

Chairman's Message

TENGGU SYARIF
BENDAHARA PERLIS
SYED BADARUDIN
JAMALULLAIL IBNI
ALMARHUM TUANKU
SYED PUTRA JAMALULLAIL

Chairman



Dear Shareholders and Stakeholders,

The effects of COVID-19 on the economy and our lives have made almost everyone re-evaluate what is, and should be, important to us. At F&NHB, it further reinforced our Global Values, namely Collaboration, Creating Value and Caring for Stakeholders.

The year saw a heightened level of collaboration, not only internally among our employees but also between F&NHB, our business partners and the community. Such collaboration, together with countless other initiatives, served to create value as well as care for our stakeholders.

LIVING OUR GLOBAL VALUES

Our "Caring for Stakeholders" value was perhaps most evident in the manner in which we have been ensuring the safety of our people and business partners while playing our part to support the community. During the Movement Control Order (MCO) period, we distributed over 650,000 products to the country's tireless front liners at Sungai Buloh Hospital, Selayang Hospital, Kuala Lumpur Hospital and Queen Elizabeth Hospital, the Royal Malaysia Police, the National Disaster Management Agency (NADMA) and numerous city councils in both Peninsular and East Malaysia.

Neither did we forget the marginalised, who were the worst hit by the pandemic. Over the course of Ramadan and Raya, we distributed over 500,000 products to about 10,000 underprivileged families under the 'Tabahkan Rakyat Malaysia di Ramadan Mulia' programme.

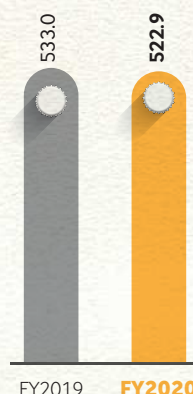
For our consumers, we made sure to deliver on our brand promise of Pure Enjoyment, Pure Goodness by ensuring the continuity of our core products. At the same time, we developed more beverages that cater to the demand for healthier choices while maintaining great taste. Among the ten new additions this year were 100PLUS Zero, Sunkist Pure Juice Drink, F&N ICE MOUNTAIN Sparkling Water and my personal favourite, F&N Ready-to-drink Teh Tarik Ori. What is more, access to our products is now easier, via F&N Life, our online store. The value this brings has been underlined by the pandemic, providing our consumers with a practical alternative to going out for their favourite F&N products.

There was also close collaboration and cooperation among F&NHB and various trade partners that ensured continued operations, enabling us to maintain our supply chain, from the supply of raw materials to the distribution of products. For this, I would like to acknowledge the responsiveness of the Ministry of International Trade and Industry (MITI) to the needs of manufacturers. Meanwhile, initiatives undertaken served to further strengthen our relationships with suppliers and distributors, many of whom have been serving the Group for generations.

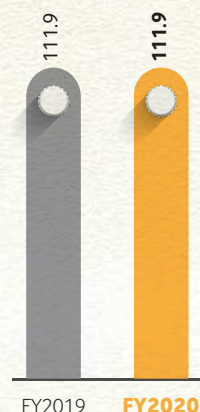
To add value to our shareholders, we have always protected their investments through increasing operational and cost efficiencies. Our performance this financial year again proves our resilience in an ever-changing environment. It gives me great pride to share that, despite the immense challenges faced – primarily from the pandemic but also from intensifying competition and volatile input prices – our profit after tax this year was maintained at RM410.1 million from RM410.2 million last year. This allowed us to continue to offer our shareholders steady dividends. For the financial year 2020 (FY2020), despite a poorer first half performance and the uncertainty created by the COVID-19 pandemic, we maintained an interim single-tier dividend of 27.0 sen per share amounting to approximately RM99.0 million, which was paid on 12 June 2020. I am happy to report that the Board is also proposing a final dividend of 33.0 sen per share which, if approved, would mean a total dividend for the year of 60.0 sen per share, matching last financial year's dividends.

Profit Before Tax
(RM million)

-1.9%



Basic Earnings per Share
(Sen)



**DIVIDEND
FOR THE YEAR**

60 sen
per share

Chairman's Message (Cont'd.)

As always, our encouraging performance has been the result of the hard work and dedication of our employees, who have carried out their functions to the best of their ability despite trying conditions. Many among them also went the extra mile in supporting our programmes to contribute to front liners and the community. It has been incredibly heart-warming to see their response to the community in a time of need.

The Board also is gratified by Management's efforts to safeguard our people's well-being. In times like these, it is paramount that we keep morale high and ensure that our people have peace of mind. In addition to ensuring that standard operating procedures (SOPs) were adhered to in our workplaces, all employees and contract workers in our production lines and warehouses who had to work during the MCO received a special weekly allowance. Employees also received early pay-out of contractual bonuses and deferred repayment of motorcycle loans. At the same time, we set up a dedicated 24-hour employee careline to assist with work-related queries or issues that may impact their health and emotional well-being.

