



Chairman's Message

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

Dear Shareholders & Stakeholders,

The financial year just ended was one of mixed blessings. On the one hand, protection against COVID-19 via vaccinations provided great mental and emotional relief as people have been able to resume social activities. Yet, economic recovery has been slow as scaled down production has not kept pace with recovering demand. Inflation has become our new pandemic, greatly elevating the cost of living. Additionally, our plant in Shah Alam was not spared from the massive floods in December 2021. Fortunately, quick thinking and excellent teamwork meant that our people were kept safe while physical damage and production disruption were greatly minimised.



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Despite the floods and increased costs, Fraser & Neave Holdings Bhd (F&NHB) continued to demonstrate resilience and make good headway in business strategies outlined under our Reimagine programme.

Most notably, we are strengthening our fourth business pillar of Halal Packaged Food through the acquisition of Cocoland Holdings Bhd and are resuming plans to venture into the upstream dairy industry through the acquisition of dairy farm lands.

While growing our business and reimagining better ways to do things, I'm pleased to share that we stayed true to our global values of Collaboration, Creating Value and Caring for our Stakeholders. These form the fundamentals at F&NHB and lend us the resilience that has seen the Group overcome many challenges throughout our history. Below, I would like to highlight some of the ways in which we have continued to create value during the year under review.

LIVING OUR GLOBAL VALUES

Our compassion came to the fore during the floods, which displaced some 22,000 Malaysians from their homes. To play our part in relief efforts, we contributed F&N Ice Mountain drinking water, 100PLUS and canned milk to affected areas via non-profit organisations like Red Crescent and Asia Crisis Response Alliance. We also distributed RM400,000 in crisis assistance funds to 224 affected employees.

Our employees, meanwhile, came together in a strong show of solidarity to safeguard each other and our assets. As a token of appreciation to all those who went beyond the call of duty, the Board presented a Special Chairman's Award for Flood Recovery to 12 individuals, three teams and two exemplary leaders. I would like to express my gratitude to everyone who participated in this mammoth effort. With the dedication and teamwork displayed, we can achieve anything.



Over the years, we have been investing into an increasingly healthier portfolio and in FY2022, we continued to introduce new products that either contain less sugar or that have added nutritional value. With these additions, more than half of our products today are endorsed with the Healthier Choice logo, and we aim to raise the figure to two-thirds by 2025. Towards this end, we have invested RM148 million into a liquid milk and plant-based beverages factory in Wang Muang, Thailand and are equipping our Pulau Indah plant with plant-based capabilities. This represents a strategic shift to grow our brand in the liquid milk segment.

We also continued to champion the dual importance of staying active and keeping hydrated in order to promote good health. In conjunction with World Hydration Day, we pioneered a four-day carnival called Hari Hidrasi Sedunia

100PLUS, at which more than 100,000 Malaysians took part in various physical activities and experienced the superior hydrating benefits of 100PLUS.

To promote the Halal industry and build the capacity of SMEs, we collaborated with the Halal Development Corporation Berhad (HDC) to launch a Halal Sourcing Partnership Programme aimed at uplifting and transferring knowledge to small and medium-sized enterprises. I am pleased to share that we have successfully onboarded one of the programme participants as our ingredient supplier and are looking forward to more in the coming year. During the year, F&NHB also participated in knowledge-sharing forums on topics related to Halal and sustainability, such as the 18th Malaysia International Halal Showcase (MIHAS) 2022 and World Halal Business Conference Australia 2022.



PROFIT BEFORE TAX
RM454.1
million

BASIC EARNINGS PER SHARE
104.5 sen

DIVIDEND FOR THE YEAR
60 sen
per share*

* Included proposed dividend of 33.0 sen, which will only be recognised in the financial statements upon shareholders' approval.

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Focused on our employees' well-being, we provided the opportunity for our staff to receive their second COVID-19 booster vaccination at our plants. We also ran an Environment, Health & Safety Month, during which experts presented health and waste management talks. Meanwhile, to allow for a better work-life balance, we are maintaining the technology-enabled hybrid work approach we adopted during the pandemic. We believe the flexibility offered would greatly benefit our employees, as well as attract fresh talents.

And, of course, we continue to motivate scholastic and extra-curricular excellence among our employees' children through the Chairman's Award. This year, we presented a total of RM218,000 in cash reward to 68 secondary and tertiary students who produced outstanding results.

Finally, it is with both pleasure and pride to share that, despite having gone through two-and-a-half years of a pandemic and continuing headwinds, the Group has been able to maintain our dividend. For the fourth year in a row, we are offering an interim single-tier dividend of 27.0 sen per share (amounting to RM99.0 million) and proposing a final dividend of 33.0 per share (amounting to RM121.0 million). On a related note, after two years of having to conduct virtual AGMs, I look forward to meeting our shareholders again in person during our AGM in January 2023.

SUSTAINABILITY AT THE CORE

At F&NHB, we are building our capability and capacity to strengthen our sustainability platform through robust governance, accountability, and training. The Board's Sustainability & Risk Management Committee (SRMC) oversees the Group's sustainability initiatives, while all employees are expected to play their part as sustainability-related key performance indicators (KPIs) are linked to their performance reviews.

