



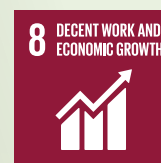
Managing OUR IMPACTS

We aim to grow sustainably by conducting our business in a responsible manner to build a safe and inclusive environment for our future generation.

MATERIAL ISSUES:

- Water Stewardship
- Effluents & Waste
- Packaging
- Energy & Climate Change
- Sustainable Sourcing
- Occupational Health & Safety
- Consumer Health & Safety
- Product & Service Labelling

CONTRIBUTING TO SDGs:



Eco - Efficiency

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





We implement environmentally sustainable business practices in alignment with F&NHB's core values and circular economy principles. All employees are at all times guided by our Environmental, Safety & Health Policy. This Policy serves as a framework for all of F&NHB's decisions concerning the environment.

As part of our regular review to keep our policies up-to-date, we have updated the policy in June this year to have a more holistic focus on sustainability and include our commitments and principles on Water and Packaging.

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

WATER STEWARDSHIP

GRI 303-3 (2018); GRI 303-4 (2018); GRI 303-5 (2018)



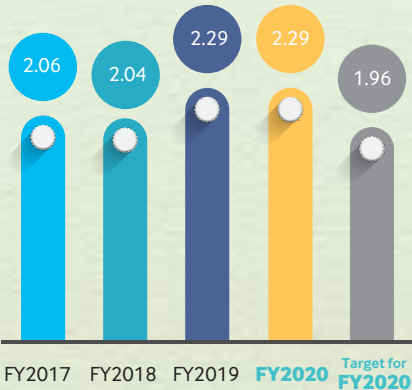
Our Target

To reduce the water ratio at our plants by 5% from 2017 by 2020

Our Performance in 2020

Group water ratio in 2020 increased by 11% to 2.29 from 2017

GROUP WATER RATIO (m³/MT)



The increase in Group water ratio is mainly due to significant operational changes in Shah Alam plant – a new Aseptic-cold filling line that has higher water consumption ratio compared to other production lines, and in-sourcing of two blow moulding lines which were previously procured from our supplier.

Despite all the water efficiency initiatives put in place, the pandemic circumstances has also affected our overall ability to operate at the most efficient manner. A minimum amount of water is required for each production batch despite lower production volume. Some water efficiency projects have also been postponed.

On the contrary, our operations in Thailand has improved its water ratio by 13% compared to baseline year.



Read more about our performance by country on page 75 of this SR

Our Approach

A lack of effective water management can have serious implications as F&N's products and business is dependent on a reliable supply of water. Guided by the F&N Environmental, Safety and Health Policy and the principles of a circular economy, we are committed to responsible water stewardship and managing our water use accordingly to safeguard the availability of a clean water supply for local communities.

While none of our sites are in high water-stress areas (according to World Resources Institute (WRI) Aqueduct), many regions in both Thailand and Malaysia have faced floods in recent years, and the effects of climate change are expected to intensify water stress in the future. Hence, water stewardship and its associated risks are regularly monitored as part of F&NHB enterprise risk management (ERM) and also by sustainability team who utilises tools such as the World Resources Institute (WRI) Aqueduct and World Wildlife Fund (WWF) Water Risk Filter. We have a range of water assessment and action policies which are applied across our facilities. Our Group-wide integrated approach includes efficiency measures, the safe return of waste water from our operations and mitigating risk in the supply.

Our Initiatives

This year, we grew our collaborations in support of water stewardship:

- Educating our dairy farmers on water conservation and the reusability potential of water for cleaning and feed.
- Partnering with our sugar manufacturers and chemical suppliers to find a collective solution in bridging the gap of water optimisation.
- In Thailand, FNDT joined hands with our suppliers to provide clean and sufficient water supply during the annual dry season in Chaiyaphum Province to 180 households and 24 milk farms.

We also implemented various projects and initiatives to reduce water consumption. Project highlights include:

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 132 m³ of water per day. This has helped us to achieve cost savings of about 0.8 million THB.

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graph TD; A[Dissolving sugar with water at 75°C] --> B[Complete level 35% in buffer tank]; B --> C[Add liquid sugar 67 Brix]; C --> D[Circulate and add sugar to target 75 Brix]; D --> E[Transfer to syrup tank]; F[Circulate sugar syrup by Contisolv dissolving] -.-> C; F -.-> D;
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Water Recycling Project – Thailand

Water Recycling (Phase 2) at FNDT: Water Recycling Project focuses on the sustainability and the security of water resources for our FNDT factory. Phase 2 involves the installation of Clarifier Pond System with a capacity to treat water at 120 m³ per day using RO reused membrane. There is a tangible benefit of about THB2.70 million.

Wastewater recovery – Pulau Indah plant

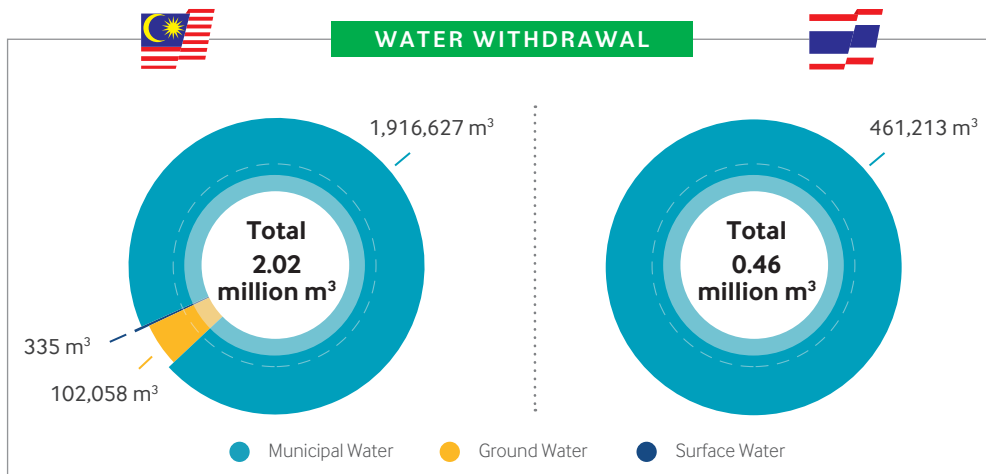
Wastewater is reused in cooling tower, to avoid the usual discharge into public drains of 800 m³ per day and saves approximately RM215,000 per year.

Reusing Wastewater – Shah Alam plant

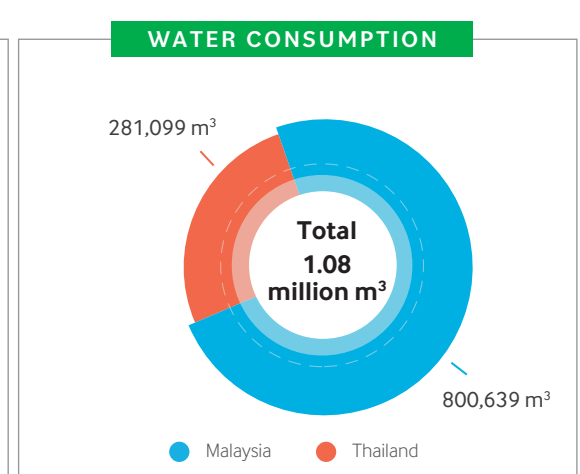
Wastewater from Aseptic Cold-filling PET Line and Sugar Dissolving Line and Canning Line is treated via reverse osmosis and reused as cooling water, reducing water usage by 115,000 m³ per year.

Our Performance Highlights

GRI 303-3: Water Withdrawal by Source



GRI 303-5: Water Consumption

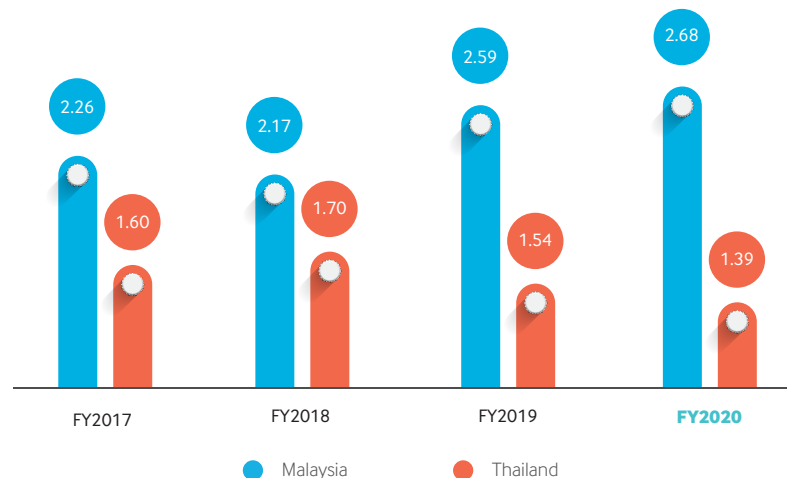


Notes:

1. Water withdrawal is not from areas with high water stress.
2. All our withdrawn water is freshwater (< 1,000 mg/L Total Dissolved Solids).

WATER INTENSITY

Water Intensity Ratio (m³/MT)



Compared to 2017, our operation in Thailand has improved its water ratio by 13% while Malaysia operation's water ratio has increased by 19%.

Shah Alam plant underwent aggressive expansion since 2019 with a new aseptic-cold filling line that is utilised to produce many of the healthier options products that F&N has launched recently, and the in-sourcing of two blow moulding lines which were previously procured from our supplier. This has significantly changed the eco-efficiency performance of Malaysia operations and further impacted by loss of economy of scale under COVID-19 circumstances.

Eco-Efficiency

EFFLUENTS & WASTE

GRI 303-4 (2018); GRI 306-2



Our Target

To reduce solid waste intensity by 5% from 2017 to 2020

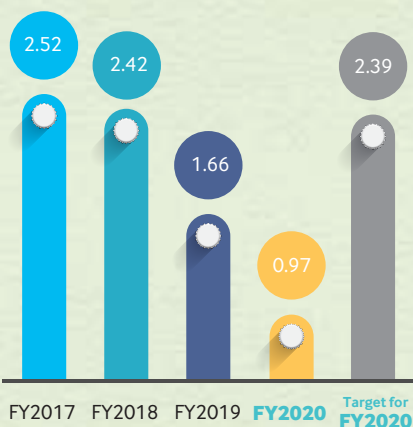
Our Performance in 2020

Group solid waste intensity has fallen by 62% from 2017 to 0.97

We are proud to have significantly exceeded our 2020 target, driven by a strong performance across our business:

- Our Kota Kinabalu and Pulau Indah plant in Malaysia achieved zero waste to landfill, with 100% of waste recycled.
- Our Rojana and Pak Chong in Thailand, and our Bentong plant in Malaysia achieved over 90% of waste recycled.
- Our Matang, Kuching and Shah Alam recycled over 80% of their production waste.

GROUP SOLID WASTE RATIO (KG/MT)



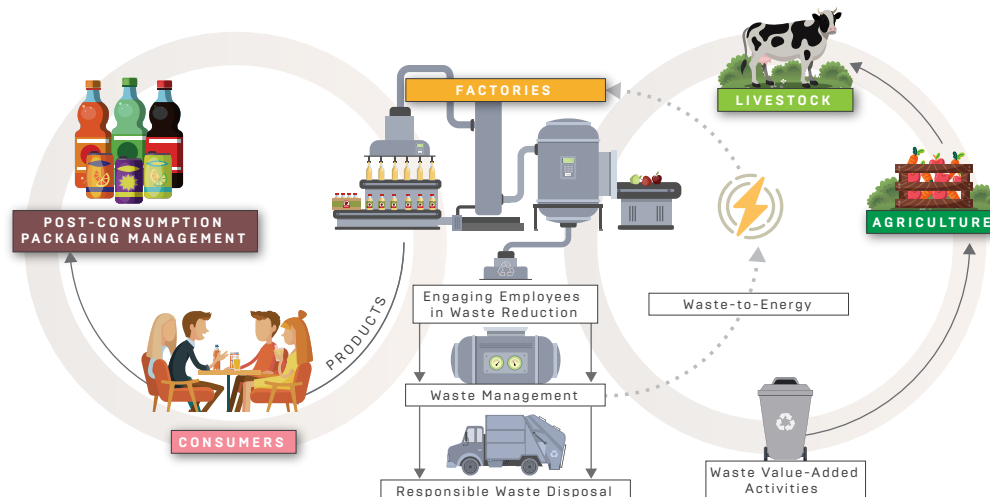
Our Approach

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.

