

Introduction to Economic Pillar

RESPONSIBLE BUSINESS FUNDAMENTALS



F&N recognises the scale of the impact our business has on the societies and environments in which we operate. It is our responsibility as a prominent food and beverage organisation in Southeast Asia, to make informed decisions by weighing social, environmental, and financial value creation impacts.

We strive to be a regional leader in by embedding Responsible Business Fundamentals in the way we do business, including:

Responsible Business Practice

- Governance and Ethics
- Policy and Regulation
- Economic Performance

Responsible Product Stewardship

- Product Quality and Safety
- Product and Service Labelling
- Innovation

Responsible Supply Chain

- Supply Chain Stewardship

2025 SUSTAINABILITY TARGETS AND FOCUS AREAS



PRODUCT QUALITY AND SAFETY

FSSC scheme 22000 and Halal Standard (or equivalent) certification for all plants by 2025



INNOVATION

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



SUPPLY CHAIN STEWARDSHIP

100% of active key suppliers accept and comply with F&N's SCOP by 2025

Contributing to SDGs

Primary



Secondary



RESPONSIBLE BUSINESS PRACTICE

Our business is built on the foundation of upholding responsible business practices. We communicate our robust governance policies and standards of ethical behaviour transparently, to maintain trust with our stakeholders. These practices flow into every part of F&N, including our financial performance, risk management, and our interactions with suppliers and customers.

In this chapter, we elaborate on how we support responsible business practices in the organisation:

- Governance and Ethics
- Policy and Regulation
- Economic Performance

ESG issues are incorporated in the formulation of F&N's business strategy. The Board has ultimate oversight of sustainability issues, and as part of the Board's Conduct

of Affairs, the Board "considers sustainability issues such as environmental and social factors as part of its strategic formulation".

As a Board level committee, the F&N SRMC is responsible for steering the Group's on-going sustainability efforts. This committee ensures sustainability risks and opportunities are considered at the highest level of F&N by providing strong support to the management team. The SRMC has the responsibility to approve all strategic initiatives and policies related to sustainability in F&N.

GOVERNANCE AND ETHICS

GRI Index:

GRI 2-9, GRI 2-12, GRI 2-13, GRI 2-14
GRI 2-15, GRI 2-16, GRI 205-3

SDG:



The F&N SDC supports the overall direction of the SRMC by monitoring and reporting the progress of F&N's sustainability projects. The SDC is supported by the Sustainability Development Working Team which consists of cross-functional representatives who monitor the performance of designated goals, drive initiatives at an operational level,

and gather data for reporting. In FY2024, the SRMC and SDC convened on sustainability matters three times each. For further information on the Sustainability Development & Risk Management Governance Structure, refer to "TCFD & Climate Risk Management Summary", on page 24 of this Report.



Sustainability Development Committee

Hui Choon Kit (Chairman)

Chief Executive Officer, F&N

Lim Yew Hoe

Chief Executive Officer, F&NHB

Siew Peng Yim

Chief Executive Officer,
Times Publishing Group

Christopher Leong

Senior Director, Group Finance, F&N

Josephine Woo*¹

Senior Director, Group Human Capital,
F&N

Dr Ronnie Teo

First Vice President, Marketing, F&N

Wong Tak Hiong*

Director, Group R&D, F&N

Jennifer See²

Managing Director, Singapore
and YFI Malaysia, FNFS

Waradej Patpitak*

Director, Manufacturing &
Supply Chain, F&NDT

Celine Tan*

Director, Regional Marketing
(Beverages), F&N

* Pillar Heads in the Sustainability Development Working Team
1 Jennifer See stepped down from the F&N SDC on 30 Sep 2024
2 Josephine Woo stepped down from the F&N SDC on 24 Sep 2024



RESPONSIBLE BUSINESS PRACTICE

Approach

RISK MANAGEMENT

Each business division has a dedicated risk coordinator to conduct risk analyses with management, compile and submit the report to the division heads, and conduct briefings on risk policies and practices. Management identifies risks through the Enterprise Risk Management (“**ERM**”) process by assessing the likelihood of the risks’ occurrences and their potential impact on business. The outcomes of identified risks are consolidated in a Corporate Risk Scorecard. Risk appetite and risk tolerance statements are reviewed by the SRMC and approved by the Board annually.

The adequacy and effectiveness of F&N’s risk management and internal control systems in addressing identified key risks, including key climate-related risks and opportunities, is reviewed by the CEO of the company, Senior Director, Group Finance, Business Unit CEOs, Chief Financial Officer, and other key management responsible for each of the Group’s business divisions. The Board is also informed of potential or identified negative ESG impacts raised by stakeholders. In FY2024, zero of such cases were reported.

