

Sustainability Statement


Sustainability is a key business driver for our company and a critical component of our success. Our 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. We continue to improve livelihoods across our value chain, become the employer and partner of choice providing opportunities for advancement and development, play a leading role in community development, and demonstrate environmental responsibility and leadership.

We continue to make positive strides to strengthen our approach in managing sustainability topics that are material to our business, demonstrate our constant commitment to incorporate sustainable practices into our business, and show leadership with the sustainability challenges we face.

Published our **fourth**
 **Standalone Sustainability Report**
(in accordance with the GRI Standards – Core Options)

Achieved **5** 
of our **Sustainability Targets for 2020**
and made good progress on another 3

Obtained external assurance on selected
 Environment and Social
disclosures from
Lloyd's Register Quality Assurance

Included in the
 **FTSE4Good Bursa Malaysia Index**
for the second consecutive time, with higher rating for our Environmental, Social and Governance (ESG) practices

SUSTAINABILITY APPROACH

Sustainability is embedded in F&NHB's culture. Our Board's Charter sets out their responsibility to "include strategies on economic, environmental and social considerations underpinning sustainability." Hence, our Board ensures sustainability principles guide F&NHB's long-term business direction, and they have ultimate oversight of all sustainability issues. They are supported by the Sustainability and Risk Management Committee, Sustainability Management Committee, Sustainability Development Committee at the F&N Group level, as well as our Sustainability Development Working Team.

Our Materiality Assessment, first carried out in 2017 and reviewed each year, helps us to identify the sustainability issues which are most important to us and our stakeholders. Our most significant material topic '**Consumer Health**

and Safety' is extremely relevant this year amidst the COVID-19 pandemic as communities are becoming more discerning of their health and hygiene. '**Economic Performance**' is vital as we continue to provide contributions to our front liners and people in need whilst staying strong with our financial performance. '**Occupational Health and Safety**' is also increasingly important in light of the pandemic.

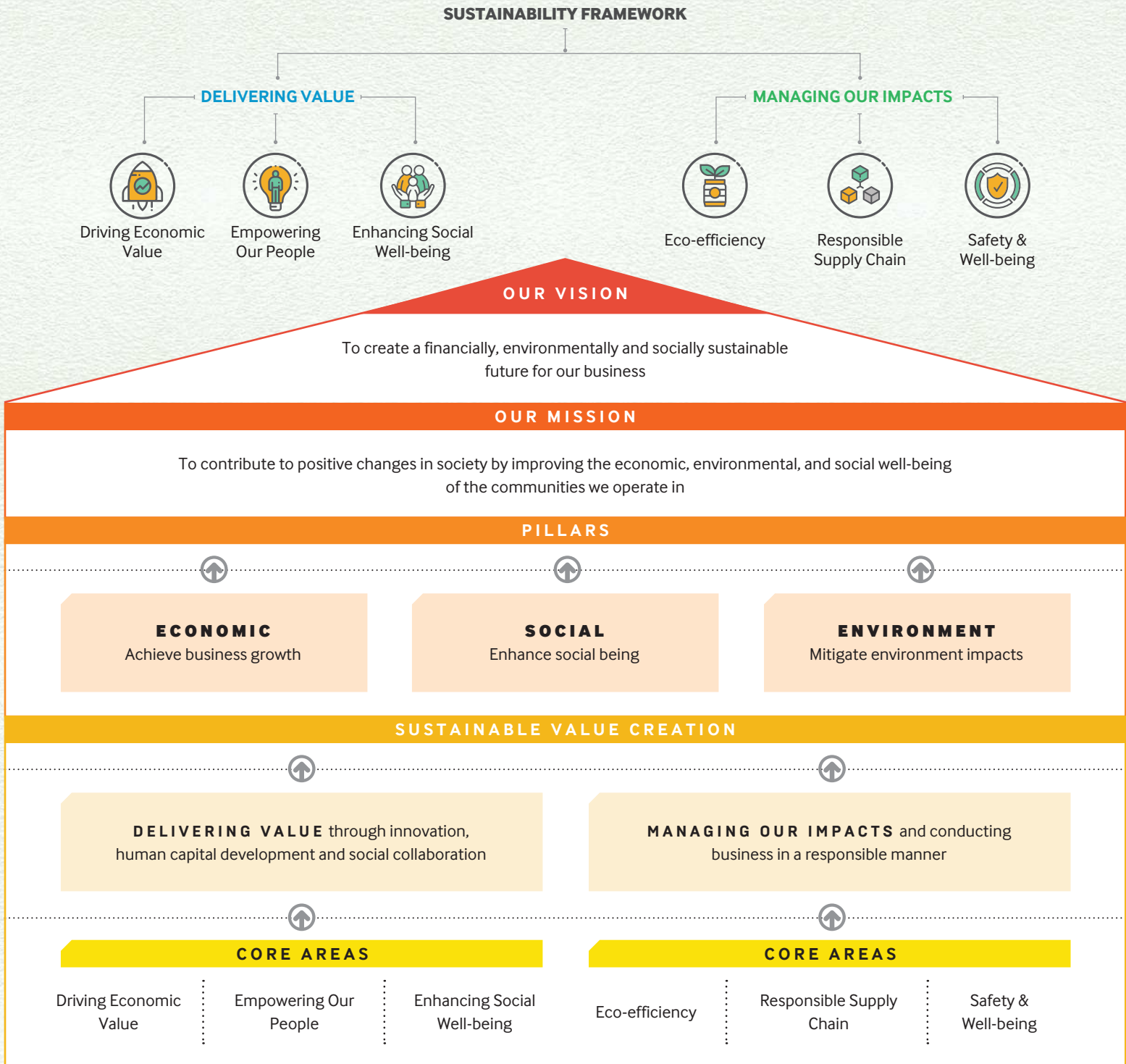
We have conducted a materiality assessment this year, with the support of an independent consultant, to engage our internal and external stakeholders to get their input on the material issues for F&N. We have set medium term 2025 sustainability targets, especially for 'high' materiality issues. The 2021 materiality matrix and 2025 sustainability targets will be reflected in next year's report.

