

# BOARD STATEMENT

## INTRODUCTION

The Board is pleased to present Fraser and Neave, Limited's ("F&N" or the "Group") Sustainability Report ("Report") for the fiscal year ("FY") covering the period from 1 October 2022 to 30 September 2023. This Report offers an extensive overview of the Group's performance on key Environmental, Social, and Governance ("ESG") topics.

## REPORT COMPLIANCE

This Report was prepared in accordance with the globally recognised Global Reporting Initiative ("GRI") Universal Standards 2021. Furthermore, it aligns with the Singapore Exchange's ("SGX") Listing Rules 711A and 711B and was mapped to the SGX's core ESG metrics. In addition to these compliance standards, we have incorporated SGX-mandated climate reporting, guided by the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD").

The Report encompasses the Group's operations, including 13 manufacturing sites in Singapore, Malaysia, and Thailand.

## SUSTAINABILITY GOVERNANCE

The Board holds overarching responsibility for shaping the Group's sustainability strategy and initiatives. This encompasses identifying critical ESG topics integral to the F&N Group's strategy, overseeing their implementation, and monitoring sustainability performance, and has been closely involved in the development of this Report. The Sustainability

and Risk Management Committee ("SRMC"), which reports directly to the Board, is entrusted with steering the Group's sustainability endeavours. The SRMC receives support from the Sustainability Development Committee ("SDC"), chaired by Mr. Hui Choon Kit, the Company's Chief Executive Officer. The SDC is tasked with monitoring the Group's sustainability priorities and initiatives and ensuring their effective execution to attain the 2025 targets.

To ensure a comprehensive, organisation-wide approach to managing sustainability across material ESG topics, the SDC is represented by management from various divisions within F&N, encompassing Finance, Operations, Human Capital, Research and Development, Marketing, Communications, and Risk Management.

## FOCUSING ON OUR SUSTAINABILITY EFFORTS

We have reviewed and, where necessary, refined our 2021 materiality matrix and 2025 sustainability targets to reflect shifts in the external sustainability landscape. Four key material topics have been identified as increasingly important to our stakeholders and as having a greater impact on our businesses: Climate Change, Energy, Policy and Regulations, and Governance and Ethics.

F&N continues to make progress along our sustainability roadmap to achieve our 2025 sustainability targets. These targets have been reviewed by the SDC, endorsed by the SRMC, and approved by the Board. Detailed information on the 2025 sustainability targets can be found on pages 26 to 27 of this Report.

**We take pride in our unwavering commitment to sustainability and the progress we've made in integrating it across our diverse businesses. While we have achieved success in certain areas, we are acutely aware of the pressing need to accelerate climate action and ensure the enduring sustainability of F&N. Our sustainability and climate strategy will continue to evolve, creating lasting value for people, the planet, and the future of our businesses.**



## ENHANCING CLIMATE-RELATED DISCLOSURES

The escalating incidence of extreme weather events worldwide, exacerbated by climate change, underscores the urgency of prioritising efforts to mitigate climate-related risks. SGX recognised this imperative and mandated climate reporting by 2023, following the recommendations of the TCFD, on a 'comply or explain' basis. In advance of the SGX stipulated timeline, we included a qualitative TCFD narrative in our sustainability report last year. Building upon this foundation, the Group has now quantified three of our material climate-related physical and transition risks. Comprehensive details can be found in the TCFD narrative on pages 35 to 45 of this Report.

In our pursuit of a robust climate strategy, F&N has embarked on a journey to explore decarbonisation pathways for our businesses. By gaining a deeper understanding of available green technologies, their associated costs and benefits, and the potential for reducing greenhouse gas ("GHG") emissions, F&N is better equipped to make informed decisions and determine the most suitable approach to achieving our 2040 net-zero Scope 1 and 2 GHG emissions target.

## CELEBRATING SUSTAINABILITY ACHIEVEMENTS

We are delighted to share that our subsidiary, F&N Foods Pte Ltd ("FNFS"), was ranked 63<sup>rd</sup> out of over 1,700 employers in Singapore's Best Employers 2023 study conducted by Statista. Additionally, F&N Holdings Bhd ("F&NHB"), a subsidiary of F&N, continues to receive recognition for its excellence in sustainability and strong ESG practices. F&NHB was honoured with the Platinum Award for Best Sustainability Reporting at the National Annual Corporate Report Awards 2022 and received the Gold Award for the Consumer Goods and Services Sector, along with the Top Three Performers in ASEAN award at The Edge ESG Awards 2022. These awards and accolades serve as a testament to F&N's ongoing commitment to sustainability and inspire us to persevere on our sustainability journey.

## CLOSING REMARKS

We take pride in our unwavering commitment to sustainability and the progress we've made in integrating it across our diverse businesses. While we have achieved success in certain areas, we are acutely aware of the pressing need to accelerate climate action and ensure the enduring sustainability of F&N. Our sustainability and climate strategy will continue to evolve, creating lasting value for people, the planet, and the future of our businesses.





## CHIEF EXECUTIVE OFFICER'S MESSAGE

**HUI CHOON KIT**

### OUR F&N SUSTAINABILITY REPORT 2023

Sustainability at F&N is more than just a commitment; it is a fundamental philosophy that guides our operations and shapes our vision for the future. With great pride, we present F&N's Sustainability Report for 2023, encapsulating our steadfast dedication to sustainable growth and transformation. This year, our strategic focus has revolved around reinforcing our sustainability commitment through a series of key initiatives. These initiatives embody our ongoing journey towards creating lasting value for our stakeholders, with a spotlight not only on environmental performance but also on the well-being of our people and the communities we serve. As we navigate the ever-evolving sustainability landscape, let's delve into the strategic highlights of the year and our resolute commitment to a sustainable future.

This Report, prepared in accordance with the GRI Universal Standards 2021, provides useful information on our sustainability performance to our stakeholders and demonstrates our progress towards achieving our targets over time. Since last year, in line with the SGX updated sustainability reporting guidelines, our climate reporting has been made more robust by aligning it with the recommendations of the TCFD.

Our sustainability performance has been benchmarked against industry leaders, such as Thai Beverage Public Company Limited ("ThaiBev"), our strategic partner, to ensure improvements through best practice sharing and knowledge transfer. ThaiBev had demonstrated their sustainability excellence by being featured in the S&P Global Sustainability Yearbook 2023 for obtaining the top 1% S&P Global ESG Score in the Beverages industry in the S&P Global 2022 Corporate Sustainability Assessment. As such, ThaiBev's well-developed and systematic reporting parameters were chosen for alignment and integration into our data collection processes to leverage on their expertise.



***Sustainability at F&N is more than just a commitment; it is a fundamental philosophy that guides our operations and shapes our vision for the future. With great pride, we present F&N's Sustainability Report for 2023, encapsulating our steadfast dedication to sustainable growth and transformation.***





# Sustainable TOGETHER



## THE YEAR IN REVIEW: Economic

- A. Reporting on Climate-Related Disclosures:** F&N commenced phased implementation of climate reporting ahead of SGX's stipulated 2023 timeline. Our efforts include conducting a qualitative climate-related risks and opportunities assessment last year, with findings detailed in a TCFD narrative included in last year's sustainability report. This year, we took further steps by quantifying the business impact of three key climate-related physical and transition risks: Flooding, Water Scarcity, and Carbon Pricing. This assessment enables us to evaluate the cost to our business and assess the effectiveness of mitigating measures. The updated TCFD narrative, inclusive of these outcomes, can be found in this Report.
- B. Refreshed 2023 Materiality Matrix and 2025 Sustainability Targets:** Our 2021 materiality matrix and 2025 sustainability targets were subject to review and updates in response to shifts in the sustainability landscape. These refreshed targets, endorsed by the SRMC and approved by the Board, guide our sustainability efforts, addressing material sustainability issues with significant long-term financial and non-financial impacts on the Group's performance.
- C. Collaborations with Stakeholders in Our Supply Chain:** F&N maintains ongoing collaborations with our business partners, suppliers, and vendors, to understand their needs, provide sustainable solutions and advance sustainability together. For instance, in Thailand, F&N collaborated with the KhaoYai Milk Cooperative to support farmers by constructing a new Milk Collection Centre to improve their dairy facilities. This initiative benefitted the farmers, who were our key stakeholders, with an improved quality and quantity of fresh milk yield and allows F&N to continue to procure good quality fresh milk that meets our operational needs.

## THE YEAR IN REVIEW: Environment

- D. Renewable Energy in Operations:** Recognising the global need to limit global warming, F&N has embraced renewable energy by installing solar panels in our plants in Singapore, Malaysia, and Thailand. Completion of the second phase of solar panels at our Thailand plants this year is estimated to improve our Group's GHG emissions avoided to over 13,000 MT CO<sub>2</sub>e annually. This is an equivalent to the average annual GHG emissions emitted by over 87,000 households living in four-room HDB flats in Singapore<sup>1</sup>.
- E. Energy Efficiency in Operations:** To support the global initiative to achieve net zero by 2050, to limit global warming to between 1.5°C and 2°C above pre-industrial levels, F&N is also exploring innovative ways to reduce the GHG emissions generated from our operations. One such initiative is the Innovative Heat Recovery System by F&N Dairies Thailand ("F&N D T"), where heat waste from the cooling water of sterilisers is recovered and reused. This would result in GHG emissions reductions of around 650 MT CO<sub>2</sub>e per year. More information on similar initiatives can be found in pages 85 to 87 of this Report.
- F. Environmental-friendly Packaging:** To support our move toward a circular economy, F&N actively reduces virgin packaging material usage and packaging waste. This includes lightweighting and increasing the use of recycled materials. Collaborations with suppliers have resulted in 25% of recycled content in our packaging, marking a 3% increase from 2020. The launch of our eco-solutions manufacturing plant, Green Lab, which provides sustainable packaging solutions to businesses, has facilitated collaborations with over 10 companies across various industries to promote a circular economy.

### Note:

<sup>1</sup> Calculated based on the average annual electricity consumption of 353.3 kWh for a household staying in a four-room HDB flat in 2023, as per the EMA website.

# CHIEF EXECUTIVE OFFICER'S MESSAGE

## THE YEAR IN REVIEW:

### Social

**G. Healthier Products for Consumers:** In response to feedback from internal and external stakeholders, we have identified "Nutrition" as one of our most critical sustainability issues, aligning with our commitment to "PURE ENJOYMENT. PURE GOODNESS.". We continuously enhance the nutrient profile of our products and innovate to offer nutritious options to our customers. This year, we launched healthy beverages, such as ÖMilk and 100PLUS Pro High Protein, designed to provide nutritional value. Notably, 100PLUS Pro High Protein, which contains protein, vitamins B3, B6 and B12, branched-chain amino acids and electrolytes for energy, muscle repair and hydration, received the Healthier Choice Symbol recognition from the Singapore Health Promotion Board and the Healthier Choice Logo from the Malaysia Ministry of Health. We have also taken further steps to reduce high sugar content in our ready-to-drink ("RTD") products, with over 73% containing less than 5g of sugar per 100ml in Singapore and Malaysia.

Due to global warming, projected further increases in future temperatures is expected to cause elevated heat stress risk for outdoor workers subject to prolonged exposure to the sun. To contribute to the solution to mitigate heat stress faced by outdoor workers, F&N had conducted a two-week trial using our 100PLUS Slushy, in collaboration with the Singapore Workplace Safety and Health Institute, Simplex, Project HeatSafe, Teambuild Construction Group, with support from The Singapore Contractors Association Ltd. Over 200 workers participated in the trial, with more than 900 liters of 100PLUS Slushy consumed. While consuming ice slurry had been ascertained to significantly reduce the workers' heat injury risk, most of them found that it had the added benefit of also improving their work efficiency.

**H. Safeguarding Our People:** The health and safety of our employees remain our top priority. Despite COVID-19 being largely under control, F&N continues to prioritise

the well-being of our workforce. The Group continues to support employees navigate remote working environments through increased adoption of digital tools, such as videoconferencing software like Zoom and Microsoft Teams, in place of in-person meetings. We have also reviewed medical benefits coverage and appointed a new provider with a more comprehensive plan to safeguard our employees' welfare. The medical benefits were updated to also include coverage for mental wellness and alternative medicine, such as Traditional Chinese Medicine. This extends to not only physical health of employees but also their mental well-being. F&N had in November last year joined as a founding member of MindForward Alliance Singapore – a not-for-profit membership organisation transforming workplace culture into one that supports the mental health of its employees – and had begun the phased implementation of its MindForward Alliance Singapore Localised Mental Health Framework.

**I. Human Rights Training:** F&N conducted a comprehensive Human Rights assessment in 2021, identifying and mitigating risks along our value chain in Singapore, Malaysia, and Thailand. Following the rollout of the F&N Human Rights Policy last year, we further drive the understanding of Human Rights and its relevance by providing our executives with a virtual interactive Human Rights Awareness Training session. This training covered international standards established by the United Nations, recent developments in business and Human Rights, and the governing principles in the United Nations Guiding Principles on Business and Human Rights. Over 350 employees benefited from this initiative.

## TOWARDS F&N'S 2025 SUSTAINABILITY AMBITIONS

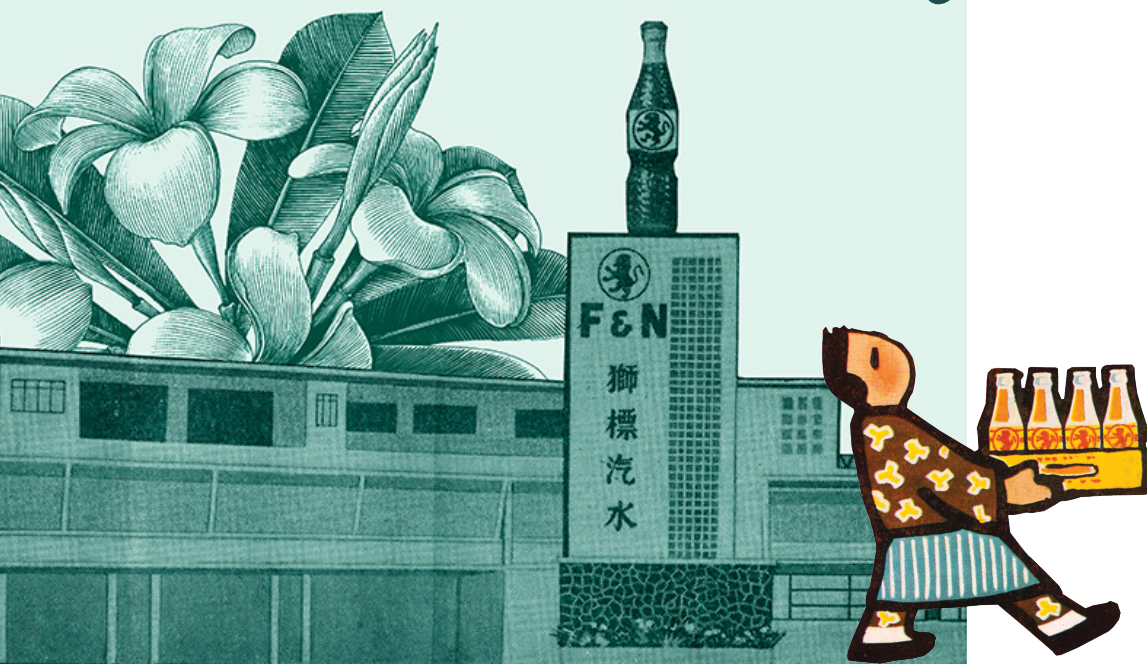
As F&N progresses on its sustainability journey, we continue to identify areas where we can make a positive impact and contribute to our sustainable transformation. The 2025 sustainability targets will guide our efforts and uphold our commitment to create lasting value for F&N stakeholders. We eagerly anticipate sharing our progress and achievements with you in the coming year.



