

# Introduction to Environment Pillar

## CIRCULARITY AND ENVIRONMENTAL PROTECTION



At F&N, we acknowledge and embrace the significant responsibility our business bears in safeguarding the environment and are fully aware of the pivotal role we play in preserving and nurturing our natural surroundings for the benefit of current and future generations.

Within our operations, we prioritise and champion circularity and environmental efficiency by effectively managing energy, water, and waste resources. Shifting towards a circular economy not only opens prospects for enhancing business value but also serves as a means to mitigate environmental consequences.

We recognise the interaction of the F&B sector with biodiversity and are committed to sourcing ingredients with respect of their impacts on the ecosystem.

### Operational Eco-Efficiency

- Energy and Climate Change
- Water Stewardship
- Waste Management

### Value Chain Impacts

- Packaging
- Biodiversity

## 2025 SUSTAINABILITY TARGETS AND FOCUS AREAS



### ENERGY AND CLIMATE CHANGE

- Reduce the Group's energy intensity ratio at our plants (from a 2020 baseline) by 8% by 2025
- Reduce the Group's GHG emissions intensity ratio at our plants (from a 2020 baseline) by 8% by 2025



### WASTE STEWARDSHIP

Reduce the Group water intensity ratio at our plants (from a 2020 baseline) by 8% by 2025



### WASTE MANAGEMENT

Reduce the solid waste sent to landfill (from a 2020 baseline) by 30% by 2025



### PACKAGING

25% of beverage and dairy packaging to contain recycled materials by 2025

### Contributing to SDGs

#### Primary



#### Secondary



# OPERATIONAL ECO-EFFICIENCY

F&N recognises that our company creates environmental impacts through energy, water and resource consumption. To reduce our impacts on the environment, we are committed to explore avenues to improve our manufacturing processes, through innovative initiatives and resourceful strategies, to optimise eco-efficiency to minimise our environmental footprint and align our operations more closely with sustainable practices.

Details on how we approach each environmental impact are elaborated in the following sections:

- Energy and Climate Change
- Water Stewardship
- Waste Management

## Environment, Safety and Health Policy

F&N implements environmentally sustainable business practices aligned with our core values and the circular economy principles. Our operations are guided by the ESH Policy. It serves as a framework for all F&N's decisions concerning the environment across our value chain – production operations, business facilities, products, distribution and logistics, and management of waste. We work with local communities to protect and preserve the environment and strive for zero waste and zero pollution.

## OUR ENVIRONMENTAL SAFETY & HEALTH POLICY

All of our operations in Singapore, Malaysia and Thailand are guided by the following principles, to:



Comply with applicable environmental, safety & health, legal and other requirements and also work with relevant statutory bodies to provide and maintain a safe, green working environment



Develop review and carry out Environmental Impacts and Occupational Risk Assessments to take appropriate control measures for prevention of pollution, injury and illness



Foster communication with shareholders, employees, customers, suppliers and local communities to protect the environment and to have hazard free condition



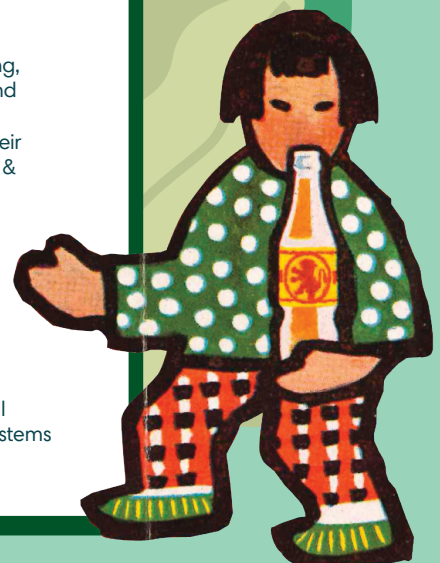
Provide and maintain relevant training, instruction, information, resources and supervision to our employees about our commitments and encourage their involvement in Environmental, Safety & Health Programmes



Ensure continual improvement in the Environmental, Safety and Health Management system and standards



Strive for Zero Waste, Zero Pollution and Zero Accident through continual improvement in our management systems and processes