Circular Economy and Waste



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.

Our Initiatives

Preserving the Value of our Waste

Our dairy manufacturing plants in Thailand and Malaysia continued to lead the way in our commitment towards achieving zero effluents and solid waste. 100% of industrial sludge from production are converted into organic fertiliser and distributed to local farmers. Over 1,250 metric tonnes of industrial sludge from our waste water treatment plants were converted into fertiliser this year.

Wastewater from our industrial effluent treatment plant in Malaysia and Thailand is treated and repurposed for general cleaning purposes and watering of plants. As part of our Water Recycling programme, FNDT also reused treated wastewater in our cooling system, reducing effluent emission by up to 33%.

At our Pulau Indah plant, 100% of recyclables are sent for recycling while kitchen waste is sent for composting to create soil conditioner and fertiliser this year.

At our Shah Alam plant, all aluminium, bottles and cartons are recycled and kitchen waste is composted. Wastewater is reused for cleaning and cooling towers, instead of discharging. A future initiative that we are looking forward to undertaking is new technology for soya extraction which utilises the leftover Okara (soy pulp).

Employee Awareness

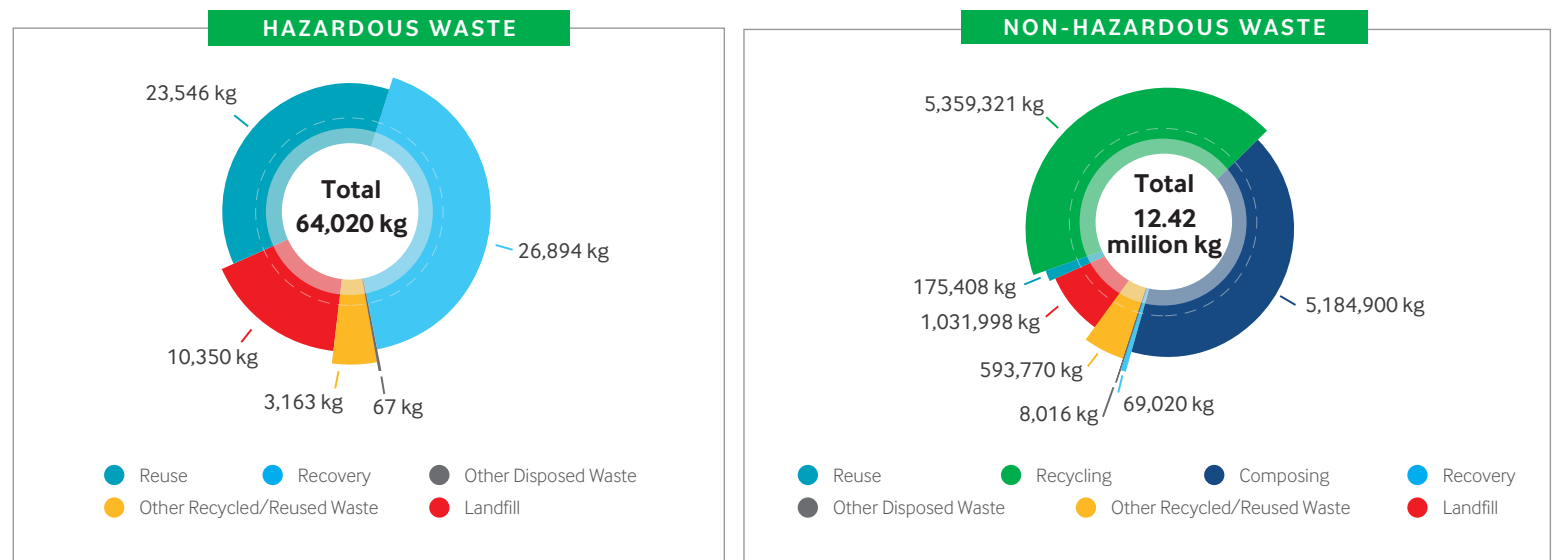
FNDT puts the Circular Economy at the core in creating awareness of environmental protection with our employees. The programme promoted responsible consumption and a bring-your-own initiative among employees to minimise food waste and single-use packaging. Our Employees also learned about proper handling 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 10 tonnes of plastic bags per year by cutting out the use of plastic bags in waste collection.

We have also expanded our Recycling Programme to our employees' homes and schools around our factory in Thailand to provide knowledge on proper waste management, enabling schools to generate income from waste separation and sales. We also donate recycling bins to the schools.

Our Performance Highlights

GRI 306-2: Total volume of disposal by type and disposal method



Total Solid Waste Produced

10,879 MT

1,605 MT

Solid Waste Reused, Recycled or Recovered

9,859 MT

1,577 MT

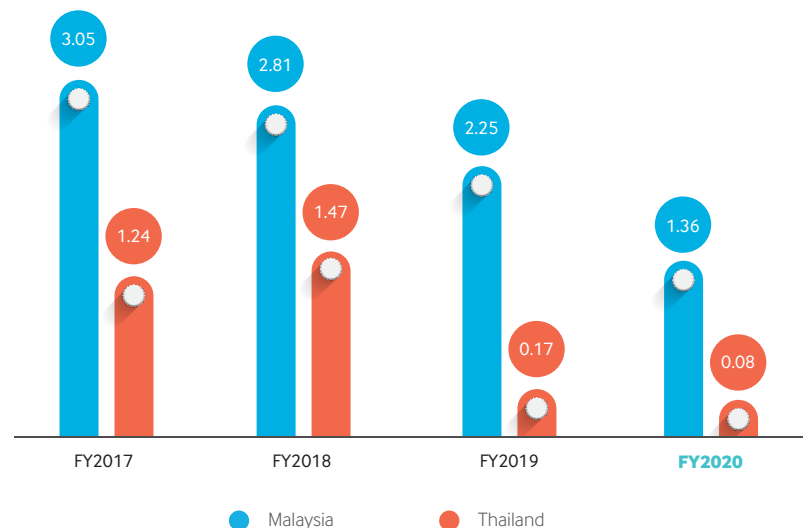
Percentage of Waste Reused, Recycled or Recovered

91%

98%

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

Solid Waste Intensity Ratio (Kg/MT)



Eco-Efficiency

PACKAGING

Our Approach

The circular economy is a growing focus area for our stakeholders. There is increasing stakeholder awareness of the importance of environmental-friendly packaging, especially in relation to plastics. Increasing the sustainability of our packaging is important to support our national regulators' and government's effort to phase out single-use plastics and go zero waste, as well as reduce the extraction of raw resources and waste generation.

We strive to ensure our packaging protects the integrity of the contents and fulfils the visual and functional expectations of our consumers. We have been improving our packaging materials by progressively reducing material usage, increasing the use of sustainable materials and increasing the recyclability of our packaging. There is much room for innovation in packaging which we have been exploring over the years (more details are included in the 'Innovation' chapter of this report).

Reducing Packaging Materials

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, laminate paper packaging and Transverse Direction (TD) flute in cartons.

Increasing Use 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. For example, we are increasing the use of recycled paper in our beverage trays.

Improving Recyclability of Packaging

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.

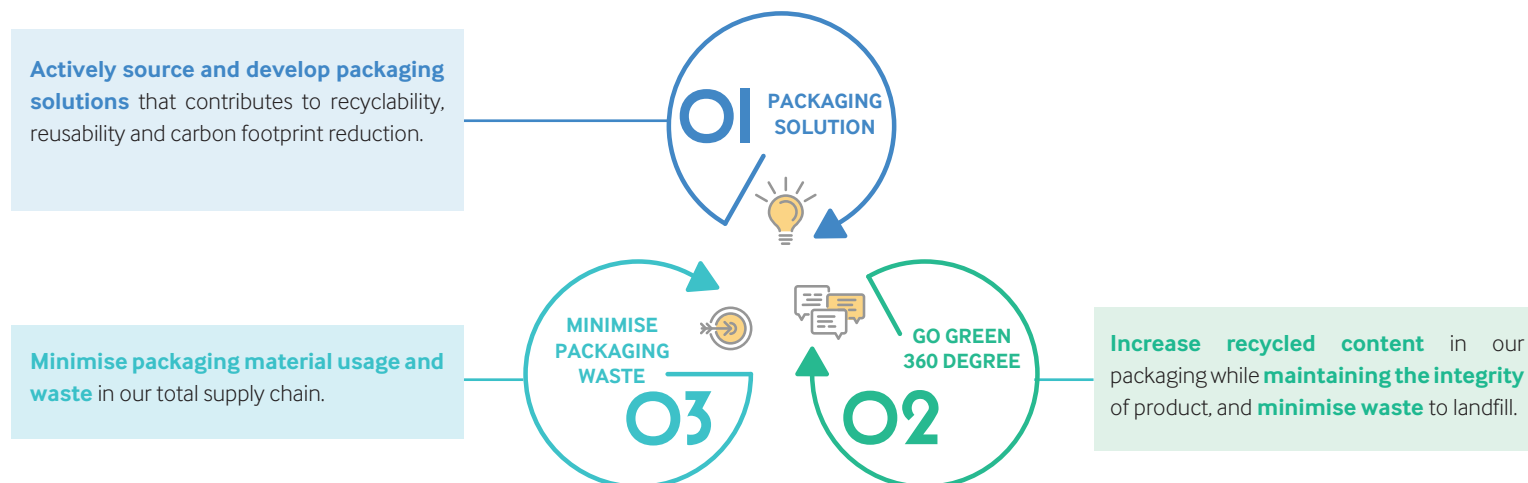
Collaboration

Together with ThaiBev, we take part in industry collaborations to realise closed loop recycling in our value chain and also support the Circular Economy and Recycling learning and education in schools. We have also attended the Post-Consumer Plastic (PCR) Training session with Dow Jones and Scientex to learn about post-consumer plastic.

Packaging Sustainability Policy

FNDT has recently launched the new Packaging Sustainability Policy which places Green Packaging as our priority commitment. With our main packaging materials being aluminium cans, plastic and paper, this policy considers the impact of products from design and development, to post-consumption management. With this, FNDT has also set a Packaging Intensity Ratio Roadmap that we closely monitor.

PACKAGING SUSTAINABILITY POLICY Green packaging is our priority



Our Initiatives

Packaging Reduction at Thailand's plants

As part of FNDT's packaging intensity roadmap, we changed the regulator slotted cartons (RSC) to wrap-around cartons for TEAPOT Squeeze Tube products. This switch has contributed to a reduction of 20% of packaging materials used when compared to the previous RSC.

For a period of nine months this year, we have phased out the B flute corrugated cardboard trays to an alternative design to reduce our packaging material usage by September 2020, annual pulp paper weight reduction 122 tonnes/year.

F&N ICE MOUNTAIN Bio-based packaging

This year, we have added another environmental-friendly packaging to our product – the F&N ICE MOUNTAIN Drinking Water is now available in a recyclable paper carton packaging and bio-based bottle cap made out of sugar cane.