“

The 2025 sustainability targets will guide our efforts and uphold our commitment to create lasting value for F&N stakeholders. We eagerly anticipate sharing our progress and achievements with you in the coming year.

# TOWARDS F&N'S 2025 *Sustainability Ambitions*



## SUSTAINABILITY HIGHLIGHTS

# Growing SUSTAINABLY

## BETTER Planet



### Operational Eco-Efficiency



**Greenhouse gas emissions intensity ratio reduced by 6%** even as energy intensity ratio increased by **2%** from a 2020 baseline



**Total solid waste generated reduced by 7%** however total solid waste sent to landfill increased by **4%** from a 2020 baseline



**Water intensity ratio increased by 5%** from a 2020 baseline



**Ground-up initiatives to improve water and energy efficiencies**

including enhancing the efficiency of equipment, increasing renewable energy sourcing and implementing zero-discharge initiatives



**All manufacturing plants** implemented energy, water and/or waste reduction initiatives

### Value Chain Impacts



**25% of beverage and dairy packaging** contains recycled materials



**99% of total packaging** is recyclable



**Committed to supporting conservation efforts and sustainable land management practices** to safeguard high biodiversity value areas

## BETTER Community



### Creating Value for Society



**73% of beverage and dairy products<sup>1</sup>** qualify as healthier options



**61% reduction in sugar index** (grams of sugar content per 100 ml) since 2004 for beverage products across Singapore and Malaysia



**At least one healthier option** in **14 out of 15** product categories



**Impactful annual community initiatives** across all markets



**100% of the Group's operations** in Singapore, Malaysia and Thailand actively engaged with local communities, conducted impact assessments, and implemented development programmes



**Human Rights Policy** was developed in accordance with related human rights principles under international standards. Human Rights Due Diligence and Risk Assessments were undertaken



**Promoting human rights across our operations**  
**100%** of our key operations in Singapore, Malaysia and Thailand conducted Human Rights Risks Assessments

### Empowering Our People



**Over 7,200 employees**



**34% female** representation in total workforce



**48% female** representation in managerial positions



**28.71 training hours per employee** in the executive category; **11.24** training hours per employee for the non-executive category



**26% reduction** in Lost Time Injury Frequency Rate from a 2020 baseline

#### Note:

<sup>1</sup> % of beverage (excluding cordials) and dairy (excluding canned milk) products (based on formulation) are in compliance with Nutritional Guidelines



# T GETHER



## Responsible Product Stewardship



Over 80% of manufacturing plants are Food Safety System Certification ("FSSC") 22000 and/or halal certified



30+ new products introduced



Portfolio of healthier products, including:

- ★ Low-sugar drinks
- ★ Zero-sugar drinks
- ★ Plant-based milk drinks
- ★ Micro-nutrients fortified drinks

## Responsible Supply Chain



98% of active key suppliers have accepted and are complying with F&N's Supplier Code of Practice



Attained 5% product innovation for commercialised F&N products



Achieved interim target of purchasing physical Roundtable on Sustainable Palm Oil ("RSPO") Certified Sustainable Palm Oil ("CSPO") and credits for total palm oil consumption

- ★ 60% physical RSPO CSPO
- ★ 40% RSPO credits



Engages stakeholders to maintain high halal standards

- ★ F&NHB's partnership with the Halal Industry Development Corporation for the Halal Sourcing Partnership Programme enables us to provide technical advice and knowledge to SMEs
- ★ Successfully redirected vendors to supply F&N with specific products that adhere to stringent halal standards



## Sustainability AT F&N



### Climate-related disclosures

based on the recommendations of the TCFD, were enhanced to include quantification of material climate-related risks



### External recognition

- ★ F&NHB remains a constituent member of the F4GBM Index for the fifth year, with improved rating to **4.6** from **4.4** in 2022, for ESG practices. It is also a member of the F4GBMS Index for the third consecutive year
- ★ F&NHB has also been recognised for excellence in sustainability and strong ESG practices by being presented with the Platinum Award (for Best Sustainability Reporting) at the NACRA 2022
- ★ F&N Foods Pte Ltd ranked 63<sup>rd</sup> among over 1,700 employers in the Singapore's Best Employers 2023 study





# ABOUT THIS REPORT

GRI Index: GRI 2-2, GRI 2-3, GRI 2-5, GRI 3-1, GRI 3-2, GRI 3-3

## THE MANAGEMENT FOCUS FOR SR2023

This Report reviews our key ESG strategy and achievements in FY2023 and provides an update on our progress toward achieving our 2025 sustainability targets. It outlines sustainability-related risks and opportunities for the business, accompanied by forward-looking action plans. The Report is structured around three primary themes of sustainable value creation:



### BETTER *Business*

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



### BETTER *Society*

- Creating Value for Society
- Empowering Our People



### BETTER *Planet*

- Operational Eco-efficiency
- Value Chain Impacts

The Report, best read together with the F&N 2023 Annual Report, provides a comprehensive picture of integrating F&N's financial goals with social and environmental imperatives. For specific references to our F&N 2023 Annual Report, refer to our GRI Index on pages 110 to 115. F&N appreciates this opportunity to share our commitments and progress in long-term value generation for our stakeholders.

## REPORTING FRAMEWORK AND INDICES

F&N is proud to continue our sustainability journey and reporting in accordance with the GRI Universal Standards 2021 and SGX Listing Rules 711A and 711B. Building on last year's efforts, we have enhanced our climate-related disclosures, based on the recommendations by TCFD, by quantifying our key climate-related physical and transition risks. We look to address the gaps in our sustainability performance by referring to the DJSI criteria, amongst other international frameworks, and benchmarking against industry leaders, such as ThaiBev.

F&NHB, our subsidiary, continues to be included as a constituent member of the F4GBM and F4GBMS Indexes, for the fifth and third year running, respectively. Last year, F&NHB had once again been invited to submit a response to the S&P Global Corporate Sustainability Assessment for inclusion in the S&P ESG Index. They were ranked as one of the top 6 companies (out of 101 companies assessed) in the Beverages industry with a score of 74 (out of a possible 100).

## REPORTING PERIOD AND BASIS OF SCOPE

This marks F&N's seventh annual stand-alone sustainability report, covering the period from 1 October 2022 to 30 September 2023, aligned with our financial reporting period. The report is published on 05 January 2024.

The Report covers the activities of the Group's operations in Singapore, Malaysia and Thailand. The environmental performance data covers 13 manufacturing sites in Singapore, Malaysia, and Thailand, excluding data from Yoke Food Industries Sdn. Bhd, Cocoland and Sri Nona in Malaysia, and Print Lab Pte Ltd in Singapore. More information on F&N's operations and footprint is available in the 'About F&N' section of the Report.

Entities within the reporting scope present their sustainability performance on all our material topics. Sustainability data consolidated across all our operations are given equal weightage in the reporting.



***Building on last year's efforts, we have enhanced our climate-related disclosures, based on the recommendations by TCFD, by quantifying our key climate-related physical and transition risks.***



## SINGAPORE

**Fraser and Neave, Limited**  
**F&N Foods Pte Ltd ("FNFS")**  
**F&N Interflavine Pte Ltd**  
**F&N Treasury Pte Ltd**  
**F&N Global Marketing Pte Ltd**  
**F&N Creameries (S) Pte Ltd**  
**Times Publishing Group**  
 - Times Printers Pte Ltd ("TP")

## MALAYSIA

**Fraser & Neave Holdings Bhd ("F&NHB")**  
 - F&N Beverages Manufacturing Sdn Bhd ("F&NBM")  
 - F&N Dairies Manufacturing Sdn Bhd ("F&NDM")  
 - F&N Beverages Marketing Sdn Bhd  
 - Fraser & Neave (Malaya) Sdn Bhd  
 - Borneo Springs Sdn Bhd  
**F&N Creameries (M) Sdn Bhd ("F&NCM")**  
**Times Publishing Group**  
 - Times Offset (Malaysia) Sdn Bhd ("TOM")

## THAILAND

**Fraser & Neave Holdings Bhd ("F&NHB")**  
 - F&N Dairies (Thailand) Limited ("F&NDT")  
**F&N United Limited ("F&NUL")**

## POINT OF CONTACT

F&N values and appreciates all feedback to help make future Reports more relevant to our stakeholders' needs. Any questions pertaining to our sustainability initiatives or reporting, or comments and feedback, can be directed to:

**Department:** Sustainability

**Email:** sustainability@fngroup.com.sg

**Phone Number:** +65 6318 9393

**Mail:** Sustainability Reporting Department  
 438 Alexandra Road, #07-00 Alexandra Point,  
 Singapore 119958

## ASSURANCE STATEMENT

F&N's policy is to align the reporting of non-financial information with the most up-to-date international standards and protocols available at the beginning of our FY. The Group believes in reporting reliable data and strives to continuously improve the quality of non-financial disclosures.

External assurance of the sustainability data disclosed in this Report serves to ensure accuracy and credibility of the reported data. Approved by the F&N SRMC, this year will be the fifth consecutive year of obtaining external assurance on the sustainability data disclosed in this report from the independent assurance provider, Lloyd's Register Quality Assurance ("LRQA"). The scope and outcome of the external assurance is reported at the respective F&N SRMC and SDC meetings to keep them constantly updated on the status.

LRQA's independent status is assured by legislation and professional ethics, and guided by their internal guidelines, LRQA had conducted a limited external assurance on selected F&N Health, Safety and Environment disclosures, based on the materiality of the professional judgement of the verifier, using the International Standard on Assurance Engagements 3000. Read more about LRQA's assurance statement on pages 108 and 109 of this Report.

## FORWARD-LOOKING STATEMENT

Certain statements in this Report constitute "forward-looking statements" reflecting F&N's current views of future events, considering our present and future sustainability strategies, and the environment which F&N will operate in. These views involve risks, uncertainties and assumptions which may cause the actual performance or achievements of F&N or the industry to be materially different from the future performance or achievements expressed or implied by such forward-looking statements and financial information.

F&N expressly disclaims any obligation to publicly release any updates or revisions to forward-looking statements to reflect changes in F&N's expectations when conditions or circumstances, upon which any such statement or information is based, have changed.



**Approved by the F&N SRMC, this year will be the fifth consecutive year of obtaining external assurance on the sustainability data disclosed in this report from the independent assurance provider, Lloyd's Register Quality Assurance ("LRQA").**

# THIS IS F&N

Fraser and Neave, Limited ("F&N" or the "Group") originated more than a century ago from the spirited decisions of two enterprising young men, John Fraser and David Neave, who diversified from their printing business to pioneer the aerated water business in Southeast Asia ("SEA") in 1883.

The entrepreneurial spirit, embodied by our founders, remains in today's F&N. As a soft drink company, F&N seized the opportunity and ventured into the beer brewing business in 1931 in partnership with The Heineken Company and built a very successful beer empire in Asia Pacific – through its joint venture company, Asia Pacific Breweries

Limited ("APB"). In 1959, it entered the Dairies business by forming a canned milk joint venture with Beatrice Foods of Chicago, and in 2006, it acquired Nestle's liquid canned milk business in Thailand, Malaysia, Singapore and Brunei, and accelerated its growth in the dairy business. Today, F&N is the largest canned milk producer in SEA. In 1985, the Group diversified into the Properties business. Starting with the redevelopment of its soft drinks and brewery sites in Singapore, F&N soon grew its property arm – Frasers Centrepoint Limited ("FCL", now known as Frasers Property Limited) to become one of the leading property companies in Singapore with multi-national businesses in

residential, hospitality, retail, commercial and industrial properties.

In 2012, F&N divested its equity stake in APB to realise a substantial value for shareholders. In 2014, the Group demerged FCL through a listing on the Singapore Stock Exchange, thereby transferring value to shareholders.

Today, F&N is a leading Southeast Asian consumer group with expertise and prominent standing in the Food & Beverage and Publishing & Printing industries. Leveraging its strengths in marketing and distribution, research and development, brands and financial management, as well as years of acquisition experience, the Group provides key resources and sets strategic directions for its subsidiary companies across both industries.

Listed on the Singapore Stock Exchange, F&N ranks as one of the most established and successful companies in the region with an impressive array of renowned brands that enjoy strong market leadership. F&N is present in 11 countries spanning Asia and the Americas, and employs over 7,200 people worldwide.



FRASER AND NEAVE, LIMITED

## Food & Beverage ("F&B")

- Non-Alcoholic Beverage
- Beer
- Packaged Food

## Publishing & Printing ("P&P")

- Publishing
- Print
- Retail
- Distribution



## Employee Breakdown

### Contract



SINGAPORE 21%  
MALAYSIA 79%  
THAILAND 0%  
OTHERS 0%

### Full-Time



SINGAPORE 22%  
MALAYSIA 42%  
THAILAND 24%  
OTHERS 12%

### Executive



SINGAPORE 29%  
MALAYSIA 47%  
THAILAND 15%  
OTHERS 9%

### Non-Executive



SINGAPORE 19%  
MALAYSIA 50%  
THAILAND 21%  
OTHERS 10%



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

**Collaboration**

We leverage our inherent strengths and diversity to create synergies and commit to team goals

**Creating Value**

We are passionate about applying new ideas and grasping opportunities to make a positive impact on our organisation and the world

**Caring for Stakeholders**

We embrace our stakeholders' perspectives with good intentions and right mindsets to create long-term, sustainable partnerships



**Employees**

**7,200+**

Female 34%  
Male 66%

**By Geography**

Singapore 22%  
Malaysia 49%  
Thailand 19%  
Others 10%

**50+**

**F&B and P&P brands**

**of which**

- F&B owns 75% brands
- P&P owns 25% brands

**80+**

**Offices, manufacturing and warehousing facilities in 11 countries**

**of which**

- 28 offices in 11 countries
- 21 manufacturing facilities in 5 countries
- 41 warehousing facilities in 4 countries

**140+**

**Export markets**

**Key Export Markets**

- Africa
- Australia
- China
- Hong Kong
- Indonesia
- Mexico
- Philippines

**FY2023 Revenue**

**\$2,099m**

**FY2023**

**Profit After Taxation**

**\$205m**

**Singapore**

|              |         |
|--------------|---------|
| Revenue      | \$424m  |
| PBIT         | (\$11m) |
| APBFE        | (\$28m) |
| Total Assets | \$539m  |



**F&N HQ**

**Malaysia**

|              |          |
|--------------|----------|
| Revenue      | \$833m   |
| PBIT         | \$63m    |
| APBFE        | \$24m    |
| Total Assets | \$1,159m |



**Thailand**

|              |        |
|--------------|--------|
| Revenue      | \$659m |
| PBIT         | \$112m |
| APBFE        | \$54m  |
| Total Assets | \$600m |










