



FRASER & NEAVE  
HOLDINGS BHD

196101000155 (4205-V)



SUSTAINABILITY REPORT 2021

# REIMAGINE WITH PASSION



PURE ENJOYMENT. PURE GOODNESS





## Our Vision

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

## Our 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 socio-economic and environmental factors.

## Our Values

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



### COLLABORATION

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



### CREATING VALUES

We are passionate about applying new ideas and seizing opportunities to create positive impacts



### CARING FOR STAKEHOLDERS

We embrace our stakeholders' perspectives with good intent to bring them into our long-term sustainability efforts

## About Us

**Fraser & Neave Holdings Bhd (F&NHB)** is a Malaysian-incorporated and Shariah compliant company listed on Bursa Malaysia's Main Board. The Group has an annual turnover of **RM4 billion** from its core businesses in the manufacture, sales and marketing of beverage, dairy and food products. With a rich heritage spanning **138 years**, F&NHB is today synonymous with quality and Halal products that are trusted by generations.

F&NHB boasts a portfolio of 22 brands which are leaders in many segments such as; 100PLUS, F&N Fun Flavours, F&N SEASONS, OYOSHI, F&N Magnolia, FARMHOUSE, F&N ICE MOUNTAIN; Condensed and Evaporated Milk under F&N, TEAPOT, Gold Coin, Cap Junjung, IDEAL and CARNATION brands; as well as NONA brand of ketupat and sauces.

F&NHB is a constituent of FTSE4Good Bursa Malaysia (F4GBM) Index for its strong commitment to responsible business practices on environmental, social and governance (ESG) matters. The Group employs 2,500 people across its operations in Malaysia, Brunei, Thailand and Indochina.

# About This Report

## Welcome to Fraser & Neave Holdings Bhd's Sustainability Report for the financial year 2021

For this financial year 2021, Fraser & Neave Holdings Bhd has incorporated some elements of integrated reporting approach. We trust that transparency and well-balanced reporting is the way to understanding the group's process and businesses. Through the changes we have instituted into our reports this year, and aligning with the principles of integrated reporting, we hope to provide a clear account of what we believe value creation means for our stakeholders.



### Annual Report

Provides a comprehensive assessment of the Group's performance and financial statements for 2021.



### Sustainability Report

Delivers a balanced report on our efforts to create value for stakeholders and conducting business in a responsible manner. The report complies with the Global Reporting Initiative (GRI) Standards and Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to Sustainability Statements in Annual Reports.

We value and appreciate all feedback to help make our future reports more relevant to our stakeholders.



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Malaysia



Further information can also be found on our website:

<https://www.fn.com.my/>

### FEATURE IN THIS SUSTAINABILITY REPORT

Follow the steps below to scan the QR code reader in 3 easy steps



#### STEP 01

Download the "QR Code Reader" on App Store or Google Play



#### STEP 02

Run the QR Code Reader app and point your camera to the QR Code



#### STEP 03

Get access to the soft copy of our reports and contact information



Read the full version of F&NHB Annual Report 2021 and Sustainability Report 2021 here.



## WE CREATE VALUE THROUGH 6 CAPITALS



Financial Capital



Manufactured Capital



Intellectual Capital



Human Capital



Social & Relationship Capital



Natural Capital

### ASSURANCE

- Internal controls and management assurance
- Compliance and internal audit reviews
- External audit by KPMG PLT on financial information
- External audit by Lloyd's Register Quality Assurance on selected Environment and Social disclosures
- Board approval assisted by the Board Committees

### REGULATIONS COMPLIED



- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Companies Act 2016
- Malaysian Code on Corporate Governance
- International Integrated Reporting Framework
- Malaysian Financial Reporting Standards (MFRS)

### OUR MATERIAL MATTERS

#### Economic

-  Governance & Ethics
-  Policy & Regulation
-  Economic Performance
-  Product Quality & Safety\*
-  Product & Service Labelling
-  Innovation\*
-  Supply Chain Stewardship\*

#### Social

-  Nutrition\*
-  Community Development & Inclusive Growth\*
-  Human Capital Development\*
-  Employee Safety, Health & Well-being\*
-  Human Rights

#### Environment

-  Packaging\*
-  Water Stewardship\*
-  Climate Change\*
-  Energy\*
-  Waste Management
-  Biodiversity

\* Material issues with 2025 targets

### DIRECTORS' APPROVAL

The Board acknowledges and approves its responsibility to ensure the integrity of the Sustainability Report. In the Board's opinion, the report addresses all material issues and matters and fairly presents the Group's performance for the financial year 2021.

### OUR STAKEHOLDERS



Shareholders and Investors



Communities



Employees



Regulators



Distributors and Trade Customers



Suppliers



Consumers

### CROSS REFERENCES



Indicates where more details can be accessed elsewhere in this report

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Annual  
General  
Meeting

60<sup>th</sup>

To be held  
virtually

10:00 a.m.

Monday,  
17 January 2022

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## REIMAGINE WITH PASSION

### COVER RATIONALE

As a forward-looking organisation, we are always preparing for challenges and building for the future through continuous improvements and investments. Having come through a very challenging period brought on by the COVID-19 pandemic, we are ready to reimagine with passion our business strategies to fuel further growth and innovation.

Our journey forward will be driven by our PASSION 2025 roadmap which will set out our strategies, initiatives and goals for our brands, our people as well as new additions to our portfolio. We will continue to focus on process improvements and digitalisation, and pursue opportunities as we evolve and build a stronger, more sustainable organisation.

The F&N brand is very much embedded within the fabric of Malaysian lives and we will continue to passionately serve products that delight and resonate with our consumers, now and in the future.



# At a Glance: FY2021 Highlights

## SUSTAINABILITY AT F&N



**5<sup>th</sup>** consecutive stand-alone sustainability report

F&NHB achieved **86<sup>th</sup> percentile** in our very first **S&P Global Corporate Sustainability Assessment**. Ranked **top 10** companies out of 46 assessed in the beverages industry. (Score date: Nov 12, 2021)



**Refreshed** our materiality matrix and **established** sustainability targets for 2025

Obtained **External Assurance** on environment and social data

F&NHB was **selected** to be a constituent of the newly launched **FTSE4 Good Bursa Malaysia Shariah** Index



F&NHB is a constituent of the **FTSE4Good** Bursa Malaysia Index (F4GBM) for the **3<sup>rd</sup>** year running, with improved rating to **4.1** from 4.0 in 2020

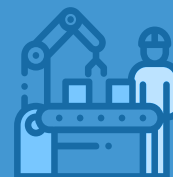


F&N Group is the **highest scoring** Asian company in WWF's Palm Oil Buyers Scorecard 2021

## BETTER BUSINESS

### RESPONSIBLE PRODUCT STEWARDSHIP

**100%** of plants and production processes are certified with **Halal Standard**



**13** new products introduced



**THB26.3** million annual cost avoidance through employee-driven innovation projects in 2021

### RESPONSIBLE SUPPLY CHAIN



**66%** of our active key suppliers have accepted F&N Group's Supplier Code of Practice.

**13%** of product innovation for commercialised F&N products

Begin to use **physical certified palm oil** this Financial Year



**20%** physical RSPO palm oil and balance  
**80%** RSPO credits

**Successfully** developed 2 SMEs to **be our suppliers**, through the partnership with the **Halal Development Corporation Berhad** on the **Halal Sourcing Partnership Programme**



## BETTER SOCIETY

### CREATING VALUE FOR SOCIETY

**53%** of products are in compliance with **national nutritional guidelines**

**61%** reduction of sugar per ml of our total beverages (2004-2021)



**>90%** of the Ready-To-Drink (RTD) beverages sold are considered as **healthier options** with less sugar

**69** products certified with Healthier Choice Symbol/Logo



Community investment for the year **>RM2,500,000**

**>2,000,000** products distributed to various beneficiaries nationwide under **Covid-relief** initiatives.

**>1,000,000** bottles of **100PLUS** distributed at major vaccination centres to promote hydration.

**100%** of our operations underwent **human rights risk assessments**



### EMPOWER OUR PEOPLE

**2,347** number of employees

**96%** fully vaccinated as of **October 2021**

**31%** female representation in total workforce



**44%** female representation in managerial positions



**0** Lost Time Injury Case for employees

**3** days vaccination paid leave for all employees



**29** training hours per employee in the **executive** category

**11** training hours per employee in the **non-executive** category

## BETTER PLANET

10MWp rooftop solar system in Malaysia  
Estimated **carbon avoidance of 9,000 tonnes CO<sub>2</sub>e per year**, equivalent to approximately 2,000 cars driven annually.



**22%** recycled content in beverage and dairy packaging



**97%** of packaging is **recyclable**



**Over 91%** solid waste reused, recycled or recovered.



**100%** industrial sludge **1,247 MT** converted to organic fertiliser and distributed to local farmers.

# Joint Message From Our Chairman & CEO

Built on three foundation pillars – **Better Business, Better Society** and **Better Planet**, our framework focuses on 18 material topics perceived to be of the greatest importance by internal and external stakeholders.

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**LIM YEW HOE**  
Chief Executive Officer

**Y.A.M. TENGKU SYARIF BENDAHARA PERLIS**  
**SYED BADARUDIN JAMALULLAIL**  
**IBNI ALMARHUM TUANKU SYED PUTRA JAMALULLAIL**  
Chairman

**DEAR SHAREHOLDERS AND STAKEHOLDERS,**

Sustainability at F&N is driven by a deep commitment to making the world a better place to live in. We play our part to help everyone everywhere enjoy the same rights to a good life while focusing on things that matter. This has allowed us to continue providing “Pure Enjoyment, Pure Goodness” to our stakeholders, in tandem with our brand promise.

We are happy to share our 5<sup>th</sup> Sustainability Report covering the period of 1<sup>st</sup> October 2020 to 30<sup>th</sup> September 2021 (FY2021). This report communicates what sustainability means to us, our commitments and the initiatives implemented to achieve our commitments. This year, we are excited to share a key milestone in our sustainability journey as we introduce the refreshed F&N sustainability framework and our 2025 targets.

To ensure relevance of the report, we continue to be guided by the GRI Standards. While, the accuracy of selected Health, Safety and Environment (HSE) disclosure has been externally validated by Lloyd’s Register Quality Assurance (LRQA).

**SUSTAINABILITY PRIORITIES & 2025 AMBITIONS FOR F&N**

Sustainability is an ongoing commitment, requiring constant re-evaluation to ensure we remain relevant to current issues. In 2020, we conducted a thorough materiality assessment exercise and stakeholder engagement to identify our material issues in Environment, Social and Governance (ESG).

This year, we launched a refreshed ESG framework and set of ambitions for the year 2025. Built on three foundation pillars – Better Business, Better Society and Better Planet, our framework focuses on 18 material topics perceived to be of the greatest importance by internal and external stakeholders. 12 targets are set for F&N Group to drive sustainability performance throughout our business, with additional four supplementary targets for F&NHB to demonstrate our commitment to further drive progress in high priority areas.



Read more about our 2025 targets on page 029.

**PURSUING SUSTAINABILITY EXCELLENCE AMIDST CHALLENGING TIMES**

During 2021, while the challenges presented by the COVID-19 pandemic continued to impact our business, F&N remains committed to pursuing excellence, with a focus on our material ESG topics. Our sustainability performance continues to receive external validation from independent assessors, and we will continue our efforts to further our progress to deliver value to our stakeholders.

- For the first time, F&NHB was invited to take part in the 2021 S&P Corporate Sustainability Assessment for inclusion in the S&P ESG Index. As of 12 November 2021, our company performed at the top quintile (86<sup>th</sup> percentile), ranking among the top ten companies out of 46 assessed in the Beverages (BVG) Industry.
- F&NHB has again been included as a constituent of the FTSE4Good Bursa Malaysia (F4GBM) Index, marking the third year of recognition for our strong Environmental, Social, and Governance (ESG) practices. Our improved ESG rating from last year is a testament that we are making positive strides in delivering value to our stakeholders in an environmentally and socially responsible manner.
- As a major producer of Halal products, we are also proud to be one of the 54 constituents in the newly introduced FTSE4Good Bursa Malaysia Shariah (F4GBMS) Index, which reflects the investments made into ensuring all our products are Halal, and our value chain is Syariah-compliant.
- F&N Group is ranked No. 1 amongst the 12 companies in Asia in the latest WWF Palm Oil Buyers Scorecard 2021, which assesses companies on their commitments and actions in sustainable palm oil.
- Our Sustainability Report 2019 won a Silver at the National Annual Corporate Report Awards (NACRA) 2020, a recognition for the quality of our sustainability disclosures and communication.



## ENVIRONMENTAL EXCELLENCE AWARDS

Additionally, F&NHB has received several awards recognising our efforts to pursue environmental excellence:

- **Prime Minister's Best Industry Award in Thailand: F&N Dairies Thailand**  
Recognises Thailand's industry role models and encourage other companies to follow suit in committing to national development
- **Prime Minister's Hibiscus Award in Malaysia: Pulau Indah & Shah Alam Plant**  
A private sector environmental award for business and industry in Malaysia
- **Sarawak Chief Minister's Environmental Award in Malaysia: Kuching Plant**  
An award that recognises the environmental effort and commitment of industries, local authorities, and individuals in Sarawak, Malaysia



*Read more about our external recognition on page 039.*

### NEW STRATEGIES FOR THE NEW NORMAL

One and half years after the outbreak of the COVID-19 pandemic, businesses around the world are still grappling with its repercussions. The ripple effects of the global health crisis had caused many social and economic issues, with disruptions of the globalised supply chain and the resulting uncertainties affecting lives and businesses. COVID-19 had highlighted the interconnection of business, environmental and social issues.

This has reiterated the importance of having strong principles in managing economic and social issues, including consumer health and safety, nutrition, employee health and safety, community development and inclusive growth, and supply chain stewardship. As such, maintaining high standards in ESG performance is critical for business resilience, especially in challenging times.

To this end, we are committed to pursuing sustainable and inclusive growth with our people, business partners and the community while addressing our material areas with our stakeholders to build resilience against external shocks, such as the COVID-19 pandemic.

### Safeguarding the Health & Well-being of Our People

Maintaining a high level of hygiene with regular COVID-19 testing and sanitising has been vital in curbing infection risks at our workplace this year. We are thankful for the effectiveness of our proactive safety measures in ensuring minimal impact to our people and operations compared to the high number of community cases within our plants' vicinity during the year.

It is vital to protect our employees at varying work levels; thus, we worked closely with various Government agencies to expedite the vaccination process for our people and supply chain community. Employees are granted three additional paid leave for their vaccination, and as of October 2021, 96% of our total workforce have completed their vaccination.

We would like to thank the Ministry of International Trade and Industry (MITI) and the Sarawak Disaster Management Committee for their support and assistance during our employee vaccination programme.



### Supporting COVID-19 Relief

F&N continues to extend our support towards frontliners and vulnerable communities. To date, over two million products have been distributed directly or through non-governmental organisations/community groups to beneficiaries nationwide. In Thailand, we have donated medical equipment and our products to hospitals for the frontliners and patients. F&N products were also offered to the 20,000 hawkers' community members for encouragement during this difficult period.

In supporting the Nation's COVID-19 Immunisation Programme, we helped raise public awareness on the importance of maintaining hydration levels during vaccination periods through the #HidratkanDiriSihatkanBadan campaign. Over 1 million products have been distributed to vaccine recipients & frontliners through the campaign.



Read more about how we support COVID-19 recovery in our Annual Report 2021 on pages 040 to 041.

### THE YEAR IN REVIEW

2021 remained extremely challenging operationally due to the ongoing COVID-19 pandemic. Despite that, we continued to build on the success of our previous efforts while implementing new initiatives in pursuing sustainability excellence amidst new challenges.

#### Human Rights Risk Assessment

We believe full-heartedly in treating all our stakeholders with dignity, respect, equality and consideration for their human rights. To promote the rights of all stakeholder groups, F&N has conducted a Human Rights Due Diligence and Risk Assessment for all business operations for the first time this year. Following this, we have developed a Human Rights Policy and a due diligence manual.

#### Consumer-centric Innovation

In the past year, we have introduced 13 new products to offer more options in different product categories, healthier options without compromising taste, and convenience through differentiation in packaging to cater to consumers' evolving needs. Among the new healthier additions are F&N Sparkling range, est Cola Brown Sugar, F&N Bandung, BEAR BRAND Gold Acerola Cherry Milk and the reformulated F&N Magnolia Choc Malt with 50% less sucrose. From 47 last year, we now have 69 products endorsed with the Healthier Choice logo.

We further affirmed our commitment to promoting healthy lives and lifestyles with F&N Group's new Nutrition Guidelines, based on the World Health Organisation (WHO)'s recommendations. With that, we commit to having all our products free from trans-fatty acids, and >70% of our products should contain less than 5% added sugar.

#### Propelling Halal Ecosystem

As a leading manufacturer of Halal products, ensuring Halal compliance and maintaining Halal integrity is vital throughout the supply chain for F&N. To further propel the Halal ecosystem in Malaysia, we continue to engage with Halal authorities, public and private stakeholders to maintain high Halal standards.

F&NHB is also actively involved in uplifting the Halal capability of the supply chains and business ecosystems in Malaysia through knowledge sharing forums such as the Securities Commission-Halal Development Corporation Berhad (HDC) Forum 2021, and the 17<sup>th</sup> Malaysia International Halal Showcase (MIHAS) organised by MATRADE.

Through the Halal Sourcing Partnership Programme, we partner with HDC to build the capacity of small and medium enterprises (SMEs) and elevate their capability to be qualified as Halal vendors for multi-national companies. We are pleased to share that through the programme, we have successfully onboarded two companies as our suppliers and are in the midst of developing three more.





## JOINT MESSAGE FROM OUR CHAIRMAN & CEO



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### Managing Value Chain Impacts

Today's consumers actively seek brands that contribute to a greener environment. As such, F&NHB has been working towards creating and capturing value along our supply chain with renewable and recovered inputs. We achieved our goal of purchasing RSPO credit for 100% of our palm oil usage in 2020. Beginning 2021, we have started to purchase 20% RSPO physical certified palm oil for our palm oil usage and balance 80% in RSPO credits. We will increase the proportion of the mass balance approach towards 100% RSPO's physical certified palm oil by 2025.

Taking the lead in making a difference in consumer packaging waste, F&NHB is one of the ten founding members of the Malaysian Recycling Alliance (MAREA) – a voluntary, industry-led initiative that drives circular economy adoption through extended producer responsibility. Meanwhile, we have also increased the use of recycled materials in our product packaging to 22% this year and target to have all our beverage and dairy packaging material 100% recyclable by 2025 from the current 97%.

The installation of our 10MWp rooftop solar system in Malaysia is well on track. Upon completion in mid-2022, we will be replacing 20% of our electricity requirement with renewable energy and achieving carbon avoidance of about 9,000 tonnes CO<sub>2e</sub> per year, equivalent to approximately 200 cars driven annually.

### CLOSING REMARKS

While 2021 was challenging, we remained firmly committed to pursuing our goals of sustainability excellence. We are proud of our achievements in sustainability over the past year and are excited to embark on this new phase of our sustainability journey towards the new 2025 goals.

On behalf of the Board and management, we will continue to anchor sustainability in the Group and work with all stakeholders to ensure future prosperity for all. Thank you for your continued support.

**Y.A.M. TENGKU SYARIF BENDAHARA PERLIS  
SYED BADARUDIN JAMALULLAIL  
IBNI ALMARHUM TUANKU SYED PUTRA JAMALULLAIL**  
*Chairman*

**LIM YEW HOE**  
*Chief Executive Officer*



# Supporting COVID-19 Recovery

Since the COVID-19 outbreak a year and a half ago, the world still grapples with the pandemic's damaging effects on people and businesses. F&NHB remains cautious of local and global uncertainties as the COVID-19 pandemic situation has yet to stabilise. Despite this uncertainty, we remain committed to pursuing sustainable and inclusive growth with our people, business partners and the community.

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

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



# About This Report

## THE MANAGEMENT FOCUS FOR SR2021

**GRI Index:** GRI 102-15

This F&NHB Sustainability Report (SR) aims to provide our stakeholders with a concise, material and clear assessment of how we create value over time.

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



### Better Business Responsible Business Fundamentals

- Responsible Business Practice
- Responsible Product Stewardship
- Responsible Supply Chain



### Better Society Well-being of People & Communities

- Create Value for Society
- Empowering Our People



### Better Planet Circularity & Environmental Protection

- Operational Eco-efficiency
- Value Chain Impacts

## Sustainability Report

The sustainability report is best read together with our annual report. This Report gives our stakeholders a comprehensive picture of how F&NHB integrates financial goals with social and environmental imperatives. We are pleased to take this opportunity to share our commitments and progress in generating value for our stakeholders and conducting our business in an environmentally and socially responsible manner.



Read the full version of our Annual Report and Sustainability Report 2021 here.

## REPORTING PERIOD AND SCOPE

This report was prepared in compliance with the GRI requirements and covers these issues.

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

This is our fifth annual stand-alone Sustainability Report, for our reporting period of 1 October 2020 – 30 September 2021. The report includes information that covers all the Group's operations in Malaysia and Thailand, including environment and social performance data: <sup>2</sup>



### Thailand

- F&N Dairies (Thailand) Limited



### Malaysia

- F&N Dairies Manufacturing Sdn Bhd
- F&N Beverages Manufacturing Sdn Bhd
- F&N Beverages Marketing Sdn Bhd
- Fraser & Neave (Malaya) Sdn Bhd
- Borneo Springs Sdn Bhd

## REPORTING FRAMEWORK AND INDICES

We are proud to continue our sustainability journey and reporting in accordance with the GRI Standards 'Core Option' and Bursa Malaysia Securities Berhad's Main Market Listing Requirements. This year, we continue to include information and initiatives on our most important sustainability issues. We look to address the gaps in our sustainability performance by benchmarking our sustainability processes and performance against industry leaders.

We have also prepared this report in alignment with the International Integrated Reporting Council's (IIRC) International <IR> Framework. This year, we have been invited to submit our response to the S&P Global Corporate Sustainability Assessment for inclusion in the S&P ESG Index.

We are honoured to be selected as one of the 54 constituents, as of June 2021, in a newly launched FTSE4Good Bursa Malaysia Shariah (F4GBMS) index. We also remain as a constituent of the FTSE4Good Bursa Malaysia Index (F4GBM) for the third year running and improved our rating to 4.1.

<sup>2</sup> Sri Nona is newly acquired on January 2021, thus the environmental and performance data are not accounted for in this Sustainability Report, and will be included in the near future.

## F&N MATERIAL SUSTAINABILITY MATTERS

F&N Group conducted a materiality assessment exercise in 2020 to determine the 2021 materiality matrix and set 2025 sustainability targets for the next phase of our sustainability journey. For 2021 to 2025, F&N Group will focus our sustainability efforts and disclosures on the material issues outlined below.

Targets have been established for material issues that are perceived to be of greater importance by internal and external stakeholders. These targets are considered by the F&N Management Team and the Board as important material issues that have a direct or indirect impact on the bottom line.

### Economic

### Social

### Environment



More information on the refreshed materiality assessment and the 2025 targets are found in "Our Sustainability Approach", on pages 028 to 029 of this SR.

### ASSURANCE POLICY

**GRI Index:** GRI 102-56

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 reliable data and continuously strive to improve the quality of our non-financial disclosures. This year will be our third consecutive year obtaining external assurance. We have obtained external verification on the sustainability data disclosed in this report. Lloyd's Register Quality Assurance (LRQA) has conducted a limited external assurance on selected Environment and Social disclosures. The limited external assurance serves to ensure the accuracy and credibility of the sustainability data disclosed in this report.



Read more about LRQA's assurance statement, on pages 128 to 129 of this SR.

### CONTACT DETAILS

**GRI Index:** GRI 102-53

We value and appreciate all feedback to help make our future reports more relevant to our stakeholders. Please direct any questions pertaining to our sustainability initiatives or reporting, or comments and feedback, to:

Department Name: Communications, Corporate Affairs & Sustainability



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F&N Point, No. 3, Jalan Metro Pudu 1, Fraser Business Park, off Jalan Yew, 55100 Kuala Lumpur, Malaysia



## We are F&N

**Fraser & Neave Holdings Bhd** (“F&NHB” or “the Group”) is a subsidiary of Fraser & Neave, Limited (“F&N Group”). Founded in 1883 to produce carbonated soft drinks by John Fraser and David Chalmers, F&N Group today is amongst the region’s oldest and most established companies. The Group has grown to be an iconic household name that is trusted to provide ‘Pure Enjoyment, Pure Goodness’ throughout its wide portfolio of well-loved brands.

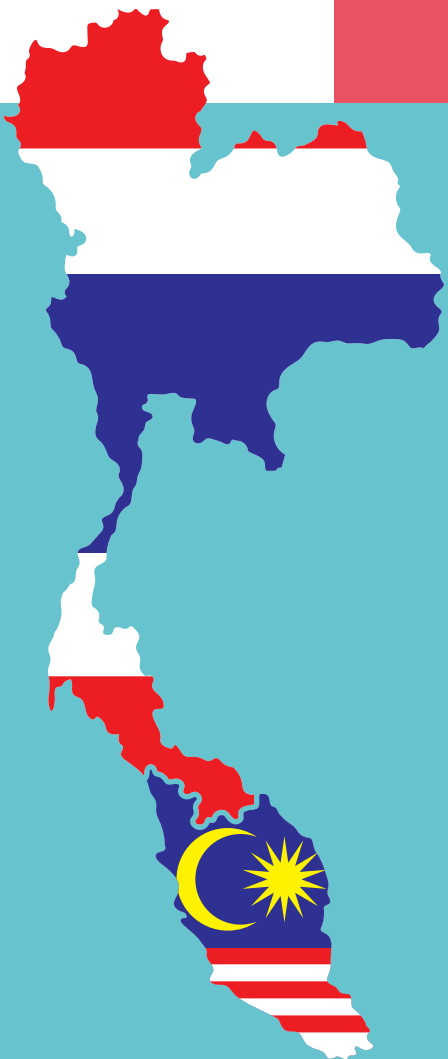
016



**F&NHB** is listed on Bursa Malaysia’s Main Board and is a Shariah-compliant company. The Group has an annual turnover of RM4 billion from its core businesses in the manufacture, sales and marketing of food and beverages products. Today, the Group is one of the largest beverage manufacturers and distributors in the region with brands such as 100PLUS, F&N Fun Flavours, F&N NutriSoy, F&N SEASONS, F&N ICE MOUNTAIN, BORNEO, OYOSHI, est Cola and RANGER. Within the dairy products, we produce sweetened condensed and evaporated milk, as well as packaged milk and juice products under the F&N, TEAPOT, Gold Coin, F&N Magnolia, FARMHOUSE and F&N Fruit Tree brands. F&N is also an exclusive manufacturer, marketer and distributor of Carnation products in Thailand, Laos and Cambodia; as well as Carnation, Cap Junjung and Ideal canned milk products in Malaysia, Singapore and Brunei. Currently, F&NHB has over 200 products in Malaysia and Thailand.

The Group’s operating businesses are organised according to products and services, namely Food and Beverages Malaysia (F&B Malaysia), which encompass both soft drink and dairy business in Malaysia and food business; Food and Beverages Thailand (F&B Thailand); property and others.

In January 2021, F&NHB completed the acquisition of the Sri Nona group of companies (Sri Nona Food Industries Sdn Bhd, Sri Nona Industries Sdn Bhd and Lee Shun Hing Sauce Industries Sdn Bhd.). These three food & beverage companies add established Malaysian household food brands to the Group’s portfolio of household brand names.



## Geographical Footprint

**F&NHB** is headquartered in Kuala Lumpur. We have nine manufacturing facilities in Malaysia and Thailand to serve the needs of consumers in ASEAN and beyond. F&NHB operates in Malaysia, Brunei, Thailand and IndoChina, and exports products to 85 countries across the globe.

### THAILAND

**2** dairy plants

### MALAYSIA

**3** beverage plants

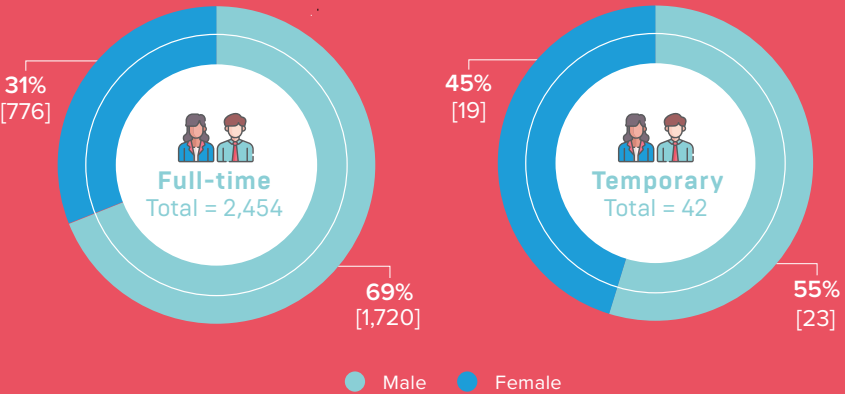
**1** dairy plant

**2** mineral water plants

**1** packaged food plant



## Total Workforce



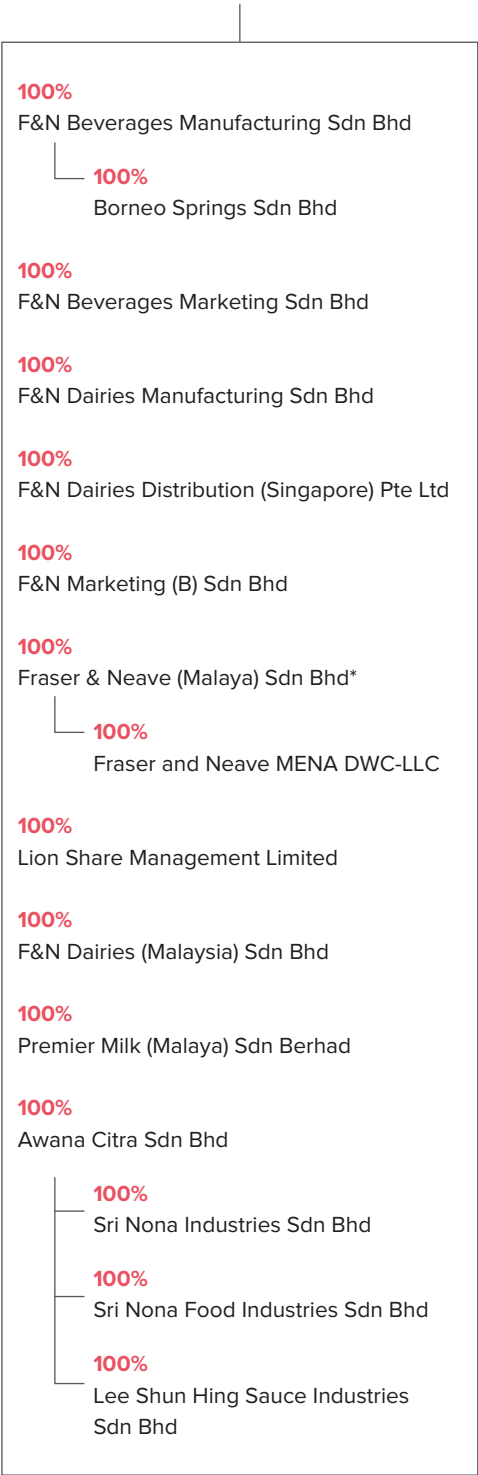
\* Including workforce of Sri Nona

# Corporate Structure

as at 15 November 2021



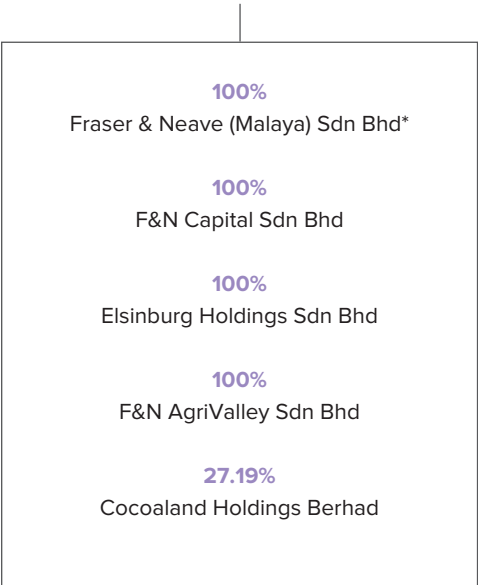
## Food & Beverages Malaysia



## Food & Beverages Thailand



## Others

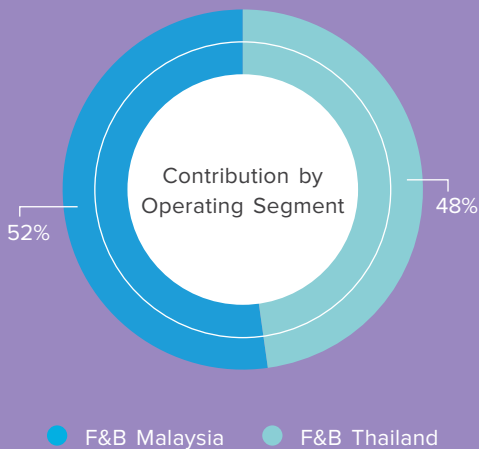


Note:  
\* Classified under Food & Beverages Malaysia and Others segments.

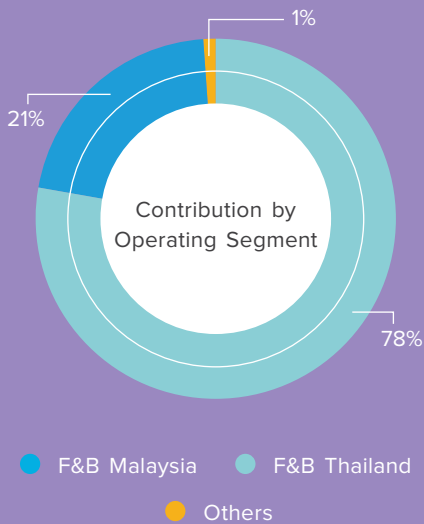


# FY2021 Revenue and Operating Profit by Operating Segment

GROUP REVENUE



GROUP OPERATING PROFIT



# Our Supply Chain

The preparation, production and packaging of our beverages and dairy products require a range of raw materials, equipment, and other goods and services. During the past year, we engaged with over 2,700 global and local suppliers across our supply chain, including manufacturers, wholesalers, retailers, importers/merchants, contractors and professional services providers. We spent a total of RM3.37 billion on products and services provided by our suppliers.

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## SOURCING

We work closely with our suppliers to ensure their goods and services meet external quality, environmental and social standards, in addition to our stringent internal standards. This helps to ensure that our products are safe and of high quality. To ensure the sustainability of our business, we have risk management mechanisms in place to manage issues associated with the commodities upon which we rely.



## PRODUCTION

We have implemented a standardised safe production process, in accordance with international standards, throughout all of our operations. We strive for eco-efficient processes, in which we provide good value and maximum benefit without polluting the environment and surrounding communities. We strive to optimise resource use and consider the environmental and social impacts of water consumption, waste, effluents and emissions at all production stages.



## DISTRIBUTION

We have a fully integrated and extensive distribution system and network to ensure that our products are efficiently distributed to our consumers. Our focus is to minimise the environmental and social impacts from transportation by managing our energy use, while ensuring the safety of our personnel and local communities. We are also continuously improving our processes and implementing digital technologies to increase efficiency.



## MARKETING AND SALES

Responsible marketing and sales practices are of great importance to F&NHB. We demonstrate consumer and societal responsibility by providing healthier product options and informative product labels. We also seek feedback from our customers on our products to improve our marketing practices and, most importantly, to create sustainable value for consumers and for our business.



## POST-CONSUMPTION PACKAGING MANAGEMENT

We minimise the impact of post-consumer waste through research and development to deliver innovative and environmental-friendly packaging. We are continuously seeking out sustainable packaging that also meets the needs of our consumers. In addition to applying Circular Economy principles throughout F&NHB, we promote environmental awareness with communities where we operate.



