



MATERIAL ISSUES:

- Economic Performance
- Innovation
- Talent Management
- Market Presence
- Creating Value for Society

CONTRIBUTING TO SDGs:



Delivering Value THROUGH INNOVATION, HUMAN CAPITAL DEVELOPMENT & SOCIAL COLLABORATION

We are committed to creating sustainable value for our consumers, customers, shareholders, employees and the local communities in which we operate. We seek to maintain our leadership position in the dairy and beverages market and continue to reward our valued shareholders with strong long-term returns. We are empowering our employees by encouraging a culture of collaboration and innovation. We are also dedicated to enhancing social well-being through our long-standing community outreach programmes and by developing products and initiatives that promote good health and nutrition.





DRIVING ECONOMIC VALUE



F &NHB's longevity is based upon long-term value creation for our stakeholders. We achieve this by maintaining leadership in our core markets, and by leveraging innovative technologies and our employees' expertise to meet consumers' evolving demands and enter new markets.

This section presents an overview of our economic performance, which provides us with a firm foundation to continue delivering the products which our customers love. In the 'Innovation' section, we share highlights of Research and Development (R&D) efforts to improve existing products and processes as well as introducing new products and packaging. Each year, we become increasingly aware of how we can innovate to maximise positive environmental and social impacts – and minimise negative impacts – of our products and processes. In this section, we also highlight the initiatives we implement to achieve this.

Delivering Value

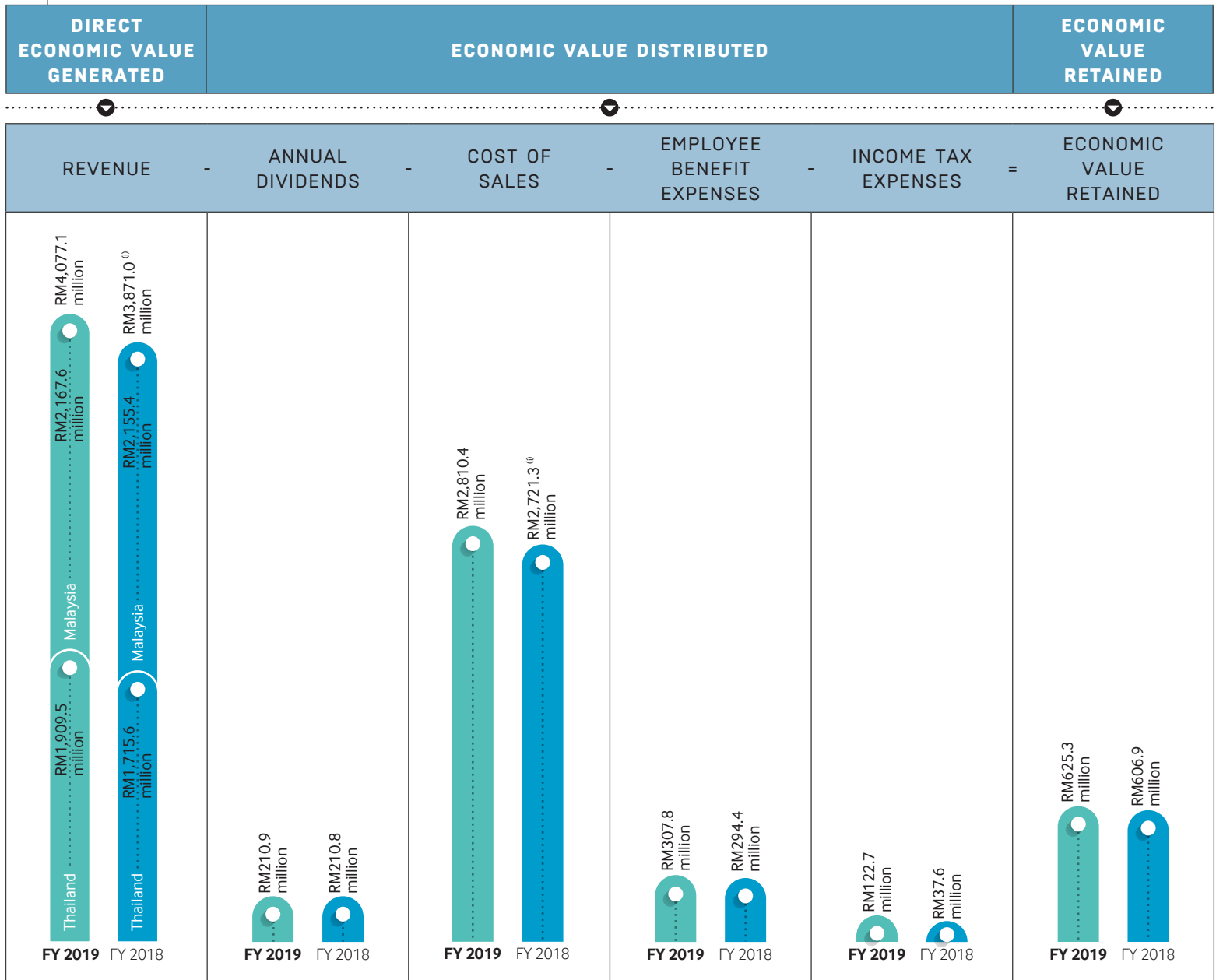
ECONOMIC PERFORMANCE

GRI 201-1

F&NHB generates economic wealth in a number of ways. Full information is included in our audited financial statements, as part of our 2019 Annual Report, but a summary is provided below. Please refer to the Value Creation Model for more details in pages 016-017.

ECONOMIC PERFORMANCE

GRI 201-1



Notes:

- (i) Restated for adjustments pursuant to the adoption of MFRS 15, *Revenue from Contracts with Customers*.
- (ii) Employee benefit expenses comprise wages, salaries, contributions to state plans, expenses related to defined benefit plans, share-based payment expense, one-off restructuring costs and other staff costs.
- (iii) Economic value retained is calculated by direct economic value generated (revenue) – economic value distributed (annual dividends, cost of sales, employee benefit expenses and income tax expenses). Community investments are not included.

Read more about our financial performance in our Annual Report 2019.

DRIVING ECONOMIC VALUE

INNOVATION

Target:

To invest in product and process innovation to increase our product range, and improve efficiency and productivity

Progress in 2019: We have invested in product and process innovation to increase our product range, and improve efficiency and productivity through:



Eleven new products introduced in FY2019, offering more options in different product categories, healthier options and convenience through differentiation in packaging

Employee-driven innovation projects, delivering cost savings or cost avoidance of approximately RM2.41 million per annum

Innovative technologies to reduce post-consumption waste and automate processes to enhance efficiency



Innovation is central to maintaining F&NHB's competitive edge. We continuously innovate to deliver value through new and unique product offerings to meet consumers' evolving needs, for example towards more beverage choices, flexibility and affordability. Through innovation, we also improve the operational efficiency of our manufacturing processes and better manage our impacts on the environment, further guided by the circular economy principles.

OUR INNOVATION FRAMEWORK



PRIORITY AREAS

Continuous improvement to deliver high quality innovative products to consumers.

More new products to expand our target consumer groups.



EXTERNAL COLLABORATION

Collaborate with authorities such as the Ministry of Health (MoH), Federation of Malaysian Manufacturers (FMM) and Thailand's Food and Drug Administration (FDA) to adhere to food safety regulations and support national health priorities.

Collaborate with research institutes to access cuttingedge research and scientific studies to discern the efficacy of our products.



INNOVATION CULTURE

Develop products based on scientific research, consumer insights and tastes relevant to evolving Asian lifestyles.

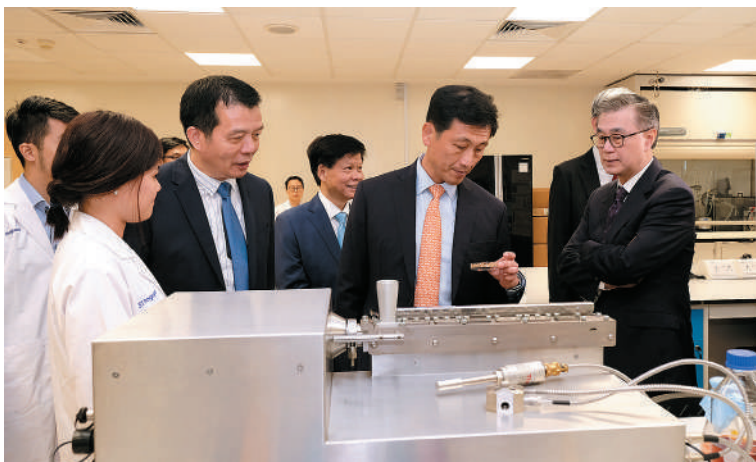
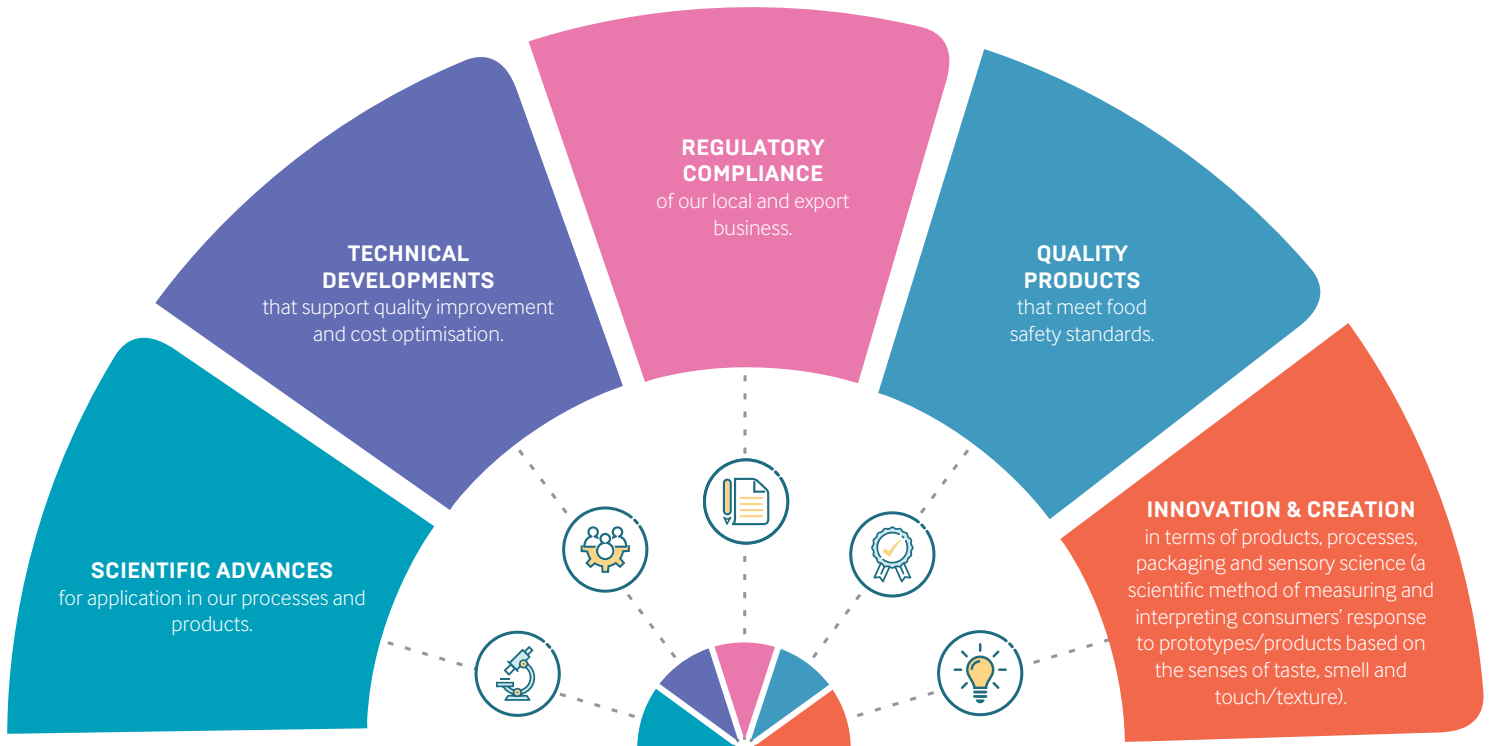
Constantly refine our products to meet the changing needs of consumers and ensure consistent delivery of good taste and the right nutritional values.