**Vietnam<sup>1</sup>**









|              |          |
|--------------|----------|
| Revenue      | \$0m     |
| PBIT         | \$89m    |
| APBFE        | \$89m    |
| Total Assets | \$2,523m |








**Other Countries**

|              |        |
|--------------|--------|
| Revenue      | \$184m |
| PBIT         | (\$4m) |
| APBFE        | (\$6m) |
| Total Assets | \$300m |

|           |   |
|-----------|---|
| Brunei    |    |
| Chile     |    |
| China     |     |
| Hong Kong |    |

|                      |   |
|----------------------|---|
| Indonesia            |     |
| Myanmar              |    |
| United Arab Emirates |     |
| USA                  |    |

**Legend:**

|                       | Manufacturing Plants  | Offices   |
|-----------------------|---|---|
| Dairies               |  |  |
| Soft Drinks           |  |  |
| Beer                  |  |  |
| Packaged Food         |  |  |
| Publishing & Printing |  |  |

**Note:**

<sup>1</sup> Largely from F&N's 20.4% investment in Vinamilk

# OUR Business Model

Key Risk Categories ▶

Reputational

Strategic

Currency

Operational

Country

Financial

## 1 WHAT WE DEPEND ON

### Relationships

#### Human

Over **7,200** talented people across the Group

#### By Geography

|           |     |
|-----------|-----|
| Singapore | 22% |
| Malaysia  | 49% |
| Thailand  | 19% |
| Others    | 10% |

#### Social & Relationship

Our relationships with governments and other organisations helped drive change in our communities

We collaborated with over **3,700** suppliers to produce products

### Resources

#### Intellectual

Brands, R&D capabilities, and intellectual property set us apart

- **40+** brands in **17** beverage categories
- Internally developed systems, customised customer solutions and manufacturing processes

#### Manufactured

We operate **17** F&B manufacturing plants and **4** printing plants in Singapore, Malaysia, Myanmar, Thailand and China

#### Financial

Appropriate cash, equity and debt to invest for the long-term

- Share Capital **\$864M**
- Equity **\$3,403M**
- Debt Capital **\$1,134M**

#### Natural

Our operations are dependent on renewable and non-renewable resources particularly land, water, forests and soils

## 2 WHAT GUIDES US

### Vision, Strategy, Values, Sustainability Targets

#### Our Vision

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

#### Our Strategy

To deliver long-term growth and sustainable value creation:

Winning with **INNOVATIONS**

Winning in **MARKETPLACE**

Winning with **BRANDS**

Winning with **PEOPLE**

#### Our Global Values

Collaboration

Creating Value

Caring for Stakeholders



### SUSTAINABLE DEVELOPMENT GOALS

#### Primary



#### Secondary



### 2025 Sustainability Targets

#### Environment

1. Reduce solid waste to landfill by **30%**
2. Reduce energy intensity ratio by **8%**
3. Reduce GHG emissions intensity ratio by **8%**
4. Reduce water intensity ratio by **8%**
5. **25%** of packaging uses recycled materials

#### Social

6. Provide an average of at least 18 hours of training to Executives and **11** hours of training to Non-Executives
7. Zero Lost Time Injury Frequency Rate
8. **72%** of F&B products to comply with Nutritional Guidelines
9. Increase community engagement programs by **10%**

#### Economic

10. All key active suppliers to accept and comply with F&N's Supplier Code of Practice
11. Rollout **10%** new products
12. All plants to be FSSC 22000 and/or halal certified

# DRIVES SUSTAINABLE GROWTH

Creating Shared Value ►

Understanding Societal Needs and Stakeholder Expectations

Communicating Through Stakeholder Engagement

## 3 THE VALUE WE CREATE

### Relationships



#### Human

- Paid **\$270M** in remuneration in FY2023
- Female representation:
  - **22%** of Board
  - **34%** of total employees
  - **48%** of total managerial positions
- Supported employees growth by providing **>77,000** training hours



#### Social & Relationship

- Upheld strong human rights practices in our operations and supply chain
- **92%** of our suppliers were local
- **\$1.2B** paid to suppliers; close to **90%** local purchase value
- **98%** active suppliers who accepted F&N's Supplier Code of Practice
- Over **3,700** suppliers were evaluated using social criteria

### Resources



#### Intellectual/Consumers

- Continued to fulfill consumers' demand for safe and quality products
- Adopted many channels to make our products available to consumers in over **140** countries
- Introduced over **30** new products in FY2023 to meet the needs of consumers
- Excited consumers with the rollout of various limited edition beverages



#### Manufactured

- Over **80%** of manufacturing plants are FSSC 22000 and/or halal certified
- **99%** of total packaging is recyclable
- Reduction in greenhouse gas emissions and solid waste



#### Natural

- Adhered to sustainable practices to protect stakeholders
- Received several environmental excellence recognition
- Total production volume of **1.2M** MT



#### Financial Outcomes

- Revenue **\$2,099M**
- Dividends **\$80M**
- APBFE **\$133M**
- Economic Value Retained **\$254M**

## 4 VALUE CHAIN

### Activities & Focus Areas

UPSTREAM



#### Innovation

Our Marketing and R&D teams, combining consumer insights, technical excellence and in collaboration with suppliers, develop products that consumers want and need



#### Sourcing

We work closely with our suppliers to ensure their goods and services meet quality, environmental and social standards, in addition to our stringent internal standards



#### Production

We implement a standardised safe production process, in accordance with international standards, throughout most of our operations. We also strive for eco-efficient processes, to provide good value and maximum benefit without polluting the environment

DOWNSTREAM



#### Distribution

Our extensive distribution system and network ensure that our products are efficiently distributed to our consumers. Across our operations, we strive to minimise environmental and social impacts from transportation by managing our energy use, while safeguarding the safety of our personnel and local communities



#### Marketing & Sales

We demonstrate consumer and societal responsibility by providing healthier product options and informative product labels. We also seek feedback from our customers on our products to create sustainable value for consumers and for our business



#### Post-Consumption Packaging Management

We minimise the impact of post-consumer waste through research and development to deliver innovative and environmental-friendly packaging. We also promote environmental awareness to the communities where we operate

## 5 STAKEHOLDERS

### Internal

#### Our People

We aim to reward people fairly for the work they do, and help them reach their potential

#### Consumers & Customers

We aim to provide superior and quality products that promote good health

#### Suppliers & Business Partners

We partner with thousands of suppliers to deliver quality products, and support mutual growth

#### Regulators & Communities

We aim to develop business and social partnerships while managing environmental and other social impacts

#### Shareholders

We aim to maximise financial returns, responsibly, through operating savings, revenue enhancements and high asset utilisation



# ABOUT THIS REPORT

ENGAGED WITH OVER

**3,700**

GLOBAL AND LOCAL SUPPLIERS



*The stages of our supply chain are as follows:*

## OUR SUPPLY CHAIN

The preparation, production, and packaging of F&N's F&B products and consumables for printing require a range of raw materials, equipment, and other goods and services. In FY2023, the Group engaged with over 3,700 global and local suppliers across its supply chain including manufacturers, wholesalers, retailers, importers/merchants, contractors, and professional services providers and spent about SGD 1.2 billion on products and services.

More information on the various stages of our supply chain can be found on page 17 of this Report.

Further details on how we demonstrate supply chain stewardship can be found in the 'Supply Chain Stewardship' section of this Report.



**01**  
**SOURCING**

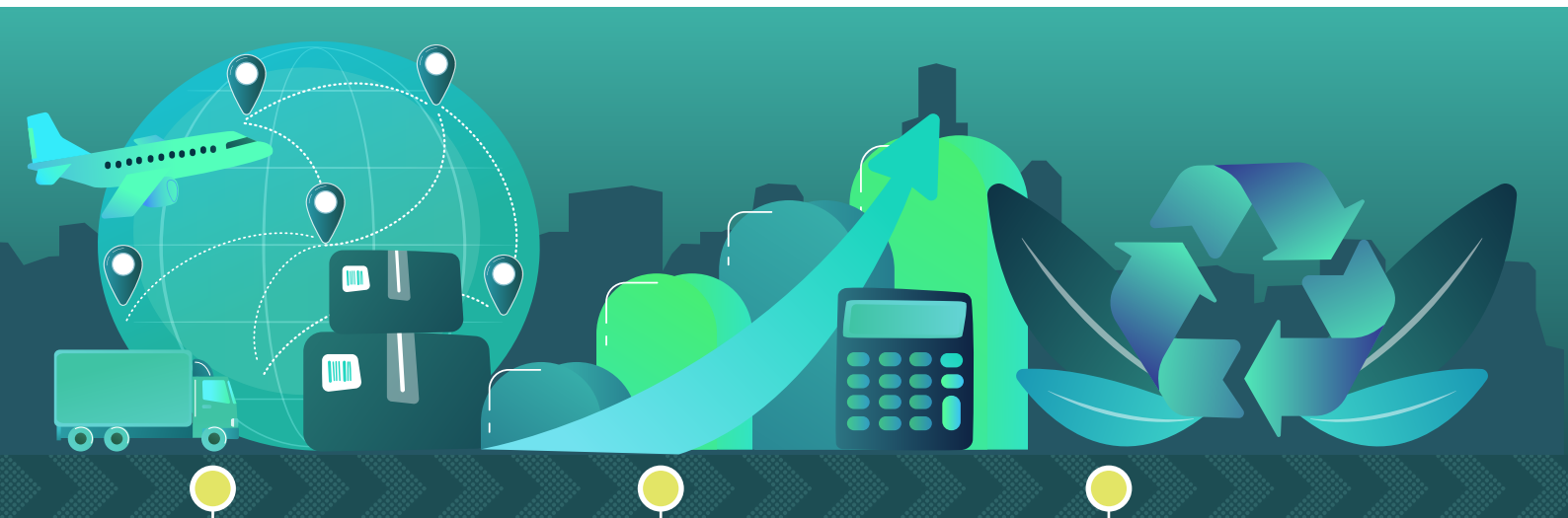


**02**  
**PRODUCTION**



## OUR GLOBAL VALUES

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



## 03 DISTRIBUTION



## 04 MARKETING AND SALES



## 05 POST-CONSUMPTION PACKAGING MANAGEMENT



### COLLABORATION

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



### CREATING VALUES

We are passionate about applying new ideas and seizing opportunities to make a positive impact on our organisation and around the world.



### CARING FOR STAKEHOLDERS

We embrace our stakeholders' perspectives with good intentions and right mind-sets to create long-term, sustainable partnerships.

# OUR SUSTAINABILITY APPROACH

## MATERIALITY ASSESSMENT METHODOLOGY

Understanding the priorities and evolving concerns of our stakeholders is important to us. In 2020, with the support from an external consultant, F&N had overhauled its materiality matrix by undertaking an extensive materiality assessment. Internal and external stakeholders were engaged to gain insights into their primary concerns regarding sustainability at F&N.

01

### Step 1: Identification

#### Develop long list of topics

- Peer Benchmarking
- External Trends Analysis



F&N first conducted an external trends analysis to identify an initial list of 50 possible sustainability topics. After a further survey of peer best practices and a review of global initiatives and frameworks, the list was narrowed to 18 material sustainability topics. Materiality is considered based on the interactions between F&N's value chain and the physical environment and social community and its governance.

02

### Step 2: Prioritisation

#### Interviews, Engagements and Analysis

- 1 Stakeholder Interest
- 2 Business Impact



Internal and external stakeholders were engaged to prioritise the 18 material sustainability topics. This ensures that our ESG materiality assessment takes into consideration relevance to the business, strategy, business model and key stakeholders across the value chain.

- Over 950 employees from across the Group were surveyed.
- Interviews with 17 key external stakeholders, including suppliers, customers, thought-leaders and regulators.
- Workshops with over 50 participants from F&N senior leaders, department heads and subject matter experts in Singapore and Malaysia.

Based on stakeholders' inputs received, the list of 18 material sustainability topics were plotted in a matrix, based on their priority to stakeholders (external) and to F&N's business (internal), from 'moderate' to 'high'.

03

### Step 3: Validation

#### Final Materiality Matrix

- F&N Material Matters



The 2021 materiality matrix was reviewed and endorsed by the F&N SDC at their meeting in Aug 2020 and approved by the F&N SRMC at their meeting in Sep 2020.





This year, we thoroughly reviewed F&N's materiality assessment to ensure it accurately represented the current concerns of both internal and external stakeholders. In preparation for this review, we assessed our material sustainability issues against established standards/frameworks (GRI, SGX metrics, FTSE4Good, S&P Global CSA) to uncover potential gaps and emerging sustainability issues.

From the review, the topics of 'Packaging' and 'Nutrition' continue to be priority topics for customers and consumers

– reflecting two areas where our business can make significant impact. The material sustainability issues of Climate Change, Energy, Policy and Regulations, and Governance and Ethics had been given more priority (reflected by an upwards movement in the materiality matrix) due to their increased significance to external stakeholders.

The materiality matrix continues to be reviewed and refreshed each year to reflect changes in the sustainability landscape.

\* Material topics with 2025 targets

# OUR SUSTAINABILITY APPROACH

## F&N MATERIALITY MATRIX



### Material Matters

#### Environment material topic

- 1 Packaging
- 2 Water Stewardship
- 3 Climate Change
- 4 Waste Management
- 5 Energy
- 6 Biodiversity

#### Economic material topic

- 7 Supply Chain Stewardship
- 8 Innovation
- 9 Product Quality and Safety
- 10 Policy and Regulations
- 11 Governance and Ethics
- 12 Product and Service Labelling
- 13 Economic Performance

#### Social material topic

- 14 Nutrition
- 15 Employee Safety, Health and Well-Being
- 16 Community Development and Inclusive Growth
- 17 Human Rights
- 18 Human Capital Development