Key priorities for sustainability issues, including related risks and opportunities, have been identified and integrated into our overall risk management framework. Three perspectives were considered in assessing the sustainability risks:

- Review risks from external sources. For example, environmental trends, consumer trends, stakeholders’ expectations, and legal and regulatory developments;
- Review potential impact which F&N products might have on the environment; and
- Review new and emerging risks from external sources as well as within the organisation

Some examples of key sustainability-related risks F&N had identified were:

- Increasing awareness of sugar consumption among consumers
- Plastic usage and its impact on health and the environment
- Supply chain management
- Talent management
- Product quality and safety
- Human rights
- Climate change



CORPORATE GOVERNANCE

F&N's governance system is supported by policies and frameworks to ensure relevant controls and processes are in place. The Group supports the UN Guiding Principles on Business and Human Rights, International Labour Organisation ("ILO") guidelines, Thailand's Labour Protection Act and Malaysia Employment Act 1955, and has covered these guidelines and legal requirements in our internal policies.

List of policies

- Anti-Bribery Policy
- Human Rights Policy
- Supplier Code of Practice
- Code of Business Conduct
- Personal Data Protection Policy
- Whistle-Blowing Policy
- Workplace Safety, Health & Security Policy

The F&N Code of Business Conduct states the principles upheld by F&N, which are related to integrity, respect, and excellence. This Code is communicated to our employees and is made available on our intranet. To disclose possible conflicts of interest with F&N, an annual acknowledgement and declaration by employees is required.

Violations of any codes can be reported through any of these mechanisms:

1. Email to fnlwhistleblowing@fngroup.com.sg
2. Contact us at +65 6273 6789
3. Any reporting mechanism provided in existing F&N policies

To ensure adequate understanding of governance and integrity-related matters, F&N Executives went through training on risk management, ESG, anti-bribery, whistleblowing, and business ethics.

The Board sets good principles of ethics and values for the Group, ensures proper accountability within the Group, and seeks to ensure that obligations to shareholders and other stakeholders are understood and met. In FY2024, 100% of our operations were assessed for corruption, and there were no known substantiated bribery and corruption cases.

POLICY AND REGULATION

GRI Index:

GRI 2-23, GRI 2-24, GRI 2-26, GRI 2-27

SDG:



F&N places high importance on regulatory compliance across our operations and engages with policymakers in a responsible and transparent manner.

Ensuring halal compliance and maintaining halal integrity is of utmost importance in Malaysia, a pre-dominantly Muslim country. It is F&N's imperative to ensure strict adherence and implementation of halal standards throughout our supply chain, to provide confidence to our Muslim consumers.

Approach

HALAL POLICY

Halal integrity is maintained throughout F&N's supply chain, to meet the needs and provide confidence to our local and global Muslim consumers, by scrutinising handling process of ingredients throughout our supply chain to prevent mixing of non-halal ingredients with halal ingredients.

F&NHB has adopted a 2-tier halal management structure to drive halal development:

- Establishing a Group Halal Council, with support from the Halal Affairs Department, to determine policies and strategies; and
- Establishing an internal Halal Committee at each manufacturing facility to be responsible for all matters pertaining to Halal compliance throughout the supply chain.

F&N is awarded with product halal certifications by complying with the halal audit requirements by regulatory authorities, such as the Department of Islamic Development Malaysia (JAKIM) and other relevant Islamic certification authorities, such as MUI, CICOT, MUIS, and adherence to the Good Halal Manufacturing Practices.



It is F&N's imperative to ensure strict adherence and implementation of halal standards throughout our supply chain, to provide confidence to our Muslim consumers.



RESPONSIBLE BUSINESS PRACTICE

HALAL STANDARDS

F&NHB's products are halal certified by JAKIM and other relevant authorised Islamic certification bodies, in accordance with the Halalan Toyyiban standards and the Islamic Shariah Law requirements.

F&NHB contributes to developing halal-related standards with the Federation of Malaysian Manufacturers ("FMM") and JAKIM through trade associations, such as the Sertu standards and Malaysian Standard 1514 Good Manufacturing Practice (GMP for food).

F&N commits to adhering to the halal standards and requirements by strengthening our employees' awareness and understanding through the following initiatives:

- Regular halal awareness training programme
- Auditing our distributors and training transporters to actively ensure the downstream of our supply chain is halal compliant
- Perform Sertu (ritual cleansing) on our second-hand machines brought into our factories
- Strictly prohibit non-halal food/drinks within factory premises, including the office and canteen.

