

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 2023 to 30 September 2024. This report offers a comprehensive overview of the Group's performance in key Environmental, Social, and Governance ("ESG") sustainability topics.

REPORT COMPLIANCE

This Report has been prepared in accordance with the Global Reporting Initiative ("GRI") Universal Standards 2021 and the Singapore Exchange's ("SGX") Listing Rules 711A and 711B. It aligns with SGX's core ESG metrics and incorporates the SGX mandated climate reporting requirements based on the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"). The scope of the Report includes the Group's operations, focusing on 13 manufacturing sites across Singapore, Malaysia, and Thailand.



The Board plays a pivotal role in shaping the Group's sustainability strategy by identifying key ESG topics, overseeing their implementation and monitoring their performance. Additionally, the Board is instrumental in our sustainability reporting framework, ensuring that this Report and all related disclosures reflect our commitment to transparency and accountability.

SUSTAINABILITY GOVERNANCE

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The Sustainability and Risk Management Committee ("SRMC") supports the Group's sustainability efforts and reports directly to the Board. The SRMC is further supported by the Sustainability Development Committee ("SDC"), chaired by Mr. Hui Choon Kit, the Chief Executive Officer. The SDC oversees the Group's sustainability priorities and initiatives, ensuring their effective execution to meet our 2025 sustainability targets. To adopt a holistic approach to sustainability, the SDC includes management representatives from various divisions, including Finance, Operations, Human Capital, Research and Development, Marketing, Communications, and Risk Management.

SHARPENING OUR SUSTAINABILITY EFFORTS

This year, we reviewed our 2023 materiality matrix and reaffirmed our 2025 sustainability targets to address the evolving landscape of sustainability challenges and opportunities. Reviewed by the SDC, endorsed by the SRMC, and approved by the Board, they remain unchanged. Further details regarding our materiality matrix and sustainability targets can be found on pages 15 and 18 to 19 of this Report.



ENHANCING CLIMATE-RELATED DISCLOSURES

In response to the escalating challenges posed by climate change, we have further enhanced our climate reporting. This year, we included the quantification of a key climate-related opportunity, alongside our ongoing disclosures on climate-related physical and transition risks. Detailed results and insights can be found on pages 24 to 31 of this Report. The Group remains committed to aligning its climate reporting with the International Financial Reporting Standards (“IFRS”) S2, underscoring our dedication to sustainability and responsible governance.

CELEBRATING SUSTAINABILITY ACHIEVEMENTS

We are proud that F&N Foods Pte Ltd (“**FNFS**”), a subsidiary of the Group, ranked 37th out of over 2,000 companies in Statista’s study on Singapore’s Best Employers 2024. Additionally, F&N Holdings Bhd (“**F&NHB**”) received precious accolades for its sustainability practices, including the Top 50 Excellence Award at the National Corporate Governance and Sustainability Awards 2024 and the Gold Award for the Consumer Products & Services Sector at The Edge ESG Awards 2023.

These recognitions reaffirm F&N’s commitment to sustainability and inspire us as we continue advancing our sustainability journey.

CLOSING REMARKS

While we are proud of the progress made in embedding sustainability across our business, we acknowledge the importance of continuously refining our ESG priorities and strategies. This includes implementing effective climate actions to secure a sustainable future for our planet, our people and our organisation.



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CHIEF EXECUTIVE OFFICER'S MESSAGE

LEADER & TRAILBLAZER

Industry Leader, Established Trailblazer



In 2024, F&N has focused on reinforcing our sustainability commitment through key initiatives that prioritise environmental performance, and the well-being of our people and communities, supporting our mission to create a sustainable future.

At F&N, sustainability is always at the top of our minds. It drives our operations, shapes our strategic vision, and inspires us to innovate for a better future. As we present F&N's 2024 Sustainability Report, we are excited to share our achievements and progress toward sustainable growth and transformation. Prepared in accordance with the GRI Universal Standards 2021, this report offers valuable insights into our sustainability performance and outlines our ongoing efforts to achieve key targets. Since 2022, we have aligned our climate reporting with TCFD recommendations, in line with the updated SGX sustainability reporting guidelines.

To enhance our sustainability practices, we benchmarked our sustainability performance against industry leaders, including our parent company, Thai Beverage Public Company Limited ("**ThaiBev**"). ThaiBev's sustainability excellence was recognised in the S&P Global Sustainability Yearbook 2024 for achieving a top 1% score in the Beverages industry within the S&P Global 2023 Corporate Sustainability Assessment ("**CSA**"). Leveraging their expertise, we have integrated ThaiBev's well-developed and systematic reporting parameters into our data collection processes.

THE YEAR IN REVIEW

In 2024, F&N has focused on reinforcing our sustainability commitment through key initiatives that prioritise environmental performance, and the well-being of our people and communities, supporting our mission to create a sustainable future:

HUI CHOON KIT

Economic

A. Reporting on Climate-Related Opportunity:

Since 2022, F&N has implemented phased climate reporting based on TCFD recommendations. In 2022 and 2023, we conducted a qualitative assessment of climate-related risks and opportunities and quantified the business impact of three key climate-related physical and transition risks: Flooding, Water Scarcity, and Carbon Pricing. This year, we assessed the business impact of a key climate-related opportunity: Low Carbon Technology – Renewable Energy. These assessments allow us to evaluate the impact and effectiveness of our mitigation measures. The TCFD narrative has been updated to incorporate these outcomes and included in the Report.

B. Internal Carbon Pricing:

F&N has introduced internal carbon pricing to incorporate the anticipated cost of carbon emissions into our new business investments, encouraging greener decisions and enhancing resilience to regulatory climate policies. The shadow price of SGD 35 per MT CO₂e has been reviewed by the SDC, endorsed by the SRMC and is being progressively rolled out across our Business Units.

Environment

C. Green Energy and Energy Efficiency:

As part of our decarbonisation strategy, F&N has been progressively installing rooftop solar panels across our plants in Singapore, Malaysia, and Thailand to increase renewable energy usage in our operations. This year alone, we estimated that we have avoided over 8,790 MT CO₂e, equivalent to the average annual GHG emissions of over 4,600 four-room HDB households in Singapore¹. With additional installations planned for our plants in Shah Alam and Pulau Indah, we expect to further reduce GHG emissions.

To support the Paris Agreement's goal of achieving net zero by 2050 to limit global warming to 1.5°C – 2°C above pre-industrial levels, F&N implemented innovative solutions to reduce GHG emissions. One such example was the utilisation of heat wave radiation in the sterilisation process at our dairy plant in Thailand, which had an annual reduction of around 1,250 MT CO₂e. More information can be found on pages 64 to 65 of this Report.

D. Environmentally-Friendly Packaging:

F&N is committed to reducing the use of virgin materials and packaging waste to support a circular economy. We have achieved this through lightweighting and increasing

the recycled content in our packaging. Collaborating with suppliers, we reached 25% recycled content – achieving our 2025 target ahead of schedule. Additionally, through our Green Lab eco-solutions facility, we partnered with various companies, including Ninja Van, to develop sustainable packaging solutions.

Demonstrating our commitment to environmental responsibility, F&N has partnered with Coca-Cola Singapore Beverages Pte Ltd and Pokka Pte Ltd to form Beverage Container Return Scheme Ltd (“BCRS Ltd”), a not-for-profit company limited by guarantee. Licensed by the National Environment Agency, BCRS Ltd is tasked with designing and operating Singapore's Beverage Container Return Scheme. This initiative aligns with Singapore's Extended Producer Responsibility approach to managing packaging waste, further reinforcing F&N's dedication to reducing waste and promoting recycling, supporting our efforts to achieve our sustainability goals.

Social

E. Healthier Products for Consumers:

In line with our commitment to “PURE ENJOYMENT. PURE GOODNESS.”, nutrition remains a core focus of our sustainability efforts. This year, we launched innovative and healthier products, such as F&N MAGNOLIA Salted Caramel Low Fat Flavoured Milk and F&N FRUIT TREE FRESH Muscat Grape Juice Drink with Aloe Vera Bits, both recognised with the Healthier Choice Symbol by the Singapore Health Promotion Board. Additionally, over 76% of our ready-to-drink (“RTD”) products in Singapore and Malaysia now contain less than 5g of sugar per 100ml.

F. Safeguarding Our People:

F&N prioritises the well-being of our workforce and reviews our medical benefits to provide comprehensive coverage. Last year, we expanded our benefits to include mental wellness and alternative medicine, such as Traditional Chinese Medicine. As one of the founding members of the MindForward Alliance Singapore, we are dedicated to promoting a workplace culture that supports mental health.

TOWARDS F&N'S 2025 SUSTAINABILITY AMBITIONS

As F&N progresses on its sustainability journey, we remain committed to identifying opportunities that drive sustainable transformation and create value for all stakeholders. Our 2025 sustainability targets will continue to guide our efforts, and we look forward to sharing our progress in the coming year.

Note:

¹ Calculated based on average annual four-room HDB household electricity consumption of 4,548 kWh as at Jun 2024, as per the EMA website.



SUSTAINABILITY HIGHLIGHTS

SUSTAINABILITY AT F&N



External recognition

- ★ Fraser & Neave Holdings Bhd (“**F&NHB**”) has been a constituent member of the F4GBM Index for six consecutive years, achieving a commendable ESG rating of 4.5 out of 5.0. It has also remained part of the F4GBMS Index for the fourth consecutive year
- ★ F&NHB was honoured with the Gold award for the Consumer Products and Services Sector at the Edge ESG Awards 2023, recognising its strong ESG practices
- ★ F&N Foods Pte Ltd (“**FNFS**”) achieved an impressive 37th position among more than 2,000 companies in Singapore’s Best Employers 2024 study by Statista



Climate-related disclosures were enhanced, in line with TCFD recommendations,

to include the quantification of a key climate-related opportunity



Internal carbon price of SGD 35 per MT CO₂e

was introduced to guide the evaluation of new business investments



BETTER BUSINESS

Responsible Product Stewardship



All manufacturing facilities are certified with the Halal Standard (or equivalent), and 73% have their production processes certified under the Food Safety System Certification (“FSSC”) 22000 scheme



6% product innovation for commercialised F&N products

Responsible Supply Chain



98% of active key suppliers

have accepted and comply with F&N’s Supplier Code of Practice



Purchased physical Roundtable on Sustainable Palm Oil (“RSPO”) Certified Sustainable Palm Oil (“CSPO”) and RSPO Credits to cover 100% of annual palm oil usage



Engaged public and private stakeholders to maintain halal standards

- ★ Through a partnership with the Halal Industry Development Corporation under the Halal Sourcing Partnership Programme, F&NHB provided technical advice and knowledge to SMEs
- ★ Successful engagements with upstream vendors have ensured the supply of specific products that adhere to stringent halal standards

BETTER SOCIETY

Creating Value for Society



Portfolio of healthier products, with benefits including:

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



76% of beverage and dairy products¹

that comply with Nutritional Guidelines are healthier options with reduced sugar



Achieved 63% reduction in sugar index

(grams of sugar content per 100 ml) for beverage and dairy products in Singapore and Malaysia since 2004



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



25 annual community programmes



100% of operations were included

in local community engagement, impact assessments, and development programs



Promoting human rights

across our operations. All key operations in Singapore, Malaysia and Thailand conducted Human Rights Risks Assessments



Human Rights Policy

was developed in accordance with international human rights principles. Human Rights Due Diligence and Risk Assessments were also undertaken

Empowering Our People



34% female representation in total workforce



49% female representation in managerial positions



35 training hours per employee in the Executive category and 13 training hours per employee for the Non-executive category



16% reduction in Lost Time Injury Frequency Rate from a 2020 baseline year

BETTER PLANET

Operational Eco-Efficiency



Reduced total solid waste generated and solid waste sent to landfill by 4% and 33%, from a 2020 baseline, respectively



F&NHB is one of the ten founding members of the MAREA

– a voluntary, industry-led Extended Producer Responsibility group of companies focused on driving initiatives to promote circular economy



Reduced greenhouse gas (“GHG”) emissions and energy intensity ratio by 13% and 2%, from a 2020 baseline, respectively



Ground-up initiatives from employees to improve water and energy efficiencies

These included enhancing energy or water consumption efficiency of equipment, increasing renewable energy sourcing, and implementing zero-discharge initiatives



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



25% of beverage and dairy packaging contains recycled materials



99% of total packaging is recyclable



Committed to avoid deforestation and protect high biodiversity value areas through stakeholder engagements



F&N is one of the three founding members of the Singapore Beverage Container Recycling Scheme (“BCRS”) Ltd.