## MATERIAL ISSUES AND ASSOCIATED ESG RISKS AND OPPORTUNITIES

| Material Sustainability Issues of F&N   | Opportunities for F&N<br>If issue is addressed  | Potential Risks for F&N<br>If issue is not addressed   |
|---|---|--|
| <b>RESPONSIBLE BUSINESS FUNDAMENTALS</b>  |   |  |
| <b>Governance and Ethics</b><br><i>Business policies and practices to ensure ethical, transparent and responsible governance.</i>   | <ul style="list-style-type: none"> <li>Upholding F&amp;N's reputation as a responsible business maintains trust amongst all stakeholders</li> </ul>   | <ul style="list-style-type: none"> <li>Failing to establish transparent and robust governance practices poses reputational risk</li> </ul>   |
| <b>Policy and Regulation</b><br><i>Regulatory compliance across our operations and engaging with policymakers in a responsible and transparent manner.</i>                            | <ul style="list-style-type: none"> <li>Engaging with regulators allows F&amp;N to prepare for emerging legislation and ensure compliance</li> <li>Operational cost savings</li> </ul>   | <ul style="list-style-type: none"> <li>Risk of being unprepared to comply with emerging regulations</li> <li>Failing to establish transparent and robust governance practices poses reputational risk</li> </ul>   |
| <b>Economic Performance</b><br><i>Financial performance to deliver shareholder value and secure long-term viability of the company.</i>   | <ul style="list-style-type: none"> <li>Sustainable financial performance creates long-term value for all stakeholders</li> </ul>  | <ul style="list-style-type: none"> <li>Hinder F&amp;N's business continuity</li> </ul>   |
| <b>Product Quality and Safety</b><br><i>Delivering products to consumers which meet the highest quality and safety standards.</i>   | <ul style="list-style-type: none"> <li>Deliver F&amp;N brand promise to consumers through product excellence</li> <li>Retain and increase market share through product range expansion and portfolio diversity</li> </ul>   | <ul style="list-style-type: none"> <li>Reputational risk and customer claims from supply chain disruption or compromised products</li> <li>Specific regulatory changes that may affect F&amp;N product recipe and/or packaging</li> </ul>  |
| <b>Product and Service Labelling</b><br><i>Labelling our products and services in a responsible and transparent way for consumers.</i>  | <ul style="list-style-type: none"> <li>Meet regulatory requirements</li> <li>Meet consumer expectations relating to product and ingredient communication</li> </ul>   | <ul style="list-style-type: none"> <li>Failure to meet stakeholders' expectations for product transparency</li> </ul>  |
| <b>Innovation</b><br><i>Building competitive advantage through innovative products and solutions to meet consumer and societal needs.</i>   | <ul style="list-style-type: none"> <li>Meet customer and consumer demands and stay relevant</li> <li>Adoption of emerging and disruptive technologies increases competitive edge</li> </ul>   | <ul style="list-style-type: none"> <li>Future high R&amp;D and equipment cost with uncertain commercial returns</li> <li>Risk losing market share by changing consumer preferences and/or being outcompeted</li> </ul>   |
| <b>Supply Chain Stewardship</b><br><i>Procurement policies, contractor management and supplier relationships which address material issues across the value chain.</i>                | <ul style="list-style-type: none"> <li>Elevate vendors' productivity and performance in sustainability practices and compliance with food safety standards</li> <li>Cost savings through improved collaboration</li> <li>Implement robust policies and systems to ensure competitive pricing and safeguard vendors from corruption and malpractice</li> </ul> | <ul style="list-style-type: none"> <li>Expose F&amp;N's supply chain to various ESG risks (e.g. human rights, product quality); unethical practice leads to regulatory violations, monetary fines and reputational risk</li> <li>Disruption to operations</li> <li>Price fluctuation as a result of global economic performance and foreign exchange exposure</li> </ul> |
| <b>WELL-BEING OF OUR PEOPLE, COMMUNITIES AND SOCIETY</b>  |   |  |
| <b>Nutrition</b><br><i>Helping consumers' lead healthy lives by developing nutritious and accessible products.</i>  | <ul style="list-style-type: none"> <li>Innovation opportunity to meet customer and consumer demands</li> <li>Offer healthier options that contribute to consumers' well-being</li> </ul>  | <ul style="list-style-type: none"> <li>Regulatory risks (e.g. sugar tax) in markets F&amp;N operates in</li> </ul>   |
| <b>Community Development and Inclusive Growth</b><br><i>Supporting economic development and creating positive social impact for communities connected to our business activities.</i> | <ul style="list-style-type: none"> <li>Invest in communities to support social and economic development and ensures F&amp;N grows alongside the society we operate in</li> <li>Work with communities to strengthen our relationships, credibility and presence</li> </ul>   | <ul style="list-style-type: none"> <li>Impacts F&amp;N's reputation as a corporate citizen and potentially affect employees' morale</li> <li>Potential financial implications when there are imbalance social, economic and environmental needs</li> </ul>   |

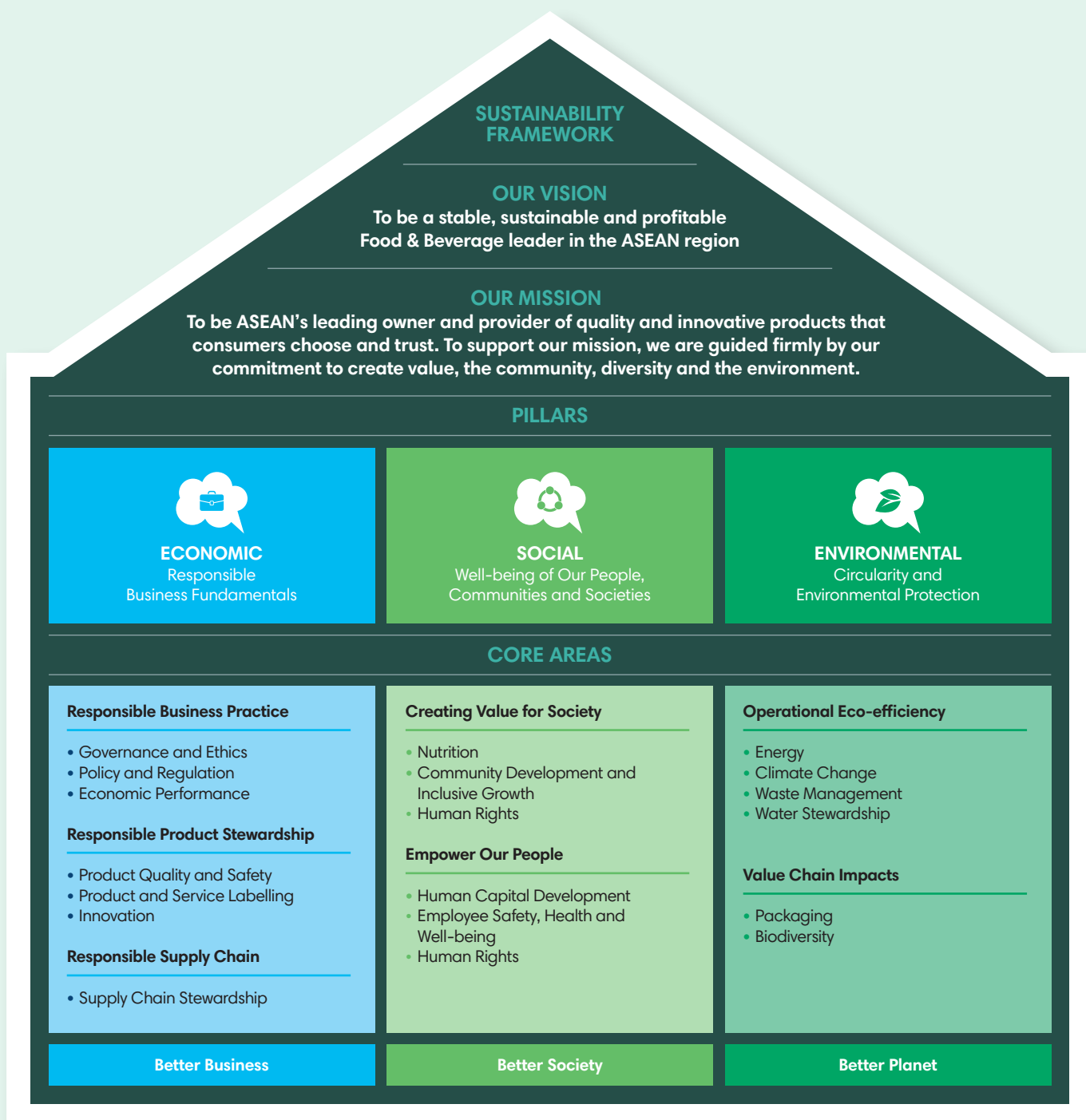


# OUR SUSTAINABILITY APPROACH

| Material Sustainability Issues of F&N  | Opportunities for F&N<br>If issue is addressed  | Potential Risks for F&N<br>If issue is not addressed  |
|--|---|---|
| <b>Human Rights</b><br><i>Upholding strong human rights practices in our operations and supply chain.</i>  | <ul style="list-style-type: none"> <li>Proactively identify and address human rights risks to create a safe workforce in F&amp;N operations and supply chain</li> <li>Reduce inequalities (e.g. gender inequality)</li> <li>Improve productivity and resource efficiency</li> </ul> | <ul style="list-style-type: none"> <li>Human rights violations in operations and supply chain leads to regulatory risks, monetary penalties and reputational risks</li> <li>Disruption to operations</li> <li>Unmotivated and unproductive workforce</li> </ul> |
| <b>Human Capital Development</b><br><i>Attracting, developing, and retaining high-performing employees, creating an inclusive and diverse culture.</i> | <ul style="list-style-type: none"> <li>Remain competitive with skilled and diverse employees</li> <li>A high-performance culture through effective training and upskilling programmes</li> <li>Provide job opportunities for the local communities where we operate</li> </ul>      | <ul style="list-style-type: none"> <li>Challenge to attract and retain talent</li> <li>Financial implications when F&amp;N workforce is not developed to meet the evolving market demands</li> </ul>  |
| <b>Employee Health and Safety</b><br><i>Improving and maintaining the health, safety and wellbeing of our employees.</i>                               | <ul style="list-style-type: none"> <li>Increased productivity in F&amp;N operations</li> <li>Improvements in talent acquisition and retention</li> <li>Positive employer branding</li> </ul>  | <ul style="list-style-type: none"> <li>Injuries, occupational hazards, lost days and fatalities will result in productivity loss and reputational risk that affects the company's license to operate</li> <li>Financial and reputational risks</li> </ul>       |
| <b>CIRCULARITY AND ENVIRONMENTAL PROTECTION</b>  |   |   |
| <b>Packaging</b><br><i>Developing sustainable packaging solutions to reduce the impact of packaging on the environment.</i>                            | <ul style="list-style-type: none"> <li>Meeting customer and consumer demands for sustainable packaging</li> <li>Improve packaging resource efficiency and saves cost</li> <li>Reduce reliance on virgin materials</li> </ul>  | <ul style="list-style-type: none"> <li>Failure to meet stakeholders' expectations in managing packaging pose reputational risks</li> <li>Losing market share and relevance if F&amp;N is outcompeted</li> </ul>   |
| <b>Energy</b><br><i>Minimising GHG emissions and energy use in our operations in line with global climate goals.</i>                                   | <ul style="list-style-type: none"> <li>Reduce energy usage and emissions which saves costs</li> <li>Pre-empt future regulation (e.g. carbon tax)</li> <li>Align with targets of governments and customers</li> </ul>  | <ul style="list-style-type: none"> <li>Public pressure resulting in reputation risks</li> <li>Rise in operational costs with stricter regulations and energy sourcing changes</li> </ul>  |
| <b>Climate Change</b><br><i>Adapting our business model to ensure resiliency to climate-related risks.</i>   | <ul style="list-style-type: none"> <li>Meet growing expectations of investors and regulators to assess climate-related risks and opportunities, e.g. supply chain disruption, market shifts or extreme weather events</li> </ul>  | <ul style="list-style-type: none"> <li>Costly damages on F&amp;N physical assets from extreme weather events due to climate change</li> <li>Failure to meet stakeholders' expectations in managing climate change</li> </ul>                                    |
| <b>Water Stewardship</b><br><i>Protecting and preserving shared water resources.</i>   | <ul style="list-style-type: none"> <li>Cost saving opportunities with efficient water management</li> <li>Enhance water security for suppliers, increasing supply chain resilience</li> </ul>   | <ul style="list-style-type: none"> <li>A direct impact on F&amp;N as water is a key resource for our operations</li> <li>Regulatory risks around water as an important national resource</li> </ul>   |
| <b>Waste Management</b><br><i>Minimising waste and safely disposing of hazardous materials.</i>  | <ul style="list-style-type: none"> <li>Reducing and reusing waste supports operational efficiency, which is cost saving</li> <li>Inculcate sustainable practices and values in employees and communities</li> </ul>   | <ul style="list-style-type: none"> <li>Reputational risk from the failure to meet stakeholders' expectations in managing our waste</li> </ul>   |
| <b>Biodiversity</b><br><i>Sourcing raw materials responsibly, protecting biodiversity and eliminating deforestation from our supply chain.</i>         | <ul style="list-style-type: none"> <li>Mitigate reputational risks of negative environmental practices, particularly in our supply chain</li> <li>Create a sustainable business operation without exploitative processes</li> </ul>   | <ul style="list-style-type: none"> <li>Reputational risk from the failure to meet stakeholders' expectations</li> </ul>   |

## SUSTAINABILITY FRAMEWORK

The 18 material topics have been mapped onto the seven core areas of the F&N Sustainability Framework. The framework aligns our business and sustainability goals with a focus on the value creation process for each material topic.



# OUR SUSTAINABILITY APPROACH

## 2025 SUSTAINABILITY TARGETS AND FOCUS AREAS

In 2020, F&N had set sustainability performance targets, on the 12 highest priority material topics, to be achieved by 2025. The 2025 sustainability targets enable the Group to monitor our actual sustainability performance across our economic performance, impact on the environment and people. These 2025 sustainability goals strengthen our commitment to creating long-term value for our stakeholders.

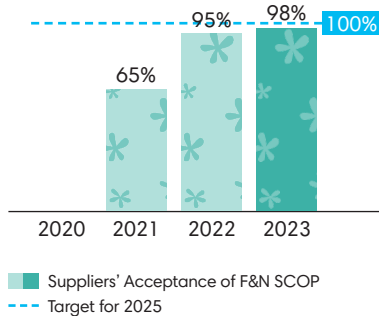
### Material Issue Supply Chain Stewardship



#### Target

**100%** of active key suppliers accept and comply with F&N's Supplier Code of Practice ("SCOP") by 2025

#### Progress



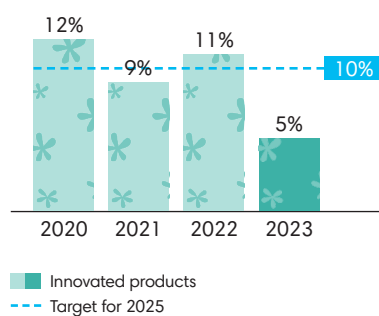
### Material Issue Innovation



#### Target

**10%** product innovation for commercialised F&N products by 2025

#### Progress



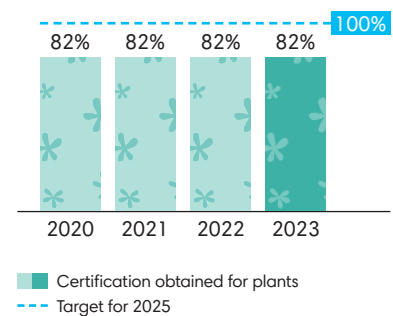
### Material Issue Product Quality and Safety



#### Target

Food Safety System Certification ("FSSC") 22000 and Halal Standard (or equivalent) certification for all plants by 2025

#### Progress



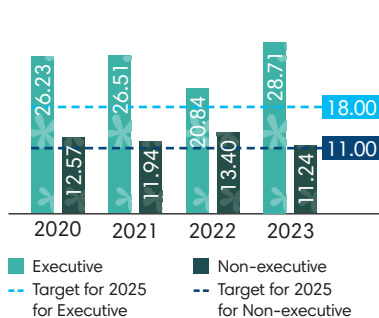
### Material Issue Human Capital Development



#### Target

Provide an average of at least **18 hours** of training to Executives and **11 hours** of training to Non-executives by 2025

#### Progress



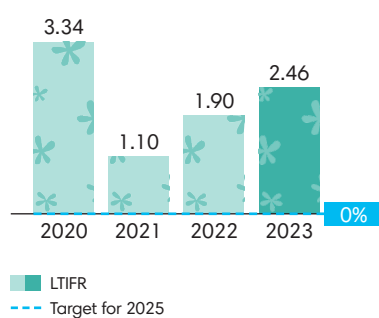
### Material Issue Employee Safety, Health and Well-being



