLUS</i></li> <li>• <i>100PLUS ACTIVE</i></li> <li>• <i>FARMHOUSE</i> Fresh</li> <li>• <i>F&amp;N MAGNOLIA</i> Lo-Fat Hi-Cal Milk</li> </ul>	 <ul style="list-style-type: none"> <li>• <i>F&amp;N MAGNOLIA</i> Pasteurized Milk Full Fat and Low Fat</li> <li>• <i>F&amp;N MAGNOLIA</i> Plus Ginkgo Plain Flavour</li> <li>• <i>BEAR Brand</i> Sterilized Milk Non-Fat</li> <li>• <i>BEAR Brand</i> Sterilized Milk Regular</li> <li>• <i>BEAR Brand</i> Sterilized Milk Low-Fat</li> <li>• <i>BEAR Brand</i> Sterilized Milk High Folate</li> </ul>

We take care to ensure that our marketing and advertising activities do not make any ethical breaches. 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 severely restrict marketing to children under 12 years of age. For example, we will only advertise children’s products that meet specific nutritional criteria based on

accepted scientific evidence and national and international dietary guidelines.

**FY2018 Performance Highlights**

Throughout all of our product information, labelling and marketing communications efforts in FY2018, we had no serious events: to the best of our knowledge, there were no incidents of non-compliance with regulations or voluntary codes resulting in a fine, penalty or warning.

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

- The sourcing of components of the product or service;
- Content, particularly with regard to substances that might produce an environmental or social impact;
- Safe use of the product or service;
- Disposal of the product and environmental/social impacts; and
- Others (Halal logo, Certification on HACCP, Nutritional information).
- License to operate food establishment

# APPENDIX

## PERFORMANCE SUMMARY

The environmental and social data for the baseline year was restated to reflect changes (updates to the data and/or calculation methodology and errors in calculations) that would otherwise compromise the accuracy, consistency and relevance of the reported information.

GRI Standards	Reference	Unit	Financial Year	
			FY2017	FY2018
<b>DRIVING ECONOMIC VALUE</b>				
<i>Material Topic: Economic Performance</i>				
GRI 201-1 Direct economic value generated and distributed	Revenue	\$	1,898 million	1,927 million
	<b>Economic value distributed</b>			
	Annual dividend	\$	65 million	65 million
	Cost of sales		1,237 million	1,254 million
	Employee benefit expenses		279 million	275 million
	Income tax expenses		15 million	20 million
<b>Economic value retained</b>	<b>303 million</b>		<b>312 million</b>	