Performance

F&N is an apolitical company and does not contribute in any way to any political party or activity.

We are an active member of various trade associations such as FMM, Thai Chamber of Commerce, Federation of Thai Industry and Thai Dairy Industry Association.

POLICY AND REGULATORY BODY ENGAGEMENTS

Product and Service Labelling

We ensure that our marketing and advertising activities do not violate any ethical standards. F&NHB adheres to the Malaysian Code of Advertising Practice in Malaysia and the Consumer Protection Act of B.E. 2522 (1979) in Thailand. In Malaysia, F&NHB is a signatory to the 'Responsible Advertising to Children' initiative and has pledged to restrict marketing to children under 12 years of age.

Quality Management

We adhere to all health and safety regulations applicable to the F&B industry for the markets in which we operate. All F&N products are manufactured under stringent international quality and food safety standards. Every stage of our production processes is subjected to rigorous quality control procedures.

Nutrition

F&N has collaborated with authorities like Singapore's Health Promotion Board, Singapore Food Agency, Ministry of Health, and FMM to adhere to food safety regulations.

Employee Safety, Health and Well-being

Safety is integrated across our operations through the implementation of Environmental, Safety and Health ("ESH") systems and monitoring processes. All employees, workers and activities are covered by our ESH systems, and all workers receive adequate training and appropriate safety equipment, where applicable. We also align with international standards, such as ISO 14001 and ISO 45001, at our major sites to enhance our safety practices.

Environmental Compliance and Management

The F&B manufacturing process involves generation of liquid (effluent) and solid wastes. We strive to improve our waste management by identifying key waste streams which we can recycle to reduce waste.

Our ESH Policy and adherence to circular economy principles guides waste management at F&N. We apply strict standards to our waste management and continuously explore alternative uses for 'waste' from our operations.

New SGX Sustainability Reporting Guidelines

SGX had updated the Sustainability Reporting guidelines to also mandate listed companies on the following:

- Internal review of the sustainability reporting process by the internal audit ("IA") function;
- All Board directors to undergo sustainability training; and
- Incorporation of IFRS Sustainability Disclosure Standards for reports published at the beginning of FY2025, with greater emphasis on climate-related disclosures.

Since FY2023, F&N's IA Department had commenced internal review of the Group's sustainability reporting process for selected business units included in the approved IA plan. The review focused on design of internal controls and compliance with policies and procedures to ensure data accuracy and integrity.

F&N had also ensured that all Board Directors had attended and completed the recommended sustainability training courses, as prescribed by SGX.



All employees, workers and activities are covered by our ESH systems, and all workers receive adequate training and appropriate safety equipment, where applicable.



ECONOMIC PERFORMANCE

GRI Index:
GRI 201-1

F&N's business success is based upon long-term value creation for our stakeholders. This is achieved by maintaining leadership in our core markets, leveraging innovative technologies, engaging our employees' expertise to meet consumers' evolving demands, and to enter new markets.

The F&N Business Model is explained in detail on pages 12 and 13 of this Report. F&N's economic performance depends upon

six capitals – Financial, Manufactured, Intellectual, Human, Social and Relationship, and Natural. Our sustainability initiatives support F&N's abilities to create financial value.

Our full economic performance can be found in our audited financial statements, as part of our FY2024 Annual Report:

- Group Financial Highlights, pages 10 to 11
- Group Financial Statements, pages 110 to 117

Performance

FY2022 Revenue
\$2,003m



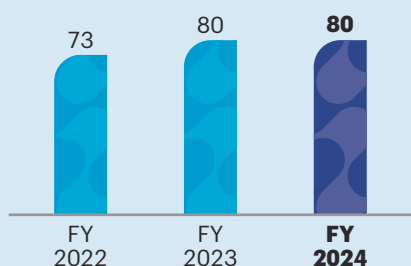
FY2023 Revenue
\$2,099m



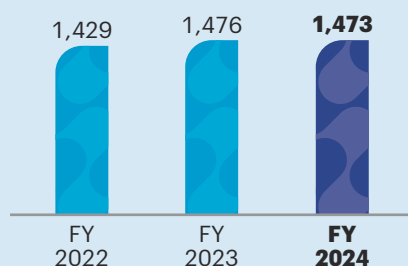
FY2024 Revenue
\$2,162m



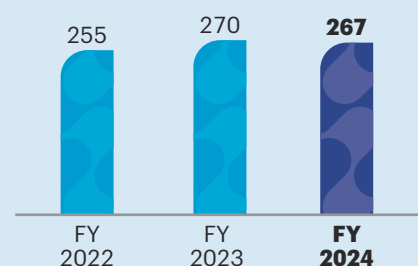
Dividend (\$m)