Sustainability Statement (Cont'd.)

It is our vision **to create a financially, environmentally, and socially sustainable future for our business** by:

- Delivering value through innovation, human capital development and social collaboration, and
- Managing our impacts and conduct business in a responsible manner.

Our overall sustainability framework comprises of six pillars:



This Sustainability Statement provides a snapshot of our Sustainability Report 2020, which communicates what sustainability means to us; what our goals are; and the initiatives implemented to achieve these. In this Sustainability Statement, we provide a summary of the six core areas, and introduce some of the highlights for the year.

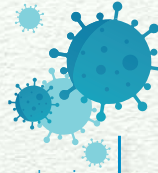
OUR RESPONSE TO COVID-19

In 2020, the unprecedented situation caused by the COVID-19 pandemic had significant impacts on people and businesses around the world. It has reiterated the materiality of environmental and social topics by showing just how connected we are as a global society and how sustainability risks can very quickly create an impact across the economic system.

Our commitment to addressing sustainability through our material issues helps ensure the resilience of our business and our stakeholders against external shocks such as COVID-19. F&NHB has responded to the COVID-19 pandemic with a focus on the following areas:

- Business continuity to deliver stakeholder value
- Structures and plans to manage systemic shocks
- Ensuring the wellbeing of our people is our top priority
- Accelerating our transition to the future of work
- Reinforcing our commitment to healthy products and lifestyles
- Supporting consumer needs during the pandemic
- Partnering to ensure supply chain resilience and avoid disruption
- Supporting local communities through the COVID-19 pandemic

Read more in our Sustainability Report 2020.



1. DRIVING ECONOMIC VALUE

During 2020, F&NHB maintained a resilient economic performance in the face of external shocks, to continue delivering value for all stakeholders. We achieved this by maintaining leadership in our core markets, and by leveraging innovative technologies and employees' expertise to meet consumers' evolving demands and enter new markets. We worked to maximise output despite a reduced workforce and production hours during the MCO period. Our economic performance provides us with a firm foundation to continue delivering the products which our customers love.

We have invested in product and process innovation to increase our product range, and improve efficiency and productivity. Over the past year, we launched new healthier choice products and more convenient packaging to meet the diverse needs of our customers. We have also been implementing employee-driven innovative manufacturing processes that increase productivity and improve environmental performance.

Deliver our 'Pure Enjoyment, Pure Goodness' promise to our consumers

with **10**

new product launches



– 6 are healthier product options

Capacity building for in-sourced milk and juices with the commencement of a new fresh milk line in Pulau Indah plant.



Investment of

RM134 million

to improve energy efficiency by generating renewable energy, elevate product innovation and drive cost competitiveness

Rolled out a sustainable packaging – F&N ICE MOUNTAIN Drinking Water recyclable paper (Tetra Pak) carton packaging, with bio-based cap



Launch the **Fraserians Connect App**, a mobile app that connects F&N employees in Malaysia



Sustainability Statement (Cont'd)

2. EMPOWERING OUR PEOPLE

Our people are what differentiate F&N from our peers and determine our success. We strive to create a stimulating work environment for our employees where fresh perspectives are valued, talent is nurtured and rewarded, and employees are engaged and empowered to perform to their highest potential, thereby enabling the company to meet our business objectives.