# OPERATIONAL ECO-EFFICIENCY

## ENERGY AND CLIMATE CHANGE

### GRI Index:

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

### SDGs

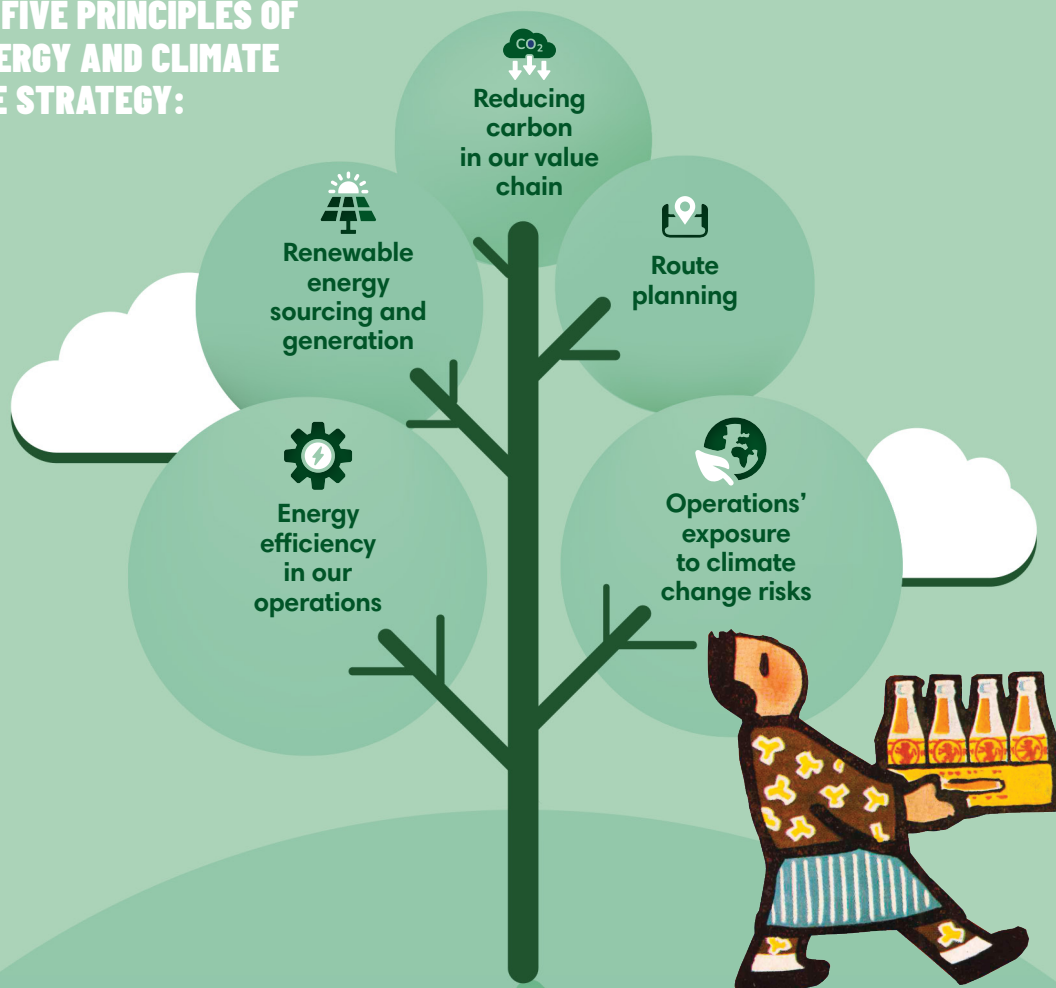


GHG emissions from our business operations contribute to climate change. In turn, the effects of climate change also affect F&N. The ripple effects of climate change places pressure on production processes and poses climate-related risks, such as price fluctuations of raw material commodities, and the access to water resources, for F&N. At the same time, it also provides climate-related opportunities, such as cost savings, and alignment with consumer expectations. For a more detailed focus on climate change risks, refer to the 'TCFD and Climate Risk Management' chapter of this Report.

F&N is committed to reducing the energy and GHG emission intensities of our plants, as per our 2025 sustainability targets. We assume the responsibility to minimise our carbon footprint across our value chain. To further highlight this commitment, and to support the efforts to mitigate the effects of climate change, we would also be declaring a 2040 target for the net-zero of Scope 1 and 2 GHG emissions.

### ➔ Approach

## F&N'S APPROACH IS GUIDED BY THE FIVE PRINCIPLES OF THE ENERGY AND CLIMATE CHANGE STRATEGY:



## 2025 Target

### Target

Reduce the Group's energy intensity ratio at our plants (from a 2020 baseline) by 8% by 2025

### Performance

In FY2023, our energy intensity ratio increased by 2% from 2020, due to the lower production volume at some of our plants.

### Target

Reduce the Group's GHG emissions intensity ratio at our plants (from a 2020 baseline) by 8% by 2025

### Performance

In FY2023, our GHG emissions intensity ratio decreased by 6% from 2020, due to the increased use of renewable energy at our plants.