# Value Creation Business Model

## KEY RISK CATEGORIES

Financial/Economic

Strategic

### INPUTS Resources We Use

### OUR BUSINESS How We Create Value

#### HUMAN CAPITAL\*

- 2,496 employees
- 31% of employees are female
- 45% of female representation in managerial positions

*\*Including Sri Nona's workforce*

#### FINANCIAL CAPITAL

- RM816.8 million in share capital
- RM2,819.0 million in shareholder's equity

#### INTELLECTUAL CAPITAL

- Equity from 22 well-loved brands
- New product formulations and recipes
- Innovative process and technology
- Strategic partnerships  
ThaiBev, Fraser and Neave, Limited, Nestle, Sunkist

#### MANUFACTURED CAPITAL

- 9 production plants
- 33 offices in Malaysia, Thailand, Brunei and UAE
- RM3.63 billion worth of assets

#### SOCIAL & RELATIONSHIP CAPITAL

- Engaged with > 2,700 local and global suppliers across our supply chain
- > 227,000 outlets in Malaysia, Thailand, Laos & Cambodia
- 40,000 hawkers in Thailand, Laos & Cambodia

#### NATURAL CAPITAL

- > 1.0 billion MJ energy consumed
- > 5.0 million MJ solar energy generated
- > 2.5 million m<sup>3</sup> withdrawn
- Sourced raw materials that are sustainable



## HOW WE CONDUCT BUSINESS

### 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.

## GLOBAL VALUES

Collaboration

Creating Values

Caring for Stakeholders

Supported by Strong Governance & Effective Board Leadership

## CORE AREAS OF SUSTAINABILITY

- Responsible Business Practice
- Responsible Supply Chain
- Empower Our People
- Value Chain Impacts
- Responsible Product Stewardship
- Create Value for Society
- Operational Eco-efficiency

## 3 STRATEGIC DOMAINS

### BUILD

Create new capabilities and business opportunities

### UNLOCK

Unleash potentials of the Group to create maximum value

### STRENGTHEN

Strengthening the core businesses for market leadership positions

## OPERATING ENVIRONMENT

- Value Chain Impacts
- Eating In and Grabbing Out
- Always Online
- Holistic Well-being
- Growth in Halal Market

## COMPETITIVE ADVANTAGE

- Better Products
- Greater Efficiency
- Strong Relationships with Key Stakeholders



Read more in our Annual Report and Sustainability Report 2021.

Understanding societal needs and stakeholder expectations  
Communicating through stakeholder engagement

Creating Shared Value

Governance &amp; Ethics

Reputational

Operational

**OUTPUT**  
Value Created**CREATING VALUES**  
FOR OUR STAKEHOLDERS**HUMAN CAPITAL**

- Paid RM289.7 million in total employee remuneration & benefits
- Employed 236 new employees
- Provided training and development to employees
  - Executives : 28.8 average hours
  - Non-executives : 10.9 average hours
- Awarded RM218,100 to 73 children of employees under F&N Chairman's Award
- Recorded 0 employee work-related lost time injury, fatality and ill health

**FINANCIAL CAPITAL**

- Revenue : RM4,130.9 million
- Profit before Tax : RM479.4 million
- Profit for the Year : RM395.1 million
- Dividend per Share : 60.0 sen
- Total Dividend Payout : RM220.1 million
- Tax Contributed : RM84.3 million

**INTELLECTUAL CAPITAL**

- Introduced various innovative solutions for our customers in 85 countries nationwide
- Launched 13 new products
- 69 products endorsed with Healthier Choice Logo

**MANUFACTURED CAPITAL**

- Capital investment of RM800 million over past five years
  - Renewable energy programme
  - Integrated warehouse & regional distribution centre

**SOCIAL & RELATIONSHIP CAPITAL**

- Social investment of > RM2.5 million
- > 2 million products distributed to support community & frontliners during COVID-19 pandemic
- Distributed > 1 million products to vaccine recipients at major vaccination centres

**NATURAL CAPITAL**

- Energy Intensity (MJ/MT) : 911.00
- GHG Emissions Intensity (MTCO<sub>2e</sub>/MT) : 0.0683
- Water Intensity (MJ/MT) : 2.29
- Solid Waste Recycling Rate : > 90%
- % of Recyclable Packaging : 97%
- % of Recycled Content in Packaging : 22%



Understanding societal needs and stakeholder expectations  
Communicating through stakeholder engagement

**Creating Shared Value**

023

About F&amp;N



Shareholders &amp; Investors



Employees



Distributors &amp; Trade Customers



Consumers



Communities



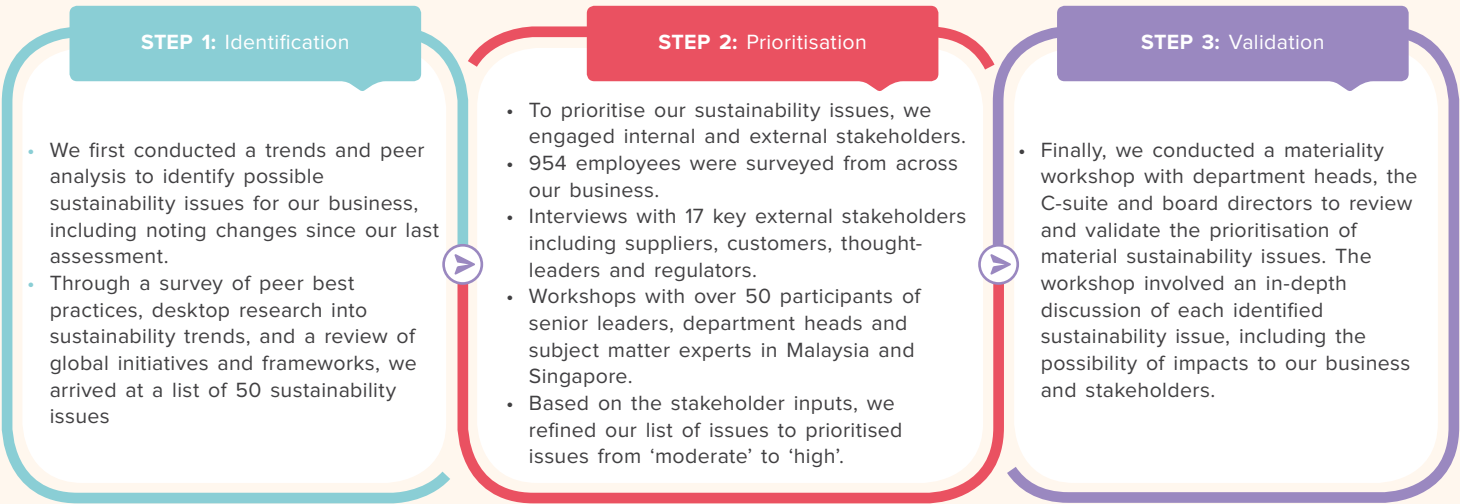
Regulators



Suppliers

# F&N Sustainability Priorities

During 2020, F&N Group conducted a robust materiality assessment and stakeholder engagement to evaluate our most important sustainability issues. This assessment was based on three steps: Identification, Prioritisation and Validation.

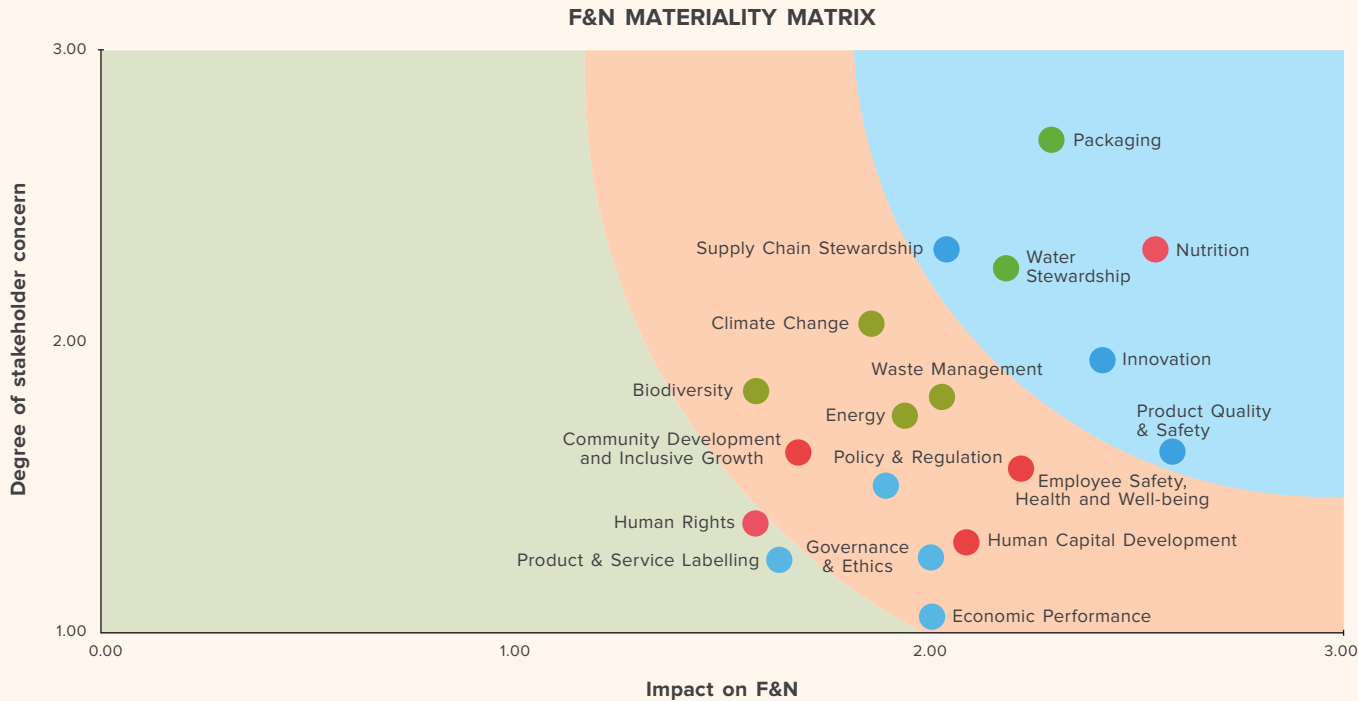


These are the key changes we made this year compared to our previous report:

- Separation of 'Consumer Health & Safety' into 'Nutrition' and 'Product Health & Safety'
- Merged two issues – 'Creating Value for Society' and 'Market Presence' into 'Community Development & Inclusive Growth'
- Addition of four new issues: Human Rights, Supply Chain Stewardship, Governance & Ethics, Policy & Regulation

We identified 18 material issues for F&N. Our most significant material issues 'Packaging' and 'Nutrition' continue to be priority issues for customers and consumers – reflecting two areas where our business can make significant impacts. Material issues that are closely interconnected are our highest priority material issues. For example, innovation and supply chain stewardship underpin our progress relating to nutrition, packaging and water stewardship.

We will continue to review our material issues annually.








# Material Issues & Importance






## Better Business

Material Issues of F&N	Opportunities for F&N if issue is addressed	Potential Risks for F&N if issue is not addressed
 <b>Governance &amp; Ethics</b> Business policies and practices to ensure ethical, transparent and responsible governance.	<ul style="list-style-type: none"> <li>Upholding F&amp;N's reputation as a responsible business maintains trust amongst all stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>A reputational risk is failing to put in place transparent and sound governance</li> </ul>
 <b>Policy &amp; Regulation</b> Regulatory compliance across our operations and engaging with policy-makers in a responsible and transparent manner.	<ul style="list-style-type: none"> <li>Engaging with regulators allows F&amp;N to prepare for emerging legislation and ensure compliance</li> </ul>	<ul style="list-style-type: none"> <li>Risk of lack of preparation to comply with emerging regulations</li> <li>Reputational risk is failing to put in place transparent and sound policies</li> </ul>
 <b>Economic Performance</b> Financial performance to deliver shareholder value and secure long-term viability of the company.	<ul style="list-style-type: none"> <li>Sustainable financial performance creates long-term value for all stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Hinder F&amp;N's business continuity</li> </ul>
 <b>Product Quality &amp; Safety</b> Delivering products to consumers which meet the highest quality and safety standards.	<ul style="list-style-type: none"> <li>Deliver F&amp;N's brand promise to consumers through product excellence</li> <li>Retain and increase market share through product range expansion and portfolio diversity</li> </ul>	<ul style="list-style-type: none"> <li>Reputational risk and customer claims arising from a break in the supply chain or compromised packaging outside the factory</li> <li>Regulatory changes that may affect product recipe and/or packaging</li> </ul>
 <b>Product &amp; Service Labelling</b> Labelling our products and services in a responsible and transparent way for consumers.	<ul style="list-style-type: none"> <li>Meet regulatory requirements</li> <li>Meet consumer expectations relating to product and ingredient communication</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet stakeholder expectations on transparency of product information</li> </ul>
 <b>Innovation</b> Building competitive advantage through innovative products and solutions to meet consumer and societal needs.	<ul style="list-style-type: none"> <li>Meet customer and consumer demands and stay relevant</li> <li>Adoption of emerging and disruptive technologies increases competitive edge</li> </ul>	<ul style="list-style-type: none"> <li>High investment cost in R&amp;D and equipment with uncertain commercial returns</li> <li>Balancing between risk of non-acceptance by consumers and risk of being overtaken by competitors</li> </ul>
 <b>Supply Chain Stewardship</b> Procurement policies, contractor management and supplier relationships which address material issues across the value chain.	<ul style="list-style-type: none"> <li>Elevate vendors' productivity and performance in sustainability practices and compliance with food safety standards.</li> <li>Cost savings with stronger collaboration</li> <li>Establish robust policies and systems to ensure competitive pricing and safeguard vendors from corruption and malpractice</li> </ul>	<ul style="list-style-type: none"> <li>Many ESG risks are present in F&amp;N's supply chain (e.g. human rights, product quality); unethical practice leads to regulatory violations, monetary fines and reputational risk</li> <li>Disruption to operations</li> <li>Price fluctuation as a result of global economic performance and foreign exchange exposure</li> </ul>

Material Issues & Importance









Better Society

Material Issues of F&N	Opportunities for F&N if issue is addressed	Potential Risks for F&N if issue is not addressed
 <p><b>Nutrition</b> Helping consumers’ lead healthy lives by developing nutritious and accessible products.</p>	<ul style="list-style-type: none"><li>• Innovation opportunity to meet customer and consumer demands</li><li>• Transforming product portfolio towards healthier options that contribute to consumers’ well-being</li></ul>	<ul style="list-style-type: none"><li>• Regulatory risks (e.g. sugar tax) from the markets we operate in; focusing on Nutrition helps mitigate this</li></ul>
 <p><b>Community Development &amp; Inclusive Growth</b> Supporting economic development and creating positive social impact for communities connected to our business activities.</p>	<ul style="list-style-type: none"><li>• Investing in communities supports national social and economic development and ensures F&amp;N grows alongside society</li><li>• Working with communities strengthens our relationships, our credibility and presence</li></ul>	<ul style="list-style-type: none"><li>• Lack of community programmes and initiatives impacts our reputation as a corporate citizen and affects employee morale</li><li>• Failure to balance social, economic and environmental needs will bring financial implications</li></ul>
 <p><b>Human Rights</b> Upholding strong human rights practices in our operations and supply chain.</p>	<ul style="list-style-type: none"><li>• Proactively identify and address human rights risks in F&amp;N’s operations and supply chain ensures a safe workforce</li><li>• Reduce inequalities (e.g. gender inequality)</li><li>• Improve productivity and resource efficiency</li></ul>	<ul style="list-style-type: none"><li>• Human rights violations in operations and supply chain lead to regulatory risks, monetary fines and reputational risk</li><li>• Disruption to operations</li><li>• emotivated and unproductive workforce</li></ul>
 <p><b>Human Capital Development</b> Attracting, developing, and retaining high-performing employees, creating an inclusive and diverse culture.</p>	<ul style="list-style-type: none"><li>• Skilled and diverse employees allow F&amp;N to deliver our business strategy and remain competitive</li><li>• Effective training and upskilling programmes contribute to a high-performance culture</li><li>• Provide job opportunities for the local community where we operate</li></ul>	<ul style="list-style-type: none"><li>• Challenge to attract and retain talent</li><li>• Adapting to the rapid skill set requirement changes of the evolving market</li></ul>
 <p><b>Employee Safety, Health &amp; Well-being</b> Improving and maintaining the health, safety and well-being of our employees.</p>	<ul style="list-style-type: none"><li>• A healthy and safe workforce increases productivity of F&amp;N’s operations</li><li>• Improvements in talent acquisition and retention</li><li>• Positive employer branding</li></ul>	<ul style="list-style-type: none"><li>• Injuries, occupational diseases, lost days and fatalities may result in productivity loss, business continuity and the company’s license to operate</li><li>• Financial and reputational risks</li></ul>



## Better Planet

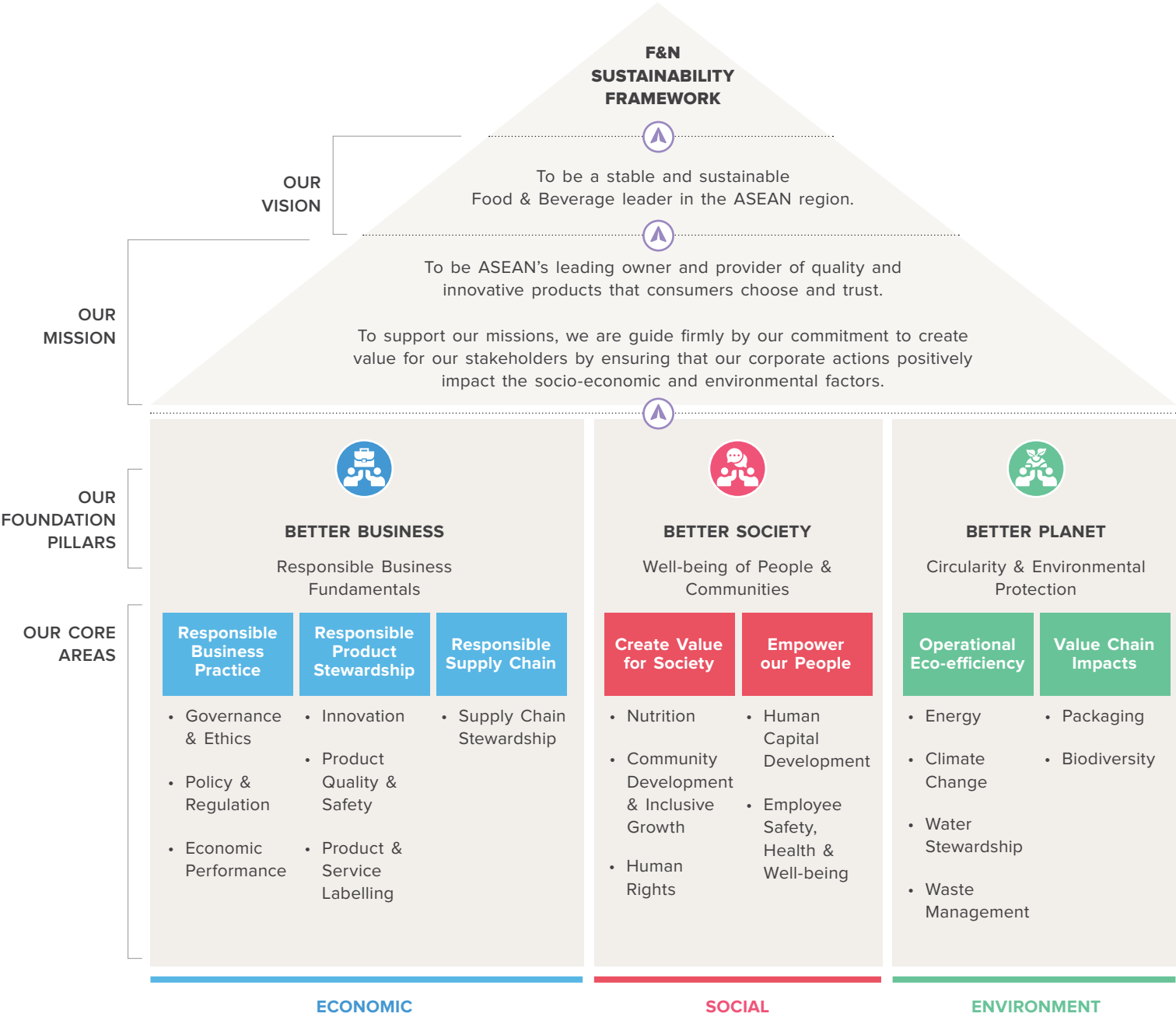
Material Issues of F&N	Opportunities for F&N if issue is addressed	Potential Risks for F&N if issue is not addressed
 <b>Energy</b> Minimising GHG emissions and energy use in our operations, in line with global climate goals.	<ul style="list-style-type: none"> <li>Reducing energy use and emissions allows F&amp;N to reduce costs</li> <li>Pre-empt future regulation (e.g. carbon tax)</li> <li>Align with targets of governments and customers</li> </ul>	<ul style="list-style-type: none"> <li>Public pressure resulting in reputational risks</li> <li>Rise in operational costs with stricter regulations and energy sourcing changes</li> </ul>
 <b>Climate Change</b> Adapting our business model to ensure resiliency to climate-related risks.	<ul style="list-style-type: none"> <li>Meet growing expectations of investors and regulators to assess climate-related risks and opportunities, e.g. supply chain disruption, market shifts or extreme weather events</li> </ul>	<ul style="list-style-type: none"> <li>Extreme weather events due to climate change expose our assets and operations to costly damages</li> <li>Failure to meet stakeholders' expectations in managing climate change pose reputational risks</li> </ul>
 <b>Water Stewardship</b> Protecting and preserving shared water resources.	<ul style="list-style-type: none"> <li>Efficient water management presents cost saving opportunities for the F&amp;N</li> <li>Enhance water security for suppliers, increasing supply chain resilience</li> </ul>	<ul style="list-style-type: none"> <li>Water insecurity will have a direct impact on the F&amp;N operations and business as water is a key material resource</li> <li>Regulatory risks around water as an important national resource</li> </ul>
 <b>Waste Management</b> Minimising waste and safely disposing of hazardous materials.	<ul style="list-style-type: none"> <li>Reducing and reusing waste supports operational efficiency, which leads to cost savings</li> <li>Inculcate sustainable practices and values in employees and communities through the 3Rs: Reduce, Reuse and Recycle</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet stakeholders' expectations in managing our waste impact pose reputational risks</li> </ul>
 <b>Packaging</b> Developing sustainable packaging solutions to reduce the impact of packaging on the environment.	<ul style="list-style-type: none"> <li>Meeting customer and consumer demands for sustainably packaged products uplifts reputation</li> <li>Improve packaging resource efficiency</li> <li>Reduce reliance on virgin materials, and saving costs</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet stakeholders' expectations in managing the packaging pose reputational risks</li> <li>Risk of competitors taking the lead and capturing market shares</li> </ul>
 <b>Biodiversity</b> Sourcing raw materials responsibly, protecting biodiversity and eliminating deforestation from our supply chain.	<ul style="list-style-type: none"> <li>Mitigate reputational risks of negative environmental practices, particularly in our supply chain</li> <li>The move away from exploitative processes creates a sustainable business operation</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet stakeholders' expectations in protecting the natural environment and biodiversity</li> </ul>



# F&N's Sustainability Focus Areas & 2025 Targets













The material issues have been mapped onto the seven pillars of our Sustainability Framework. Through this framework, we align our business and sustainability goals with a sharper focus on how we create value for each material issue.

F&N GROUP'S MATERIAL ISSUES MAPPED TO SUSTAINABILITY FRAMEWORK



We have set ambitious sustainability performance targets to be achieved by 2025 on 12 priority material issues. These 2025 goals will drive F&N's sustainability performance throughout our business and strengthen our commitment to creating long-term value for our stakeholders.

### F&N GROUP'S MATERIAL ISSUES

Material Issue	2025 Target	Progress in 2021
 <b>Product Quality &amp; Safety</b>	100% of our plants and production processes certified with the Food Safety System Certification scheme 22000 and Halal Standard (or equivalent)	100% of our plants and production processes are certified with Halal Standards  50% of our plants and production processes are certified with FSSC scheme 22000
 <b>Innovation</b>	Achieve 10% product innovation for commercialised F&N products	13% product innovation for commercialised F&N products
 <b>Supply Chain Stewardship</b>	100% of our active key suppliers that accept and comply with F&N Group's Supplier Code of Practice	66% of our active key suppliers accept and comply with F&N Group's Supplier Code of Practice
 <b>Nutrition</b>	At least two third of beverage and dairy product <sup>3</sup> comply with the Nutritional Guidelines	53% of our beverage and dairy products are endorsed with Healthier Choice Logo
 <b>Community Development &amp; Inclusive Growth</b>	Increase in the number of annual community programmes to 11	11 community programmes conducted this year
 <b>Human Capital Development</b>	Provide an average of at least 18 hours of training to executive level employees and 11 hours of training to non-executives	29 training hours per employee in the executive category and 11 training hours per employee in the non-executive category
 <b>Employee Safety, Health &amp; Well-being</b>	Reduce the Lost Time Injury Frequency Rate (LTIFR) to 0	0 LTIFR
 <b>Energy</b>	Reduce the Group's energy intensity ratio at our plants (from a 2020 baseline) by 8%	Our group energy intensity ratio increased 5% to 911.0 (as compared to FY2020 baseline at 865.4), impacted by the lower production volume at our plants due to COVID-19 pandemic.
 <b>Climate Change</b>	Reduce the Group's GHG emissions intensity ratio at our plants (from a 2020 baseline) by 8%	Our group GHG emissions intensity ratio increased 3% to 0.068 (as compared to FY2020 baseline at 0.066), impacted by the lower production volume at our plants due to COVID-19 pandemic.
 <b>Water Stewardship</b>	Reduce the Group's water intensity ratio at our plants (from a 2020 baseline) by 8%	Our group water intensity ratio maintained at 2.29 this year (FY2020 baseline at 2.29), impacted by the lower production volume at our plants due to COVID-19 pandemic.
 <b>Waste Management</b>	Reduce the solid waste sent to landfill (from a 2020 baseline) by 30%	Our total solid waste sent to landfill was 1,091 MT (0.1% increase as compared to 1,035 MT in FY2020)
 <b>Packaging</b>	Increase the average recycled content in our packaging to 25%	The average recycled content in our packaging has improved from 20% in FY2020 to 22% in FY2021.













<sup>3</sup> based on formulation, excluding canned milk and cordials

# Our Contribution to the UN SDG Targets















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

Below we summarise our business contribution to the specific SDG targets across our value chain:
















F&N GROUP ALIGNMENT WITH SDG TARGETS

Material Topics	SDGs	SDG Targets
Better Business		
Governance & Ethics		16.5 Substantially reduce corruption and bribery 16.6 Develop effective, accountable and transparent institutions
Policy & Regulation		16.6 Develop effective, accountable and transparent institutions
Product Quality & Safety		3.4 Promote health outcomes through nutrition
Product & Service Labelling		12.3 Reduce food waste and loss 12.8 Promote and provide information about sustainable lifestyles
		3.4 Promote health outcomes through nutrition
Innovation		2.3 Improve productivity and incomes of small-scale food producers 2.4 Promote sustainable food production and resilient agricultural practices
		8.2 Diversify, innovate and upgrade for economic productivity 8.4 Improve resource efficiency in consumption and production
		9.4 Promote the use of sustainable industrial processes
		12.2 Sustainable management and use of natural resources 12.3 Reduce food waste and loss 12.8 Promote and provide information about sustainable lifestyles
		3.4 Promote health outcomes through nutrition
		6.3 Improve water quality, reduce pollution, enhance wastewater treatment and improve water circularity 6.4 Increase water-use efficiency and ensure sustainable use of freshwater
		7.2 Increase use of renewable energy 7.3 Improve energy efficiency



Material Topics	SDGs	SDG Targets
Supply Chain Stewardship		2.3 Improve productivity and incomes of small-scale food producers 2.4 Promote sustainable food production and resilient agricultural practices
		8.2 Diversify, innovate and upgrade for economic productivity 8.4 Improve resource efficiency in consumption and production
		9.2 Promote inclusive and sustainable industrialisation 9.4 Promote the use of sustainable industrial processes
		12.2 Sustainable management and use of natural resources 12.3 Reduce food waste and loss
		15.2 Promote sustainable forest management 15.5 Protect biodiversity and natural habitats
		17.6 Knowledge sharing and cooperation for access to science, technology and innovation
Better Society		
Nutrition		2.2 Improve nutrition for society
		3.4 Promote health outcomes through nutrition
Community Development & Inclusive Growth		2.1 Improve access to safe and nutritious food 2.2 Improve nutrition for society
		8.6 Promote youth employment, education and training
		9.2 Promote inclusive and sustainable industrialisation
		12.8 Promote and provide information about sustainable lifestyles
		1.4 Promote equal rights to ownership, basic services, technology and economic resources
		3.4 Promote health outcomes through nutrition
		4.4 Promote relevant skills development 4.7 Promote sustainable development education and global citizenship 4.B Expand higher education scholarships for developing countries

# OUR CONTRIBUTION TO THE UN SDG TARGETS

Material Topics	SDGs	SDG Targets
Community Development & Inclusive Growth <i>(Cont'd)</i>		10.2 Promote universal social, economic and political inclusion
		17.6 Knowledge sharing and cooperation for access to science, technology and innovation
Human Rights		8.7 End modern slavery, trafficking, and child labour 8.8 Protect labour rights and promote safe working environments
		5.5 Ensure women's full participation in leadership and decision-making
		10.2 Promote universal social, economic and political inclusion
Human Capital Development		8.1 Sustain Economic Growth 8.2 Diversify, innovate and upgrade for economic productivity
		4.4 Promote relevant skills development
		5.5 Ensure women's full participation in leadership and decision-making
		10.2 Promote universal social, economic and political inclusion
Employee Safety, Health & Well-being		8.7 End modern slavery, trafficking, and child labour 8.8 Protect labour rights and promote safe working environments
		17.6 Knowledge sharing and cooperation for access to science, technology and innovation
Better Planet		
Energy & Climate Change		8.2 Diversify, innovate and upgrade for economic productivity 8.4 Improve resource efficiency in consumption and production
		9.2 Promote inclusive and sustainable industrialisation 9.4 Promote the use of sustainable industrial processes
		12.2 Sustainable management and use of natural resources
		7.2 Increase use of renewable energy 7.3 Improve energy efficiency

Material Topics	SDGs	SDG Targets
Water Stewardship		8.2 Diversify, innovate and upgrade for economic productivity 8.4 Improve resource efficiency in consumption and production
		9.2 Promote inclusive and sustainable industrialisation 9.4 Promote the use of sustainable industrial processes
		12.2 Sustainable management and use of natural resources
		6.3 Improve water quality, reduce pollution, enhance wastewater treatment and improve water circularity 6.4 Increase water-use efficiency and ensure sustainable use of freshwater 6.A Expand water and sanitation support to developing countries
		17.6 Knowledge sharing and cooperation for access to science, technology and innovation
Waste Management		8.2 Diversify, innovate and upgrade for economic productivity 8.4 Improve resource efficiency in consumption and production
		9.4 Promote the use of sustainable industrial processes
		12.2 Sustainable management and use of natural resources 12.3 Reduce food waste and loss
		6.3 Improve water quality, reduce pollution, enhance wastewater treatment and improve water circularity
		17.6 Knowledge sharing and cooperation for access to science, technology and innovation
Packaging		12.2 Sustainable management and use of natural resources 12.8 Promote and provide information about sustainable lifestyles
		17.6 Knowledge sharing and cooperation for access to science, technology and innovation
Biodiversity		15.2 Promote sustainable forest management 15.5 Protect biodiversity and natural habitats
		17.6 Knowledge sharing and cooperation for access to science, technology and innovation

Legend:  Primary SDG

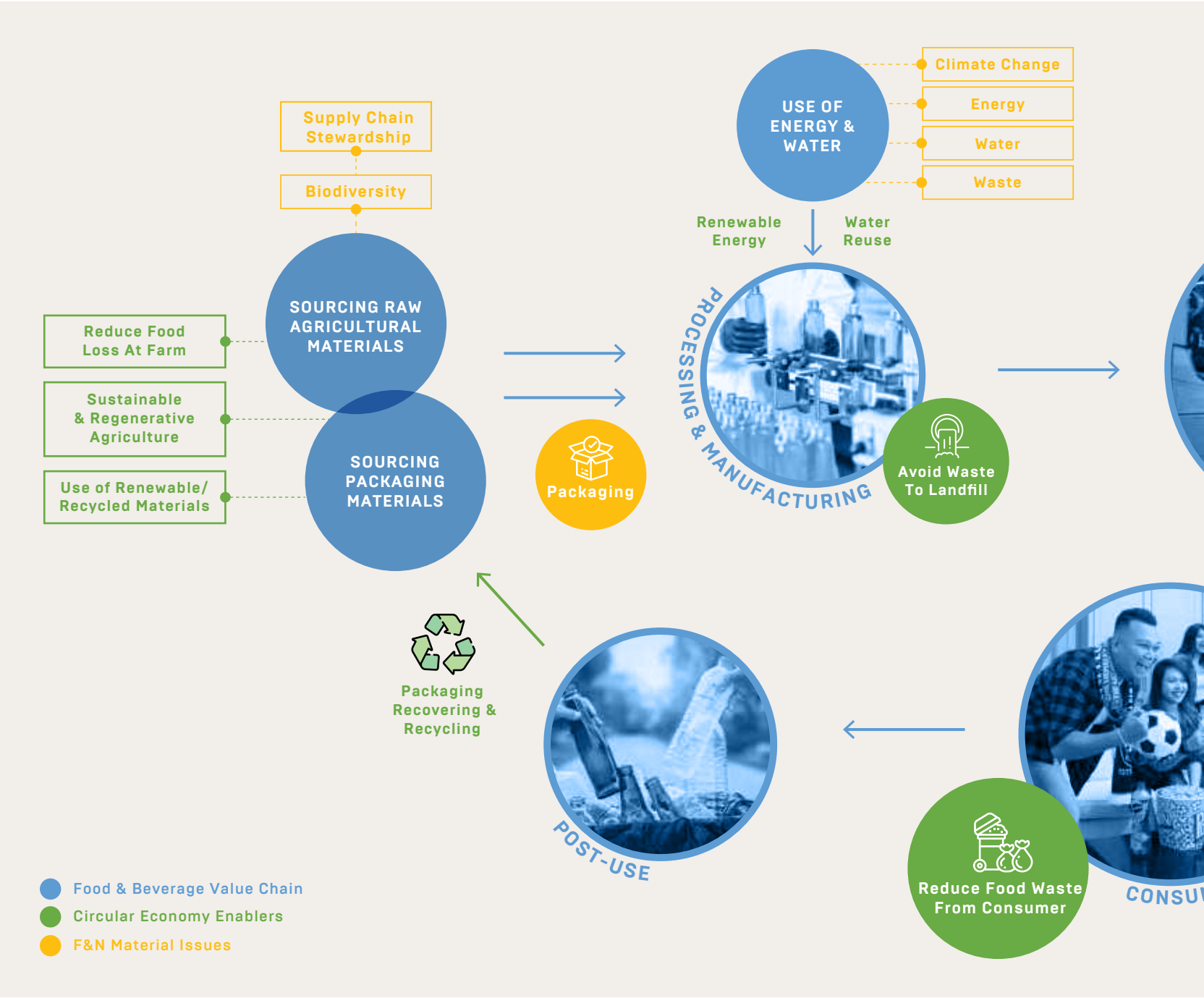


# Circular Economy

F&N’s business strategy is built on the principle of circular economy. We create, deliver and capture value with, and within, closed material loops and chains.

The shift to a circular economy underpins progress on many of our material issues. We are committed to working towards a circular economy through the following principles:

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



These principles guide our approach to managing materiality issues. More than half of our materiality issues link to a circular economy.

### ➤ Innovation

We tap into process innovation to improve resource efficiency and the reduction of raw material waste.



Read more about “Innovation”, on pages 054 to 057 of this SR.

### ➤ Supply Chain Stewardship

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



Read more about “Supply Chain Stewardship”, on pages 059 to 063 of this SR.