F&NHB's strategic plan to be a preferred employer 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.

7 Modules For Strategic Human Capital Transformation



We recognise the importance of diversity in terms of cultural background, age and gender in order to enrich the workplace with fresh perspectives that will enable us to meet our business objectives. F&N strives to offer equal opportunities for all, regardless of an individual's race, gender, religion and any other attributes unrelated to employment expectations. During the pandemic restrictions in both Malaysia and Thailand, we ensure that our employees' well-being are taken care of, even if we are not physically working together.

Our hiring practices are also 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 majority of our senior management in Malaysia and Thailand, 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.

2,616
total employees,
with 204 total new hires

Females are represented in:

31% of our total employees

45% of total managerial positions

97% of senior managers in Malaysia and

100% of senior managers in Thailand are hired from the local community

Provide training to our employees to develop technical and soft skills for an average of

19 hours per employee

Provide financial support to eligible employees to ease their burden through tough times

Create employee assistance hotline and conduct wellness programmes

3. ENHANCING SOCIAL WELL-BEING

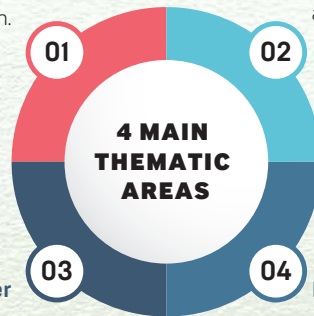
F&N believes, through promoting a more equal society through diversity, equal opportunities and social inclusion, business and society will flourish together. As such, we support and connect with local communities, strengthen relationships between different cultures and maintain a positive corporate image through establishing strong relationships with the local community.

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, 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 cheers 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 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.

100%



of our operations in Malaysia and Thailand implemented **local community engagement, impact assessment** and **development programmes**



Social investment of **>RM400,000** to support more than 200 beneficiaries



>650,000 products distributed to support COVID-19 frontliners in Malaysia

>180 households

and 955 cattle

from 24 farms in Thailand provided with adequate water supply



>500,000

products distributed to **>10,000 families** from underprivileged community in Malaysia

Sustainability Statement (Cont'd.)

4. ECO-EFFICIENCY

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

WATER STEWARDSHIP

A lack of effective water management can have serious implications as F&N's products and business is dependent on a reliable supply of water. While none of our sites are in high water-stress areas, many regions in both Thailand and Malaysia have faced floods in recent years, and the effects of climate change are expected to intensify water stress in the future. Hence, water stewardship and its associated risks are regularly monitored as part of F&NHB enterprise risk management (ERM) and water assessment and action policies are applied across our facilities. Our Group-wide integrated approach includes efficiency measures, the safe return of waste water from our operations and mitigating risk in the supply.

EFFLUENTS AND WASTE

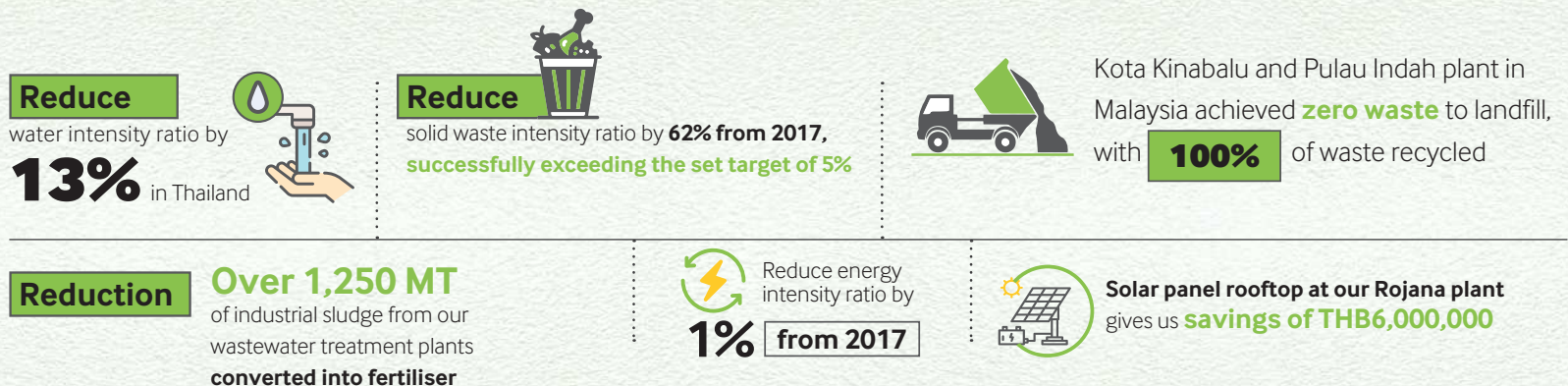
Waste can be a source of value for our supply chain or for another organisation's supply chain. Being able to effectively manage our waste enhances F&N's ability to conserve natural resources and improve efficiency. We continue to improve on our solid waste management by identifying key categories and key waste streams so that we can recycle and reduce our waste generation. We strive to reduce the impacts from our operations, and this means complying with, and going beyond, relevant regulations.