Packaging reduction at Borneo Springs plant

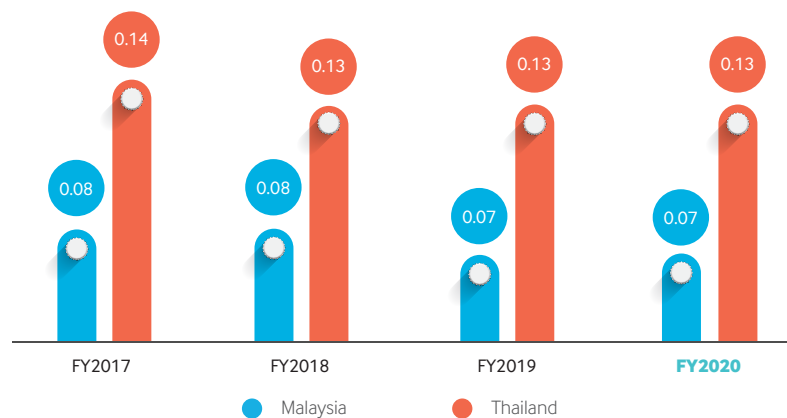
At our Bentong plant, we have implemented an initiative to reduce the paper waste by removing a small paper die cut pad at the bottom of each shrink. With this, the usage of packaging has reduced by 100 metric tonnes, this year.



Our Performance Highlights

In Malaysia, over 50,000 metric tonnes of packaging materials were used during the year, and in Thailand, it was over 44,000 metric tonnes.

Packaging Ratio
(MT of Packaging Material/MT of Production Volume)



Note:

1. Packaging intensity ratio is calculated based on the amount of packaging materials used (in metric tonne, MT) per metric tonne of product volume.

Eco-Efficiency

ENERGY & CLIMATE CHANGE

GRI 302-1; 302-3; 305-1; 305-2; 305-4



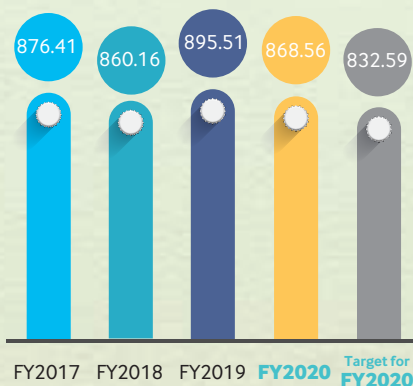
Our Target

To reduce energy intensity ratio by 5% from 2017 to 2020

Our Performance in 2020

Energy intensity ratio has reduced by 1% from 2017

GROUP ENERGY INTENSITY RATIO (MJ/MT)



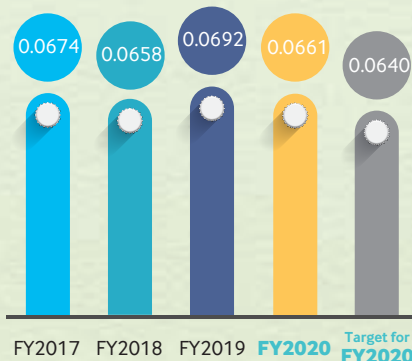
Our Target

To reduce greenhouse gas intensity ratio by 5% from 2017 to 2020

Our Performance in 2020

Greenhouse gas intensity ratio has reduced by 2% from 2017

GROUP GHG INTENSITY RATIO (MTCO_{2e}/MT)



Climate change is a defining global challenge of the 21st century, presenting risks to the global economy. For F&N, climate change presents risks including price fluctuations on raw material commodities, and access to water resources.

Managing this topic presents the opportunity to turn challenges and risks into climate-related opportunities for F&N, through cost savings, energy savings, alignment with customer ambitions and support and contribution to the development of government policies.

F&NHB is committed to reducing energy consumption and GHG emission intensity as our main priorities in managing climate change. As part of our contribution, F&NHB also upholds our responsibility to help minimise carbon footprints across our value chain, ranging from manufacturing, packaging, storage and logistics, to end use and disposal.

Our 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. We uphold this commitment in our entire value chain by engaging with our suppliers and service providers through an agreement to commit to environmentally friendly practices.

We based our intensity target on national GHG emission reduction commitments – Malaysia's government has targeted a 45% reduction in GHG intensity by 2030 from a 2005 baseline, and Thailand has a reduction target of 30% by 2036 from a 2010 baseline.

F&N safeguards internal and external preparedness to realise our performance goals.

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

The spike of energy intensity ratio was recorded in 2019, mainly due to significant operational changes in Shah Alam plant – a new Aseptic Cold-filling PET line that has higher energy consumption ratio compared to other production lines, and in-sourcing of two blow moulding lines which were previously procured from our suppliers.

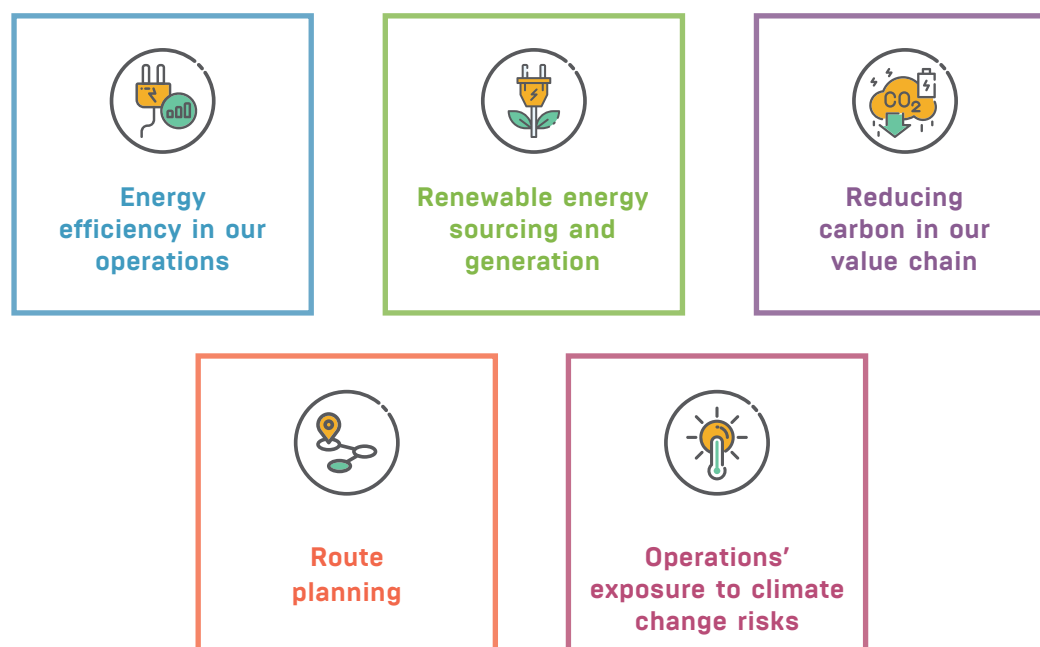
Unfortunately, despite all the energy efficiency initiatives put in place, the pandemic situation has also affected our overall eco-efficiency performance. A minimum amount of energy consumption is required for each production batch despite lower production volume. Short-runs and frequent start-stop have resulted in higher specific energy consumption. Some energy saving projects have also been postponed.

With this, our Group GHG Emissions Intensity ratio is similarly impacted.



Read more about our performance by country on page 84 of this SR

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



Our Initiatives

Energy Efficiency in Our Operations

Improving energy efficiency in our operations makes business sense just as much as it helps to reduce our environmental impacts. As part of our innovative approach across the group, we have a range of initiatives, including:

Switch to liquid sugar for our productions – Rojana plant

In Thailand, the switch to liquid sugar for our productions at the Rojana plant has helped us save energy due to the approximately 150 kg steam/hr reduction in steam usage. The heat recovery Phase 4 to sugar dissolver gives us 0.70 million THB in savings.

Energy Reduction Initiatives – Pulau Indah plant

In Malaysia, we phased out the conventional forklifts for electrical forklifts at our plants to reduce GHG emission.

The installation of heat pumps helps to reduce natural gas consumption by changing the mechanism to use steam. This contributes to a potential saving of RM153,000 per year.

Installation of Thermal Vapour Recompression (TVC) has helped to reduce natural gas consumption, with potential savings of RM500,000 per year.

We have installed an inter-region flow controller to regulate air compressor pressure to regulate electricity usage and avoid peak loads at the new fresh milk line. We recover our condensates back to the boiler instead of discharging.

Energy Reduction Initiatives – Shah Alam plant

At our Shah Alam plant, we are centralising a 40-bar air compressor to compress the air system and stabilise supply air pressure which is to be completed in November 2020. We replaced diffusers for blowers for our wastewater treatment plant in June 2020 to save 673,000 kW of power per year, and auto blowdown for boilers installation to reduce natural gas was completed in October 2019 with 985 MMBtu savings per year.

Eco-Efficiency

Renewable Energy Sourcing and Generation

Energy efficiency can make a significant contribution, but we recognise that in order to ultimately decouple our activities from GHG emission, we must transit from hydrocarbon based energy to renewable energy.

Solar Energy – Rojana plant

At our Rojana plant, we have installed a solar panel rooftop since April 2020, which gives us saving of 6 million THB. The 30 million THB Solar Photovoltaic (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 and Bentong plant

As part of the strategic direction to reduce fossil fuel consumption and our carbon footprint, we are setting up a renewable energy programme at our Shah Alam, Pulau Indah and Bentong plants in Malaysia which entail the setting up of 10MWp Solar PV system at the three plants starting in September 2021.

Reducing Carbon in Our Value Chain

As well as making improvements to our own operations through energy efficiency and renewable energy use, F&NHB is able to share best practices and encourage improvement along our full value chain. We understand that it is essential to support our business partners and customers in reducing their own GHG emission impacts.

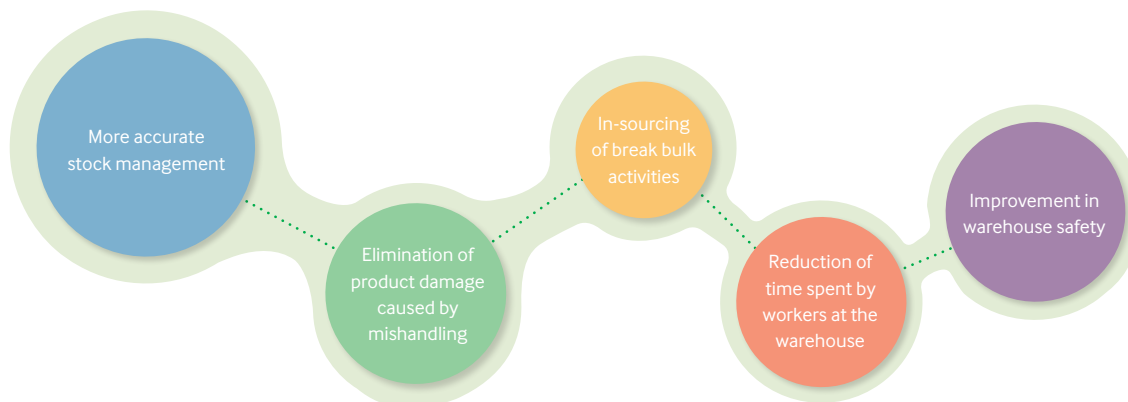
Route Planning

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 in FY2021.