#### Target

Reduce the Lost Time Injury Frequency Rate ("LTIFR") to **0**

#### Progress



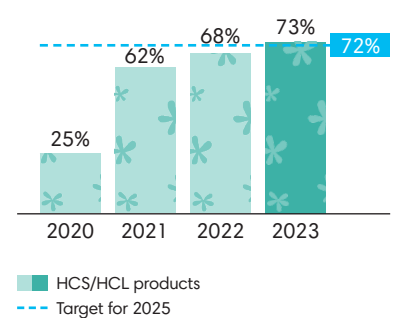
### Material Issue Nutrition



#### Target

**72%** of beverage and dairy products<sup>1</sup> comply with the Nutritional Guidelines by 2025

#### Progress



#### Note:

<sup>1</sup> based on formulation, excluding canned milk and cordials

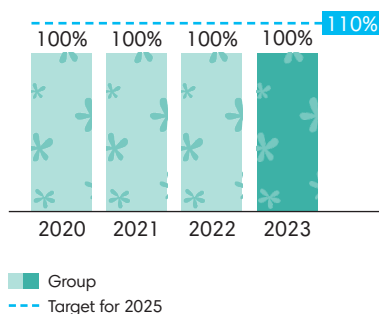
### Material Issue Community Development and Inclusive Growth



#### Target

10% increase in the number of community programmes F&N provides (from a 2020 baseline) by 2025

#### Progress



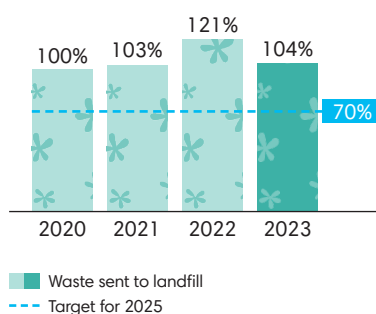
### Material Issue Waste Management



#### Target

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

#### Progress



### Material Issue Energy

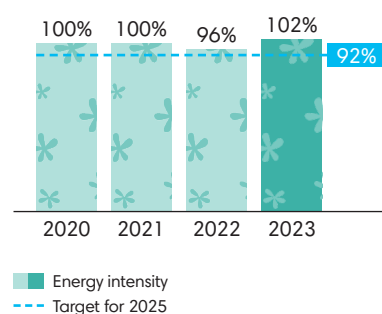


#### Target

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

\* Excludes trial and commissioning data from F&NHB Shah Alam plant

#### Progress



### Material Issue Climate Change

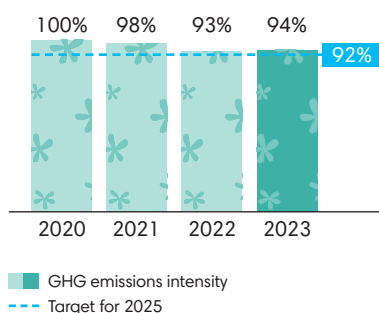


#### Target

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

\* Excludes trial and commissioning data from F&NHB Shah Alam plant

#### Progress



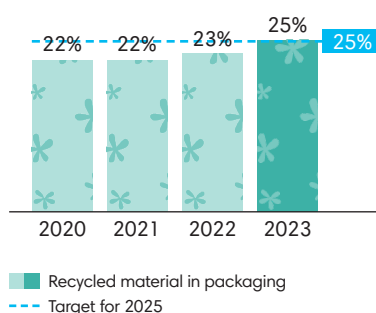
### Material Issue Packaging



#### Target

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

#### Progress



### Material Issue Water Stewardship

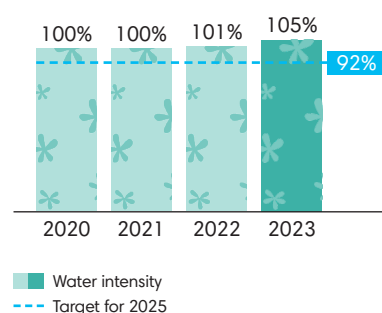


#### Target

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

\* Excludes trial and commissioning data from F&NHB Shah Alam plant

#### Progress





# OUR SUSTAINABILITY APPROACH

## ALIGNMENT TO UN SDGS

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

Below we summarise our business contribution to the specific SDG targets across our material topics:

| Pillars   |  | Economic (Better Business)  |                       |                            |                               |            |                          |
|---|--|---|-----------------------|----------------------------|-------------------------------|------------|--------------------------|
| Material Sustainability Issues  |  | Governance and Ethics   | Policy and Regulation | Product Quality and Safety | Product and Service Labelling | Innovation | Supply Chain Stewardship |
| Primary SDGs  |  |   |                       |                            |                               |            |                          |
| <div>SDG 2</div> <div>2.1 Improve access to safe and nutritious food</div> <div>2.2 Improve nutrition for society</div> <div>2.3 Improve productivity and incomes of small-scale food producers</div> <div>2.4 Promote sustainable food production and resilient agricultural practices</div>   |  | <div>2</div> <div>ZERO HUNGER</div> <div></div>                             |                       |                            |                               |            |                          |
| <div>SDG 8</div> <div>8.1 Sustain Economic Growth</div> <div>8.2 Diversify, innovate and upgrade for economic productivity</div> <div>8.4 Improve resource efficiency in consumption and production</div> <div>8.6 Promote youth employment, education and training</div> <div>8.7 End modern slavery, trafficking, and child labour</div> <div>8.8 Protect labour rights and promote safe working environments</div> |  | <div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div> <div></div>         |                       |                            |                               |            |                          |
| <div>SDG 9</div> <div>9.2 Promote inclusive and sustainable industrialisation</div> <div>9.4 Promote the use of sustainable industrial processes</div>  |  | <div>9</div> <div>INDUSTRY INNOVATION AND INFRASTRUCTURE</div> <div></div>  |                       |                            |                               |            |                          |
| <div>SDG 12</div> <div>12.2 Sustainable management and use of natural resources</div> <div>12.3 Reduce food waste and loss</div> <div>12.8 Promote and provide information about sustainable lifestyles</div>   |  | <div>12</div> <div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div></div> |                       |                            |                               |            |                          |
| Secondary SDGs  |  |   |                       |                            |                               |            |                          |
| <div>SDG 1</div> <div>1.4 Promote equal rights to ownership, basic services, technology and economic resources</div>  |  | <div>1</div> <div>NO POVERTY</div> <div></div>                              |                       |                            |                               |            |                          |
| <div>SDG 3</div> <div>3.4 Promote health outcomes through nutrition</div>   |  | <div>3</div> <div>GOOD HEALTH AND WELL-BEING</div> <div></div>              |                       |                            |                               |            |                          |

[illegible]

# OUR SUSTAINABILITY APPROACH

| Pillars   |  | Economic (Better Business) |                       |                            |                               |            |                          |
|---|--|----------------------------|-----------------------|----------------------------|-------------------------------|------------|--------------------------|
| Material Sustainability Issues  |  | Governance and Ethics      | Policy and Regulation | Product Quality and Safety | Product and Service Labelling | Innovation | Supply Chain Stewardship |
| Secondary SDGs  |  |                            |                       |                            |                               |            |                          |
| <b>SDG 4</b>  |  |                            |                       |                            |                               |            |                          |
| 4.4 Promote relevant skills development   |  |                            |                       |                            |                               |            |                          |
| 4.7 Promote sustainable development education and global citizenship                                    |  |                            |                       |                            |                               |            |                          |
| 4.B Expand higher education scholarships for developing countries                                       |  |                            |                       |                            |                               |            |                          |
| <b>SDG 5</b>  |  |                            |                       |                            |                               |            |                          |
| 5.5 Ensure women's full participation in leadership and decision-making                                 |  |                            |                       |                            |                               |            |                          |
| <b>SDG 6</b>  |  |                            |                       |                            |                               |            |                          |
| 6.3 Improve water quality, reduce pollution, enhance wastewater treatment and improve water circularity |  |                            |                       |                            |                               |            |                          |
| 6.4 Increase water-use efficiency and ensure sustainable use of freshwater                              |  |                            |                       |                            |                               |            |                          |
| 6.A Expand water and sanitation support to developing countries   |  |                            |                       |                            |                               |            |                          |
| <b>SDG 7</b>  |  |                            |                       |                            |                               |            |                          |
| 7.2 Increase use of renewable energy  |  |                            |                       |                            |                               |            |                          |
| 7.3 Improve energy efficiency   |  |                            |                       |                            |                               |            |                          |
| <b>SDG 10</b>   |  |                            |                       |                            |                               |            |                          |
| 10.2 Promote universal social, economic and political inclusion   |  |                            |                       |                            |                               |            |                          |
| <b>SDG 15</b>   |  |                            |                       |                            |                               |            |                          |
| 15.2 Promote sustainable forest management  |  |                            |                       |                            |                               |            |                          |
| 15.5 Protect biodiversity and natural habitats  |  |                            |                       |                            |                               |            |                          |
| <b>SDG 16</b>   |  |                            |                       |                            |                               |            |                          |
| 16.5 Substantially reduce corruption and bribery  |  |                            |                       |                            |                               |            |                          |
| 16.6 Develop effective, accountable and transparent institutions  |  |                            |                       |                            |                               |            |                          |
| <b>SDG 17</b>   |  |                            |                       |                            |                               |            |                          |
| 17.6 Knowledge sharing and cooperation for access to science, technology and innovation                 |  |                            |                       |                            |                               |            |                          |





# OUR SUSTAINABILITY APPROACH

## WORKING WITH OUR STAKEHOLDERS

GRI Index: GRI 2-29

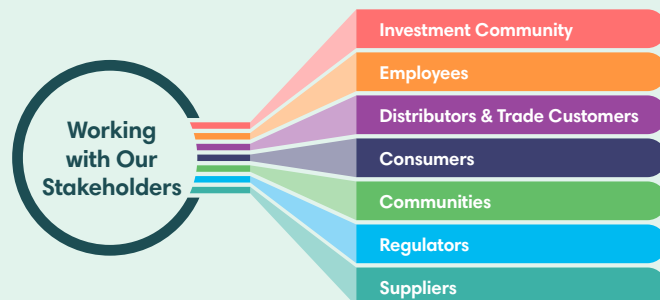
F&N's stakeholders include any individual or group who is impacted by or interested in our activities, and vice versa. We strive to build and maintain strong relationships based on trust and respect, with all stakeholders. It enables us to flag out potential negative impacts our businesses might unintentionally cause and implement mitigating measures to minimise the impact to a reasonable level, as determined through engagements with our stakeholders.

We identify stakeholder groups to engage by the level of interest the individual or group may have in our businesses, and/or have influence over the functioning of our businesses. Our engagement approach is tailored accordingly to the stakeholder groups' level of interest and influence. We are open to feedback from our stakeholders beyond our engagements with them. A summary of our engagement approach for different stakeholder groups is below.

|   | Engagement Channels   | Key Concerns  | How F&N Creates Value for this Stakeholder  | Related Sustainability Issues   |
|---|---|---|---|---|
| <b>Investment Community</b>               | <ul style="list-style-type: none"> <li>General meetings of Shareholders (AGM &amp; EGM)</li> <li>Regular face-to-face meetings &amp; conference calls</li> <li>Office/plant visits, as and when required</li> <li>Investor days/briefing</li> <li>Website and SGXNET announcements, presentations, press releases</li> <li>Annual reports</li> </ul>  | <ul style="list-style-type: none"> <li>Transparent &amp; accurate disclosure</li> <li>Return on investment</li> <li>Disclosure on relevant information to shareholders</li> </ul>   | <ul style="list-style-type: none"> <li>Managing resources effectively to maximise profits</li> <li>Maintaining a strong balance sheet</li> </ul>  | <ul style="list-style-type: none"> <li>Governance &amp; Ethics</li> <li>Economic Performance</li> </ul>   |
| <b>Employees</b>                          | <ul style="list-style-type: none"> <li>Biennial employee engagement survey</li> <li>Robust compensation and benefits framework</li> <li>Annual CEO town hall/roadshow</li> <li>Annual gatherings</li> <li>Sports tournaments</li> <li>Communique, iConnect (intranet), F&amp;N BITES (news update), monthly email news highlights, digital TV, Fraserians Connect (mobile app), F&amp;N Voice WhatsApp channel</li> </ul> | <ul style="list-style-type: none"> <li>Engagement with employees</li> <li>Learning &amp; development opportunities</li> <li>Equitable rewards &amp; recognition</li> <li>Safe and healthy work environment</li> </ul>   | <ul style="list-style-type: none"> <li>Career advancement and ability to reach individual potential</li> <li>Boosting earning potential of employees with training and development</li> <li>Strict hygiene practices and sanitary environment in the workplace</li> </ul> | <ul style="list-style-type: none"> <li>Human Capital Development</li> <li>Employee Safety, Health and Well-being</li> <li>Human Rights</li> </ul> |
| <b>Distributors &amp; Trade Customers</b> | <ul style="list-style-type: none"> <li>Annual customer meetings</li> <li>Annual factory visits</li> <li>Annual business planning</li> <li>Regular business development activities</li> <li>Joint supply chain meetings</li> <li>Quarterly business reviews</li> <li>Customer appreciation events</li> </ul>   | <ul style="list-style-type: none"> <li>Supply chains disruptions</li> <li>Latest consumer &amp; shopper trends</li> <li>Product innovation</li> <li>Customer relationship management</li> <li>Shopper loyalty programmes</li> <li>Business practices &amp; ethics</li> <li>Efficient delivery systems</li> <li>COVID-19 related payment challenges</li> </ul> | <ul style="list-style-type: none"> <li>Partnering with retailers on shared opportunities</li> <li>Source of income and job creation at our distributors</li> <li>Case-to-case flexible payment method, if necessary</li> </ul>  | <ul style="list-style-type: none"> <li>Innovation</li> <li>Nutrition</li> <li>Product Quality &amp; Safety</li> <li>Product Labelling</li> </ul>  |