PACKAGING

There is increasing stakeholder awareness of the importance of environmental-friendly packaging, especially in relation to plastics. Increasing the sustainability of our packaging is important to support our national regulators' and government's effort to phase out single-use plastics and go zero waste, as well as reduce the extraction of raw resources and waste generation. We strive to ensure our packaging protects the integrity of the contents and fulfils the visual and functional expectations of our consumers. We have been improving our packaging materials by progressively reducing material usage, increasing the use of sustainable materials and increasing the recyclability of our packaging.

ENERGY AND CLIMATE CHANGE

Climate change is a defining global challenge of the 21st century, presenting risks to the global economy. For F&N, climate change presents risks including price fluctuations on raw material commodities, and access to water resources. Managing this topic presents the opportunity to turn challenges and risks into climate-related opportunities for F&N, through cost savings, energy savings, alignment with customer ambitions and support and contribution to the development of government policies.



5. RESPONSIBLE SUPPLY CHAIN

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

We recognise that sustainability in our own operations is futile unless we also work with these partners to ensure best practice across our supply chain. Hence, we look to understand our suppliers' needs and establish mutually beneficial partnerships for circular economy solutions.


The Group works closely with our suppliers and conducts regular audits to ensure standards and practices for food safety and the environment are maintained throughout the value chain. F&NHB supports the UN Guiding Principles on Business and Human Rights and we are a member of the Supplier Ethical Data Exchange. Our Procurement Policy covers our full commitment to standard principles of ethical business practices throughout the supply chain.

This year, we have also launched a new Supplier Code of Practice which covers all environmental and social impacts, including business ethics, environmental management, human rights and occupational health and safety.

106% 
of RSPO
 credits for palm oil purchased in **2020**



Source raw materials that are **certified with eco-credentials** including **Forest Stewardship Council (FSC), Roundtable on Sustainable Palm Oil (RSPO) and VIVE**

Engage with 
>2,900
 global and local suppliers across our supply chain

6. SAFETY & WELL-BEING

At F&N, we adopt a holistic approach to health and safety across our operations including creating a proactive safety culture and healthy workforce, embodying our brand promise of “Pure Enjoyment. Pure Goodness” through product safety and nutrition, and enabling consumers to make informed purchasing choices through appropriate and clear labelling and responsible marketing.

F&NHB has safety, health, and environment (SHE) systems and monitoring processes in place across our operations. Our safety practices adhere to International standards including ISO 14001 and ISO 45001 for all major sites. All employees, workers and activities are covered by our SHE systems, and receive adequate training and safety equipment wherever appropriate. Each plant has its own Safety Committee comprising management and workers.

All F&N products are manufactured under stringent international quality and food safety standards. Our plants are certified with FSSC 22000, ISO 22000 and HACCP Food Safety management systems, and all stages of our production processes are subjected to rigorous quality control procedures. All our products are also Halal-

certified by the Department of Islamic Development Malaysia and other relevant authorised certification bodies.

As well as safeguarding our consumers’ safety while enjoying our products, we are committed to developing products and initiatives to promote health and nutrition. The F&N Nutrition Charter outlines our commitment to develop products which are healthy for consumers, guiding us throughout product development, marketing, and initiatives to advocate healthy lifestyles.

Our packaging and labelling is the primary method through which we communicate information to consumers about our products’ quality, nutrition, safety and disposal. Our labelling adheres to the Food Act in Malaysia and requirements of the Food and Drug Administration in Thailand.

In the context of the COVID-19, the health and safety topic is, more than ever, of paramount importance for F&N as we strive to protect our employees and consumers.

Lost time injury frequency rate (LTIFR) in 2020 is

1.97 per 1,000,000
 hours worked



Enhanced health and safety measures at work and encouraged employees to work from home to flatten the curve during COVID-19 pandemic



1,455 employees participated in **6,602 hours of safety trainings**

 **Lowered the amount of sugar** contained per ml of all our beverages by 59% since 2004

11 out of 12 products have healthier choice option, **totaling to 47 ‘Healthier Choice’** products in Malaysia and Thailand.



>90% of RTD products sold this year contain less than **5g/100ml** of sugar content