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:



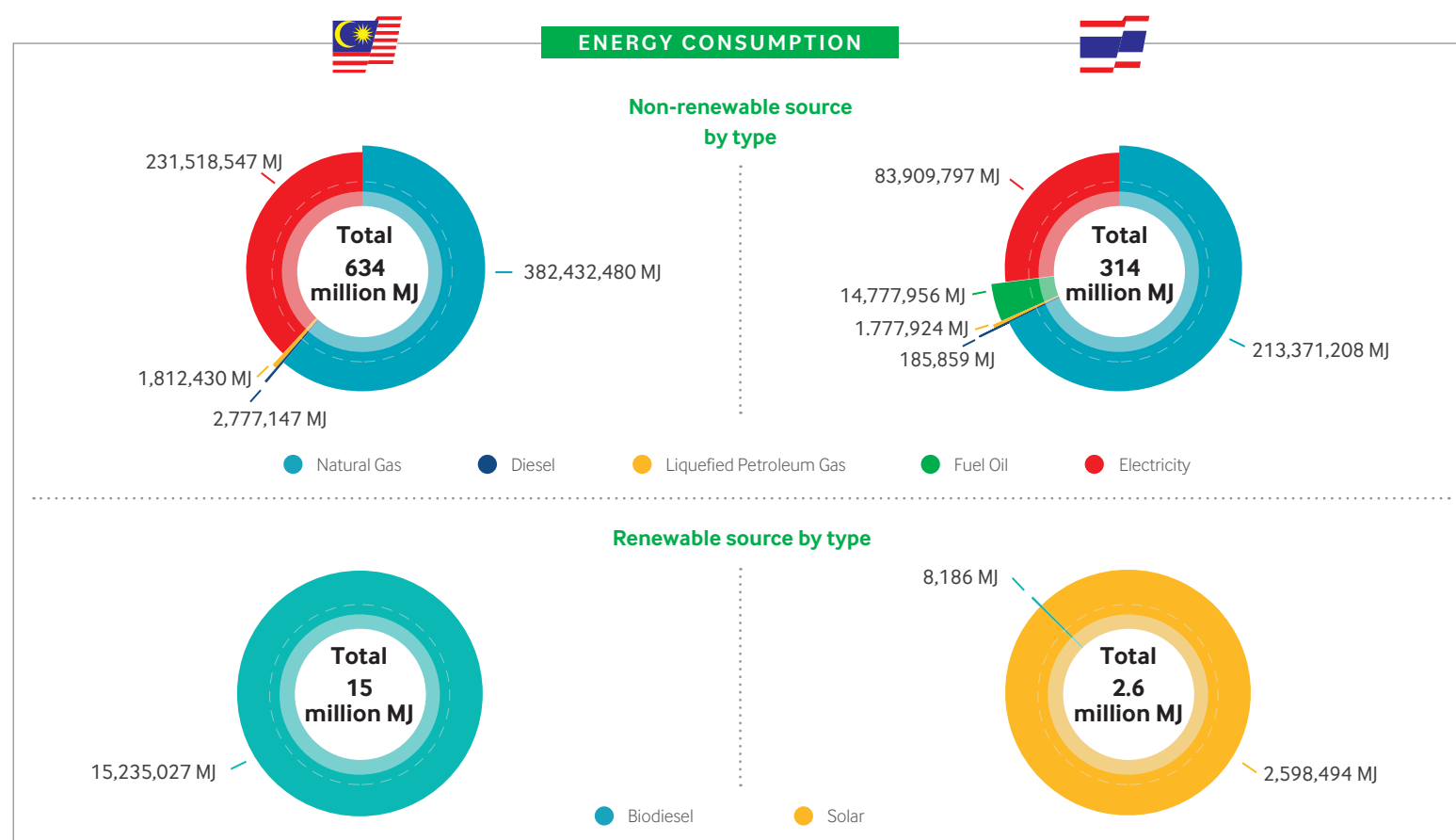
Similarly, we will also establish a regional distribution centre (RDC) in Rojana, Ayutthaya Province, Thailand, equipped with 287 million THB ASRS. Strategically located 1.7 km from our dairies manufacturing plant in Rojana, Ayutthaya Province, the 20,000 square metres RDC is expected to be operational in 2021. This RDC will serve as our regional distribution hub for F&N Dairies Thailand (FNDT)'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. 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 which monitor climate-change risks. We also have robust incident escalation procedures and response plans in place as part of our Business Continuity Management.

Our Performance Highlights

GRI 302-1: Energy Consumption within the Organisation



GRI 302-3: Energy Intensity

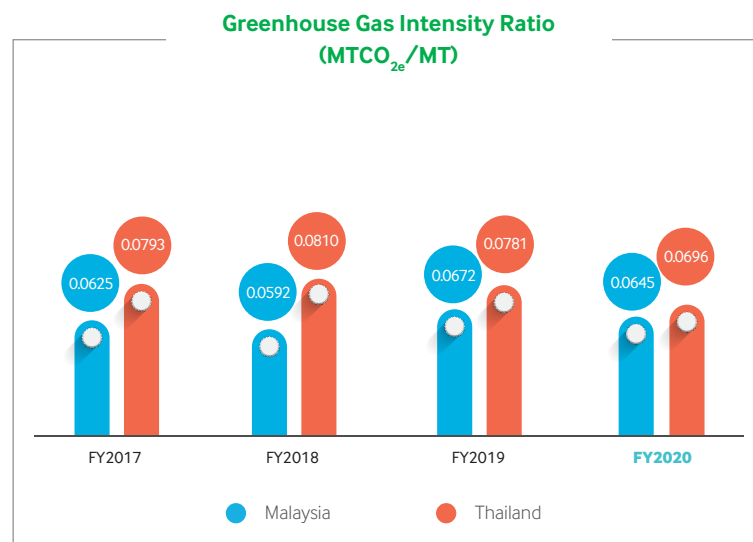
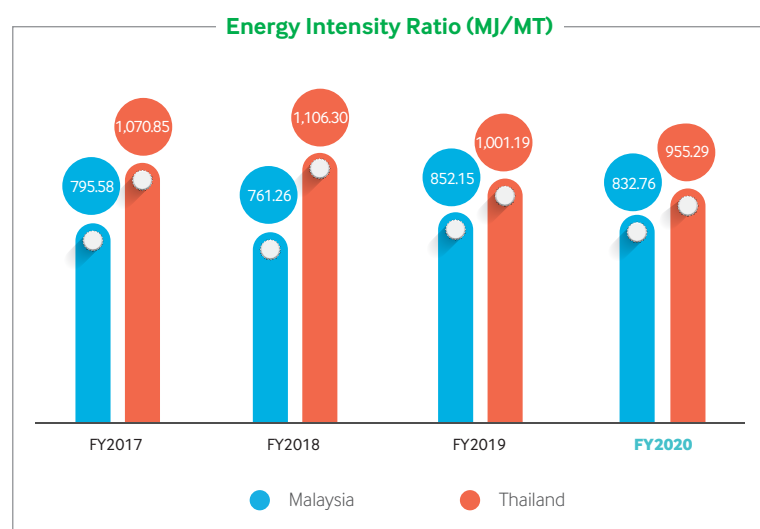
MALAYSIA				Energy Intensity Ratio (MJ/MT)	THAILAND			
FY2017	FY2018	FY2019	FY2020		FY2017	FY2018	FY2019	FY2020
477.47	465.63	514.71	498.54	Natural Gas	718.97	736.56	679.25	643.76
32.87	32.75	31.86	3.69	Diesel	0	0	0	0.56
0	0	0	20.26	Biodiesel	0	0	0	0.02
6.70	5.18	3.93	2.41	Liquefied Petroleum Gas	0	0	0	5.36
0	0	0	0	Solar	0	0	0	7.84
0	0	0	0	Fuel Oil	62.60	66.59	51.07	44.59
278.53	257.70	303.40	307.86	Electricity	289.28	302.88	269.92	253.16

Notes:

1. Energy intensity ratio is calculated based on the total amount of energy consumed (in megajoule, MJ) per metric tonne of product volume.
2. The energy intensity ratio is for the energy consumed with F&NHB only.

Eco-Efficiency



GRI 305-4: GHG emission intensity



Our plant in Shah Alam underwent extensive expansion since 2018 with a new aseptic-cold filling line that is utilised to produce many of the healthier options products that F&N has launched recently, and the in-sourcing of two blow moulding lines which were previously procured from our supplier. Various energy saving projects helped to reduce energy intensity ratio as can be seen from FY2019 performance. Unfortunately, our energy efficiency in 2020 is further impacted by lower production volume and postponement of some energy saving projects due to COVID-19. As such energy intensity ratio for Malaysia operations has increased by 4.7% and GHG intensity ratio is higher by 3.2% compared to 2017.

Meanwhile, our Thailand operations successfully reduced its energy consumption ratio and GHG intensity ratio by 11% and 12% respectively compared to 2017.

GRI 305-1: Direct (Scope 1) GHG Emission (CO_{2e}) | GRI 305-2: Direct (Scope 2) GHG Emission (CO_{2e})

 MALAYSIA				Total GHG Emission (Equivalent) (MTCO _{2e})	 THAILAND			
FY2017	FY2018	FY2019	FY2020		FY2017	FY2018	FY2019	FY2020
Direct GHG Emissions								
19,380	19,866	24,235	20,893	Natural Gas	12,131	12,640	12,867	11,970
1,762	1,846	1,991	206	Diesel	0	0	0	14
0	0	0	106	Biodiesel	0	0	0	1
375	305	209	114	Liquefied Petroleum Gas	0	0	0	112
0	0	0	0	Fuel Oil	1,188	1,285	1,337	1,081
Indirect GHG Emissions								
23,780	23,126	30,183	27,319	Electricity	10,266	10,933	10,771	9,901

Responsible Supply Chain

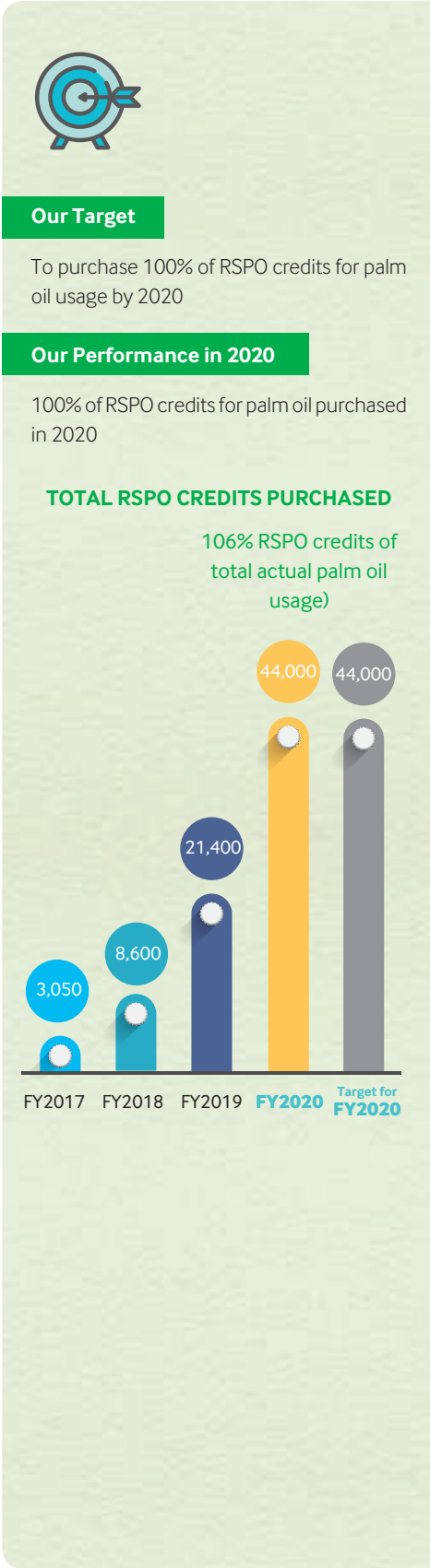
As a market-leading F&B company, we constantly work with our business partners, suppliers and vendors to understand their needs, and deliver mutually sustainable solutions that create long lasting value. We also lead by example, encouraging others to improve sustainability performance throughout their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

The following chapter outlines some of the ways we work with and influence other companies.