### ➤ Packaging

We proactively innovate, develop and source sustainable packaging solutions to use materials which are renewable and easily recycled, reused or composted. This includes reconsidering our packaging designs and packaging materials required, to enhance the recyclability of our product packaging. F&N Group has also set out a long-term target to increase the use of recycled materials in our product packaging.



Read more about “Packaging”, on pages 109 to 110 of this SR.

### ➤ Energy

We reduce our energy demands, use energy from renewable sources and/or recover energy from our operations. F&NHB has taken these steps with the installation of solar panels on manufacturing plants in Thailand and Malaysia.



Read more about “Energy”, on pages 097 to 101 of this SR.

### ➤ Water Stewardship

We manage our water usage through monitoring with appropriate tools and conducting water assessments. F&N Group has implemented a system which tracks water consumption and effluent quality daily. We are also finding ways to maximise the recyclability of wastewater for cleaning or cooling purposes.



Read more about “Water Stewardship”, on pages 101 to 103 of this SR.

### ➤ Waste Management

F&N is committed to our zero landfill target and do so by minimising waste in production and post-consumption. We work with our stakeholders to explore ways in which we can create by-products from the residual liquid and solid waste, to reduce costs for them.



Read more about “Waste Management”, on pages 104 to 107 of this SR.

### ➤ Community Development & Inclusive Growth

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



Read more about “Community Development & Inclusive Growth”, on pages 070 to 075 of this SR.







# Stakeholder Engagement




F&N's stakeholders include any individual or group who is impacted by or interested in our activities. We strive to build and maintain strong relationships, based on trust and respect, with all stakeholders. We engage with our stakeholders in various ways, through which they can voice their opinions and take part in conversations. Stakeholder engagement is a critical part of our planning and strategy for sustainable value creation.

We identify stakeholder groups with which to engage through consideration of individuals or groups which may have an interest in our business, and/or have influence over the functioning of our business. We tailor our engagement approach depending on the stakeholder groups level of interest and influence. A summary of our engagement approach for different stakeholder groups is below.

## F&N ENGAGEMENTS WITH STAKEHOLDERS

	Engagement Channels and Frequency of Engagements	Key Concerns	How F&N Creates Value for this Stakeholder
<b>Shareholders &amp; Investors</b> 	<ul style="list-style-type: none"> <li>Annual General Meetings (AGMs)</li> <li>Regular face-to-face meetings &amp; conference calls</li> <li>Office/plant visits, as and when required</li> <li>Investor days/briefing</li> </ul>	<ul style="list-style-type: none"> <li>Transparent &amp; accurate disclosure</li> <li>Return on investment</li> <li>Sustainable financial &amp; operational performance</li> </ul>	<ul style="list-style-type: none"> <li>Managing our resources effectively to maximise profits</li> <li>Maintaining a strong balance sheet</li> </ul> <p>Relevant chapters: Governance &amp; Ethics, Economic Performance</p>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Biennial employee engagement survey</li> <li>Annual CEO town hall/roadshow</li> <li>Annual dinner</li> <li>Festive gatherings</li> <li>Sports tournaments</li> <li>F&amp;N Chairman's Award</li> <li>iConnect (intranet), F&amp;N BITES (news update), monthly email news highlights, digital TV, Fraserians Connect (mobile app)</li> <li>F&amp;N Voice WhatsApp channel</li> <li>Dialogues with unions</li> </ul>	<ul style="list-style-type: none"> <li>Compensation &amp; benefits</li> <li>Competency development</li> <li>Senior leadership</li> <li>Learning &amp; development</li> <li>Rewards &amp; recognition</li> <li>Safety at work</li> <li>COVID-19 related safety precautions and employee wellness</li> </ul>	<ul style="list-style-type: none"> <li>Career advancement and ability to reach individual potential</li> <li>Boosting earning potential of employees with training and development</li> <li>Strict hygiene practices and sanitary environment in the workplace</li> </ul> <p>Relevant chapters: Human Capital Development, Employee Safety, Health &amp; Well-being</p>
<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>Regular 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>Business practices &amp; ethics</li> <li>Efficient delivery systems</li> <li>COVID-19 related payment challenges</li> </ul>	<ul style="list-style-type: none"> <li>Partnering with retailers on shared opportunities</li> <li>Source of income and job creation at our distributors</li> <li>Supporting the livelihood of SMEs in Thailand, Laos and Cambodia</li> <li>Case-to-case flexible payment method</li> </ul> <p>Relevant chapters: Innovation, Nutrition, Product Quality &amp; Safety, Product &amp; Service Labelling</p>
<b>Consumers</b> 	<ul style="list-style-type: none"> <li>Marketing &amp; sales promotions</li> <li>Brand communication through advertising</li> <li>On-going social media interactions</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>Environmentally-friendly packaging</li> </ul>	<ul style="list-style-type: none"> <li>Launching innovative products</li> <li>Fulfilling consumers' demand for safe and quality products</li> <li>Providing accessible products through an extensive distribution network coverage</li> </ul> <p>Relevant chapters: Innovation, Nutrition, Product Quality &amp; Safety, Product &amp; Service Labelling</p>



	Engagement Channels and Frequency of Engagements	Key Concerns	How F&N Creates Value for this Stakeholder
<b>Communities</b> 	<ul style="list-style-type: none"> <li>• Collaboration &amp; partnerships</li> <li>• Meetings</li> <li>• Outreach programmes</li> <li>• Meetings/dialogues with community representatives</li> <li>• Leadership programmes</li> <li>• Sponsorships for more than 10 communities</li> </ul>	<ul style="list-style-type: none"> <li>• Social &amp; environmental responsibility</li> <li>• Job opportunities for locals</li> <li>• Promotion of good health &amp; quality of life</li> <li>• Skill development in sports &amp; leadership</li> <li>• Stimulating local economies</li> </ul>	<ul style="list-style-type: none"> <li>• Social investment in community projects</li> <li>• Nurturing local sports champion</li> <li>• Advocating active lifestyles via sports events and activities</li> <li>• Supporting beneficiaries from vulnerable communities</li> <li>• Supporting frontliners, vaccine recipients and community during the COVID-19 pandemic</li> </ul> <p>Relevant chapters: Community Development &amp; Inclusive Growth, Human Rights</p>
<b>Regulators</b> 	<ul style="list-style-type: none"> <li>• Active collaboration, e.g. Federation of Malaysian Manufacturers</li> <li>• Meetings with government agencies and statutory bodies</li> <li>• Collaboration &amp; partnerships with local councils</li> </ul>	<ul style="list-style-type: none"> <li>• Good governance</li> <li>• Fair labour practices</li> <li>• Safety at work</li> <li>• Compliance with laws &amp; regulations</li> <li>• Water &amp; waste management</li> <li>• Environmentally friendly labelling &amp; packaging</li> <li>• Greenhouse gas emissions (GHG)</li> <li>• Recycling awareness</li> <li>• COVID-19 standard operating procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with regulation to mitigate against systemic risks</li> <li>• Adhering to sustainable practices to protect our stakeholders</li> <li>• Active industry collaboration and knowledge exchange</li> <li>• Adhering to COVID-19 guidelines and social distancing measures</li> </ul> <p>Relevant chapters: Policy &amp; Regulation</p>
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>• Supplier meetings</li> <li>• Annual audits</li> <li>• Tender Management System</li> <li>• Annual supplier assessment review and audit</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> <li>• Ethics – anti-bribery &amp; corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Working with local suppliers</li> <li>• Partnering with suppliers on shared opportunities</li> </ul> <p>Relevant chapters: Supply Chain Stewardship, Biodiversity</p>

# Our Key Partnerships & Collaboration

GRI Index: GRI 102-12, GRI 102-13

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

We have also teamed up with other key industry leaders to establish a voluntary, industry-led Extended Producer Responsibility (EPR) – Malaysian Recycling Alliance (MAREA). The first alliance of its kind in Malaysia focuses on improving collection and recycling of post-consumer packaging.

Another collaboration effort that we are part of is the CEO Action Network (CAN), a closed-door peer-to-peer informal network of CEOs, focusing on sustainability advocacy, capacity building, action and performance. The CAN has set its collective environmental, social and corporate (ESG commitments) towards achieving Malaysia's net-zero future.

As part of the capacity building workstream to uplift sustainability capacity in the supply chains and business ecosystems, we shared our knowledge through the CAN peer sharing sessions in 2 key areas: Energy Management and Labour Practices.

F&N also endorses sustainability charters, principles and standards, including United Nations Sustainable Development Goals (UN SDGs), United Nation's Guiding Principles on Business and Human Rights, GRI and the International Integrated Reporting Council (IIRC).



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# External Recognition

F&NHB's efforts towards environmental excellence and sustainability reporting were acknowledged through different achievement awards received in Malaysia and Thailand. The awards included:

## Prime Minister's Industry Award for F&N Dairies Thailand

- Out of 250 companies from various industries in Thailand, F&N Dairies Thailand won the only Prime Minister's Best Industry Award, the highest recognition at the Prime Minister's Industry Award. To qualify for the Prime Minister's Best Industry Award, the companies would need to be previous recipient of Prime Minister's Awards. The eligible companies would further be evaluated based on six criteria – Strategies & Policy, Competitiveness, Resilience, Sustainability, Country Contribution, and Company Performance Results.

## Prime Minister's Hibiscus Award for Shah Alam & Pulau Indah plant

- F&N received three awards in this prestigious private sector environmental award for business and industry in Malaysia. Our Pulau Indah plant won the Exceptional Achievement Award and State Award (Selangor), while our Shah Alam plant won the Notable Achievement Award.

## Sarawak Chief Minister's Environmental Award for Kuching plant

- Our Kuching plant in Malaysia earned an accolade, the Merit Award under the Medium Enterprise Category (Manufacturing sector) at the 9<sup>th</sup> Sarawak Chief Minister's Environmental Award 2019/2020. Organised by the Natural Resources and Environment Board Sarawak together with the Sarawak Business Federation, this award recognises the environmental effort and commitment of industries, local authorities, and individuals.

## National Annual Corporate Report Awards (NACRA) 2020

- Acknowledged for the quality in our corporate reporting, F&NHB received the Silver Award for Best Sustainability Reporting at the NACRA 2020 for our 2019 Sustainability Report. Jointly organised by Bursa, the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants since 1985, this annual award recognises companies with excellence in corporate reporting.

*The full list of our awards and recognition is available in our Annual Report 2021.*

Global ESG indices and external sustainability ratings enable us to communicate our commitment and progress to our stakeholders, as well as to identify strengths and opportunities for improvement. This year, F&NHB participated in the following:

- F&NHB emerged as one of the top quintile companies in our very first S&P Global Corporate Sustainability Assessment (CSA), at 86<sup>th</sup> percentile in the Beverages (BVG) Industry.

Our company scored 69 (out of 100) and ranked among the top ten companies out of 46 companies assessed in the beverages industry. Notably, F&NHB achieved the third highest score for Social dimension.

(Score date: Nov 12, 2021)

- F&NHB improved our FTSE4Good rating for another consecutive year from 4.0 in 2020 to 4.1 in September 2021, with inclusion in the FTSE4Good Bursa Malaysia index and newly introduced FTSE4Good Bursa Malaysia Shariah index.





# Better Business: **Responsible Business Fundamentals**

As a prominent food and beverage organisation in Southeast Asia, F&N recognises the scale of the impact our business has on the societies and environments in which we operate.

It is our responsibility to make informed decisions by balancing social, environmental and financial value creation impacts.

This section elaborates the principles that guide the way we do business.

## **Responsible Business Practice**

- Governance & Ethics
- Policy & Regulation
- Economic Performance

## **Responsible Product Stewardship**

- Product Quality & Safety
- Product & Service Labelling
- Innovation

## **Responsible Supply Chain**

- Supply Chain Stewardship





# Targets for Better Business

## 2025 TARGET



### Product Quality & Safety

**100%** of plants and production processes certified with the Food Safety System Certification ("FSSC") scheme 22000 and Halal Standard (or equivalent)



### Innovation

Achieve **10%** product innovation for commercialised F&N products



### Supply Chain Stewardship

**100%** of our active key suppliers accept and comply with F&N Group's Supplier Code of Practice

# Responsible Business Practice

Responsible business practice is the foundation of F&N's business and is critical in maintaining trust with stakeholders. We manage business practices through transparent communication of robust governance policies and standards of ethical behaviour. These practices flow into every part of F&N, including our financial performance, risk management, and our interactions with suppliers and customers.

In this chapter, we will elaborate on how to ensure responsible business practices in the following sections:



**Governance &  
Ethics**



**Policy &  
Regulation**



**Economic  
Performance**



## GOVERNANCE AND ETHICS



**SDG 16:**  
Peace, Justice and  
Strong Institutions

Sustainability is embedded in F&N's culture. The Board has the overall responsibility for sustainability and incorporates ESG issues in the formulation of F&N Group's strategy. The 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.

Our Board's Sustainability and Risk Management Committee (SRMC) ensures sustainability risks and opportunities are considered at the highest level of the F&N Group by providing oversight and by approving strategic initiatives and policies for the sustainability agenda of the company. The SRMC meets quarterly and receives regular updates on the Group's sustainability agenda with the following members: Madam Tan Fong Sang (Chairperson), Dato' Jorgen Bornhoft (member), Mr. Hui Choon Kit (member) and Puan Aida binti Md Daud (member). At the board level, the SRMC maintains a close relationship with the Audit Committee. The Audit Committee assists the Board in reviewing and monitoring the integrity towards the Group's reporting process, the system of internal controls, audit process and compliance with legal and regulatory matters.

Headed by the Chief Executive Officer (CEO), the F&NHB Sustainability Management Committee (SMC) then translates the overall direction into specific policies and goals for functions. The SMC team works in alignment with the Sustainability Development Committee (SDC) at the F&N Group level, headed by the CEO of Non-Alcoholic Beverages, Fraser & Neave Limited. The team comprises Chief Executive Officers and senior executives across various functions for considering, planning and embedding sustainability development matters.

SMC is supported by the Sustainability Development Working Team (SDWT), which consists of cross-functional representatives who take on the various roles of the Sustainability Reporting Secretariat, Pillar Heads and Sustainability Initiative Champions, and Data Owners. Together, they monitor the progress towards designated goals, drive initiatives at an operational level, identify challenges in performance and gather data for reporting.

At F&N, we have integrated sustainability metrics which are aligned with F&N Group targets into all executives' annual variable compensation (including senior management) in the below areas:

- Environment - Energy, Water Stewardship
- Social – Employee Safety, Health & Well-being, Human Capital Development

Sustainability metrics are weighted at **15%** of the annual variable compensation plan.

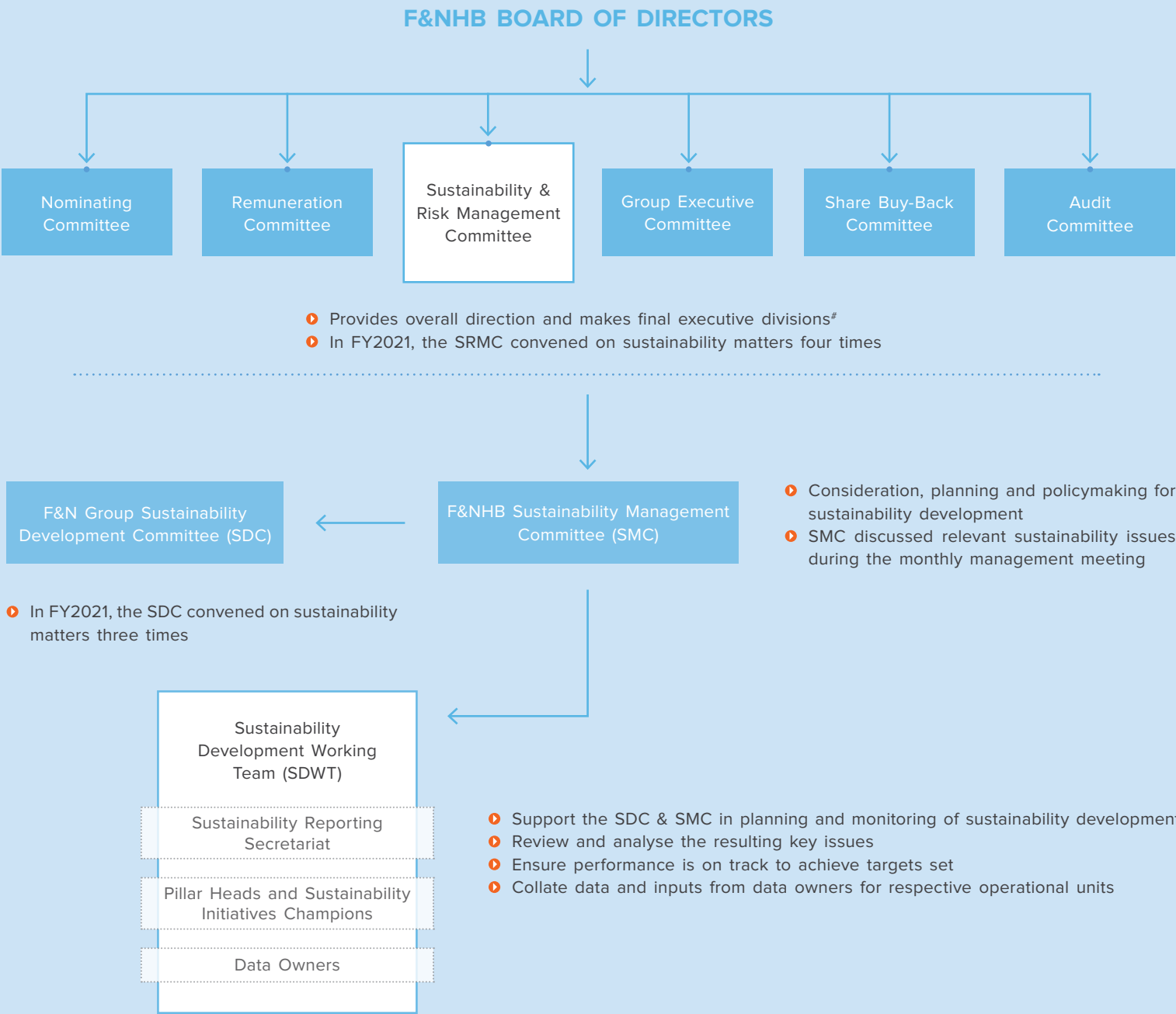
### F&NHB Sustainability Management Committee (SMC):

- 1 Lim Yew Hoe (Lead)\***  
Chief Executive Officer
- 2 Lai Kah Shen\***  
Director, Finance/  
Chief Financial Officer
- 3 Suchit Riewcharoon**  
Managing Director,  
F&N Dairies (Thailand) Limited
- 4 Graham Lim**  
Managing Director,  
Commercial Operations (Peninsular Malaysia)
- 5 David Hoong Cheong Wai**  
Senior Director,  
Human Capital
- 6 Dr. Yap Peng Kang\***  
Senior Director,  
Manufacturing & Procurement
- 7 Timothy Ooi Aik Tuan**  
Director,  
Group Legal Counsel & Company Secretarial
- 8 Karen Tan Chui Chui\*\***  
Director,  
Communications, Corporate Affairs & Sustainability
- 9 Dato' Raffiq Md Ariff**  
Director,  
Government & Industry Engagement & Halal Affairs
- 10 Waradej Patpitak\***  
Director,  
Manufacturing & Supply Chain, F&N Dairies (Thailand) Limited
- 11 Kelleigh Foo Chooi Kian**  
Senior Manager,  
Risk Management & Corporate Strategy

\* F&N Group Sustainability Development Committee

\*\* F&N Group Sustainability Reporting Secretariat





<sup>#</sup>Refer to Corporate Information on page 100 of our Annual Report 2021 for the list of SRMC members.



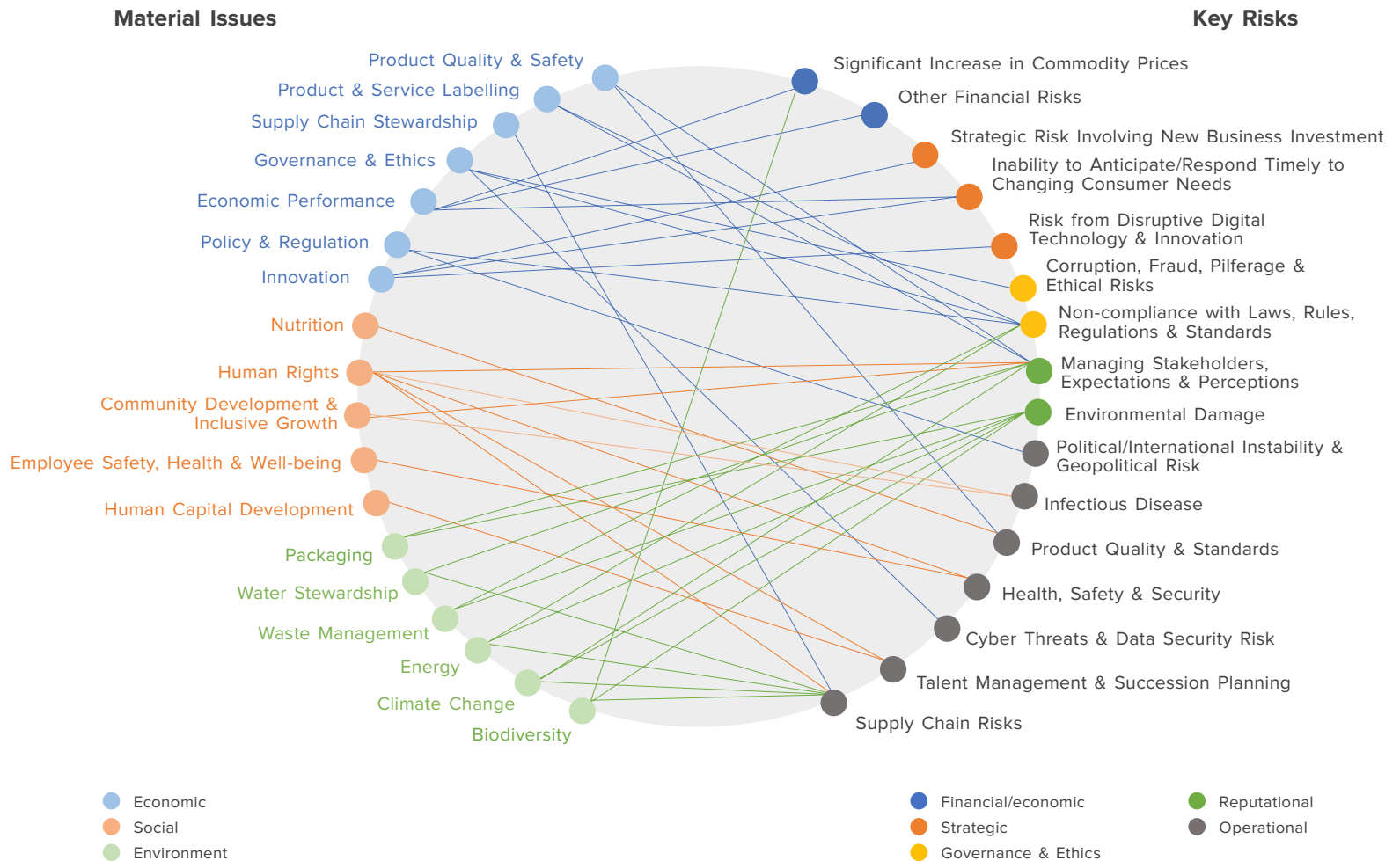
## APPROACH

### RISK MANAGEMENT

At F&NHB, we focus on three key areas in overall risk management framework:

- 1 Business Operational Risks
- 2 Integrating material sustainability issues
- 3 Emerging risks which may impact us in mid or even long-term basis

We have integrated the material sustainability issues into our overall risk management framework by identifying specific risks, opportunities, and key priorities for the financial year to drive our strategic decisions. Specific sustainability risks are managed as part of the Enterprise Risk Management. This helps us to develop better products and create more meaningful value for our stakeholders.



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Responsible  
Business Practice

Risk appetite and risk tolerance statements are reviewed by the SRMC and approved by the Board annually. At the end of the financial year, the Board receives assurance from the CEO and Chief Financial Officer that the risk management and internal control system in place for the Group is adequate and effective to address risks which the Group considers relevant and material to its operations through the ERM Validation Report and Comfort Matrix.



Read more about the risk management process in our Annual Report 2021, pages 140 to 141.

CORPORATE GOVERNANCE

GRI Index: GRI 102-16, GRI 205-3

Key Policies

F&N’s governance system is supported by various policies and frameworks to ensure that relevant controls are established, and our processes are working as intended.

F&N supports the UN Guiding Principles on Business and Human Rights, International Labour Organisation (ILO) guidelines, Thailand’s Labour Protection Act and Malaysia Employment Act 1955, and have extended these guidelines and legal requirements in our internal policies.

The Board sets good principles of ethics and values for the Group, sets appropriate tone-from-the-top and desired organisational culture, ensures proper accountability within the Group and seeks to ensure that obligations to shareholders and other stakeholders are understood and met.

The F&N Code of Business Ethics & Conduct holds principles upheld by F&N related to integrity, respect and excellence. This Code is communicated to our employees by email and is also made available on our intranet. It requires an annual acknowledgement and declaration to be completed by employees to disclose possible conflicts of interest with F&N, and the annual declaration is reviewed with new employees as part of their induction programmes. During the reporting year, training was delivered to F&NHB executives on issues includes risk management, ESG, anti-bribery, whistle-blowing and business ethics.

F&N is also an apolitical company, and does not contribute in any way to any political party or activity.

List of Policies

- Anti-Bribery and Anti-Corruption Policy (ABC Policy)
- Code of Business Ethics Conduct
- Code of Business for Third Parties
- Corporate Donation & Sponsorship Policy
- Environment, Safety & Health Policy
- Fraud Control Policy
- Halal Policy
- Human Rights Policy
- Supplier Code of Practice
- Whistleblowing Policy



Read the codes and policies here.

Policies are also communicated through F&N’s internal mobile app, intranet and training sessions.

Any violation of Code can be reported via these mechanisms:

- 1 Email to [whistleblowing@fn.com.my](mailto:whistleblowing@fn.com.my) or
- 2 Email to [noncompliance@fn.com.my](mailto:noncompliance@fn.com.my) or
- 3 Any reporting mechanism provided in existing F&NHB’s policies



We recognise our duty to pay annual tax to the government based on our income. We have policies and procedures to guide our tax management, ensuring compliance with all applicable standards, laws and regulations in the countries where we operate. Our tax management strategy is aligned with our business strategy and based on sound commercial considerations.

F&N has established principles governing our tax policies and related tax practices which have been the result of a longstanding F&N experience and reviewed annually. These tax policies and related tax practices allow F&N’s business to be conducted according to its core business plans and in accordance with the law.

The tax policies and related tax practices of F&NHB are set out as below:

- Tax Compliance
- Transfer Pricing
- Tax Management
- Relationship with Tax Authorities



Read our “Tax Strategy” here.

PERFORMANCE

GRI 205-3

Confirmed incidents of corruption and actions taken



There is no incident of corruption in the year.

## POLICY AND REGULATION



**SDG 16:**  
Peace, Justice and  
Strong Institutions

**GRI Index:** GRI 307-1, GRI 419-1

### APPROACH

#### Embedding Halal Standards & Requirements

As a leading manufacturer of Halal-compliant products, ensuring Halal compliance and maintaining Halal integrity is important throughout the supply chain for F&N. Strict adherence and implementation of Halal standards are needed to ensure that the needs of our local and global Muslim consumers are met and we will go beyond compliance of laws and regulations.

- **Establishing Group Halal Council**

With an aim to be the market leader in the Halal F&B industry, we have established a Group Halal Council in 2016 to embed the Halalan Toyyiban guidelines, extending it into our operations and our engagement with consumers and society. The Group Halal Council is assisted by the Halal Affairs Department, while a dedicated internal Halal Committee is set up in each of our manufacturing plants.

The internal Halal Committee is responsible for all matters pertaining to Halal compliance in our supply chain, from material selection, purchasing, raw materials receiving, manufacturing facilities and personnel directly involved in production processes, to the storage and transportation of our products.

- **Strengthening Internal Control & Processes**

All our products are Halal-certified by the Department of Islamic Development Malaysia (JAKIM) and other relevant authorised certification bodies such as MUI (Majelis Ulama Indonesia) and CICOT (Central Islamic Council of Thailand). Our strict Halal standards and robust assurance system have enabled Shah Alam and Pulau Indah plant to be awarded the Whitelist status by JAKIM, in which Halal applications and approval are fast tracked.

Halal Assurance Management System (HAS) is implemented to maintain and ensure sustainability of Halal production processes according to JAKIM Halal requirements and standards. Additionally, we have performed porcine analysis for our products as further assurance of Halal, and none of products was found to contain trace of porcine. Used equipments or machines brought into our factories underwent sertu cleansing (Shariah cleansing) to maintain Halal integrity of our products.

We are fully committed to meet the Halal standards and requirements through continuous strengthening of employee's Halal awareness and understanding with the following initiatives:

- Regular Halal Awareness programme, including training, contests and quizzes
- Regular training in Good Manufacturing Practices and Good Hygiene Practices
- Prohibition of non-Halal foods and drinks within the factory premises, including office and canteen

All employees in Malaysia undergo mandatory Halal awareness training while employees with a responsibility in Halal matters also attended a series of professional training related to Halal internal audits and assurance. Over 700 employees attended Halal-related briefing/training this year.

Apart from our employees, the Halal awareness training was also extended to our key transporters. Halal audits were conducted on our distributors to ensure Halal compliance downstream our supply chain.

- **External Engagement**

To further propel the Halal eco-system in Malaysia, we facilitate positive collaborative engagement with Halal authorities such as JAKIM, Jabatan Agama Islam Selangor (JAIS) and Halal Development Corporation Berhad (HDC).

F&N is actively engaging with the Department of Malaysia standards through Federation of Malaysian Manufacturers (FMM) to provide our input towards developing Halal related standards to, such as Sertu standards and Malaysian Standard 1514 Good Manufacturing Practice (GMP for Food).

This year, F&NHB continued to partner HDC on the Halal Sourcing Partnership Programme, a capacity-building programme aimed at sharing Halal industry best practices whilst providing technical advice and knowledge transfer to small and medium enterprises, and further coached them to elevate their capability to be qualified as Halal vendors for multi-national companies.

F&NHB also participated in knowledge sharing forums during SC-HDC FORUM 2021 and the 17<sup>th</sup> Malaysia International Halal Showcase (MIHAS).

Engagements with Policy & Regulatory Bodies

F&NHB places high importance on regulatory compliance across our operations and engaging with policymakers in a responsible and transparent manner. F&NHB works closely with local regulators, such as the Malaysian Ministry of Health (MOH), Malaysian Ministry of International Trade and Industry (MITI), the Malaysian Investment Development Authority (MIDA) in these areas:

Environmental Compliance & Management

The food & beverage manufacturing process involves the generation of both liquid (effluent) and solid wastes. 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.

Under the guidance of our Environmental, Safety and Health Policy and the principles of a circular economy, F&NHB applies strict standards over the quality of our effluent discharges, and we continuously explore how ‘waste’ from our operations can be minimised and put to alternative uses.

Product & Service Labelling



We ensure that our marketing and advertising activities do not violate any ethical standards. 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 restrict marketing to children under 12 years of age.

Employee Safety & Health

At F&N, safety is integrated across our operations through the implementation of Environmental, Safety and Health (ESH) systems and monitoring processes. Our adhesion to local regulations and international standards, such as ISO 14001 and ISO 45001 for our major sites, demonstrates that our safety practices extend beyond compliance with national regulations. All employees, workers and activities are covered by our ESH systems, and all workers receive adequate training and safety equipment wherever appropriate.

Quality Management

In our own operations, we adhere to all health and safety regulations applicable to the F&B industry for the markets in which we operate. All F&N products are manufactured under stringent international quality and food safety standards. Our plants are certified with FSSC 22000, ISO 22000, Halal certification and HACCP Food Safety management systems, and all stages of our production processes are subjected to rigorous quality control procedures.

PERFORMANCE		
GRI 307-1		
Non-compliance with environmental laws and regulations		In FY2021, there was no incident of non-compliance with environmental laws and regulations resulting in a fine, penalty or warning.
GRI 419-1		
Non-compliance with laws and regulations in the social and economic area		In FY2021, there was no incident of non-compliance with laws and regulations in the social and economic area resulting in a fine, penalty or warning.



## ECONOMIC PERFORMANCE

### GRI Index: GRI 201-1

F&N's business success 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 employees' expertise to meet consumers' evolving demands and enter new markets. Our economic performance provides us with a firm foundation to continue delivering the products which our customers love.

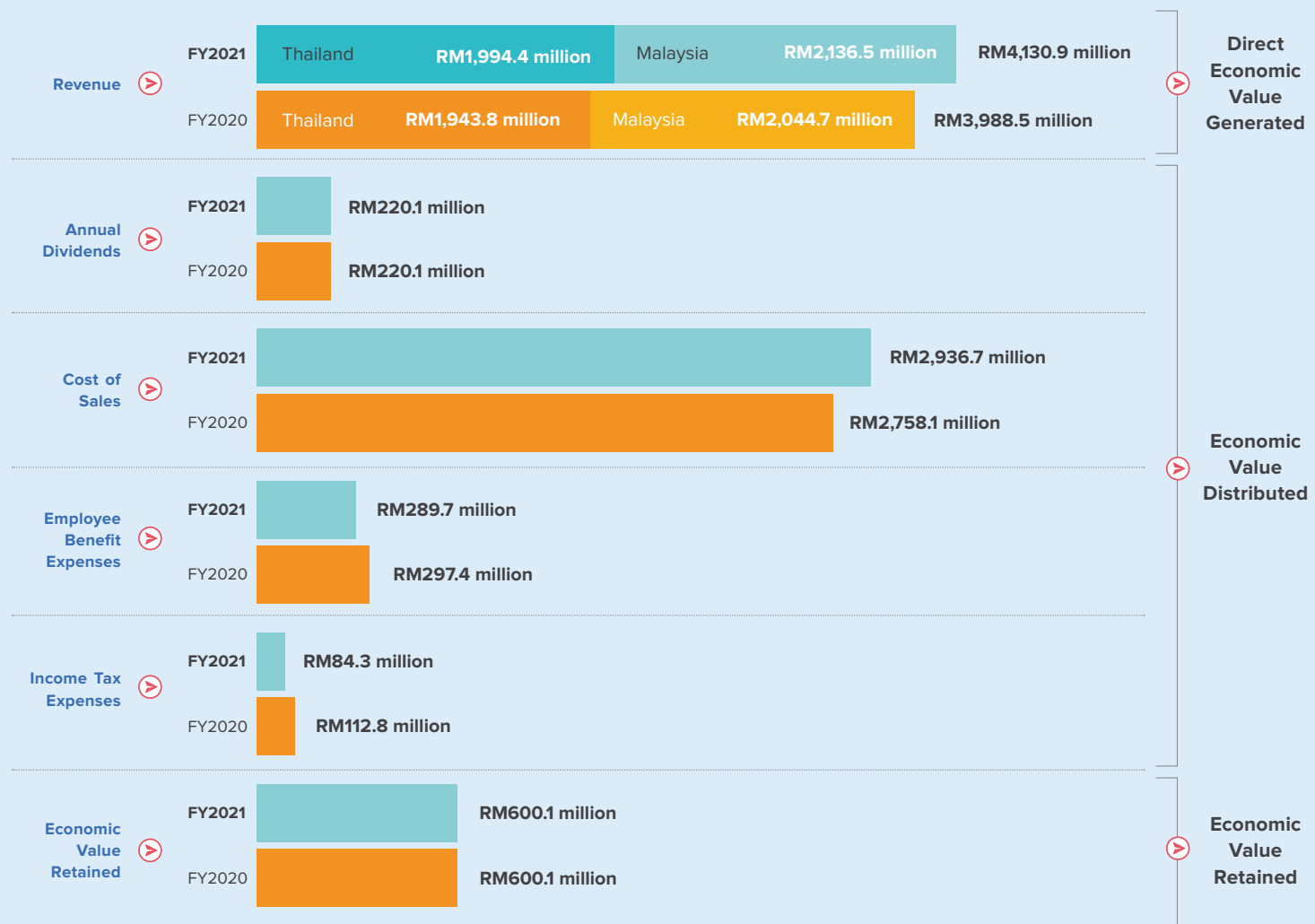
Our Value Creation Business Model is explained in detail on pages 022 to 023 of this report. F&N economic performance depends upon all six capitals (financial, manufactured, intellectual, human, social & relationship, and natural). Thus F&N's ability to create financial value is supported by our sustainability initiatives.