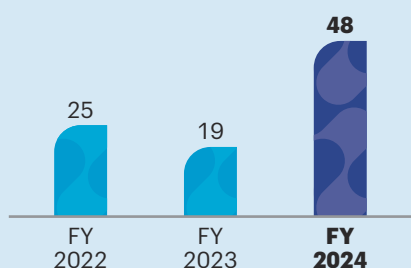
Cost of Sales (\$m)



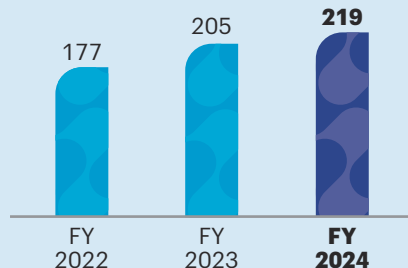
Employee Benefit Expenses¹ (\$m)



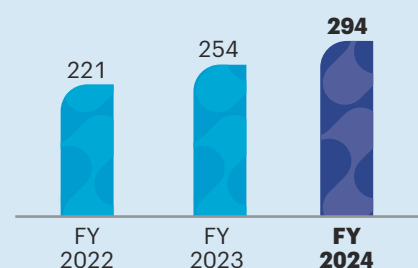
Taxation (\$m)



Profit After Tax (\$m)



Economic Value Retained² (\$m)



Notes:

- 1 Employee Benefit Expenses comprise Staff Costs, Employee Shared Based Expenses Defined Contribution Plans and Defined Benefit Plans
- 2 Economic value retained = Direct economic value generated (Revenue) less Economic value distributed (Cost of Sales, Employee Benefit Expenses, Taxation, Dividend). Community investments are not included

RESPONSIBLE PRODUCT STEWARDSHIP

Our philosophy ‘Pure Enjoyment. Pure Goodness’ is our commitment to consumers to deliver good quality products that adhere to safety standards. Putting our customers first in our product stewardship approach, we are committed to provide product information that is viewed as important by our customers. We also continuously innovate to meet the changing needs and wants of our customers.

In this chapter, we elaborate on how responsible product stewardship is ensured:

- Product Quality and Safety
- Product and Service Labelling
- Innovation

PRODUCT QUALITY AND SAFETY

GRI Index:
GRI 416-2

3

GOOD HEALTH AND WELL-BEING



Product Quality and Safety is a core principle embedded in F&N’s culture. Our 141 years of success is built on offering products that earned the trust, created the satisfaction, and considered the well-being of our consumers.

Approach

F&N adheres to all health and safety regulations applicable to the F&B industry for the markets we operate in. Our plants are certified with international standards – FSSC 22000, ISO 22000 and HACCP Food Safety management systems, and our production processes at all stages are subjected to rigorous quality control procedures. The F&N SRMC regularly reviews the key risks related to product quality and safety.

All critical suppliers were audited on food safety regulations and standards, and none were found to be non-compliant this year. We assess a range of quality assurance and food security criteria to safeguard the health of consumers and the safety of workers in our supply chain. Our suppliers are assessed on the basis of: the implementation and monitoring of good manufacturing processes, use of protective clothing, food safety management systems, and chemical management.

We obtained local and international certifications, such as:			
FNFS	F&NHB (including F&NDT)	F&NUL	F&NCM
<ul style="list-style-type: none">• FSSC 22000 – Food Safety System Certificate• Halal certification	<ul style="list-style-type: none">• ISO 22000:2005 0 – Food Safety Management System• FSSC 22000 – Food Safety System Certificate• Halal certification• Food Safety According to Hazard Analysis and Critical Control Point (HACCP) System MS 1480:2007• Good Manufacturing Practice	<ul style="list-style-type: none">• ISO 22000:2005 0 – Food Safety Management System• FSSC 22000 – Food Safety System Certificate• Halal certification	<ul style="list-style-type: none">• FSSC 22000 – Food Safety System Certificate• Halal certification• Food Safety According to HACCP System MS 1480:2007• Veterinary Health Mark (VHM) Certification (required for the export of dairy products)

Our production facilities follow strict operational procedures to ensure our products are stored and transported in good condition, e.g., appropriate temperature range, lighting, and stress on packages.

At F&N, we believe listening and acting on customers’ feedback is critical to the customer experience. We provide multiple communication channels for customers to connect with us and share their feedback or enquiries – our product website, email address, or F&N’s social media accounts like Facebook and Line. In Singapore, we have a hotline for customers to contact us directly.