SUSTAINABLE SOURCING

GRI 204-1



Sustainable Palm Oil

Our target for 'Sustainable Sourcing' specifically relates to palm oil. Although this represents a relatively minor proportion of our expenditure (less than 3% of total expenditure on products and services), it has potentially major indirect impacts as irresponsible palm oil cultivation has caused—and continues to cause—significant environmental 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 an ordinary member of RSPO in August 2017, we reiterate our support for the use of Certified Sustainable Palm Oil (CSPO) in products. F&N's approach has been through RSPO with a focus on credits, and we are currently exploring the mass balance approach.

Sustainable Sugar

Another key commodity F&N focuses its sustainable sourcing efforts on is sugar as it is a significant commodity used within F&N products. We are currently developing a sustainable sourcing approach for this specific commodity. This year, F&NHB has started procuring sustainable sugar under the guidance of VIVE sugar certification programme. F&N is also exploring the possibility of using BONSUCRO certified sugar products for our operations in Thailand.

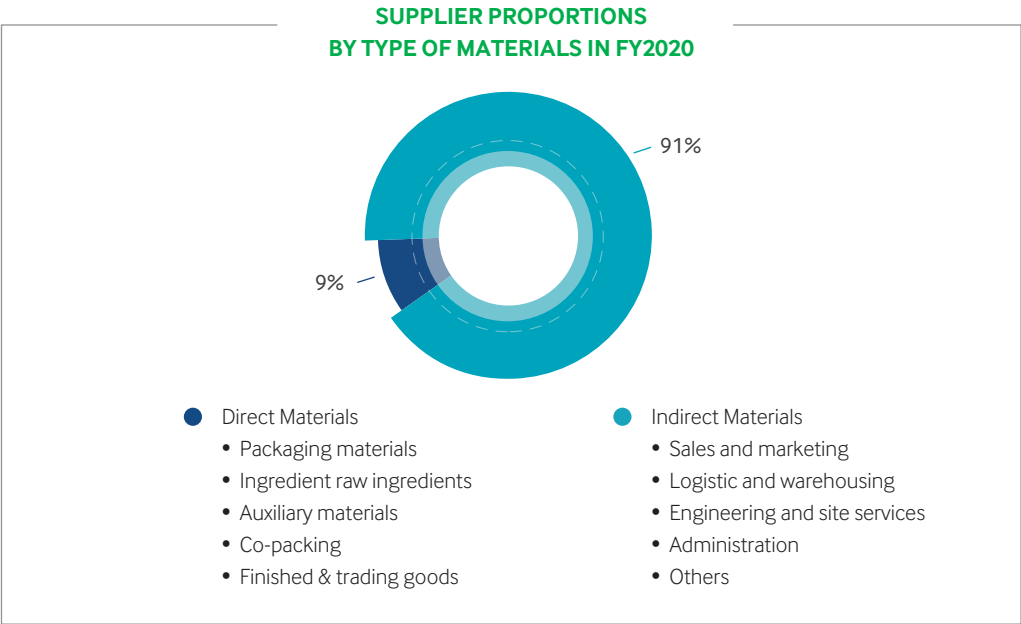
Our Approach

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.

We recognise that sustainability in our own operations is futile unless we also work with these partners to ensure best practice across our supply chain. Hence, we look to understand our suppliers' needs and establish mutually beneficial partnerships for circular economy solutions. For example, our organisation's waste may end up becoming a valuable resource for another organisation.

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

Our Procurement Policy covers our full commitment to standard principles of ethical business practices throughout the supply chain.



New Supplier Code of Conduct

This year, we have launched a new Supplier Code of Practice which covers all environmental and social impacts, including business ethics, environmental management, human rights and occupational health and safety. F&N is in the midst of communicating the Code of Practice to all suppliers and ensuring that they are compliant with the new terms. Upon understanding and signing of the Code of Practice, audits will be conducted to monitor performance of key suppliers against defined criteria. Currently, about 30% of F&NHB suppliers have signed the new Code. We aim to get 100% of our suppliers accepting and complying to the new code by 2025.



> [Read more about 'Our Supply Chain' for our supply chain flow on pages 16 to 17 of this SR](#)

Screening our suppliers

At F&NHB, we have a systematic screening process for all new suppliers using 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:

1. Implemented an environmental policy
2. Undertaken audits to monitor their environmental performance and compliance
3. Maintained an ISO14001 compliant environmental management system

Addressing risks in our Supply Chain

Cost and Availability – High or variable costs and uncertain availability of raw materials pose commercial risks to F&N. We therefore undertake risk assessments on our suppliers' prices and capacity to deliver goods and services. For key risks, we have established Business Continuity Plans to proactively ensure product supply.

Food Safety Standards – We conduct annual supplier audits to ensure compliance with food safety regulations and standards. 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. Criteria include the implementation and monitoring of good manufacturing processes, use of protective clothing, food safety management systems, and chemical management.

This year, all critical suppliers were audited on food safety regulations and standards, and none were found to be in non-compliance. Non-compliant or underperforming suppliers must demonstrate that they are committed to taking the necessary corrective actions within a predefined period, or risk having their contracts terminated.



incident of **non-compliance with food safety regulations and standards.**

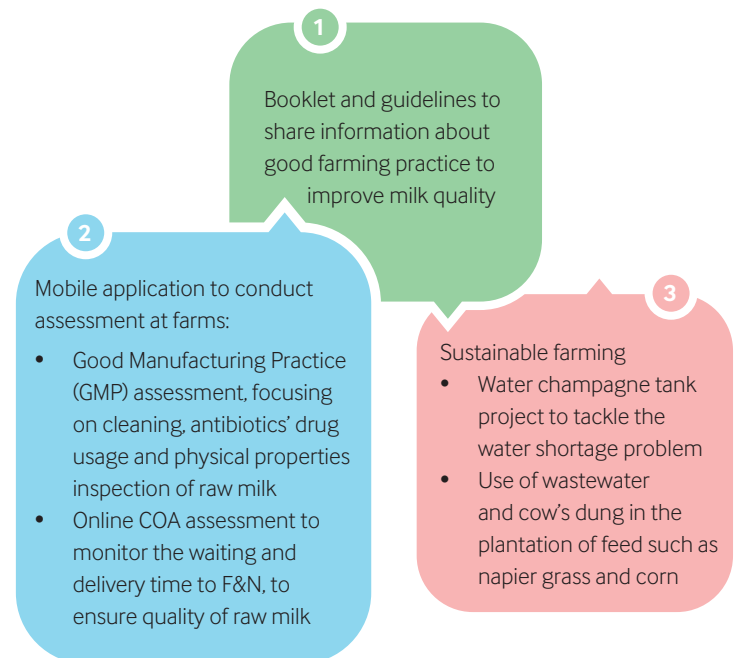
Halal Sourcing Partnership Programme

As a major producer of Halal products in Malaysia, F&NHB is in a position to facilitate the development of the nation's Halal industry. This year, F&NHB continued to partner with Halal Industry Development Corporation (HDC) on the Halal Sourcing Partnership Programme (HSPP). Through this collaboration, we shared Halal industry best practices whilst providing technical advice and knowledge transfer to small and medium enterprises (SMEs), and further coached them to elevate their capability to be qualified as Halal vendors for multi-national corporations.

Capacity Building for Our Suppliers

Since 2013, we have been collaborating with local Thailand-based farmers in cooperatives which supply F&NHB with fresh milk. We continue to introduce new technologies and equipment (for example, milk machine testers and automatic jet cleaning milking machines) to help them increase productivity, improve milk quality, and reduce wastes as part of a circular economy approach. Working closely with the cooperatives, we also organised seminars and produced quarterly educational newsletters for the farmers.

This year, we continued to build the capability of over 2,000 farmers from 10 milk cooperatives, mainly in Nakhorn Ratchasima Province, through a Farming Excellence System, which consists of 3 key programmes:



Beginning July 2019, we, together with Soonthorn Metal Can (our can supplier) and Thepsathit Milk Cooperative (one of our milk suppliers in Thailand), came together to tackle the water shortage problem during the annual dry seasons by providing a champagne tank and piping route to the Thepsathit community in Chaiyaphum Province. This programme is able to supply 1,680,000 liters of water every month for up to 180 households across communities in Chaiyaphum province. This also 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.

Responsible Supply Chain

Our Initiatives

ENSURING SUPPLY CHAIN RESILIENCE DURING COVID-19

The global COVID-19 pandemic has resulted in significant supply chain disruptions, exposing areas that can be improved in our operational and management system. To ensure supply chain resilience and avoid disruptions, F&NHB worked closely with our trade partners and suppliers to ensure adequate supply and availability of F&N core products to our customers and community during this period. F&NHB also recognised the need to strengthen conventional business continuity planning with our suppliers and trade partners.

F&NHB conducted a supplier assessment exercise to understand the resiliency of our supply chain and implement mitigation measures for suppliers that may not be able to meet demands. F&NHB's diverse pool of suppliers and our strong relationships with those on the local level have also helped to mitigate the risk of disruption from one critical supplier.

In Malaysia, we issued weekly supply chain bulletins to keep all suppliers informed of the changing situation and respective actions taken, and we 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. We have kept the supply chain cost competitive while exceeding service levels despite manpower impositions caused by the MCO in Malaysia.

In Thailand, the Supplier Productivity Enhancement Programme has been implemented to help our suppliers manage supply shocks and disruptions. Through our work with suppliers, we were able to maintain a three-month stock minimum to mitigate any impact to inventory levels.

F&NHB also supported our customers during periods of uncertainty when cash flow is likely to be tight. We have worked together to improve flexibility on payment terms and payment extensions on a case-by-case basis for selected customers.



Our Performance Highlights

Eco-credentials

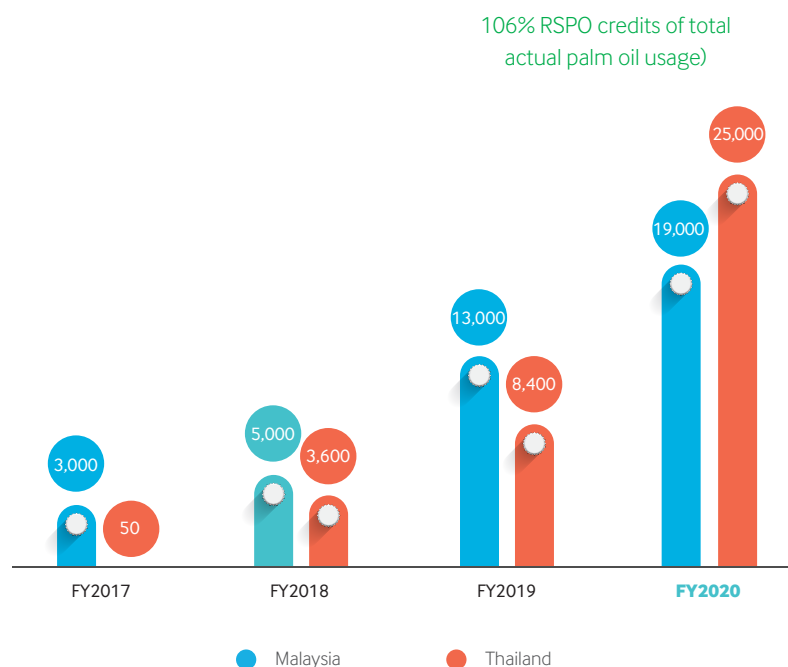
We source raw materials that are certified with eco-credentials, such as those from the Forest Stewardship Council and RSPO, to ensure that they are produced in an environmentally and socially responsible manner. All paper products used in the tetra packaging of our chilled beverages carries the certification.