F&N generates economic value in a number of ways. Full information is included in our audited financial statements, as part of our Annual Report 2021:

- Group Financial Highlights, pages 008 to 009
- Group Financial Statements, pages 160 to 247

### PERFORMANCE

#### GRI 201-1: Direct economic value generated and distributed



#### Notes:

- Employee benefit expenses comprise of wages, salaries, contributions to state plans, expenses related to defined benefit plans, share-based payment expense, one-off restructuring costs and other staff costs.
- 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.

# Responsible Product Stewardship

Our product-stewardship approach is customer-focused. We live by our brand promise of “Pure Enjoyment, Pure Goodness” by producing, marketing and selling our brands responsibly and enabling consumers to make informed purchasing choices. F&N is committed to deliver quality products, and is continuously finding ways to innovate and meet the changing needs and wants of our customers.

In this chapter, we will elaborate on how we ensured responsible business practices in the following sections:



**Product Quality  
& Safety**



**Product &  
Service Labelling**



**Innovation**





PRODUCT QUALITY AND SAFETY

Product Quality and Safety is an utmost priority and a core principle embedded in F&N's culture. We consistently maintain the highest standards so that customers have full confidence when purchasing and consuming our products.

Our 138 years of success is built on providing products that have earned their trust, created satisfaction for our consumers, and have enhanced their future well-being. This requires a holistic approach to quality and safety across the life cycle of our products.

APPROACH

We are committed to ensuing product integrity from manufacturing to distribution and storage. Therefore, from boots to boardroom, we promote a culture for high product quality and safety standards.

In our own operations, we adhere to all health and safety regulations applicable to the F&B industry for the markets in which we operate. All F&N products are manufactured under stringent international quality and food safety standards. Our plants are certified with international standards – FSSC Scheme 22000, ISO 22000 and HACCP Food Safety management systems, and all stages of our production processes are subjected to rigorous quality control procedures. Our Sustainability and Risk Management Committee (SRMC) regularly reviews the key risks in relation to Product Quality and Safety.

List of Certifications:

 Malaysia	 Thailand
<ul style="list-style-type: none"><li>• FSSC 22000 Food Safety System Certification</li><li>• Good Manufacturing Practice (GMP)</li><li>• HACCP</li><li>• Halal Certification (JAKIM + MUI)</li><li>• Industry Responsibility of Food Certification Scheme (Mesti)</li><li>• ISO 22000 Food Safety Management System</li><li>• ISO 9001:2015 Quality Management System</li><li>• ISO/IEC 17025:2017 Accredited Laboratory</li><li>• ISO/TS 22002-1:2009 Prerequisite Programme on Food Safety</li><li>• MS 1480:2019 Food Safety According to HACCP</li><li>• Veterinary Health Mark (VHM) Certification</li><li>• GB12693:2010 China National Certification and Accreditation (CNCA)</li><li>• Roundtable Sustainability Palm Oil (RSPO) Supply Chain Certification Standard 2017</li><li>• SEDEX – SMETA (4-Pillar)</li></ul>	<ul style="list-style-type: none"><li>• ISO 22000:2005 Food Safety System Certification</li><li>• Food Safety System Certification 22000:2010</li><li>• Good Manufacturing Practice (GMP)</li><li>• Green Industry Level 4</li><li>• HACCP</li><li>• Halal Certification (CICOT)</li><li>• Labour Relations and Welfare Certificate 2013-2018</li><li>• ISO 22000 Food Safety Management System</li><li>• ISO/IEC 17025:2017 Accredited Laboratory</li></ul>

Our production facilities follow strict standard of operation procedures so that all our products are stored and transported in good conditions, such as the appropriate temperature range, lighting and stress on packages.

We value our customers' thoughts and satisfaction. So, we have provided multiple communication channels for customers to provide feedback. This is critical to F&N's customer experience. Customers can contact us through our toll-free consumer care line, website or by sending us an email with their enquiries.

OUR 2025 COMMITMENTS

TARGET

- Achieve **100% of our plants and production processes certified with the Food Safety System Certification scheme 22000 and Halal Standard (or equivalent)**

Progress

- At the end of FY2021, all **our plants are certified Halal**, with 50% of them are certified with FSSC Scheme 22000. In the coming years, we will embark on various initiatives in order to meet this target by 2025.
- For Halal standards, we will focus our efforts in ensuring high Halal standards through a holistic approach. Internally, we will drive incorporation of high Halal standards culture and strengthen internal control. Externally we will engage the private and public stakeholders and upkeep Halal communications.



Read more in "Policy and Regulation", on pages 047 to 048 of this SR.



PRODUCT AND SERVICE LABELLING

GRI Index: GRI 417-1, GRI 417-2

Packaging and labelling are the primary means by which F&N communicates information about our product quality, nutrition, safety, and disposal methods to consumers. It is therefore essential that our labelling is comprehensive, accurate and clear for our consumers to make fully informed purchasing decisions.



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APPROACH

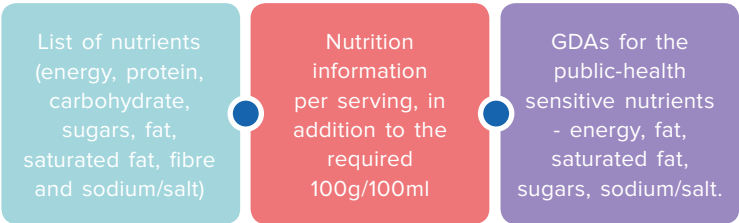
We adhere to the Food Act in Malaysia and all requirements of the Food and Drug Administration in Thailand. All information disclosed on our labels are reviewed regularly by a range of internal experts, and dietician to ensure rigorous quality standards. Labels are then submitted to government authorities for verification and endorsement.

At F&N, we go beyond mandatory labelling requirements because we believe that information provided to our customers should be comprehensive to provide clarity and transparency. For all products, we include information on ingredients, sourcing, energy per serving size, recommended daily allowances of the different nutritional components, expiry dates and nutrition tips.

Fundamental information – calories and contribution to recommended daily caloric intake, is displayed in “front-of-pack-labelling” for most of our ready-to-drink products. This offers our consumers with clarity and data that are easily understood.

Front-of-pack includes a clear statement of the Calories per serving, and the percent of Guideline of Daily Amounts (GDA) these Calories represent.

Back-of-pack labelling will include three elements:







**SDG 3:**  
Good Health  
& Well-being



**SDG 12:**  
Responsible Consumption  
and Production

Apart from the fundamental information, there is also the Forest Stewardship Council™ (“FSC™”) logo on our paper carton packaging. FSC™ cartons are from responsibly-managed forests and other controlled sources where new trees replace the ones that are harvested, either through planting or natural regeneration.

F&NHB does not use any Genetically Modified Organisms (GMO) in our agricultural raw materials or our production process. However, we are committed to disclosing and labelling them clearly on our product if it becomes applicable in the future so that our consumers can make well-inform decisions when purchasing our products.

**Responsible Marketing**

We ensure that our marketing and advertising activities do not violate any ethical standards. 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 restrict marketing to children under 12 years of age.

All employees and new joiners responsible for marketing communication activities undergo orientation training on marketing ethics. An annual refresher training is also conducted.

PERFORMANCE		
<b>GRI 417-1</b>		
All product categories comply with product labelling requirements		<ul style="list-style-type: none"><li>• The sourcing of components of the product or service</li><li>• Content, particularly with regard to substances that might produce and environmental or social impact</li><li>• Safe use of the product or service</li><li>• Disposal of the product and environmental/social impacts</li><li>• Others such as Halal logo, Certification on HACCP, Nutritional information</li></ul>
<b>GRI 417-2</b>		
Incidents of non-compliance concerning product and service information and labelling		<ul style="list-style-type: none"><li>• Throughout our product information, labelling and marketing communications efforts in FY2021, to the best of our knowledge, there was no incident of non-compliance with regulations or voluntary codes resulting in a fine, penalty or warning.</li></ul>

INNOVATION



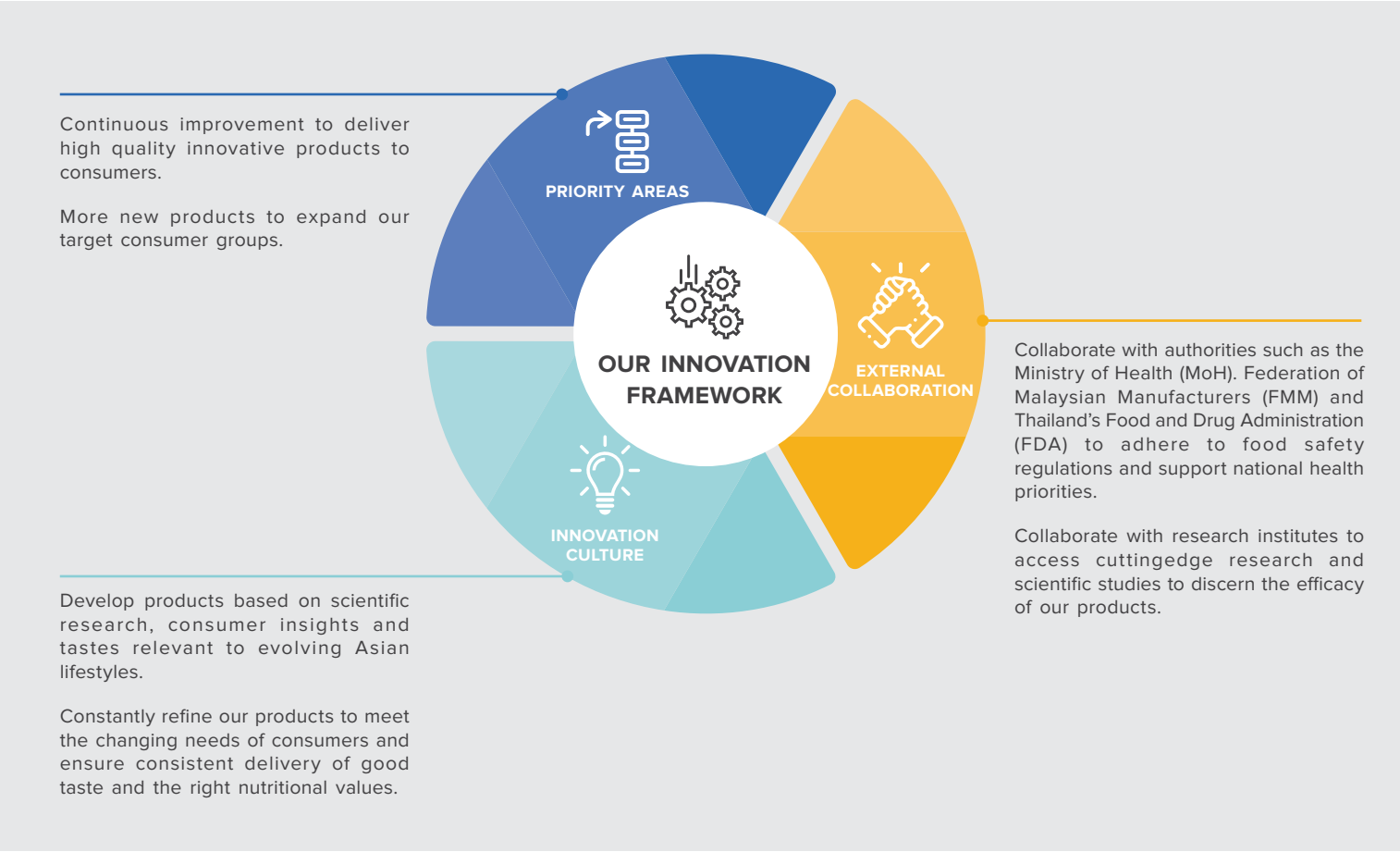
SDG 2:  
Zero Hunger



SDG 3:  
Good Health  
& Well-being

Innovation is central to long-term value creation. We invest in product and process innovation to increase our product range, and improve efficiency and productivity. We continuously evolve to deliver new and unique product offerings which cater to consumers’ changing needs, for example, towards more beverage choices, flexibility and affordability. Innovation is critical not only for long-term business success but also in response to growing concern about social and environmental issues. Further guided by the ‘circular economy’ principle of decoupling our activities from the consumption of finite resources, we continuously innovate for longer shelf life and better recyclability of our product packaging.

Over the past year, we launched new healthier product options and more convenient packaging to meet the diverse needs of our consumers. We have also been implementing employee-driven innovative manufacturing processes that increase productivity and improve environmental performance such as lower Greenhouse Gas (GHG emissions), waste reduction and water savings.



**Product Innovation:**

Meeting consumer’s evolving needs through product choice and availability

**Process Innovation:**

Improving our operations to increase resource efficiency, reduce environmental impact and contribute to a circular economy



**SDG 6:**  
Clean Water  
and Sanitation



**SDG 7:**  
Affordable &  
Clean Energy



**SDG 8:**  
Decent Work &  
Economic Growth



**SDG 9:**  
Industry, Innovation,  
and Infrastructure



**SDG 12:**  
Responsible Consumption  
& Production



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.

F&N also collaborates with Nanyang Technological University (NTU), through the F&N-NTU F&B Innovation Lab in Singapore, to foster research that will result in better food packaging and the conversion of spent produce from food processing into valuable resources.

OUR 2025 COMMITMENTS

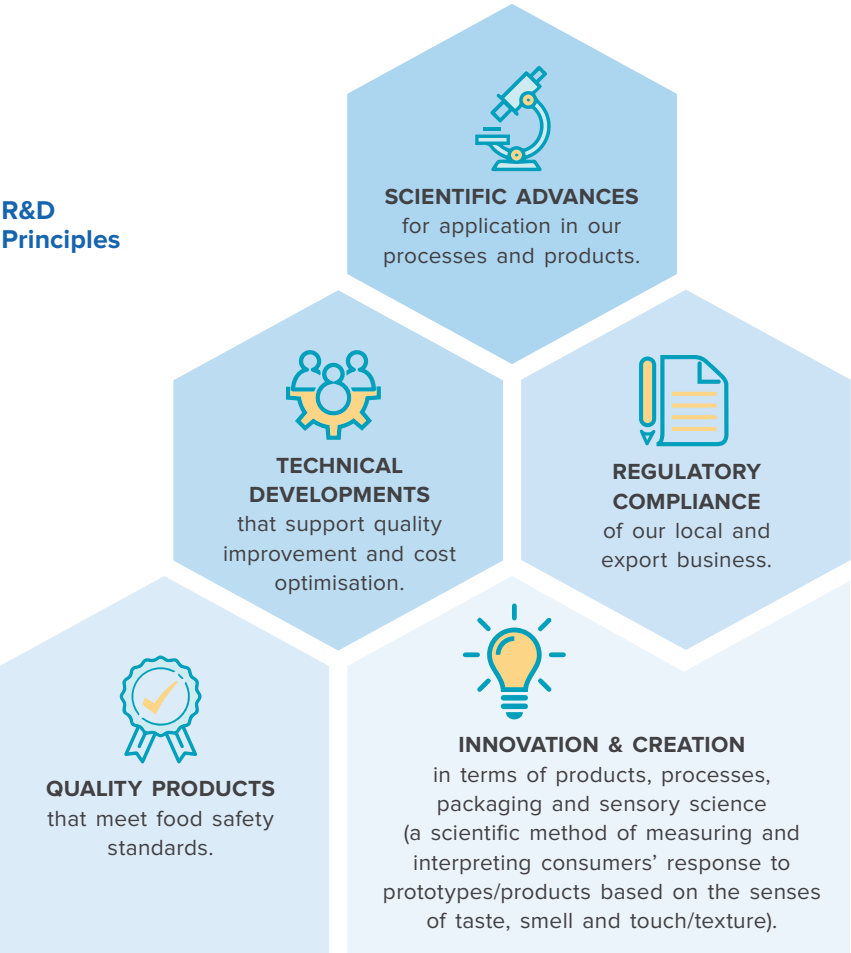
TARGET

- Achieve 10% product innovation for commercialised F&N products

Progress

- Over the past year, we have introduced 13 new products through new technology and product range extension. With this, we have achieved 13% of commercialised F&N products this year.

R&D Principles



RESPONSIBLE PRODUCT STEWARDSHIP

INITIATIVES

Consumer-centric Innovation


At F&N, we strive to deliver our ‘Pure Enjoyment, Pure Goodness’ promise to consumers by offering more options in different product categories; healthier options without compromising on taste and convenience through differentiation in packaging (including sustainable packaging) to cater to consumers’ evolving needs.

We launched 13 new products during FY2021, 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 and packaging formats launched in Malaysia and Thailand:


1

F&N Sparkling




2

est Cola Brown Sugar




3

F&N ICE MOUNTAIN Mineral Water 6L




4

F&N Bandung




5

Sun Valley Cordial – Kurma & Madu, Mango




6

Gold Coin Juara Sweetened Creamer




1

TEAPOT SCM Stand-up Pouch 500g




2

TEAPOT SCM Duo Sachet 25g




3

TEAPOT SCM Squeeze Tube Strawberry Yogurt




5

BEAR BRAND Gold Acerola Cherry




6

BEAR BRAND Sterilised Milk Can 150ml



7

F&N Magnolia Choc Malt



<div><div>Malaysia</div></div> <div><div>1</div><div>F&amp;N Sparkling – Apple Barley*, Espresso*, Honey Lemon</div></div> <div><div>2</div><div>est Cola Brown Sugar*</div></div> <div><div>3</div><div>F&amp;N ICE MOUNTAIN Mineral Water 6L*</div></div> <div><div>4</div><div>F&amp;N Bandung*</div></div> <div><div>5</div><div>Sun Valley Cordial – Kurma &amp; Madu, Mango</div></div> <div><div>6</div><div>Gold Coin Juara Sweetened Creamer</div></div>	<div><div></div><div>Thailand</div></div> <div><div>1</div><div>TEAPOT SCM Stand-up Pouch 500g</div></div> <div><div>2</div><div>TEAPOT SCM Duo Sachet 25g</div></div> <div><div>3</div><div>TEAPOT SCM Squeezable Tube – Strawberry Yogurt</div></div> <div><div>4</div><div>F&amp;N Magnolia Lactose-free Milk 170ml/180ml</div></div> <div><div>5</div><div>BEAR BRAND Gold – Acerola Cherry</div></div> <div><div>6</div><div>BEAR BRAND Sterilised Milk Can 150ml</div></div> <div><div>7</div><div>F&amp;N Magnolia Choc Malt – Reformulated with 50% less sucrose</div></div>
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\*Endorsed with Healthier Choice Logo



#### • Increasing Offerings of Healthier Choice Products

Our product development team continued to introduce healthier choice product options, in responding to consumer demands for healthy products. Among the new healthier additions are F&N sparking range, est Cola Brown Sugar, F&N Bandung, BEAR BRAND Gold Acerola Cherry Milk and the reformulated F&N Magnolia Choc Malt with 50% less sucrose.



Read more in “Nutrition”, on pages 067 to 069 of this SR.

#### • Increased Convenience

We offered differentiated product packaging to cater to the different needs of consumers. This year, due to demand for greater convenience and flexibility, we have launched the F&N ICE MOUNTAIN Mineral Water in 6L bottle size in Malaysia, and the TEAPOT Sweetened Condensed Milk in 500g stand-up pouch, and 25g duo sachet. To encourage the consumption of milk in Thailand, we have introduced a new single serve pack size for F&N Magnolia Lactose-free – 180ml for Plain flavour, 170ml for Vanilla White Choc and 170ml for Peppermint Brownie.

#### • Sustainable Packaging

We have rolled out a sustainable packaging solution for our F&N ICE MOUNTAIN Drinking Water where it is made from recyclable paper carton packaging. The caps are also bio-based, made from sugar cane.



Read more in “Packaging”, on pages 109 to 110 of this SR.

#### 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. We also encourage a ground up empowerment of employees and encourage them to come up with ideas to improve our working processes and increase efficiency.

#### Cultivating Innovative Culture & Mindset

To promote continuous improvement in productivity, quality, cost, delivery, safety, ethics and environment, F&N Dairies Thailand organised its annual World Class Manufacturing – Excel as One Convention 2021 on 25 November, which encouraged manufacturing teams to propose and implement innovative and cost saving initiatives. The innovative ideas initiated through the convention have already successfully achieved an average cost saving/avoidance of THB26.3 million per annum.

ThaiBev also organises the WOW (Way of Work) Award competition as a platform for employees within the ThaiBev Group to present projects with new concepts, business models, or processes that will support organisational effectiveness, such as cost reduction and efficiency gain. WOW competition also fosters corporate culture and encourages collaborative teamwork among the team members.

Below are some of the winning projects by F&NHB:

#### 1 Thailand: Digital platform for milk farmers



Read more in “Supply Chain Stewardship”, on page 062 of this SR.

#### 2 Thailand: TEAPOT SCM Duo Sachet

Our team in Thailand initiated an innovative idea to utilise the surplus capacity of one manufacturing line by modify the existing line to produce a new packaging format for Sweetened Condensed Milk. Instead of purchasing a new machine at THB10 million, this project involves a substantially smaller investment of modification at THB3 million, with the strong collaboration across multiple teams.

With the successful implementation of this idea, this new, first-in-the-market packaging format – 25g Duo Sachet is introduced to Thai consumers who look for convenience especially during traveling and social activities like picnic. Within the first few months of launch, this product has received great response from consumers.

#### 3 Malaysia: Chilled Plant

Concern over quality of our incoming fresh milk due to the limitation of shelf life has elevated during shipping delays, leading to an ever-changing production plan of chilled line at Pulau Indah plant. The lockdown period in Malaysia has further impacted production hours and costs. With this, the team has proposed and implemented a project:

- To reduce carbon footprint and achieve energy savings by optimising the freezer temperature
- To improve production yield through simplifying process and better control of materials
- To facilitate smart production planning through cross-functional collaboration
- To simplify work through digitalisation of record documentation

Through this project, the team has achieved cost savings of > RM1.3 million per annum with just changing the way of work, without any additional investment.

# Responsible Supply Chain

In this chapter, we will elaborate on how we ensured responsible business practices through:



Supply Chain  
stewardship



SUPPLY CHAIN STEWARDSHIP



**SDG 2:**  
Zero Hunger



**SDG 8:**  
Decent Work & Economic Growth



**SDG 9:**  
Industry, Innovation & Infrastructure



**SDG 12:**  
Responsible Consumption & Production



**SDG 15:**  
Life on Land



**SDG 17:**  
Partnerships for the Goals

**GRI Index:** GRI 204-1, GRI 308-1, GRI 414-1

At F&N, we believe that a strong foundation in supply chains is key to ensuring success in today’s world, where volatility and uncertainty is the norm. As a Food and Beverage business, we are dependent on supply of raw materials including sugar, palm oil, aluminium and resin for production operations. The supply of these raw materials may be irregular due to larger global and local trends that may affect supply and demand.

The COVID-19 pandemic has caused massive disruptions to global supply chain. Other factors F&N identified as key supply chain risk factors also include changing weather and climate conditions, regulatory changes imposed by the Government and human rights risks, including poor working conditions, forced and child labour. Having a resilient and sustainable supply chain means ability to manage the cost of raw materials and ensure sustainable sourcing, which have direct impacts on F&N operations and the bottom line of the business.



APPROACH

As a market-leading F&B company, we constantly work with the counterparts of our supply chain, including business partners, suppliers and vendors, to understand their needs, and deliver mutually sustainable solutions that create long lasting value. We encourage others to improve sustainability performance throughout their supply chain and lead by example.

The cornerstones to our Supply Chain Stewardship are as follows:

- Sustainable Sourcing
- Sustainable Supply Chain
- Supplier Management



OUR 2025 COMMITMENTS

- TARGET**
- **100%** active key supplier accept and comply with F&N’s Supplier Code of Business Practice
- Progress**
- As of 2021, 66% of our active key suppliers have accepted and complied with our Code of Business Practice
- At F&NHB, we have also set an additional commitment to assess all critical suppliers to ensure compliance with Code of Business Practice for Third Parties by 2025



## INITIATIVES



### Managing the Supply Chain during COVID-19

Amidst the on-going pandemic, F&NHB focused on adapting to the evolving situation and has continued the initiatives introduced in the previous year to ensure supply chain resilience during COVID-19.

To avoid disruptions, we worked closely with our trade partners and suppliers to ensure adequate supply and availability of core products to our customers and community. We also constantly engaged with our suppliers and trade partners to strengthen conventional business continuity planning.



#### Malaysia

- Weekly supply chain bulletins to keep all suppliers informed of the changing situation and respective actions taken.
- Work closely with key retailers to ensure core products like canned milk, UHT and drinking water are sufficiently stocked in their warehouses for long-term consumption.



#### Thailand

- Work together with suppliers to create bubble seals and have ATK swabs before entering our facility.
- Supplier Productivity Enhancement Programme has been implemented to help our suppliers manage supply shocks and disruptions.
- Close collaboration with suppliers to maintain a three-month stock minimum to mitigate any impact to inventory levels.

### Sustainable Sourcing

F&NHB source for raw materials that are certified with eco-credentials, including Roundtable for Sustainable Palm Oil (RSPO), VIVE, BONSUCRO and Forest Stewardship Council (FSC) to ensure that they are produced in an environmentally and socially responsible manner.

#### • Sustainable Palm Oil

Palm oil is a widely used raw material in food and beverage products, and is a key raw material in the our supply chain. It has potentially major indirect impacts as irresponsible palm oil cultivation has caused – and continues to cause significant environment and social damage. We understand that our actions and business practices pertaining to the support of sustainable palm oil production is important and, having become a member of RSPO in August 2017, we reiterate our support for the use of Certified Sustainable Palm Oil (CSPO) in products.

Beginning 2021, we have started to purchase 20% RSPO's physical certified palm oil for our palm oil usage, and balance 80% RSPO credits. Now and moving forward, with the RSPO Roadmaps in place, we will increase the proportion of the mass balance approach in the upcoming years. Our commitment is to purchase 100% RSPO's physical certified palm oil for our palm oil usage by 2025.

In the 2021 WWF Palm Oil Buyers Scorecard, F&N was in the top 25% of all responded companies. F&N was named the Top Asian Company, and ranked 46<sup>th</sup> out of 227 global companies.



For more information on F&N Group's ranking in the palm oil buyers score card here.

#### • Sustainable Sugar

Sugar is another critical raw material for F&N. We have started to procure sustainable sugar under the guidance of the VIVE sugar certification programme.<sup>4</sup> This year, we have procured 24,000 metric tonnes of VIVE certified sustainable sugar. This is the second year since we first started purchasing VIVE-certified sustainable sugar.

#### • Sustainable Paper

Sustainable sourcing of paper as a material in the supply chain is key to ensuring that harmful environmental and social impacts are mitigated or reduced to a minimum. 100% of our paper products used in carton packaging carry the FSC certification.



## Sustainable Supply Chain

F&N 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 our supply chain.

Our SCOP and COBP includes the following requirements: business ethics, whistle blowing, communications, competitors, environmental management, human rights and occupational health and safety. Suppliers are expected to treat their employees equally, with respect and dignity, in accordance with International Labour Organisation (ILO) standards and applicable labour laws under the SCOP. This covers child and compulsory labour, equality, human capital development, layoff practices, wages and benefits and working hours.

### Supplier Management

#### Identify Risks – Screening and Critical Suppliers Identification

At F&N, we have a systematic screening process for all new suppliers that includes environmental and social criteria. These criteria reflect the commitments towards the environment (such as reducing waste, pollution and water usage) and society (including human rights and labour practices). The environmental performance of their raw material and primary packaging suppliers are also assessed annually to verify if they have:



During the pre-qualification screening of suppliers, we assess our suppliers based on a wide range of criteria. Apart from delivery capacity and technical capabilities, we also assess potential suppliers based on their ESG company policies and certifications. This includes policies for business continuity plan, food safety, responsible sourcing, bribery & corruption, carbon management and child labour and certifications for management systems such as quality, occupational health and safety, environment and food safety.

Critical suppliers are active direct (tier-1) material suppliers with high sales value greater than RM1 million per annum and/or irreplaceable suppliers. Direct material suppliers are suppliers who supply packaging materials, raw ingredients and auxiliary materials. Irreplaceable suppliers include single-source suppliers. On annual basis, we will conduct a vendor performance evaluation for all critical suppliers, including sustainability. Non-compliant or underperforming suppliers must demonstrate that they are committed to taking necessary corrective actions within a predefined period, or risk having contracts terminated.

#### Managing Risks – Supplier Capacity Building and Partnerships

In the past year, we have engaged with over 2,900 global and local suppliers across our supply chain, including manufacturers, wholesalers, retailers, importers/merchants, contractors and professional services providers.



<sup>4</sup> VIVE is a voluntary, continuous improvement sustainability programme for ingredient supply chains, covering all operations and activities for producers through to end users that have a bearing on sustainability.

Farming Excellence System – Thailand



Since 2013, F&N has been collaborating with local Thailand-based farmers in cooperatives which supply F&N Dairies Thailand with fresh milk. This year, we continued to build the capability of over 2,000 farmers through the Farming Excellence System, which consists of 3 key programmes:

- 1 Booklet and guidelines to share information about good farming practice to improve milk quality
- 2 Mobile application to conduct assessment at farms:
  - Good Manufacturing Practice (GMP) assessment, focusing on cleaning, antibiotics' drug usage and physical properties inspection of raw milk
  - Online COA assessment to monitor the waiting and delivery time to F&N, to ensure quality of raw milk
- 3 Sustainable farming
  - Water champagne tank project to tackle the water shortage problem
  - Use of wastewater and cow's dung in the plantation of feed such as napier grass and corn.

Supplier engagement at F&N takes a ground-up and collaborative approach. F&N understands the problems the suppliers face and provide solutions accordingly. Apart from organising seminars and producing quarterly educational newsletters for the farmers, F&N

introduced new technologies and equipment to help farmers increase productivity, lower cost, improve milk quality, and reduce waste. F&N provided a Bundling Machine Grass Silage or Corn and a Tiller Fertiliser Machine at a cost of THB425,000 to Thepsathit Dairy Cooperative in Chaiyaphom Province. This initiative reuses the cow's waste as fertiliser for corn and corn silage fermentation to reduce the cost of cow feed.

To maintain the quality of fresh milk, the team developed a digital platform to support the milk collecting centres and farmers to improve milk quality and to encourage traceability from farm to factory. After implementation, the receiving time of the raw milk was reduced significantly by 70%. The second solution is to develop a new method of milk transportation to simplify running routes, reduce environmental impact and monitor raw milk data by real time. This new milk transportation method can reduce more than 200,000 kg CO<sub>2</sub> emission per year.

Understanding the challenges brought about by weather and climate changes, F&N installed a large water storage tank to raise water security. This minimises the need to travel long distances to access reservoirs and water resources, especially during times of droughts. This THB460,000 investment is able to supply 1,680,000 liters of water every month for up to 180 households across communities in Chaiyaphum Province. This provides sufficient water supply for up to 24 farms, consisting of 955 cattles, to minimise disruption from drought and ensure farmers can continue their farming operations sustainably.

Halal Sourcing Partnership Programme – Malaysia

Operating in a Muslim majority market, F&NHB facilitates the development of the Halal industry in Malaysia. Apart from ensuring the Halal standards within F&N operations, F&N looks beyond our boundaries and into upstream (suppliers) and downstream (packers) processes. F&NB continues to partner with Halal Development Corporation Berhad (HDC) on the Halal Sourcing Partnership Programme (HSPP), providing technical advice and knowledge transfer to small and medium enterprises (SMEs). This year, there are five vendors identified, of which two have been on-board as our suppliers. The remaining three are in the midst of developing them to become our supplier.

Monitor Risks – Monitoring, Auditing and Corrective Action Planning

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. All suppliers performances are assessed monthly and audits are done for medium and high risk suppliers 2 times a year based on quality, delivery, service, food safety compliance and certification systems including quality, environmental and occupational health and safety. F&N is looking to revise the evaluation checklist to include environmental, social and governance criteria such as corporate governance and human rights. Non-compliant or underperforming suppliers must demonstrate that they are committed to taking necessary corrective actions within a predefined period, or risk having contracts terminated.

This year, all 145 critical suppliers were audited on food safety regulations and standards, and none were found to be non-compliant. For food safety, 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. Our criteria for assessing suppliers include the implementation and monitoring of good manufacturing processes, use of protective clothing, food safety management systems, & chemical management.

PERFORMANCE

GRI 204-1

Proportion of spending on local suppliers

Percentage of Local Suppliers

91.8%

95.0%

Percentage of Purchase Value Spent on Local Suppliers

76.5%

78.6%

GRI 308-1

New suppliers that were screened using environmental criteria

Over the year, a total of 295 new suppliers were screened using environmental criteria.

GRI 414-1

New suppliers that were screened using social criteria

Over the year, a total of 295 new suppliers were screened using social criteria.

Note:

1. Local suppliers refer to a group of suppliers who operate their business in the country where F&NHB's operation is located, which are Malaysia, Brunei, Thailand and Indochina.

063

Responsible Supply Chain

# Better Society: Well-being of People & Communities

F&N understands that our successes over the last 138 years were made possible through the commitment of our people, the contributions of our consumers, and the support of communities in which we operate. We recognise the importance of building relationships with these stakeholders based on collaborative relationships. F&N does this by offering a strong portfolio of good quality and nutritious products for consumers, providing vulnerable groups with the support they need, empowering our employees by creating rewarding working environments and respecting the human rights of all stakeholders.

This section further elaborates on our approach, performance, and initiatives to create a Better Society:

## **Creating Value for Society**

- Nutrition
- Community Development & Inclusive Growth
- Human Rights

## **Empower Our People**

- Human Capital Development
- Employee Safety, Health & Well-being





# Targets for Better Society

2025 TARGET



## Nutrition

At least two third of beverage and dairy products comply with the Nutritional Guidelines



## Community Development & Inclusive Growth

Increase the number of annual community programmes to **11**



## Human Capital Development

Provide an average of at least **18 hours** of training to **Executives** and **11 hours** of training to **Non-executives**



## Employee Safety, Health & Well-being

Reduce the Lost Time Injury Frequency Rate to **0**

# Creating Value for Society

F&N believes that as a corporate citizen, we can create value for our society through bringing healthy products to our consumers, providing support for local communities, and doing our part to advocate for human rights.

Our efforts are further  
elaborated in the  
following sections:



**Nutrition**



**Community  
Development  
& Inclusive  
Growth**



**Human Rights**

## NUTRITION



**SDG 2:**  
Zero Hunger



**SDG 3:**  
Good Health  
& Well-being

**GRI Index:** GRI 416-1, GRI 416-2

Consumer health is F&N's top priority and a core principle embedded in F&N's culture. Our philosophy is **'Pure Enjoyment. Pure Goodness'** – in other words, our commitment to consumers is that we will deliver products that are not only tasty, but packed with nutritional goodness.

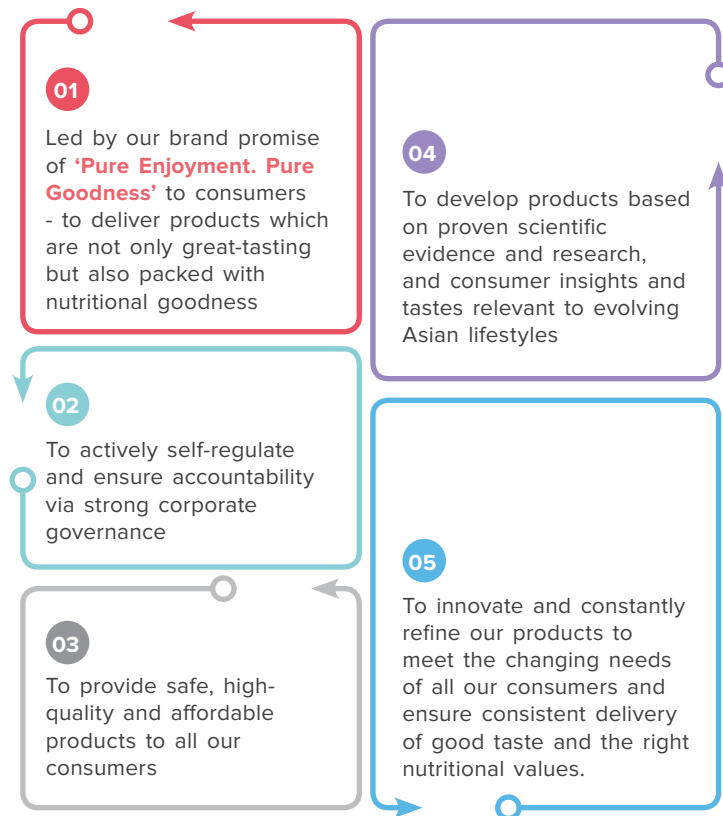
Together with promoting an active lifestyle to our consumers, we aim to offer products that satisfy our consumers and enhance their health and well-being.