2025 Target

Target

FSSC scheme 22000 and Halal Standard (or equivalent) certification for all plants by 2025

Performance

At the end of FY2024, 100% of our plants are halal certified, with 73% certified with FSSC 22000.

Performance

GRI 416-2

All product categories comply with product labelling requirements

Zero incidents of non-compliance concerning the health and safety impacts of products and services.

PRODUCT AND SERVICE LABELLING

SDGs:

GRI Index:

GRI 417-1, GRI 417-2, GRI 417-3



We communicate information about our product quality, nutrition, safety, and disposal methods by means of our packaging and labelling. It is essential that our labelling is comprehensive, accurate and clear for our consumers to make informed purchasing decisions.

2522 (1979) in Thailand. In Malaysia, F&NHB is a signatory to the 'Responsible Advertising to Children' initiative and pledged to restrict marketing to children under 12 years of age. F&NHB adopts the guidelines by the Malaysian Advertisers Association, which pledges to ethical marketing standards, on a voluntary basis. F&N ensures its employees are aware and up to date with its stance on marketing ethics through annual refresher training for existing employees and marketing ethics training for new marketing and communication hires.

Approach

Our comprehensive processes and controls ensure our labelling adheres to Singapore Food Regulations and to guidelines set by the Singapore Food Agency. F&N also adheres to the Food Act in Malaysia and all requirements of the Food and Drug Administration in Thailand. Information disclosed on our labels are regularly reviewed by internal experts, and the labels are then submitted to government authorities for verification and endorsement.

F&N goes beyond mandatory labelling requirements by including comprehensive information, such as the back-of-pack Nutrition information panel, the HCS and Healthier Choice Logo ("HCL") for relevant products in Singapore and Malaysia, respectively, and the front-of-pack energy icon for selected products in Malaysia. Our Halal certified products also display the Halal logo for our Muslim consumers to easily identify suitable products meeting their diet requirements.

We strictly adhere to marketing and advertising policies – the Singapore Code of Advertising Practice, Malaysian Code of Advertising Practice and the Consumer Protection Act of B.E.



It is essential that our labelling is comprehensive, accurate and clear for our consumers to make informed purchasing decisions.



RESPONSIBLE PRODUCT STEWARDSHIP

Performance

GRI 417-1 (2016)
Requirements for product and service information and labelling



The sourcing of components of the product or service



Content, particularly with regard to substances that might produce environment or social impact



Safe use of the product or service



Disposal of the product and environmental/social impacts



Other such as Halal logo, Certification on HACCP, Nutritional information

All product categories comply with product labelling requirements

GRI 417-2 (2016)
Incidents of non-compliance concerning product and service information and labelling

Throughout our product information, labelling and marketing communications efforts in FY2024, to the best of our knowledge, there was no incident of non-compliance with regulations or voluntary codes resulting in a fine, penalty or warning.

GRI 417-3 (2016)
Incidents of non-compliance concerning marketing communications

In FY2024, we recorded zero incidents of non-compliance concerning marketing communications.

INNOVATION

SDGs:

2
ZERO HUNGER


3
GOOD HEALTH AND WELL-BEING


6
CLEAN WATER AND SANITATION


7
AFFORDABLE AND CLEAN ENERGY


8
DECENT WORK AND ECONOMIC GROWTH


9
INDUSTRY INNOVATION AND INFRASTRUCTURE


12
RESPONSIBLE CONSUMPTION AND PRODUCTION


Innovation plays a pivotal role in F&N's long-term business success and serves as a proactive approach to address growing concerns surrounding societal and environmental issues. F&N evolves to deliver new and innovative product offerings, catering to consumers' changing needs and improving production efficiency, and is guided by the circular economy principles, driving us to innovate continually to extend product shelf life and enhance recyclability of our packaging to minimise waste.

Innovation plays a pivotal role in F&N's long-term business success and serves as a proactive approach to address growing concerns surrounding societal and environmental issues.

Approach

The F&N Research and Development ("R&D") Unit in Singapore, with support from Malaysia and Thailand R&D teams, leads efforts for driving continuous improvements to our product formulations, in alignment with consumer preferences and regulatory requirements, while exploring innovative approaches to enhance our products' functional benefits and shelf life.

F&N engages with Nanyang Technological University ("NTU") through the F&N-NTU Food & Beverage Innovation Lab based in Singapore. This collaboration aims to nurture research endeavours focused on advancing food packaging technology and converting waste from food processing into valuable resources for the future. This year, our Group R&D team had also co-authored two innovation-related research papers around the topic of food nutrition.