*We identify stakeholder groups to engage by the level of interest the individual or group may have in our businesses, and/or have influence over the functioning of our businesses. Our engagement approach is tailored accordingly to the stakeholder groups' level of interest and influence.*



|                    | Engagement Channels   | Key Concerns   | How F&N Creates Value for this Stakeholder   | Related Sustainability Issues  |
|--------------------|---|--|--|--|
| <b>Consumers</b>   | <ul style="list-style-type: none"> <li>Marketing &amp; sales promotions</li> <li>Brand communication through advertising</li> <li>On-going social media interactions</li> <li>On-ground events &amp; activities</li> <li>Dedicated consumer hotline</li> </ul>  | <ul style="list-style-type: none"> <li>Product quality &amp; safety</li> <li>Consumer health &amp; safety</li> <li>Fair &amp; reasonable product pricing</li> <li>Social &amp; community engagement</li> <li>Environmentally friendly packaging</li> </ul>   | <ul style="list-style-type: none"> <li>Launching innovative products</li> <li>Fulfilling consumers' demand for safe and quality products</li> <li>Providing accessible products through an extensive distribution network coverage</li> </ul>  | <ul style="list-style-type: none"> <li>Innovation</li> <li>Nutrition</li> <li>Product Quality &amp; Safety</li> <li>Product Labelling</li> </ul> |
| <b>Communities</b> | <ul style="list-style-type: none"> <li>Collaborations &amp; partnerships</li> <li>Outreach programmes</li> <li>Meetings/dialogues with community representatives</li> <li>Leadership programmes</li> <li>Sponsorship of sporting events</li> <li>Donation of food and beverages to the less privileged and elderly</li> </ul> | <ul style="list-style-type: none"> <li>Social &amp; environmental responsibility</li> <li>Job opportunities for locals</li> <li>Promotion of good health &amp; quality of life</li> <li>Skill development in sports &amp; leadership</li> <li>Stimulating local economies</li> </ul>   | <ul style="list-style-type: none"> <li>Social investment in community projects</li> <li>Advocating active lifestyles via sports events and activities</li> <li>Supporting beneficiaries from vulnerable communities</li> </ul>   | <ul style="list-style-type: none"> <li>Community Development and Inclusive Growth</li> <li>Human Rights</li> </ul>                               |
| <b>Regulators</b>  | <ul style="list-style-type: none"> <li>Active collaborations e.g. Singapore's Health Promotion Board; Federation of Malaysian Manufacturers</li> <li>Meetings with government agencies and statutory bodies</li> <li>Collaboration &amp; partnerships with local councils</li> </ul>  | <ul style="list-style-type: none"> <li>Good governance</li> <li>Fair labour practices</li> <li>Safety at work</li> <li>Compliance with laws &amp; regulations</li> <li>Water &amp; waste management</li> <li>Environmentally friendly labelling &amp; packaging</li> <li>GHG emissions</li> <li>Recycling awareness</li> <li>COVID-19 standard operating procedures</li> </ul> | <ul style="list-style-type: none"> <li>Compliance with regulation to mitigate against systemic risks</li> <li>Adhering to sustainable practices to protect stakeholders</li> <li>Active industry collaboration and knowledge exchange</li> <li>Adhering to COVID-19 guidelines and social distancing measures</li> </ul> | <ul style="list-style-type: none"> <li>Policy &amp; Regulation</li> </ul>  |
| <b>Suppliers</b>   | <ul style="list-style-type: none"> <li>Supplier meetings</li> <li>Annual audits</li> <li>Tender Management System</li> </ul>  | <ul style="list-style-type: none"> <li>Fair &amp; robust procurement system</li> <li>Support of local businesses</li> <li>Social &amp; environmental responsibility</li> <li>Ethics - anti-bribery &amp; corruption</li> </ul>   | <ul style="list-style-type: none"> <li>Working with local suppliers</li> <li>Partnering with suppliers on shared opportunities</li> </ul>  | <ul style="list-style-type: none"> <li>Supply Chain Stewardship</li> <li>Biodiversity</li> </ul>   |

# OUR SUSTAINABILITY APPROACH

## PARTNERSHIPS, MEMBERSHIPS AND CERTIFICATIONS

GRI Index: GRI 2-28

Collaborative efforts and shared commitments are essential for addressing complex environmental and societal challenges. Actively managing and assessing the impact of our actions on the planet and society serves as a significant driver that enables F&N to amplify our efforts, foster knowledge exchange, and validate our dedication to sustainable practices.

F&N is aligned with sustainability guidelines, principles, and standards, including the United Nations SDGs, GRI,

and the International Integrated Reporting Council. Additionally, we collaborate with and seek guidance from global organisations and thought leaders in sustainability. F&N takes pride in being a member of the RSPO, the Singapore Alliance for Sustainable Palm Oil, and the Buyer Supporting VIVE Sustainable Supply Chain Programme.

The achievements of our subsidiary, F&NHB, toward environmental excellence was acknowledged through different prestigious awards received in Malaysia and Thailand. The awards included:

### World Halal Excellence Award (WHEA) 2022

F&NHB won the Halal Innovation Excellence Award in recognition of their contribution to the development of Halal alternatives products through demonstrating innovations in product development and/or process.

### National Annual Corporate Report Awards ("NACRA") 2022

Acknowledged for our excellence in corporate reporting, F&NHB received the Platinum Award for Best Sustainability Reporting at the NACRA 2022 for its SR2021.

### The Edge Malaysia ESG Awards 2022

F&NHB bagged two awards – Gold award for Consumer Goods & Services Sector and Top Three Performers in ASEAN – for their outstanding performance in ESG practices.

In Malaysia, F&NHB teamed up with key industry leaders to establish a voluntary, industry-led Extended Producer Responsibility – MAREA. The alliance is the first of its kind in Malaysia that focuses on improving collection and recycling of post-consumer packaging.

Additionally, F&NHB is also part of the CEO Action Network capacity building work stream that aims to uplift the sustainability capacity in supply chains and business

ecosystems. F&NHB representatives were speakers on two sustainability topics – Energy Management and Labour Practices – in a series of supplier and SME training sessions held previously.

F&N participated in external sustainability ratings to communicate our commitment to our stakeholders, and to identify strengths and opportunities to improve our sustainability performance:

F&NHB was invited to participate in the S&P Global CSA for the second time in 2022 and was ranked as one of the top 6 companies (out of 101 companies assessed) in the Beverages industry with a score of 74 (out of a possible 100).

F&NHB received the FTSE4Good rating for another consecutive year, with an improved scoring of 4.6 (from 4.4 last year) in September 2023.



“

*Actively managing and assessing the impact of our actions on the planet and society serves as a significant driver that enables F&N to amplify our efforts, foster knowledge exchange, and validate our dedication to sustainable practices.*

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES AND CLIMATE RISK MANAGEMENT

## TCFD AND CLIMATE RISK MANAGEMENT

Climate change presents an urgent need for F&N to transform the way the Group operates to manage climate-related physical risks from natural hazards, that may potentially disrupt operations and supply chain, as well as transition risks from the decarbonisation of the economy. A proactive assessment and management of these material climate-related risks enable us to create opportunities for our businesses, while protecting our stakeholders' interests.

F&N has since committed to explore effective sustainable pathways to reduce its carbon emissions and support the Paris Agreement's target of limiting the global temperature increase to between 1.5°C and 2°C above pre-industrial levels.

Since the beginning of the FY ended 30 September 2022 (FY2022), F&N had embarked on a journey to understand the potential climate-related risks and opportunities for its businesses by conducting scenario analysis for short-, medium-, and long-term time horizons.

This is the second year that F&N would be publishing climate-related disclosures in accordance with the recommendations of the TCFD. A TCFD Index can be referenced on page 117 of this Report. F&N has voluntarily provided climate reporting disclosures based on the recommendations of the TCFD,

a year ahead of the timeline stipulated by SGX. It has achieved the following milestones to strengthen its understanding and management of the material climate-related risks:

- Quantify and analyse the potential financial impacts of Flooding and Water Scarcity on F&N's key financial metrics
- Quantify the potential financial impacts of Carbon Pricing on F&N's future operating expenditure; and
- Prepare the development of a decarbonisation roadmap for Scope 1 and 2 GHG emissions at Group-level.

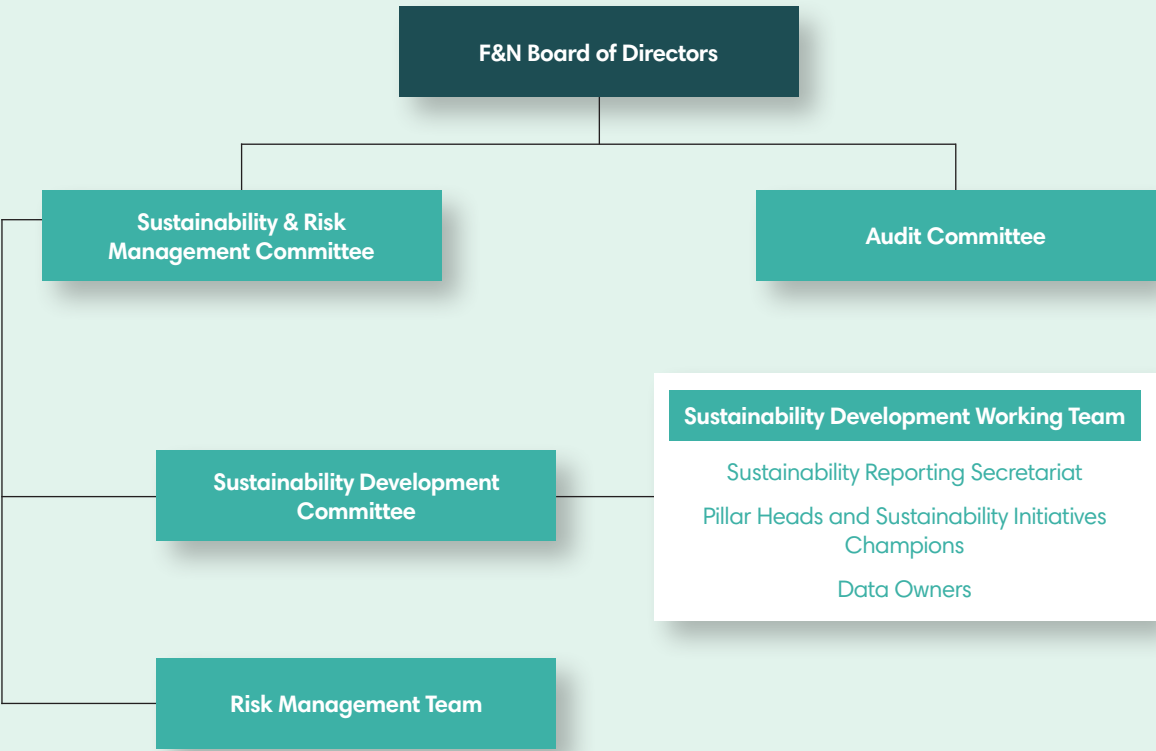
F&N will continue to deepen its understanding of its material climate-related risks and opportunities. The outcome would be considered in formulating the F&N Group-wide climate strategy which would be integrated into the business processes.

In the following sections, we describe how we manage our material climate-related risks and opportunities, with reference to the four key pillars, as per the recommendations of the TCFD: Governance, Strategy, Risk Management, and Metrics and Target.

## TCFD PILLAR - GOVERNANCE

Recognising the role and responsibility that F&N has in driving climate action and the shift to a low-carbon economy, climate-related responsibilities have been incorporated into F&N's governance structure across the Board, Board Committees, Sustainability-related Committees and working teams.

## F&N GROUP SUSTAINABILITY DEVELOPMENT AND RISK MANAGEMENT GOVERNANCE STRUCTURE





# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES AND CLIMATE RISK MANAGEMENT

## F&N'S CLIMATE GOVERNANCE ROLES AND RESPONSIBILITIES

| F&N Functions  | Roles and Responsibilities   | Meeting Frequency                              |
|--|--|--|
| <b>Board of Directors</b>  | <ul style="list-style-type: none"> <li>Oversees material sustainability-related topics, including environmental and climate-related risks and opportunities, as part of F&amp;N Group's overall strategy planning and risk management.</li> <li>Approves F&amp;N climate-related goals, targets, strategy, and management's plans, according to the risk appetite and risk tolerance of the Group, in pursuit of its strategic objectives.</li> <li>Approves sustainability report which includes climate-related disclosures and metrics.</li> </ul>  | Five times a year                              |
| <b>Board Committee: Sustainability and Risk Management Committee</b> | <ul style="list-style-type: none"> <li>Supports the Board in monitoring and reviewing key sustainability and climate-related risks and opportunities and provides strategic direction in managing aforementioned risks as part of the Group's Enterprise-wide Risk Management ("F&amp;N ERM") framework.</li> <li>Ensures sustainability and climate-related risks and opportunities are escalated and considered at the Board level.</li> <li>Guides the development of risk and sustainability frameworks, policies, and guidelines to ensure that sustainability and climate-related issues, are effectively managed and integrated into business operations and corporate objectives.</li> <li>Endorses sustainability report which includes climate-related disclosures and metrics.</li> </ul>   | Three times a year                             |
| <b>Board Committee: Audit Committee</b>                              | <ul style="list-style-type: none"> <li>Assists the Board in reviewing and monitoring the integrity of the Group's system of internal controls, audit process and compliance with applicable internal policies, laws and regulations.</li> <li>Reviews key risks and recommendations from the SRMC, including sustainability and climate-related matters, and advises the Board annually.</li> </ul>  | Four times a year<br><br>One time a year       |
| <b>Sustainability Development Committee</b>                          | <ul style="list-style-type: none"> <li>Headed by the Chief Executive Officer ("CEO"), Fraser and Neave, Limited and comprised of CEOs and senior executives of F&amp;N Group businesses across various functions.</li> <li>Identifies and evaluates material ESG topics, including climate-related risks and opportunities, and the progress of climate-related risk mitigation measures.</li> <li>Reviews and validates climate scenario analysis, risk assessment and disclosure in alignment with TCFD framework and make recommendations to SRMC.</li> <li>Monitors, tracks and reports progress of the Group's sustainability and climate-related strategies, initiatives, and targets to the SRMC.</li> </ul>  | Three times a year                             |
| <b>Sustainability Development Working Team</b>                       | <ul style="list-style-type: none"> <li>Consists of cross-functional representatives from each Business Unit who take on the role of Sustainability Reporting Secretariat, Pillar Heads and Sustainability Initiative Champions, and/or Data Owners</li> <li>Develops sustainability and climate-related projects and initiatives under the five pillars of F&amp;N Climate Strategy (i.e. energy efficiency, renewable energy, carbon reduction, route planning and exposure to climate change risks).</li> <li>Engages internal and external stakeholders to drive the implementation of sustainability and climate-related strategy at an operational level.</li> <li>Collates and analyses primary inputs from Data Owners of respective operational units to track progress towards the Group's sustainability and climate-related goals; and prepare periodic reports to SDC and SRMC.</li> </ul> | Ad-Hoc   |
| <b>Risk Management Team</b>  | <ul style="list-style-type: none"> <li>Risk discussion, including climate-related risks, with Business Units and corporate office as part of the Risk Management system.</li> <li>Organises climate-related risks and opportunities workshops</li> </ul>   | Three times a year<br><br>Two times in FY22/23 |

## TCFD PILLAR – STRATEGY

The persistent challenges arising from the adverse effects of climate change are urging F&N to actively manage the risks linked to transitioning toward a low-carbon economy and address the escalating impact of changing climate patterns. Amidst these challenges, there are emerging drivers that present opportunities which allow for cost savings and alignment with customers' expectations.

Understanding our material climate-related risks and their financial impacts on our business enables the Group to focus on strengthening climate resilience. This involves effective adaptation and implementing mitigation measures as we transition to a low-carbon economy.

F&N is committed to achieving net-zero Scope 1 and 2 GHG emissions by 2040. This commitment involves an ongoing effort to reduce GHG emissions through the adoption of renewable energy and the implementation of energy efficiency measures.

## IDENTIFYING CLIMATE-RELATED RISKS AND OPPORTUNITIES

In the last FY, F&N started with a preliminary qualitative assessment to identify potential climate-related risks and opportunities for its Non-Alcoholic Beverages, and Printing & Publishing businesses.

This year, we expanded our understanding of the key material climate-related risks to our business and their potential financial impacts.