Delivering Value

OUR RESEARCH & DEVELOPMENT APPROACH

Our Research & Development (R&D) Unit in Singapore is supported by teams in Malaysia and Thailand. The unit leads efforts for continuous improvements to our product formulas according to changes in consumer preferences and the regulatory environment, while searching for ways to improve products' functional benefits and shelf-life.

The goals of R&D at F&NHB are guided by the following principles:



The F&N-NTU F&B Innovation Lab is helmed by Professor William Chen, Director of NTU Science and Technology Programme (third from left), Mr. Ong Ye Kung, Singapore's Minister for Education (third from right) and Mr. Koh Poh Tiong, Adviser of Fraser and Neave Limited, Chairman to the Board Executive Committee.

In 2019, the F&N-NTU F&B Innovation Lab was established in Singapore to foster research that will result in better food products, greener packaging and the conversion of spent produce from food processing into valuable resources. In line with F&N's commitment to deliver sustainable business practices, this collaboration with Nanyang Technological University (NTU) will see the furthering of our green efforts, as well as catering to the health and nutritional needs of our consumers.

DRIVING ECONOMIC VALUE

CONSUMER-FOCUSED INNOVATION

At F&NHB, we strive to deliver our 'Pure Enjoyment, Pure Goodness' promise to our consumers by offering: more options in different product categories; healthier options without compromising on taste; and convenience through differentiation in packaging to cater to customers' evolving needs.

We draw upon local knowledge to develop products which our consumers love. We launched 11 new products during FY2019, with each one underwent comprehensive tests before they reached the shelves to ensure that they are safe for our consumers and of the desired quality.

NEW PRODUCTS IN FY2019

MALAYSIA



1. F&N Lychee Pear
2. F&N SEASONS Apple Pomegranate Tea
3. F&N SEASONS Watermelon Lychee Tea
4. F&N SEASONS Pu-erh Chrysanthemum Tea
– No added sugar
5. OYOSHI Sakura Strawberry Green Tea
6. F&N Sweetened Condensed Milk Squeeze Tube
– Full cream, Chocolate, Strawberry
7. F&N Sweetened Condensed Milk Stix
– Full cream, Chocolate, Strawberry
8. Carnation Sweetened & Condensed Creamer

THAILAND



1. F&N Magnolia Lactose Free Milk Product
– Peppermint Brownie, Plain, Vanilla White Choc
2. TEAPOT Sweetened Creamer Squeeze Tube
– Caramel
3. F&N Magnolia Gingko Plus Salted Caramel Milk

Delivering Value

Healthier Options

We invest heavily in the development of healthier products and in extending product options to meet the expectations of different types of consumers. Over the past 15 years, we have made significant efforts to reduce the sugar content across our range of beverages: in 2004, our beverages contained on average 9.5g of sugar per 100ml, and this has fallen by over 41% to 5.2g per 100ml in 2019.

This year, we carried out a reformulation exercise on our beverage portfolio, to accelerate our mission towards improving the health and well-being of Malaysians. Today, about 90% of our RTD beverages sold are healthier options (below the sweetened beverages excise duty threshold). More importantly, consumer responses to our reformulated products have been very positive.

More information on our healthier options, including details of products with the 'Healthier Choice Logo', can be found in the 'Consumer Health & Safety' chapter.

Increased Convenience

We offer differentiated product packaging to cater to the different needs of consumers. This year, due to demand for greater convenience and flexibility, we launched the F&N Sweetened Condensed Milk Squeeze Tube and single serve 'Stix'. Besides being portable and easily stored, these options provided more control over portion sizes, hence contributing to consumer health and safety.

We are conscious of our responsibility to manage the environmental impacts associated with our product packaging. We utilised innovative processes to reduce the Polyethylene Terephthalate (PET) resin used in packaging of key products (as detailed on pages 040 and 076), and continuously explore solutions in reducing our post-consumption waste (as detailed on page 059).

PROCESS INNOVATION

Our R&D and Manufacturing teams constantly seek out the most up-to-date technical and scientific advances to improve the efficiency of our operations while minimising environmental impacts. Over the years, we have implemented innovative technologies to reduce post-consumption waste and automate processes to enhance efficiency.

FUTURE READY INVESTMENTS

This year, we have invested approximately RM150 million in capital expenditure to elevate our product innovations and drive cost competitiveness. Process innovation projects implemented are described in our Annual Report 2019, and include:



200 bpm drinking water line and warehouse at Kota Kinabalu Industrial Park (KKIP), Sabah, Malaysia



New product development transformation programme, including reformulating products with lower sugar and new product packaging



Sophisticated Automated Storage Retrieval System (ASRS) for our new warehouse at Shah Alam plant, Malaysia



Solar roofing to generate renewable energy at Rojana Plant, Thailand



DRIVING ECONOMIC VALUE

Healthier and Better Products

The Aseptic Cold-Filling PET line at the Shah Alam plant has been producing 100PLUS ACTIVE, F&N SEASONS, and OYOSHI since March 2018. Employing state-of-the-art technology, the new line allows the use of lightweight containers, thereby reducing the use of PET resin packaging materials by 208 metric tonnes in FY2019. The line is also able to maintain a sterile environment within the aseptic chambers for a much longer duration, meaning less production downtime. This also allows us to bottle our products with no additional thermal stress and no added preservatives. This has accelerated our expansion into more product offerings, such as the three new healthier variants of new F&N SEASONS – Watermelon Lychee Tea, Apple Pomegranate Tea and Pu-erh Chrysanthemum Tea.

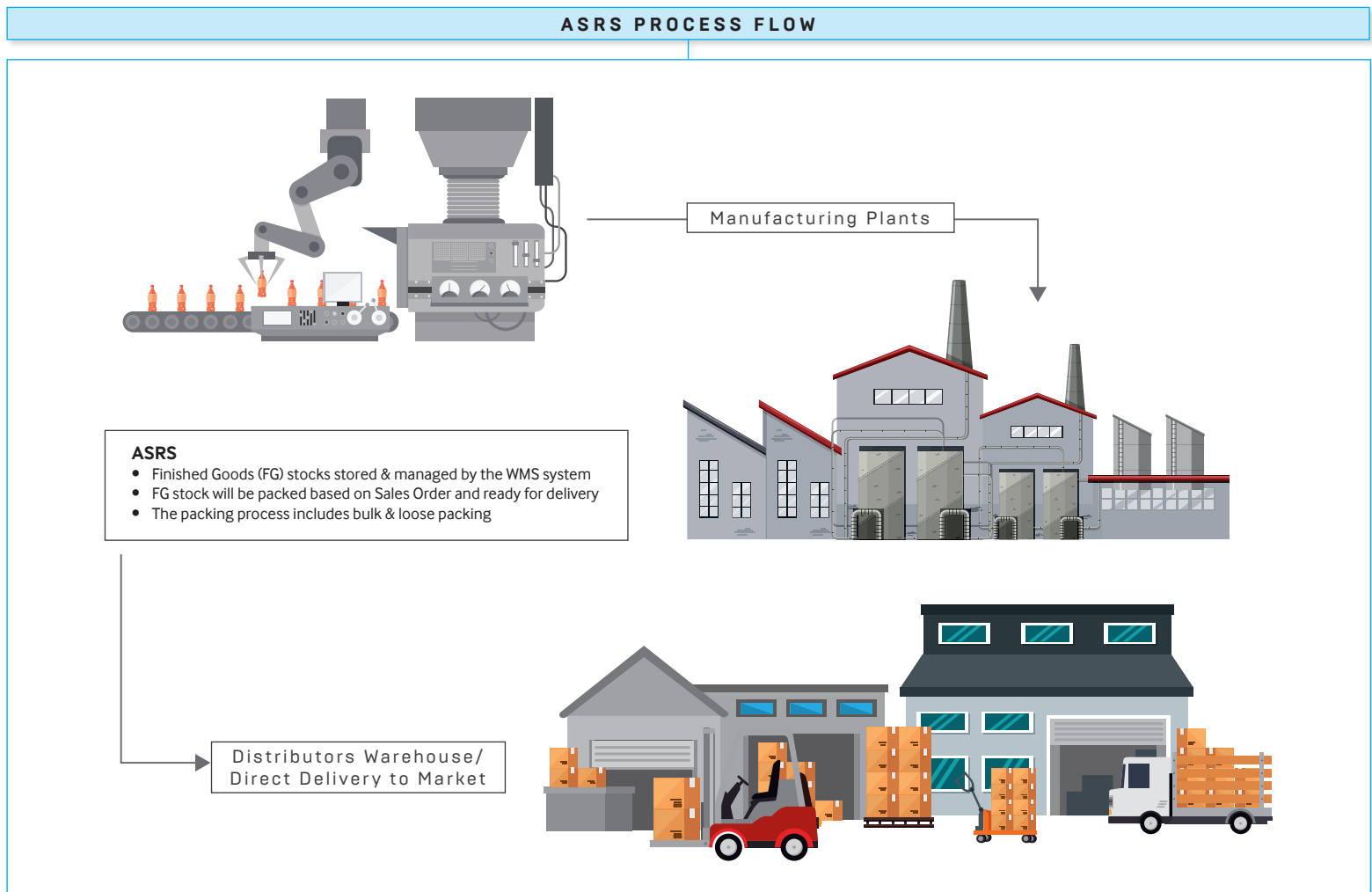
Optimising Operational Efficiency of Our New Warehouse

To further optimise operational efficiency, we have invested RM78 million in an Automated Storage Retrieval System (ASRS) at our new integrated warehouse at Shah Alam plant, which will commence operation in Quarter 2 of FY2021.

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

- More accurate stock management
- The elimination of product damage caused by mishandling
- In-sourcing of break bulk activities
- A reduction in the amount of time workers need to be at the warehouse
- An improvement in warehouse safety

ASRS will also be implemented in the new Distribution Center at Rojana.