### APPROACH

#### Nutrition Charter

The F&N Nutrition Charter outlines our commitment to developing products that are healthy for consumers and it guides us throughout product development.

- Principles of nutrition charter:



In FY2021, we further affirmed our commitment to promoting healthy lives and lifestyles with the introduction of new Nutrition Guidelines, based on the World Health Organisation (WHO)'s recommendations that:

- all products should be free from trans fatty acids
- >70% of our products (by SKU) should contain less than 5% added sugar

Our increasing health and nutrition ambition focusses on:

- Reducing sugar level:

Since 2004, F&N Group has taken deliberate steps in reducing sugar content in our beverages. Today over 90% of our ready-to-drink products have less than 5g sugar per 100ml.

- Developing products without partially hydrogenated oils (trans fatty acids):

100% of F&NHB products sold do not contain partially hydrogenated oils (trans fatty acids) and we remain committed to this in our product formulation.

- Fortifying our products with micronutrients:

Our product development team is constantly on the mission to meet consumer demands for healthier and immune building products.

- Catering to consumers with diverse dietary need and preference:

Today's consumer preferences have become more diverse. We aim to provide more flexibility through alternative options for example by developing products for consumers with certain food intolerances.

- Promoting health and well-being through consumer education programmes:

F&NHB has a long and proud tradition of supporting and promoting hydration and active lifestyles in the community.

#### OUR 2025 COMMITMENTS

##### TARGET

- At least two third of beverage and dairy products comply with the Nutritional Guidelines

##### Progress

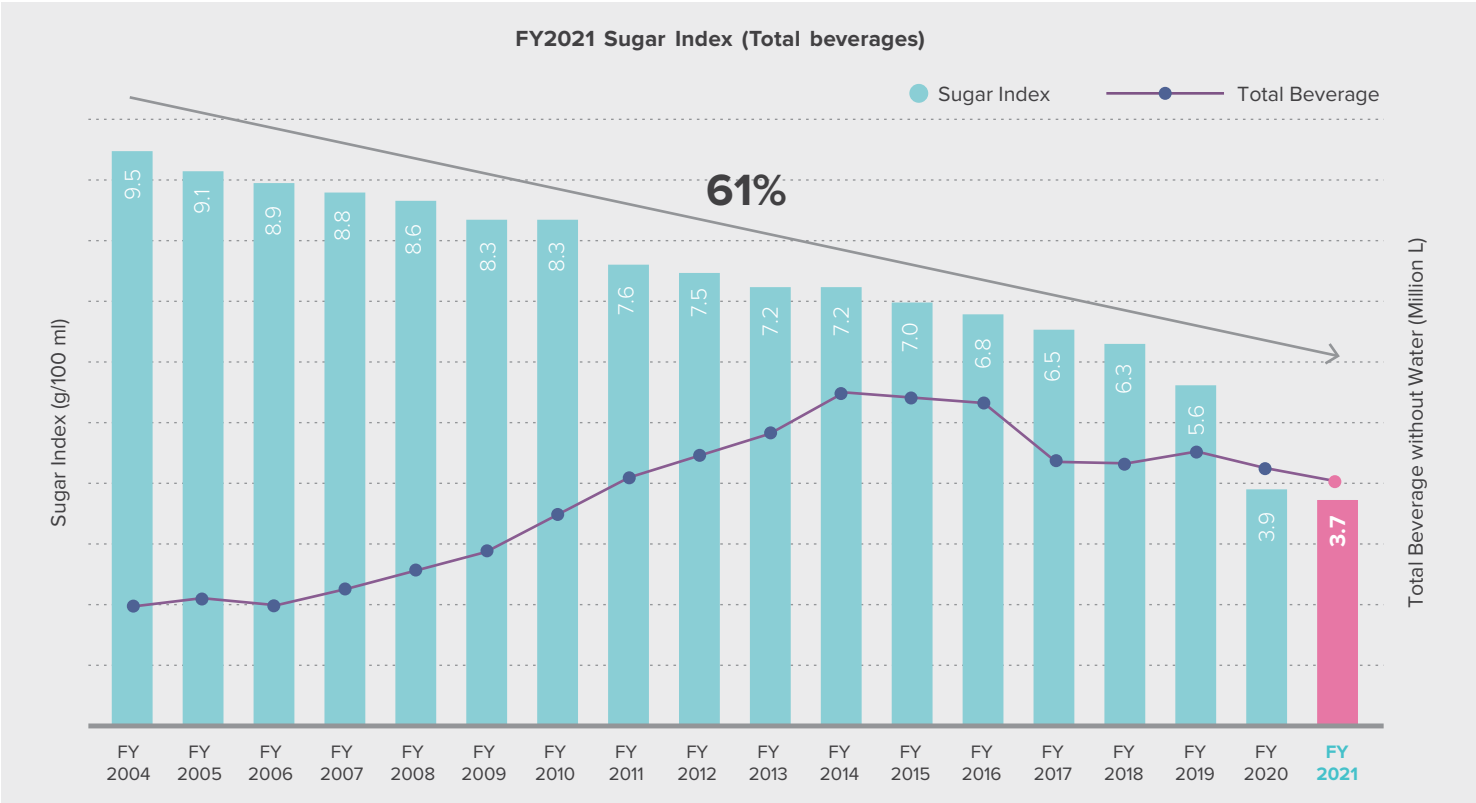
- 53%** of our beverage and dairy products are endorsed with **Healthier Choice Logo**.

INITIATIVES

In 2021, our product development team continues to improve the health and nutrition profile of our portfolio through various initiatives including addressing rising demand for immune building products. It is of paramount importance for us to offer healthier choices as options for our consumers, but not at the expense of their enjoyment. At the same time, we encouraged consumers to care for their health and well-being by raising awareness on the importance of hydration to build stronger immunity during this pandemic.

Reducing Sugar Level

An important aspect to healthier offering is our commitment to reducing sugar content in our products. Since 2004, F&N Group has taken deliberate steps in reducing sugar content in our beverages. We have achieved very significant reduction, cutting the sugar content in our total products by 61%. This year, we achieved a further reduction of 5% in the sugar index (grams of sugar content per 100ml) across our range of beverages, against last year.



Catering to Consumers with Dietary Restrictions & Preferences

Lactose-free

We provide alternative and healthier options by developing products for consumers with food intolerances, such as lactose free milk. Lactose free milk is currently available in Thailand, and we are looking to expand this offering to Malaysia.

Zero-sugar

Following the successful introduction of 100PLUS Zero in 7-Eleven outlets in Malaysia last year, we expanded the reach of this zero sugar and zero calorie variant of the 100PLUS drink into more retail outlets. This includes partnering with McDonald’s Malaysia to offer 100PLUS Zero with combo meals, which we have received overwhelming positive feedback from our consumers.

Advocating Healthier Choices and Lifestyle

We have placed greater emphasis on developing low sugar products and fortifying our products with micronutrients. Many of our products carry the Healthier Choice Symbol or Logo. In FY2021, our products endorsed with a Healthier Choice Logo has increased from 47 in FY2020 to 69. This is in support of the local governments’ programme in providing healthier products to local consumers.



## New Healthier Product Options Introduced

### Malaysia

- 1 **F&N Sparkling** – Available in three flavours (Apple Barley, Espresso, Honey Lemon), with Apple Barley and Espresso endorsed with Healthier Choice Logo
- 2 **est Cola** – Reintroducing est Cola with a healthier substitute to white sugar, brown sugar, without sacrificing the familiar taste. The product has obtained a Healthier Choice Logo.
- 3 **F&N Bandung** – is made to delight the senses with the fragrant aroma and taste of natural roses. The product has obtained a Healthier Choice Logo.



### Thailand

- 4 **BEAR BRAND Gold Acerola Cherry** – Sterilised milk with vitamins A, B, C, D, and E. The main benefit of Acerola cherry is its high vitamin C content that strengthens the immune system. The product has also obtained a Healthier Choice Logo.
- 5 **F&N Magnolia Choc Malt** – Reformulated with 50% less sucrose, the drink offers a guilt-free indulgence for consumers.



Alongside developing healthier options for consumers, F&NHB also promote hydration and active lifestyles to the community through consumer education programmes. This year, we conducted a consumer education campaign named “Hydrate Yourself for Healthy Body”, where we raise awareness, through various social media channels such as the brand website, Facebook, YouTube, Instagram, and news websites, about the benefits of staying hydrated by consuming products with electrolytes like 100PLUS. The information includes key messages on the importance of hydration, such as:

- Body** : Regulates body temperature, reduces nausea, prevents head and body aches
- Overall well-being** : Regulates blood pressure, flushes toxin, aids nutrient absorption Brain: Better concentration, greater mental alertness, improves memory
- Energy** : Promotes muscle function, reduces fatigue, and maintains energy levels.



Read more under ‘Community Development & Inclusive Growth’ on page 070 of this SR.

## PERFORMANCE

### GRI 416-1

Assessments of the health and safety impacts of product and service categories



- Percentage of significant product categories for which health and safety impacts are assessed for improvement by country (%)

 **100%**

 **100%**

### GRI 416-2

Incidents of non-compliance concerning the health and safety impacts of products and services



- In FY2021, we maintained our health and safety standards with no significant incidents of non-compliance with regulations resulting in fine, penalty or warning.

COMMUNITY DEVELOPMENT AND INCLUSIVE GROWTH



GRI Index: GRI 413-1

We understand that the scale of our operations in the region goes beyond impacting only our consumers. We connect and support our local communities by maintaining positive relationships and strengthen these relationships between different cultures to promote social inclusion. We believe that social inclusion allows for businesses and societies to flourish together.

APPROACH

In each market that we operate in, we undertake a number of long and short-term programmes that serve to create greater social equity. To that end, we have developed five main thematic areas to focus our community endeavours:

- Supporting COVID-19 Relief
- Strengthening Vulnerable Groups
- Promoting Environmental Consciousness
- Spreading Festive Cheer
- Promoting Active Lifestyles

OUR 2025 COMMITMENTS

TARGET

- Increase in the number of annual community programmes to 11

Progress

- 11 community programmes were conducted in this Financial Year.

INITIATIVES

070

Supporting COVID-19 Relief

- Standing in Solidarity with the Local Communities & Frontliners

The COVID-19 pandemic has changed how people live and work. People’s personal concerns shifted to health, hygiene, and well-being. It became apparent that the impacts of the pandemic were unequal when countries started imposing lockdowns, and some marginalised groups could not have their basic needs met. The prolonging COVID-19 pandemic and lockdowns in Malaysia have severely affected many underprivileged communities in Malaysia.

F&NHB has extended support towards the nation’s frontliners and vulnerable communities’ since the beginning of the pandemic. To date, over 2 million products have been distributed directly or through NGO/community groups to beneficiaries nationwide, including non-profit organisations – Free Food Society, Pertubuhan Kebajikan Oasis Harapan, Street Feeders of KL, and others.

In Thailand, we have donated medical equipment and our products to Uthai Hospital and Phra Nakhon Si Ayutthaya Hospital for the frontliners and patients.



- Supporting Nation’s COVID-19 Immunisation Programme

F&NHB backs the Malaysian government’s call to achieve herd immunity and continues to extend support towards the nation’s COVID-19 Immunisation Programme. The Group drives the immunisation initiative by raising public awareness on the importance of maintaining optimal hydration levels during the vaccination period.

As part of the initiative, F&N distributed 100PLUS to vaccine recipients at major vaccination centres in Klang Valley since June 2021. We also kept our front liners on duty at COVID-19 vaccination centres hydrated and energised with our beverages as they performed their duties to serve the nation.

Over 1 million products have been distributed to vaccine recipients, frontliners through the #HidratkanDiriSihatkanBadan campaign.



**SDG 4:**  
Quality  
Education



**SDG 8:**  
Decent Work &  
Economic Growth



**SDG 9:**  
Industry, Innovation  
& Infrastructure



**SDG 10:**  
Reduced  
Inequalities



**SDG 12:**  
Responsible Consumption  
& Production



**SDG 17:**  
Partnerships for  
the Goals

### Strengthening Vulnerable Groups

As the COVID-19 pandemic prolongs, so will the devastating effects on the vulnerable and marginalised groups. The toll from the pandemic will further deepen inequality to cause a greater global challenge. Our consumers and employees come from all segments of society and the widening inequality of wealth and opportunity will undermine the development and potential of not only our communities, but also our business.

To take action in tackling this issue, we have chosen to focus on supporting vulnerable groups such as underprivileged children through investing in educational programmes.

Since 2010, F&NHB has invested a total of RM200,000 for the F&N ICDL (International Computer Driving License) Annual Programme. The funds go into equipping three F&N IT Corners – two at Montfort Boys Town in Shah Alam and one in Montfort Youth Centre Melaka, and conducting the ICDL vocational programme. To date, 585 children, including 65 this year have excelled and graduated with the ICDL certification. ICDL is the world's leading computer skills certification.

### Promoting Environmental Consciousness

Companies have a critical role to play in minimising our environmental footprint and to lead a sustainable development in societies. We have taken on the task of promoting environmental consciousness in our communities and see it as one of our key priorities in communication, education, and public awareness initiatives. As F&N continues to move towards a circular economy model in our business, we exchange knowledge with communities and learn from them to better implement our ideas.

- Encouraging Recycling through Collaboration with Local Councils & Schools



#### F&N Wall Mural @ Community Recycling Centre

In Malaysia, F&NHB collaborated with **Shah Alam City Council** to beautify a community recycling centre – Pusat Kitar Semula MBSA U2 Shah Alam. The centre that started operating in January 2020 serves as a drive-through to welcome the local community to recycle paper, metal, aluminium, glass, electronic waste, used clothes, tyres, and serves as a transit point for food waste.

#### F&N School Recycling Programme

Since 2007, F&NHB has been partnering with schools across Malaysia to educate the next generation on the importance of environmental conservation. Despite the lockdown in Malaysia, we continued to partner with **SWCorp Malaysia** to organise PERKISS (*Pertandingan Kitar Semula Sekolah-sekolah*) to encourage recycling among school children.

**The Waste Bank and Recycling Project** was set up in 2 local schools in Thailand - Wattanodtia School, Ayutthaya Province, Thailand and Watkokmayom School, Ayutthaya Province, Thailand.

The waste bank has provided tangible monetary benefits to the students of Watkokmayom School by selling the recyclables collected. Approximately THB150,000 was spent on improving the waste management infrastructure of the schools from setting up recycling stations to renovating waste storage areas.

This year, we encouraged the students to continue collecting the recyclables through a reward programme, in which the participating students are rewarded with our products.

#### Establishing a School Recycling Programme



## CREATING VALUE FOR SOCIETY

- **Rehabilitating Reefs in Malaysia since 2011**

From 2011-2013, 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. Our team and partners conducted reef rehabilitation initiatives by collecting coral fragments and planting them in nursery sites, then transplanting them to 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.

- **Improving the Reliability of Water Supply for Farmers in Thailand**

In the Chaiphum Province in Thailand, a water storage tank was installed by FNDT to provide efficient water supply for community and dairy farmers. This project minimises the need to travel long distances to access reservoirs for water resources during seasonal droughts. The THB460,000 investment is able to supply 1,680,000 liters of water every month for up to 180 households across communities in Chaiphum Province. This provides sufficient water supply for up to 24 farms, consisting of 955 cattle, to minimise disruption from drought and ensure farmers can continue their farming operations sustainably.

### Spreading Festive Cheer

Our brand promise is to deliver “Pure Enjoyment. Pure Goodness” to all. Our community development programme regards this promise by encouraging communities to connect with each other through spreading festive cheers. This strengthens relationships between different cultures and promote diversity to foster national unity in our communities.

### F&N Celebrates Chinese New Year with Underprivileged

F&NHB reached out to underprivileged families in East Malaysia, Central, East Coast, Northern and Southern regions to celebrate Chinese New Year and bring some cheer during the festive season. During the visits, F&N contributed much-needed provisions - diapers, toiletries, F&N beverages and milk powder to the families.



### Keberkatan Plus Plus Programme

F&NHB had fostered the spirit of Ramadan by contributing ‘F&N Pek Penyayang’ Packages worth over RM1 million to B40 families, frontliners and NGOs. As part of the programme, we deployed our ‘Squad Keberkatan 100PLUS’ to deliver supplies to frontliners in hospitals, police stations and fire stations. Our volunteers also came together to assist in the packing of “F&N Pek Penyayang”.

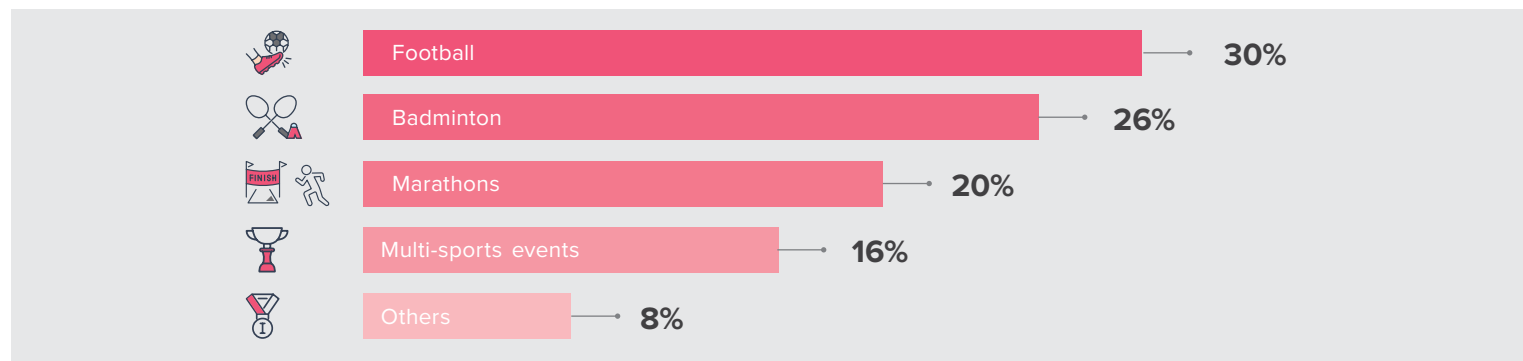


### Promoting Active Lifestyles

F&NHB has a long and proud tradition of promoting active lifestyles in the community - from grassroots development to supporting elite levels. We believe that sports have an important role in all societies and is a powerful tool to support nation-building.

We believe access and participation in sports is vital to youth development because it teaches core values like co-operation and respect, while instilling discipline and confidence within the individual. This is why 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 are as follows:



#### Grassroot 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 Junior Elite Tour (previously known as 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.

#### Supporting Football Development

As a long-term supporter of football development in Malaysia, we extended our support towards the Football Association Malaysia (FAM) as the official hydration partner for major football and futsal events across Malaysia, including the Malaysian Premier Futsal League.

#### Recognising Local Sports Personalities

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.

#### Advocating for Healthy & Active Lifestyle

In the past year of managing COVID-19 with lockdowns and physical restrictions, F&N continued our commitment to encourage our consumers to lead a healthy and active lifestyle even as they stayed at home. 100PLUS hosted a series of virtual workout sessions conducted by professional trainers and sports enthusiasts to encourage Malaysians to stay active while at home. We also had virtual fitness challenges to keep our consumers engaged and motivated.

We also supported major runs, marathons and sports activities which were conducted virtually such as KL Standard Chartered Marathon, World Vision 2021 Virtual #RunforChildren, KL Car-free Morning Virtual Event 2021 and Penang Bridge International Marathon Virtual Run 2020.



## PERFORMANCE

## GRI 413-1



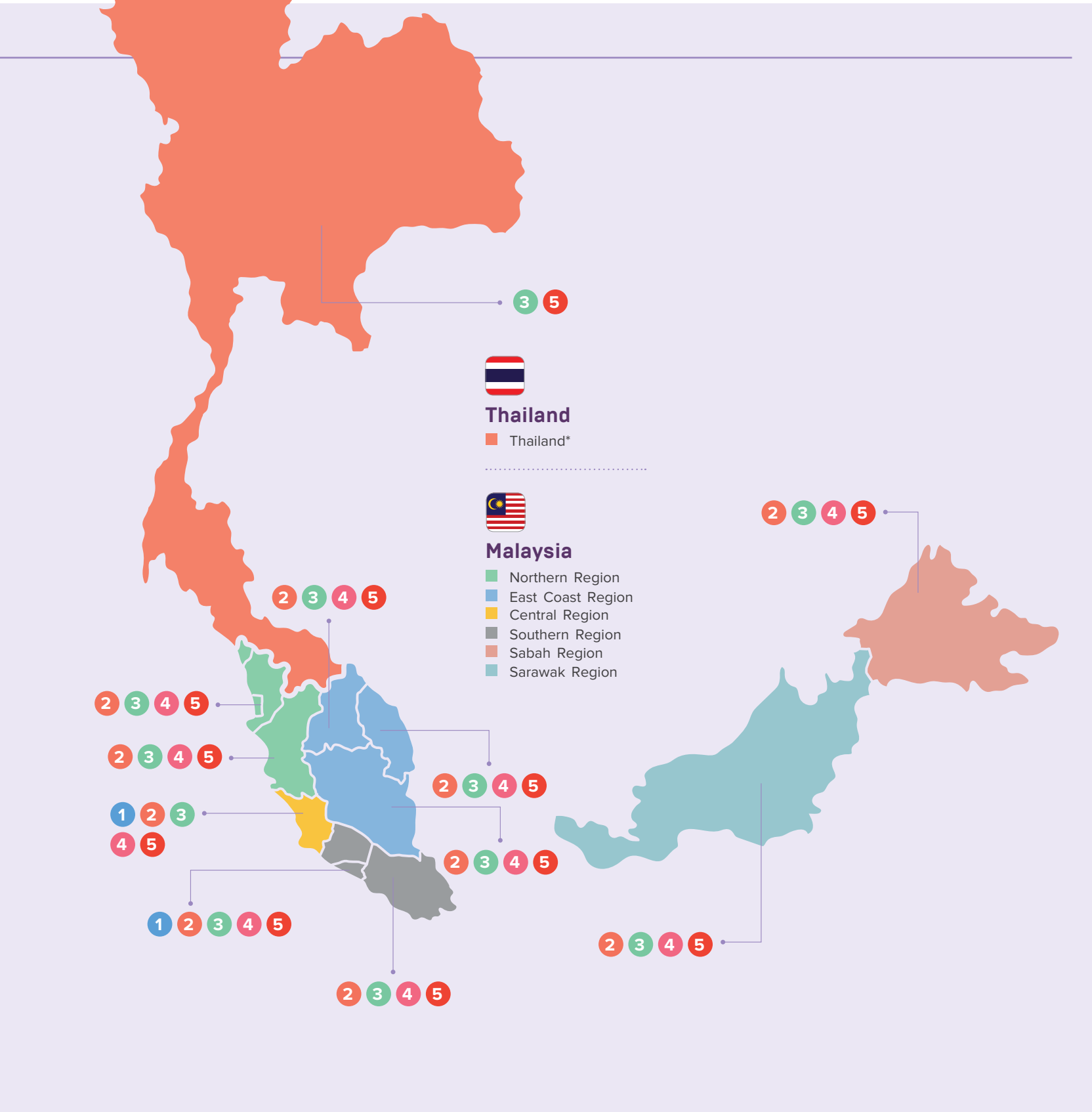
Operations with local community engagement, impact assessments and development programmes

- 100% of our operations<sup>5</sup> have implemented local community engagement, impact assessments and development programmes

## Type of Philanthropic Activities

Programme	Location	Timeline
<b>1 Strengthening Vulnerable Groups with Education</b>		
Montfort ICDL Programme	MY – Montfort Boys Town, Shah Alam and Montfort Youth Centre, Melaka	2011 – ongoing
<b>2 Spreading Festive Cheer</b>		
Chinese New Year	MY – Various cities nationwide	Annual (Jan-Feb 2021)
Keberkatan Plus Plus Programme	MY – Various cities nationwide	April – May 2021
<b>3 Promoting Environmental Consciousness</b>		
F&N Annual School Recycling Programme	MY – Various cities	2006 – ongoing
F&N Wall Mural	MY – Shah Alam	2021
F&N Save Our Seas	MY – Redang Island, Terengganu	2012 – ongoing
Waste Bank and School Recycling Project	TH – Rojana	2020 – ongoing
Water Champagne Tanks for Dairy Farmers	TH – Chaiyaphum	2019 – ongoing
<b>4 Promoting Active Lifestyles</b>		
Grassroot Football	MY	2011 – ongoing
Grassroot Badminton	MY	2003 – ongoing
Supporting Football Development	MY	2008 – ongoing
Recognising Local Sports Personalities	MY	2006 – ongoing
Promoting Active Lifestyles	MY	1983 – ongoing
<b>5 Our Support towards COVID-19 Relief</b>		
Supporting Community, Frontliners & Vaccination Centres	MY – Various cities nationwide TH – Rojana	2020 – ongoing

<sup>5</sup> refer to all our major operating sites in Malaysia and Thailand, which include the below major offices and plants



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

HUMAN RIGHTS



**GRI Index:** GRI 412-1

F&N is one of the region’s oldest and most established food and beverage companies. Our success and longevity have relied upon our stakeholders including employees, business partners, suppliers and communities throughout our value chain.

It is fundamental for our business to respect and promote the human rights of our stakeholders. We work to continuously improve stakeholder’s health and well-being and treat all our stakeholders with dignity, respect, and equality.

APPROACH

F&N is committed to upholding and promoting the human rights of all our stakeholder groups. This year, we conducted our inaugural Human Rights Due Diligence process to understand actual and potential human rights issues faced by our stakeholder groups.



Policy Commitment

F&NHB Human Rights Commitment applies to all directors and employees, including our suppliers and business partners. We extend these commitments to our value chain actors and all relevant stakeholders:

- Promoting and respecting human rights of all stakeholder groups is crucial to the F&N. As such we have established a F&N Human Rights Policy that upholds domestic and international laws, rules, and regulations. This policy extends to all companies under F&NHB.
- The Human Rights Policy was developed in accordance to related human rights principles under international standards – the United Nations Universal Declaration of Human Rights, and the United Nations Guiding Principles on Business and Human Rights (“UNGPs”), United Nations Global Compact, and the International Bill of Human Rights and The International Labor Organisation’s Declaration on Fundamental Principles and Rights at Work.

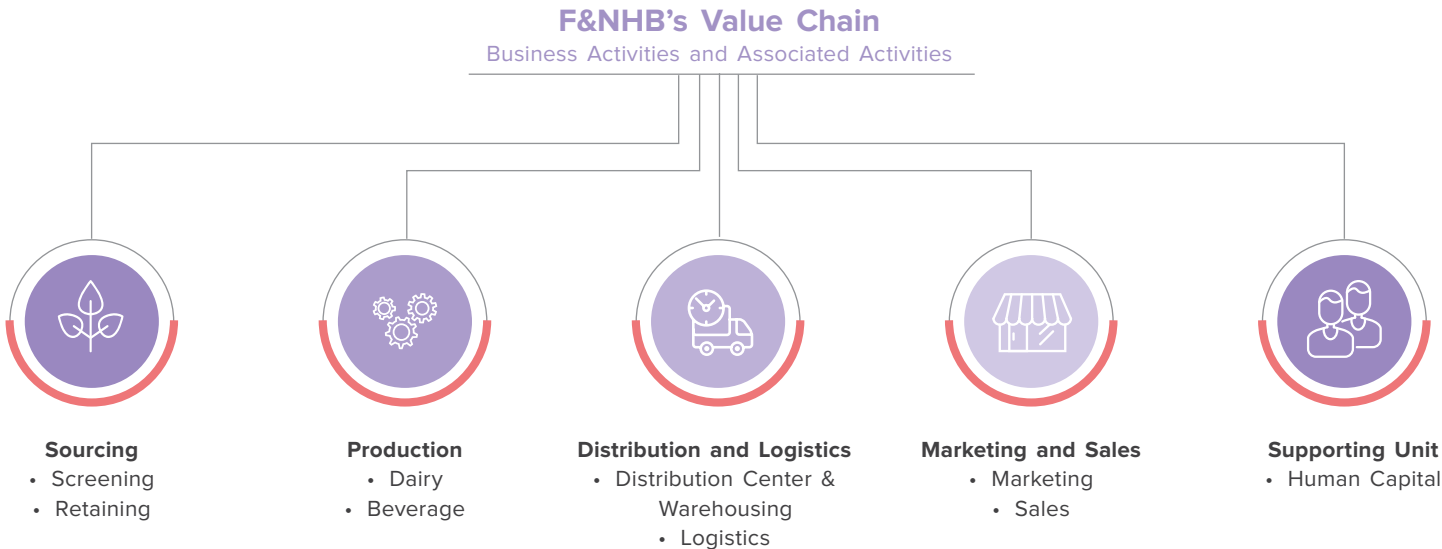




Human Rights Risk Assessment

• Scope of Human Rights Risk Assessment

The scope of our Human Rights Risk Assessment covers 100% of our business activities across all F&N operational sites – Sourcing, Production, Distribution and Logistics, Marketing and Sales, and Human Resources.

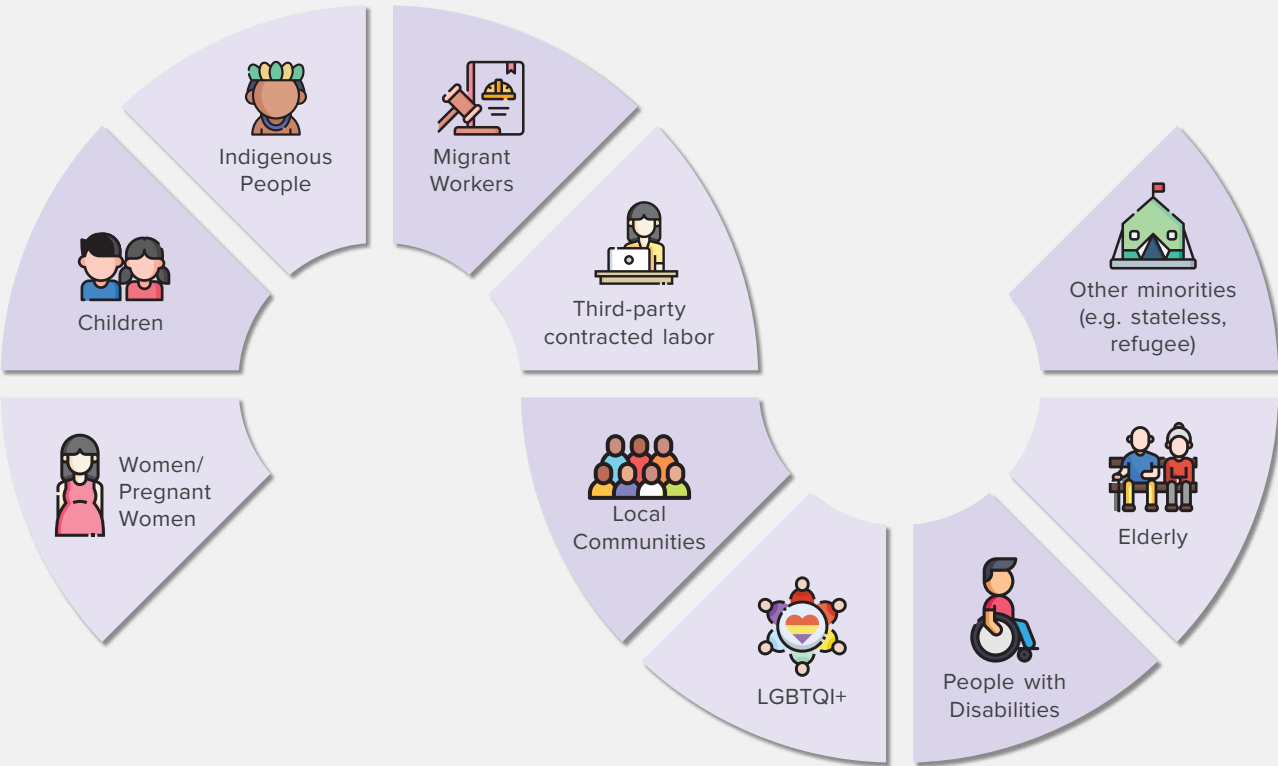


The assessment considered actual and potential human rights issues across the Company's value chain and identified the considerations of vulnerable groups (e.g. Migrant Workers, LGBTQI+, and Elderly) the Company works with.

Consideration of actual and potential human rights issues:



Consideration of employees and at risk/vulnerable groups



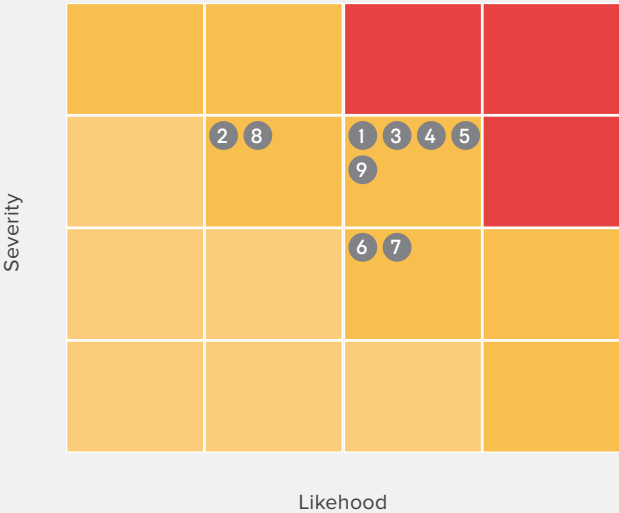
Methodology of Human Rights Risk Assessment

Human Rights Issues Identification

Human Rights Issues to F&NHB’s own operations, value chain and new business relations were identified by considering the impact to the business and the impact on potential rights holders affected. We benchmarked peer companies in the dairy and beverage sectors and acknowledged global human rights trends to improve our understanding on the impact of human rights issues.

- 1. Inherent Risk Ranking**  
Ranking risks of identified human rights issues that do not have controls and/or measures.
- 2. Residual Risk Ranking**  
Ranking risks of identified human rights issues that exist even with the Company’s controls and/or measures.
- 3. Risk Prioritisation**  
Prioritise salient human rights issues, issues with high residual risk.

F&N Group Human Rights Risk Matrix



• Results of Human Rights Risk Assessment

There is a total of 9 salient human rights issues identified across the F&N Value Chain. There were no Human Rights salient issues with a 'High' residual risk rating.



# CREATING VALUE FOR SOCIETY

## Integrate Findings & Potential Impacts

F&NHB designs and implement mitigation measures with preventive and corrective actions to reduce the actual and potential impacts of human rights issues.