GRI Standards	Reference	Unit	Financial Year					
			FY2017			FY2018		
			Singapore	Malaysia	Thailand	Singapore	Malaysia	Thailand
<b>EMPOWERING OUR PEOPLE</b>								
<i>Material Topic: Talent Management</i>								
GRI 401-1 New employee hires and employee turnover	<b>Total new employee hires</b>	Person	<b>256 (32.32%)</b>	<b>289 (36.49%)</b>	<b>247 (31.19%)</b>	<b>78 (10.47%)</b>	<b>345 (46.31%)</b>	<b>322 (43.22%)</b>
	- Age under 30 years old		133 (16.79%)	156 (19.70%)	138 (17.43%)	35 (4.70%)	203 (27.25%)	195 (26.17%)
	- Age between 30 - 50 years old		112 (14.14%)	125 (15.78%)	109 (13.76%)	38 (5.10%)	136 (18.26%)	127 (17.05%)
	- Age over 50 years old		11 (1.39%)	8 (1.01%)	0 (0.00%)	5 (0.67%)	6 (0.80%)	0 (0.00%)
	- Male		158 (19.95%)	197 (24.87%)	152 (19.19%)	45 (6.04%)	238 (31.95%)	166 (22.28%)
	- Female		98 (12.37%)	92 (11.62%)	95 (12.00%)	33 (4.43%)	107 (14.36%)	156 (20.94%)
	<b>Total employee turnover</b>		<b>370 (27.97%)</b>	<b>726 (54.88%)</b>	<b>227 (17.16%)</b>	<b>95 (14.99%)</b>	<b>275 (43.37%)</b>	<b>264 (41.64%)</b>
	- Age under 30 years old		156 (11.79%)	219 (16.56%)	110 (8.31%)	27 (4.26%)	104 (16.40%)	125 (19.72%)
	- Age between 30 - 50 years old		156 (11.79%)	346 (26.15%)	112 (8.47%)	55 (8.68%)	155 (24.45%)	131 (20.66%)
	- Age over 50 years old		58 (4.39%)	161 (12.17%)	5 (0.38%)	13 (2.05%)	16 (2.52%)	8 (1.26%)
	- Male		242 (18.29%)	488 (36.89%)	136 (10.28%)	50 (7.89%)	168 (26.50%)	142 (22.40%)
	- Female		128 (9.68%)	238 (17.99%)	91 (6.88%)	45 (7.10%)	107 (16.87%)	122 (19.24%)
GRI 404-1 Average hours of training per year per employee	<b>Total training hours</b>	Hours	<b>8,678.51</b>	<b>25,824.30</b>	<b>20,016.00</b>	<b>10,309.44</b>	<b>32,970.50</b>	<b>20,881.00</b>
	- Male	Person	932	1583	641	542	1,601	611
	- Female		711	451	331	715	543	
	- Executives		290	776	449	278	514	314
	- Non-executives	642	1518	643	595	1,802	840	
	Average hours of training per employee	Hours	9.31	11.26	18.33	11.81	14.24	18.09
	<b>Average hours of training per employee across the Group</b>			<b>12.63</b>			<b>14.77</b>	
<i>Material Topic: Market Presence</i>								
GRI 202-2 Proportion of senior management hired from the local community	Percentage of senior management hired from local community	%	100	90	100	100	97	100

1. We have achieved our target for Talent Management of providing an average of at least 12 training hours per employee per year across the Group by 2020 in FY2018. We have provided an extra 2.14 hours of training on average per employee across the Group as compared to FY2017.