Delivering Value

EMPLOYEE-DRIVEN INNOVATION

We empower our employees to lead when it comes to innovation. Our employees actively participate in ThaiBev's WOW (Way of Work) Awards, an annual award to promote the concept of 'Simplicity', 'Efficiency' and 'Competitiveness' in our work processes. 19 teams from F&NHB participated this year and won the third runner-up award for an enterprise workflow improvement project and first runner up award for a project on 'Quality Excellence'.

Quality Excellence

Our Quality Excellence team at Rojana Plant initiated a project to improve the efficiency of product releasing scheme of sweetened condensed milk, by shortening the period of microbiology tests from seven days to one day. The shorter timeframe allows our products to be released to the market faster and enables consumers to enjoy the freshly produced sweetened condensed milk. This project will help to achieve annual cost savings of 6.5 million baht, through optimisation of finished goods inventory with lower operations cost, reduction of analysis cost and reduction of water usage in laboratory.

Lean Production Management

We recognise that lean management is important in our production. Our employees at Rojana Plant initiated a project to increase production line productivity of Sweetened Beverage Creamer (2kg) through effective packaging materials, storage and transportation. The team reviewed the entire process of transportation mechanism of foil from storage room to filling room and implemented an improved design of process flow, including designing and building a storage room near to the filling room to reduce the distance of forklifts, reducing the lead time of changing foil roll to reduce downtime, and installing a roller conveyor machine to reduce workload. This project will help to achieve annual cost savings of 13 million baht, and at the same time reduce the risk of accidents caused by forklifts.

Digital Efficiency

We are continuously seeking opportunities to enhance our processes using the latest digital technologies. In Malaysia, we implemented an Enterprise Workflow project which digitised, simplified and integrated the processes of our sales team with the IT application - JOGET. Through this web-based system, sales colleagues can now perform sales transactions anywhere and anytime.

As a result, processing time of sales equipment requests has reduced from an average of fourteen days to only one day (effectively cutting ten hours of administrative work per month for our sales team). Paper usage has also reduced by 70%.

Continuous Improvement Project

This year, our employees at F&N Dairies Thailand initiated a Gemba Kaizen project at our plant in Rojana that encouraged continuous improvement in process enhancement and cost reduction. Through this project, the team reviewed the mechanism of display boxes at the packing line and incorporated the Karakuzi Kaizen mechanism (leveraging on gravitational energy). This initiative successfully reduced the frequency of machine jams by almost 90% and recognised by Technology Promotion Association (Thailand-Japan) 2019 in the Thailand Kaizen Award 2019 with a gold medal.

Excel as One Convention (EAO)

EAO (previously known as 'Winning as One') is an annual convention held for the past 13 years in Thailand to allow cross-functional F&N Dairies Thailand teams to present their ideas to enhance our productivity, cost savings and/or product quality.

This year's convention was held in August 2019 with the theme of 'Continuous Improvement & Innovation Excellence'. Teams successfully identified solutions which resulted in cost savings or cost avoidance of 18.44 million baht (approximately RM2.41 million) per year.

This year's convention saw continuous improvement activities at the Small Group Activities, Kaizen, Quality Control Circle, and new awards were given for the Innovation category and Lean category.

F&NHB is determined to maintain an excellent performance and continual development towards being the best in Innovation in the F&B Industry towards achieving our Vision 2020.



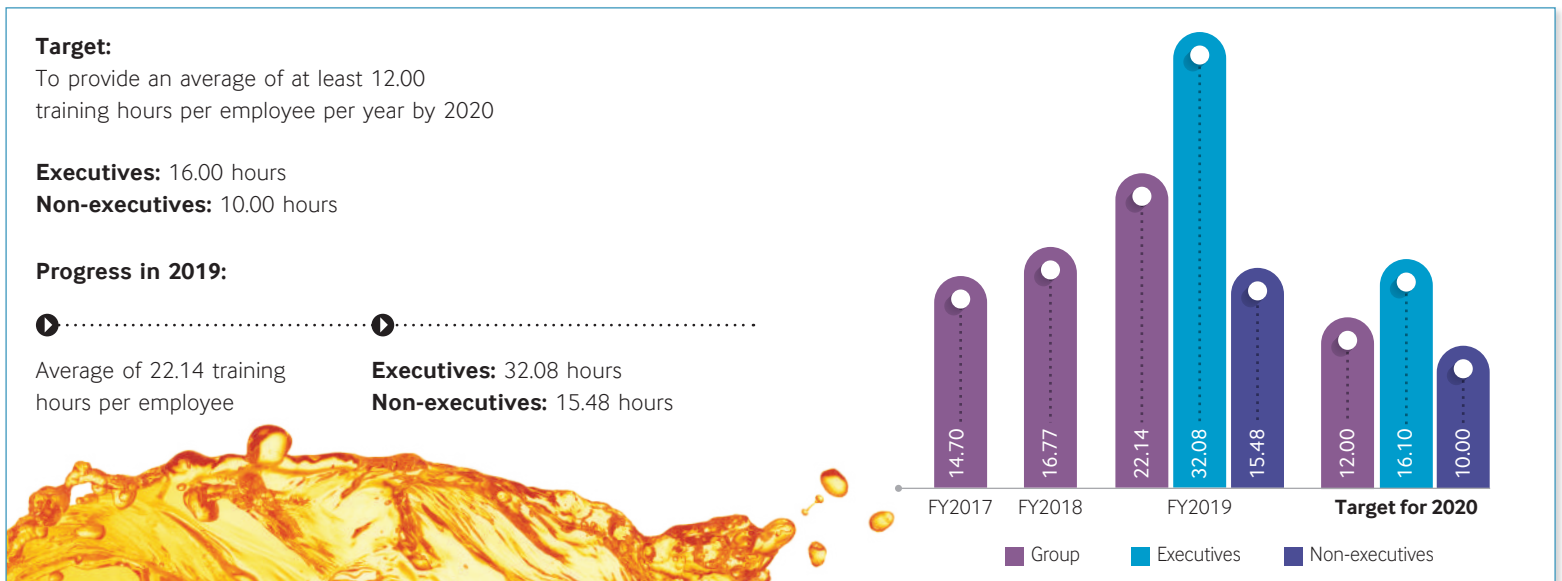
EMPOWERING OUR PEOPLE



Our people differentiate F&NHB from peers and are central to determining how well we perform. We strive to create a stimulating work environment, where talent is nurtured and rewarded, and employees are engaged, challenged and empowered to perform to their highest potential. We constantly look to hire and retain talent who will enable us to maintain our competitive edge. F&NHB contributes to the United Nations Sustainable Development Goal 8 target to achieve full and productive employment and decent work for all.

TALENT MANAGEMENT

GRI 202-2; GRI 401-1; GRI 401-2; GRI 404-1; GRI 404-2



Delivering Value

OUR APPROACH

We recognise the importance of diversity in terms of cultural background and age, as well as having a good gender balance, to enrich the workplace with fresh perspectives which help us to meet our business objectives.

F&NHB strives to offer equal opportunities for all people, regardless of race, gender, religion and any other factor unrelated to employment requirement. We comply strictly with prevailing legislation on employment rights in our countries of operation, which includes no hiring of minors.

The cultural and age make-up of our workforce in Malaysia and Thailand is representative of the national composition. In terms of gender, while the number of female employees stands at 32% of total employees, our positive approach to gender equity can be seen by women representing 44% of total managerial positions.

As of 30 September 2019, F&NHB has

2,600

employees, all of whom work full-time and



98%

of whom are on a permanent full-time contract.

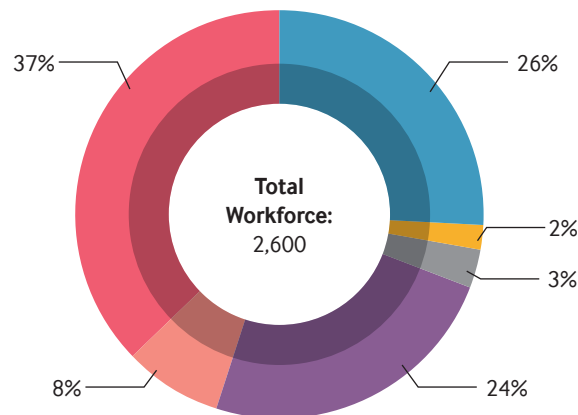


47%

of employees have been with F&NHB for over ten years and in the past year, our employee turnover rate was

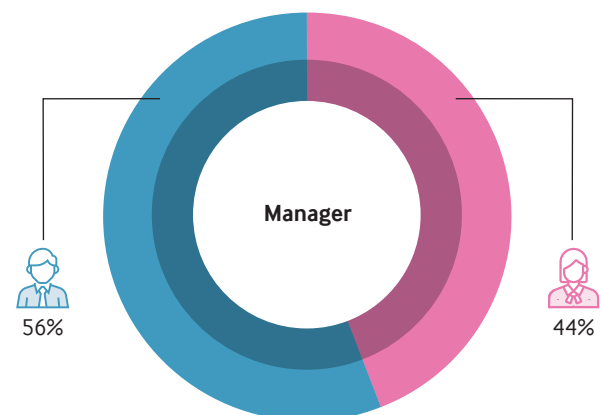
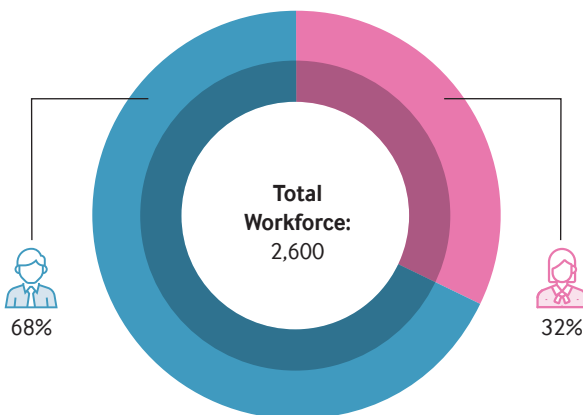
9%

ETHNICITY



Malay Chinese Indian Indigenous Ethnic Thai Others

GENDER



EMPOWERING OUR PEOPLE



GRADUATES' CHOICE AWARD 2019

F&NHB was nominated as the first runner-up for the Fast Moving Consumer Goods category in the Graduates' Choice Award 2019. This Award recognises organisations which have demonstrated 'Exceptional Employer Branding' through excellence and distinction in graduate recruitment throughout Malaysia.



ASIA'S BEST EMPLOYER BRAND AWARD 2019

This year, F&NHB was also awarded the Asia's Best Employer Brand Award. We received recognition for translating and combining vision with action for our Human Capital Strategy, cultivating competencies to build the organisation to be future-ready and putting continuous focus on Employee Engagement.



MALAYSIA BEST EMPLOYER BRAND AWARDS 2019

F&NHB was recognised at the Malaysia Best Employer Brand Awards 2019. Criteria for the award included: providing employees with exemplary learning and development opportunities; communicating distinctiveness in employee hiring, training & retention practices; regular communication with employees of all levels; and excellence in innovation.