BCRS is a sustainability initiative aimed at increasing beverage container recycling through a 10-cent refundable deposit scheme, managed by BCRS Ltd.

Note:

¹ Beverage (excluding cordials) and dairy (excluding canned milk) products (based on formulation) compliant with Nutritional Guidelines

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 SR2024

This Report aims to provide our stakeholders updates on our ESG performance for the past reporting year – FY2024. It highlights our ESG strategy, achievements, progress toward our 2025 sustainability targets, and also outlines sustainability-related risks and opportunities facing our business and forward-looking action plans to address them.

The report is structured around three primary themes of sustainable value creation:



This Report, best read together with the F&N 2024 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 2024 Annual Report, refer to our GRI Index on pages 86 to 91.

REPORTING FRAMEWORK AND INDICES

F&N is proud to continue our sustainability journey, continuing to report in accordance with the GRI Universal Standards 2021 and SGX Listing Rules 711A and 711B. This year, we had enhanced our climate-related disclosures, based on the recommendations by TCFD, by quantifying a key climate-related opportunity. We look to address the gaps in our sustainability performance by referencing the DJSI criteria, amongst other international frameworks, while benchmarking ourselves against industry leaders, such as ThaiBev.

Our subsidiary, F&NHB, continues to be included as a constituent member of the F4GBM and F4GBMS Indexes, for the sixth and fourth year running, respectively. This year, F&NHB had once again been invited to submit a response to the S&P Global CSA for inclusion in the S&P ESG Index. They were ranked as one of the top five companies in the Beverages industry, achieving a 96th percentile ranking, an improvement from the 95th percentile ranking last year.



This year, we had enhanced our climate-related disclosures, based on the recommendations by TCFD, by quantifying a key climate-related opportunity.

REPORTING PERIOD AND BASIS OF SCOPE

This is F&N's eighth annual stand-alone Report. Its reporting period of 01 October 2023 to 30 September 2024 is aligned with our financial reporting period. This Report is published on 24 December 2024.

The Report covers the activities of the Group's operations in Singapore, Malaysia and Thailand. The environmental performance data covers 13 manufacturing sites across these three countries, excluding Yoke Food Industries Sdn. Bhd, and CocoaLand 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 provide sustainability performance data across all our material topics. Sustainability data consolidated across our operations, through a single shared approach led by our sustainability data coordinators, is given equal weightage.

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 sustainability data disclosed in this Report serves to ensure accuracy and credibility of reported data. Approved by the F&N SRMC, external assurance on sustainability data disclosed in this Report was completed by an independent assurance provider, Lloyd's Register Quality Assurance ("LRQA"). The external assurance scope and outcome is reported at the respective F&N SRMC and SDC meetings to keep them 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 Health, Safety and Environment disclosures, based on professional judgement of the verifier using the International Standard on Assurance Engagements 3000, to ensure credibility of reported data. Read more about LRQA's assurance statement on pages 84 and 85 of this Report.

FORWARD-LOOKING STATEMENT

Certain statements in the report are "forward-looking statements" that reflect F&N's current views regarding future events. These views inherently involve risks, uncertainties and assumptions which may cause actual future performance or achievements of F&N or the industry to be materially different from those expressed or implied by such forward-looking statements and financial information.

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



SINGAPORE

- 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 that contributes to improving the relevance of our future Reports to meeting our stakeholders' needs. Any questions pertaining to our sustainability initiatives or reporting, as well as comments and feedback, can be directed to:

Department: F&N Sustainability Reporting

Email: sustainability@fngroup.com.sg

Phone Number: +65 6318 9393

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

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.

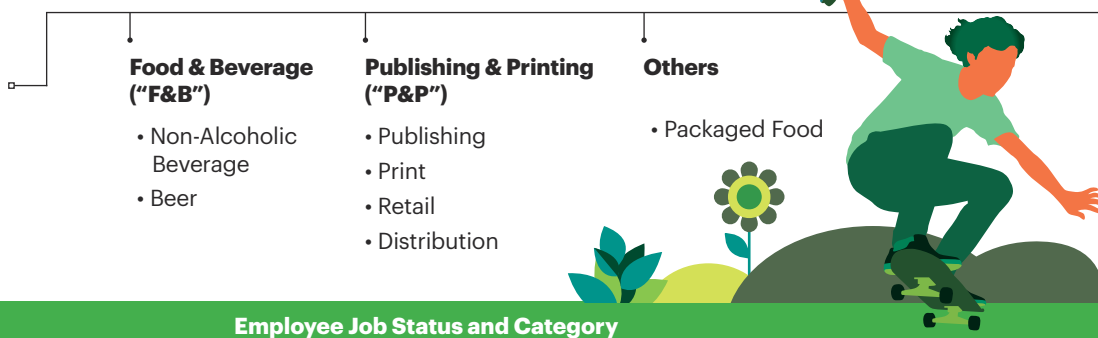
The entrepreneurial spirit, embodied by our founders, remains in today’s F&N. As a soft drink company, F&N seized the opportunity and ventured into the beer brewing business in 1931 in partnership with The Heineken Company and built a very successful beer empire in Asia Pacific – through its joint venture 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 real estate 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, unlocking substantial value and distributing \$4.7 billion to shareholders. In 2014, the Group further enhanced shareholder value by demerging FCL, transferring \$6.2 billion in net asset value through a listing on the Singapore Stock Exchange.

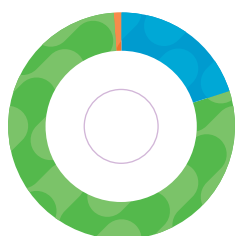
Today, F&N is a leading Southeast Asian consumer group with expertise and prominent standing in the Food & Beverage and Publishing & Printing industries. Leveraging its strengths in marketing and distribution, research and development, brands and financial management, as well as years of acquisition 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 12 countries spanning Asia and the Americas, and employs over 7,300 people worldwide.



Employee Job Status and Category

Contract 1,500+



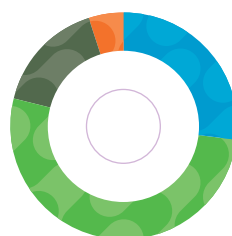
SINGAPORE
20%

MALAYSIA
79%

THAILAND
0%

OTHERS
1%

Executive 2,200+



SINGAPORE
27%

MALAYSIA
52%

THAILAND
16%

OTHERS
5%

Permanent 5,700+



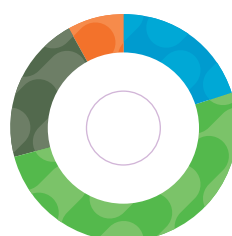
SINGAPORE
22%

MALAYSIA
44%

THAILAND
25%

OTHERS
9%

Non-executive 5,100+



SINGAPORE
20%

MALAYSIA
51%

THAILAND
21%

OTHERS
8%



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



FY2024 Revenue
\$2,162m

FY2024 Profit After Taxation
\$219m

Employees
7,300+

Female 34%
Male 66%

By Geography

Singapore 22%
Malaysia 51%
Thailand 19%
Others 8%

50+
F&B and P&P Brands

of which
• F&B owns 76% brands
• P&P owns 24% brands

90+
Offices, Manufacturing and Warehousing Facilities in 12 Countries

of which
• 28 offices in 12 countries
• 24 manufacturing facilities in 6 countries
• 40 warehousing facilities in 4 countries

130+
Export Markets

Key Export Markets
• Africa
• Australia
• China
• Hong Kong
• Indonesia
• Middle East
• Philippines

Singapore	Malaysia	Thailand	Vietnam ¹	Other Countries
Revenue \$436m	Revenue \$838m	Revenue \$677m	Revenue \$0m	Revenue \$211m
PBIT (\$4m)	PBIT \$73m	PBIT \$132m	PBIT \$95m	PBIT \$0m
APBFE (\$28m)	APBFE \$24m	APBFE \$63m	APBFE \$95m	APBFE (\$4m)
Total Assets \$568m	Total Assets \$1,414m	Total Assets \$577m	Total Assets \$2,351m	Total Assets \$292m
 	 	 	 	 Brunei Cambodia Chile China Hong Kong Indonesia Myanmar United Arab Emirates USA

Legend:

Manufacturing Plants

Dairies
 Soft Drinks
 Beer
 Packaged Food
 Publishing & Printing

Offices

Dairies
 Soft Drinks
 Beer
 Packaged Food
 Publishing & Printing

Note:

¹ Through F&N's 20.4% investment in Vinamilk

OUR BUSINESS MODEL

Key Risk Categories

Reputational

Strategic

Currency

Operational

Country

Commodity

WHAT GUIDES US

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 with **BRANDS**

Winning in **MARKETPLACE**

Winning with **PEOPLE**

Our Global Values

Collaboration

Creating Value

Caring for Stakeholders



VALUE CHAIN



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

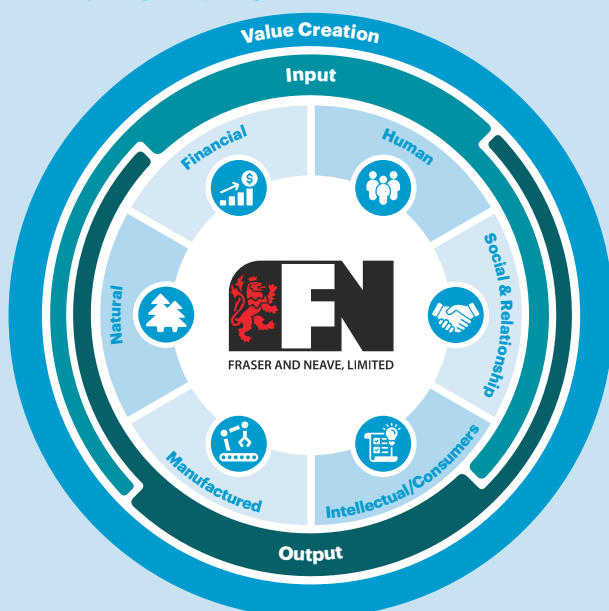
We work closely with our suppliers to ensure their goods and services meet quality, environmental and social standards, in addition to our stringent internal standards