## Performance

### GRI 302-1

Energy consumption within the organisation

See 'Performance Summary' section in this Report on pages 102 - 103

### GRI 302-3

Energy intensity ratio

See 'Performance Summary' section in this Report on pages 102 - 103

### GRI 305-1

Direct (Scope 1) GHG emissions (CO<sub>2</sub>e)

See 'Performance Summary' section in this Report on pages 102 - 103

### GRI 305-2

Energy Indirect (Scope 2) GHG emissions (CO<sub>2</sub>e)

See 'Performance Summary' section in this Report on pages 102 - 103

### GRI 305-4

GHG emissions intensity

See 'Performance Summary' section in this Report on pages 102 - 103

## Initiatives

### ENERGY EFFICIENCY IN OUR OPERATIONS

Improving energy efficiency in our operations makes just as much business sense as it is to reduce our environmental impacts. F&N continues to scale up on our GHG reduction projects by improving the energy efficiency in our operations and supply chain.

1

### Thailand

#### F&NDT – Innovative Heat Recovery System

Continuous and Batch Sterilisers are natural gas intensive and generate a significant amount of heat waste. By installing an innovative heat recovery system to recover heat waste from the cooling water, the 70°C sterilisers in many areas transfer heat waste for use in utilities and at the production line to heat up reverse osmosis water, processed water and soft water from 30°C to 60°C, reducing the amount of natural gas consumption. This reduced F&NDT's natural gas consumption by up to 6%, created cost savings of about THB 5.4 million (about SGD 208,000 per year), and resulted in reductions of around 650 MT CO<sub>2</sub>e GHG emissions per year.

2

### Malaysia

#### F&NHB – Reduced Energy Used for PET Bottle Dry Blowing

By updating the current compressed air PET bottle drying process with Paxton blowers at our Shah Alam plant, there has been a reduction in electricity consumption by about 228,000 kWh annually. This means an estimated cost savings of around MYR 81,000 (about SGD 23,100), and a reduction of GHG emissions by around 133 MT CO<sub>2</sub>e per year. The added benefit is that the Paxton blowers also generates a lower level of noise.





# OPERATIONAL ECO-EFFICIENCY

## Initiatives

### RENEWABLE ENERGY SOURCING AND GENERATION

Renewable energy sourcing and generation initiatives will be key for our progress toward our 2025 Energy and GHG reduction sustainability goals.



## 1 Singapore, Malaysia and Thailand

FNFS, TPL, F&NHB and F&NDT – Installation of Solar Panels

Across the Group's operations in Singapore, Malaysia and Thailand, solar panel are being progressively installed across the rooftops of selected plants. It is expected to provide cost savings of over SGD 2.4 million, and an estimated 13,000 MT CO<sub>2</sub>e in GHG emissions avoided, each year. The solar photovoltaic system reduces the amount of electricity usage by about 23 million kWh annually, significantly reducing F&N's energy offtake from the grid by our switching to renewable energy for daily operations.

## Initiatives

### ROUTE PLANNING

Optimal route planning can help reduce GHG emissions. In the last few years, we have continued to streamline our distribution networks.



## 1 Singapore, Malaysia and Thailand

FNFS, F&NHB and F&NDT – Automated Storage and Retrieval System ("ASRS")

F&N has strategically decentralised its distribution network to curtail GHG emissions. This decentralisation aligns with the principles of Total Supply Chain Management (TSCM) and extends to logistics management.

One key technological advancement is the ASRS, which is fully operational in integrated warehouses located in plants in Singapore, Malaysia and Thailand. This system has revolutionised our operations by automating processes, allowing for the handling of more loads. As a result, forklift usage is optimised and substantially reduced, by up to 40%, saving both time and energy by cutting down on trips down storage aisles. Another notable benefit of implementing the ASRS is a reduction in the need to rent external warehouses. As a result, a remarkable reduction of over 15% in transport annually had been achieved. This saves time and energy and contributes significantly to reducing GHG emissions.

### This system drives improvements through:



More accurate stock management



Elimination of product damage caused by mishandling



In-sourcing of break bulk activities



Reduction of time spent by workers at the warehouse

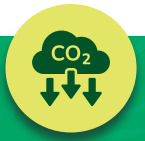


Improvement in warehouse safety



## Initiatives

### LOW CARBON PRODUCT



#### 1 *Thailand*

##### F&NDT – CARNATION Extra Non-dairy Half Creamer for Cooking and Baking

The CARNATION Extra Non-dairy Half Creamer for Cooking and Baking (385g) is F&NDT's first low-carbon product certified by Thailand Greenhouse Gas Management Organisation ("TGO"). The product's carbon footprint of 295g CO<sub>2</sub>e successfully meets the requirements of the TGO Carbon Footprint Reduction Label scheme.

F&N is working towards having more products certified by TGO under the Carbon Footprint Reduction Label scheme.

## Initiatives

### OPERATIONS EXPOSURE TO CLIMATE CHANGE RISKS



The increasingly visible impacts of climate change around the globe are disrupting societies and businesses. F&N too is vulnerable to such climate-related risks, from extreme temperatures to floods and drought, which have the potential to halt our operations and disrupt our supply chain.