Our Innovative Framework



Priority Areas

Continuous improvement to deliver high-quality innovative beverage products to consumers.

More new products to expand our target consumer groups.



External Collaboration

Collaborate with authorities such as Singapore's Health Promotion Board, Singapore Food Agency ("SFA"), Ministry of Health ("MOH"), Federation of Malaysian Manufacturers and Thailand's Food and Drug Administration to adhere to food safety regulations and support national health priorities.

Collaborate with research institutes to access cutting-edge research and scientific studies to discern the efficacy of our products.



Innovation Culture

Develop products based on scientific research, consumer insights and tastes relevant to evolving Asian lifestyles.

Constantly refine our products to meet the changing needs of consumers and ensure consistent delivery of good taste and the right nutritional values.



2025 Target

Target

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

Performance

At the end of FY2024, we achieved 6% product innovation for commercialised F&N products.

CONSUMER-FOCUSED PRODUCT INNOVATION

Innovation in F&N is guided by changing consumer demands with regards to – Health & Wellness, Convenience, and Sustainability. These concerns are addressed by F&N in the following ways:

Convenience – The F&N flagship online store, F&N Life, launched in January 2020 in Malaysia and November 2021 in Singapore, allows consumers to order F&N products in bulk at competitive prices, with delivery to their homes. F&N Life offers product details and nutritional values, recipes, and loyalty programmes.

Health & Wellness – Developing healthy and nutritious products that our consumers love. More details can be found in the 'Nutrition' section of this Report.

Sustainability – Choosing materials sourced sustainably. More details can be found in the 'Supply Chain Stewardship' section of this Report.



RESPONSIBLE PRODUCT STEWARDSHIP

Innovative beverage and dairy products: KEY LAUNCHES IN SINGAPORE AND MALAYSIA IN FY2024



SINGAPORE

1. F&N MAGNOLIA Cookies & Cream Low Fat Flavoured Milk – 946ml
2. F&N SEASONS Jasmine Green Tea – 1.5L
3. F&N NUTRISOY Fresh Soya Milk Kurogoma with Real Black Sesame (Limited Edition) – 946ml
4. F&N MAGNOLIA Chocolate Fresh Milk – 200ml
5. F&N FRUIT TREE FRESH Muscat Grape Juice Drink with Aloe Vera Bits – 946ml
6. F&N MAGNOLIA Salted Caramel Low Fat Flavoured Milk – 946ml
7. F&N ICE MOUNTAIN Sparkling Water Lychee – 325ml
8. FARMHOUSE White Chocolate Low Fat Flavoured Milk – 946ml (LE)
9. F&N Sparkling Zero Lemonade – 500ml
10. F&N Sparkling Zero Korean Peach – 500ml
11. F&N FRUIT TREE Pineapple – 300ml



MALAYSIA

1. 100PLUS Zero – 325ml
2. BORNEO SPRINGS Natural Mineral Water – 330ml
3. F&N SEASONS Apple Flavoured Drink – 1L
4. F&N SEASONS Barley – 300ml
5. F&N SEASONS Botanicals Hibiscus – 300ml
6. F&N SEASONS Botanicals Lemongrass Ginger – 300ml
7. F&N SEASONS Ice Lemon Tea – 1.5L
8. F&N SEASONS Ice Lemon Tea Zero – 1.5L
9. F&N SEASONS Lychee Flavoured Drink – 1L
10. F&N SEASONS Rose Soya – 1L
11. F&N Sars Classic – 180ml
12. F&N Sweetened Condensed Milk with Calcium – 1kg pouch
13. F&N Orange Crush – 180ml
14. OYOSHI Original Green Tea – 250ml

EMPLOYEE-DRIVEN PROCESS INNOVATION

At F&N, the two aspects of employee-driven process innovation are:

Cost and eco-efficiency – F&N reviews the current system processes to improve efficiency in our plants through innovation – enabling water savings, reduction in GHG emissions and minimising resource consumption. We leverage on circular economy principles to reuse and recycle wastewater where possible. More details can be found in 'Energy and Climate Change' and 'Water Stewardship' section of this Report.

Cultivating an innovative mind-set – We encourage a ground-up empowerment of employees throughout our Business Units by cultivating an innovative culture. Our F&NNT team organised its annual World Class Manufacturing – Excel as One Convention 2024, where manufacturing teams were encouraged to propose and implement innovative and cost-saving initiatives. Innovative ideas initiated through the convention have resulted in cost savings of around THB 35 million (about SGD 1.36 million).