In 2020, we have successfully met our target to purchase RSPO credits for 100% of our projected palm oil usage.

RSPO Credits Purchased

RSPO issues credits which act as proof that one tonne of certified palm oil was produced by an RSPO-certified company or independent producer and has entered the global palm oil supply chain. F&NHB purchases RSPO Credits to support the production of certified sustainable palm oil.

TOTAL RSPO CREDITS PURCHASED



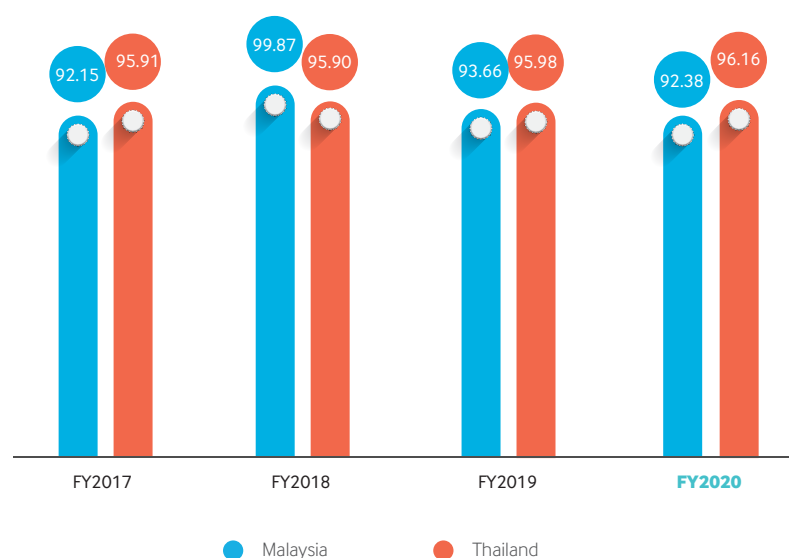
Purchase of RSPO Credits	GROUP	MALAYSIA	THAILAND
FY2017	3,050	3,000	50
FY2018	8,600	5,000	3,600
FY2019	21,400	13,000	8,400
FY2020	44,000	19,000	25,000

Supporting Local Suppliers

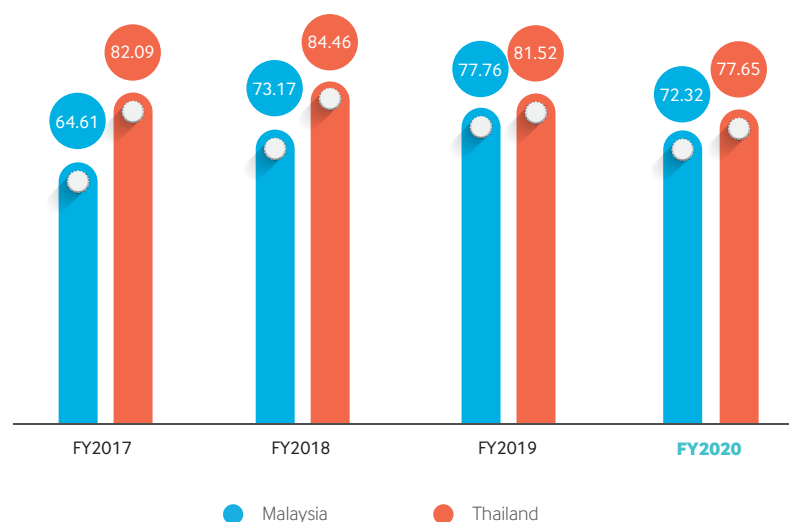
GRI 204-1 : Proportion of spending on local suppliers

F&NHB engages with local suppliers, where possible, to support the local economy and minimise environmental impacts from transportation. More than 94% of our suppliers are local, representing almost 75% of our purchase value expenditures.

Percentage of Local Suppliers



Percentage of Purchase Value Spent on Local Suppliers



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.

Safety & Well-Being

At F&N, we adopt a holistic approach to health and safety across our operations including creating a proactive safety culture and healthy workforce, embodying our brand promise of “Pure Enjoyment. Pure Goodness” through product safety and nutrition, and enabling consumers to make informed purchasing choices through appropriate and clear labelling and responsible marketing. In the context of the COVID-19, the health and safety topic is, more than ever, of paramount importance for F&N as we strive to protect our employees and consumers.

The first chapter in this section outlines our approach to Occupational Health and Safety (OHS) with a specific focus on our response to the COVID-19 pandemic to uphold the safety and well-being of our employees. It explains how the best approach to OHS is communicated with all of our employees and how we implemented specific measures to ensure safe working. In this chapter, we also report on our 2020 targets and progress.

Consumer Health and Safety is in focus for the next chapter. F&N’s approach to this important topic is embodied by our brand promise: “Pure Enjoyment. Pure Goodness”. We will demonstrate how we implemented a range of initiatives to ensure the safety and nutrition of our products, especially in the context of COVID-19.

The final chapter in this section is about how we ensure that the information related to our products’ contents and nutritional qualities is easily accessible and understood by our consumers.



OCCUPATIONAL HEALTH & SAFETY

GRI 403 (2018): 403-9, 403-10



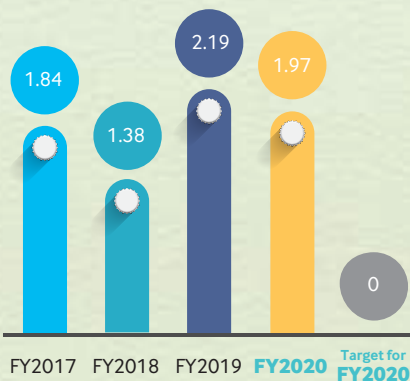
Our Target

To have 0 lost time injury frequency rate (LTIFR) by 2020

Our Performance in 2020

The Group lost time injury frequency rate in 2020 is 1.97

GROUP LOST TIME INJURY FREQUENCY RATE

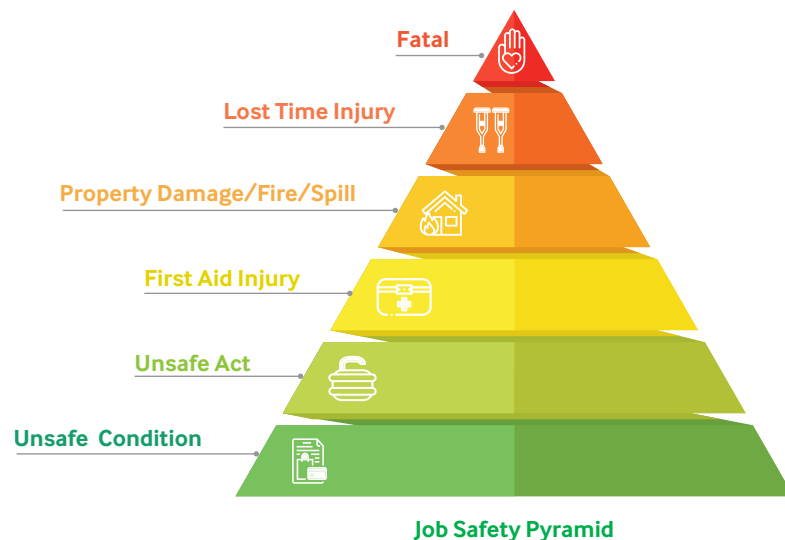


Our Approach

At F&N, we believe 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. This includes advocating a healthy lifestyle through awareness of nutrition, physical activity and stress reduction measures.

To further strengthen our commitment to a safety culture, we have incorporated 2 key performance indicators in this area for all executives in F&NHB:

- Lost Time Injury Frequency Rate ("LTIFR"); and
- Number of Safety and Health initiatives conducted



Creating a Safety Culture

At F&N, safety is integrated across our operations through the implementation of Environmental, Safety and Health (ESH) systems and monitoring processes. Our adherence to 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.

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 and meet on a monthly basis to discuss accidents or near-misses and determine appropriate corrective actions. 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 do this by informing their safety representative or supervisor, or a more formal report 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.

Safety & Well-Being

Healthy Workforce

We focus on ensuring an environment that is conducive to employee well-being and promoting healthy habits to keep our people healthy and happy.

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.

Our Initiatives

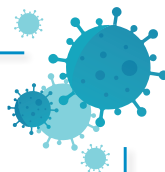
ENHANCED HEALTH AND SAFETY MEASURES DURING COVID-19

F&NHB implemented extensive safety measures to ensure all premises maintain the highest levels of hygiene practice and a sanitary environment.

- There is daily sanitisation and cleaning after each work shift, and special chemical sanitisation every 2 weeks. All facilities are inspected weekly by safety management officers.
- We implemented daily contactless temperature screening, health related declarations for all staff and safe distancing measures at all workplaces.
- Specific advisory and protective equipment are provided to our front-line workers at risk e.g. receptionists, sales and delivery personnel.
- Upgraded key office facilities to contactless e.g. e-payment at the cafeteria and replacing biometrics with face scanning for signing in.
- We provided personal protection equipment for all employees e.g. masks, hand sanitisers and mask keepers.

F&N also adapted work practices to uphold the safety and well-being of our employees.

- Access to company-organised sport events or F&N's sport facilities and classes was unfortunately limited by the pandemic this year. Therefore, we have organised a wellness programme in Malaysia and Thailand and developed resources to guide employees' mental and physical health through virtual talks and broadcasts.
- F&N also implemented work-from-home or split team arrangements where applicable. We upgraded our IT resources and tools to support remote working. Going forward, we plan to formalise our flexible work policy where possible.



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 an annual health screening. Any work-related illnesses will receive follow-up consultations with doctors, if identified.

Employee Safety Training and Awareness

F&NHB has not compromised on employee safety trainings despite limitations due to COVID-19. A total of 1,455 employees participated in 6,602 hours of safety trainings. Topics covered in FY2020 included:

- Safety, Health and Environmental Awareness
- Fire Prevention and Safety
- First Aid Training and CPR
- Forklift Driver Operators and Safety Training
- Overhead Crane Safety and Proficiency
- Hazard Identification, Risk Assessment and Determining Control
- Scheduled Waste
- Hand Safety
- Radiation Safety and Health
- Noise and Hearing Conservation
- COVID-19 Training

In FY2020, we were not able to conduct our health safety campaign due to COVID-19 constraints. Instead, we conducted safety briefing in small groups during toolbox meetings. 5 safety briefings of total 315 hours were conducted this year, which were attended by 122 employees.

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.

Our Performance Highlights

Our Group LTIFR this year was 1.97 per one million hours worked.

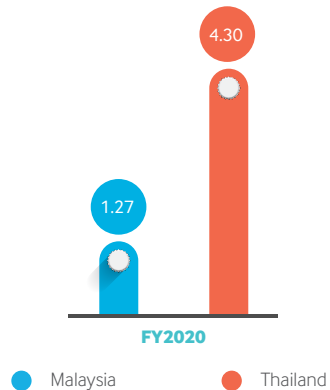
For Malaysia operations, LTIFR improved to 1.27 from 1.93 in 2017. Meanwhile, Thailand operations have achieved zero LTIFR since 2017 but recorded 4.30 this year due to an unfortunate van accident in May 2020. We remain focused on achieving a zero-accident workplace. This shows our zero-tolerance attitude towards workplace accidents and the importance we place on our employees' safety.