Four training programmes were arranged for our directors and senior management this year to enhance overall knowledge of ESG matters. At the same time, 89 per cent of our employees underwent a total of 19,300 hours of ESG-related training. The training covered topics that are increasingly prioritised by our stakeholders, such as Human Rights, Cybersecurity, Climate Change and Biodiversity.

Climate change is undoubtedly one of our most urgent sustainability issues and accounts for a significant amount of our ESG investments. In February, we completed the installation of solar panels at our new plant in Wang Muang Thailand. Following that, the solar photovoltaic (PV) systems at three plants in Malaysia have begun generating renewable energy progressively since August this year.



Further underlining our commitment to climate change mitigation, we conducted our first Climate Risk and Opportunity Assessment this year as we embark on aligning our climate-related disclosures with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in our sustainability report.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

“ We are also making good progress on our sustainability goals outlined last year. We are on track with seven out of 12 targets set for 2025 and are undertaking various initiatives to accelerate our performance in the other five areas. ”



RECOGNITION AND RATINGS

As a result of increased focus on sustainability, we have been very pleased to see our overall score in the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Syariah Index improve from 4.1 in 2021 to 4.4, pushing up our ranking to the 97th percentile. This was mainly due to an increased focus on human rights, and strengthened disclosures based on our Human Rights Due Diligence Exercise.

F&NHB was also named the Best Performing Company in the Consumer Products & Services sector, and a Top 3 Performer in ASEAN at The Edge's inaugural ESG Awards 2022, undertaken in collaboration with Bursa Malaysia Berhad and FTSE Russel. In addition, we were one of the top 10 companies in the Beverages Industry in the 2022 S&P Global Corporate Sustainability Assessment (CSA), with a score of 71 (out of 100) and ranking in the 94th percentile out of 89 beverage companies assessed globally.

Meanwhile, our Thai operations won the Prime Minister's Industry Award in the category of Quality Management; and our Sustainability Report 2020 received the highest accolade – the Platinum – in the National Annual Corporate Report Awards (NACRA) 2021 for Best Reporting. We also gained recognition for contributing to the Halal industry, winning the Best Halal Achievement Award at the recent MIHAS Awards 2022.

In the area of human capital, F&NHB received a Bronze for Excellence in HR Communication Strategy at the HR Excellence Awards 2022 Malaysia. We were also named one of Malaysia's Best Employer Brands 2022 by the World HRD Congress and the Employer Branding Institute.

The above awards are not just testament to the quality of our systems and processes but also our commitment to excellence. The recognition gained helps us communicate this commitment to our stakeholders and identify strengths and opportunities for further improvement.



ACKNOWLEDGEMENTS

I would like to express my appreciation to our stakeholders for the many successes F&NHB has continued to make despite operating in a challenging environment. The list includes our consumers, customers, business partners, shareholders, employees, and directors – all of whom play different yet equally important roles in enabling F&NHB to achieve our business objectives sustainably.

The commitment shown by our employees has been incredibly heart-warming, and I have no doubt that their team spirit will extend to our new colleagues from Cocoaland. On behalf of the Board, I would also like to wish our new members a warm welcome to the F&NHB family.

At the Board level, we bid farewell to Mr Lee Meng Tat, who retired from his position as a Non-Independent Non-Executive Director as of 10 June 2022, after more than six-and-a-half years on the Board; and Dato' Jorgen Bornhoft who will be retiring after the Annual General Meeting, after having served the Board as a Non-Independent Non-Executive Director for nine years and eight months. I would like to record our appreciation for their invaluable contributions to the Group and wish them the best in future undertakings.

At the same time, we would like to welcome Dato' Ng Wan Peng, previously an alternate to Dato' Sri Johan Tazrin bin Hamid Ngo, as a full-fledged Independent Non-Executive Director; as well as Mr Kosit Suksingha, our new Non-Independent Non-Executive Director, and his alternate, Mrs Tongjai Thanachanan.

Mr Kosit Suksingha holds various leadership positions within Thai Beverage Group of Companies and is a nominee director of Fraser and Neave, Limited (FNL). Mrs Tongjai Thanachanan is the Senior Vice President, Chief Sustainable Business Development at Thai Beverage. All three bring immense corporate experience that will contribute to F&NHB's continued growth and value creation.

It is noteworthy that we now have four women Directors out of 11, exceeding the 30 per cent requirement under the Malaysian Code on Corporate Governance. Board diversity is something we will maintain as we continue to build our sustainability as an organisation.



ENTERING A NEW ERA

As we approach our 140th anniversary, we have a lot to celebrate about the company's history. But more importantly, we want this to be a celebration of the future.

It is very exciting that, as we exit the pandemic, we are entering a new era for F&NHB as we complete the acquisitions of Cocoaland and dairy farm lands. Both the upstream milk and Halal food sectors hold great potential for further growth as people are becoming more conscious and selective in what they consume. I am confident that the development of our two new business pillars will create many new opportunities for us, our customers, and our employees, enabling continued value creation for everyone.

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