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

WHAT WE DEPEND ON AND THE VALUE WE CREATE



Input

Human

Over **7,300** talented people across the Group

By Geography

Singapore	22%
Malaysia	51%
Thailand	19%
Others	8%

Social & Relationship

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

We collaborated with over **3,750** suppliers to produce products

Natural

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

Intellectual

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

- **38** brands in **16** beverage categories
- Internally developed systems, customised customer solutions and manufacturing processes

Manufactured

We operate **20** F&B manufacturing plants and **4** printing plants in Singapore, Malaysia, Myanmar, Thailand, China and Cambodia

Financial

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

- Share Capital **\$866M**
- Equity **\$3,381M**
- Debt Capital **\$1,165M**

Sustainability Targets



2025 Sustainability Targets¹

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 active key 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

Note:

¹ Refer to F&N Sustainability Report 2024 for details

STAKEHOLDERS

Internal



Our People

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

External



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

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

Output

Human

- Paid **\$266M** in remuneration in FY2024
- Female representation:
 - **22%** of Board
 - **34%** of total employees
 - **49%** of total managerial positions
- Supported employees growth by providing **>94,000** training hours

Social & Relationship

- Upheld strong human rights practices in our operations and supply chain
- **82%** of our suppliers were local
- **\$1.8B** paid to suppliers; close to **71%** local purchase value
- **98%** active key suppliers have accepted F&N's Supplier Code of Practice
- Over **3,750** suppliers were evaluated using social criteria

Natural

- Adhered to sustainable practices to protect stakeholders

Intellectual

- Continued to fulfill consumers' demand for safe and quality products
- Adopted many channels to make our products available to consumers in over **130** countries
- Introduced **25** innovative products in FY2024 to meet the needs of consumers
- Excited consumers with the rollout of various limited edition beverages

Manufactured

- All manufacturing facilities certified with the Halal Standard (or equivalent), and **73%** have their production processes certified under the Food Safety System Certification ("FSSC") 22000 scheme
- **99%** of total packaging is recyclable
- Reduction in greenhouse gas emissions and solid waste

Financial

- Revenue **\$2,162M**
- Dividends **\$80M**
- APBFE **\$150M**
- Economic Value Retained **\$294M**

ABOUT THIS REPORT

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 FY2024, the Group engaged with over 3,750 global and local suppliers across its supply chain including manufacturers, wholesalers, retailers, importers/merchants, contractors, and professional services providers, spending over SGD 1.8 billion on products and services.

The stages of our supply chain are as follows:



More information on the various stages of our supply chain can be found on pages 12 to 13 of this Report.

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

OUR SUSTAINABILITY APPROACH

MATERIALITY ASSESSMENT METHODOLOGY

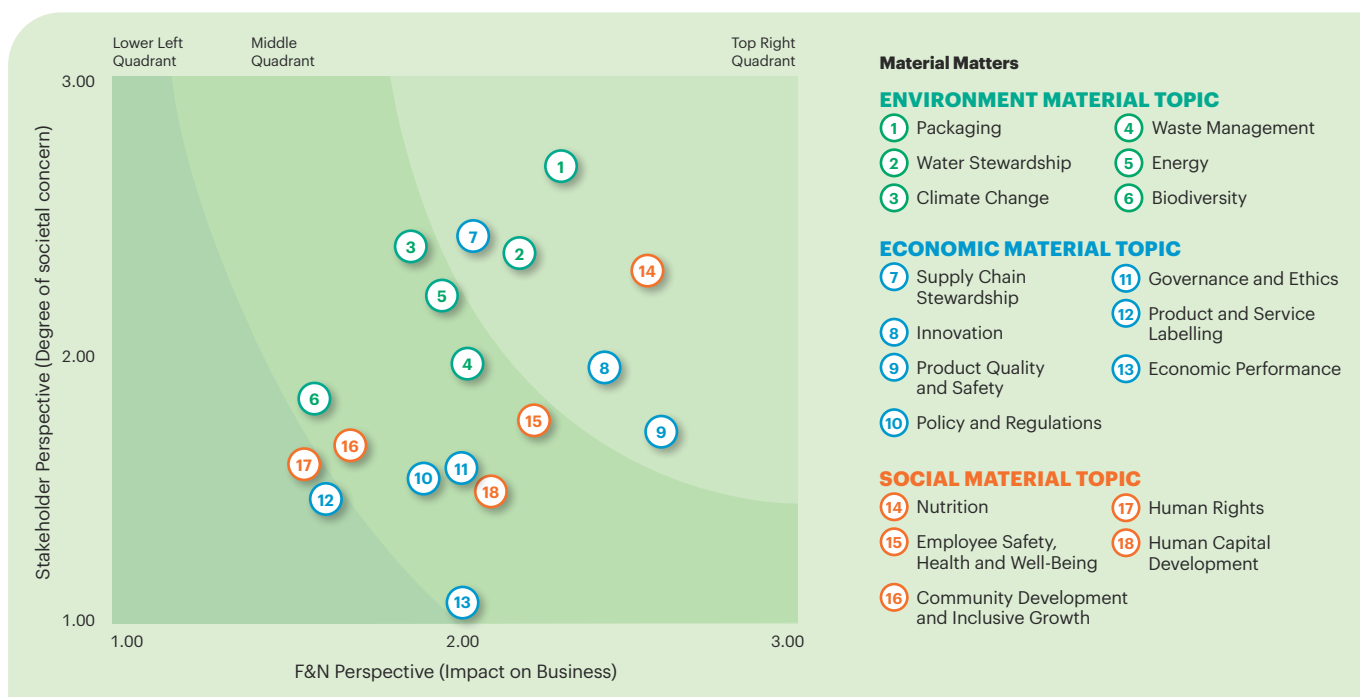
Understanding the priorities and evolving concerns of our stakeholders is important to us. In 2020, with support from an external consultant, F&N overhauled its materiality matrix by undertaking an extensive materiality assessment. Internal and external stakeholders were engaged to gain insights into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

<div><div>Step 1</div><div><h3>Identification</h3><p>Develop long list of topics</p><ul style="list-style-type: none">• Peer Benchmarking• External Trends Analysis<p>18 material topics were identified through external trends analysis, survey of peer best practices and review of global initiatives and frameworks. Materiality is considered based on the interactions between F&N’s value chain and the physical environment and social community and its governance.</p></div></div>	<div><div>Step 2</div><div><h3>Prioritisation</h3><p>Interviews, Engagements and Analysis</p><ul style="list-style-type: none">• Stakeholder Interest• Business Impact<p>Internal and external stakeholders were engaged to prioritise the material topics to consider the relevance to the business, strategy, business model, and key stakeholders across the value chain. They were then plotted in a matrix, reflecting their priority to stakeholders (external) and the business (internal), ranging from ‘moderate’ to ‘high’.</p></div></div>	<div><div>Step 3</div><div><h3>Prioritisation</h3><p>Final Materiality Matrix</p><ul style="list-style-type: none">• F&N Material Matters<p>The materiality matrix was reviewed and endorsed by the F&N SDC and approved by the F&N SRMC.</p></div></div>
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Our material topics are closely aligned with our sustainability strategy and 2025 sustainability goals. We refresh them and our materiality matrix annually to reflect updates in the sustainability landscape, regulatory requirements and evolving needs of our stakeholders. This refresh involves desktop research on key trends in external sustainability landscape, stakeholders' key expectations and established standards/frameworks, such as GRI, SGX metrics, FTSE4Good,

S&P Global CSA, related to our material topics, and validating the revised materiality topics and rankings with internal stakeholders comprised of senior management. This year, we completed a high-level materiality assessment. The material topics remained unchanged from 2023. "Packaging" and "Nutrition" continue to be top priorities, particularly for our customers and consumers, presenting opportunities for positive business impact.

F&N MATERIALITY MATRIX



MATERIAL ISSUES AND ASSOCIATED ESG RISKS AND OPPORTUNITIES

Material Sustainability Issues of F&N	Opportunities for F&N If issue is addressed	Potential Risks for F&N If issue is not addressed
RESPONSIBLE BUSINESS FUNDAMENTALS		
Governance and Ethics Business policies and practices to ensure ethical, transparent and responsible governance.	<ul style="list-style-type: none"> Upholding F&N's reputation as a responsible business maintains trust amongst all stakeholders 	<ul style="list-style-type: none"> Failing to establish transparent and robust governance practices poses reputational risk
Policy and Regulation Regulatory compliance across our operations and engaging with policymakers in a responsible and transparent manner.	<ul style="list-style-type: none"> Engaging with regulators allows F&N to prepare for emerging legislation and ensure compliance Operational cost savings 	<ul style="list-style-type: none"> Risk of being unprepared to comply with emerging regulations Failing to establish transparent and robust governance practices poses reputational risk
Economic Performance Financial performance to deliver shareholder value and secure long-term viability of the company.	<ul style="list-style-type: none"> Sustainable financial performance creates long-term value for all stakeholders 	<ul style="list-style-type: none"> Hinder F&N's business continuity
Product Quality and Safety Delivering products to consumers which meet the highest quality and safety standards.	<ul style="list-style-type: none"> Deliver F&N brand promise to consumers through product excellence Retain and increase market share through product range expansion and portfolio diversity 	<ul style="list-style-type: none"> Reputational risk and customer claims from supply chain disruption or compromised products Specific regulatory changes that may affect F&N product recipe and/or packaging
Product and Service Labelling Labelling our products and services in a responsible and transparent way for consumers.	<ul style="list-style-type: none"> Meet regulatory requirements Meet consumer expectations relating to product and ingredient communication 	<ul style="list-style-type: none"> Failure to meet stakeholders' expectations for product transparency