GRI 403-9 (2018) : Work-related injuries | GRI 403-10 (2018) : Work-related ill health

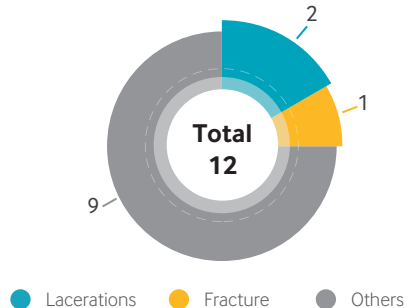
In FY2020, there were 12 employee recordable work-related injuries. None of the incidents were high-consequence work-related injuries. There was one fatality due to the unfortunate van accident in Thailand.

In FY2020, there were 6 non-employee recordable work-related injuries. None of the incidents were high-consequence work-related injuries or resulted in fatalities.

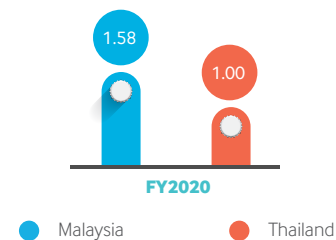
Employee Work-related Injuries Rate



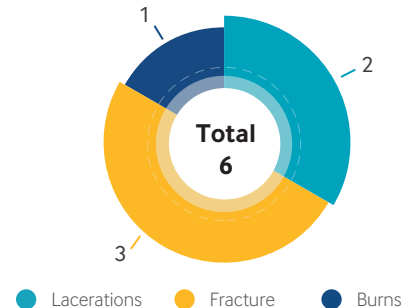
Group Employee Work-related Injuries by Type



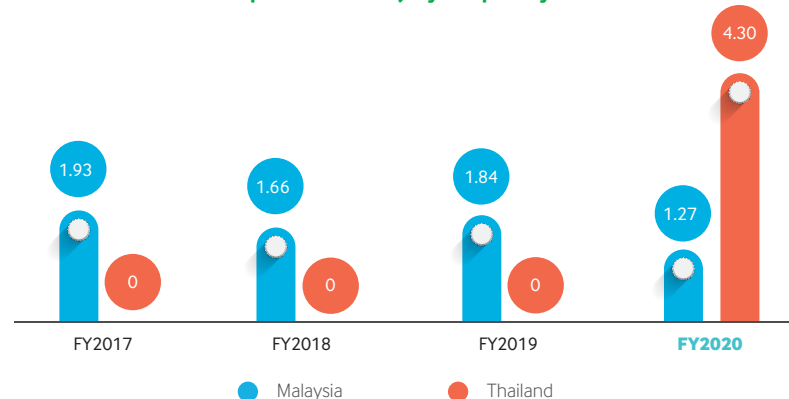
Non-employee Work-related Injuries Rate



Group Non-employee Work-related Injuries by Type



Group Lost Time Injury frequency Rate



Safety & Well-Being

CONSUMER HEALTH & SAFETY

GRI 416-1, 416-2



Our Target

We will offer at least one healthier choice option in all our product categories by 2020

Our Performance in 2020

We offer at least one healthier choice option in 92% of our product categories (11 out of 12).

	Chilled/ Pasteurised	Ambient
Product categories with at least one healthier choice option	<div>1. Milk</div> <div>2. Soya</div> <div>3. Juice</div>	<div>1. Isotonic</div> <div>2. Water</div> <div>3. Tea</div> <div>4. UHT & Sterilised Milk</div> <div>5. UHT Soya</div> <div>6. Asian Drinks</div> <div>7. Carbonated Soft Drinks</div> <div>8. Juice</div>
Product categories with no healthier choice option		<div>1. Energy</div>

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

Our Approach
Quality & Safety

F&N's success and longevity are built on providing products that earn the trust and satisfaction of our consumers, as well as enhancing their future well-being. This requires a holistic approach to safety across the life cycle of our products. In previous chapters, we described how consumer health is a key part of our innovation efforts, and how our supply chain processes are a key part of our food safety assurance. In the 'Packaging' chapter, we described how our product packaging and labelling are also designed to ensure our customers' health and safety.

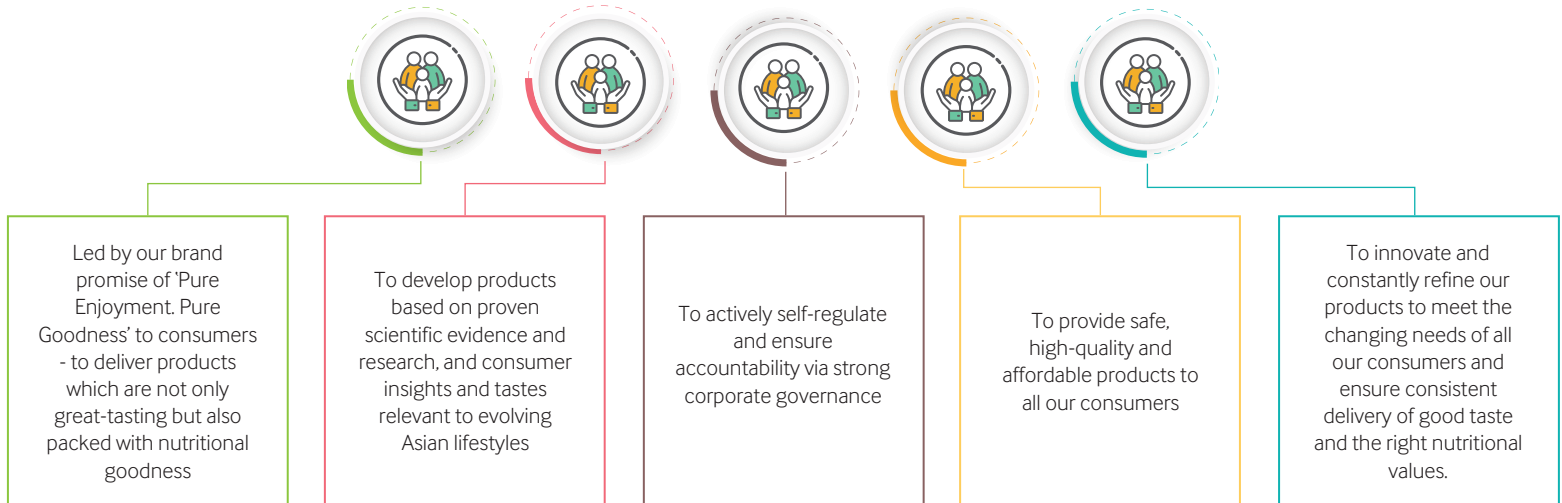
In our own operations, we adhere to all health and safety regulations applicable to the F&B industry for the markets in which we operate. All F&N products are manufactured under stringent international quality and food safety standards. Our plants are certified with FSSC 22000, ISO 22000 and HACCP Food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

MALAYSIA	THAILAND
<div><div>FSSC 22000 Food Safety System Certification</div><div>Good Manufacturing Practice (GMP)</div><div>HACCP</div><div>Halal Certification (JAKIM + MUI)</div><div>Industry Responsibility of Food Certification Scheme (Mesti)</div><div>ISO 22000 Food Safety Management System</div><div>ISO 9001:2015 Quality Management System</div><div>ISO/IEC 17025:2017 Accredited Laboratory</div><div>ISO/TS 22002-1:2009 Prerequisite Programme on Food Safety</div><div>MS 1480:2019 Food Safety According to HACCP</div><div>Veterinary Health Mark (VHM) Certification</div><div>GB12693:2010 China National Certification and Accreditation (CNCA)</div><div>Roundtable Sustainability Palm Oil (RSPO) Supply Chain Certification Standard 2017</div><div>SEDEX – SMETA (4-Pillar)</div></div>	<div><div>ISO 22000:2005 Food Safety System Certification</div><div>Food Safety System Certification 22000:2010</div><div>Good Manufacturing Practice (GMP)</div><div>Green Industry Level 4</div><div>HACCP</div><div>Halal Certification (CICOT)</div><div>Labour Relations and Welfare Certificate 2013-2018</div><div>ISO 22000 Food Safety Management System</div><div>ISO/IEC 17025:2017 Accredited Laboratory</div></div>

As we value our customers' satisfaction, giving them multiple communication channels to provide feedback is critical to F&N's customer experience. Customers can contact us through our toll-free consumer careline, website or by sending us an email with their enquiries.

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. The principles of the Nutrition Charter are:



Our Initiatives

CONSUMERS' HEALTH AND SAFETY DURING COVID-19

F&N has taken proactive measures to address the impact of the pandemic on the health and safety of our consumers. During the lockdown, we worked closely with key retailers to ensure that core products such as canned and UHT milk and water, were sufficiently stocked and available for purchase by our consumers.

At F&N, we aim to offer products, which, together with an active lifestyle, can play an important role in keeping people healthy. Our product development team continued to introduce healthier product options, in responding to consumer demands for healthy products, amidst the challenging time of COVID-19. This includes Sunkist Pure Juices with higher fruit content, containing vitamins A, C and E. We have also reintroduced our offerings of zero sugar beverages, which are 100PLUS Zero, no sugar OYOSHI Gold green tea and no sugar F&N ICE MOUNTAIN Sparkling Water. In Thailand, we introduced a healthier option of condensed milk – Carnation Plus SCM 0% Fat, 25% Reduced Sugar.

We have taken steps to keep our consumers healthy and aware of the importance of staying active and hydrated during this time. In Malaysia, we implemented a wider range of activities to encourage a healthy lifestyle during lockdown. F&NHB also conducted virtual fitness challenges with athletes and influencers to engage consumers. In Thailand, FNDT helped consumers stay fit and healthy during COVID-19 by sharing healthy cooking tips and recipes using social media platforms, including information on keeping a healthy diet during lockdown.

Halal Assurance

All our products are halal certified by the Department of Islamic Development Malaysia and other relevant authorised certification bodies. Each of our manufacturing plants has a Halal Committee, responsible for halal compliance in our supply chain (from materials selection and purchasing, to the storage, warehousing, and transportation of our products).

This year, our Shah Alam plant has received the highest status of Halal Assurance System Certification from Majelis Ulama Indonesia (MUI). This accreditation further affirms our commitment in upholding strict standards of Halal.

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. The halal awareness training was also extended to our key transporters. Over 950 employees and external participants attended Halal-related briefing this year.

F&NHB practices strict prohibition of non-halal food and drinks from entering factory premises including in offices and canteens.

Safety & Well-Being

Special Recognition for our Halal Commitment in Malaysia and Thailand

This year, F&NHB won the prestigious Halal Food and Beverage Excellence Award during the World Halal Conference 2020 organised by the Halal Development Corporation. This award is testament to our commitment in upholding Halal standards throughout our operations and our contribution towards the development of the nation's Halal industry. Y.A.M. Tengku Syed Badarudin Jamalullail, Chairman of F&NHB received the award from YB Datuk Senator Lim Ban Hong, Deputy Minister of International Trade & Industry.

In Thailand, FNDDT was recognised as the Thailand Best Halal Company of the Year 2020, by the Central Islamic Council of Thailand for the first time. This further affirms our Halal commitment in developing Halal products for Thailand and export markets. The award was presented by H.E. Asis Pitakkumpol, Sheikh-ul-Islam of Thailand and Ms. Mananya Thaiset, Deputy Minister of Agriculture, Thailand.