RESPONSIBLE SUPPLY CHAIN

Collaborating with upstream value chain partners is key to mitigating supply chain risks. More importantly, working with suppliers help drive efficiencies and provide better insights into our supply chain, thereby amplifying our operational strengths, allowing identification of areas for improvement and forming a resilient and robust supply chain, which is essential for business success.

In the following chapter, we elaborate on how F&N engages and works with suppliers to reduce environmental and social impacts of its products.

SUPPLY CHAIN STEWARDSHIP

GRI Index:
GRI 204-1, GRI 308-1, GRI 414-1

SDG:

2 ZERO HUNGER

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LAND

Climate-related supply chain disruptions are projected to intensify in coming years as global warming continues. Other key supply chain risks include regulatory changes imposed by the government and human rights risks – poor working conditions and forced and child labour. Building a resilient and sustainable supply chain enables us to mitigate the impacts of such risks and forms a crucial part of our sustainability strategy.

Approach

We maintain ongoing collaborations with our supply chain counterparts, including business partners, suppliers, and vendors, to understand their needs and challenges, and provide sustainable solutions to foster enduring value for all parties involved. We actively promote the enhancement of sustainability performance among our stakeholders within the supply chain, whenever feasible, and set the standard through our own actions.

The cornerstones to our Supply Chain Stewardship are as follows:

- Sustainable Sourcing
- Sustainable Supply Chain Policies
- Supplier Management
 - Identify Risks: Screening and Critical Suppliers Identification
 - Manage Risks: Supplier Capacity Building and Partnerships
 - Monitor Risks: Monitoring, Auditing and Corrective Action Planning

Building a resilient and sustainable supply chain enables us to mitigate the impacts of such risks and forms a crucial part of our sustainability strategy.

2025 Target

Target

100% of active key suppliers accept and comply with F&N's SCOP by 2025

Performance

As of September 2024, 98% of key active suppliers have accepted and complied with F&N's SCOP

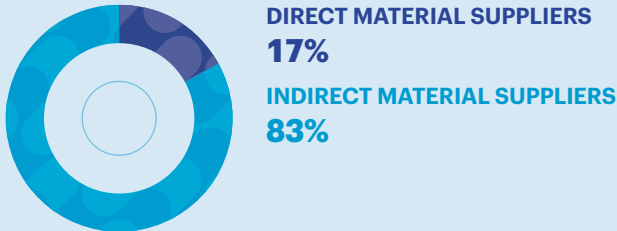
Performance

GRI 204-1 Proportion of spending on local suppliers ¹	GRI 308-1 New suppliers that were screened using environmental criteria	GRI 414-1 New suppliers that were screened using social criteria
F&N works with about 82% local suppliers ¹ , where possible, representing over 71% of our purchase value expenditures.	Over the year, a total of over 213 new suppliers were screened using the environmental criteria.	Over the year, a total of over 213 new suppliers were screened using the social criteria.

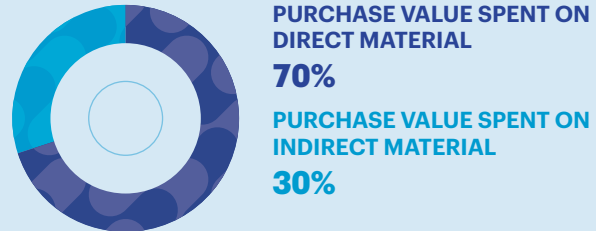
Notes:
1 Local suppliers refer to suppliers who conduct their businesses within the respective countries where F&N's operations (as covered in this report) are based, namely Singapore, Malaysia and Thailand.

RESPONSIBLE SUPPLY CHAIN

Group Suppliers by Supplier Category



Proportion of Spending on Materials



Notes:

- 1 Direct suppliers refer suppliers who supply materials that are related to the production of finished goods.
- 2 Indirect suppliers refer to suppliers who supply materials that are not related to the production of finished goods.

INITIATIVES

Sustainable Sourcing

As a F&B business, we depend on a steady supply of raw materials for our production processes. As part of our sustainable supply chain strategy, we aim to source raw materials certified with eco-credentials, including RSPO and FSC, whenever possible.

1. Sustainable Palm Oil

As palm oil is a key raw material in our supply chain, F&N understands the importance of its actions and business practices pertaining to the support of sustainable palm oil production. F&N became an ordinary member of the RSPO, in August 2017, to reiterate our support for the use of CSPO in products. Currently, 100% of palm oil used at F&N is RSPO certified. As of September 2024, we had achieved our interim target, to purchase 80% physical⁴ RSPO CSPO and 20% RSPO credits for our palm oil consumption, for 2024.