OUR SUSTAINABILITY APPROACH

MATERIAL ISSUES AND ASSOCIATED ESG RISKS AND OPPORTUNITIES

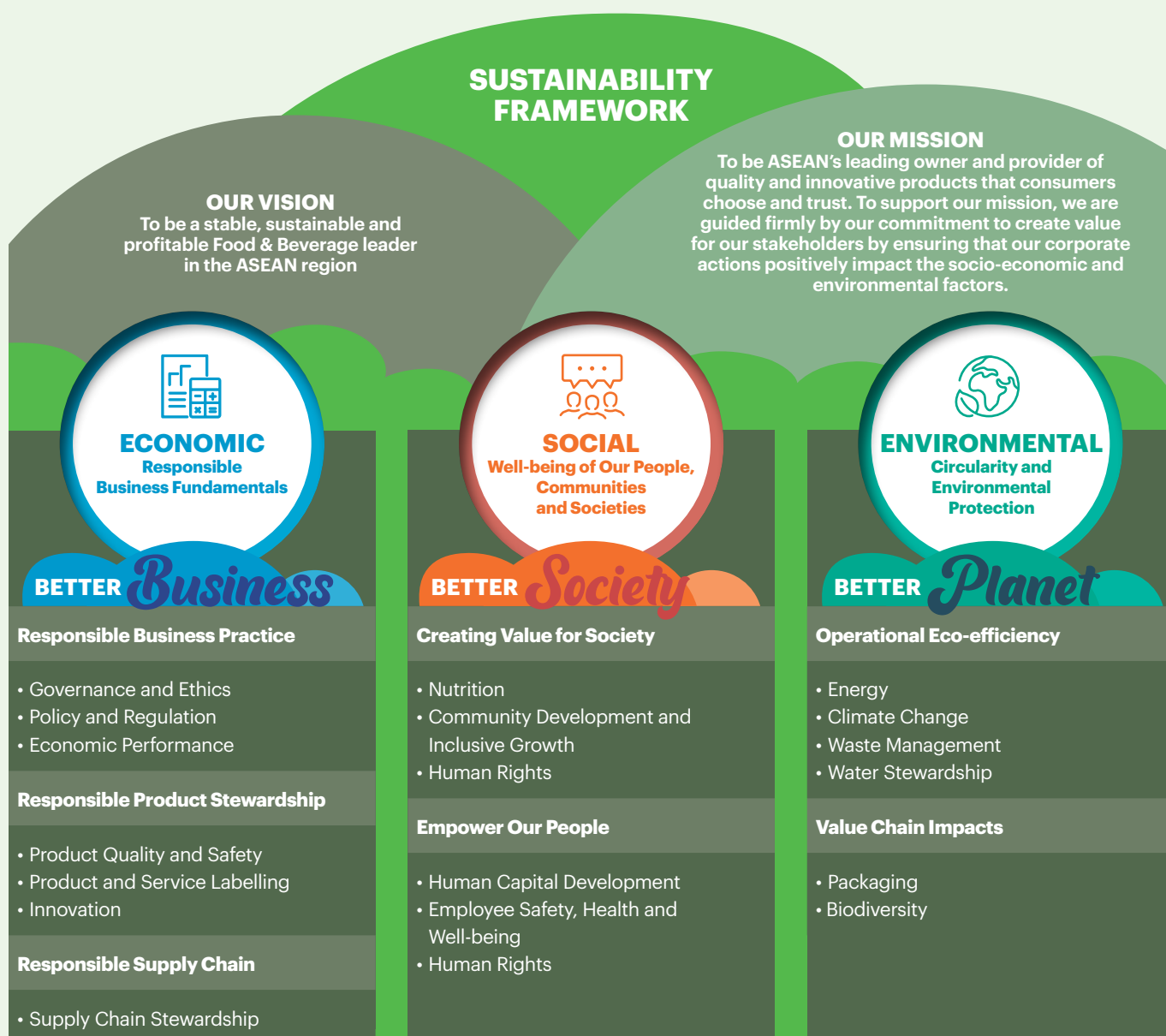
Material Sustainability Issues of F&N	Opportunities for F&N If issue is addressed	Potential Risks for F&N If issue is not addressed
RESPONSIBLE BUSINESS FUNDAMENTALS		
Innovation Building competitive advantage through innovative products and solutions to meet consumer and societal needs.	<ul style="list-style-type: none"> Meet customer and consumer demands and stay relevant Adoption of emerging and disruptive technologies increases competitive edge 	<ul style="list-style-type: none"> Future high R&D and equipment cost with uncertain commercial returns Risk losing market share by changing consumer preferences and/or being outcompeted
Supply Chain Stewardship Procurement policies, contractor management and supplier relationships which address material issues across the value chain.	<ul style="list-style-type: none"> Elevate vendors' productivity and performance in sustainability practices and compliance with food safety standards Cost savings through improved collaboration Implement robust policies and systems to ensure competitive pricing and safeguard vendors from corruption and malpractice 	<ul style="list-style-type: none"> Expose F&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 Disruption to operations Price fluctuation as a result of global economic performance and foreign exchange exposure
WELL-BEING OF OUR PEOPLE, COMMUNITIES AND SOCIETY		
Nutrition Helping consumers' lead healthy lives by developing nutritious and accessible products.	<ul style="list-style-type: none"> Innovation opportunity to meet customer and consumer demands Offer healthier options that contribute to consumers' well-being 	<ul style="list-style-type: none"> Regulatory risks (e.g. sugar tax) in markets F&N operates in
Community Development and Inclusive Growth Supporting economic development and creating positive social impact for communities connected to our business activities.	<ul style="list-style-type: none"> Invest in communities to support social and economic development and ensures F&N grows alongside the society we operate in Work with communities to strengthen our relationships, credibility and presence 	<ul style="list-style-type: none"> Impacts F&N's reputation as a corporate citizen and potentially affect employees' morale Potential financial implications when there are imbalance social, economic and environmental needs
Human Rights Upholding strong human rights practices in our operations and supply chain.	<ul style="list-style-type: none"> Proactively identify and address human rights risks to create a safe workforce in F&N operations and supply chain Reduce inequalities (e.g. gender inequality) Improve productivity and resource efficiency 	<ul style="list-style-type: none"> Human rights violations in operations and supply chain leads to regulatory risks, monetary penalties and reputational risks Disruption to operations Unmotivated and unproductive workforce
Human Capital Development Attracting, developing, and retaining high-performing employees, creating an inclusive and diverse culture.	<ul style="list-style-type: none"> Remain competitive with skilled and diverse employees A high-performance culture through effective training and upskilling programmes Provide job opportunities for the local communities where we operate 	<ul style="list-style-type: none"> Challenge to attract and retain talent Financial implications when F&N workforce is not developed to meet the evolving market demands
Employee Health and Safety Improving and maintaining the health, safety and wellbeing of our employees.	<ul style="list-style-type: none"> Increased productivity in F&N operations Improvements in talent acquisition and retention Positive employer branding 	<ul style="list-style-type: none"> Injuries, occupational hazards, lost days and fatalities will result in productivity loss and reputational risk that affects the company's license to operate Financial and reputational risks
CIRCULARITY AND ENVIRONMENTAL PROTECTION		
Packaging Developing sustainable packaging solutions to reduce the impact of packaging on the environment.	<ul style="list-style-type: none"> Meeting customer and consumer demands for sustainable packaging Improve packaging resource efficiency and saves cost Reduce reliance on virgin materials 	<ul style="list-style-type: none"> Failure to meet stakeholders' expectations in managing packaging pose reputational risks Losing market share and relevance if F&N is outcompeted
Energy Minimising GHG emissions and energy use in our operations in line with global climate goals.	<ul style="list-style-type: none"> Reduce energy usage and emissions which saves costs Pre-empt future regulation (e.g. carbon tax) Align with targets of governments and customers 	<ul style="list-style-type: none"> Public pressure resulting in reputation risks Rise in operational costs with stricter regulations and energy sourcing changes
Climate Change Adapting our business model to ensure resiliency to climate-related risks.	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Costly damages on F&N physical assets from extreme weather events due to climate change Failure to meet stakeholders' expectations in managing climate change
Water Stewardship Protecting and preserving shared water resources.	<ul style="list-style-type: none"> Cost saving opportunities with efficient water management Enhance water security for suppliers, increasing supply chain resilience 	<ul style="list-style-type: none"> A direct impact on F&N as water is a key resource for our operations Regulatory risks around water as an important national resource

MATERIAL ISSUES AND ASSOCIATED ESG RISKS AND OPPORTUNITIES

Material Sustainability Issues of F&N	Opportunities for F&N If issue is addressed	Potential Risks for F&N If issue is not addressed
CIRCULARITY AND ENVIRONMENTAL PROTECTION		
Waste Management Minimising waste and safely disposing of hazardous materials.	<ul style="list-style-type: none"> Reducing and reusing waste supports operational efficiency, which is cost saving Inculcate sustainable practices and values in employees and communities 	<ul style="list-style-type: none"> Reputational risk from the failure to meet stakeholders' expectations in managing our waste
Biodiversity Sourcing raw materials responsibly, protecting biodiversity and eliminating deforestation from our supply chain.	<ul style="list-style-type: none"> Mitigate reputational risks of negative environmental practices, particularly in our supply chain Create a sustainable business operation without exploitative processes 	<ul style="list-style-type: none"> Reputational risk from the failure to meet stakeholders' expectations

SUSTAINABILITY FRAMEWORK

The 18 material topics are mapped onto the seven core areas of our Sustainability Framework, aligning our business and sustainability goals to more effectively create value for each material topic.



OUR SUSTAINABILITY APPROACH

2025 SUSTAINABILITY TARGETS AND FOCUS AREAS

In 2020, we set sustainability performance targets for 2025, focusing on our 12 highest-priority material issues. These strategic goals serve as foundation for driving F&N's sustainability efforts, underscoring our commitment to creating meaningful, long-term value for our stakeholders.

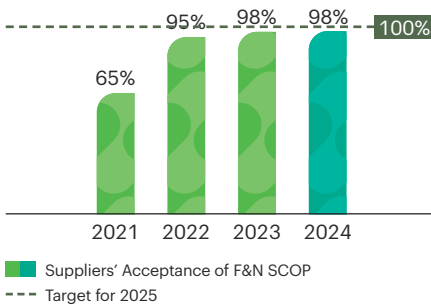
Material Issue Supply Chain Stewardship



Target

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

Progress



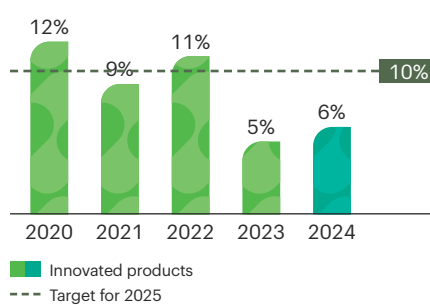
Material Issue Innovation



Target

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

Progress



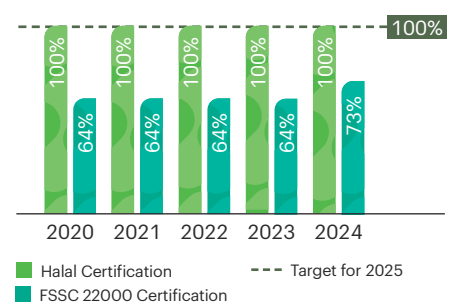
Material Issue Product Quality and Safety



Target

Food Safety System Certification ("FSSC") scheme 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