### TRANSITION RISK ASSESSMENT APPROACH

#### STEP

1

Identification of **relevant transition risks and opportunities drivers** for F&N from peer analysis, industry/sector-specific research papers and information received from F&N

#### STEP

2

Evaluation of **climate-related transition drivers** for F&N portfolio under different **climate scenarios**

#### STEP

3

Identification of **business implications qualitatively on F&N**

### PHYSICAL RISK ASSESSMENT APPROACH

#### STEP

1

Identification of **relevant climate hazard drivers** for F&N regions and countries and overview of **historical (baseline) hazard risk level**

#### STEP

2

Evaluation of **climate-related physical risk** for F&N sites under different **climate scenarios**

#### STEP

3

Identification of **high-level business implications and risk management recommendations**

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES AND CLIMATE RISK MANAGEMENT

## ASSESSING CLIMATE-RELATED RISKS AND OPPORTUNITIES WITH SCENARIO ANALYSIS

Building on the qualitative climate-related risks and opportunities assessment conducted in the last FY, our evaluation was expanded to include the quantification of the potential financial impacts associated with our key material climate-related risks. F&N conducted a group-wide quantitative scenario analysis, addressing both transition and physical risks, including those arising from water scarcity and flooding. As recommended by TCFD, scenario analysis is a forward-looking tool that enhances strategic thinking by exploring the alternative pathways that the world may take, leading to different global temperature outcomes.

Future potential business impacts of these key material climate-related risks were estimated based on available climate research, projections, and assumptions under selected climate scenarios across different time horizons. The potential positive business impacts of key material climate-related opportunities will be progressively evaluated and disclosed.

The outcomes of this quantitative assessment will enable the Group to update its business strategy, to ensure resilience to climate-related risks and leverage on climate-related opportunities. The Group seeks to enhance the management of these key material climate-related risks by considering the range of possible financial impacts and integrating climate initiatives into F&N's existing Energy and Climate strategy.

### 1. Time Horizons

Climate-related issues can manifest over medium and long-term time horizons. Our selection of the time horizons – 2030 and 2050 – is intended to reflect potential future business impacts and is aligned with the most ambitious net zero target set among the countries we operate in.

The climate-related risks and opportunities will be discussed across the following time horizons:

|  | Short-Term  | Medium- to Long-Term                                  |
|--|---|---|
| <b>Time Horizon for Transition Risk Assessment</b> | 1–7 years, to 2030                                    | 8 – 27 years, from 2031 to 2050                       |
| <b>Time Horizon for Physical Risk Assessment</b>   | 2030  | 2050  |
| <b>Year</b>  | The range of the time period is represented by '2030' | The range of the time period is represented by '2050' |

### 2. Climate Scenarios

Two sets of climate scenarios were used to evaluate the possible business impacts from climate-related risks. The climate scenarios used in the quantitative modelling of transition risks were referenced from the International Energy Agency ("IEA") World Energy Outlook ("WEO") 2022 Report. The physical impacts of the changing climate on F&N's

businesses had been modelled using climate scenarios from the latest Intergovernmental Panel on Climate Change ("IPCC") Sixth Assessment Report.

The selected scenarios for transition risk assessment were aligned with the recommendations of the TCFD, to minimally consider a scenario where global temperature increase is limited to a 2°C rise above the pre-industrial levels by 2100.

|                          | Low Carbon Pathway   | Business-as-Usual Pathway   |
|--------------------------|--|---|
| <b>Description</b>       | Global temperature increase of <2.0°C by 2100.   | Global temperature increase between 2.7–3.3°C by 2100.  |
| <b>IEA Scenario Name</b> | Announced Pledges Scenario (APS)   | Stated Policies (STEPS)   |
| <b>Key Assumptions</b>   | <p>All climate commitments, including NDCs and long-term net zero targets, will be fully met in time.</p> <p>In 2100, the global median temperature rise is projected to be "below 2°C", in line with the goal of the Paris Agreement.</p> | A high emissions business-as-usual global warming scenario which considers existing climate policies without implementation of additional policies. |

The scenarios selected for physical risk assessment reflect the latest available data from leading scientific sources.

SSP2-4.5 scenario, the Business-as-Usual Pathway, signifies alignment with the upper boundaries of the combined Paris Agreement pledges from all the participating countries.

The High Carbon Emission Pathway, SSP 5-8.5, assumes no additional climate policy will be enacted. This scenario was included to stress test the climate resilience of the business that may be challenged by severe outcomes of the key climate-related physical risks.

|                           | Baseline  | Business-as-Usual Pathway  | High Carbon Emission Pathway  |
|---------------------------|---|--|---|
| <b>Description</b>        | Scenario based on the historical data of climate change on F&N assets.  | Global temperature increase of 2.7°C by 2100.  | Global temperature increase of 4.4°C by 2100.   |
| <b>IPCC Scenario Name</b> | N. A.   | SSP2-4.5   | SSP5-8.5  |
| <b>Key Assumptions</b>    | The present-day risk of exposure of F&N's key assets to selected material natural hazards, with consideration of their respective geographical locations. | A lower emissions scenario which provides a more realistic view of the future based on current climate policies.<br><br>Actions today will limit temperature rise to 2.7°C by 2100, with no possibility of net-zero emissions by 2100. | A high emissions scenario with no additional climate policy. There is limited coordinated action, leading to temperature rise of 2.4°C by mid-century and reaching 4.4°C by 2100. |

F&N will monitor the developments of climate scenarios to make an updated assessment of the climate-related risks and opportunities material to the business.

## CLIMATE-RELATED TRANSITION RISKS AND OPPORTUNITIES

In the last FY, F&N identified the material climate-related transition risks and opportunities through engagement with key internal stakeholders, from Finance, Risk and Insurance, Strategy and Sustainability, and Manufacturing, across F&N's business divisions – Non-alcoholic Beverages, and Printing and Publishing. The transition risks and opportunities were evaluated according to the four categories, as recommended by TCFD, namely policy and legal, technology, market, and reputation.

In this FY, F&N conducted a quantitative assessment on one key material transition risk, Carbon Pricing, which had been identified as the most material driver. The potential financial

impact on the Group's future profits were evaluated by considering the expected future carbon pricing regulations in the countries we operate in.

### 1. Financial Impact of Transition Risks and Opportunities

To manage the varying levels of climate ambitions in countries F&N operates in, the CO<sub>2</sub> prices applied in the quantitative model were referenced from the WEO 2022 report published by the IEA.

F&N had conducted an initial screening of the low-carbon technologies that may reduce GHG emission and improve energy efficiency in operations.

Details of the transition risk arising from carbon pricing, and opportunity from increased availability of low-carbon technologies are summarised in the table below. Further details are provided in the sub-sections.

|                    | RISK  | OPPORTUNITY  |
|--------------------|---|--|
|                    | Carbon Pricing  | Increased Availability of Low Carbon Technologies  |
| <b>Description</b> | Carbon pricing is being considered in Malaysia and Thailand, while Singapore has implemented carbon tax for selected sectors. Carbon pricing could increase and/or be enforced in the short-to medium-term in these geographies where F&N operates. | The urgent need to decarbonise has led to an increase in investments in the development of green technologies to improve energy efficiencies and/or lower GHG emissions, such as renewable energy. |



# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES AND CLIMATE RISK MANAGEMENT

|                                    | RISK   | OPPORTUNITY   |
|------------------------------------|--|---|
|                                    | Carbon Pricing   | Increased Availability of Low Carbon Technologies   |
| <b>Business Implications</b>       | Gradual increase in operating costs over time.   | <ul style="list-style-type: none"> <li>Increase in capital costs in the short- and medium-term.</li> <li>Decrease in operating costs in the medium- to long-term from savings of energy and carbon costs.</li> </ul>          |
| <b>Potential Financial Impacts</b> | Carbon pricing will have potential incremental impact up to 2.2% of Group's annual operating profit in 2030 under the low-carbon scenario.   | Reduction in operating costs through cost savings from using solar energy.<br><br>Our assessments will progressively cover the potential financial impacts of opportunities on our businesses.                                |
| <b>Methodology</b>                 | Using F&N's historical Scope 1 and 2 GHG emissions to project future GHG emissions, with inputs which include IEA carbon pricing forecasts.  | To be developed in the future, as we further develop and refine our climate risk analysis.  |
| <b>Management Response</b>         | <ul style="list-style-type: none"> <li>In the short-term, F&amp;N will continue to monitor developments on carbon pricing in the key jurisdictions where we operate in.</li> <li>Most sites have invested in on-site solar energy, increasing the use of renewable energy, and will continue to expand renewable energy investments, where applicable.</li> <li>Focus on energy efficiency in operations and tracking our GHG emissions against our emission reduction targets.</li> </ul> | <ul style="list-style-type: none"> <li>Continue to observe the commercial viability of low-carbon technologies.</li> <li>Focus on ensuring resilience of energy supply through onsite renewable energy generation.</li> </ul> |

## a. Carbon Pricing

To meet the Paris Agreement goal of limiting global temperature rise to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase even further to 1.5°C, carbon pricing is implemented to encourage businesses to emit less GHG emissions by internalising the external costs of GHG emissions.

The development of a carbon pricing regime varies in maturity between the different countries F&N operates in. Singapore has already begun implementing a carbon tax for selected sectors, while Thailand is in its third phase of piloting a voluntary emission trading scheme, which includes the Food sector, and Malaysia had just launched its voluntary carbon market in March 2023. As such, F&N's Singapore operations is expected to be most exposed to the impacts of carbon pricing in the short to medium-term. Carbon pricing developments in Malaysia and Thailand do not yet pose a risk to F&N, although the model shows potential impacts in the medium- to long-term time horizon to 2050.

The results from the quantitative modelling suggest that the estimated incremental operating costs incurred for the carbon pricing schemes under the APS low-carbon scenario accounts for approximately 2.2% of the Group's projected annual operating profit in 2030. This is considered manageable since F&N has begun investing in solutions to reduce GHG emissions,

such as installing solar panels. The impact of carbon pricing is expected to be gradually mitigated with the reduction of the businesses' GHG emissions.

## b. Increase Availability of Low-Carbon Technologies

Over the years, F&N had explored alternative operating solutions which help to reduce energy usage and GHG emissions, such as investments in energy efficient systems. To reduce its Scope 2 GHG emissions, the Group increased its deployment of solar photovoltaic systems at most of its plants in Malaysia, Thailand, and Singapore. There are plans to explore more solar photovoltaic deployment at the remaining plants, where possible.

With growing commercial feasibility of emerging green technologies to support decarbonisation, F&N is keeping abreast of these developments and exploring the possibilities of implementing other low-carbon technologies in its future operations, if applicable.



**F&N has begun investing in solutions to reduce GHG emissions, such as installing solar panels. The impact of carbon pricing is expected to be gradually mitigated with the reduction of the businesses' GHG emissions.**

## 2. Resilience to Transition Risks

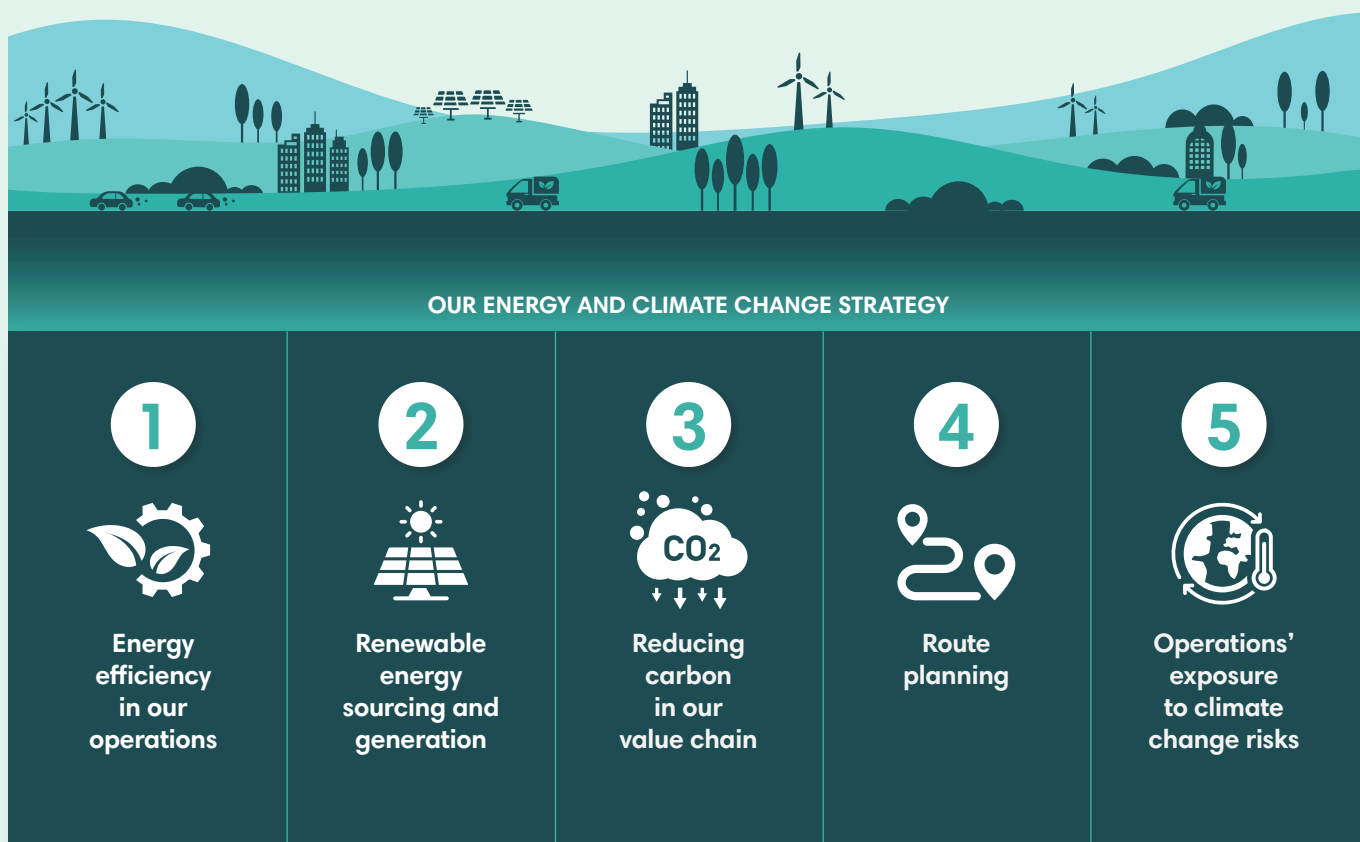
The business drivers supporting the Group's transition to a low-carbon economy are considered in its strategic development to mitigate rising operating and/or capital costs. Since FY2020, F&N had developed the Energy and Climate Change Strategy to guide the Group to achieve its GHG emissions reduction goals through proactive climate change management. It focuses on five key strategic pillars. Further details of these strategic pillars are found on pages 85 to 87 of this Report.

F&N had set a 2025 target to reduce the Group's GHG emissions intensity ratio across all the plants by 8% from a 2020 baseline. Existing and emerging green technologies present opportunities for F&N to strengthen its decarbonisation strategy.

To effectively manage the short-term impact of carbon pricing, F&N will continue to monitor developments in

climate change regulations, specifically the implementation of carbon pricing in key jurisdictions where the Group operates in. Beyond installing solar panels at selected sites, F&N would be undertaking an in-depth study of the decarbonisation options for its different business divisions. These efforts will help to mitigate the additional cost of carbon pricing in a low carbon economy. Moving forward, carbon pricing considerations will be integrated into the Group's investment decisions and strategy planning, when ready.