GRI Standards	Reference	Unit	Financial Year						
			FY2017			FY2018			
			Singapore	Malaysia	Thailand	Singapore	Malaysia	Thailand	
<b>ENHANCING SOCIAL WELL-BEING</b>									
<i>Material Topic: Creating Value for Society</i>									
GRI 413-1 Operations with local community engagement, impact assessments, and development programs	Percentage of operations with implemented local community engagement, impact assessment, and development programs	%	100	100	100	100	100	100	
<b>ECO-EFFICIENCY</b>									
<i>Material Topic: Water Stewardship</i>									
GRI 303-1 Water withdrawal by source	<b>Total volume water withdrawal</b>	m3	<b>321,223</b>	<b>2,083,551</b>	<b>569,455</b>	<b>284,603</b>	<b>1,736,638</b>	<b>604,428</b>	
	Surface water		0	180,200	0	0	171,286	0	
	Ground water		0	650,388	0	0	91,217	0	
	Rainwater collected directly and stored by F&N		0	431	0	0	290	0	
	Municipal water supplies or other water utilities		321,223	1,252,532	569,455	284,603	1,473,845	604,428	
GRI 303-3 Water recycled and reused	<b>Total volume of water recycled and reused</b>	m3	<b>576</b>	<b>239,270</b>	<b>3,160</b>	<b>576</b>	<b>40,273</b>	<b>0</b>	
	Volume of water recycled		576	217,540	540	576	40,273	0	
	Volume of water reused		0	21,730	2,620	0	0	0	
	Percentage of volume of water recycled and reused		%	0.18	11.48	0.55	0.20	2.32	0.00
Water intensity	Total volume of water consumed	m3	321,223	2,083,551	569,455	284,603	1,736,638	604,428	
	Production volume	MT	55,704	750,956	312,629	52,170	788,063	317,760	
	Water intensity ratio	m3/MT	5.77	2.77	1.82	5.46	2.20	1.90	
	<b>Group water intensity ratio</b>		<b>2.66</b>			<b>2.27</b>			
<i>Material Topic: Effluents and Waste</i>									
GRI 306-1 Water discharge by quality and destination	<b>Total water discharge by destination</b>	m3	<b>281,901</b>	<b>874,996</b>	<b>299,691</b>	<b>249,812</b>	<b>1,150,160</b>	<b>309,772</b>	
	River		0	810,131	0	0	1,106,055	0	
	Wastewater treatment system of industrial estate		281,901	64,865	299,691	249,812	44,105	309,772	
	COD	mg/l	385.09	100.67	201.00	296.64	61.54	56.60	
	BOD		502.09	21.15	19.56	363.65	15.21	7.75	
	TSS		103.18	36.57	55.18	110.68	24.15	23.65	
Solid waste intensity	Total waste generated	kg	9,185,934	13,296,395	1,621,019	8,190,681	14,260,017	1,180,803	
	Production volume	MT	55,704	750,956	312,629	52,170	788,063	317,760	
	Solid waste intensity ratio	kg/MT	164.90	17.71	5.19	157.00	18.10	3.72	
	<b>Group solid waste intensity ratio</b>		<b>21.53</b>			<b>20.41</b>			
Solid waste recycled	Total waste generated	kg	9,185,934	13,296,395	1,621,019	8,190,681	14,260,017	1,180,803	
	Waste generated that was sent for recycling	kg	6,953,416	10,521,469	1,248,739	5,975,496	11,936,918	568,047	
	Solid waste recycled	%	75.70	79.13	77.03	72.95	83.71	48.11	
<i>Material Topic: Energy and Climate Change</i>									
GRI 302-1 Energy consumption within the organisation	<b>Total energy consumption within the organisation</b>	MJ	<b>126,130,461</b>	<b>632,090,915</b>	<b>368,986,572</b>	<b>136,635,989</b>	<b>636,487,974</b>	<b>384,936,158</b>	
	Fuel consumption from non-renewable fuel sources								
	Natural Gas	MJ	17,831,319	358,590,917	217,408,875	16,548,886	368,135,678	225,313,749	
	Diesel		34,501,229	23,782,122	0	34,425,023	24,908,754	0	
	Liquefied Petroleum Gas		947,987	4,850,700	0	520,366	3,941,700	1,089,930	
	Fuel Oil		0	0	29,087,130	0	0	29,697,543	
	<b>Energy purchased for consumption</b>								
	Electricity	MJ	72,849,926	244,867,176	122,490,567	85,141,715	239,501,841	128,834,935	
GRI 302-3 Energy intensity	Total energy intensity ratio	MJ/MT	2,264.28	841.71	1,180.27	2,619.07	807.66	1,211.41	
	<b>Group total energy intensity ratio</b>		<b>1,007.07</b>			<b>1,000.06</b>			
	<b>Energy intensity ratio</b>								
	Natural Gas	MJ/MT	320.11	477.51	695.42	317.21	467.14	709.07	
	Diesel		619.36	31.67	0.00	659.87	31.61	0.00	
	Liquefied Petroleum Gas		17.02	6.46	0.00	9.97	5.00	3.43	
Fuel Oil	0.00		0.00	93.04	0.00	0.00	93.46		
Electricity	1,307.79		326.07	391.81	1,632.02	303.91	405.45		
GRI 305-1 Direct (Scope 1) GHG emissions (CO <sub>2e</sub> )	<b>Total GHG emissions (CO<sub>2e</sub>)</b>	MT CO <sub>2e</sub>	<b>3,617</b>	<b>22,185</b>	<b>14,448</b>	<b>3,512</b>	<b>22,747</b>	<b>15,007</b>	
	<b>GHG emissions (CO<sub>2e</sub>)</b>								
	Natural Gas	MT CO <sub>2e</sub>	1,000	20,117	12,197	928	20,652	12,640	
	Diesel		2,557	1,762	0	2,551	1,846	0	
	Liquefied Petroleum Gas		60	306	0	33	249	69	
Fuel Oil	0		0	2,251	0	0	2,299		
GRI 305-2 Energy indirect (Scope 2) GHG emissions (CO <sub>2e</sub> )	<b>Total GHG emissions (CO<sub>2e</sub>)</b>	MT CO <sub>2e</sub>	<b>8,588</b>	<b>28,867</b>	<b>14,440</b>	<b>10,037</b>	<b>28,235</b>	<b>15,188</b>	
	<b>GHG emissions (CO<sub>2e</sub>)</b>								
GRI 305-4 Greenhouse gas (GHG) emissions intensity	Total GHG emissions intensity ratio	MT CO <sub>2e</sub> /MT	0.2191	0.0680	0.0924	0.2597	0.0647	0.0950	
	<b>Group total GHG emissions intensity ratio</b>		<b>0.0823</b>			<b>0.0818</b>			