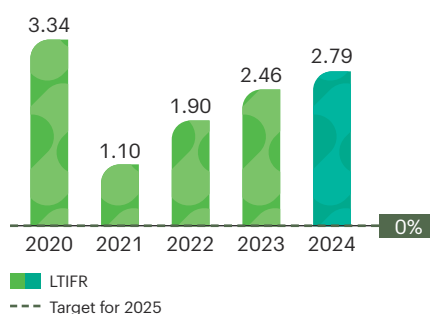
Material Issue Employee Safety, Health and Well-being



Target

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

Progress



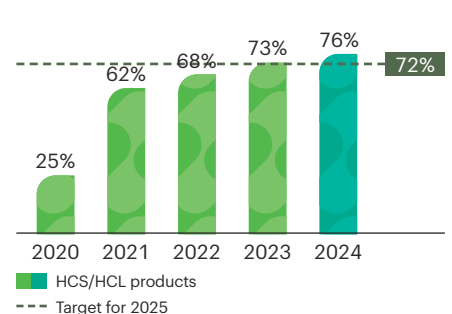
Material Issue Nutrition



Target

72% of beverage and dairy products³ comply with the Nutritional Guidelines by 2025

Progress




Note:

³ based on formulation, excluding canned milk and cordials

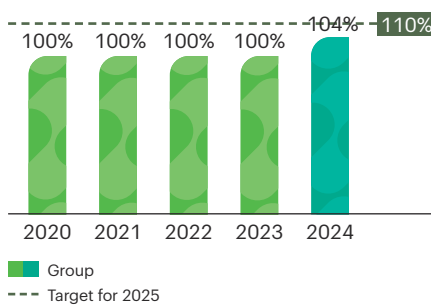
As we approach the culmination of these 2025 targets, we prepare to evaluate our progress and align with broader ESG targets set by our parent company, ThaiBev. This ensures our sustainability journey continues to evolve, further embedding responsible practices into our operations and amplifying positive impact across our value chain.

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

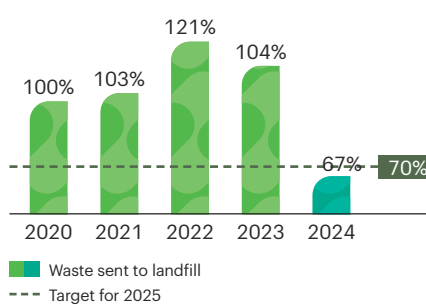


Material Issue
Waste Management




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

Progress



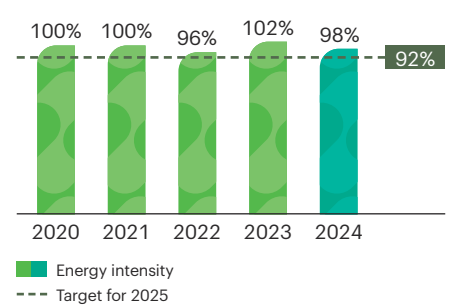
Material Issue
Energy



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



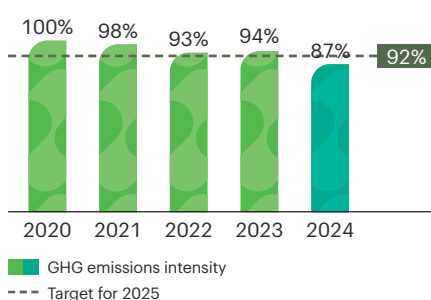
Material Issue
Climate Change



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

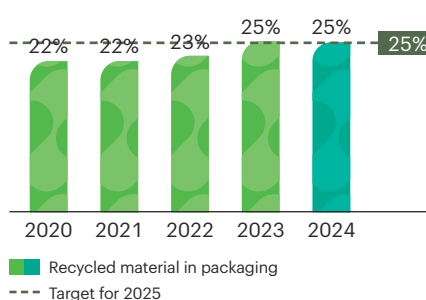


Material Issue
Packaging




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

Progress



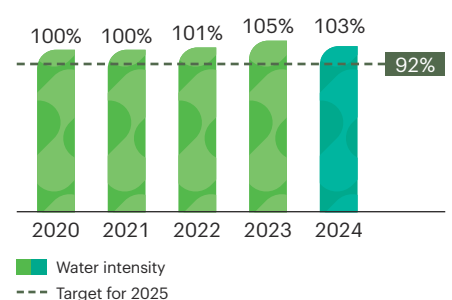
Material Issue
Water Stewardship



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:

<div><div><div>1</div><div>NO POVERTY</div></div><div><div>2</div><div>ZERO HUNGER</div></div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>4</div><div>QUALITY EDUCATION</div></div><div><div>5</div><div>GENDER EQUALITY</div></div><div><div>6</div><div>CLEAN WATER AND SANITATION</div></div><div><div>7</div><div>AFORDABLE AND CLEAN ENERGY</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div><div><div>10</div><div>REDUCED INEQUALITIES</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>13</div><div>CLIMATE ACTION</div></div><div><div>15</div><div>LIFE ON LAND</div></div><div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div><div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div></div>																
ECONOMIC PILLARS																
Material Issues																
Governance & Ethics									10.2 10.3		13.2		16.5 16.6			
Policy & Regulations			3.9										16.5 16.6			
Economic Performance							8.1 8.2	9.2								
Product Quality & Safety	2.1	3.4														
Product & Service Labelling		3.4								12.3 12.8						
Innovation	2.1 2.2	3.4			6.4	7.3	8.1 8.2	9.4		12.5						
Supply Chain Stewardship	2.3 2.4				6.a		8.1 8.2 8.7 8.8	9.2 9.4		12.2		15.2 15.5			17.16	
SOCIAL PILLARS																
Material Issues																
Nutrition	2.1 2.2	3.4														
Community Development & Inclusive Growth	1.4	2.2	3.4	4.1 4.7 4.b			8.6		10.2	12.8						
Human Rights							8.6 8.7 8.8		10.2 10.3							
Human Capital Development				4.1 4.7	5.5		8.2								17.16	
Employee Safety, Health & Well-being		3.4 3.8					8.7 8.8									
ENVIRONMENT PILLARS																
Material Issues																
Energy & Climate Change						7.2 7.3	8.2 8.4	9.2 9.4		12.2	13.2				17.16	
Water Stewardship		3.9			6.3 6.4 6.a		8.2 8.4	9.2 9.4		12.2					17.16	
Waste Management							8.2 8.4	9.2 9.4		12.2 12.5						
Packaging	2.1									12.2 12.3 12.5						
Biodiversity												15.5				

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.

SGD	Targets most relevant to F&N, in summary	SGD	Targets most relevant to F&N, in summary
Material Issues		Material Issues	
	1.4 Provide access to basic services for vulnerable group		8.1 Sustain economic growth 8.2 Diversify, innovate and upgrade for economic productivity 8.4 Improve resource efficiency in consumption and production 8.6 Promote youth employment, in education and training 8.7 End modern slavery, trafficking, and child labour 8.8 Protect labour rights and promote safe working environments
	2.1 Improve access to safe and nutritious food 2.2 Improve nutrition for society 2.3 Improve productivity and incomes of small-scale food producers 2.4 Promote sustainable food production and resilient agricultural practices		9.2 Promote inclusive and sustainable industrialisation, raise share of employment in manufacturing 9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes
	3.4 Promote mental health and well-being through prevention 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all 3.9 Reduce deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination		10.2 Empower and promote social and economic inclusion 10.3 Equal opportunity and reduce inequalities by eliminating discriminatory policies and practices and promoting appropriate policies
	4.1 Equal access to free equitable education at primary and secondary education 4.4 Promote relevant skills development 4.7 Promote sustainable development education and global citizenship 4.b Expand higher education scholarships for developing countries		12.2 Sustainable management and use of natural resources 12.3 Reduce food waste at production, supply chain, and retail and consumer levels 12.5 Substantial reduction waste generation 12.8 Promote and provide information about sustainable lifestyles
	5.5 Provide women full and effective participation and equal opportunities for leadership		13.2 Integrate climate change measure into policies, strategies and planning
	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 6.7 Expand water and sanitation support to developing countries		15.2 Promote sustainable forest management and reduce ecosystem degradation 15.5 Reduce degradation of natural habitats, halt the loss of biodiversity and, protect and prevent the extinction of threatened species
	7.2 Increase use of renewable energy 7.3 Improve energy efficiency		16.5 Reduce corruption and bribery 16.6 Effective, accountable and transparent institutions
			17.16 Multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the SDGs

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.

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 and the Singapore Alliance for Sustainable Palm Oil.

In Malaysia, F&NHB teamed up with key industry leaders to establish the Malaysian Recycling Alliance (“**MAREA**”), a voluntary initiative aiming to enhance collection and recycling of packaging focusing on Extended Producer Responsibility. The alliance is the first of its kind in Malaysia that focuses on improving collection and recycling of post-consumer packaging. The alliance set a target to recycle a minimum of 25% of its members’ packaging volume by 2025.

MAREA launched curb side plastic collection projects in Langkawi last year.

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 by facilitating peer sharing on topics, such as Energy Management and Labour Practices.

The achievements of our subsidiary, F&NHB, toward environmental excellence was acknowledged through different prestigious awards, such as being presented with the Gold award for Consumer Goods and Services Sector at The Edge Malaysia ESG Awards 2023. This award was presented to public limited companies with the highest overall ESG score amongst all companies in Bursa Malaysia’s Consumer Goods and Services sector.

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 third time in 2023 and was ranked as one of the top 5 companies in the Beverages industry globally, placing in the 96th percentile (improving from last year’s 95th percentile)

F&NHB received the FTSE4Good Bursa Malaysia Index rating for another consecutive year, scoring 4.5 (out of 5.0) and placing in the 99th percentile (improving from last year’s 97th percentile).

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 our stakeholders to flag out potential negative impacts our business might unintentionally cause, and implement mitigating measures to minimise the impact to

a reasonable level, as determined through engagements with our stakeholders.