### Salient Human Rights Issues Monitored

#### Employee Safety, Health & Well-being

##### Actual Issues

1. *Marketing & Sales*: Client-focused departments have an increased risk of being infected with the COVID-19 virus (i.e. employees exposed to virus during working hours since it is expected for them to meet new people in high frequencies)
2. *Production + Human Capital*: Minor work injuries and accidents
3. *Logistics*: Road accidents during transportation, minor vehicle malfunction (i.e. flat tires)

##### Mitigation Measures

1. Compliance with Public Health Regulations on COVID-19 measures e.g. face masks, hand sanitisers, temperature checks
2. Approved paid leaves for vaccinations & launched vaccination programme for employees
3. Tracking employees' vaccination progress
4. Offer doctor consultations and in-house panel clinics in large-scale production plants
5. Increased safety training and safety briefing to identify potential risks at the start of the work day

#### Community Health and Safety & Community Standard of Living

##### Actual Issues

1. *Marketing & Sales*: Spread of COVID-19 virus from employees infected to members of the community e.g. during large scale events
2. *Marketing & Sales*: Road accidents will increase health and safety risks for community members
3. *Marketing & Sales*: Reckless driving complaints of the distributor in the local area

##### Mitigation Measures

1. Compliance with Public Health Regulations
2. Provide PPEs such as face masks, face shield, hand sanitisers to employees
3. Increased safety training and safety briefing to identify potential risks at the start of the work day
4. F&N Voice channel available for employees to report on safety risks and concerns

#### Employee Discrimination

##### Actual Issues

1. *Human Capital*: An employee felt uncomfortable to report a case of verbal harassment until after resigning from the company

##### Mitigation Measures

1. Inform employees on various channels and measures available to raise discrimination and harassment issues e.g. welfare committee, reporting channel, mental health hotline
2. Implement additional trainings for supervisors on preventing discrimination and harassment to employees

#### Customer/Consumer Discrimination

##### Potential Issue

1. Discrimination by prioritising against certain groups of customers/consumers

##### Mitigation Measures

1. Ensure F&N's products are targeted to all consumers
2. Marketing strategies are suitable for a multi-racial society and ensure no content are inappropriate or discriminatory against one's gender, race, culture, etc



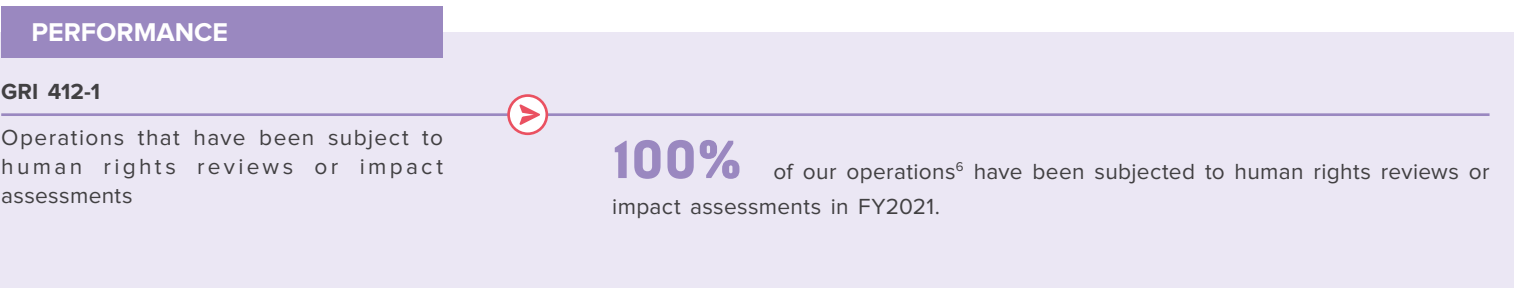
Track and Communicate Performance

- The Group continuously tracks, monitors, and assesses our human rights risks in order to receive inputs on any issues and concerns related to human rights violations.
- We communicate and educate all employees on our Human Rights practices. We promote and support cooperation from all directors, executives, employees, and all groups of stakeholders within the business value chain in reporting on any forms of human rights suspicions, incidents, and violations arising from the business operations through the Group’s established and dedicated communication channels.
- The results from these channels will be used to consider any improvements, and to develop appropriate mitigation and remediation measures. We evaluate the implementation on human rights policies and mitigation measures, according to the tracking and monitoring processes.
- We are determined to conduct the human rights due diligence process regularly to identify, review and evaluate any risks and impacts relating to a violation of human rights caused by the Group’s business operations and associated activities.
- Our Human Rights Performances will be reported annually in our Sustainability Report and Company’s website.

Remediate Adverse Impacts

- F&N recognises that our business activities may potentially contribute or have linkage with human rights violation of relevant stakeholders. F&N is thus committed and strives to mitigate such potential human rights risks and violation.
- Our ongoing commitment is supported through a revise assessment of human rights risk within an appropriate timeframe. Additional mitigation measures will be established to remediate and reduce possibility of human right violations, which may be caused or endorsed by business activities of F&N.
- In 2021, there was no human rights violation cases. Therefore, there were no remediation measures taken.

Going forward, we plan for an annual systematic review of the human rights assessment, and to conduct assessment every 3 years. We will also expand our human rights due diligence process to consider human rights risks in our supply chain as well as our operations and surrounding communities.



<sup>6</sup> refer to all our major operating sites in Malaysia and Thailand, which include the below major offices and plants

# Empower Our People

At F&N, we value our people and believe they are the largest contributors to F&N's long-term success. Their dedication, knowledge and performance bring life to F&N's strategy and drive our business. Continual learning and development for our employees is encouraged and supported through group-wide learning and development programmes. At F&N, employees are also engaged through different platforms to promote cohesiveness and a sense of belonging. We are committed to take care of our employee's health and well-being, to curate a safe and healthy workplace for all, and place more emphasise during the COVID-19 pandemic.

Our efforts are further elaborated in the following sections:



**Human Capital  
Development**



**Employee Safety, Health  
& Well-being**

## HUMAN CAPITAL DEVELOPMENT



**SDG 4:**  
Quality Education



**SDG 5:**  
Gender Equality



**SDG 8:**  
Decent Work and  
Economic Growth



**SDG 10:**  
Reduced  
Inequalities

**GRI Index:** GRI 401-1, GRI 401-2, GRI 401-3, GRI 404-1, GRI 404-2, GRI 404-3, GRI 405-1

We firmly believe that our scale of operations in the region gives us a good position to create a stimulating work environment that encourages fresh perspectives and nurture talents.

We encourage better practices in our operational sites by promoting diversity and inclusion at all levels of the workforce and supporting the health and well-being of all employees. F&N has accelerated our transition to the future of work – preparing our people through training and resources and equipping them with important skills to thrive working remotely.

F&N contributes to the UN SDG 8's target to achieve full and productive employment and decent work for all.

### APPROACH

We believe that building a company that all consumers choose and trust, requires a good understanding of the richness and cultural diversity of the societies we serve in. This is why we strive to offer equal opportunities for all regardless of an individual's race, gender, religion, and other attributes unrelated to employment expectations. We recognise the importance of diversity in enriching the company with fresh perspectives that enable us to achieve our business mission.

We do this by strictly complying with prevailing legislation on employment rights in the countries of our operations – including no hiring of minors. Besides our Non-Discrimination Employment Policy around diversity and inclusion, F&N has launched a Human Capital Roadmap to lead the way forward.

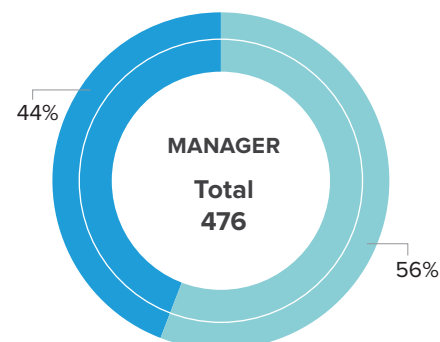
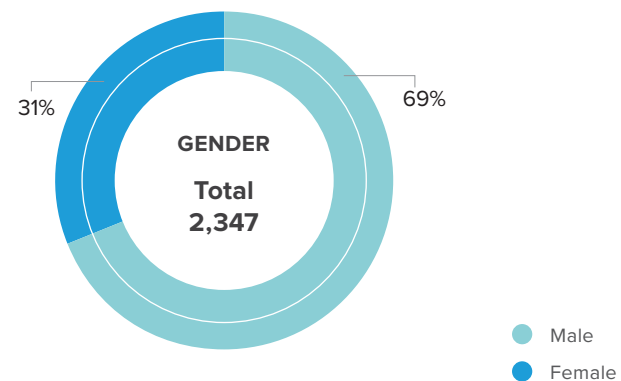
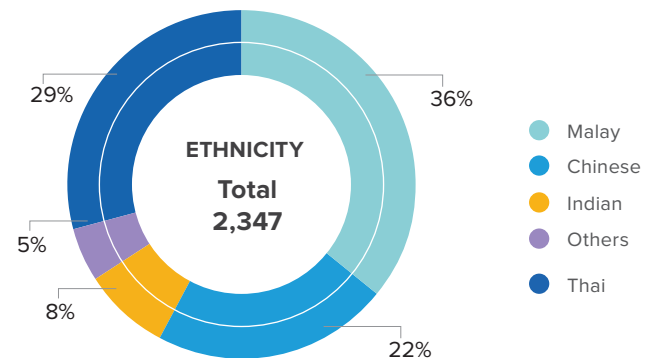
#### Promoting Diversity & Inclusion

Diversity and inclusion within our workforce is important to us because we serve different consumer groups and take actions that affect our stakeholders. This belief is ingrained in our F&N culture through the entire organisation. Our employment policies have included a Non-Discrimination clause to create an equal opportunity without regard to race, religion, age, nationality, gender, political beliefs, marital status, disability, and any other unrelated criteria to employment requirement.

We have actively sought to hire a good mix of people with varied experiences and backgrounds to enrich the organisation. The racial composition of employees in F&NHB closely mirrors the racial diversity of Malaysia and Thailand.

In recent years, we have made good progress towards gender equality in our workforce. 31% of all employees in F&N are female. Within the ranks of management, 44% of managerial positions are held by female employees, exceeding the Malaysian government's target of 30% female representation in decision-making positions.

We recognise the importance of diversity in terms of race, religion, gender, age, sexual orientation, disabilities and nationality in order to enrich the workplace with fresh perspectives that will enable us to meet our business objectives.



Human Capital Roadmap and Strategy

Our strategic plan to be a preferred employer is guided by our seven “Modules for Strategic Human Capital Transformation”:





1. Clear Structure and Roles

We use ‘Beverest’ total performance management system (TPMS) to integrate our human capital processes and systems across the Group for a range of human capital-related processes – from recruitment and on-boarding to setting goals, performance reviews and career development. This ensures that each employee is aware of the expectations and responsibilities of their role, their team and for the Group as a whole.

2. Market-Oriented Compensation & Benefits

We regularly review our remuneration packages in line with those of our peers’. F&NHB’s human resources policies go beyond standard labour regulations and statutory requirements in Malaysia and Thailand. Some of our benefits provided to all full-time employees include life insurance, health care, disability and invalidity coverage, parental leave, retirement provision, and stock ownership options. In addition, employees are entitled to paid vaccination leave this year.

F&N does not restrict freedom of association. The management actively engages with our seven formal employee-unions to have balanced collective agreements.

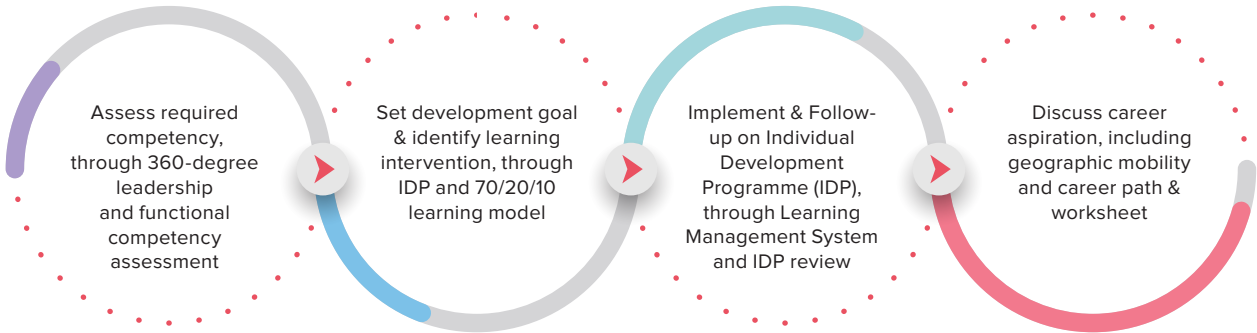
Standard Benefits Offered to Full-Time Employees

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 3. Flexi-benefits reimbursement

3. Recognition-Based Performance Management

Employees collaborate with their supervisors to set SMART goals and KPIs to the year. A Performance Assessment Review takes place twice a year for our employees to appraise their outcomes and identify development opportunities together with their supervisors.

This is part of the Individual Development Plans for employees. There are four stages to our IDP approach:



4. Holistic High Performer Retention & Development

All our employees are given 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.

Some key development programmes include:

PROGRAMME	FOCUS	EMPLOYEES TARGETED
Finance & Strategy	Business acumen and competitive strategic thinking	Managers & senior managers
Design Thinking	Management development	Managers & senior managers
Coaching, Mentoring & Leadership Skills	Leadership and management skills to increase team's productivity	Junior executives, supervisors, managers & senior managers
Business & Infographic Presentation	Business and infographic presentation skills	Junior executives, managers & senior managers
Language	English oral communication skills	Junior executives & managers
Educational Assistance Programme	For various technical and professional certification	Executives & supervisors
Functional & Technical Training	Functional and technical skills	Executives & supervisors
Digital Training	Awareness and adoption of digital technology	All employees
ESG Training	Awareness of Environment, Social and Governance issues	All employees

5. Proactive Succession and Workforce Planning

Employees with the potential to become future leaders at F&N are identified and groomed with the support of our Talent Management Team. These employees gain access to opportunities – job rotations, transfers and project assignments, to enhance their understanding of the various operations within the company.

6. Engaging Corporate Culture

Guided by our Global Values, F&NHB promotes a culture of engagement and inclusion by providing various channels like CEO Townhall, intranet, monthly employee email newsletters, and internal mobile apps (Fraserians Connect mobile app in Malaysia and Line app in Thailand).

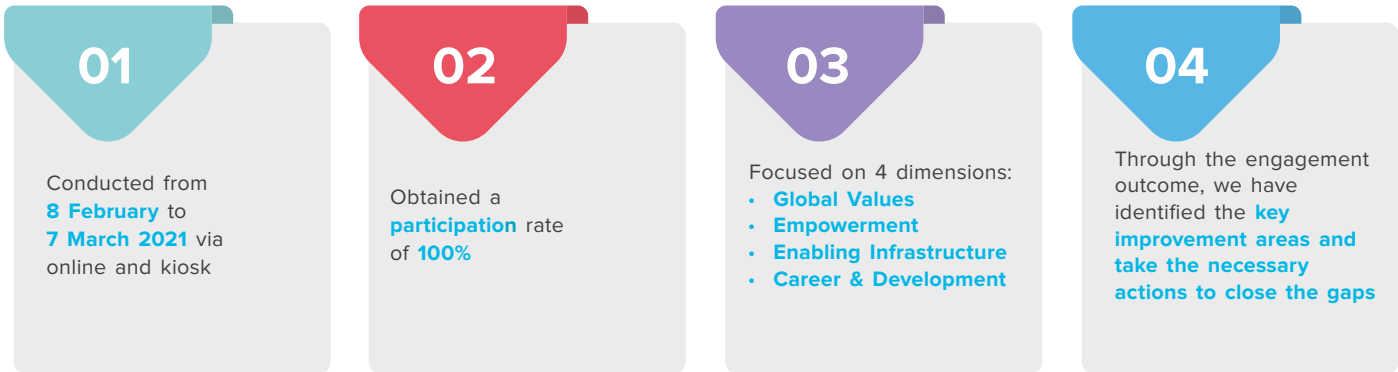
Through the internal mobile apps, our employees can access a range of resources at their fingertips:



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, an internal channel.

To better understand the needs and thoughts of our employees, we encourage them to participate in our Employee Engagement Survey.

Employee Engagement Survey



7. Strategic Talent Acquisition and On-Boarding

F&N maximises the opportunities available for our own talent and seeks to promote our employees through the ranks. Where this is not possible, our human capital team ensures we use a variety of assessment tools as part of a rigorous process to recruit the most suitable candidates that match the company’s needs.

Across the Group, we use ‘Beverest’ TPMS to ensure all new hire benefit from a comprehensive and consistent on-boarding programme. This includes a mix of self-serve e-learning and one-to-one support.

OUR 2025 COMMITMENTS

TARGET

- Provide an average of at least **18 hours of training to Executives** and **11 hours of training to Non-Executives**

Progress

**29 training hours per employee** in the **executive** category and **11 training hours per employee** in the **non-executive** category

- Reinforcing our commitment to Human Capital Development, at F&NHB, we are targeting to have **100% of our employees** trained on **ESG and Digitalisation** by 2025.

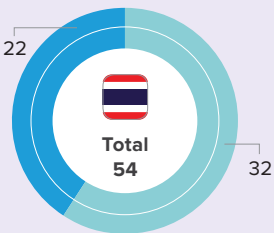
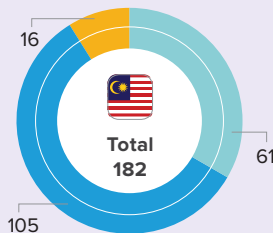
PERFORMANCE

GRI 401-1

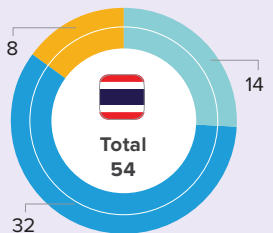
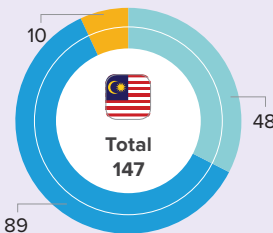
New employee hires and employee turnover



New Employee Hires by Age Group

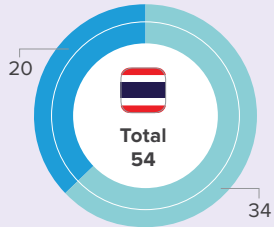
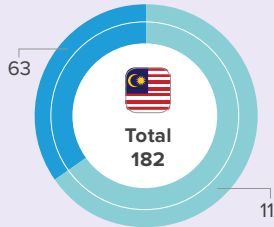


Employee Turnover by Age Group (Include Involuntary Resign)

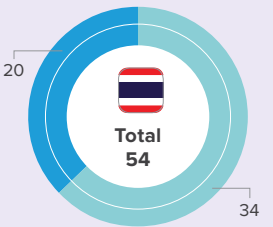
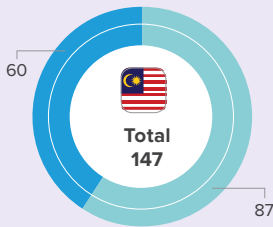


< 30 years old    30 - 50 years old    > 50 years old

New Employee Hires by Gender



Employee Turnover by Gender (Include Involuntary Resign)



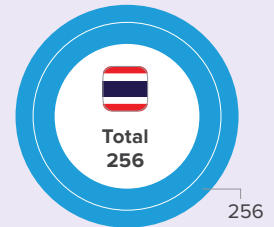
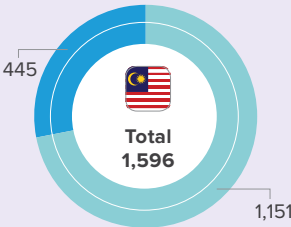
Male    Female

GRI 401-3

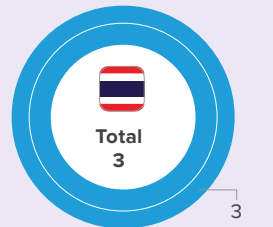
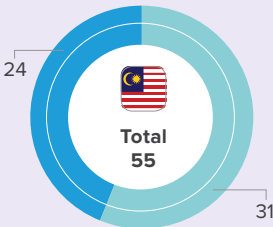
Parental Leave



Total Number of Employees Entitled to Parental Leave

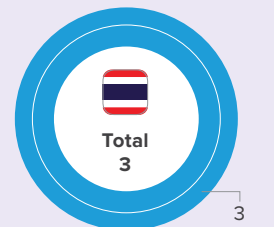
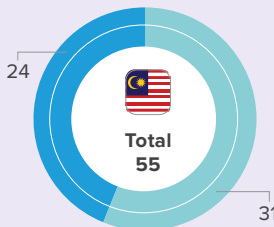


Total Number of Employees who Took Parental Leave

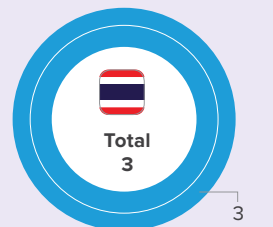
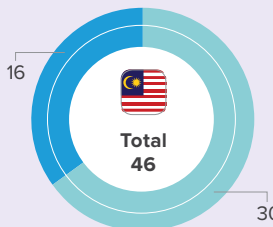


Male    Female

Total Number of Employees who Returned to Work After Parental Leave Ended



Total Number of Employees After Returning to Work Were Still Employed After 12 Months



Male    Female

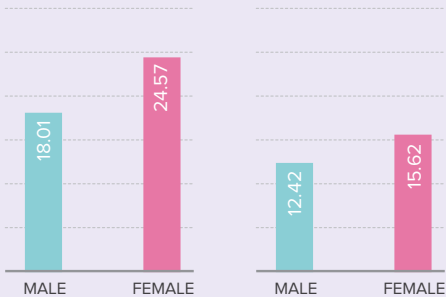


GRI 404-1

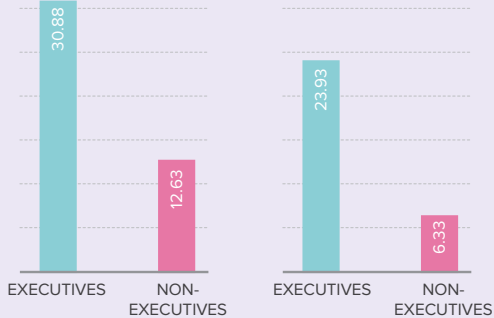
Average hours of training per year per employee



Average Training Hours by Gender



Average Training Hours by Employee Category

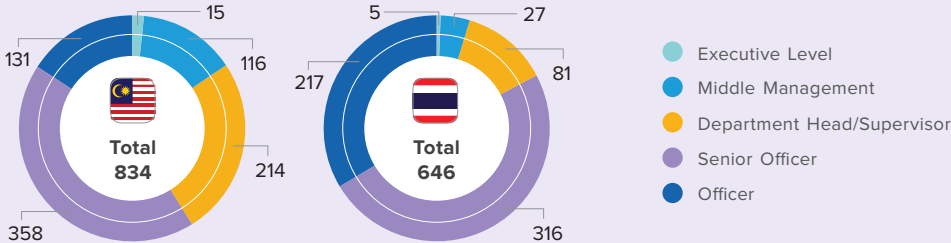


GRI 404-3

Percentage of employees receiving regular performance and career development reviews

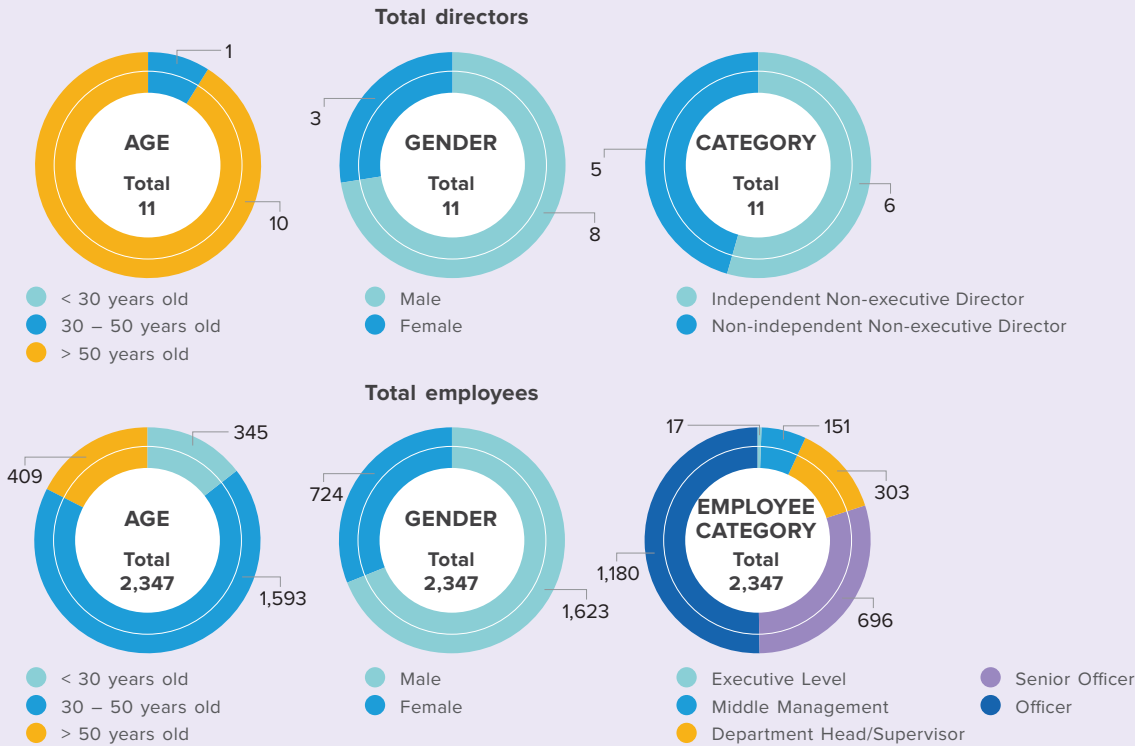


Total employees who receive performance and career development reviews



GRI 405-1

Diversity of governance bodies and employees



EMPLOYEE SAFETY, HEALTH & WELL-BEING

**GRI Index:** GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-9, GRI 403-10

The COVID-19 pandemic has changed the personal concerns of people to prioritise health, hygiene, and safety. We wanted to make sure that our employees, especially essential staff – factory employees and sales team, were not just safe from work hazards but also from the COVID-19 virus. We enforced strict protocols to physically protect our employees on the ground, and enabled flexible work arrangement to boost the mental health of our other employees working-from-home.

Other than protecting the well-being of our employees, F&N believes that working as a team is the only way to achieve our target of zero Lost Time Injury. We foster a proactive ‘safety first’ culture for employees to be aware of their responsibilities to both themselves and their colleagues.



090

APPROACH

F&N believes that working as a team is the only way to ensure safety of our people, and those who work with us. We foster a proactive ‘safety first’ culture for employees to be aware of their responsibilities to both themselves and their colleagues. To ensure our employees and contractors’ employees are able to carry out their functions safely, we conduct various safety training programmes to remind people in our premises.

Creating a Safety Culture

F&NHB strictly adheres to the International Labour Organisation (ILO) guidelines, Thailand’s Labour Protection Act and Malaysia Employment Act 1955. The guidelines and legal requirements of these policies have been extended in our internal Environmental Safety and Health policy as a signal to our employees about F&N’s commitment in creating a safety culture for all.

At F&N, safety is integrated across our operations through the implementation of Environmental, Safety and Health (ESH) systems and monitoring processes. Our adhesion to international standards, such as ISO 45001 at our major site demonstrates that our safety practices extend beyond compliance with national regulations. All employees, workers and activities are covered by our ESH systems, and all workers receive adequate training and safety equipment wherever appropriate.

Every plant has its own Safety Committee, which includes management and workers’ representatives. F&NHB has also set up a Safety and Health Committee for its corporate office and its regional sales offices. These committees oversee F&N’s safety systems and programmes to ensure their effectiveness. They meet on a monthly basis to discuss about accidents or near-misses and determine appropriate corrective actions required. They also conduct audits of our ESH systems, develop annual safety plans, and initiate programmes to increase awareness of health and safety issues among employees.

Employees are encouraged to report any potential risks or hazards. They can do this by informing their safety representative or supervisor, or report through a formal channel to our safety committees with the option to remain anonymous. On ground, we have Company Emergency Response Teams (CERT) who are trained to mobilise quickly should any incidents occur.



**SDG 8:**  
Decent Work and Economic Growth



**SDG 17:**  
Partnerships for the Goals



**Employee Safety Training and Awareness**

F&NHB has not compromised on employee safety trainings despite limitations due to COVID-19. A total of 1,417 employees participated in 10,434 hours of safety trainings. Topics covered in FY2021 included:



In Malaysia and Thailand, we continued to engage our employees on safety topics through regular activities such as monthly OHS trainings and newsletters, as well as an unsafe working conditions programme to educate workers in identifying risky behaviours and safety hazards.

# EMPOWER OUR PEOPLE

## Healthy Workforce

As well as keeping our workforce safe, we focus on ensuring an environment that is conducive for our employees' health and well-being – encouraging habits that promote safety and advocating for a healthy lifestyle.

Our Health Risk Assessment Committee comprises skilled personnel trained to comprehensively evaluate areas where employees may be exposed to health risks. Air quality, brightness, temperature and noise levels are monitored in all our facilities. We conduct regular noise monitoring at our facilities to ensure that the level is within the recommended range. For all workers in an environment with high noise levels, we provide hearing protection to reduce their exposure. We also conduct audiometric tests regularly for all at-risk workers, with follow-up doctor consultations where hearing impairments were identified.

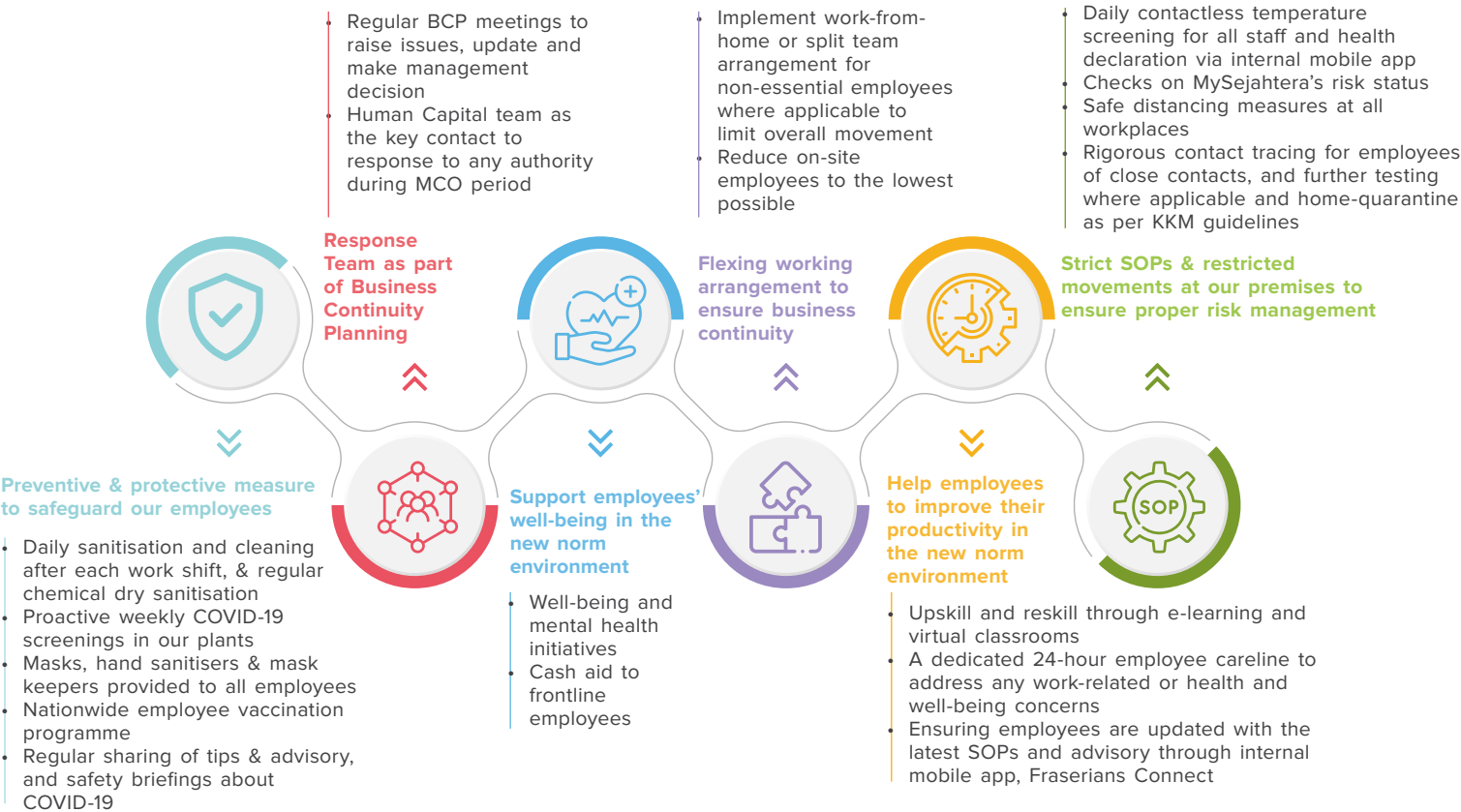
All workers (employees and contractors) have access to occupational health services in relation to their relevant activities. This includes hygiene services, ergonomic tools, protective equipment, and first aid kits. F&N is also supported by accredited OHS consultants whenever required.

We offer healthcare insurance to all employees in Malaysia and Thailand. F&N also facilitates good health coverage for all workers by organising annual health screening. Any work-related illness will receive follow-up consultations with doctors, if identified.

## INITIATIVES

### Enhanced Health & Safety Measures during COVID-19

F&NHB implemented extensive measures to support the health and safety of our employees during the COVID-19 pandemic:



## OUR 2025 COMMITMENTS

### TARGET

- Reduce the Lost Time Injury Frequency Rate to **0**

### Progress

This year, we have achieved a zero-accident workplace in Malaysia and Thailand, for our employees. This shows our zero-tolerance attitude towards workplace accidents and the importance we place on employees' safety.

- At F&NHB, we have also set an additional target to demonstrate our commitment in Employee Safety, Health & Well-being:

**100% of employees participate** in annual safety, health and well-being programmes.



PERFORMANCE

GRI 403-9

Work-related injuries



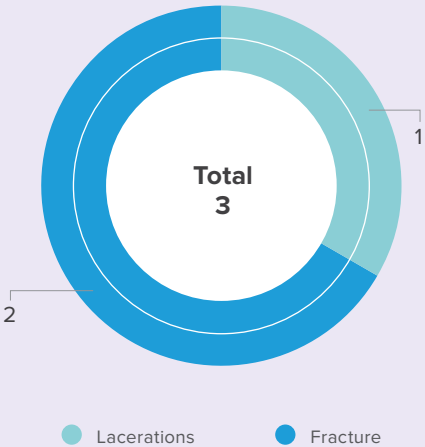
Employee  
Work-related Injuries Rate



Non-employee  
Work-related Injuries Rate



Group Non-employee  
Work-related Injuries by Type



We maintain **0**  
high-consequence  
work related injury



We maintain **0**  
fatality

GRI 403-10

Work-related ill health



We maintain **0**  
work related illness

# Better Planet: Circularity & Environmental Protection

At F&N, we recognise the role of business in protecting the environment. The transition to a circular economy offers opportunities to create business value as well as minimise environmental impacts. We promote circularity and environmental efficiency in our operations through our management of energy, water and waste. We promote a circular economy across our value chain through the critical topic of packaging. We recognise the interaction of the Food & Beverage sector with biodiversity, and we are committed to sourcing ingredients with respect of impacts on ecosystem.

As part of our refreshed materiality assessment, we identified five main issues in relation to our environmental efforts:

## Operational Eco-Efficiency

- Energy & Climate Change
- Water Stewardship
- Waste Management

## Value Chain Impacts

- Packaging
- Biodiversity

## Environment, Safety and Health Policy

We implement environmentally sustainable business practices in alignment with F&NHB's core values and circular economy principles. We are guided by our Environmental, Safety and Health Policy, which ensures all major plants in the group are ISO 14001:2015 (environmental management system) certified. We undertake Environmental Impact Assessments prior to any project; we work with local communities to protect and preserve the environment; and we strive for zero waste as well as zero pollution through continuous improvement of our environmental management system.

Our Policy serves as a framework for all of F&NHB's decisions concerning the environment across our value chain, from production operations, business facilities, products, distribution and logistics, management of waste.

Our employees, suppliers, service providers, contractors, key business partners, and relevant stakeholder groups are made aware of the Policy via email, intranet, notice boards as well as internal briefings to employees.



*Read the policy here.*

# Targets for Better Planet

## 2025 TARGETS



### Energy

Reduce the Group's energy intensity ratio at our plants (from a 2020 baseline) by **8%**



### Climate Change

Reduce the Group's GHG emissions intensity ratio at our plants (from a 2020 baseline) by **8%**



### Water Stewardship

Reduce the Group's water intensity ratio at our plants (from a 2020 baseline) by **8%**



### Waste Management

Reduce the solid waste sent to landfill (from a 2020 baseline) by **30%**



### Packaging

Increase the average recycled material content in our packaging to **25%**



# Operational Eco-efficiency

F&N recognises that our company creates environmental impacts through energy, water and resource consumption. To reduce our impacts on the environment, our employees at the plants investigate ways to improve our manufacturing processes and optimise eco-efficiency.