Over the medium-term, F&N will explore evaluating the potential financial impact of other material climate-related risks and opportunities, such as rising customer demand for sustainably produced products, if possible. To this end, F&N had begun launching low-carbon products including plant-based products and products certified with carbon footprint labels, such as TGO's Carbon Footprint Reduction Label. In our Printing & Publishing Division, Times Publishing Limited uses sustainable ink which has a lower global warming potential when dried.



# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES AND CLIMATE RISK MANAGEMENT

## CLIMATE-RELATED PHYSICAL RISKS

The physical risks resulting from climate change can be acute (event driven), including extreme weather events, and/or chronic (longer-term shifts in climate patterns). The geographical environment, latitude, infrastructure of a site and other factors determine its vulnerability and exposure to a physical natural hazard. The proactive implementation of adaptation measures by F&N and/or local authorities will enhance the climate resilience of a site. However, as climate change increases the frequency, intensity and duration of extreme weather events over coming decades, the resulting impact may potentially exceed current or planned resilience.

### 1. Financial Impact of Physical Risks

To effectively manage the Group's resilience to climate-related physical risks, quantitative scenario analysis was used to assess the potential impact of water-related hazards, identified as material to the Group, across different climate scenarios and time horizons. F&N has identified 15 sites across Singapore, Malaysia, and Thailand with relatively higher risk to coastal, river and heavy rainfall flooding. These assets were prioritised based on their importance to the Group's business, providing a meaningful representation of the Group's potential impact from climate hazards. Key internal stakeholders from Finance, Risk and Insurance, Strategy and Sustainability, and Manufacturing teams participated in the validation of the risk impact assessment.

The quantitative model considered the potential impact to assets and revenue for the different scenarios, using inputs based on historical occurrences, and predictive occurrences adapted from IPCC's developed scenarios on the future climate conditions in the Asia Pacific region (i.e. business-as-usual pathway or high-carbon emissions pathway). A summary of the material physical risks, potential impacts and management's response is shown below:



|                              | RISK  | RISK  |
|------------------------------|---|---|
|                              | Water Scarcity  | Flooding (Coastal, River & Extreme Rainfall)  |
| <b>Description</b>           | Considering the nature of F&N business as a F&B organisation, water availability is critical. Water scarcity occurs when the depleting supply is unable to meet demands. This could be exacerbated by the increase in global average temperature. | On a global level, climate projections indicate an increasing trend in sea level rise and extreme rainfall under future climate change scenarios. This may lead to an increased risk of flooding, causing damage to equipment, other assets, and disruptions to our operations. |
| <b>Business Implications</b> | <ul style="list-style-type: none"> <li>Increase in operating cost due to an increase in water tariffs; and</li> <li>Decrease in potential revenue due to business disruption.</li> </ul>  | <ul style="list-style-type: none"> <li>Increase in cost for assets damage and repair; and</li> <li>Decrease in potential revenue and profits due to business disruptions.</li> </ul>  |
| <b>Financial Impacts</b>     | Minimal impact expected by 2030 in the countries where F&N operates.  | The actual damage from the flash floods in Malaysia in December 2021 was approximately 5% of the Group's operating profits. This was inclusive of inventories and property damage, repairs, and other related costs. The damage was mitigated by insurance.                     |

|                            | RISK  | RISK  |
|----------------------------|---|---|
|                            | Water Scarcity  | Flooding (Coastal, River & Extreme Rainfall)  |
| <b>Methodology</b>         | Internal data, such as annual revenue, water usage volume, and level of adaptation measures, were used with external data which included World Resources Institute (“WRI”) water stress data, climate trend data and academic research.   | Internal data, such as replacement value, net insurance coverage, annual revenue, and level of adaptation measures, were plotted against flood projections (e.g. flood depth) from Fathom, coupled with the assumptions based on the research by EU Joint Research Centre and the Federal Emergency Management Agency of the United States.   |
| <b>Management Response</b> | <ul style="list-style-type: none"> <li>Regularly review water risk at our key sites through WRI.</li> <li>Optimise water circularity for sustainable water management, improving water efficiency against our water intensity target.</li> <li>Expand water storage systems, as necessary.</li> </ul> | <p>Our efforts to mitigate the risk impact include:</p> <ul style="list-style-type: none"> <li>Equipping key sites with physical infrastructure (e.g. flood barriers, pumps or other drainage solutions) with supporting administrative controls (e.g. emergency response plans);</li> <li>Raising new assets a minimum height from their surroundings;</li> <li>Insuring our assets appropriately; and</li> <li>Continuing to strengthen flooding assessment and mitigation measures.</li> </ul> |

#### a. Water Scarcity

Water is an essential component in F&N’s manufacturing facilities. Factors, such as population growth, economic development and climate change, could exacerbate water scarcity, where increased demand for clean water exceeds the depleting supply, limiting the availability of clean water.

The Group’s revenue, water usage and level of adaptation measures for each selected site was assessed in the quantitative modelling. This set of internal information was augmented with a scientific database that was widely acknowledged, i.e. WRI Aqueduct, to project the potential days of business disruptions, and increased water tariffs – a measure by the respective authorities to manage water scarcity. Using the water risk indicators from the latest WRI Aqueduct 4.0 version, F&N expects minimal financial impact from water scarcity across all key operating facilities by 2030 under both climate scenarios.

#### b. Flooding (Coastal, River & Rainfall)

Flooding can affect the quality of water, as it can be polluted with contaminants, leading to an insufficient supply of clean water. The consequences of flooding include loss of life, damage to property, destruction of crops and deterioration of health conditions caused by waterborne diseases.

The latest scientific assessment of climate change projected that changes in the drivers of climate change will bring about an increase in the frequency and magnitude of flooding events. Sites located near riversides or lakesides and low-lying coastal areas are expected to face a higher risk of riverine and coastal flooding, respectively.

In December 2021, F&N suffered damages of inventories and property due to flash floods in Malaysia. Damaged stocks and assets, repairs, and other related costs, approximately 5% of the Group’s FY2022 operating profits, were mitigated by insurance. Learning from it, additional measures, such as flood barriers, pumps, or other drainage solutions, were implemented at F&N’s key operating sites exposed to similar risks. The Group will continue to review measures to increase resilience against the impacts from flooding across our key operating sites.

To further enhance the Group’s management of flooding risk, a forward-looking scenario analysis to determine its potential financial impacts was conducted across different climate scenarios and time horizons – 2030 and 2050. Data from Fathom and EU Joint Research Centre were used to project flood depths and flood damage function. The results suggested that about 14% of the Group’s key sites were highly exposed to flooding as they were in flood-prone areas. We found that without mitigating measures, flooding may potentially have the highest financial impact on capital expenditure, in terms of asset repair or replacement.

#### 2. Resilience to Physical Risks

The Energy and Climate Change Strategy, effective since FY2020, focuses on five key strategic pillars, including the management of physical climate change risks that had been assessed as part of the F&N ERM framework.

The response measures to increase the Group’s resilience against flooding risk in the short- and medium- term have been summarised on page 40. The results of the quantitative flooding risk assessment will be integrated into the Group’s future investment decisions and strategy planning, where applicable.

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES AND CLIMATE RISK MANAGEMENT

## TCFD PILLAR – RISK MANAGEMENT

F&N has integrated material climate-related risks and opportunities into the organisation's existing F&N ERM framework and process by identifying, assessing, and managing them across our operations and supply chains on an ongoing basis. The F&N ERM framework drives the organisation's priorities in managing its key strategic and operational risks within the acceptable risk appetite and tolerance levels.

Climate change poses a range of risks that can potentially impact the Group's assets, revenue, operations, supply chain and others, potentially causing damage to assets and disruption to business activities. Each business unit will identify, assess, and manage risks within its own risk register by employing a risk matrix which plots the likelihood and potential impact of the risk occurring. At the Group level, climate resilience is prioritised as one of the key business risks.

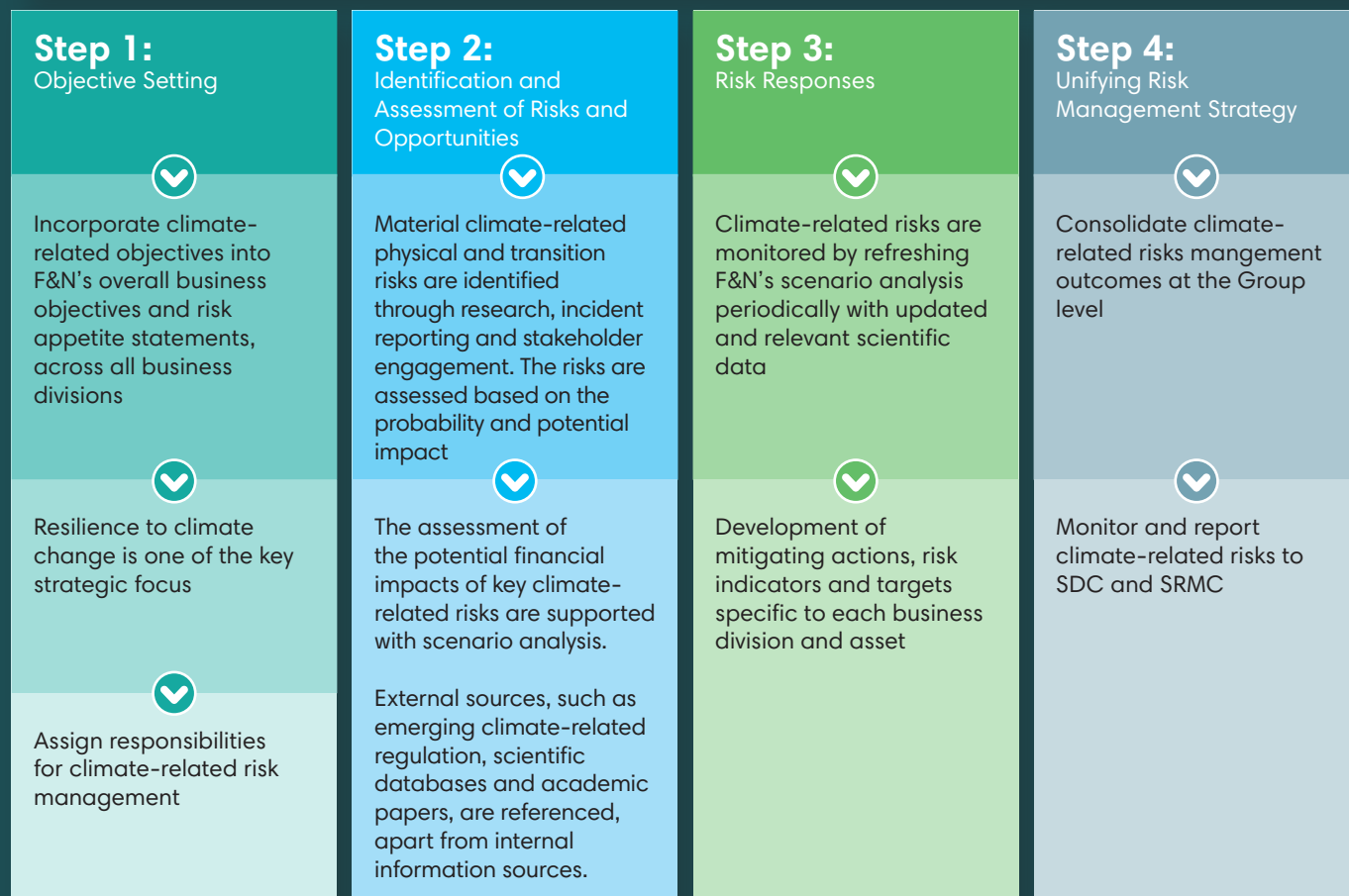
F&N aims to mitigate its risk exposure through appropriate risk management strategies by integrating relevant sustainability-related controls into its annual business

planning and budgeting process. The implementation of the control measures and key risk indicators are updated and monitored by the respective management teams and committee.

As continuous engagement and communication is integral to effective risk management, internal stakeholder discussion sessions were conducted to support the scenario analysis for the climate-related risks. Key internal stakeholders from Finance, Risk and Insurance, Strategy and Sustainability, and Manufacturing teams across F&N's business divisions – Non-Alcoholic Beverages and Printing and Publishing – participated in evaluating the material climate-related physical and transition risks and opportunities. The climate-related input data, quantification methodology, estimated impact and disclosures were validated by key internal stakeholders.

At the end of the financial year, the Board receives assurance from the key management personnel that the risk management and internal control systems are adequate and effective to address the material risks, including key climate-related risks and opportunities, as identified by the Group.

## CLIMATE RISK MANAGEMENT PROCESS INTEGRATED INTO F&N-ERM





## TCFD PILLAR – METRICS AND TARGETS

F&N is committed to mitigating material climate-related risks and leveraging on opportunities. It has since established climate-related targets for 2025 and relevant metrics for tracking progress. Group level environmental targets set, such as reducing Scope 1 and 2 GHG emissions, energy, and water intensities, are disclosed over the past years. Further details of these climate-related targets for 2025 can be found on page 27 of this Report.

The relevant climate-related metrics and targets are mapped to the corresponding climate-related risks and opportunities below:

| Metric   | 2025 Target (2020 Baseline) | Progress (FY2023)    | F&N's Climate Risk or Opportunity |                        |              |                  |                       |                               |  |            |                |
|--|-----------------------------|----------------------|-----------------------------------|------------------------|--------------|------------------|-----------------------|-------------------------------|--|------------|----------------|
|  |                             |                      | Carbon Pricing                    | Low Carbon Refrigerant | Water Tariff | Sustainable Inks | Low Carbon Technology | Reduction of Virgin Packaging | Demand for Sustainably Produced Products | Reputation | Physical Risks |
| Group GHG emissions intensity at plants                  | 8% reduction                | 6% reduction         | ✓                                 | ✓                      |              | ✓                | ✓                     |                               |  | ✓          |                |
| Group's energy intensity at plants                       | 8% reduction                | 2% increase          | ✓                                 |                        |              |                  | ✓                     |                               |  | ✓          |                |
| Group's water intensity at plants                        | 8% reduction                | 5% increase          |                                   |                        | ✓            |                  |                       |                               |  | ✓          | ✓              |
| Average recycled content in beverage and dairy packaging | 25% recycled content        | 25% recycled content |                                   |                        |              |                  |                       | ✓                             | ✓  | ✓          |                |

By continuous monitoring and reporting on climate-related metrics and targets, F&N seeks to identify areas of improvement so as to advance its climate resilience journey. F&N is also committed to achieve net zero Scope 1 and 2 GHG emissions by 2040. To calculate its carbon emissions, F&N takes guidance from the operational control approach defined by the GHG Protocol Corporate Standard.

## NEXT STEPS

Following the initial efforts to estimate the potential financial impacts of climate-related transition and physical risks on our business in FY2023, F&N will continue to refine its climate scenario analysis and expand its climate-related disclosures.

The strive for continuous improvement will enable F&N to identify key areas for strategic focus and leverage opportunities for our business. We will build resilience against the adverse effects of climate change, while working towards F&N climate-related targets.