HUMAN CAPITAL ROADMAP AND STRATEGY

F&NHB has a strategic plan to establish ourselves as a preferred employer, and this is guided by our Human Capital Roadmap to 2020, and specifically our seven 'Modules for Strategic Human Capital Transformation', each explained in more detail below.

FIVE-YEAR HUMAN CAPITAL ROADMAP

2014-2015

Building foundation for growth

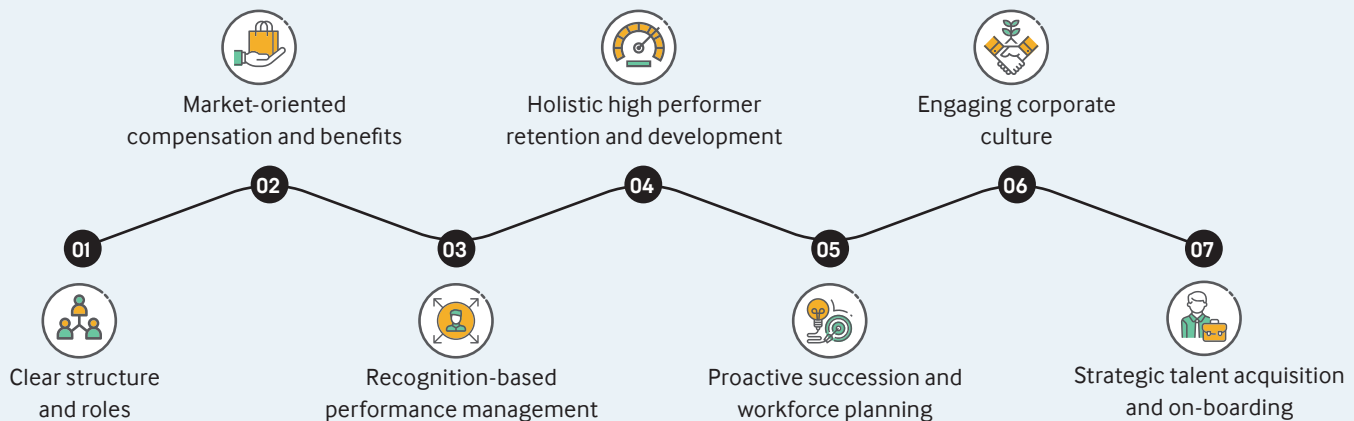
2016-2017

Strengthening the organisation & institutionalise engaging culture

2018-2020

Fully enabling Vision 2020

7 MODULES FOR STRATEGIC HUMAN CAPITAL TRANSFORMATION



1. Clear Structure and Roles

We use the 'Beverest' total performance management system (TPMS) to integrate our human capital processes and systems across the Group. This helps us to make sure that each employee is aware of the expectations and responsibilities for their role, their team and for the Group as a whole. Beverest TPMS is the foundation for a range of human capital-related processes, from recruitment and on-boarding to career development.



2. Market-oriented Compensation and Benefits

We pay our employee wages competitively and carry out regular reviews to ensure that our remuneration packages remain in line with peers', and in harmony with other Group companies. Benefits provided to all full-time employees include life insurance, health care, disability and invalidity coverage, parental leave, retirement provision, and stock ownership options.

F&NHB's human resources policies go beyond standard labour regulations and statutory requirements in Malaysia and Thailand. F&NHB's Management engages actively with union leaders at our seven formal employee-unions for balanced collective agreements. F&NHB does not restrict freedom of association.

This year, three unions have adopted performance bonuses into their terms and conditions of employment. This is the start of extending the performance-based reward culture to our production employees.

STANDARD BENEFITS OFFERED TO FULL-TIME EMPLOYEES	
Life Insurance	By job grade
Health Care	By job age, staff category and/or job grade
Disability and Invalidity Coverage	By job grade
Parental Leave	All eligible employees under the law
Retirement Provision	For certain categories of employees
Stock Ownership	By job grade-F&NHB Shares
Others	1. Enhanced Provident Fund 2. Long Service Award

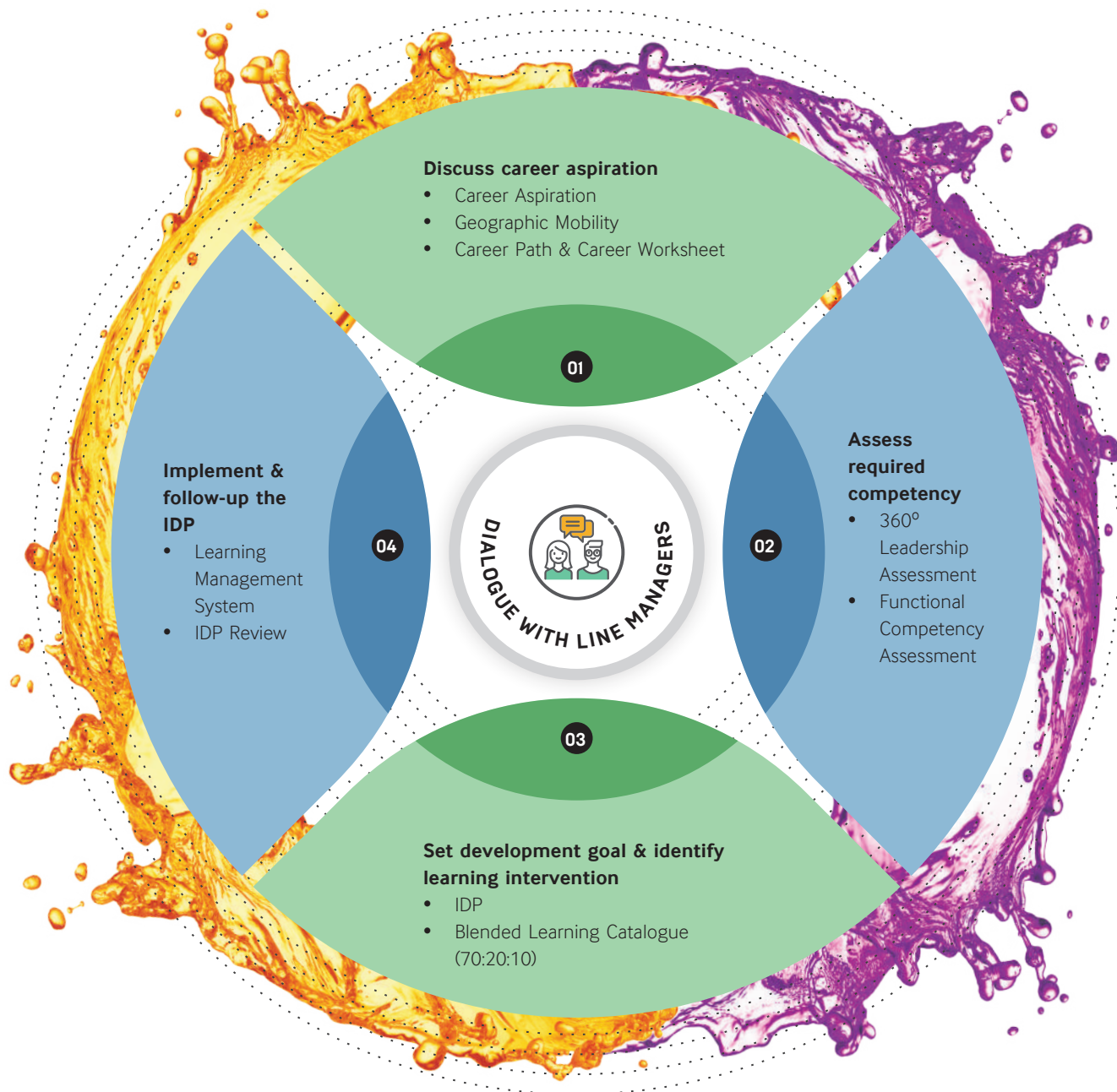
GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees

EMPOWERING OUR PEOPLE

3. Recognition-based Performance Management

Employees collaborate with their supervisors to set SMART goals and KPIs for the year. 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 approach supports Individual Development Plans (IDPs). There are four stages to our IDP approach:



Delivering Value

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&NHB that each employee is supported to implement their IDP, using the 70/20/10 Learning Model.



20%

Learning from others and developing relationships (e.g. coaching and mentoring)



10%

Formal training courses or e-learning



70%

On-the job training and assignments

During the year, 1,059 employees attended a series of informal knowledge-sharing sessions (more than 1,972 hours) covering a wide range of topics, including: First Aid Awareness & Cardiopulmonary Resuscitation; Corporate Compliance & Tax; and Online Cyber Security Training. These sessions provide great opportunities to learn about a range of technical and non-technical issues and strengthen relationships between colleagues throughout the company.

Our key training programmes focused on developing management and leadership skills, to groom high-potential employees and emplace them for succession. Some key development programmes include:

PROGRAMME	FOCUS	EMPLOYEES TARGETED
7 Habits of Highly Effective People	Self-management & interpersonal skills	Top, middle, junior management & employees
ASEAN Management Development Programme	Leadership and management skills	Top management
Management Development Programme	Leadership and management skills	Top & middle management
Future Leaders Development Programme	Leadership and management skills	Junior management
Coaching Skills	Leadership through effective coaching	Top & middle management
Business Acumen	Driving for business performance	Top, middle, junior management & employees
Education Assistance Programme	For various technical and professional certification	Non-unionised employees
Functional and Technical Training	Functional and technical skills	Manufacturing

GRI 404-2: Programmes for Upgrading Employees and Transition Assistance Programmes

5. Proactive Succession and Workforce Planning

Through our annual Talent Review and Succession Planning process, we identify employees who have the potential to become future leaders at F&NHB. Working alongside the Talent Management Team, identified future leaders chart their 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. Initiatives include job rotations, transfers and project assignments to allow exposure to various operations within the company.

EMPOWERING OUR PEOPLE

6. Engaging Corporate Culture

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



Senior management interact with employees through various channels such as town hall meetings and briefings, CEO roadshow sessions, intranet updates and monthly employee email newsletters. Employees are encouraged to partake in sports and other physical activities through our in-house gym facilities, membership of internal sports clubs, and in employee badminton or golf tournaments. F&NHB involves employees in a wide range of activities to promote togetherness and collaboration, such as the 'Fit & Nature' plogging activity and community outreach to spread festive cheer.

An engaging culture also means an active feedback platform. Employees are encouraged to share real-time feedback, ideas and suggestions directly with senior management via F&N Voice, a WhatsApp mobile messaging platform.