Details on how we approach and minimise impacts on the surrounding areas are elaborated in the following sections:



**Water Stewardship**



**Climate Change**



**Energy**



**Waste Management**





**SDG 7:**  
Affordable and Clean Energy



**SDG 8:**  
Decent Work and Economic Growth



**SDG 9:**  
Industry, Innovation and Infrastructure



**SDG 12:**  
Responsible Consumption and Production

ENERGY AND CLIMATE CHANGE

**GRI Index:** GRI 302-1, GRI 302-3, GRI 305-1, GRI 305-2, GRI 305-4

Climate change is a defining global challenge of the 21<sup>st</sup> 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 also presents opportunities for F&N, for example cost savings, energy saving, alignment with customer ambitions, and support and contribute to the development of government policies. The manufacturing industry consumes significant amount of energy and F&N recognises the need for low carbon economy transition. F&N firmly believes that we have a role play, to contribute and to take part in this global effort to reduce Greenhouse Gas (GHG) emissions and reduce our carbon footprint.

F&N is committed to reducing our energy intensity and GHG emission intensity at our plants as one of the main priorities for our 2025 targets. As part of our contribution, 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.

APPROACH

F&NHB operations, including manufacturing, storage and transportation, require energy. We have applied a range of initiatives, based on circular economy principles to improve our energy performance. Our approach is guided by our Energy Management policy. This is a guideline that we regularly review to ensure that it is valid and up-to-date. All our operations in Malaysia and Thailand are guided by the following principles:

**Our Energy Management Policy**

All our operations in Malaysia and Thailand are guided by the following principles:

**1**

Fulfil and enhance the energy management system as energy conservation is one important part of our operations

**2**

Well manage and utilise energy conservation technology and best practices as part of our continuous improvement

**3**

Implement and improve energy management system to comply with relevant laws and regulations

**4**

Conduct energy improvement programme to optimise business operations

**5**

Promote, support and manage energy conservation efficiently

Our Energy and Climate Change Strategy, which aligns with ThaiBev’s climate change and energy strategy, is broken down into five priority areas:

- Energy efficiency in our operations
- Renewable energy and sourcing and generation
- Route planning
- Operations’ exposure to climate change risks
- Reducing carbon in our value chain

**OUR 2025 COMMITMENTS**

**TARGET**

- Reduce the Group’s energy intensity ratio at our plants (from a 2020 baseline) by **8%**
- Reduce the Group’s GHG emissions intensity ratio at our plants (from a 2020 baseline) by **8%**

**Progress**

Our group energy intensity ratio increased **5%** to 911.0 (as compared to FY2020 baseline at 865.4), impacted by the lower production volume at our plants due to COVID-19 pandemic

**Progress**

Our group GHG emissions intensity ratio increased **3%** to 0.068 (as compared to FY2020 baseline at 0.066), impacted by the lower production volume at our plants due to COVID-19 pandemic

## INITIATIVES

### Energy Efficiency in Our Operations

#### Energy Reduction Initiatives – Rojana plant

In Thailand, we have implemented several initiatives to reduce energy consumption:

- An automatic control system for the chiller is developed to supply iced and chilled water. During off-peak periods, the chiller water will be generated and stored in raw water tanks (as ice bank), which will be used during peak periods. This has led to a reduction of electricity consumption of over 1.3 million kWh and a cost savings of over THB4.7 million per year.
- A new compressed air buffer tank is installed to avoid the usage of small air compressors during peak periods. This has contributed to the reduction of electricity consumption of over 150,000 kWh and annual savings of over THB500,000.
- A new 10m<sup>3</sup> tank is installed to collect hot water, after cooking from cooling water to heating-up cold milk during the pre-heating phase, as part of the heat recovery phase. This has led to a reduction in NG consumption of over 3,700 mmBTU and annual savings of over THB750,000.
- A new steam trap was replaced to prevent heat losses and reduce consumption of natural gas of over 2,800 mmBTU with an annual savings of THB570,000.

#### Energy Reduction Initiatives – Shah Alam plant

Intelligent flow controllers are installed for the main plant air compressor at our Shah Alam plant. By installing this, the fluctuation pressure during operations can be reduced from 0.5 bar to 0.14 bar, which has resulted in a 15% (over 400,000 kW) reduction of yearly energy consumption and over RM140,000 in savings.

Our Shah Alam plant also implemented two energy recovery initiatives, which are reducing the glycol compressor usage in the product mixing at higher temperatures and reducing the steam usage at the warmer machine. This has contributed to a reduction of over 11,000 MT of steam and over 3,000,000 kWh of electricity, with an annual savings of over RM1.5 million.

#### Energy Reduction Initiatives – Pulau Indah plant

At our Pulau Indah plant, we installed a dedicated air compressor for the Chiller Plant filler and this has helped to reduce the electricity consumption of over 200,000 kWh per annum, with an annual cost savings of RM83,000.

We have also installed a Paxton Smart Air Blow to replace multiple blowers at the can conveyer. This has helped to reduce noise and electricity consumption of over 150,000 kWh per annum, with an annual cost savings of RM57,000.

### Renewable Energy Sourcing and Generation

#### Solar Energy – Rojana plant

At our Rojana plant, we installed a solar panel rooftop in April 2020. It has provided us cost savings of about THB6 million. The THB30 million solar PV system with 1MWp generating capacity significantly reduces energy offtake from the grid by utilising renewable energy for its daily operations.

#### Solar Energy – Shah Alam, Pulau Indah & Bentong plants

As part of the strategic direction to reduce fossil fuel consumption and carbon footprint reduction, we are embarking on a renewable energy programme at our 3 plants in Peninsular Malaysia (Shah Alam, Pulau Indah and Bentong) by setting up 10MWp solar PV systems at the three plants.

The 10 MWp of total solar energy capacity at its Shah Alam, Pulau Indah and Bentong plants in Malaysia, once completed in end 2021, will generate clean energy equivalent to the electricity consumption of 3,700 typical households in the country.

With this, F&NHB will replace at least 20 per cent of its total electricity requirement in Malaysia with clean energy by 2022.

### Route Planning and Reducing Carbon in Our Value Chain

Optimal route planning can help us to reduce costs and be more environmental-friendly. Over the past few years, we have continued to streamline our distribution networks.

We have made more than RM800 million of capital investments since 2014 on new lines and warehouses across our production facilities in various locations. Our decentralisation strategy also means that our manufacturing and warehouse operations are closer together, resulting in shorter routes to market and lower carbon emissions from logistics.

To further optimise route planning, we have invested RM180 million in a new integrated warehouse at our Shah Alam plant, equipped with an Automated Storage Retrieval System (ASRS). This new warehouse is expected to commence operations by mid-2022 and will deliver carbon avoidance of about 600 tonnes per year, equivalent to approximately 3,600 trees or 130 cars driven annually.

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



Similarly, we have also established a regional distribution centre (RDC) in Rojana, Ayutthaya Province, Thailand, equipped with THB287 million ASRS. Strategically located 1.7 km from our dairies manufacturing plant in Rojana, Ayutthaya Province, the 20,000 square metres RDC is expected to be operational in end 2021. This RDC will serve as our regional distribution hub for F&N Dairies Thailand (FNDDT)'s products.

### Operations Exposure to Climate Change Risks

F&NHB's operations and supply chain face risks due to climate change impacts. This includes impacts from rising sea levels, extreme temperatures, farming shortages and water availability.

Physical climate change risks are monitored and managed as part of our Enterprise Risk Management process, which is under the responsibility of the Sustainability and Risk Management Board Committee. Identified climate change related risks include flooding and mineral water sourcing and contamination. To manage these risks, we work closely with state authorities and local councils. We also have robust incident escalation procedures and response plans in place as part of our Business Continuity Management.

#### Low Carbon Footprint Product

The Extra Non-dairy Half Creamer for Cooking and Baking (net weight of 385g) is F&N's first low-carbon product certified by Thailand Greenhouse Gas Management Organisation (Public Organisation: TGO) for successfully meeting the requirements of the Carbon Footprint Label Scheme. The product's carbon footprint is 295 kg CO<sub>2</sub>.

F&N is working towards having more products certified by TGO that meets the requirements of the Carbon Footprint Label Scheme.



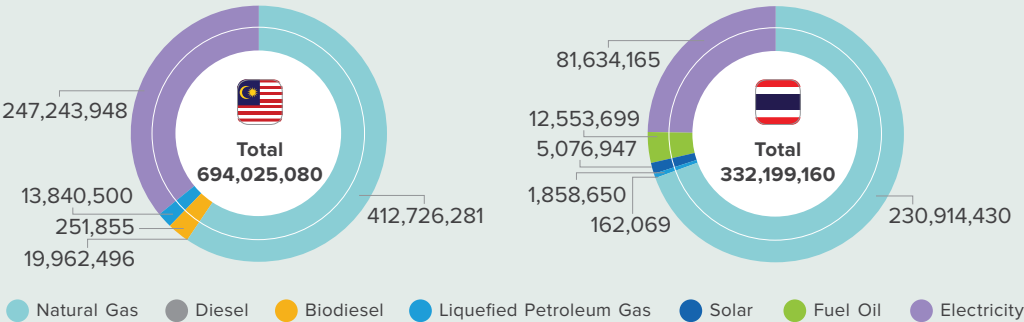
OPERATIONAL ECO-EFFICIENCY

PERFORMANCE

GRI 302-1  
Energy consumption within the organisation



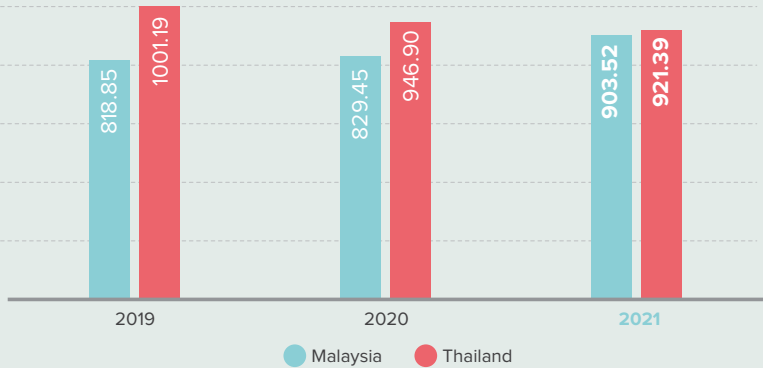
NON-RENEWABLE SOURCE BY TYPE (MJ)



GRI 302-3  
Energy intensity



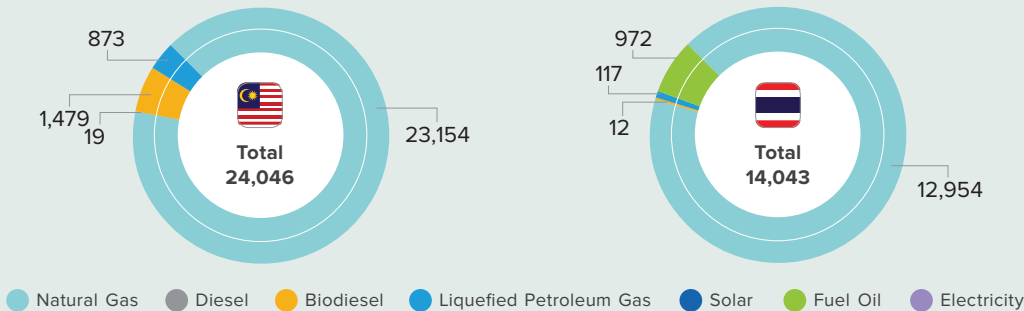
Energy Intensity Ratio (MJ/MT)



GRI 305-1  
Direct (scope 1) GHG gas and CO<sub>2</sub> emissions



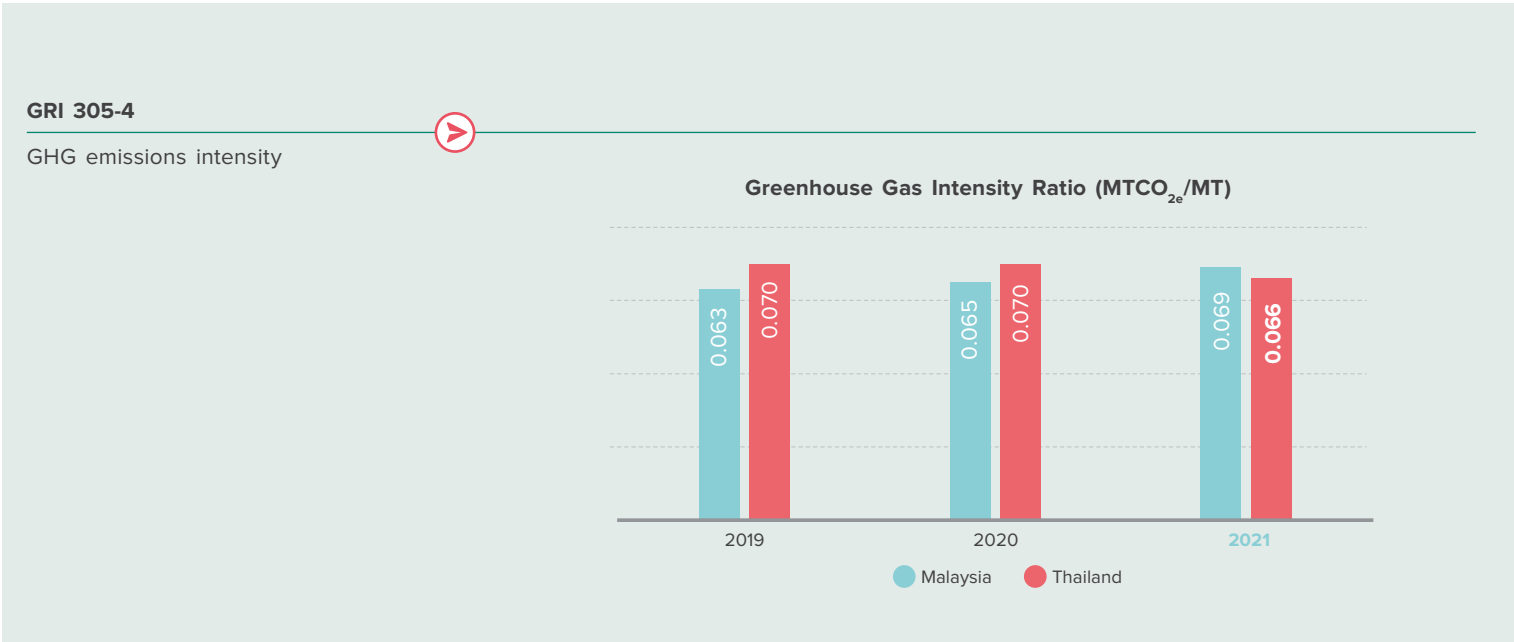
Non-renewable source by type (CO<sub>2e</sub>)



GRI 305-2  
Energy Indirect (scope 2) and CO<sub>2</sub> emissions (CO<sub>2e</sub>)







**WATER STEWARDSHIP**

**SDG 6:**  
Clean Water and Sanitation

**SDG 8:**  
Decent Work and Economic Growth

**SDG 9:**  
Industry, Innovation and Infrastructure

**SDG 12:**  
Responsible Consumption and Production

**SDG 17:**  
Partnerships for the Goals

**GRI Index:** GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 303-5

Water is an important resource for F&N, as it is used extensively in our products as well as in operational processes. The success to our business depends on a reliable supply of water and effective water management. We are committed to responsible water stewardship and managing our water use accordingly to safeguard availability of clean water supply for local communities we operate in.

While none of our sites are in high water-stress areas (according to World Resources Institute (WRI) Aqueduct), many regions in Thailand and Malaysia have faced floods and water shortages, and the effects of climate change are expected to intensify water stress in the future. Moving forward, water security issues due to unpredictable climate and weather events will likely become increasingly important business for F&N.

**APPROACH**

Guided by the F&N Environmental, Safety and Health Policy and the principles of a circular economy, we develop initiatives to increase water security and reduce our water consumption by identifying and addressing water-related risks and opportunities, and closely collaborate with relevant stakeholders to create shared value projects.

To reduce risk towards our water supply, we have utilised a range of water assessment and action policies that are deployed to all our facilities.

- Water stewardship and its associated risks are regularly monitored as part of all F&N operations enterprise risk management (ERM).
- The sustainability team utilises tools such as the WRI Aqueduct and World Wildlife Fund (WWF) Water Risk Filter.
- There is an established system within all F&N operations for systematic daily and monthly tracking and monitoring of water consumption and effluents quality.

**OUR 2025 COMMITMENTS**

**TARGET**

- Reduce the Group's water intensity ratio at our plants (from a 2020 baseline) by **8%**

**Progress**

Our group water intensity ratio maintained at **2.29** this year (FY2020 baseline at 2.29), impacted by the lower production volume at our plants due to COVID-19 pandemic

Water Stewardship in Our Supply Chain

This year, we continue to collaborate with our suppliers on water stewardship initiatives. As part of the Farmers Excellence Programme elaborated in *Supply Chain Stewardship*. We continue to educate dairy farmers on water conservation and the reusability potential of water for cleaning and feed. This year, F&N installed a large water storage tank at the investment of THB460,000 that have the potential to supply 1,680,000 litres of water to 180 households across communities in Chaiphum Province. This will provide sufficient water supply and increase water security for to 24 farms, consisting of 955 cattles, and can also minimise disruption from drought and ensure farmers can continue their farming operations sustainably.

INITIATIVES

Water Stewardship in Our Operations

We have implemented various water saving initiatives this year to further move towards our target of reducing water intensity by 8% by 2025.




**Usage of liquid sugar in Sweetened Beverage Creamer (SBC) products**  
– Rojana plant

Since January 2020, we have started to use liquid sugar in the production of Sweetened Beverage Creamer products in Rojana Plant, Thailand. By removing the process of dissolving cube sugar, we save around 132m<sup>3</sup> of water per day. This has helped us to achieve cost savings of about THB0.8 million.



**Treated wastewater recovery**  
– Pulau Indah plant


Wastewater is reused in cooling tower, to avoid the discharge into public drains of 800m<sup>3</sup> per day and saves approximately RM215,000 per year.



**Water reduction initiative**  
– Shah Alam plant

At Shah Alam plant, we implement two initiatives to reduce water consumption:

- The Clean-in-place interval and duration of production line is improved by extending its process frequency from 24 hours to 48 hours. This has contributed to water savings of over 3,000m<sup>3</sup>.
- The duration of backwash process for aseptic line is extended from 99 mins to 120 mins for each cycle. This contributes to water savings of over 50,000m<sup>3</sup> and cost savings of RM108,000.



**Water reduction & reuse**  
– Kota Kinabalu plant

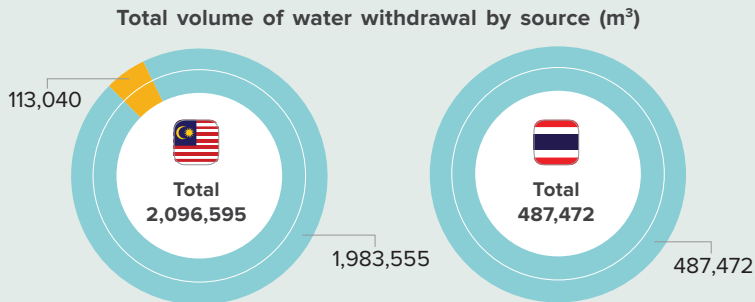
At our Kota Kinabalu plant, we reduce the water usage at the wastewater treat plant by optimising the time during treatment and rinsing process of activated carbon filter. Through this initiative, we have halved the daily water usage to 6,000L, with water savings of over 1,200m<sup>3</sup>.

Apart from water reduction, we also collect and reuse rinsed water from bottles for cleaning of loading area. This has resulted in water savings of 289m<sup>3</sup>.

PERFORMANCE

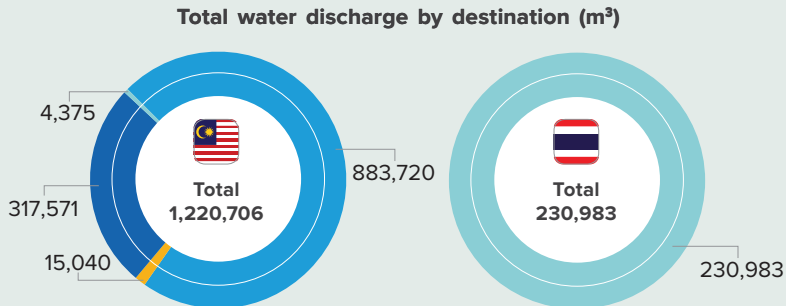
GRI 303-3  
Water withdrawal

- Surface water
- Ground water
- Rainwater collected directly and stored by F&N
- Municipal water supplies or other water utilities

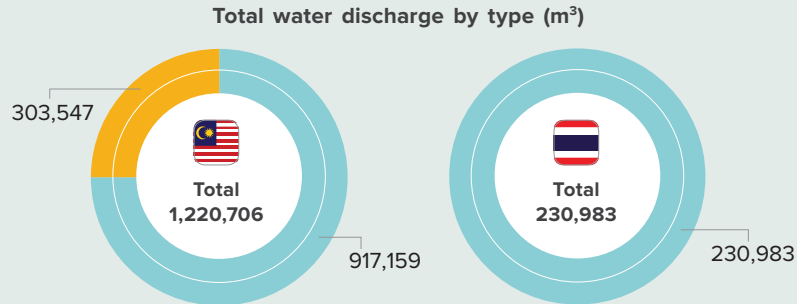


GRI 303-4  
Water discharge

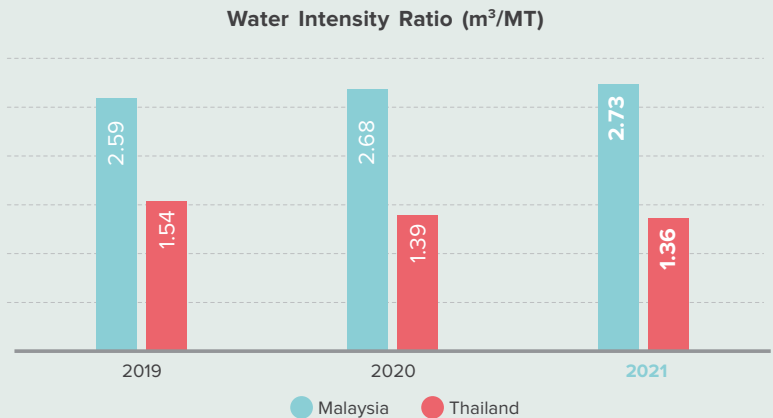
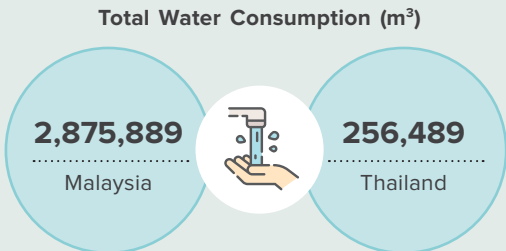
- Surface water
- Ground water
- Seawater
- Third-party water treatment and usage



- Freshwater (≤1,000 mg/L Total Dissolved Solids)
- Other water (>1,000 mg/L Total Dissolved Solids)



GRI 303-5  
Water consumption



WASTE MANAGEMENT

GRI Index: GRI 306-1 (2020), GRI 306-2 (2020), GRI 306-3 (2020), GRI 306-4 (2020), GRI 306-5 (2020)

Through the concept of circular economy waste is viewed as a resource that that could generate value throughout our supply chain or become a raw material for another organisation’s supply chain. Being able to effectively manage our waste enhances F&N ability to achieve resource efficiency and reduce the rate of depletion of natural resources.

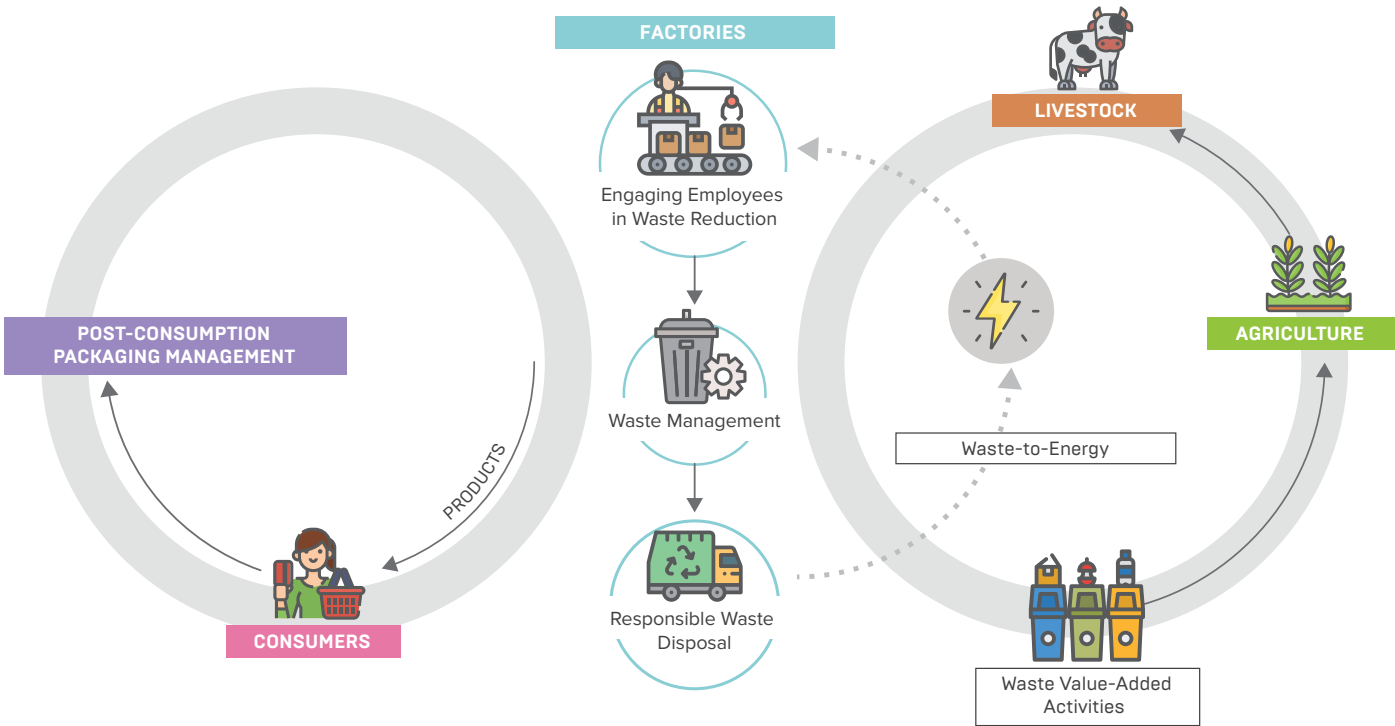
APPROACH

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. The food & beverage manufacturing process involves the generation of both liquid (effluent) and solid wastes. 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.

Under the guidance of our Environmental, Safety and Health Policy and the principles of a circular economy, F&NHB applies strict standards over the quality of our effluent discharges and we continuously explore how ‘waste’ from our operations can be minimised and put to alternative uses.

We believe that our aspiration for ‘zero discharge, zero waste and zero landfill’ starts from each individual. As such, we organise activities to enhance environmental awareness among our employees through communication platforms such as the Intranet, emails and internal recycling programmes.

Circular Economy and Waste







**SDG 6:**  
Clean Water and Sanitation



**SDG 8:**  
Decent Work & Economic Growth



**SDG 9:**  
Industry, Innovation & Infrastructure



**SDG 12:**  
Responsible Consumption & Production

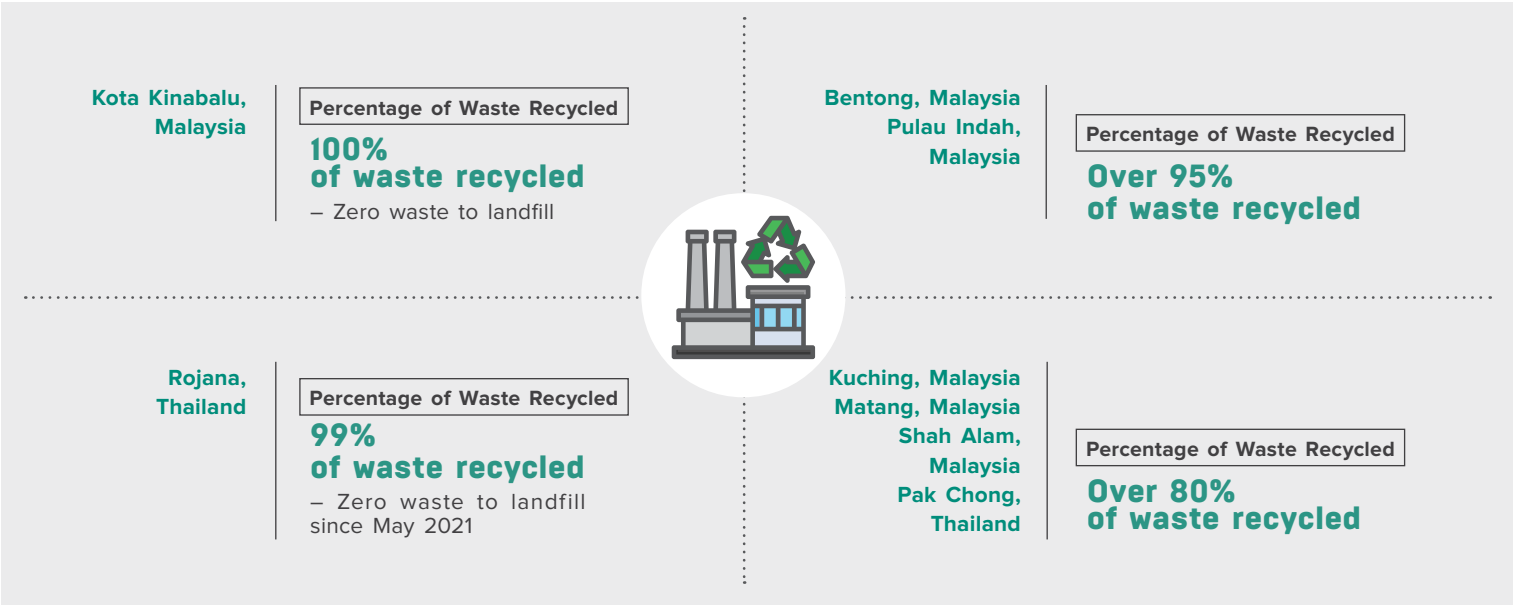


**SDG 17:**  
Partnerships for the Goals

INITIATIVES

Zero Waste to Landfill

This year, our team in the Rojana plant embarked on a zero waste to landfill initiative, in which general non-recyclable waste is converted into electricity with an incinerator system. Through this initiative, our Rojana plant has converted over 60,000 kg of waste into over 300,000 kW electricity. Our Rojana plant achieved zero waste to landfill since May 2021, with 100% of waste recycled.



Raising Employee Awareness

We put the Circular Economy at the core in creating awareness of environmental protection with our employees. The programme promoted responsible consumption and a bring-your-own initiative among employees to minimise food waste and single-use packaging. Our Employees also learned about proper handling of waste and through waste separation activities to encourage continuously reuse of ‘waste’ as an input or resource until it is no longer usable, before we bring it into the recycling process.

In addition, FNDT also avoided the usage of plastic bags in waste collection by reusing bags that were used to contain packaging materials. This change has led to a reduction of plastic bag usage up to 5,200 kg and cost savings of over THB250,000.

OUR 2025 COMMITMENTS

TARGET

- Reduce the solid waste sent to landfill (from a 2020 baseline) by 30%

Progress

Our total solid waste sent to landfill was 1,091 MT (0.1% increase as compared to 1,035 MT in FY2020)

# OPERATIONAL ECO-EFFICIENCY

## Food Loss & Waste in the Value Chain

An estimated 1/3 of all food produced globally is lost or goes to waste, while millions in the world do not have enough to eat. At the same time, food loss and waste contribute to food shortage, water stress, biodiversity loss and increased greenhouse gas emissions.

As a food and beverage manufacturer, F&N wants to optimise our position to minimise food wastage throughout our entire value chain.

Thus, alongside cutting production waste to landfills by 30%, we are committed to reducing food loss/waste by:

- Reducing food loss throughout our value chain, from sourcing, manufacturing and logistics; and
- Collaborating with our business partners to reduce food waste

Our framework for managing food loss and waste is guided by the Food and Drink Material Hierarchy from the Food and Agriculture Organisation of the United Nations. Together with upstream and downstream partners in our value chain, we will focus on Prevention, Optimisation, Recycling and Recovery initiatives to minimise food wastage along our value chain.



### Raw Materials

- We work closely with our suppliers to ensure our raw materials are of set standards and quality.
- We track, measure and monitor any losses of our raw materials on monthly basis to reduce food loss.



### Collaboration with Partners

- We team up with our both partners to constantly look for innovative initiatives/programmes to reduce food loss, or reuse food loss for alternative usage, for example transforming sludge into fertilisers for farmers.



### Production Processes

- To manage the food loss, we regularly track, measure and monitor any losses during our manufacturing processes.
- From there, we improve our food loss management by identifying key categories and waste streams.
- We strive to reduce the impacts from our operations, and this means complying with, and going beyond relevant regulations.



### Managing Food Surplus

- To manage the food surplus, we regularly track, measure and monitor any losses during retail processes.
- We channel our surplus food to the organisations and community in need.

Various initiatives have been implemented towards this end, including:

- Collaborating with partners to re-use food loss, for example transforming sludge into fertilisers

In 2021, 100% of industrial sludge from production are converted into organic fertiliser and distributed to local farmers. Over 1,247 metric tonnes of industrial sludge from our wastewater treatment plants were converted into fertiliser.

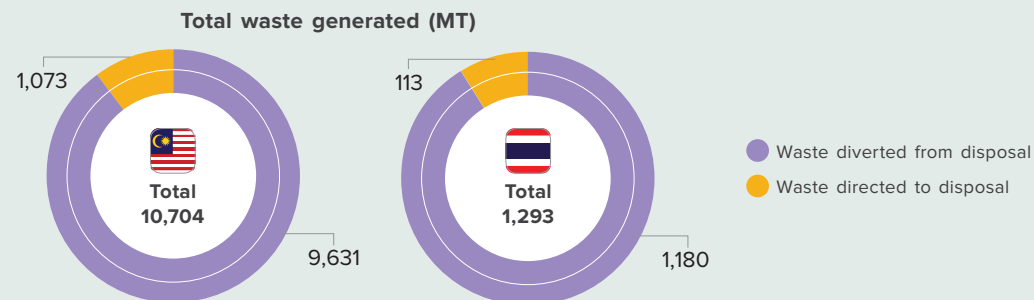
- Channelling surplus food to charitable organisations and communities in need

Since 2019, we have established a partnership with Yayasan Food Bank Malaysia to support the Food Bank Siswa programme. We have also supported various communities in need with surplus food.