## APPENDIX

1. We have achieved our target for Water Stewardship to reduce the water intensity ratio at our plants across the Group by 5% from 2017 by 2020 in FY2018. We have achieved a reduction of 14% on our Group water intensity ratio as compared to FY2017.
2. We have also met our target for Effluents and Waste to reduce solid waste intensity ratio by 5% across the Group from 2017 in FY2018. We have achieved a reduction of around 5% on our Group solid waste intensity ratio as compared to FY2017.
3. We are working towards achieving our targets on Energy and Climate Change of reducing the Group's energy and GHG emissions intensity ratios by 5% between 2017 and 2020. Our energy and GHG emissions intensity ratios have decreased by about 0.6% as compared to FY2017.

This is mainly due to the commissioning and trial of new operation lines at our F&B and Printing operations in Malaysia. As there are no finished goods produced during this period, our energy intensity ratio would tend to increase by a significant amount in comparison to when there is production involved. As a result, our GHG emissions would also be indirectly affected.

GRI Standards	Reference	Unit	Financial Year					
			FY2017			FY2018		
			Singapore	Malaysia	Thailand	Singapore	Malaysia	Thailand
<b>RESPONSIBLE SUPPLY CHAIN</b>								
<i>Material Topic: Sustainable Sourcing</i>								
GRI 204-1 Proportion of spending on local suppliers	Percentage of local suppliers	%	81.65	98.15	95.60	83.48	94.25	96.11
	Percentage of purchase value spent on local suppliers		23.65	64.70	82.46	32.49	71.73	84.84

GRI Standards	Reference	Unit	Financial Year					
			FY2017			FY2018		
			Singapore	Malaysia	Thailand	Singapore	Malaysia	Thailand
<b>SAFETY &amp; WELL-BEING</b>								
<i>Material Topic: Occupational Health &amp; Safety</i>								
GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Injury Rate (IR)	incident/ million hours	9.96	7.45	3.17	4.28	4.33	3.06
	Occupational Diseases Rate (ODR)		0.00	0.00	0.00	0.09	0.00	0.00
	Lost Day Rate (LDR)	lost day/ million hours	139.08	122.19	34.45	24.19	42.64	22.28
	Absentee Rate (AR)	%	-	-	-	1.99	0.50	0.88
	Work-related Fatalities	incident	0.00	0.00	0.00	0.00	0.00	0.00
	Lost Time Injury Frequency Rate (LTIFR)	incident/ million hours	5.98	2.07	1.70	2.14	2.63	1.75
<b>Group Lost Time Injury Frequency Rate</b>			<b>2.95</b>			<b>2.43</b>		
<i>Material Topic: Consumer Health &amp; Safety</i>								
GRI 416-1 Assessment of the health and safety impacts of product and service categories	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	%	100	100	100	100	100	100
GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Total number of incidents of non-compliance concerning the health and safety impacts of products and services	incident	0	0	0	0	0	0
<i>Material Topic: Marketing and Labeling</i>								
GRI 417-1 Requirements for product and service information and labelling	Percentage of significant product or service categories covered by and assessed for compliance with such procedures stated above	%	100	100	100	100	100	100
GRI 417-2 Incidents of non-compliance concerning product and service information and labelling	Total number of incidents of non-compliance concerning product and service information and labelling	incident	0	0	0	0	0	0

1. We are constantly working towards meeting our new target of reducing the Group Lost Time Injury Frequency Rate to 0 by 2020. We have since saw a drop of about 17% in our LTIFR as compared to FY2017 and will continue to work towards our eventual goal.