2. Sustainable Paper

Paper is another essential component in F&N's operations. We understand that it is essential to source paper sustainably and support sustainable forest management.



Our SCOP includes the following requirements: business ethics, whistle blowing, communications, competitors, environmental management, human rights, and occupational health and safety. Suppliers are expected to treat their employees equally, with respect and dignity, in accordance with the ILO standards and applicable labour laws under the SCOP.

Since 2009, Times Publishing Group, our subsidiary firm, has been certified with the Programme for the Endorsement of Forest Certification ("PEFC") Chain of Custody, which tracks forest-based products from sustainable sources to the finished product. Each step of its operation process is closely assessed through independent auditing to ensure compliance with the PEFC Chain of Custody standard.

Our beverage and dairy paper carton packaging carries the FSC certification, ensuring that the paper used to produce them comes from responsibly managed forests that provide environmental, social, and economic benefits.

Sustainable Supply Chain Policies

To underscore our dedication to sustainable sourcing, F&N supports the UN Guiding Principles on Business and Human Rights while F&NHB is a member of the Supplier Ethical Data Exchange, a global platform for ethical supply chain management.

Our SCOP includes the following requirements: business ethics⁵, whistle blowing, communications, competitors, environmental management, human rights, and occupational health and safety. Suppliers are expected to treat their employees equally, with respect and dignity, in accordance with the ILO standards and applicable labour laws under the SCOP. This covers child and compulsory labour, equality, human capital development, layoff practices, wages, and benefits, and working hours. Our 2025 target is to ensure that suppliers are compliant with the F&N SCOP, of which, by the end of FY2024, 98% were compliant.

Supplier Management

1. Identify Risks

a. Screening

F&N has a systematic screening process for all new suppliers on environmental and social criteria. These criteria reflect the commitments towards the environment (such as reducing waste, pollution and water usage) and society (including human rights and labour practices).

⁴ As calculated by calendar year in alignment with the RSPO Annual Communication of Progress.

⁵ Antitrust, business gift, legal compliance, confidentiality and conflict of interest.



Suppliers are assessed annually to verify if they have:

- Implemented an environmental policy
- Undertaken audits to monitor environmental performance and compliance
- Maintain an ISO14001 compliant Environmental Management System

During the pre-qualification screening of suppliers, we assess our suppliers on delivery capacity, technical capabilities, ESG company policies and certifications.

b. Critical Suppliers Identification

- Critical suppliers are active direct (tier 1) material suppliers with a sales value greater than MYR 1 million per annum (for F&NHB suppliers) and/or irreplaceable suppliers, such as single-source suppliers
- Direct material suppliers are those who supply packaging materials, raw ingredients and auxiliary materials.

We conduct a vendor performance evaluation for critical suppliers annually and consider their sustainability performance.

2. Manage Risks

a. Supplier Capacity Building and Partnerships

In FY2024, we partnered over 3,750 global and local suppliers across our supply chain, including manufacturers, wholesalers, retailers, importers/merchants, contractors and professional service providers, to procure raw materials for our operations.

To strengthen partnerships with suppliers by supporting their growth and helping them to build capacity, since 2022, F&NHB organised the F&N Business Partner Award Programme to recognise suppliers demonstrating outstanding performance, to encourage service improvements, especially in ESG factors. The programme objectives include:

- Strengthening strategic partnerships to foster strong and productive collaboration
- Encouraging suppliers to pursue excellence in their products, service levels, and operational efficiency
- Driving performance in key areas such as delivery, quality, price, project development, and sustainability

Additionally, this year, F&NDT supported the Thai-Danish Lam Phaya Klang Dairy Cooperative in Saraburi Province by providing a Somatic Cell Counter to test the fresh milk. This ensured that good quality fresh milk would be supplied to F&N, while also helping to improve the farmers' production standards, making sure higher quality products are available for our consumers.

3. Monitor Risks

b. Monitoring, Auditing and Corrective Action Planning

The Group works closely with our suppliers and conducts regular audits to ensure standards and practices for food safety and the environment are maintained throughout the value chain. Non-compliant or underperforming suppliers must demonstrate their commitment to taking necessary corrective actions within a predefined period, or risk having contracts terminated.

F&N is exploring the update of the evaluation checklist to include additional ESG criteria, such as corporate governance and human rights.

“
The Group works closely with our suppliers and conducts regular audits to ensure standards and practices for food safety and the environment are maintained throughout the value chain.”