Caring for F&N Family

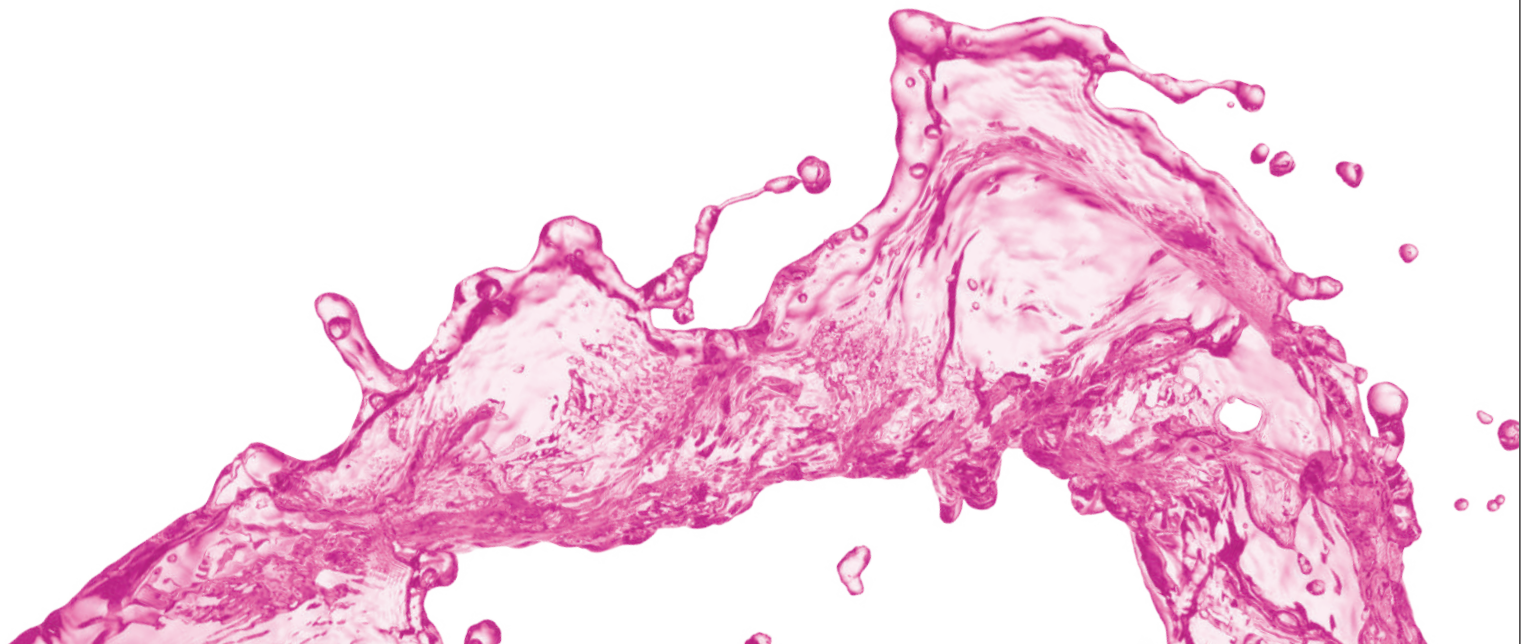
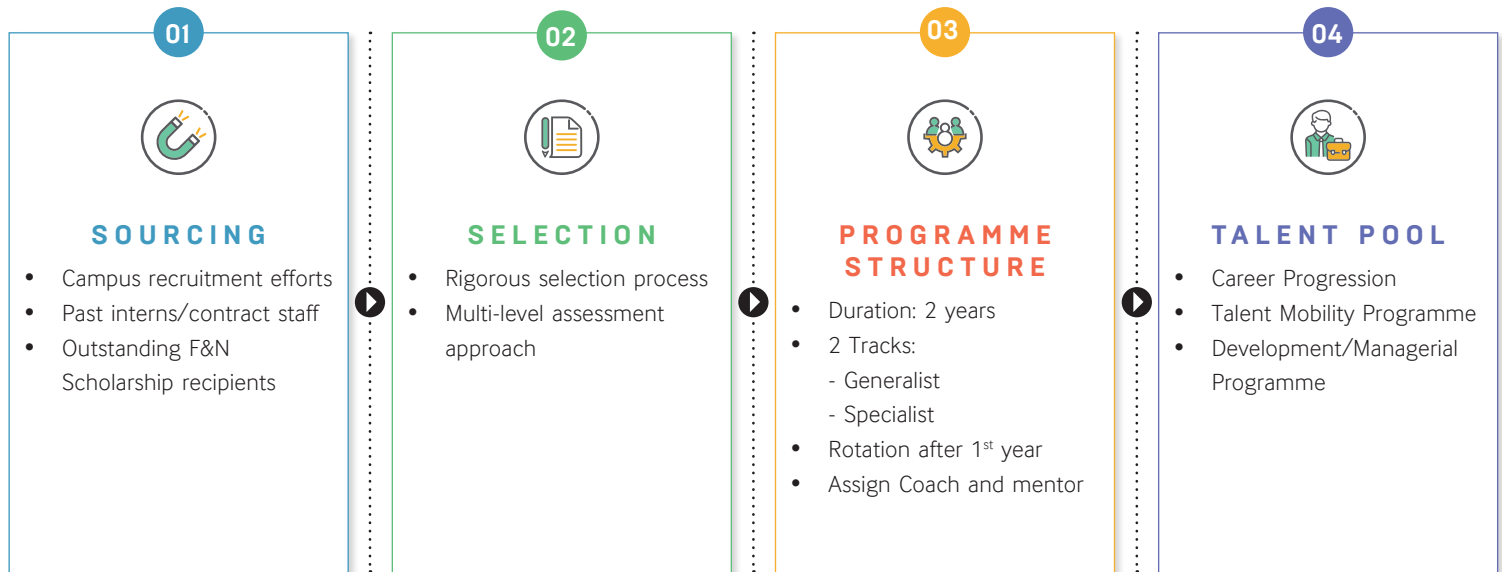
Since 2003, F&NHB has been presenting the Chairman's Award to academically high-achieving children of employees. The award is an employee appreciation initiative and provides motivation for their children to strive for excellence. A total of RM198,300 in cash was awarded to 106 recipients this financial year. To-date, F&NHB has disbursed RM4 million to over 2,000 children through the programme.

7. Strategic Talent Acquisition and On-boarding

F&NHB strives to promote from within and maximise opportunities for our own talent. Where this is not possible, our human capital team ensures that we are able to recruit and external applicants with abilities which match the company's needs.

Our interviewers are trained to ensure that the interview process is fair and effective. Our Beverest TPMS is used to ensure that all new recruits benefit from a comprehensive and consistent on-boarding programme across the Group. This includes a mix of self-serve e-learning and one-on-one support.

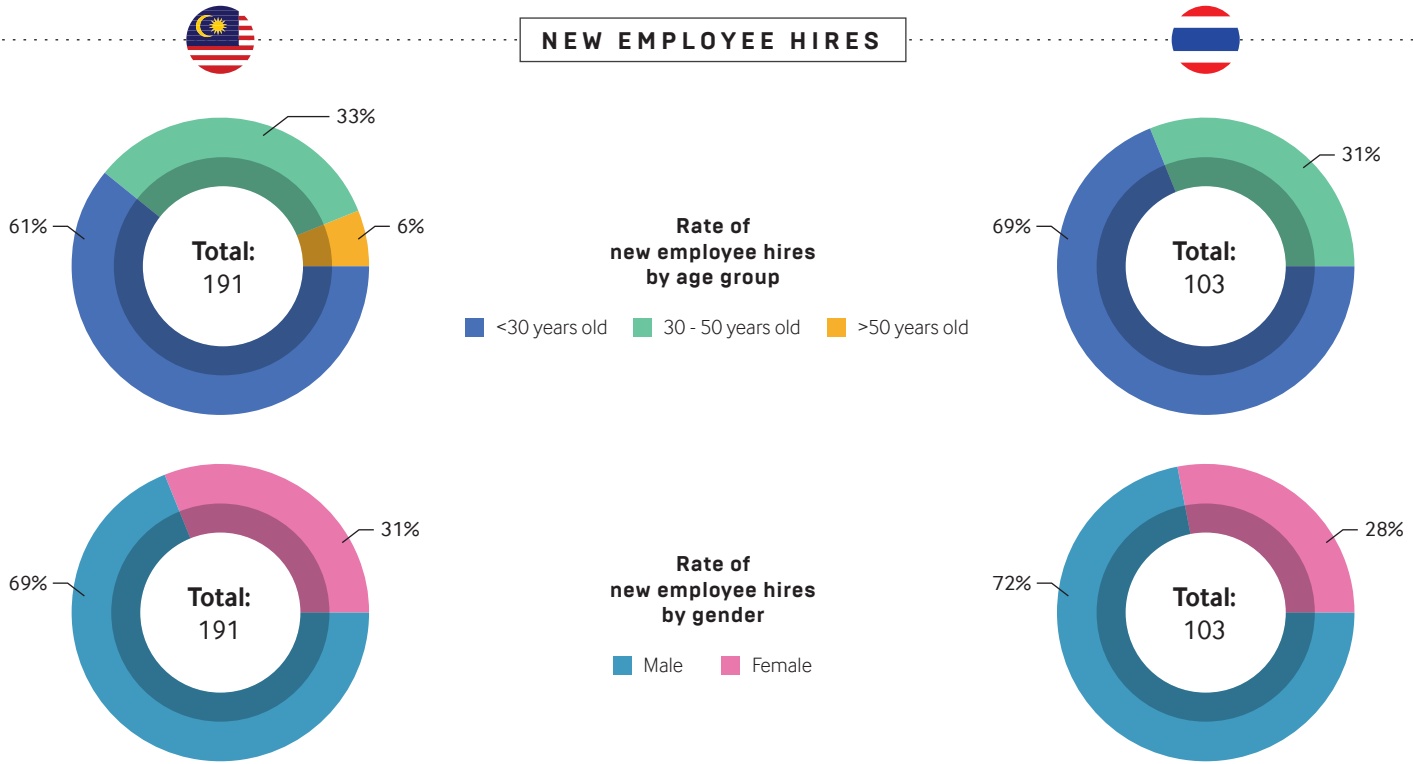
Our 'Future-ready Manager Programme' ensures that we replenish and grow our pool of future executives. We use a variety of assessment tools as part of a rigorous process to recruit the most suitable candidates. As soon as they join the team, the successful candidates begin a formal two-year programme to get a wide variety of experience.