# GRI STANDARDS CONTENT INDEX

For “In Accordance: Core”

This report has been prepared in accordance with the GRI Standards: Core option.

GENERAL DISCLOSURES		
Profile Disclosure	Description	Reference page / Explanation
<b>ORGANISATIONAL PROFILE</b>		
GRI 102-1	Name of the organisation	Pg. 6
GRI 102-2	Activities, brands, products, and services	Pg. 6
GRI 102-3	Location of headquarters	Singapore
GRI 102-4	Location of operations	Pg. 6/7
GRI 102-5	Ownership and legal form	Pg. 6/7. See Annual Report for full details
GRI 102-6	Markets served	Pg. 6/7. See Annual Report for full details
GRI 102-7	Scale of the organisation	Pg. 6/7. See Annual Report for full details
GRI 102-8	Information on employees and other workers	<ol style="list-style-type: none"> <li>1. We do not track the info for employment contract and employment type by gender</li> <li>2. Most people who work on behalf of F&amp;N are employed by F&amp;N. We also employ contractors for construction projects, logistics, and cleaning</li> <li>3. F&amp;N does not have significant variation in numbers (such as seasonal variations in the tourism or agricultural industry)</li> </ol> Pg. 6/7. See Annual Report for full details
GRI 102-9	Supply chain	Pg. 10
GRI 102-10	Significant changes to the organisation and its supply chain	There are no significant changes to our size, structure, ownership or supply chain in this reporting period
GRI 102-11	Precautionary Principle or approach	We take a precautionary approach to our environmental strategy. See Annual Report for full details
GRI 102-12	External initiatives	Pg. 3/71/83
GRI 102-13	Membership of associations	SASPO, RSPO

## GRI STANDARDS CONTENT INDEX

<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>		
GRI 102-45	Report coverage of entities included in the consolidated financial statements	This information is available in Annual Report
GRI 102-46	Process for defining the report content and the aspect boundaries	Pg. 15
GRI 102-47	Material aspects identified	Pg. 15
GRI 103-1	For each material Aspect, report the Aspect Boundary within the organisation	Pg. 16-18
GRI 103-1	For each material Aspect, report the Aspect Boundary outside the organisation	Pg. 16-18
GRI 102-48	The effect of any restatements of information provided in previous reports	Pg. 84
GRI 102-49	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	The scope has been extended to include our plant in Pak Chong, Thailand for environment data reporting
<b>REPORT PROFILE</b>		
GRI 102-50	Reporting period	Pg. 4
GRI 102-51	Date of most recent previous report	Pg. 5
GRI 102-52	Reporting cycle	Pg. 4
GRI 102-53	Contact point for questions	Pg. 5
GRI 102-54	'In accordance' option, the GRI content index	Pg. 5/87
GRI 102-55	GRI content index	Pg. 87-90
GRI 102-56	External assurance	This year's report has not been subject to external assurance
<b>STAKEHOLDER ENGAGEMENT</b>		
GRI 102-40	List of stakeholder groups engaged by the organisation	Pg. 13-14
GRI 102-41	Collective bargaining agreements	We have a strong commitment to transparent dialogue. In FY2018, 28% of our employees were covered by collective bargaining agreements
GRI 102-42	Basis for identification and selection of stakeholders	F&N divides its stakeholders into 8 categories: 1) employees, 2) suppliers, 3) customers, 4) consumers; 5) investors; 6) communities; 7) regulators, and 8) non-governmental organisations (NGOSs)  We are currently establishing guidelines for appropriate stakeholder engagement across these eight categories, to ensure that our stakeholders are given the opportunity to voice their demands, opinions, concerns and suggestions
GRI 102-43	Approaches to stakeholder engagement	Pg. 13
GRI 102-44	Response to key topics and concerns raised	Pg. 13-14
<b>GOVERNANCE</b>		
GRI 102-18	Governance structure of the organisation	Pg. 12
<b>STRATEGY</b>		
GRI 102-14	Statement from senior decision-maker	Pg. 3
<b>ETHICS AND INTEGRITY</b>		
GRI 102-16	Values, principles, standards and norms of behaviour such as codes of conduct and code of ethics	Pg. 8-9. Refer to Annual Report for more details.

