

## JOINT MESSAGE FROM OUR CHAIRMAN & CEO



Chairman

Tengku Syarif Bendahara Perlis  
Syed Badarudin Jamalullail Ibni  
Almarhum Tuanku Syed Putra Jamalullail

Chief Executive Officer

Lim Yew Hoe

“We continue to make positive strides towards achieving F&N Group’s 2020 sustainability goals and strengthen our approach in managing sustainability topics which are material to our business.”

**Dear Shareholders and Stakeholders,**

**P**ur brand promise of 'Pure Enjoyment, Pure Goodness', means that we want our products to provide enjoyment and nourishment to consumers. In other words, utilising the best ingredients, together with best practices in the way we source, produce and distribute.

Equally important for our brand promise is to ensure that Fraser & Neave Holdings Bhd (F&NHB or the Group) is an integral part of our community, improving livelihoods across our value chain; that we are the employer and partner of choice providing opportunities for advancement and development; that we play a leading role in community development; and that we always demonstrate environmental responsibility and leadership.

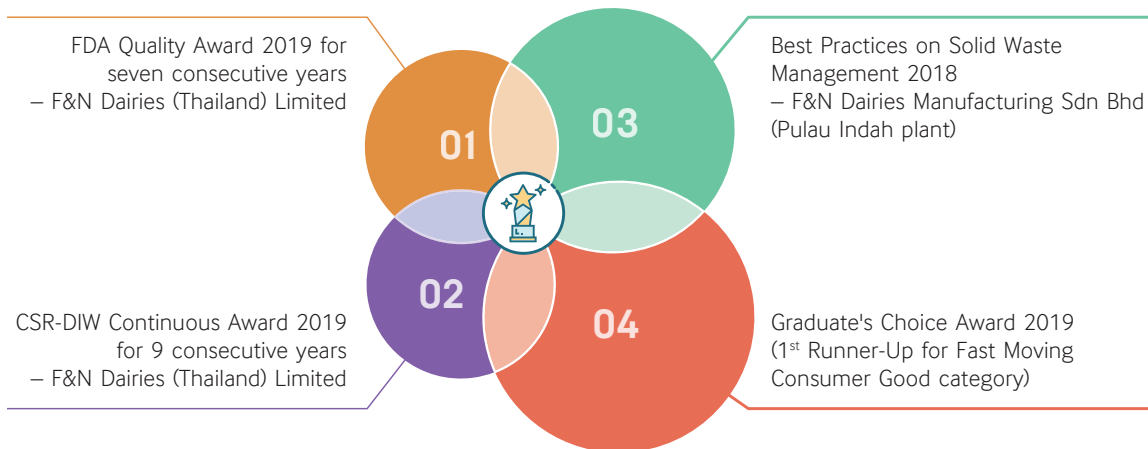
We are happy to report that this year, for the first time, our report has obtained external assurance from Lloyd's Register Quality Assurance, as part of third-party objective validation of our report content, data and processes, prepared in accordance with the Global Reporting Initiative (GRI) Standards.

We continue to make positive strides towards achieving F&N Group's 2020 sustainability goals and strengthen our approach in managing sustainability topics which are material to our business. You can view a summary of our progress relating to F&N Group's 2020 Sustainability Targets on pages 030-031.

It has indeed been an exciting financial year ended 30 September 2019 (FY2019) for F&NHB. For us, some highlights are:

- This year, F&NHB has been included into FTSE4Good Bursa Malaysia Index (F4GBM) for the first time, with positive results indicating our strong environmental, social and governance practices.
- We fast-tracked our product innovation towards improving health and well-being of Malaysians. As a result, 90% of our ready-to-drink (RTD) beverages sold today are healthier options (below the sugar sweetened beverages excise duty threshold) and more importantly, consumers have responded positively to our reformulated products. Meanwhile, we also launched 11 new products and expanded our 'Healthier Choice Logo' (HCL) certified product range in Malaysia and Thailand from 20 in FY2018 to 41 in FY2019.
- Over the year, we have garnered many accolades and awards which have recognised the strengths of our brands and best practices in the marketplace, including:

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 ... in addition to improving eco-efficiency, F&NHB will be adopting a circular economy approach in managing the environmental impacts across our value chain.  
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- The F&N School Recycling Programme spread its wings to the entire Peninsular Malaysia and Sarawak. This year, participation rate doubled up to include 756 schools with an increase of up to four-fold of recyclables collected. More than 4.76 million kilogrammes of recyclables have been collected since we began our programme thirteen years ago.
- We have also re-affirmed our commitment to advocating Halal, through our strategic collaboration with the Halal Industry Development Corporation (HDC) in the Halal Sourcing Partnership Programme 2019 (HSPP), to empower local SMEs to become suppliers of Halal-certified ingredients to other organisations, including F&NHB.

## JOINT MESSAGE FROM OUR CHAIRMAN &amp; CEO



cost savings/  
cost avoidance delivered  
via FY2019 initiatives

**RM2.5**  
million



Over

**90%**

of our RTD beverages  
sold in Malaysia are  
healthier options



Recyclables collected  
via F&N School Recycling  
Programme increased  
up to four-fold

> More than

**4.76**  
million kg

collected since 2007



Reduction of  
PET resin usage by

**208**  
metric tonnes

This year, we continued to promote active lifestyle amongst Malaysians through 'Hari Aktifkan MalaysiaKu' - 100PLUS Day and elevating sports development through collaboration with the Malaysia Ministry of Education, Ministry of Sports and the National Sports Council. We also kept 6,000 Malaysian pilgrims hydrated while they performed haj during the hot weather in Mecca, with our 100PLUS ACTIVE in powder sachets, which is part of our innovation for people who are constantly on the go.

In F&NHB, we empower our employees to lead when it comes to innovation. Through 'Excel as One' and 'Winning as One' conventions as well as Kaizen projects, our employees presented ideas which reduced consumption of resources, improved productivity or/and enhanced product quality. These initiatives delivered cost savings or cost avoidance of more than 18 million baht (RM2.5 million) per annum this year.

Climate change is the most prominent global sustainability challenge and single-use plastics are also in the spotlight with growing concern over the damaging impacts of plastic pollution on the environment. Thus, in addition to improving eco-efficiency, F&NHB will be adopting a circular economy approach in managing the environmental impacts across our value chain.

We regularly evaluate the potential for renewable packaging materials and processes to minimise material usage. For instance, the Aseptic Cold-filling Line at Shah Alam helped us reduce PET resin usage by 208 metric tonnes this year, in addition to the products having longer shelf life. We also look forward to installing solar roofing to generate renewable energy at Rojana plant, Thailand in 2020.

Our dairy manufacturing plants in Thailand and Malaysia are leading the way in our commitment towards achieving zero effluents and solid waste. 100% of industrial sludge from production are converted into organic fertiliser and distributed to local farmers.

In line with the nation's ambition to achieve fresh milk self-sufficiency, F&NHB plans to establish an integrated dairy and crop farm in Ladang Chuping, Perlis. By doing so, F&NHB intends to expand the fresh milk consumption in Malaysia and provide nutrition to promote health and wellness for the nation's growing population. We also see this investment as our contribution to the development of the agricultural and dairy sectors in Malaysia and the economic development for the Northern Region.





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For FY2020, the Group plans to conduct a materiality assessment exercise, which will help us understand stakeholder concerns and changing societal expectations to set new medium and long-term sustainability targets.

On behalf of the Board and management, we re-affirm our commitment for continual improvement of F&NHB's sustainability performance, emphasising F&NHB's approach to the management of Environmental, Social and Governance (ESG) aspects, and working with all stakeholders to ensure future prosperity for all. Thank you for your continued support.

**Tengku Syarif Bendahara Perlis Syed Badarudin Jamalullail**  
**Ibni Almarhum Tuanku Syed Putra Jamalullail**  
*Chairman*

**Lim Yew Hoe**  
*Chief Executive Officer*