#### 1 *Singapore, Malaysia and Thailand*

##### Group – Climate-Related Risks and Opportunities Assessment

To better understand our position, last year, F&N had conducted an inaugural qualitative climate-related risks and opportunities assessment to identify the potential material climate-related physical and transition risks and opportunities. This year, to gain more insight into the potential business impacts of the identified climate-related risks, we had built upon last year's work and conducted a quantitative climate-related risks assessment on three physical and transition risks. The outcome would be integrated into the organisation's overall ERM framework for monitoring in order to drive strategic decisions for managing them.

For details on the climate-related risks and opportunities assessment, refer to the 'TCFD and Climate Risk Management' chapter of this Report.



# OPERATIONAL ECO-EFFICIENCY

## WATER STEWARDSHIP

GRI Index:

GRI 303-3, GRI 303-4, GRI 303-5

### SDGs



Water is an important resource for F&N because it is used extensively in our products and operational processes. The success to our business depends on a reliable supply of water and effective water management. Through our climate-related risks and opportunities assessment, there are key sites in areas with medium to high exposure to water

scarcity – where demand of good quality water exceeds the availability. With climate change expected to intensify the severity of flooding and water-stress in the near future, we are committed to responsible water stewardship by managing our water use to safeguard the availability of clean water for the local communities, in the markets we operate.

### Approach

Guided by the F&N ESH Policy and the principles of circular economy, F&N has organised initiatives to increase water security and reduce water consumption. Water-related risks and opportunities are identified and addressed by collaborating with relevant stakeholders to create shared value projects.

To reduce risks towards our water supply, we utilised a range of internal water assessments and have deployed action policies in all our facilities:

- F&N conducted a quantitative climate-related risks assessment to determine the potential business impact on key sites that had been identified as having medium to high exposure to the climate-related physical risks of water scarcity, and flooding.
- The sustainability team utilises publicly available tools such as the World Resources Institute Aqueduct and World Wildlife Fund Water Risk Filter to evaluate water-stress areas.
- F&N has an established system within all operations for systematic daily and monthly tracking and monitoring of water consumption and effluent quality.

### 2025 Target

#### Target

Reduce the Group's water intensity ratio at our plants by 8% from a 2020 baseline by 2025



#### Performance

In FY2023, our group water intensity ratio increased by 5% because of a lower production volume at some of our plants.

### Performance

#### GRI 303-3

Water withdrawal



See 'Performance Summary' section in this Report on pages 102 - 103

#### GRI 303-4

Water discharge



See 'Performance Summary' section in this Report on pages 102 - 103

#### GRI 303-5

Water consumption



See 'Performance Summary' section in this Report on pages 104 - 105



## Initiatives

### WATER STEWARDSHIP IN OUR OPERATIONS

F&N implemented various water saving initiatives this year to further improve our water efficiency. Our plant engineers look into closing the loop for our water systems – through treating wastewater from our plants and using the recycled water for general cleaning and cooling purposes. We also collaborate with stakeholders in our value chain to develop water management strategies.

#### 1 *Thailand*

##### F&NDT – Innovative Water Recycling System

F&NDT has been actively focusing on implementing a robust water recycling system at the Rojana plant. This system involves treating effluent water to a level where it meets the quality standards of drinking water and can be channelled back into the utility system. The recycling process itself Ultra Filtration combined with Reverse Osmosis membrane technology to achieve the required water quality. The treated effluent is then sent to the Evaporative Condenser and Cooling Tower for further use. The concentrated wastewater, separated from the treated effluent during the recycling process, serves a practical purpose as it is used for watering the plants in the garden or transferred to the Rojana industrial park's wastewater treatment plant for further treatment. It is estimated to reduce water consumption by over 83,000m<sup>3</sup> each year, achieving annual cost savings of over THB 1.6 million (over SGD 61,600).

#### 2 *Malaysia*

##### F&NHB – Sustainable Sugar Manufacturing

F&NHB has collaborated closely with the local community and established a partnership with our liquid sugar manufacturer, spanning over two years, to address a significant challenge in the sugar manufacturing process – the substantial water consumed during the sugar crystallisation stage. To mitigate this environmental impact, F&NHB had implemented a filtration resin method, effectively transforming the sugar into a liquid form. This innovative approach eliminates the need for large quantities of water traditionally required for the sugar crystallisation process.





# OPERATIONAL ECO-EFFICIENCY

## WASTE MANAGEMENT

### GRI Index:

GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4  
GRI 306-5, GRI 306-6

### SDGs



Our commitment lies in shaping a future devoid of waste, and we actively translating this commitment into action by adopting the circular economy approach. Circular economy aims to minimise waste and promote a sustainable use of

natural resources by repurposing it as input for other processes. Proficient waste management strengthens our capacity for resource efficiency and also diminishes our environmental footprint, resulting in potential cost savings for the business.