An employee recognition gesture that has become our hallmark is the F&NHB Chairman's Award. Since 2003, F&NHB has been presenting the Chairman's Award to children of employees to motivate them to excel. This year, we awarded a total of RM228,225 to 99 children who attained excellent academic and co-curricular achievements.



EXEMPLARY ESG PERFORMANCE

Value creation for our stakeholders is one aspect of the Environmental, Social and Governance (ESG) considerations that underpin our sustainability. We recognise the impact organisations can have on the well-being of societies and are benchmarking our sustainability performance against the United Nations' Sustainability Development Goals (SDGs).

Other than to live our Global Values, which reinforce our social contributions, we continue to undertake programmes that drive social progress by strengthening vulnerable communities and promoting a healthy nation. In Thailand, F&N joined hands with our suppliers to tackle the problem of water shortage during the dry season in Chaiyaphum Province. As a result of the seven-month programme, 24 milk farms and numerous households can now enjoy consistent and sufficient supply of clean water. In the belief that an active lifestyle does not stop with the pandemic, we encouraged Malaysians to maintain an active lifestyle at home with live #StayFitwith100PLUS online workouts.

Environmentally, we are investing in renewable solar energy to play our part in climate change mitigation. Following the successful installation of Solar Photovoltaic system at Rojana, Thailand plant in April this year, we will be committing RM30 million into implementing a renewable energy programme in Malaysia in 2021. We also believe in the importance of more effective waste management and have become a founding member of a coalition of manufacturers that seeks to promote a more sustainable future through the recycling of post-consumption packaging waste.

Meanwhile, we continue to nurture a generation of young eco-warriors through our school recycling programme. Even amidst the fight with COVID-19, we owe it to the future generation to continue the recycling educational programme. Buntings and signages were sent to 430 schools across Malaysia featuring our recycling programme hero R-Boy, a familiar figure among school children.

In terms of governance, the Board continuously looks for ways to enhance our framework of integrity. In August 2019, we had reviewed the F&N Code of Business Ethics and Conduct. This led to the establishment of three new policies to reinforce an ethical corporate culture, namely the F&N Anti-Bribery and Anti-Corruption Policy, a Code of Business Practices for Third Parties, and the F&N Supplier Code of Practice. The latter ensures that all our suppliers, too, abide by the principles of respect and dignity in their treatment of employees.

Additionally, we strengthened our Board diversity by bringing on Board Ms Tan Fong Sang as a Non-Independent Non-Executive Director. We now have 27.3 per cent women representation (up from 18.2 per cent previously). Ms Tan also takes on the role of chairing our Sustainability & Risk Management Committee from Mr Lee Kong Yip, who retired on 30 September 2020. Going forward, we will continue to work towards meeting the recommendation as stipulated in the Malaysian Code on Corporate Governance 2017 to have at least 30 per cent women representation on the Board.



AWARDS

Emphasis on governance is driven by our principles and values. However, it is encouraging when we are recognised for our efforts. Indeed, we felt honoured when F&NHB was included in the FTSE4Good Bursa Malaysia (F4GBM) Index for the second consecutive year. Even better, our overall score improved to 4.0 (out of a maximum of 5.0), placing us among the top 15 per cent of F4GBM constituent companies in the food & beverages industry. F&NHB exceeded the Consumer Goods industry average for all three pillars of Environment, Social and Governance; and attained higher scores than the country average (Malaysia) in all the themes applicable to the Group.

We were also recognised for our contributions to the halal ecosystem in both Malaysia and Thailand. In October, F&NHB received the Halal Food and Beverage Excellence Award during the World Halal Conference 2020 organised by the Halal Development Corporation in Kuala Lumpur. F&N Dairies (Thailand) Limited, meanwhile, was named Thailand Best Halal Company of the Year 2020 by the Central Islamic Council of Thailand (CICOT) in Bangkok.

ACKNOWLEDGEMENTS

Our performance, financially and in terms of ESG, reflects the effort and commitment of all Fraserians. This year, particularly, we have seen how so many among our employees have risen over and above their normal call of duty to contribute to the company and bring smiles to our stakeholders. To everyone, from our operational staff to management, please accept my heartfelt gratitude. To Ms Tan Fong Sang, welcome to the Board; we look forward to working closely with you. On behalf of the rest of the Board, I would also like to acknowledge the immense contributions of Mr Lee Kong Yip, who had served us for 20 years. We wish him the best in all future undertakings.

To all our external stakeholders, you continue to inspire us to keep performing better and create even greater value. No matter how uncertain the future may be, rest assured that we will continue to work to bring more smiles to everyone.

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