EMPOWERING OUR PEOPLE

OUR PERFORMANCE HIGHLIGHTS

GRI 401-1: New Employee Hires and Employee Turnover

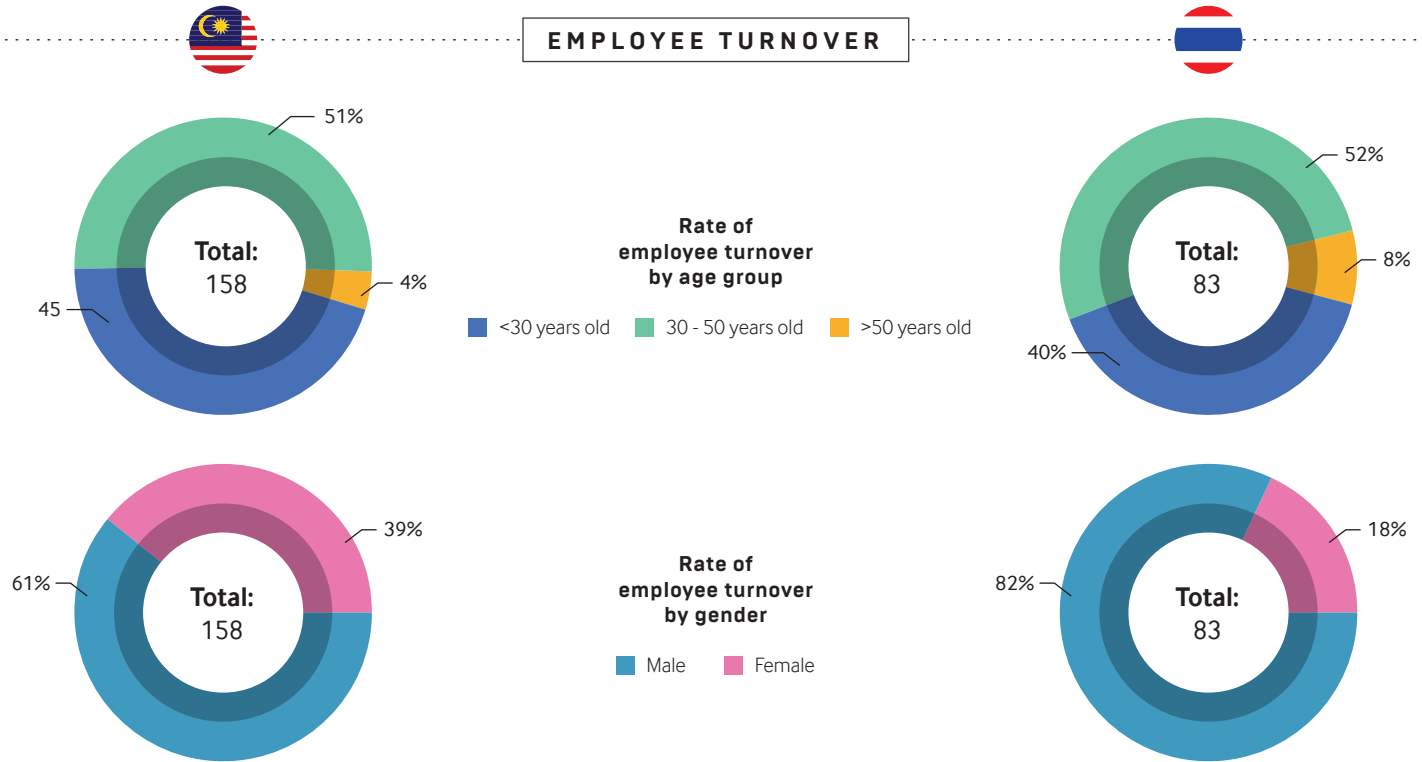


GRI 404-1: Average Hours of Training per Year per Employee



Delivering Value

EMPLOYEE TURNOVER



AVERAGE TRAINING HOURS BY EMPLOYEE CATEGORY



EMPOWERING OUR PEOPLE

MARKET PRESENCE

GRI 202-2

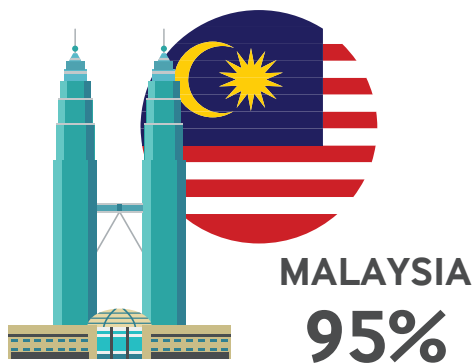
F&NHB's hiring practices are aligned with the interests of the local economies in which we operate, and we are determined to be the employer of choice and a role model for others. We are proud that 100% of our senior management in Thailand, and 95% of our senior management in Malaysia, are hired from the local community. This helps to keep the value created by F&NHB within the local economy and ensures that we understand the local markets.

Our compensation 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 to allow for necessary adaptations with local circumstances.

All F&NHB employees adhere to F&NHB's Code of Business Ethics & Conduct, which includes principles related to integrity, respect and excellence. The Code is reviewed with new employees as part of their induction programme and the code is made available on intranet.

F&NHB does not participate in nor condone forced or child labour, the use of intimidation or any manipulation of workers.

LOCAL SENIOR MANAGEMENT



GRI 202-2: Proportion of Senior Management Hired from the Local Community

Notes:

1. Local employees are defined as people who are either born in or who have legal rights to reside permanently in our significant locations of operations (which are in Malaysia, Brunei, Thailand and Indochina).
2. Our significant locations of operations are Malaysia and Thailand.

ENHANCING SOCIAL WELL-BEING



At F&NHB, we believe that sustainable business development occurs when our communities develop alongside us. This firstly means that we ensure our operations minimise negative impacts on our surrounding communities, and it also means that we strategise our investments to create value where the strengths of our business intersect with the needs of society.

CREATING VALUE FOR SOCIETY

GRI 413-1

Target:

We will continue to provide outreach and engagement programmes across Malaysia and Thailand by exploring and implementing appropriate outreach programmes to address community needs.

Progress in 2019:

▶.....
 We have continued several outreach programmes in FY2019 to strengthen vulnerable groups, promote environmental consciousness, spread festive cheer, and promote sports and active lifestyles.



ENHANCING SOCIAL WELL-BEING

OUR APPROACH

In each market that we operate, we undertake a number of long and short-term programmes which serve to create greater social equity. To that end, we have developed four main thematic areas where we focus our community investments to improve livelihood:

Strengthening Vulnerable Groups

Inequality of wealth and opportunity is a major global challenge. 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 strengthening vulnerable groups such as underprivileged children. Through investing in educational programmes including both technical skills and soft skills, F&NHB works towards promoting a more equal society, diversity and social inclusion where business and society together flourish.

Promoting Environmental Consciousness

While companies have a critical role to play in minimising our environmental footprint, sustainable development means a partnership, including behavioural changes at the individual level. Besides maintaining eco-efficiency in our operations (see pages 068-082), we have taken the task of promoting environmental consciousness in our communities as another priority.



Spreading Festive Cheer

In addition to basic needs and environmental sustainability, our community development programme includes a priority related to our brand promise, which is delivering 'Pure Enjoyment, Pure Goodness' to all. We believe that spreading festive cheer helps our communities connect with each other and strengthen relationships between different cultures. Here, we aim to promote diversity and fosters national unity in our communities.

Promoting Sports & Active Lifestyles

As a food and beverage business, F&NHB's products contribute to the health and well-being of our communities. Therefore, we consider it our obligation to facilitate responsible consumption and balanced lifestyles. This is mostly accomplished through the consumption of F&NHB products to maintain a healthy lifestyle in line with consumer needs. We also prioritise community investments which support sports and active lifestyles to better care for our consumers while also creating value for communities.

OUR PERFORMANCE HIGHLIGHTS

GRI 413-1: Operations with Local Community Engagement, Impact Assessments, and Development Programmes

Percentage of operations with implemented local community engagement, impact assessment, and development programmes (%).

- 100% of our operations refer to all our major operating sites in Malaysia and Thailand, which include the below major offices and plants:

MALAYSIA (100%)



Central Region

Corporate Office @ Kuala Lumpur Dairy Plant @ Pulau Indah
Beverage Plant @ Shah Alam Water Plant @ Bentong

Northern Region

Regional Sales Office @ Penang

Southern Region

Regional Sales Office @ Johor Bahru

East Coast Region

Regional Sales Office @ Kuantan

Sabah Region

Kota Kinabalu Plant @ Sabah

Sarawak Region

Beverage Plant @ Kuching
Water Plant @ Matang

THAILAND (100%)



Bangkok Province

Corporate Office @ Sathorn

Ayutthaya Province


Dairy Plant @ Rojana

Nakhon Ratchashima Province

Dairy Plant @ Pak Chong

Delivering Value

The following table summarises our various community development projects:

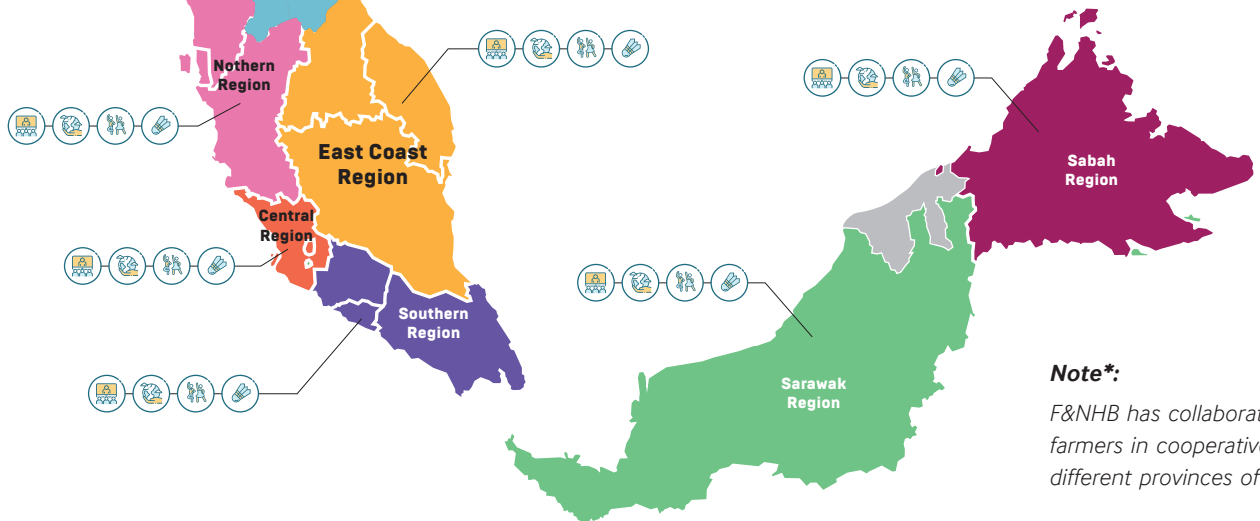
THEME	ACTIVITY	TIMELINE	AREAS
 Strengthening Vulnerable Groups	F&N ICDL (International Computer Driving License) Annual Programme	2011 – ongoing	MY – Montfort Boys Town, Shah Alam and Melaka
	F&N E.L.I.T.E. (Empowering Lives through Education) Programme	2011 – ongoing	MY – Pangsapuri Enggang, Puchong, Selangor
	F&N Leadership Programme	2015 – ongoing	MY – Rumah Ilham, Selangor
	One Child One School Bag Programme	2018	MY – Various cities
 Promoting Environmental Consciousness	Annual F&N School Recycling Programmes	2006 – ongoing	MY – Peninsular Malaysia, Sarawak
	F&N Fit & Nature Programme	2019	MY – Kuala Terengganu, Shah Alam and Kota Kinabalu
	F&N Save Our Seas Programme	2012 – ongoing	MY – Redang Island, Terengganu
	Water Conservation Programme	2019	TH – Saraburi
 Spreading Festive Cheer	Chinese New Year Celebrations	2002 – ongoing	MY – Various cities
	Hari Raya Celebration	2002 – ongoing	MY – Selangor
	Deepavali Celebration	2002 – ongoing	MY – Selangor
 Promoting Sports and Active Lifestyles	Grassroots football	2011 – ongoing	MY
	Grassroots badminton	2003 – ongoing	MY
	Nurturing Golf Champions	2001 – ongoing	MY
	Active Lifestyle Events	1983 – ongoing	MY

Apart from the 4 key themes above, we also actively engage with local Thailand-based farmers in cooperatives who supply milk to us. Read more in Page 087 of this report.