### ➔ Approach

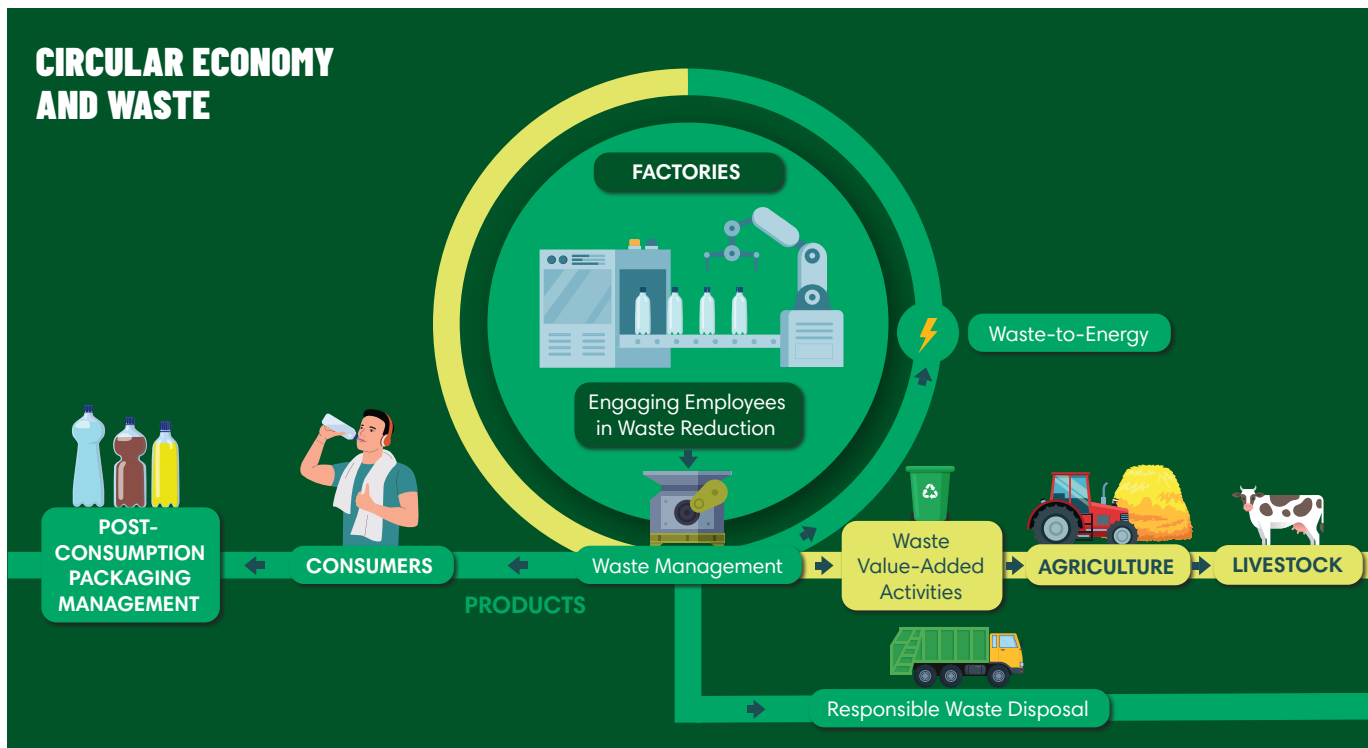
Waste generation occurs at various points within the production process, spanning the supply chain and our own operational activities. F&N focuses on efficient waste management by minimising and redirecting our operational waste. We extend our dedication beyond our immediate operations and collaborate with stakeholders along our supply chain. Together, we identify opportunities to embrace circular practices in their operations, working with them to achieve resource-efficient practices.

F&N aspires to achieve 'zero discharge, zero waste and zero landfill'. Our manufacturing teams seek to improve efficiency in our operations by applying innovation and discovering new opportunities to close the loop in the material cycle.

We prioritise environmentally responsible practices for different types of waste. Non-hazardous waste is predominantly recycled to maximise resource utilisation and minimise environmental impact. Those which cannot be recycled are directed towards power plant waste-to-energy facilities, where possible, to contribute to energy recovery and reduce waste to landfill. Our hazardous waste, though minimal, is properly disposed by licensed waste contractors, adhering to stringent regulatory standards. This approach underscores our commitment to sustainable waste management practices across all waste categories.

Under our ESH Policy, we promote employee awareness on responsible consumption and the importance of effective waste management across our business activities.

## CIRCULAR ECONOMY AND WASTE



## 2025 Target

### Target

Reduce the solid waste sent to landfill (from a 2020 baseline) by 30% by 2025

### Performance

In FY2023, the total solid waste sent to landfill increased by 4% from a 2020 baseline year due to the transition from our Pak Chong to Wang Muang plant.