PERFORMANCE

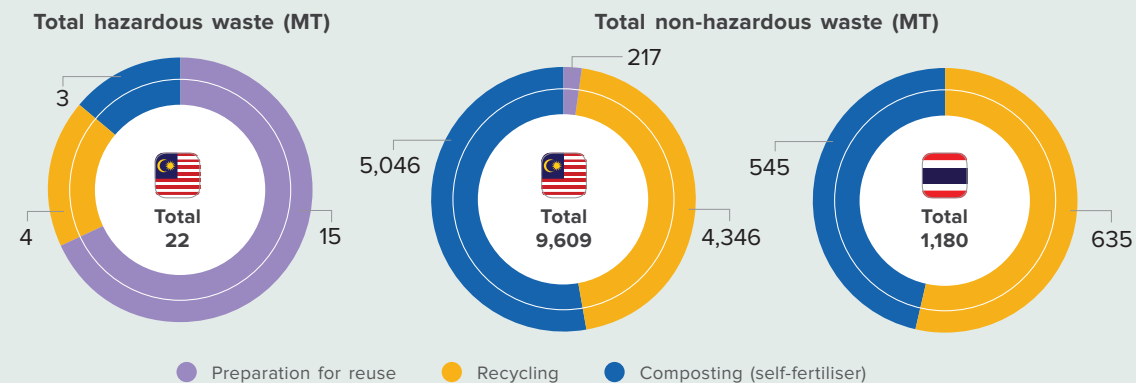
GRI 306-3 (2020)

Waste generated



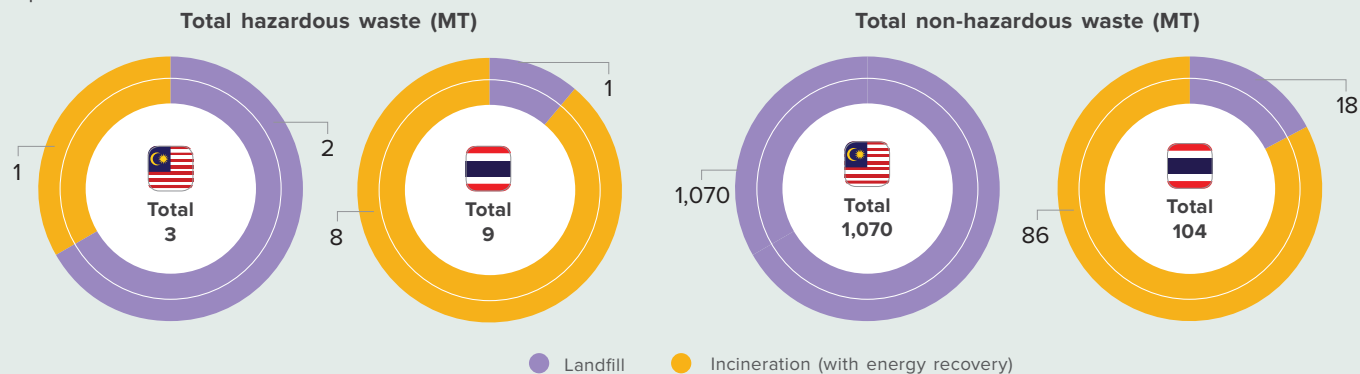
GRI 306-4 (2020)

Waste diverted from disposal



GRI 306-5 (2020)

Waste directed to disposal



Total Solid Waste Produced

10,703 MT

1,292 MT

Solid Waste Reused, Recycled or Recovered

9,631 MT

1,273 MT

● Malaysia ● Thailand



Percentage of Waste Reused, Recycled or Recovered

90%

99%

Over 91% of solid waste was reused, recycled or recovered during the year.

# Value Chain Impacts

Looking at our products' life cycle beyond our operational boundaries and considering the environmental impacts of our products, F&N also considers packaging waste and biodiversity as a highly important material issue to address in the value chain. We look into ways to improve packaging and inputs used to produce our products to improve sustainability through innovation and sourcing. This year, we also had new commitments to protect biodiversity and natural ecosystems.

More information  
can be found in the  
following sections:



Packaging



Biodiversity





PACKAGING



SDG 12:  
Responsible Consumption  
and Production



SDG 17:  
Partnerships for  
the Goals

GRI Index: GRI 301-1, GRI 301-2

With the increase in awareness of the environmental impacts of single-use plastics, consumers and stakeholders are actively demanding companies to take action and come up with a sustainable solution towards this issue. Together with pressure from various stakeholders, governments around the world have introduced many environmental policies that are designed to encourage companies to change how their products are being produced. For example, Thailand government’s introduction of a ‘Roadmap on plastic waste management 2018-2030’ and Malaysia’s Plastic Sustainability Roadmap will have an impact on the F&B industry.

As a food and beverage company, F&N views packaging as one of critical aspects where we could make positive impacts on the society and the environment by seeking out sustainable packaging solutions and designing products to encourage recyclability and circularity of the materials. This could lead to reduced resource intensity in our packaging.

APPROACH

Guaranteeing that our packaging will perform as it is designed to, as well as be aesthetically good and safe for our consumers is an industrial norm. At F&N, our focus is on designing for the environment, meaning our packaging will have minimum impact on the environment. We have set long term goals to increase the percentage of our packaging to contain recycled materials and that all our packaging is recyclable by 2025. Our strategies include investing in new innovations together with the integration of circular economy concepts and working closely with our stakeholders to find packaging solutions.

F&N’s approach is focused on:

- **Reducing the amount of materials used in our packaging**  
We are reducing the volume of packaging materials used as a percentage of product. We are minimising materials that are not favourable to the environment in our labels and flexibles by switching to PET and laminate paper packaging.
- **Increasing the usage of sustainable packaging materials**  
We are working to include more recycled content in the packaging materials, as well as sourcing more renewable and bio-based packaging materials such as sugarcane-based plastic. We are working to find new suppliers who can meet our requirements for sustainable packaging materials including rPET.
- **Designing packaging to be recyclable**  
We are increasing the recyclability of the primary and secondary packaging used in our products. This requires us to address challenging packaging materials such as labels and be flexible in order to find alternative solutions.

To close the loop, F&N has partnered with local councils, recycling partners and non-governmental organisations (NGOs) to generate awareness of recycling and the 5R concept amongst school-going children. At the same time, F&N seek to tackle post-consumer packaging waste through industry collaboration such as the Malaysian Recycling Alliance (MAREA).



Read more in “Our Key Partnerships & Collaboration”, on pages 038 to 039 of this SR.

OUR 2025 COMMITMENTS

TARGET

- Increase the average recycled content in our packaging to **25%**

Progress

- The average recycled content in our packaging has **improved from 20% in FY2020 to 22% in FY2021.**
- At F&NHB, we have also set an additional target to have **100% of our packaging recyclable** by 2025.

INITIATIVES

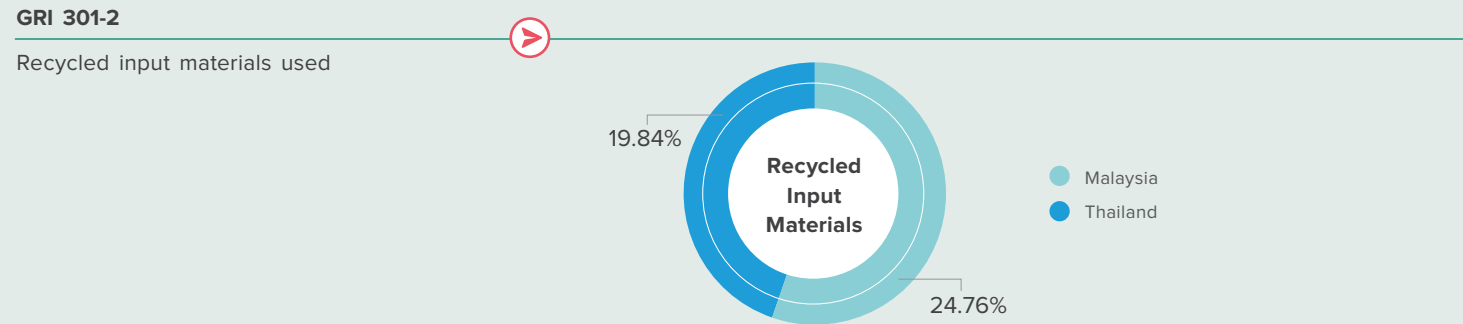
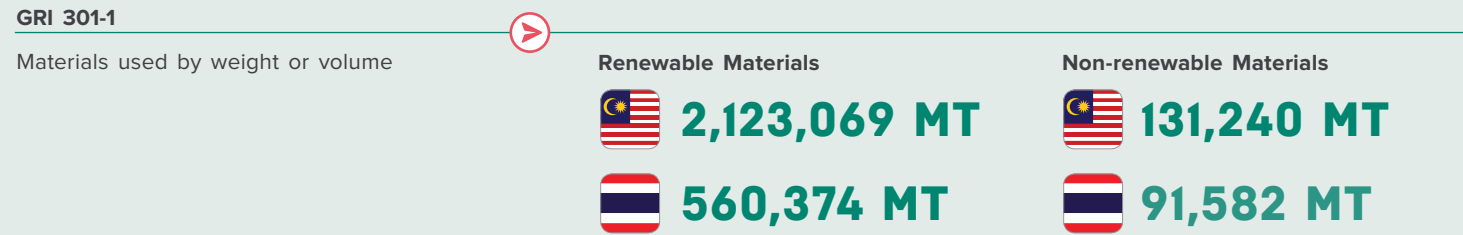
Secondary Packaging Reduction

The stretch wrap is necessary to protect the products when they are being shipped from our factory. This process will consume large amounts of stretch film, with each wrap cycle requiring 200 grams of stretch film. Our team in Thailand came out with an innovative idea by modifying the roping device. As a result, the usage of plastic film wrap has been reduced by 60%, with cost savings of almost THB100,000 within 6 months.

Sustainable Packaging

Our eco-friendly packaging F&N ICE MOUNTAIN drinking water is made from FSC certified paper that can be recycled and equipped with a bio-based bottle cap made out of sugar cane.

PERFORMANCE



BIODIVERSITY



SDG 15:  
Life on Land



SDG 17:  
Partnerships for the Goals

**GRI Index:** GRI 304-1

Our future strongly depends on biodiversity and healthy ecosystems. In recent decades, our world is experiencing biodiversity loss and ecosystem degradation at an unprecedented pace. The F&N business is dependent on ingredients and materials such as palm oil, sugar and paper, and the natural environment may in turn be impacted by the F&N business, especially upstream of the supply chain.

As such, we recognise the importance of sustainable sourcing, and our role in ensuring healthy natural ecosystems together with our suppliers. It is necessary to be aware of our biodiversity-related risks so to properly manage our operations in areas where biodiversity is rich. Currently, F&N looks into sustainable sourcing of palm oil (begin to use physical certified physical palm oil) and paper (100% FSC-certified paper products used in carton packaging of chilled beverages).



Read more in “Supply Chain Stewardship”, on pages 059 to 063 of this SR.

APPROACH

This year, F&N is considering biodiversity as a material issue for the first time. We have established a statement, which serves as a foundation for biodiversity management at F&NHB.

We aim to protect biodiversity and ecosystems through the following commitments:

- 1 Avoid deforestation in our supply chain.
- 2 Avoid operating and developing in close proximity to nationally, or internationally recognised areas of high biodiversity value, including World Heritage areas, International Union for Conservation of Nature (IUCN) Category I-IV protected areas, RAMSAR Sites and key biodiversity areas.
- 3 In any circumstance where our production sites or a proposed project is located within, or depend upon, areas of high biodiversity value. We will apply the following mitigation hierarchy:
  - a. **Avoidance**  
Avoid operating and developing in areas of high biodiversity value.
  - b. **Minimisation**  
Implement measures/initiatives to monitor and minimise the impacts on biodiversity from our operations.
  - c. **Restoring**  
Seek to restore/rehabilitate areas where impacts cannot be prevented.
  - d. **Offset**  
Consider biodiversity compensation/offsets measures, where there is residual impact.
- 4 In managing potential biodiversity risk, we will engage with necessary stakeholders, including local authorities and the community in close proximity, to ensure the appropriate mitigation strategy is developed to minimise impacts to as low as reasonably possible. We are also committed to collaborating with external partners such as biodiversity experts to support our biodiversity assessment and management process.

These commitments are applicable to all current and future operational sites at F&N. At all 9 operational sites in Malaysia and Thailand, F&N shall ensure group-wide compliance with the biodiversity commitments through monitoring systems as part of the company’s environmental policy. We also encourage our suppliers and business partners to commit to protecting the biodiversity and ecosystems in their operations through our Sustainable Agriculture Guideline, where we engage and work with our suppliers to build an environmentally and socially responsible supply chain.

PERFORMANCE

**GRI 304-1**



Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

- None of our operational sites are in or adjacent to protected areas and areas of high biodiversity value outside protected areas.





# Other Information

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Performance Summary  
Independent Assurance Statement  
GRI Content Index

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# Performance Summary

FY2017	FY2018	FY2019	FY2020	FY2021
				

## RESPONSIBLE BUSINESS PRACTICE

### Material Topic: Governance & Ethics

<b>GRI 205-3</b> Confirmed incidents of corruption and actions taken^	Total number of confirmed incidents of corruption	Case	–	0	0
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### Material Topic: Policy & Regulation

<b>GRI 307-1</b> Non-compliance with environmental laws and regulations^	Total number of incidents of non-compliance with environmental laws and regulations	Case	–	0	0
<b>GRI 419-1</b> Non-compliance with laws and regulations in the social and economic area^	Total number of incidents of non-compliance with laws and regulations in the social and economic area	Case	–	0	0

### Material Topic: Economic Performance

<b>GRI 201-1</b> Direct economic value generated and distributed	Direct economic value generated	RM million	4,101.4	3,871.0**	4,077.1	3,988.5	4,130.9
	Revenue	RM million	4,101.4	3,871.0**	4,077.1	3,988.5	4,130.9
	Economic value distributed	RM million	3,323.0	3,264.1**	3,451.8	3,388.4	3,530.8
	Annual dividend	RM million	210.8	210.8	210.9	220.1	220.1
	Cost of sales		2,732.9	2,721.3**	2,810.4	2,758.1	2,936.7
	Employee benefit expenses		348.9*	294.4	307.8	297.4	289.7
	Income tax expenses		30.4	37.6	122.7	112.8	84.3
	Economic value retained	RM million	778.4*	606.9**	625.3	600.1	600.1

\* "Other employee benefits" were excluded from "Employee benefit expenses" in FY2017.

\*\* Restated for adjustments pursuant to the adoption of MFRS 15, *Revenue from Contracts with Customers*.

^ New reporting scope since FY2021.













RESPONSIBLE PRODUCT STEWARDSHIP												
Material Topic: Product & Service Labelling												
<b>GRI 417-1</b> 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	%	100.0	100.0	100.0	100.0	100.0	100.00	100.0	100.0	100.0	100.0
<b>GRI 417-2</b> 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	Case	0	0	0	0	0	0	0	0	0	0

RESPONSIBLE SUPPLY CHAIN												
Material Topic: Supply Chain Stewardship												
<b>GRI 204-1</b> Proportion of spending on local suppliers	Percentage of local suppliers	%	92.2	96.0	99.9	95.9	93.7	96.0	92.4	96.2	91.8	95.0
	Percentage of purchase value spent on local suppliers		64.6	82.1	73.2	84.5	77.8	81.5	72.3	77.7	76.5	78.6
<b>GRI 308-1</b> New suppliers that were screened using environmental criteria^	Number of new suppliers screened using environmental criteria	Company	—								211	84
<b>GRI 414-1</b> New suppliers that were screened using social criteria^	Number of new suppliers screened using social criteria	Company									211	84

^ New reporting scope since FY2021.

PERFORMANCE SUMMARY

			FY2017		FY2018		FY2019		FY2020		FY2021	
												
CREATE VALUE FOR SOCIETY												
Material Topic: Nutrition												
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	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
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	Case	0	0	0	0	0	0	0	0	0	0
Material Topic: Community Development & Inclusive Growth												
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	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Material Topic: Human Rights												
GRI 412-1 Operations that have been subject to human rights reviews or impact assessments^	Percentage of operations that have been subject to human rights reviews or impact assessments	%	—								100.0	100.0

^ New reporting scope since FY2021.



FY2017	FY2018	FY2019	FY2020	FY2021
				
				

EMPOWER OUR PEOPLE												
Material Topic: Human Capital Management												
GRI 401-1 New employee hires and employee turnover	Total new employee hires	Person	163	85	211	78	191	103	156	48	182	54
	– Age under 30 years old		94	46	115	53	116	71	62	27	61	32
	– Age between 30 – 50 years old		63	39	90	25	63	32	77	20	105	22
	– Age over 50 years old		6	0	6	0	12	0	17	1	16	0
	– Male		101	53	133	57	132	74	112	33	119	34
	– Female		62	32	78	21	59	29	44	15	63	20
	Total employee turnover		611	55	170	84	158	83	135	48	147	54
	– Age under 30 years old		157	18	60	28	71	33	34	12	48	14
	– Age between 30 – 50 years old		297	36	99	52	81	43	61	30	89	32
	– Age over 50 years old		157	1	11	4	6	7	40	6	10	8
	– Male		402	33	100	54	96	68	86	28	87	34
	– Female		209	22	70	30	62	15	49	20	60	20
GRI 401-3 Parental Leave <sup>^</sup>	Total number of employees entitled to parental leave	Person	–								1,596	256
	– Male										1,151	0
	– Female										445	256
	Total number of employees who took parental leave										55	3
	– Male										31	0
	– Female										24	3
	Total number of employees who returned to work after parental leave ended										55	3
	– Male										31	0
	– Female										24	3

<sup>^</sup> New reporting scope since FY2021.

# PERFORMANCE SUMMARY

FY2017	FY2018	FY2019	FY2020	FY2021
				

EMPOWER OUR PEOPLE (Cont'd)												
Material Topic: Human Capital Management (Cont'd)												
GRI 401-3 Parental Leave^ (Cont'd)	Total number of employees after returning to work were still employed after 12 months	Person	–								46	3
	– Male										30	0
	– Female										16	3
	Return to work rate	%									100	100
	– Male										0	0
	– Female										100	100
	Retention rate	%									84	100
	– Male										0	0
	– Female										67	100
GRI 404-1 Average hours of training per year per employee	Total training hours	Hours	23,474	14,484	33,062	14,512	38,299	19,275	36,317	13,376	33,184	9,201
	– Male		12.08	17.50	17.33	19.02	17.41	27.40	18.89	20.68	18.01	12.42
	– Female		12.47	28.67	16.29	27.10	25.78	30.27	24.42	18.49	24.57	15.62
	– Executives		14.98	35.44	25.58	41.51	29.42	39.29	28.10	25.21	30.88	23.93
	– Non-executives		10.64	12.34	14.56	8.61	13.54	20.85	14.87	16.08	12.63	6.33
	Average hours of training per employee per year		12.20	21.78	17.02	22.05	19.91	28.51	18.70	19.85	19.86	13.63
	Group average hours of training per employee per year		14.70		16.77		22.14		19.00		18.07	
GRI 404-3 Percentage of employees receiving performance and career development regular reviews^	Total employees who receive performance and career development reviews	Person	–								834	646
	– Executive Level										15	5
	– Middle Management										116	27
	– Department Head/Supervisor										214	81
	– Senior Officer										358	316
	– Officer										131	217
	– Male										505	398
	– Female										329	248

^ New reporting scope since FY2021.

FY2017	FY2018	FY2019	FY2020	FY2021
				

EMPOWER OUR PEOPLE (Cont'd)						
Material Topic: Human Capital Management (Cont'd)						
GRI 405-1 (206) Diversity of governance bodies and employees	Total directors	Person	–	11	11	
	– Age under 30 years old		–	0	0	
	– Age between 30 – 50 years old			1	1	
	– Age over 50 years old			10	10	
	– Male			8	8	
	– Female			3	3	
	– Independent Non-executive Director			6	6	
	– Non-independent Non-executive Director			5	5	
	Total employees		–	1,942	674	1,672
	– Age under 30 years old		–	304	154	201
	– Age between 30 – 50 years old			1,258	429	1,156
	– Age over 50 years old			380	91	315
	– Male			1,374	428	1,204
	– Female			568	246	467
	– Executive Level			12	5	12
	– Middle Management			149	26	123
	– Department Head/Supervisor			250	92	222
	– Senior Officer			427	304	386
	– Officer			1,104	247	928

Material Topic: Employee Safety, Health & Well-being									
GRI 403-9 (2018) Work-related injuries	Employee recordable work-related injuries	Case	–	10	0	6	6	0	0
	– Fracture	Case	–	2	0	1	0	0	0
	– Burns	Case		2	0	0	0	0	0

PERFORMANCE SUMMARY

FY2017	FY2018	FY2019	FY2020	FY2021
				
				

EMPOWER OUR PEOPLE (Cont'd)												
Material Topic: Employee Safety, Health & Well-being (Cont'd)												
GRI 403-9 (2018) Work-related injuries (Cont'd)	– Lacerations	Case	–				1	0	2	0	0	0
	– Others	Case					5	0	3	6	0	0
	High-consequence work-related injuries	Case					0	0	0	0	0	0
	Work-related Fatalities	Case	0	0	0	0	0	0	0	1	0	0
	Lost Time Injury Frequency Rate (LTIFR)	Case/ million hours	1.93	0	1.66	0	1.84	0	1.27	4.30	0	0
	Group Lost Time Injury Frequency Rate (LTIFR)	Case/ million hours	1.84		1.38		2.19		1.97		0.00	
	Non-employee recordable work-related injuries	Case	–				7	0	5	1	3	0
	– Fracture	Case	–				2	0	2	1	0	0
	– Burns	Case					0	0	1	0	0	0
	– Lacerations	Case					1	0	2	0	1	0
	– Others	Case					4	0	0	0	2	0
	High-consequence work-related injuries	Case					0	0	0	0	0	0
	Work-related Fatalities	Case					0	0	0	0	0	0
	Lost Time Injury Frequency Rate (LTIFR)	Case/ million hours					2.36	0	1.58	1.00	1.68	0
	Group Lost Time Injury Frequency Rate (LTIFR)	Case/ million hours					–				1.79	

FY2017		FY2018		FY2019		FY2020		FY2021	
									

EMPOWER OUR PEOPLE (Cont'd)									
Material Topic: Employee Safety, Health & Well-being (Cont'd)									
GRI 403-10 (2018) Work-related ill-health	Employee recordable work-related ill health	Case	–	0	0	0	1	0	0
	Work-related fatalities	Case	–	0	0	0	1	0	0
	Work-related ill health rate	Case		0	0	0	0	0	0
	Group Work-related Ill Health Rate	Case/ million hours	–	0		0		0	
	Non-employee recordable work-related ill health	Case	–	0	0	0	0	0	0
	Work-related fatalities	Case	–	0	0	0	0	0	0
	Work-related ill health rate	Case		0	0	0	0	0	0
	Group Work-related Ill Health Rate	Case/ million hours	–	0		0		0	



# PERFORMANCE SUMMARY



OPERATIONAL ECO-EFFICIENCY												
Material Topic: Energy and Climate Change^^												
GRI 302-1 Energy consumption within the organisation	Total energy consumption within the organisation	MJ	575,608,770	322,063,159	578,950,496	338,336,407	719,921,494	337,912,592	633,775,631	313,845,400	694,025,080	332,199,160
	– Natural Gas	MJ	345,453,676	216,232,348	354,117,096	225,313,749	433,950,315	229,361,825	382,432,480	213,371,208	412,726,281	230,914,430
	– Diesel		23,782,122	0	24,908,754	0	26,862,654	0	2,777,147	185,859	251,855	0
	– Biodiesel		0	0	0	0	0	15,235,027	8,186	19,962,496	162,069	
	– Liquefied Petroleum Gas		4,850,700	0	3,941,700	0	3,316,611	0	1,812,430	1,777,924	13,840,500	1,858,650
	– Solar		0	0	0	0	0	0	2,598,494	0	5,076,947	
	– Fuel Oil		0	18,828,126	0	20,371,319	0	17,271,792	0	13,965,900	0	12,553,699
	– Electricity		201,522,272	87,002,685	195,982,946	92,651,339	255,791,914	91,278,975	231,518,547	83,909,797	247,243,948	81,634,165
GRI 302-3 Energy intensity	Total energy intensity ratio	MJ/MT	795.58	1070.85	761.26	1106.03	818.85	1001.19	832.76	955.29	903.52	927.03
	Group total energy intensity ratio	MJ/MT	876.41		860.16		895.51		865.38		911.00	
	Energy intensity ratio											
	– Natural Gas	MJ/MT	477.47	718.97	465.63	736.56	514.71	679.25	498.54	643.76	537.31	644.38
	– Diesel		32.87	0	32.75	0	31.86	0	3.69	0.56	0.33	0
	– Biodiesel		0	0	0	0	0	0	20.26	0.02	25.99	0.45
	– Liquefied Petroleum Gas		6.70	0	5.18	0	3.93	0	2.41	5.36	18.02	5.19
	– Solar		0	0	0	0	0	0	0	7.84	0	14.17
	– Fuel Oil		0	62.60	0	66.59	0	51.07	0	42.14	0	35.03
– Electricity	278.53		289.28	257.70	302.88	303.40	269.92	307.86	253.16	321.88	227.81	



OPERATIONAL ECO-EFFICIENCY (Cont'd)												
Material Topic: Energy and Climate Change^^ (Cont'd)												
GRI 305-1 Direct (Scope 1) GHG emissions (CO <sub>2e</sub> )	Total Direct GHG emissions (equivalent)	MTCO <sub>2e</sub>	21,518	13,319	22,017	13,926	26,435	14,204	21,213	13,177	24,046	14,043
	Direct GHG emissions											
	– Natural gas	MTCO <sub>2e</sub>	19,380	12,131	19,866	12,640	24,235	12,867	20,893	11,970	23,154	12,954
	– Diesel		1,762	0	1,846	0	1,991	0	206	14	19	0
	– Biodiesel		0	0	0	0	0	0	106	1	1,479	12
	– Liquefied petroleum gas		375	0	305	0	209	0	114	112	873	117
	– Fuel oil		0	1,188	0	1,285	0	1,337	0	1,081	0	972
GRI 305-2 Energy indirect (Scope 2) GHG emissions (CO <sub>2e</sub> )	Total Indirect GHG emissions (equivalent)	MTCO <sub>2e</sub>	23,780	10,266	23,126	10,933	30,183	10,771	27,319	9,901	29,175	9,633
GRI 305-4 Greenhouse gas (GHG) emissions intensity	Total GHG emissions (equivalent)	MTCO <sub>2e</sub>	45,297	23,585	45,143	24,858	56,618	23,638	48,532	23,078	53,221	23,676
	Total GHG emissions intensity ratio	MTCO <sub>2e</sub> /MT	0.063	0.078	0.059	0.081	0.063	0.070	0.065	0.070	0.069	0.066
	Group total GHG emissions intensity ratio	MTCO <sub>2e</sub> /MT	0.067		0.066		0.069		0.066		0.068	

# PERFORMANCE SUMMARY



OPERATIONAL ECO-EFFICIENCY (Cont'd)												
Material Topic: Water Stewardship^^												
GRI 303-3 (2018) Water withdrawal by source	Total volume of water withdrawal	m <sup>3</sup>	1,999,598	480,805	1,650,383	521,193	2,180,527	520,236	2,019,020	461,213	2,096,595	487,472
	– Surface water	m <sup>3</sup>	180,200	0	171,286	0	0	0	335	0	0	0
	– Ground water		650,388	0	91,217	0	102,160	0	102,058	0	113,040	0
	– Rainwater collected directly and stored by F&N		431	0	290	0	0	0	0	0	0	0
	– Municipal water supplies or other water utilities		1,168,579	480,805	1,387,590	521,193	2,078,367	520,236	1,916,627	461,213	1,983,555	487,472
GRI 303-4 (2018) Water discharge	Total water discharge by destination	m <sup>3</sup>	824,297	228,771	1,120,007	263,407	1,061,609	220,056	1,218,381	180,114	1,220,706	230,983
	– Surface water	m <sup>3</sup>	810,131	0	1,106,055	0	659,501	0	786,513	0	883,720	0
	– Ground water		0	0	0	0	3,949	0	10,152	0	15,040	0
	– Seawater		0	0	0	0	270,785	0	302,570	0	317,571	0
	– Third-party water treatment and usage		14,166	228,771	13,952	263,407	127,374	220,056	119,147	180,114	4,375	230,983
GRI 303-5 (2018) Water consumption	Total volume of water consumption	m <sup>3</sup>	–				1,138,596	300,180	800,639	281,099	875,889	256,489
Water intensity	Total volume of water withdrawal	m <sup>3</sup>	1,999,598	480,805	1,650,383	521,193	2,180,527	520,236	2,019,020	461,213	2,096,595	487,472
	Water intensity ratio	m <sup>3</sup> /MT	2.76	1.60	2.17	1.70	2.59	1.54	2.68	1.39	2.73	1.36
	Group water intensity ratio	m <sup>3</sup> /MT	2.06		2.04		2.29		2.29		2.29	



OPERATIONAL ECO-EFFICIENCY (Cont'd)									
Material Topic: Waste Management									
GRI 306-3 (2020) Waste Generated	Total waste generated	MT	–	12,730	1,523	10,882	1,605	10,704	1,293
	Waste diverted from disposal	MT	–	10,967	1,426	9,842	1,498	9,631	1,180
	– Hazardous waste			8	0	27	0	22	0
	– Non-hazardous waste			10,959	1,426	9,816	1,498	9,609	1,180
	Waste directed to disposal			1,763	97	1,040	107	1,073	113
	– Hazardous waste			14	16	20	17	3	9
	– Non-hazardous waste			1,749	81	1,020	89	1,070	104
GRI 306-4 (2020) Waste diverted from disposal	Total hazardous waste	MT	–	8	0	27	0	22	0
	Offsite								
	– Preparation for reuse	MT	–	8	0	27	0	15	0
	– Recycling			0	0	0	0	4	0
	– Composting (self-fertiliser)			0	0	0	0	3	0
	– Chemical waste water treatment			0	0	0	0	0	0

# PERFORMANCE SUMMARY



OPERATIONAL ECO-EFFICIENCY (Cont'd)									
Material Topic: Waste Management (Cont'd)									
GRI 306-4 (2020) Waste diverted from disposal (Cont'd)	Total non-hazardous waste	MT	–	10,959	1,426	9,816	1,498	9,609	1,180
	Offsite								
	– Preparation for reuse	MT	–	257	0	175	0	217	0
	– Recycling			4,507	1,426	4,507	1,446	4,346	635
	– Composting (self-fertiliser)			6,195	0	5,133	52	5,046	545
	– Chemical waste water treatment			0	0	0	0	0	0
GRI 306-5 (2020) Waste directed to disposal	Total hazardous waste	MT	–	14	16	20	17	3	9
	Offsite								
	– Landfill	MT	–	3	3	3	7	2	1
	– Incineration (with energy recovery)			12	13	17	10	1	8
	– Incineration (without energy recovery)			0	0	0	0	0	0
	Total non-hazardous waste	MT	–	1,749	81	1,020	89	1,070	104
	Offsite								
	– Landfill	MT	–	1,749	56	1,020	20	1,070	18
	– Incineration (with energy recovery)			0	25	0	69	0	86
	– Incineration (without energy recovery)			0	0	0	0	0	0





VALUE CHAIN IMPACT					
Material Topic: Packaging					
GRI 301-1 Materials used by weight or volume <sup>^</sup>	Total materials	MT	-	2,254,308	651,955
	– Renewable materials	MT		2,123,069	560,374
	– Non- renewable materials			131,240	91,582
GRI 301-2 Recycled Input Materials <sup>^^^</sup>	– Percentage of recycled input materials	%	-	24.76	19.84

Material Topic: Biodiversity					
GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas <sup>^</sup>	Percentage of operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	%	-	0	0

<sup>^</sup> New reporting scope since 2021

<sup>^^</sup> Environmental data for Shah Alam exclude the trials and commissioning

<sup>^^^</sup> Data for packaging material only

# LR Independent Assurance Statement

## Relating to Fraser & Neave Holdings Bhd's data for selected GRI indicators for the fiscal year 2021 (1<sup>st</sup> October 2020 – 30<sup>th</sup> September 2021)

This Assurance Statement has been prepared for Fraser & Neave Holdings Bhd in accordance with our contract but is intended for the readers of this Report.

### Terms of engagement

Lloyd's Register Quality Assurance Limited (LR) was commissioned by Fraser & Neave Holdings Bhd (F&NHB), to provide independent assurance on its selected GRI indicators ("the data") against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using LR's verification procedure. LR's verification procedure is based on current best practice, is in accordance with ISAE 3000<sup>1</sup> and uses the following principles of - inclusivity, materiality, responsiveness and reliability of performance data.

Our assurance engagement covered F&NHB's operations and activities in Malaysia and Thailand specifically the following requirements:

- Confirming whether the selected economic, environmental and social indicators below were compiled according to GRI's Standard 2016.
- Evaluating the reliability of data and information for only the selected environmental and social indicators listed below:

#### *Economic:*

- GRI 201-1 Direct economic value generated and distributed (Community investment)

#### *Environmental*

- GRI 302-1 Energy consumption within the organization
- GRI 302-3 Energy intensity
- GRI 303-3 to 5 (2018 edition) Water withdrawal, Water discharge and Water consumption
- GRI 305-1 Direct (Scope 1) GHG emissions
- GRI 305-2 Energy indirect (Scope 2) GHG emissions
- GRI 305-4 GHG emissions intensity
- GRI 306-3 to 5 (2020 edition) Waste generated, Waste diverted from disposal and Waste directed to disposal

#### *Social*

- GRI 403-8 (2018 edition) Workers covered by an occupational health and safety management system
- GRI 403-9 and 10 (2018 edition) Work-related injuries and Work-related ill health
- GRI 404-1 Average hours of training per year per employee
- GRI 404-3 Percentage of employees receiving regular performance and career development reviews
- GRI 413-1 Operations with local community engagement, impact assessments, and development programs

Our assurance engagement excluded the data and information of F&NHB's suppliers, contractors and any third-parties mentioned in the report.

LR's responsibility is only to F&NHB. LR disclaims any liability or responsibility to others as explained in the end footnote. F&NHB's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of F&NHB.

<sup>1</sup> GHG quantification is subject to inherent uncertainty.

### LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe that F&NHB has not, in all material respects:

- Met the requirements above
- Disclosed reliable performance data and information as no errors or omissions were detected

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

**Note:** The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### LR's approach

LR's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing F&NHB's data management systems to confirm that there were no significant errors, omissions or mis-statements in the data. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Sampling F&NHB's performance data for the selected GRI indicators (FNBM Plant in Kota Kinabalu, Malaysia) and the consolidated final data at F&NHB's corporate level.

### Observations

Further observations and findings, made during the assurance engagement, are:

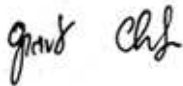
- Reliability: Data management systems are established and centralized for the data and information collection and calculation associated with the selected GRI indicators. However, we believe that F&NHB should work together with supply chains to improve the quality and reliability of data reported in the future, typically for reporting of GHGs and OH&S performance.

### LR's standards, competence and independence

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification is the only work undertaken by LR for F&NHB and as such does not compromise our independence or impartiality.

Dated: 14<sup>th</sup> November 2021



Opart Charuratana  
LR Lead Verifier

On behalf of Lloyd's Register Quality Assurance Ltd  
Lloyd's Register International (Thailand) Limited  
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# GRI

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<b>413-1</b>	Operations with local community engagement, impact assessments, and development programs	Community Development and Inclusive Growth – Performance (Pages 074 to 075)

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103-2	The management approach and its components	Human Rights (Pages 076 to 081)
103-3	Evaluation of the management approach	Human Rights (Pages 076 to 081)
412-1	Operations that have been subject to human rights reviews or impact assessments	Human Rights – Performance (Page 081)
<b>HUMAN CAPITAL DEVELOPMENT</b>		
103-1	Explanation of the material topic and its Boundary	Human Capital Development (Pages 083 to 089)
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401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	Human Capital Development (Page 085)
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404-1	Average hours of training per year per employee	Human Capital Development – Performance (Page 089)
404-2	Programs for upgrading employee skills and transition assistance programs	Human Capital Development (Page 086)
404-3	Percentage of employees receiving regular performance and career development reviews	Human Capital Development – Performance (Page 089)
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103-1	Explanation of the material topic and its Boundary	Employee Safety, Health & Well-being (Pages 090 to 093)
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103-3	Evaluation of the management approach	Employee Safety, Health & Well-being (Pages 090 to 093)
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403-3	Occupational health services	Employee Safety, Health & Well-being (Pages 090 to 093)
403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Safety, Health & Well-being (Pages 090 to 093)
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<b>103-2</b>	The management approach and its components	Energy and Climate Change (Pages 097 to 101)
<b>103-3</b>	Evaluation of the management approach	Energy and Climate Change (Pages 097 to 101)
<b>302-1</b>	Energy consumption within the organisation	Energy and Climate Change – Performance (Page 100)
<b>302-3</b>	Energy intensity	Energy and Climate Change – Performance (Page 100)
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