ENHANCING SOCIAL WELL-BEING



- 100%** operations with implemented local community engagement, impact assessment, and development programmes
- >140** underprivileged youths received technical and soft skills trainings this year
- 85%** increase in recycling across 13 states in Malaysia,
2.35 mil kg recyclables in 2019,
4.76 mil kg recyclables collected from the programme since 2006
- >500** elderly people and underprivileged children enjoyed festive celebrations with F&NHB
- >300,000** runners participated in over 50 marathons supported by F&NHB
- >50,000** children and youths participated in the grassroots programmes
- >RM500,000** budget in community outreach programmes



Note*:
 F&NHB has collaborated with farmers in cooperatives from different provinces of Thailand.

Delivering Value

1) Strengthening Vulnerable Groups

Empowering Youths with Basic Computer Skills

Computer skills are becoming a necessity in today's digital world, and F&NHB continues to provide youths from underprivileged backgrounds at Montfort Boys Town with opportunities to develop their capabilities through the International Computer Driving License (ICDL) certification course.

The ICDL course is part of the F&N IT Corner programme which was established in 2010. Designed for youths from different levels of digital literacy, the ICDL course helps beginners improve and fully grasp basic computer skills for common real-world application.

F&NHB has so far invested RM185,000 in the programme. To-date, over 500 students from Montfort Boys Town have successfully graduated from the ICDL course and have found suitable placements in the working world.



Free Kindergarten & Tuition Classes

The collaboration between F&NHB and Kassim Chin Humanity Foundation (KCHF) is part of the F&N Empowering Lives Through Education (E.L.I.T.E.) programme that provides educational assistance to the children of Pangsapuri Enggang, a 'Program Perumahan Rakyat' development in Bandar Kinrara, Puchong.

Aimed at empowering the children to take ownership of their own learning, the F&N E.L.I.T.E. programme offers marginalised children aged between five and 20 from Pangsapuri Enggang the opportunity to attend a kindergarten and tuition centre for free. The programme promotes greater access to education and gives the children a chance with early education that helps to shape their academic and personal life trajectories.

To-date, F&NHB has invested RM610,000 in the programme and a total of 487 children have benefited from the F&N E.L.I.T.E. programme (248 from five to six years old and 239 from seven to 17 years old). Since 2011, 117 children have graduated from the kindergarten, whilst the older children have graduated and managed to find jobs and live independently.



ENHANCING SOCIAL WELL-BEING

Leadership Programme for Underprivileged Youth

Since 2015, F&NHB has been partnering with Leaderonomics, a social enterprise dedicated to transforming communities through leadership development. Our programme aims to nurture discipline, develop interpersonal skills, boost self-confidence and encourage teamwork among young residents of Rumah Ilham. Potential leaders are identified and they will mentor the younger children to take over from them next year when they leave the home to enable the other kids to learn about mentoring, shares and responsibilities in becoming a more confident person.

This year, F&NHB organised a half day outing programme where the young residents of Rumah Ilham had the opportunity to interact with their peers from other homes such as Montfort Boys Town to enhance their social skills through the exchange of views and experiences with people from different backgrounds. The boys from Rumah Ilham also had the chance this year to apply their leadership and basic business skills gained from the leadership programme when they set up a booth for two days to raise funds towards education fees for the Home's residents.

F&NHB has so far invested RM145,000 in the programme, benefitting over 200 children who are now more confident and better prepared to contribute in a meaningful way to society.



One Child One School Bag Programme

Held from November to December 2018, the 'F&N Go Green++ One Child, One School Bag' project empowered employees to give back to the community at eight regions which F&NHB operates in throughout Malaysia by using the funds raised from the 'F&N Go Green++ Programme' (an internal recycling programme) to purchase school bags and basic school supplies for 376 underprivileged children.



Delivering Value

2) Promoting Environmental Consciousness

School Recycling Programmes

Since 2007, F&NHB has been partnering with schools across Malaysia to educate the next generation on the importance of environmental conservation. F&NHB organises recycling competition between schools, with prizes ranging from RM200 to RM1,400.

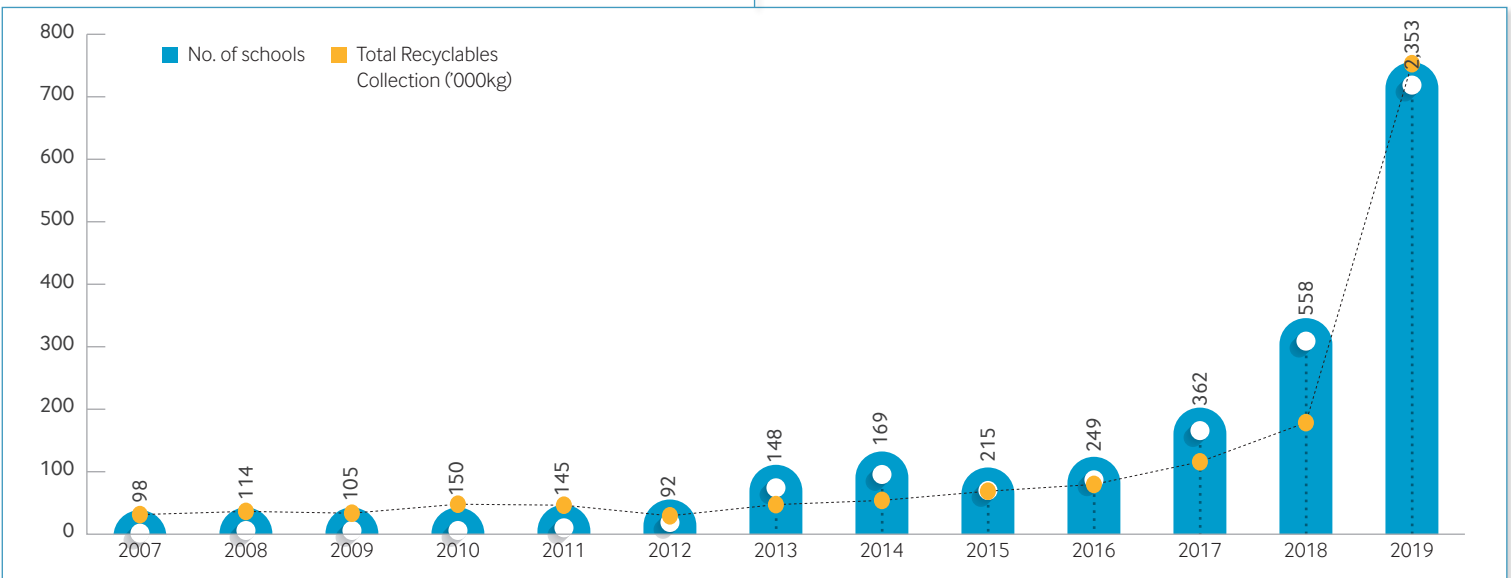
F&NHB continued to enhance its commitment to environmental conservation by collaborating with more partners to organise seven successful school recycling competitions across Malaysia this year. Through a partnership with Solid Waste Corporation Management (SWCorp), participation rate in 2019 doubled up to include 756 schools, with an increase of up to four-fold of recyclables collected, 2.35 million kilogrammes. More than 4.76 million kilogrammes of recyclables have been collected since 2007.




F&NHB, together with Seberang Prai Municipal Council and Tetra Pak (Malaysia) Sdn Bhd and the Penang State Education Department, organised roadshows in Butterworth, Penang to further generate awareness of the 5R concept amongst school-going children – as well as their teachers and parents – in a fun and interactive way.



<p>First ever 5R Roadshow in Seberang Prai</p>	<p>Participated by >420 preschoolers</p>	<p>>110 teachers</p>	<p>5R Reduce, Reuse, Recycle, Rethink and Reinvent</p>
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NUMBER OF SCHOOLS REACHED AND TOTAL COLLECTION THROUGH SCHOOL RECYCLING PROGRAMME

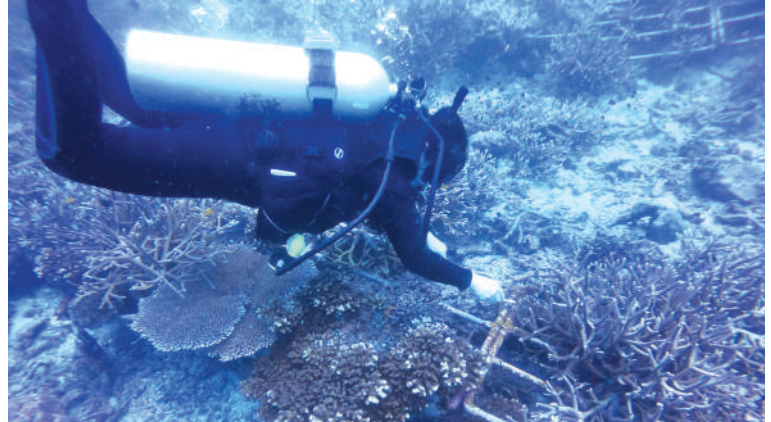


<p>HIGHLIGHTS</p> <p>F&N School Recycling Campaign Spread wing to 13 States in Malaysia</p> 	<p>More than 4.76 million kg of recyclables collected since 2007</p> 	<p>Participation by 756 Schools in 2019</p> <p>Collection of recyclables @ 2.35 million kg in 2019</p> 
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ENHANCING SOCIAL WELL-BEING

F&N Save Our Seas Programme

From 2011 to 2013, F&NHB collaborated with Reef Check Malaysia, Marine Park Terengganu and DM Scuba to rehabilitate coral reefs and encourage responsible behaviour on the beach among communities and tourists at Redang Island. Through this programme, our team and partners conducted reef rehabilitation initiatives through collecting coral fragments and planting them in nursery sites, then transplanting them at permanent sites at Paku Kecil and Terumbu Kiri. Every year since then, our internal dive team and partners perform regular checks and maintenance on the man-made reefs. Our coral reef rehabilitation initiative has now shown promising rejuvenation with corals of different colonies on the man-made reefs.



F&N Fit & Nature Programme

This year, F&NHB kick-started its 'Fit & Nature' initiative, to encourage Malaysians to lead an active lifestyle as well as to generate greater awareness on environmental protection. The inaugural session was held in collaboration with the Kuala Terengganu City Council (MBKT), in conjunction with the official launch of the Terengganu drawbridge. The eco-friendly exercise programme involved plogging, which combines jogging and collecting litter. The community event attracted more than 150 employees, including F&NHB management and employees from our East Coast region.

A second session was held in Shah Alam, Selangor with over 400 employees taking part in a wide range of tasks that not only encouraged employees to do their bit to tackle issues affecting the environment but also cultivated camaraderie amongst colleagues.