## Performance

### GRI 306-3 (2020)

Waste generated



See 'Performance Summary' section in this Report on pages 104 - 105

### GRI 306-4 (2020)

Waste diverted to disposal



See 'Performance Summary' section in this Report on pages 104 - 105

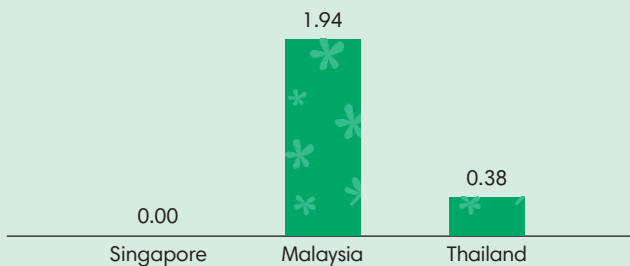
### GRI 306-5 (2020)

Waste directed to disposal

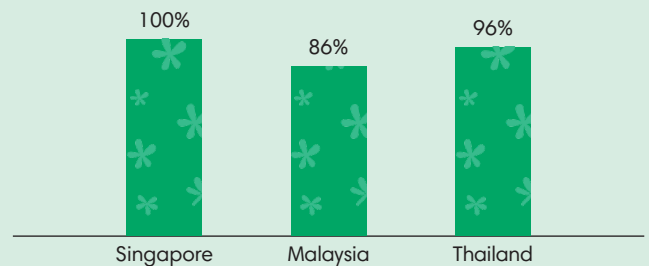


See 'Performance Summary' section in this Report on pages 104 - 105

### Solid Waste Intensity Ratio (kg/MT)



### Solid Waste Recycled, Reused or Recovered



### Initiatives

#### OPTIMISING WASTE REDUCTION THROUGH INTERDEPARTMENTAL COLLABORATION

F&N collaborates across departments, partnering with supply chain heads, to enhance product demand and planning. This effort aims to enhance the precision of product quantity forecasting, reducing the occurrence of unsold products, and ultimately, waste generated. To support this initiative, strategic investments has been made in software tools to facilitate the tracking of return SKU, improve forecast predictions, and offer opportunities for continuous enhancement in demand planning. In addition, F&N seeks support from the sales teams to actively contribute their insights and feedback to refine the forecasting process. This collaboration serves to validate and verify the accuracy of the forecasted numbers.



### Initiatives

#### TRANSFORMING MARKET RETURNS INTO COST-EFFECTIVE SOLUTIONS

90% of FNFS general waste originates from unrecyclable market returns. To address this issue, FNFS is exploring an initiative to combine these market returns with okara and repurpose it as feed for black soldier fly larvae. Black soldier fly larvae can convert the waste into a by-product known as frass, which can be used to substitute or supplement commercial fertilisers in agriculture and can also be used in animal feed formulations for poultry and aquaculture diets. This approach is a dual-pronged strategy that minimises waste disposal costs while contributing to an environmentally responsible and sustainable solution.



# OPERATIONAL ECO-EFFICIENCY

## Initiatives

### PLANT MANAGEMENT – ROAD TO ZERO WASTE TO LANDFILL (“ZERO-LANDFILL”)

Of our 13 factories, 5<sup>1</sup> had achieved zero-landfill. To achieve the significant milestone of zero-landfill since May 2021, F&NDT's Rojana plant had undertaken a remarkable zero-landfill initiative to combust non-recyclable waste and recover energy from it. Through this innovative effort, our Rojana plant had successfully converted over 60,000 kg of waste into an impressive 300,000 kWh of electricity.

#### Note:

<sup>1</sup> Kota Kinabalu, FNFS, TP, Rojana and Wang Muang



## Initiatives

### FOOD LOSS AND WASTE IN THE VALUE CHAIN

Food loss and waste have emerged as pressing global concerns that significantly impact the pursuit of sustainable development goals. Approximately one-third of all food produced worldwide is either lost or wasted. The repercussions of food loss and waste extend beyond mere inefficiency and also contribute to critical issues, such as food shortages, water stress, biodiversity depletion, and the exacerbation of GHG emissions, thereby underscoring the urgency of addressing this multifaceted challenge.

As a F&B manufacturer, F&N aspires to optimise our position to minimise food wastage in our entire value chain. We are committed to reducing food loss and waste by:

- Reducing our production waste to landfill by 30% by 2025
- Collaborating with our business partners to reduce food loss and waste

F&NHB has established a food loss and waste management framework, drawing inspiration from the Food and Drink Material Hierarchy provided by the United Nations' Food and Agriculture Organisation. They actively engage with both upstream and downstream partners to explore creative solutions aimed at reducing food loss and redirecting it. Their efforts primarily revolve around prevention, optimisation, recycling, and recovery initiatives, all aimed at minimising food waste throughout their value chain.