We engage stakeholder groups based on their level of interest and/or influence over the functioning of our business, and tailor our engagement approach accordingly. 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
Investment Community	<ul style="list-style-type: none"> General meetings of Shareholders (AGM & EGM) Regular face-to-face meetings & conference calls Office/plant visits, as and when required Investor days/briefing Website and SGXNET announcements, presentations, press releases Annual reports 	<ul style="list-style-type: none"> Transparent & accurate disclosure Return on investment Disclosure on relevant information to shareholders 	<ul style="list-style-type: none"> Managing resources effectively to maximise profits Maintaining a strong balance sheet 	<ul style="list-style-type: none"> Governance & Ethics Economic Performance





	Engagement Channels	Key Concerns	How F&N Creates Value for this Stakeholder	Related Sustainability Issues
Employees	<ul style="list-style-type: none"> Biennial employee engagement survey Robust compensation and benefits framework Annual CEO town hall/roadshow Annual gatherings Sports tournaments Communique, iConnect (intranet), F&N BITES (news update), monthly email news highlights, digital TV, Fraserians Connect (mobile app), F&N Voice WhatsApp channel 	<ul style="list-style-type: none"> Engagement with employees Learning & development opportunities Equitable rewards & recognition Safe and healthy work environment 	<ul style="list-style-type: none"> Career advancement and ability to reach individual potential Boosting earning potential of employees with training and development Strict hygiene practices and sanitary environment in the workplace 	<ul style="list-style-type: none"> Human Capital Development Employee Safety, Health and Well-being Human Rights
Distributors & Trade Customers	<ul style="list-style-type: none"> Annual customer meetings Annual factory visits Annual business planning Regular business development activities Joint supply chain meetings Quarterly business reviews Customer appreciation events 	<ul style="list-style-type: none"> Supply chains disruptions Latest consumer & shopper trends Product innovation Customer relationship management Shopper loyalty programmes Business practices & ethics Efficient delivery systems COVID-19 related payment challenges 	<ul style="list-style-type: none"> Partnering with retailers on shared opportunities Source of income and job creation at our distributors Case-to-case flexible payment method, if necessary 	<ul style="list-style-type: none"> Innovation Nutrition Product Quality & Safety Product Labelling
Consumers	<ul style="list-style-type: none"> Marketing & sales promotions Brand communication through advertising On-going social media interactions On-ground events & activities Dedicated consumer hotline 	<ul style="list-style-type: none"> Product quality & safety Consumer health & safety Fair & reasonable product pricing Social & community engagement Environmentally friendly packaging 	<ul style="list-style-type: none"> Launching innovative products Fulfilling consumers' demand for safe and quality products Providing accessible products through an extensive distribution network coverage 	<ul style="list-style-type: none"> Innovation Nutrition Product Quality & Safety Product Labelling
Communities	<ul style="list-style-type: none"> Collaborations & partnerships Outreach programmes Meetings/dialogues with community representatives Leadership programmes Sponsorship of sporting events Donation of food and beverages to the less privileged and elderly 	<ul style="list-style-type: none"> Social & environmental responsibility Job opportunities for locals Promotion of good health & quality of life Skill development in sports & leadership Stimulating local economies 	<ul style="list-style-type: none"> Social investment in community projects Advocating active lifestyles via sports events and activities Supporting beneficiaries from vulnerable communities 	<ul style="list-style-type: none"> Community Development and Inclusive Growth Human Rights
Regulators	<ul style="list-style-type: none"> Active collaborations e.g. Singapore's Health Promotion Board; Federation of Malaysian Manufacturers Meetings with government agencies and statutory bodies Collaboration & partnerships with local councils 	<ul style="list-style-type: none"> Good governance Fair labour practices Safety at work Compliance with laws & regulations Water & waste management Environmentally friendly labelling & packaging GHG emissions Recycling awareness COVID-19 standard operating procedures 	<ul style="list-style-type: none"> Compliance with regulation to mitigate against systemic risks Adhering to sustainable practices to protect stakeholders Active industry collaboration and knowledge exchange Adhering to COVID-19 guidelines and social distancing measures 	<ul style="list-style-type: none"> Policy & Regulation
Suppliers	<ul style="list-style-type: none"> Supplier meetings Annual audits Tender Management System 	<ul style="list-style-type: none"> Fair & robust procurement system Support of local businesses Social & environmental responsibility Ethics - anti-bribery & corruption 	<ul style="list-style-type: none"> Working with local suppliers Partnering with suppliers on shared opportunities 	<ul style="list-style-type: none"> Supply Chain Stewardship Biodiversity

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Climate change requires F&N to swiftly transform its operations and build its resilience against the adverse anticipated effects of physical and transition risks. By proactively assessing and managing these risks, F&N can unlock new business opportunities while protecting stakeholders' interests.

F&N is committed to exploring effective and sustainable pathways to reduce its carbon emissions and support the Paris Agreement's goal of limiting global temperature rise to between 1.5°C and 2°C above pre-industrial levels.

Since 2022, F&N had embarked on a journey to understand its potential climate-related risks and opportunities by conducting scenario analysis for short-, medium-, and long-term time horizons. This is the third consecutive year that F&N is publishing climate-related disclosures in alignment with recommendations of the TCFD. A TCFD Index is included on page 92 of this Report.

We have undertaken the following initiatives to strengthen our understanding and management of our material climate-related risks:

- Quantify anticipated financial effects of key physical risks, Flooding and Water Scarcity, on F&N's key financial metrics;
- Quantify anticipated financial effects of key transition risk, Carbon Pricing, and opportunity, Low Carbon Technologies, on F&N's future operating profit; and
- Develop a Group-level decarbonisation roadmap for Scope 1 and 2 GHG emissions.



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 and integrated into our business processes.

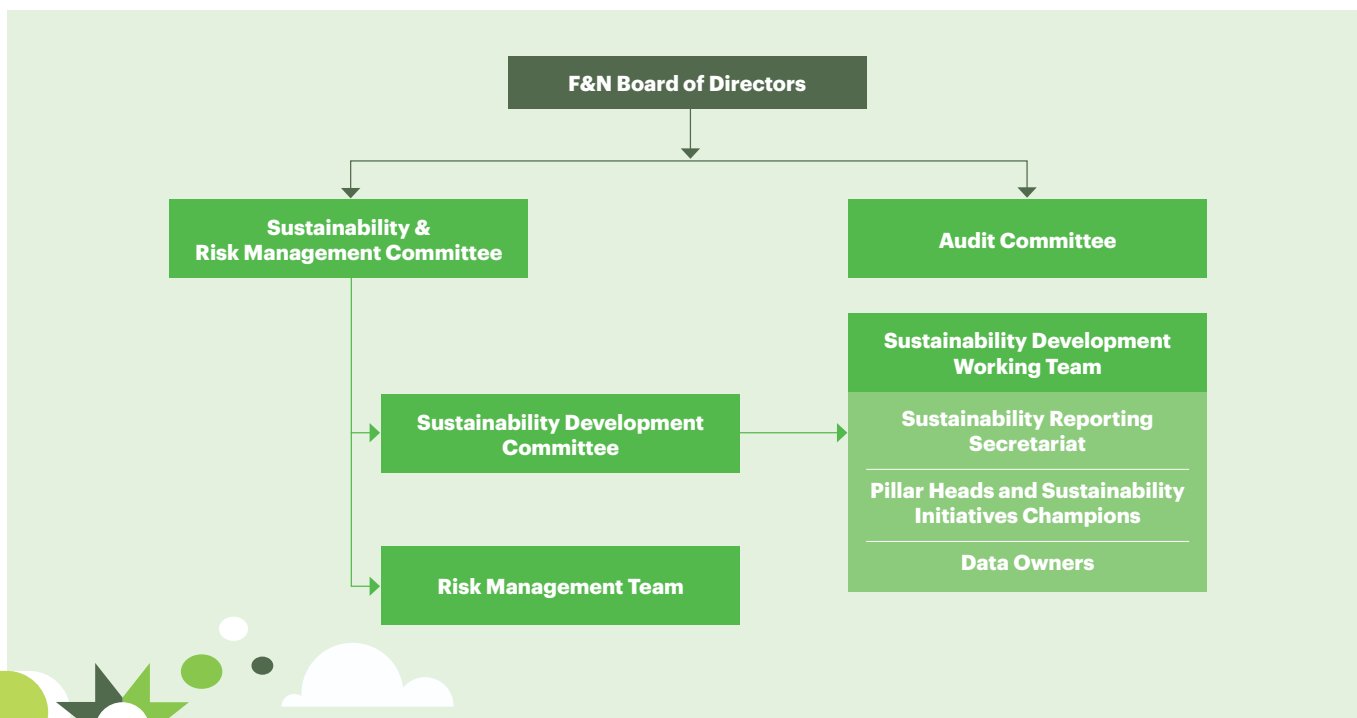
F&N will continue to enhance its assessment of material climate-related risks and opportunities. The outcome will be considered in formulating the F&N Group-wide climate strategy and integrated into our business processes.

In the following sections, we describe how we manage our material climate-related risks and opportunities, structured around the TCFD four key pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

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. A structure of these dedicated roles and responsibilities is described below:

F&N GROUP SUSTAINABILITY DEVELOPMENT AND RISK MANAGEMENT GOVERNANCE STRUCTURE



F&N'S CLIMATE GOVERNANCE ROLES AND RESPONSIBILITIES



F&N Functions	Climate-Related Roles and Responsibilities	Meeting Frequency
Board of Directors	<ul style="list-style-type: none"> Oversees material sustainability issues and impacts, including environmental and climate-related risks and opportunities, as part of F&N Group's overall strategy planning and risk management. Approves F&N's sustainability-related goals, targets, strategy, and management plans, aligning with the Group's risk appetite and tolerance, in pursuit of its strategic objectives. Approves sustainability report which includes climate-related disclosures and performance metrics endorsed by the SRMC. 	Five times a year
Board Committee: Sustainability and Risk Management Committee	<ul style="list-style-type: none"> Supports the Board in reviewing and monitoring material sustainability and climate-related risks and opportunities, providing strategic direction on managing the associated impacts as part of the Group's Enterprise-wide Risk Management ("F&N ERM") framework. Ensures management of material risks arising from the Group's ERM assessment, including escalating sustainability and climate-related risks and opportunities to the Board for their information. Endorse development of sustainability and other risk management strategies and related policies that advance sustainability objectives and consider sustainability factors in decision making process. Endorse sustainability report which includes climate-related disclosures and performance metrics. 	Three times a year
Board Committee: Audit Committee	<ul style="list-style-type: none"> Assists the Board in reviewing and monitoring the effectiveness of the Group's internal control system, audit process and compliance with relevant policies, laws and regulations. Reviews key risks and recommendations from the SRMC, including sustainability and climate-related matters, and provides advice to the Board annually. 	<p>Four times a year</p> <p>One time a year</p>
Sustainability Development Committee	<ul style="list-style-type: none"> Headed by the Chief Executive Officer ("CEO"), Fraser and Neave, Limited and comprised of CEOs and senior executives from various F&N businesses across different functions. Identifies and assess material sustainability topics, including climate-related risks and opportunities, and monitor the progress of implementing sustainability activities. Reviews and validates climate scenario analysis, risk assessment and disclosure in line with relevant sustainability reporting standards and frameworks and makes recommendations to the SRMC. Recommend appropriate goals and targets, mapped to the material sustainability topics, for endorsement by SRMC and monitor progress toward these targets. Engage sustainability consultants on various climate-related topics, such as risks and opportunities identification, impact assessment and decarbonisation strategies, as part of ongoing knowledge building efforts. 	Three times a year
Sustainability Development Working Team	<ul style="list-style-type: none"> Consist 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. Develop sustainability and climate-related projects and initiatives that align with the five pillars of F&N Climate Strategy (i.e. energy efficiency, renewable energy, carbon reduction, route planning and exposure to climate change risks). Engage internal and external stakeholders to drive the implementation of sustainability and climate-related strategies at the operational level. Collect and analyse primary inputs from respective Business Units' Data Owners to track progress towards achieving the Group's sustainability and climate-related goals and prepare periodic reports to SDC and SRMC. 	Ad-Hoc
Risk Management Team	<ul style="list-style-type: none"> Risk discussion, including climate-related risks, with Business Units and corporate office as part of the Risk Management system. Organise climate-related risks and opportunities engagements with Business Units. 	<p>Three times a year</p> <p>Ad-Hoc</p>

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD PILLAR – STRATEGY

Climate change presents ongoing challenges for F&N, as transition to a low-carbon economy and changing climate patterns intensify risks. However, these challenges also provide opportunities for cost savings and improved alignment with customers’ expectations. By understanding its material climate-related risks and their financial impacts, F&N is focused on strengthening its climate resilience through effective adaptation and mitigation measures.