“ We put great emphasis on developing healthier products. This includes adding vitamins and minerals to boost product benefits. Many of our products carry the *Healthier Choice* Symbol or Logo: ”

THAILAND

- Magnolia Full Fat Milk (Pasteurised)
- Magnolia Low Fat Milk (Pasteurised)
- Magnolia Ginkgo Plus UHT Plain
- BEAR BRAND Sterilised Milk Regular
- BEAR BRAND Sterilised Milk Low Fat
- BEAR BRAND Sterilised Milk Non-fat
- BEAR BRAND Sterilised Milk Folate
- BEAR BRAND GOLD Sterilised Milk White Malt
- BEAR BRAND GOLD Sterilised Milk White Tea
- BEAR BRAND GOLD Sterilised Milk White Kidney Beans
- BEAR BRAND GOLD Sterilised Milk Goji Berry

MALAYSIA

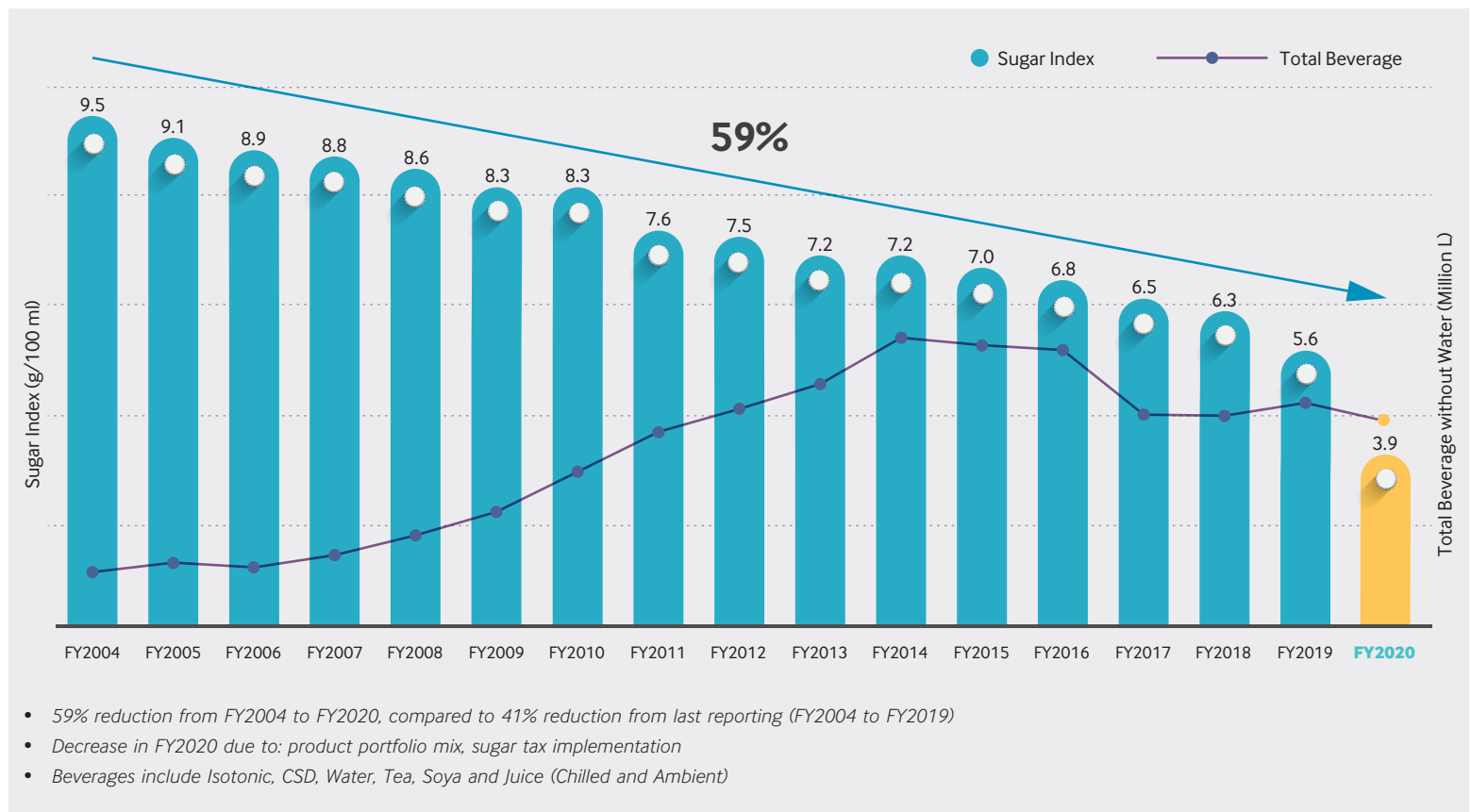
- F&N ICE MOUNTAIN Mineral Water
- F&N ICE MOUNTAIN Drinking Water
- F&N ICE MOUNTAIN Sparkling Water Classic
- F&N ICE MOUNTAIN Sparkling Water Grapefruit
- F&N ICE MOUNTAIN Sparkling Water Lemon
- 100PLUS Original
- 100PLUS Reduced Sugar
- 100PLUS Berry
- 100PLUS Lemon Lime
- 100PLUS Orange
- 100PLUS Blackcurrant
- 100PLUS Active
- 100PLUS Zero
- OYOSHI Green Tea Original
- OYOSHI GOLD Kabusecha Green Tea
- OYOSHI GOLD Sencha Green Tea
- F&N SEASONS Chrysanthemum
- F&N SEASONS Pu-erh Chrysanthemum
- F&N SEASONS Apple Pomegranate Tea
- F&N SEASONS Grass Jelly
- F&N Fruit Tree Blackcurrant Fruit Drink with Aloe Vera
- Sunkist Pure Orange Juice Drink
- Sunkist Growers Selection Orange Juice (No sugar added)
- Farmhouse Fresh Milk (Pasteurised)
- F&N Magnolia Fresh Milk (Pasteurised)
- F&N Magnolia Barista Milk Fresh Milk (Pasteurised)
- F&N Magnolia Low Fat Hi Cal Milk (Pasteurised)
- F&N CSD Orange
- F&N CSD Sarsi
- F&N CSD Strawberry
- F&N CSD Zappel
- F&N CSD Fruitade
- F&N CSD Ice Cream Soda
- F&N CSD Ginger Ade
- F&N CSD Grape
- est Cola

Our philosophy of 'Pure Enjoyment. Pure Goodness' means that F&N has a responsibility to provide high quality, healthy, safe and reliable products to its consumers. For example, OYOSHI tea products are brewed from high quality organic tea leaves; our soya bean milk is made with first grade non-GMO (genetically modified organisms) soybeans; and none of our products sold in Malaysia and Thailand contain Partially Hydrogenated Oils ('trans fatty acids'). We also provide alternative and healthier options by innovating our products for consumers with food intolerances, such as lactose free milk.

Another aspect of the healthier offering is our commitment to reducing sugar content in our products. Over 90% of our RTD products sold this year contain less than 5 g/100 ml of sugar content.

Since 2004, F&N has taken deliberate steps in reducing the sugar content in our beverages. Today, we are pleased to report a reduction of 59% in the sugar index (grams of sugar content per 100 ml) across our range of beverages. This also represents a 30% reduction against last year.

FY2020 Sugar Index (Total beverages)



Sugar index

is calculated by total volume of sugar (gramme)/total production volume of beverages (million litre).

Beverages

include Isotonic, CSD, Water, Tea, Soya and Juice (Ambient).



59%

in sugar index (FY2004-FY2020)

Safety & Well-Being

Some highlights from new products introduced this year:

MALAYSIA

1. **100PLUS Zero**, a zero sugar and zero calorie variant of the 100PLUS drink.
2. **F&N ICE MOUNTAIN Sparkling Water** in Original, Lemon and Grapefruit with zero sugar and zero calories for crisp, flavour infused unsweetened drinks.
3. **F&N Ready-to-drink Teh Tarik**, from freshly brewed premium black tea with F&N's signature sweetened condensed and evaporated milk, available in two variants, **ori and less sweet** option.
4. **No Sugar OYOSHI Gold Kabusecha**, and **No Sugar OYOSHI Gold Sencha** are premium sugar-free green teas, brewed with 100% imported, authentic Japanese Green Tea leaves from Makinohara Plateau in Japan.
5. **Sunkist Pure in Orange and Lemon Apple** with high vitamin A, C and E content with no added preservatives
6. **TEAPOT Squeeze Tube in Plain, Gula Melaka & Pandan**, authentic local flavours available in convenient squeeze tubes which are easy to spread over foods or desserts to infuse them with that classic taste.
7. **F&N Fruit Tree Fresh Reduced Sugar Soursop with Nata De Coco**, a healthier offering rich in vitamin C and flavour.



THAILAND

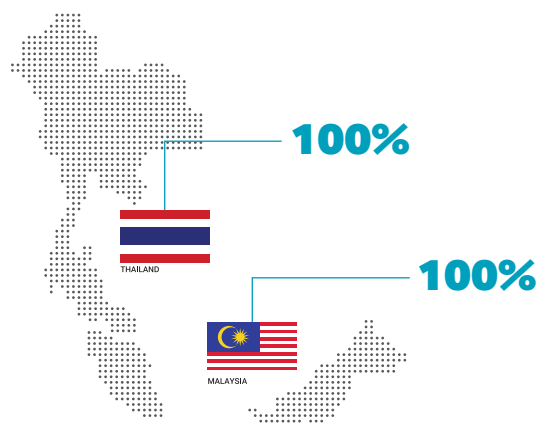
1. **Carnation Plus SCM 0% Fat, 25% Reduced Sugar** is formulated with 0% fat and 25% reduced sugar for the in-home consumption of superior and healthier Sweetened Condensed Milk (SCM).
2. **TEAPOT Squeeze Tube in Matcha and Mango** are infused with premium green tea powder from Aichi Japan and mango, and fresh milk to create a delicious creaminess and intense aroma, making it the ideal mix to any dessert.
3. **Magnolia Milkies Tablet** in Classic Malt, Hokkaido Milk, and Strawberry Yogurt are made from 100% New Zealand milk.

Our Performance Highlights

GRI 416-1 : Assessment of the health and safety impacts of product and service categories

GRI 416-2 : Incidents of non-compliance concerning the health and safety impacts of products and services

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



In FY2020, F&NHB maintained our health and safety standards with no significant incidents of non-compliance with regulations resulting in fine, penalty or warning. We made good progress towards our 2020 target of offering at least one healthier choice in each RTD product category. We currently offer healthier options in 11 out of 12 (92%) product categories.

We currently do not have a healthier option available for the 'Energy' product category as we believe that reducing the sugar level of our energy drinks too drastically would result in a loss of its functionality and purpose, which is to provide our consumers, with an energy boost.



92%

Healthier choice

11 out of 12 product categories have healthier choice option

PRODUCT & SERVICE LABELLING

GRI 417-1; GRI 417-2

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

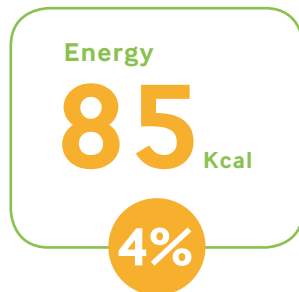
Our Approach

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 is subject to a review process involving a range of internal experts including our R&D and Scientific & Regulatory Affairs teams, plus dietician advice. Labels are then submitted to government authorities for verification and endorsement.

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

Fundamental information (such as calories and contribution to recommended daily caloric intake) is included in "front of pack labelling", for most of our ready-to-drink products, to provide consumers with easy-to-understand data.

FRONT OF PACK LABEL



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.

Our Performance Highlights

GRI 417-1: Requirements for product and service information and labelling

All product categories comply with product labelling requirements as below:



GRI 417-2: Incidents of non-compliance concerning product and service information and labelling

Throughout our product information, labelling and marketing communications efforts in FY2020, 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.



A hand in a green sleeve reaching out against a blurred green background.

Other

INFORMATION

- Performance Summary
- External Assurance Statement
- GRI Content Index