#### Raw Materials Upstream

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

#### Production Processes Within Our Plants

- Track, measure and monitor our manufacturing processes.
- Improve our food loss management by identifying key categories and waste streams.
- Reduce impact from operations by complying with, and going beyond, relevant regulations.

#### Collaboration with Partners

- Team up with partners to look for innovative programmes/initiatives to reduce food loss or reuse food loss for alternative usage.

#### Managing Food Surplus Downstream

- Regularly track, measure and monitor any food surpluses in retail.
- Channel our surplus food to organisations and communities

Various initiatives have been implemented by F&NHB toward this end, including collaborating with partners to re-use food loss, for example transforming sludge into fertilisers, and channeling surplus food to charitable organisations, such as the Yayasan Food Bank Malaysia, and communities in need.



*They (F&NHB) actively engage with both upstream and downstream partners to explore creative solutions aimed at reducing food loss and redirecting it. Their efforts primarily revolve around prevention, optimisation, recycling, and recovery initiatives, all aimed at minimising food waste throughout their value chain.*

# VALUE CHAIN IMPACTS

Our products have implications that go beyond our immediate operations. Raw materials and ingredients we source for our products and packaging are all associated impacts of our business. Packaging and biodiversity are therefore regarded as material issues to F&N. We strive to mitigate these impacts throughout our value chain by enhancing packaging practices and responsibly sourcing raw materials.

More information can be found in the following sections:

- Packaging
- Biodiversity

## PACKAGING

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

SDG



On a global scale, excessive creation, and inadequate handling of packaging at the end of its life pose a significant and ongoing environmental issue. Consequently, it is of paramount importance for society to prioritise the reduction of packaging waste, enhance reusability and recyclability, and ensure effective management of recovered materials.

The sourcing of packaging materials and the handling of post-consumer packaging have emerged as significant societal concerns. Increasing awareness of the environmental impacts associated with single-use plastics, have prompted consumers and stakeholders to call for proactive measures from F&B companies. Various stakeholders are exerting pressure on companies to invest in comprehensive and sustainable packaging solutions.

In regions where we operate, governments have introduced environmental policies aimed at encouraging companies to reconsider their production methods. Examples include Thailand's 'Roadmap on Plastic Waste Management,' Malaysia's 'Roadmap towards Zero Single-Use Plastics,' and the establishment of Singapore's Plastics Recycling Association. Rethinking packaging enables F&N to support the respective government's policies as well as be prepared for future stringent regulations.

Packaging is one of the critical aspects where we could influence and minimise negative impacts on the society and environment. We explore sustainable solutions with a focus on packaging design and materials that would encourage recyclability and circularity.



**F&N focuses on designing our packaging with the environment in mind and looks into investing in new innovations, integrating principles of circular economy, and working closely with our stakeholders to innovate packaging solutions.**

## Approach

F&N focuses on designing our packaging with the environment in mind and looks into investing in new innovations, integrating principles of circular economy, and working closely with our stakeholders to innovate packaging solutions.

F&N's packaging approach is centred around several key objectives:

- Reducing the amount of materials used in our packaging
- Increasing the use of sustainable packaging materials, such as increasing the recycled content in our aluminium and tin cans
- Designing packaging to be recyclable

F&N actively works across the supply chain to find solutions to manage post-consumer packaging. We have partnered with other organisations to close the loop and seek to work with new suppliers that meet our requirements for sustainable packaging materials.

## 2025 Target

### Target

25% of beverage and dairy packaging to contain recycled materials by 2025

### Performance

Average recycled content in our packaging has improved from 22% in FY2020 to 25% in FY2023.

## Performance

### GRI 301-1

Materials used by weight or volume

### GRI 301-2

Recycled input materials used

Over 2.0 million MT of materials used

About 25% of recycled input materials used

### Notes:

1. Materials are sourced from external suppliers
2. Data are sourced from direct measurements

## VALUE CHAIN IMPACTS

### Initiatives

#### SUSTAINABLE PACKAGING SOLUTIONS WITH GREEN LAB



Combining the expertise and resources of Times Printers and Print Lab, the sustainable packaging business was officially launched under the brand Green Lab in May 2022. Green Lab offers a solution to our customers where the responsible use of packaging can have a positive impact of the environment, but not at the expense of price, quality, or convenience.

Green Lab offers customers sustainable packaging solutions printed with environmentally friendly soy-based printing ink and aims to be Singapore's one-stop eco-solutions provider for business and services alike, supporting them in their quest to meet their ESG objectives.