F&N will continue to reduce GHG emissions by adopting renewable energy and implementing energy efficiency initiatives.

Identifying Climate-related Risks and Opportunities

Since 2023, we expanded our understanding of key climate-related risks and opportunities by assessing their anticipated financial effects on the business in a forward-looking way.

Assessing Climate-Related Risks and Opportunities with Scenario Analysis

Building on our qualitative climate-related risks and opportunities assessment in 2022, F&N expanded its assessment to include a group-wide scenario analysis to quantify the anticipated financial effects of selected key drivers, focusing on physical risks (water scarcity and flooding) and transition risks (carbon pricing) in 2023 and opportunities (low-carbon technologies) in 2024. In line with recommendations by TCFD, our scenario analysis

explores different global temperature pathways, providing forward-looking insights into how climate-related risks and opportunities could impact our business. The insights are based on climate research, estimates, projections, and assumptions under selected climate scenarios across different time horizons.

Outcomes of the quantitative assessments will enable the Group to update its business strategy, ensuring resilience to climate-related risks, while leverage on climate-related opportunities. The Group aims to strengthen its management of these key climate-related risks by considering the range of possible impacts and embedding effective climate initiatives into F&N’s existing Energy and Climate strategy.

1. Time Horizons

Climate-related issues can manifest over short-, medium- and long-term time horizons. F&N has identified timeframes for climate-related risks and opportunities in line with the timeframes used for business and financial planning. These timeframes are defined as short term (1-3 years), medium term (3-10 years) and long-term (>10 years).

Our selection of scenario time horizons, 2030 and 2050, aligns with the most ambitious net zero target set in the countries we operate, facilitating assessment of anticipated future business impacts of identified climate-related risks and opportunities. The 2030 short-to-medium term time horizon also aligns with our parent company, ThaiBev’s PASSION 2030 roadmap, which sets the Group’s goals for the next phase of growth.

	Short-to-Medium term	Long-term
Scenario Time Horizon for Physical and Transition Risk Assessment	2030	2050
Year	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 assess the possible business impacts from climate-related risks and opportunities.

The climate scenarios used in quantitative modelling of transition risks were referenced from the International Energy Agency (“IEA”) World Energy Outlook (“WEO”) 2023 Report. These selected scenarios for transition risks assessment were aligned with recommendations of the TCFD, to minimally consider a scenario that limits global temperature rise to 2°C above pre-industrial levels by 2100.

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

The impacts of physical climate change on F&N's businesses were modelled using climate scenarios from the latest Intergovernmental Panel on Climate Change ("IPCC") Sixth Assessment Report.

SSP1-2.6 scenario signifies alignment with upper boundaries of combined Paris Agreement pledges from all participating countries. The High Carbon Emission Pathway, SSP 5-8.5, assumes no additional climate policies would be enacted. This scenario was included to stress test the climate resilience of business which could potentially be challenged by severe outcomes arising from climate-related physical risks.

	Baseline	Low Carbon Emissions Pathway	High Carbon Emissions Pathway (Business-As-Usual)
Description	Scenario based on the historical data of climate change on F&N assets	Global temperature rise of 1.8°C by 2100	Global temperature rise of 4.4°C by 2100
IPCC Scenario	N. A.	SSP1-2.6 ^[Note]	SSP5-8.5
Key Assumptions	The present-day exposure risk of F&N's key assets to selected material natural hazards, with consideration of their respective geographical locations.	A low carbon emissions scenario which keeps global warming below 2°C by 2100. It aligns with current commitments under the Paris Agreement.	A high carbon 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.

[Note]:

F&N used SSP2-4.5 as the low carbon emission pathway in its 2022 qualitative risk assessment as it was considered a more realistic scenario for the geographies of its operations, given the current climate policy landscape back then. However, SSP2-4.5 was replaced by SSP1-2.6 in our 2023 quantitative risk assessment in view of increasingly ambitious climate action in the region, to align with Paris Agreement goals, as well as mainstream use of SSP1-2.6 as the low carbon emission pathway by many companies across the world.

CLIMATE-RELATED TRANSITION RISKS AND OPPORTUNITIES

In 2022, F&N identified material climate-related transition risks and opportunities through engagement with key internal stakeholders, from corporate, business and operational functions, across F&N's business divisions – Non-alcoholic Beverages, and Printing and Publishing. The drivers identified and assessed remain relevant to F&N. The four types of transition risks and opportunities, namely policy and legal, technology, market, and reputation, were assessed, as recommended by TCFD.

In the next two years, F&N conducted a quantitative assessment of the financial impacts of its most material transition risk (carbon pricing) and its most promising transition opportunity (low carbon technologies). Through scenario analysis, we gained a forward-looking view of potential increases in operating costs due to carbon pricing regulations, as well as potential cost savings from increasing adoption of renewable electricity, the most widely available and effective low-carbon technology for F&N's manufacturing sites.

1. Financial Impact of Transition Risks and Opportunities

To account for varying levels of climate ambitions in countries where F&N operates, scenario data used in the quantitative model, such as CO₂ prices, power generation mix, levelized cost of electricity, and grid electricity prices, were sourced from the IEA WEO 2023 report and the Network for Greening the Financial System (NGFS) Phase 4 database.

a. Carbon Pricing

To support the Paris Agreement goal, carbon pricing is implemented to encourage businesses to reduce GHG emissions by internalising external costs of GHG emissions.

Under STEPS, quantitative modelling projects that incremental operating costs from carbon pricing schemes accounts for approximately 2.4% of the Group's annual operating profit in 2030. This impact is considered manageable as F&N is already investing in GHG reduction solutions, such as installation of solar panels. The effect of carbon pricing is anticipated to decrease over time as F&N continues to reduce its GHG emissions.

b. Low-Carbon Technologies

F&N has also explored alternative operating solutions to reduce energy usage and GHG emissions, such as investing in energy efficient systems. To reduce its Scope 2 GHG emissions, the Group increased its installation of rooftop solar panels across most of its manufacturing plants in Singapore, Malaysia, and Thailand. There are plans to expand solar panel installations at the manufacturing plants, as far as possible.

Under STEPS, assuming governments manage to increase share of solar energy in total power generation mix, as projected by the IEA, and F&N gains access to the renewable electricity market; the quantitative assessment projected that operating cost savings from using renewable electricity (compared to fully using grid electricity) would account for approximately 4.9% of the Group's projected annual profit in 2030. These savings would more than offset incremental costs from carbon pricing regulations, contributing to a net positive impact on F&N's financial performance.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

	RISK	OPPORTUNITY
	Carbon Pricing	Low Carbon Technologies (i.e., renewable electricity)
Description	Carbon pricing is planned to be introduced for selected sectors in Malaysia and Thailand in the short term, 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.	Renewable electricity is the most widely available and effective low-carbon technology in all countries where F&N operates. IEA data suggests that renewable electricity will become cost competitive against grid electricity (which is partially fed by fossil fuel sources) in future as renewables become more available.
Business Implications	Gradual increase in operating costs over time.	<ul style="list-style-type: none"> • Increase in capital expenditure for self-owned solar installations in the short term. • Decrease in operating costs due to energy savings, anticipated in medium- to long-term, driven by lower levelized costs of electricity from renewable sources (primarily solar energy in the context of Southeast Asia) compared to grid electricity (which is not fully renewable).
Anticipated Financial Effects	Carbon pricing will potentially reduce profit by 2.4% of Group's annual profit in the short-term (2030) under the Business-As-Usual scenario.	Cost savings from using solar energy will potentially increase profit by up to 4.9% of Group's annual profit in the short term (2030) under the Business-As-Usual scenario.
Methodology	Using F&N's historical Scope 1 and 2 GHG emissions to project future GHG emissions, with inputs which include IEA carbon pricing forecasts.	Using F&N's anticipated electricity consumption, with inputs from IEA's projections of power generation mix, levelized cost of electricity for solar energy, and NGFS's data on grid electricity prices. Further adjustments were made based on F&N's actual electricity costs.
Management Response	<ul style="list-style-type: none"> • In the short-term, F&N will closely monitor developments in carbon pricing across key jurisdictions where we operate. • 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. • Focus on energy efficiency in operations and tracking our GHG emissions against our emission reduction targets. 	<ul style="list-style-type: none"> • F&N has invested or planned to invest in rooftop solar systems at most of our manufacturing sites. • F&N will continue to explore other renewable energy procurement options, prioritising those that result in actual reduction in GHG emissions (e.g., direct power purchase agreement).

2. Resilience to Transition Risks

To effectively manage short-term impact of carbon pricing, F&N will continue to monitor climate change regulations, specifically carbon taxes in key jurisdictions where the Group operates. In addition to installing solar panels at selected sites, F&N has conducted an in-depth study of the decarbonisation options for its different business divisions. These efforts aim to mitigate additional costs from carbon taxes. F&N is progressively integrating internal carbon pricing in its investment decisions and strategic planning.

Over the medium-term, F&N plans to assess anticipated financial effects of other material climate-related risks and opportunities, such as increasing customer demand for sustainably produced products, if possible.

CLIMATE-RELATED PHYSICAL RISKS

Physical risks from climate change can be acute (event driven), such as extreme weather events, and/or chronic (longer-term shifts in climate patterns).

A site's vulnerability and exposure to these risks depend on factors, like geographical location, infrastructure and other environmental conditions. Proactive adaptation measures implemented by F&N and/or local authorities will enhance a site's climate resilience. However, as climate change increases frequency, intensity and duration of extreme weather events over coming decades, resulting impacts may potentially exceed current or planned resilience efforts, posing future risks.



We used scenario analysis to assess anticipated effects of water-related hazards, water scarcity and flooding, identified as material risks for the Group. F&N identified 13 sites across Singapore, Malaysia, and Thailand with relatively higher risks of coastal, river and extreme rainfall flooding. These assets were prioritised based on their significance to the Group's business, providing a meaningful representation of the anticipated financial effects of climate hazards. Key internal stakeholders from corporate, business and operational functions participated in validating the risk impact assessment.

1. Financial Impact of Physical Risks

The quantitative model projected anticipated effects on the Group's assets and revenue based on historical data and predictive scenarios from the IPCC, which outlines future climate conditions for Asia Pacific region (i.e. business-as-usual or high-carbon emissions pathway).