Final session was held at Kota Kinabalu, in conjunction with 'Hari Aktifkan MalaysiaKu', 100PLUS Day. This session saw participation from over 100 employees from Sabah region.



Water Conservation Programme

As a food & beverage company, our plants use substantial amount of water in their manufacturing processes. To embrace holistic sustainability, F&N Dairies Thailand worked with the Government of Thailand to conduct a water conservation programme to return water back to nature. 350 employees worked together to build three check dams at Namtok Chet Sao Noi Saraburi, which is located near F&N Pak Chong factory. The objective of this programme is to reduce the water flow velocity and to conserve water longer in the dry season. The water stored would be used by the surrounding communities for their everyday life.



Delivering Value

3) Spreading Festive Cheer

Chinese New Year Celebration

This year, our employees in Malaysia brought the joy of Chinese New Year to over 500 underprivileged children and senior citizens from ten homes in Penang, Ipoh, Kuala Lumpur, Melaka, Johor, Kuantan, Kuala Terengganu, Kota Baharu, Kuching and Kota Kinabalu. During the visits, F&NHB contributed provisions such as diapers, toiletries, F&N products and milk powder to the homes. Besides distributing red packets and mandarin oranges to the residents, employees also spent time with the residents and bonded together over food.



Hari Raya Celebration

The Seratus Ikhlas, Setulus 100PLUS campaign, organised in collaboration with Media Prima Television Networks (MPTN), spread Ramadan and the Hari Raya festive cheer to more than 3,000 people from underprivileged communities across Malaysia during the fasting month this year.

The one-month campaign saw 100PLUS Ambassadors and celebrities from the Seratus Ikhlas 100PLUS squad visiting homes of single mothers, the homeless and senior citizens to personally present Ramadan contributions, and participating in gotong-royong and other community activities at a Tahfiz school, mosques and an old folks home.

To continue the spirit of giving and sharing during the fasting month, F&NHB also hosted break-fast sessions with children from different homes in Malaysia and contributed Raya clothes and 'duit raya' for the children.

Deepavali

In anticipation of the Festival of Lights, F&NHB organised a full-filled baking session for the children from Persatuan Rumah Kebajikan Rita (Rumah Rita) in addition to presenting the home with a commercial-sized mixer and baking utensils. This will not only give the children more opportunities to test their baking skills in the kitchen, but also will help the home to generate income for the upkeep of the home and to cover the children's daily expenses such as school fees, clothing and food.

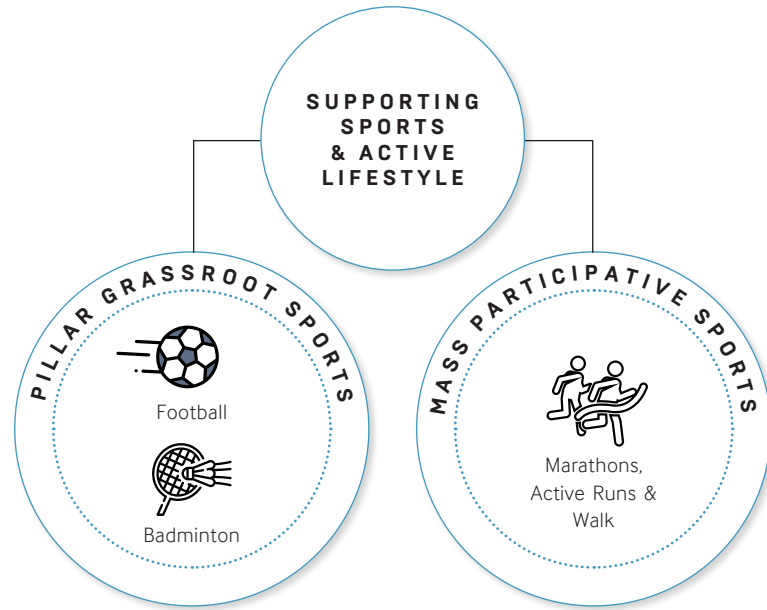


ENHANCING SOCIAL WELL-BEING

4) Supporting Sports and Active Lifestyle

F&NHB has a long and proud tradition of supporting youth development through sports and promoting active lifestyles to the community. Besides improving health for all ages, we believe that sports have an important role in all societies and are a powerful tool to support nation-building.

Access to and participation in sports is especially vital to youth development as it teaches core values such as co-operation and respect, as well as instilling discipline and confidence. Thus, 100PLUS is passionate in supporting schools and grassroots sports programmes, especially in football and badminton to nurture future generations of champions.



ALLOCATION OF INVESTMENT IN SPORTS DEVELOPMENT



Delivering Value

In 2019, we continued our commitment with the following initiatives:

Grassroots Programmes

100PLUS has been a key partner of Liga Kementerian Pendidikan Malaysia (KPM), a football league organised under the Ministry of Education since 2011. The league encourages children from different parts of Malaysia to develop their football skills.

We have also been supporting the Badminton Association of Malaysia (BAM) in organising the 100PLUS National Junior Circuit, a premier youth development competition to motivate young and rising players to excel in the game. Many of the current national players, including Tan Wee Kiong, Goh V Shem, Chan Peng Soon, Goh Liu Ying and Goh Jin Wei competed in the 100PLUS National Junior Circuit during their junior days. Since 2003, 100PLUS has been the official partner for all BAM events and activities, including the Malaysian Open and Malaysian Masters.

Official Partner for the National Sports Council

As the official partner of National Sports Council, we supported Malaysian athletes during their trainings and competitions by providing 100PLUS to meet their hydration and energy needs. For athletes competing abroad in international tournaments, we also supported them with 100PLUS Active in sachet version, making it convenient for them to keep hydrated on their travels.

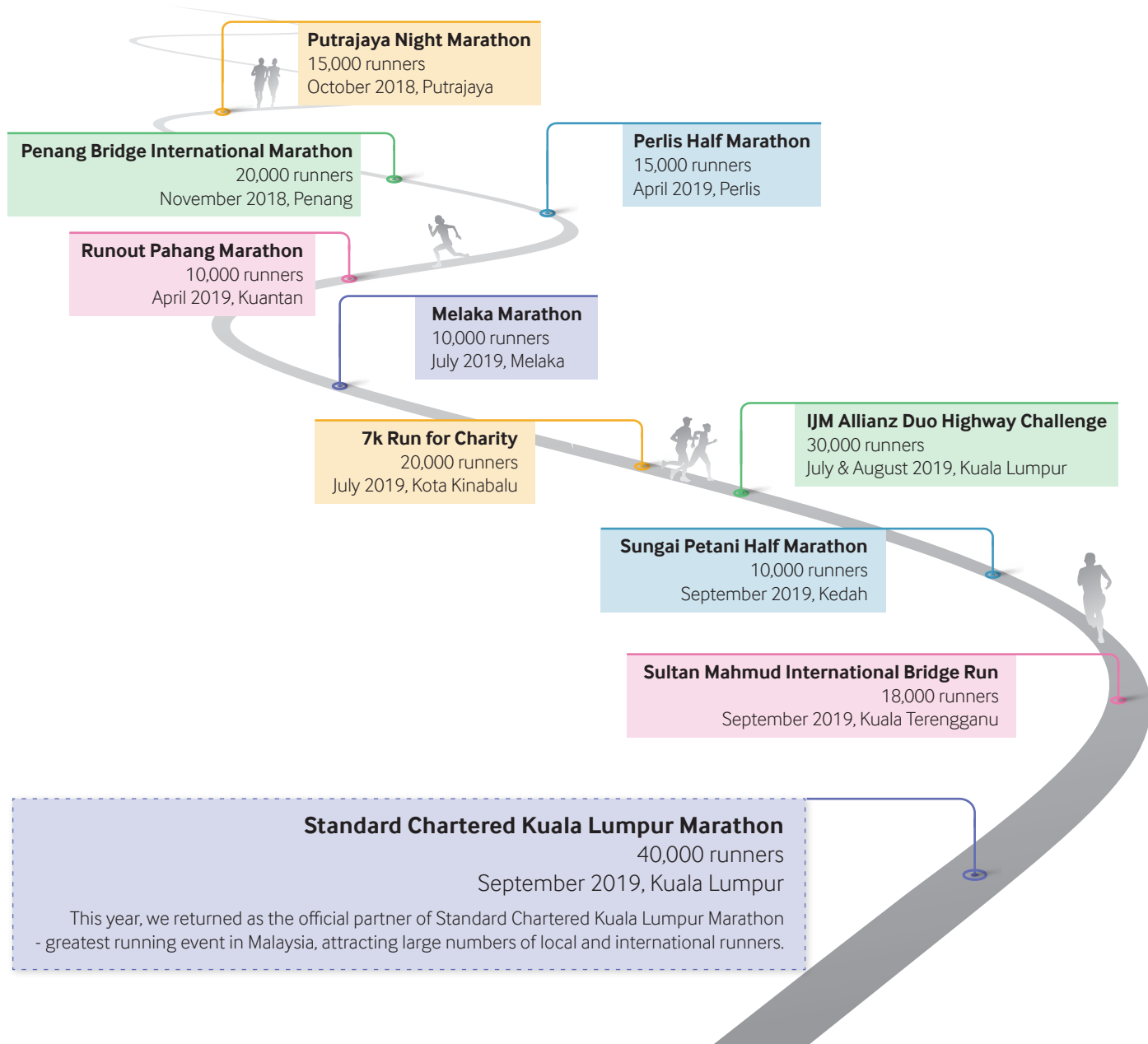
A proud advocate of local sports development, we recognise our local sports personalities through the annual Sportswriters Association of Malaysia (SAM)-100PLUS Awards, and we have been the main sponsor of this award since 2006.



ENHANCING SOCIAL WELL-BEING

Promoting Active Lifestyles

F&NHB continued our commitment to encourage Malaysians to lead an active lifestyle by supporting major runs, marathons and sports activities such as:



The initiatives are synonymous with our brand essence that advocates an active lifestyle among Malaysians through simple physical activities which can be enjoyed anytime, anywhere, individually or with family and friends.

'Hari Aktifkan MalaysiaKu 2019'

In an effort to encourage active lifestyle among Malaysians, 100PLUS brought along a series of 'Hari Aktifkan MalaysiaKu 2019' across major cities in Malaysia, including Kota Kinabalu, Kuala Terengganu and Bukit Jalil. 100PLUS Day covered a series of fun activities, including a 6km Obstacle Fun Run, Zumba sessions, engagement with 100PLUS brand ambassadors and plogging too.

12
October
2019

TANJUNG ARU BEACH,
KOTA KINABALU

KUALA TERENGGANU DRAW BRIDGE,
TERENGGANU

25
October
2019

16
November
2019

NATIONAL STADIUM BUKIT JALIL,
KUALA LUMPUR - 16 NOVEMBER



More than 20,000 Malaysians participated in the 100PLUS Day at Kota Kinabalu, Kuala Terengganu and Bukit Jalil.

In line with our commitment towards sustainability, 25,000 pieces of t-shirts for the participants of 'Hari Aktifkan MalaysiaKu 2019' were made from 100% recycled PET.