To date, Green Lab has collaborated with over 10 companies from across different industries and intends to further extend this initiative to include more businesses to facilitate the creation of a circular economy,

### Initiatives

#### PARTNERSHIPS TO ENCOURAGE CIRCULAR ECONOMY



F&N spearheaded a joint initiative with the NEA of Singapore to introduce 50 Reverse Vending Machines ("RVMs") across Singapore since 2019. The initiative was to provide an easily available avenue for consumers to deposit selected used plastic bottles and aluminium cans to encourage a habit of recycling. This supports the national vision of the Sustainable Singapore Blueprint's goal to increase the national recycling rate to 70% by 2030. As of September 2023, more than 16 million aluminium cans and PET bottles have been collected and passed on to recycling facilities.

F&NHB partnered with industry leaders KLEAN, GRAB and Malaysian Research Accelerator for Technology and Innovation to launch 18 Artificial Intelligence-driven RVMs in strategic locations across the Klang Valley in Malaysia. The pilot project will run for six months. Each fully operational RVM can also accept plastic food containers, on top of the usual aluminium cans and PET bottles, for recycling. Asasrama Sdn Bhd, a certified processor, would then collect and recycle them into raw materials, such as plastic pallets/flakes, giving them a second life by reusing them in new products, including apparels, furniture fillings and plastic furniture/boxes.

## BIODIVERSITY

GRI Index:  
GRI 304-1

### SDG



A thriving biodiversity, coupled with healthy ecosystems, offers an array of essential benefits to humanity. These encompass the provision of nutrition, habitat, medicinal resources, and even energy sources. It is important to recognise that the well-being and livelihoods of billions<sup>1</sup> of people are intricately linked to the prosperity of biodiverse ecosystems. In essence, our dependency on these ecosystems is not only significant, but also extends to various aspects of our daily lives and sustenance.

In recent decades, we have witnessed a concerning acceleration in biodiversity loss and ecosystem deterioration, largely driven by the overexploitation of resources.

The preservation of biodiverse ecosystems is facing mounting challenges, including the escalating impacts of climate change, rising demand for resources, and rapid technological advancements.

At F&N, our operations rely on the natural environment for essential raw materials, such as palm oil, sugar, and paper. The decline in biodiverse ecosystems poses a threat to the environment and directly impacts our business. Recognising these interconnected challenges, we are committed to expanding our efforts beyond sustainable sourcing. Together with our suppliers, we are dedicated to safeguarding biodiversity in the regions where we operate.

#### Note:

- <sup>1</sup> IPBES (2022). Summary for Policymakers of the Thematic Assessment Report on the Sustainable Use of Wild Species of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. Fromentin, J.M., Emery, M.R., Donaldson, J., Danner, M.C., Hallosserie, A., Kielling, D., Balachander, G., Barron, E.S., Chaudhary, R.P., Gasalla, M., Halmy, M., Hicks, C., Park, M.S., Parlee, B., Rice, J., Tickin, T., and Tittensor, D. (eds.). IPBES secretariat, Bonn, Germany. <https://doi.org/10.5281/zenodo.6425599>



## Approach

Our subsidiary, F&NHB leads the conversation on biodiversity with internal and external stakeholders to develop a direction in biodiversity management. Launched in 2021, the commitments made in F&NHB Biodiversity Statement serves as a foundation for their initiatives:

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

This statement is applicable to all current and future operational sites at F&NHB. Suppliers and business partners are encouraged to commit to protecting the biodiversity and ecosystems in their operations through the F&NHB Sustainable Agriculture Guideline.

### Initiatives

F&N sources for sustainable palm oil in a bid to contribute to the conservation of the ecosystem. As an ordinary member of RSPO, we abide by the RSPO Principles and Criteria 2018 and are committed to sourcing for traceable palm oil that is free from deforestation and conversion through suppliers with a no deforestation, no conversion policy.

We engage our palm oil suppliers to ensure the palm oil sourced from them is RSPO certified, sustainable and traceable. Our current palm oil suppliers have No Deforestation, No Peat, No Exploitation Policies which they disclose on their websites.



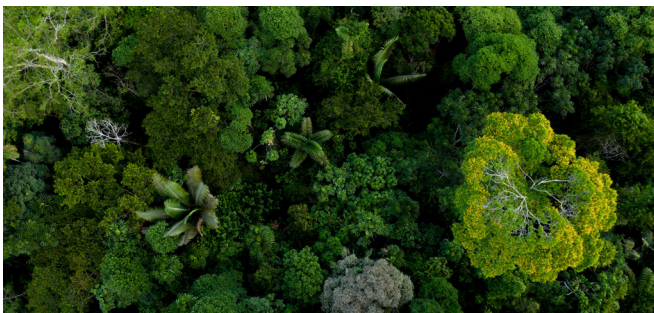
## Performance

### GRI 304-1

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



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



**At F&N, our operations rely on the natural environment for essential raw materials, such as palm oil, sugar, and paper. The decline in biodiverse ecosystems poses a threat to the environment and directly impacts our business. Recognising these interconnected challenges, we are committed to expanding our efforts beyond sustainable sourcing.**