RISK		OPPORTUNITY	
Water Scarcity		Flooding (Coastal, River & Extreme Rainfall)	
Description	Water availability is critical to F&N's business as a F&B company. Water scarcity occurs when depleting water supply cannot meet demands. This could be exacerbated by rising global temperatures.	Climate projections indicate an increasing trend in sea level rise and extreme rainfall under future climate change scenarios. This may elevate risk of flooding, causing significant damage to equipment, other assets, and disrupt our operations.	
Business Implications	<ul style="list-style-type: none"> Increase in operating costs due to higher water tariffs; and Decrease in revenue and profit from business disruptions 	<ul style="list-style-type: none"> Increase in capital and operating costs for assets damage and repair; and Decrease in revenue and profits from business disruptions. 	
Financial Impacts	Minimal impact anticipated in short-term (2030) in countries where F&N operates.	Actual damage from flash floods in Malaysia in December 2021 was approximately 5% of the Group's operating profits. This included inventories and property damage, repairs, and other related costs. The damage was mitigated by insurance claims.	
Methodology	Internal data, such as annual revenue, water usage and adaptation measures, were used with external data which included water stress data from the World Resources Institute ("WRI"), climate trend and academic research data.	Internal data, such as asset replacement value, net insurance coverage, annual revenue and adaptation measures, were mapped against flood projections (e.g. flood depth) from Fathom, coupled with assumptions based on research by EU Joint Research Centre and the Federal Emergency Management Agency of the United States.	
Management Response	<ul style="list-style-type: none"> Regularly review water risks at key sites using WRI data. Optimise water circularity for sustainable management, improving water efficiency to meet our water intensity target. Expand water storage systems, as needed. 	<p>Our efforts to mitigate the risk impact include:</p> <ul style="list-style-type: none"> Equipping key sites with physical infrastructure (e.g. flood barriers, pumps and drainage solutions) with supporting administrative controls (e.g. emergency response plans) Raising new assets to a minimum height above the surrounding areas Continuously strengthen flooding risk assessments and mitigation measures 	

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

a. Water Scarcity

Water is an essential resource for F&N's manufacturing operations. Factors, such as population growth, economic development and climate change, could exacerbate water scarcity by increasing demand for clean water while supply continues to diminish, limiting its availability.

To anticipate the financial effects on the Group's operations, the quantitative modelling considered revenue, water usage and adaptation measures at each selected site. This internal data was augmented with widely recognised scientific databases, such as the WRI Aqueduct, to project potential business disruptions, and impact of rising water tariffs – a measure implemented by authorities to manage water scarcity. Using water risk indicators from the latest WRI Aqueduct 4.0 version, F&N anticipates minimal financial impact from water scarcity across all key operating facilities in the short-term (2030) under both climate scenarios.

b. Flooding (Coastal, River & Extreme Rainfall)

Flooding can compromise water quality by introducing contaminants, reducing the availability of clean water. It can also potentially lead to loss of life, property damage, crop destruction and health issues from waterborne diseases. The latest scientific assessment of climate change projected that it will increase frequency and severity of flooding events. Sites near rivers, lakes and low-lying coastal areas are expected to face higher risks of riverine and coastal flooding, respectively.

To mitigate these risks, F&N has implemented measures, such as flood barriers, pumps, or drainage systems, at key operating sites exposed to flooding. The Group will continue to review these measures to strengthen its resilience against flooding impacts.

To further enhance management of flooding risk, F&N conducted a forward-looking scenario analysis to anticipate its financial effects. Data from Fathom and the EU Joint Research Centre were used to project flood depths and flood damage function. Without mitigation measures, flooding may potentially have the highest financial effects on capital and operating expenditure, in terms of asset replacement or repair.

2. Resilience to Physical Risks

The response measures to enhance the Group's resilience against flooding risk in the short- and medium- term are summarised on page 29. The results from the quantitative flooding risk assessment will be integrated into the Group's future investment decisions and strategic planning, where applicable.

Internal Carbon Pricing ("ICP")

In FY2024, F&N introduced an internal carbon price of SGD 35 per MT CO₂e, when evaluating new major capital investment decisions. Considering the impact of carbon emissions through ICP will guide the Group's business decisions and preparation for future climate-related transitions.

TCFD PILLAR – RISK MANAGEMENT

As part of the Group's risk management, F&N has embedded climate-related risks and opportunities into its overall F&N

ERM framework by identifying, assessing, and managing them across all Business Units. The material climate-related risks and opportunities are identified, and their impacts assessed across different climate-related scenarios, using inputs from a wide range of sources. The F&N ERM framework also guides the Group in prioritising and managing its strategic and operational risks, in relation to the Group's strategic objectives, within the acceptable risk appetite and tolerance levels. Refer to the chart below for more details on F&N's climate risk management process.

Each business unit at F&N will identify, assess, prioritise and monitor its climate and other organisational risks through a risk register using a risk matrix to evaluate the likelihood and potential impact of each risk, considering both qualitative and quantitative factors. Respective management teams and committees regularly review and monitor the top organisational risks with material impact, as well as the progress of implementing measures. There is no significant change to the process used to identify, assess, prioritise and monitor climate-related risks and opportunities, compared with the previous reporting period.

F&N integrates sustainability-related strategic initiatives and associated resources into its annual business planning and budgeting process to effectively manage its anticipated risk exposure.

As continuous engagement and communication is integral to effective risk management, internal stakeholder discussion sessions were conducted to support scenario analysis for the climate-related issues. Key Heads of Departments from corporate, business and operational functions across F&N's business divisions – Non-Alcoholic Beverages and Printing and Publishing – collaborated in evaluating material climate-related physical and transition risks, as well as opportunities. Input data, quantification methodology, projected impact and disclosures related to climate risks were validated by these internal stakeholders.

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

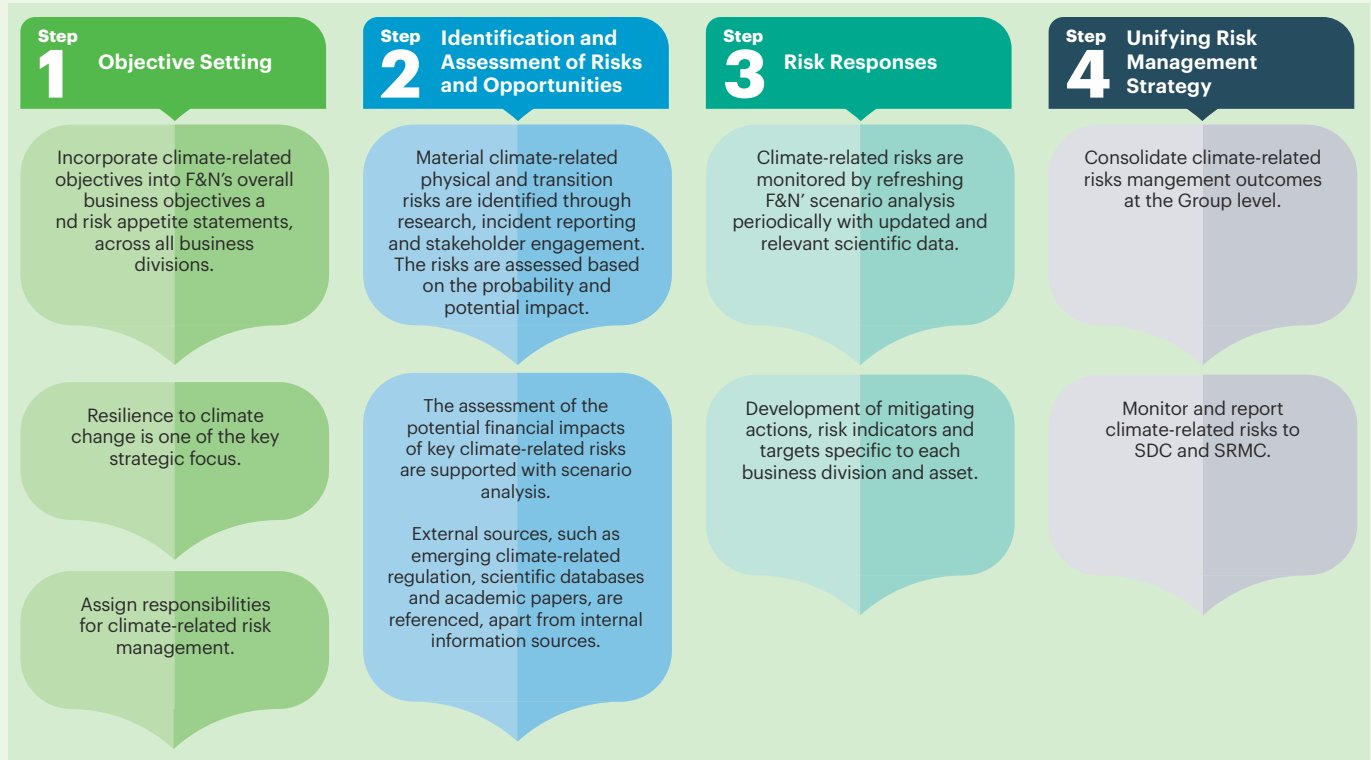
TCFD PILLAR – METRICS AND TARGETS

F&N is committed to mitigating material climate-related risks while leveraging on opportunities. To support this commitment, the Group established climate-related targets for 2025, along with relevant metrics, to track progress. Group level environmental targets, such as reducing Scope 1 and 2 GHG emissions, as well as energy, and water intensities, were disclosed over the past years. Additional details of these climate-related targets for 2025 can be found on page 29 of this Report.

The relevant climate-related metrics and targets are mapped to the corresponding climate-related risks and opportunities on the next page.

Through continuous monitoring and reporting of climate-related metrics and targets, F&N aims to identify areas for improvement to advance its climate resilience journey. To calculate its carbon emissions, F&N takes guidance from the operational control approach defined in the GHG Protocol Corporate Standard.

CLIMATE RISK MANAGEMENT PROCESS INTEGRATED INTO F&N-ERM



CLIMATE-RELATED METRICS AND TARGETS

Metric	2025 Target (2020 Baseline)	Progress (FY2024)	F&N's Climate Risk or Opportunity									
			Carbon Pricing	Low Carbon Refrigerant	Water Tariff	Low carbon Land Transport	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	13% reduction	✓	✓			✓	✓			✓	
Group's energy intensity at plants	8% reduction	2% reduction	✓					✓			✓	
Group's water intensity at plants	8% reduction	3% increase			✓						✓	✓
Average recycled content in beverage and dairy packaging	25% recycled content	25% recycled content							✓	✓	✓	

Next Steps

Building on the efforts to project the anticipated financial effects of climate-related risks and opportunities on our business, F&N will continue to refine its climate scenario analysis and expand its climate-related disclosures in line with the IFRS Sustainability Disclosure Standards.

Our commitment to continuous improvement will enable F&N to identify key areas for strategic focus and leverage opportunities for our business growth. We will strengthen our resilience against the adverse effects of climate change, while working towards achieving F&N's climate-related targets.