<b>SPECIFIC DISCLOSURES</b>		
<b>Profile Disclosure</b>	<b>Description</b>	<b>Reference page / Explanations</b>
<b>DRIVING ECONOMIC VALUE</b>		
<b>Material Topic: Economic Performance</b>		
GRI 103-2	The management approach and its components	Pg. 22
GRI 201-1	Direct economic value generated and distributed	Pg. 23
<b>Material Topic: Innovation</b>		
GRI 103-2	The management approach and its components	Pg. 24
<b>EMPOWERING OUR PEOPLE</b>		
<b>Material Topic: Talent Management</b>		
GRI 103-2	The management approach and its components	Pg. 32
GRI 401-1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Pg. 37-38
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Pg. 33
GRI 404-1	Average hours of training per year per employee	Pg. 38
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	Pg. 35
<b>Material Topic: Market Presence</b>		
GRI 103-2	The management approach and its components	Pg. 39
GRI 202-2	Proportion of senior management hired from the local community	Pg. 39
<b>ENHANCING SOCIAL WELL-BEING</b>		
<b>Material Topic: Creating Value for Society</b>		
GRI 103-2	The management approach and its components	Pg. 41
GRI 413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	Pg. 85
<b>Material Topic: Health and Nutrition</b>		
GRI 103-2	The management approach and its components	Pg. 50-51
<b>ECO-EFFICIENCY</b>		
<b>Material Topic: Water Stewardship</b>		
GRI 103-2	The management approach and its components	Pg. 54
GRI 303-1	Total water withdrawal by source	Pg. 56
GRI 303-3	Percentage and total volume of water recycled and reused	Pg. 56
<b>Material Topic: Effluents and Waste</b>		
GRI 103-2	The management approach and its components	Pg. 57
GRI 306-1	Total volume of water discharged by quality and destination	Pg. 60
<b>Material Topic: Packaging</b>		
GRI 103-2	The management approach and its components	Pg. 61

## GRI STANDARDS CONTENT INDEX

<b>SPECIFIC DISCLOSURES</b>		
<b>Profile Disclosure</b>	<b>Description</b>	<b>Reference page / Explanations</b>
<b>ECO-EFFICIENCY (cont'd)</b>		
<b>Material Topic: Energy and Climate Change</b>		
GRI 103-2	The management approach and its components	Pg. 63
GRI 302-1	Total energy consumption	Pg. 66
GRI 302-3	Energy intensity ratio	Pg. 66
GRI 305-1	Scope 1 – direct GHG emissions (CO <sub>2</sub> )	Pg. 67
GRI 305-2	Scope 2 – indirect GHG emissions (CO <sub>2</sub> )	Pg. 67
GRI 305-4	Greenhouse gas (GHG) emissions intensity	Pg. 67
<b>RESPONSIBLE SUPPLY CHAIN</b>		
<b>Material Topic: Sustainable Sourcing</b>		
GRI 103-2	The management approach and its components	Pg. 69
GRI 204-1	Percentage of purchase value spent on local suppliers	Pg. 71
<b>Material Topic: Route Planning</b>		
GRI 103-2	The management approach and its components	Pg. 72
<b>SAFETY &amp; WELL-BEING</b>		
<b>Material Topic: Occupational Health and Safety</b>		
GRI 103-2	The management approach and its components	Pg. 74
GRI 403-2	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender	Pg. 76-77
<b>Material Topic: Consumer Health and Safety</b>		
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